


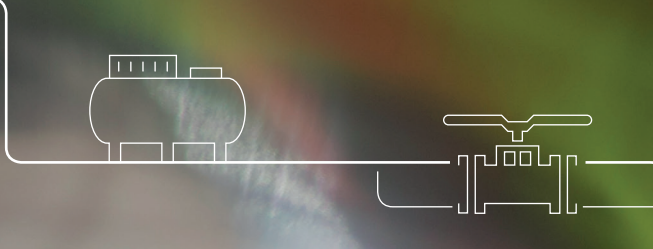

Gas Transmission



Stakeholder Engagement Incentive Scheme Submission 2020/21



nationalgrid

Part 1

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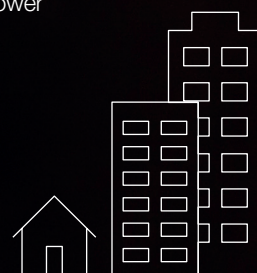


About National Grid Gas Transmission

Connecting millions of consumers to the energy they need

We at National Grid Gas Transmission (NGGT) connect millions of people to the energy they use safely, reliably and efficiently. Transporting over 3 times the energy provided by electricity each year; we own and operate 7,660km of high-pressure pipelines, 24 compressor stations and over 600 above ground installations containing valves and pipework.

We are the motorway network of the gas world, transporting large volumes of gas at high pressures to regional distribution companies. Our directly connected consumers include large gas fired power stations and energy intensive industries.



Welcome to our Stakeholder Engagement Incentive Submission 2020/21: Part 1

It has been the most challenging year in our history – for our stakeholders, for our business and for consumers and their families.

To allow us to continue to collaborate with our stakeholders and adapt our business based on their feedback, we've adjusted our engagement to adhere to Covid-19 restrictions. Using digital interactive channels, we've been able to maintain and further improve our relationships.

The need for National Grid Gas Transmission to properly engage with our stakeholders has never been greater as we reach a crossroads in how we provide energy to communities in England, Scotland and Wales. Currently, four out of five of Britain's homes use gas for heat and we support the electricity system as a form of energy flexibility and energy storage: 37% of electricity generation came from our network in 2020.

However, our work with stakeholders now has a longer term focus as we work with them to understand how the gas transmission network can support the UK's target of net zero emissions by 2050.

We continue to look to improve whenever and wherever we can. We completely accept the need, highlighted by Ofgem's Stakeholder Panel last summer, to demonstrate how we implement our engagement strategy, specifically, how we learn from, collaborate with and articulate on behalf of our stakeholders.

A January 2021 assessment of our engagement strategy by independent international evaluators, Accountability, found us to be in the 'Accomplished' stage of their engagement maturity ladder: but we will be relentless in looking at ways that we can collaborate better with our stakeholders in all aspects of our work.

Part 1 of our submission details how we continue to embed stakeholder engagement in our business and outlines our continuing refinement and improvement of the process we use to ensure stakeholders have an influential voice in our business.



"Acting on stakeholder feedback and understanding the impact we have are key focus areas for Gas Transmission."

I look forward to hearing your feedback on our submission, and we always welcome the opportunity to provide any further information you require from us.

Phil Sheppard
Director of Gas Transmission

Highlights of the year



Transitioned our Independent User Group to focus on broader engagement



Ownership for engagement sits within each team, led by their senior leader



Refreshed single set of priorities delivering stakeholder and business needs



Implemented innovative engagement channels



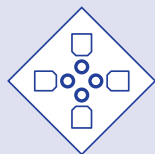
>645k
reach



23k
directly engaged across 57 topics



3,007
performance objectives related to customer & stakeholder



228
senior leadership customer & stakeholder meetings



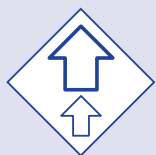
25
collaborative partnerships



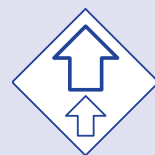
102
outcomes delivered



£22.9m
potential savings for stakeholders



8.42
highest stakeholder satisfaction score



79%
AA1000SES Healthcheck score. Fifth year of improvement

About this document

Each year, through the Stakeholder Engagement Incentive Scheme (SEIS), we have the opportunity to summarise how we engage over and above BAU across our business and the impact it's had. This, being the last year in the RIIO-1 period (2013–21), is a perfect time to reflect on how far we've come and celebrate how stakeholders have helped shape the business we are today. This submission does not include any BAU engagement.

Key

Throughout the document we've used these markers to signpost whether this is a new initiative or one that's matured.

NEW

New initiatives this year

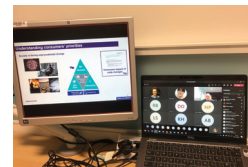
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Initiatives that have matured

Stakeholders are shaping our strategic direction

Our stakeholder priorities are our guiding light, ensuring we deliver what our stakeholders need in an efficient and effective way. We ensure our priorities continue to reflect the evolving needs of our stakeholders, by undertaking an annual engagement programme 'Shaping the Gas Transmission System of the Future', in addition to our ongoing engagement activities. For more information see part 2 pg 12.

These priorities allow stakeholders to hold us to account.



Our refreshed stakeholder priorities are owned by our senior leadership team

Our Vision: To be at the heart of a clean, fair and affordable energy future

Industrial and Domestic consumer priorities:

I want an affordable energy bill

I want to use energy as and when I want

I want you to deliver a sustainable energy system

are delivered through our stakeholder priorities:

Operating a safe, reliable and flexible transmission system

Ian Radley
Head of System Operations

Driving sustainable value for our customers, stakeholders and shareholders

Mark Lissimore
Head of Engineering and Asset Management

Enabling a net-zero future and leading the hydrogen transition for gas networks

Tony Green
Project Director – Hydrogen

Shaping the gas market of the future

Steven Vallender
Head of Strategy and Performance

Having a positive impact on our environment and communities

Helen Tipton
Head of Assurance

Investing in people for the energy skills of today and tomorrow

Nick Sides
Head of Plant Operations

Our leadership team owns engagement

Stakeholder engagement is integral to everything we do. Each member of our leadership team is accountable for planning, delivering and acting on stakeholder feedback to shape their area of the business.

Our leadership team head up our engagement events, whether through webinars, customer listening events, conferences or panel discussions, they feel it's important to hear directly from stakeholders to enhance their understanding.

Performance is monitored across team hubs and brought together on a fortnightly basis through the Customer and Stakeholder Leadership hub. Members of our senior leadership team attend to ensure we're acting on feedback.

National Grid Gas Transmission board Stakeholder Charter

This charter is based on our R100-2 stakeholder strategy

Ambition	Approach	Commitment of the Board
<ul style="list-style-type: none"> we want to learn from our stakeholders, we will involve them through every aspect of our business we will partner with our stakeholders to support the transition to Net Zero, to solve problems together we will work together to build advocacy on topics where stakeholders have told us we need to use our position in the energy industry to advise and influence on their behalf, in wider interest of consumers we will embed this approach across our organisation and make ongoing improvements to the way we engage 	<p>We will:</p> <ul style="list-style-type: none"> be outcomes focused ensure inclusivity including with hard to reach and vulnerable stakeholders focus on materiality (focusing on topics most important and relevant to our stakeholders) be responsive and systematic be stakeholder focused at all levels of the organisation give consumers a voice integrate insight appropriately retain an independent stakeholder group to hold us to account be transparent in our performance against defined targets 	<p>We recognise that engaging our stakeholders is key to delivering our vision to exceed the expectations of our stakeholders, both now and in the future. Therefore as board members we will commit to:</p> <ul style="list-style-type: none"> the ambition and approach outlined in stakeholder strategy approving the stakeholder led business priorities on an annual basis tracking and monitoring key stakeholder engagement performance metrics twice a year being actively involved in stakeholder engagement activities assuring that across our business at all levels we continue to build and further embed stakeholder engagement

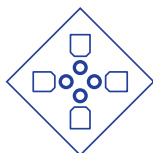
National Grid Senior Leadership Team Signatures to the Charter

Nick Sides, Ian Radley, Mark Lissimore, Tony Green, Steven Vallender, Helen Tipton

Gas Transmission Senior Leadership Team Signatures to the Charter

Ian Radley, Tony Green, Mark Lissimore, Helen Tipton, Nick Sides

In addition to our Board, our senior leadership team have signed and are committed to our stakeholder charter.



228

senior leader
customer & stakeholder
meetings



21

senior leadership
hubs in 20/21

Key facets of our engagement strategy

- Inclusive – involve stakeholders in our decisions
- Lead from the top – senior leaders endorse our strategy and engage with customers and stakeholders themselves
- Aligned – our strategy is fully aligned with the latest Government plans and UN Sustainable Development Goals
- Accountable – acting on feedback. We take responsibility for what we say we'll deliver and do even better wherever we can
- Sustainable – deliver measurable benefits now and in the future
- Transparent – build trust in our relationships with stakeholders by being open in the way we operate
- Effective – engage with clear purpose to focus on gaining the best outcomes from our engagement
- Embedded – shared approach across our organisation that is the responsibility of everyone

Our stakeholder engagement framework – making every interaction count



“We learn from, collaborate with and articulate for our stakeholders.”

Phil Sheppard
Director of Gas Transmission

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Our stakeholder engagement strategy is evolving

Learning from the business planning process, and taking on best practice from others, we've made the following enhancements to our strategy:

Change	Outcomes
Formalised our annual engagement programme 'Shaping the Gas Transmission System of the Future'	Our refreshed priorities, including combining our stakeholder and business priorities into a single set of priorities that meet both needs A holistic view across our entire business for stakeholders to have their say in an easy and interactive way
Greater ownership for engagement within the business	We have delivered more engagement and acted on more insight than ever before
Supporting and coaching teams through dedicated stakeholder business partners	Clarity on objectives of engagement ensuring we ask the right questions in the right way at the right time leading to insight we can act upon
Dedicated stakeholder awareness training delivered at a team level	All team members truly understand what stakeholder engagement means and the benefits it can bring, setting them up for success
Developed and published the 'golden thread' of how we've acted on feedback	Stakeholders are clear how we've acted on their feedback and kept in the loop
Utilising best practice from South West Airlines we've ranked our strategic priorities	This allows us to focus our time and resources on areas that are most important to our stakeholders and that deliver the most impact. See <i>Ranking our priorities to focus on delivering for consumers</i> , Part 2 pg 12.

