

RIIO-GD3 BUSINESS PLAN 'WILLINGNESS TO PAY' RESEARCH

Prepared for **Wales and West Utilities**

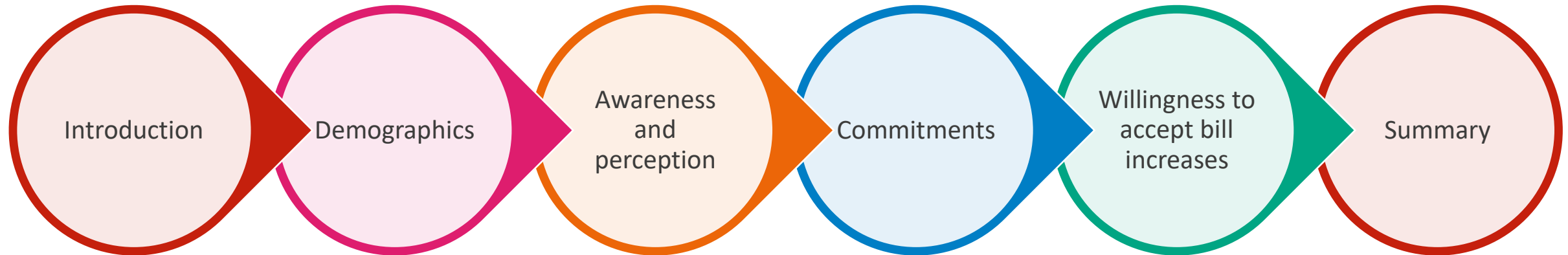
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3 October 2024

Project No: 1598



CONTENT

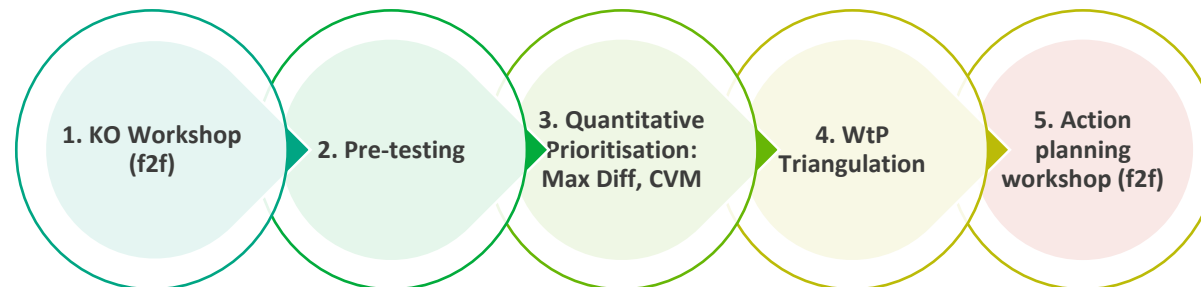


BACKGROUND AND OBJECTIVES

As part of its RIIIO-GD3 Business Plan submission process, WWU needed to understand the value customers place on different aspects of its proposed services, their willingness to pay for any improvements to ensure WWU proposals deliver against stakeholder requirements and their willingness to accept standards in services on key elements of WWU's 2026-2031 plan.

This research will be pivotal in demonstrating that aspects of the business plan are justifiable, especially in the context of the ongoing cost-of-living crisis. It aligns well with WWU's wider ambition to be trusted to *'serve customers and communities with safe, reliable and affordable energy service today, whilst investing wisely to create a sustainable, greener future'*.

This research was designed to start with a wide understanding of key business area objectives and then refine the understanding through each phase of the research by concluding with the validation of findings through triangulation:



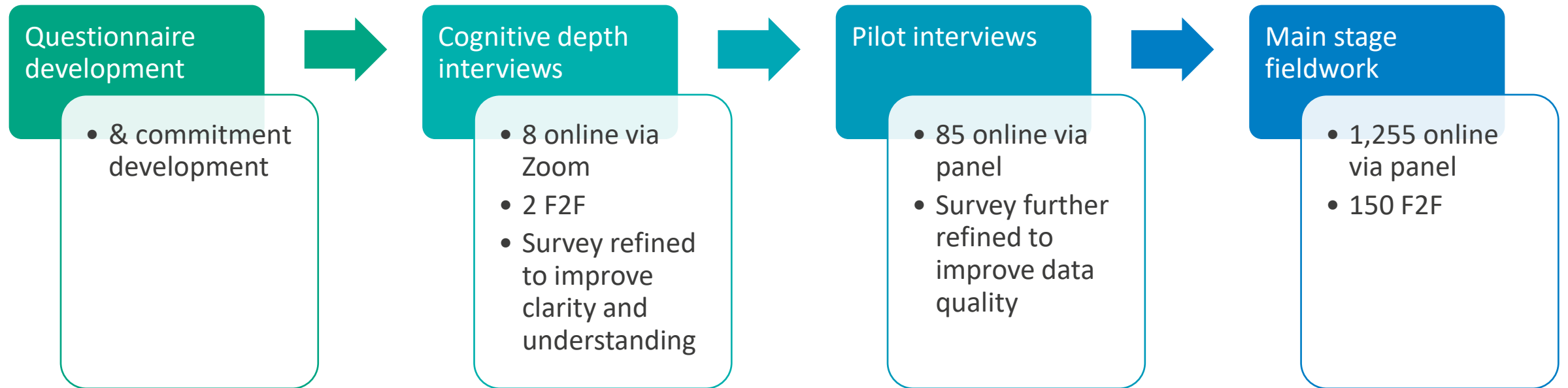
THE BUSINESS PLAN

- Development of the business plan led to the creation of 17 commitments (across 5 themes) which WWU seek to uphold for the GD3 period.
- 6 commitments were tested as part of this Willingness to Pay research across two themes: Net Zero and Meeting the Needs of Consumers in Vulnerable Situations.
- All 17 commitments are currently being tested in Business Plan Acceptability Testing (reporting end of October 2024).



Method

1,405 x 20-minute interviews conducted in September 2024



WEIGHTING & SIGNIFICANCE – Representative Domestic Sample

The data in this report has been weighted to ensure the sample profile is nationally representative of the WWU region according to the following profiles: gender, socioeconomic group (SEG) and age.



Nat rep profile	Male	Female	Non-binary or other	Prefer not to say
Unweighted base	579	668	3	2
Weighted base	628	619	3	2

Nat rep profile	18-24 year old	24-44 year old	45-64 year old	65-74 year old	75+ year old
Unweighted base	231	426	362	157	76
Weighted base	146	367	347	219	173

Nat rep profile	SEG AB	SEG C1C2	SEG DE
Unweighted base	349	596	307
Weighted base	257	669	326

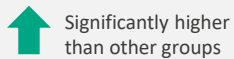
- Unweighted bases are shown throughout
- All significance testing is conducted at 95% level
- SME customers were not weighted

SIGNIFICANCE TESTING AND ACRONYMS

Significance testing in this report is conducted by comparing sub-groups against each other. For both methods, the results have been tested using 95% confidence intervals.

Comparing sub-groups:

Where we have tested sub-groups, you will see one of the following on the screen:



Significantly higher than other groups



Significantly lower than other groups

Green text = significantly higher than other groups

Red text = significantly lower than other groups

Where you see these, for any group(s) which is significantly higher/lower than others, an arrow (or coloured text) will be placed with the data point. Where no arrow or red text appears, the result is not significantly different.

Which symbol is used (arrow/text colour) depends on the quantity of subgroup differences present.

Acronyms used in this report:

T2B

Top 2 Box (percentage score for highest two points on rating scale combined)

B2B

Bottom 2 Box (percentage score for lowest two points on rating scale combined)

WWU

Wales & West Utilities

SEG

Socioeconomic group

DEMOGRAPHICS

IMPACT

FROM INSIGHT TO INFLUENCE

1,252 domestic customers, 153 SMEs and 100 future bill payers from Wales and England completed the questionnaire



5% Future bill payers
 84% Domestic Customers
 11% SMEs

Total sample %

- Bristol, Gloucester, Somerset & Wiltshire: 2%
- Devon & Cornwall: 1%
- North & Mid Wales: 1%
- South Wales: 2%

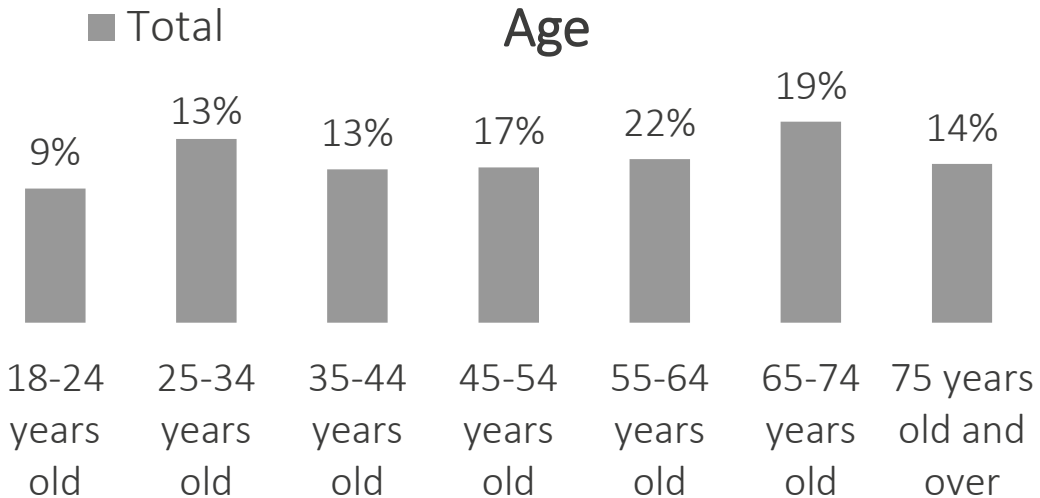
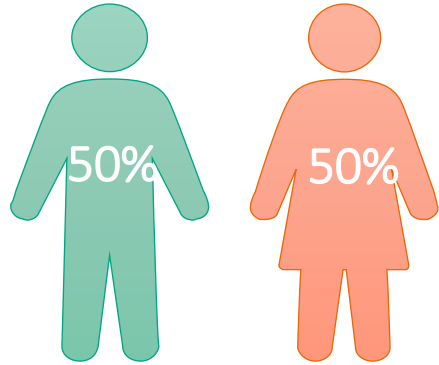
- Bristol, Gloucester, Somerset & Wiltshire: 25%
- Devon & Cornwall: 17%
- North & Mid Wales: 13%
- South Wales: 30%

- Bristol, Gloucester, Somerset & Wiltshire: 3%
- Devon & Cornwall: 2%
- North & Mid Wales: 1%
- South Wales: 4%

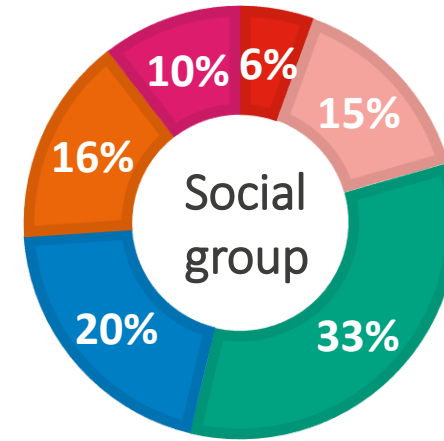
S2b Are you a business decision maker (i.e. make purchasing and contract decisions on behalf of a business)? Base: those in paid employment (1252)
 S3 How much involvement, if any, do you have in choosing and managing the energy supply/bills for your business? Base: Business decision makers (153)
 S4 How many people work at your organisation? If you have more than one business premises, please include these in your estimation. Base: those who manager business energy bills (153)
 S7. Please specify which area you work/live in. Base: All (1405)

DEMOGRAPHICS (Domestic)

Gender

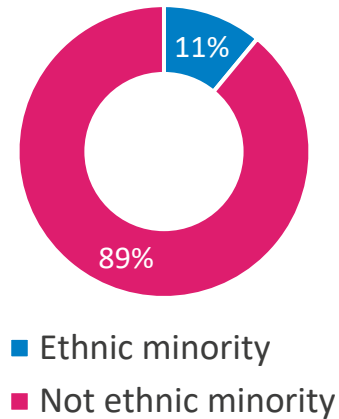


Bill Payment Responsibility

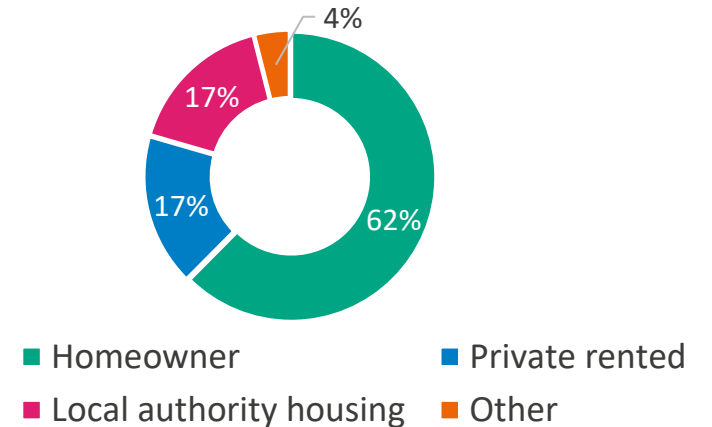


- A: High Managerial, admin or professional
- B: Intermediate managerial, admin or professional
- C1: Supervisory, clerical and junior managerial, admin or professional
- C2: Skilled manual workers
- D: Semi and unskilled manual workers
- E: State pensioners, casual/lowest grade workers, unemployed with state pension

Ethnicity



Accommodation



S10 What is your age? Base: Domestic (1152)

S11: Are you the person, or one of the people, in your household who is responsible for the household utilities bills (such as electricity, water and gas)? Base: Domestic (1152)

