# ATTACHMENT 4.1
# ENGAGE
# STAKEHOLDER INSIGHTS REPORT 2017

**ATCO 2020-24 PLAN**

EIM # 95074491

PUBLIC
31 August 2018

ATCO Gas AUSTRALIA

# VOICE OF CUSTOMER

## Insights that matter to ATCO Gas Australia and its team

FINAL | 23 NOVEMBER 2017

Team,

Our vision for 2020 – 2024 is to continue to focus on the long term interests of customers by providing a safe, reliable and affordable gas distribution network while supporting a competitive retail market, enabling growth for Western Australia, and building the foundation for a clean energy future.

On this note, it is important that we take the time to understand who our customers and stakeholders are, their needs and interests. As such, in October – November 2017, through the Voice of Customer program (and building on our earlier engagement in December 2016), we engaged with our customers and stakeholders, and have subsequently collected rich insight into their needs, wants and interests.

This document and the insights described forms the foundations that will underpin our strategies, plans and every aspect of daily operations. I encourage you to use this document to help you navigate and understand the interests of our customers and stakeholders and shape the future of our business for the next 5 year period.

Regards,

**Pat Donovan**
President, ATCO Gas Australia

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# EXECUTIVE SUMMARY

# Voice of Customer program

ATCO Gas Australia's Voice of Customer program will drive and facilitate engagement with our customers and stakeholders, ensuring their views underpin our five year investment plan that will be submitted to the Economic Regulation Authority.

The *Voice of Customer* (VoC) program is focused on creating a dialogue with customers and stakeholders across five distinct phases through interviews and workshops, which commenced in October 2017. Harnessing insights through the VoC program will allow for ATCO Gas Australia's (AGA) investment plans to resonate with customers and stakeholders and is in the long-term interests of consumers.

| ENGAGE | CONSIDER | RE-ENGAGE | DRAFT | SUBMIT |
|---|---|---|---|---|
| Oct 2017 | Nov 2017 – Jan 2018 | Feb 2018 onwards | Mar – Aug 2018 | Sep 2018 |
| Conduct engagement activities and capture insights | Integrate customer insights into business planning | Validate plans and insights with sample customers | Refine and publish our draft plans | Submit our final business plans to the regulator |

The insights and findings discussed within this report have been collected from AGA's engagement with customers and stakeholders during the Engage phase of the program. AGA anticipates to re-engage with customers and stakeholders from February 2018 with the intent to provide an update on insights gathered, and the progress of investment plans.

# Engagement approach

Over 94 customers and stakeholders were engaged through 9 workshops and 18 interviews.

Customers and stakeholders were engaged through a combination of group-based workshops and one-on-one interviews that incorporated a mix of informative content, worksheet activities and questions designed to prompt discussion.

| Customers | | | Stakeholders | | |
|---|---|---|---|---|---|
| **Residential**<br>4 workshops<br>42 participants | **Small/Medium Enterprise**<br>3 workshops<br>27 participants | **Commercial/Industrial**<br>8 interviews | **Builders and Developers**<br>2 workshops<br>7 participants | **Peak/Industry Bodies**<br>4 interviews | **Retailers**<br>6 interviews |

**Segments engaged**
- Northern Suburbs
- Southern Suburbs
- Eastern Suburbs / Hills
- Mandurah / Rockingham

**Segments engaged**
- Northern Suburbs
- Southern Suburbs
- Eastern Suburbs / Hills

**C&I clients**
- Mirvac
- Austral Bricks
- 6 others

**Participants**
- Pindan
- JWH
- Redink Homes
- Danmar Homes
- 101 Residential
- Landcorp
- Satterley

**Participants**
- HIA
- UDIA
- MBA
- 1 other

**Participants**
- AGL
- Alinta Energy
- KleenHeat
- Origin
- Synergy
- Perth Energy

Customer representation included residential and small/medium enterprise customers who were engaged through 7 workshops, and AGA's top commercial/industrial customers who were engaged through 8 interviews. Stakeholder representation consisted of builders and developers across three tiers, key peak/industry bodies and all current WA retailers.

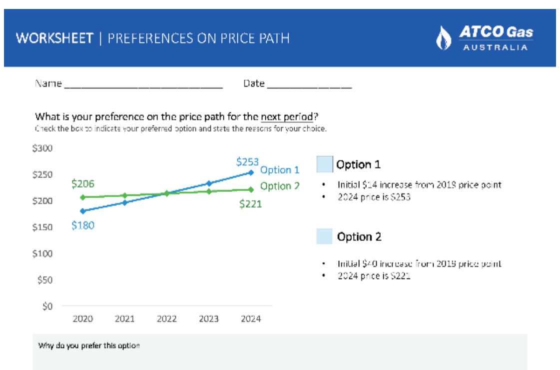
# Engagement themes

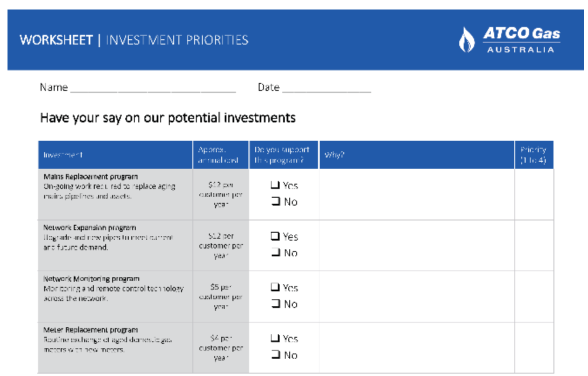
Dialogue with customers / stakeholders was focussed across five themes that aligned with AGA's 2020-2024 investment plan.

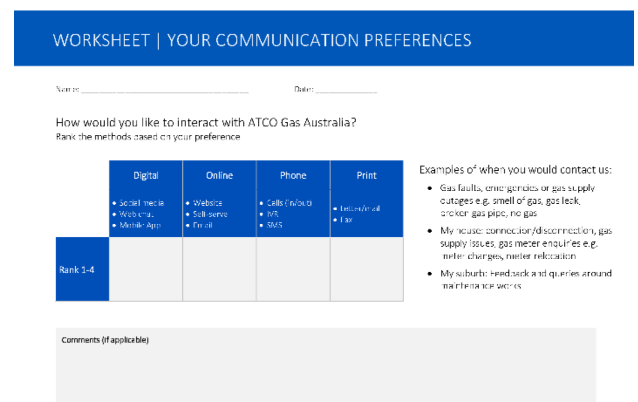
Content and questions were designed to align with AGA's proposed 2020-2024 investment plans across five key themes and was underpinned by the International Association for Public Participation (IAP2) framework, a spectrum structured to gauge level of public impact, as described below. Content and discussion was tailored to each customer and stakeholder group to maintain high levels of relevancy and engagement.

| About ATCO | Affordability | Safety, Reliability & Growth | Customer Experience | Cleaner Energy Future |
|---|---|---|---|---|
| **Topics for discussion:**<br>• Attractive qualities of natural gas<br>• About ATCO Gas Australia<br>• Components of a gas bill | **Topics for discussion:**<br>• Predicted price rise from AA4 to AA5<br>• AA5 price path<br>• Capital Contributions Policy | **Topics for discussion:**<br>• Reliability of gas supply and outages<br>• Proposed CAPEX programs for AA5<br>• Priority preference for proposed CAPEX programs | **Topics for discussion:**<br>• What does good customer service look like?<br>• Channel preferences for engaging with ATCO Gas Australia | **Topics for discussion:**<br>• Incentives<br>• AGA's initiatives towards a low-carbon future |

Through a series of worksheets completed during the workshops, customers provided individual responses to questions pertaining to their choice and preference to price path options, their support and priorities for AGA's key investments and channel preference when communicating with AGA in the future.



# High level insights

Six high level insights were uncovered that impact AGA's investment plans.

1. **Once customers understood AGA's values and that AGA runs the most efficient business of our peers, customers were very supportive** of all the major CAPEX programs representing the current "High Case" (96% for residential customers) – and ranked them above the statutory meter replacement program.

Refer to page 31
Safety, reliability and growth

2. **Overwhelming majority of participants (76% overall, 86% for residential) supported the cost increases and chose a stable price path** (initial larger increase in 2020 then CPI thereafter) as their preference for paying for the increase in costs – viewing the step change in 2020 as immaterial.

Refer to page 26
Affordability

3. **Customers want to understand what makes up their bill** (for example, network distribution 30%, retail and GST 60%) and want to know how distribution costs will be reflected by retailers over time.

Refer to page 24
About us

4. **Customers want to know more about AGA** – once informed, they trusted the business and were very supportive of the initiatives that AGA was running – supporting (an expanded) marketing expenditure to ensure customers are aware of AGA's role, services, brand and values.

Refer to page 24
About us

5. **Those customers and stakeholders who have had the opportunity to interact with AGA have found the customer experience to be excellent.** AGA has a reputation for getting the job done – but customers want to engage more with AGA and not always through the retailers meaning there is support for enhancing customer experience programs.

Refer to page 34
Customer experience

6. **A low carbon future was important to customers** – they were very supportive of the initiatives underway and were pleased at the pace and leadership AGA was providing.

Refer to page 38
Clean energy future

# Key messages for AGA's AA5 submission

Three key messages support AGA's vision for AA5.

## "Our vision is focused on the long term interests of our customers"

1. **Our major initiatives are designed to deliver benefit to Western Australians well beyond AA5** – future proofing the network and supporting our low carbon and energy innovation plans

2. **We will provide stability in our costs during the AA5 period**, providing customers with the surety they desire and help promote competition amongst the retailers

3. **We will have an ongoing relationship with customers** – engaging regularly, promoting new initiatives and providing their choice of channels through which to interact

# ENGAGEMENT APPROACH

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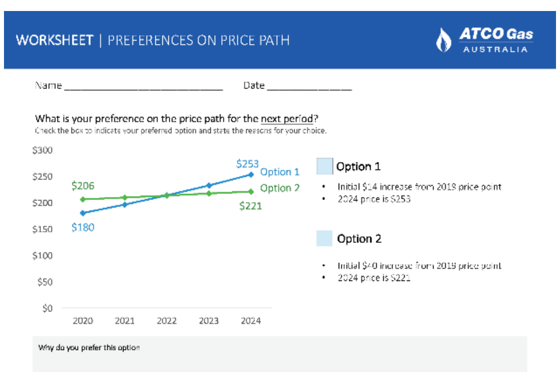
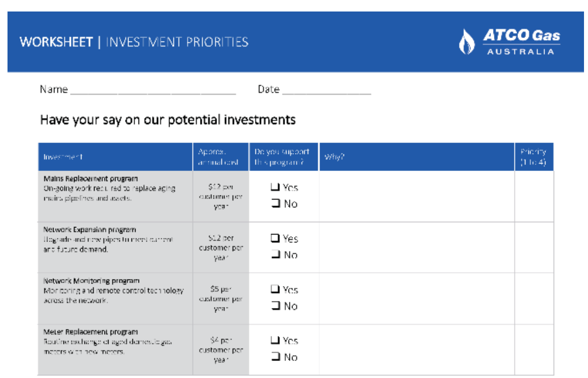
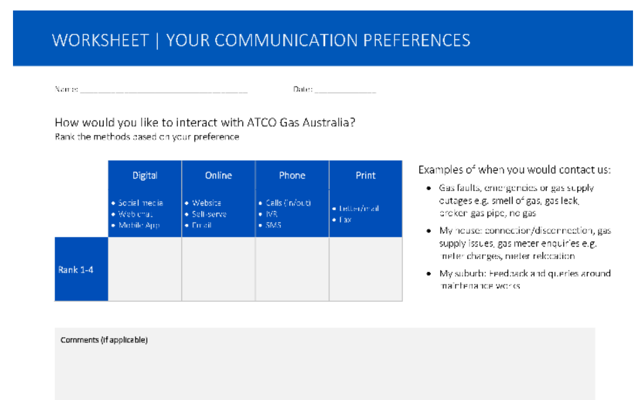


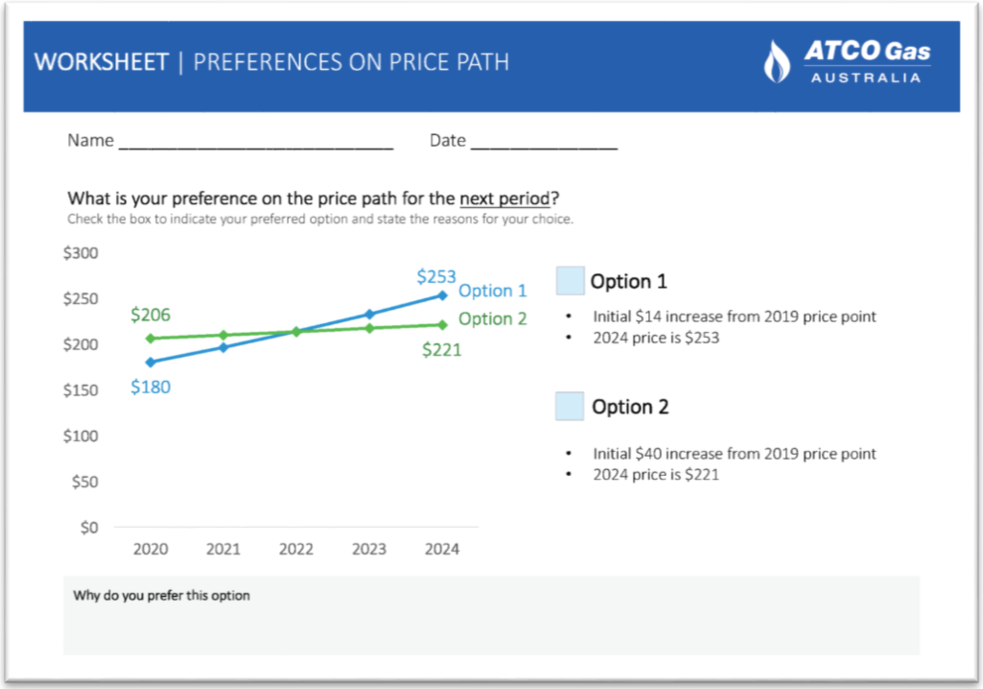



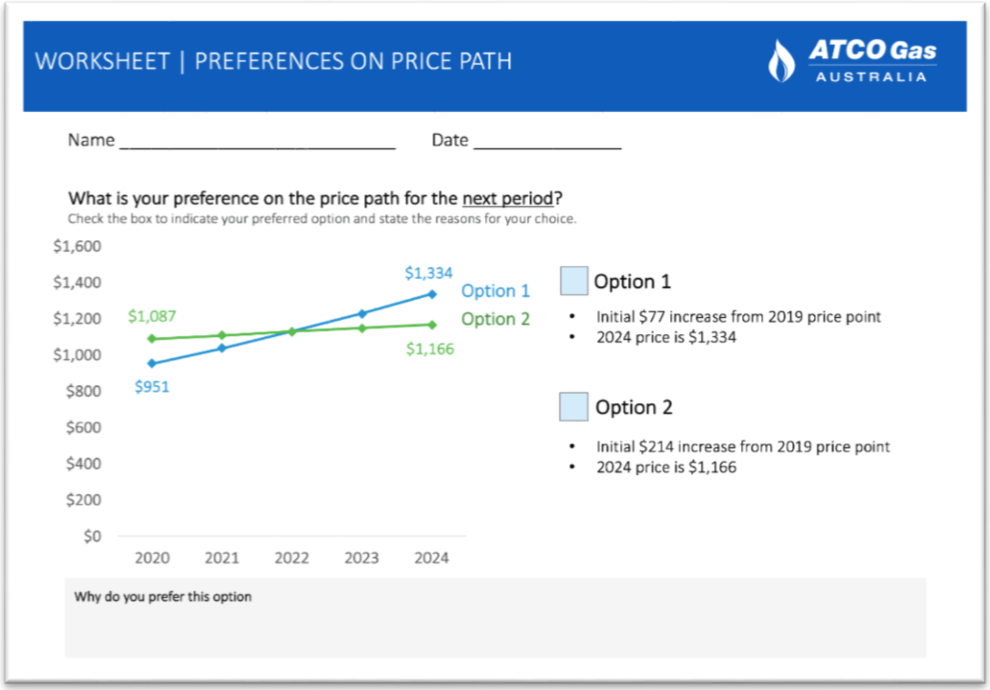
# Supporting context: Price path options suggested to customers

Residential and SME participants were presented by two price path options (Option 1 and Option 2) for their consideration and preference.