NEW

Independent User Group (IUG)

Our Independent User Group has shifted their focus from our RIIO-2 plan to our broader stakeholder engagement activities, providing feedback on our engagement plans and how we've interpreted and acted on stakeholder insight. Our IUG is made up of senior representatives across our stakeholder population and provides insight into some of the challenges and issues their organisations are facing.

The IUG has three roles:

Scrutinise and challenge	Monitor and interrogate	Critical friend
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11
sectors represented

Our engagement approach – Planning and identifying objectives

Objectives of this stage:

- Engagement outcomes agreed including measures
- Fully scoped engagement programme

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Before embarking on engagement, we spend time clarifying the objectives of that engagement and the risks associated with it. By understanding what we want to achieve for example, what type of **feedback** we need and on what, the **risks** (to the delivery of engagement and if we don't engage effectively) and how we want the stakeholder to feel or act following the engagement, we are able to plan more effectively. This enables us to deliver the right engagement to the right people using the right approach at the right time and allows us to **measure** how our activities translate to **outcomes**. Prior feedback from Ofgem tells us that this hasn't always been evident and taking this onboard we're now being more explicit within our submission on how stakeholders have **shaped our decisions** and thinking.

Establishing the level of influence

Once we've established the objectives of engagement, we then confirm what level of influence stakeholders will have by using the spectrum of engagement (shown below). By setting this out in advance, we manage stakeholders' expectations, allowing them to hold us to account.

Our journey of engagement over the last eight years has progressively moved from the Inform stage where we provide information in the form of newsletters, to asking opinions and considering stakeholder views, to a 2-way dialogue at the Collaborate stage. This is where we develop partnerships to develop solutions that meet the needs of all our stakeholders.

Enabling our teams to engage effectively

We heard from our teams that having toolkits to guide their engagement is helpful, however, can we make it easier to follow and have it all in one place. We therefore combined many of our tools into one all-encompassing **Outcomes-focused toolkit**. This provides a step by step guide for our teams to follow from conception, establishing the objectives and KPIs right through to acting on feedback and learning from the engagement experience.

1. Objectives
2. Stakeholder mapping
3. Measures
4. Engagement planning (inc CBA)
5. Post engagement review

Spectrum of engagement

	Inform	Consult	Involve	Collaborate	Empower
Stakeholder engagement goal	To provide stakeholders with balanced and objective information to assist them in understanding the problem, options, opportunities and/or solutions	To obtain stakeholder feedback on analysis, options and/or decisions	To obtain public feedback on analysis, options and/or decisions	To partner with stakeholders in each aspect of the decision including development of options and the identification of the preferred solution	To place final decision making in the hands of the stakeholder
Promise to the stakeholder	We will: <ul style="list-style-type: none"> • Keep you informed 	We will: <ul style="list-style-type: none"> • Keep you informed • Listen to and acknowledge concerns and aspirations • Provide feedback on how you have influenced our decision • Seek feedback on drafts and proposals 	We will: <ul style="list-style-type: none"> • Work with you to ensure that your concerns and aspirations are directly reflected in options developed • Provide feedback on how you have influenced our decisions 	We will: <ul style="list-style-type: none"> • Work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible 	We will: <ul style="list-style-type: none"> • Implement what you decide

We collaborate with a range of companies and groups to deliver stakeholder priorities and greater outcomes for consumers



Our engagement approach – Prepare and design engagement

Objectives of this stage:

- Planned engagement to deliver identified outcomes
- Capability built within Gas Transmission to deliver engagement

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Our stakeholder groups have evolved over the last eight years and we're engaging with a broader range than ever before.

Consumers	Consumer interest organisation	Domestic consumer	Future consumer	
	Major energy user	Member of the public	Non-domestic consumer	
Customers	Terminals, producers, interconnectors	Storage	Power stations	Shipper/Supplier
	Gas distribution networks	Other energy network operators	Potential customer	
Enablers	3rd party infringement	Consultant or supply chain	Consumer supply chain	Electricity distribution networks
	European transmission owners	GB transmission owners and operators	Industry or trade body	Investors
	Market and data service providers	Non-government organisations	Other energy industry	Other non-energy industry
Policy shapers	Central government	Environmental interest organisation	Local government	
	Media	Environment, safety and financial regulators	University, think tank or academic	

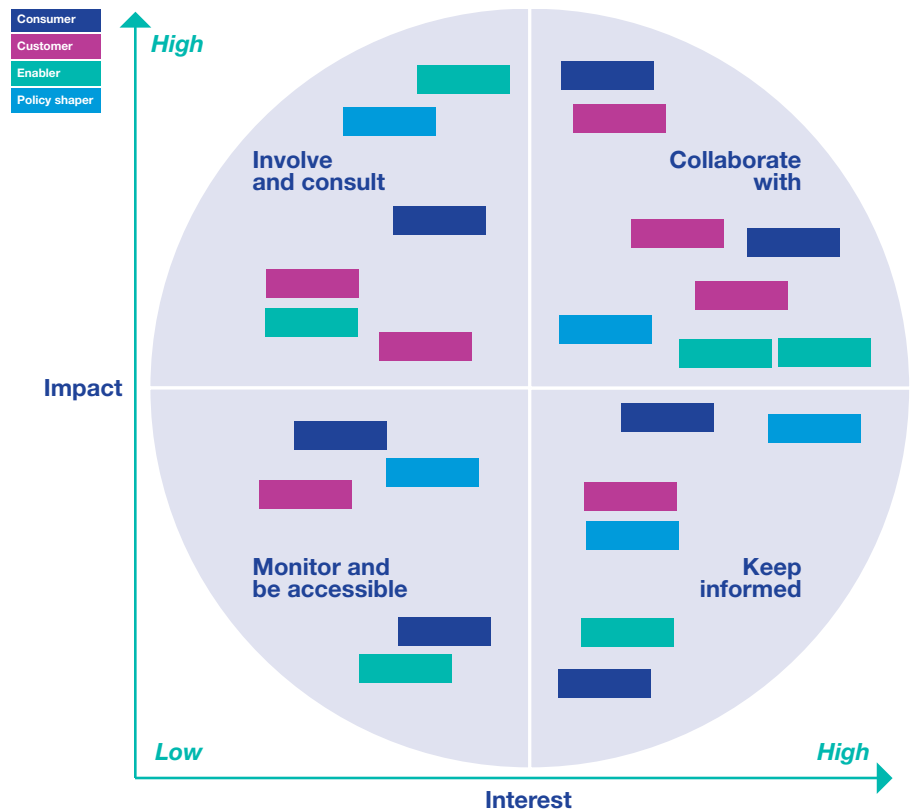
Stakeholder landscape and identifying key issues

Our broad range of stakeholders have varying interests and influence over our activities. Understanding our continually evolving stakeholder landscape is critical to delivering effective outcomes-focused engagement. We do this through continual horizon-scanning to understand the macro trends and topics that might impact our business, our stakeholders and therefore our engagement programme. This information is fed into our leadership hub to inform strategic and topic-specific engagement.

Over the past eight years these groups and volumes within each have expanded and evolved.

Based on a scale of how much influence stakeholders have on an outcome together with the level of interest, each group mapped will enable us to target our engagement effectively. Wherever possible detailing down to individual companies and people helps us really focus. Having established our core group of stakeholders from years of engaging, we are never complacent, and have a constant cycle where they are reviewed regularly to make sure they are relevant, accurate and complete against the current landscape.

Interest and impact mapping



Our engagement approach – Prepare and design engagement (cont)

Understanding consumers' needs

Understanding the needs of our varying consumers is especially challenging as we don't always have a direct relationship with them. Having a range of methods of engaging and understanding helps us build a richer picture.

	Domestic consumers	Non domestic consumers	Major energy users	Directly connected consumers
Definition	Around 23 million domestic households in GB e.g. homes	Including small to medium businesses e.g. retail premises and offices	Companies that use or rely on large amounts of energy, often to manufacture a product. e.g. ceramics, glass or chemical manufacturers	Use large amounts of energy and are directly fed by the gas transmission system e.g. power stations
Future needs: How will consumers' needs change with the evolving energy landscape	Low carbon heating, transport options and affordability	Low carbon heating options and affordability	Methane used as feedstock for products High intensity heat for processing	Methane used as feedstock for products High intensity heat for processing Can generation operate with hydrogen?
Vulnerability	Consumers less able to protect their interest or significantly more likely to suffer detriment	Covid has had a significant negative impact on this sector. What are the options for support in transitioning to low carbon alternatives?	Larger connections needed to accommodate greater flow of hydrogen Are there alternatives to methane for feedstock or can this still be provided in some form through debinding technologies?	Aligning any transition of the NTS with consumers to ensure all consumers receive a reliable service throughout

NEW

Our new **Consumer strategy** identifies three research formats to make certain that our consumer priorities continue to be relevant with end users and that we understand consumers' needs and attitudes.

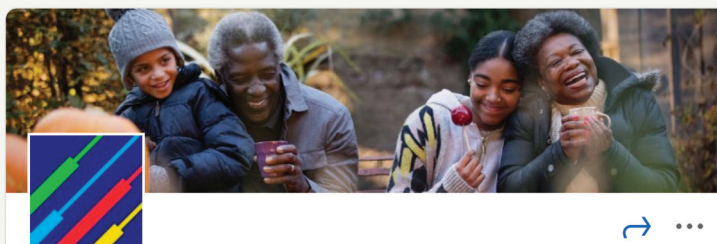
We observed that consumer priorities have remained consistent, with reliability and affordability still top of the agenda with a greater focus now being placed on vulnerability. Decarbonisation of energy is also consistently a top priority, particularly for younger consumers.

Consumer insights are incorporated into our strategic priorities whilst detailed insight from consumer studies is fed directly into the teams' developing plans. An example of this is the Future of Heat consumer research feeding directly into the development of the Hydrogen roadmap.

UK critical infrastructure consumer research sharing forum

Sharing insight with other organisations allows us to develop a richer understanding of consumers' needs. See *Understanding consumers' needs by providing innovative routes to their insight* Part 2 pg 15 for more detail.

	Quantitative research	Qualitative research	Secondary research
	Often online surveys supported by face to face surveys	Face to face groups/ interviews	Combination of both
Examples	Willingness to pay Acceptability testing Service valuation Attitude tracking research	Consumer listening Deliberative research Focus groups	Research undertaken by other companies
Used for	Gain uninformed insight into consumers views around topics Identify areas for deeper research Often nationally representative	Explore reasons behind views More informed discussions Complex topics	Triangulate our findings Helps to confirm/ challenge our research Identify areas of research



UK critical infrastructure consumer research sharing forum

Our engagement approach – Prepare and design engagement (cont)

Tailoring engagement to maximise insight

Providing stakeholders with varying ways to engage not only encourages an open dialogue but helps further enhance relationships and enriches conversations. We've refined this by making it easy to engage using stakeholder preferences we've gathered over the years. This can be in the form of timings, facilitation, relevant content and feedback options.