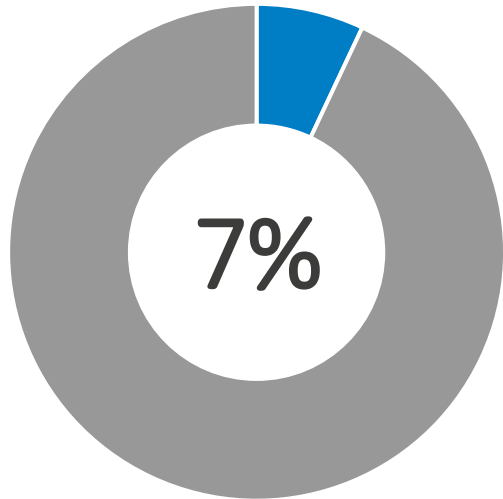
D4. what is your gender? below. Base: Domestic (1152)

D3. Which ONE of the following categories best describes the employment status of the Chief Income Earner (CIE) in your household? Base: Domestic (1152)

VULNERABLE CLASSIFICATION

53% of domestic households were classified as vulnerable

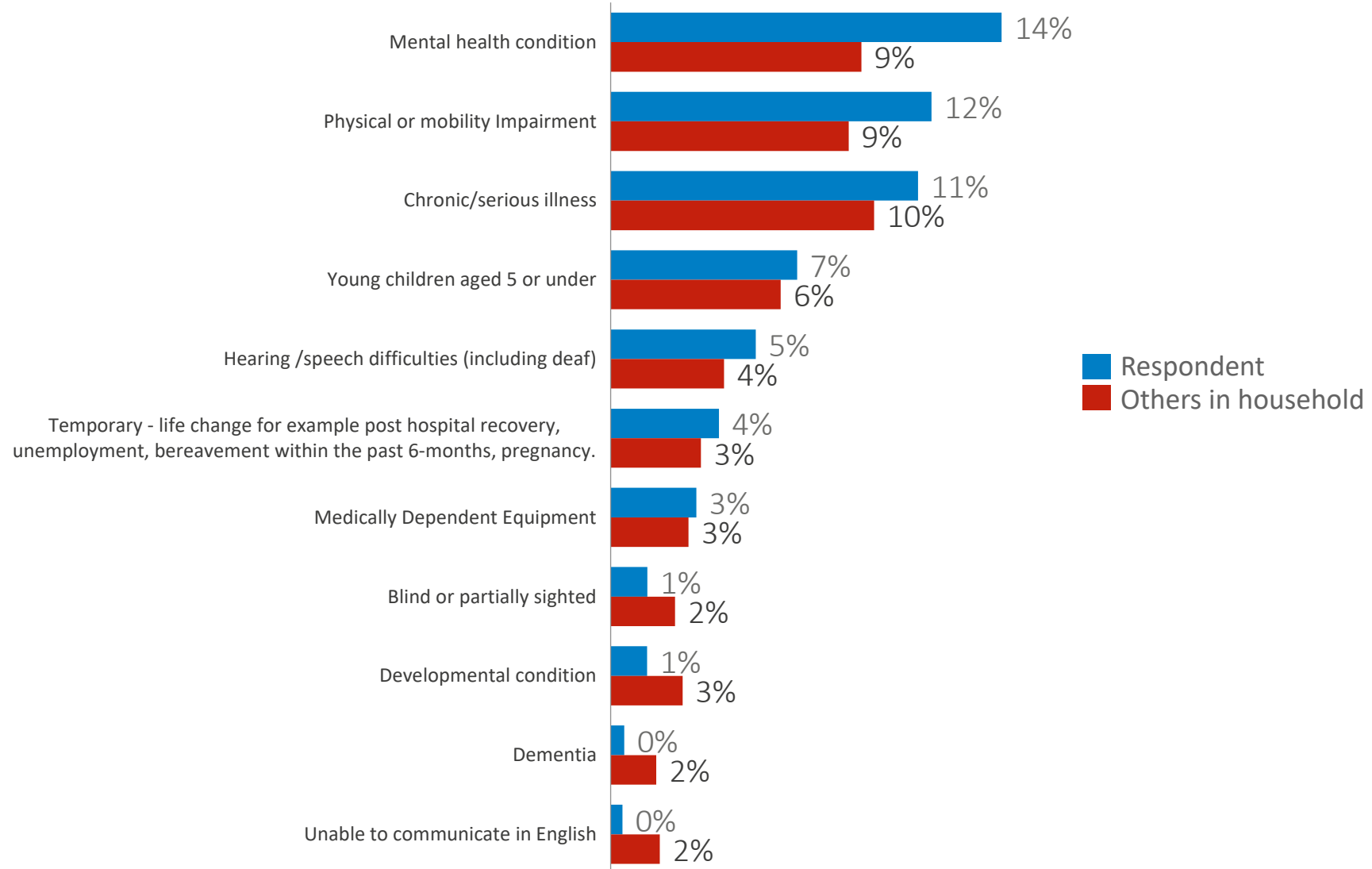
Domestic customers aged 75+



S10 How old are you? Base: All Domestic (1,152)

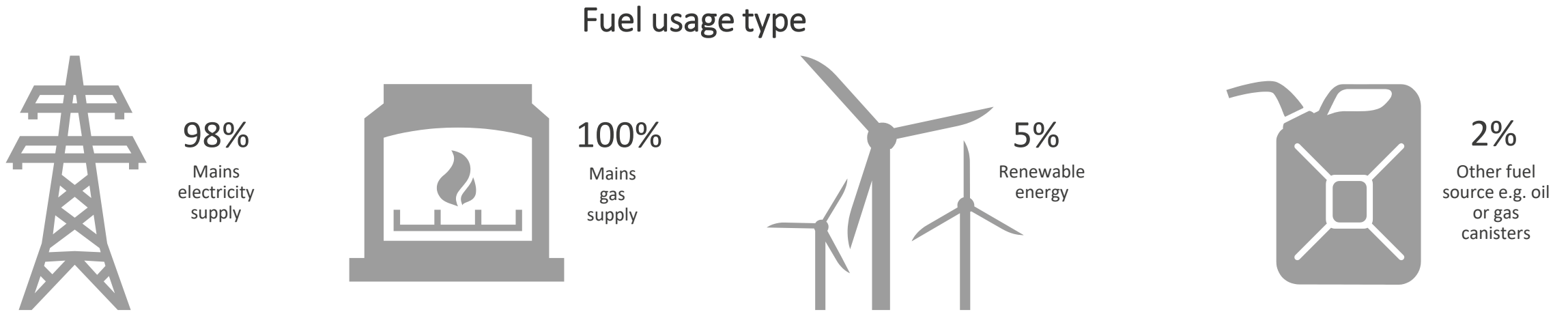
S16 For various reasons, people sometimes need extra help or support with their daily routines. Do you feel that any of the following factors apply to you or anyone else in your household at the moment that might mean you need extra support? Base: All Domestic (1,152)

Other vulnerabilities

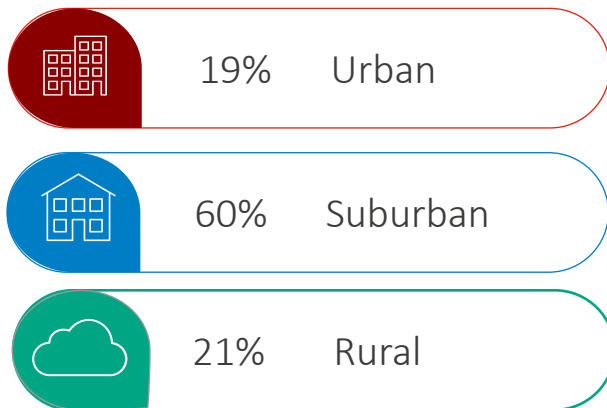


DOMESTIC CUSTOMER PROFILE

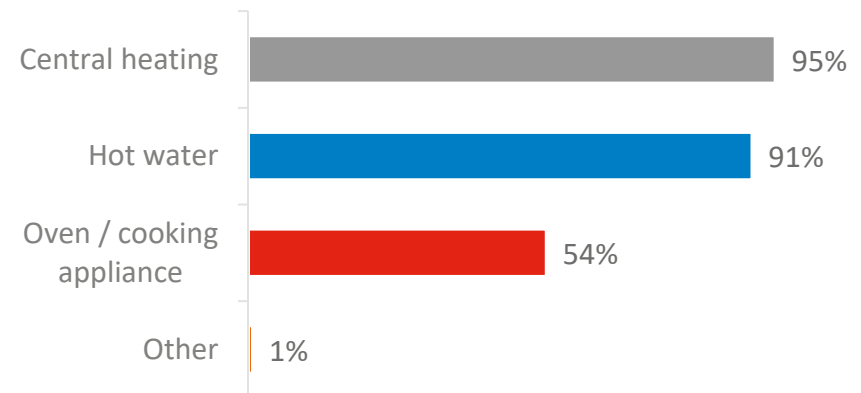
Almost all domestic customers use electricity and gas, with a small number also using renewable energy.



Location of home



Domestic Gas Usage



D5. Which of the following best describes the location where you live? Base: Domestic (1152)
S12. Which of the following energy sources do you use at your home? Base: Domestic (1152)
D6. In which of the following ways do you use gas at (home)? Base: Domestic (1152)

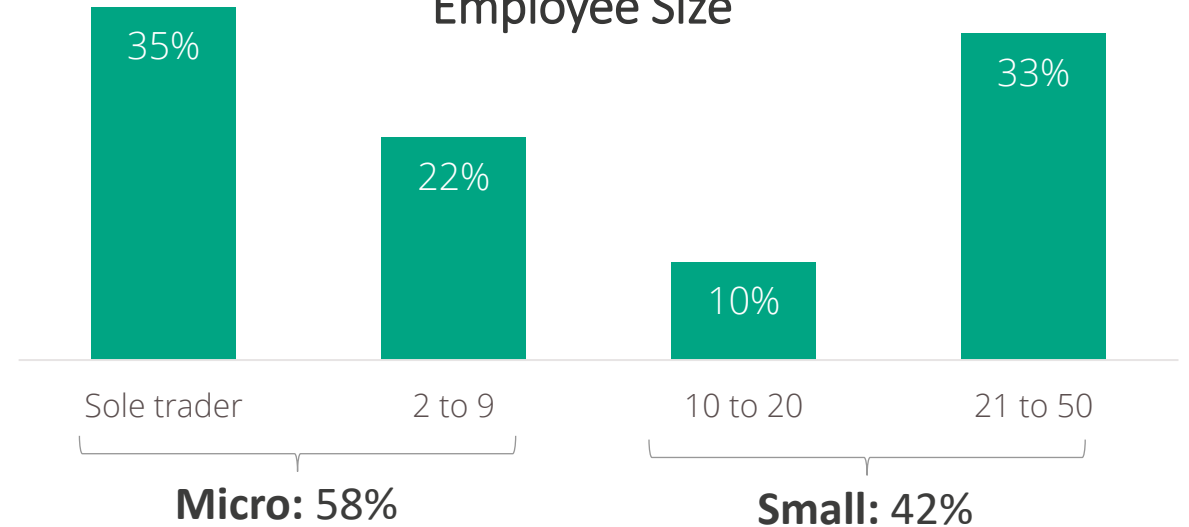
SME CUSTOMER PROFILE

We interviewed mostly private sector businesses, with a good mix of business sizes.

Organisation type



Employee Size



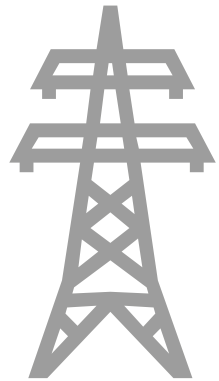
S8: Which of the following best describes the organisation you work for? Base: SMEs (153)

S9: And what business sector best defines the main activity of the organisation you work for? Base: SMEs (153)

S4: How many people work at your organisation? If you have more than one business premises, please include these in your estimation. Base: SMEs (153)

SME CUSTOMER PROFILE

Most businesses use electricity and gas with one in five also having renewable energy.

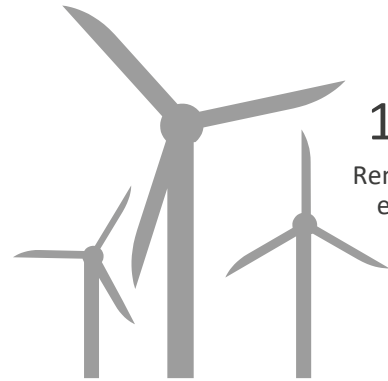


94%
Mains
electricity
supply

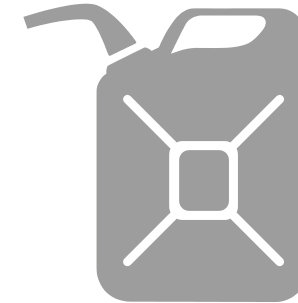


87%
Mains
gas
supply

Fuel usage type

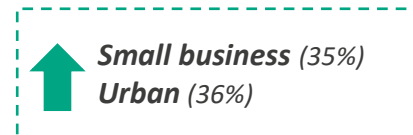
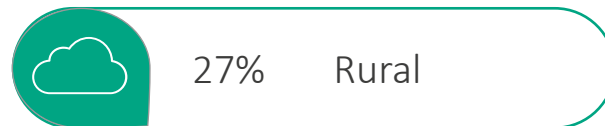
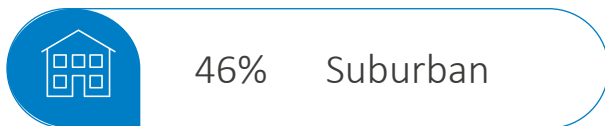
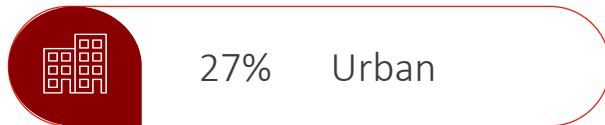


