ATTACHMENT 4.2
RE-ENGAGE
STAKEHOLDER INSIGHTS REPORT 2018

ATCO 2020-24 PLAN

EIM # 95601522

PUBLIC

31 August 2018

VOICE OF CUSTOMER

Insights that matter to ATCO Gas Australia and its team

FINAL | 08 March 2018

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 and in February 2018, 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

CONTENTS

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 2020-2024 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 investment plans to resonate with customers and stakeholders and is in the long-term interests of consumers.

✓ **ENGAGE**
Oct 2017
Conduct engagement activities and capture insights

✓ **CONSIDER**
Nov 2017 – Jan 2018
Integrate customer insights into business planning

✓ **RE-ENGAGE**
Feb – Mar 2018
Validate plans and insights with sample customers

✓ **DRAFT**
Apr – Aug 2018
Publish a draft of and further refine our 2020-2024 Plan

✓ **SUBMIT**
Sep 2018
Submit our final business plans to the regulator

The insights and findings discussed within this report have been collected from ATCO's engagement with customers and stakeholders during the Engage and Re-engage phases of the program. ATCO initially engaged with customers and stakeholders in October 2017 and recently re-engage during February and March 2018, providing an update on insights gathered, and the progress of our 2020-2024 Plan.

Engagement approach

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 and stakeholders that participated in the Engage phase were invited back for the Re-Engage phase providing continuity in the views obtained throughout the duration of the program. The subset that accepted the invitation led to 42 customers and stakeholders being re-engaged through 5 workshops and 6 interviews.

Customers			Stakeholders		
Residential 6 workshops 65 participants	**Small/Medium Enterprise** 4 workshops 36 participants	**Commercial/Industrial** 8 interviews	**Builders and Developers** 2 workshops 7 participants	**Peak/Industry Bodies** 4 interviews	**Retailers** 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
- BGC
- Austral Bricks
- Mirvac
- Brookfield Multiplex
- Tronox
- Cockburn Cement
- Crown
- AGR

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

Participants
- HIA
- UDIA
- MPGA
- MBA

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

Customer representation included residential and small/medium enterprise customers who were engaged through 10 workshops, and ATCO'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 licensed WA retailers.

Engagement themes

Dialogue with customers/stakeholders was focussed across five themes that aligned with ATCO's 2020-2024 Plan in the Engage Phase. In Feb 2018 this was followed by a re-engage phase that focussed on a subset of the five themes explored during the Engage phase.

Content and questions were designed to align with ATCO's proposed 2020-2024 Plan 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

Topics for discussion:
- Attractive qualities of natural gas
- About ATCO Gas Australia
- Components of a gas bill
- Playback, as part of the re-engage phase - key insights from Engage phase through video and presentation
- ATCO's new corporate strategy

Affordability

Topics for discussion:
- Predicted price rise from AA4 to AA5
- AA5 price path
- Capital Contributions Policy
- Playback as part of the re-engage phase - Customers support from Engage phase for the predicted price rise from AA4 to AA5 and the AA5 price path
- Confirmation of predicted price rise from AA4 to AA5 after updated modelling

Safety, Reliability & Growth

Topics for discussion:
- Reliability of gas supply and outages
- Proposed CAPEX programs for AA5
- Priority preference for proposed CAPEX programs
- Refinements made to major CAPEX programs, based on revisions made the plans following the Engage Phase
- Preference for mains replacement program

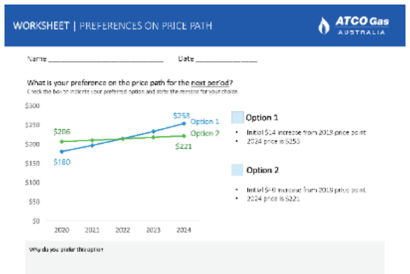
Customer Experience

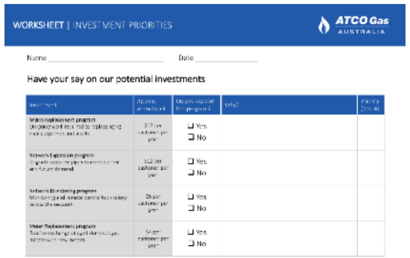
Topics for discussion:
- What does good customer service look like?
- Channel preferences for engaging with ATCO Gas Australia

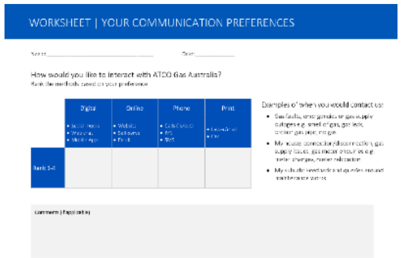
Cleaner Energy Future

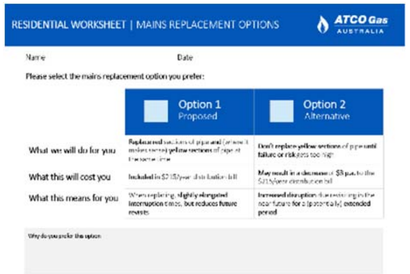
Topics for discussion:
- Incentives
- ATCO's initiatives towards a low-carbon future
- Playback / update on ATCO's energy hub initiative
- Playback / update on ATCO's H21 feasibility study

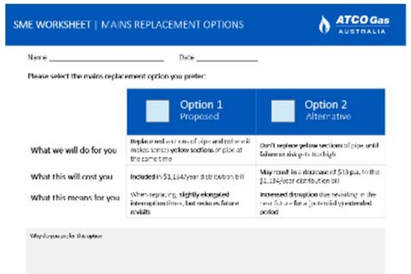
Through a series of worksheets completed during the workshops, customers provided individual responses to questions pertaining to their choice and preference to price path options, their support and priorities for ATCO's key investments and channel preference when communicating with ATCO in the future. The following provides an overview of the worksheets that were used to capture individual responses:











High level insights

Seven high level insights were uncovered during the Engage phase that impact ATCO’s 2020-2024 Plan.

UNIFIED INSIGHTS
FIRST DRAFT

1. **Once customers understood ATCO’s values and that ATCO 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 51 Safety, reliability and growth

2. **Overwhelming majority of participants (76% overall, 86% for residential) supported the cost increases, chose a stable price path and were not concerned by minor changes to their overall price,** viewing the step change in 2020 as immaterial. Minor changes to their total distribution charge (i.e. within +/- $5-10 for residential customers) were not seen as material by customers, with many asking why they their input was required for such a small amount.

   Refer to page 45 Affordability

3. **Customers want to know more about ATCO and understand what makes up their bill -** once informed, they trusted the business and were very supportive of the initiatives that ATCO was running. This also supported (an expanded) marketing expenditure to ensure customers are aware of ATCO’s role, services, brand and values; and want to know how distribution costs will be reflected by retailers over time.

   Refer to page 43 About us

4. **Customers trusted ATCO to make the right decisions to maintain safety and reliability.** Whilst interested to hear the refinements made to the major programs, they accepted the decisions made and supported ATCO to continue with initiatives like Blue Flame Kitchen even if it meant that ATCO couldn’t charge customers for the planned expansion to that initiative.

   Refer to page 43 About us

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

   Refer to page 54 Customer experience

6. **Customers supported a mains replacement program that minimises disruption in the long-term** despite the potential cost reduction to their bill as a result.

   Refer to page 43 About us

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

   Refer to page 57 Clean energy future

Key messages for ATCO's AA5 submission

Four key messages support ATCO'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, take ownership in the industry to support and promote knowledge, education and awareness on and about gas, new energy related initiatives – delivered through channels preferred by customers.

4. **Our price increases are modest and acceptable compared to other costs** – per customer costs are acceptable to customers and minor changes are not material and deemed reasonable in their minds.

ENGAGEMENT APPROACH

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 2020-2024 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 2020-2024 Plan to resonate with customers and stakeholders and is in the long-term interests of consumers.

ENGAGE
Oct 2017
Conduct engagement activities and capture insights

CONSIDER
Nov 2017 – Jan 2018
Integrate customer insights into business planning

RE-ENGAGE
Feb – Mar 2018
Validate plans and insights with sample customers

DRAFT
Apr – Aug 2018
Refine and publish our draft plans

SUBMIT
Sep 2018
Submit our final business plans to the regulator

The insights and findings discussed within this report have been collected from ATCO's engagement with customers and stakeholders during the Engage and Re-engage phases of the program. ATCO initially engaged with customers and stakeholders in October 2017 and recently re-engage during February and March 2018, providing an update on insights gathered, and the progress of our 2020-2024 Plan.

ENGAGE PHASE

Engagement approach

ENGAGE PHASE

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 4 workshops 42 participants	**Small/Medium Enterprise** 3 workshops 27 participants	**Commercial/Industrial** 8 interviews	**Builders and Developers** 2 workshops 7 participants	**Peak/Industry Bodies** 4 interviews	**Retailers** 6 interviews

Segments engaged (Residential)
- Northern Suburbs
- Southern Suburbs
- Eastern Suburbs/Hills
- Mandurah/Rockingham

Segments engaged (Small/Medium Enterprise)
- Northern Suburbs
- Southern Suburbs
- Eastern Suburbs/Hills

C&I clients
- BGC
- Austral Bricks
- Mirvac
- Brookfield Multiplex
- Tronox
- Cockburn Cement
- Crown
- AGR

Participants (Builders and Developers)
- Pindan
- JWH
- Redink Homes
- Danmar Homes
- 101 Residential
- Landcorp
- Satterley

Participants (Peak/Industry Bodies)
- HIA
- UDIA
- MPGA
- MBA

Participants (Retailers)
- AGL
- Alinta Energy
- KleenHeat
- Origin
- Synergy
- Perth Energy

Customer representation included residential and small/medium enterprise customers who were engaged through 7 workshops, and ATCO'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.

Engage Phase - Engagement themes

Dialogue with customers/stakeholders was focussed across five themes that aligned with ATCO's 2020-2024 Plan.

Content and questions were designed to align with ATCO's proposed 2020-2024 Plan 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

Topics for discussion:
- Attractive qualities of natural gas
- About ATCO Gas Australia
- Components of a gas bill

Affordability

Topics for discussion:
- Predicted price rise from AA4 to AA5
- AA5 price path
- Capital Contributions Policy

Safety, Reliability & Growth

Topics for discussion:
- Reliability of gas supply and outages
- Proposed CAPEX programs for AA5
- Priority preference for proposed CAPEX programs

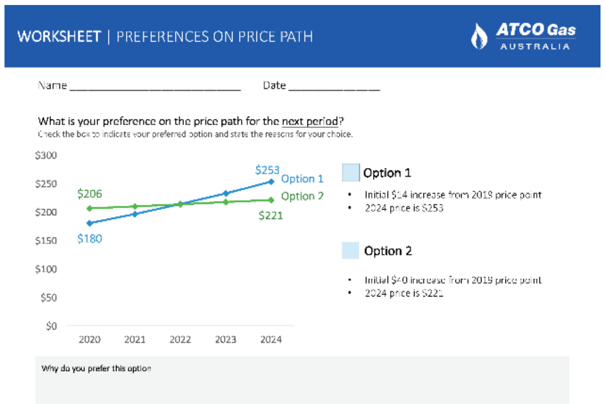
Customer Experience

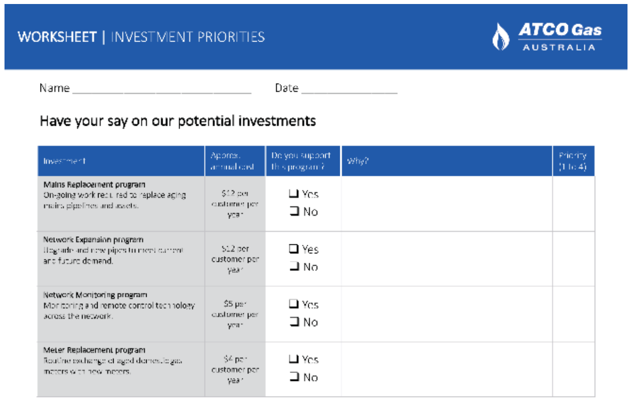
Topics for discussion:
- What does good customer service look like?
- Channel preferences for engaging with ATCO Gas Australia

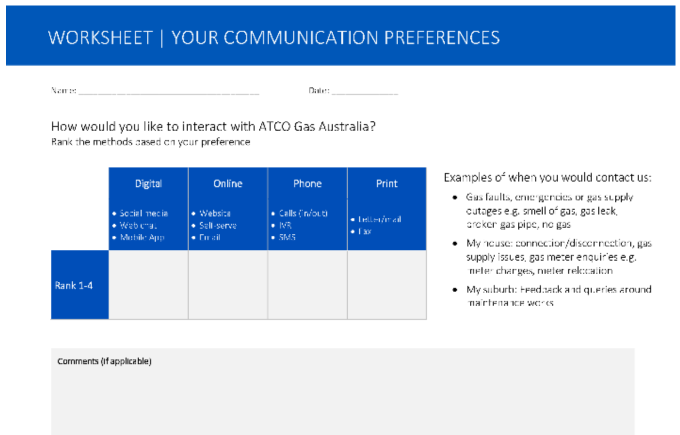
Cleaner Energy Future

Topics for discussion:
- Incentives
- ATCO'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 ATCO's key investments and channel preference when communicating with ATCO in the future.



