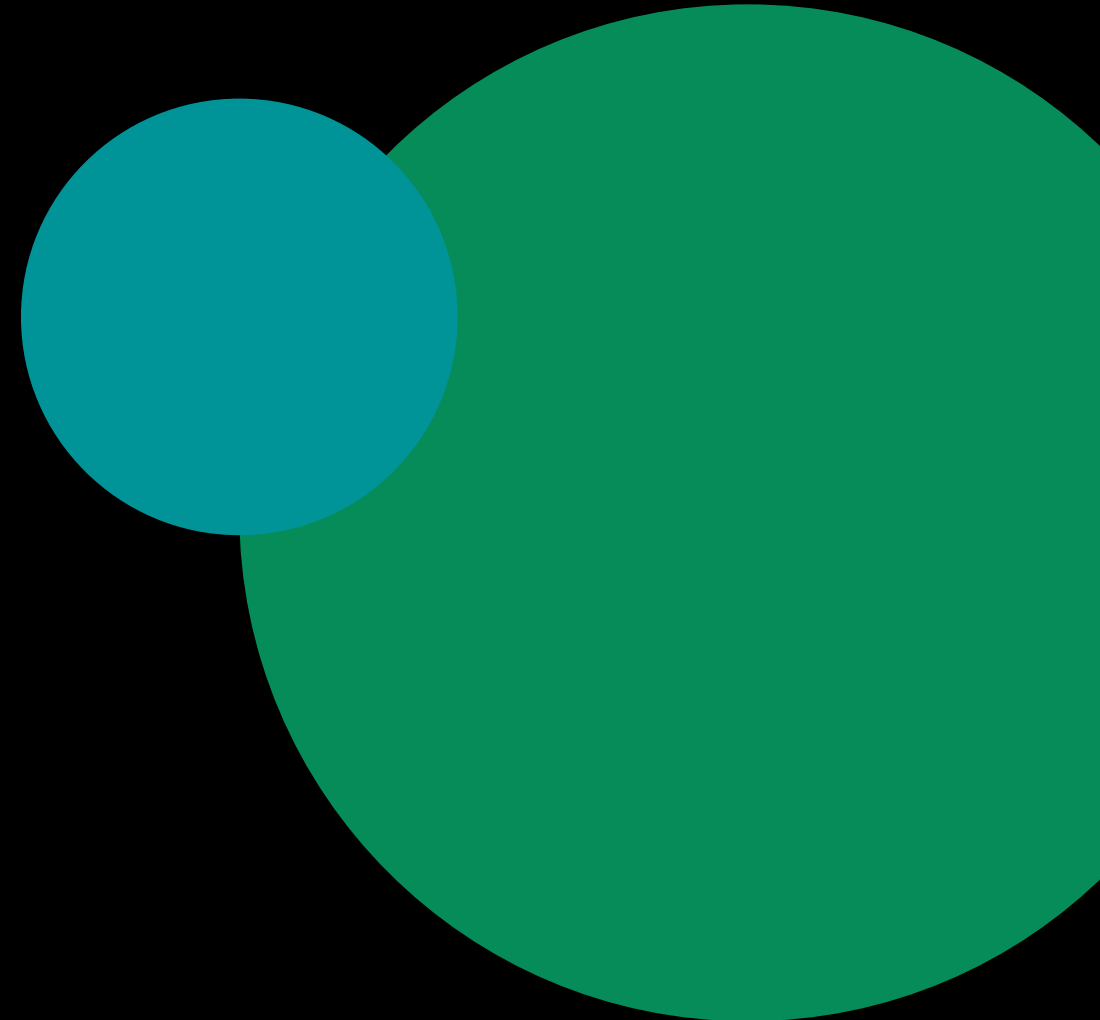


Customer Perceptions Research

24 February 2021

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Purpose of research



Purpose of research

- NGN operates in a regulated environment and is currently at the end of the eight-year GD1 business plan cycle. The next price control period (RIIO-GD2) commences in April 2021.
- As NGN moves into the GD2 period it needs to **understand customers' views** on a number of issues and elements of its activity.
- Research was required that provides a **baseline of customer attitudes and preferences**, so that the survey may be repeated to **assess how customer views change over time**.
- A number of the questions are therefore intended to be repeated in future survey waves and are indicated as 'tracking' questions in the questionnaire.
- The survey intends to provide a representative sample of customers from across the NGN network, including **domestic** and **business** customers. NGN's **future domestic customers** have also been included in the survey.
- The questionnaire is structured by theme, covering the following main topics:
 - Customer priorities
 - Energy efficiency
 - Environmental impact
 - Vulnerability support
 - NGN communities
 - Impact of NGN works

Research methodology



Research methodology

- 1,411 customers;
 - 1,117 domestic customers
 - 31 future domestic customers
 - 263 business customers
- A dual approach was used to provide the sample of NGN customers / future customers:
 - Online panel (n=1,311; 93% of total sample)
 - Face-to-face interviewing at customer's doorsteps (n=100; 7% of total sample)
- The face-to-face sample was included to ensure that customers who are digitally disengaged were able to participate.
- 8.2% of the domestic customer sample (n=94) were digitally disengaged;
 - 4% without access to the internet
 - 3% low confidence in using the internet
 - 1% had not used the internet in the previous 6 months
- To be eligible to participate in the survey, participants needed to be:
 - **Domestic customer:** aged 16+ living in the NGN network, with a mains gas supply to their property and responsible (jointly or solely) for the household's energy bill
 - **Future customer:** aged 16-29 living in the NGN network area and either does not have a mains gas supply or does not currently have any responsibility for the household's energy bill
 - **Business customer:** works for an organisation in the NGN network and is responsible for managing the organisation's energy bills
- Domestic customer data have been weighted to the age and Social Grade profile of the Household Reference Person in the North East and Yorkshire and Humberside regions
<https://www.nomisweb.co.uk/datasets/st067>

Customer priorities



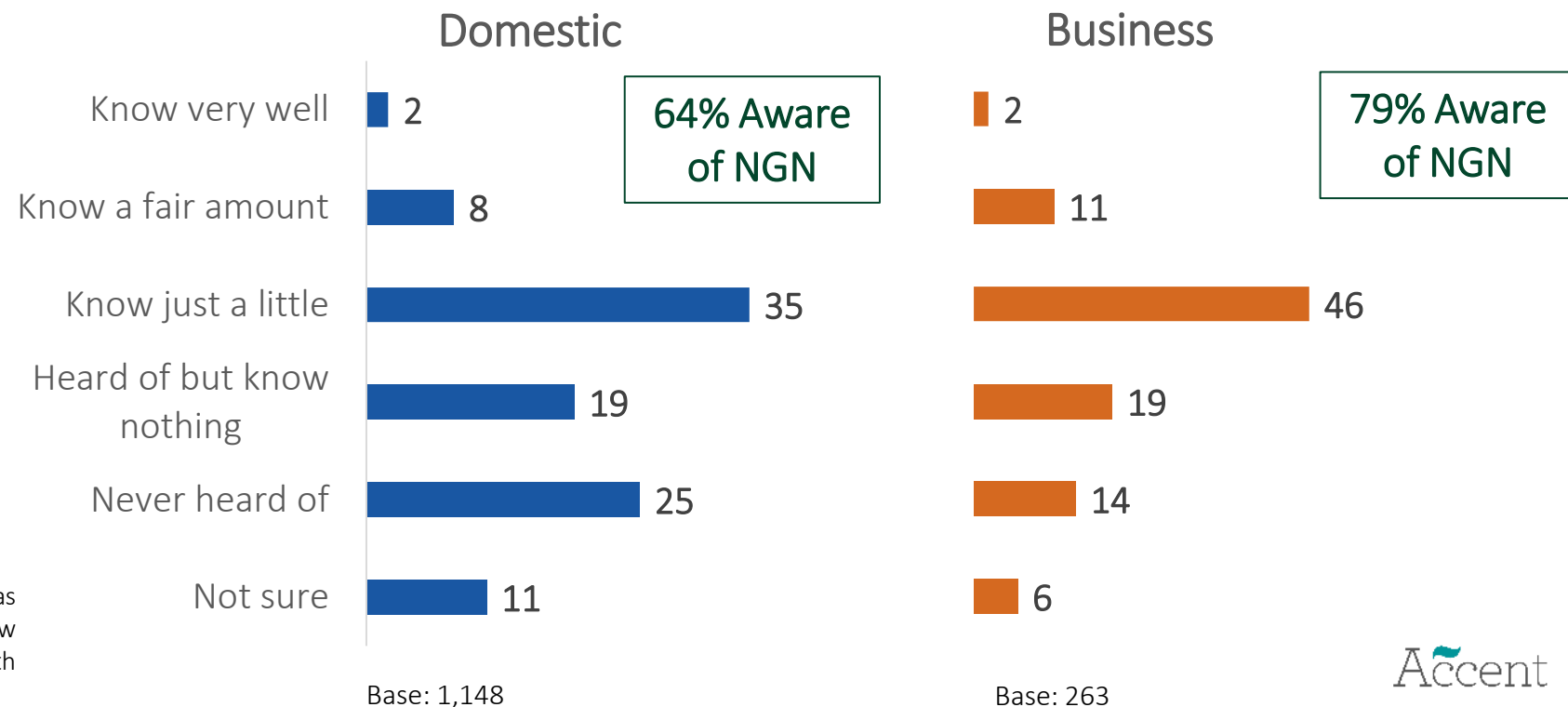
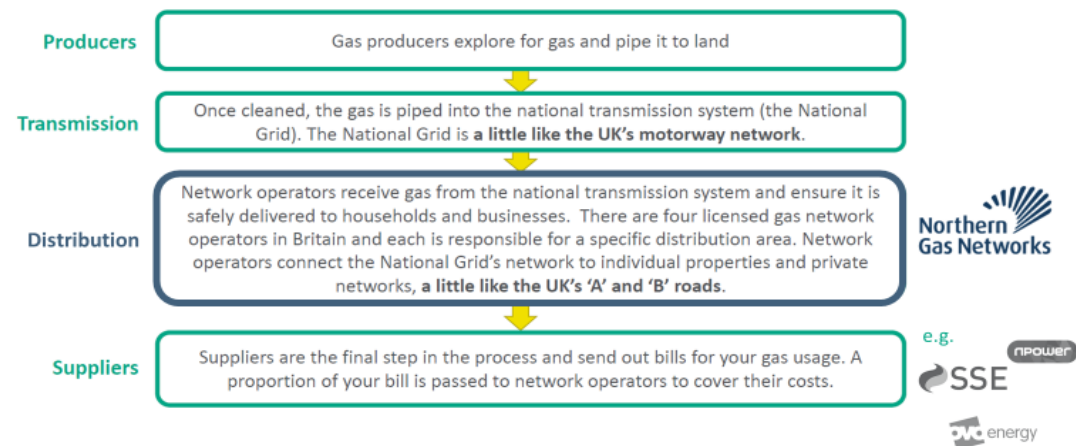
Awareness of NGN

- Overall, **66% are aware of NGN**; 64% of domestic customers and 79% of business customers
- The following are more likely to report being aware:
 - Men (69% vs 59% women)
 - Customers on the PSR (77%)