Residential worksheet

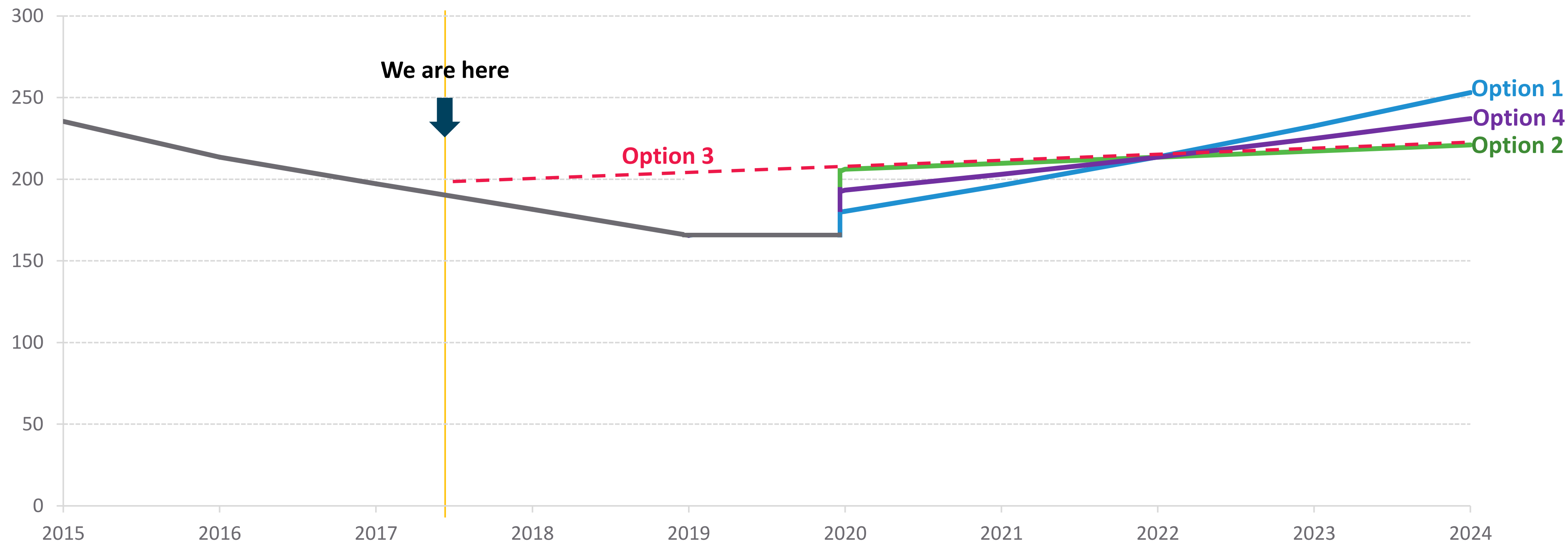



SME worksheet



# Supporting context: All price path options

Two additional options (Option 3 and Option 4) were suggested as preferred options by customers in some workshops.




**AGA suggested options**

**Option 1**
Equal increases from 2019 to 2025.

**Option 2**
A relatively large increase from 2019 to 2020, and CPI adjustments thereafter.

**Customer suggested options**

**Option 3**
Re-plan the 2018-2020 period to increase gradually, rather than decreasing, then increasing in 2020.

**Option 4**
A moderate step increase in 2020 (between Option 1 and 2), and a moderate gradient to 2020.

Preceding price path preference discussions, residential and SME participants were presented with an average distribution cost increase from \$199/year (in AA4) to \$215/year (in AA5), and \$1,054/year (in AA4) to \$1,134/year (in AA5), respectively.

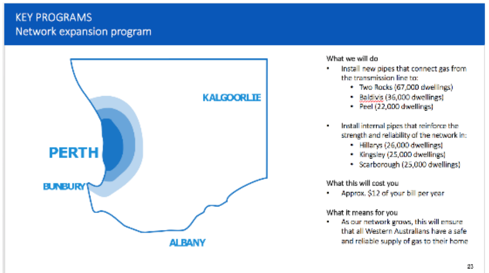
# Supporting context: CAPEX programs

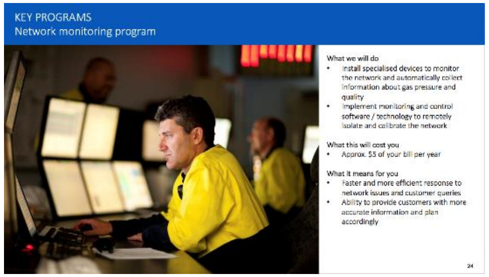
Residential and SME participants were presented with four programs and the estimated annual cost for each program.

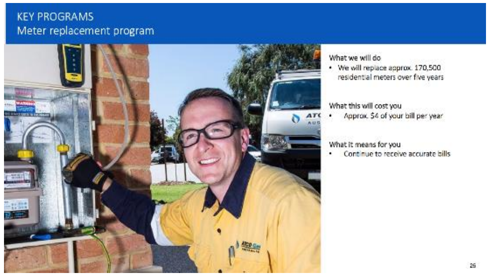
Information about AGA's CAPEX programs supported discussions within the Safety, Reliability and Growth segment of the workshop and was leveraged to support participant support and priorities through worksheet activities.

| **CAPEX investment program** | **Residential**<br>Approx. annual cost | **Small / Medium Enterprise**<br>Approx. annual cost |
|---|---|---|
| **Mains Replacement program**<br>On-going work required to replace aging mains pipelines and assets. | $12 per customer per year | $49 or 4.7% of annual distribution costs |
| **Network Expansion program**<br>Upgrade and new pipes to meet current and future demand. | $12 per customer per year | $50 or 4.8% of annual distribution costs |
| **Network Monitoring program**<br>Monitoring and remote control technology across the network. | $5 per customer per year | $21 or 2%<br>of annual distribution costs |
| **Meter Replacement program**<br>Routine exchange of aged domestic gas meters with new meters. | $4 per customer per year | $17 or 1.6% of annual distribution costs |

Example content presented to customers and stakeholders about our four key CAPEX programs

# SUMMARY FINDINGS

# Summary of what customer and stakeholder told us

Opinions reflect the diverse range of customers and stakeholders AGA interacted with during the Engage Phase of the program.

## About ATCO

"You see that flame on the gas and you feel warm, and it gives you that feeling of comfort as well that you just don't get from electricity"

**Residential participant, Mandurah/Rockingham**

"I don't think the general community know about you. I think you need to be more present in the community about who you are and what you do. I thought you were just contracted by Alinta to put the pipes in"

**SME Participant, Eastern Suburbs/ Hills**

"The arrangements at the moment are straight forward, cost effective, timely… It's all positive"

**Urban Development , Industry Association, WA**

## Customer experience

"[We] need someone who is quite knowledgeable about the gas network and how it operates… it's always challenging to navigate, what forms to complete and who to notify"

**Austral Bricks, C&I Customer**

"Good customer service to me is when they say they're going to do something and they do it when they say they're going to do it. It's keeping promises"

**Residential participant, Northern Suburbs**

When we had the gas refitting, the hot water system wasn't working – we called up and they came out at 9:30 at night… The ignition button was stuck"

**SME Participant, Eastern Suburbs/ Hills**

"From a development manager perspective… We know you're there, we know it goes in, it all happens seamlessly"

**Major land developer, Workshop participant**

## Affordability

"Knowing these increases, we can actually plan for it – we're not really concerned with either option… that's important for us. If we can't see, we can't plan."

**Mirvac, C&I Customer**

"Stability in prices is generally easier for people to deal with"

**Residential participant, Eastern Suburbs / Hills**

"It's justified, it's not much"

**SME Participant, Eastern Suburbs/ Hills**

"Everyone wants gas. Gas is cheaper than electricity, everyone knows that"

**Major land developer, Workshop participant**

## Safety, reliability & growth

"It is an increase but it's not this preposterous increase that I think we'll all be very worried about. It just shows that you care…"

**SME Participant, Eastern Suburbs/ Hills**

"For commercial assets… to be able to diagnose that problem early and to plan to fix it, that is super critical"

**Mirvac, C&I Customer**

"In my suburb, they're replacing all the water pipes, (they're ripping up the roads), wouldn't it be sensible to do the gas at the same time?"

**Residential participant, Northern Suburbs**

"From an architectural perspective (meter box placement) is a very real concern for a lot of clients in high density living"

**Major builder, Workshop participant**

## Clean energy future

"The energy world is changing rapidly why wouldn't you want to be fully engaged with? If you don't… you'll get left behind"

**Residential participant, Northern Suburbs**

"I don't think you should be doing it faster, you're doing it step by step so you don't make mistakes"

**SME Participant, Eastern Suburbs/ Hills**

"What would make it easier to switch to a low carbon future is if the utilities actually supplied the low carbon fuel, rather than you at your smaller level having to build… your own micro-grid"

**Austral Bricks, C&I Customer**

"1 in 5 consumers have sustainability factored as a key consideration when buying / building a property, and they're willing to pay a little for it"

**Urban Development Industry Association, WA**

# Key insights

13 insights were uncovered from the engagement process – mapped against the themes that we discussed with customers and stakeholders.

## About ATCO

**1) There's a strong desire to learn more about AGA - what it is we do and what we stand for.**

- Participants resonated with AGA's values, vision, long term focus and reinvestment into the network, being family owned and its community orientated activity (Blue flame kitchen, traineeships).
- Once educated, participants expressed trust and appreciation for AGA and the efficient business they run.

**2) Natural gas users continue to see the role of gas as an important affordable and reliable source of energy.**

- As electricity prices continue to increase, natural gas was recognised as cheaper, cleaner and more reliable.
- There was strong affinity to natural gas over electricity for stove top cooking and water heating in particular.

**3) Providing transparency to consumers about the natural gas supply chain should be a shared responsibility of AGA and retailers.**

- Majority of participants wanted transparency in their gas charges and how each part of the supply chain contributes to their gas bills.

## Affordability

**4) Participants were supportive of the average price increase from AA4 to AA5.**

- The increase to distribution costs in AA5 was seen as relatively modest.

**5) Participants valuing stability and having a long term focus preferred price path options 2 or 3.**

- This was strongly preferred by residential (86%) and established SME (74%) participants.
- Hybrid options were developed by participants that provided stability but minimised the 2020 price increase.
- Remaining residential (7%) and business (31%) participants with short-term budget focus preferred price path option 1 to defer costs.

## Safety, Reliability & Growth

**6) Participants want to maintain the excellent levels of service and reliability they currently enjoy.**

- There was a strong indication that participants valued AGA's ability to operated an efficient gas distribution business.
- A couple of participants said they might consider paying more for increased service, or less for decreased service.

**7) The AA5 'high case' received strong endorsement the two high case programs (growth CAPEX and network monitoring) ranked equal to or greater than the mandatory meter replacement program.**

- Participants were supportive of the programs, while recognising the contribution to distribution cost increase.
- Education is required for how new customers pay to connect to the network versus the objectives of the expansion program.
- Across residential and SME participants, there was a program support rate of 95%.

## Customer Experience

**8) Participants value regular and proactive engagement.**

- Peak bodies were supportive of more collaboration with AGA.
- Residents and businesses (SMEs and C&Is) were appreciative of AGA's efforts to engage and solicit feedback.

**9) Clearly defined service levels and value propositions are required for different customer segments.**

- Direct contact with AGA is preferred for C&I and B&D.
- Account management service is expected by C&I and key. stakeholders (and at not cost)
- Transparency of service levels and status in process is important for customers.

**10) Customers want to interact with AGA through their preferred channel.**

- Interactions with ATCO gas were positive, compared to other distribution utilities.
- Sufficient notice for planned outages is important to minimise impact for all customers.

**11) AGA should promote their existing products (incentives and CCP) and continue to develop new products.**

- Customers were strongly supportive of the existing products and were keen to learn more.

## Cleaner Energy Future

**12) Participants believed that natural gas has a key role in a low carbon future.**

- There was strong support for AGA continued work in exploring future energy solutions, including GasSola.

**13) Pace is important - Don't get left behind but don't do it too fast.**

- Not waiting for changes in energy policy. Taking a measured approach while moving forward.

# Summary of customer findings

High-level findings for each of the three customer groups across the five engagement themes show that whilst there some differences between the customer segments, there were many findings common to all.

| | About ATCO | Affordability | Safety, Reliability & Growth | Customer Experience | Cleaner Energy Future |
|---|---|---|---|---|---|
| Residential | • Participants did not have a good understanding of who AGA is and what it does.<br>• Once informed, participants believed that ATCO Gas Australia delivered a good service at a fair price.<br>• Strong desire for more marketing and awareness initiatives from ATCO, especially around incentives, safety and brand.<br>• There was a genuine appreciation for ATCO taking initiative to speak to its customers, engaging though workshops and asking for opinions. | • AA4 to AA5 price increase was viewed as modest and reasonable<br>• Participants that preferred Option 1 (6%) stated the immediate cost. benefits as their primary motivation<br>• Participants that preferred Option 2 (62%) saw value in price stability. The steady rate at which the tariffs rise after 2020 was seen as beneficial to household budgeting.<br>• Retailer influence on price was frequently raised as a potential concern given the uncertainty. | • Participants valued the level of service with regard to gas supply.<br>• There was 96% support across the four CAPEX programs.<br>• Highest priority was placed on mains replacement program, for maintaining current levels of reliability and safety.<br>• Network Growth and Network Monitoring ranked higher in priority than Meter Replacement. | • Accountability, ownership and local knowledge was key for positive customer experience.<br>• Those who had interacted with ATCO generally had positive experiences.<br>• Brand awareness, marketing and community education could improve.<br>• Most participants said that they didn't know they could contact ATCO directly and / or were unsure of circumstances in which they would contact ATCO.<br>• Phone was the most preferred channel. | • Majority agreed that steps should be taken towards low-carbon energy solutions.<br>• Making large investments in technology was viewed as risky.<br>• AGA's current projects resonated with participants and they praised the initiative that it is taking to realise a low carbon future. |
| Small / Medium Enterprise | • SME participants had a slightly more informed understanding of ATCO.<br>• Once informed, participants believed that AGA delivered a good service at a fair price.<br>• There was a strong desire for more marketing and awareness initiatives from ATCO, especially around incentives, safety and brand.<br>• There was a genuine appreciation for ATCO taking initiative to speak to their customers, engaging though workshops and asking for opinions. | • AA4 to AA5 price increase was viewed as modest and reasonable.<br>• Established businesses and those who had long term budget cycles favoured option two (52%).<br>• New business owners and those who budgeted annually, or shorter term, preferred option one (22%).<br>• Those who preferred not to decrease over the remaining AA4 period proposed option three (22%).<br>• Participants speculated as to what the retailers would do in response to increases in distribution cost. | • Participants valued the level of service with regard to gas supply<br>• There was approximately 93% support across the four CAPEX programs.<br>• Mains replacement had the highest priority and 100% support.<br>• Network monitoring was ranked second in priority.<br>• Network Growth and Meter Replacement both had 89% support, but Meter Replacement was ranked last in priority by 67% of respondents. | • Brand awareness and marketing were flagged as improvement areas, particularly when introduced to incentives and clean energy programs.<br>• Providing multiple channels for communications to enable customer choice was important.<br>• Accountability, ownership and timely responses to queries was highly valued.<br>• Email was the most preferred method of communication. | • Participants had preconceptions that natural gas is a clean energy source.<br>• Participants showed great interest in the clean energy initiatives, often asking about cost and viability.<br>• Taking a steady approach to new technology and measured investment in these initiatives was viewed as sensible and logical.<br>• Participants were not familiar with incentives for GPAC and Gas Fuelled Generation incentives, and encouraged ATCO to continue marketing these incentives. |
| Commercial / Industrial | • Participants were aware of ATCO Gas, however there were varied views and understanding as to the work that ATCO does within both the gas distribution business and broader operation within Australia and globally.<br>• Strong desire for ATCO to provide industry news and information on a regular basis.<br>• There was appreciation expressed for involving C&I customers this early in the process and further proactive engagement was welcomed. | • Immediate rises in costs were a dominating factor in price path preference.<br>• Most (63)% of interviewees preferred to keep annual increases consistent throughout the AA5 period, enabling reduced OPEX for as long possible.<br>• One participant preferred an option that there are no increases across the period. | • Disruptions to gas supply would have large impact on operations/productivity, and therefore due consideration is required by AGA to minimise business impact during planned/unplanned outages.<br>• Interviewees were not explicitly asked whether they support the CAPEX programs, but asked for general opinions and thoughts.<br>• Participants had no objections to the programs. | • Account managers were expected to be provided by ATCO.<br>• Face-to-face interaction was most preferred. | |