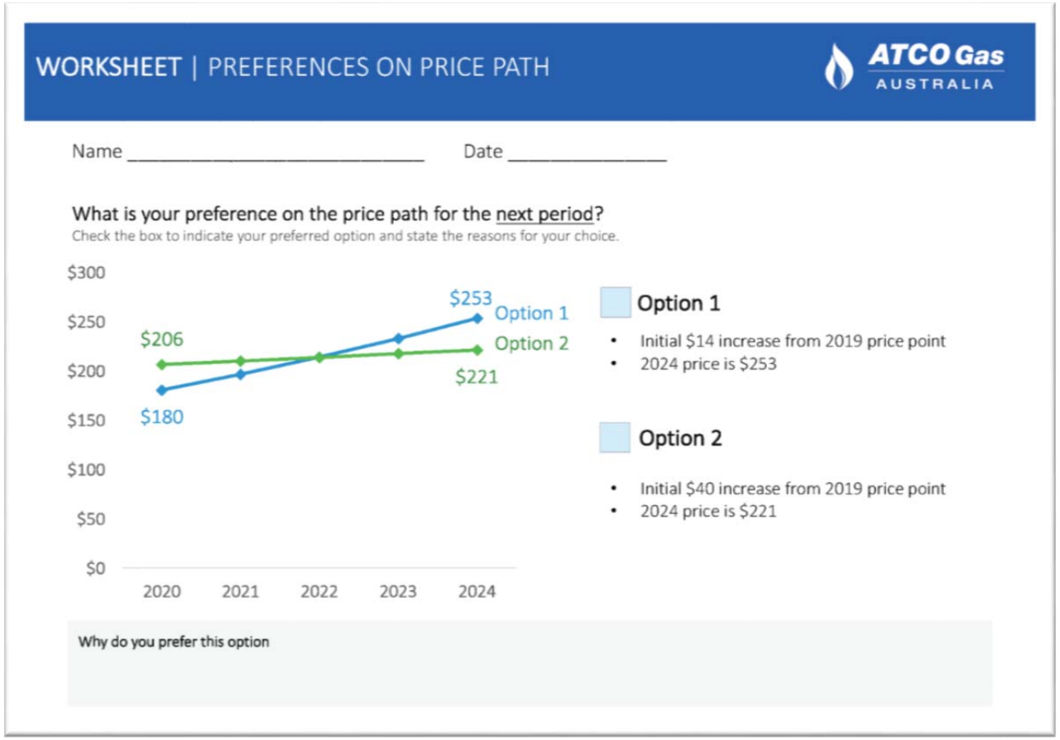




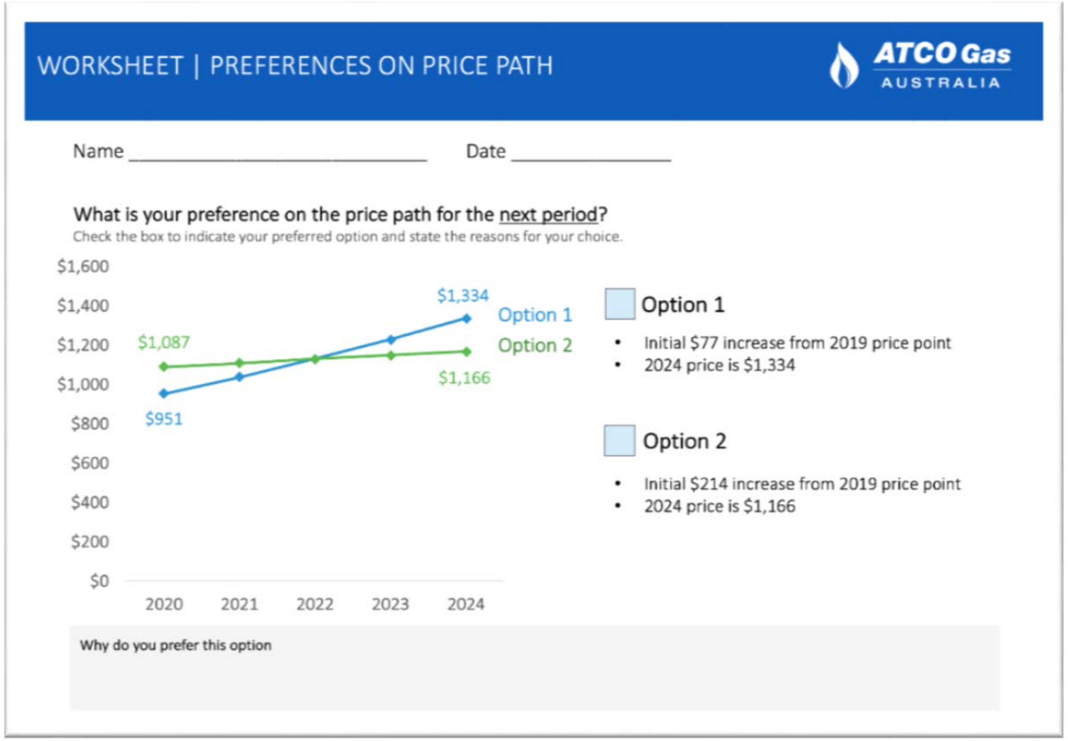
Supporting context: Price path options suggested to customers

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

Residential worksheet

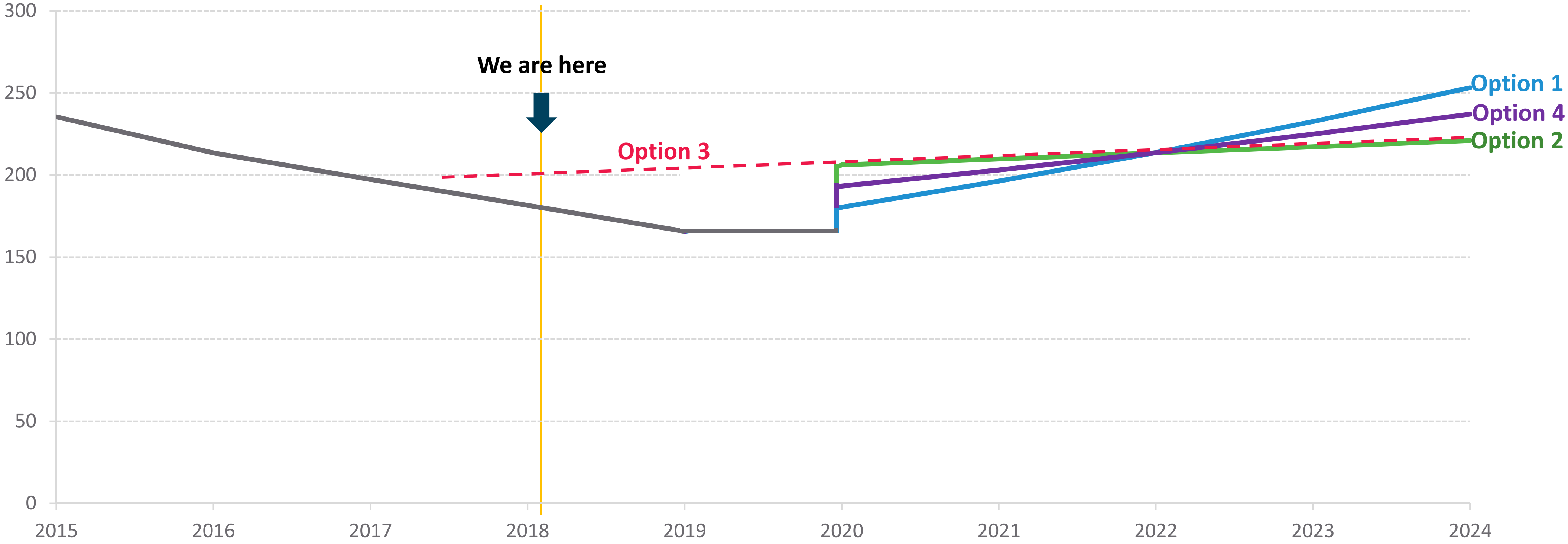


SME worksheet



Supporting context: All price path options

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



ATCO 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 2024.

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.

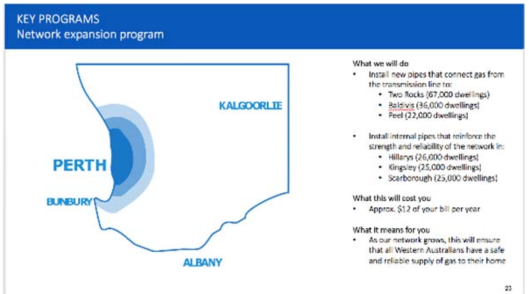
Supporting context: CAPEX programs

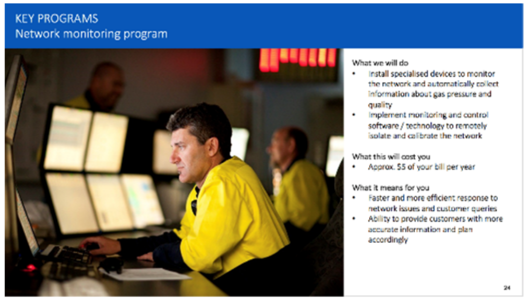
Residential and SME participants were presented with four programs and the estimated annual cost for each program.

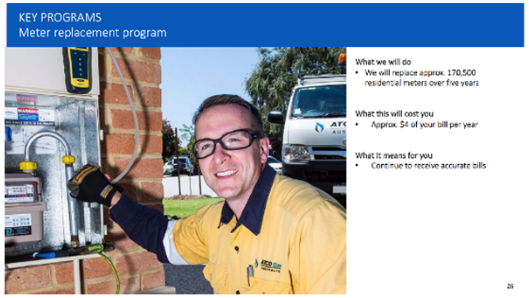
Information about ATCO's CAPEX programs supported discussions within the Safety, Reliability and Growth segment of the workshop and was leveraged to support participant support and priorities through worksheet activities.

CAPEX investment program	Residential Approx. annual cost	Small/Medium Enterprise Approx. annual cost
Mains Replacement program 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 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 Monitoring and remote control technology across the network.	$5 per customer per year	$21 or 2% of annual distribution costs
Meter Replacement program 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







RE-ENGAGE PHASE

Engagement approach

RE-ENGAGE PHASE

42 customers and stakeholders were engaged through 5 workshops and 6 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 and stakeholders that participated in the Engage phase were invited back for the Re-Engage phase – with a subset accepting the invitation – providing continuity in the views obtained throughout the duration of the program.

Customers			Stakeholders	
Residential	**Small/Medium Enterprise**	**Commercial/Industrial**	**Builders and Developers**	**Peak/Industry Bodies**
2 workshops 23 participants	1 workshop 9 participants	2 interviews	2 workshops 3 participants	4 interviews

Segments engaged (Residential)

Participants were a mix of:

- Northern Suburbs
- Southern Suburbs
- Eastern Suburbs/Hills
- Mandurah/Rockingham

Segments engaged (Small/Medium Enterprise)

Participants were a mix of:

- Northern Suburbs
- Southern Suburbs
- Eastern Suburbs/Hills

C&I clients

- Brickworks
- BGC

Participants (Builders and Developers)

- Redink Homes
- 101 Residential
- Landcorp

Participants (Peak/Industry Bodies)

- HIA
- UDIA
- MPGA
- MBA

Customer representation included residential and small/medium enterprise customers who were engaged through 3 workshops, and ATCO's top commercial/industrial customers who were engaged through 2 interviews. Stakeholder representation consisted of builders and developers and key peak/industry bodies. WA retailers were not re-engaged through this process. It is intended that this will occur upon the release of the AAI document to encourage detailed discussion.

Re-Engage Phase - Engagement themes

Dialogue with customers/stakeholders during the Re-Engage phase was focussed across a subset of the five themes explored during the Engage phase.

Content was developed to share with customers the key insights coming out of the Engage phase and how these insights had informed ATCO's plans as well as other updates, refinements and deferrals made to the key investment programs. Content and discussion was tailored to each customer and stakeholder group to maintain high levels of relevancy and engagement.

About ATCO

Topics for discussion:

- Key insights from Engage phase through video and presentation
- ATCO's new corporate strategy

Affordability

Topics for discussion:

- Customers support from Engage phase for the predicted price rise from AA4 to AA5 and the AA5 price path
- Confirmation of predicted price rise from AA4 to AA5 after updated modelling

Safety, Reliability & Growth

Topics for discussion:

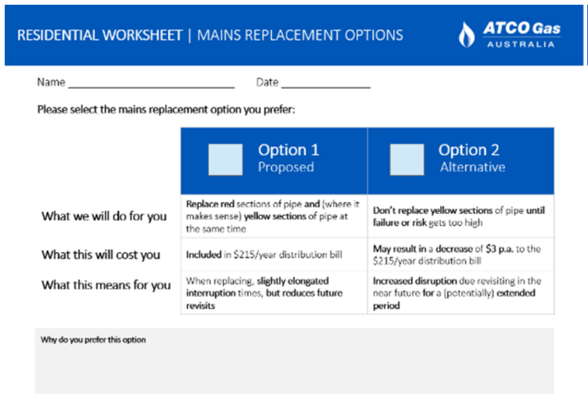
- Refinements made to major CAPEX programs
- Preference for mains replacement program

Cleaner Energy Future

Topics for discussion:

- Update on ATCO's energy hub initiative
- Update on ATCO's H21 feasibility study

The majority of the content of the Re-Engage phase was primarily to inform the customers about the considerations that ATCO had made to their plans based on the insights provided during the Engage phase. A worksheet was used to capture customers' individual responses to questions pertaining to their choice and preference to on the options under consideration for the mains replacement program.



RESIDENTIAL WORKSHEET | MAINS REPLACEMENT OPTIONS

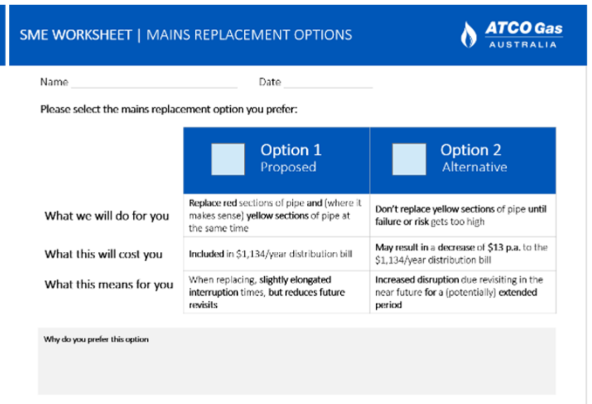
ATCO Gas AUSTRALIA

Name ____________ Date ____________

Please select the mains replacement option you prefer:

	Option 1 Proposed	Option 2 Alternative
What we will do for you	**Replace red** sections of pipe **and** (where it makes sense) **yellow sections** of pipe at the same time	**Don't replace yellow sections** of pipe **until failure or risk** gets too high
What this will cost you	**Included** in $215/year distribution bill	**May result in** a **decrease** of **$3 p.a.** to the $215/year distribution bill
What this means for you	When replacing, **slightly elongated interruption** times, **but reduces future revisits**	**Increased disruption** due revisiting in the near future **for a** (potentially) **extended period**

Why do you prefer this option



SME WORKSHEET | MAINS REPLACEMENT OPTIONS

ATCO Gas AUSTRALIA

Name ____________ Date ____________

Please select the mains replacement option you prefer:

	Option 1 Proposed	Option 2 Alternative
What we will do for you	**Replace red** sections of pipe **and** (where it makes sense) **yellow sections** of pipe at the same time	**Don't replace yellow sections** of pipe **until failure or risk** gets too high
What this will cost you	**Included** in $1,134/year distribution bill	**May result in** a **decrease** of **$13 p.a.** to the $1,134/year distribution bill
What this means for you	When replacing, **slightly elongated interruption** times, **but reduces future revisits**	**Increased disruption** due revisiting in the near future **for a** (potentially) **extended period**

Why do you prefer this option

Supporting context: ATCO Strategy for AA5

Customers and stakeholders were presented with ATCO's updated strategy.