17%
Renewable
energy



7%
Other fuel
source e.g. oil
or gas
canisters

Location of business



AWARENESS AND PERCEPTIONS

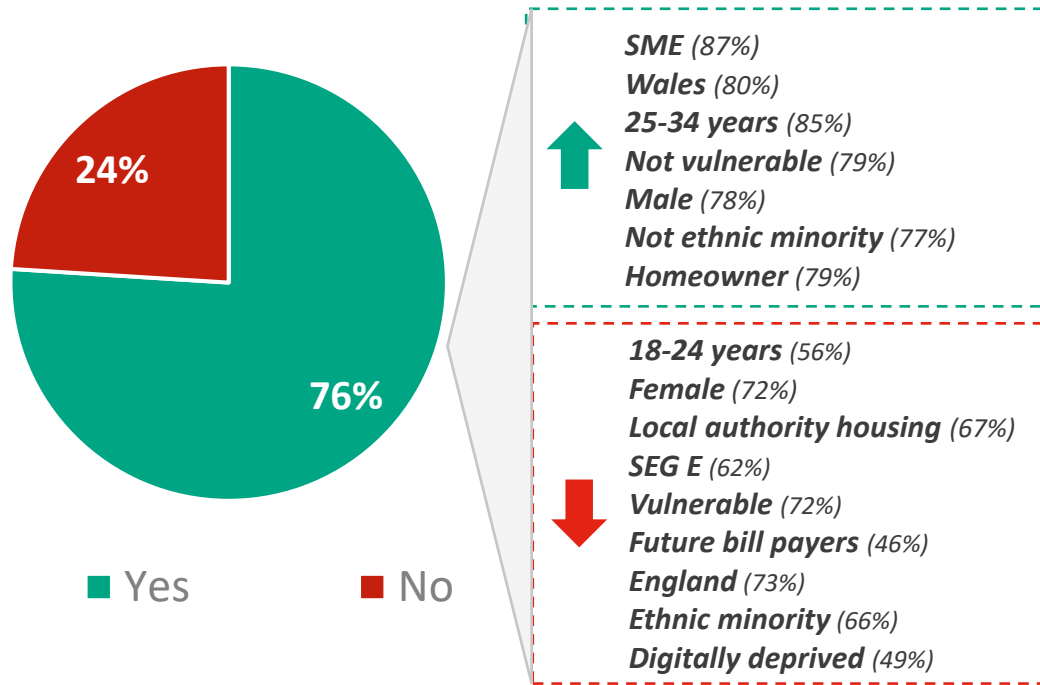
IMPACT

FROM INSIGHT TO INFLUENCE

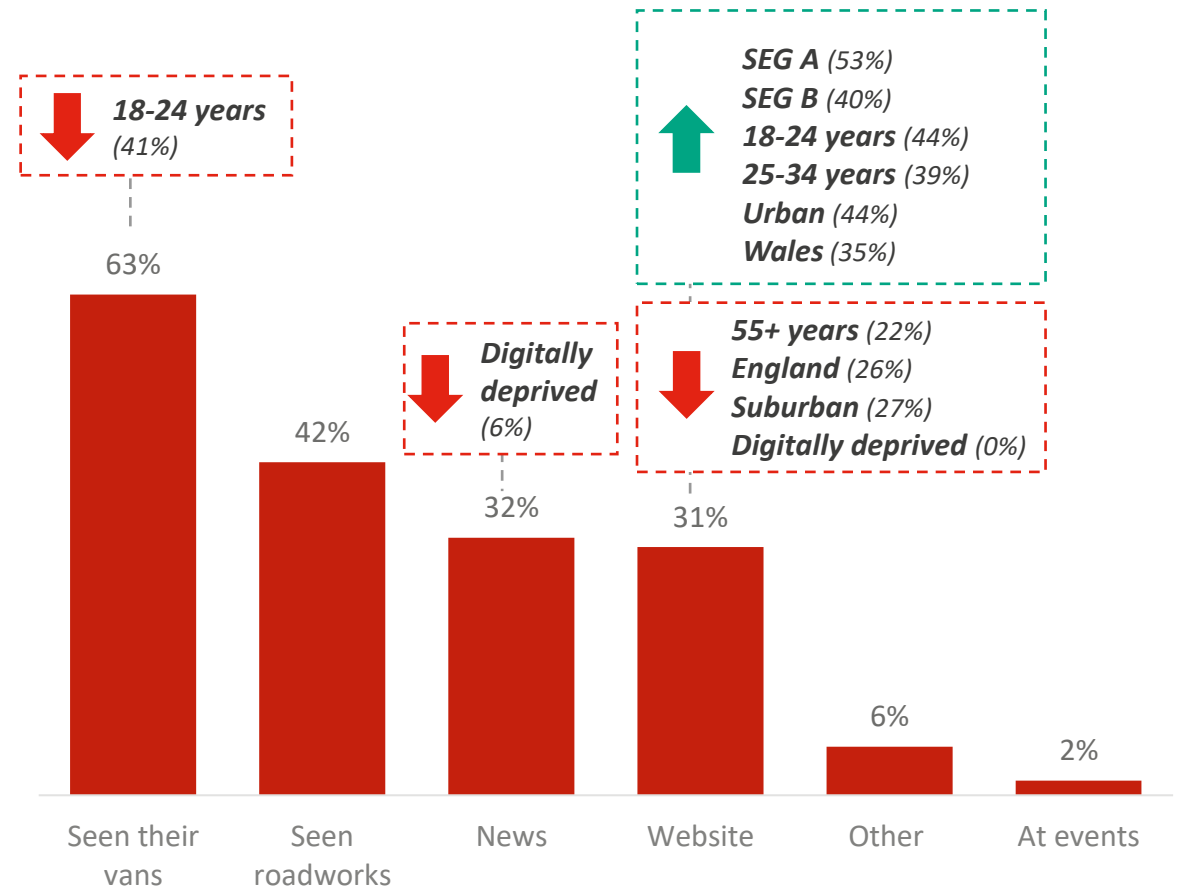
AWARENESS OF WWU

Although most have heard of WWU, there are demographic differences, with those aged 18-24 years and in SEG E being least likely. Most have heard of WWU from seeing their vans, although those aged 18-24 years are more likely to have heard about them from the website.

Before today, had you previously heard of Wales and West Utilities?



How/in what places have you heard of Wales and West Utilities?

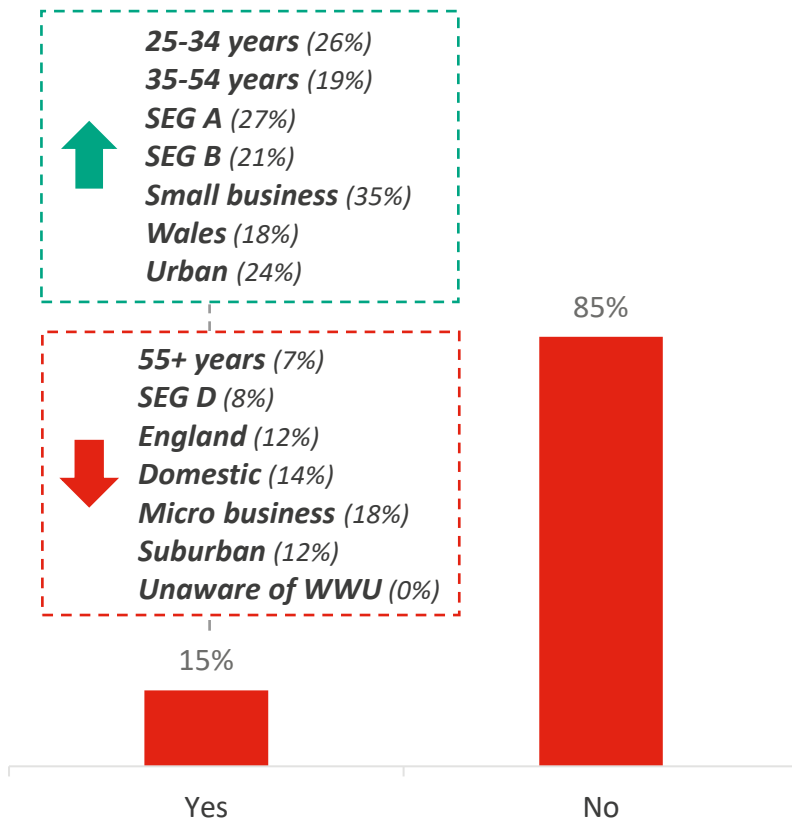


A1 Before today, had you previously heard of Wales and West Utilities? (Base all: 1405)
 A2 How/in what places have you heard of Wales and West Utilities? (Base those who have heard of WWU: 1066)

CONTACT WITH WWU

Although only around 1 in 7 customers have had contact with WWU in the past, small businesses are the most likely group to have done so, with around 1 in 3 having had contact.

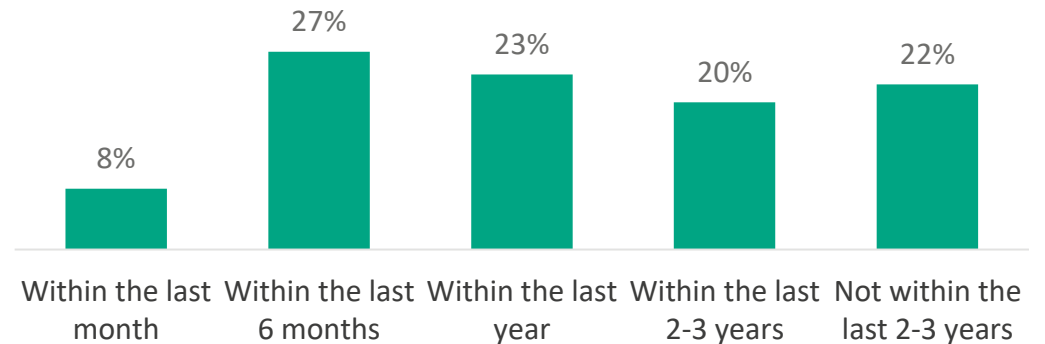
Before today, have you ever had contact with WWU?



What did you contact WWU about?

- An unplanned gas leak/emergency (36%)
- A gas connection network (31%) ↑ **Urban** (49%)
- A planned supply interruption (23%)
- Road works or re-installment of land (16%)
- Working in partnership with WWU (6%)

When did you last contact WWU?

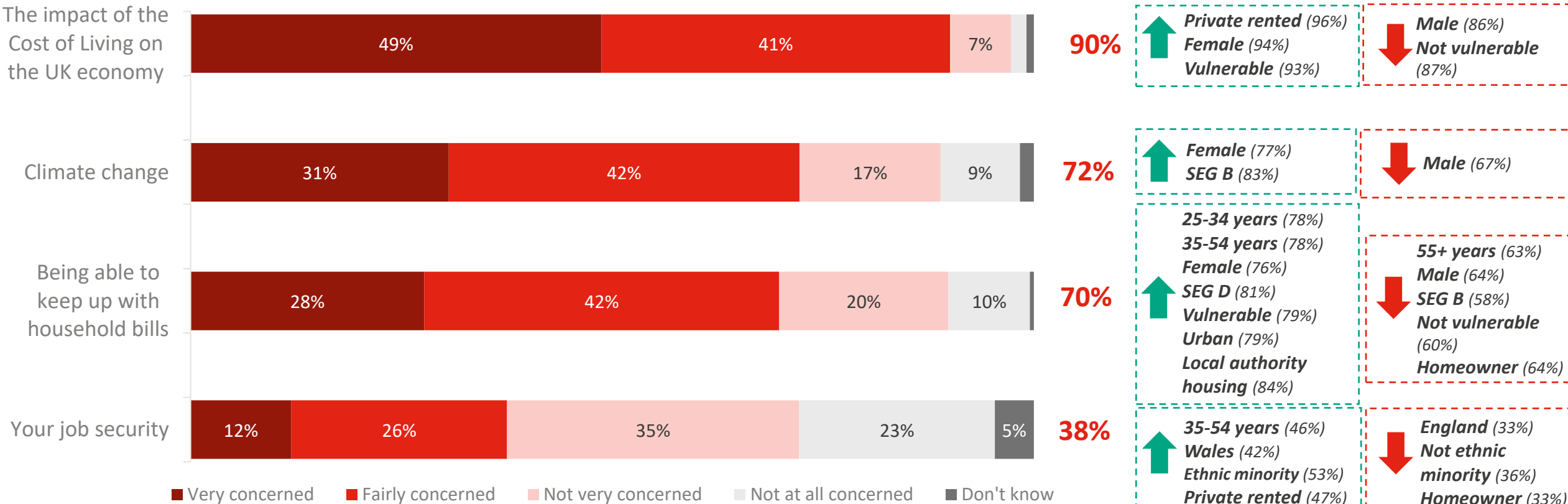


A4. Before today, have you ever had to contact Wales and West Utilities (WWU)? (Base: 1405)
 A5. And on the last occasion you needed to contact WWU, what did you contact them about? (Those who have made contact base: 245)
 A6 When did you last contact Wales and West Utilities? (Those who have made contact base: 245)

CONCERNS (DOMESTIC)

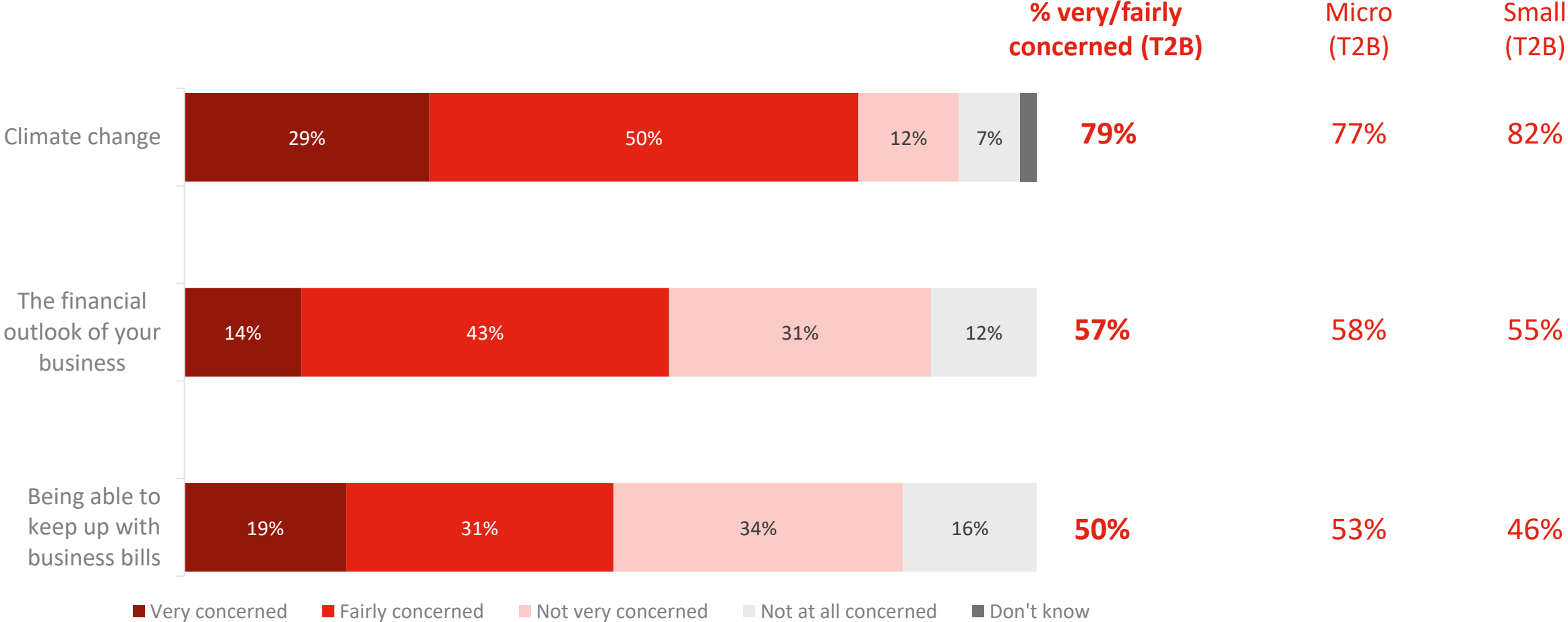
The impact of cost of living on the economy is domestic customers' primary concern. There are several subgroup differences, with 'keeping up with household bills' being more of a concern for vulnerable customers and those in SEG D, whilst ethnic minorities are substantially more likely to be concerned about job security.