# Summary of stakeholder findings

Stakeholders were generally much more informed about ATCO and its role in the supply of gas than customers. The stakeholders engaged were keen to continue to be engaged and were pleased to have early visibility and provide feedback on ATCO's investment plans.

| | About ATCO | Affordability | Safety, Reliability & Growth | Customer Experience | Cleaner Energy Future |
|---|---|---|---|---|---|
| Builders & Developers | • Most participants had heard of ATCO and knew its role is the building/developing process.<br>• Some participants were keen to engage with ATCO about future development plans to ensure alignment.<br>• Developing into areas that are not currently part of the ATCO network was uncommon.<br>• Builders and developers all agreed that gas cooktops and gas hot water were standard inclusions as part of their packages, as this is often the consumer's preference. | • General consensus was that gas is cheaper than grid electricity and therefore a valued source of energy for most consumers.<br>• No one had heard of the Capital Contributions Program, but supported the continuation of the program, especially as costs to developers increase.<br>• Implications of space heating and ventilation requirements was raised. | • Whilst no quantitative feedback was gathered around program support they were supportive and agreed that the programs make sense.<br>• Meter box placement was of particular concern with smaller lots and high density living.<br>• There wasn't an overwhelming preference for either a master meter or multiple single meters from the perspective of Builders & Developers.<br>• Gas availability was also seen as critical infrastructure that contributed to how development sites are assessed. | • Participants admittedly did not have frequent direct contact with ATCO, but believed that site supervisors have no issues with ATCO.<br>• The high number of stakeholders in the process of construction, i.e. site supervisor, construction manager, client (home owner), builder/developer's central office complicates communication<br>• As a result, the process for new installations and the appropriate communication/notification is complicated.<br>• Working closely with the retailer was suggested as a strategy for raising awareness, leveraging direct contact between consumers and retailers. | • Participants had not previously heard of AGA's business incentives.<br>• All participants showed interest in the clean energy solutions.<br>• There may be opportunities for ATCO to collaborate to trial or showcase new gas technologies, especially for micro-grid or community scale initiatives.<br>• Cleaner energy solutions are driven based on client's demand, and as such will be supplied by the industry if requested by consumers.<br>• The lack of information available to the general public on real costs for new energy technologies was highlighted as a barrier. |
| Peak / Industry Bodies | • Participants were aware of ATCO Gas, however there were varied views and understanding as to the work that ATCO does within both the gas distribution business, the gas supply chain and broader operation within Australia and globally.<br>• There was indication that given the introduction of new retailers in the market, there is/will be increased levels confusion within the industry and amongst consumers.<br>• It was suggested that AGA could increase its role in engaging with the industry, similar to what other WA network business are currently doing. | • As gas is not an essential service, it was raised there may be an increased likelihood that consumers may not connect, should their experience be challenging or cost-prohibitive.<br>• There was strong support to continue the Capital Contribution policy. However, imminently, there was a lack of awareness amongst participants on the existence of the policy and its workings.<br>• There is a lack of understanding in energy costs and efficiency, and it was highlighted that AGA could play a more active role to support better education in this space. | • Strong support and interest was provided for both the network monitoring and network expansion program.<br>• Expansion program supports the in-fill that Perth is currently experiencing.<br>• Both HIA and UDIA showed interest in meter box design, specifications and formats and appreciated efforts to meet customer/industry demand.<br>• AGA should consider providing consumption management services / tools and support for the high end/ retirees market. | • It was indicated that Interactions with AGA are seamless and easy in comparison with other network operators and it should continue to provide great service.<br>• A call centre is the preferred option for an immediate answer, supplemented by online channels self service. This should be supported by underlying systems and processes for seamless interaction.<br>• Improvements could be made on timing for compliance checks to minimise impact of costly changes.<br>• There was strong support that direct access to AGA would be beneficial for developers when making new connections. | • Participants were unaware of incentives offered, however were supportive of incentives.<br>• AGA's approach on achieving a clean energy future was approved, as long as there is a balance between innovation and core product.<br>• Participants noted that consumers and industry are becoming more focussed on clean energy, including off-grid living enabled by new technology.<br>• It was suggested that AGA provide increased awareness on initiatives, through case studies and industry engagement, to help inform decisions on how gas could be used more effectively. |

# Summary of retailer findings

DRAFT

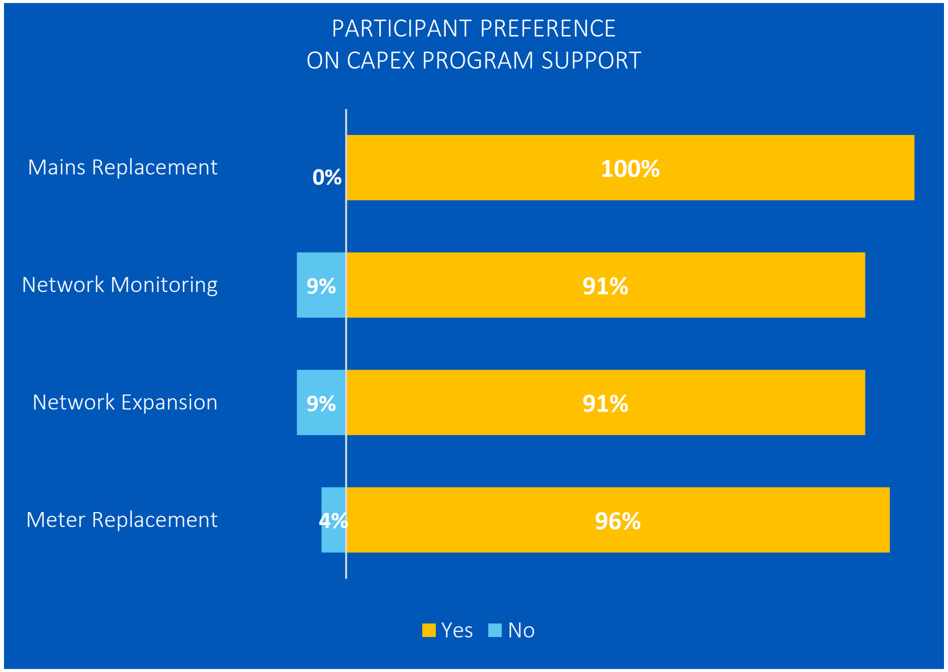
TBC – This section only includes a summary from one retailer and will be subsequently populated once all retailer interviews have been completed.

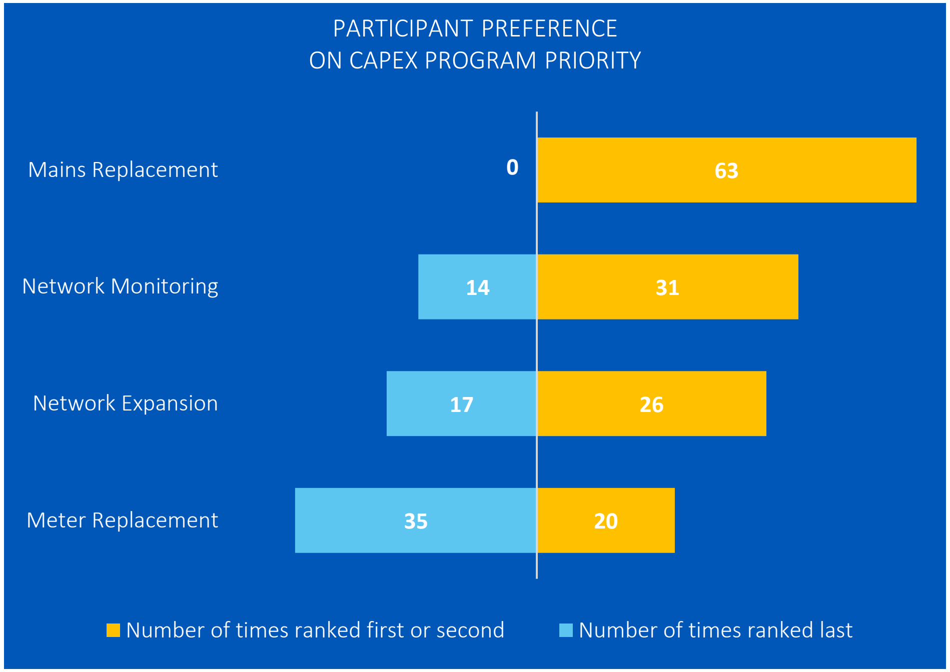
| | About ATCO | Affordability | Safety, Reliability & Growth | Customer Experience |
|---|---|---|---|---|
| Retailers<br><br>**Alinta only** | • Heard of ATCO and knew its role in the supply chain.<br>• Keen to engage with ATCO about future development plans to ensure alignment<br>• Were positive on AGA's current efficiency benchmark results.<br>• Commented that given the market is currently saturated with cheap gas marketing content, was concerned that if AGA were to increase brand awareness at present, there may not be a great impact. | • Were not averse to price increase, and were supportive of AGA"s use of the price cap (as opposed to revenue cap).<br>• Historically prefer a smooth price path that can be managed, however commented that Option 1 is now not helpful, and preferred Option 2 – and the shape of stability. Were also keen on Option 3 but were uncertain as to how this could be agreeable with the ERA.<br>• Commented that there was uncertainty in the future of retail space, and were keen to have a conversation with Government<br>• Were keen to look to increasing billing frequency to every two months, and requested AGA consider looking to the retailer market to understand market needs – e.g. how often should meters be read.<br>• Were keen to understand the Special Meter Read reference tariff.<br>• Currently facing costs burdens based on unused meters (e.g., fixed costs), as such wanted to understand fixed/variable costs to a greater level of detail.<br>• Keen for AGA to explore debt management strategies, particularly for vulnerable/at-risk customers. Could there be a way for AGA to waive the distribution component of the bill, could there be an allowance in the regulation space? | • Supportive and agreed that the programs make sense.<br>• Were keen for AGA to put forward a business case for remote metering as there was benefit for retailers on remote reads.<br>• Facing on-going issue on removal of meters, as currently being faced with high fixed costs. Process for meter removals has been frustrating and long winded, keen to collaborate with AGA on a sustainable and cost-effective solution for this.<br>• Were keen to understand how to improve reliability on meter reads where there are issues with access to the meter. Suggested AGA consider Western Power approach, where customer is able to submit a self-read via a photo.<br>• Were keen to understand how the 6 star rating could still remain – and whether this is impacted with the inclusion/ exclusion of a flue, as there may be a miscommunication in the builder industry on this note. | • In general were positive with interactions with AGA, commenting that the staff are excellent and accommodating.<br>• There has been frequent direct contact with ATCO through the Customer team with matters pertaining to customer details.<br>• Supportive of providing customer details on an ad-hoc basis for meter reads, however a more sustainable option to help improve efficiency and read-rates (mitigate against non-access reads).<br>• However, found it frustrating on discussions with AGA when there has not been a response due to the complexity of growing competition. Unclear on AGA's internal processes/ policies or frameworks on communication with retailer.<br>• Expects AGA to play the role and support competition – agnostically. As such, AGA needs to look into how to coordinate / collaborate with retailers, what to say / not say.<br>• Were keen to work closely with AGA on an on-going basis, and on joint-marketing strategies to support new developments - .e.g., collaborate on mail drops and door knocking, to support and promote new gas connections. |

# Summary of quantitative analysis

95% of residential and SME participants supported all programs, with mains replacement consistently ranked highest priority and meter replacement ranked lowest priority.

Residential and SME workshop participants were requested to indicate their individual support and priority for AGA's four CAPEX programs. 95% of residential and SME participants supported all programs, with mains replacement consistently ranked highest priority and meter replacement ranked lowest priority.



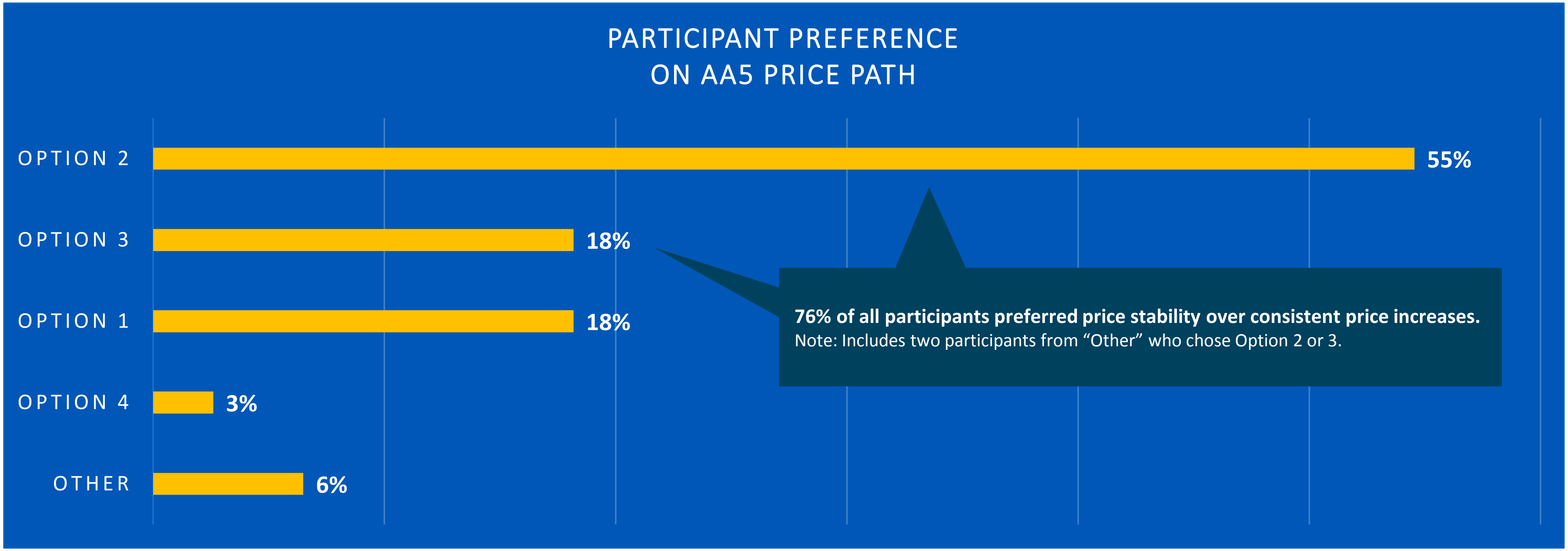

- There was an overall program **support rate of 95%** across both segments and all programs.
- Mains Replacement received support from every participant.