OUR ENERGY ENVIRONMENT IS CHANGING

DISRUPTION IN THE ELECTRICITY MARKET IS ALREADY UNDERWAY

- Distributed Generation
- Energy security issues
- Cheaper Energy Storage

HYDROGEN IS PRESENTING AN OPPORTUNITY FOR GAS UTILITIES

- Transportation
- Hydrogen Production
- Hydrogen Distribution

HYDROGEN INNOVATION IS OCCURRING ACROSS THE GLOBE

NORTH AMERICA
Hydrogen Vehicles and Rail Locomotives.

SOUTH KOREA
Plans for 32,000 Hydrogen powered buses.

JAPAN
Kawasaki's 'Hydrogen Road' project – move to a '*hydrogen society*'

EUROPE
H21 Project: conversion of network to Hydrogen. Hydrogen vehicles ↑.

AUSTRALIA
SA and Eastern States plans for hydrogen conversion.

ATCO — HOW IS ATCO GAS PLANNING TO ADDRESS THE FUTURE ENERGY CHALLENGES AND OPPORTUNITIES?

VOICE OF CUSTOMER
Regular listening and engaging with our customers and stakeholders

H21 PROJECT
Investigating hydrogen opportunities, including network conversion and hydrogen production.

ENERGY VISION 2030
Imagining and planning for future energy scenarios.

AA5 PROGRAM
Ensuring a credible, robust and competitive AA5 submission to the ERA.

ATCO GAS STRATEGIC PLANNING AND BUSINESS DEVELOPMENT COVERS THREE BROAD HORIZONS

NEAR-TERM (1-2 YEARS)

- ★ Remove barriers to connecting to natural gas (new metering & regulation types, promote capital contribution model)
- ★ Educate decision makers and influencers on the value proposition of gas
- ★ Educate decision makers and influencers on gas appliances

MED-TERM (3-5 YEARS)

- ★ Distributed Energy (e.g. solar-gas hybrid)
- ★ Metering (Integration of Western Power or Water Corp metering)
- ★ Biogas / renewable gas
- ★ Albany (Tariff design to defend volumes, consider vertical integration, LNG/CNG)

LONG-TERM (+5 YEARS)

- ★ Hydrogen (test technology, influence regulation, large scale trial, eg Albany, Kalgoorlie, Collie)
- ★ Natural gas and renewable gas expansion to new locations
- ★ Bottled natural gas supply chain opportunities
- ★ Distributed energy supporting EV networks

CAPABILITIES REQUIRED TO DELIVER STRATEGY

- UNDERSTAND THE CUSTOMER
- BE AN EXPERT IN THE ECONOMICS AND CARBON SAVINGS OF GAS
- EDUCATE, INFLUENCE, PROMOTE

Supporting context: Refinements to key CAPEX programs

Customers and stakeholders were presented with updates to the four key programs and the estimated annual cost for each program.

Information about ATCO's CAPEX programs informed discussions within the Safety, Reliability and Growth segment of the workshop and facilitated participant support and priorities through documented worksheet activities.

More efficient investment program

- **Key program** impacts detailed in slides to follow
- We have identified a potential cost savings of approx. $30m over 5 years
- No impact on reliability or safety if removed or delayed
- **Non key program** removed:
  - Blue Flame Kitchen

17

KEY PROGRAMS
Mains replacement program

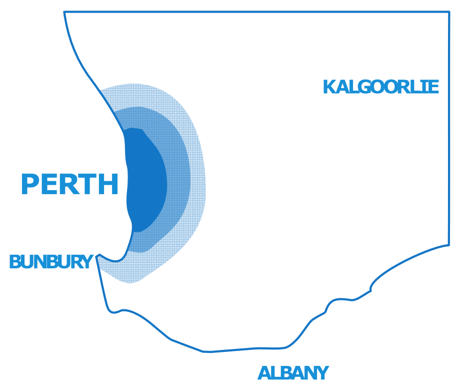
What we said we will do
- We will replace approx. 300 km of mains infrastructure
- Priority for replacement will be based on risk

What has changed?

CBD Metal Replacement – Deferred to AA6
- We believe PVC replacement is of higher priority based on the PVC risk profile, age and leak history.
- We will continue with routine inspection on this part of the network to ensure reliability and safety of gas supply

18

KEY PROGRAMS
Network expansion program



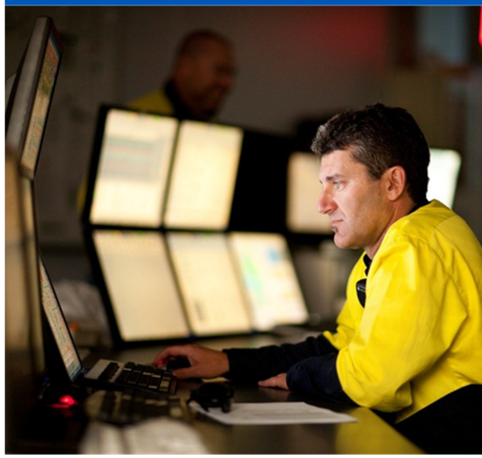
What we said we will do
- Install new pipes that connect gas from the transmission line to:
  - Two Rocks (67,000 dwellings)
  - Baldivis (36,000 dwellings)
  - Peel (22,000 dwellings)

What has changed?

Removing Baldivis and Peel – Deferred to AA6
- Growth in the region has not met expected forecast.
- We will continue to monitor the developments to ensure security of supply to existing gas customers and optimal timing to support any new growth.

19

KEY PROGRAMS
Network monitoring program



What we said we will do
- Install specialised devices to monitor the network and automatically collect information about gas pressure and quality
- Implement monitoring and control software / technology to remotely isolate and calibrate the network.

What has changed?

Network monitoring – reduced scope in AA5
- We will establish the foundations for success in AA5 using a phased delivery approach
- We will continue to implement the program in AA6 (post 2024).

20

Supporting context: Mains replacement options suggested to customers

Residential and SME participants were presented with two mains replacement options (Option 1 and Option 2) for their consideration and preference.

Residential worksheet

RESIDENTIAL WORKSHEET | MAINS REPLACEMENT OPTIONS ATCO Gas AUSTRALIA

Name ______________________ Date ____________

Please select the mains replacement option you prefer:

	☐ Option 1 Proposed	☐ Option 2 Alternative
What we will do for you	**Replace red** sections of pipe **and** (where it makes sense) **yellow sections** of pipe at the same time	**Don't replace yellow sections** of pipe **until failure or risk** gets too high
What this will cost you	**Included** in $215/year distribution bill	**May result in** a **decrease** of **$3 p.a.** to the $215/year distribution bill
What this means for you	When replacing, **slightly elongated interruption** times, **but reduces future revisits**	**Increased disruption** due revisiting in the near future **for** a (potentially) **extended period**

Why do you prefer this option

SME worksheet

SME WORKSHEET | MAINS REPLACEMENT OPTIONS ATCO Gas AUSTRALIA

Name ______________________ Date ____________

Please select the mains replacement option you prefer:

	☐ Option 1 Proposed	☐ Option 2 Alternative
What we will do for you	**Replace red** sections of pipe **and** (where it makes sense) **yellow sections** of pipe at the same time	**Don't replace yellow sections** of pipe **until failure or risk** gets too high
What this will cost you	**Included** in $1,134/year distribution bill	**May result in** a **decrease** of **$13 p.a.** to the $1,134/year distribution bill
What this means for you	When replacing, **slightly elongated interruption** times, **but reduces future revisits**	**Increased disruption** due revisiting in the near future **for** a (potentially) **extended period**

Why do you prefer this option

Option 1

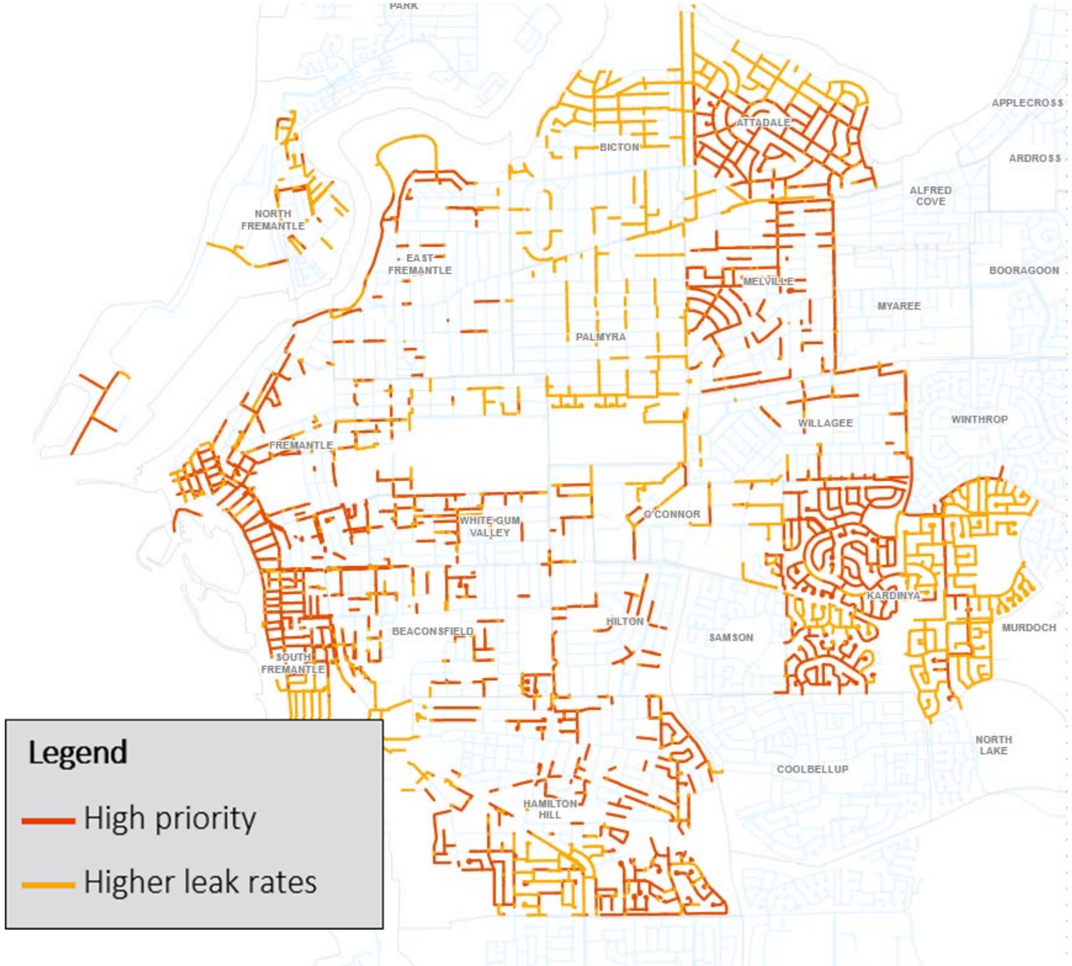
Replace red (high priority) and yellow (higher leak rate) pipeline sections at the same time, with the cost included in proposed annual distribution bill.

Option 2

Replace red pipeline sections, and only yellow sections until failure or risk gets too high, at a reduction in the annual distribution bill of $3 for residential customers and $12 for SME customers.

Supporting context: Mains replacement network map

Customers and stakeholders were presented a segment of the network (below) that illustrated components that were deemed to be ‘high priority’ and to have ‘higher leak rates’. This provided supporting information and context for facilitation of the operational consideration options for mains replacement.



The segment shown in red make up 62% of the proposed replacement program.

The red sections indicate high priority network segments.

The segment shown in yellow make up 38% of the proposed replacement program.

The yellow sections typically experience higher leak rates. These pipe segments are likely interconnecting the segments selected for replacement based on risk, and will allow for replacement efficiencies.

This replacement strategy incorporates a **balance of risk, condition and program efficiencies** in order **to reduce the risk** to as low as reasonably practicable over the AA5 period.

SUMMARY FINDINGS

ENGAGE PHASE

Summary of what customers and stakeholders told us

Opinions reflect the diverse range of customers and stakeholders ATCO 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

High level insights

Seven high level insights were uncovered during the Engage phase that impact ATCO's 2020-2024 Plan.

UNIFIED INSIGHTS
FIRST DRAFT

1. **Once customers understood ATCO's values and that ATCO 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 51
Safety, reliability and growth

2. **Overwhelming majority of participants (76% overall, 86% for residential) supported the cost increases, chose a stable price path and were not concerned by minor changes to their overall price,** viewing the step change in 2020 as immaterial. Minor changes to their total distribution charge (i.e. within +/- $5-10 for residential customers) were not seen as material by customers, with many asking why they their input was required for such a small amount.

Refer to page 45
Affordability

3. **Customers want to know more about ATCO and understand what makes up their bill -** once informed, they trusted the business and were very supportive of the initiatives that ATCO was running. This also supported (an expanded) marketing expenditure to ensure customers are aware of ATCO's role, services, brand and values; and want to know how distribution costs will be reflected by retailers over time.

