STRAT 7 JIGSAW | SGN Your gas. Our network.

SGN I&C Survey Report

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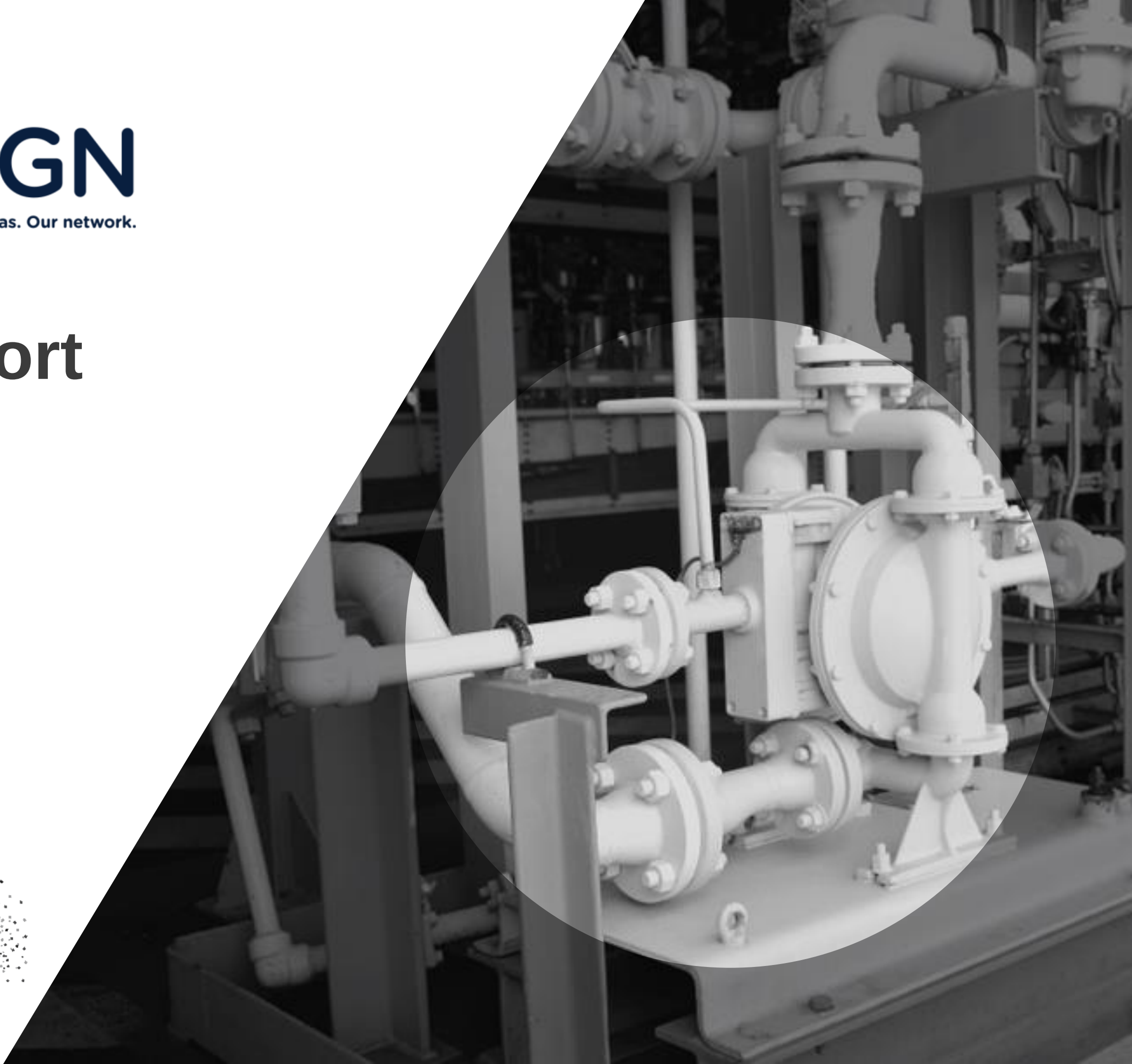


MRS Awards 2022 Finalist Business-to-Business Research

MRS Awards 2020 Winner Innovation of the Year

MRS Awards 2019 Winner Global Agency of the Year

MRS Inclusion Pledge

Background

Objective:

Research with SGN's large Industrial and Commercial (I&C) gas customers to understand their:

- Current and future gas use
- Decarbonisation plans
- Engagement with SGN

The overall approach:

1 Sample

Interviews recruited from I&C lists provided by SGN

- Initial lists of c600 'Top' customers – c200 each from Scotland, South, South-East
- Additional lists of an extra 39 'Priority' contacts and contacts from NHS Scotland

