



ATTACHMENT 04.003 ATCO CUSTOMER INSIGHTS REPORT - SUMMARY

ATCO PLAN 2025-29

EIM # 112127182

PUBLIC

ISSUE DATE

01/09/2023

ATCO CUSTOMER INSIGHTS REPORT

Feedback on our proposed plan for 2025-2029 Plan (AA6)

CONTENTS

What we're doing and what's next	2
Feedback process	3
What we found out	5
Important investment	8
Support for investments	9
Stakeholder engagement	13
Timeline	14





WHAT WE'RE ALREADY DOING

ATCO Gas Australia (ATCO) owns and operates Western Australia's largest natural gas network, delivering natural gas to more than 785,000 customers through over 14,325 km of pipelines. We're continuing to work hard for the people of Western Australia to deliver on our commitment of providing a safe, reliable, affordable, and sustainable network.

WHAT WE'RE PLANNING

Every five years, ATCO submits a plan on its intended investment programs to the Economic Regulation Authority (ERA) for approval. In September 2023, we submitted our plan for the 2025-2029 access arrangement period, also known as AA6.

Our commitment for the AA6 period continues to focus on the long-term interests of customers by providing a safe, reliable, affordable, and sustainable gas distribution network while supporting a competitive retail market, enabling growth for Western Australia, and reshaping the energy landscape to achieve net-zero emissions by 2050.

STAKEHOLDER FEEDBACK HAS BEEN AN INTEGRAL PART OF OUR PROCESS

As part of our ongoing commitment to stakeholder engagement, a draft plan was released for public consultation in April 2023 through our stakeholder engagement and insights program.

Once submitted, the ERA will independently assess the plan and undertake further community consultation to ensure the plan is in the best interests of the WA community.

WHO DID WE TALK TO?

Through a series of interviews and community forums we engaged with the following customers and stakeholders.

- WA residents (end-use customer)
- Commercial & Industrial customers (end-use customer)
- Builders and developers (stakeholder)
- Retailers (customer)
- Peak bodies (stakeholder)

1076
PARTICIPANTS

1,000 were surveyed

26 undertook in-depth interviews

50 engaged in workshops

OUR ENGAGEMENT PROCESS

It is important to us that our stakeholders have a say in the future of the gas distribution network. To ensure our plans for the next five years creates value for our customers, we asked our stakeholders to share their thoughts on a range of topics, including:

Their knowledge of gas (and what they know about the network).

What they see as challenges for the industry and the business.

Their expectations (from gas/ATCO) for the future.

Their thoughts on our proposed investment areas.

HOW WE ENGAGED

We implemented a five-phase engagement process that was designed to ensure our research was detailed, fair, and transparent.

DESIGN | July – Aug 2022

We reviewed previous research and the current plan, and assessed regulatory environment requirements before developing our stakeholder engagement strategy.

ENGAGE | Sept – Oct 2022

In-depth qualitative research was undertaken with key stakeholders. Our focus was on understanding gas usage and future expectations, gathering feedback and generating ideas.

MEASURE | Nov – Dec 2022

We ran a comprehensive survey with a cross section of the community to validate and quantify stakeholder perspectives and opinions.

DRAFT PLAN | April 2023

We identified program improvements (from the view of the community and stakeholders) and the plan was refined and published for public consultation.

RE-ENGAGE | Apr-Jun 2023

We held forums with key stakeholders. Our focus was to assess customer reactions, evaluate perceptions, and verify the direction of ATCO's potential future investment programs.

FEEDBACK AND INSIGHTS

NATURAL GAS IS A VALUED ENERGY SOURCE AND IS CONSIDERED TO BE IMPORTANT, RELIABLE AND AFFORDABLE



WA residents value the choice of having access to gas (97% of the 1000 people surveyed consider access to gas as 'important').



WA residents believe what they are paying for gas is affordable (79% - nearly 4 in 5 of the 1000 people surveyed - believe gas is affordable).



WA residents view natural gas as an important source of energy in their households, with the majority of people using gas for stovetop cooking and hot water (82% of the 1000 people surveyed cook with gas and 72% have a hot water unit).



WA residents believe they are unlikely to switch from gas stovetops and hot water units to electric alternatives (around 43% of the 1000 people surveyed have absolutely no intention of switching an another 33% are highly unlikely).

"One thing I like is that it gives you a spread of energy. So if the electricity goes out, you have the gas."

- METRO CUSTOMER

"It's about having choice for anything. So, you weigh up your options, and what's the best for you, and what's best for your family, whether it's cost or convenience, and then you pick the best out of the lot. So having choice of options is always better."