Refer to page 43
About us

4. **Customers trusted ATCO to make the right decisions to maintain safety and reliability.** Whilst interested to hear the refinements made to the major programs, they accepted the decisions made and supported ATCO to continue with initiatives like Blue Flame Kitchen even if it meant that ATCO couldn't charge customers for the planned expansion to that initiative.

Refer to page 43
About us

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

Refer to page 54
Customer experience

6. **Customers supported a mains replacement program that minimises disruption in the long-term** despite the potential cost reduction to their bill as a result.

Refer to page 43
About us

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

Refer to page 57
Clean energy future

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 ATCO - what it is we do and what we stand for.

- Participants resonated with ATCO'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 ATCO 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 ATCO 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 ATCO'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 ATCO.
- Residents and businesses (SMEs and C&Is) were appreciative of ATCO's efforts to engage and solicit feedback.

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

- Direct contact with ATCO 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 ATCO through their preferred channel.

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

11) ATCO 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 ATCO 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 ATCO is and what it does. • Once informed, participants believed that ATCO Gas Australia delivered a good service at a fair price. • Strong desire for more marketing and awareness initiatives from ATCO, especially around incentives, safety and brand. • 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 • Participants that preferred Option 1 (6%) stated the immediate cost. benefits as their primary motivation • 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. • 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. • There was 96% support across the four CAPEX programs. • Highest priority was placed on mains replacement program, for maintaining current levels of reliability and safety. • Network Growth and Network Monitoring ranked higher in priority than Meter Replacement.	• Accountability, ownership and local knowledge was key for positive customer experience. • Those who had interacted with ATCO generally had positive experiences. • Brand awareness, marketing and community education could improve. • 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. • Phone was the most preferred channel.	• Majority agreed that steps should be taken towards low-carbon energy solutions. • Making large investments in technology was viewed as risky. • ATCO'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. • Once informed, participants believed that ATCO delivered a good service at a fair price. • There was a strong desire for more marketing and awareness initiatives from ATCO, especially around incentives, safety and brand. • 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. • Established businesses and those who had long term budget cycles favoured option two (52%). • New business owners and those who budgeted annually, or shorter term, preferred option one (22%). • Those who preferred not to decrease over the remaining AA4 period proposed option three (22%). • 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 • There was approximately 93% support across the four CAPEX programs. • Mains replacement had the highest priority and 100% support. • Network monitoring was ranked second in priority. • 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. • Providing multiple channels for communications to enable customer choice was important. • Accountability, ownership and timely responses to queries was highly valued. • Email was the most preferred method of communication.	• Participants had preconceptions that natural gas is a clean energy source. • Participants showed great interest in the clean energy initiatives, often asking about cost and viability. • Taking a steady approach to new technology and measured investment in these initiatives was viewed as sensible and logical. • 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. • Strong desire for ATCO to provide industry news and information on a regular basis. • 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. • Most (63)% of interviewees preferred to keep annual increases consistent throughout the AA5 period, enabling reduced OPEX for as long possible. • 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 ATCO to minimise business impact during planned/unplanned outages. • Interviewees were not explicitly asked whether they support the CAPEX programs, but asked for general opinions and thoughts. • Participants had no objections to the programs.	• Account managers were expected to be provided by ATCO. • 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 2020-2024 Plan.

	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. • 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 network was uncommon. • 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. • No one had heard of the Capital Contributions Program, but supported the continuation of the program, especially as costs to developers increase. • 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. • Meter box placement was of particular concern with smaller lots and high density living. • There wasn't an overwhelming preference for either a master meter or multiple single meters from the perspective of Builders & Developers. • 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. • 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 • As a result, the process for new installations and the appropriate communication/notification is complicated. • 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 ATCO's business incentives. • All participants showed interest in the clean energy solutions. • There may be opportunities for ATCO to collaborate to trial or showcase new gas technologies, especially for micro-grid or community scale initiatives. • Cleaner energy solutions are driven based on client's demand, and as such will be supplied by the industry if requested by consumers. • 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. • 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. • It was suggested that ATCO 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. • 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. • There is a lack of understanding in energy costs and efficiency, and it was highlighted that ATCO 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. • Expansion program supports the in-fill that Perth is currently experiencing. • Both HIA and UDIA showed interest in meter box design, specifications and formats and appreciated efforts to meet customer/industry demand. • ATCO should consider providing consumption management services/tools and support for the high end/ retirees market.	• It was indicated that Interactions with ATCO are seamless and easy in comparison with other network operators and it should continue to provide great service. • 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. • Improvements could be made on timing for compliance checks to minimise impact of costly changes. • There was strong support that direct access to ATCO would be beneficial for developers when making new connections.	• Participants were unaware of incentives offered, however were supportive of incentives. • ATCO's approach on achieving a clean energy future was approved, as long as there is a balance between innovation and core product. • Participants noted that consumers and industry are becoming more focussed on clean energy, including off-grid living enabled by new technology. • It was suggested that ATCO 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

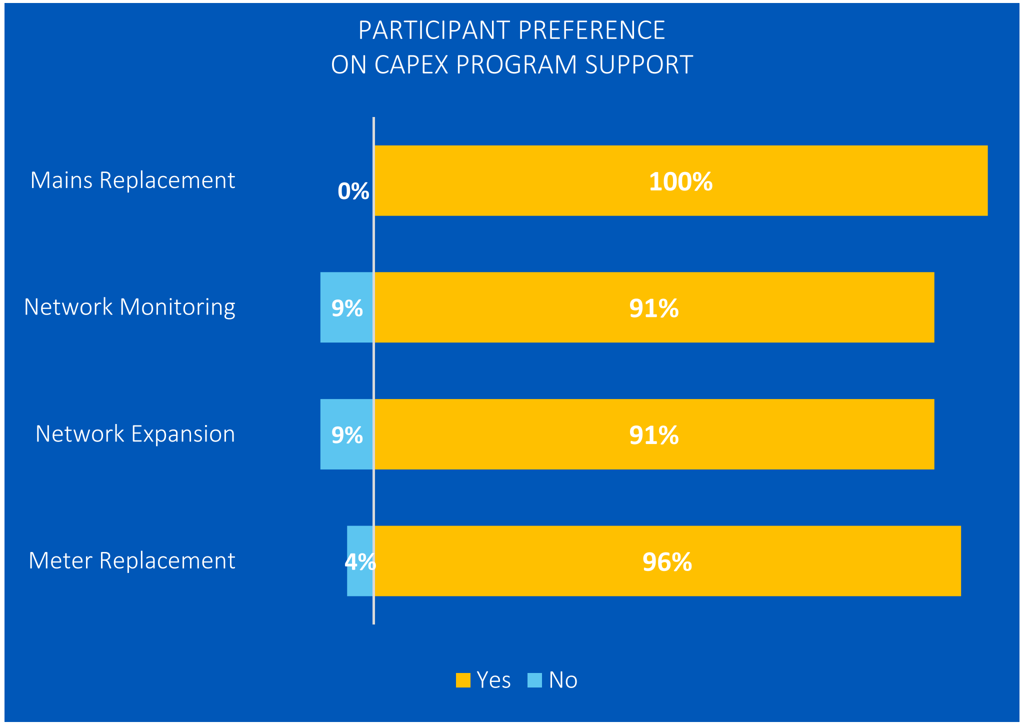
The following provides a summary from 6 licensed WA gas retailers.

	About ATCO	Affordability	Safety, Reliability & Growth	Customer Experience
Retailers	• Understood ATCOs role in the supply chain well and were positive about its positioning in the market. • Retailers did however caution that the public might not fully understand ATCO's role in the supply chain. • Interested in behind the meter services ATCO provides and can provide in future. • Opportunities for future collaboration between ATCO and retailers were discussed and identified.	• The decision made on the price path for the next AA were supported by retailers, but they represent the interest if their customers by stating that customers might not support the initial price jump. • Retailers further raised matters impacting affordability such increasing billing frequency, reducing cost burdens of unused meters, and for ATCO to debt management strategies. • General uncertainties were raised such as the future of the retail space, if gas is cheaper than electricity for heating in WA, and better understanding the Special Meter reference tariff. • Retailers expressed interest in collaborating with ATCO to innovate services to reduce cost.	• Supportive and agreed that the programs make sense. • Reliability and affordability of gas is used to promote gas in new developments • Recognised growth in industrial opportunities and the need for innovation in meter technology. • Retailers raised interest in clean energy options for network expansion areas, specifically Bunbury and Busselton. • Retailers expressed their frustration with cumbersome and expensive meter removals and explore alternative methods to improve ease and accuracy of meter readings. • Expressed excitement working on infill projects with ATCO. • The gas moratorium was raised and retailers agreed with ATCO's views on the deregulation of the gas space.	• In general were positive with interactions with ATCO, commenting that the staff are excellent and accommodating. • Improvement opportunities exist to increase efficiency and accuracy of meter read-rates. • Retailers were keen to collaborate on an ongoing basis to improve coordination efforts, supporting new developments and studying retailers' customer journey. • Retailers raised frustration with data accuracy and sharing between ATCO, specifically relating to customer details.

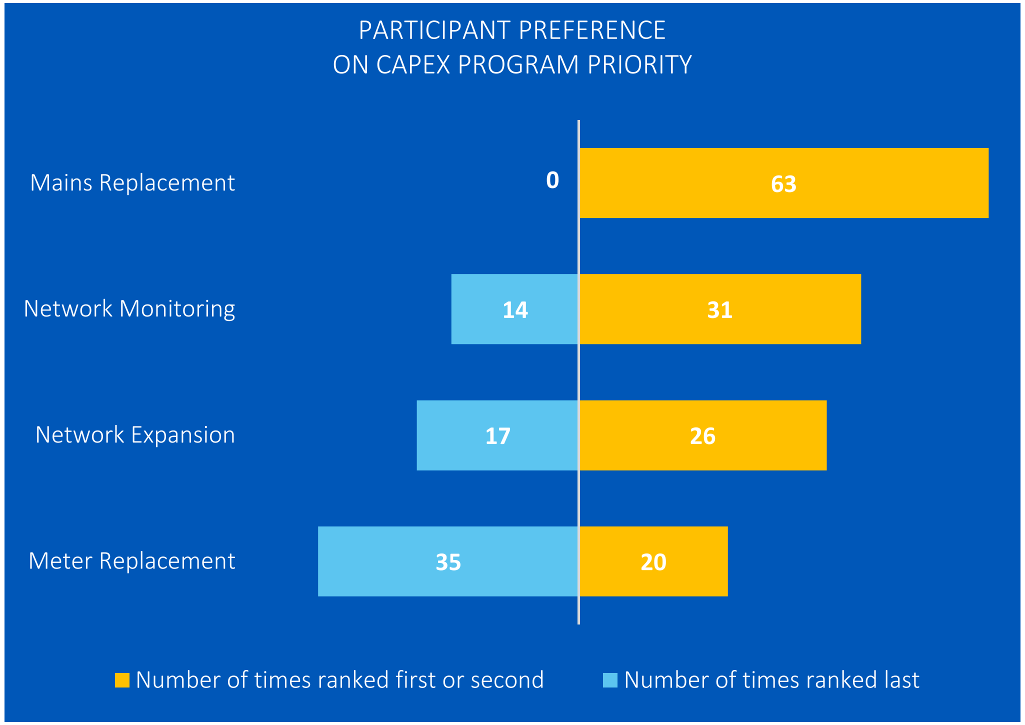
Summary of quantitative analysis

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 ATCO'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.

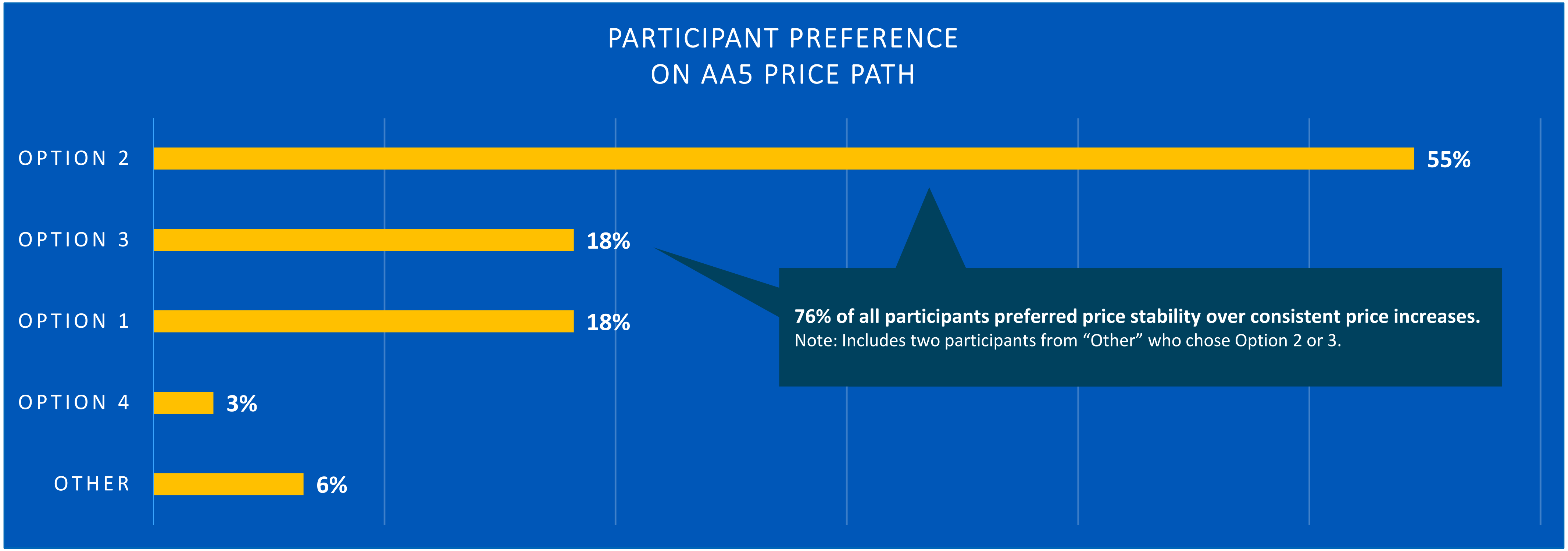


- Mains replacement was ranked first and Meter Replacement last for both customer segments.
- **55%** of participants prioritised Network Expansion and Network Monitoring equal to or higher than Meter Replacement.
- Residential participants ranked Network Monitoring second, and Network Expansion third.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



ATCO 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 2024.

