

Stakeholder Engagement Workshop

21 March 2016
Shepparton



Forms

Information consent



Thank you for your participation in the Australian Gas Networks (AGN) stakeholder engagement workshops.

AGN has engaged Deloitte to help gather your feedback and insights which will be collated into a report by Deloitte, which will be published on the AGN stakeholders website (stakeholders.agn.com.au). Excerpts of this report as well as the information you provide in this workshop may be used in business planning and other reports or documents published by AGN, including our regulatory business proposal ('Access Arrangement proposal') to the Australian Energy Regulator. These reports and documents may also be published on other websites.

Your voice, and that of the people you represent (your town or the future development of the AGN distribution network, if you are a representative), will be used to inform the future development of the AGN distribution network. If you have any questions, please contact the AGN Regulation team at any time.

Please sign and complete the details below if you consent to the use of your information in the AGN Stakeholder Engagement workshops for the purposes described above. Your consent after AGN has published a report which includes information from the published report.

Please note if your name is used in any written form in conjunction with a range of stakeholders (eg an industry or community group) that your name will be used in any publicly available information.

First and last name	
Signed	
Address	
Phone number	
Email	

Note: AGN collects your address and contact details to confirm your consent further in this process. Those details will not be published or disclosed without your consent.

Publicity consent



I consent to Australian Gas Networks (AGN) making and using photographs, videos or voice recordings of me for business purposes, including promotional material, advertising, newsletters and reports.

In giving this consent I acknowledge and accept that:

- The material may be used in any media, including the internet
- If the material is published on the internet, AGN may have no control over its subsequent use or disclosure by others.
- I will not necessarily be given an opportunity to see the material
- AGN will own the copyright and other intellectual property in the material
- I am not entitled to any form of payment from AGN or any other person
- This consent will continue until I withdraw it in writing to the AGN Regulation team. If I withdraw my consent, my consent will continue until I withdraw it in writing to the AGN Regulation team.
- I am over the age of 18
- I am not in any way obliged to give this consent.

First and last name	
Signed	
Address	
Phone number	
Email	

Note: AGN collects your address and contact details to confirm your consent further in this process. Those details will not be published or disclosed without your consent.

Name _____

Thinking about your last quarterly gas bill...



Approximately how much was your gas bill for the last quarter?	\$	
At what price would have considered it to be:		
Too cheap?	\$	
Cheap, but not too cheap?	\$	
Expensive	\$	
Expensive, but not too expensive?	\$	

What comes to mind when you think of the gas industry?



Topics for discussion today

Customer experience

**Network safety
and reliability**

**Access and
affordability**

**Environmental
commitments and
reporting**

Agenda

Introduction to the workshop	6.30	20 minutes
About Australian Gas Networks	6.50	15 minutes
Discussion: customer experience	7.05	35 minutes
Break	7.40	5 minutes
Discussion: network safety and reliability	7:45	60 minutes
Break	8.45	10 minutes
Discussion: access and affordability	8:55	10 minutes
Discussion: environmental commitments and reporting	9:05	5 minutes
Worksheet: investment priorities	9.10	10 minutes
Wrap up and close	9.20	10 minutes

Why are we here?

- To get your feedback on your experiences and interactions with us
- To get your thoughts about future investments we are considering
- To understand your needs and priorities as current or potential gas customers
- Report available June 2016



The screenshot shows the 'Have Your Say' page on the Australian Gas Networks website. The page features a blue header with the company logo and navigation links: HOME, ENGAGING WITH STAKEHOLDERS, HAVE YOUR SAY, and CONTACT US. A search bar is located in the top right corner. Below the header is a large image of a young child with curly hair, looking down thoughtfully. The main content area is titled 'Have Your Say' and includes the tagline 'Tell us what you think, we listen.' A sidebar on the left contains a 'HAVE YOUR SAY' menu with links to 'YOUR SAY', 'ABOUT OUR SURVEY', 'ONLINE SURVEY', and 'INSIGHTS & OPINIONS'. The main text area includes a breadcrumb trail 'Home > Have your say', a section titled 'Your Views are Important' with a paragraph explaining the company's commitment to stakeholder feedback, and another section titled 'We Want you to be able to Communicate with Us' with a list of communication channels: 'You can send us feedback or ask us questions here.', 'You can participate in periodically run online surveys (note there are currently no online surveys open).', and 'You can attend a stakeholder workshop in your region. We do not currently have any open spots in stakeholder workshops. To register your interest in future workshops please contact us.'

