



Multinet Gas

Gas Access Arrangement Review Reference Group

Meeting 1

Thursday 10th March 2016



Agenda

- Welcome
- About our business and our customers
- Regulatory framework
- Key dates
- Possible topics for consultation
- Our consultation approach
- Reference Group terms of reference
- Consultation discussion
- Action items



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Multinet Gas overview

Presenter: Mark Beech, General Manager Gas Networks

About Multinet Gas



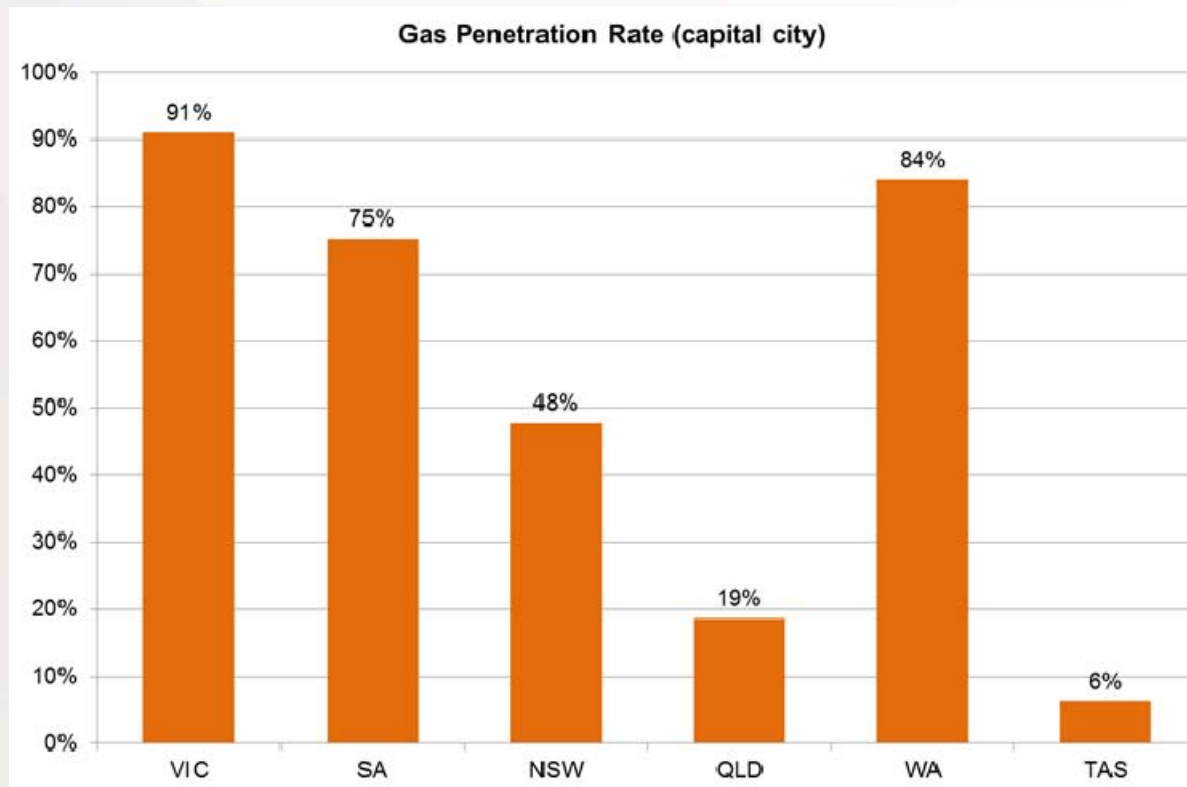
- Our network transports gas from the high-pressure transmission network to the premises of industrial, commercial and residential gas users in Victoria.
- One of three regulated distributors operating in Victoria.
- Serves the relatively densely populated inner and outer Eastern and South Eastern suburbs of Melbourne, as well as the Yarra Ranges and South Gippsland.
- The distribution network:
 - 687,000 residential, commercial and industrial customers, served by:
 - 10,300km of transmission and distribution gas mains
 - 687,000 end use meters
 - seven city gate pressure reduction stations
 - 121 field regulator sites
 - 144 district regulator sites





Customers

Gas penetration in the residential market in Victoria is high in comparison to other states.