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Using data to inform our engagement

We've used data to help inform our engagement in three ways:

1. **Stakeholder data:** validating our stakeholders contact preferences together with their areas of interest has helped us target our engagement more effectively. We've bought together various distribution lists into one system (Stakeholder Relationship Management system) providing a more comprehensive view of our entire stakeholder landscape
2. **Stakeholder insight:** We've standardised how we capture insight and made this available across the business to enable broader cascade to all impacted teams in an efficient and effective way
3. **Operational data:** We've analysed the data we receive from helicopter sightings and line walks to target our social media campaigns in the areas of higher risk (see *Using data and innovative ways to engage*, part 2 pg 13)

Hard to reach stakeholders

It's critical we hear from all impacted stakeholders, however, we recognise that there may be reasons when stakeholders aren't able to engage with us through our existing channels and therefore, we make additional efforts to reach out to them.

Type	Description	How do we take this into account
Lack of resource	Engagement can be costly either in time (attending events or providing feedback) or money (in travel and accommodation).	Undertaking a variety of techniques to allow stakeholders to engage in a way that works for them. Utilising BAU engagement where possible so as not to create additional burden. Creating material that can be viewed and engaged with as and when e.g. webinars, videos, newsletters and surveys. Offer 1-1's for stakeholders we engage with on multiple topics, allowing them to discuss and feed into multiple areas in one session.
Lack of capacity	Certain times of the year will see different stakeholders inundated with work. This makes them less able to engage with us.	Before arranging an activity, we check that it isn't going to clash and avoids times of the year that are particularly busy for our stakeholders. We also provide plenty of advance notice of upcoming engagement.
Lack of awareness	Not aware that an engagement activity is being planned or not aware of how to get involved.	We issue regular newsletters and targeted emails to stakeholders highlighting upcoming engagement. We also share engagement material during BAU meetings. Due to the collaborative relationships we have, a number of our stakeholders also share and publicise our engagement activities with their stakeholders and members.

NEW



Dedicated stakeholder resources page

We've heard from stakeholders that it's not always easy to find what they're looking for on our website, so we have created a Stakeholder Resource hub, bringing together all our engagement materials and signposting all areas of interest for stakeholders across our broader website.

Building the capability to engage effectively

A successful change this year has been moving the ownership of stakeholder engagement from being centrally led to being owned within our teams. Each senior leader, together with their teams now plan, implement and act on the insight gained via stakeholder engagement whilst being coached and supported by the Customer & Stakeholder team.

We have a comprehensive programme to ensure we deliver a consistent experience for our stakeholders

- **Stakeholder Capability Framework** – assesses where we are in terms of aspiration versus current capability across different business areas
- **Seven dedicated stakeholder and relationship management courses** ranging from beginners to advanced. Stakeholder engagement is also included in an additional 24 courses to reach all levels and topics within the organisation including project management and environmental awareness
- **Stakeholder awareness team sessions** – provides an overview of stakeholder engagement and work with the teams to identify what it means for them, giving them the tools and coaching needed to implement the approaches detailed in this submission
- **Engagement toolkits** – A suite of tools are available to support our teams and to provide a more consistent experience for our stakeholders. (See graphic on page 3)
- **Digital capabilities** – Dedicated training, coaching and tools to support our teams transition to digital engagement

Stakeholder engagement is embedded in our culture

We have a number of activities to celebrate and encourage the principles of our engagement strategy:

- **Celebrating success through awards:** annual awards ceremonies that celebrate where employees go over and above to deliver for our stakeholders. 237 nominations were received this year.
- **Performance objectives:** All employees have objectives explicitly linked to our strategic priorities. This allows everyone to understand how what they do every day delivers for our customers and stakeholders.
- **Stakeholder listening:** These independently facilitated sessions, led by our senior leadership team, provides our employees with the opportunity to hear first hand how our actions impact our stakeholders (both on a business and a personal level).
- **Appreciate awards:** An employee recognition tool that allows managers to reward employees for going over and above for our stakeholders. A reward can be an e-card or Appreciate points which can be exchanged for vouchers or gifts. 735 awards were given out last year relating to customer and stakeholder.



We've been successful for the seventh year running in gaining re-accreditation with ISO 9001 Quality Management and ISO 55001 Asset Management Standards. This shows we've continued to improve our business and optimized our assets to deliver real benefits to our customers and stakeholders.

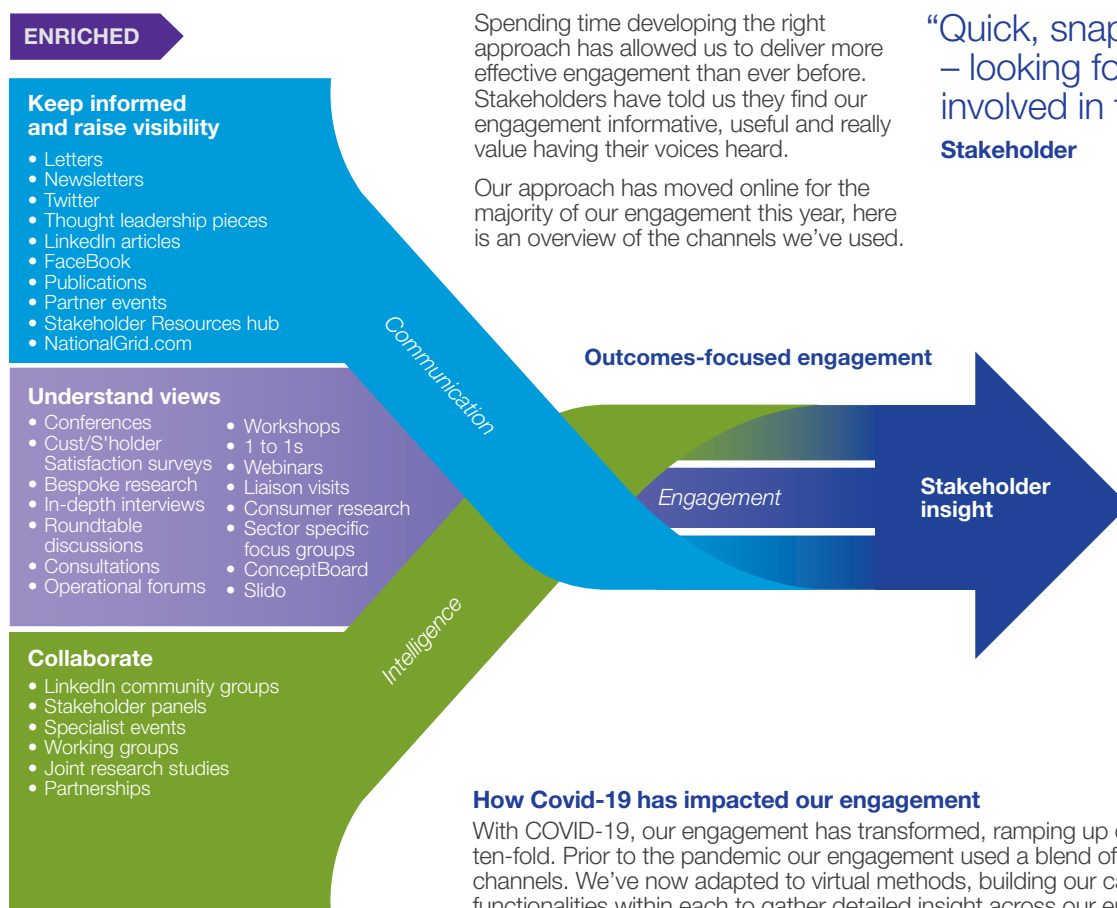
Our engagement approach – Implement engagement

Objectives of this stage:

- Effective and inclusive engagement
- Receive feedback on topics and engagement approach
- Identified outcomes achieved

Engagement runs throughout the organisation via many strands

Engagement Strands	Objective	Engagement owners
Senior leadership strategic engagement	To develop long term, mutually rewarding relationships with key stakeholders across our priorities	Owned and led by senior leaders with support from cross functional teams
Targeted engagement	When a need is identified, an outcomes focused, targeted engagement programme is developed. This could be a short term project or a multi-year, longer-term programme such as the future of heat and whole system projects	These programmes are sponsored by a senior leader, owned by topic leads and supported by the Customer & Stakeholder Team
Operational engagement	Maintain effective engagement across operational levels. Includes commercial and site operational activities	Each stream has an agreed programme of activities to maintain continued conversations across a variety of topics. This includes liaison site visits, operational forums and 1-1s
BAU engagement	Develop meaningful relationships with stakeholders to continue to operate and manage the business.	Each team maps, plans and engages with stakeholders to identify and implement any enhancements needed
Consumer engagement	To understand all energy consumers attitudes and needs now and in the future. This includes their priorities for energy and gas transmission	This strand is centrally managed and coordinated within the Customer & Stakeholder Team, however the topics we engage on are identified via other strands above
Community engagement	As part of major project work, we undertake extensive community engagement to understand local priorities and support in areas we can be most effective.	This strand is centrally coordinated via our corporate affairs team and through regional teams delivering capital projects



Spending time developing the right approach has allowed us to deliver more effective engagement than ever before. Stakeholders have told us they find our engagement informative, useful and really value having their voices heard.

Our approach has moved online for the majority of our engagement this year, here is an overview of the channels we've used.

“Quick, snappy, informative – looking forward to being involved in the future.”

Stakeholder

How Covid-19 has impacted our engagement

With COVID-19, our engagement has transformed, ramping up our virtual engagement ten-fold. Prior to the pandemic our engagement used a blend of traditional and digital channels. We've now adapted to virtual methods, building our capability to maximise the functionalities within each to gather detailed insight across our entire business. See *How we've innovated to remove remote working barriers to collaboration*, part 2 page 12.

As most of our stakeholders are working from home, we are seeing a surge of engagement as their accessibility and capacity to join conversations are free from the extra time and logistics burden of travel.

Our engagement approach – Learn and act

Objectives of this stage:

- Actionable insight
- Completed action plans

Our outcomes-focused engagement plans make acting on feedback simpler. Questions and conversations are structured in a way to allow stakeholders to express their thoughts freely whilst also getting answers to specific questions. This enables our teams to translate this insight into action plans they can deliver on.

