

STRAT 7



SGN

Your gas. Our network.

GD3 Research Programme Phase C Research

Quantifying the willingness to pay
for incremental changes in service

April 2024





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Background and objectives

Background and objectives

As part of their regulatory obligations, SGN are required to submit their Business Plan for GD3 to Ofgem and it is vital that the business plan is shaped and informed by customer needs. SGN therefore designed a long-term, mixed-method research programme to engage with their customers and gather both informed and uninformed views on their plans for the future.

The overall objectives of the programme are to:

1

Collect customer input to shape decision making in our business plan.



2

Provide a solid evidence base of our customers' views in our business plan.

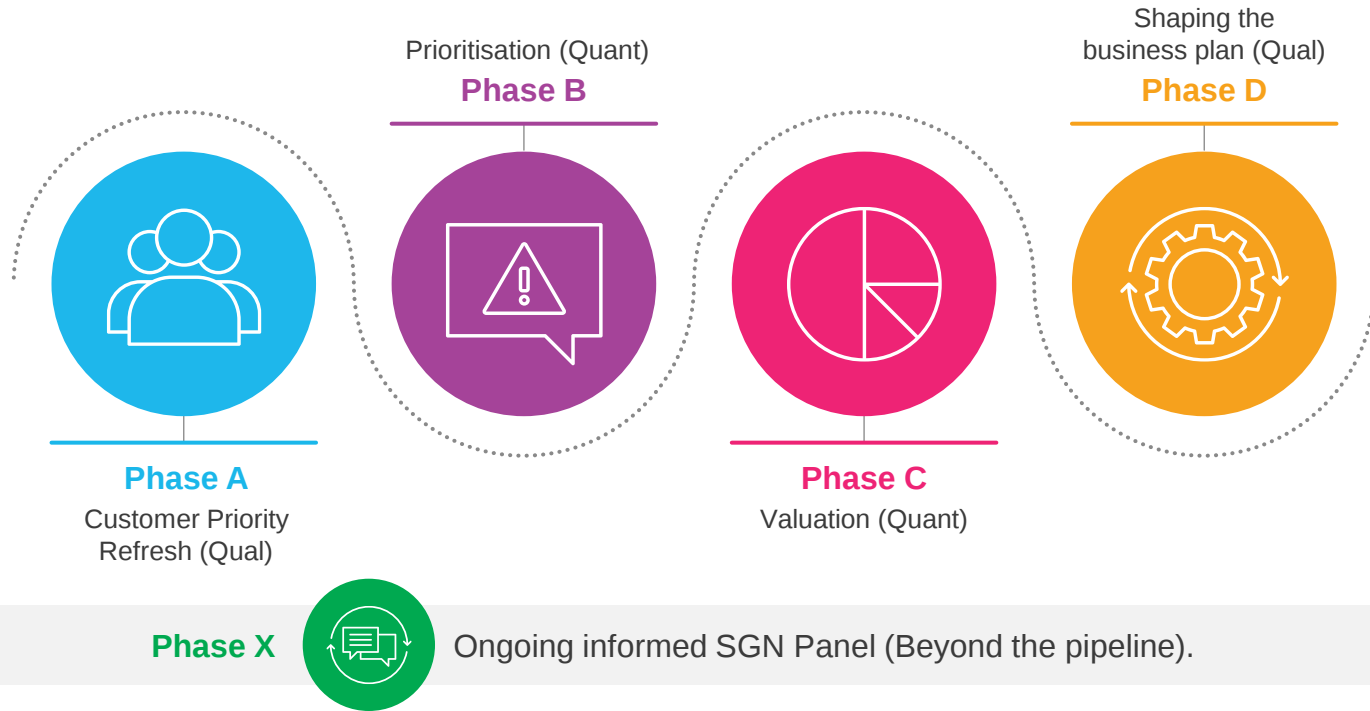


3

Submit a business plan that customers consider to be acceptable, affordable and provides value for money.



The overall programme combines qualitative and quantitative research components – each stage will feed into the next:



This report focuses on the outputs from Phase C – the aim of which was to quantify customers' willingness to pay extra for incremental changes in service

This report focuses on the findings from **Phase C only**



Phase C
Valuation (Quant)

More specifically, this phase was designed to understand:

- Spontaneous willingness to pay extra (*using Price Sensitivity Measurement*)
- Which service features customers are willing to pay extra for (*using a Points allocation*)

This involved speaking to three key audience groups:

1. Domestic Gas Customers (including fuel poor)
2. Future Energy Customers
3. SME Customers

* Prices shown here were dependent on the respondent's estimated gas usage/bill



Approach

We interviewed a total of 3,000 current/future customers across the Scottish and Southern regions using an online panel approach

2,000 Domestic Gas Customers

672 Scotland

1328 England

- All were gas bill payers
- Quotas were set on age, gender and SEG within region
- The fuel poor, those on the PSR, with disabilities/limiting factors, ethnic minorities and non-native English speakers fell out in sufficient numbers to undertake separate analysis
- *Data has been weighted by age, gender & SEG within SGN regions*

500 Future Energy Customers

150 Scotland

350 England

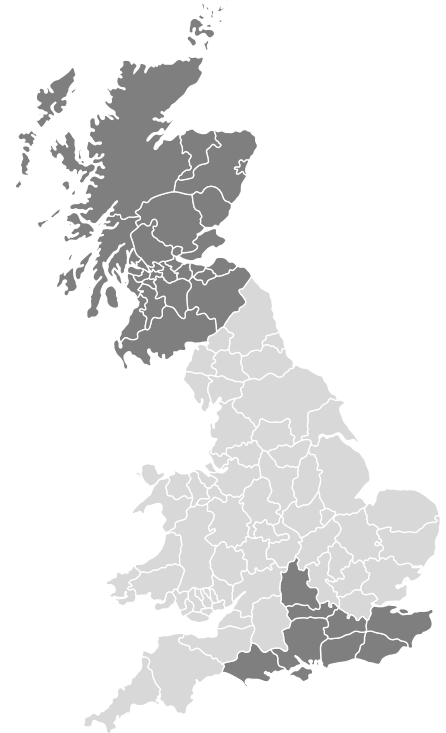
- 18-24 year olds who were not direct gas bill payers
- All had a gas boiler as source of heating/hot water
Bills were included as part of their rent or not paid at all
- *Data has been weighted by gender within SGN regions*

500 SMEs

159 Scotland

341 England

- All have a business account and are responsible for/involved in managing their gas supply
- 200 x 1-10 employees, 150 x 10-50 employees, 150 x 51-250 employees
- Good spread of interviews by sector
- *Data has been weighted by size and SGN region*



The questionnaire was piloted with a cross section of respondents prior to its launch (Note: it was cognitive tested and soft launched).
In addition, we interviewed 54 respondents from our Phase X panel - 41 Domestic, 7 Future Energy and 6 SME customers. Results from the Domestic respondents have been provided within this report

All respondents were shown an introduction to SGN, explaining its role, BEFORE answering the willingness to pay questions

1

In the UK, Ofgem are the government department responsible for regulating the gas industry

They set targets and monitor performance. This includes monitoring how much profit gas distributors and energy providers can make.

2

SGN is your Gas Distribution Network

They own and maintain most of the pipes which transport gas to nearly six million homes and businesses across **Scotland** and parts of **Southern England** regardless of whoever your pay your gas bill to.



3

SGN work in customer homes, businesses and the broader communities to: **respond to gas emergencies, maintain the pipe network and connect new customers** (e.g. if a new building has been constructed).

All respondents were shown an introduction to SGN, explaining its role,
BEFORE answering the willingness to pay questions

4

SGN do not own or sell gas, nor do they set gas prices



SGN is not responsible for:

- **Your internal gas pipe/s or appliances.** Customers and/or businesses are responsible for these
- **Your gas supply and meter.** That falls to your energy provider e.g. British Gas, Octopus Energy, etc.)



- **SGN pass the cost of maintaining the pipes onto customers, but customers are not billed directly by SGN.** Instead, this cost is included in the bill customers get from their energy provider
- **In 2024, this fixed cost will form about [insert relevant figure here*] of your annual bill**

*The cost shown here was dependent on the respondent's estimated gas usage/bill, which included cost increase that was outside of SGN's control:
HOME: £112/ £160/ £219
SME: £80-9600

5

The Government has committed to reach net zero emissions by 2045 in Scotland and 2050 in England

In order to meet these ambitious targets, energy companies like SGN will need to **decarbonise and transition away from fossil fuels**, like natural gas, to low carbon alternatives such as hydrogen and biomethane.

SGN is currently developing its business plan for 2026 onwards, which will need to be approved by Ofgem. This means they're **reviewing the service they provide to their customers.**

They then read through a description of each service feature, before reviewing the ‘current’ service level compared to either the ‘intermediate’ or ‘higher’ service level

Service	Current service	Potential improvement INTERMEDIATE level	Potential improvement HIGHER level
Environment – Gas leaks	The same as 624,000 petrol cars’ yearly emissions.	20% reduction (the same as 125,000 petrol cars’ yearly emissions)	40% reduction (the same as 250,000 petrol cars’ yearly emissions).
Green gas biomethane	3% of overall gas supply is biomethane	10% of overall gas supply is biomethane	20% of overall gas supply is biomethane
Future low carbon energy solutions	Early planning work to develop a new hydrogen pipe network and adapt the existing network.	Identify the best places for new hydrogen pipelines as well as adapting the existing network.	Ensuring customers have hydrogen as a low carbon option for heating their homes and businesses.
Supporting customers in vulnerable circumstances	On track to support over 500,000 households.	Support 625,000 households.	Support 750,000 households.
Supporting customers in fuel poverty	Support 5,000 households a year.	Support 7,500 households.	Support 10,000 households.
Minimising disruption associated with roadworks	10 joint major projects per year.	15 joint major projects per year.	20 joint major projects per year.
Training engineers/skills (now and low carbon future)	Despite significant recruitment SGN still relies on expensive contractors.	Improve the diversity of SGN’s workforce by recruiting people from all parts of the community.	An educated, highly skilled diverse workforce ready for the transition to Net Zero.