- REGIONAL CUSTOMER

THERE'S A ROLE FOR GAS IN THE ENERGY FUTURE

Residents believe natural gas has a role to play in the transition to lower carbon energy. While the residents we surveyed were generally unfamiliar with natural gas alternatives, such as biomethane and renewable hydrogen which can be blended with natural gas, most viewed them positively and supported their further exploration.

THERE ARE CHALLENGES* FACING GAS DISTRIBUTION

Residents noted a wide variety of challenges facing gas in WA, including:

MARKET FACTORS

TRANSPORTATION COSTS

TAXES AND TARIFFS

AVAILABILITY OF GAS

EXPANDING POPULATION

POLICY CHANGES

MAINTENANCE OF AGEING INFRASTRUCTURE

ENVIRONMENTAL IMPACT AND THE NEED/RESPONSIBILITY TO REDUCE CARBON EMISSIONS

"I think it's really important to look into any kind of sustainable project."

- REGIONAL CUSTOMER

"I think there will be more government involvement in cutting the emissions and things like that."

- REGIONAL CUSTOMER

*Challenges are not listed order of urgency or importance.



RETAILERS CARE ABOUT SUSTAINABILITY AND RENEWABLE GAS PROJECTS

Retailers appreciate the need to address decarbonising the network, but there is scepticism of ATCO's ability to navigate this without clear policy support from the WA government. The cost impact of these initiatives on their customers' bills is also a key concern.

ELECTRIFICATION IS A KEY ISSUE FOR ATCO

Commercial and industrial customers believe that the following pressures may impact a societal shift away from gas:

- Meeting increasing demand
- Tight labour supply
- The challenges of maintaining infrastructure
- Maintaining a continual supply of gas at a reasonable cost.

AFFORDABILITY IS A PRIMARY CONCERN

The peak industry and advocacy bodies raised concerns around the future of gas, and the cost impacts to customers of futureproofing the network — particularly for vulnerable members of the community. There is a strong demand from all stakeholders for ATCO to provide more information on how it plans to address these issues in a way that is affordable and beneficial for all customers.

By 'electrification', we mean replacing technologies or processes that use fossil fuels, (like internal combustion engines and gas boilers) with electric powered equivalents (like electric vehicles or heat pumps).

"...with regards to our demands, ATCO have the necessary infrastructure to support our needs."

– BUILDER & DEVELOPER

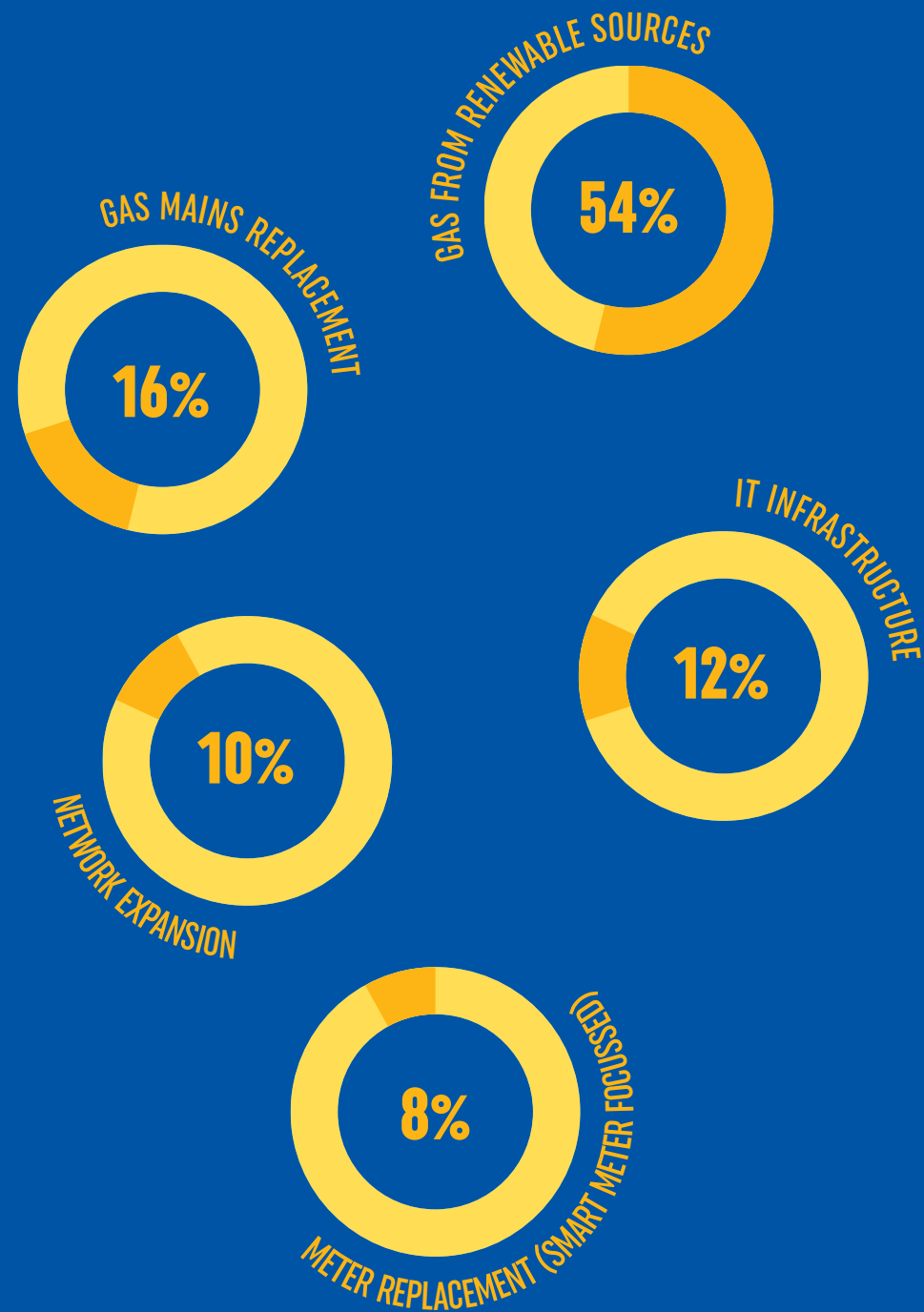
"It's probably similar to other gas distribution businesses around Australia as there's a push from governments to electrify their communities, move away from gas... that's a pressure on ATCO... is their network going to be viable in the future?"