Today's presenters



Ben Wilson
Chief Executive Officer
Australian Gas Networks



Craig de Laine
General Manager -
Regulation
Australian Gas Networks

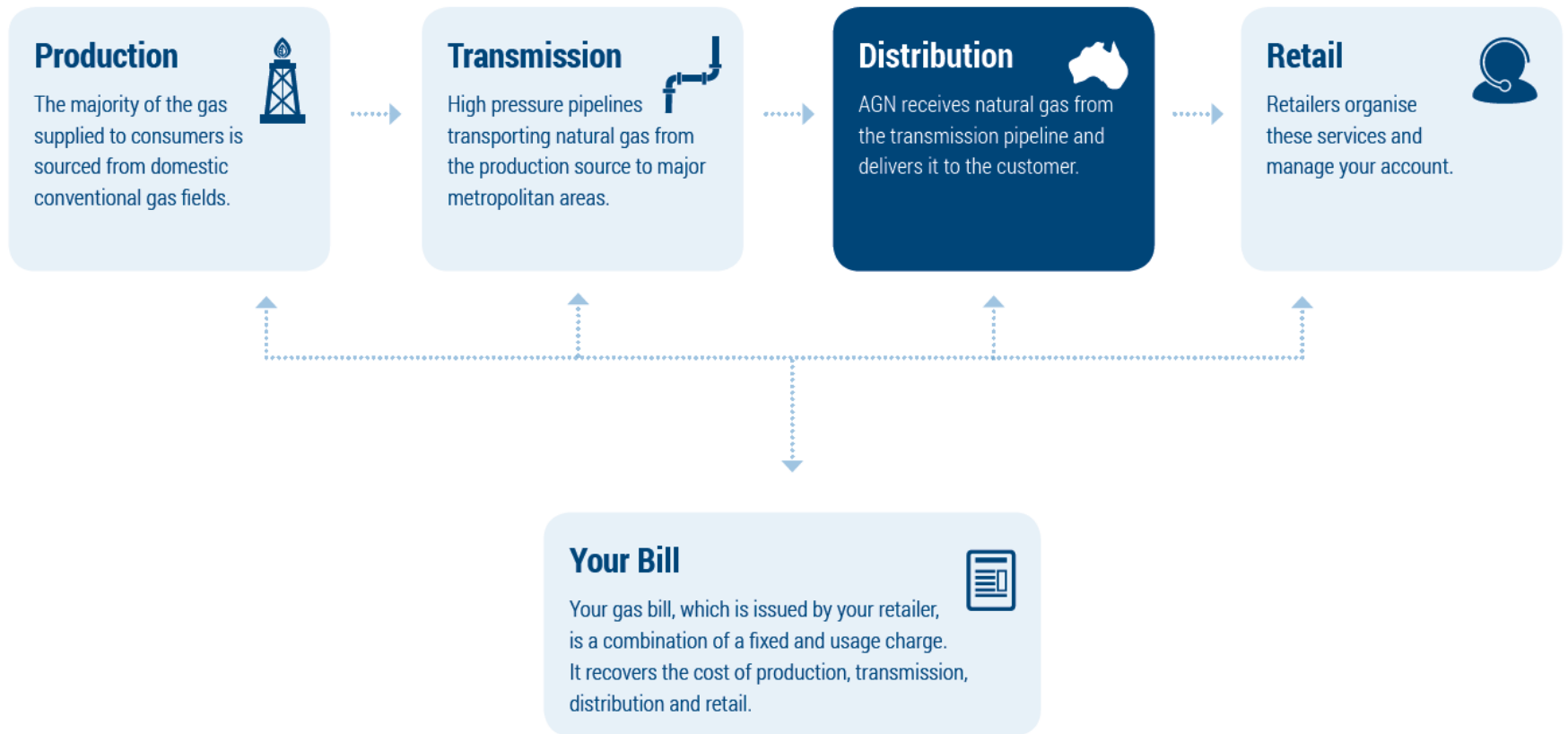


Andrew Foley
General Manager - Victorian
Networks
APA Group

About Australian Gas Networks

- Introduction to AGN
- Future price path

What is our role as a leader in gas distribution in Australia?



Our vision

Our vision is to be the leading natural gas distributor in Australia...

