

Stakeholder Engagement Incentive Scheme Submission 2020/21



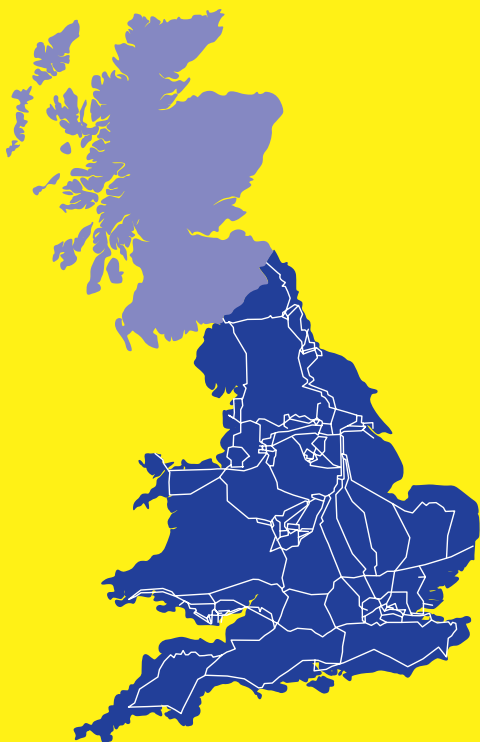
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Our role explained

Our network is like a motorway system for electricity in England and Wales, transporting large volumes of energy over long distances to the distribution network 'A roads'.

Apart from a few large industrial customers, we don't connect directly to people's homes or places of work, so our relationship with the public and other consumers is generally an indirect one.



Our network in numbers

The system consists of



approximately
4,500
miles of
overhead lines



over
900
miles of
underground
cables



and over
300
substations

Introduction



Alice Delahunty
President, Electricity Transmission

Welcome to Part 1 of our 2021 stakeholder engagement incentive submission. This year's submission is our first since I moved into my new role as President of our Electricity Transmission business in the UK.

It's stating the obvious to say that the past year has been like no other, and that this has created its own unique challenges for us and for all of our stakeholders. It's made us think differently about how we engage with our stakeholders, and how we meet their changing needs. In particular, the way we engage externally has really undergone quite a change during the past 12 months. I'm incredibly proud that teams across our business have continued to engage stakeholders and, crucially, deliver what they need from us at a time when their own work and home situations have often been challenging. Interestingly, this has also led to us making some changes which are here to stay – some of our learnings throughout the pandemic will definitely help us better engage on an ongoing basis.

Becoming 'stakeholder mature'

The past 12 months has seen us enhance the way we view stakeholder engagement and incorporate the insights it gives us into our business-as-usual decision-making processes. Something that's apparent is that stakeholder focus is a very wide spectrum, and that there's always room for continuous improvement – moving from a world where stakeholder engagement was as an extra or a 'thing' in itself, to something that we just do across the whole of our business as part of our day-to-day activities. We've made a few tweaks to our engagement approach and strategy over the past year, but these are really just an evolution of what we were already doing, because our approach is proven to work well and is something we want to build upon.

One change over the past few months has been our move to consolidate our strategic business priorities and stakeholder priorities to provide more clarity to our employees and stakeholders around our areas of key strategic focus. As we have explained before, our strategic priorities over the past few years have been led by what our stakeholders have told us they value most, and this has shaped our corporate vision of wanting to be at the heart of a clean, fair and affordable energy future. This year, we've created one common set of priorities for use across the whole of our business. These have been endorsed by our Board and remove the need for any translation of priorities, making

it clearer for our employees, and allowing us to more effectively link our business decisions and actions with the outcomes that our stakeholders want us to deliver. Crucially, this now involves full alignment with the latest Government plans and UN Sustainable Development Goals.

When I moved into my new role in December 2020, I also took the opportunity to remind employees of the things that are most important to us as a business if our vision is to become a reality. It shows how far we've come that first on this list was making sure we have a stakeholder focus across everything we do – this is really important as the country focuses on the transition to a net zero future that is fair to all, and is something we will keep at the heart of how we structure our business for the new regulatory period.

Engagement has helped us collectively manage the Covid crisis

Throughout the Covid-19 pandemic, stakeholder engagement has really shown its worth in helping us maintain a safe and reliable supply of electricity to our customers and communities during the crisis. It's a well-used phrase now that we might all be in the same storm, but we're all in very different boats, and it was clear from the early days of the first lockdown that those we work with were affected in a variety of different ways by the events that were unfolding. We want to be a purpose-led organisation, and so early in the crisis our Board established principles for decision-making during the pandemic. These focused on us not placing additional demands on our stakeholders or on society, and so one of the key changes we've made is to make sure that we work much more closely with our customers and stakeholders, so that we are able to better understand how they are impacted by events and how we need to work in order to help them be successful.