- Mains replacement was ranked first and Meter Replacement last for both customer segments.
- **55%** of participants prioritised Network Expansion and Network Monitoring equal to or higher than Meter Replacement.
- Residential participants ranked Network Monitoring second, and Network Expansion third.
- SME participants ranked Network Expansion second, and Network Monitoring third.

n=42 Residential workshop participants | n=27 Small/Medium Enterprise workshop participants

# Summary of quantitative analysis

76% of participants across the three customer segments preferred price stability over consistent price increases in AA5.




**AGA suggested options**

**Option 1**
Equal increases from 2019 to 2025.

**Option 2**
A relatively large increase from 2019 to 2020, and CPI adjustments thereafter.

**Customer suggested options**

**Option 3**
Re-plan the 2018-2020 period to increase gradually, rather than decreasing, then increasing in 2020.

**Option 4**
A moderate step increase in 2020 (between Option 1 and 2) and a moderate gradient to 2020.

**Other**
- 2 participants with no preference.
- 1 participant who was undecided.
- 2 participants who voted for 2 or 3.

n=42 Residential workshop participants, n=27 Small/Medium Enterprise workshop participants, n=8 for Commercial / Industrial Interviewees

# DETAILED FINDINGS

# ABOUT US

DETAILED FINDINGS

# About us | Detailed findings

Participants were interested learn more about AGA and agreed that natural gas is an important, affordable and reliable source of energy. Additionally, participants expected AGA and retailers to share the responsibility on providing an understanding of how supply chain costs contribute to their gas bills.

**Key insights**

1. **There's a strong desire to learn more about AGA - what it is we do and what we stand for.**
   - Participants resonated with AGA's values, vision, long term focus and reinvestment into the network, being family owned and having community orientated activity (Blue flame kitchen, traineeships).
   - Once educated, participants expressed trust and appreciation for AGA and the efficient business it runs.
2. **Natural gas users continue to see the role of gas as an important affordable and reliable source of energy.**
   - As electricity prices continue to increase, natural gas was recognised as cheaper, cleaner and more reliable.
   - There was strong affinity to natural gas over electricity for stove top cooking and water heating in particular.
3. **Providing transparency to consumers about the natural gas supply chain should be a shared responsibility of AGA and retailers.**
   - Majority of participants wanted transparency in their gas charges and how each part of the supply chain contributes to their gas bills.

| Topic | Detailed findings | Key quotes |
|---|---|---|
| **About ATCO** | • A large proportion of participants were not aware of ATCO Gas Australia and what its services were, especially in the residential and SME segments.<br>• The long term focus, high efficiency and family/community values were viewed as admirable and allowed participants to trust ATCO.<br>• There was a strong desire for more marketing and awareness initiatives from ATCO, especially around incentives, safety and brand.<br>• Appreciation for ATCO taking initiative to speak to its customers, engaging though workshops and asking for opinions. | *"Until today I was unaware ATCO was my gas distributor" – Residential participant, Eastern Suburbs/Hills*<br><br>*"I don't think the general community know about you. I think you need to be more present in the community about who you are and what you do. I thought you were just contracted by Alinta to put the pipes in" – SME Participant, Eastern Suburbs/Hills*<br><br>*"Gas is particularly confusing, especially with new retailers entering the market" – Housing Industry Association.* |
| **Attractive qualities of natural gas** | • Convenience, reliability, efficiency and "clean energy" were often used to describe the benefits of using natural gas.<br>• Natural gas was perceived as a more affordable source of energy when compared to grid electricity, with some C&I consumers using natural gas as a critical energy source for operations.<br>• Whilst there was a strong affinity for using gas, especially for cooking and instantaneous hot water systems, residential participants raised concerns around costs with respect to using space heaters. | *"You see that flame on the gas and you feel warm, and it gives you that feeling of comfort as well that you just don't get from electricity" – Residential participant, Mandurah/Rockingham*<br><br>*"Everyone wants gas. Gas is cheaper than electricity, everyone knows that" - B&D Participant*<br><br>*"Gas and electricity really comes down to a cent… for us it has to be cheaper today, and you can't be waiting 5-10 years until you get a pay back " Austral Bricks, A1 Customer* |
| **Components of your gas bill** | • Participants were satisfied with current costs associated with distribution. Once informed of all of ATCO's responsibility and accountability, customers were appreciative of the levels of reliability they currently enjoy.<br>• New retail competition was raised in most workshops, however not all residential participants were aware of the discounts available to them. | *"Gas is more cost effective and more efficient. We have a strong interest in sustainability, its our main focus" – Mirvac, A1 Customer* |

# AFFORDABILITY

DETAILED FINDINGS

# Affordability | Detailed findings

Participants were supportive of the average price increase, with an overwhelming majority valuing stability and having a long-term focus, over a gradual price increase.

**Key insights**

4. **Participants were supportive of the average price increase from AA4 to AA5.**
   - The increase to distribution costs in AA5 was seen as relatively modest.

5. **Participants valuing stability and having a long-term focus preferred price path option 2.**
   - This was strongly preferred by residential (62%) and established business (SMEs (52%) and C&I (25%)) participants.
   - Hybrid options were developed by participants that provided stability but minimised the 2020 price increase
   - Remaining residential (7%) and business (31%) participants with short-term budget focus preferred price path option 1 to defer costs

| Topics | Detailed findings | Key quotes |
|---|---|---|
| **Predicted price rise from AA4 to AA5** | • Residential and SME participants agreed that the average increase in price from the AA4 to AA5 was modest and fair, but were concerned about increases in all other utilities and living expenses | *"It's justified, it's not much" – SME Participant, Eastern Suburbs/Hills*<br><br>*"I think it just depends on how it looks for the consumer… It's really hard to say how, as a consumer, it would impact me because I don't know until it goes to the retailer" – SME Participant, Eastern Suburbs/Hills*<br><br>*"I think it's ok on its own but in the context of all the other business cost increases, you feel that compounding effect" – SME Participant, Northern Suburbs*<br><br>*"Knowing these increases, we can actually plan for it – we're not really concerned with either option" – Mirvac, A1 C&I Customer*<br><br>*"It is an increase but it's not this preposterous increase that I think we'll all be very worried about. It just shows that you care…" – SME Participant, Eastern Suburbs/ Hills* |
| **AA5 price path** | Option 1 – Consistent increases over AA5 period<br>• Preferred by 6% of residential, 22% of SME and 57% of C&I participants.<br>• Immediate cost benefits were stated the primary rationale for participants who preferred this option, especially new businesses or those with short term budget constraints.<br>Option 2 – Step change and flatten out<br>• Preferred by 62% of residential, 51% of SME and 43% of C&I participants.<br>• Better for long term budgeting was stated as the primary rationale driving this preference.<br>Option 3 – Avoid declining price path between AA4 and AA5<br>• This alternate option was proposed by participants in two residential workshops and one of the SME workshop, where participants felt that decreasing price between 2018 and 2020 was not desirable.<br>• Preferred by 19% of residential and 22% of SME participants. C&I participants did not suggest this option.<br>Option 4 - Step increase between Option 1 and Option 2 with moderate gradient<br>• This alternate option was proposed by residential participants (5%) at one residential workshop, where participants suggested a middle path (Option 4) that favoured stability, and suggested starting with a step increase between Option 1 and Option 2 with moderate gradient. | *"Stability in prices is generally easier for people to deal with" – Residential participant, Eastern Suburbs/Hills*<br><br>*"A lot of people plan for five years and if you know that there is five years of consistency, it's much easier" – SME Participant, Southern Suburbs* |

# Affordability | Detailed findings

Participants were supportive of the average price increase, with an overwhelming majority valuing stability and having a long-term focus, over a gradual price increase.

## Key insights

4. **Participants were supportive of the average price increase from AA4 to AA5.**
    - The increase to distribution costs in AA5 was seen as relatively modest

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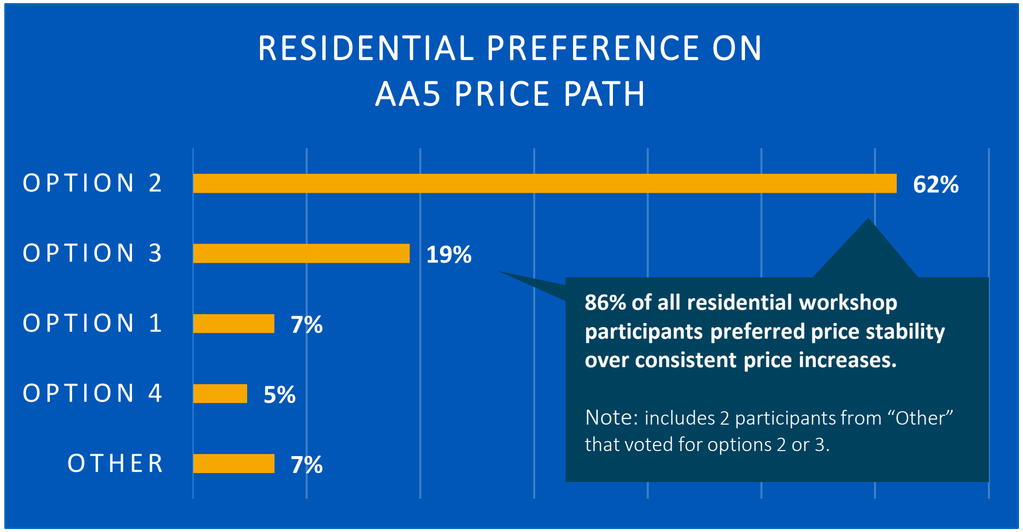
    - This was strongly preferred by residential (62%) and established business (SMEs (52%) and C&I (25%)) participants
    - Hybrid options were developed by participants that provided stability but minimised the 2020 price increase
    - Remaining residential (7%) and business (31%) participants with short-term budget focus preferred price path option 1 to defer costs

| Topics | Detailed findings | Key quotes |
|---|---|---|
| **Capital Contribution Policy** | • There was strong support to continue the Capital Contribution Policy, with many seeing benefit in the policy particularly for greenfield developments. However, in most cases customers were unaware the policy existed.<br>• The continuation of the policy was supported, given the increasingly competitive energy market, to ensure that gas remains a high priority choice for consumers<br>• Other participants were exploring direct connections to the transmission pipeline to gain cost efficiencies, and bypass AGA's distribution network.<br>• Some participants who also operate on East Coast understood that the WA market is unique in comparison, but were unaware of how the differences impacted their operation. | |

# Affordability | Detailed findings

86% of all residential workshop participants preferred price stability over consistent price increases

Through a worksheet activity, 42 residential workshop participants, including vulnerable customers, retirees and double income earners were asked what was their preference for price increases over the next period. 86% of all residential workshop participants preferred price stability over consistent price increases.




**AGA suggested options**

**Option 1**
Equal increases from 2019 to 2025.

**Option 2**
A relatively large increase from 2019 to 2020, and CPI adjustments thereafter.

**Customer suggested options**

**Option 3**
Re-plan the 2018-2020 period to increase gradually, rather than decreasing, then increasing in 2020.

**Option 4**
A moderate step increase in 2020 (between Option 1 and 2) and a moderate gradient to 2020.

**Other**

- 1 participant with no preference
- 2 participants who voted for 2 or 3

**Detailed findings**

Predicted price rise from AA4 to AA5

- Participants found the AA5 increase to be modest – no adverse reactions to the increase from $199 to $215 for the distribution component
- For some participants, uncertainty in future economic conditions and the potential increases set by retailers caused reservation in choosing any option

AA5 Price Path

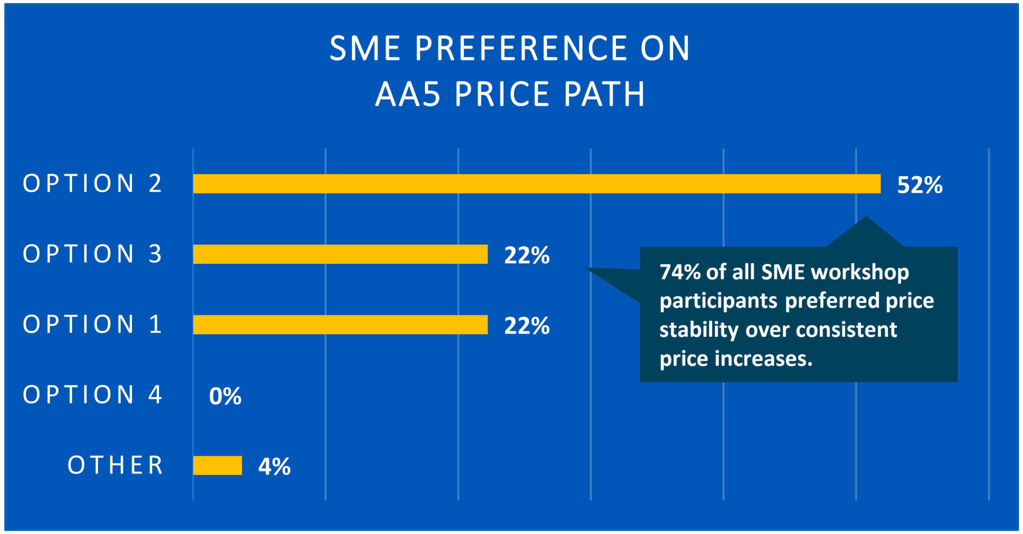
- There was overwhelming support for distribution cost stability, with **86%** of all residential workshop participants preferring price stability over consistent price increases for distribution costs over the AA5 period:
    - **62%** of residential participants preferred stability post 2020 (Option 2) with the primary motivation being to better support household budgeting.
    - **19%** of residential participants preferred consistent and stabilised pricing from AA4 through to the end of AA5, and suggested that AGA reconsider the declining price path in AA4 and move to a stabilised price path. This was of greater benefit compared to Option 2, as it avoided the need for a steep increase in 2020 and supported lower distribution costs in 2025
- **6%** preferred consistent price increases over the AA5 period, and stated the immediate cost benefit as their primary motivation
- **5%** of participants suggested a middle path (Option 4) suggested starting with a step increase between Option 1 and Option 2 with moderate gradient
- **7%** of participants were undecided, or voted for two preferences and as such were removed from the analysis to support a fair comparison.

n=42 Residential workshop participants

# Affordability | Detailed findings

74% of all SME workshop participants preferred price stability over consistent price increases

Through a worksheet activity, 27 SME workshop participants were asked what was their preference for price increases over the next period. 74% of all SME workshop participants preferred price stability over consistent price increases.