Respondents assessed one level of possible improvements at a time (50% seeing Current vs. Intermediate first, and 50% seeing Current vs. Higher first)



Key learnings

Key learnings

1

Spontaneous willingness to pay extra (Price Sensitivity Measurement)

The additional cost thresholds are lower for those that regularly struggle with their bills, with low gas bills, those with disabilities/ limiting factors, micro businesses and SMEs in fuel poverty.

1 in 6 of those that regularly struggle with their energy bills are unwilling to pay any more (15% say £0 is the only acceptable additional cost vs 10% of Fuel Poor vs. 8% of Non Fuel Poor).

2

Service features most willing to pay extra for (points allocation task)

The findings are consistent for the intermediate and higher levels of service.

Customers are most willing to pay extra for environmental improvements (reducing gas leaks).

Domestic and Future Energy customers then tend to place more emphasis on supporting vulnerable customers, supporting the fuel poor and future low carbon solutions.

In particular, the Fuel Poor are more likely to prioritise supporting the fuel poor and vulnerable customers.

SME customers tend to place similar emphasis on the remaining features - although they are slightly more willing to pay for future low carbon solutions and training engineers/skills.

3

Notable subgroup differences

Those that regularly struggle with their bills, on the PSR, with disabilities/ limiting factors, with low or medium gas bills tend to place more emphasis on supporting the fuel poor and vulnerable customers.

Those with higher gas bills are more likely to prioritise low carbon solutions and minimising road disruption.



Spontaneous willingness to pay extra for incremental changes in service – PSM

Price Sensitivity Measurement (PSM)



Reason for using

PSM is typically used to determine an acceptable price range, before testing willingness to pay across specific price points



What we did

Our respondents rated ***either the Intermediate or Higher level of service*** using the spontaneous PSM questions.

The following three open ended questions were asked...

- *At what additional cost, per year, would you consider ALL of these improvements to be...*
 - ...**acceptable** (if you were paying the bill)?
 - ...**getting expensive, but still acceptable** (if you were paying the bill)?
 - ...**unacceptable** (if you were paying the bill)?



Analysis

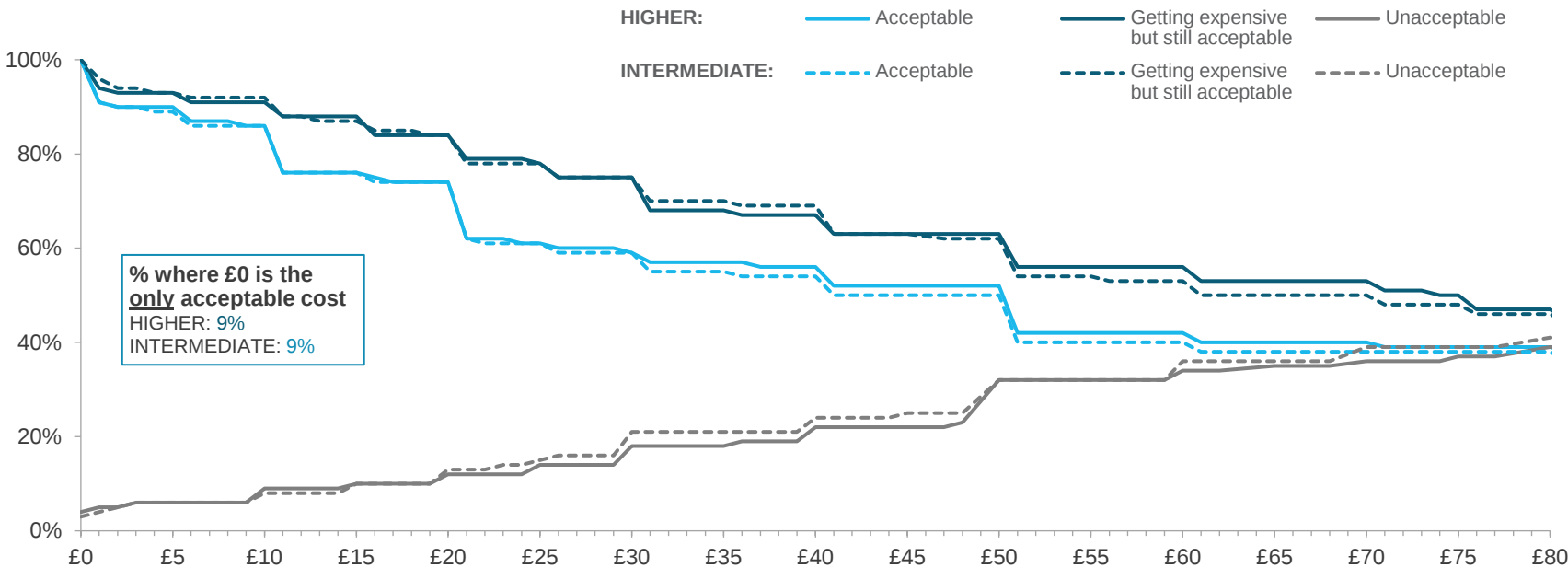
PSM data are analysed by calculating cumulative frequency curves for each of the 3 questions.

Lower and higher price thresholds are determined by the intersections of the curves.

*When answering these questions, respondents were asked to consider all of their other business or household costs

For Domestic customers, the acceptable extra costs are similar for both levels of service.

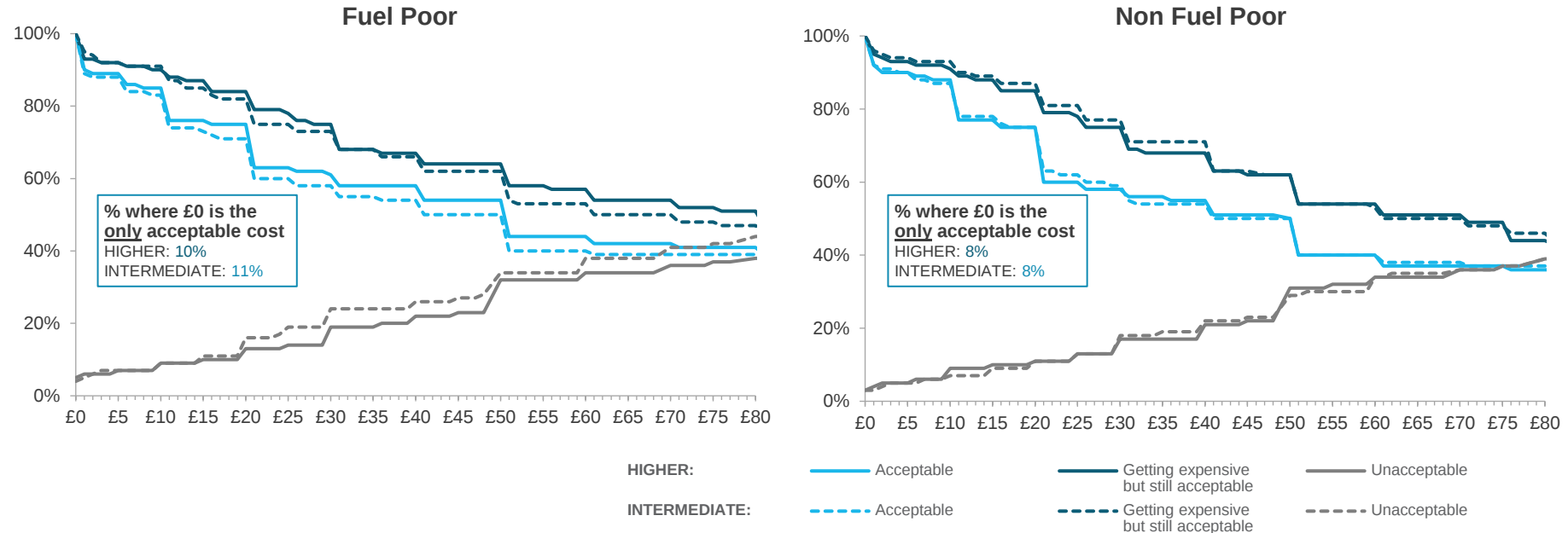
Price Sensivity Measurement – Domestic Customers



In 2024, you will pay approximately [insert relevant cost] per year for the 'current' level of service provided by SGN. At what additional cost, per year, would you consider ALL of these improvements to be...
B1a. ...acceptable? B1b. ...getting expensive, but still acceptable? B1c. ...unacceptable? Base: Domestic customers answering about Higher or Intermediate levels of service (n=997/1003)

The additional cost thresholds are similar for the Fuel Poor and the Non Fuel Poor. 1 in 10 Fuel Poor are unwilling to pay any more