% very/fairly concerned (T2B)



CONCERNS (SME)

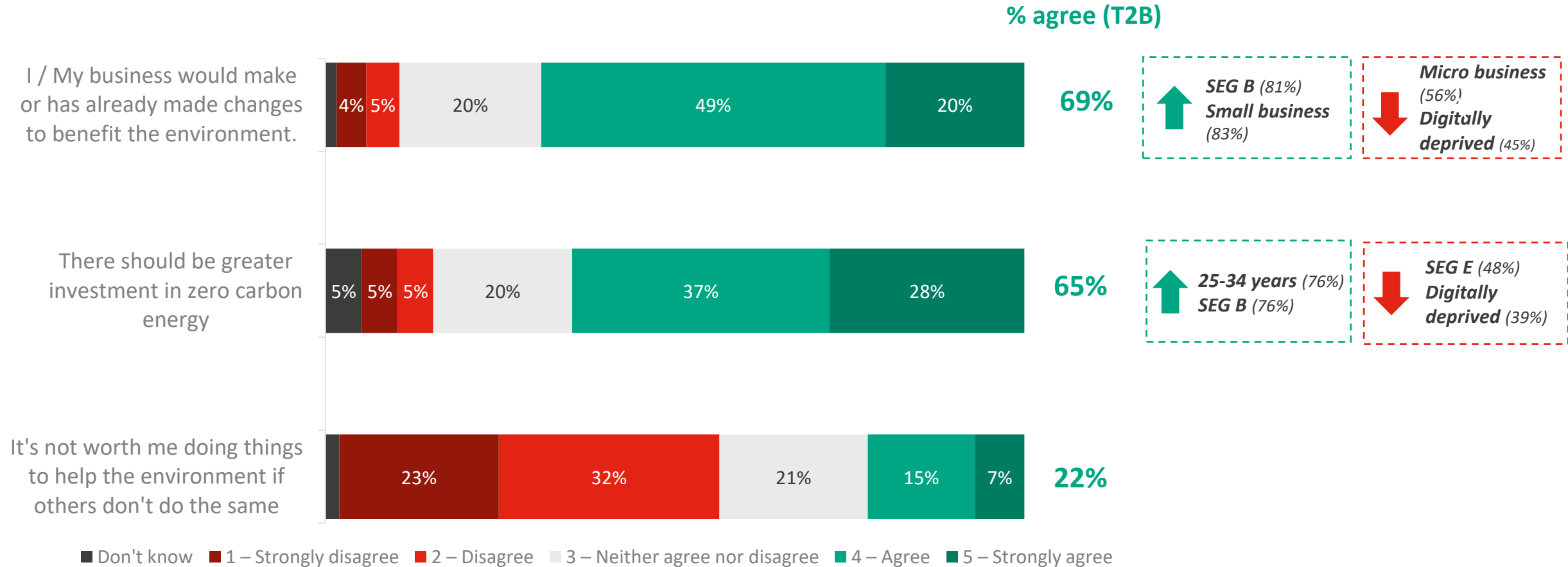
Climate change is the greatest concern for businesses. There were no significant differences between micro and small SMEs.



A8. Thinking about the situation today, how concerned are you, if at all, about each of the following? (SME base: 153)

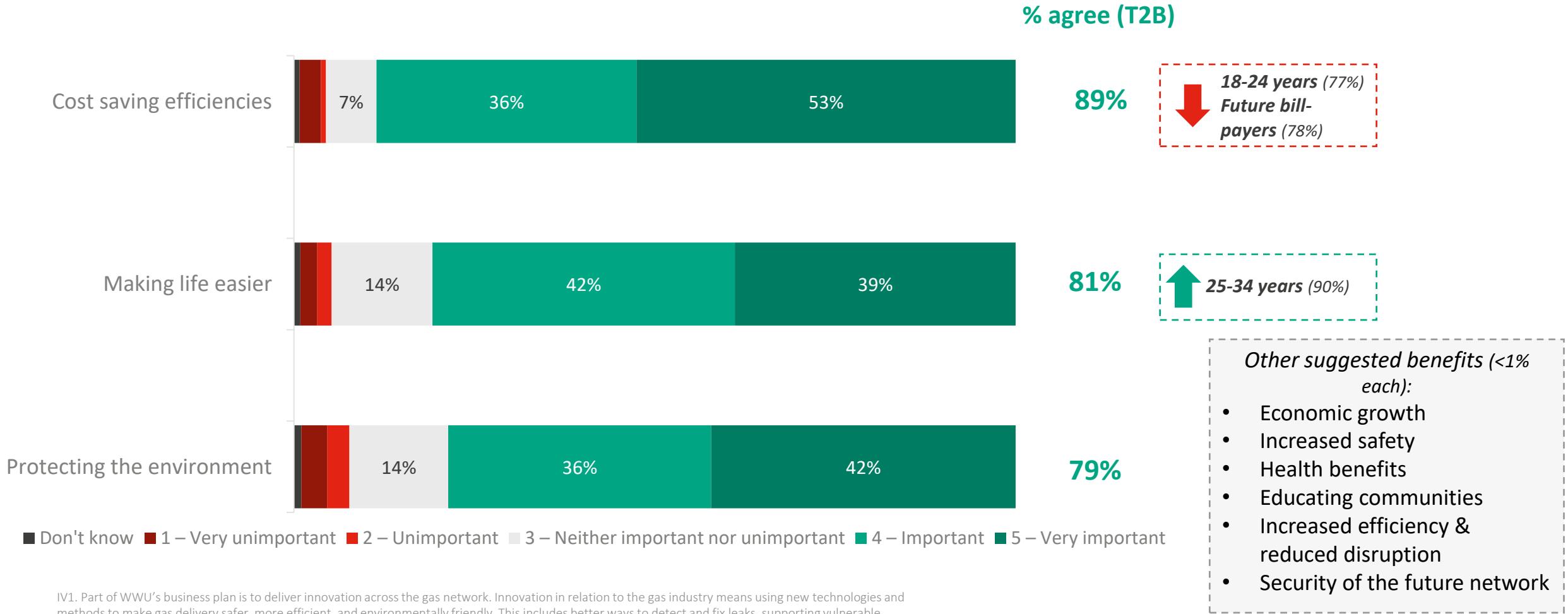
ENVIRONMENTAL PERCEPTIONS

Most agree that they / their business either would make or have made changes to benefit the environment – particularly small businesses, more so than micro. SEG E are much less likely to believe there should be investment in zero carbon energy.



PERCEIVED IMPORTANCE OF INNOVATION BENEFITS

Cost-saving efficiencies are the most important innovation for most groups, although domestic customers aged 25-34 years are also very interested in innovation that makes their lives easier.



IV1. Part of WWU's business plan is to deliver innovation across the gas network. Innovation in relation to the gas industry means using new technologies and methods to make gas delivery safer, more efficient, and environmentally friendly. This includes better ways to detect and fix leaks, supporting vulnerable customers, and supporting the energy transition to net zero.

How important to [your household DOMESTIC/ your business SME] are these benefits associated with innovation? (Base all: 1405)

IV2. Are there any other benefits of innovation that you can think of? (Base all: 1405)

COMMITMENTS

IMPACT

FROM INSIGHT TO INFLUENCE

NET ZERO COMMITMENTS:

Making our network hydrogen-ready

When we are upgrading old metal gas pipes in industrial areas that want hydrogen for heating, we will invest more to also upgrade gas pipes in nearby areas so that they are hydrogen-ready.

Supporting our customers (Net Zero)

Train our customer facing employees and partners to give customers information on the transition to Net Zero as part of their normal customer contact activities.

Supporting both hydrogen and electricity

Spend money on activities that support a move from natural gas to both hydrogen and electrification, including the replacement of heating and cooking systems.

CUSTOMER COMMITMENTS:

Supporting our customers

Each year we will help up to 10,000 people on low incomes who struggle to pay their energy bills. We will partner with charities to provide energy efficiency advice and access to grants.

Educating customers about carbon monoxide

Send information about the dangers of carbon monoxide to 250,000 homes each year and provide 5,000 carbon monoxide alarms to at risk homes

Referring disadvantaged customers to the PSR

Work with partner organisations to refer 8,000 customers to the PSR. Provide energy efficiency and Net Zero advice to 10,000 customers. Fund up to 200 repairs and 50 appliance replacements.

NET ZERO COMMITMENTS:

Making our network hydrogen-ready

Prepare as much of network as possible for hydrogen **instead of only focusing on areas where we are already doing planned upgrade work.**

Supporting our customers (Net Zero)

Increased spend on activities that support a move from natural gas to both hydrogen and electrification, including to repurpose the network to carry hydrogen more quickly.

Supporting both hydrogen and electricity

Train our customer facing employees and partners to give customers information on Net Zero. **Also, proactively take information to customers most involved in Net Zero and into communities.**

CUSTOMER COMMITMENTS:

Supporting our customers

Each year we will help up to **20,000** people on low incomes who struggle to pay their energy bills. We will partner with charities to provide energy efficiency advice and access to grants.

Educating customers about carbon monoxide

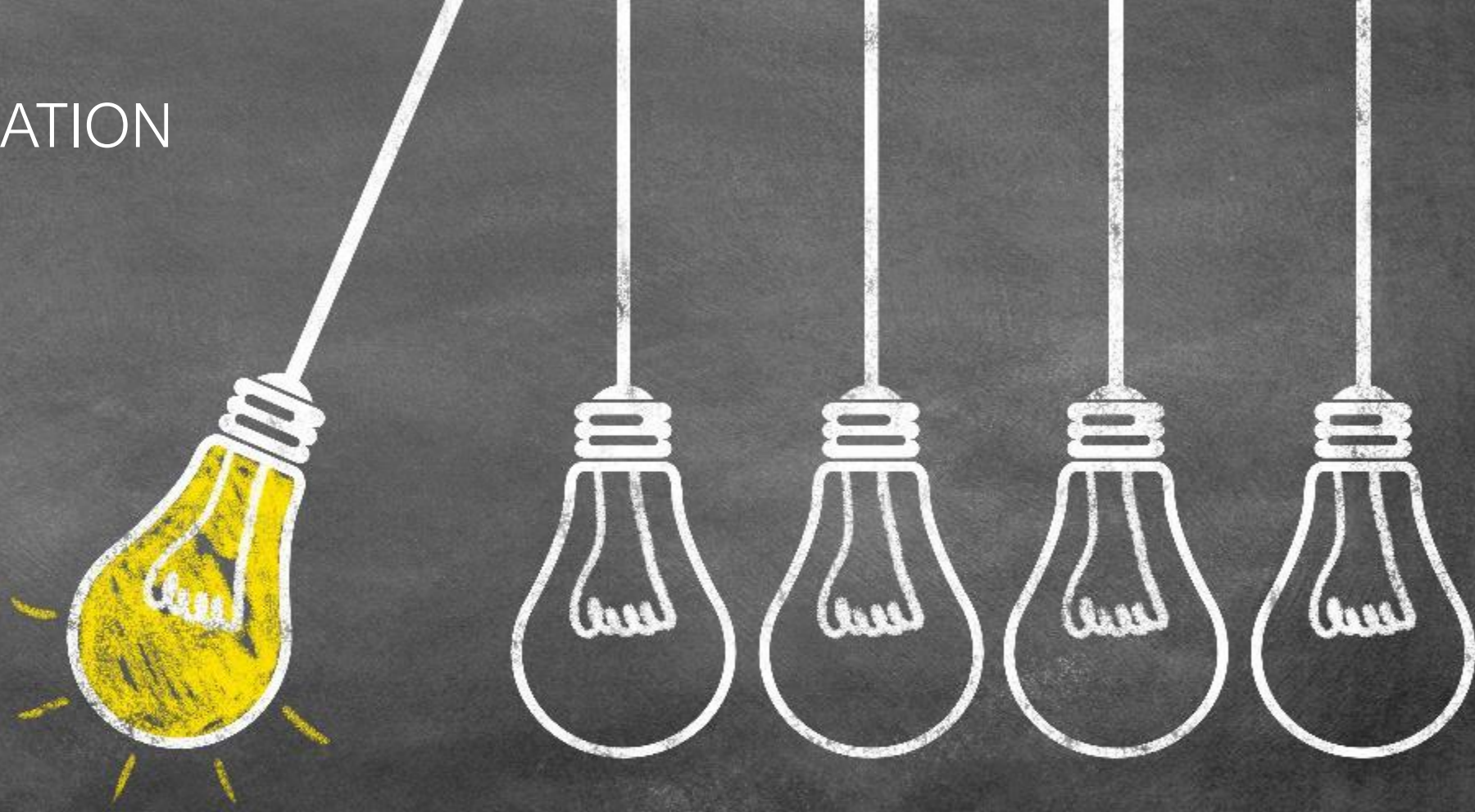
Send information about the dangers of carbon monoxide to **500,000 homes each year**. Provide **10,000 carbon monoxide alarms** to at risk homes including accessible alarms for people with sensory impairments

Referring disadvantaged customers to the PSR

Work with partner organisations to **refer 12,000 customers to the PSR**. Provide energy efficiency and Net Zero advice to **20,000 customers** as well as helping them to access welfare benefits.