Delivering change effectively and efficiently

“Agile” is an approach we adopted that empowers teams to deliver value to their customers and stakeholders faster and with higher quality output. Agile teams are designed to release value through sprints, usually lasting two weeks.

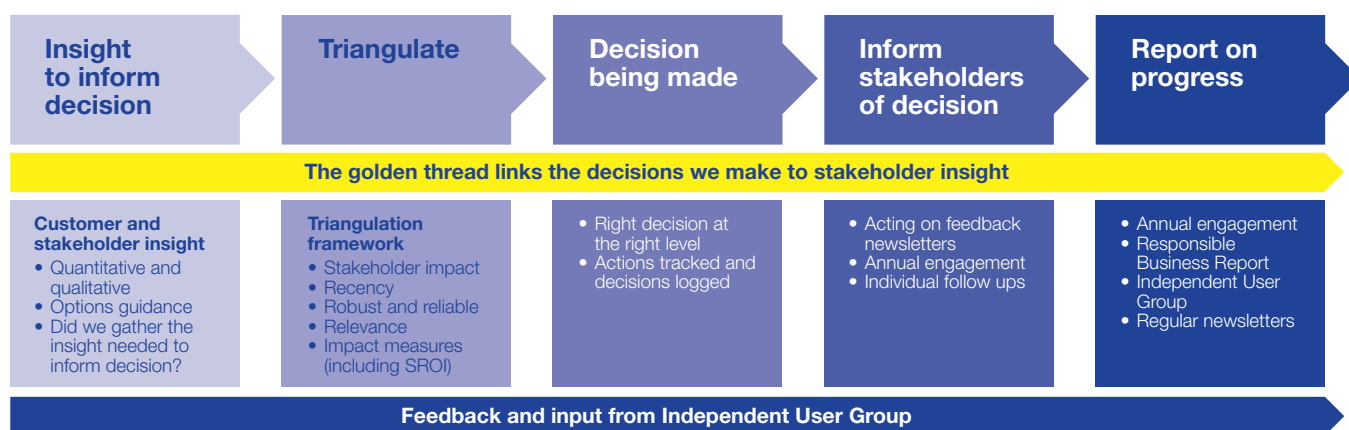
Stakeholders are influencing our decisions

Over the last eight years, stakeholders’ expectations on how we develop our plans with them and report progress have risen. We are proud that we have made significant improvements in this area and stakeholders have noticed.

“National Grid will help shape the future of how energy utilities will be able to move forward in the Net Zero world.” **Olivia Beake**, Gas Operations Manager, Smartest Energy

Triangulation of stakeholder insight

Opinions often differ across our large range of stakeholder groups, especially on contentious issues, so it’s our responsibility to consider views from all the different perspectives to ensure we make the right decisions and can explain our rationale for decisions to stakeholders who have different views. To do this we have developed a triangulation process to ensure decisions are made in a robust and transparent manner.



For each topic, we capture everything in our engagement logs. These are then used as part of our governance process to inform our decisions.

Engagement logs capture:

- Background and objectives: including how the topic delivers our stakeholder priorities
- Engagement approach for achieving the identified objectives
- A summary of all the engagement relating to the topic including:
 - Engagement activities
 - When each was carried out
 - Who was engaged

- Costs associated
- Insight obtained
- What we’ve done as a result of the feedback and the benefit to stakeholders

A key part of the decision-making framework is validating that the insight we have gathered is sufficient to allow a decision to be made. This review is carried out after engagement is complete, reviewing the initial objectives and identifying unanswered questions, and whether the engagement truly represented all affected stakeholders. If we identify any gaps we revisit our engagement plans with a view to answering these questions or approaching unrepresented stakeholders.

Understanding the social impact of our decisions

An area we have previously struggled to understand and therefore factor into our decision making has been the impact our decisions have on broader society. To address this, we’ve worked closely with NGET to develop the Social Return on Investment Tool (SROI). This helps us identify the areas of impact for a project and assign a social value against each one. We’ve used this within this submission. For more information, see *Understanding the true impact we have on society*, part 2 page 15.

Sharing best practice

In addition to topic specific insight, we also check-in regularly with how our stakeholders want to engage with us and what the experience was like for them.

Insight is captured and shared across our teams and with our counterparts in other networks to ensure any learnings can be applied to future activities.

Examples of best practice we’ve implemented:

- ✓ Sharing questions we’ll be asking during engagement in the pre-read provided prior to the event. This allows stakeholders time to prep their responses

- ✓ Opening polls at the beginning of a topic to allow stakeholders to consider their response while the discussion is happening
- ✓ Ranking our priorities to help focus on what’s important to consumers
- ✓ Using tools like ConceptBoard to allow multiple stakeholders to feed in to a topic at the same time
- ✓ Publishing updates on how gas is being used in meaningful ways
- ✓ Developing and implementing the Social Return on Investment tool with NGET

Our engagement approach – Report and communicate

Transparency is so important to us as it is key to building trust with stakeholders. Therefore it is important that we keep stakeholders informed on how we've acted on feedback.

Golden thread

We've heard from Ofgem that we don't always make it clear that the decisions we've made are based on stakeholder insight, we therefore developed a golden thread concept to clearly demonstrate this. This approach is used for all of the following methods:

Ways we close the loop with stakeholders

- Shaping the gas transmission system of the future engagement
- Acting on engagement feedback newsletters
- Direct follow ups
- Stakeholder resources hub
- LinkedIn community groups

Measuring and evaluating the impact of our engagement

Understanding the impacts we have on stakeholders helps us evaluate the effectiveness of an activity.



Financial:

...to consumers:

- Reducing our own costs by finding new and innovative ways of doing things
- Collaborating with others
- Helping consumers reduce their energy bills through energy efficiency

...to stakeholders:

- Enabling them to make better informed decisions
- Creating additional value through new or existing services



Environmental:

- Improving air quality
- Reducing greenhouse gases
- Improving natural capital
- Reusing materials



Social:

- Employment
- Community support



Compliance:

- Managing financial, operational and compliance risk

Objectives of this stage:

- Close the loop with stakeholders
- Report progress at annual engagement

Measuring and evaluating the quality of experience

Satisfaction Survey insight

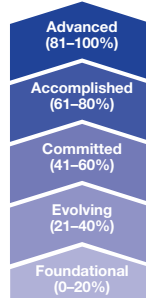
We undertake an annual satisfaction survey. This is a fantastic opportunity for us to understand more about the experience stakeholders' receive and the areas they'd like us to focus on in the future.

Net Promotor Score (NPS)

Our leadership team issue an annual NPS survey to our strategic stakeholders. This asks stakeholders if they would recommend working with National Grid to a colleague and then gives an opportunity to explain their answer. Once we receive the response, our leadership team get in touch to discuss their response. This insight is captured and incorporated into our action planning and implementation process.

We are independently audited on our engagement

Each year we are externally assured against the AA1000SES framework.



79% 2020/21

78% 2019/20

74% 2018/19

72% 2017/18

61% 2016/17

We track and monitor a number of KPI's to understand how we are performing:

How embedded is stakeholder engagement in our business?



79%

AA1000SES score
(up 1% from 19/20)



237

entries to GT and
chairman's awards
relating to C&S



3,007

performance
objectives
related to C&S



735

appreciate awards
given related to
customer and
stakeholder

Greater depth of engagement



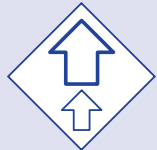
23k

directly engaged
across 57 topics



25

collaborative
partnerships



8.42

highest stakeholder
satisfaction score



29

NPS

Engagement outcomes



102

outcomes
delivered



89%

performance
against agreed
SLAs



£5.6m

Social Return
on Investment



£22.9m

potential savings for
stakeholders

Part 2



pg 11	Introduction & welcome	No. of outcomes	£s saved
pg 12	Stakeholder priorities are now our business priorities	1	
pg 13	Operating a safe, reliable and flexible transmission system	15	Potential £9.8m saving per network
pg 14	Driving sustainable value for our customers, stakeholders and shareholders	13	£160k per organisation
pg 16	Shaping the gas markets of the future	14	
pg 17	Enabling a net zero future and leading the hydrogen transition for gas networks	37	£980k for consumers
pg 19	Having a positive impact on our environment and communities	14	£12m for consumers
pg 20	Investing in people for the energy skills of today and tomorrow	8	
		Total: 102	

Welcome to our Stakeholder Engagement Incentive Submission 2020/21: Part 2

Collaboration with our stakeholders has been essential to our ability to keep the gas flowing across Britain during 2020/21, and in planning how we enable a cleaner energy future.

Part 2 of this submission demonstrates this: we simply cannot operate the network effectively without the engagement of our stakeholders, be they consumers, direct customers, political and regulatory bodies or the wide range of other parties affected by what we do.

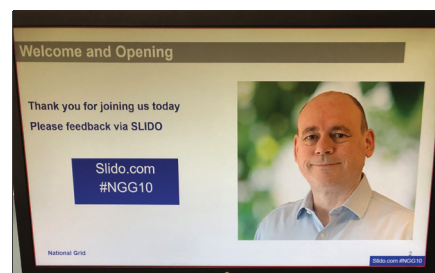
We have taken to heart the feedback received from the 2020 Stakeholder Panel on last year's submission, and massively stepped up our engagement during this unique and challenging year.

The restrictions introduced to manage the Covid-19 pandemic in spring 2020 provided a unique challenge to our ability to engage stakeholders. Our programme of 1 to 1 interactions, stakeholder workshops and visits to our operational sites had to stop overnight. However, the restrictions enabled innovation in virtual delivery of engagement, and we have worked hard to learn from stakeholder feedback and articulate how we have improved these interactions.

As a result, we developed a number of new ways of working for and with our stakeholders:

- Monthly plain English bulletins to explain how the transmission network has been supplied and used, made available through our website and social media channels

- Following concern from stakeholders on how Covid restrictions will impact gas use we hosted weekly webinars, sharing detailed flow and demand data, on how the transmission network and its use were changing during Covid-19 restrictions. In all, 370 attendees gained valuable information and data on changes, ranging from new ways of working to changed physical gas flows across the network
- Help for our stakeholders to understand the potential operating barriers to net zero emissions through our stakeholder-led Gas Future Operability Plan. With a reach of 3,000 stakeholders this produced greater understanding of the challenges ahead, supported stakeholders' understanding on the challenges net zero might present to their industry, and generated insight feeding directly into our investment and business plans
- Keeping hard-to-reach customers informed - we recognise that some companies have restricted resources and we developed new mechanisms to keep them updated on key projects and contacts, increasing our transparency and accessibility with a reach of over 525 stakeholders across 12 countries.