10

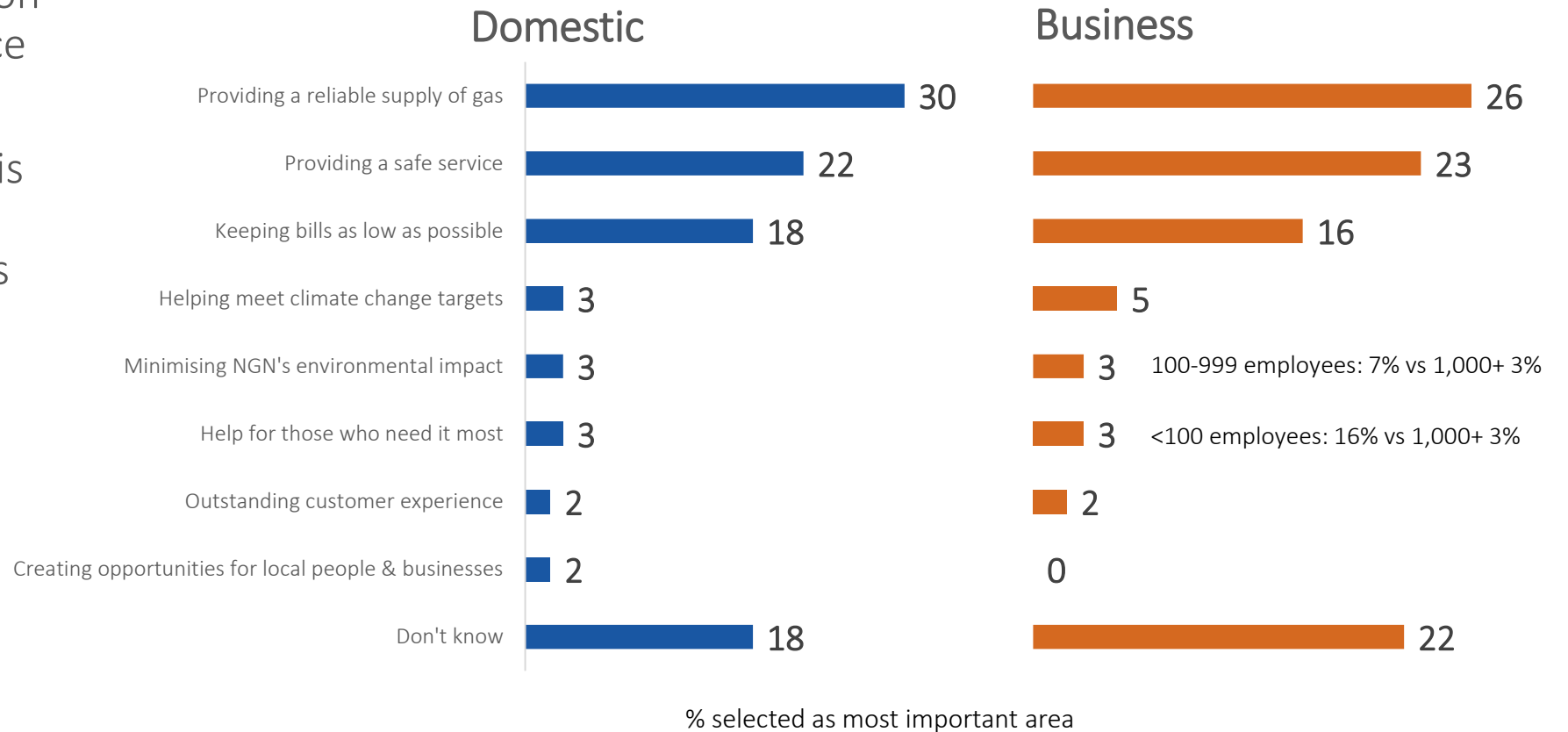
Q23. Had you previously heard of Northern Gas Networks? + Q24. How well do you feel you know NGN and the services it is responsible for? (Both questions are tracking questions)

Where NGN fits in the gas supply chain



Customer priorities (spontaneous)

- Customers' spontaneous priorities are focused on reliability, a safe service and keeping bills low.
- The ordering of areas is broadly the same for domestic and business customers.



Base: 1,148

Base: 263

Q26. Please rank the following from 1-8 (where 1 is the most important) to indicate which you feel are the most important for NGN to focus on. (Tracking question)

In the 2019 Acceptability research, all promise areas were seen to be acceptable by over three-quarters (at least 77%), with reliability consistently the most acceptable

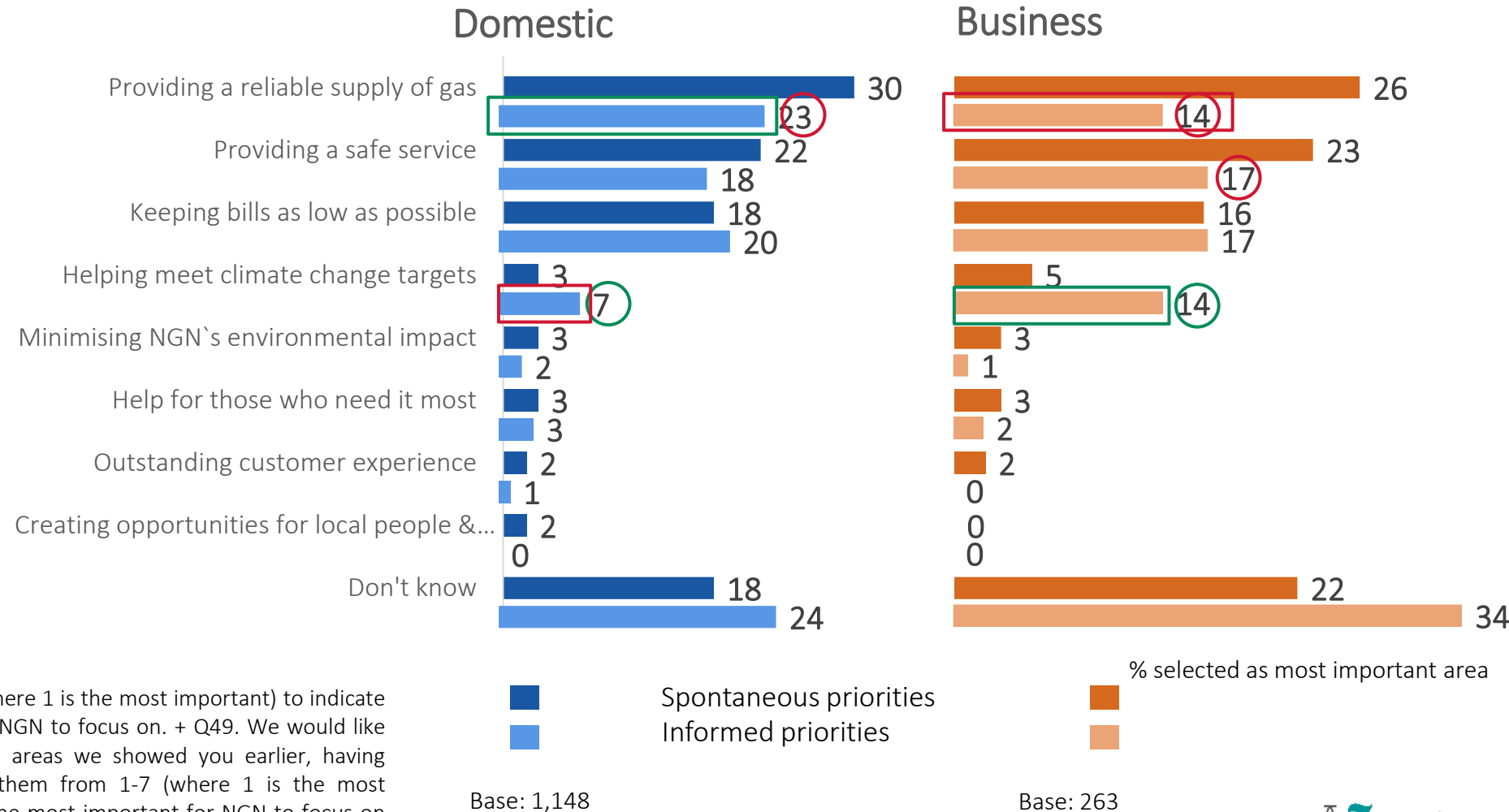
- Customers – current and future - find the reliability promises most acceptable, and less so for protecting customers most in need
- Stakeholders also find reliability most acceptable but safety less so. The environment promises receive the highest level of unacceptable scores (14%).

Performance area	Domestic customers		Non-Domestic customers		Future customers		Stakeholders	
	Acceptable	Un-acceptable	Acceptable	Un-acceptable	Acceptable	Un-acceptable	Acceptable	Un-acceptable
Reliability	89% (1)	1%	90% (1)	1%	94% (1)	0%	84% (1)	2%
Customer service	87% (2)	0%	88% (3)	2%	91% (=3)	1%	82% (2)	5%
Safety	86% (3)	1%	89% (2)	3%	92% (2)	0%	77% (5)	9%
Environment	85% (=4)	1%	82% (4)	4%	91% (=3)	3%	80% (=3)	14%
Supporting the most in need	85% (=4)	2%	80% (5)	3%	85% (5)	0%	80% (=3)	5%

Customer priorities (informed)

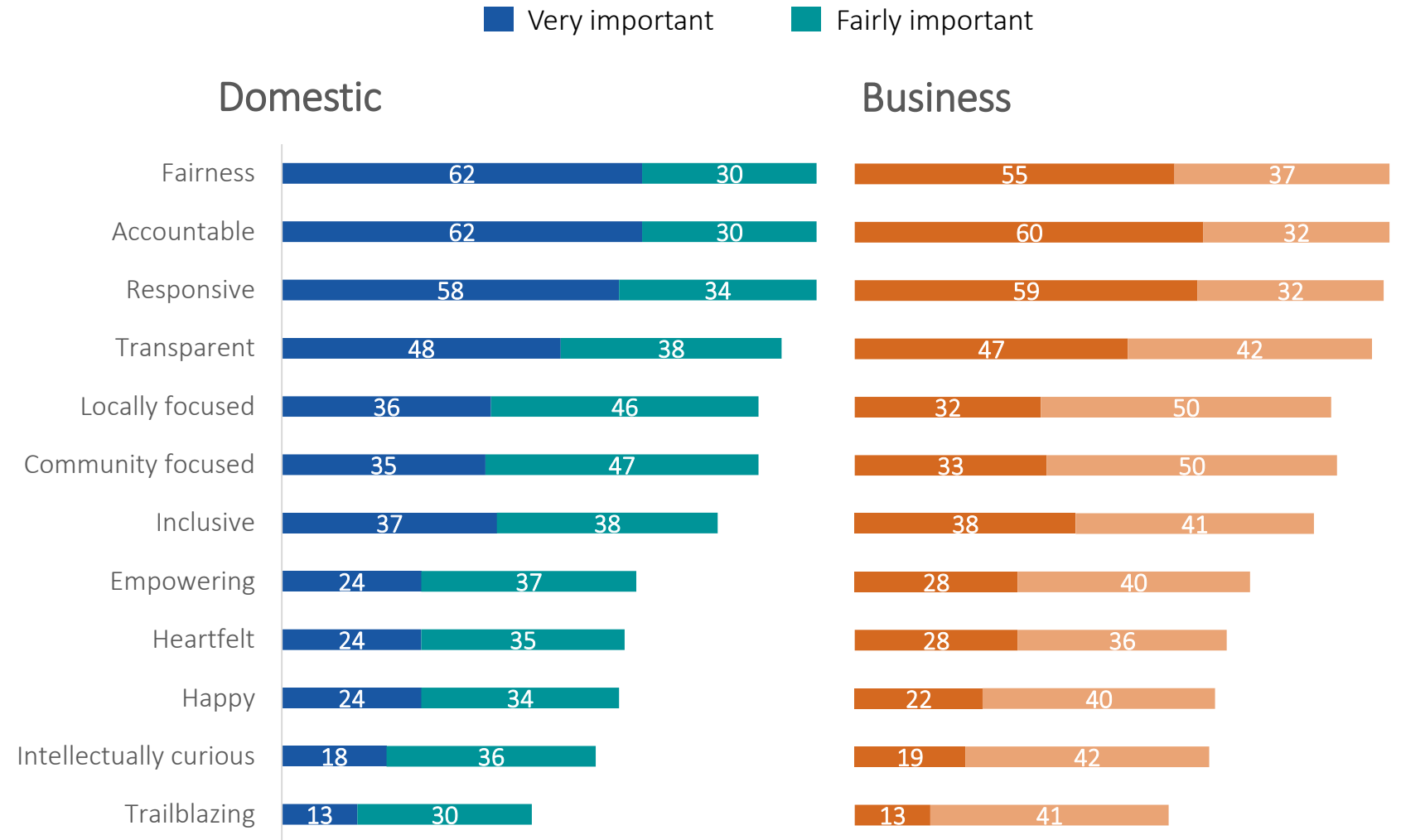
- When asked for priorities again at the end of the survey, the priority order remains broadly similar, but reliability is less likely to be selected top, and for businesses safety falls.
- Helping meet climate change is the area which becomes more likely to be given highest importance, with the proportion of businesses selecting it almost trebling.