MAX DIFF EXPLANATION

Max Diff is an innovative approach to prioritisation which can determine not only the rank order of items, but also the relative 'distance' between items. In this way it offers the benefits of both ranking and rating scales.



Respondents did 2 exercises. In each they saw a series of 4 screens which included three statements per screen, each with two levels (planned and advanced).

A total of 12 statements were tested (6 commitments x 2 levels)

They then ranked the 6 commitments so that we had a final overall measure of priority

THE QUESTION ASKED OF RESPONDENTS WAS...

We will show you 3 different 'commitments' and we would like you to indicate which one you feel is the most important to you and which is least important. We will then repeat this exercise several more times, showing you a different combination of commitments each time.

E.g.

Which of these would have the most benefit and which would have the least benefit for you and your household. <i>Hover over the statements for more information.</i>		
Most Appealing		Least Appealing
<input type="checkbox"/>	Prepare as much of network as possible for hydrogen instead of only focusing on areas where we are already doing planned upgrade work.	<input type="checkbox"/>
<input type="checkbox"/>	Only spend money on activities that support a move from natural gas to both hydrogen and electrification, maintaining choice for customers.	<input type="checkbox"/>
<input type="checkbox"/>	Train our customer facing employees and partners to give customers information on the transition to net zero as part of their normal customer contact activities.	<input type="checkbox"/>

From the max diff exercise, customers said the top 3 priorities are...

Domestic and SME customers show similar priorities

Domestic SME

1st Each year we will help up to 20,000 people on low incomes who struggle to pay their energy bills. We will partner with charities to provide energy efficiency advice and access to grants.

28.9 **27.2**

2nd When we are upgrading old metal gas pipes in industrial areas that want hydrogen for heating, we will invest more to also upgrade gas pipes in nearby areas so that they are hydrogen-ready.

11.5 **13.4**

3rd Send information about the dangers of carbon monoxide to 500,000 properties each year. Provide 10,000 carbon monoxide alarms to at risk properties including accessible alarms for people with sensory impairments

10.8 **11.1**

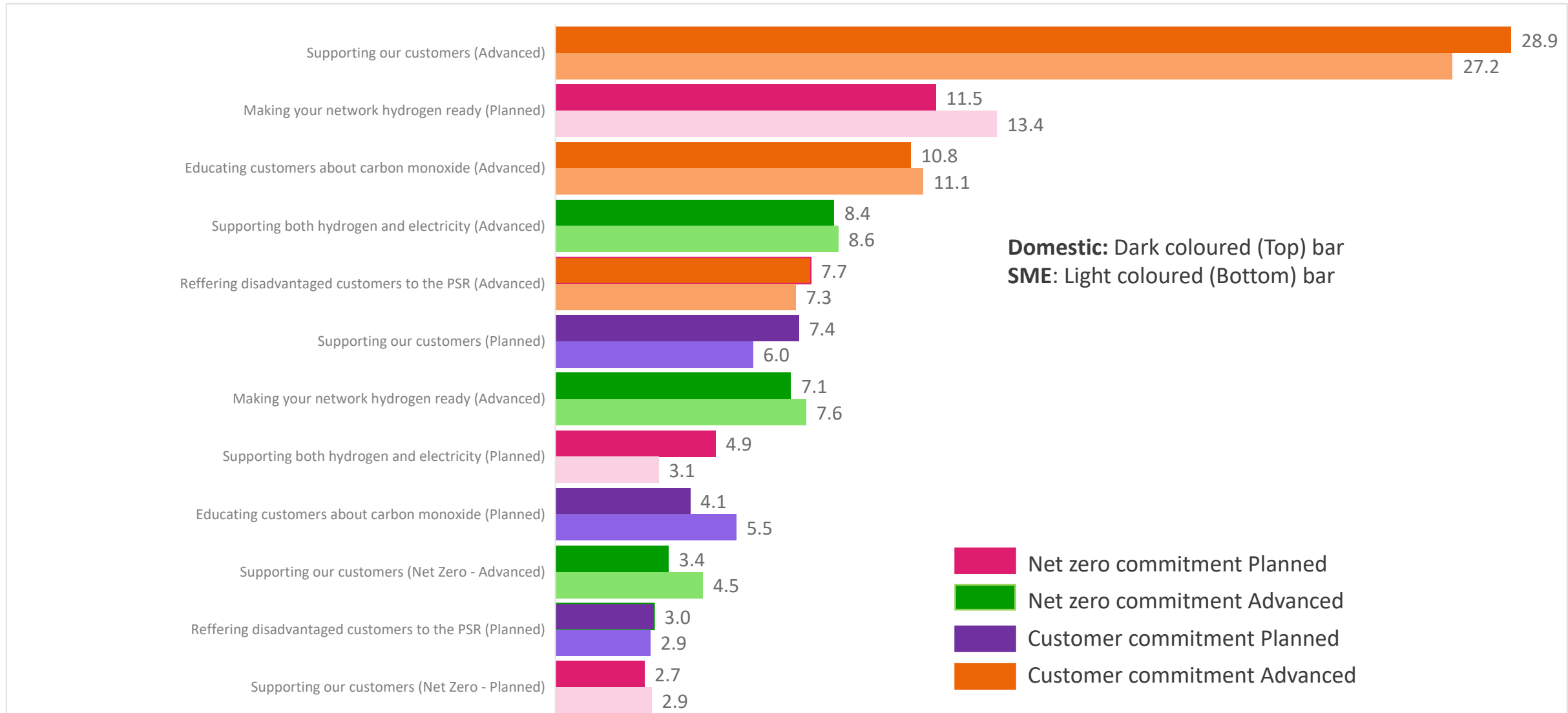
Importance score shared across a total of 100

Max Diff exercise. Please carefully read the information about these commitments and answer the questions which appear later by choosing the ones that will give the most benefit.
Base: All Domestic (1252).

IMPORTANCE MEASURES OVERALL

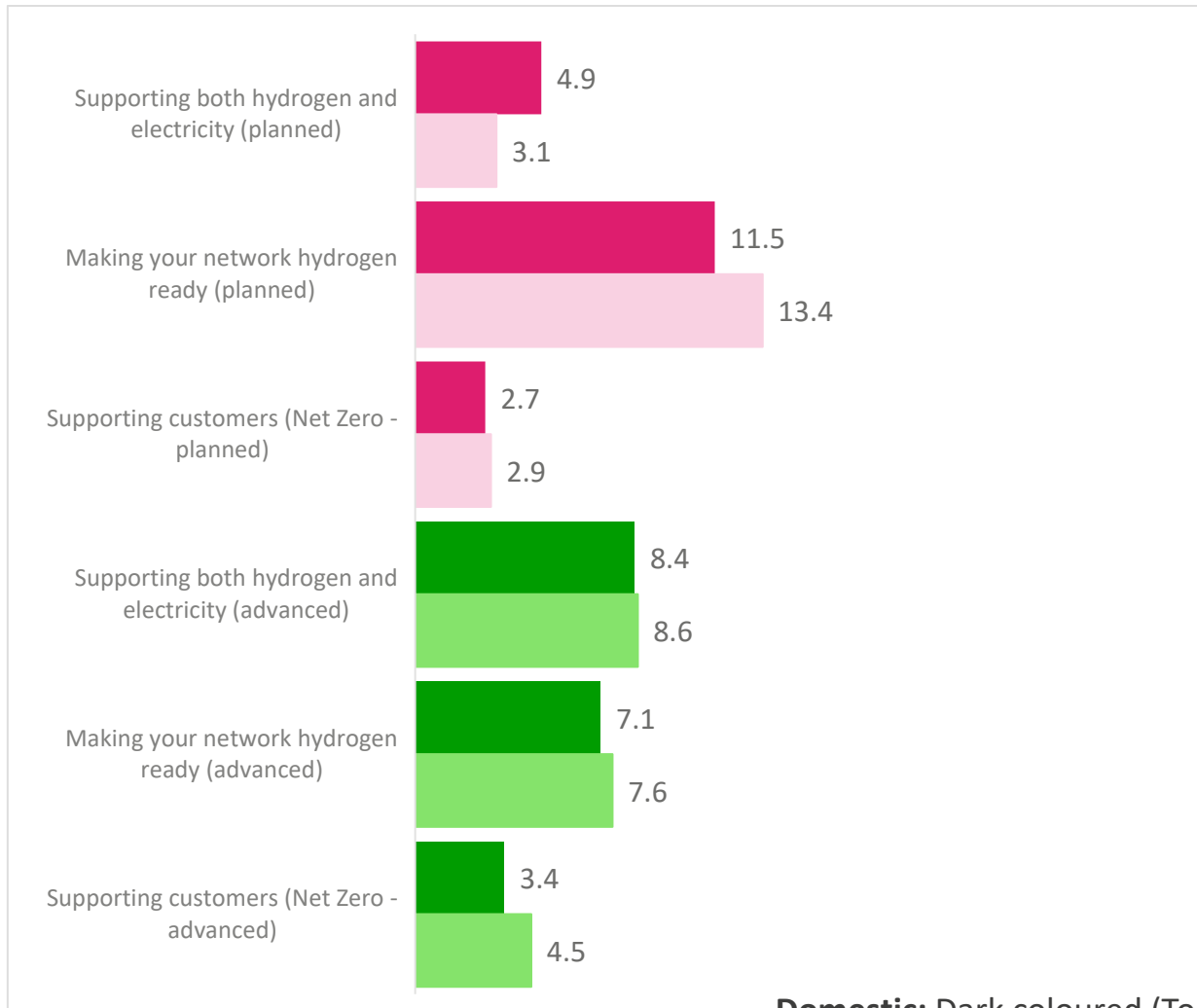
Importance score shared across a total of 100

Helping people on low incomes is the dominant priority for all customers, domestic and SME



IMPORTANCE MEASURES: Net zero commitments

The most important net zero commitment: 'When we are upgrading old metal gas pipes in industrial areas that want hydrogen for heating, more investment to also upgrade gas pipes in nearby areas so that they are hydrogen-ready'



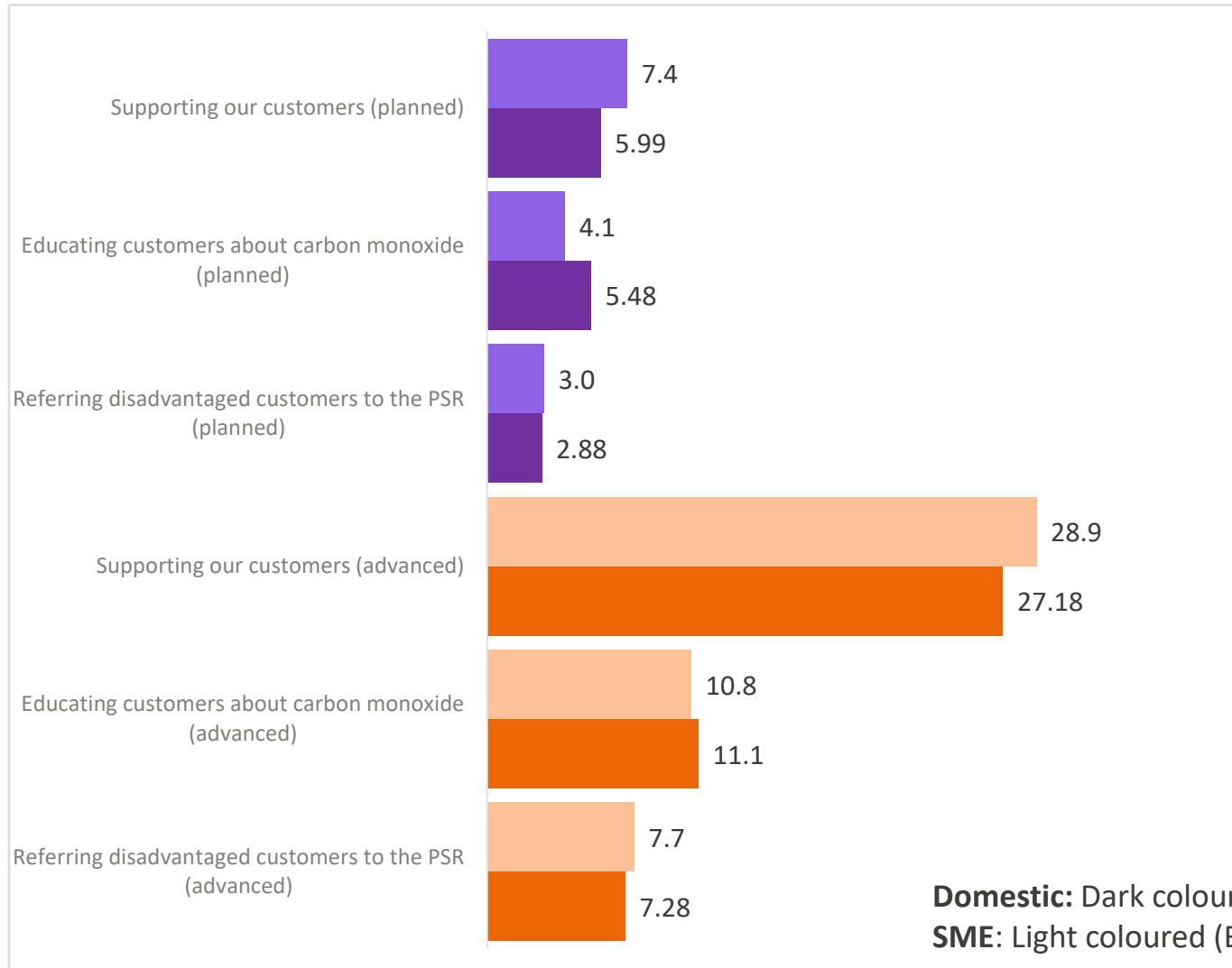
Domestic: Dark coloured (Top) bar
SME: Light coloured (Bottom) bar

- ❑ Those in **social group A and group C** place less priority on 'WWU increasing spend on activities that support a move from natural gas to both hydrogen and electrification'.
- ❑ **Micro SMEs** place greater priority on 'When we are upgrading old metal gas pipes in industrial areas that want hydrogen for heating, we will invest more to also upgrade gas pipes in nearby areas so that they are hydrogen-ready.'