Asset management strategy

The asset management strategy focuses on understanding the long term network requirements to develop a five to 30 year asset management program.

The main drivers behind the development of the asset management strategy are:

long-term operating environment: including long-term asset demand, the technology landscape and potential evolutions, and asset condition and performance

technical standards: the policies, procedures and guidelines for maintaining the network and assets across the network, including regulatory guidelines and safety standards, and technical specifications for the assets

These drivers are assessed in relation to each other to determine the longer-term investment requirements for the network and Multinet Gas' key business strategies for optimising this position.

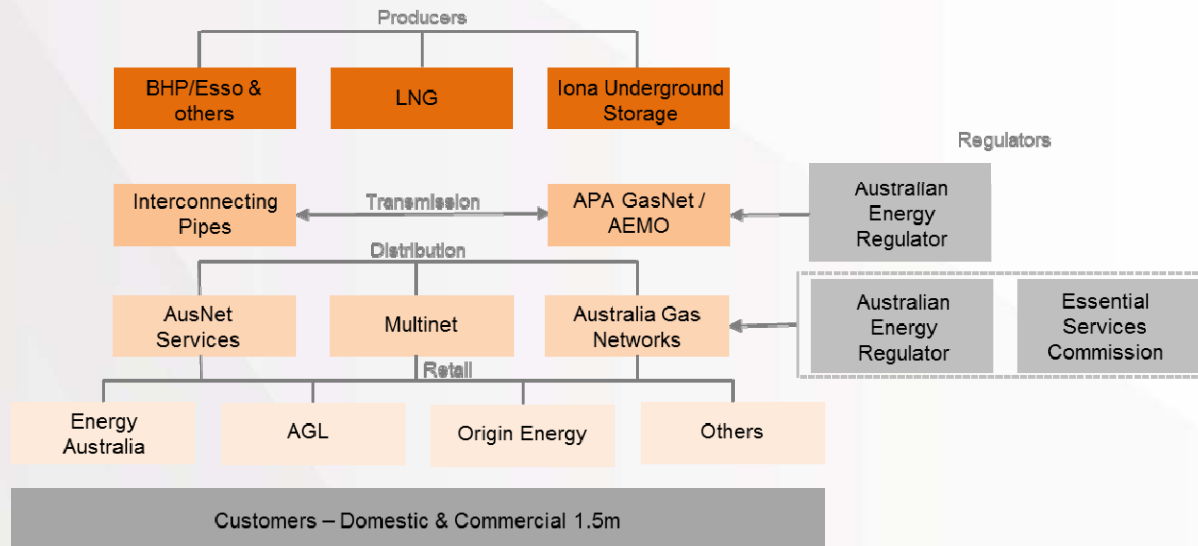


Industry overview

The Victorian gas industry is comprised of four sectors:

- exploration and production/processing
- transmission
- distribution
- retail

Major participants in the VIC gas industry





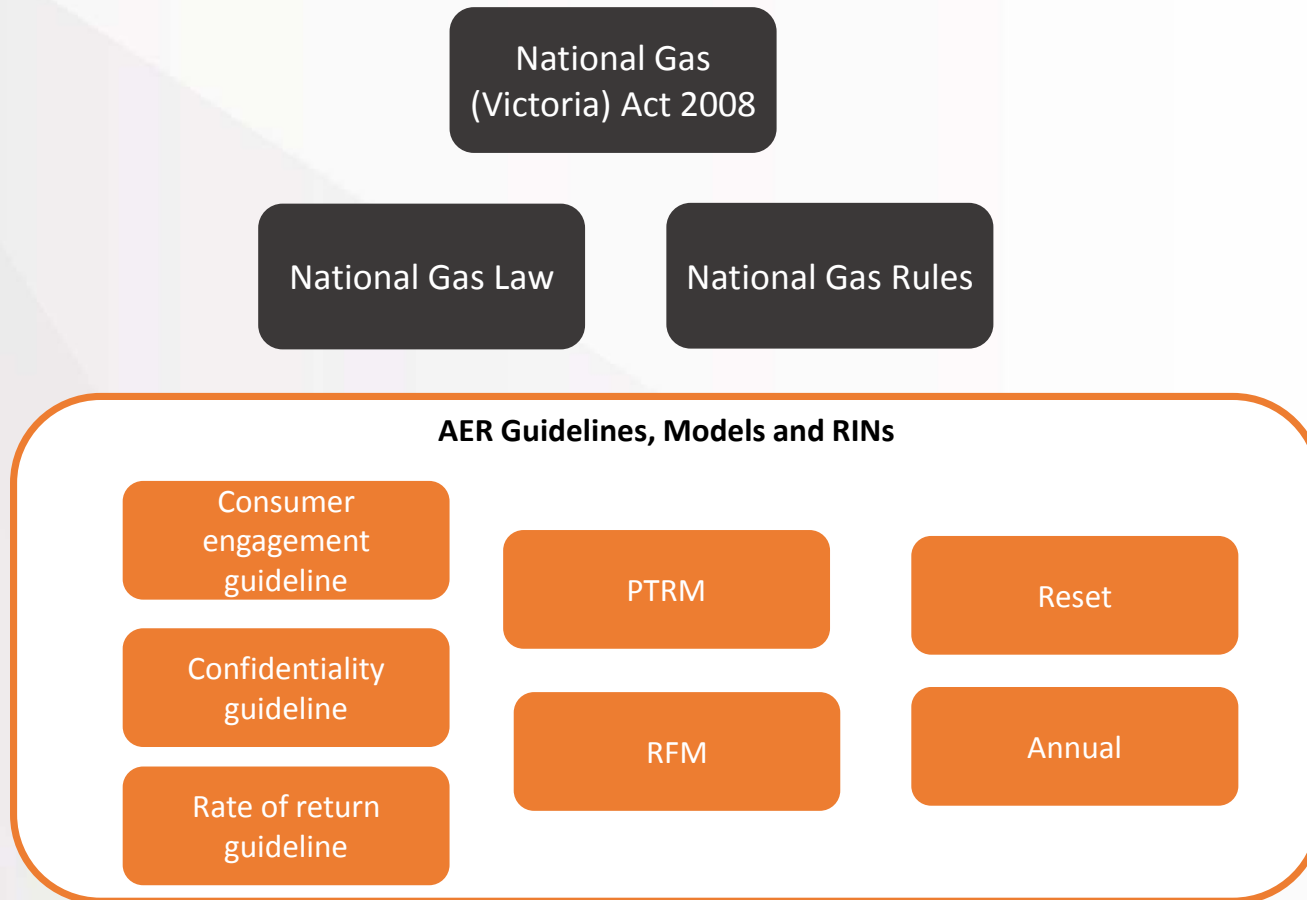
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Regulatory Framework