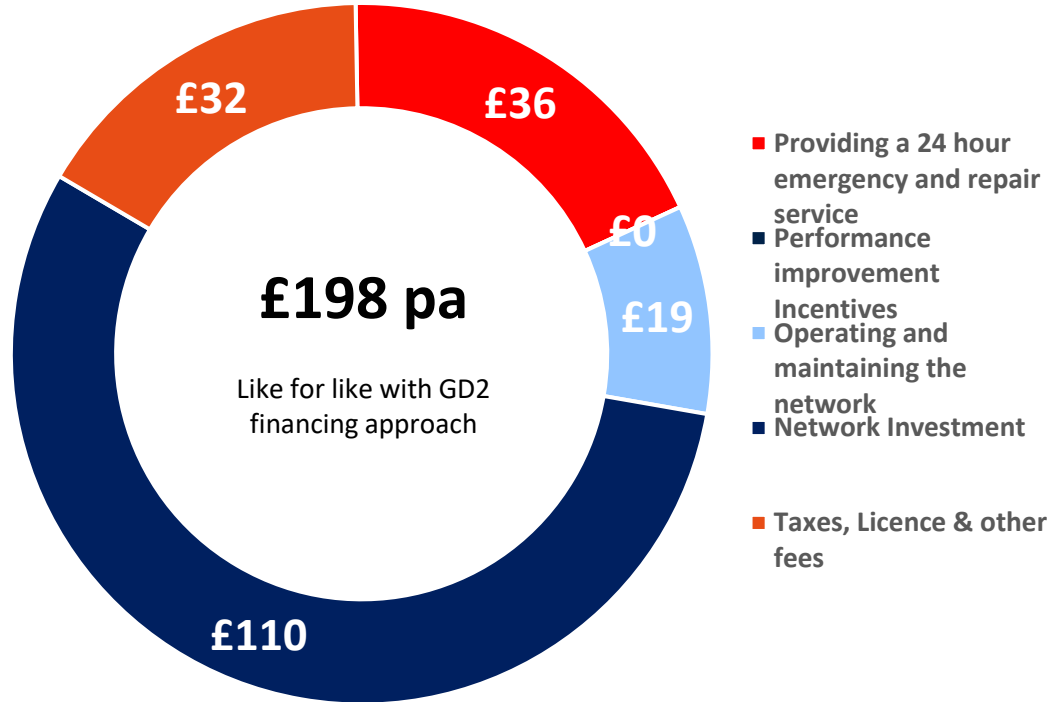
Price Sensitivity Measurement – Fuel Poor vs. Non Fuel Poor Domestic Customers



In 2024, you will pay approximately [insert relevant cost] per year for the 'current' level of service provided by SGN. At what additional cost, per year, would you consider ALL of these improvements to be...
 B1a. ...acceptable? B1b. ...getting expensive, but still acceptable? B1c. ...unacceptable? Base: Fuel Poor / Non Fuel Poor domestic customers answering about Higher (n=479-508) or Intermediate levels of service (n=454-540)

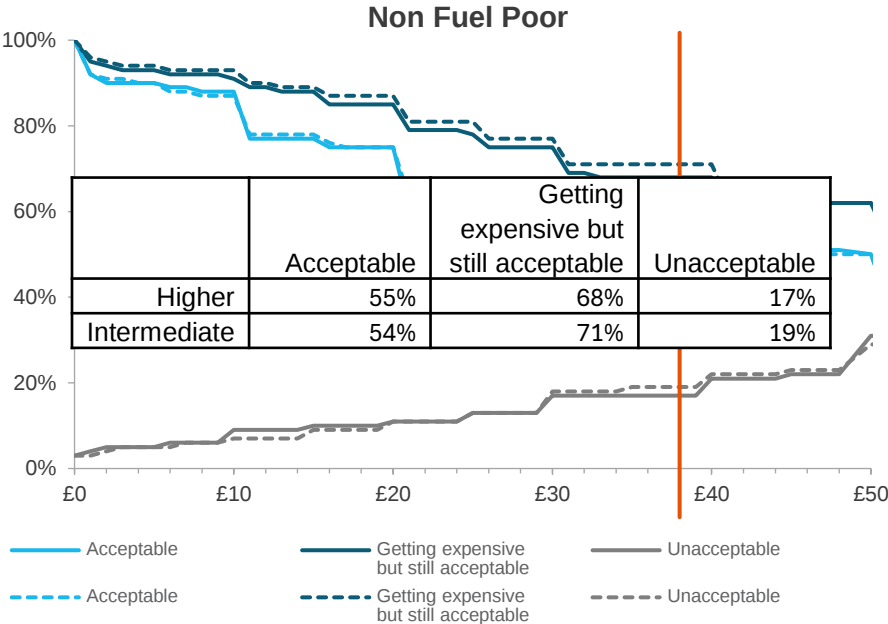
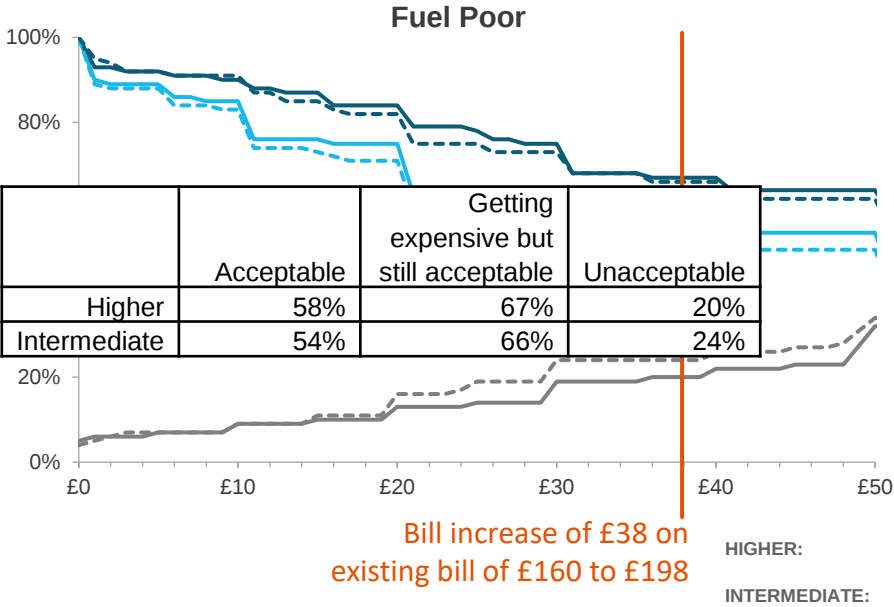
Customer bill movement

GD3 SGN Domestic Customer Bill Analysis; £198
(pre accel depreciation & interest changes, excluding SoLR & ECN)



At a bill increase of £38 (from £160 to £198), two-thirds of customers in fuel poverty would find this ‘*getting expensive but still acceptable*’, however nearly a quarter would find this unacceptable (if only an intermediate level of ambition is delivered)

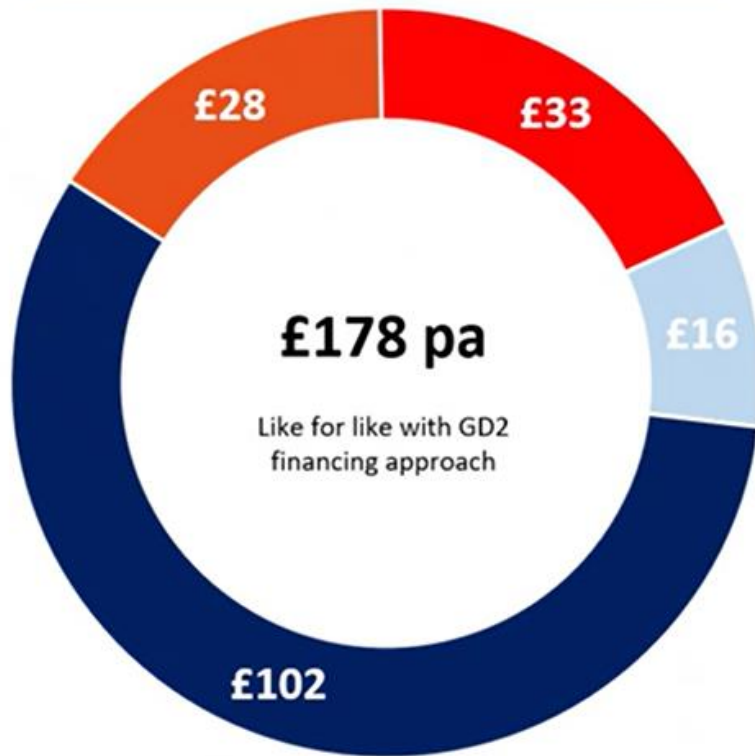
Price Sensitivity Measurement – Fuel Poor vs. Non Fuel Poor Domestic Customers



In 2024, you will pay approximately [insert relevant cost] per year for the 'current' level of service provided by SGN. At what additional cost, per year, would you consider ALL of these improvements to be...
B1a. ...acceptable? B1b. ...getting expensive, but still acceptable? B1c. ...unacceptable? Base: Fuel Poor / Non Fuel Poor domestic customers answering about Higher (n=479-508) or Intermediate levels of service (n=454-540)