Q26. Please rank the following from 1-8 (where 1 is the most important) to indicate which you feel are the most important for NGN to focus on. + Q49. We would like you to take another look at the business areas we showed you earlier, having learned more about NGN. Please rank them from 1-7 (where 1 is the most important) to indicate which you feel are the most important for NGN to focus on from 2021 to 2026. (Both questions are tracking questions)



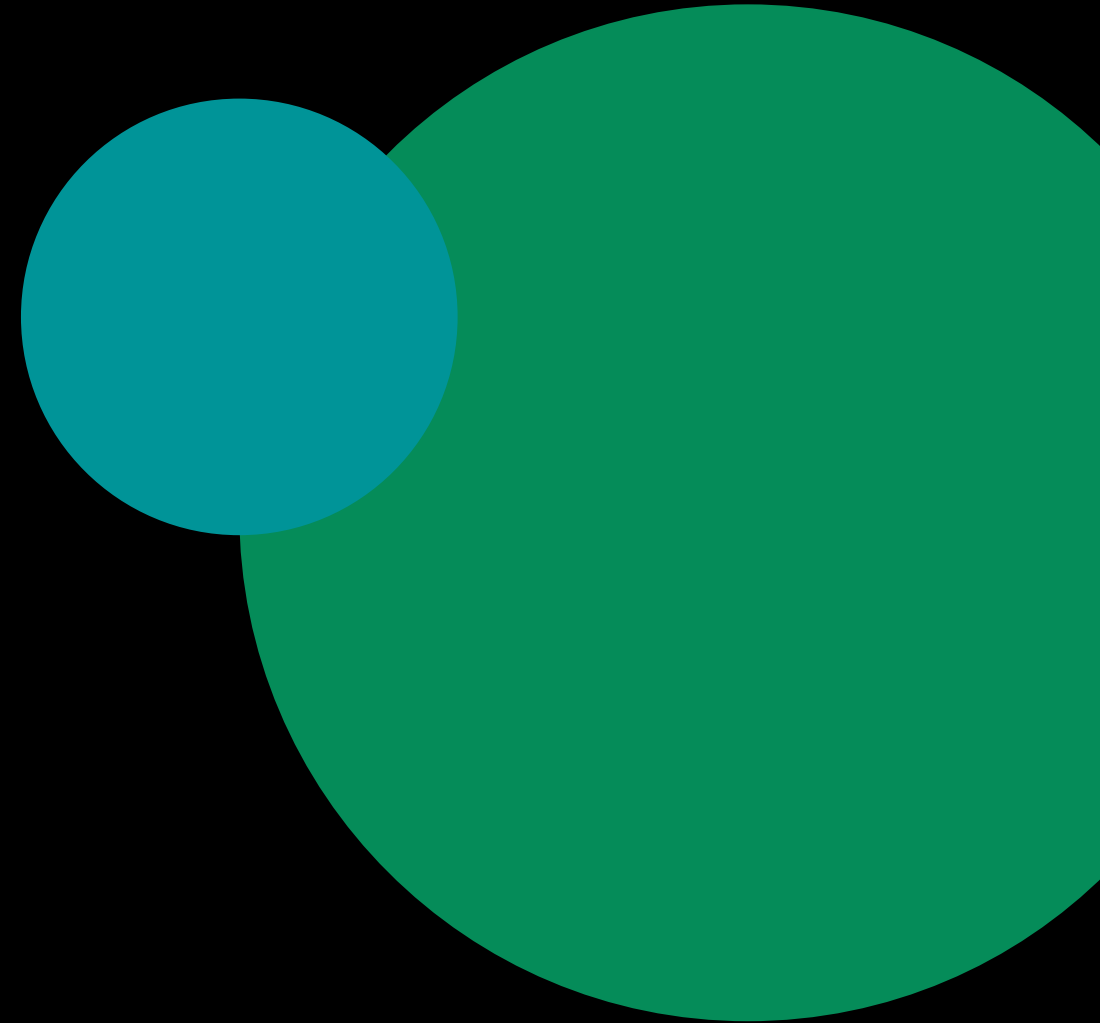
NGN values

- Fairness, accountability and responsiveness are the values that customers think are most important for NGN to uphold (each rated very/fairly important by 92%)
- This is followed by transparency (86%), locally focused (83%) and community focused (82%)
- Being trailblazing is least likely to be viewed as important (46%)



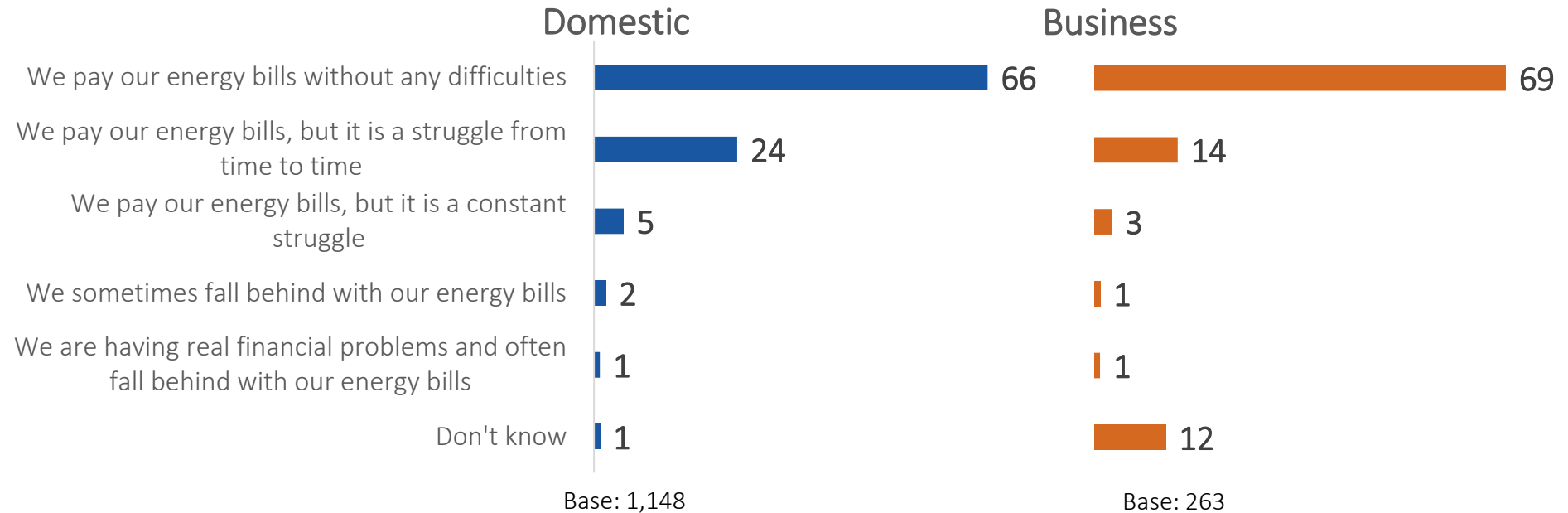
Q50. Please rate how important you think each of the following values are for NGN to uphold?. (Tracking question)

Energy use and energy efficiency

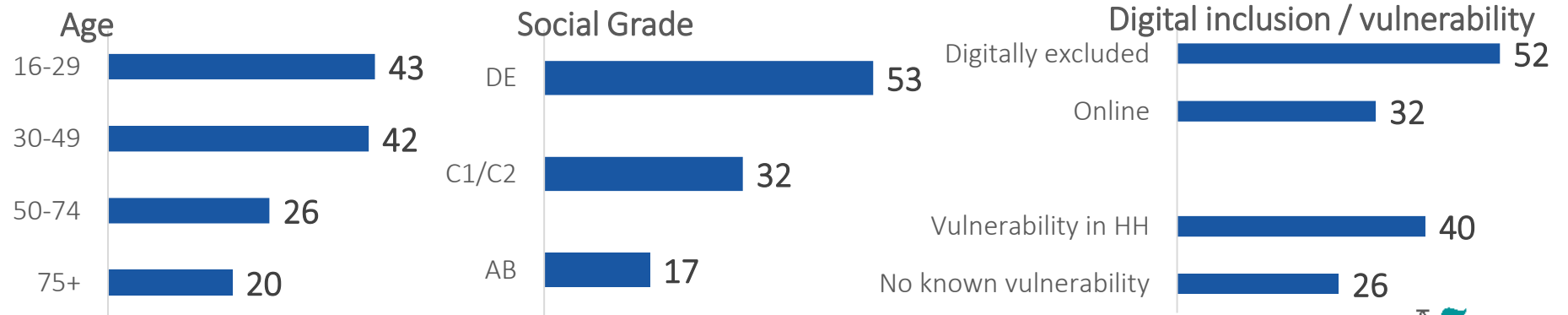


Difficulty paying bills

- One in three domestic customers say they sometimes have difficulties paying their energy bills.
- Difficulty paying is highest for customers aged under 50, lower social grades, the digitally disengaged and those with a vulnerability in the household.



Have some difficulty in paying bills



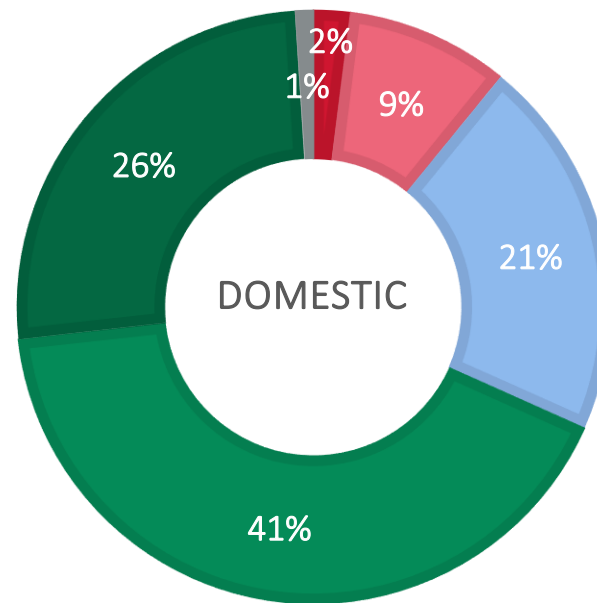
Q50. Which one of the following statements best describes your [NHH IF NOT SOLE TRADER] situation with paying your energy bill? (Tracking question)

Concern over energy spend

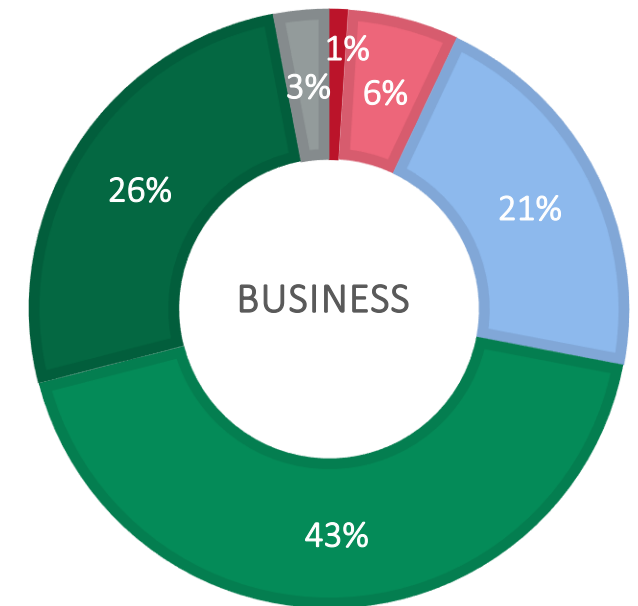
- Around two thirds of customers are concerned with the amount they spend on energy (68% of domestic customers and 69% of business customers)
- This rises to 85% for domestic customers who sometimes struggle to pay their energy bills.
- Business customers with 100-999 employees are most likely to be concerned (82%)

Q27r1. How much do you agree or disagree with the following statements? (Tracking question)

■ Strongly disagree ■ Disagree ■ Neither/nor
■ Agree ■ Strongly agree ■ Don't know



Base: 1,148



Base: 263

I am concerned about the amount of money we spend on energy

Concern over energy spend is matched by interest in receiving energy efficiency guidance

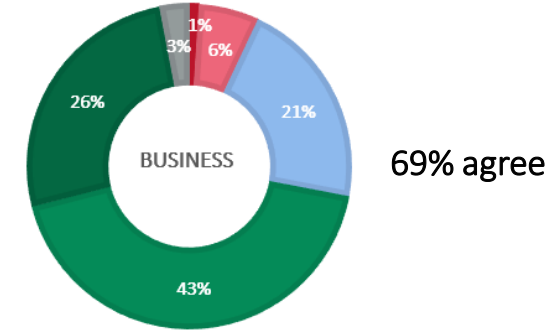
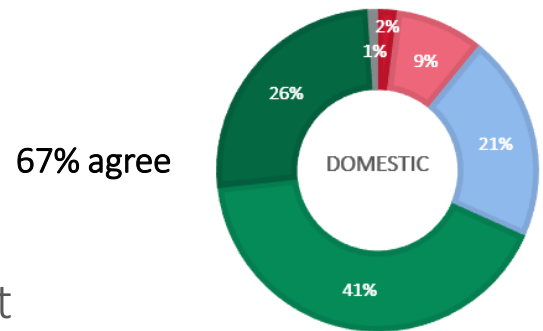
■ Almost exactly the same proportion of customers would welcome energy efficiency advice as are concerned about their energy spend.