Presenter: Stephanie McDougall, Price Review Manager

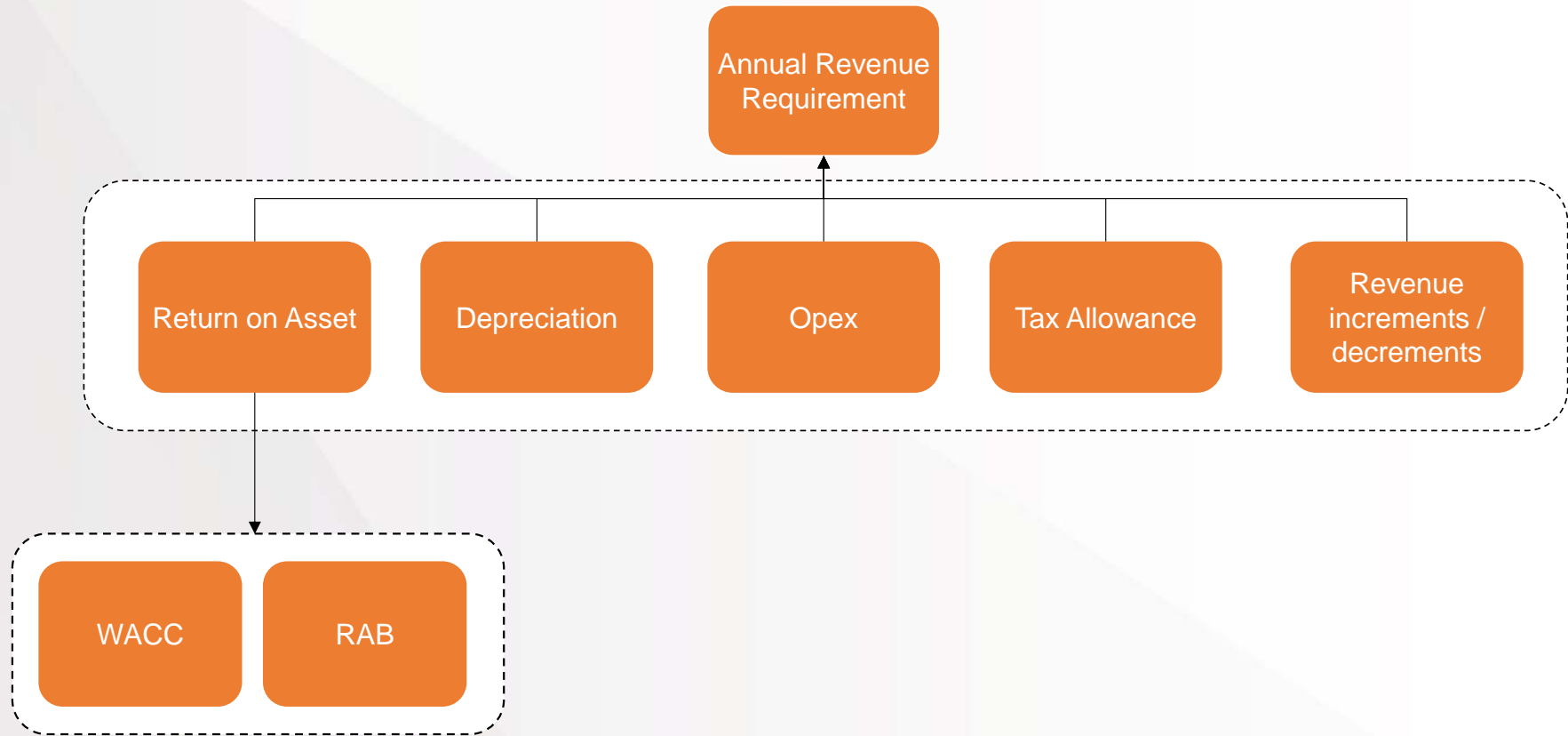


Regulatory framework





Revenue building blocks





Typical gas bill

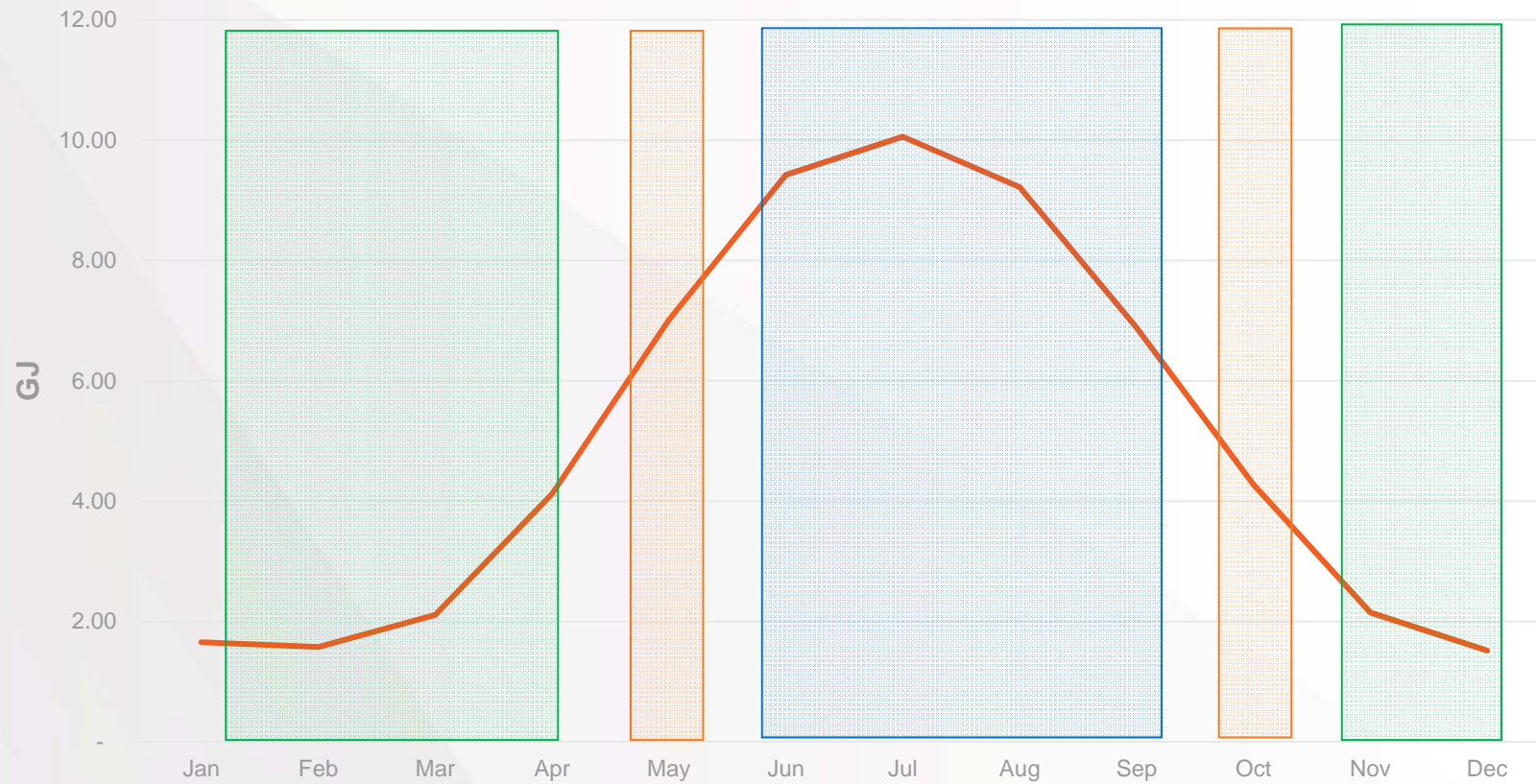
Usage Type	Average Annual Consumption (GJ)
Cooking	3
Hot Water	18
Heating	39
TOTAL	60
2015 Average DUOS Cost	\$249
2015 Average Retail Bill*	\$1,103
2015 % DUOS Total Retail Bill	23%

*Retail Bill is based on the default MG retailer standard published market offer.



Monthly usage

Average Residential Customer: Monthly usage (GJ)



Off peak



Shoulder



Peak



Key dates

Milestone	Required by
MG to submit Access Arrangement to AER	December 2016
AER to publish Draft Decision	June 2017
AER Access Arrangement Draft Decision Hearing	TBD
MG to submit Revised Access Arrangement Proposal to AER	July 2017
AER to publish Final Decision	October 2017



Possible discussion topics

- Demand for gas including the climate impact
- Pipeworks and network expansion
- Service levels and GSLs
- Incentives
- Vulnerable customer support
- Tariffs
- Our overall proposal
- Price control mechanisms

What issues are important to you?