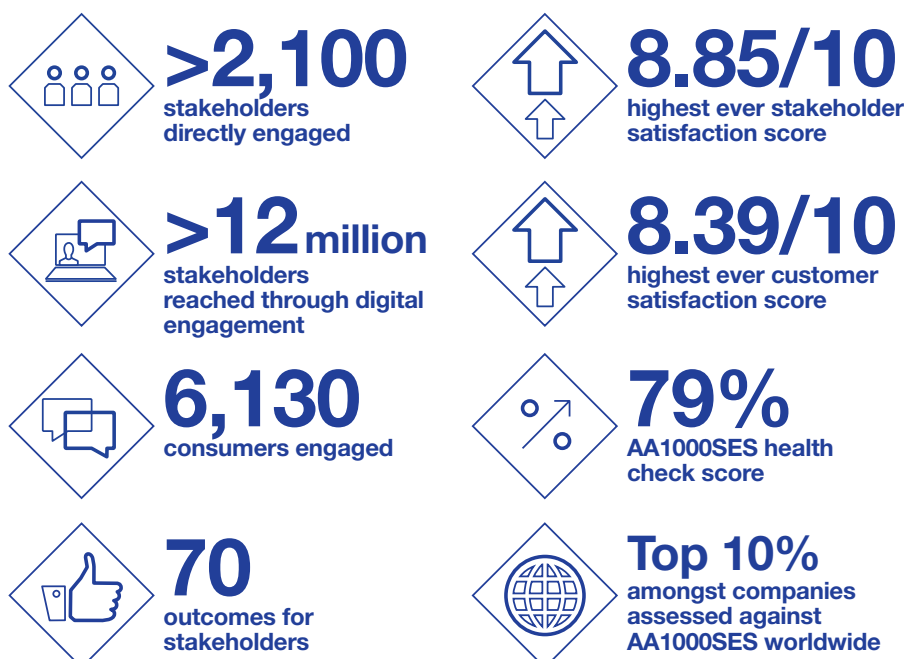
Clearly, an engagement programme which focuses on set-piece, large-scale, face-to-face engagement is no longer applicable in today's world. So during the past year, we've seen many more one-to-one conversations with stakeholders and lots more personal contact, either on the phone, through Teams, or by email, text or WhatsApp. Although that's not something I thought I'd be writing 18 months ago, these types of channels are definitely set to stay.

One of the most interesting things for me has been the recognition that a comprehensive and effective approach to engagement is not the same thing as engaging large numbers of people. Workshops, webinars and consultations certainly have their place when topics require a broad reach, but as our approach to engagement has matured over the years, we've come to realise that their usefulness is limited, and actually our approach over the past 12 months has been more effective by being targeted, more relevant, and more tailored than a broad-brush approach which potentially doesn't allow us to get into the depth that we need to on many of our engagement topics. Again, I expect to see this new mix continue well beyond the end of lockdowns and travel restrictions.

In the rest of Part 1 we explain our engagement approach, highlighting what's been updated and improved over the past year, and showing how our strategy, resources and capabilities give us a robust, tailored approach to engagement and provide insight which shapes our business decisions.

Alice Delahunty
President, Electricity Transmission

Key highlights from 2020/21



1. We have a robust, up-to-date strategy

Since 2016, our engagement strategy has been based on the principles of the AA1000 Stakeholder Engagement Standard. We review it each year and it's approved by our Exec team and Board, whose members also continue to follow the commitments made in 2019 as part of our Stakeholder Engagement Charter. This year, the Exec and Board have again reviewed both our strategy and our strategic priorities, which are led by what our stakeholders tell us.

In the midst of a pandemic and with an affordable transition to net zero becoming more and more pressing, the past 12 months has also seen us apply an additional lens to our strategy review, to check that it is fit for purpose in a world where lockdowns and virtual engagement are now commonplace, and to ensure it is clear enough to ensure that our employees are prioritising the same things as our stakeholders.

Our stakeholder strategy remains focused on our four-fold stakeholder ambition:

- We want to **learn from** our stakeholders, ensuring we involve them through every aspect of our business, from shaping our strategic business priorities to the day-to-day running of the business, giving stakeholders the opportunity to have their views considered in our decision-making processes
- We want to **partner with** stakeholders to solve problems and reach solutions that cannot be reached by a single organisation. This is vital for the transition to net zero
- We want to ensure we are working 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 the wider interests of consumers
- We want to **fully embed** this approach across the organisation and continue to make ongoing improvements to the way we engage

We provide examples of each of these in Part 2.

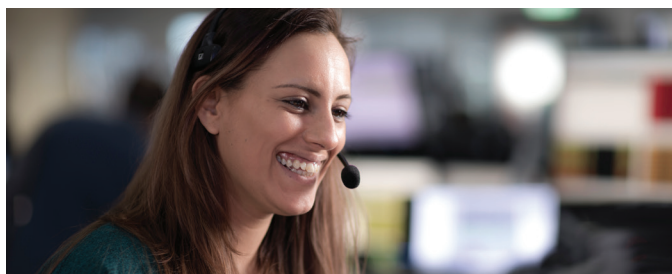
Engaging with stakeholders is key to meeting our ambition and delivering what others need from us

Our stakeholders are anyone who has an interest in or is impacted by what we do. We cannot meet our ambition without working with our stakeholders, and in order to do this, we must firstly establish what they expect from us. This is even more important during the transition to a net zero economy, where our stakeholder population is expanding, and their requirements and expectations are constantly changing. And the Covid pandemic has further sharpened the focus on getting really close to our stakeholders, so that we properly understand the impact on them, their specific challenges and how we can work with them to create successful outcomes.

New for
2020/21

During the past year, we adapted the way we engaged to make sure we were aware of changes to stakeholders' priorities, issues or plans as a result of the pandemic and its impacts. In particular, we worked more closely with stakeholders during April and May 2020

to understand the immediate effect of lockdown on their organisations, and to agree how we would work together going forward (details can be found in Part 2).



New for
2020/21

Updating and simplifying our focus (based on the latest stakeholder insight and feedback)

We've spoken in recent years about having explicit lists of stakeholder and consumer priorities, and about how these feed into our business objectives.