**Delivering for
customers**



Public
Safety

Reliability

Customer
Service

**A good
employer**



Safety

Employee
Engagement

Skills
Development

**Sustainably
cost efficient**

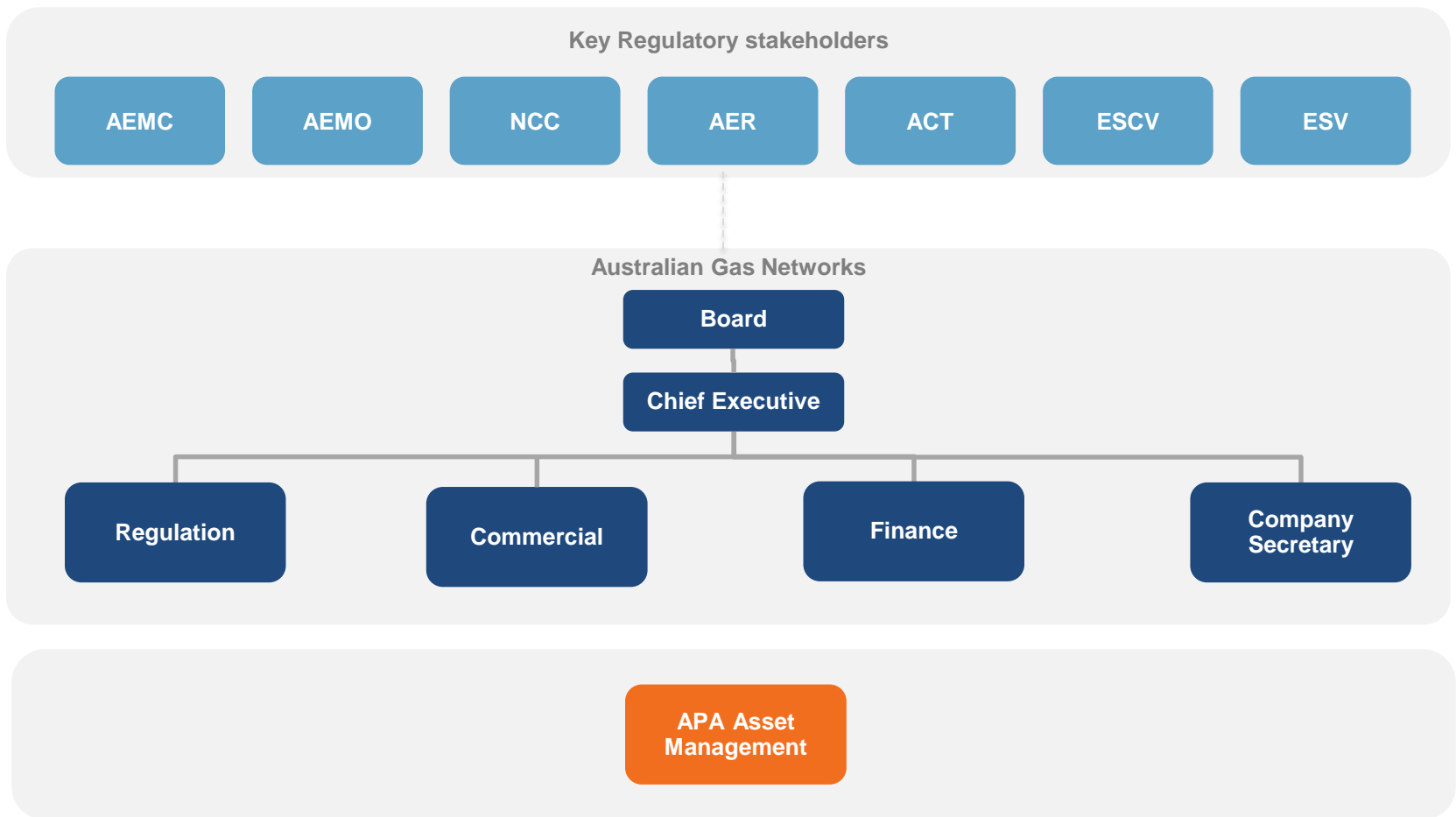


Working
Within Industry
Benchmarks

Delivering
Profitable
Growth

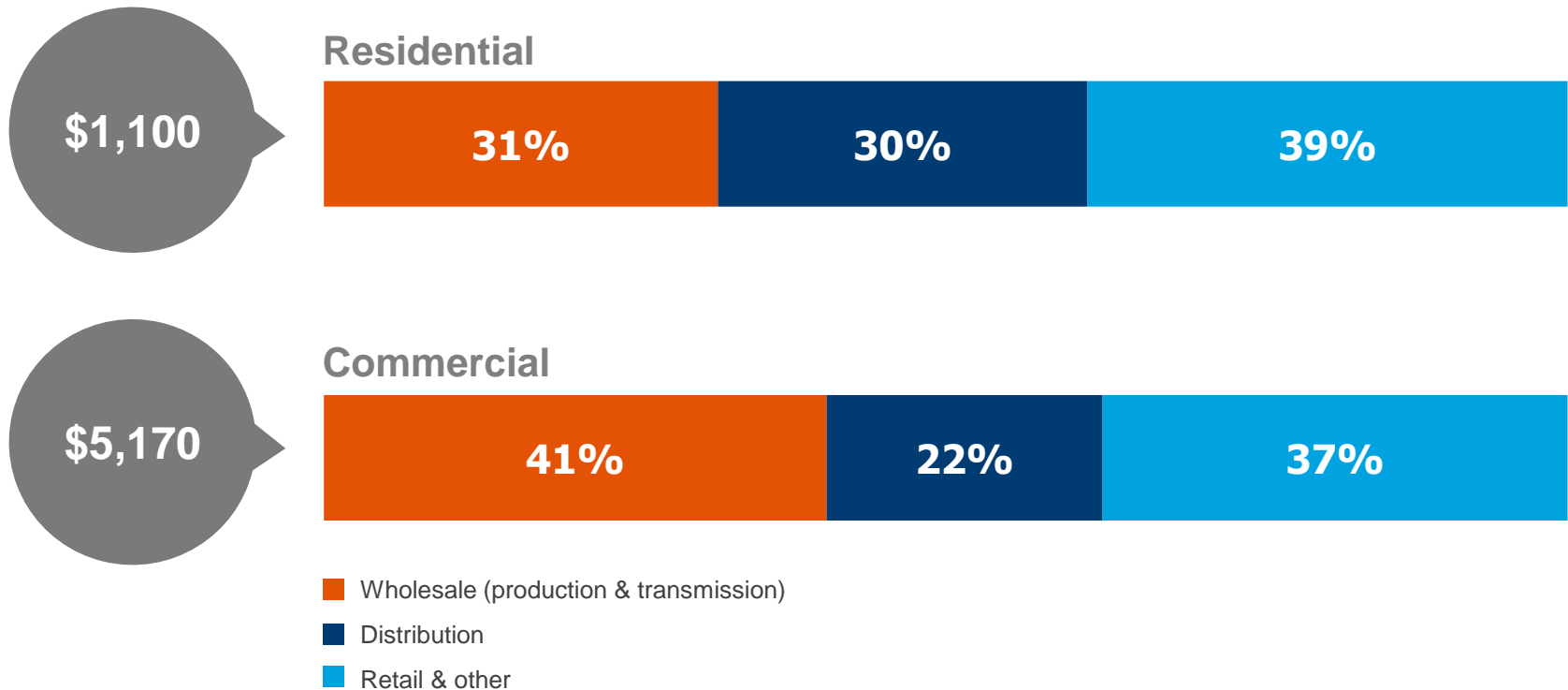
...achieving top quartile performance on our targets

As a monopoly we operate within a regulated environment



The price you pay for natural gas

Average annual charge – 2016



Based on the information we have to date, we believe that network (our) charges will reduce over the next five years