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**Customer suggested options**

**Option 3**
Re-plan the 2018-2020 period to increase gradually, rather than decreasing, then increasing in 2020.

**Option 4**
A moderate step increase in 2020 (between Option 1 and 2) and a moderate gradient to 2020.

**Other**
- 1 participant who was undecided

**Detailed findings**

**Predicted price rise from AA4 to AA5**
- Participants found the AA5 increase to be modest – no outright objections

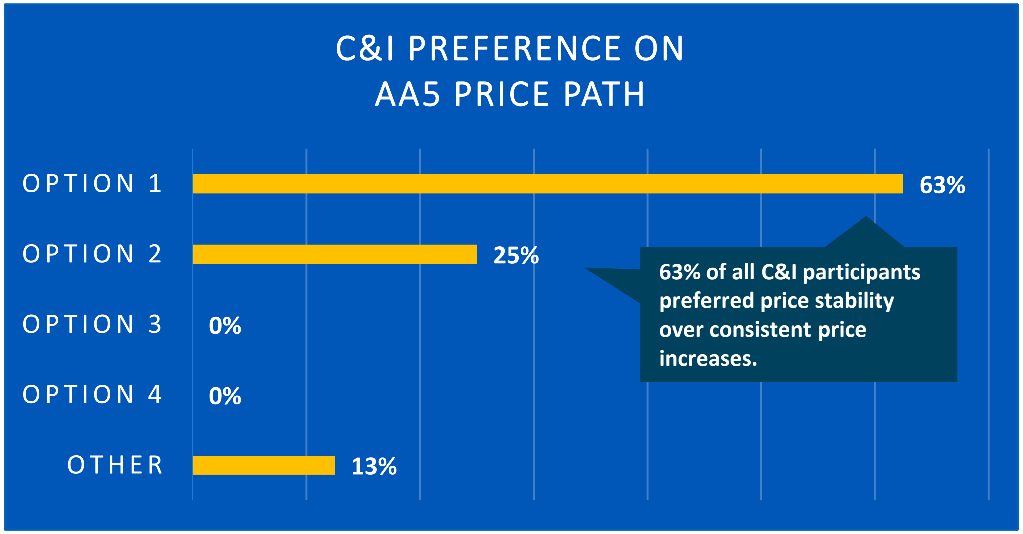
**AA5 price path**
- There was overwhelming support for distribution cost stability, with 74% of all SME workshop participants preferring price stability over consistent price increases for distribution costs over the AA5 period:
  - 52% preferred stability post 2020 (Option 2) with the primary motivation being to better long term budgeting
  - 22% preferred consistent and stabilised pricing with no decrease over the remaining AA4 period (Option 3), as it avoided the need for a steep increase in 2020 and supported lower distribution costs in 2025
- 22% preferred consistent price increases over the AA5 period, and stated immediate cost benefits as their primary rationale, especially new businesses or those with short term budget constraints
- No SME participants suggested a middle path (Option 4)

n=27 SME workshop participants

# Affordability | Detailed findings

63% of all C&I workshop participants preferred **consistent price increases** over the AA5 period

Through an open discussion based on two price path options presented, participants were asked what was their preference for price increases over the next period. 63% of all C&I participants preferred consistent price increases over the AA5 period.

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**Customer suggested options**

**Option 3**
Re-plan the 2018-2020 period to increase gradually, rather than decreasing, then increasing in 2020.

**Option 4**
A moderate step increase in 2020 (between Option 1 and 2) and a moderate gradient to 2020.

**Other**

- 1 participant preferred an option that there are no increases

n=8 C&I organisations

**Detailed findings**

**Predicted price rise from AA4 to AA5**

- Across all participants, gas prices were seen to be comparatively more cost effective than electricity, with economics within the industry and State observed as a contributing factor to selection of a price path option.
- Participants were unfamiliar with tariffs for distribution, and a desire for AGA to offer
  - More transparency and awareness of distribution tariffs.
  - More flexibility on tariffs particularly on tariff assignment to new sites or changing tariffs during off-periods, rather than being locked into a particular tariff.

**AA5 price path**

- Most C&I (63%) participants preferred Option 1, as it provided them with the ability to plan for a gradual increase and defer costs, whilst those who preferred Option 2 (25%) had the ability to conduct long term planning.
- Some participants expressed that either Option 1 or Option 2 would be appropriate, though either case would require early visibility of increases to support their own investment planning process.
- Participants were neither presented with; or had suggested alternative options (i.e. Option 3 or 4).
- One participant preferred an option that there are no increases, but understood that this was unlikely to happen and wanted clarification that AGA's demand forecasting is correct and that it is not overinvesting in the network.

# SAFETY, RELIABILITY & GROWTH

DETAILED FINDINGS

# Safety, reliability and growth | Detailed findings

Participants want to maintain excellent levels of service and reliability they currently enjoy, whilst participants **provided strong endorsement of the two high case programs (growth CAPEX and network monitoring), ranking equal to or greater than the mandatory meter replacement program.**

## Key insights

6. **Participants want to maintain the excellent levels of service and reliability they currently enjoy.**
   - There was a strong indication that participants valued AGA's ability to operated an efficient gas distribution business
   - A couple of participants said they might consider paying more for increased service, or less for decreased service

7. **The AA5 'high case' received strong endorsement the two high case programs (growth CAPEX and network monitoring) ranked equal to or greater than the mandatory meter replacement program.**
   - Participants were supportive of the programs while recognising the contribution to distribution cost increase
   - Education is required for how new customers pay to connect to the network versus the objectives of the expansion program
   - Across residential and SME participants there was a program support rate of 95%

| Topics | Detailed findings | Key quotes |
|---|---|---|
| **Reliability of gas supply and outages** | • The majority of participants, with very few exceptions, enjoyed their current reliability and level of service<br>• General consensus was that gas outages are very rare and hardly ever occur<br>• Residential and SME participants agreed that they would not pay more for increased reliability, or pay less for reduced reliability<br>• C&I customers highlighted their high reliance on reliable gas supply and therefore expressed the importance of sufficient communication regarding outages, where possible | *"It doesn't add much to your bill. If it's going to contribute to the reliability…" – SME Participant, Eastern Suburbs/ Hills* |
| **Proposed CAPEX programs for AA5** | • All CAPEX programs received over 90% support<br>  • Mains Replacement: 100% support rate<br>  • Network Expansion: 91% support rate<br>  • Network Monitoring: 91% support rate<br>  • Meter Replacement: 96% support rate<br>• In instances where participants did not support the programs, there was a misunderstanding of ATCO's business model and/or an expectation that ATCO should pay for the programs as part of BAU operations. | *"In my suburb, they're replacing all the water pipes, (they're ripping up the roads), wouldn't it be sensible to do the gas at the same time?" – Residential participant, Northern Suburbs*<br><br>*"It's good to know the breakdown and pin pointing your transparency, telling everyone so we all understand how it works" - SME Participant, Eastern Suburbs/ Hills* |
| **Priority preference for proposed programs** | • Overall priority for the CAPEX programs were:<br>  • 1st - Mains Replacement<br>  • 2nd - Network Monitoring<br>  • 3rd - Network Expansion<br>  • 4th - Meter Replacement<br>• 55% of participants ranked Network Monitoring and Network Expansion equal to or higher than Meter Replacement<br>• 91% of participants ranked Mains Replacement as first or second in priority<br>• More than half of participants ranked Meter Replacement as their lowest | *"We have fairly aspirational targets in Perth, and having infrastructure, like gas is a major concern in achieving these targets" - Housing Industry Association.*<br><br>*"Over the long-term [customers] would benefit" – Urban Development Institute of WA* |

# Safety, reliability & growth | Detailed findings

95% of residential and SME participants supported all programs, with mains replacement consistently ranked highest priority and meter replacement ranked lowest priority.

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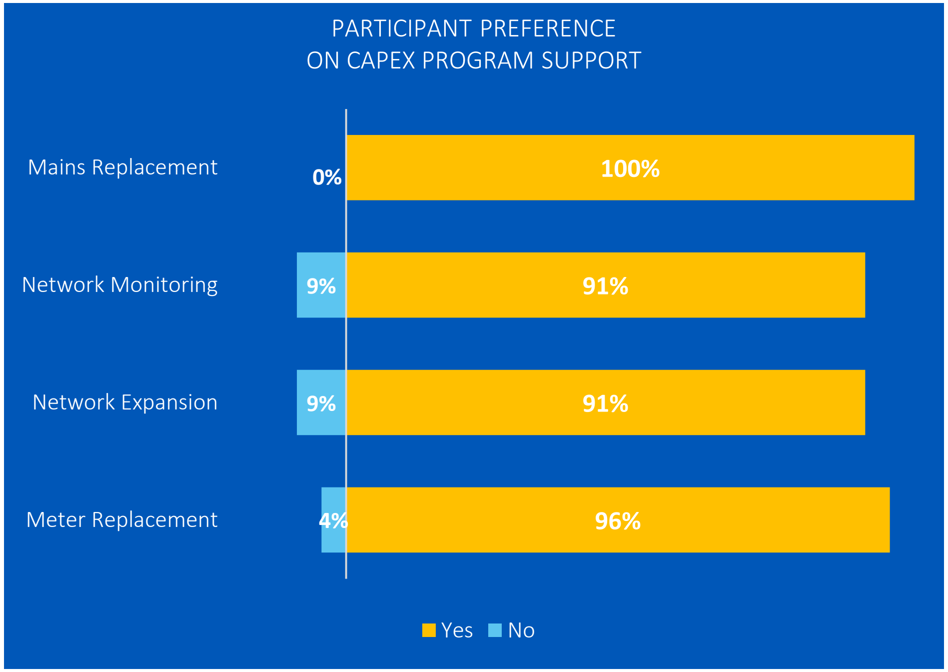


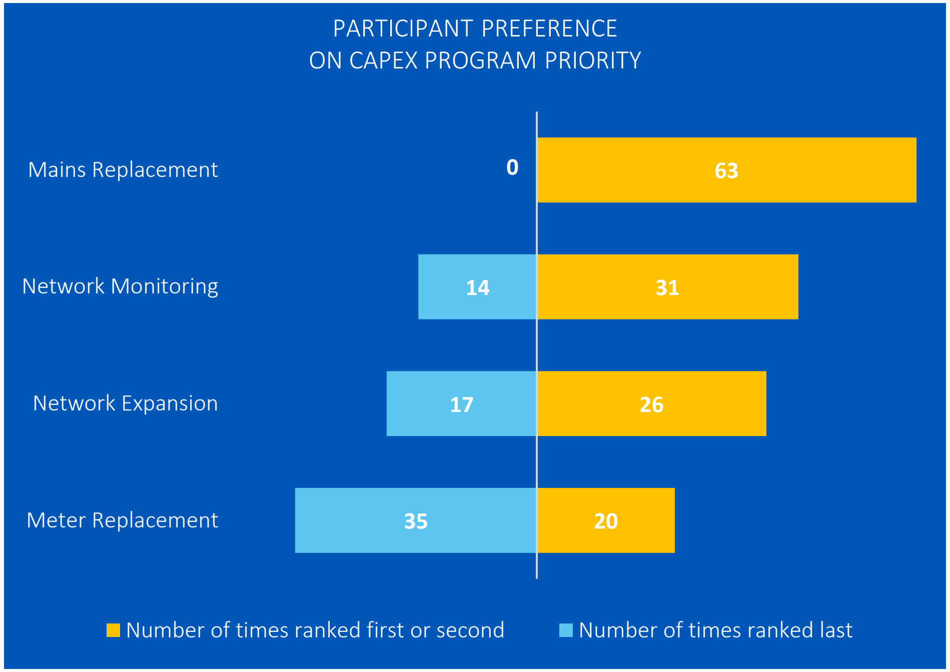


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- Residential participants ranked Network Monitoring second, and Network Expansion third
- SME participants ranked Network Expansion second, and Network Monitoring third

n=42 Residential workshop participants | n=27 Small/Medium Enterprise workshop participants

# CUSTOMER EXPERIENCE

DETAILED FINDINGS

# Customer experience | Detailed findings

Participants valued regular and proactive engagement from AGA, however it was understood that each customer/stakeholder group require a defined set of service levels and value propositions, tailored to their specific needs.

## Key insights

8. **Participants value regular and proactive engagement.**
    - Peak bodies were supportive of more collaboration with AGA
    - Residents and businesses (SMEs and C&Is) were appreciative of AGA's efforts to engage and solicit feedback

9. **Clearly defined service levels and value propositions are required for different customer segments.**
    - Direct contact with AGA is preferred for C&I and B&D
    - Account management service is expected by C&I and key stakeholders (and at not cost)
    - Transparency of service levels and status in process is important for customers

| Topics | Detailed findings | Key quotes |
|---|---|---|
| **What does great customer service look like?** | Common themes for great customer experience, included:<br>• Responsiveness and proactive, and having clear communication.<br>• Professionalism, being "friendly, personal and robust".<br>• Having a deep understanding of the gas distribution business and having staff who are able to suggest solutions<br>• Accountability from staff for customer problems.<br>• Local knowledge and understanding of customer issues.<br>• Local contact centre staff who understand customers, and have both a depth of experience in the industry and a breadth of knowledge sufficient to solve customer queries; or direct the call to the correct place.<br>• Accountability from staff for customer problems.<br>• Understanding the customer's situation and responding with solution-focussed options.<br>• Going above and beyond for the customer.<br><br>Suggestions participants provided to improve customer experience when interacting with AGA, included:<br>• Providing a dedicated phone line for top-tier customers/major projects rather than contacting AGA through the standard contact centre.<br>• Providing an increased focus on cross-training between retailer and AGA call centres, where call centre and support staff have an understanding of each others businesses.<br>• Providing greater visibility on SLAs for planning approvals to support their own internal planning, as their experience to date within this area has been sub-optimal with varied response times.<br>• Continue proactive and regular (bi-annual check-ins/quarterly check-ins/as-needed basis) through a dedicated account manager.<br>• Access via email on AGA thought-leadership/news, with topics such as: what's happening in the industry, sustainability, clean energy, opportunities for collaboration.<br>• Plumbers and gas fitters could be target segments for AGA to provide more education on current retail choices, given the rapid changes currently occurring within the energy market. | • *"Good customer service to me is when they say they're going to do something and they do it when they say they're going to do it. It's keeping promises" – Residential participant, Northern Suburbs*<br><br>• *"Forget about excuses and blame, just sort it out" – Residential participant, Eastern Suburbs/Hills*<br><br>• *"When we had the gas refitted, the hot water system wasn't working – we called up and (ATCO) came out at 9:30 at night… The ignition button was stuck" - SME Participant, Eastern Suburbs/Hills*<br><br>• *"I particularly can see a [direct relationship] with AGA to be beneficial as we move forward with more retailers" – Housing Industry Association.*<br><br>• *"The arrangements at the moment are straight forward, cost effective, timely… It's all positive" - Urban Development Industry Association, WA*<br><br>• *"Your common end user wouldn't know who ATCO is" B&D 1* |

# Customer experience | Detailed findings

Participants valued regular and proactive engagement from AGA, however it was understood that each customer/stakeholder group require a defined set of service levels and value propositions, tailored to their specific needs.