Phil Sheppard
Director of Gas Transmission (GT)

We are acutely aware of the impact Covid-19 has had on the communities where we operate. Our teams in GT have stepped forward with multiple initiatives, including financial donations and voluntary work to help the most vulnerable. Examples include our support for the National Emergencies Trust, the Trussell Trust and University Hospitals Birmingham Charity. We also introduced a programme of practical help, encouraging our thousands of UK employees to volunteer for half a day per week with charities working on the national response.

As I retire from the GT Director's role in 2021, I would like to say again what a privilege it has been to work with our stakeholders over the past three years, some of them continuing working relationships that I've enjoyed over many years with National Grid. A final thank you for all you have done to help us improve our business.

About Part 2

Over the last 12 months, we've undertaken more engagement than ever before. We are proud to showcase how stakeholders have shaped our business and the benefits this has achieved. Our submission is structured around what's important to our stakeholders, their priorities.

Key

- NEW** New initiatives this year
- ENRICHED** Initiatives that have matured

Stakeholder groups

- CONSUMERS**
 - CUSTOMERS**
 - ENABLERS**
 - POLICY SHAPERS**
 - HA** Holistic approach
 - IT** Innovative thinking
 - CG** Challenging groups
 - RPM** Robust project management
 - SP** Smart practice
 - NI** National impact
 - LI** Local impact
- For more information on our stakeholder groups, please see Part 1 pg 5

Highlights of the year



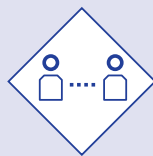
£5.6m
Social Return on Investment with a SROI Ratio of 3:1



£22.9m
potential savings for stakeholders



>29k
voices heard



>645k
stakeholder reach



102
outcomes delivered



8.42
highest stakeholder satisfaction score

Our stakeholder priorities are now our business priorities

ENRICHED



Our approach

We completed a full review of stakeholder insight gained over the previous 12 months across all engagement channels to understand areas of interest and concern. We overlaid this with how stakeholders want to be engaged and COVID-19 restrictions. This resulted in 13 webinars over a 5-week period covering all aspects of our business.

Using our impact and interest mapping toolkit, each webinar had a particular focus, targeted at a specific audience. Owned and led by the relevant senior leader, they included external speakers to broaden the conversation and share best practice. We were able to identify emerging themes, provide updates and get actionable feedback.

How we acted on feedback

80% of stakeholders said our priorities still delivered their needs, but suggested areas where they could be updated. We triangulated insight and, together with the leadership team, developed our refreshed priorities. These were tested with stakeholders and we received extremely positive feedback. In addition, we triangulated insight for each topic we engaged on, and you will see this later in the submission.

We kept stakeholders updated on what we've done with their feedback both on our priorities and on individual topics through the 'Golden Thread' style newsletters.

Understanding consumers' needs

We don't have a direct relationship with consumers, however, understanding their needs and attitudes is vital as the future energy landscape changes. This year we took a multi-layered research approach where we conducted both quantitative (Populus national representative study of 4,018 people) and qualitative (Covid diaries featuring 50 people completing a weekly diary and polling) studies. We've validated these findings with a tracking study (Mintel 2000 national representative six-monthly survey) and shared our findings with others including Citizens Advice to make sure we haven't missed anything.

These findings confirmed that our core consumer priorities haven't changed but show a slight preference towards affordability and vulnerability than before Covid-19. This means we will bring a greater focus towards vulnerability and affordability across all areas of the business, in particular as we plan the decarbonisation of energy.

6,128 total consumers 1,776 items of feedback
555 total stakeholders ~£4k cost
17 topics covered with 6 external speakers

CONSUMERS CUSTOMERS ENABLERS POLICY SHAPERS

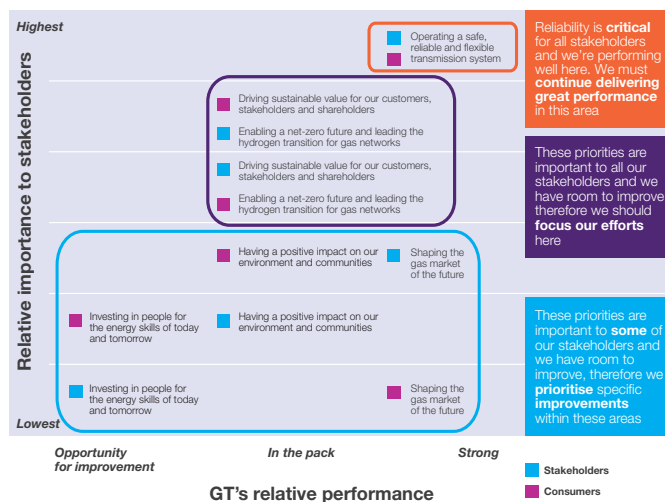
General feedback on our new format:

"Wasn't aware of how much you were collaborating, particularly with EU TSOs"

"Great to see not just what National Grid Gas are doing in this space but also the opinions and concerns of others in the industry"

Ranking our priorities to focus on delivering for consumers

Using best practice from South West Airlines, we mapped our priorities in order of importance against our performance. This has helped us focus our efforts to ensure we deliver the most value for consumers and stakeholders.



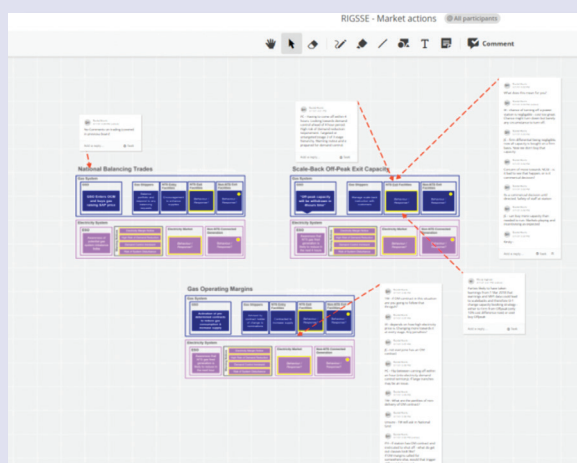
How we innovated to remove remote working barriers to collaboration

We wanted to make sure that online collaboration didn't limit the level of engagement, so we:

- Introduced the topic then moved in to virtual breakout rooms, each facilitated by a National Grid topic expert to allow stakeholders to discuss and share their thoughts/concerns/questions in a smaller, less intimidating environment
- Planned and delivered very tailored sector specific sessions with small numbers of stakeholders to ensure everyone can have their voice heard
- Used an online collaboration tool ConceptBoard to allow people to input into the topic all at once

Hard-to-reach groups such as major energy users were successfully engaged after working with trade organisations who helped us curate the content so that their members could see the importance of getting involved.

ConceptBoard in action



Operating a safe, reliable and flexible transmission system

Stakeholders have consistently told us that a safe and reliable transmission system that allows them to put gas on and take gas off where they want is of critical importance. We have a strong track record in this area and work collaboratively with stakeholders to ensure we continue to deliver their needs.

NEW



Using data and innovative ways to engage – Cost: £3K

As our biggest risk to safety, we need to make sure that no one inadvertently digs into a pipeline.

We've heard from impacted sectors, they aren't always clear on what needs to be done prior to starting work.

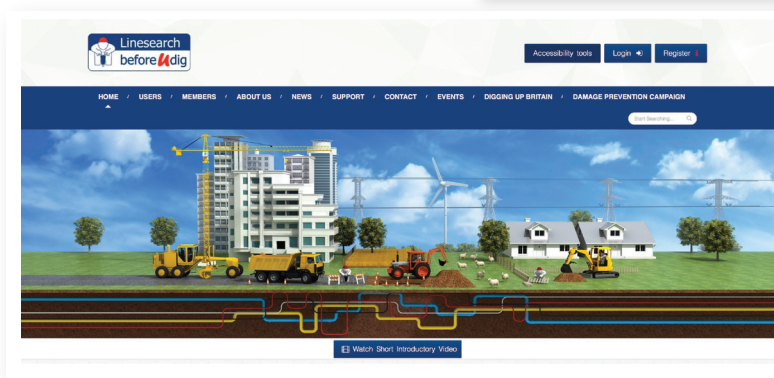
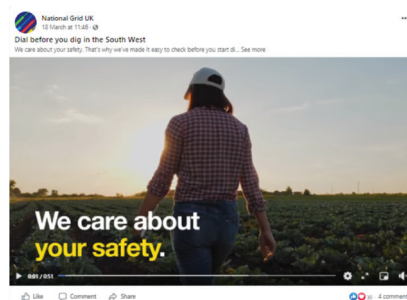
What we did:

Using data from helicopter flybys we analysed trends, creating geographic 'hazard hot spots' and identified the stakeholder groups who are most likely to be causing the hazards. We then created a Facebook campaign, targeting these groups with a short video showing the risks and encouraging them to submit a free enquiry via <https://www.linesearchbeforeudig.co.uk>.

ENABLERS

Outcomes:

- Impressions: 270k
- Enquiries increased by 24%
- Supporting other buried pipeline operators as one enquiry checks all the pipelines in that location
- Building knowledge of the risk and extending our reach into new networks
- Reducing the risk of a serious incident from accidental pipeline strikes



NEW



Collaborating to mitigate the impacts of a gas supply shortage on the electricity network - Cost: ~£3k FTE time

Exercise Baltic (Network Emergency Coordinator test) identified a potential risk area that could impact consumers if a gas supply shortage emergency was called. We formed Project 'RIGSSE' (Review of the Impact of a Gas Supply Shortage on the Electricity system) under an E3C Task Group to explore the impact that a restriction or loss of gas supply could have on both electricity and gas consumers.

What we did:

We conducted targeted engagement, using webinars, sector specific focus groups and 1-1s to understand the intricacies of impacts and considerations from stakeholders' perspective. We ran through various scenarios, predicted behaviours and disruption consequences with each group.

CONSUMERS

CUSTOMERS

ENABLERS

Outcomes:

- New format to transform silent listeners into engaged participants
- A more robust, whole system approach to assessing impact that will minimise the risk of disruption to consumers across the whole energy sector

- By engaging with our stakeholders on this topic, we ascertained that some sectors aren't aware of the Network Emergency Control process and so we've taken action to build and enhance their understanding via our regular liaison meetings

ENRICHED



Reducing the risk of disruption to our stakeholders and saving money at the same time – Cost: £10k

Our stakeholders rely on us to provide 100% reliability to allow them to meet their customers' needs.

During corrosion remediation work at St Fergus Terminal, the site team identified two defects, in areas that were unable to be isolated.