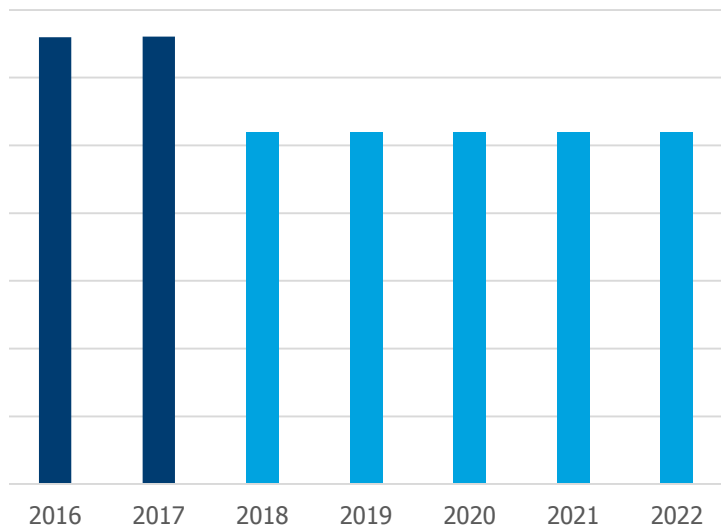
Residential



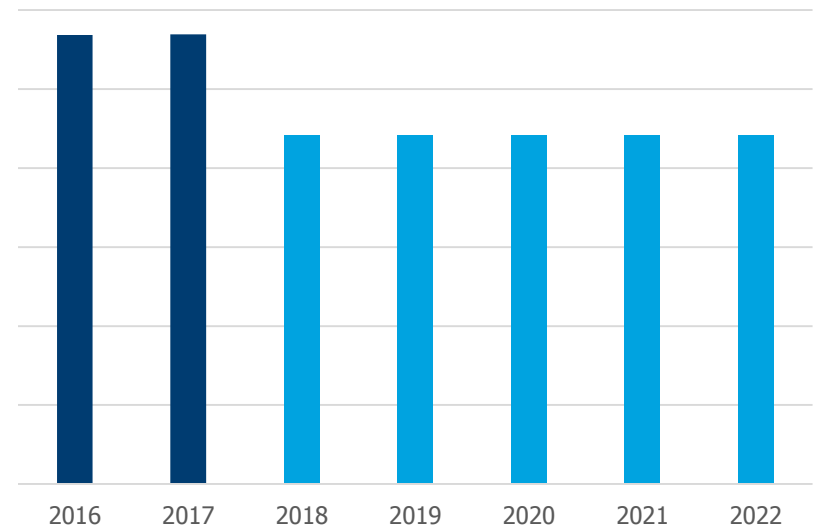
Commercial



Residential

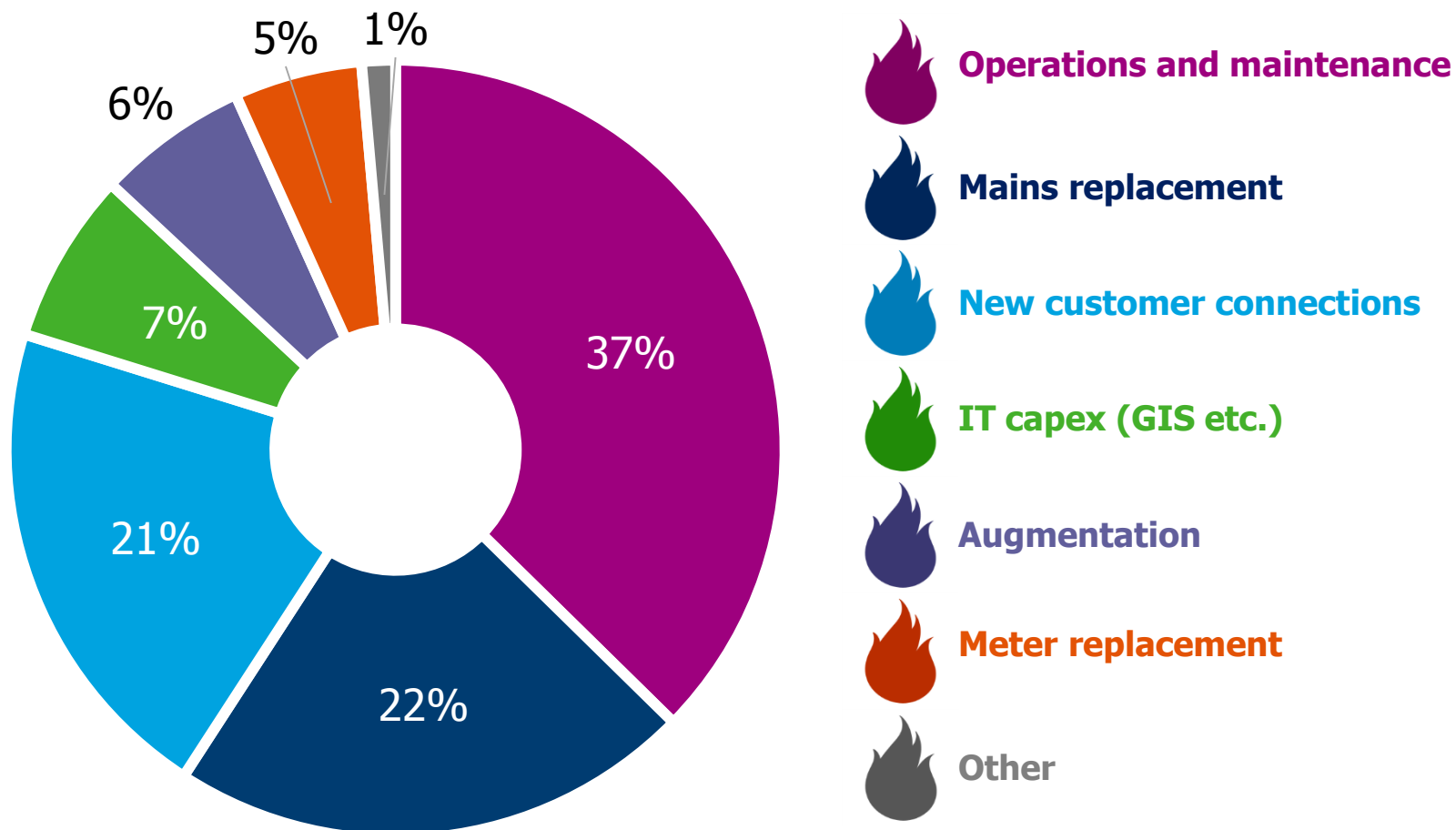


Commercial



- Network cost component
- Network cost component (forecast)

The amount you pay allows us to maintain and operate a safe and reliable network



Customer experience

**Network safety
and reliability**

**Access and
affordability**

**Environmental
commitments and
reporting**

What does good customer experience look like?



How would you like to communicate with Australian Gas Networks?



Name _____

Communication preferences

How would you like to communicate with AGN about these topics?