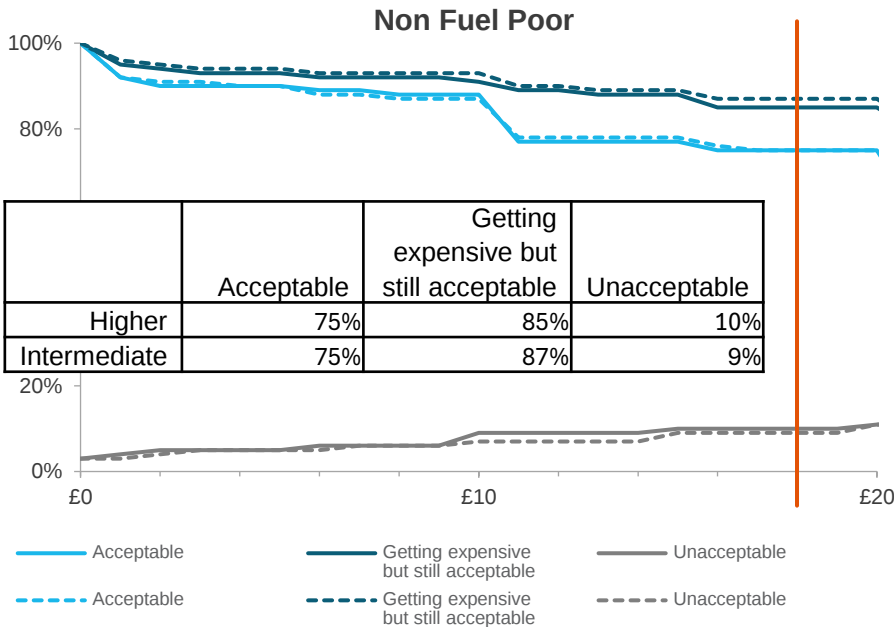
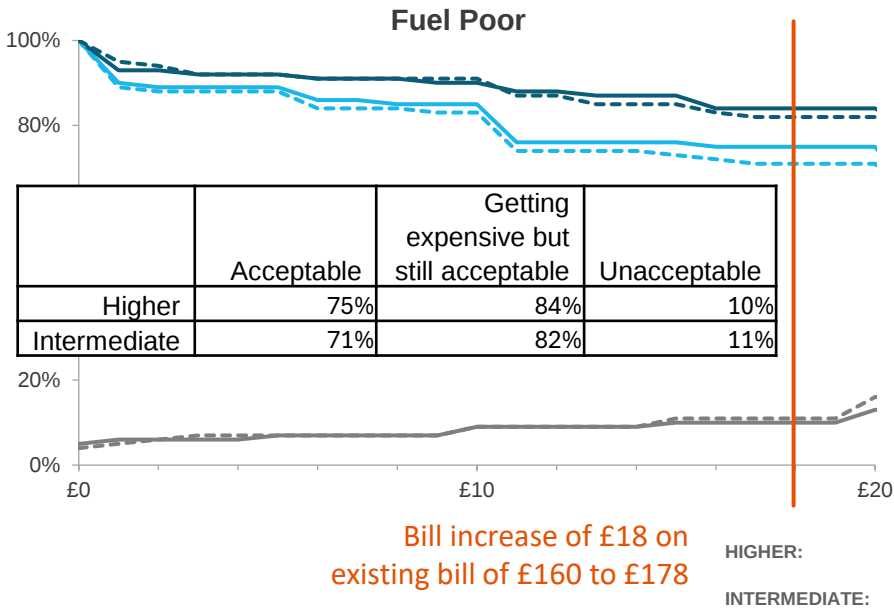
Customer bill movement

GD3 SGN Domestic Customer Bill Analysis; £178
(pre accel depreciation & interest changes, excluding SoLR & ECN)



At a bill increase of £18 (from £160 to £178), 82% of customers in fuel poverty would find this 'getting expensive but still acceptable', however 11% would find this unacceptable (if only an intermediate level of ambition is delivered)

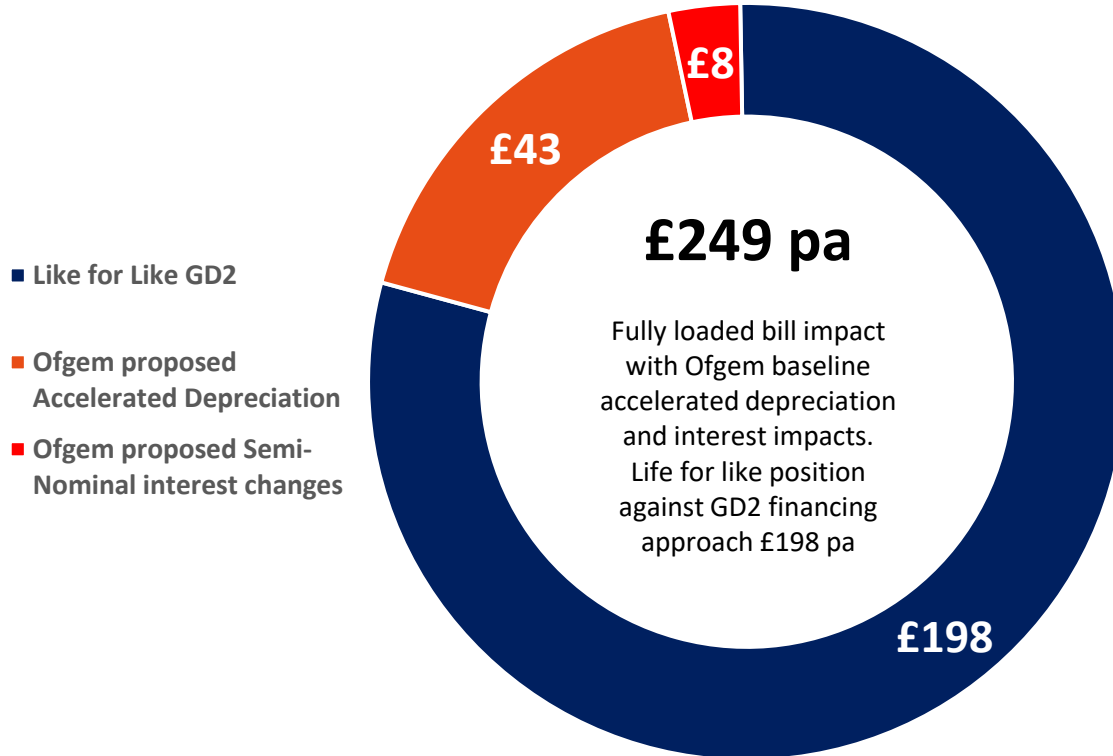
Price Sensitivity Measurement – Fuel Poor vs. Non Fuel Poor Domestic Customers



In 2024, you will pay approximately [insert relevant cost] per year for the 'current' level of service provided by SGN. At what additional cost, per year, would you consider ALL of these improvements to be...
B1a. ...acceptable? B1b. ...getting expensive, but still acceptable? B1c. ...unacceptable? Base: Fuel Poor / Non Fuel Poor domestic customers answering about Higher (n=479-508) or Intermediate levels of service (n=454-540)

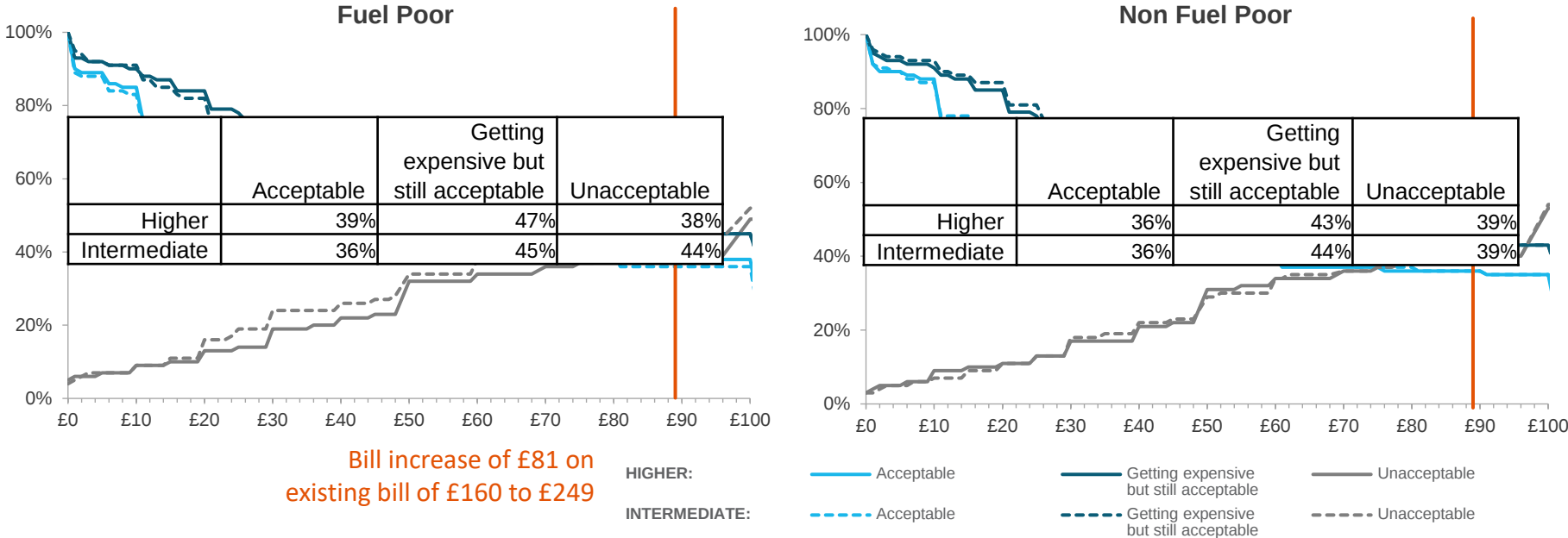
Customer bill movement

GD3 SGN Domestic Customer Bill Analysis; £249
(impact of accel depn. & interest changes)



At a bill increase of £89 (from £160 to £249), less than half of customers in fuel poverty (45%) would find this 'getting expensive but still acceptable', however 44% would find this unacceptable (if only an intermediate level of ambition is delivered)