Importance score shared across a total of 100

IMPORTANCE MEASURES: Customer commitments

The most important customer commitment: 'Each year helping up to 20,000 people on low incomes who struggle to pay their energy bills and partnering with charities to provide energy efficiency advice and access to grants'.



- ❑ Those in **social group A, social group E** and those with a **vulnerability** place even higher priority on 'WWU helping up to 20,000 people on low incomes'.
- ❑ Those in **social group D** (semi-skilled and unskilled manual workers) place a higher priority on 'Send information about the dangers of carbon monoxide to 500,000 properties each year. Provide 10,000 carbon monoxide alarms to at risk properties including accessible alarms for people with sensory impairments'.

Importance score shared across a total of 100

IMPORTANCE MEASURES: Domestic by subgroups

Importance score shared across a total of 100

	Total	Male	Female	18-24 years	25-34 years	35-54 years	55+ years	SEG A	SEG B	SEG C1	SEG C2	SEG D	SEG E	Home owner	Private rented	LA housing	Other accommodation	Digitally deprived	Heard of WWU	Contact with WWU	Future Bill Payer	VULNERABLE
Supporting both hydrogen and electricity (planned)	4.9	5.5	4.2	4.9	4.3	5.1	4.9	4.4	3.8	5.5	5.4	5.6	4.4	5.3	3.5	4.9	3.7	5.0	5.0	4.6	4.2	4
Making your network hydrogen ready (planned)	11.5	12.3	10.7	9.9	11.3	12.9	11.2	10.2	12.2	12.6	12.3	11.3	7.9	12.0	12.6	9.0	10.5	6.7	12.1	12.3	8.9	9.8
Supporting our customers (Net Zero - planned)	2.7	2.4	3	3.3	3.6	2.4	2.4	2.3	3.1	2.7	2.7	2.1	2.6	2.7	2.5	2.5	3.9	2.4	2.8	3.7	2.6	2.5
Supporting both hydrogen and electricity (advanced)	8.4	9.2	7.7	9.1	8.2	9	8	6.5	7.8	8.7	11.8	11.1	6	9.2	6.8	6.9	10.6	5.9	8.8	8.4	8.9	7.5
Making your network hydrogen ready (advanced)	7.1	8.6	5.6	6.6	5.6	7.6	7.6	5.9	6.6	7.1	7.9	8.5	8.5	7.7	6.4	5.5	8.4	4.3	7.3	9.7	6.4	6.2
Supporting our customers (Net Zero - advanced)	3.4	3.1	3.7	4.3	4.1	3	3.2	3.1	3.3	3.3	3.8	4.8	3.4	3.4	3.5	3.3	4.1	4.2	3.3	4.6	3.8	3.3
Supporting our customers (planned)	7.4	7	7.7	8.3	8.1	6.4	7.5	8.4	9.1	6.3	6	5.7	8.4	7.1	7.2	8.7	7.4	9.5	7.2	7.2	8.4	8.3
Educating customers about carbon monoxide (planned)	4.1	4.1	4	4.7	3.1	3.6	4.5	3.4	4.4	4.3	3.9	5.5	3.5	4.4	3.4	3.5	4.0	3.0	4.2	4.5	4.3	3.5
Referring disadvantaged customers to the PSR (planned)	3	3.2	2.8	3.7	2.9	2.8	2.9	2.7	2.9	3.1	3.6	2.3	2.7	3.1	2.9	2.7	2.9	4.2	2.9	3.0	3.9	3.4
Supporting our customers (advanced)	28.9	26.7	31.1	29.3	31.4	29.4	27.7	37.3	29.6	25.2	24.9	20.8	36.9	24.9	33.5	38.4	31.3	39.2	28.4	25.7	30.6	33.7
Educating customers about carbon monoxide (advanced)	10.8	9.6	11.9	8.5	8.1	10.4	12.5	7.6	9.7	12.9	10.3	16.4	8.8	12.1	9.5	8.0	6.8	6.1	10.7	9.2	9.1	9.2
Referring disadvantaged customers to the PSR (advanced)	7.7	8	7.5	7.4	9.3	7.3	7.5	8.3	7.4	8.3	7.4	5.9	7.1	8.0	8.3	6.7	6.4	9.6	7.3	7.2	8.9	8.7

IMPORTANCE MEASURES: SME by subgroups

Importance score shared across a total of 100

SME

Supporting both hydrogen and electricity (planned)
Making your network hydrogen ready (planned)
Supporting our customers (Net Zero - planned)
Supporting both hydrogen and electricity (advanced)
Making your network hydrogen ready (advanced)
Supporting our customers (Net Zero - advanced)
Supporting our customers (planned)
Educating customers about carbon monoxide (planned)
Referring disadvantaged customers to the PSR (planned)
Supporting our customers (advanced)
Educating customers about carbon monoxide (advanced)
Referring disadvantaged customers to the PSR (advanced)

SME Total

Micro SME

Small SME

3.1

3.5

2.7

13.4

15.9

10.5

2.9

1.7

4.4

8.6

8.9

8.1

7.6

7.9

7.3

4.5

3.3

5.9

6

6.7

5.1

5.5

5.2

5.8

2.9

2.8

3

27.2

25.9

28.6

11.1

11

11.3

7.3

7.2

7.3

WILLINGNESS TO ACCEPT
BILL INCREASES

IMPACT

FROM INSIGHT TO INFLUENCE

CONTINGENCY VALUATION (CVM)



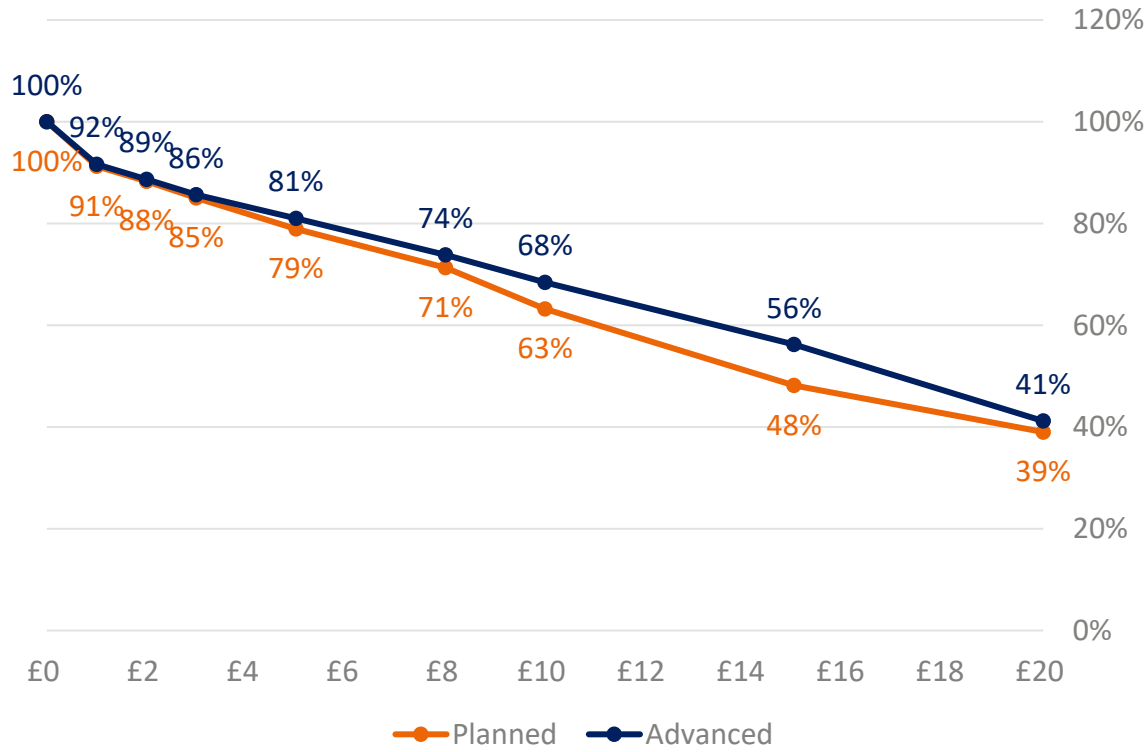
CVM is a method for determining customers' willingness to accept different bill increases, contingent on service improvements.

From the results we can work out the level of acceptance at any given bill increase

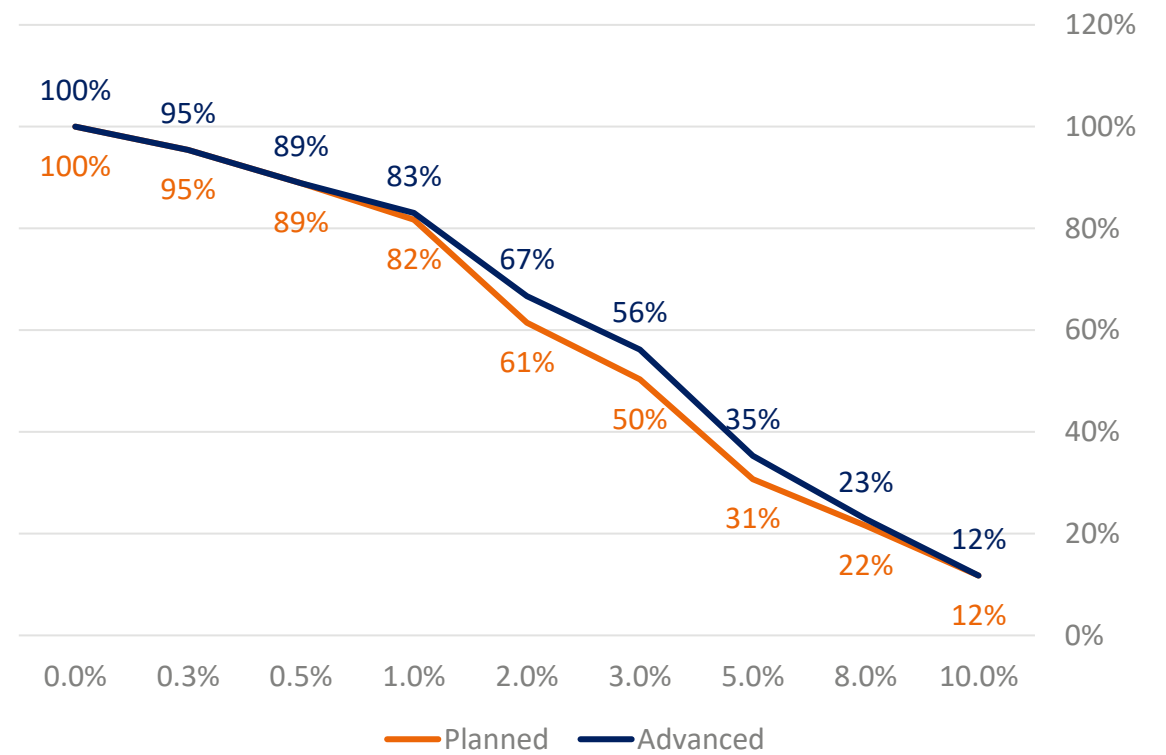
BILL ACCEPTANCE – Planned vs Advanced Commitments

For £8 - £10 bill increases, acceptance among domestic customers is between 74% and 63%. For 1% - 2% increases, acceptance among SME customers is between 83% and 61%. For both domestic and SME customers, bill increase acceptance is only a little higher for the advanced commitments.