## Key insights

**10. Customers want to interact with AGA through their preferred channel.**

- Interactions with ATCO gas were positive, compared to other distribution utilities
- Sufficient notice for planned outages is important to minimise impact for all customers

**11. AGA should promote their existing products (incentives and CCP) and continue to develop new products.**

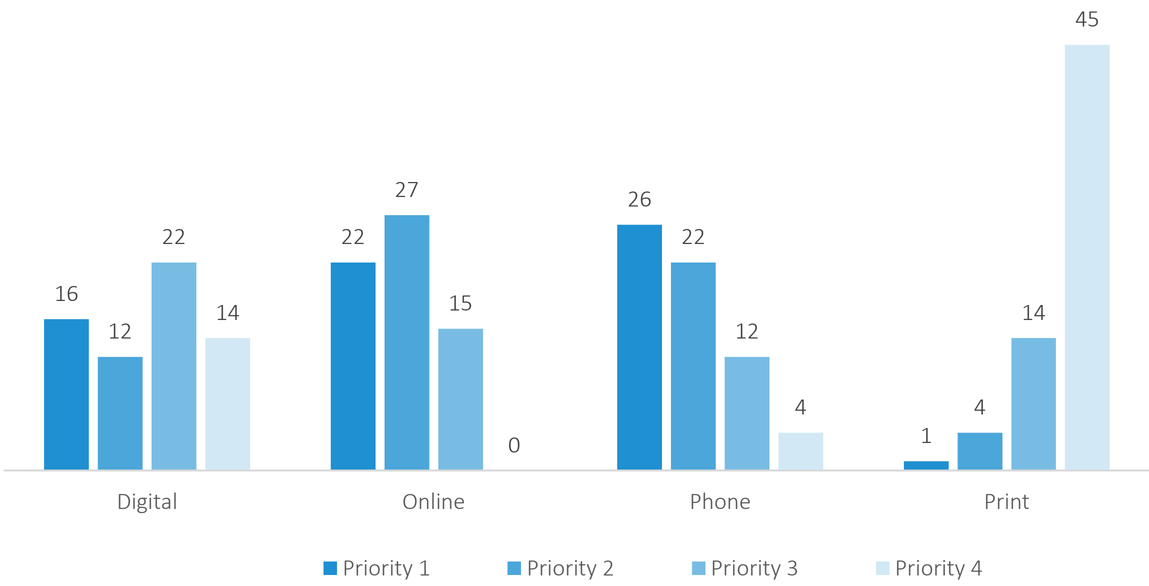
- Customers were strongly supportive of the existing products and were keen to learn more

| Topics | Detailed findings | Key quotes |
|---|---|---|
| **Channel preferences for engaging with ATCO Gas Australia** | • Many participants did not understand the circumstances in which they would need to contact ATCO.<br>• The need for providing a choice for multiple channels was clear<br>• Channel preferences varied greatly depending on the customer/stakeholders segment.<br>• Individuals within segments had specific preferences for channel based on the reason for contacting ATCO<br>• Mail was consistently the lowest preference for participants. Mail box drops for communication was a divisive topic, with some participants saying it was a redundant form of communications and others saying they rely on it for disruption notifications.<br><br>For residential participants:<br>• Phone was ranked as most preferable by 39% of participants<br><br>For SME participants:<br>• Online was ranked as most preferable by 44% of participants<br>• Digital and phone were both ranked as most preferable by 15% of participants<br>• Email (within the online category) was identified as most efficient, both for sending queries to ATCO and responding to ATCO staff<br>• Short response times were important, regardless of channel<br><br>For C&I participants<br>• Digital channels were preferred to support day-to-day operational activity, whilst SMS/ Email were channels of choice for outage notifications and reminders.<br>• Access to a dedicated account manager not only seen as an expectation for participants (many sited examples of similar services provided by Western Power and Water Corporation), but also with the increased complexity within the landscape and the introduction of new retailers, customers looking to AGA act as a trusted third-party advisor and support navigation through this landscape. | *"If I have a gas problem at home, I'd be on the phone to Alinta, I wouldn't be ringing ATCO" – Residential participant, Southern Suburbs*<br><br>*"[We're] not just like a householder building a new house, sometimes there are major projects and you're calling a 1300 number, sometimes this may not be appropriate." –Austral Bricks, A1 Customer*<br><br>*"[We] need someone who is quite knowledgeable about the gas network and how it operates… its always challenging to navigate, what forms to complete and who to notify" – Austral Bricks, A1 Customer*<br><br>*"If I talk to your engineering department, sometimes I get an answer straight away, but sometimes I get an answer in a few days. Is there a timeframe you can introduce in your process?" – Mirvac, A1 Customer*<br><br>*"I wouldn't have a point of contact to you guys because I don't need to" B&D 1*<br><br>*"Land developers engage civil engineers whose job it is to liaise with service providers. We don't normally have any interaction on day to day operations unless there is an issue. Would be very keen to know about possible incentives and to get more info on sustainability benefits of gas" - B&D 1* |

# Customer experience | Detailed findings

Phone was the most preferred channel for communication with ATCO with 38% of participants ranking phone as their first preference, whilst 70% of participants ranked print media as their lowest preference.

| Priority Rank | Residential | Small/Medium Enterprise | Builders & Developers |
|---|---|---|---|
| 1st | Phone | Online | Online |
| 2nd | Online | Phone | Phone |
| 3rd | Digital | Digital | Digital |
| 4th | Print | Print | Print |




- Digital was ranked third overall as a channel for communication. Characteristics of digital that participants appreciated were the ease of access and the flexibility it offers to customers.
- Online was the second most preferred channel. Email was particularly preferred by SME participants who rely on email heavily.
- Phone was the most preferred channel for communication with ATCO, 38% of participants chose phone as their first preference. Speaking to a knowledgeable, local person on the phone was important to participants.
- 70% of participants ranked print media as their lowest preference. The comments reflected a division in opinion about mail box drops as an effective form of communication.

# CLEAN ENERGY FUTURE

DETAILED FINDINGS

# Clean energy future | Detailed findings

**Participants believed that natural gas has a key role in a low carbon future, and that AGA's current pace and approach to exploration of clean energy alternatives was welcomed with positivity.**

## Key insights

**12. Participants believed that natural gas has a key role in a low carbon future.**

- There was strong support for AGA continuing work in exploring future energy solutions, including GasSola.

**13. Pace is important - Don't get left behind but don't do it too fast.**

- Not waiting for changes in energy policy. Taking a measured approach while moving forward.

| Topics | Detailed findings | Key quotes |
|---|---|---|
| **Incentives** | • Not one participant had been exposed to ATCO's business incentives.<br>• Residential and SME participants had interest in gas powered air conditioning, motivated by the high energy consumption of conventional air conditioners.<br>• Gas fuelled generation was also seen as a good alternative to using traditional generation methods.<br>• Lack of advertising and knowledge of these incentives was a concern. | *"I don't think we'd be prepared to pay additional for it, but I think that one thing we'd expect is that the utility would find a way of making it economic to make it the same price as to what you are currently paying." – Austral Bricks, A1 Customer*<br><br>*"Given WA's unique position, gas powered generation may be an important part of the near-term future" – Housing Industry Association.*<br><br>*"It is not widely advertised" – SME Participant, Northern Suburbs*<br><br>*"It never crossed my mind that you would be promoting incentives" - B&D Participant* |
| **ATCO's initiatives towards a low-carbon future** | • All participants resonated with the clean energy initiatives that ATCO is currently investing in, and many suggested that this area may be a great story to share with the wider community.<br>• There was overwhelming supporting for the GasSola trial. Many participants were interested in the enabling technology, highlighting the opportunities for off-grid living and reducing carbon emissions.<br>• Builders and developers agreed that while ATCO was taking the right steps, they were dictated by what their clients want. Price of clean energy technology was often a barrier for home-builders, especially for first home buyers.<br>• The Jandakot Energy Hub was well received by participants. | *"The energy world is changing rapidly why wouldn't you want to be fully engaged with? If you don't you'll get left behind" – Residential participant, Northern Suburbs*<br><br>*"It's nice to see companies like you taking initiative… not waiting for changes in energy policy" – Residential participant, Eastern Suburbs/Hills*<br><br>*"It's an incentive for other companies to take your lead (with regards to the energy hub)" - Residential participant, Eastern Suburbs/Hills*<br><br>*"I don't think you should be doing it faster, you're doing it step by step so you don't make mistakes" - SME Participant, Eastern Suburbs/Hills*<br><br>*"What would make it easier to switch to a low carbon future is if the utilities actually supplied the low carbon fuel, rather than you at your smaller level having to build… your own micro-grid" – Austral Bricks, A1 Customer*<br><br>*"1 in 5 consumers have sustainability factored as a key consideration when buying/building a property, and they're willing to pay a little for it" - Urban Development Industry Association, WA* |

# APPENDICES

A. DETAILED FINDINGS BY CUSTOMER SEGMENT

B. DETAILED FINDINGS BY THEME

C. SUPPORTING ANALYSIS OF WORKSHOP DATA

# DETAILED FINDINGS BY CUSTOMER SEGMENT

APPENDIX A

# Residential customers | Detailed findings

42 residential participants were engaged to discuss and understand specific views across five key topics.

## About ATCO

***"You see that flame on the gas and you feel warm, and it gives you that feeling of comfort as well that you just don't get from electricity"***
***Residential participant, Mandurah/Rockingham***

Attractive qualities of natural gas
- There was a strong affinity for using gas, especially for cooking and instantaneous hot water systems, however concern around cost of using space heaters was raised.
- Convenience, reliability and efficiency were often used to describe the benefits of using natural gas, and natural gas was perceived as a more affordable source of energy when compared to grid electricity.

About ATCO
- Most participants were not aware of ATCO Gas Australia and services offered.
- Those who had heard of ATCO still did not recognise the full responsibilities of ATCO until educated.
- ATCO's family/community values, transparency and efficiency benchmarking created a sense of trust for participants.

Components of your gas bill
- New retail competition was raised in most workshops, however not all participants were aware of the discounts available to them.
- The distribution portion of the bill was seen as modest and fair, given the responsibilities that ATCO undertakes and level of reliability it currently provides.
- Once informed of all of ATCO's responsibility and accountability, customers were appreciative of the levels of efficiency and cost associated with distribution.

## Affordability

***"Stability in prices is generally easier for people to deal with"***
***Residential participant, Eastern Suburbs/Hills***

Predicted price rise from AA4 to AA5
- Participants found the AA5 increase to be modest – no adverse reactions to the increase from $199 to $215 for the distribution component.
- For some participants, uncertainty in future economic conditions and the potential increases set by retailers caused reservation in choosing any option.

AA5 Price Path
- There was overwhelming support for distribution cost stability, with 86% of all residential workshop participants preferred price stability over consistent price increases for distribution costs over the AA5 period:
  - 62% of residential participants preferred stability post 2020 (Option 2) with the primary motivation being to better support household budgeting.
  - 19% of residential participants preferred consistent and stabilised pricing from AA4 through to the end of AA5, and suggested that AGA reconsider the declining price path in AA4 and move to a stabilised price path. This was of greater benefit compared to Option 2 as it avoided the need for a steep increase in 2020 and supported lower distribution costs in 2025.
  - 5% of participants suggested a middle path (Option 4) starting with a step increase between Option 1 and Option 2 with moderate gradient.
- 6% preferred consistent price increases over the AA5 period (Option 1) and stated the immediate cost benefit as their primary motivation.

## Safety, Reliability & Growth

***"In my suburb, they're replacing all the water pipes, (they're ripping up the roads), wouldn't it be sensible to do the gas at the same time?"***
***Residential participant, Northern Suburbs***

Reliability of gas supply
- Reliability of gas supply was seen as satisfactory and all participants could not recall being affected by an unplanned outage.

Support / priority for proposed AA5 CAPEX programs
96% of residential participants supported all four programs.

- Mains replacement program
  - Highest ranked program (Priority 1). Received 100% support from residential participants.
  - Many stated that this program was important for maintaining levels of reliability and standards of service
- Network expansion program
  - Third highest ranked program (Priority 3). Received 90% support from residential participants.
  - Those against it stated that it was unfair to expect existing customers to pay for new connections, despite reassurance that new customers pay for their connections in a separate scheme.
- Network monitoring program
  - Second highest ranked program (Priority 2). Received 93% support from residential participants.
  - Most saw it as a smarter way of working, enabling more efficient use of resources.
  - The lack of immediate benefit and potentially long payback period was of concern for those who did not support it.
- Meter replacement program
  - Least favoured program (Priority 4), however received 100% support from residential participants.
  - Participants were least interested in the program as the impact and outcomes it provided was relatively low in comparison to the others; and being charged accurately was seen as an expectation, and not an option.

# Residential customers | Detailed findings

42 residential participants were engaged to discuss and understand specific views across five key topics.

## Customer Experience

***"Good customer service to me is when they say they're going to do something and they do it when they say they're going to do it. It's keeping promises"***
***Residential participant, Northern Suburbs***

**What does great customer experience look like**

- Common themes for great customer experience, included:
  - Accountability from staff for customer problems.
  - Knowledgeable staff who are able to suggest solutions. Additionally, both AGA and Retail staff should have an understanding of each others businesses.
  - Local knowledge and understanding of customer issues.

**Channel preferences for engaging with AGA**

- Participants were generally unsure of the circumstances that would bring them to contact AGA. In most circumstances where participants had interacted with ATCO, the retailer had re-directed the customer query.
- The channel preference was heavily dependent on the circumstances for making contact
  - In emergency situations, phone was the most preferred method of contact.
  - Digital and web were preferred for non-urgent queries, given the assurance that response times are fast.
  - Print media was most frequently ranked last as a channel for communication.
  - There was no consensus on whether mail box drops are an effective method to communication outage notification.

## Cleaner Energy Future

***"The energy world is changing rapidly why wouldn't you want to be fully engaged with? If you don't… you'll get left behind"***
***Residential participant, Northern Suburbs***

**AGA's initiatives towards a low-carbon future**

- Generally highly supportive of the current clean energy initiatives that ATCO Gas Australia is undertaking.
- Participants agreed that they would be interested in doing their part to reduce their own carbon footprints.
- The only caveat to the support for clean energy programs was that participants thought there was a right pace at which to proceed.
- The GasSola initiative sparked interest for many participants some asking if they could have it installed on their own homes, and residential participants reacted positively to the Jandakot Energy Hub.

# Small/medium enterprise customers | Detailed findings

27 SME participants were engaged to discuss and understand specific views across five key topics.

## About ATCO

***"I don't think the general community know about you. I think you need to be more present in the community about who you are and what you do. I thought you were just contracted by Alinta to put the pipes in"***
***SME Participant, Eastern Suburbs/ Hills***

Attractive qualities of gas
- Convenience, reliability and efficiency were often used to describe the benefits of using natural gas.
- Natural gas was perceived as a more affordable source of energy when compared to grid electricity.
- The "clean energy" characteristics were highlighted as a benefit.

About ATCO Gas Australia
- When compared to the residential participants, who generally did not know of ATCO, SME participants had a slightly better understanding of who ATCO is and what ATCO does.
- There was a strong desire for more marketing and awareness initiatives from ATCO, especially around incentives, safety and brand.
- There was appreciation for ATCO taking imitative to speak to its customers, engaging though workshops and asking for opinions.

Components of a gas bill
- The distribution component of an average SME gas bill was perceived as modest and fair.
- Uncertainty in economic conditions and the potential increases set by retailers was raised, where participants where unclear as to how they would be ultimately impacted
- Participants desired more transparency on how AGA's charges were passed through to them.

## Affordability

***"It's justified, it's not much"***
***SME Participant, Eastern Suburbs/ Hills***

Predicted price rise from AA4 to AA5
- Participants found the AA5 increase to be modest – no outright objections.

AA5 price path
- There was overwhelming support for distribution cost stability, with 74% of all SME workshop participants preferred price stability over consistent price increases for distribution costs over the AA5 period:
  - 51% preferred stability post 2020 (Option 2) with the primary motivation being to better long term budgeting.
  - 22% preferred consistent and stabilised pricing with no decrease over the remaining AA4 period (Option 3), as it avoided the need for a steep increase in 2020 and supported lower distribution costs in 2025.
- 22% preferred consistent price increases over the AA5 period, and stated immediate cost benefits as their primary rationale, especially for new businesses or those with short term budget constraints.

## Safety, Reliability & Growth

***"It is an increase but it's not this preposterous increase that I think we'll all be very worried about. It just shows that you care…"***
***SME Participant, Eastern Suburbs/ Hills***

Reliability of gas supply and outages
- While reliability was generally good, there were exceptions where participants had experienced gas outages and did not feel they received satisfactory service.

Support/priority for proposed AA5 CAPEX programs
93% of SME participants supported all four programs.

- Mains replacement
  - Highest ranked program (Priority 1). Received 100% support from SME participants.
  - Many stated that this program was important for maintaining levels of reliability and standards of service.
- Expansion
  - Second highest ranked program (Priority 2). Received 93% support from SME participants.
  - Those against it stated that it was unfair to expect existing customers to pay for new connections, or the cost should be specific to those to directly benefit.
- Network monitoring
  - Third highest ranked program (Priority 3). Received 96% support from SME participants.
  - Most saw it as a smarter way of working, enabling more efficient use of resources.
  - Participants who did not support it thought that the program may have a long payback period, or would result in AGA staff retrenchment.
- Routine meter change
  - Least favoured (Priority 4) program. Received the least support (89%) from SME participants.
  - Participants who did not support the program expected AGA to fund the program as assets belong to AGA and not the individual.

