

CONSUMER FEEDBACK REPORT

EVOENERGY GAS NETWORK DRAFT PLAN 2021–26

This report summarises consumer feedback received in formal written submissions, and email submissions responding to Evoenergy’s gas network draft plan for the 2021–26 regulatory period. This feedback represents only a portion of all feedback received on the draft plan; feedback from all Evoenergy’s engagement and communication activities forms part of our Access Arrangement revision proposal for 2021–26 (GN21 plan), which will be submitted to the Australian Energy Regulator in June 2020.

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GAS NETWORK 2021-26 DRAFT PLAN

CONSUMER SUBMISSION SUMMARY REPORT

Every five years, Evoenergy is required to propose to the Australian Energy Regulator how much we plan to spend operating, maintaining and investing in the gas network in the ACT, Queanbeyan and Bungendore, and how these costs should be recovered from gas network customers.

The five-year plan from 2016–21 expires on 30 June 2021 and a new plan will be submitted for the 2021–26 period on 30 June 2020 ahead of the commencement of the regulatory period on 1 July 2021.

We want consumer feedback on our planning and whether it best serves their long-term interests.

Our draft plan for the gas network set out our forecast operating costs and capital expenditure, as well as our forecast gas connections and usage for 2021–26. Based on these forecasts, we calculated how much revenue we expect we'll require each year over the next five year period.

Consideration of the ACT Government's climate change strategy was central to our development of the draft plan; the legislated target of zero net greenhouse gas emissions by 2045, and what the community want and need from the gas network as we transition to meet this target.

Our draft plan was released on February 27th and public consultation on the draft plan was open until 2 April 2020.

PROMOTION OF THE DRAFT PLAN

The GN21 engagement strategy incorporated a comprehensive communications campaign to ensure the community and key stakeholders were informed of the opportunity to provide feedback.

Promotion of the draft plan included:

- Publication on the Evoenergy website alongside an invitation to submit feedback
- Discussion at Evoenergy's Energy Consumer Reference Council (ECRC) meetings
- Presentations at five ACT community council meetings
- Five community drop-in sessions across the ACT and Queanbeyan
- Exposure on three of Evoenergy's four social media platforms:
 - Facebook, with an audience reach of over 2,486 followers
 - Twitter, with an audience reach of over 1,638 followers, and
 - Instagram, with an audience reach of 277 followers.

WRITTEN SUBMISSIONS

This report provides only a summary of written feedback and submissions received by Evoenergy in response to the draft plan. All feedback received during the consumer engagement consultation phase is summarised as part of Evoenergy's Access Arrangement 2021–26.

Written submissions were received from the ACT Council of Social Service, Conservation Council ACT Region, and Better Renting. These organisations are members of the Evoenergy's ECRC, highlighting the level of commitment and involvement they have as a representative consumer group.

Another written submission was received from an individual community member, and three emails were received in Evoenergy's consumer feedback inbox.

Evoenergy would like to sincerely thank all contributors for taking the time to prepare submissions.

KEY FEEDBACK THEMES

Community feedback received on the draft plan during the consultation phase identified key themes which required further consideration in the final access arrangement review.

TABLE 1. KEY FEEDBACK THEMES

THEME	FEEDBACK
Halting mandatory expansion of gas network into new ACT suburbs	<p>There was general support for this decision though it was not unanimous; some people said they like using gas and want choice.</p> <p>Others were comfortable with an increased reliance on the electricity network distributing renewable energy.</p> <p>Some feedback called any market expansion a risk and said Evoenergy should reduce the size of the regulated asset base.</p> <p>One submission suggested complete revision of the planning for 2021–26 to enable network closure by 2030.</p> <p>Some feedback indicated renters may be disadvantaged if property investors continue to connect to the gas network leaving renters subject to the landlords' energy preference.</p>
Network expansion in NSW	<p>Where feedback was opposed to ACT network expansion it was similarly opposed to expansion of the network in NSW.</p> <p>Some feedback asked about cost and environmental impact if retrofitting to all-electric appliances is required in future.</p>
New connections to the gas network	<p>Some community feedback called strongly for Evoenergy to cease all new gas network customer connections irrespective of whether this was in a new or existing suburb.</p>
Future renewable gas distribution	<p>Some feedback embraced the idea of using the gas network for distributing or storing renewable hydrogen as a means of storing electricity.</p> <p>One submission favoured a shift to electrification instead of exploring renewable gas distribution.</p>
Capital expenditure (capex)	<p>More than one submission suggested that capex be minimised (in line with their recommendation to cease network expansion).</p>
Capital Expenditure Sharing Scheme (CESS)	<p>There was a question of the value in adopting a CESS given reduced forecast capex.</p>

THEME	FEEDBACK
Costs of future network transformation	One submission posed the idea of community purchasing network assets in the long-term to re-invest. This is beyond the scope of the plan for the 2021–26 regulatory period.
Accelerated depreciation	<p>There was general support for accelerated depreciation given expectations of a shrinking customer base, though some feedback questioned why this approach would not apply to existing assets (and only new).</p> <p>One submission proposed a deep dive to test the assumption that it would be required or would be in the best interests on consumers.</p>
Tariff structure	<p>Concern was expressed that the declining usage rate is not progressive and may not equally benefit low-income households who have lower gas usage per quarter. Also that the proposed tariff structure might incentivise higher consumption.</p> <p>A flat tariff structure was (generally) proposed.</p>
Customer number and volume forecasts	<p>Some feedback suggested that instead of a gradual and linear decrease there may be a more marked decrease as customers embrace electrification.</p> <p>The majority of the feedback suggested the customer number forecasts seemed reasonable.</p>
2020 coronavirus pandemic	It was flagged and acknowledged in one submission that economic impacts from COVID-19 could impact gas network planning.
Marketing costs	A number of submissions did not understand or appreciate investment in the “gas rewards program” and felt it was at odds with the ACT Government Climate Change Strategy.

NEXT STEPS

All submission content has been shared among Evoenergy’s gas network access arrangement revision team. All feedback is important and will be considered. The access arrangement revision will include commentary on where feedback has been incorporated, and if not, why not.

The Evoenergy gas network access arrangement revision proposal for the regulatory period 2021–26 will be submitted to the Australian Energy Regulator (AER) by 30 June 2020. The AER will commence a round of public consultation and all community members are invited to contribute to this process and information is available on the AER website <https://www.aer.gov.au/node/64938>.