WWU CVM Results: Domestic



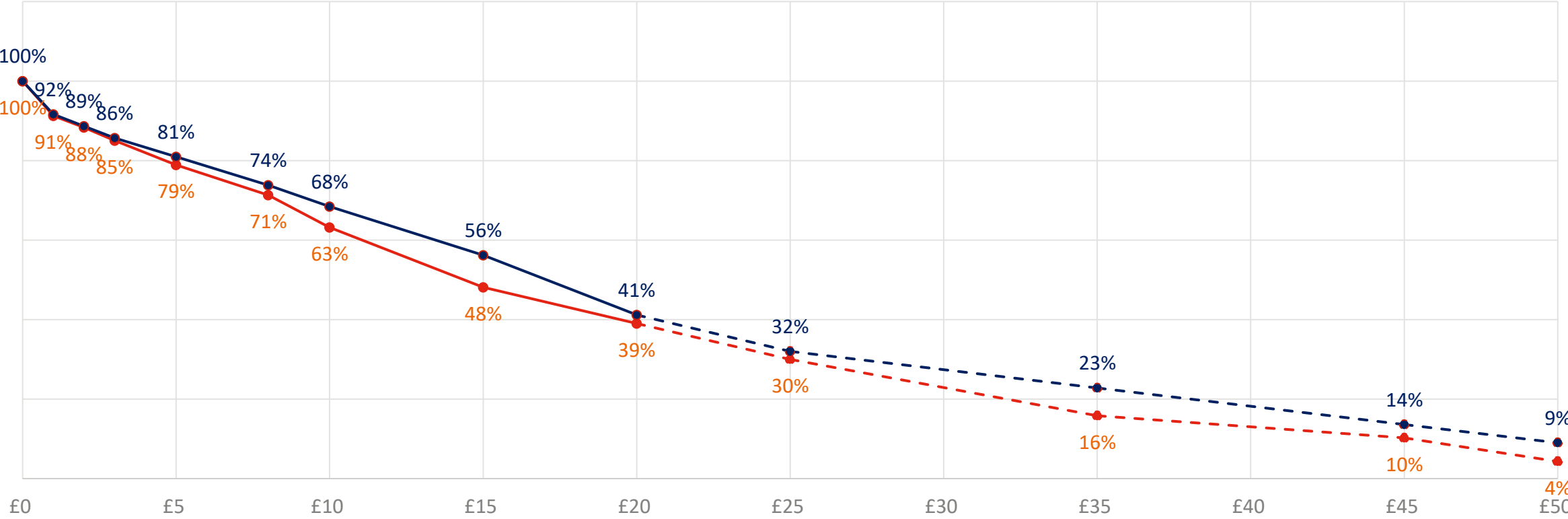
WWU CVM Results: SME



BILL ACCEPTANCE – Planned vs Advanced Commitments - Domestic

For those who were willing to accept a £20 annual bill increase, we asked how much more they would be willing to accept. As this was an open-ended question, we show these additional values with the dotted lines below. The number of responses for SME customers willing to accept 10% were too small to support analysis of higher WTP values

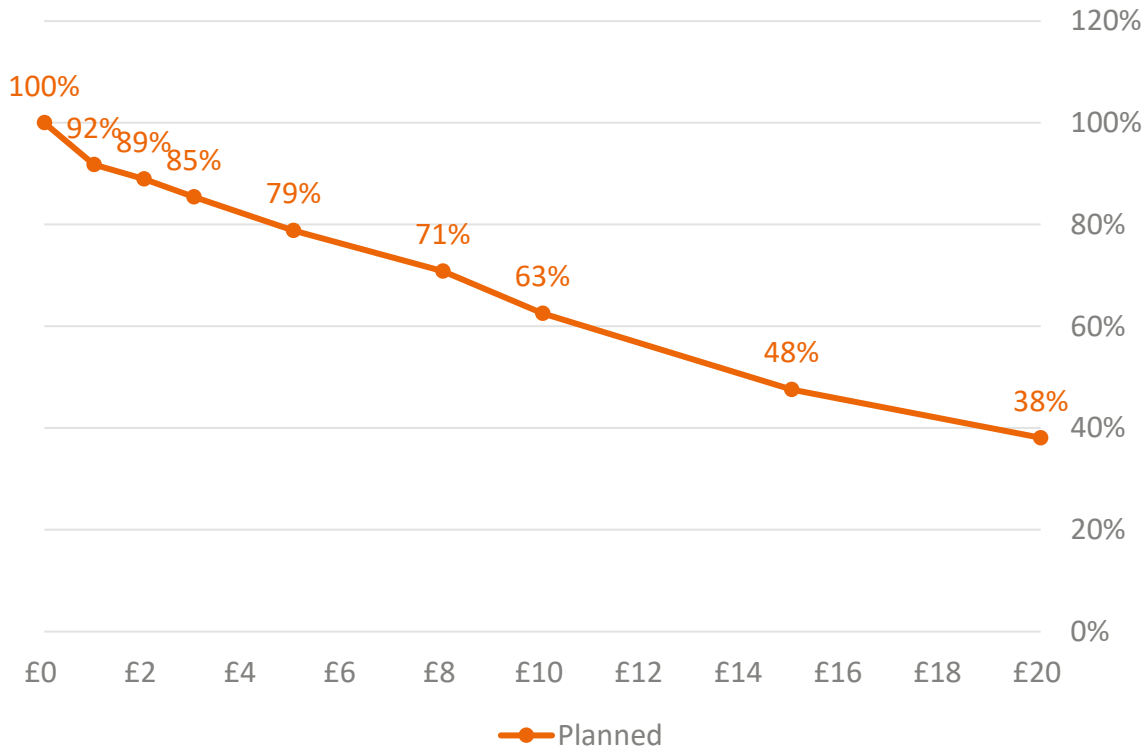
WWU CVM Results: Domestic



BILL ACCEPTANCE AND COMMITMENTS – Domestic Planned activities

Over the £8 - £10 range of bill increases, acceptance ranges from 71% to 63% of domestic customers.

WWU CVM Results: Domestic



Bill increase	£0	£1	£2	£3	£5	£8	£10	£15	£20
Take up	100%	92%	89%	85%	79%	71%	63%	48%	38%
Supporting both hydrogen and electricity (planned)		14%	14%	14%	14%	14%	14%	14%	14%
Making your network hydrogen ready (planned)		29%	29%	29%	29%	30%	30%	31%	32%
Supporting our customers (Net Zero - planned)		8%	8%	8%	8%	8%	8%	8%	8%
Supporting our customers (planned)		26%	26%	26%	26%	25%	25%	25%	25%
Educating customers about carbon monoxide (planned)		12%	12%	12%	12%	12%	12%	12%	11%
Referring disadvantaged customers to the PSR (planned)		10%	10%	10%	10%	10%	10%	10%	10%

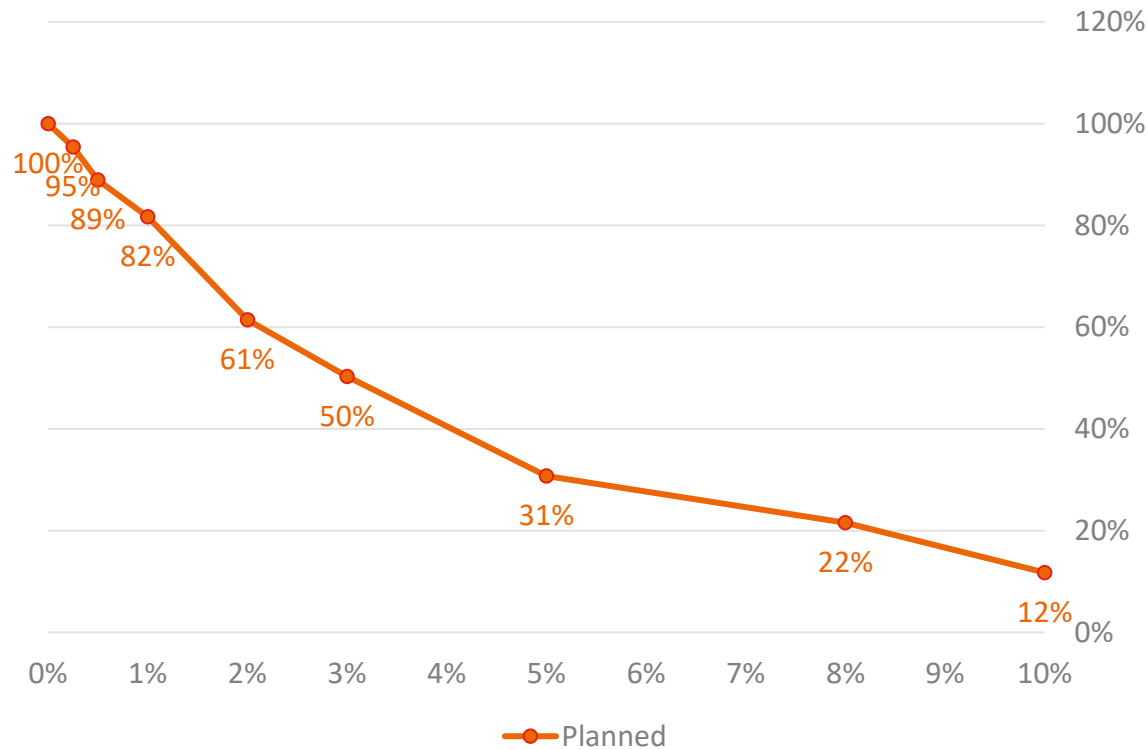
Column % sum to 100, indicating share of importance

As bills increase for domestic customers, ‘making your network hydrogen ready’ and ‘supporting our customers’ maintain their importance

BILL ACCEPTANCE AND COMMITMENTS– SME Planned activities

Over the 1% - 2% range of bill increases, acceptance ranges from 82% to 61% of domestic customers.

WWU CVM Results: SME



Bill increase	0.0%	0.3%	0.5%	1.0%	2.0%	3.0%	5.0%	8.0%	10.0%
Take up	100%	95%	89%	82%	61%	50%	31%	22%	12%
Supporting both hydrogen and electricity (planned)		15%	15%	15%	15%	16%	17%	18%	23%
Making your network hydrogen ready (planned)		36%	36%	36%	36%	37%	39%	39%	36%
Supporting our customers (Net Zero - planned)		10%	10%	10%	10%	9%	10%	8%	8%
Supporting our customers (planned)		18%	18%	18%	16%	16%	16%	15%	14%
Educating customers about carbon monoxide (planned)		14%	14%	14%	14%	14%	12%	13%	12%
Referring disadvantaged customers to the PSR (planned)		8%	8%	8%	8%	7%	6%	7%	7%

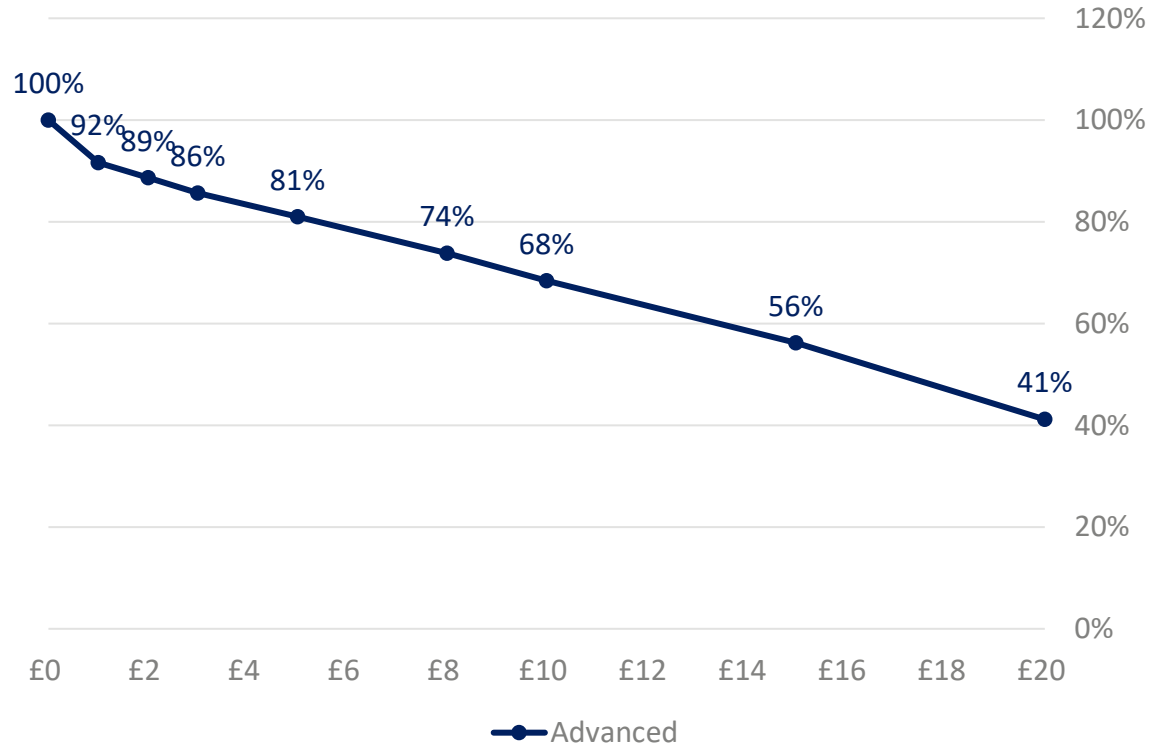
As bills increase for SME customers, making the ‘network hydrogen ready’ remains important but ‘Supporting our customers’ falls away

Column % sum to 100, indicating share of importance

BILL ACCEPTANCE AND COMMITMENTS– Domestic Advanced activities

Over the £8 - £10 range of bill increases, acceptance ranges from 74% to 68% of domestic customers.

WWU CVM Results: Domestic



Bill increase	£0	£1	£2	£3	£5	£8	£10	£15	£20
Take up	100%	92%	89%	86%	81%	74%	68%	56%	41%
Supporting both hydrogen and electricity (advanced)		16%	16%	16%	16%	16%	16%	17%	17%
Making your network hydrogen ready (advanced)		13%	13%	13%	13%	13%	13%	13%	13%
Supporting our customers (Net Zero - advanced)		7%	7%	7%	7%	7%	7%	7%	6%
Supporting our customers (advanced)		35%	35%	35%	35%	35%	34%	34%	34%
Educating customers about carbon monoxide (advanced)		17%	17%	17%	17%	17%	17%	17%	16%
Referring disadvantaged customers to the PSR (advanced)		13%	13%	13%	13%	13%	13%	13%	13%

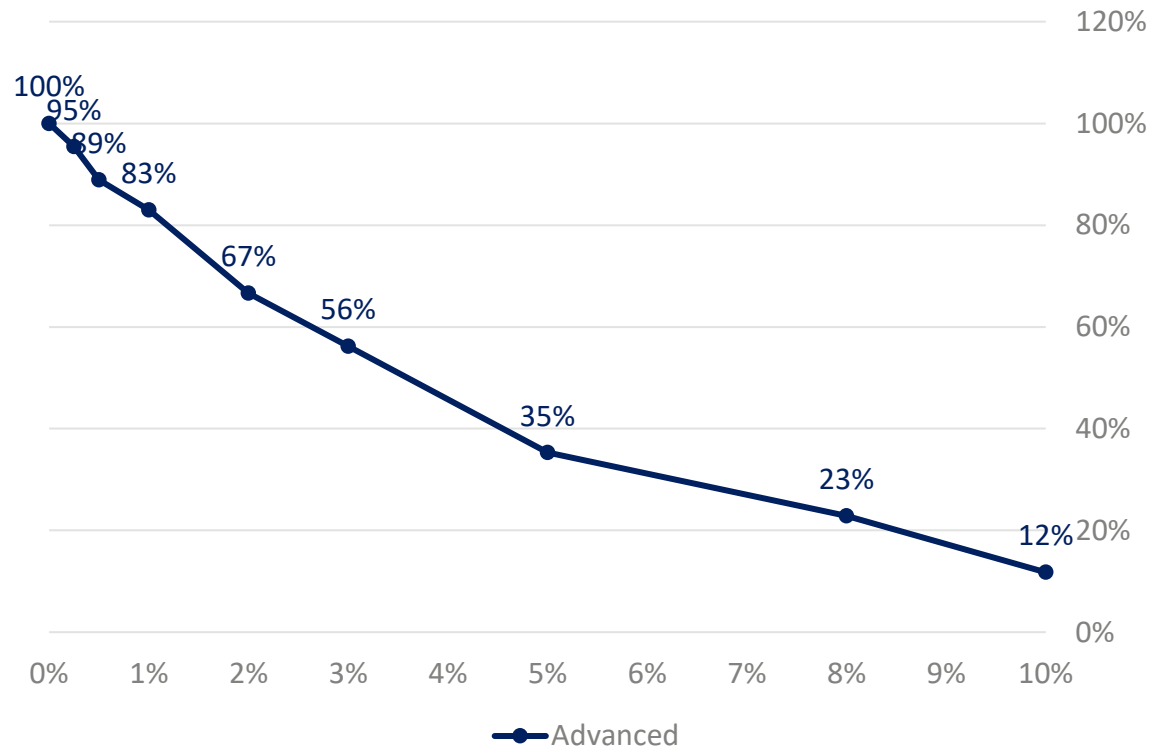
Column % sum to 100, indicating share of importance

As bills increase for domestic customers, priorities remain fairly consistent

BILL ACCEPTANCE AND COMMITMENTS– SME Advanced activities

Over the 1% - 2% range of bill increases, acceptance ranges from 83% to 67% of domestic customers.