■ Comparing those who 'agree' (not strongly agree) to these questions, there are two distinct groups:

- Concerned customers:
 - Less likely to be 25-29
 - More likely to be C1
 - Less likely to be Rural
 - More likely not to be on PSR
- Guidance seeking customers:
 - More likely to be 30+
 - More likely to be AB
 - Less likely to be Rural
 - More likely not to be on

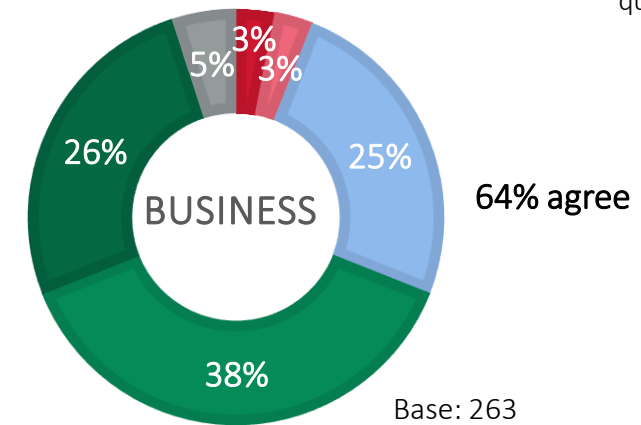
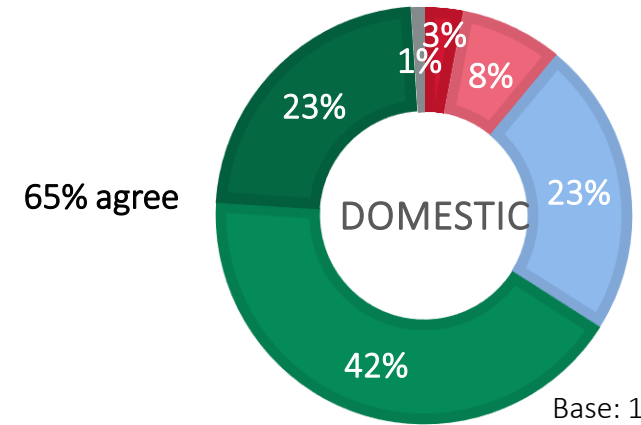
I am concerned about the amount of money we spend on energy

Strongly disagree Disagree Neither/nor Agree Strongly agree Don't know



Strongly disagree Disagree Neither/nor Agree Strongly agree Don't know

I would welcome guidance on how we can use less gas in our [home / business]



Q27r2. How much do you agree or disagree with the following statements?(Tracking question)

There is a high level of appetite for energy use guidance

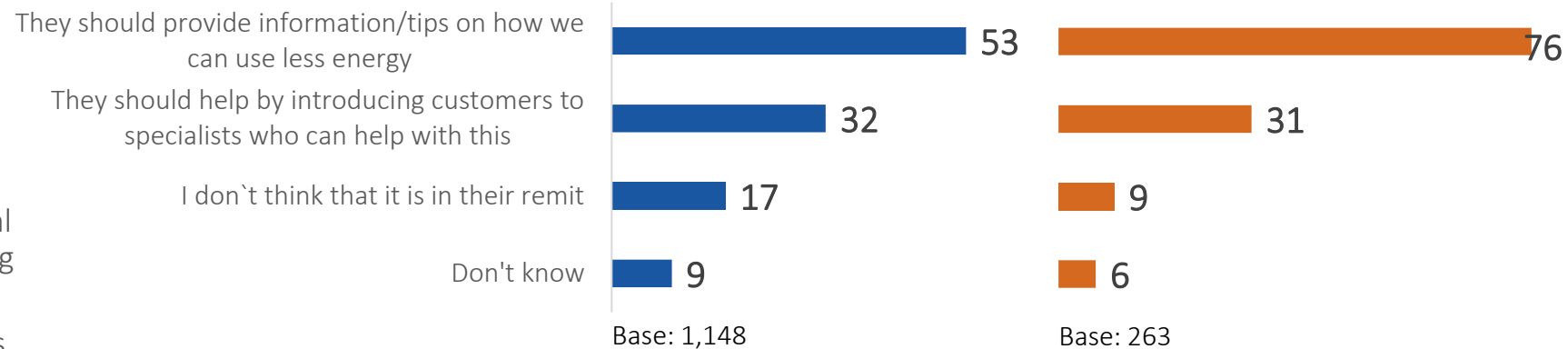
■ The majority of customers see NGN as having a role in supporting customers with energy efficiency

- Females more than males (69% vs 61%) for 'provide information/tips'
- 50-74 more than 16-24 (20% vs 5%) for 'No'
- Rural and Urban more than Semi-rural (35% and 27% vs 20%) for 'introducing customers to specialists'
- On PSR more than not on PSR (39% vs 24%) for 'introducing to specialists'

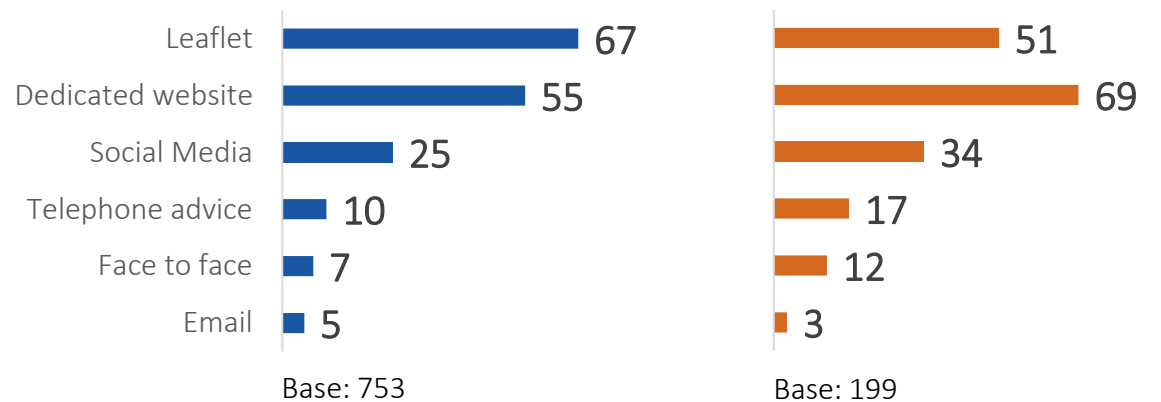
■ The most preferred channels through which to receive this information are:

- Leaflet: Top vote for: all domestic groups apart from AB and 16-24 (both dedicated website)
- Dedicated website: Top vote for business overall and for 100-999 and 1,000+ and second vote for majority of other subgroups
- Social media: second vote for 16-24

Do you think that Northern Gas Networks should have a role when it comes to helping customers improve their energy efficiency?



How would you like to receive this information on energy efficiency?



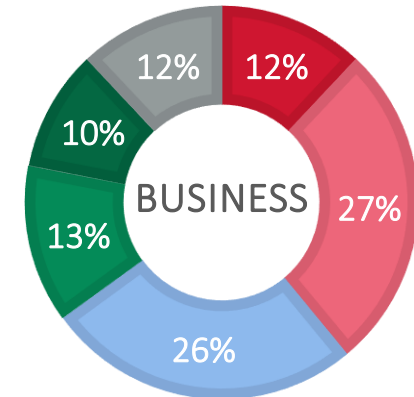
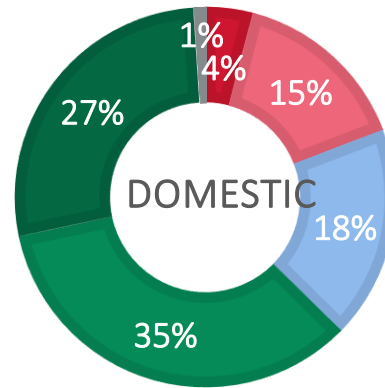
The Covid-19 pandemic has led customers to be more conscious of their energy use

- Almost two in three domestic customers say they use more energy now than prior to the Covid-19 pandemic. Business customers are less likely to have seen this impact, with around one in four (23%) saying they do.
- A high proportion of both domestic (47%) and business (42%) customers think more about their energy use than before the pandemic.
- This is most likely to be the case for younger customers (58% of those aged 16-49).

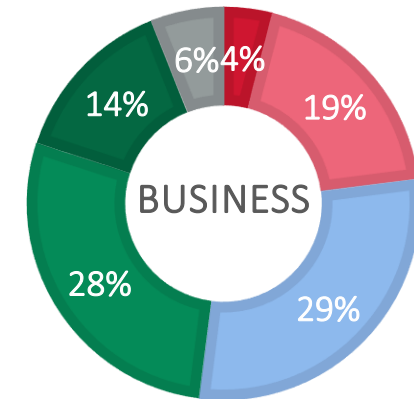
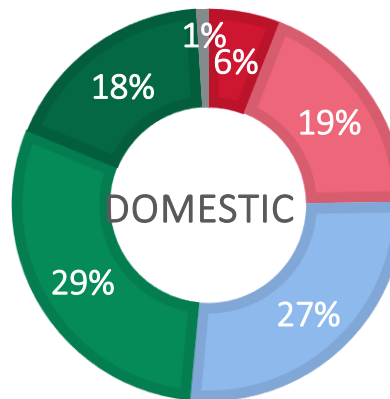
Q28. And how much do you agree or disagree with these statements?

Our household/business uses more energy now than we did before Covid-19

- Strongly disagree
- Disagree
- Neither/nor
- Agree
- Strongly agree
- Don't know



I think more about the energy that we use than I did before Covid-19



Base: 1,148

Base: 263

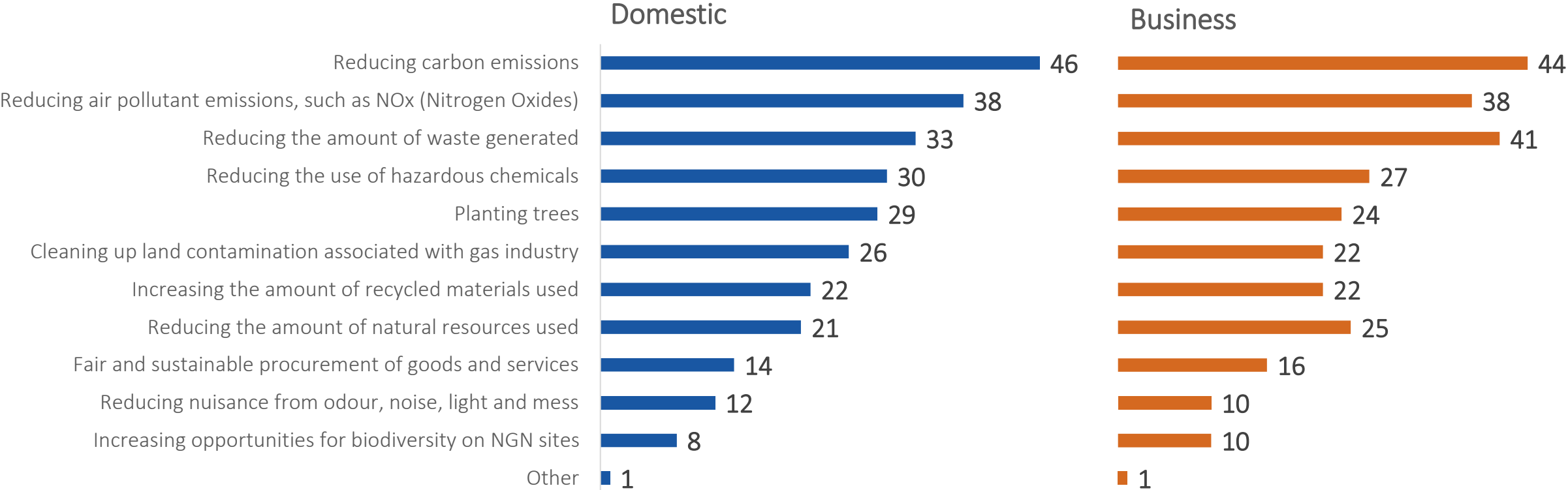
Environment



Environmental priorities

- Reducing carbon emissions is seen as the most important environmental action with just under half of customers selecting it in their top three environmental priorities.
- This is followed by reducing air pollutant emissions and reducing the amount of waste generated.