Target respondent: responsible for energy planning

2 Approach

Telephone interviews

20-minute questionnaire

Closed and open-ended questions to explore details

3 Achieved

51 interviews achieved

Fieldwork dates: 10th September – 29th November 2024

The fieldwork took longer than anticipated and required extra desk research to identify the right business & contact at each address

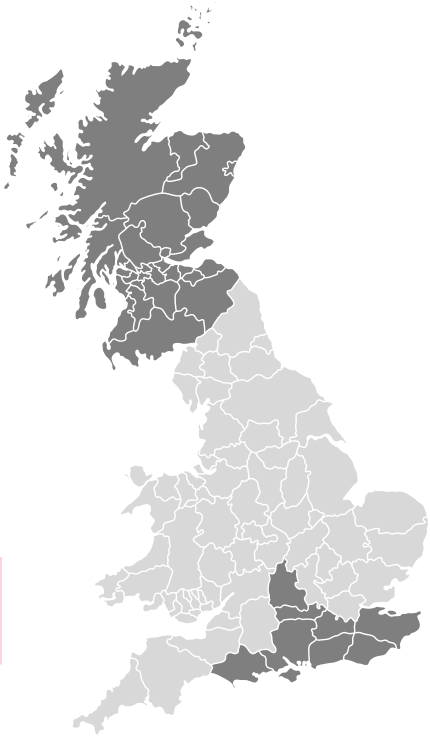
Classified as Internal

Sample

26 interviews
Scotland*
51%

11 interviews
South
22%

14 interviews
South-East
27%



* NB. Some of the contact lists that the sample is drawn from focussed on Scotland and NHS Scotland only and there is a potential skew towards these audiences.

Customer type	No. ints	%
Top 30 *(incl. 1 also on Priority list)*	9	18%
Top 31-200 *(incl. 2 also on Priority list)*	29	57%
Other	13	25%

Number of sites using gas	No. ints	%
1 site only	7	14%
1-5 other sites	15	29%
Over 5 other sites	25	49%
Not known	4	8%

Turnover per annum*	No. ints	%
Over £200m per annum	11	22%
Up to £200m per annum	8	16%
Unknown	32	63%

**Compiled from a combination of a survey question added part way through research and desk research*

Business Type	No. ints	%
Health and Social* *Including NHS Scotland*	19 *11*	37% *22%*
Manufacturing	12	24%
Public Utilities (inc. power generation)	8	16%
Accommodation and Food Services	4	8%
Construction	3	6%
Education	2	4%
Other	3	6%

Job Title	No. ints	%
Energy/ Sustainable Energy Management	20	39%
Engineering	9	18%
General Management	9	18%
Site/ Facilities Management	8	16%
Operations	3	6%
Other	2	4%

Summary of findings

1 Current and future gas use

Space heating and Direct process heat are the main business customer activities that use gas, followed by indirect process heat. Gas use ranges by customer from <1GWh to over 100GWh+ per year.

Use varies across the year and time of day for many, driven by external factors such as weather, demand, and energy pricing – also operational factors e.g. whether production is running or not.

A constant gas supply is business critical for many. Half would feel a major impact within 5 hours if gas supply was interrupted unexpectedly. Where there is flexibility, it can be that processes are not running all the time or driven by price optimisation. Public Utility firms tend to have more flexibility than Manufacturers, Health or other sectors.

Two-thirds do not expect their gas use to change in the next year, but **three-fifths expect use to reduce in 5 years and nearly three-quarters in 10 years**. Anticipated decreases in gas use mainly relate to decarbonisation plans, whereas for the minority expecting increases this is due to business demand.

2 Decarbonisation plans

Driving energy efficiency is firms' main route to reducing their carbon footprint – they also mention process changes and electrifying/ switching to alternative fuels.

The main challenges around decarbonisation are financial, but also around many other factors including insufficient development of alternatives or guidance from government or regulators.

Customers feel that the drive to reduce gas use should and will lie with businesses, with government and regulators also expected to play a role (more so than the market/ customer demand). For NHS organisations, however, government should and is predicted to play more of a driving role.

Technical solutions exist to replace use of natural gas for 7 in 10 businesses, but there are widespread challenges for many around the uncertainty of direction, and the cost, scale of the task and timing.

3 Engagement with SGN

Most are aware of SGN, but the level of knowledge is mixed. The **average satisfaction score is 6.7**, with few rating 9 or 10 out of 10 on satisfaction.

Customers ideally want more information, collaboration and leadership from SGN, as well as practical efficiencies like keeping network running costs low.

Many are open to future contact and sharing their survey answers with SGN.

So, overall, there is a reasonable foundation to build on and clear permission to deepen the relationship.

THANK YOU

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