– RETAILER

WHICH INVESTMENTS DO OUR CUSTOMERS PRIORITISE?

Residential gas customers were shown the five key proposed investment programs of our AA6 Plan and asked to rank them in order of highest (1) to lowest (5) priority to them personally.

Over half of those surveyed rated renewable gas initiatives as their top priority compared to other areas.



YOUR FEEDBACK AND SUPPORT FOR EACH INVESTMENT AREA

GAS FROM RENEWABLE SOURCES HAS STRONG SUPPORT

Most residential gas customers are highly supportive of ATCO investing in sustainability initiatives, seeing it as both important and relevant. They are also **willing to pay more** on their quarterly bill to receive 10% renewable gas.

The key reasons stakeholders chose 'gas from renewable sources' as their main priority were:



"I love the idea of sustainable projects and going to renewable energy."

– REGIONAL CUSTOMER

GAS MAINS REPLACEMENT IS HIGHLY VALUED

The majority of residents support investment in our mains replacement program. They see investment to replace ageing infrastructure – specifically mains replacement – as necessary, sensible and very important to ensure the uninterrupted and safe supply of gas. Residential gas customers would be willing to pay on average 3% more on their quarterly bill to increase the rate of gas mains replacement from 60km/yr to 100km/yr in order to reduce the risk of leaks.

Retailers, commercial & industrial customers, and peak bodies also see the investment in mains replacement as a core part of ATCO's responsibility — and an important investment for safety and reliability for customers.

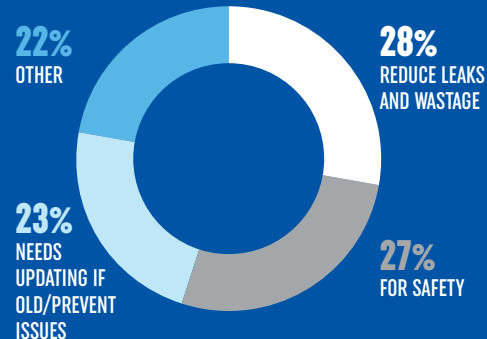
"I think it's better to do the maintenance now rather than later when it's a major issue"

– REGIONAL CUSTOMER

"This is a core part of their responsibility. If there is a reason, safety is the reason to do this. That could be justified"

– RETAILER

The key reasons for choosing 'gas mains replacement' as their main priority were:



IT INFRASTRUCTURE IS CONSIDERED IMPORTANT

Our stakeholders recognised the importance of maintaining our IT systems and online services. The top three reasons for ranking this investment as a priority were:

- 1 CYBER SECURITY – PREVENTING ATTACKS AND PROTECTING PERSONAL INFORMATION (25%)
- 2 PREPAREDNESS FOR THE FUTURE AND NETWORK EXPANSION (18%)
- 3 IT WAS SEEN AS 'IMPORTANT' (17%)

