

## Minutes

Jemena Gas Networks Customer Council  
Meeting No. 7, Friday, 13 February 2015, 10 am – 1pm



|                       |  |                             |
|-----------------------|--|-----------------------------|
| <b>Meeting Title:</b> | Jemena Gas Networks Customer Council   | <b>Meeting No. 7</b>        |
| <b>Date:</b>          | Friday, 13 February 2015   | <b>Time:</b> 10 am – 1pm    |
| <b>Location:</b>      | Vibe Hotel, 88 Alfred Street, Milsons Point, Sydney  | <b>Security:</b> Public     |
| <b>Chairperson:</b>   | Shaun Reardon<br>EGM Strategy, Regulation and Markets  | <b>Minute taker:</b> Kee Li |
| <b>Attendees:</b>     | Oliver Derum (PIAC), Andrew Cheah (Energy Users Association of Australia), Chris Dodds (EWON), Melanie Walters (Salvation Army), Elizabeth Molyneux (AGL), Jacqueline Crawshaw (NSW Trade & Investment), Jim Wellmore (NSW Trade & Investment)   |                             |
| <b>Jemena:</b>        | Ian Israelsohn (GM Policy & External Affairs), Rob McMillan (GM Regulation), Frazer Hill (GM Networks Commercial), Benjy Lee (Manager Energy Policy), Alexis van der Weyden (Manager Regulatory Economics and Policy), Alex McPherson (Manager Asset Regulation and Strategy), Kee Li (Customer Engagement and Partnerships Adviser) |                             |
| <b>Apologies:</b>     | Gavin Dufty (St Vincent de Paul), Janine Young (Ombudsman), Peter Dobney (Energy Users Association of Australia), Larissa Cassidy (NSW Business Chamber), Lauren Zambotti (Energy Retailers Association of Australia), Frank Loveridge (Local Government NSW), Helen Scott (Ethnic Communities Council of NSW)                       |                             |
| <b>Next Meeting:</b>  | TBC  |                             |

| Item | Outcomes/Decisions  | Action/Notes  |
|------|---|---|
| 1.   | Welcome/apologies/values moment                             | <ul style="list-style-type: none"> <li>Traditional owner acknowledgment.</li> <li>Shaun Reardon conducted round table introductions and passed on apologies. Reminded Council members to complete the feedback survey form.</li> <li>Jemena Values Moment: Customer Focus – Frazer Hill presented the analysis of gas service fixed charges across all jurisdictions. The chart showed that:               <ul style="list-style-type: none"> <li>Jemena has the lowest network fixed charge;</li> <li>NSW gas customers receive the lowest retail and distribution fixed charges.</li> </ul> </li> </ul> |
| 2.   | Review and approve minutes                                  | No actions arising. Minutes accepted by the Council.  |
| 3.   | Revised 2015 Access Arrangement proposal ( <i>involve</i> ) | <p>Rob McMillan presented the revised Access Arrangement proposal and consulted the Customer Council on a preferred price path option.</p> <ul style="list-style-type: none"> <li>The presentation provided information of:               <ul style="list-style-type: none"> <li>Jemena's response to the AER's draft decision;</li> <li>Detailed percentages of price changes for residential, small business and large industrial customers; and</li> <li>Jemena's updated price path options for preference testing.</li> </ul> </li> <li>Two price paths were discussed with the Council:</li> </ul>  |