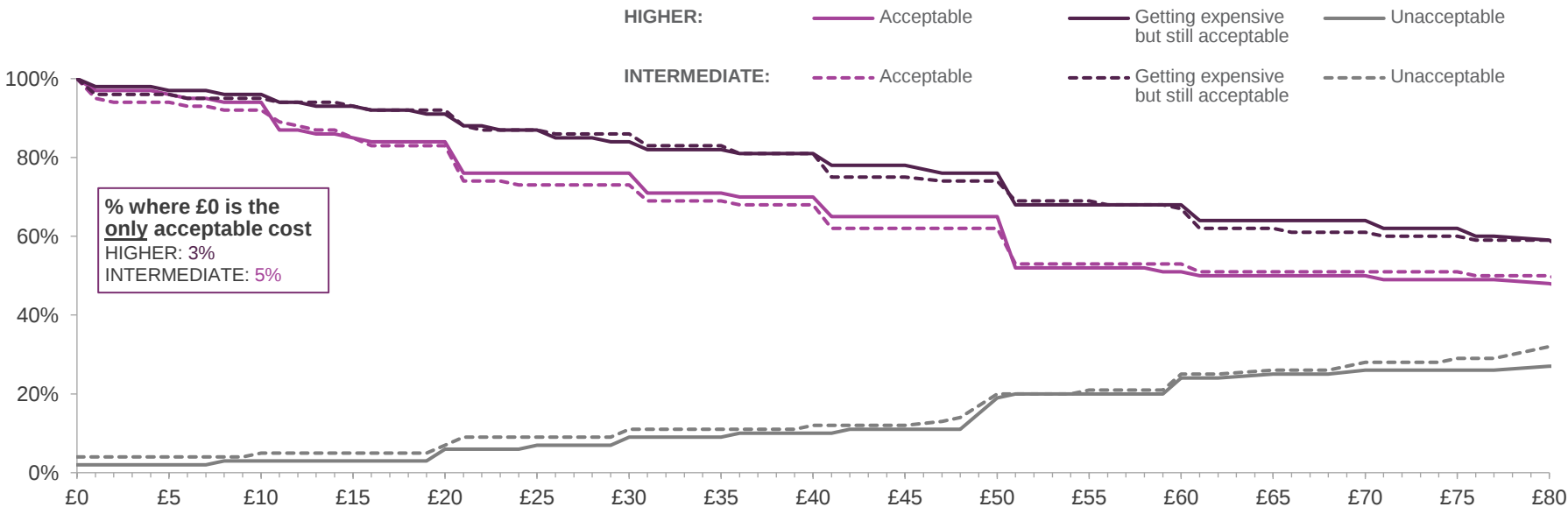
Price Sensitivity Measurement – Fuel Poor vs. Non Fuel Poor Domestic Customers



In 2024, you will pay approximately [insert relevant cost] per year for the 'current' level of service provided by SGN. At what additional cost, per year, would you consider ALL of these improvements to be...
B1a. ...acceptable? B1b. ...getting expensive, but still acceptable? B1c. ...unacceptable? Base: Fuel Poor / Non Fuel Poor domestic customers answering about Higher (n=479-508) or Intermediate levels of service (n=454-540)

The acceptable additional costs are higher for Future Energy customers

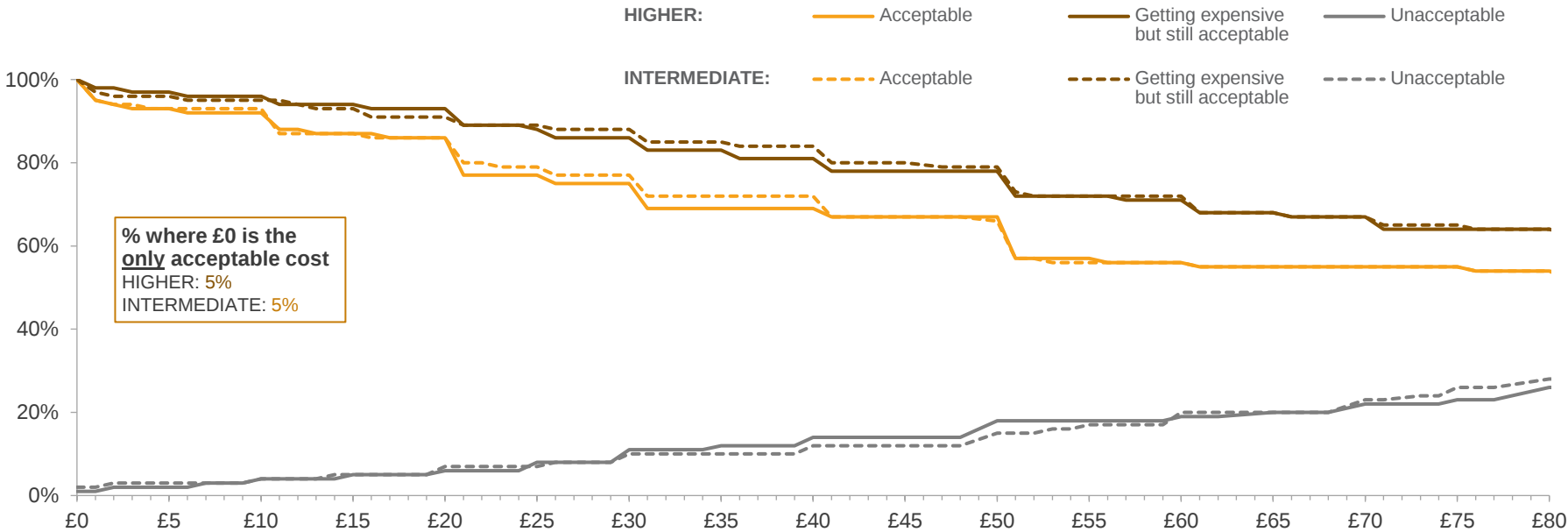
Price Sensitivity Measurement – Future Energy Customers



In 2024, you would pay approximately [insert relevant cost] per year for the 'current' level of service provided by SGN. At what additional cost, per year, would you consider ALL of these improvements to be... B1a. ...acceptable, if you were paying the bill? B1b. ...getting expensive, but still acceptable, if you were paying the bill? B1c. ...unacceptable, if you were paying the bill? Base: Future Energy customers answering about Higher or Intermediate levels of service (n=241/259)

SME cost expectations tend to be higher than domestic users

Price Sensitivity Measurement – SME Customers



In 2024, you will pay approximately [insert relevant cost] per year for the 'current' level of service provided by SGN. At what additional cost, per year, would you consider ALL of these improvements to be...
B1a. ...acceptable? B1b. ...getting expensive, but still acceptable? B1c. ...unacceptable? Base: SME customers answering about Higher or Intermediate levels of service (n=261/239)



Service features most likely to pay extra for –
Points allocation task

Points allocation task



Reason for using

The previous questions related to the complete package of potential improvements. This task asked the respondent to indicate which of the **individual** service features they would be most willing to pay extra for.



What we did

Respondents were asked to allocate points across the 7 potential service improvements, for the **Intermediate and Higher** levels of service.

Respondents were asked...

- *Please share 100 points across the following service features to indicate which services you'd be most willing to pay extra for*

Respondents completed the task for the **intermediate and higher** levels of service separately.

Those who had previously said they weren't prepared to pay any additional cost for the whole package of improvements were not asked to participate in this exercise.



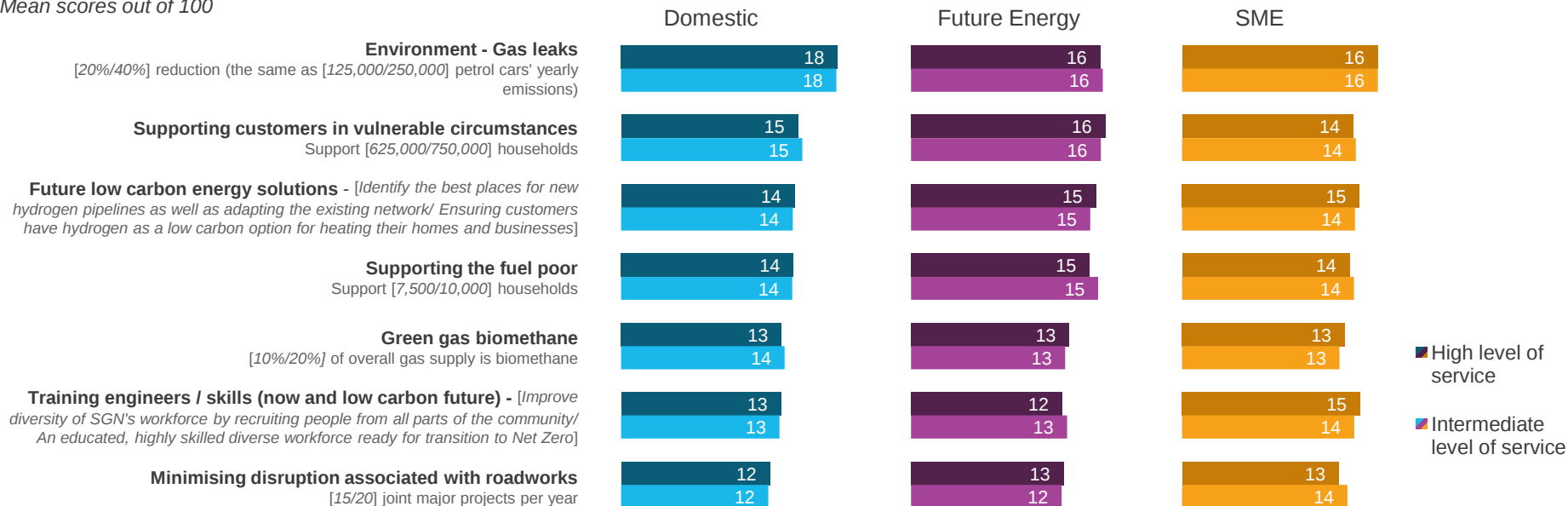
Analysis

Mean scores, out of 100, calculated for each service improvement.