What environmental aspects do you think NGN should prioritise in our business decision making process? Please select a maximum of three



22 Q31. What environmental aspects do you think NGN should prioritise in our business decision making process? Please select a maximum of three from the list below. (Tracking question)

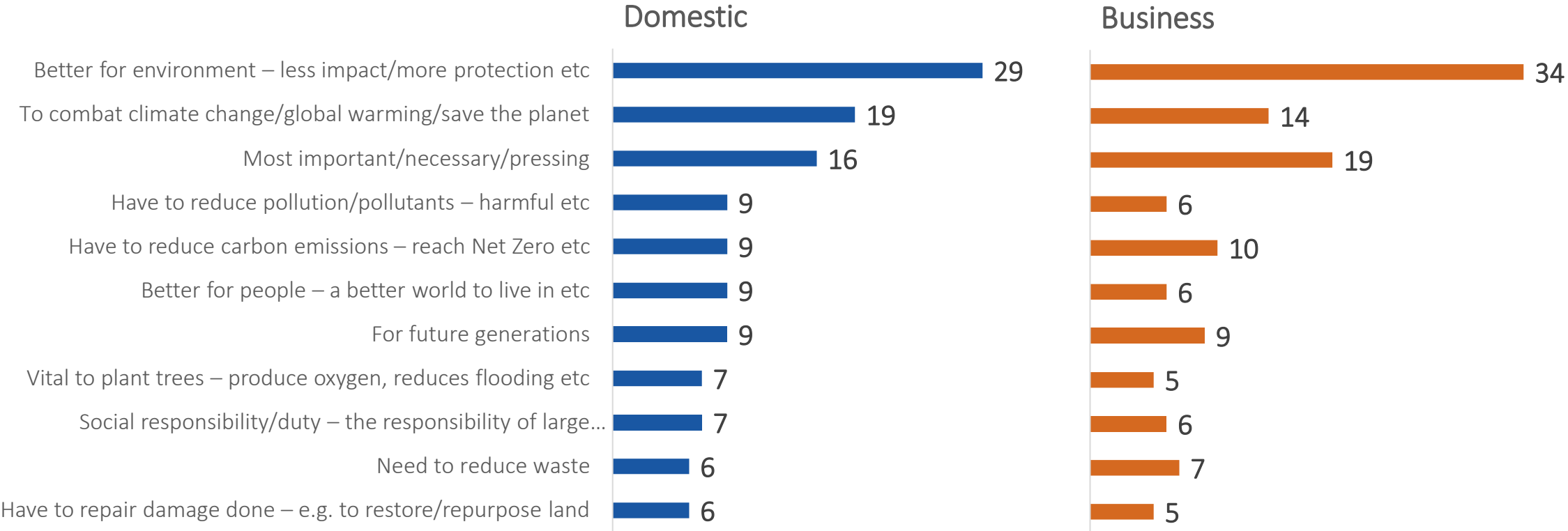
Base: 1,148

Base: 263

Reasons for prioritising environmental actions

- Protecting the environment and combating climate change are the two most common reasons given for selecting environmental priorities

Why do you think NGN should be prioritising these actions?



Base: 1,148

Base: 263

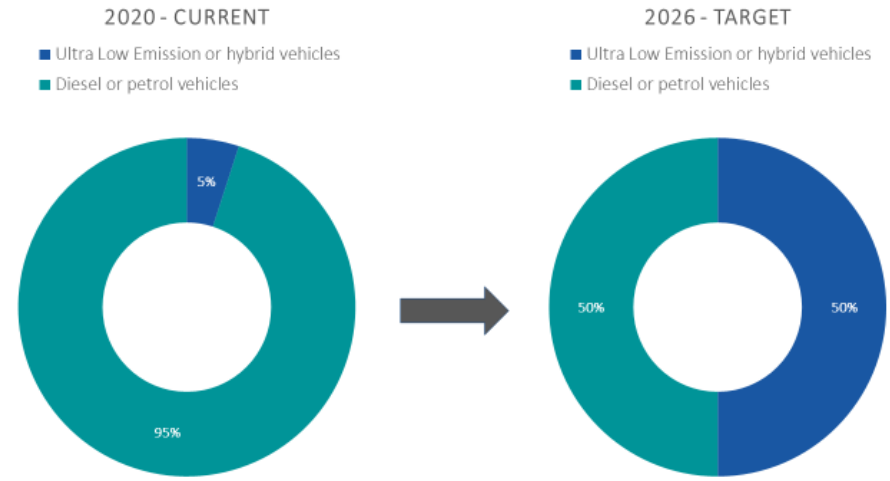
Q32. Why do you think NGN should be prioritising these actions? Please explain in as much detail as possible.

Green Fleet target

- Three quarters of customers support the green fleet targets.
- However, customers are less likely to consider the 50% target ambitious. 53% of domestic customers and 58% of business customers do.
- Domestic customers who know NGN either a fair amount or very well are most likely to support (87%) the initiative and think it is ambitious (66%)

Q34. To what extent to you agree or disagree with the following statements about this initiative?

Northern Gas Networks Green Fleet target



Domestic

This is an important initiative which I strongly support



Business



The 50% target by 2026 is an ambitious target



■ Strongly agree
■ Agree
■ Neither agree nor disagree
■ Disagree
■ Strongly disagree
■ Don't know

Base: 1,148

Base: 263

Support for using hydrogen

Heard of Hydrogen being used as an alternative gas for heating and cooking:

Domestic customers **28%** Business customers **32%**

- Men 36%
- Social grade AB 36%
- Know NGN a fair amount / very well 52%
- Know NGN a fair amount / very well 58%

70% of domestic customers and 73% of business customers support the use of hydrogen if it has lower environmental impacts.

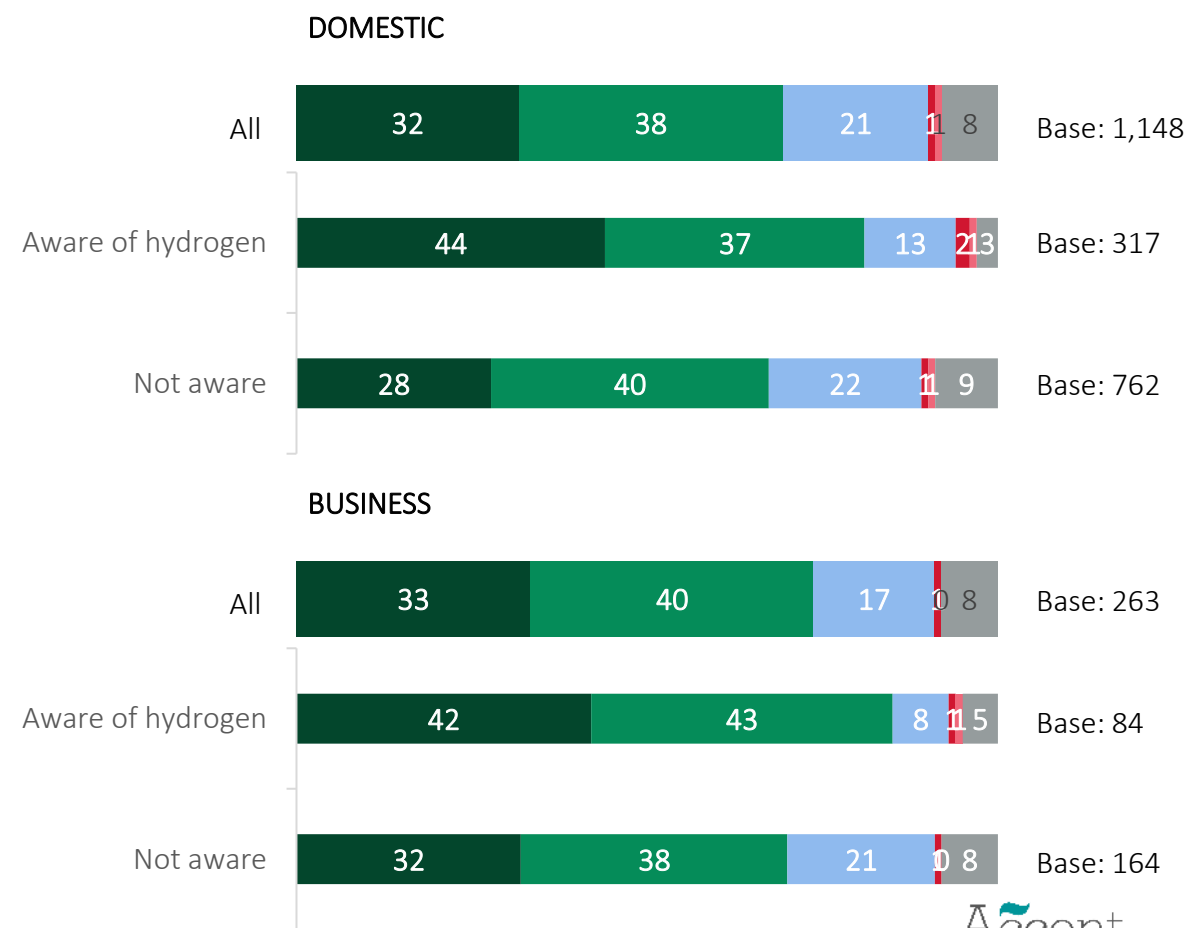
Support is even higher among those who were already aware of the idea of using hydrogen in place of natural gas (81% domestic and 85% business).

Q35. Before today, had you heard of hydrogen being used as an alternative gas for heating and cooking in our homes?

