

Report from the Evoenergy Citizens' Jury

3 November 2019

The question:

The ACT Government has legislated for net zero greenhouse gas emission by 2045.

Evoenergy is committed to transform the gas network to meeting this target.

As part of this transition, what are our consumers expectations of the service provided to them?

The Citizens' Jury commends Evoenergy for initiating a consultation process on how to transform its network to meet ACT Government legislative requirements. We appreciate the opportunity to contribute to the next regulatory process and the future direction of the ACT's energy market.

We recognise that what has been legislated in the ACT is unprecedented in Australia and indeed the world. We hope that Evoenergy's leadership on community engagement will be followed by others in the broader decarbonisation of the economy.

As a Citizens' Jury, we have found a great deal of agreement and support for the ACT Government's target of net zero greenhouse gas emissions by 2045. We are encouraged by Evoenergy's commitment to transform the gas network to meet this target.

Although the jury came together with limited prior knowledge, hearing from subject matter experts and site visits informed our deliberations (see attached list). Whilst we haven't agreed on everything, we have achieved a high degree of consensus and have found the process very productive, informative and engaging.

Our expectations as consumers is that Evoenergy will:

- meet or exceed the emissions reductions targets legislated by the territory government.
- actively campaign for an energy distribution system whose entire production and supply chain produces net zero or negative greenhouse gas emissions.
- innovate in ways to frequently engage the community, the territory and federal governments, and the business community, for instance through processes like a Citizen's jury.

We understand that Evoenergy is a young distribution network and, as such, we do not expect Evoenergy to be solely responsible for delivering all the solutions. Consequently, the Jury has made additional recommendations for the ACT Government.

We would like Evoenergy to submit this report to the ACT Government as part of the consultation process of the climate change strategy.

Lastly, we would like to extend our sincere thanks to Evoenergy.

Context

We put forward our recommendations in the context of considering the following:

- Evoenergy has to comply with Government legislated targets.
- The gas supply infrastructure has a considerable value and is relatively new.
- The three possible scenarios for the gas network are:
 1. upgrade/adapt network to alternate energy source;
 2. decommission the network infrastructure; and
 3. maintain (ghost infrastructure) for the future
- There are implications for consumers from all of these scenarios.

Recommendations

Recommendations for Evoenergy (in no particular order)

Recommendation 1: We expect that Evoenergy will work proactively and collaboratively to invest in and pursue funding opportunities for its role to become a research partner, including but not limited to:

- working with partners such as ActewAGL, ACT Government, Icon and research institutions to explore new/better options; and
- consider new models for integrating waste management emissions into the gas network.

Recommendation 2: Evoenergy and the ACT Government will jointly collaborate with other stakeholders to develop a communication plan to inform the ACT and NSW consumers about the transition.

Recommendation 3: Evoenergy to develop a communications plan which will provide comprehensive and timely information to the community using a variety of methods over the lifetime of the transition, including, but not limited to:

- a reliable, constant reasonably affordable/cheap, environmentally friendly source of power;
- maintain choice – not trapped by limited options (not ACT only);
- ensure information about required appliances is readily available and retro-fitting is straight forward;
- meeting peak flow needs;
- protection of vulnerable customers;
- impact on property values and availability of rental housing stock;
- impact on strata is understood as is the ability and barriers to transition;
- responsible management of community assets; and
- benefits to consumers.

Recommendation 4: Evoenergy to advocate strongly to the ACT Government to cooperate with other jurisdictions, with a view to creating an emissions offset market for gas similar to that in operation for electricity. This recognises that climate change requires a national perspective.

Recommendation 5: Evoenergy, in consultation with relevant parties (including Government, retailers and consumers), to develop consumer-centred policy to protect consumers from unexpected transition issues; consumers being stranded if critical mass exodus occurs. The purpose of this recommendation is to give consumers certainty.