With continuous engagement with our stakeholders, we collaborated with suppliers and delivered an innovative solution at a cost of around £10k, removing the need of a 5 day outage, and potential constraint costs.

CUSTOMERS

ENABLERS

Outcomes:

- Avoided 5 day outage, impacting our customers
- Avoided potential constraint costs
- Innovative solution that can be shared with other transmission sites

ENRICHED



Sharing innovative security solutions, saving consumers money – Cost: £20k

Stakeholders have told us that we should be leading the way on cyber security and should support others.

What we did:

As part of our strategy and based on stakeholder's feedback we developed a system that enhanced security on our assets requiring a PIN only known to the operator, which was much less expensive and intrusive than other options to protect our assets from cyber-attack. Saving ~£49k per installation it could save each GDN ~£9.8m

We shared this innovation, via knowledge workshops, with other critical infrastructure operators in GB and Europe. This involved both engineering and cyber experts for each company to ensure they could maximise the benefit and protect critical energy grids and infrastructures.

CUSTOMERS

Outcomes:

- Improved cyber resilience leading to increased security of supply
- Helping our stakeholders maintain a safe and reliable national infrastructure
- Technology provided to GDNs for free avoiding ~£9.8m per network
- Recognised as leading in digitalisation for asset management across Europe

Driving sustainable value for our customers, stakeholders and shareholders

We have an unrelenting focus on driving sustainable value for our stakeholders, we do this by truly understanding their needs, identifying innovative solutions to address these and collaborating with others.

NEW

Using data as a key enabler to help transition to a decarbonised energy system – Cost ~£1k FTE time

Stakeholders told us they value the data we produce and want to work with us to implement the Digital Strategy Action Plan. Aligned with our engagement strategy, we developed a comprehensive and evolving engagement plan, initially focusing on two objectives:

1. Help stakeholders leverage the data we already publish

What we did:

We held 'Back to Basic Webinars' walking stakeholders through all the data we provide and how to access it. We tailored each session to support both informed and uninformed stakeholders.

Recordings of the sessions were further broken down into data types and made available on our data collaboration site, where stakeholders can access as and when needed.

2. Collaborate to develop a transparent decision-making framework for new data

Transparency is important in everything we do, so we created a decision-making

framework with our stakeholders that removed any ambiguity on why data is published or not.

Working with knowledgeable stakeholders we developed principles (including risk, value and frequency) to apply to the framework. Once developed, we shared the approach with broader stakeholders to get their feedback and buy-in to the triage process. Details are shown in the graphic below.

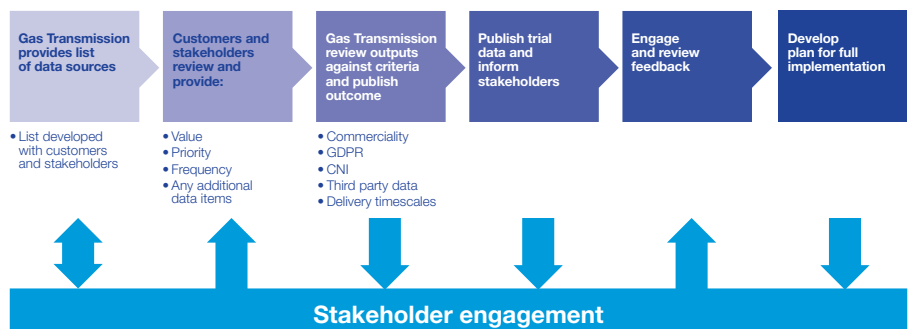
Using ConceptBoard, we gathered views on the value the proposed data items would bring them which helped us prioritise the delivery of these data items.

CONSUMERS POLICY SHAPERS CUSTOMERS ENABLERS

Outcomes:

- Stakeholders have an increased awareness of available data, leading to better informed decisions and therefore greater value
- Cocreated decision-making framework with stakeholders that transparently assesses the risk and value of publishing proposed data items
- First two data items agreed for publication
- Stakeholder-led engagement approach embedded into triage process

Decision making approach



ENRICHED

Collaborating with and guiding customers through charging changes – Cost: ~£1k FTE time

October saw some substantial changes to the Gas Charging Regime following an industry-led consultation.

Following the implementation of these changes, we saw some unforeseen and unintended consequences that would lead to unfair dispersal of revenues and charges across our customer community.

What we did:

Through targeted and tailored engagement (see timeline below) we navigated around these issues, applied a fix and developed a robust engagement approach to ensure all future consequences are thoroughly understood by the industry before implementation.

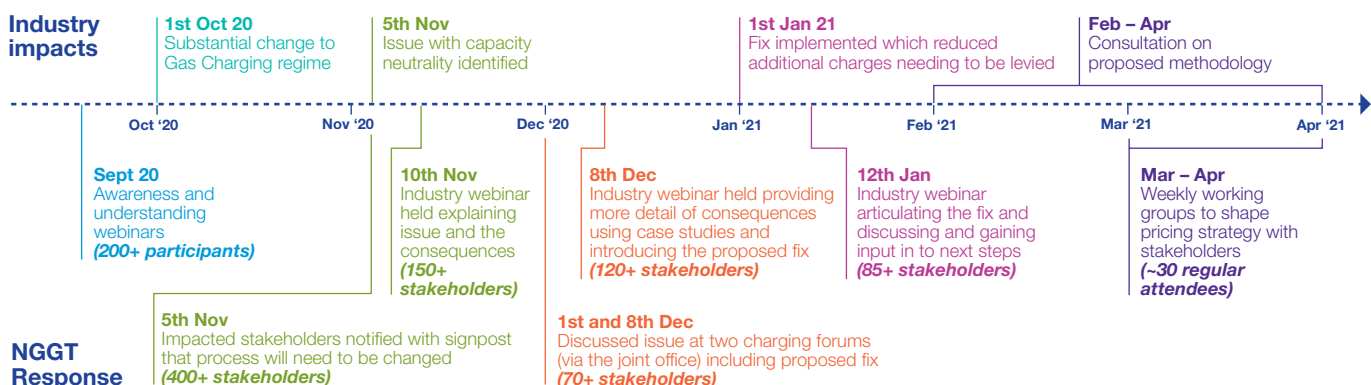
CUSTOMERS ENABLERS

We've received some great feedback:

"We appreciate the constructive engagement and openness shown by your team during the review process, and in particular, the responsiveness to input and suggestions from members of the group." ESB

Outcomes:

- Further unfair dispersal of revenues and charges avoided, approximately £15m per month
- Stakeholders fully briefed on issue, implications and fix. This helps stakeholders manage their portfolios and mitigate any risk to consumer price changes
- Collaborative approach to develop future charging methodology developed with stakeholders



Driving sustainable value for our customers, stakeholders and shareholders (continued)

NEW



Understanding consumers' needs by providing innovative routes to their insight – Cost: ~£100 FTE time

There are many organisations looking to understand consumers' needs and attitudes. Learning from and collaborating with stakeholders is an integral part of our engagement strategy, and so, partnering with our NGET colleagues we set up an online sharing forum, using a LinkedIn community group.

This group is open to anyone who has an interest in understanding consumers' needs, providing a platform to collaborate

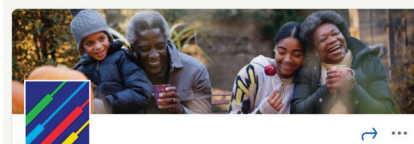
and share findings of consumer research with others. It gives a greater understanding of consumer attitudes across broader topics than any one company would achieve individually delivering a more robust and efficient consumer knowledge bank.

CONSUMERS CUSTOMERS ENABLERS

Outcomes:

- To date we have 38 members from across 16 organisations and we expect this to grow
- 8 research studies shared, removing the need for others to conduct similar research. Saving ~ £160k per organisation

- Insight shared from this group supports our understanding of consumers' needs and feeds into our consumer priorities as well as relevant topics



UK critical infrastructure consumer research sharing forum

NEW



Understanding the true impact we have on society from the work that we do – Cost: ~£500 FTE time

Our stakeholders told us we need to measure our impact and articulate the broader value we bring. With no fit for purpose solution available, we worked with National Grid Electricity Transmission to develop a tool that would measure the social value of the work we do.

The tool comes in the form of a calculator, mapping outcomes with impact areas to measure the social value for a project or activity.

The impact areas include:

Impact area	Outcomes measured in calculator
Environmental	GHG emissions reduction Damage costs reduction Air quality (NOx) improvement Natural capital enhancements Waste and resources
People	Skills provision Qualifications attainment Job creation (NG and in general) Charitable/community support Employee volunteering
Health and safety	Protecting lives Physical health improvements
Money	Energy efficiency improvement

A few examples:

Humber crossing, creating additional value for society

At 4.96km, this Guinness World record holding project, (for the longest hydraulically installed pipeline) has delivered the following for the local community:

Impact areas: <ul style="list-style-type: none"> Environmental: Recycling of waste People: Community support activities Cost to achieve: £1m 	Value delivered to society £4.5m
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Conversion of petrol and diesel company cars to alternative low carbon fuels

Proactively encouraging employees to move towards low carbon alternatives.

Impact areas:

- Environmental:** Improved air quality
- Cost to achieve:** £112k

Value delivered to society
£130k

Implementing sustainability action plans at Warrington and Aylesbury compressor stations

Working with local stakeholders to implement net gain environmental solutions such as installing woodland, beehives and wildflower meadows.

Impact areas:

- Environmental:** enhancements to the natural capital of sites
- Cost to achieve:** £24.6k

Value delivered to society
£111.6k

We are proud to be active members of society

We contribute through volunteering, skills mentoring and charitable donations. Our social mobility programme, Grid for Good, partners with local charities targeting disadvantaged young people to make a sustained difference to peoples lives. We are working with our supply chain and wider industry to expand this programme.

Impact areas:

- People:** Job creation, employee volunteering, charitable/community support
- Cost to achieve:** £100k

Value delivered to society
£838k

Outcomes:

- £5.6m social return on investment delivering a 3:1 SROI ratio
- This tool has been embedded within our network investment process to ensure societal impacts are incorporated into our decision making consistently
- A tool that can be replicated across industry and Europe



Accredited as 'Youth Verified', a new accreditation programme where verified organisations can attract, support and retain a future-focused youth workforce. This will help young people aged 18 to 30 when choosing a company to work for, or get involved with.

Shaping gas markets of future

Having the right frameworks and markets in place is critical to preserve security of energy supply and keep costs low for consumers. As we transition to a decarbonised energy world and with exit from Europe, we are proactively engaging to ensure the gas market continuously delivers for stakeholders and consumers.