# Small/medium enterprise customers | Detailed findings

27 SME participants were engaged to discuss and understand specific views across five key topics.

## Customer Experience

***"When we had the gas refitting, the hot water system wasn't working – we called up and they (ATCO) came out at 9:30 at night... The ignition button was stuck"* SME Participant, Eastern Suburbs/ Hills**

**What does great customer experience look like**

- Themes for great customer experience were:
  - Contact centre staff with broad knowledge, sufficient to solve customer queries or direct the call to the correct place is very important.
  - Accountability from staff for customer problems.
  - Understanding the customer's situation and responding with solution-focussed options.
  - Going above and beyond for the customer.
- Service disruption for businesses often has a higher impact than on homes – timely notice and clear communication was of high important to participants.

**Channel preferences for engaging with AGA**

- Providing multiple channels for contacting AGA was identified as a high priority.
- One participant suggested providing alternative ways to call, other than a 13 number.
- Similarly to residential participants, the common theme in feedback was that there was a lack of understanding.

## Cleaner Energy Future

***"I don't think you should be doing it faster, you're doing it step by step so you don't make mistakes"* SME Participant, Eastern Suburbs/ Hills**

**Incentives**

- Participants were unaware of AGA's incentives, however were keen to learn more and see the cash incentives for gas-powered air conditioner (GPAC) and gas power generation more widely adopted, particularly for business owners.

**AGA's initiatives towards a low-carbon future**

- Participants were unaware of any of AGA's clean energy initiatives.
- Participants thought that the speed at which AGA is progressing and developing cleaner energy products was sensible and not too radical. They were wary that moving too quickly is risky.
- AGA's sense of responsibility for the environment resonated with participants.
- The GasSola initiative sparked interest for many participants, some asking if they could have it installed on their own homes and businesses.
- The Jandakot Energy Hub was viewed as innovative and sensible, considering the disruption to the energy sector.
- Participants were strongly supportive of both AGA's clean energy initiatives and cash incentives and encouraged AGA to increase awareness of:
  - ATCO story and brand.
  - Incentives for gas powered air conditioning and power generation.
  - Initiatives for clean energy.
  - Safety for the wider community, using other utility companies' campaigns as examples.

# Commercial & industrial customers | Detailed findings

8 of AGA's top C&I customers were engaged to discuss and understand specific views across four key topics.

## Affordability

***"Knowing these increases, we can actually plan for it – we're not really concerned with either option"***
***Mirvac, A1 C&I Customer***

Predicted price rise from AA4 to AA5

- Across all participants, gas prices were seen to be comparatively more cost effective than electricity, with economics within the industry and State observed as a contributing factor to selection of a price path option.
- Participants were unfamiliar with tariffs for distribution, and a desire for AGA to offer
  - More transparency and awareness of distribution tariffs.
  - More flexibility on tariffs particularly on tariff assignment to new sites or changing tariffs during off-periods, rather than being locked into a particular tariff.

AA5 price path

- Most C&I (63%) participants preferred Option 1, as it provided them with the ability to plan for a gradual increase and defer costs, whilst those who preferred Option 2 (25%) had the ability to conduct long term planning.
- Some participants expressed that either Option 1 or Option 2 would be appropriate, though either case would require early visibility of increases to support their own investment planning process.
- Participants were neither presented with; or had suggested alternative options (i.e. Option 3 or 4).
- One participant preferred an option that there are no increases, but understood that this was unlikely to happen and wanted clarification that AGA's demand forecasting is correct and that it is not overinvesting in the network.

Capital contribution policy

- There was strong support to continue the Capital Contribution Policy, with many seeing benefit in the policy particularly for greenfield developments. However, in most cases customers were unaware the policy existed.
- Some participants who also operate on East Coast understood that the WA market is unique in comparison, but were unaware of how the differences impacted their operation.
- Other participants were exploring direct connections to the transmission pipeline to gain cost efficiencies, and bypass AGA's distribution network.

## Safety, Reliability & Growth

***"For commercial assets, to be able to diagnose that problem early and to plan to fix it, is super critical"***
***Mirvac, A1 Customer***

Reliability of gas supply and outages

- All C&I participants agreed that gas reliability has been excellent to date, had not been impacted from disruptions / outages and are satisfied with their level of service
- The 2008 Varanus Island outage was recalled in a number of discussions, however the key message has been that the current level of supply service is excellent
- All participants viewed outages as highly significant to their business in terms of brand and reputation, as well as cost (with figures quoted of up to $1M/day in loss). As such, there was a strong expectation that, to minimise impacts, AGA should collaborate with customers with the intent to align planned outages to customer schedules and preferences
- In comparison to electricity, participants explained that AGA could offer a tailored impact management program that considered client needs based on site sensitivity.
- At least four weeks (and up to 12 months) notice was required to support planning, and there was a strong desire for outages to align with individual needs including, preferred days within a week, planning shutdown periods, and preferred times during the day.

Proposed CAPEX programs for AA5

- Participants sighted that as new industries are moving away from the centre of Perth, new opportunities for development could be aligned to the growth program
- Participants also sighted benefit in the network monitoring program, as it provided large consumers with access to real-time data and information to inform energy management practices, in addition to providing critical early detection and rapid resolution of issues
- One participant who currently connects directly to the transmission line for gas mentioned that if AGA were to increase the gas pressure in its network, there would be opportunities/interest to connect to the distribution network as their primary source.

# Commercial & industrial customers | Detailed findings

8 of AGA's top C&I customers were engaged to discuss and understand specific views across four key topics.

## Customer Experience

***"[We] need someone who is quite knowledgeable about the gas network and how it operates… its always challenging to navigate, what forms to complete and who to notify"***
***Austral Bricks, A1 Customer***

What does good customer service look like?

- All participants valued the Voice of Customer program, and expressed that in recent times AGA's responsiveness and engagement has increased.
- Participants were satisfied with AGA's level of professionalism and understanding of the gas distribution business, with AGA staff and interactions rated as being "friendly, personal and robust".
- Suggestions participants gave to improve customer experience when interacting with AGA, included:
  - Providing a dedicated phone line for top-tier customers/major projects rather than contacting AGA through the standard contact centre.
  - Providing greater visibility on SLAs for planning approvals to support their own internal planning, as their experience to date within this area has been sub-optimal with varied response times.
  - Continue proactive and regular (bi-annual check-ins/ quarterly check-ins/as-needed basis) through a dedicated account manager.
  - Access via email on AGA thought-leadership/news, with topics such as: what's happening in the industry, sustainability, clean energy, opportunities for collaboration.
  - Plumbers and gas fitters could be target segments for AGA to provide more education on current retail choices, given the rapid changes currently occurring within the energy market.

Channel preferences for engaging with ATCO Gas Australia

- Participants preferred to engaged with AGA via email, SMS – with digital channels were preferred to support day-to-day operational activity, whilst SMS/email were channels of choice for outage notifications and reminders.
- Access to a dedicated account manager not only seen as an expectation for participants (many sited examples of similar services provided by Western Power and Water Corporation), but also with the increased complexity within the landscape and the introduction of new retailers, customers were looking to AGA act as a trusted third-party advisor and support navigation through this landscape.
- One C&I participant commented that there may be overlap between AGA and retailers, and that having a clear strategy is important.

Retail choice

- Participants indicated that there was no requirement to switch instantly, given their own business may not have the internal capability to handle this, and were happy with the current approach and timeframes when switching retailers.

## Clean Energy Future

***"What would make it easier to switch to a low carbon future is if the utilities actually supplied the low carbon fuel, rather than you at your smaller level having to build… your own micro-grid"***
***Austral Bricks, A1 Customer***

Incentives

- There was a desire to understand how the AGA business incentives could apply to their own businesses. However, interviewees had not previously heard of the incentives or the gas powered technology.

AGA's initiatives towards a low-carbon future

- Participants were interested in AGA's current work within the clean energy space, and believed that AGA should continue to at its current pace.
- All participants were unaware of either the GasSola or Jandakot Energy Hub, however were keen to explore further with AGA, but expected AGA to support them in making these initiatives more relevant to their needs, through specific case studies and costs calculators.
- Generally, the need to move to a cleaner energy future was seen as opportunistic, however at this stage was cost-prohibitive and inefficient, and customers expect support from utilities/government to make it economical without any extra expense based on today's prices.
- Most C&I participants were either already exploring, or have a strong desire to explore methods to lower their current electricity consumption and costs, including using energy efficient appliances and appliance/usage scheduling solutions.
- For cost-focussed industrial participants, there was a consistent expectation that rather than requiring individual investment on their part to support carbon emission targets, more accountability should be held by upstream sources such that energy supplied should already be low-carbon in nature.
- Established commercial customers who were assessed on commercial green star ratings, were seen to place sustainability as a core priority for their business. For these participants, any method to reduce reliance on coal-powered electricity was seen as an opportunity to increase their star rating, including using a mix of gas (natural/biogas) + renewable energy (e.g., solar PV) and combinations of these technologies.

# DETAILED FINDINGS BY STAKEHOLDER SEGMENT

APPENDIX B

# Builders & developers | Detailed findings

7 major builders / property – land developers were engaged to discuss and understand specific views across five key topics.

## About ATCO

***"From a development manager perspective… We know you're there, we know it goes in, it all happens seamlessly"***
***Major land developer***

Attractive qualities of gas

- Builders and developers all agreed that gas cooktops and gas hot water were standard inclusions as part of their packages, as this is often the consumer's preference.
- Requirement for installing two permanent ventilation points is often a concern for builders' clients. Installing the vents compromises the 6 star NABERS rating. This has resulted in many new home builders to forgo the bayonets for gas space heating.

About ATCO Gas Australia

- Most participants had heard of ATCO and may not have dealt with ATCO directly, but knew its role in the building/developing process.
- Some participants were keen to engage with ATCO about future development plans to ensure alignment .
- Developing into areas that are not currently part of the ATCO distribution network seemed to be uncommon.
- It was suggested that AGA consider engaging with customers through retailers to raise awareness about AGA and the services it offers.

## Affordability

***"Everyone wants gas. Gas is cheaper than electricity, everyone knows that"***
***Major land developer***

Predicted price rise from AA4 to AA5

- General consensus was that gas is cheaper than grid electricity and therefore a valued source of energy for most consumers.

Capital Contribution Policy

- No one had heard of the Capital Contribution Policy, but supported the continuation of the program with the understanding that it will continue to keep gas competitive against other sources of energy.
- Increasing costs for developers were flagged as a key issue, highlighting the importance of the Capital Contributions Policy.
- For apartments, one developer mentioned that run ins are prohibitively costly.

## Safety, Reliability & Growth

***"From an architectural perspective (meter box placement) is a very real concern for a lot of clients in high density living"***
***Major builder***

Proposed CAPEX programs for AA5

- Whilst no quantitative feedback was gathered regarding program support for builders and developers, they were supportive and agreed that the programs make sense.
- Gas services was seen as critical infrastructure that contributed to how development sites are assessed.
- Opportunities for natural gas in regional areas of WA where electricity is expensive and energy demand is high; this is especially the case for air-conditioning.
- Joint trenching efforts were appreciated and recognised for increasing efficiency.
- Meter box placement was of particular concern with smaller lots and high density living, however there wasn't an overwhelming preference for either a master meter or multiple single meters.
- Group discussion led to understanding that when land is developed by inexperienced people, gas is often an afterthought.
- Participants commented that essential services such as Water and Electricity require planning approval from the local council which resulted in consistency in planning and execution across the industry. However, this was not seen to be the case for gas and as such, participants urged AGA to consider additional engagement with shire, local government and councils in order to support and provide for more consistency across the industry.

# Builders & developers | Detailed findings

7 major builders / property – land developers were engaged to discuss and understand specific views across five key topics.

## Customer Experience

***"I wouldn't have a point of contact to you guys because I don't need to"***
***Major land developer***

What does good customer service look like?

- For most participants, the seamless interaction between their site staff and ATCO was highly valued.

Channel preferences for engaging with ATCO Gas Australia

- Participants admittedly did not have frequent direct contact with ATCO, but believed that site supervisors have no issues when dealing with ATCO.
- Potential risk area for new connections was due to the high number of stakeholders in the process of construction, i.e. site supervisor, construction manager, client (home owner), builder/developer's central office. As a result, the process for new installations and the appropriate communication/notification is complicated.

## Cleaner Energy Future

***"(Energy) is certainly becoming more of a decision factor around design. Its definitely the number one influencer"***
***Major land developer***

Incentives

- Participants had not previously heard of the business incentives.
- Participants were keen for further information, and suggested AGA consider increase level of promotion on incentives to consumers and the industry.

AGA's initiatives towards a low-carbon future

- All participants showed interest in the clean energy solutions.
- There may be opportunities for ATCO to collaborate in order to trial or showcase new gas technologies, especially for micro-grid or community scale initiatives.
- Whilst energy costs, NABERS ratings and reducing emissions were on the agenda for their clients, initial capital cost was seen equally important, especially for first home buyers.
- Cleaner energy solutions are dependent on their client's demand - if they ask for it, the builders and developers will provide.
- The lack of information available to the general public on real costs for new energy technologies was highlighted as a barrier.

# Peak/industry bodies | Detailed findings

2 key peak/ industry bodies were engaged discuss and understand specific views across five key topics.

## About ATCO

***"Gas is particularly confusing, especially with new retailers entering the market"***
***Housing Industry Association***

About ATCO Gas Australia

- There is confusion within the industry on the role ATCO plays in the gas supply chain, particularly given the new retail entrants to the market.
- More awareness on AGA's role would be beneficial for the industry and general community.

Components of a gas bill

- Participants indicated that energy costs and efficiency are poorly understood and that AGA could play a more active role within the industry to:
  - Provide advice and support to both consumers (mid-upper market) and the industry (builders) on energy efficiency and appliance operating costs.
  - Increase awareness and market gas more effectively in terms of comparisons to electricity, calculators, case studies.
  - Increase awareness of the current incentives AGA offered and the capital contribution policy.

## Affordability

***"Direct understanding of energy efficiency at home is very poorly understood by the market"***
***Housing Industry Association***

Capital Contribution Policy

- Participants indicated strong support for AGA to continue the Capital Contribution policy and understood that AGA provided infrastructure at relatively low costs when compared to other network operators.
- Given that gas in not an essential service there is a risk that consumers may not connect, should it be challenging and cost-prohibitive.

## Safety, Reliability & Growth

***"We have fairly aspirational targets in Perth, and having infrastructure, like gas is a major concern in achieving these targets"***
***Housing Industry Association***

Proposed CAPEX programs for AA5

- Strong support and interest was provided for both the network monitoring and network expansion program, however it was suggested that AGA follow a strategic plan that allows for a phased approach to implementation.
- HIA indicated that in-fill growth across the state is important to consider, and an expansion program that supports this growth will be beneficial for the Industry.
- Both UDIA and HIA showed interest in meter box design, specifications and formats, and highlighted that there is a conjecture on competing needs between planning compared to aesthetics, and that AGA should do more to provide options to consumers and developers:
  - An increased awareness on available metering/meter box options, and how these can be applied consistently would offer flexibility for the industry.
  - Developers would be willing to pay for smaller meters as their cost differential per property will not be significant compared to the sale of a completed home.
  - From a high density living perspective, if it is not cost-prohibitive, customers would prefer more retail choice, and separate meters would be useful, however would only be applicable to the higher end of the retail market.
- AGA should consider providing consumption management services/tools and support for consumers as energy prices, particularly for electricity, trend upwards. Consumers will have an increased focus on energy usage, particularly established consumers through to retirees.
- Additionally it was suggested that improvements could be made on timing for compliance checks where in some instances checks are performed once the works have completed, impacting costs to make changes at this late stage.

# Peak/industry bodies | Detailed findings

2 key peak/ industry bodies were engaged discuss and understand specific views across five key topics.

## Customer Experience

***"The arrangements at the moment are straight forward, cost effective, timely... It's all positive"***
***Urban Development Industry Association, WA***

What does good customer service look like?