WWU CVM Results: SME



Bill increase	0.0%	0.3%	0.5%	1.0%	2.0%	3.0%	5.0%	8.0%	10.0%
Take up	100%	95%	89%	83%	67%	56%	35%	23%	12%
Supporting both hydrogen and electricity (advanced)		17%	17%	17%	17%	17%	18%	20%	22%
Making your network hydrogen ready (advanced)		14%	14%	14%	14%	14%	14%	15%	10%
Supporting our customers (Net Zero - advanced)		9%	9%	9%	9%	8%	8%	7%	6%
Supporting our customers (advanced)		30%	30%	30%	29%	29%	29%	28%	29%
Educating customers about carbon monoxide (advanced)		18%	18%	18%	18%	19%	18%	18%	19%
Referring disadvantaged customers to the PSR (advanced)		13%	13%	13%	13%	13%	13%	12%	13%

As bills increase for SME customers, priorities remain consistent

Column % sum to 100, indicating share of importance

SUMMARY OF FINDINGS

IMPACT

FROM INSIGHT TO INFLUENCE

Summary of Findings

Priority commitment and acceptance of bill increases

- Helping people on low incomes is the dominant priority for all customers, domestic and SME
- For £8 - £10 bill increases, acceptance among domestic customers is between 74% and 63%.
- For 1% - 2% increases, acceptance among SME customers is between 83% and 61%.

Other observations

- Although most have heard of WWU, there are demographic differences, with those 18-24 years old and in SEG E being least likely to know them.
- Although around 6 in 7 customers have not had contact with WWU in the past, small businesses are the most likely group to have done so, with around 1 in 3 having had contact.
- The impact of cost of living on the economy is domestic customers' primary concern, whereas for SMEs it is climate change, even more than financial concerns.
- Cost-saving efficiencies are the most important innovation for most groups, but 'making life easier' and 'protecting the environment' are not far behind

ANNEX

IMPACT

FROM INSIGHT TO INFLUENCE

WTP AND BILL ACCEPTANCE – Planned activities by Domestic sub-groups

	Total	Male	Female	18-24 years	25-34 years	35-54 years	55+ years	SEG A	SEG B	SEG C1	SEG C2	SEG D	SEG E	Home owner	Private rented	LA housing	Other	Digitally deprived	Heard of WWU	Contact with WWU	Future Bill Payer	Vulnerable
CVM: Average WTP	£12.92	£12.85	£13.00	£11.93	£13.42	£12.74	£13.10	£12.89	£12.77	£13.70	£13.36	£13.19	£9.97	£13.15	£13.45	£11.84	£11.46	£10.29	£13.28	£13.49	£12.12	£11.77
CVM: Lower (95% LoC)	£11.80	£11.28	£11.40	£8.48	£10.69	£10.52	£11.49	£10.12	£10.21	£11.80	£10.53	£8.44	£6.57	£11.77	£10.60	£9.04	£5.71	£6.62	£12.00	£10.58	£7.01	£9.24
CVM: Upper (95% LoC)	£14.04	£14.41	£14.60	£15.39	£16.15	£14.95	£14.71	£15.67	£15.33	£15.61	£16.20	£17.93	£13.38	£14.53	£16.30	£14.65	£17.21	£13.96	£14.55	£16.40	£17.24	£14.30
CVM: Median WTP	£14.38	£15.10	£13.83	£11.71	£15.03	£14.06	£15.21	£13.64	£13.81	£17.44	£15.61	£15.48	£8.91	£15.11	£14.77	£12.51	£11.41	£10.43	£15.51	£16.10	£12.34	£12.26
CVM: Lower third	£9.15	£9.02	£9.23	£7.74	£9.51	£9.14	£9.46	£9.42	£9.13	£10.41	£9.84	£8.86	£5.27	£9.37	£10.26	£7.22	£7.66	£6.67	£9.66	£9.60	£7.76	£7.28
CVM: Upper third	£20.00	£20.00	£20.00	£18.13	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£13.68	£20.00	£20.00	£19.21	£16.70	£13.63	£20.00	£20.00	£17.93	£18.81
£8.00 bill increase	71%	70%	73%	66%	74%	71%	72%	72%	71%	75%	74%	69%	56%	73%	74%	64%	66%	62%	73%	76%	66%	65%
£10.00 bill increase	63%	64%	63%	55%	64%	64%	65%	65%	63%	68%	66%	63%	43%	64%	68%	58%	55%	52%	65%	64%	59%	57%
£20.00 bill increase	39%	39%	39%	29%	43%	36%	42%	39%	36%	45%	43%	39%	23%	42%	37%	32%	28%	17%	42%	44%	29%	31%
Elasticity (for £1 increase in annual bill)	-0.030	-0.030	-0.031	-0.035	-0.028	-0.032	-0.029	-0.031	-0.032	-0.028	-0.029	-0.030	-0.038	-0.029	-0.032	-0.034	-0.036	-0.042	-0.029	-0.028	-0.036	-0.035

WTP AND BILL ACCEPTANCE – Planned activities by SME sub-groups

	Total	Micro SME	Small SME	Heard of WWU	Contact with WWU
CVM: Average WTP	3.7%	3.8%	3.5%	3.8%	3.9%
CVM: Lower (95% LoC)	2.2%	1.8%	1.3%	2.2%	1.0%
CVM: Upper (95% LoC)	5.1%	5.7%	5.7%	5.4%	6.8%
CVM: Median WTP	3.0%	3.2%	2.9%	3.1%	3.4%
CVM: Lower third	1.7%	1.7%	1.8%	1.8%	1.6%
CVM: Upper third	4.7%	5.0%	4.4%	5.0%	5.0%
1% bill increase	82%	83%	80%	82%	77%
2% bill increase	61%	60%	63%	62%	59%
10% bill increase	12%	13%	11%	14%	13%
Elasticity (for 1% increase in annual bill)	-8.824	-8.750	-8.923	-8.647	-8.718

WTP AND BILL ACCEPTANCE – Advanced activities by Domestic sub-groups

	Total	Male	Female	18-24 years	25-34 years	35-54 years	55+ years	SEG A	SEG B	SEG C1	SEG C2	SEG D	SEG E	Home owner	Private rented	LA housing	Other	Digitally deprived	Heard of WWU	Contact with WWU	Future Bill Payer	Vulnerable
CVM: Average WTP	£13.69	£13.54	£13.85	£13.02	£14.21	£13.62	£13.72	£13.52	£13.53	£14.30	£14.23	£14.22	£11.26	£13.92	£14.22	£12.43	£13.10	£11.22	£14.08	£14.64	£12.71	£12.56
CVM: Lower (95% LoC)	£12.55	£11.97	£12.21	£9.51	£11.41	£11.38	£12.09	£10.66	£10.94	£12.37	£11.40	£9.58	£7.74	£12.52	£11.37	£9.55	£7.09	£7.38	£12.79	£11.67	£7.52	£9.96
CVM: Upper (95% LoC)	£14.83	£15.10	£15.50	£16.52	£17.02	£15.85	£15.35	£16.38	£16.13	£16.23	£17.06	£18.86	£14.77	£15.31	£17.07	£15.30	£19.11	£15.06	£15.36	£17.62	£17.90	£15.16
CVM: Median WTP	£17.06	£17.39	£16.74	£14.31	£18.19	£16.66	£17.70	£16.10	£16.18	£18.57	£18.35	£18.09	£11.42	£18.10	£16.91	£14.08	£14.23	£11.64	£18.03	£18.98	£13.62	£14.12
CVM: Lower third	£10.73	£10.60	£10.80	£8.90	£11.73	£10.91	£11.02	£9.79	£10.32	£12.69	£12.61	£12.44	£6.62	£11.28	£12.00	£8.43	£9.73	£7.67	£11.92	£13.45	£8.50	£8.72
CVM: Upper third	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£20.00	£17.58	£20.00	£20.00	£19.61	£19.92	£16.40	£20.00	£20.00	£18.76	£19.66
£8.00 bill increase	74%	72%	76%	71%	76%	74%	74%	74%	74%	77%	76%	72%	62%	74%	78%	68%	75%	66%	75%	79%	68%	70%
£10.00 bill increase	68%	68%	69%	62%	71%	69%	69%	66%	68%	72%	74%	70%	54%	69%	74%	61%	65%	56%	71%	74%	63%	62%
£20.00 bill increase	41%	42%	41%	34%	45%	38%	44%	42%	38%	45%	45%	42%	28%	44%	40%	32%	33%	20%	44%	47%	29%	32%
Elasticity (for £1 increase in annual bill)	-0.029	-0.029	-0.030	-0.033	-0.027	-0.031	-0.028	-0.029	-0.031	-0.027	-0.028	-0.029	-0.036	-0.028	-0.030	-0.034	-0.033	-0.040	-0.028	-0.027	-0.035	-0.034

WTP AND BILL ACCEPTANCE – Advanced activities by SME sub-groups

	Total	Micro SME	Small SME	Heard of WWU	Contact with WWU
CVM: Average WTP	4.0%	4.1%	3.8%	4.1%	4.0%
CVM: Lower (95% LoC)	2.4%	2.1%	1.5%	2.4%	1.0%
CVM: Upper (95% LoC)	5.5%	6.2%	6.1%	5.8%	6.9%
CVM: Median WTP	3.6%	3.8%	3.4%	3.7%	3.4%
CVM: Lower third	2.0%	2.0%	2.1%	2.1%	2.0%
CVM: Upper third	5.5%	6.1%	4.8%	6.0%	5.0%
1% bill increase	83%	85%	80%	82%	77%
2% bill increase	67%	66%	68%	68%	67%
10% bill increase	12%	13%	11%	14%	13%
Elasticity (for 1% increase in annual bill)	-8.824	-8.750	-8.923	-8.647	-8.718

WTP VALUES PER COMMITMENT

Bill increase	Domestic		SME	
	Planned	Advanced	Planned	Advanced
Supporting both hydrogen and electricity	£1.72	£1.99	0.5%	0.6%
Making your network hydrogen ready	£3.52	£1.61	1.3%	0.5%
Supporting our customers (Net Zero)	£0.99	£0.86	0.3%	0.3%
Supporting our customers	£3.07	£4.46	0.6%	1.1%
Educating customers about carbon monoxide	£1.48	£2.16	0.5%	0.7%
Referring disadvantaged customers to the PSR	£1.21	£1.65	0.3%	0.5%

HOW SOCIO-ECONOMIC GROUPS ARE DEFINED

ASK DOMESTIC CUSTOMERS ONLY

D2 We are looking for a range of different people to take part in our research. May we ask Which ONE of the following categories best describes the employment status of the Chief Income Earner (CIE) in your household?

If you or the chief income earner are self-employed, please tick the option that most relates to the type of work you/they do for the company(s) you/they work for.

1. Semi or unskilled manual worker (e.g., Caretaker, Park keeper, non-HGV driver, shop assistant etc.)
2. Skilled manual worker (e.g., Bricklayer, Carpenter, Plumber, Painter, Bus/ Ambulance Driver, HGV driver, pub/bar worker etc.)
3. Supervisory or clerical/ junior managerial/ professional/ administrative (e.g., Office worker, Student Doctor, Foreman with 25+ employees, salesperson, etc.)
4. Intermediate managerial/ professional/ administrative (e.g., Newly qualified (under 3 years) doctor, Solicitor, Board director of small organisation, middle manager in large organisation, principal officer in civil service/local government etc.)
5. Higher managerial/ professional/ administrative (e.g., Doctor, Solicitor, Board Director in a large organisation 200+ employees, top level civil servant/public service employee etc.)
6. Student
7. Casual worker – not in permanent employment
8. Housewife/ Homemaker
9. Retired
10. Unemployed or not working due to long-term sickness
11. Full-time carer of another household member

S ASK IF D2 = 9

D3 Which ONE of the following categories best describes the employment status of the Chief Income Earner *before* they retired (as their primary career)?.

SHOW THE SAME LIST AS D2, EXCLUDING CODE 9

AUTOMATICALLY CODE QUESTIONS D2 OR D3 INTO SOCIAL ECONOMIC GRADE AS FOLLOWS:

CODE 1	D
CODE 2	C2
CODE 3 OR 6	C1
CODE 4	B
CODE 5	A
CODE 7 OR 8 OR 11 OR 12	E