Q36. How much do you agree or disagree with the following statements? (Both questions are tracking questions)

I think using hydrogen instead of natural gas is a great idea if it has a lower environmental impact

Strongly agree Agree
Neither agree nor disagree Disagree
Strongly disagree Don't know



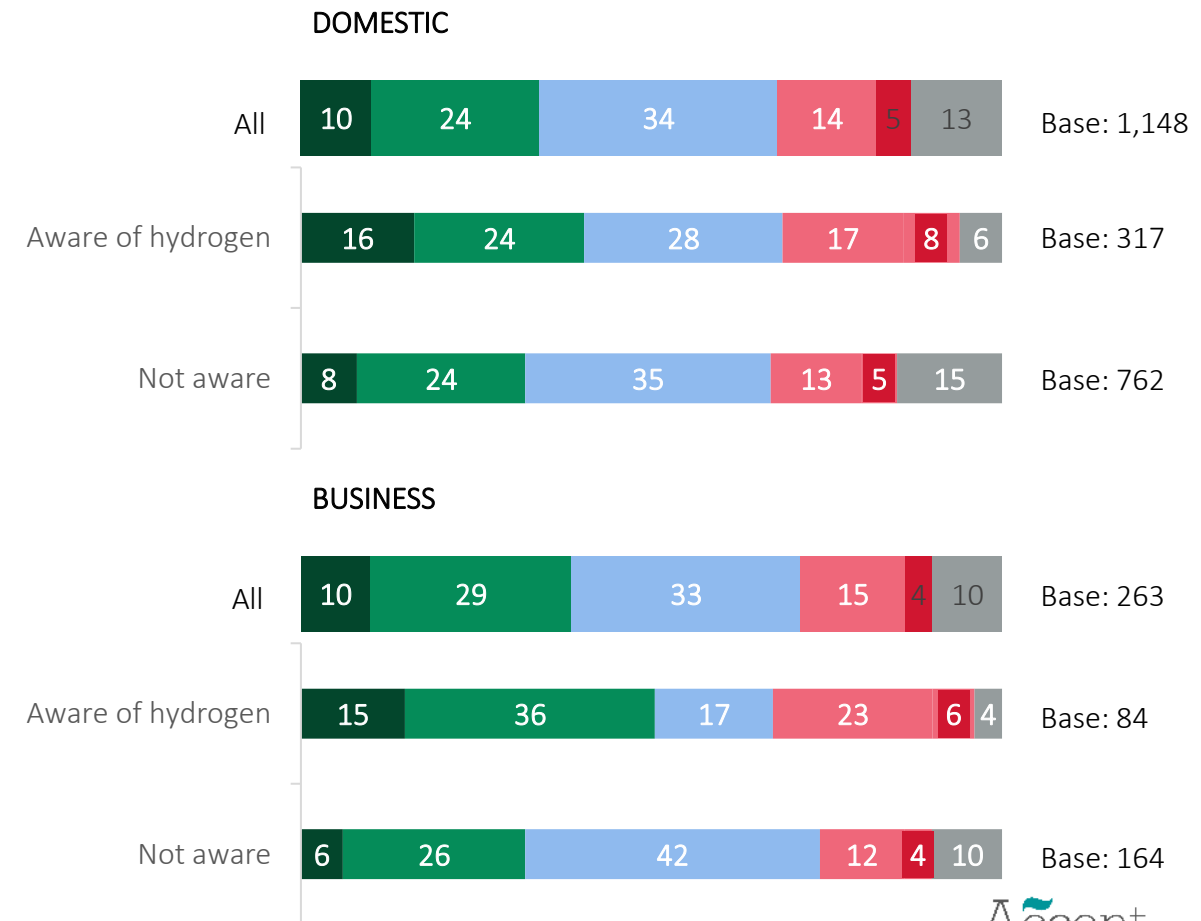
Feelings towards hydrogen

- 34% of domestic customers and 38% of business customers would have concerns about the use of hydrogen in place of natural gas.
- Domestic customers who constantly struggle to pay their energy bills are more likely to hold concerns (41%).

Q36. How much do you agree or disagree with the following statements? (Both questions are tracking questions)

I would have some concerns with hydrogen being used in homes [businesses] instead of natural gas

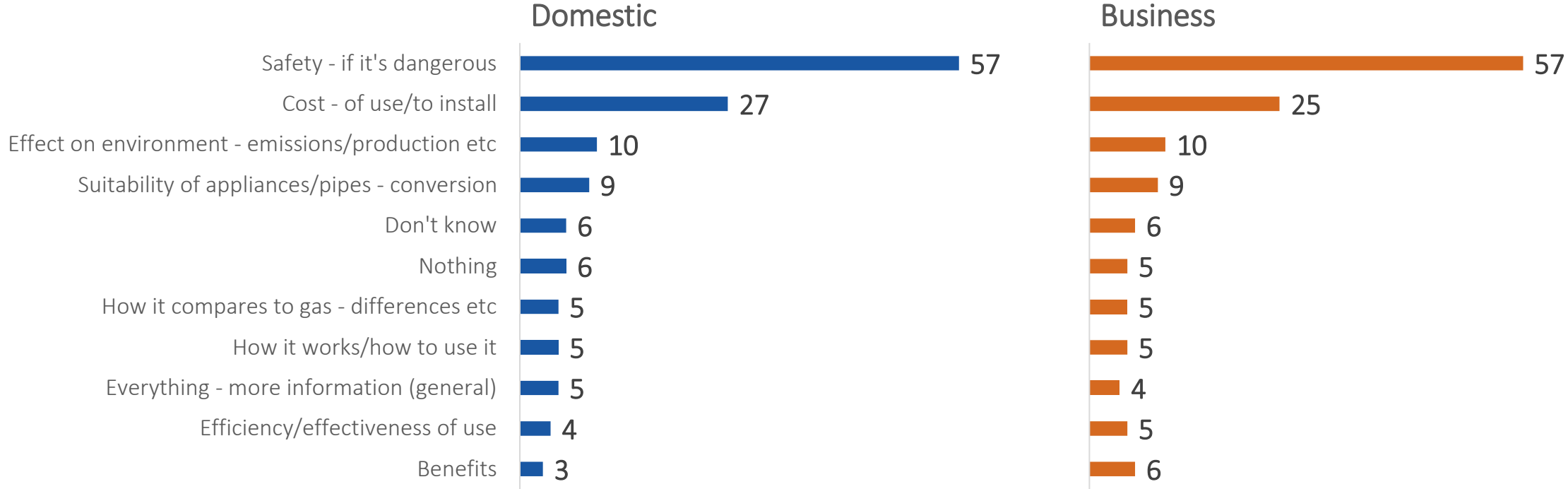
■ Strongly agree ■ Agree
■ Neither agree nor disagree ■ Disagree
■ Strongly disagree ■ Don't know



Knowledge gaps on hydrogen

- The main knowledge gaps about the use of hydrogen relate to safety, its cost and environmental impact. Safety was the most common subject.

If the gas network in your local area was to be converted to use hydrogen, what things would you want to know more about?



Base: 1,148

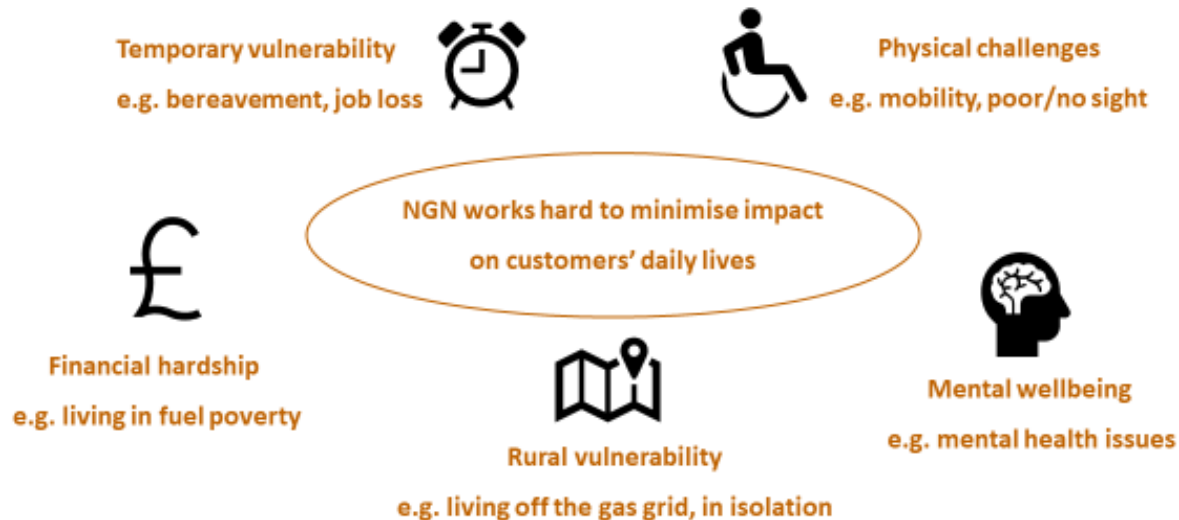
Base: 263

Vulnerability



Prioritising vulnerability dimensions and initiatives

- In two separate questions, participants were asked to prioritise the vulnerability dimensions and initiatives listed below:



NGN provides a number of services to customers in vulnerable situations. We have identified seven key areas where we can provide additional support.

- Connect fuel poor households to the gas network
- Register additional customers to the Priorities Service Register
- Deliver Carbon Monoxide (CO) awareness sessions each year and supply free CO alarms for all new connections to the gas grid (e.g. new homes)
- Make energy efficiency referrals/visits to help customers reduce their energy costs
- Train community partners to deliver advice on CO, energy efficiency, Priority Services Register (PSR) registration
- PSR hotline (A way for PSR customers to contact NGN for PSR referrals)

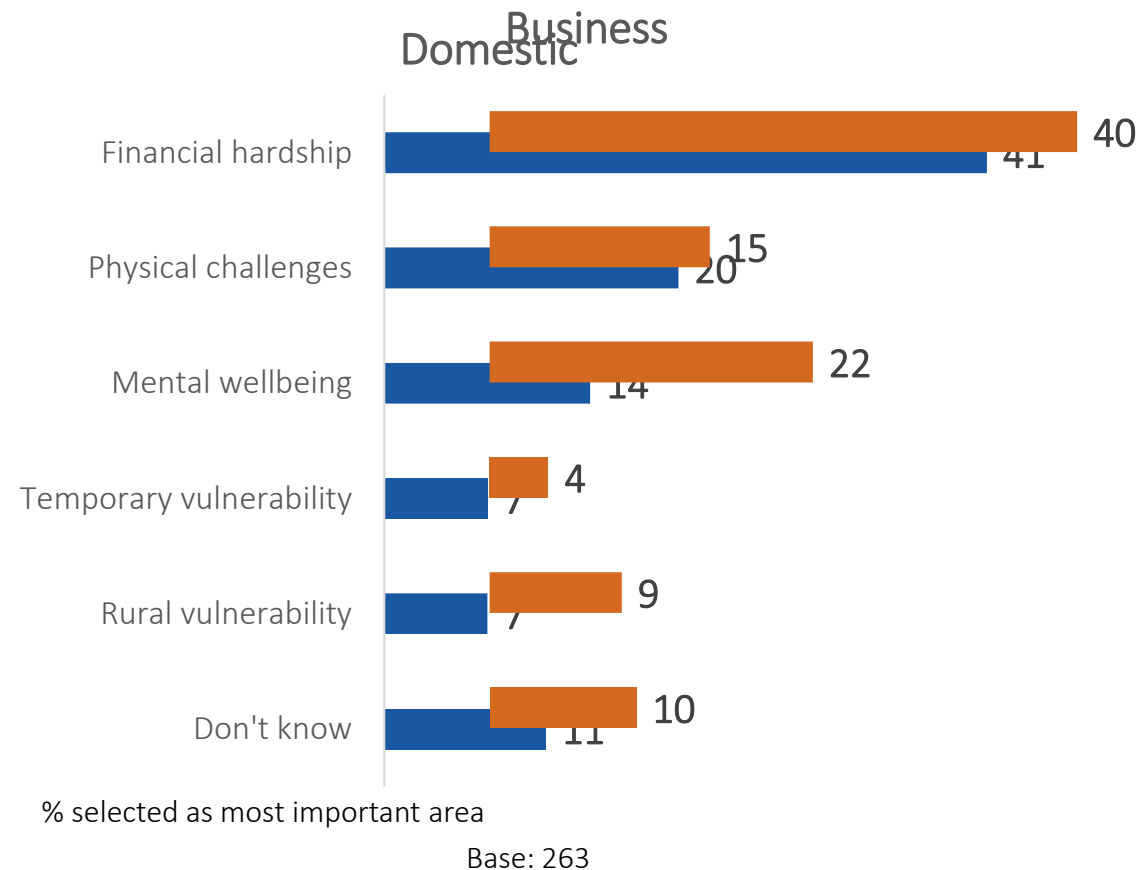
We would like to know in which of these areas you think NGN could have the most impact.

Prioritising vulnerability dimensions

- Financial hardship is commonly the dimension of vulnerability that most customers prioritise, with two in five selecting this as their top priority.
- Physical challenges and mental wellbeing are 2nd and 3rd most commonly selected, with business customers more likely to prioritise mental wellbeing.