Environmental improvements are the priority for all groups. Domestic and Future Energy customers then place more emphasis on supporting vulnerable customers, the fuel poor and future low carbon solutions, whereas SME customers place equal emphasis on the remaining features. Again, views are consistent across the intermediate and higher levels of service

Priority of individual service feature improvements – Comparison between customer groups

Mean scores out of 100



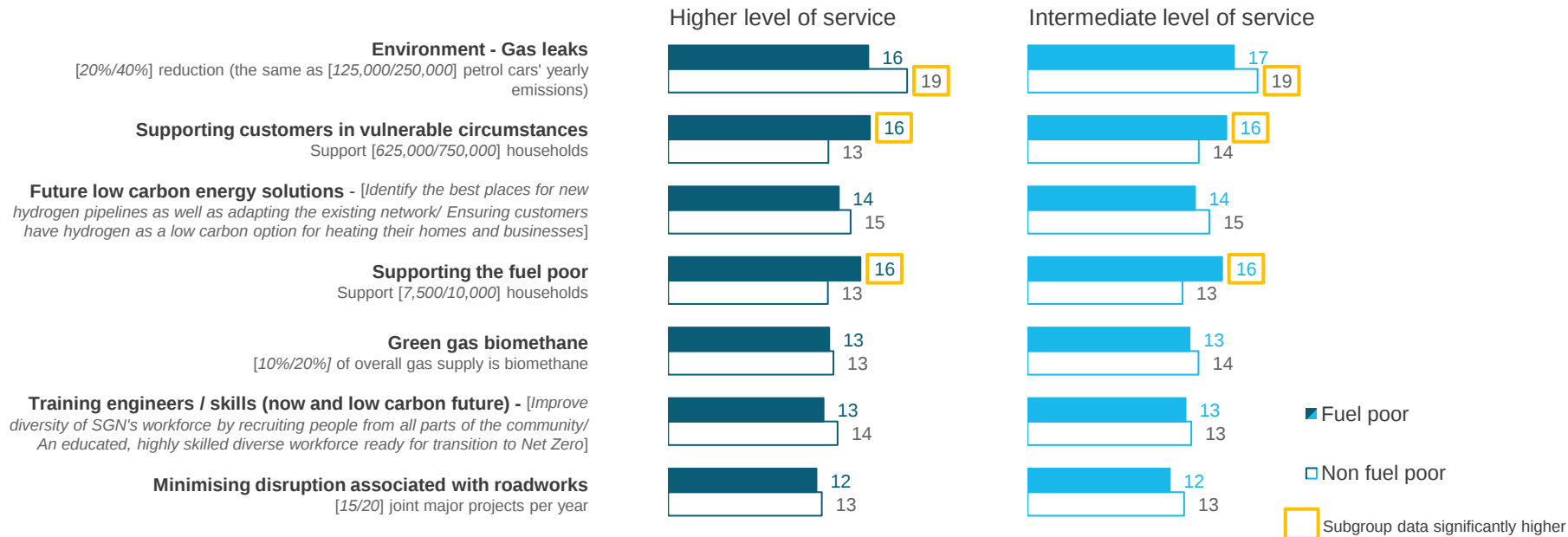
B10. Now, please share 100 points across the following service features to indicate which services you'd be most willing to pay extra for. For example, if you'd only be willing to pay extra for one service feature then you should allocate all 100 points to that feature. If you'd be willing to pay extra for all seven of these service features, you should allocate 100 points across all seven features. A higher points allocation indicates that you are more willing to pay for a particular service feature.

Base: All willing to pay some additional cost for the complete package of Higher/Intermediate improvements – Domestic / Future Energy / SME customers (n=1834/1829, 482/485, 4820/479)

The Fuel Poor are more likely to prioritise supporting the fuel poor and vulnerable customers, whereas the Non Fuel Poor are more willing to pay for environmental improvements

Priority of individual service feature improvements – Domestic Customers: Fuel Poor vs. Non Fuel Poor

Mean scores out of 100



B10. Now, please share 100 points across the following service features to indicate which services you'd be most willing to pay extra for. For example, if you'd only be willing to pay extra for one service feature then you should allocate all 100 points to that feature. If you'd be willing to pay extra for all seven of these service features, you should allocate 100 points across all seven features. A higher points allocation indicates that you are more willing to pay for a particular service feature.

Base: Domestic customers willing to pay some additional cost for the complete package of Higher/Intermediate improvements – Fuel Poor / Non Fuel Poor (n=837-978)

The Fuel Poor (esp. those that regularly struggle), those on the PSR and those with disabilities place more emphasis on supporting the fuel poor and vulnerable customers. Those with higher gas bills are more likely to prioritise low carbon solutions and minimising road disruption

Priority of individual service feature improvements – Domestic Customers by subgroup

Mean scores out of 100

		Estimated gas bill										
	TOTAL	Scot-land	South-ern	Low (£700 pa)	Med (£996pa)	High (£1366 pa)	Fuel poor	Non Fuel Poor	Regul-arily struggle	On PSR	Disabili-ty	Phase X Panel
HIGHER level of service	1834	623	1211	185	1298	351	839	978	188	483	488	38
Environment - Gas leaks - 40% reduction (≈ 62,000 petrol cars' yearly emissions)	18	17	18	17	18	18	16	19	15	17	16	16
Supporting customers in vulnerable circumstances - Support 750,000 households	15	15	14	15	15	13	16	13	18	15	17	14
Future low carbon energy solutions - Hydrogen as a low carbon option for heating	14	13	15	12	14	16	14	15	14	13	13	19
Supporting the fuel poor - Support 10,000 households	14	16	14	15	15	12	16	13	18	16	17	13
Green gas biomethane - 20% of overall gas supply is biomethane	13	13	14	14	13	13	13	13	13	13	13	14
Training engineers / skills (now and low carbon future) - Skilled, diverse workforce	13	14	13	15	13	13	13	14	12	13	13	11
Minimising disruption associated with roadworks - 20 joint major projects per year	12	12	12	11	12	13	12	13	10	12	11	13
INTERMEDIATE level of service	1829	624	1205	185	1293	351	837	975	189	479	488	38
Environment - Gas leaks - 20% reduction (≈ 31,000 petrol cars' yearly emissions)	18	17	18	19	18	17	17	19	17	17	15	17
Supporting customers in vulnerable circumstances - Support 625,000 households	15	16	15	16	15	14	16	14	17	16	18	15
Future low carbon energy solutions - Planning new hydrogen pipelines	14	13	15	13	14	17	14	15	13	13	13	20
Supporting the fuel poor - Support 7,500 households	14	16	13	15	15	12	16	13	18	15	16	13
Green gas biomethane - 10% of overall gas supply is biomethane	14	13	14	14	14	13	13	14	13	13	13	13
Training engineers / skills (now and low carbon future) - Improve workforce diversity	13	13	13	13	13	13	13	13	12	13	13	9
Minimising disruption associated with roadworks - 15 joint major projects per year	12	12	12	11	12	14	12	13	10	12	11	13

Subgroup data significantly higher

B10. Now, please share 100 points across the following service features to indicate which services you'd be most willing to pay extra for. For example, if you'd only be willing to pay extra for one service feature then you should allocate all 100 points to that feature. If you'd be willing to pay extra for all seven of these service features, you should allocate 100 points across all seven features. A higher points allocation indicates that you are more willing to pay for a particular service feature.

Base: All Domestic customers willing to pay some additional cost for the complete package of Higher/Intermediate improvements - base sizes shown above

Views are largely consistent amongst Future Energy customers

Priority of individual service feature improvements – Future Energy Customers by subgroup

Mean scores out of 100

		Estimated future gas bill					
	TOTAL	Scotland	Southern	Low (£700 pa)	Medium (£996pa)	High (£1366 pa)	Disability/ limiting factor
HIGHER level of service	482	149	333	46	330	106	228
Supporting customers in vulnerable circumstances - Support 750,000 households	16	15	17	16	16	18	17
Environment - Gas leaks - 40% reduction (≈ 62,000 petrol cars' yearly emissions)	16	14	16	16	15	17	16
Future low carbon energy solutions - Hydrogen as a low carbon option for heating	15	16	15	18	15	16	15
Supporting the fuel poor - Support 10,000 households	15	15	15	14	15	15	15
Green gas biomethane - 20% of overall gas supply is biomethane	13	14	13	11	14	12	13
Minimising disruption associated with roadworks - 20 joint major projects per year	13	13	12	12	13	12	12
Training engineers / skills (now and low carbon future) - Skilled, diverse workforce	12	13	12	13	13	11	12
INTERMEDIATE level of service	485	149	336	48	331	106	229
Supporting customers in vulnerable circumstances - Support 625,000 households	16	15	16	15	16	17	16
Environment - Gas leaks - 20% reduction (≈ 31,000 petrol cars' yearly emissions)	16	15	16	17	15	18	16
Future low carbon energy solutions - Planning new hydrogen pipelines	15	15	15	17	15	14	15
Supporting the fuel poor - Support 7,500 households	15	15	16	15	15	16	16
Green gas biomethane - 10% of overall gas supply is biomethane	13	13	13	12	13	11	12
Minimising disruption associated with roadworks - 15 joint major projects per year	12	13	12	12	13	11	12
Training engineers / skills (now and low carbon future) - Improve workforce diversity	13	14	13	11	13	12	12

Subgroup data
significantly higher

 Subgroup data significantly higher

B10. Now, please share 100 points across the following service features to indicate which services you'd be most willing to pay extra for. For example, if you'd only be willing to pay extra for one service feature then you should allocate all 100 points to that feature. If you'd be willing to pay extra for all seven of these service features, you should allocate 100 points across all seven features. A higher points allocation indicates that you are more willing to pay for a particular service feature.