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Consultation overview, philosophy, and process

Presenter: Jason Craig, Community Engagement Manager



Overview

- Opportunity to start ongoing conversation about Melbourne's gas distribution network.
- First formal opportunity for consumer participation and feedback on what they expect from their network.
- Objectives are to:
 - Identify aspirations, ideas and priorities of our consumers
 - Set clear expectations about ongoing engagement with communities, stakeholders and business.
 - Meet regulatory requirements and timeframes associated with the GAAR process



Best practice

- Clear expectation to use IAP2 frameworks and best practice principles
- Underpinning best practice principles are:
 - Clear, accurate and timely communication
 - Accessible and inclusive
 - Transparent
 - Measurable

IAP2



IAP2 element	Application to GAAR consultation	
<p>Inform To provide stakeholders with balanced and objective information to assist them in understanding the problem, opportunities and/or solutions</p>	✓	Develop and implement a communication and engagement action plan that provides detailed information about the Multinet Gas network and future requirements for maintenance or capital works
<p>Consult To obtain feedback on analysis, alternatives and decisions.</p>	✓	Develop and implement a GAAR Reference Group to represent broader community groups to seek feedback as a representative for their group.
<p>Involve To work directly with stakeholders to ensure their aspirations are understood and considered.</p>	✓	Develop and implement a series of workshops/deliberative forums with interested business, commercial, and customers.
<p>Collaborate To partner with stakeholders in each aspect of the decision including development of alternatives and identification of the preferred solution.</p>	↔	Host a workshop with key stakeholders to develop a series of alternatives to achieve outcomes needed to maintain the network.