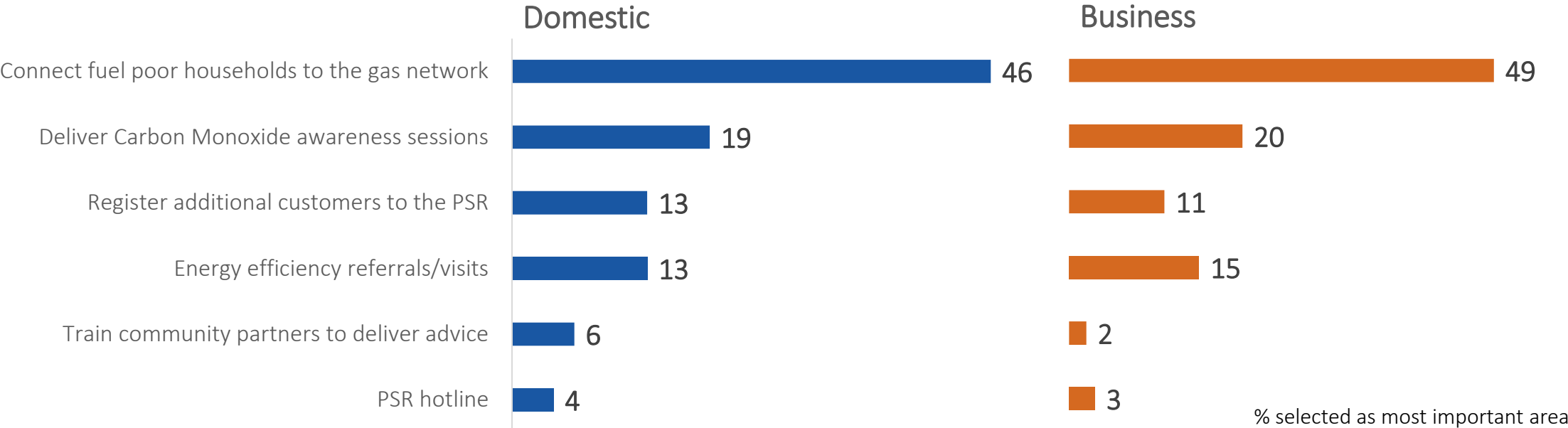
Q38. NGN would like to know which of these categories of vulnerability are personally most important for you. Please rank them in order of importance, with the most important at the top. (Tracking question)

Base: 1,148



Prioritising vulnerability initiatives

- Connecting fuel poor households to the gas network is, by far, the vulnerability initiative that customers prioritise most
- Domestic customers on the PSR are the most likely to prioritise extending PSR registration (21%). Customers with a vulnerable household member are the most likely to prioritise CO awareness sessions (23%)



Base: 549 (those selecting an area)

Base: 105 (those selecting an area)

% selected as most important area

Q40. Please put these initiatives in order of priority, using again the drag and drop function to indicate which you feel are the most important for NGN to focus on.

Looking after NGN communities

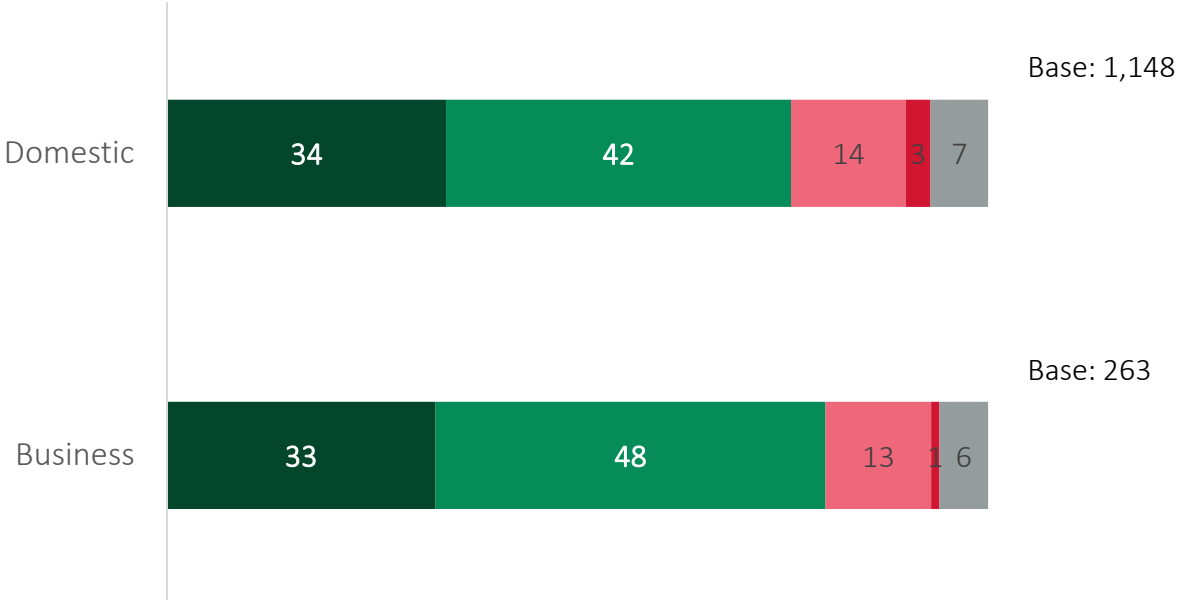


Importance of social mobility

- Over three quarters of customers believe it is important for NGN to encourage social mobility (76% domestic and 81% business). Lower social grades (80% C2DE vs 73% ABC1) and the digitally disengaged (94%) are even more likely to feel it is important.

How important is it for you that NGN encourages social mobility?

Very important Fairly important Not very important Not at all important Don't know



Q42. Social mobility is the degree to which an individual's, family's, or group's social status can change throughout the course of their life through a system of social hierarchy. Increasing social mobility would lead to a reduction in the inequalities between rich and poor in our society. How important is it for you that NGN encourages social mobility?

Social Mobility Pledge

- Access is seen as the most important of the three strands of the social mobility pledge, with around half of customers prioritising it.

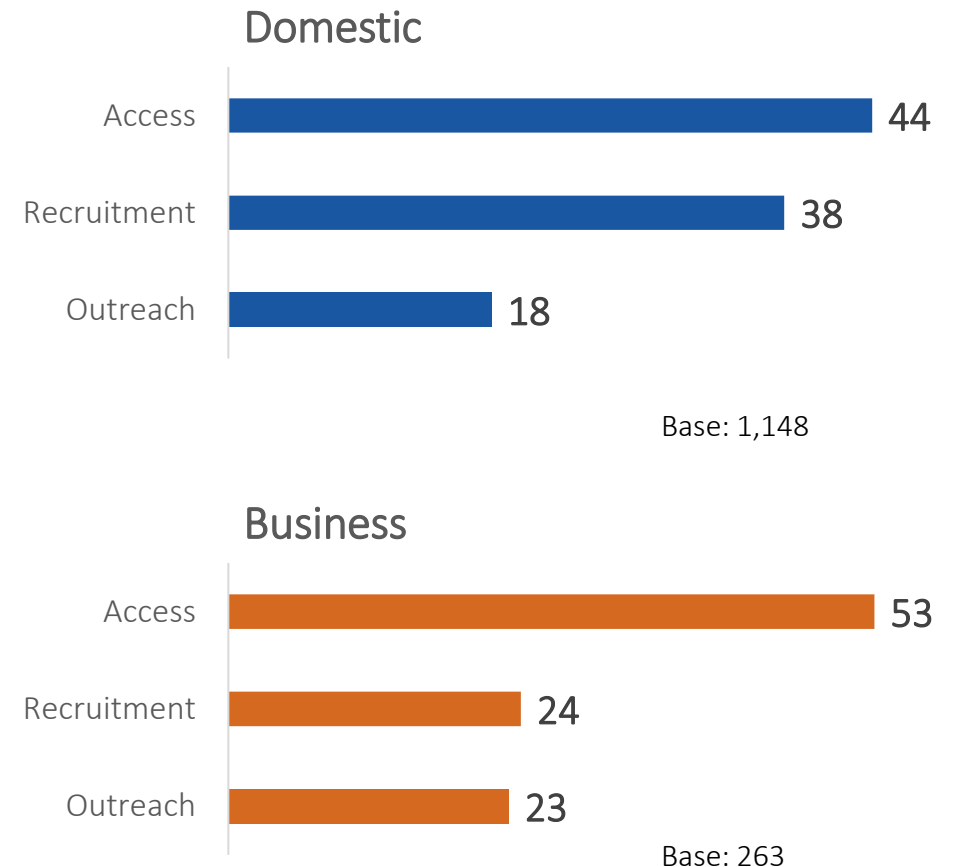
NGN Social Mobility Pledge



- **OUTREACH:**
 - Develop a strategy for engaging with children at all ages – from early years to school leavers
- **ACCESS:**
 - Commit to a minimum number of work placements each year
 - Support those from areas most in need to take up placements
 - Create a careers toolkit (like advice on creating a CV)
- **RECRUITMENT:**
 - Helping apprentices with the costs of learning to drive
 - Making it easier to move from work experience into an apprenticeship
 - Find new ways to reach those who face the highest barriers to employment

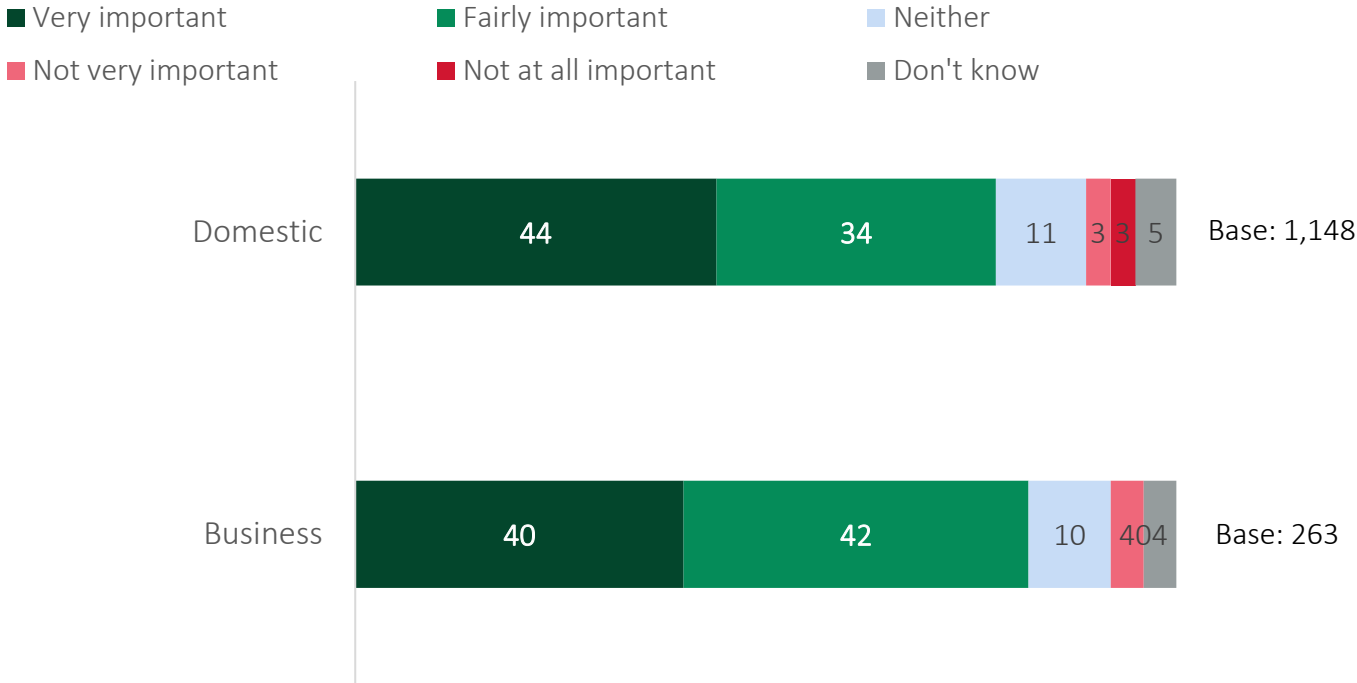
Q43. Which of these three areas are most important to you?

Which of these three areas is most important to you?