Base: All Future Energy customers willing to pay some additional cost for the complete package of Higher/Intermediate improvements - base sizes shown above

Views are also consistent across the SMEs. Green gas biomethane is slightly less important in Scotland than the Southern region

Priority of individual service feature improvements – SME Customers by subgroup

Mean scores out of 100

	TOTAL	Region		No. of employees			'At risk'	
		Scotland	Southern	1-10	11-50	51-250	Heavily reliant on gas	Fuel poverty
HIGHER level of service	480	151	329	189	147	144	136	249
Environment - Gas leaks - 40% reduction (≈ 62,000 petrol cars' yearly emissions)	16	16	16	17	15	17	16	16
Training engineers / skills (now and low carbon future) - Skilled, diverse workforce	15	15	14	15	15	15	14	14
Future low carbon energy solutions - Hydrogen as a low carbon option for heating	15	16	14	16	14	14	14	14
Supporting customers in vulnerable circumstances - Support 750,000 households	14	14	14	14	14	14	15	15
Supporting the fuel poor - Support 10,000 households	14	14	14	12	16	14	15	14
Green gas biomethane - 20% of overall gas supply is biomethane	13	12	14	14	13	14	13	14
Minimising disruption associated with roadworks - 20 joint major projects per year	13	13	13	13	13	12	12	13
INTERMEDIATE level of service	479	150	329	188	147	144	136	249
Environment - Gas leaks - 20% reduction (≈ 31,000 petrol cars' yearly emissions)	16	16	16	17	14	17	15	16
Training engineers / skills (now and low carbon future) - Improve workforce diversity	14	15	14	15	13	14	14	14
Future low carbon energy solutions - Planning new hydrogen pipelines	14	15	14	14	14	14	15	14
Supporting customers in vulnerable circumstances - Support 625,000 households	14	15	14	15	13	14	15	15
Supporting the fuel poor - Support 7,500 households	14	14	14	12	17	14	15	15
Green gas biomethane - 10% of overall gas supply is biomethane	13	12	14	12	14	13	13	13
Minimising disruption associated with roadworks - 15 joint major projects per year	14	13	14	14	14	13	13	14

Subgroup data significantly higher

B10. Now, please share 100 points across the following service features to indicate which services you'd be most willing to pay extra for. For example, if you'd only be willing to pay extra for one service feature then you should allocate all 100 points to that feature. If you'd be willing to pay extra for all seven of these service features, you should allocate 100 points across all seven features. A higher points allocation indicates that you are more willing to pay for a particular service feature.

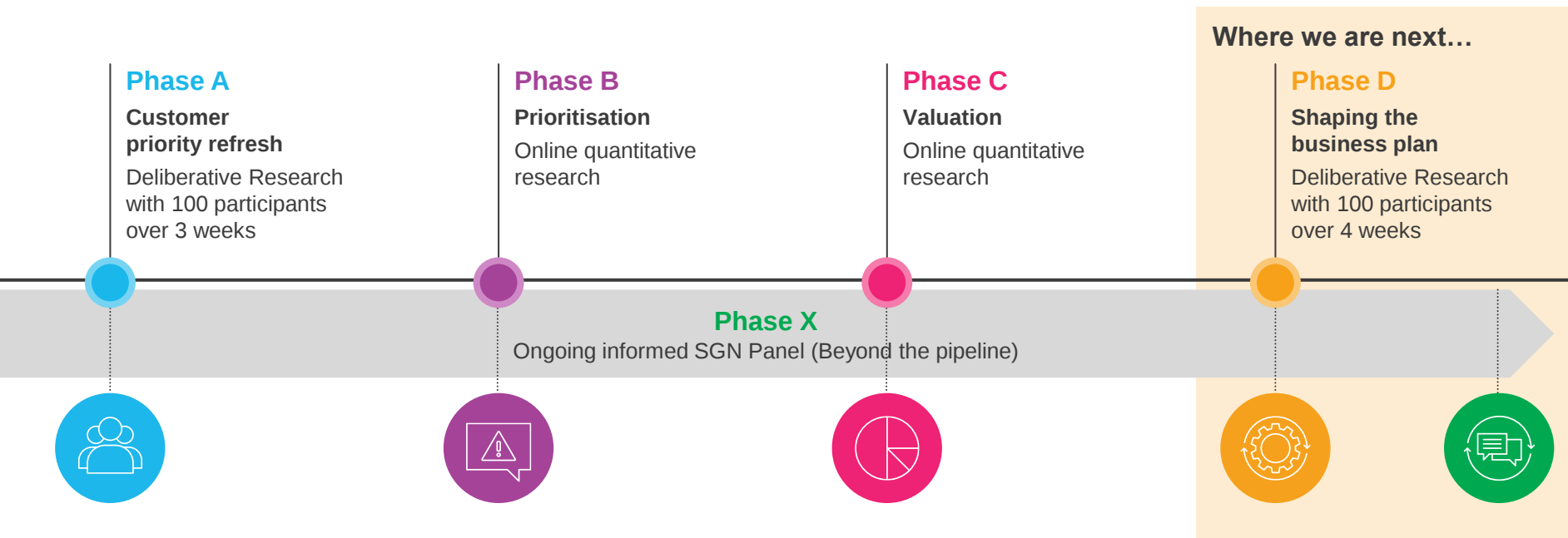
Base: All SME customers willing to pay some additional cost for the complete package of Higher/Intermediate improvements - base sizes shown above



Next steps

Summary of approach

- Phase D will be used to shape key elements of the business plan using customer input on their desired level of ambition
- We plan to use the same deliberative methodology as in Phase A, with some of the same participants
- Phase D kick off meeting is scheduled for Wednesday 17th April, with results available in July

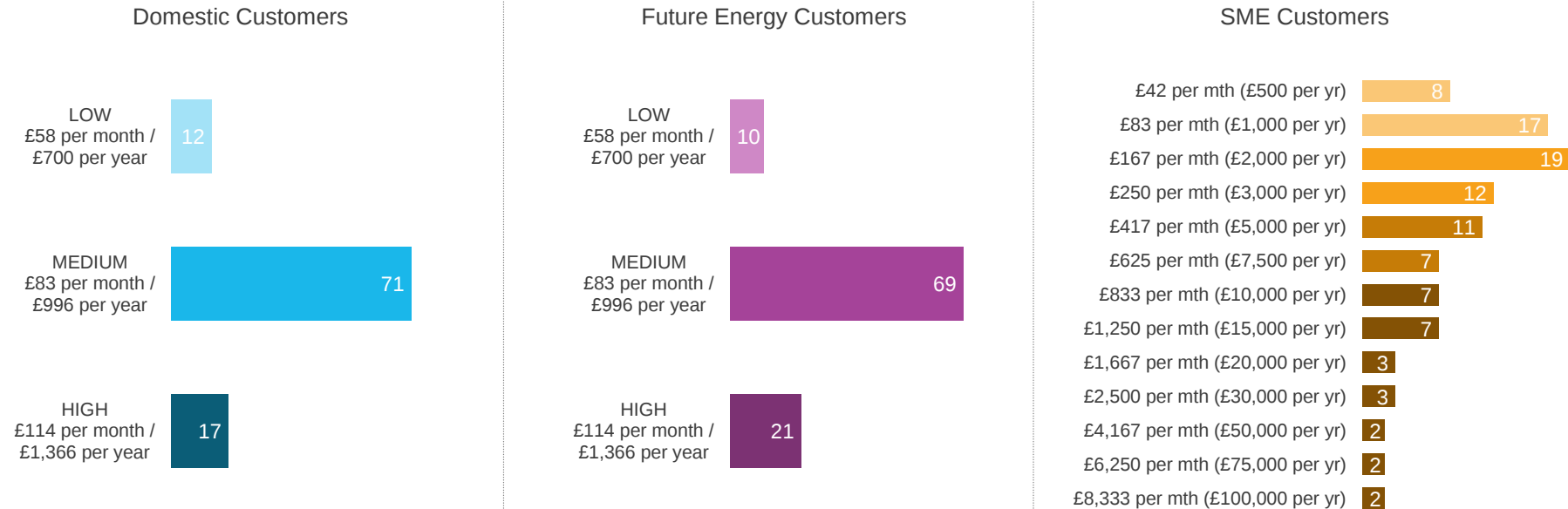




Appendix

The vast majority of our Domestic and Future Energy sample were medium gas users

Estimated gas bill



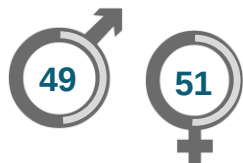
S17. Based on your responses, we have classified you as a [low / medium / high] gas user and estimate that your gas bill is/would be approximately [£58 / £83 / £114] per month or [£700 / £996 / £1,366] per year. Does this look about right or is one of the other options closer to your gas bill? S7b Which of the following is closest to your organisation's total gas bill?
Base: All Respondents – Domestic / Future Energy / SME customers (n=2000/500/500)

Domestic sample has been weighted by age, gender & SEG within region to ensure that it is representative

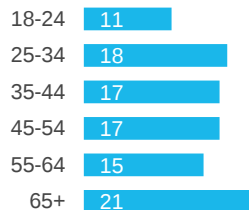
Domestic Customers (%) – All have a gas boiler as source of heating/hot water in home, and responsible for paying household energy bills

Respondent profile

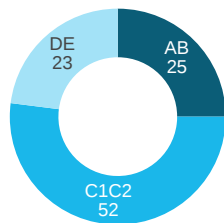
Gender



Age

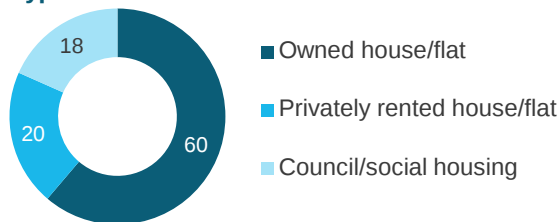


SEG

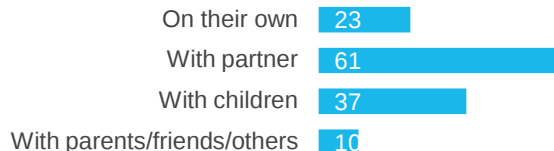


Household profile

Residence type



Living...