ENRICHED



Future of Gas Steering Group – Cost ~£1k FTE time

The Future of Gas (FoG) Steering Group was set up in 2019 to oversee and set direction for the Gas Markets Plan (GMaP). It provides a vital networking opportunity, allowing senior figures from across the value chain a vehicle to share insights, develop a wider knowledge base and create a more collaborative approach to meet the needs of the whole energy system.

Following feedback sessions with our steering group, we were asked to facilitate more leadership centric debate from the group.

What we did:

We restructured the format of the meetings, holding shorter, more frequent sessions, often in the form of debates led by steering group members.

CONSUMERS	CUSTOMERS
ENABLERS	POLICY SHAPERS

Outcomes:

The FOG Steering Group has:

- Fundamentally shaped the focus areas for GMaP. 1. Gas Balancing, 2. Hydrogen and 3. Gas Quality were agreed, see relevant case study for details.
- Provided the industry with an opportunity to explore long term uncertainty issues around the Future of Gas
- Connected to other parties interested in gas markets, providing a platform to share progress on their projects and better supporting BEIS in policy development to enable decarbonised gases
- Provided a platform for whole energy system discussion, incorporating traditional and non-traditional industry players

NEW



GMaP: 3. Gas Quality – Cost ~£2.5k FTE time

Stakeholders told us they were concerned about how the changes to the gas quality standard would impact markets.

What we did:

We pulled together an expert group of cross industry stakeholders that met throughout the lifecycle of the project.

We found:

- There will be an increase in uninformed customers using the contractual and UNC gas quality change process as we see more regulatory change in gas quality
- The 'signatories of capacity holders' process is not transparent, making it difficult for stakeholders to engage in the change

CUSTOMERS	ENABLERS	POLICY SHAPERS
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Outcomes:

- To support uninformed users, we are developing additional supporting guidance for the gas quality change process
- To provide greater transparency and to support industry engagement, we are raising a UNC modification to proactively improve market rules
- Both of these will enable greater transparency and therefore engagement for market participants to shape the future market rules as we transition to a decarbonised energy system

NEW



GMaP: 1. Gas balancing – Cost ~£2.3k FTE time

We were asked to explore:

"Does the balancing regime continue to have appropriate commercial mechanisms and rules as we move through the energy transition?"

This has been a concern for many of our stakeholders for a while.

What we did:

The project looked to review current gas balancing arrangements over the next 10 years including the likely transformations to the energy landscape in that same period to see if any issues could arise that would require changes to the current regime.

We undertook a targeted engagement programme approaching those who were most impacted and interested in the topic.

CUSTOMERS	ENABLERS
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Outcomes:

This project:

- Confirmed the regime remains appropriate in the short to medium term (5–10yrs) providing peace of mind to Shippers and other impacted stakeholders
- Identified future trigger points that could indicate the requirement for potential changes

"This project has been useful to consider if the balancing arrangements remain fit for purpose and to explore future drivers of change." Julie Cox, Energy UK

NEW



GMaP: 2. Hydrogen – Cost ~£1.5k FTE time

Our stakeholders told us they want to make sure the gas system and markets continue to deliver consumer value throughout GB's potential hydrogen transition.

What we did:

Created a cross sector working group that met over 15 times to explore the issues.

CONSUMERS	CUSTOMERS	ENABLERS
POLICY SHAPERS		

Outcomes:

- Developed four potential Hydrogen transition scenarios signposting triggers that could lead to market change. These enabled participants to plan more effectively for future change and minimise impact on consumers
- Completed a thought piece on market frameworks to enable a hydrogen town, instigating industry discussion on how frameworks need to evolve to accommodate hydrogen
- Completed a gap analysis identifying further areas to explore to enable a hydrogen market. This will feed into future hydrogen GMaP workstreams.

NEW



Understanding the impact of code changes on consumers – Cost ~£600 FTE time

Stakeholders told us that we should sufficiently evidence that changes we introduce, and modifications we develop, have a positive impact for consumers.

What we did:

Using Ofgem's 5 consumer benefit categories, we worked with stakeholders, in particular consumer advocates to develop a consumer benefit analysis approach. We engaged extensively, including within the Code Administration Code of Practice (CACOP) sub-group, to ensure the approach would work across all code changes, that stakeholders understood and were supportive of the change.

CONSUMERS	CUSTOMERS	POLICY SHAPERS
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Outcomes:

- Implemented approach ensuring all proposed code changes consider the impact to consumers (~120 per year)
- More informed industry leading to greater consumer outcomes
- Published additional guidance with Citizens Advice to support participants

Enabling a net zero future and leading the hydrogen transition for gas networks

We are at the heart of the energy transition and we take the responsibility seriously. We have spent time developing a comprehensive engagement strategy, coordinating all teams from across Gas Transmission into a single cohesive programme.

Stakeholders have told us we have a role to play in raising visibility of the challenges around net zero. Our teams, led by our senior leaders, have been working hard across multiple channels to do just this.

32 board positions supporting GBs energy transition

189 webinars/meetings

22 consultations representing GB consumers

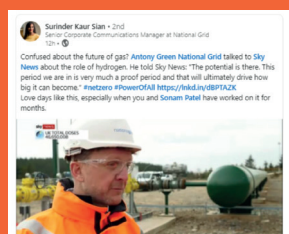
16 published articles

2 TV/Radio appearances

502,791 social media reach

10 collaborative partnerships have been established

4 TSO's approached us to share our Hydrogen approach



Outcomes from across our engagement

– Cost: ~£27.5k FTE time

- Understand stakeholders' aspirations, blockers and timescales for net zero
- Hydrogen roadmap published incorporating insight from stakeholders
 - Aligning timescales and ambitions across the value chain
 - Signposting the challenges and questions that need answering
- New funding routes available for Gas Transmission for net zero projects
- Extended reach of our engagement into new stakeholder groups across the globe on decarbonisation of energy including transport, consumer supply chain and global hydrogen innovators
- £980k saved for consumers through sharing research outputs
- Greater awareness of how hydrogen and decarbonised gas can support the energy transition as part of a whole system solution

Providing evidence to inform policy by bringing together thought leaders and hosting debates

Stakeholders have told us that we should use our position in the energy industry to facilitate debates and bring together thought leaders. We've done this on two key areas of the decarbonisation challenge, Transport and Heat.

CONSUMERS CUSTOMERS ENABLERS POLICY SHAPERS

Outcomes:

- Clarity on the big areas of challenge and evidence required to inform policy makers
- Alignment of thinking across transport, heat and energy sectors
- Clear recommendations to inform policy makers
- Responding to numerous consultations, feeding in our views and those of our stakeholders
- Agreement that UK and EU policy should not diverge too much to improve consumer choice

NEW Understanding the challenges of decarbonising transport

The transport sector is the largest contributor to UK carbon emissions. Stakeholders have told us they believe hydrogen and biomethane has an important role to play in decarbonising transport.

We are collaborating across industry and the transport sector to develop low cost, effective solutions.

Our CEO facilitated a strategic roundtable with other CEOs focusing on the big questions we need to answer. The session resulted in clarity on the areas of concern where more evidence is needed to inform policy makers.

Each of these areas has been developed into an engagement plan to help provide the answers needed, one of which was around freight and HGVs.

NEW Answering the big questions – Freight and HGV

Recognising this is a whole system challenge, we collaborated with other sectors to understand the opportunities, barriers, infrastructure requirements and timelines across multiple potential scenarios.

This insight has been acted upon and will inform our recommendations to policy makers on what's needed to decarbonise this critical sector.

NEW

HA

CG

RPM

NI

Understanding consumers' priorities towards heating

Over the next three decades, we will see one of the biggest transformations in the UK, however, what do consumers think about this change? At National Grid we commissioned this research to help us understand what really matters to consumers when thinking about heating.

As a result of this research, we proposed five recommendations for government and policy makers to consider, which reflect consumers' views and will facilitate the decarbonisation of heat.

We used the report to shape our approach and to start conversations with stakeholders, including policy makers on the Future of Heat. We held webinars, roundtables and 1-1s with stakeholders to share the findings of the report and to galvanise support for the recommendations.

Five recommendations:

1. Make consumer advice readily available
2. Take a partnership approach
3. Ensure regulation protects the diverse consumer landscape
4. Remove consumer barriers of high upfront costs and prioritise energy efficiency
5. Ensure the availability of net zero skills

Enabling a net zero future and leading the hydrogen transition for gas networks (continued)

NEW HA CG NI

Creating a hydrogen roadmap

To transition to a decarbonised energy network, it will take collaboration across industry, aligning plans and working towards a common programme. To facilitate this critical goal and to generate discussion and debate, we developed and published a hydrogen roadmap.

What we did:

Taking insight from across the entire value chain from producers through to consumers we developed a roadmap signposting the key milestones, challenges and aspirations. This is now a tool to facilitate further engagement with stakeholders.

CUSTOMERS CUSTOMERS ENABLERS
POLICY SHAPERS

Outcomes:

- Aligned aspirations across the value chain on the transition to a hydrogen network
- An understanding of our customers' and stakeholders' ambitions and plans to decarbonise
- Tool to facilitate more informed conversations with stakeholders

NEW HA RPM NI

Collaborating with customers to understand the impact of Hydrogen on their assets

During our strategic meetings, we identified a common goal to understand the potential opportunities and implications of transitioning gas fired power stations to hydrogen. We collaborated with RWE on a study to answer these questions which have now been fed in to the hydrogen roadmap.

CUSTOMERS ENABLERS

Outcomes:

- Confirmation that hydrogen can be used in power generation
- Insight to inform further studies on transitioning the power sector to hydrogen

NEW IT CG SP LI

Innovative solution to meeting stakeholders needs: Deblending

Our stakeholder-led hydrogen roadmap identified the need for deblending to allow our customers to transition to hydrogen at different times. However, there are many

complexities involved in such a solution making it unclear if this was a feasible option.

What we did:

In addition to our stakeholder-led innovation research, we facilitated a targeted online workshop with experts. This identified there are technologies being developed that allow deblending at scale.

We've closed the loop with stakeholders, sharing this insight, ensuring absolute clarity and alignment.

CUSTOMERS ENABLERS

Outcomes:

- Confirmation that deblending at scale is feasible and could be cost effective
- Follow up workstream to test these principles in a real-life scenario
- Reassurance to customers that there is flexibility in the transition to net zero
- Confidence that we will work with our stakeholders to deliver a solution that works for them



Recognized for leadership in corporate sustainability by global environmental non-profit CDP, securing a place for the fifth year running, on its prestigious A List for tackling climate change.