However, this year (based on the latest stakeholder insight), we've condensed these priorities into one shortened, focused list. What we've heard is that stakeholders want us to:

- Ensure the continued **safety and reliability** of the transmission network
- Play our part in **delivering decarbonisation**
- Do both of these things as efficiently as possible in a way that provides **value for money** to customers and consumers

These are the key things we need to deliver, and are aligned to our role in supporting the Government's Ten Point Plan and the UN's Sustainable Development Goals.

Another way in which our thinking has matured over the past few years is in the way we message our stakeholder-led priorities externally and (especially) to our employees, who are ultimately responsible for delivering them. A few years ago, we worked with multiple lists of priorities. These were often similar but not the same, with an internal version, an Ofgem version, a BEIS version, a general stakeholder version, a consumer version, etc. We thought this was tailoring to suit our audience, but in hindsight it was just muddying the waters, so now we only use the priorities above.

New for
2020/21

We've created a better-defined consumer engagement strategy

We've always had a duty to efficiently deliver what consumers need from us, but in the past our direct consumer engagement has been limited because of our indirect relationship

with them, and because our consumer bill impact is relatively low. Although those two things haven't changed, consumer expectations are changing. Reliability and affordability are still top priorities, but decarbonisation is now also a top consumer priority. Topics like supporting communities, corporate responsibility and transparency, although not top of consumers' lists, are things consumers expect us to do and are becoming increasingly important ways of delivering our primary objectives. Understanding consumers' expectations, coupled with ensuring we have a better understanding of consumer trends and how these influence whole system requirements, helps shape our plans to deliver what consumers need from us. And in the past year, we've obviously faced the additional challenge of understanding the impact of Covid-19 on consumers, and whether this means we need to change our focus to better support them – understanding the impact of changing circumstances has therefore become part of our consumer engagement strategy.

Our consumer ambition

Our consumer ambition is aligned with our stakeholder ambition – we want to learn from consumers to understand what they want from us, and to use this insight to shape our strategic business priorities and day-to-day decision making. It's important because consumers are our indirect customers and our ultimate bill payers. Given recent economic and environmental changes, and those still to come, having a strong consumer focus has never been more important. This view is supported by our stakeholders, who expect us to play our part in ensuring consumers receive value for money now and a fair transition to net zero in the future, especially as those impacted most could be those who are already most vulnerable.

Our approach to consumer engagement

The AA1000 stakeholder engagement principles of Inclusivity, Materiality and Responsiveness also apply for consumer engagement, as does our systematic, outcomes-focused approach to engagement. Our approach includes direct engagement and research with those who use the energy we transport – this includes both domestic consumers and different types of business consumers, many of whom rely on a reliable and efficient energy supply for the success of their business. We use a range of different channels and methodologies to engage consumers, including:

- Quantitative research with nationally representative samples of household consumers
- Qualitative research to help shape quantitative studies and allow more detailed exploration of certain topics with targeted groups of consumers
- Quantitative and qualitative research with business consumers of all types
- Using consumer trend data and specific research studies to help predict future trends and make sure our plans balance the needs of current and future consumers
- Using innovative approaches like interactive online ‘gamified’ tools and virtual reality to help explain who we are, what we do, and understand what consumers want from us
- Consumer listening events to hear first-hand what consumers want from us

Through our approach, by using the appropriate channels and by engaging on the appropriate topics, we can make sure we gather representative insight from:

- Hard-to-reach groups (both consumers and other stakeholders)
- Vulnerable consumers
- Different types of business consumers (e.g. high versus low energy dependency)
- Current and future consumers

So far, we have used this new approach to engage consumers at various points over the past 12 months to better understand the impact of Covid-19 on particular subgroups. This has been through a combination of bespoke research studies, and by working with and sharing data across other organisations to build up a fuller picture of the current consumer environment. We’ve used the results to check our plans and to ensure that future activities continue to address consumer needs.

New for
2020/21

Measuring our societal impact

Last year we talked about how we’d started to develop a Transmission-appropriate tool for measuring the social impact we create from our broad range of business activities. At the time of last year’s submission, this was very much work in progress, with only certain types of metrics being relevant for our social impact calculator. We’ve invested significant effort in this tool over the past 12 months, so it’s now far more comprehensive and has been used for more of our Part 2 case studies.

The tool uses proxy benefit values to calculate the social value of a range of activities which support delivery of our strategic priorities. We’ve made sure it’s as robust and comprehensive as possible (although we will look to continually evolve and improve its scope), and have aligned our approach with HM Treasury Green Book principles, with the DNOs’ work to create their Distribution equivalent, and with others outside of the energy industry who are experts in this area.

Social Value is only one way of measuring impact – and we are careful to distinguish between value to society and value to National Grid – but this tool is now helping us evaluate options in advance of decisions being made, and to measure impact during and after a project. Further details can be found on page 12 of Part 2.

How we translate the AA1000 principles into actions:

Inclusivity:

Being accountable to our stakeholders and including them in our decision-making processes

- Ensuring we engage with a representative sample of the appropriate stakeholder segments for each topic of engagement
- Including the views of consumers, both domestic and business, when gathering insight, and ensuring that relevant subgroups have appropriate representation (for example, vulnerable consumers, stakeholders in different geographical areas or business consumers with different energy requirements)
- Engaging with the right stakeholders through the right channels through a coordinated and tailored engagement programme, particularly for harder-to-reach stakeholder groups

Materiality:

Engaging on topics and issues that are most important and relevant to our stakeholders and to us