- Industry associations have not received any issues or negativity pertaining AGA and the general feedback is positive, where interactions are seamless and easy in comparison to other network operators.

Channel preferences for engaging with ATCO Gas Australia

- Participants suggested that a call centre would be the preferred option for an immediate answer, supplemented by online channels for preliminary information, electronic lodgements and processing. However, consistent message is important to be maintained across any channel.
- It was also suggested that moving the industry online is expected for process automation, however underlying processes and systems should align with any channel improvements to support an end-to-end seamless interaction. For some network operators, this has not been the case where there are discrepancies between online/back-office interactions, resulting on impact to industry experience.
- There was a strong indication that direct access to AGA would be beneficial for new connections, rather than having to raise via a retailer, particularly with new retailers coming to WA. This would simplify the process and make it easier for industry.
- Given gas is a non-essential service, consumers may choose to exclude gas from their development/project and as such, participants urged that AGA should continue to work/interact with developers/consumers seamlessly and gas infrastructure costs should be minimised.

## Cleaner Energy Future

***"1 in 5 consumers have sustainability factored as a key consideration when buying / building a property, and they're willing to pay a little for it"***
***Urban Development Industry Association, WA***

Incentives

- Participants were unaware of incentives offered, however were supportive and suggested that the focus should continue across the commercial/industrial markets. With respect to residential market, it was suggested that AGA should centre incentives on new technologies rather than residential appliances, as this would help bring more awareness on the how gas is more cost effective than electricity and more efficient compared to Solar.
- It was also suggested that AGA should focus on engaging with electrical engineers to discuss incentives for and benefits of gas, as they are key influencers for builders and developers.
- When asked about market influencers, participants mentioned that the entry level residential market is very competitive and is price driven. As such, builders are key influencers on energy appliance and choices. For middle residential market and upwards consumers require more understanding on energy efficiency and appliances.

AGA's initiatives towards a low-carbon future

- There was indication that AGA's approach on cleaner energy initiative is reasonable as long as there is a balance between innovation and core product. There was a strong desire for case studies that would help inform decisions on how gas could be used more effectively within developments and in combination with other technologies.
- Participants described that consumers and the industry will require to do their part to fulfil a clean energy future, however, large investment in infrastructure is also required to support this vision
- With respect to gas-powered generators for the residential market (referencing GasSola), if promoted in the future, AGA could do more around increasing awareness on the safety aspects to alleviate safety concerns that may be apparent amongst consumers.
- The State is introducing staging and sequencing provisions for infrastructure. There is a notional urban growth boundary which the State will service, which will inform and drive the electricity grid. Outside this boundary, developers will look towards other options for infrastructure, energy choices and technology. Opportunities exist for AGA in terms of offering edge-of-grid solutions, where communities could leverage a gas powered generator.
- Industrial land developers, (e.g., Linc), would be a key segment that AGA should engage with to understand considerations/impacts to decision making with respect to clean energy within an industrial context
- There is an increasing trend for developers/builders to request for environmental sustainability assessments as part of UDIA's Enviro Development 6-Leaf Certification program, as consumers are becoming more sophisticated and have an increasing demand for environmentally sustainable living.
- Given AGA's experience in the GasSola initiative, and vision for the Jandakot Energy Hub, there was strong interest from both industry bodies to play an active role in working with their members to raise awareness of the initiatives and provide advice on implementation.

# Retailers | Detailed findings

DRAFT

6 licenced WA gas retailers were engaged to discuss and understand specific views across five key topics.

| About ATCO | Affordability | Safety, Reliability & Growth | Customer Experience | Cleaner Energy Future |
|---|---|---|---|---|
| Quote | Quote | Quote | Quote | Quote |
| | | | | |

TBC – This section will be populated once all retailer interviews have been completed.

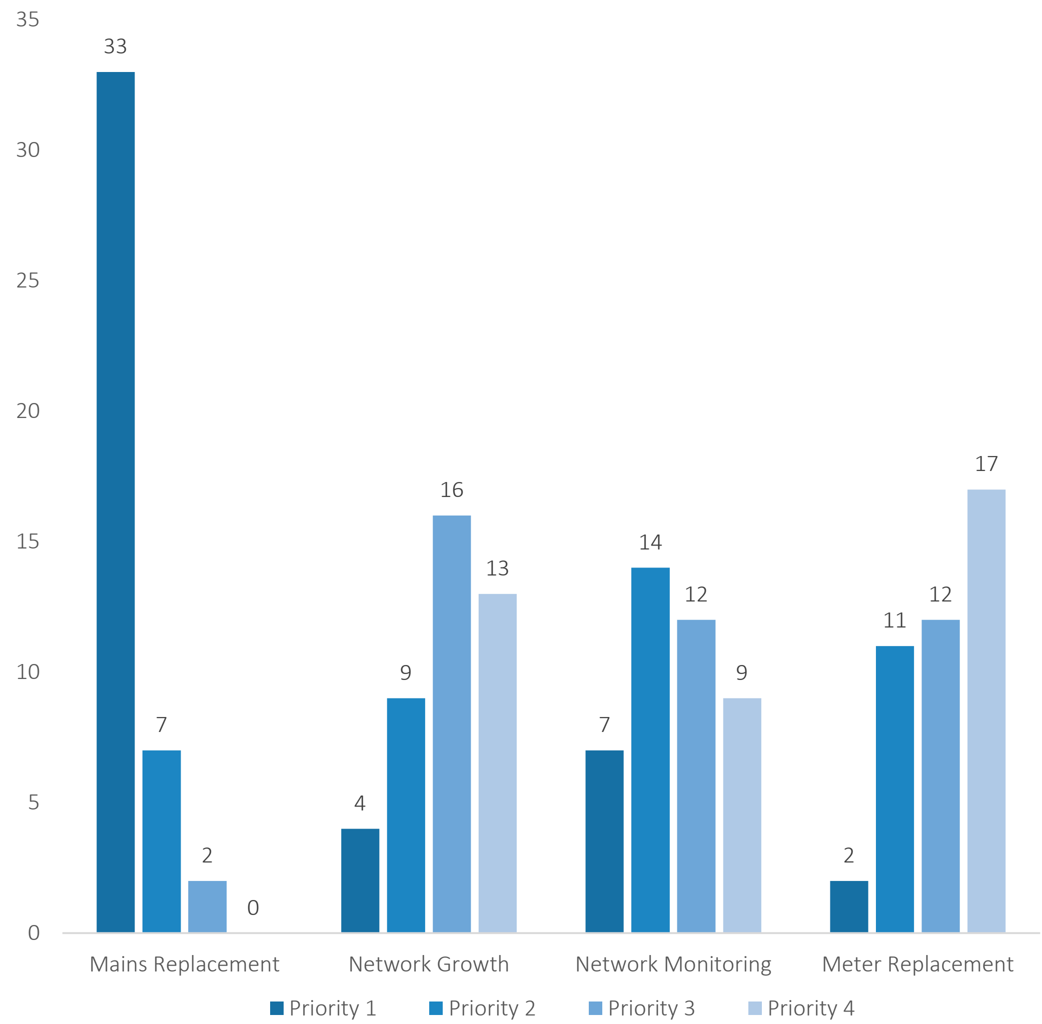
# SUPPORTING ANALYSIS OF WORKSHOP DATA

APPENDIX C

# Safety, reliability & growth | Supporting analysis of workshop data

42 residential workshop participants were asked to indicate support and rank four key CAPEX programs.

## Residential Program Priority




## Residential Program Support

| | Mains Replacement | Network Growth | Network Monitoring | Meter Replacement |
|---|---|---|---|---|
| Support rate | 100% | 90% | 93% | 100% |

Feedback on Mains replacement included:

- Maintaining safety and reliability is important
- Future-proofing with appropriate materials makes sense
- Cost is reasonable

Feedback on Network Growth included:

- Increased numbers of customers on the network should keep the cost per customer down
- Utilitarian effect of the program
- Those who did not support the program said that existing customers should not be expected to pay for new developments

Feedback on Network Monitoring included:

- Keeping up-to-date with technology
- Providing information to end users quickly and accurately
- Some had concerns that the payback period was too long, and efficiencies were not being realised

Feedback on Meter Replacement included:

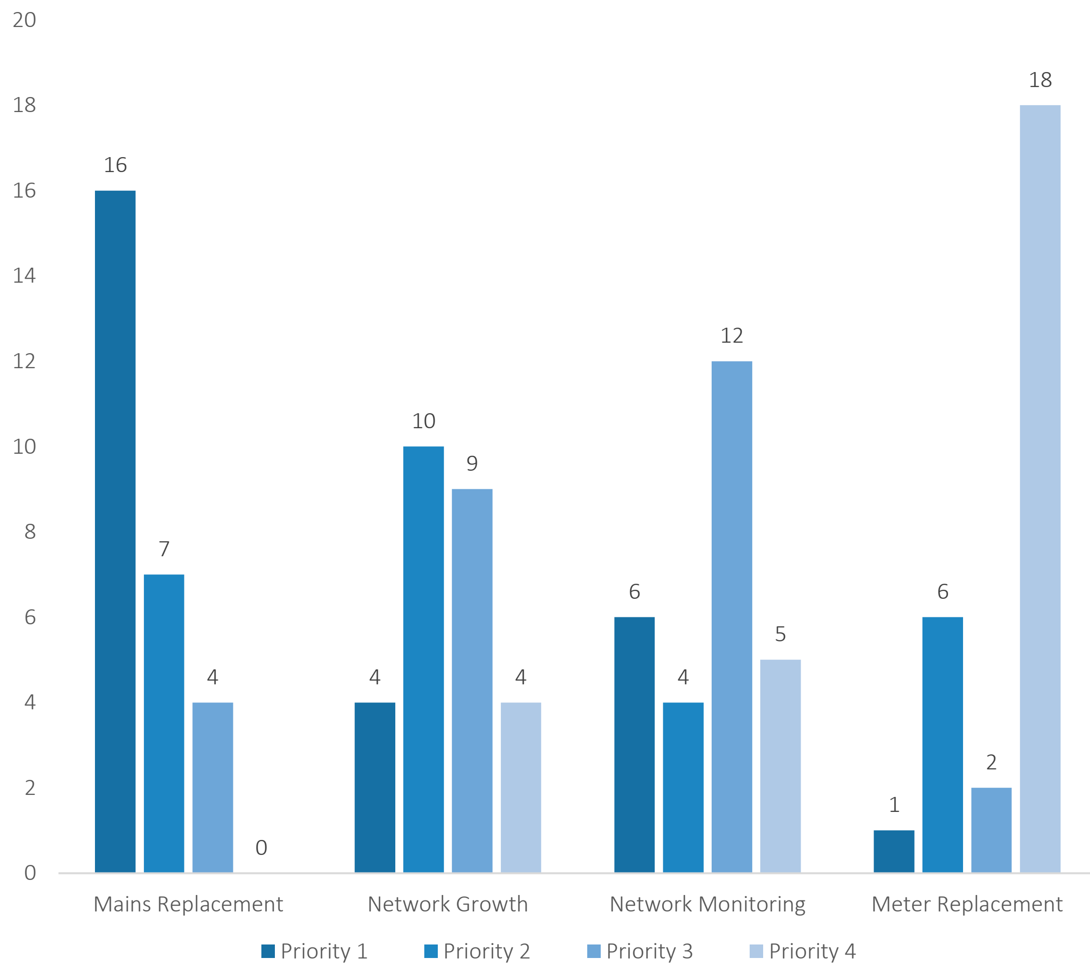
- Low cost to complete the program
- Accuracy of bills is very important

Note that some participants did not rank the programs from one to four. Five of the participants ranked two or more of the programs as equal priority

# Safety, reliability & growth | Supporting analysis of workshop data

27 SME workshop participants were asked to indicate support and rank four key CAPEX programs.

## SME Program Priority




## SME Program Support

| | Mains Replacement | Network Growth | Network Monitoring | Meter Replacement |
|---|---|---|---|---|
| Support rate | 100% | 93% | 89% | 89% |

Feedback on Mains replacement included:
- Essential program for maintaining a long-life asset

Feedback on Network Growth included:
- Equality of service is important to consumers
- Supporting growth of the state
- Those who did not support the program thought that existing customers should not be expected to pay for new developments

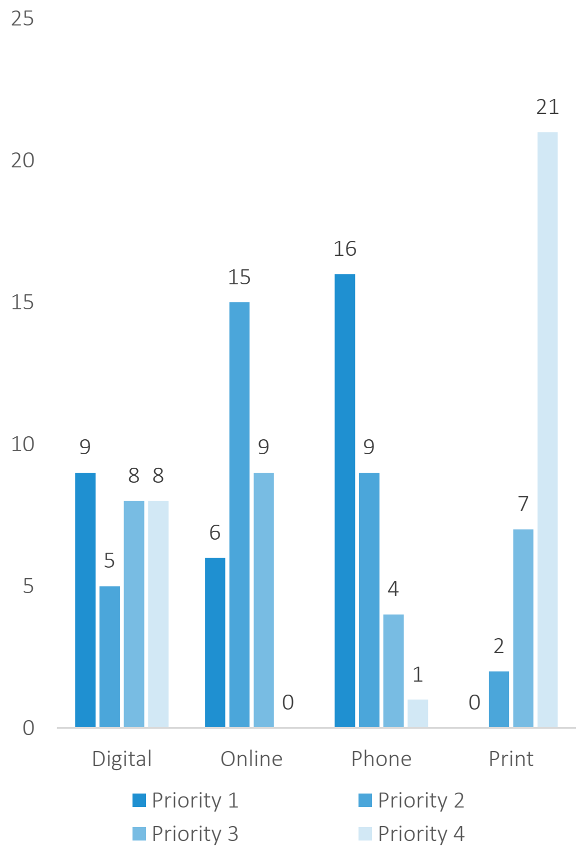
Feedback on Network Monitoring included:
- Enabling faster response to issues and remote control ability
- Those who did not support the program were concerned that the program would result in redundancies in the workforce

Feedback on Meter Replacement included:
- Accuracy of bills is very important
- Some participants thought that those who had meters replaced should pay for them outright

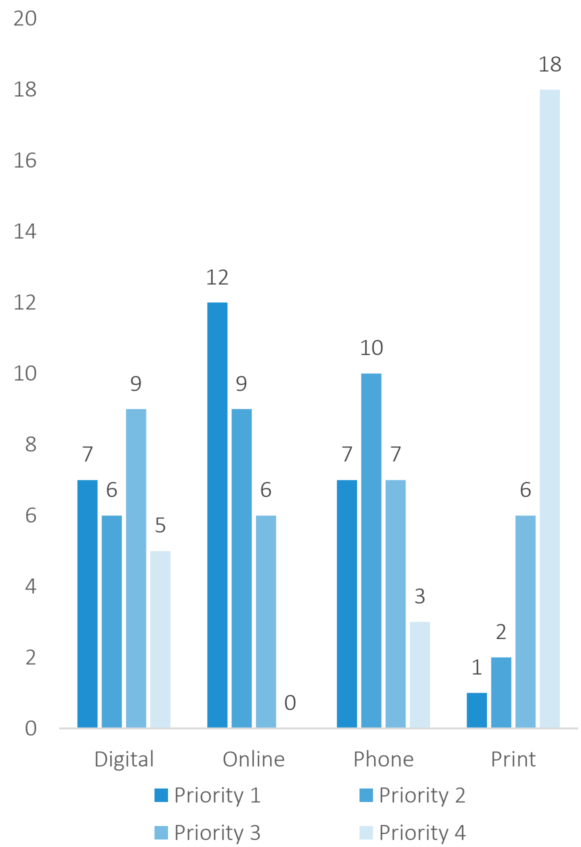
# Customer experience | Supporting analysis of workshop data

All customer segments were asked to rank their customer channel preferences when contacting AGA in the future.

**Residential Participant Preferences**




**SME Participant Preferences**




**Builders & Developer Participant Preferences**