Recommendation 6: A full cost benefit analysis for each option (full electrification or continuation of the gas network) be considered reflecting the community cost drivers, including but not limited to:

- infrastructure cost (new and retiring);
- household refit costs; and
- social and environmental benefits

Recommendation 7: In the context of either decommissioning or alternative uses of the network, Evoenergy to negotiate with ACT Government to arrive at a fair and equitable outcome for the ACT and NSW community.

Recommendation 8: Continue to maintain infrastructure and value of infrastructure and make a decision on the future of the gas network at the end of the 2021-26 regulatory reporting period. This time period is to provide direction to consumers and the energy market.

ACT Government Recommendations (in no particular order)

Recommendation 1: Increase Government funding, assistance, subsidies and buy back schemes to encourage, ensure and assist with the transition from natural gas to electricity or from natural gas to other energy sources.

Recommendation 2: Evoenergy and the ACT Government will jointly collaborate with other stakeholders to develop a communication plan to inform the ACT and NSW consumers about the transition, to facilitate Evoenergy's messages reaching out to the consumers and broader community.

Recommendation 3: ACT Government to communicate the impact of its legislation for net zero greenhouse gas emissions by 2045, including, but not limited to:

- what does it mean? natural gas supplied through Evoenergy's pipes is methane, which is a) a greenhouse gas; b) produces CO₂ which is also a greenhouse gas.
- does it mean no gas? Or alternatives? The public needs to be informed.
 - electricity – can the grid cope?
 - alternative gases - Costs and impacts
 - the public needs to be informed
 - a) by the government - social impact, timelines, cost, who pays?
 - b) by Evoenergy in terms of its effect on the network
 - No gas?
 - Can electricity grid cope?
 - Need for public information - re-education; recognition of cultural issues
 - Cost of decommissioning, who pays?
 - What does this mean for Evoenergy?
 - Decommissioning
 - Redeploy, reeducate staff
 - Impact on customers outside ACT
 - Long-term, expensive project
 - Who pays?
 - Alternative gas?
 - Which gas? – biogas (CO₂ emissions, cleaning) enough?
 - Hydrogen
 - Expensive but Australia has land for more wind and solar to provide. It appears on the information provided to be the most possible
 - What does this mean for Evoenergy?
 - Find supplier
 - Work with existing supplier to develop
 - Seek Government support for process

Recommendation 4: A full cost benefit analysis for each option (full electrification or continuation of the gas network) be considered reflecting the community cost drivers, including but not limited to:

- infrastructure cost (new and retiring);
- household refit costs; and
- social and environmental benefits

Recommendation 5: Once costs are determined, consider all socio-economic groups, and generate impact statements to understand where costs can best be apportioned or attributed within the community.

Supplementary Recommendations

These supplementary recommendations are put forward for consideration, noting that consensus was not reached across the Jury during the available time:

Supplementary recommendation 1 – Technical Advisory Panel

The ACT Government to convene an independent Technical Advisory Panel that considers:

- cost benefit analysis of options (including full electrification, or options for using the gas network);
- consider future technologies;
- consider the world's best practice and identify technologies applicable to the ACT and implementing the most appropriate;
- providing clean energy during winter peak; and
- reporting from the technical panel should be released to public for consultation.

The Jury did not reach consensus on:

- whether this should have been a recommendation to Evoenergy;
- whether this should have been referred to as an Expert Advisory Panel;
- who was making decisions based on the findings; and
- who would bear the cost.

Supplementary recommendation 2: That Evoenergy suspend expanding the gas network into new developments until low emissions sources of gas become available. This is for the purpose of limiting emissions in the immediate period while work continues on alternative energy options. Evoenergy can thus contribute to the immediate goal of reducing emissions in the 2021-26 period.

The Jury did not reach consensus on:

- whether this was ACT Government or Evoenergy's role to make this decision; and
- whether this was in the Jury's remit.

Supplementary recommendation 3: Evoenergy to advocate for a carbon pricing mechanism.