- Engaging our stakeholders on the most important topics to influence our decisions, actions and performance
- Engaging on topics where stakeholders can genuinely make a difference to our plans, and being clear why stakeholders cannot influence our plans for certain topics
- Being proportionate in our engagement activities, both in terms of our stakeholders’ time and commitment, and when it comes to our own costs and resources
- Ensuring identification and prioritisation of topics and issues is evidence based, and uses a full range of available sources

Responsiveness:

Acting as a result of what stakeholders have told us

- Using stakeholder input to develop our plans, then sharing these plans with stakeholders to check we’ve understood their requirements – being transparent throughout this process
- Taking responsibility for what we say we’ll deliver and doing even better wherever we can
- Acting on feedback to ensure we continuously improve to deliver more effectively and efficiently for our stakeholders
- Ensuring we are focused on delivering stakeholder and consumer value

We're further aligning stakeholder insight and business decisions

We've been continuing to reflect stakeholders' changing needs in our governance and decision-making processes, including how we set and review our medium and longer-term strategic

business priorities, and how we change what we do on a more short-term tactical basis. By working closely with, and acting on what we hear from, our direct customers, our wider stakeholder population and consumers (both domestic and commercial), we are bringing stakeholder insight into more of the decisions we make.

At a practical level, this translated into a review of our Electricity Transmission priorities by our Exec team in September 2020, taking into account the latest post-lockdown insight from our stakeholders, and a review of our UK priorities in January 2021.

This year, we've also formalised more of our governance routes so that decisions are made using a 'golden thread' that links back to insight – this was something we trialled when building our business plan for the T2 period, and the Independent User Group liked the approach so we've maintained it into our business-as-usual.

With the User Group itself, now that it has completed its work in scrutinising and challenging our T2 plan, we have agreed a forward agenda with the group members, covering the topics we'll take to the group during the next 12 months and their role in each. This includes agreeing the metrics against which they will measure us and the format and frequency of their public reporting on our performance.

Our golden thread

The golden thread links the decisions we make to what we have heard, and also informs our future engagement



Plan for engagement by profiling and mapping our stakeholders so that engagement is both inclusive and relevant. Using the right channels so that our engagement is tailored for different stakeholder segments and purposes.

Prepare and design engagement by making sure the correct resources are in place to engage with our stakeholders on the right topics at the right time, and that we are clear with stakeholders about the overall engagement process and their role within it. Evaluating costs and forecast benefits of engagement to align with the Materiality principle of AA1000.

Implement the engagement by communicating with stakeholders so that they're invited to participate through the appropriate channels with enough notice, and that we have provided them with clear and tailored upfront materials as required. Engage in an open, fair and non-biased way, thinking about the format and channels we use so no-one feels excluded.

Act on feedback, making sure we accurately capture what stakeholders have told us, developing insight and integrating this into our business decision-making processes.

Report and communicate the outputs of the engagement to stakeholders so we can sense-check we have accurately captured what they have told us, as well as providing an opportunity to add anything further if necessary. This also allows us to explain how stakeholders' time and effort has been reflected in the decisions we make (including details of any trade-offs we've had to consider), closing the loop and continuing our commitment to transparency.

2. We have an embedded approach, starting at the top

Our strategy and approach to engagement and how we use the insight it provides have been established for several years now, and are mainly subject to continuous improvement rather than wholesale change. Each year though, we try to increase the integration of stakeholder insight into our day-to-day decision-making processes. This isn't possible without a strong leadership commitment that this is the way we want to run our business.

This commitment needs to come in many different forms, from setting strategic objectives which deliver what stakeholders need from us, to driving governance changes which more systematically integrate insight and decision making, to 'walking the talk' – getting out (even if virtually nowadays) to hear first-hand what stakeholders expect from us and need us to deliver.

In the past year, our senior leaders have led by example by:

- Reviewing the insight we've gathered externally and using it to set our UK and Electricity Transmission strategic priorities
- Launching our Responsible Business Charter to (for the first time) pull together all of our stakeholders' requirements under one umbrella and make a public commitment to delivering them
- Explicitly communicating to employees that being stakeholder focused is part of our vision and that the responsibility to engage stakeholders and act on what they tell us is devolved across the whole of our business
- Getting closer to our employees through newly-created channels, so they can better understand what employees need on a day-to-day basis to deliver for our stakeholders

- Expanding their own engagement to reflect new requirements and new groups of stakeholders as we play our part in shaping the future of energy to deliver net zero
- Changing the way they engage, including an appearance on Top Gear by one of our leadership team to share information about the future of electric vehicles!
- Approving capability and system improvements to further facilitate our stakeholder focus



In December 2020, our CEO, John Pettigrew, gave an update to all employees on the outcomes we need to deliver as a business over the next few years. Ensuring we continue to deliver for our stakeholders was top of the list.

Our senior leaders have been engaging on the topics that will shape the future of our country:

Planning the green recovery

One of the main topics within the energy industry at the moment is the role that businesses can play in ensuring a clean transition is at the heart of the world's post-pandemic recovery.

Both John Pettigrew (our CEO) and Nicola Shaw (our UK Exec Director) have been actively involved in planning this recovery during the past 12 months.

Throughout the pandemic, John has been involved in conversations with the Prime Minister and other Government members, initially to ensure that vital energy supplies were maintained at such a critical time, and then to work with other industry leaders to investigate opportunities for fuelling a green recovery which has low-carbon energy at its heart.



Nicola has also been involved in many conversations on this topic, including when acting as a panel member at the Responsible Business Europe 2020 conference alongside Lord Baker, former Minister for Energy and Climate Change. At the conference, conversation focused on the immediate challenges posed by Covid-19 and the longer-term challenges to achieve net zero by 2050, including the need for technological innovation, reskilling and retraining, and for businesses and Government to work closely together to achieve this.