	AGN website	Email	SMS/text message	Mobile app	Social media (eg Facebook)	Letter in the mail	TV	Radio	Community workshops	Call centre	No preference	Why do you prefer this method(s)?
The natural gas supply chain												
AGN operations												
Future plans for the natural gas network												
Availability of natural gas in my area												
Gas connections												
Gas appliances and running costs												
Meter read programs												
Gas leak reports												
Tariff/pricing structure												
Planned outages												
Unplanned outages												
Mains replacement												
Meter replacement												
Gas fitters, plumbers & appliance retailers in my area												
Awareness of AGN and location of assets												

Ensuring people know about our assets

Problem

- Unintended third-party damage to AGN assets
- Results in loss of supply and or public safety issues
- Restoration expenses borne by all

Proposed Solution

- Public 'Dial before You Dig' awareness campaign

Program Costs

- Option A – Update Dial Before You Dig (DBYD) form – \$0.10 per annum
- Option B – Targeted marketing (trade magazines) and DBYD form – \$0.50 per annum
- Option C – Radio/TV campaign, targeted marketing and DBYD form – \$3.00 per annum



Gaining access to all meters in our network

Problem

- We are required to access meters for reading and safety purposes
- Meters that require to be moved for safety are the responsibility of customers
- We are unable to access some meters for reading due to inaccessibility

Proposed Solution

- Take action to access meter (increase communication, shut off gas, relocate meter)

Program Costs

- Less than \$0.50 per annum



Customer experience

**Network safety
and reliability**

**Access and
affordability**

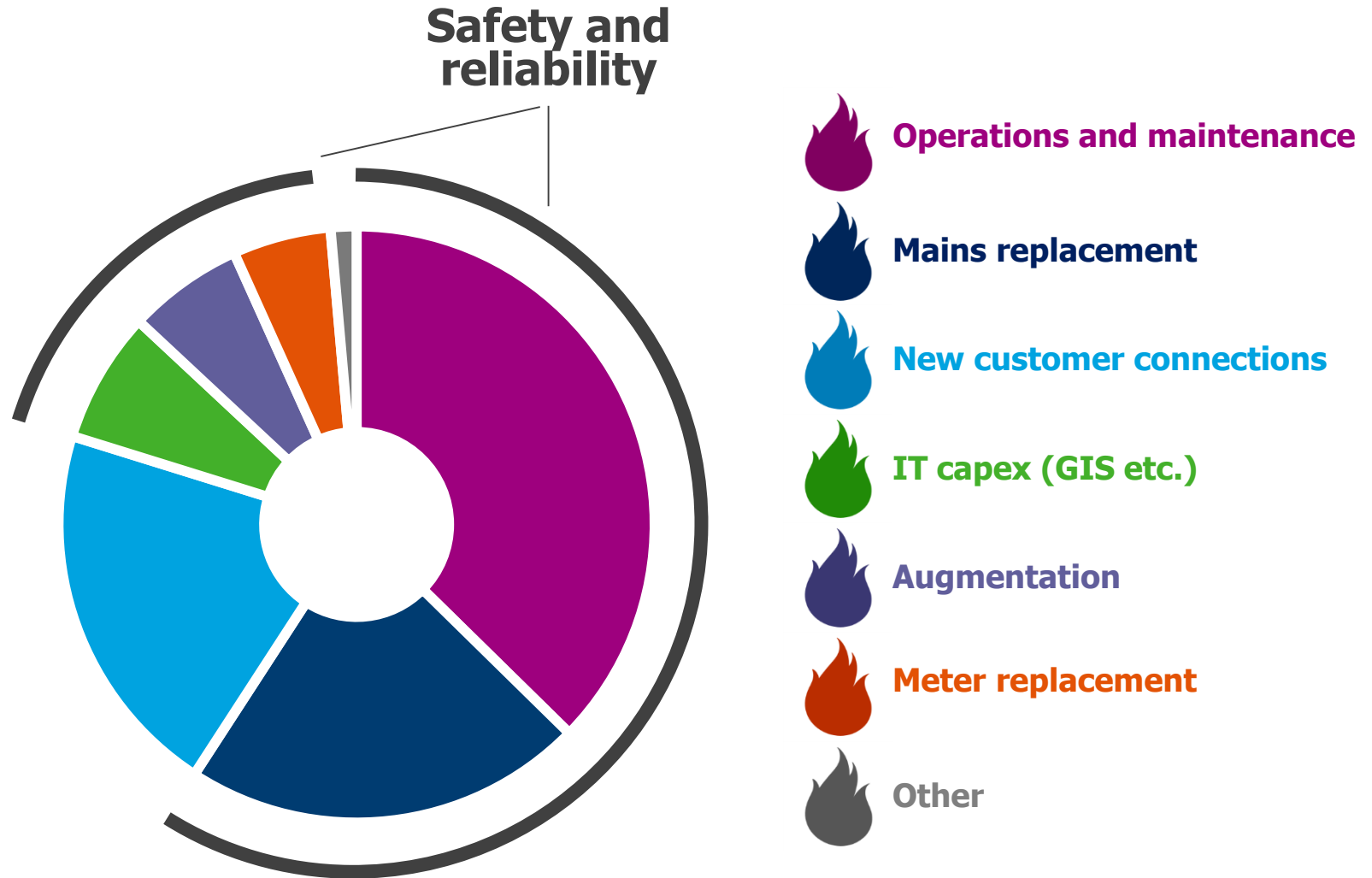
**Environmental
commitments and
reporting**

AGN is committed to the safety of our network

- Gas Distribution License
- Good Industry practice
- Respond to leaks



Safety and Reliability is the largest component of our expenditure



Our largest safety expenditure focuses on replacing gas mains

Problem

- Gas mains and services have an average useful life depending on location and use
- Replacement maintains and improves safety and reliability

Proposed solution

- We intend to replace approximately 300kms mains in our network over the next five years

Program Costs

- Mains replacement program – \$6 per annum



We are considering additional expenditure to minimise fire risk

Problem

- Gas meters and regulators are not designed to withstand intense heat from bushfires
- Uncontrolled gas escapes can ignite and/or add fuel to existing fires

Proposed solution

- Fitting Thermal Safety Devices or Excess Flow Valves to meter valves will reduce risk



Program Costs

- Bushfires areas only – less than \$0.50 per annum
- New and replacement meters – \$3.60 per annum

We pride ourselves on providing our customers with a reliable supply gas

- Current reliability experience?
- Improved reliability?
- Decreased reliability?