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

RE-ENGAGE PHASE

Summary of what customers and stakeholders told us

Opinions reflect the diverse range of customers and stakeholders ATCO interacted with during the Re-engage Phase of the program.

General understanding of ATCO Gas Australia

I've heard of ATCO Gas Australia in and out of media. I'm just more aware of ATCO in general and seeing general gas advertising/education.

Residential Participant

Had a gas leak at home. Pretty easy to deal with. It was great. They came to lock it up while the plumber came to fix it up

SME Participant

More education/information from websites for developers: increased market share and ways for people to use more gas, issues with gas products, e.g. ventilation, getting access, etc.

Major Land Developer

Insights & AA5 Strategy

This is what you should be doing, but you also just have to be aware of the people and the changeover.

Residential Participant

"That [AA5 price increase] would be the about equivalent to CPI of 2%, wouldn't it?"

Residential Participant

You can't avoid doing it. The gas is cheap to start with, which is an advantage

SME Participant

Would be nice to learn more about where ATCO is going/expanding because we'll have to plan our services. Uncertainty about the availability and if certain services will still exist in future."

Major Land Developer

Program Refinements

I think the highest priority should always be security of supply. Things like price will come second.

Residential Participant

Sounds very reasonable, what you've done. I'm happy

SME Participant

All makes sense - prioritising the effort where it is needed.

Major Land Developer

Mains replacement options

I think in the long term this is more economical, less disruptive and more efficient.

Residential Participant

Government puts $100 on our registration because they've introduced an insurance. We just wear it. Did they even bother having this conversation?

Residential Participant

It's better to do it right the first time. Like they should have done with the freeway.

SME Participant

Option 1 – get it done "$3" is nothing.

Major Land Developer

Follow up & next steps

How do we get a hold of the draft?

Residential Participant

Clear communication with the suburb. Engaging them and providing the information to them

SME Participant

Always keen to use new technology. Will connect with BusDev team and be in touch. It will be good to share a draft, with important parts for builders and developers.

Major Land Developer

High level insights – Re-Engage phase

Four high level insights were uncovered during the Re-Engage phase that impact ATCO's 2020-2024 Plan and how they are articulated to the ERA.

PAGE NUMBERS TO BE FINALISED

1. **Once again, customers supported the proposed 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 after being presented the key insights from the Engage phase.

Refer to page 31
Safety, reliability and growth

2. **Customers are not concerned by minor changes to their overall price.** It became apparent during discussions that minor changes to their total distribution charge (i.e. within +/- $5-10 for residential customers) were not seen as material by customers, with many asking why they their input was required for such a small amount.

Refer to page 26
Affordability

3. **Customers accepted the refinements made to the major investment programs – they trusted ATCO to make the right decisions to maintain safety and reliability.** Whilst interested to hear the refinements made to the major programs, they accepted the decisions made and supported ATCO to continue with initiatives like Blue Flame Kitchen even if it meant that ATCO couldn't charge customers for the planned expansion to that initiative.

Refer to page 24
About us

4. **Customers supported a mains replacement program that minimises disruption in the long-term** despite the potential cost reduction to their bill as a result.

Refer to page 24
About us

Summary of findings

The following key findings aligned to high level themes were uncovered from workshop and interview discussions with customers and stakeholders during the re-engage phase.

About ATCO

The Engage phase and the overall customer experience from this program has led to customer participants becoming customer brand advocates:

- There was a genuine appreciation for ATCO taking initiative to speak to its customers, engaging though workshops and asking for opinions.
- There was an increased sense of awareness of ATCO, it's services, it's people and their values.
- Given their understanding of ATCO via the previous phase, customers have taken the opportunity to talk about ATCO - amongst friends, family and general community.

Customers and stakeholders expect ATCO to continue to build awareness of what it does, the benefits of natural gas and appliances:

- Developers expect more education/information ways for people to use more gas, issues with gas products, ventilation, getting access
- Residents and SME participants continued to have a strong desire for more marketing and awareness initiatives from ATCO, especially around incentives, safety and brand.

Insights & AA5 Strategy

Participants expressed genuine interest and support in ATCO's new draft strategy for AA5, particularly ATCO's plans for a move to a hydrogen powered future:

- Participants resonated with the insights that were uncovered with no objections raised
- Participants were conscientious about the benefits, safety, the changeover process and expected costs and/or savings to consumers
- Participants expect ATCO to continue to play the trusted advisor role in this space and explain how exactly the production and usage of hydrogen would work, dispel any myths about Hydrogen, an understanding of the costs and benefits of the gas.
- Participants valued interruption/ security of supply in comparison to cost and expect ATCO to consider how to minimise impact to customers during a proposed cross-over.

Participants expect ATCO to work with government and industry, drawing upon lessons and insights to support safe and proven hydrogen network in WA:

- Work with local/national authorities to guarantee safety to customers when using hydrogen
- Expect ATCO to leverage, local, national and global lessons learnt and leading practice to support the hydrogen implementation
- Participants acknowledged the role electricity currently plays in today's society and appealed to ATCO to provide more clarity and insight into how it foresees the relationship between hydrogen and electricity in the future.

Program Refinements

Overall, participants valued the proposed changes that were made to the program and held the view that the changes were reasonable in nature:

- From a non-key program perspective, Blue Flame kitchen removal was seen as reasonable, however general consensus was that ATCO should continue to invest in the Blue Flame program with several suggestions raised by participants to make it more mobile and accessible to a greater number of schools.
- Participants agreed with ATCO's recommended changes to key programs, however commented specifically on shifting planned outages to non-peak times
- ATCO to provide more information about how hydrogen would be seen in the domestic market, and if there would be a reserve % similar to natural gas
- Reduce impact to customer during outages, with Subiaco sighted as disruptive to business

Some participants expressed the need to understand the type of gas pipelines in their neighbourhood and street, and were keen to understand if this information would be made available online.

Mains replacement

There was strong support (97%) from Participants for Option 1, where ATCO should continue with its plans to replace both yellow and red gas pipelines at the same time:

- Cost savings of $3 for residential and $13 for SME were seen as negligible in comparison to the efficiency and security of supply gains offered by Option 1
- Participants valued security of supply and less disruption in comparison to the cost savings seen in Option 2.
- Participants preferred that ATCO complete the work once rather than to return multiple times to prevent more reactive and costly maintenance in the future.

One participant selected Option 2 with the intent to defer replacement work on non-priority components of the network to save on short-term costs/ budget constraints and leverage newer technology that may be available later in the period/ next period.

Next steps

Overall, participants were keen to further engage with ATCO and to provide commentary on AA5 plans:

- Participants desired an easy and simplified online experience when consuming and providing comments on AA5 plans, where specific information could be made available to them, relevant to their role (e.g., residential, SME, builders & developers).
- Some participants suggested that clear communication/ engagement is made available to customers across each suburb with a mix of in-person/ print publications made available.

Participants expect ATCO will continue to engage with them, through a regular customer engagement program and through awareness and information campaigns

Summary of customer findings

The following provides summary findings based on observations from residential, SME and C&I customer engagements.

About ATCO	Insights & AA5 Strategy	Program Refinements	Mains Replacement	Next Steps
• There was a genuine appreciation for ATCO taking initiative to speak to its customers, engaging though workshops and asking for opinions. • Furthermore, there was an appreciation for ATCO's transparency about their role and cost in the supply chain. • There was an increased sense of awareness of ATCO, it's services, it's people and their values. • Given their understanding of ATCO via the previous phase, customers have taken the opportunity to talk about ATCO - amongst friends, family and general community.	• Participants resonated with the insights that were uncovered with no objections raised • Participants were conscientious about the benefits, safety, the changeover process and expected costs and/or savings to consumers • Participants expect ATCO to continue to play the trusted advisor role in this space and explain how exactly the production and usage of hydrogen would work, dispel any myths about Hydrogen, an understanding of the costs and benefits of the gas. • Participants valued interruption/security of supply in comparison to cost and expect ATCO to consider how to minimise impact to customers during a proposed cross-over. • A number of participants were well-informed about the Electric Vehicle market and were interested in comparison Hydrogen and Electricity in terms of benefits and costs. • Work with local/national authorities to guarantee safety to customers when using hydrogen • Expect ATCO to leverage, local, national and global lessons learnt and leading practice to support the hydrogen implementation • Participants acknowledged the role electricity currently plays in today's society and appealed to ATCO to provide more clarity and insight into how it foresees the relationship between hydrogen and electricity in the future. • Participants demonstrated knowledge of biogases and believe there is benefit in using the network to pipe alternative gases as it could provide a cost effective way of lowering carbon emissions for on a large scale.	• In general, customers commented that the highest priority for them was seen to be security of supply, rather than on cost savings • From a non-key program perspective, Blue Flame kitchen removal was seen as reasonable, however general consensus was that ATCO should continue to invest in the Blue Flame program with several suggestions raised by participants to make it more mobile and accessible to a greater number of schools. • Participants agreed with ATCO's recommended changes to key programs, however commented specifically on shifting planned outages to non-peak times • ATCO to provide more information about how hydrogen would be seen in the domestic market, and if there would be a reserve % similar to natural gas • Reduce impact to customer during outages, with Subiaco sighted as disruptive to business • Some participants expressed the need to understand the type of gas pipelines in their neighbourhood and street, and were keen to understand if this information would be made available online.	• Cost savings of \$3 for residential and \$13 for SME were seen as negligible in comparison to the efficiency and security of supply gains offered by Option 1 • Participants valued security of supply and less disruption in comparison to the cost savings seen in Option 2. • Participants preferred that ATCO complete the work once rather than to return multiple times to prevent more reactive and costly maintenance in the future. • One SME participant selected Option 2 with the intent to defer replacement work on non-priority components of the network to save on short-term costs/ budget constraints and leverage newer technology that may be available later in the period/ next period.	• Participants desired an easy and simplified online experience when consuming and providing comments on AA5 plans, where specific information could be made available to them, relevant to their role (e.g., residential, SME, builders & developers). • Some participants suggested that clear communication/ engagement is made available to customers across each suburb with a mix of in-person/ print publications made available.

Summary of stakeholder findings

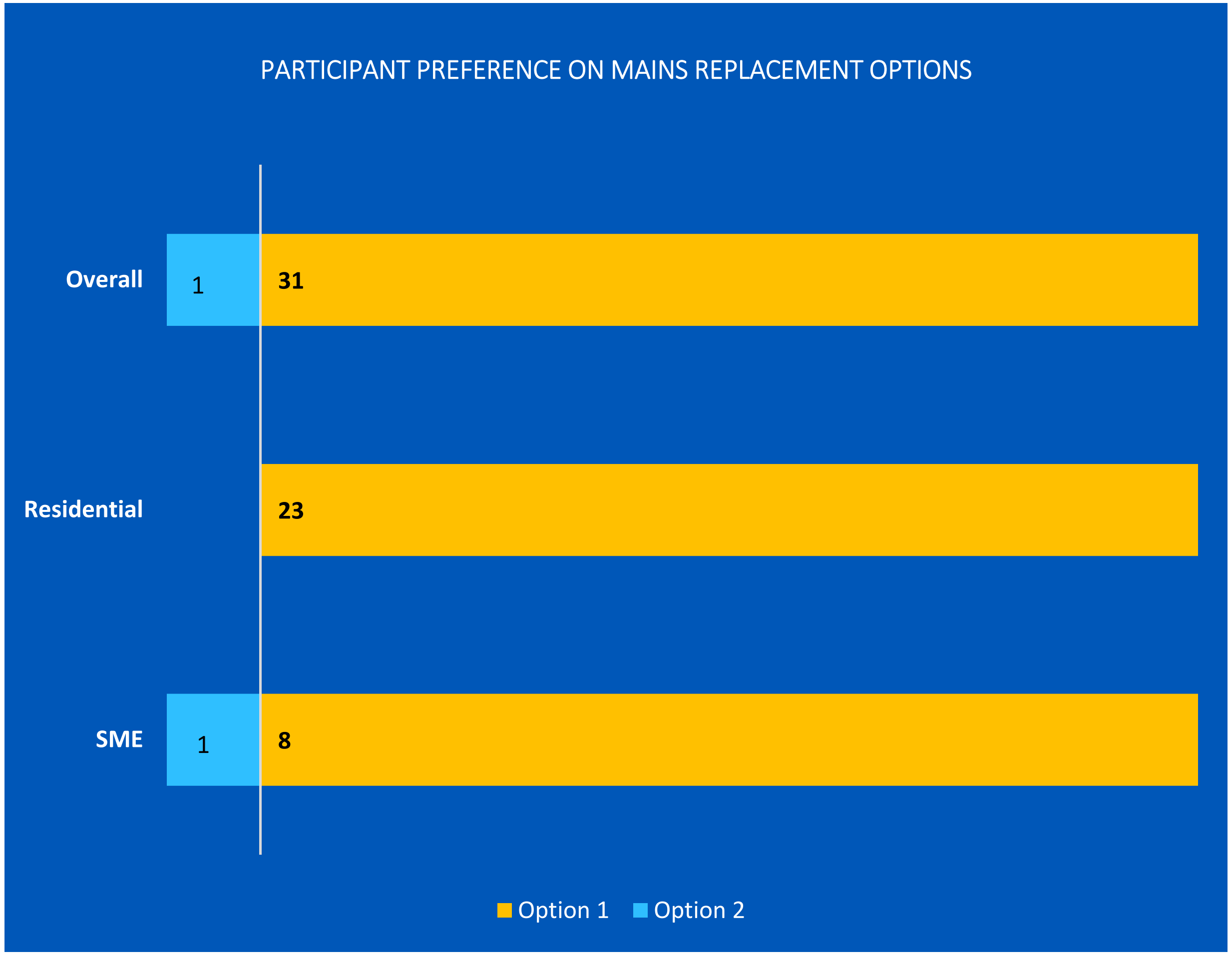
The following provides summary findings based on observations from engagement with key Builders and Developers and Peak and Industry Bodies.