Diversity and inclusion

■ Around eight in ten customers feel it is important for NGN to encourage a diverse workforce and inclusive workplace

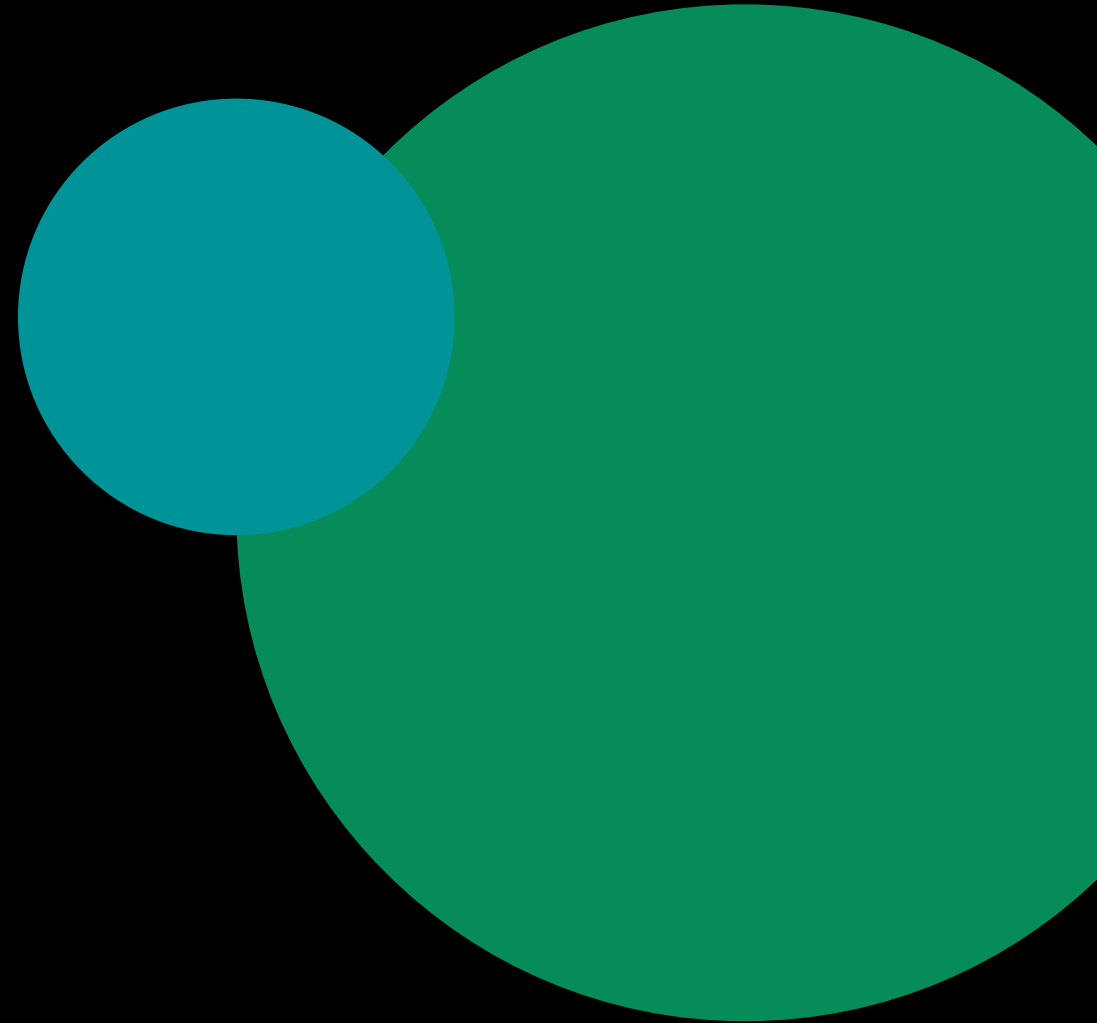


■ Around two thirds of customers want NGN to be transparent in its diversity and inclusion reporting



Q44. And how important, if at all, do you think it is that NGN encourages a diverse workforce and an inclusive workplace?
 Q45. We would like to know what you think about NGN reporting publicly on our performance in diversity and inclusion. Which of the following best describes your attitude to this? (Both questions are tracking questions)

Impact of works



Reinstatement – information given to participants

NGN undertakes maintenance, upgrading and repairs on the gas network. This sometimes involves accessing underground pipes on customers' premises.

Examples of work that might take place at a customer's property (to the right):

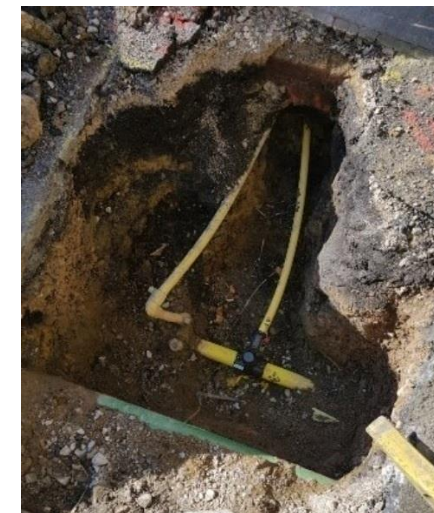
The regulator, Ofgem, requires NGN to reinstate the condition of customers' premises following engineering work (e.g. repairing holes on customers' property boundary) within 5 working days of the completion of the engineering work. If this target is not met, NGN must pay compensation to the customer:

HH:

- £50 initial payment
- plus £50 for every 5 working days that pass before the work is complete

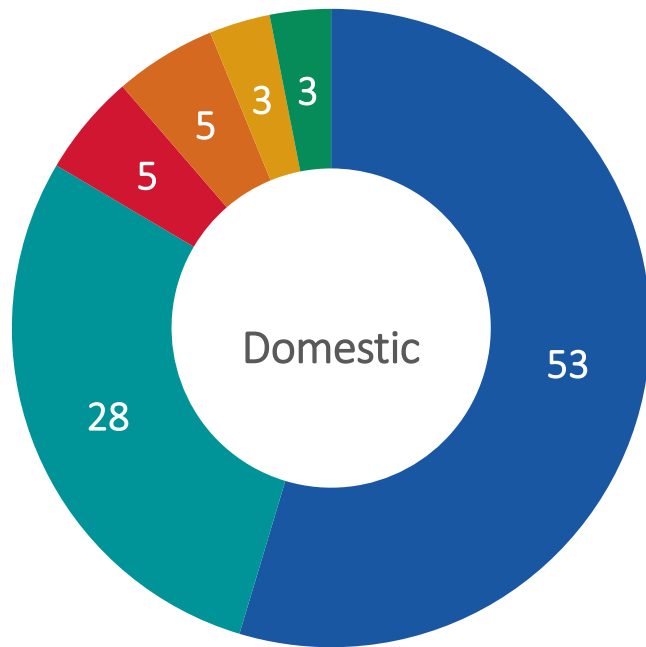
NHH:

- £100 initial payment
- plus £100 for every 5 working days that pass before the work is complete



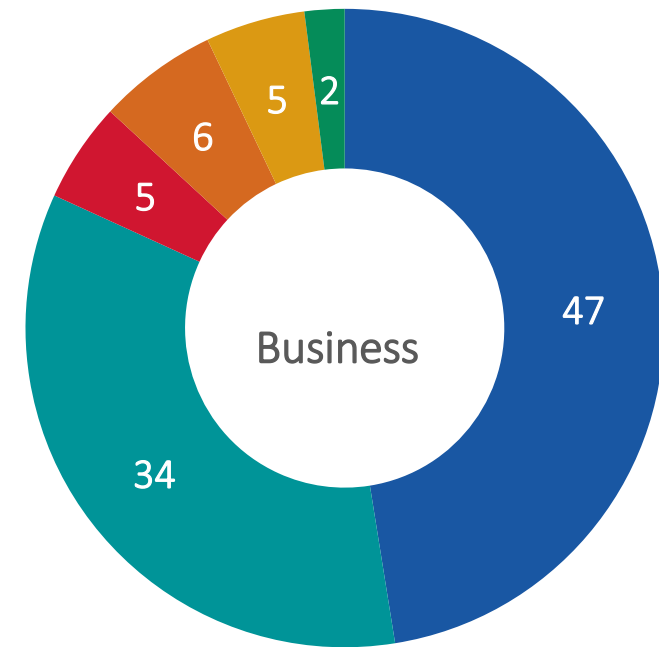
Reinstatement

- The majority of domestic customers and just under half of business customers would expect NGN to provide an updated estimate if reinstatement works took over 3 days. Just over one in four domestic customers expect compensation (28%), this is one in three for business customers (34%)



Base: 1,148

- An updated estimate of how long the work would take to complete
- Compensation
- A verbal apology from engineers on site
- A written apology through your preferred method of communication
- Don't know
- Nothing



Base: 263

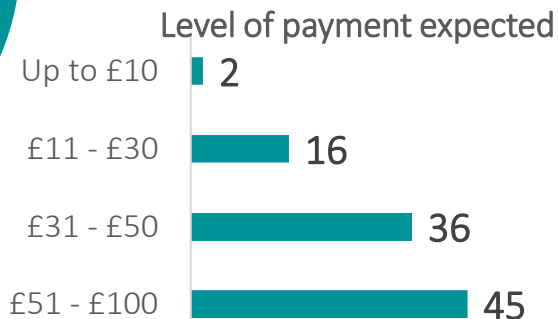
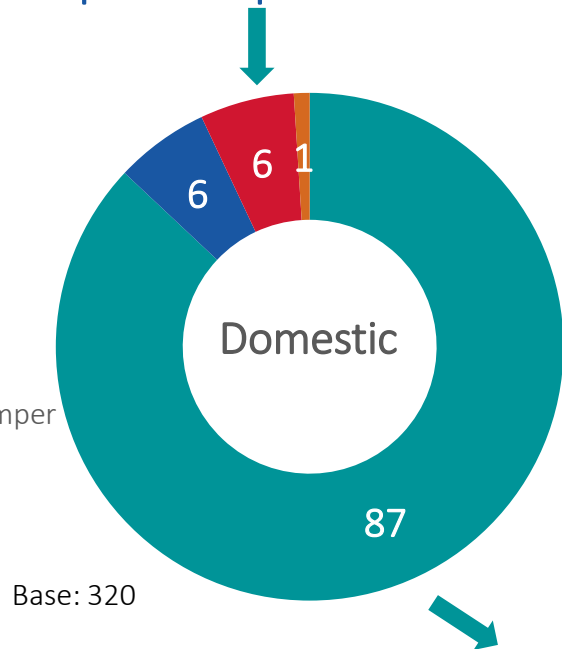
Q46. Bearing in mind the compensation payment you would receive after 5 days, if NGN didn't complete the reinstatement work within 3 calendar days, what, if anything, would you expect from us? Please select one of the following.

Reinstatement

- Of customers expecting compensation, the vast majority prefer a financial payment.
- Most domestic customers want compensation of £51-£100 (mean: £52), while on average business customers expect £115.

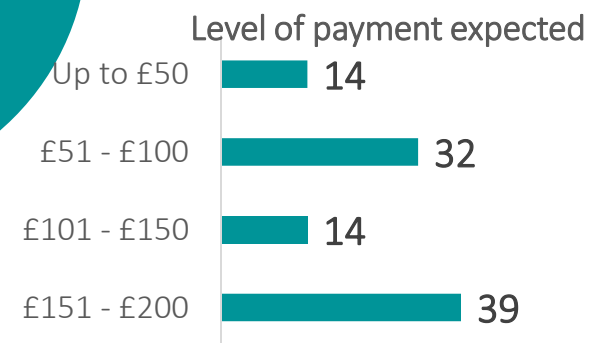
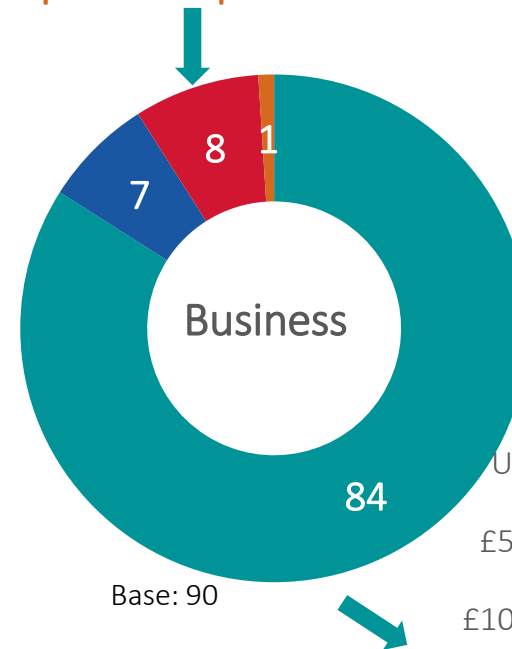
28% of domestic customers expect compensation

- A financial payment
- A donation to charity
- A gift voucher
- A gift such as flowers or hamper



Mean: £52.26

34% of business customers expect compensation



Mean: £114.90