Launching our Responsible Business Charter

Corporate responsibility is not a new thing to us or to many other organisations, but we've never previously gone so far as to publicly commit to all our responsible business ambitions in one place. In October 2020, our Chairman, CEO and other Exec members hosted a virtual event to engage around 400 stakeholders on how we are evolving to meet the challenges around the energy transition and climate change. During this event our leadership team launched our Responsible Business Charter, which identifies five focus areas where we can have the most impact on society and sets out our commitments to do this.



We continue to build and improve our corporate stakeholder capability

The past 12 months have seen us continue with our previous approach to building capability across our business to support us in being a stakeholder-focused organisation. This includes a suite of courses run by our Academy to support capability development and our Stakeholder BMS (Business Management Standard) which helps evaluate and build stakeholder capability within the business. The standard provides clear guidance on what is expected of each of our employees to ensure we deliver what our stakeholders need from us, focusing on learning from each other and sharing best practice. Our Stakeholder BMS continues to be high profile across National Grid and is reported through our Quarterly Business Review sessions chaired by our CEO, John Pettigrew. We have remained compliant with this standard throughout the past 12 months.

As mentioned elsewhere in this document, remote working induced by Covid-19 has meant we've had to focus on new capability and skills gaps to support stakeholder engagement. We've had to adapt to a digital way of engaging, which has been new and unfamiliar for some of our employees, so we've had to quickly identify and address capability and systems gaps to support them.

This has ranged from creating new toolkits to explain etiquette and best practice for online meetings, to our IT team creating a one-stop internal platform that employees can access to improve their understanding and experience of technology for engagement. We've also further modernised and invested in our technology to support engagement (including a National Grid record for the shortest time ever taken to deploy new software (MS Teams) to all employees!). And we've created an 'influencers' network which consists of a group of employee volunteers to champion our IT end-user tools, share best practices regarding new digital ways of working and support the early design, adoption and training for new technology within the wider business.

We believe inclusion and diversity can help to further improve our capability

Inclusion and Diversity is obviously not a new thing, to us or others, but we recognise that continuing to become more inclusive and diverse at all levels of the organisation can help to improve our corporate capability, including when it comes to stakeholder engagement. During the past year, we've continued to progress this in a variety of ways, including:

Supporting women to succeed within our business

We've put a number of initiatives in place to make it easier for women to join and remain at National Grid, including more flexible working, more mentoring and development programmes and working with external partners to help break down barriers and share best practice.

Upping our focus on diversity

We've made specific commitments on diversity in our Responsible Business Charter, covering all levels of our organisation. Getting this right is a simple way of growing our corporate capability, and having a workforce which is more representative of the communities and stakeholders we serve can only be a good thing. In the past 12 months, this has included making changes to our recruitment processes and establishing Employee Resource Groups, which are voluntary and employee-led and exist to champion and support the needs of employees, irrespective of background, race, age, disability, sexual orientation, religion or gender.



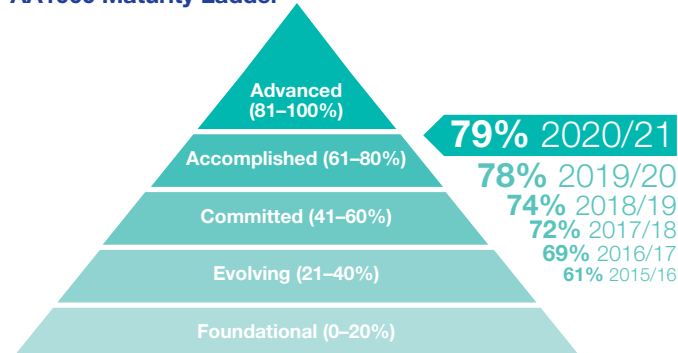
External assessments and accreditation continue to confirm our levels of capability

AA1000 health check

In our latest annual health check carried out by AccountAbility, who created the AA1000 standard and who assess against it worldwide, our score has increased again to 79%, placing us at the top of the 'accomplished' stage (previously known as 'mature') on their maturity ladder. This keeps us in the top 10% of all organisations assessed globally by AccountAbility.

In their report, AccountAbility noted that we've demonstrated improved performance against all the pillars of their standard. Our health check results have improved year-on-year since we adopted the standard in 2016.

AA1000 Maturity Ladder



ISO 9001 and ISO 55001 accreditation

We have once again retained both our ISO 9001 and ISO 55001 accreditations. ISO 9001 is a certified quality management system, which assesses our ability to consistently provide services that meet the needs of our customers and stakeholders. ISO 55001 is an asset management standard which assesses our abilities to identify and deliver stakeholder needs within our projects. This is now the seventh year running that we have attained these accreditations.

Increasing our focus on employee wellbeing

Covid-19 and extended periods of lockdown have impacted the mental health of most of us in one way or another. We have always prioritised the mental health and wellbeing of our employees, but the phrase 'unprecedented times' has been used a lot over the past year and with that has come a need for responding in a way that goes above and beyond our normal approach. So we have reviewed and updated the tools and support our employees may need to help them through the crisis. This is important both for the wellbeing of our colleagues, and because they are the people who provide a service to our stakeholders.

We've boosted our Employee Assistance Programme, which offers financial, legal and psychological support. We've provided

further access to counselling sessions, with an expanded reach to employees' family members in times of bereavement, and direct access to psychological services without the need for a GP referral. We've also created online training on building resilience and mindfulness that over 600 employees have accessed.