NETWORK EXPANSION HAS MODERATE SUPPORT

The key reasons stakeholders support 'network expansion' as their main priority were:

ACCESS TO NATURAL GAS / EVEN REMOTE AREAS (36%)

MORE AFFORDABLE (16%)

Residents are generally supportive of investing in network expansion, but views differ regarding relevance, and how costs are distributed among customers. Most residents feel that natural gas should be equally available in all suburbs, existing and new, with customers having the choice to be connected to gas. ATCO's current service offering of gas being available to '90% of new dwellings and suburbs' is considered an acceptable limit for all customers, and there is an expectation that ATCO maintains this.

Retailers consider network expansion as a normal expenditure if supported by policy and customer demand.

"I think it's relevant because there is obviously quite a bit of population growth; it's always expanding. So, it would be relevant that they would have to expand."

- REGIONAL CUSTOMER

Peak bodies see the evolving energy market as presenting challenges for ATCO, developers, and the housing industry. ATCO is seen to have a crucial role in helping to address these challenges faced by industry stakeholders, and as well for customers in ensuring gas remains affordable.

"..there's a lot of people that use gas appliances in the new subdivisions and so forth. And being able to connect to gas, there's some benefits, quite a few benefits there in regards to sharing the load."

- COMMERCIAL & INDUSTRIAL CUSTOMER

"[It is] consistent with ATCO's primary role, demand and the policy. While policy supports expansion it is highly appropriate."

- RETAILER



METER REPLACEMENT IS EXPECTED

Most residents believe it's important for ATCO to replace meters as they reach the end of their life to maintain safety and accuracy. They believe meters should be moving toward digital for greater accuracy and to allow customers to view their usage in real time.

Retailers and other stakeholders support the meter replacement program as a business-as-usual activity, in line with regulatory requirement, and to ensure the reliability and accuracy of bills.

"...if the program would include a meter that may be more digitalised [it] would make it easier for a consumer to work out their spending."

– REGIONAL CUSTOMER

HOW THESE INSIGHTS SUPPORT OUR VISION FOR 2025-29

ATCO continues to deliver a safe, reliable and affordable natural gas service to support the growth of Western Australia for the long-term interest of customers, enabling the shared journey towards net-zero by 2050.

The insights uncovered through this research have helped us to better understand the energy needs, wants and expectations of our customers and stakeholders. We have harnessed these insights to design an investment plan that is with the long-term interest of the Western Australian community.

Whilst this program has been designed to support the submission of ATCO's 2025-2029 Plan, we will continue to foster genuine and meaningful engagement with our customers and stakeholders well beyond this period, with key touchpoints throughout AA6 and beyond.

KEY MESSAGES THAT SUPPORT OUR VISION FOR 2025-2029:

1

OUR PLAN HAS BEEN DESIGNED WITH THE WESTERN AUSTRALIAN COMMUNITY IN MIND

This is an important plan for the future of our gas network, and importantly, for gas consumers, which is we have sought and value the input of customers.

2

MAJOR INVESTMENT INITIATIVES WILL DELIVER BENEFIT TO WESTERN AUSTRALIANS WELL BEYOND 2025-29

Our plan balances the priorities of delivering a safe and reliable gas network, transitioning to a sustainable energy future, and operating efficiently to keep costs as low as possible for households and businesses for generations to come.

3

GAS REMAINS A VALUED AND PREFERRED SOURCE OF ENERGY

Our customers and stakeholders value access to a choice of energy options, and gas remains a preferred source of energy for many everyday uses.

4

THE DISTRIBUTION INFRASTRUCTURE HAS AN IMPORTANT ROLE IN THE WA ENERGY FUTURE

Our distribution infrastructure is uniquely positioned to enable decarbonisation, and our plan highlights the essential and continuing role it plays in supporting the energy transition.

WHEN IS THE PLAN SUBMITTED?

The Access Arrangement for the period 2025-2029 was submitted to the Economic Regulatory Authority (ERA) on 1st September 2023.

The ERA will independently assess the plan and undertake further community consultation to ensure it's in the best interest of the WA community.

Find more information, and how you can get involved in the consultation, at:

atco.com/2025-29-plan

www.erawa.com.au/current-consultations

For more information regarding this document, contact us on 13 13 56 or email haveyoursay@atco.com

Data source: *'Insights Report: AA6 Voice of the Customer'* (April 2023), prepared by Kantar Public on behalf of ATCO Gas Australia for the 2025-2029 Access Arrangement (AA6)