ENRICHED HA RPM

Collaborations

A key strand to our engagement strategy is collaborating to deliver greater benefits to consumers. Here are a few examples:

NEW IT NI

Hydrogen Gas Asset Readiness Group (H2GAR)

Seven European TSOs sharing their expertise and knowledge to advance the repurposing of transmission assets for hydrogen.

CUSTOMERS ENABLERS

Outcomes:

- Creates a richer knowledge base with real diversity of experience
- We spent 144 hours attending these sessions and have gained over 2k hrs worth of knowledge and expertise to inform our strategy
- Created a combined view of key challenge areas, set the challenge to relevant supply chain who then present their thoughts back to the group. This provides a level playing field for all suppliers and a coordinated programme for networks
- Shared research studies across group with a saving of £980k for consumers

NEW HA RPM NI

Collaborating with our supply chain to develop a Net Zero 25/26 construction roadmap

Our supply chain told us they expect us to set direction and ambition for them.

What we did:

We reviewed our largest areas of impact and held collaborative forums to share our ambitions and to understand what's possible.

Focused on these areas, and shaped by our supply chain, this roadmap is used to drive performance to achieve net zero in construction activities by 2025/26.

We've set up four externally chaired working groups to further drive performance (Concrete, aluminium, steel and construction).

ENABLERS

Outcomes:

- Net Zero construction roadmap published giving clear areas of focus to suppliers
- Four externally chaired collaborative working groups established ensuring external best practice and free thinking
- Started pilot with Cem3B to understand how low carbon materials respond
- Developed potential low carbon alternatives research programme

NEW IT NI

Gas Goes Green

Working collaboratively across all gas networks creates a single voice for the UK Gas industry, providing focus and clarity for decision makers. The group developed a prioritised programme of work to move us forward on the journey to the world's first zero carbon gas grid.

Members: Wales and the West Utilities, Northern Gas Networks, Cadent, SGN, ENA, National Grid Gas

Gas Goes Green Advisory group is a cross sector group of 31 expert stakeholders, advising and holding us to account.

CUSTOMERS ENABLERS

Outcomes:

- Carbon Commitment: A combination of all gas networks plans to deliver the Net Zero ambition demonstrating our passion and commitment
- Cost to the consumer: a view on the cost of transitioning the gas networks to be 100% hydrogen
- Britain's Hydrogen Network Plan: Setting out the detailed and practical plan to decarbonise the country's gas networks

Enabling a net zero future and leading the hydrogen transition for gas networks (continued)

NEW



Innovating to develop a hydrogen network

Our stakeholder-led hydrogen roadmap highlighted an opportunity to add value by connecting the proposed industrial clusters, creating resilience, supporting their bids for funding and accelerating progress.

What we did:

We undertook a study of the network and identified potential pipework that could support these ambitions. Working with the industrial clusters, we developed a proposal, Project Union, that would supply the resilience needed in the timescales required.

To build on this, we engaged with European stakeholders and joined the European Backbone study, gas networks across 21 countries developed a proposal of 40,000km with $\frac{2}{3}$ of the network using repurposed pipelines by 2040. The report was launched in spring with an international webinar reaching 1,093 stakeholders.



Outcomes:

- Plan developed to support stakeholders' decarbonisation plans
- Potential to save consumers 80% by repurposing existing pipework compared to new
- Accelerates the Hydrogen market at scale by connecting significant points of supply and demand

NEW



FutureGrid

To provide the evidence needed by policy makers, we worked with stakeholders to develop a proposal for an offline hydrogen testing facility, FutureGrid. Resulting from a robust understanding of stakeholders' needs and the need to be as efficient as possible whilst removing any risk of disruption to the existing Gas Transmission System, this project is projected to deliver over £67m of benefit to consumers.

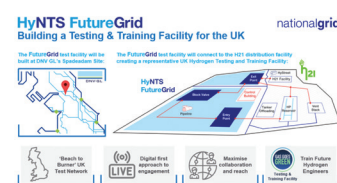
Utilising existing decommissioned assets, we will understand how they perform with hydrogen, providing valuable insights into the repurposing of the NTS for hydrogen whilst providing the reassurance that research is a robust representation of the real system.

Continuing with our stakeholder-led approach, we are implementing a robust and comprehensive engagement plan including a dedicated stakeholder steering group to continue to shape the project.



Outcomes:

- Successful launch of FutureGrid
- 16 letters of support for the project
- 6 partnerships established



Investing in people for the energy skills of today and tomorrow

We are on a journey to reach net zero greenhouse gas emissions by 2050. To deliver on this ambition we need to build a Net Zero Energy Workforce. We must inspire diverse people with the talent, the drive and the passion to help us tackle climate change.

NEW



Saving time and money whilst improving our training experience – Cost: ~£100 FTE time

As part of our engagement strategy we undertake many best practice sessions across our entire business. Following sessions with Anglian Water, Tarmac, Network Rail and other critical infrastructure providers, we shared and identified practices that saved time and money.

What we did:

We shared our pre-course assessment approach that has saved us 1,572 hours and £27.5k in the last 12 months.

We combined multiple best practices from inside and outside sector, including competence and panel assessments. The

new innovative approach has the potential to reduce the time to become competent from over 12 months to ~10 weeks. We shared our refreshed approach with our stakeholders and are now rolling this out across the business.

ENABLERS

Outcomes:

- Shared best practice with stakeholders, potentially saving them time and money in competence management
- Incorporated learnings from non-energy stakeholders into our strategy
- Reduction of time to become competent by 42 weeks
- Quicker onboarding process
- Projected saving of £907k in first year alone
- Better experience for our engineers

ENRICHED



Stakeholders have told us we have a role to play in addressing the net zero skills gap

What we did:

Led by Nicola Shaw (our CEO) we've collaborated with charities and not-for-profits to maximise our impact. We've undertaken many initiatives to change the perception of the energy industry and to make it accessible to a more diverse workforce. These include generating genius programmes, mentoring and our award-winning social media recruitment campaigns "green collar jobs" and "The job that can't wait"



Outcomes:

- Social media reach: ~75k
- +2k recruitment web page views following 30 tweets from MPs
- Partnered with MyKindaFuture to help 100k underrepresented talent gain access to green skills in the next 5 years



Disability Confident helps us to stay committed to leveraging the benefits of a diverse workforce



We take one step further as an accredited Living Wage employer by including our apprentices, undergraduates and graduates in our commitment

Having a positive impact on our environment and communities

As a responsible business, we are committed to delivering environmental and community benefit, prioritising the issues that matter most to stakeholders

ENRICHED

Being the GB consumer voice on environmental policy in Europe – Cost: ~£6k FTE time

Stakeholders told us we should use our position to be their voice in Europe.

What we did:

We represent GB on European environmental groups ensuring the voice of the consumer is heard. We ensure that any future environmental guidance or legislation does not impact on our ability to provide clean, cost effective gas to consumers.

Through articulating the impact on consumers, our engagement has led to legislation on methane emission detection taking a risk-based approach, targeting larger emission leaks whilst monitoring the smaller ones. By working with our European colleagues to agree this approach, we've saved consumers ~£12m of potential asset investment whilst minimising the impact of methane emissions.

CONSUMERS CUSTOMERS POLICY SHAPERS

Outcomes:

- Risk based approach to methane emission management agreed
- Recognised as leading voice in Europe for environmental sustainability
- Avoided additional investment, saving consumers £12m

NEW

Taking action on methane emissions MORFE (Monitoring of Realtime Fugitive Emissions) – Cost: ~£500 FTE time

Stakeholders told us we should do more to understand our methane emissions and support stakeholders on their emissions journeys.

What we did:

We engaged with experts and shared our findings during the Shaping the Gas Transmission System of the Future engagement. This included hosting a best practice session involving external parties sharing their latest innovations and thinking.

We then set up a LinkedIn community group, targeted at methane emissions experts to continue the conversation. We've held several live Q&A sessions on the platform, and whilst the community group is successful, the live Q&A didn't get the engagement we'd hoped and so we are considering other approaches.

CUSTOMERS ENABLERS

Outcomes:

- Shared best practice in methane emissions monitoring
- Two companies now trialling approaches shared
- Active online community group to keep stakeholders engaged and informed
- Unsuccessful trial of live Q&A sessions via community group and therefore considering other approaches

NEW

Leading the way on transparency for responsible businesses – Cost: ~£1k FTE time

Stakeholders have told us they value the work we do in this area and that we should make it easier for them to hold us to account.

What we did:

Published our Responsible Business Charter, this articulates our ambition and brings all aspects of responsible business into one place. We will publish our progress against these targets each year to allow stakeholders to hold us to account.

To build on this, working with the GDNs, we engaged with expert stakeholders to understand what they'd like to see in an environmental industry report, articulating what we are doing to support meeting the United Nation's Sustainable Development Goals.

CONSUMERS CUSTOMERS ENABLERS POLICY SHAPERS

Outcomes:

- Robust reporting framework embedded into our activities ensuring accuracy and transparency in our performance
- Clarity of ambition, setting a clear strategic direction with the aim to encourage others to do the same
- Collaborative report, addressing expert stakeholders' needs

NEW

Death, Bereavement & Grief Toolkit – Cost: ~£1k

Covid-19 has brought the subject of death, bereavement and grief to the fore. We heard from stakeholders that we should be doing something to support in this area.

What we did:

Led by our leadership team, in partnership with BiTC, we engaged with multiple experts (including bereavement and mental wellbeing specialists) to understand what was needed and what was possible. With the support of these charities, we developed the Death & Bereavement Toolkit.

"It was an absolute pleasure working with National Grid, the amount of commitment National Grid gave this project, and the coordination was phenomenal." Louise Aston, Wellbeing Director at Business in the Community (BiTC)

CONSUMERS CUSTOMERS ENABLERS POLICY SHAPERS

Outcomes:

- The Death, Bereavement and Grief Toolkit was launched in July 2020
- 659 different users have downloaded it
- The toolkit is being used by companies big and small, from industries outside energy
- Shared across multiple social media channels including to BiTCs 32k twitter followers



Business in the Community (BiTC) have also recognised us as Responsible Business Champions, awarding us with the Bupa Health and Wellbeing Award which acknowledges us as a business that embed health and wellbeing into our culture



Our employee resource group ONE has been named Top Network Group at the 2020 Ethnicity Awards which ensures all people have access to equal opportunity, regardless of race or ethnicity



We've been recognised by the FT as one of the companies across 16 countries that lead the way with inclusion and diversity in 2020