We've signed up to the Mental Health at Work Commitment, alongside 100 other businesses, to improve standards of mental health care amongst the UK workforce. And we're actively involved in Thriving at Work, a programme run through the Inclusive Economy Partnership, and have worked with Business in the Community to help create toolkits around domestic abuse and suicide prevention.

3. We have continued with our extensive, thorough and tailored approach to engagement

The Covid-19 pandemic has made all organisations think about how they go about their business, and we are no exception. Our general approach to engagement remains the same as in previous years and is summarised below for reference.

However, the specifics of *how* we have engaged have clearly changed, and although webinars and consultations still have their place, we've adapted our approach to include much more bespoke, tailored, one-to-one engagement with our stakeholders, often using channels that weren't even available to us little over a year ago.

The overall volume of stakeholders we've engaged with in detail over the past 12 months has actually increased since the previous year, despite the challenges of lockdown and the fact that many organisations have been re-prioritising their activities. This has been possible because of our closer work with stakeholders, to make sure those who want or need to engage with us have been able to, and that this could happen in a way and at a time which suited them.

We share more details of how we have done this in Part 2. Below, we include details of our overall approach, which is again aligned to the AA1000 principles and remains largely unchanged from recent years.

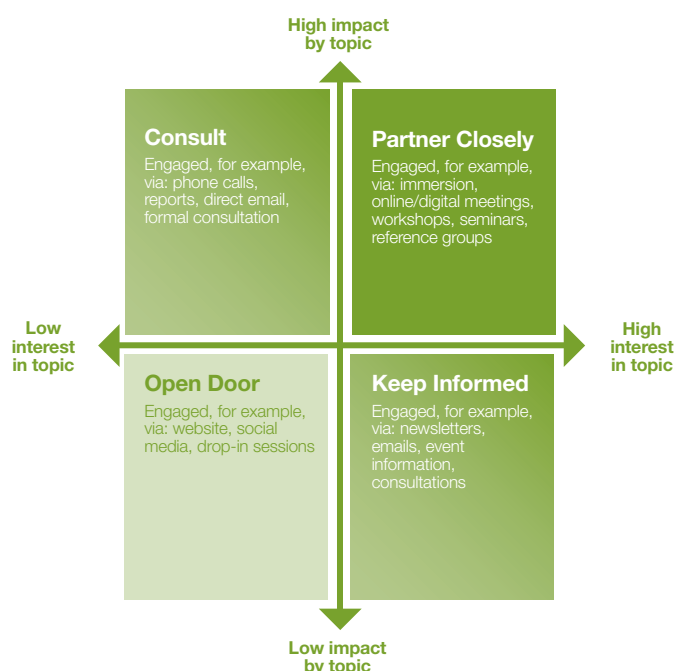
We systematically plan our engagement

We define our stakeholders as 'a person, group or organisation that has an interest in our activities' and we group them by stakeholder segment.

We recognise the importance of quality engagement with our stakeholders if we are to deliver what they need from us. Before beginning any engagement process, it's important to think strategically to ensure its purpose and desired outcomes are aligned to our business priorities (which are aligned with our stakeholders' priorities). Following the AA1000SES framework allows us to do this.

Identifying and mapping our stakeholders

Part of our systematic approach is to identify and map stakeholders before engagement begins, and tailor our channels to suit the audience. We've continued to use the same stakeholder mapping approach as last year to ensure we're engaging with the right stakeholders and being as inclusive and representative as possible. We map our stakeholders at a business level and on a topic-by-topic basis. The channels we've used during the last 12 months have, by necessity, been slightly different to previous years, with pretty much no face-to-face contact since March 2020.



Tailoring our engagement

We know that different stakeholders like to engage in different ways, for reasons including geographical location, access to technology and time constraints. Therefore, we need to identify different approaches to engage with them.

We tailor our engagement based on the subject matter and based on how particular groups of stakeholders have told us they want to be engaged. We do this on a topic-by-topic basis so we can make sure we're engaging with the right stakeholders, with the right level of interest and knowledge, via the channels that best suit them.

The events of the last 12 months have created an added complexity around this, however, with some of our established channels no longer available to us. No one anticipated the global impact of Covid-19 and the knock-on impact on something so simple as being able to talk to one another. Like many companies, this made us think about how we continue to engage with our stakeholders, particularly given the even greater importance of a reliable energy supply at a time when electronic equipment and technology is keeping the country going.

During lockdown and other times of restriction, tailoring our approach has involved using a different mix of channels, depending on who we need to engage and what we need to cover. We've used more electronic comms – email, social media and web – to provide reassurance that energy supplies continue to be reliable, which we've then followed up with one-to-one communications with those who want or need it. Podcasts and videos have also become more prominent in our channel mix as we try to provide stakeholders with more flexible ways of engaging with us.

How we have engaged

We have directly engaged more than 2,100 stakeholders in 2020/21, through a varied (but revised) range of channels, and have reached hundreds of thousands more through our diverse mix of communications:

	Channel	2020/21
Online, email and social media Used to inform and to obtain real-time feedback from stakeholders, with a greater reach than other channels. Our primary means of engagement over the past 12 months.	Website	46,280 hits
	Webinars	31
	Podcasts/Videos	48
	YouTube	28,826 views
	Direct mail	3,100 recipients
	LinkedIn	154,698 followers
	Facebook	161 posts, 13,171 followers
	Instagram	1,129 followers
	Twitter	3,700 followers
Research Can provide a greater understanding and insight into particular issues and/or the views of particular groups of stakeholders.	Bespoke consumer research	4,018 respondents
	Consumer wave study	2,052 respondents
	Focus groups	60 participants
Other events These would previously have been face-to-face but have used other channels during the past year.	Workshops/Conferences	2
	Community/Public Events	64
	User Group Meetings	3
	CEO-CEO engagement	42 conversations

We review and update our stakeholder segments annually, and our list of stakeholders within those segments grows year-on-year. The latest view of our stakeholder population is shown below.

