

Jemena Gas (JGN) Capex Remittal CCP10 presentation

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Melbourne, 18 January 2018

Introducing the CCP

- Set up under the Better Regulation Reforms
- CCP10 is part of the 'second iteration' of the CCP – for NSW / ACT
- We assist the AER to make better regulatory determinations by providing input on issues of importance to consumers

Represent a consumer 'real world' perspective – the 'person in the street'

Focus on consumer outcomes
Price, performance, service,
corporate responsibility

Fair outcomes for all
A well-performing utility is of best
value to the community

Next Generation Regulation

'AER 2.0'
(our view)

Open, respectful, bilateral

"No surprises"

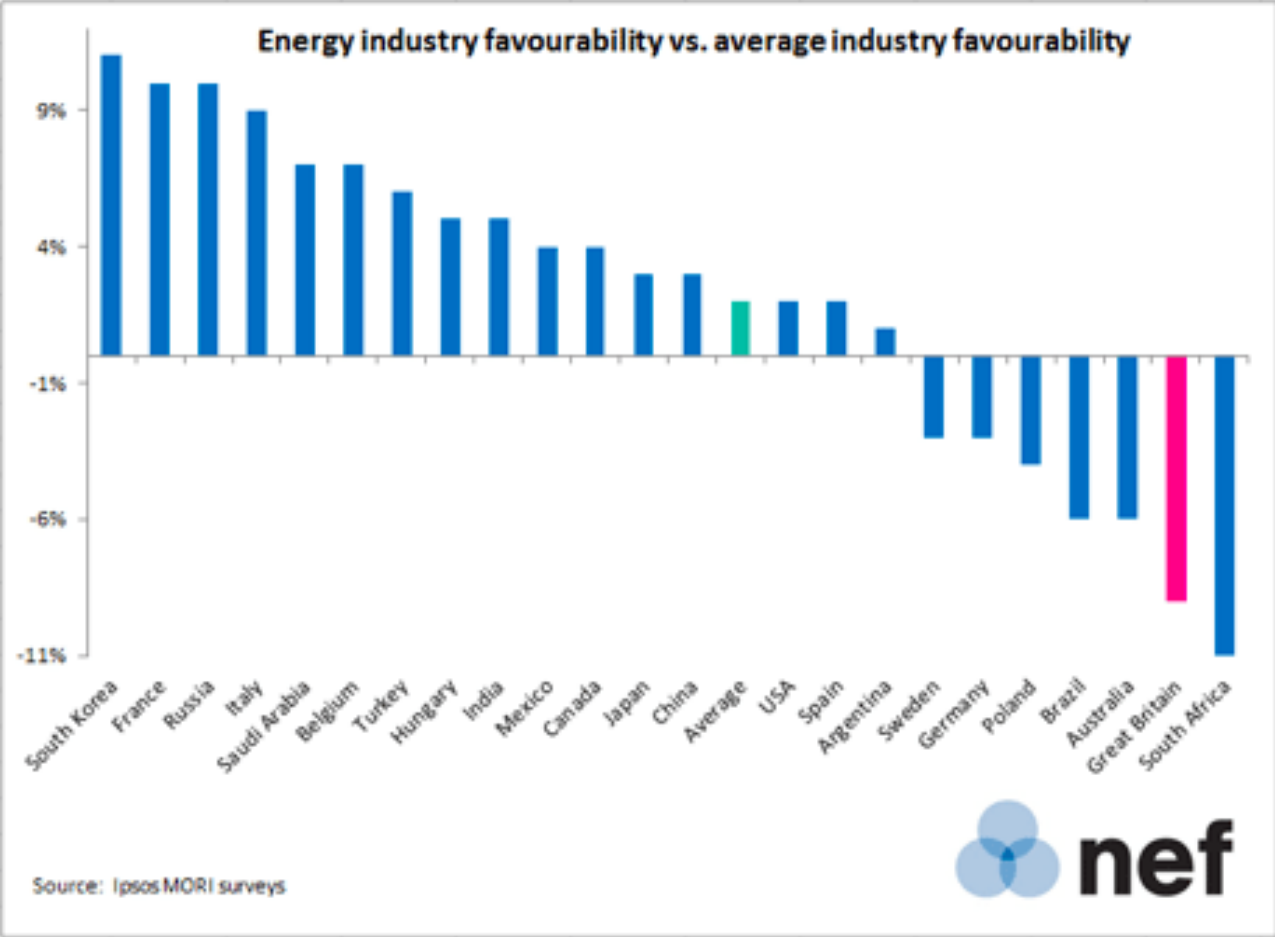
Integrity of all parties
(there will be tough conversations)

Perfect is the enemy of the good

Have a go

Current context

- There is no guidebook for re-making decisions
- The Tribunal did not give clear direction on many of the appealed issues
- Must work to the Rules, NEO and NGR
- There is no BAU – the times keep changing, no single right answer
- NSPs have achieved remarkable culture shift in engagement
- Consumer perspective matters, and permission to operate is critical
- Consumers don't trust energy businesses



Remit Principles

AER must be bi-focal – NEO & shorter term impacts

A recognition of the uniqueness of the situation

Use the best available evidence

Apply the Tribunal and Federal Court directives, where they exist

There needs to be a process for a business to transition from inefficient to efficient

There should be objective fairness between businesses

Leadership and innovation should be rewarded

Levels of opex must be sustainable

The AER (and the rest of us) are dealing with a 'new reality'

Remit decisions should be made as a whole

Trust and goodwill are needed to produce outcomes for all parties

Issues for the JGN capex remittal

- Resources required = function of (forecast work * unit rates) + Fn(risk)
- Consider forecast, rates to do work, then exclusions

Issues for the JGN capex remittal

Have all the issues raised in the Tribunal been reasonably dealt with ?

For the AER - Have the concerns raised by JGN in the Tribunal been listened to, considered and discussed in the response ?

Similarly, for JGN – Have the issues raised by the AER in the determination been reasonably considered and evaluated, not just disputed ?

Has the Capex remit been considered by JGN's customer council or, at least, whoever is expected to pay ?

Have trends and forecasts been cross referenced with any independent sector (eg electricity connections growth)

What new trends or requirements have become evident since the start of the period ? How have they been considered ?