In the past 12 months, who has experienced an outage?

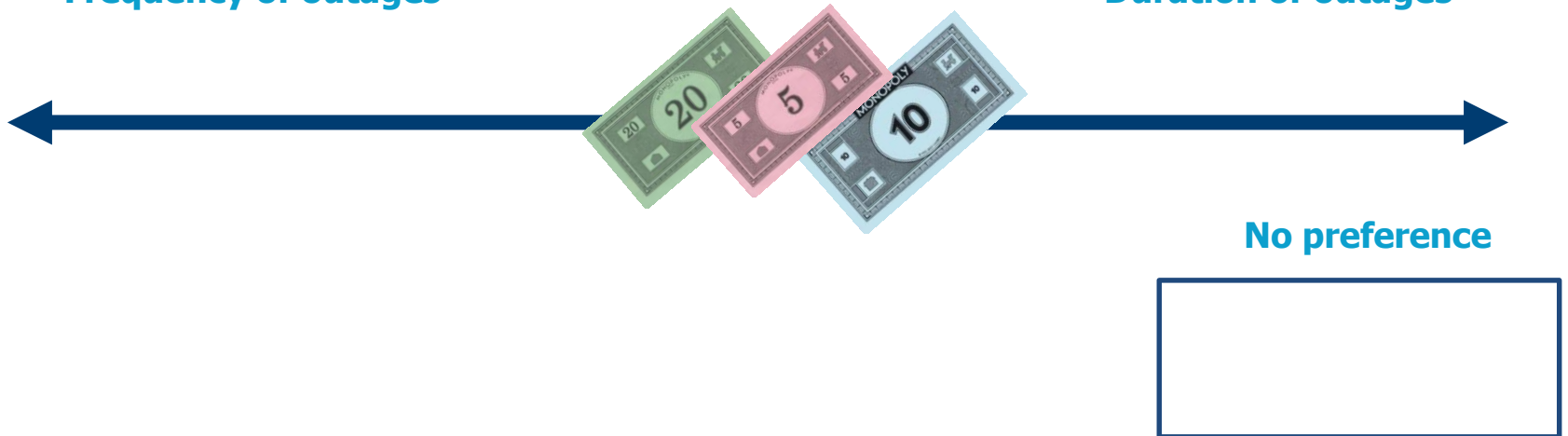
Place your 'money' on the line where you would prefer Australian Gas Networks to focus their efforts?



Frequency of outages



Duration of outages



Major reliability example - Dandenong transmission pipeline completion

Problem

- The capacity of existing transmission pipeline will be fully utilised in 2019
- This will impact existing 160,000 customers and organic growth to prospective 65,000 residential customers by 2036

Proposed solution

- Construction of new transmission pipeline

Program Costs

- Less than \$1.00 per annum



We have many other smaller projects that support reliability

- Mornington Peninsula – Queen’s Birthday long weekend peak
- Echuca – 190/year growth reducing network pressures
- Heidelberg/Ivanhoe – continue to ensure supply to Austin Hospital
- Cranbourne – 3000/year growth, 20 year target of 40,000 connections
- Traralgon Trunk Main – 200/year connections reducing network pressures
- Various locations –responding to localised pockets of poor pressure as a result of expansions



Program Costs

- Less than \$3 per annum

Customer experience

**Network safety
and reliability**

**Access and
affordability**

**Environmental
commitments and
reporting**

Current tariff structure

Gas

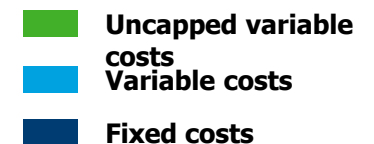
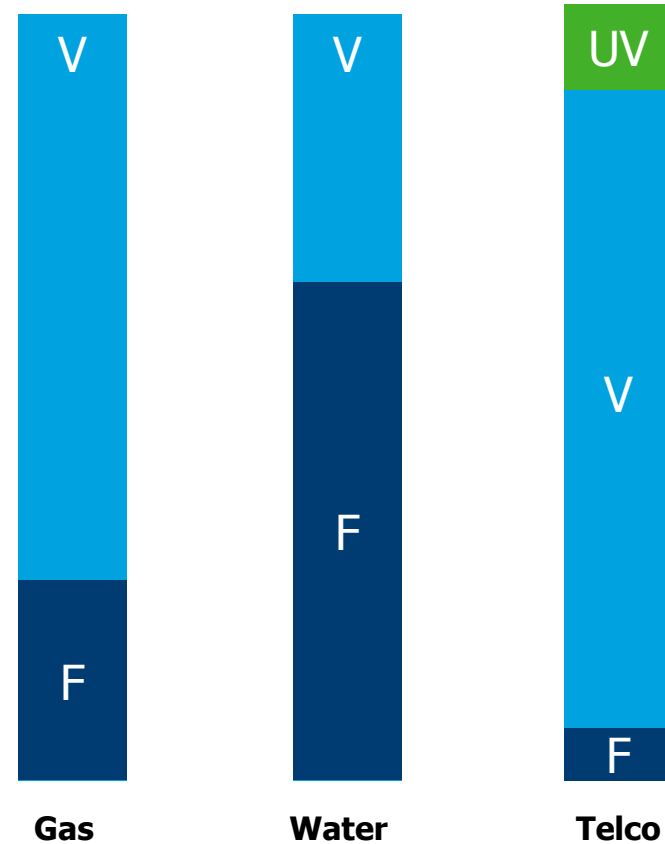
- Smaller fixed costs (supply charge)
- Larger variable costs (usage)