Number of people in household

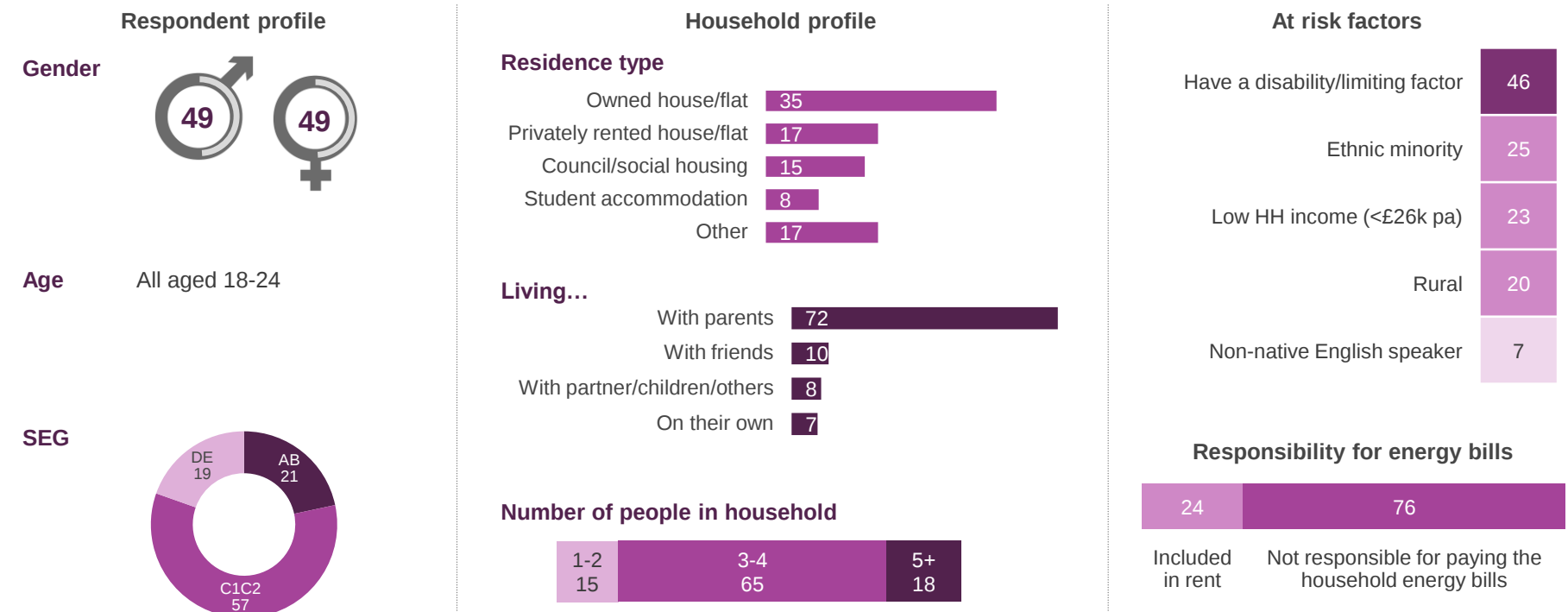


At risk factors

'Fuel Poor'	48
Monitor energy bills to ensure sufficient funds for all essentials	37
Regularly struggle to pay energy bills	11
On the Priority Services Register	26
Low HH income (<£26k pa)	31
Have a disability/limiting factor	29
Rural	21
Ethnic minority	10
Non-native English speaker	6

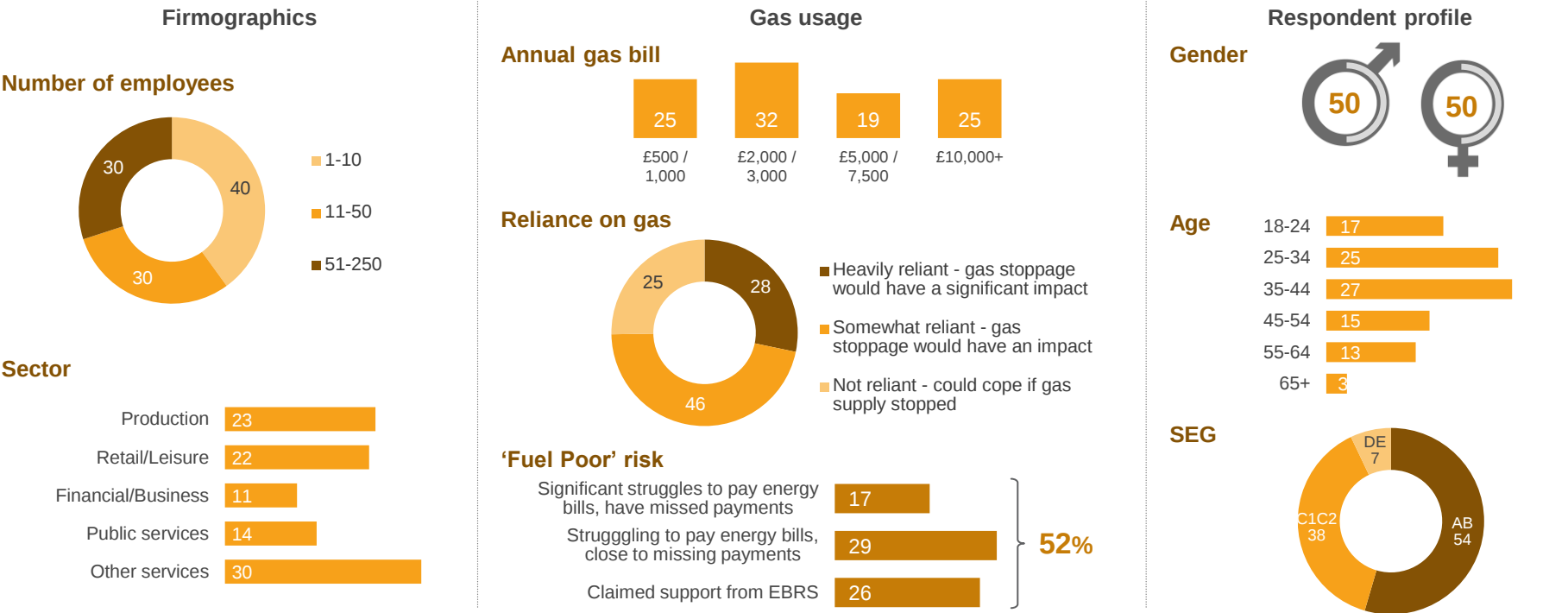
Future Energy sample has been weighted on gender within region

Future Energy Customers (%) – All have a gas boiler as source of heating/hot water in home, bills are included in the rent or not paying energy bills



SME sample has been weighted by size and region. Good spread of sectors, sizes, gas spend and reliance on gas.

Business Customers (%) – All have a business account for paying the gas bill, and are responsible for/involved in managing gas supply for the business



The respondents read through the following service features, before reviewing the 'current' service level compared to either the 'intermediate' or 'higher' service level

Environment

Gas leaks account for 95% of SGN's carbon footprint. SGN has an on-going programme to significantly reduce leaks by replacing ageing pipes. New technology is also being trialled which uses highly sensitive gas detection equipment and artificial intelligence to identify and fix leaks more effectively.

Future low carbon energy solutions

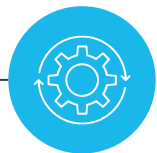
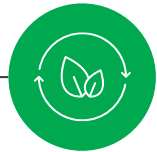
Transitioning from the gas used today to green hydrogen gas will help SGN to achieve Net Zero. By adapting the network, SGN can connect the places where hydrogen will be produced with the places where it will be used.

Supporting customers in fuel poverty

Some people cannot afford to heat their homes safely. SGN is committed to helping people keep safe and warm. SGN supports customers in fuel poverty by ensuring they have well maintained appliances (i.e. boilers, cookers, etc) that work safely and sharing knowledge on how to heat their home efficiently.

Training engineers/skills (now and low carbon future)

Due to a skills shortage, SGN currently relies on expensive engineering contractors to carry out works. To improve efficiency, SGN will recruit more engineers & technicians through a variety of routes, such as apprenticeships and experienced workers from other industries. By providing high-quality, continuous training and upskilling, SGN will have a future-ready workforce.



Green gas biomethane

Biomethane is a natural, renewable and clean gas that SGN is increasingly using to provide heat and power to homes and businesses. It's produced from organic material, such as food waste, manure or sewage. Biomethane can be fed directly into the network, so customers can continue to use their existing gas boilers and cookers.

Supporting customers in vulnerable circumstances

Some customers need extra support, especially those in vulnerable circumstances (e.g. older customers, those with physical or mental health issues). Whilst carrying out work in customers homes, SGN engineers sometimes come across a vulnerable customer. They have a commitment to never walk away from a customer in need. SGN will support or refer the customer to partner organisations.

Minimising disruption associated with roadworks

When SGN upgrades the gas network, they need to dig up the roads to access the pipes buried underground. By working in partnership with other service providers, like water companies and local authorities, SGN can reduce overall disruption for customers. Carrying out work at the same time as others, means they only dig up the road once which minimises inconvenience to local communities.

Respondents read through these general descriptions of each service feature, before answering about paying for potential improvements

THANK YOU



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