About ATCO	Insights & AA5 Strategy	Program Refinements	Mains Replacement	Next Steps
• Developer was keen to understand from ATCO more on education/information from websites for developers - specifically on how to increase market share in gas and ways for people to use more gas, issues with gas products (ventilation) and getting access • Developer was surprised ATCO was a private company • Participants appreciated the re-engagement phase citing that ATCO has “worried about most about your core business” rather than the “fluff”. • Some participants noted that despite dealing with ATCO on a regular basis, there is no strong brand recognition. • That said, there is an improved understanding of the supply chain and where ATCO fits in.	• Developer was keen to learn more about where ATCO is going/expanding to support and inform its own strategic planning process • Developer expressed the desire for ATCO to provide a forecast for developers 20 years ahead and standard assumptions ATCO would use to inform the forecast • Expressed uncertainty about the availability of services in specific areas and if certain services will still exist in future • With respect to program support, the Developer understood the rankings were residential focussed, however it was keen to see network expansion prioritised. • Developer were not aware on the reasons why residents would need to contact ATCO • Commented that ATCO’s plans on a hydrogen future was “very interesting” • Participants stated that the annual average distribution cost increase is “moderate” • MPGA had an interest in the ongoing sustainability of gas and would like more information on the hydrogen project and opportunities for collaboration with solar. • There was a discussion on the Meter Replacement program and expressing interest in smaller meter options for infill builds where space is at a premium. • Reiterated support for price stability and commented that gas needs to remain cost competitive for continued demand. • Red Ink Homes commented that although long term horizon of ATCO’s strategy is interesting, builders will follow their customers rather than lead.	• The Developer valued discussions around future developments, with most discussion on proposed changes centred on Network Monitoring and specifically how new development capacity would be maintained. • Participants agreed with the refinements to the mains replacement program noting that the old pipes make infill more difficult. • Caution was raised that while regional growth has not the forecast, there are still growth in the areas removed from the Network Expansion program. • More detail on future projections were requested as some participants are hesitant to start new projects on the outer trajectory of the AA process.	• Participants all indicated Option 1.as their preference, as the benefits outweighed cost saving and disruption inconvenience of Option 2. • It was also added, that hindrances in existing areas should be removed out of the way. • MPGA commented that if ATCO have completed the necessary risk reviews, it wasn’t worth saving the additional $3, which would prolong the overall works.	• Developer requested that only specific information should be made available to them, relevant to their role (e.g., as a developer) for their commentary, rather than review a lengthy document • It was mentioned that early conversations are appreciated to allow for planning. • The UDIA offered that if there is a project that ATCO is suggesting in its AA that aligns with the development industry’s objectives to achieve infill targets, it will not be uncommon for UDIA to support ATCO’s recommendations. • MPGA advised that they would also assist with letters to the ERA to promote natural gas and the programmes that ATCO are proposing. • Red Ink Homes was excited to hear more about innovations in metering infrastructure, e.g. semi-submerged meters, given industry focus on infill medium density.

Summary of quantitative analysis

97% of residential and SME customers supported ATCO to continue replacing high priority and higher leak rate pipeline sections at the same time.

Residential and SME workshop participants were requested to indicate their individual preference between two mains replacement option. Overall 97% of participants preferred Option 1, most commonly citing less disruption, safety and cost saving in the long term as the main reasons.



Commentary:

- There was overwhelming preference (97%) from residential and SME customers workshop participants for Option 1, where ATCO should continue with its plans to replace both high priority (red regions) and higher leak rate (yellow regions) gas pipelines at the same time.
- Customers valued long term security of supply and less disruption, where cost savings seen in Option 2 (approx. $3 for residents and $13 for SME) was seen as "insignificant" in comparison to reduction in customer impact and efficiency gains from Option 1
- Customers preferred that ATCO complete the work once rather than to return multiple times to prevent more reactive, unplanned and costly maintenance in the future.

n=23 Residential workshop participants | n=9 Small/Medium Enterprise workshop participants

DETAILED FINDINGS

ENGAGE PHASE ONLY

ABOUT US

DETAILED FINDINGS

About us | Detailed findings

Participants were interested learn more about ATCO and agreed that natural gas is an important, affordable and reliable source of energy. Additionally, participants expected ATCO 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 ATCO - what it is we do and what we stand for.**
    - Participants resonated with ATCO'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 ATCO 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 ATCO 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. • The long term focus, high efficiency and family/community values were viewed as admirable and allowed participants to trust ATCO. • There was a strong desire for more marketing and awareness initiatives from ATCO, especially around incentives, safety and brand. • 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* *"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* *"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. • 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. • 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* *"Everyone wants gas. Gas is cheaper than electricity, everyone knows that" - B&D Participant* *"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. • 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* *"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* *"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* *"Knowing these increases, we can actually plan for it – we're not really concerned with either option" – Mirvac, A1 C&I Customer* *"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 • Preferred by 6% of residential, 22% of SME and 57% of C&I participants. • Immediate cost benefits were stated the primary rationale for participants who preferred this option, especially new businesses or those with short term budget constraints. Option 2 – Step change and flatten out • Preferred by 62% of residential, 51% of SME and 43% of C&I participants. • Better for long term budgeting was stated as the primary rationale driving this preference. Option 3 – Avoid declining price path between AA4 and AA5 • 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. • Preferred by 19% of residential and 22% of SME participants. C&I participants did not suggest this option. Option 4 - Step increase between Option 1 and Option 2 with moderate gradient • 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* *"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

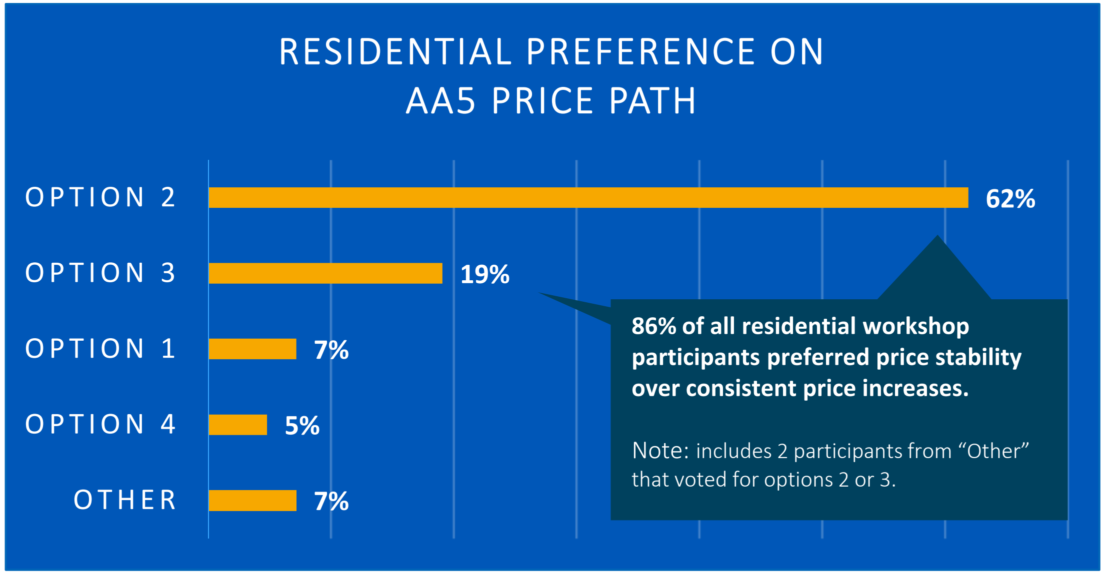
5. **Participants valuing stability and having a long-term focus preferred price path option 2.**
    - This was strongly preferred by residential (62%) and established business (SMEs (52%) and C&I (25%)) participants
    - Hybrid options were developed by participants that provided stability but minimised 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
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. • The continuation of the policy was supported, given the increasingly competitive energy market, to ensure that gas remains a high priority choice for consumers • Other participants were exploring direct connections to the transmission pipeline to gain cost efficiencies, and bypass ATCO’s distribution network. • 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.



ATCO 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 2024.

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

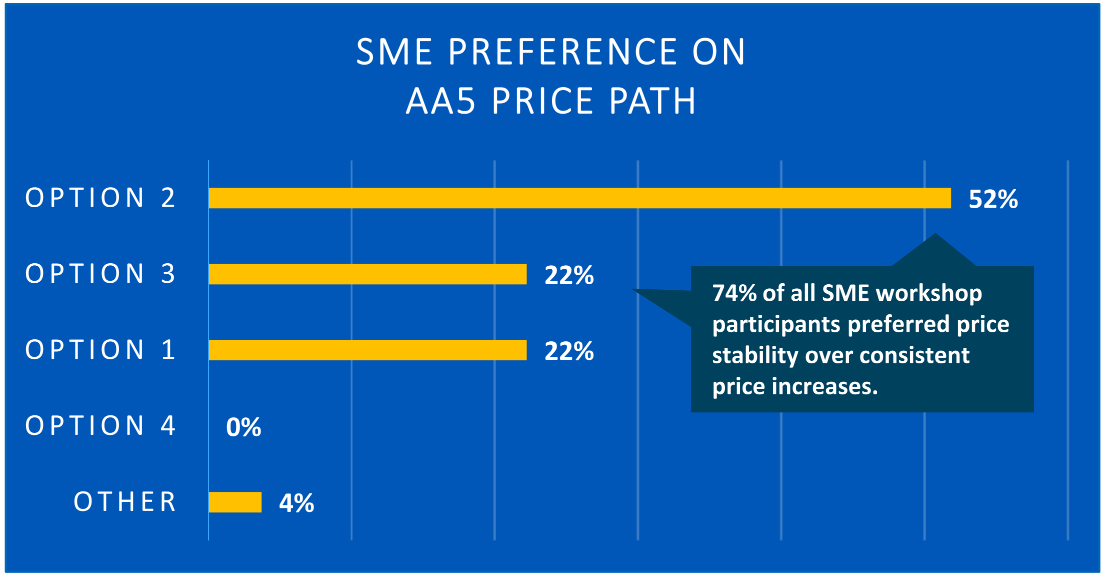
- There was overwhelming support for distribution cost stability, with **86%** of all residential workshop participants preferring price stability over consistent price increases for distribution costs over the AA5 period:
    - **62%** of residential participants preferred stability post 2020 (Option 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 ATCO 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.



ATCO suggested options

Customer suggested options

Option 1
Equal increases from 2019 to 2025.

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

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 2024.

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

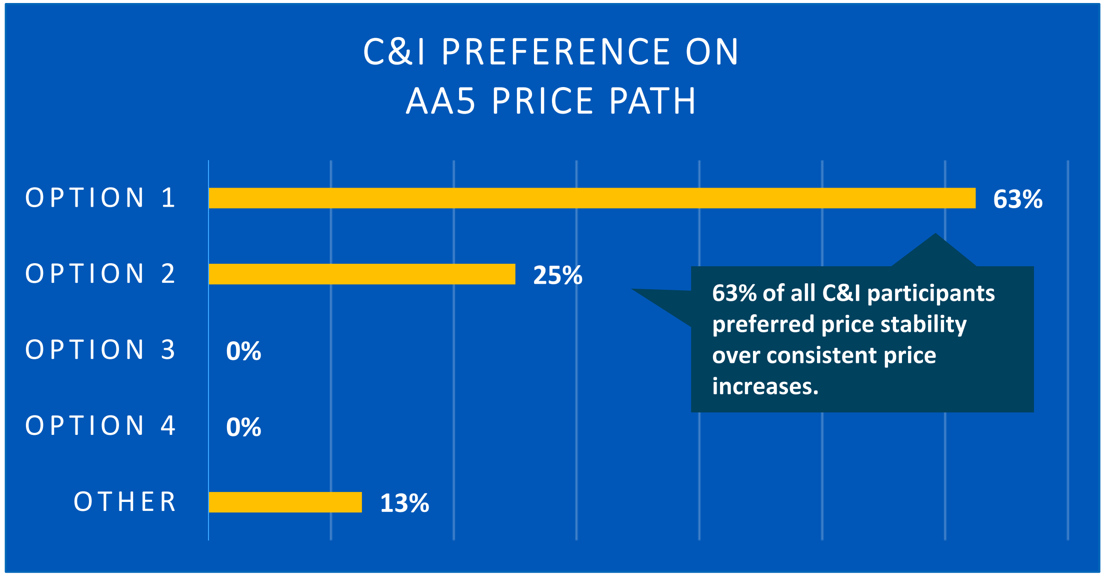
AA5 price path
- There was overwhelming support for distribution cost stability, with 74% of all SME workshop participants preferring price stability over consistent price increases for distribution costs over the AA5 period:
    - 52% preferred stability post 2020 (Option 2) with the primary motivation 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.



ATCO 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 2024.