Water

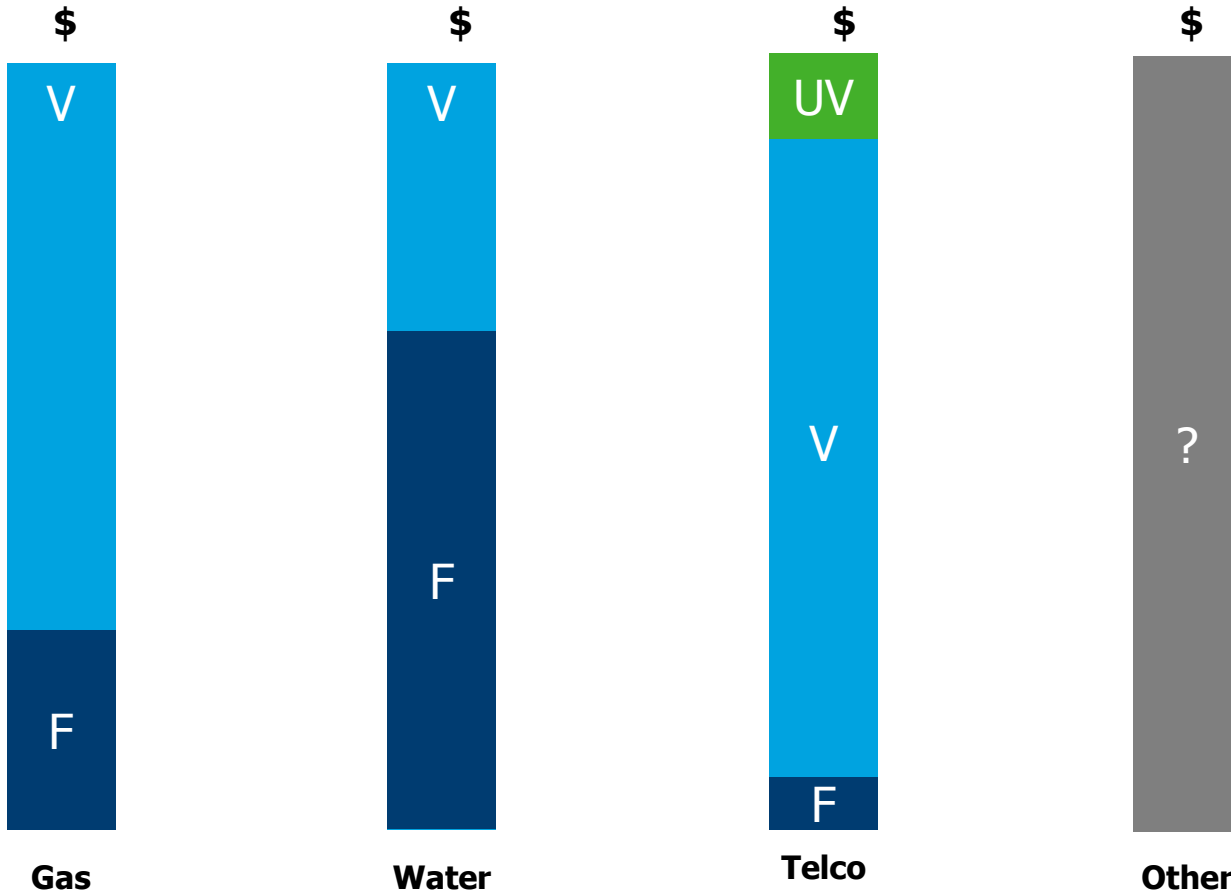
- Larger fixed costs (supply charge)
- Smaller variable costs (usage)




Telco

- Smaller fixed costs
- Larger capped variable costs (usage)
- Excess Usage variable costs



Please place your vote on one of the tariff structures below.



-  Uncapped variable costs
-  Variable costs
-  Fixed costs

Customer experience

**Network safety
and reliability**

**Access and
affordability**

**Environmental
commitments and
reporting**

Our environmental commitments

AGN is committed to managing its activities so as to minimise the adverse effect on the environment.

We will report our environmental performance openly and transparently.

- What would you like to know?

OBJECTIVE

Australian Gas Networks is committed to managing its activities so as to minimise the adverse effect on the environment. The Company will report its environmental performance openly and transparently.

PRINCIPLES

AGN is the owner of natural gas distribution networks and transmission pipelines in Victoria, South Australia, Queensland, New South Wales and the Northern Territory.

The Company takes seriously its obligations to operate, maintain and expand its networks and pipelines with concern for the environment. In doing so we are committed to:

- Ensuring our employees and contractors clearly understand and support our policy, and have the training, skills and equipment to perform their roles with regard for the environment;
- Striving to achieve a standard of environmental management that complies with the spirit and letter of the law;
- Encouraging innovation to avoid or minimise the impact of installing and maintaining our distribution networks and transmission pipelines. In doing so we will learn from our own performance and from external developments;
- Seeking economic ways to reduce greenhouse gas emissions from our distribution networks;
- Ensuring the business is operated in compliance with Federal and State laws and industry standards;
- Continuing to seek ways to eliminate waste;
- Setting targets and measuring progress to ensure we continuously improve our performance;
- Ensuring that when assessing the performance of our contractors it includes compliance with this policy; and
- Communicating our performance to interested parties.