| Item | Outcomes/Decisions  | Action/Notes  |
|------|---|---|
|      |   | <ul style="list-style-type: none"> <li>- Option 1 (Blue), with an initial price drop of 9.09% (P0) and an ongoing price change of 5.1% to 1.84% (X factor) in the fifth year;</li> <li>- Option 2 (Orange), with an initial price drop of 6.5% (P0) and an ongoing price change of 6.7% to 1.84% (X factor) in the fifth year.</li> <li>• The Council was asked to comment on the two options and individually vote for a preferred option. Council unanimously agreed that Jemena’s proposed price path (‘Orange’ option in presentation material) will help consumers minimise price volatility and avoid “bill shock” for the next five years. They preferred price paths that helped keep residential prices ‘below the line’, i.e. not rising in nominal terms in any year of the 5 year period, and eliminated sudden price changes that can negatively impact on customers.</li> <li>• Rob McMillan confirmed that the 2015 Access Arrangement is due to be submitted to the AER on 27 February. Public comments for the proposal will be open until 27 March on the AER website. A final decision will be delivered by the AER in May.</li> </ul> |
| 4.   | Energy policy update from NSW Trade & Investment<br><i>(inform)</i> | Jacqueline Crawshaw and Jim Wellsmore provided a presentation to inform the Council of NSW energy policies: <ul style="list-style-type: none"> <li>• Developments in the wholesale gas market;               <ul style="list-style-type: none"> <li>- NSW Gas Plan</li> <li>- COAG Energy Council agenda</li> </ul> </li> <li>• Developments in the retail gas market;               <ul style="list-style-type: none"> <li>- Competition in NSW</li> <li>- Power’s in Your Hands Campaign</li> <li>- Commencement of Energy Consumers Australia</li> </ul> </li> <li>• Support for retail customers.</li> </ul>  |
| 5.   | Planning for future topics<br><i>(involve)</i>                      | Ian Israelsohn and Benjy Lee led a planning activity to involve the Council in designing future meeting topics. The following feedback was captured from Council members: <ul style="list-style-type: none"> <li>• Standing items for future meetings:               <ul style="list-style-type: none"> <li>- ‘Around the Grounds’ (2 -3 minutes for each attendee to share new issues, hot topics and other information);</li> <li>- Emerging policy issues (new policies in energy/carbon/climate change);</li> <li>- Customer flow through issues (eg marketing/connections).</li> </ul> </li> <li>• Scheduled items for future meetings:               <ul style="list-style-type: none"> <li>- Retailer issues (eg disconnection);</li> <li>- JGN Marketing Strategy;</li> <li>- Guests speakers (eg AEMO, ECA, IPART, DG).</li> </ul> </li> <li>• Frequency of meetings – three times per annum, three hours per meeting.</li> <li>• Proposed draft agenda for June meeting:               <ul style="list-style-type: none"> <li>- AER’s final decision;</li> <li>- IPART – Regulated retail gas prices;</li> </ul> </li> </ul>                    |

| Item | Outcomes/Decisions                | Action/Notes   |
|------|-----------------------------------|--|
|      |                                   | <ul style="list-style-type: none"> <li>- Helen Scott – Engaging with CALD energy consumers;</li> <li>- JGN Marketing Strategy.</li> <li>• Proposed draft agenda for September meeting:               <ul style="list-style-type: none"> <li>- Energy intermediaries;</li> <li>- Update on Jemena’s initiatives for affordability/assisting vulnerable customers;</li> <li>- NECF implications;</li> <li>- Unaccounted-for gas rule change.</li> </ul> </li> </ul>  |
| 6.   | Other business<br><i>(inform)</i> | <p>Shaun Reardon informed the Council that Jemena is preparing a submission to the AER in relation to the Issues Paper on regulating innovative energy selling business models. Jemena will be advocating to the AER that:</p> <ul style="list-style-type: none"> <li>• Jemena supports a positive gas experience for customers supplied by gas intermediaries;</li> <li>• Jemena believes the regulatory framework should ensure that customers, including gas hot water customers, have access to individual metering and billing, choice in the competitive markets and better customer protections.</li> </ul> |
| 7.   | Close and next meeting            |  |

| Action | New actions arising from meeting  | Responsibility | Due By | Status |
|--------|---|----------------|--------|--------|
| 1      | To provide Oliver Derum with a five-year break down of the \$513 savings for residential customers.   |                |        |        |
| 2      | To provide Elizabeth Molyneux with the JGN engagement report.   |                |        |        |
| 4      | To circulate Jemena’s submission to regulating innovative energy selling business models under The Nation Energy Retail Law to Council members. |                |        |        |