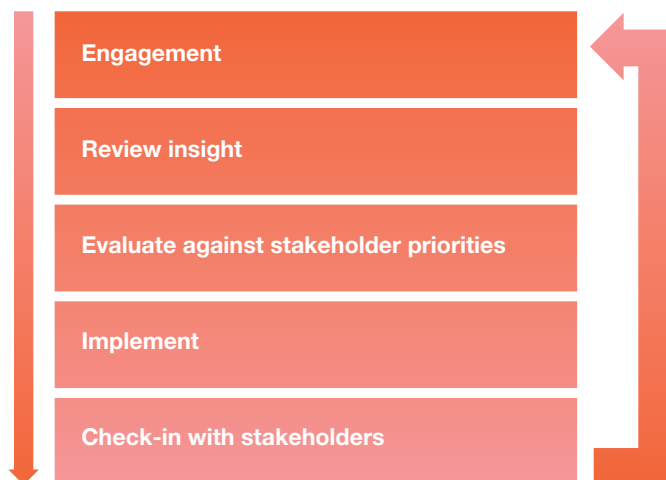
Stakeholder segment	Stakeholders we engage with
Consumers	Domestic and business consumers
Consumer representatives	Citizens Advice, National Energy Action, Age UK, Which?, Major Energy Users Council, Energy Intensive Users Group
Communities and their representatives	Communities with major infrastructure projects, communities near our sites, grantors/landowners, schools and colleges
Customers (and those we treat as customers)	Generators, energy suppliers, Distribution Network Operators, directly connected demand, interconnectors, embedded generators, demand-side aggregators, storage providers, data centres, HS2, Network Rail
Independent panels	Independent User Group, VIP Stakeholder Advisory Panel, External Advisory Group
Regulatory	Ofgem (including GEMA), HSE (Health and Safety Executive), Competition and Markets Authority, Highways England, CEER (Council of European Energy Regulators)
Political and government	UK Government, Scottish Government, Welsh Government, the official opposition and other political parties, BEIS, HM Treasury, all party parliamentary groups/select committees, special advisors, MPs, MSPs, Members of the Welsh Assembly, members of the House of Lords, Local Authorities, Local, Regional and Parish Councils, European Commission, members of the European Parliament
Government bodies	Committee on Climate Change, National Infrastructure Commission, CPNI (Centre for the Protection of National Infrastructure), National Cyber Security Centre, Environment Agency, Scottish Environment Protection Agency
Non-Government Organisations and interest groups	Campaign for National Parks, Wildlife Trusts, RSPB, Green Alliance, Friends of the Earth, National Trust, John Muir Trust, Campaign for the Protection of Rural England, Sustainability First, WWF, Greenpeace, Campaign for the Protection of Rural Wales, Natural England, Natural Resources Wales, AONBs (Areas of Outstanding Natural Beauty), Historic England, English Heritage, CADW (Welsh Government), Ramblers Association, Power Without Pylons, Dim Peilonau, Friends of the Lake District
Energy industry	Other GB networks (electricity and gas, transmission and distribution), Electricity System Operator, OFTOs (Offshore Transmission Owner), CATOs (Competitively appointed transmission owner), developers, non-GB networks
Industry bodies and chartered institutions	ENA, Energy UK, Renewable UK, Association for Decentralised Energy, Nuclear Industry Association, ENTSO-E (European Network of Transmission System Operators), ACER (Agency for the Cooperation of Energy), IET (Institution of Engineering & Technology), IAM (Institute of Asset Management)
Other businesses and their representatives	CBI, FSB (Federation of Small Businesses), car manufacturers, innovators, The Crown Estate
Supply chain	Suppliers, partners, consultants, contractors
Academics and think tanks	Universities, UKERC (The Energy Research Centre), Policy Exchange, Bright Blue, Centre for Policy Studies, Infrastructure Forum
Employees	National Grid Board, UK employees, global employees, Trade Unions, Shadow Exec
Investors	Analysts, private shareholders, debt and equity markets, institutional shareholders
Media	Consumer, trade, financial, broadcasters

4. Acting on feedback

One of the principles of AA1000SES is responsiveness, which means we need to act as a result of what our stakeholders have told us. Our processes for acting on feedback are mainly unchanged over the past 12 months, with the exception of the improvements to governance mentioned in section 1.

We continue to use our decision-making framework, which we developed in 2019 and shared in last year's Part 1 document. Its principles are summarised again below. We have applied these decision-making principles to additional governance channels during the past 12 months, to reflect the fact that more of our decision-making processes now have a stakeholder focus.

The insight-to-action loop



Our decision-making principles

- **Impact:** where stakeholders are impacted more heavily by a particular topic, their views are given more weight
- **Recency:** recent evidence is given more weight
- **Robustness:** this covers several areas but (for example) insight from a more representative or more informed group of stakeholders would carry greater weight
- **Consistency:** although outlying views are always considered, less weight is given to a small number of conflicting views if the majority of other views are aligned (assessed in conjunction with Impact)
- **Relevance:** more weight is given to inputs relating directly to the topic in question, than to more general insights

Focusing on the 'golden thread' from insight to action

As illustrated on page 4, one improvement we have made over the past year is to develop the 'golden thread' concept for use in our day-to-day activities, so that the decisions we make and actions we take can be linked back to what we've heard from our stakeholders.