Application

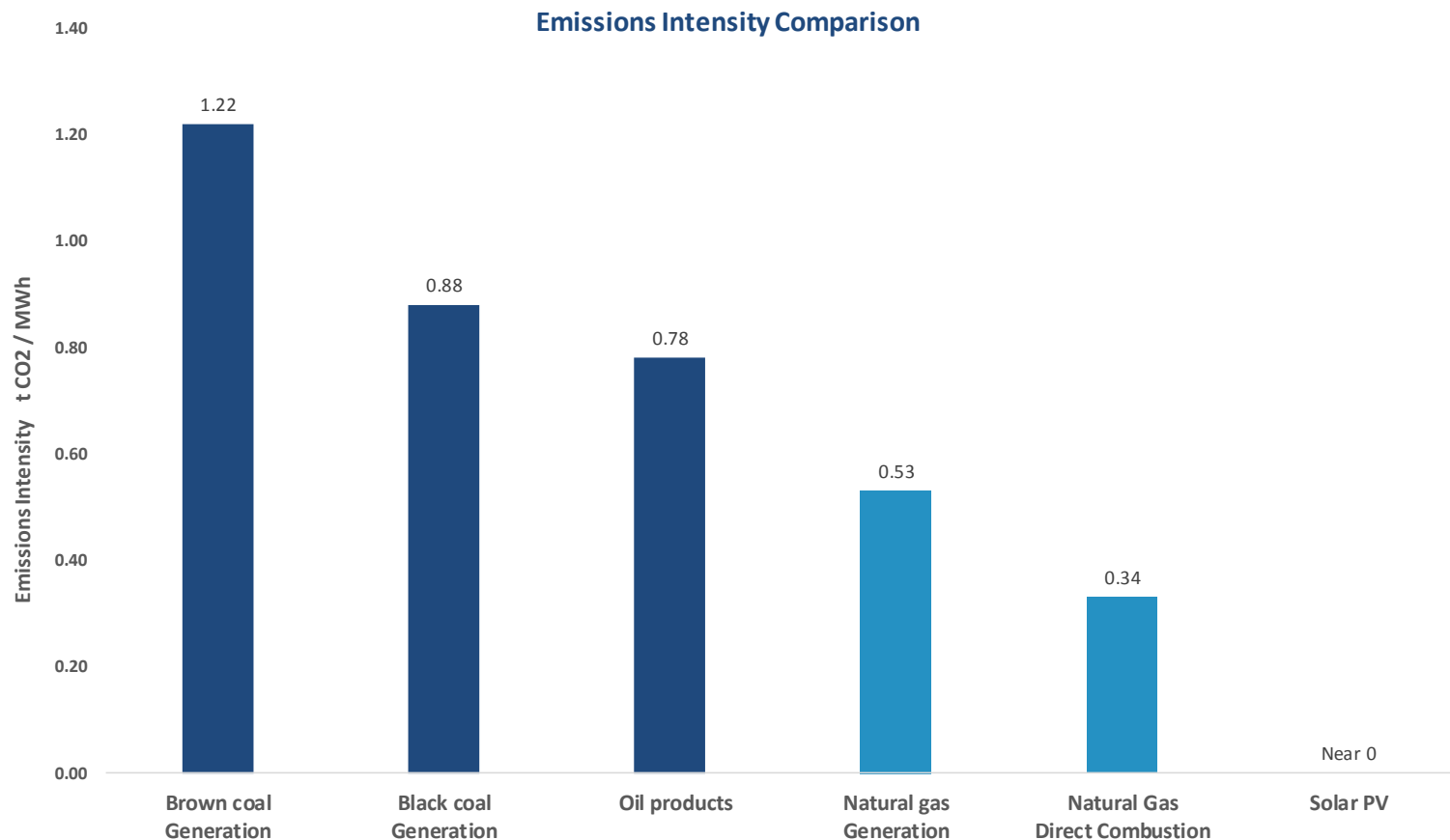
Responsibility for the application of this policy rests with the Company Secretary.

Policy Review

This policy is to be reviewed at least annually. Any amendments are to be approved by the Board.

Reviewed: October 2014

Natural Gas is a low carbon fuel, equivalent to ~50% renewable electricity



Sources: Coal, Oil, Gas Generation data per Climate Change Authority - Electricity Generation Emissions Intensity -Oct 2013
Gas Direct Combustion and Solar - Pitt and Sherry Nov 2011

Priorities

Which investments are most important?

Investment priorities

Name _____



Investment priorities

What priority do you place on the potential investments we have described today? Please rank each of the investments in order of importance to you, where 1 is the most important and 10 is the least important.

Topic	Investment	Max. annual cost (exning)	Vote (✓)	Priority
Customer experience	Ensuring people know about our assets: radio/TV campaign, targeted marketing and updated 'Dig Before You Dig' form	\$3.00		
	Gaining access to all meters in our network: take action to access meter	\$0.50		
Network safety and reliability	Mains replacement program: replace gas mains and services to maintain safety and reliability	\$8.00		
	Bushfire preparedness: fit safety devices to new and replacement meters, and bushfire areas	\$3.00		
	Dandenong transmission pipeline completion: construction of a new transmission pipeline to service Dandenong region	\$1.00		
	Other project to support reliability: Mornington Peninsula, Schuys, Heidelberg/ Ivanhoe, Cranbourne, Traralgon and other unspecified projects	\$3.00		
Total annual cost of all potential investments		\$17.10		

Thanks and close

What happens next?

Stakeholder engagement process



Wrap up



stakeholders.agnl.com.au/have-your-say



AGN 2016 stakeholder engagement workshop feedback

On behalf of the Australian Gas Networks (AGN) and Deloitte teams we would like to thank you for your participation in today's customer engagement workshop for AGN. We hope you enjoyed your participation as much as we did. We appreciate the time taken to provide feedback.

1. What were the positive things in today's workshop?

2. What could be improved?

3. How did you benefit from the workshop?

4. Did the education material (posters, workshop presentation) help you understand the topics discussed today?

5. How did you find the pace and timing of today's workshop?

Posters

Fact sheets

Future price path

Participant packs

Forms:

Publicity consent

Information consent

Workshop feedback survey

Worksheets:

- Thinking about your gas bill
- Communication preferences
- Potential investment priorities