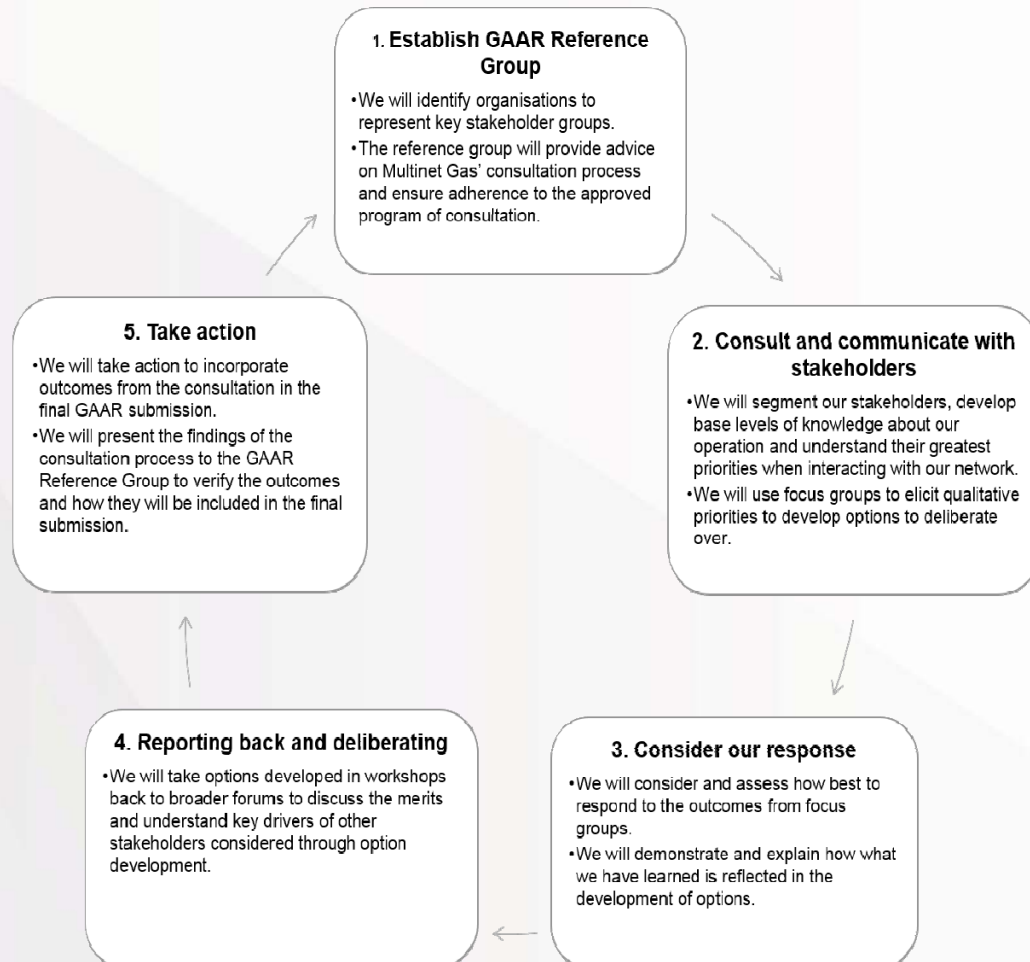


Who are we consulting with

Key Stakeholders	
Government	
GAAR Reference Group	<ul style="list-style-type: none"> • Alternative Technology Association • St Vincent de Paul • Consumer Utilities Advocacy Centre • Brotherhood of St Laurence • South East Community Links • Council on the Ageing • Energy Consumers Australia
Commercial and Industrial	<ul style="list-style-type: none"> • Veridian Glass • Asaleo Glass • Cadburys
Builders/Developers	<ul style="list-style-type: none"> • Mirvac • Lendlease • Australand
Hard to reach groups	<ul style="list-style-type: none"> • Small business • Other CALD groups • Residents
Retailers	<ul style="list-style-type: none"> • AGL • Origin • Red Energy • Simply Energy



Consultation process





Consultation plan

Element	Purpose
Increase Understanding	Educating to ensure our customers are informed and can contribute positively to discussed topics
Understanding consumers	Understanding key principles that are important to them when developing options for consideration
Providing opportunity to influence outcomes	Option development, request more informed stakeholders contribute to develop options
Creating a feedback loop	Presenting options that have been developed for discussion to previously engaged focus groups
Verification	Feeding consultation outcomes back to the Reference Group and Multinet Gas' position for GAAR

Hold informed qualitative discussions with stakeholders

Carefully considered consultation approach – this involves omission

Overcoming barriers to engagement

- Limited knowledge interest in Gas distribution
- Diverse target audience
- Setting expectations concepts vs clear deliverables
- No past engagement



Measuring success

Engaging Hard to reach groups	
Metric	Approach to achieving
Receiving input towards Multinet Gas' GAAR submission from >3 hardship groups	Inclusion on GRG. Focus group session directly tailored to this group
Receiving input towards Multinet Gas' GAAR submission from >3 CALD groups	Leverage GRG representation as a touch point into CALD groups within Multinet Gas distribution area. Focus group session directly tailored to this group
Receiving input towards Multinet Gas' GAAR submission from >3 small business groups	Directly approaching customers to participate in appropriate focus group session, potentially identify trader associations within distribution area.
Receiving input towards Multinet Gas' GAAR submission from >3 residential representative groups	Directly approaching customers to participate in appropriate focus group session, potentially identify rate payers associations within distribution area.

Engaging with retailers	
Metric	Approach to achieving
Engage with >4 retailers on changes to part C terms and conditions	Hold continuous discussion with retailers about changes to the terms and conditions Provide iterations of terms and conditions for discussion
Negotiate some changes to the terms and conditions	Achieve an aligned position within 4 focus groups



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Terms of reference

Presenter: Jason Craig, Community Engagement Manager



ToR

1. The GAAR Reference Group's (Reference Group) scope is limited to the business activities of Multinet Gas (MG).
2. External members of the Reference Group are empowered to provide MG with verbal and written information gathered from the constituents of their respective organisations or from other individuals or sources such as correspondence or published materials.
3. Reference Group members are free to seek information from MG on topics of interest to them, other than matters formally identified as "Commercial in Confidence". MG shall invite staff with specialist skills or knowledge to assist with specific issues as appropriate. MG accepts that it has a responsibility to consider and respond to all issues raised.
4. The Reference Group will meet a minimum of four times in the lead up to the submission of the Gas Access Arrangement Review plan (plan), either at MG offices or other nominated location from time to time. Additional meetings may be arranged at the request of either the Reference Group or MG.
5. The Reference Group Chair shall ensure that all issues are being addressed in a positive, timely and co-operative manner.
6. The Reference Group forms a key component of the organisation's community and stakeholder engagement activities and is designed to assist the business in how it can improve its understanding and management of stakeholder expectations and ensure the regulatory proposal reflects the long term needs of the community.
7. The Reference Group is an advisory group only. It can make recommendations, but has no decision making authority, unless specifically delegated by the Chair at his or her discretion.



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Discussion



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Action items



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Thank you