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 ATCO 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 ATCO'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 ATCO'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

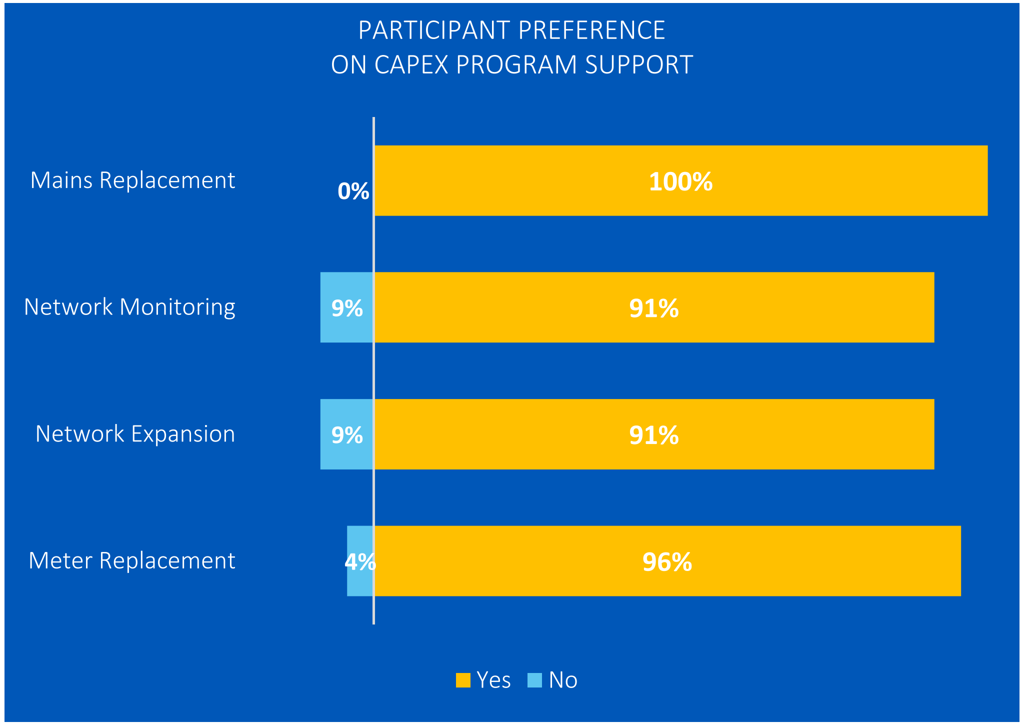
7. **The AA5 'high case' received strong endorsement the two high case programs (growth CAPEX and network monitoring) ranked equal to or greater than the mandatory meter replacement program.**
   - Participants were supportive of the programs while recognising the contribution to distribution cost increase
   - 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 • General consensus was that gas outages are very rare and hardly ever occur • Residential and SME participants agreed that they would not pay more for increased reliability, or pay less for reduced reliability • 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 • Mains Replacement: 100% support rate • Network Expansion: 91% support rate • Network Monitoring: 91% support rate • Meter Replacement: 96% support rate • 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* *"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: • 1st - Mains Replacement • 2nd - Network Monitoring • 3rd - Network Expansion • 4th - Meter Replacement • 55% of participants ranked Network Monitoring and Network Expansion equal to or higher than Meter Replacement • 91% of participants ranked Mains Replacement as first or second in priority • 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.* *"Over the long-term [customers] would benefit" – Urban Development Institute of WA*

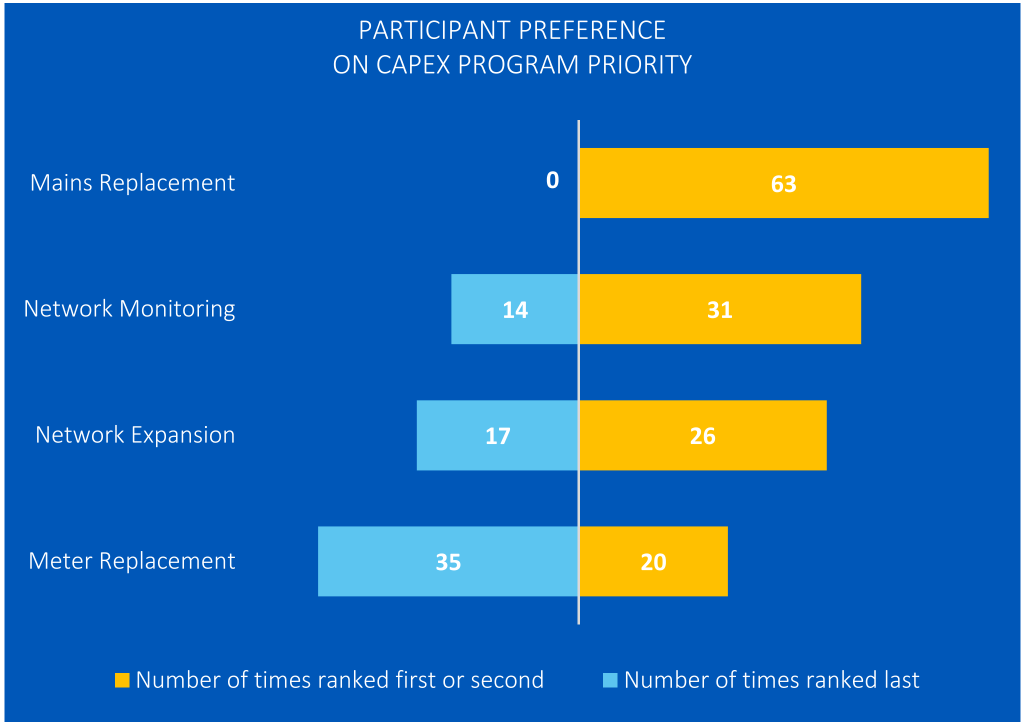
Safety, reliability & growth | Detailed findings

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

Residential and SME workshop participants were requested to indicate their individual support and priority for ATCO'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

CUSTOMER EXPERIENCE

DETAILED FINDINGS

Customer experience | Detailed findings

Participants valued regular and proactive engagement from ATCO, 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 ATCO
- Residents and businesses (SMEs and C&Is) were appreciative of ATCO's efforts to engage and solicit feedback

9. Clearly defined service levels and value propositions are required for different customer segments.
- Direct contact with ATCO 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: • Responsiveness and proactive, and having clear communication. • Professionalism, being "friendly, personal and robust". • Having a deep understanding of the gas distribution business and having staff who are able to suggest solutions • Accountability from staff for customer problems. • Local knowledge and understanding of customer issues. • 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. • Accountability from staff for customer problems. • Understanding the customer's situation and responding with solution-focussed options. • Going above and beyond for the customer. Suggestions participants provided to improve customer experience when interacting with ATCO, included: • Providing a dedicated phone line for top-tier customers/major projects rather than contacting ATCO through the standard contact centre. • Providing an increased focus on cross-training between retailer and ATCO call centres, where call centre and support staff have an understanding of each others businesses. • 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 ATCO 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 ATCO 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* • *"Forget about excuses and blame, just sort it out" – Residential participant, Eastern Suburbs/Hills* • *"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* • *"I particularly can see a [direct relationship] with ATCO to be beneficial as we move forward with more retailers" – Housing Industry Association.* • *"The arrangements at the moment are straight forward, cost effective, timely… It's all positive" - Urban Development Industry Association, WA* • *"Your common end user wouldn't know who ATCO is" B&D 1*

Customer experience | Detailed findings

Participants valued regular and proactive engagement from ATCO, 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 ATCO through their preferred channel.
- Interactions with ATCO Gas Australia were positive, compared to other distribution utilities
- Sufficient notice for planned outages is important to minimise impact for all customers

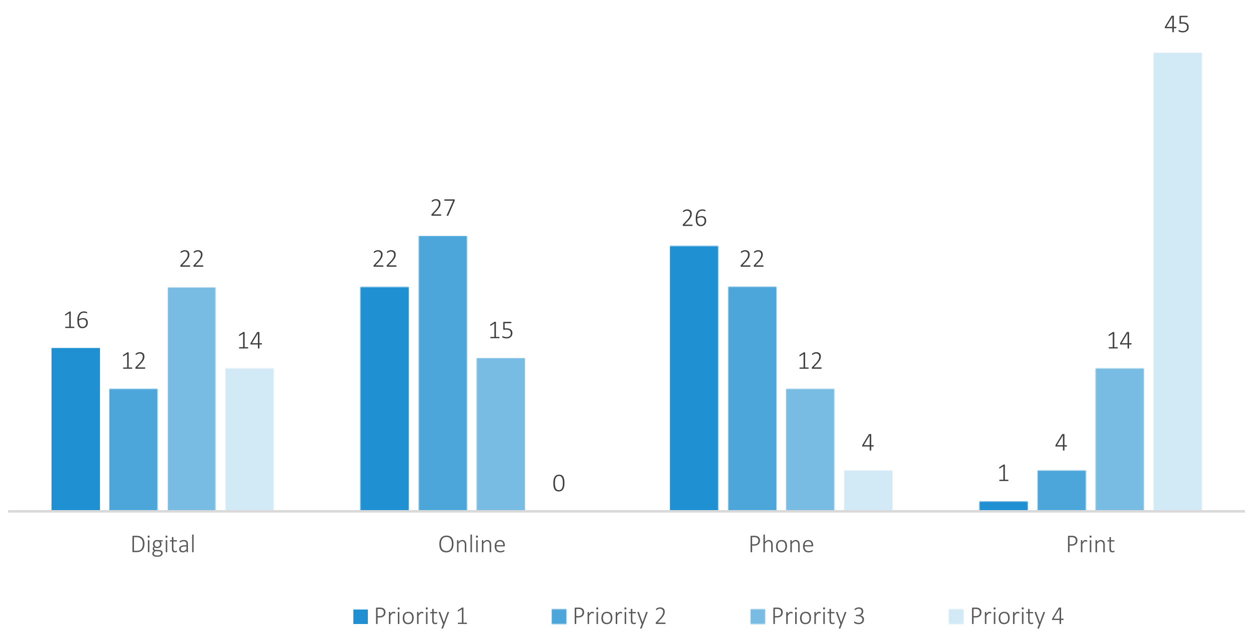
11. ATCO should promote their existing products (incentives and CCP) and continue to develop new products.
- Customers were strongly supportive of the existing products and were keen to learn more

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. • The need for providing a choice for multiple channels was clear • Channel preferences varied greatly depending on the customer/stakeholders segment. • Individuals within segments had specific preferences for channel based on the reason for contacting ATCO • 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. For residential participants: • Phone was ranked as most preferable by 39% of participants For SME participants: • Online was ranked as most preferable by 44% of participants • Digital and phone were both ranked as most preferable by 15% of participants • Email (within the online category) was identified as most efficient, both for sending queries to ATCO and responding to ATCO staff • Short response times were important, regardless of channel For C&I participants • 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 looking to ATCO 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* *"[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* *"[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* *"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* *"I wouldn't have a point of contact to you guys because I don't need to" B&D 1* *"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 ATCO'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 ATCO 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. • Residential and SME participants had interest in gas powered air conditioning, motivated by the high energy consumption of conventional air conditioners. • Gas fuelled generation was also seen as a good alternative to using traditional generation methods. • 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* *"Given WA's unique position, gas powered generation may be an important part of the near-term future" – Housing Industry Association.* *"It is not widely advertised" – SME Participant, Northern Suburbs* *"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. • 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. • 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. • 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* *"It's nice to see companies like you taking initiative… not waiting for changes in energy policy" – Residential participant, Eastern Suburbs/Hills* *"It's an incentive for other companies to take your lead (with regards to the energy hub)" - Residential participant, Eastern Suburbs/Hills* *"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, A1 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*

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 ATCO 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 ATCO and Retail staff should have an understanding of each others businesses.
  - Local knowledge and understanding of customer issues.

Channel preferences for engaging with ATCO

- Participants were generally unsure of the circumstances that would bring them to contact ATCO. 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

ATCO'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 ATCO'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 ATCO 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 ATCO to fund the program as assets belong to ATCO 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 ATCO

- Providing multiple channels for contacting ATCO 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 ATCO'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.

ATCO's initiatives towards a low-carbon future

- Participants were unaware of any of ATCO's clean energy initiatives.
- Participants thought that the speed at which ATCO is progressing and developing cleaner energy products was sensible and not too radical. They were wary that moving too quickly is risky.
- ATCO'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 ATCO's clean energy initiatives and cash incentives and encouraged ATCO 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 ATCO'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 ATCO 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 ATCO'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 ATCO'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, ATCO should collaborate with customers with the intent to align planned outages to customer schedules and preferences
- In comparison to electricity, participants explained that ATCO 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 ATCO 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 ATCO'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 ATCO's responsiveness and engagement has increased.
- Participants were satisfied with ATCO's level of professionalism and understanding of the gas distribution business, with ATCO staff and interactions rated as being "friendly, personal and robust".
- Suggestions participants gave to improve customer experience when interacting with ATCO, included:
  - Providing a dedicated phone line for top-tier customers/major projects rather than contacting ATCO 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 ATCO 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 ATCO 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 ATCO 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 ATCO act as a trusted third-party advisor and support navigation through this landscape.
- One C&I participant commented that there may be overlap between ATCO 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 ATCO business incentives could apply to their own businesses. However, interviewees had not previously heard of the incentives or the gas powered technology.

ATCO's initiatives towards a low-carbon future

- Participants were interested in ATCO's current work within the clean energy space, and believed that ATCO 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 ATCO, but expected ATCO 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 ATCO consider engaging with customers through retailers to raise awareness about ATCO 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 ATCO 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 ATCO consider increase level of promotion on incentives to consumers and the industry.

ATCO'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 ATCO'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 ATCO 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 ATCO 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 ATCO to continue the Capital Contribution policy and understood that ATCO 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 ATCO 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 ATCO 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.
- ATCO 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 ATCO 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 ATCO 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 ATCO 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 ATCO 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 ATCO 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.

ATCO's initiatives towards a low-carbon future

- There was indication that ATCO'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, ATCO 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 ATCO 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 ATCO 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 ATCO'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

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

About ATCO

"I know you guys are very favourable and quite an efficient network."
Origin Energy

- Heard of ATCO and knew its role in the supply chain.
- Were positive on ATCO's current efficiency benchmark results against counterparts across the country, stating that ATCO is very favourable and is an efficient network.
- Despite customers often getting confused between the distributor and retailer, ATCO's simple, consistent messaging is good.
- Commented that given the market is currently saturated with cheap gas marketing content, was concerned that if ATCO were to increase brand awareness at present, there may not be a great impact.
- Keen to engage with ATCO about future development plans to ensure alignment.
- Interested in behind the meter services ATCO provides and can provide in future.
- Excited to hear more about ATCO's digital roadmap.

