



18 September 2014

Jemena Gas Networks
(NSW) Ltd
ABN 87 003 004 322

Via email

Mr Andrew Reeves
Chairman
Australian Energy Regulator

Copied to: sebastian.roberts@acc.gov.au

Dear Mr Reeves

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Jemena Gas Networks 2015-20 Access Arrangement Proposal – Submission in response to Consumer Challenge Panel sub-panel 7 advice to the AER

Jemena welcomes the opportunity to provide a submission in response to the Consumer Challenge Panel's (CCP) advice to the Australian Energy Regulator (AER) on Jemena Gas Networks' (JGN) 2015-20 Access Arrangement Proposal (2015 Plan), which was published on the AER's website on 3 September 2014.

We commend the AER for its customer engagement guideline and establishing a CCP. We recognise the importance of ensuring that our customers' needs and preferences are taken into account during the decision-making processes. We support the intent of a CCP, to assist the AER to make better regulatory determinations by providing targeted input on issues of importance to customers.

I think all parties recognise the challenges facing the CCP in delivering its terms of reference. In many cases the CCP members have limited direct experience with the regulated business or jurisdiction to which they are assigned. If the CCP does not have sufficient time, resources or guidance, the final advice provided to the AER can be misguided. Such advice can lead to negative outcomes for customers.

We note that the CCP advice states that our proposal is in the long-term interest of customers. However, unfortunately, we feel the CCP assigned to the JGN review has not been in a position to undertake a structured and considered review of our 2015 Plan, our supporting materials, or the customer engagement process that informed our 2015 Plan.

Certain process shortcomings are likely the result of several factors. In particular, we think all parties are still coming to terms with the role of the CCP in the regulatory process including how the CCP interacts with the AER, customers and the regulated business. We feel that a number of the statements made in the CCP advice are likely to be a reflection of these circumstances.

We remain positive about the potential benefits a CCP can bring to the AER's regulatory review processes under the National Gas Law and National Gas Rules. We are looking forward to the CCP's assessment of the AER's draft decision for JGN, and our revised regulatory proposal. To this end, we invite the CCP to present its initial thoughts on the AER's draft decision at our next Customer Council meeting.

Our enclosed submission responds to the CCP advice and we have sought to provide constructive feedback where possible.

If you or your staff have any questions in relation to our submission please contact me on 03 8544 9053.

Yours sincerely



Robert McMillan
General Manager Regulation
Jemena Limited

Enclosed: JGN response to CCP advice