Affordability

"What could Kleenheat do to make ATCO' costs lower?"
Kleenheat, WA

- 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.
- Adding to that, retailers are aware that some customers might not support the initial jump.
- Were keen to look to increasing billing frequency to every two months, and requested ATCO consider looking to the retailer market to understand market needs – e.g. how often should meters be read.
- Keen for ATCO to explore debt management strategies, particularly for vulnerable/at-risk customers. Could there be a way for ATCO to waive the distribution component of the bill, could there be an allowance in the regulation space?
- One retailer also questioned why increased cost efficiency is not resulting in reduced cost of debt in comparison to AA4.
- Commented that there was uncertainty in the future of retail space, and were keen to have a conversation with Government.
- There appears to be confusion if electricity or gas is cheaper for heating in WA.
- One retailer erred that the distribution component of the gas bill structure is different to what they are modelling, and sought clarification on using 15GJ as average consumption.
- Were keen to understand the Special Meter Read reference tariff.

Safety, Reliability & Growth

"Generally supportive of initiatives that promote value of proposition gas in WA "
AGL

- Supportive and agreed that the programs make sense.
- Reliability and affordability of gas is used to promote gas in new developments.
- Recognised growth in industrial opportunities and the need for innovation in meter technology.
- Were keen for ATCO to put forward a business case for remote metering as there was benefit for retailers on remote reads.
- 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 ATCO on a sustainable and cost-effective solution for this.
- Were keen to understand how to improve reliability on meter reads where there are issues with access to the meter. Suggested ATCO consider Western Power approach, where customer is able to submit a self-read via a photo.
- Special meter readings are becoming a reference service, and for one retailer their most significant churn because of this was amongst SMEs.
- 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.
- Expressed excitement working on infill projects with ATCO.

Customer Experience

"…build up those better processes and I think that will complement the access arrangement itself… that will be key for both of us
Origin Energy

- 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).
- However, found it frustrating on discussions with ATCO when there has not been a response due to the complexity of growing competition. Unclear on ATCO's internal processes/ policies or frameworks on communication with retailer.
- Expects ATCO to play the role and support competition – agnostically. As such, ATCO needs to look into how to coordinate/collaborate with retailers, what to say/not say.
- Were keen to work closely with ATCO 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.
- There has been frequent direct contact with ATCO through the Customer team with matters pertaining to customer details.
- A customer experience challenge is also created by past instances where ATCO concluded agreements not accessible to the retailer.
- According to one retailer, 20% of customer addresses don't align with ATCO. It runs the risk for the retailer to lose the customer "through no fault of their own" and expressed a perceived lack of urgency in this regard.
- The discovery process, that is very sufficient on the East Coast, can commence immediately and retailers should collaborate to enable data sharing.

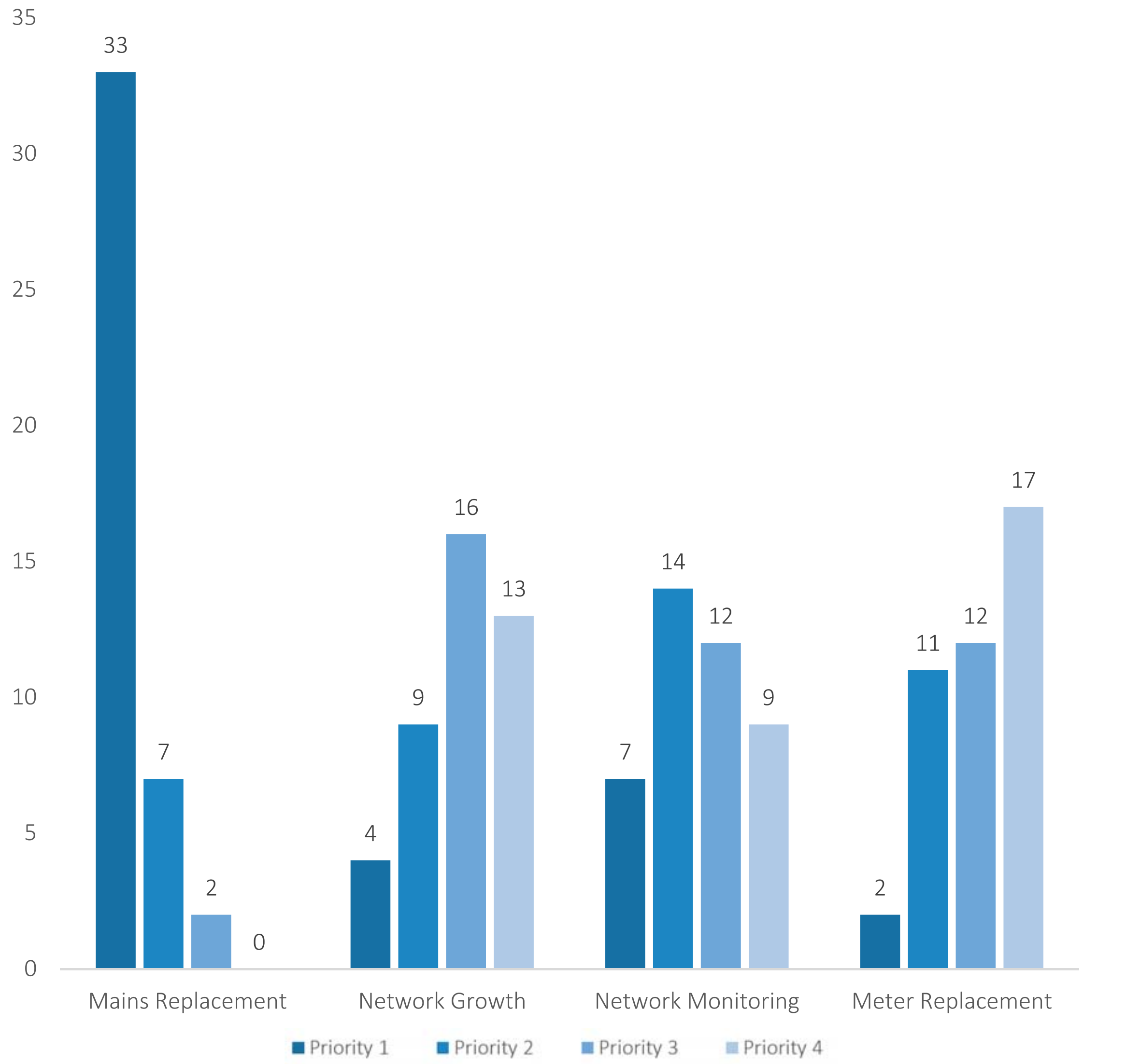
SUPPORTING ANALYSIS OF WORKSHOP DATA

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

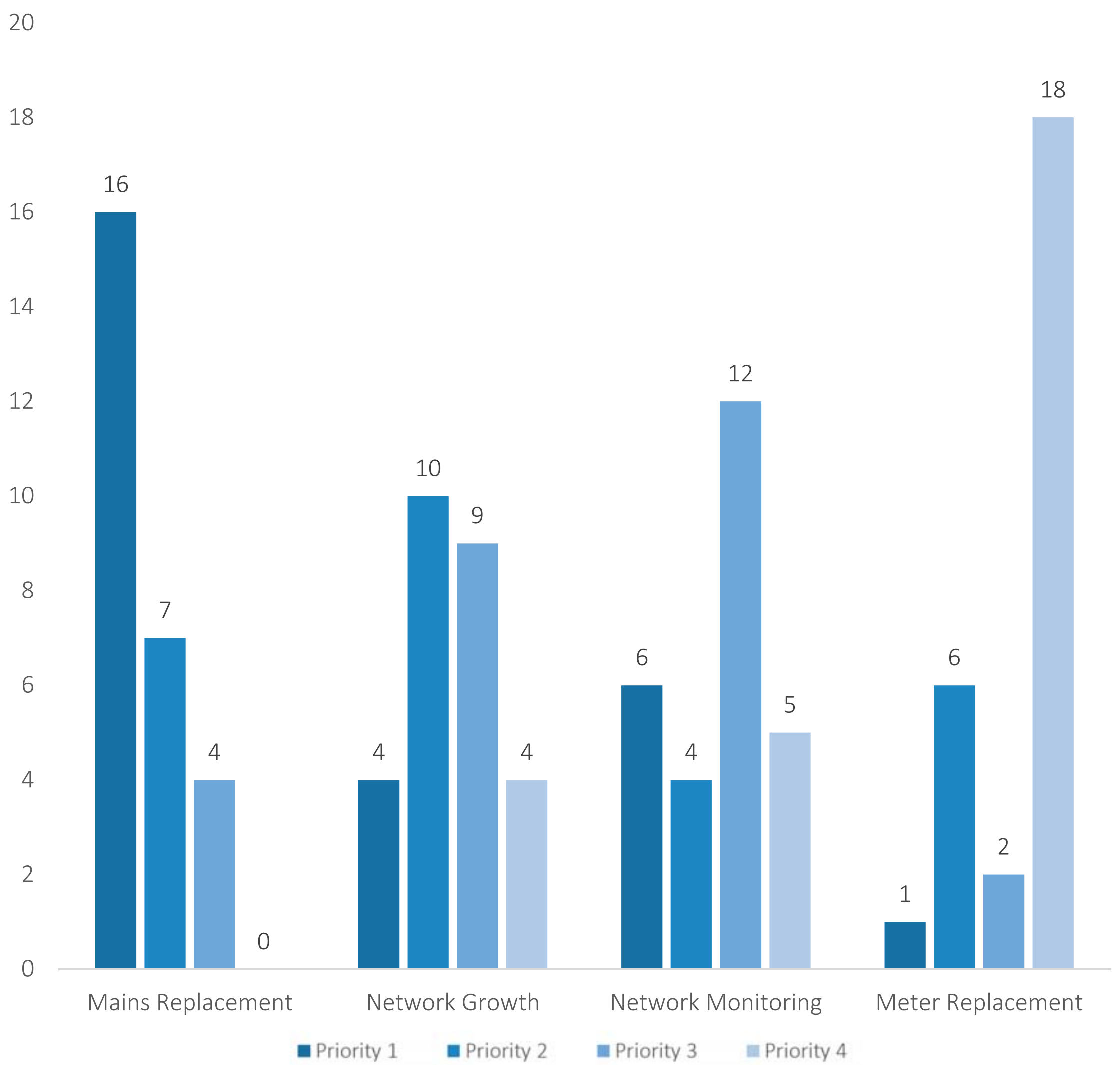
Feedback on Meter Replacement included:
- Low cost to complete the program
- Accuracy of bills is very important

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

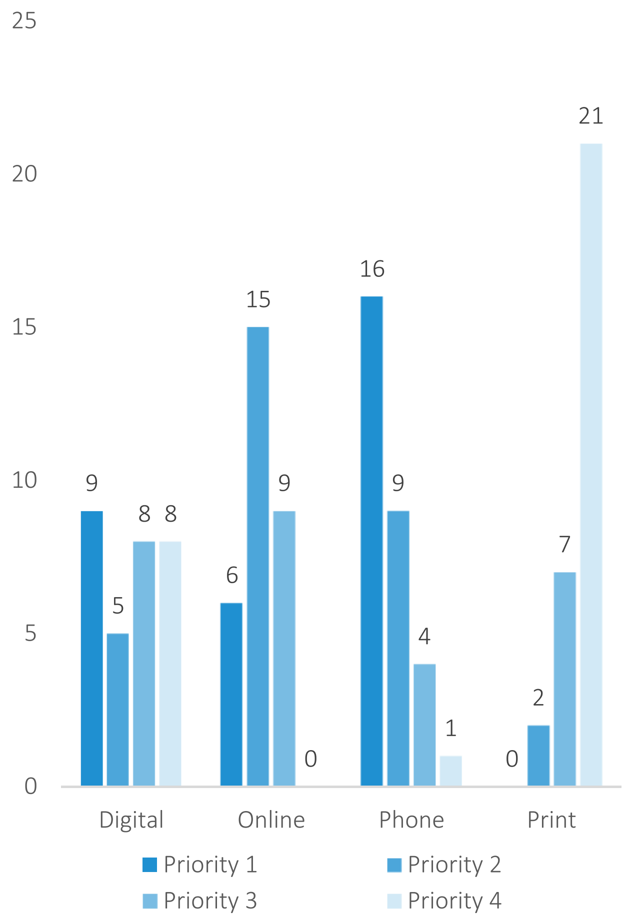
Feedback on Meter Replacement included:

- Accuracy of bills is very important
- Some participants thought that those who had meters replaced should pay for them outright

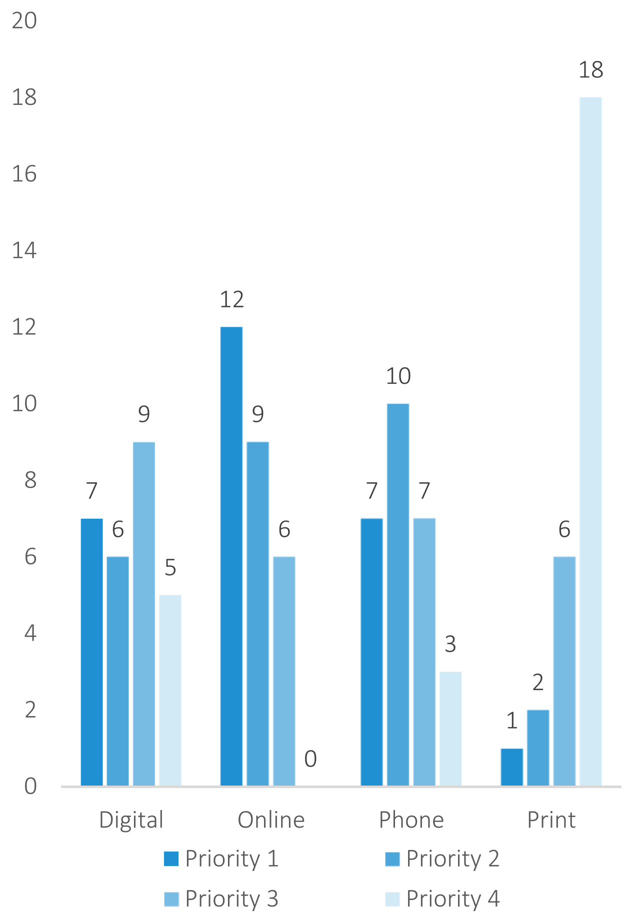
Customer experience | Supporting analysis of workshop data

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

Residential Participant Preferences



SME Participant Preferences



Builders & Developer Participant Preferences