Linked to the governance changes mentioned in Section 1, during the past 12 months we've expanded our use of the golden thread to all of our priority topics. We expect this to be particularly useful when reporting on our future performance and the reasons behind our decisions. Crucially, this allows us to better evidence what our stakeholders want and how this has informed the decisions we've made, providing a more transparent link from insight to action.

Creating stakeholder benefit

By acting on what our stakeholders tell us, we aim to create benefit for them and deliver their priorities. During the past 12 months, our engagement activities have led to a range of stakeholder benefits, with more details in each of our case studies in Part 2.

Monitoring and assessing costs

We continue to use cost-benefit assessments to satisfy ourselves that stakeholder benefits are delivered efficiently, and this includes evaluating our engagement options to ensure they are appropriate and provide value for money.

In the past year, largely as a result of the restrictions imposed by the Covid pandemic, we've found that our costs of engagement have dropped when compared to previous years. Although the resource costs of our engagement remain fairly consistent, the use of online channels has reduced some of our other costs.

Sometimes there is no substitute for face-to-face engagement, but these new channels now give us some more cost-effective options going forward.



£2.9m
total cost of engagement

Some examples of linking insight to action from the past 12 months

- *We heard that stakeholders expected us to get better at measuring the impact of our activities*, so in the past year we've developed our Social Value calculator to cover over 100 different types of outcomes (more details on page 12)
- *We heard that new renewable generators often found the connections process confusing*, so we launched our ConnectNow digital portal to improve their experience (see page 19 for more details)
- *We heard that consumers were concerned about the impact of decarbonising heat*, so we held consumer engagement sessions to listen to their views and help inform policy (see page 16 for more)
- *We heard from stakeholders that we should expand our work on the decarbonisation of transport beyond cars*, so we have begun work with stakeholders to look at solutions for other forms of transport (more details on page 15)

5. Measures of success

We continue to be recognised by a broad range of stakeholders for the work we're doing to deliver their priorities.

One of the best indicators of how well we're engaging with, listening to and acting on the needs of our stakeholders is by looking at what others are saying about us. This year, we have once again received a wide range of positive external recognition in relation to the work we do to deliver our stakeholders' priorities, reflecting our continued improvement when it comes to stakeholder engagement and how we use insight to shape our business decisions. In the past year this has included:

Delivering the outcomes stakeholders want with record levels of customer and stakeholder satisfaction

We have once again seen significant rises in satisfaction levels amongst our customers and stakeholders. Both satisfaction scores have increased to their highest ever levels, with our Stakeholder Satisfaction score for 2020/21 rising to 8.85 out of 10 (from the previous high of 8.64 in 2019/20), and Customer Satisfaction scoring 8.39 for 2020/21, also up from its previous high of 8.21 the year before.

8.85/10

stakeholder satisfaction score
(up from 8.64/10 in 2019/20)

8.39/10

customer satisfaction score
(up from 8.21/10 in 2019/20)

We are incredibly proud of these results, particularly given the fact that we've had to change the way we engage and support our stakeholders throughout the past year as a result of the Covid pandemic. As well as the scores from these formal surveys, anecdotal feedback from customers and stakeholders has reflected their appreciation that we have gone above and beyond in many cases to understand their specific issues and support them through the crisis.

Recognition of our role in delivering our stakeholder-led strategic priorities

Our focused business priorities are to play our part in delivering decarbonisation and the move to net zero, ensure the continued safety and reliability of the transmission network, and make sure that we are efficient, provide value for money and provide support to those within communities who most need it. During the past year, we have once again received awards and recognition for our work in these areas.

Decarbonisation, net zero and sustainability

For the fifth consecutive year we've been recognised on CDP's prestigious global 'A list' of companies for our actions towards cutting emissions, reducing climate change risks and developing a low-carbon economy. CDP (the Carbon Disclosure Project) has included 273 organisations worldwide on its latest list and we are one of only two UK-based utility networks (and the only UK energy network) on the list. The score follows our commitments to reduce our direct and indirect greenhouse gas emissions in support of the move to net zero by 2050.

Our influence on our suppliers' carbon footprint has been recognised, with inclusion in the CDP's latest Supplier Engagement Leader Board. This lists companies that CDP's research shows are leading the way in encouraging others in their supply chain to be more sustainable. Only the top 7% of companies that disclosed their information to CDP were included.

Engineering, innovation and finding solutions for our stakeholders

The Innovator of the Year award celebrates the most unique and outstanding things Copperleaf customers are doing with the Copperleaf C55 Decision Analytics solution (a tool which uses operational, financial and asset data to help organisations make optimal decisions). We were the 2020 winner for our Electric Transmission Circuit Optimisation project, a solution that will help us and other organisations reduce outages and improve the reliability of their networks.

The same ET Circuit Optimiser tool also received an innovation award at the Institute of Asset Management awards, which recognise outstanding contributions and achievements of individuals, teams and organisations in the profession of asset management.

We received the Silver Award at the Customer Experience Awards 2020. This award recognises organisations implementing great online customer experience and recognised us for our ConnectNow tool, which stakeholders can use to search and experience sites they can connect to across our network when considering a new Transmission connection. It also helps them manage their connection more easily throughout the whole process.

Supporting communities

We were placed on the Honour Roll at the UK Social Mobility Awards for the Community Programme of the Year award. The award celebrates and recognises the programmes that organisations are running that make a tangible difference to our communities.

We were shortlisted for the Public Engagement Award by the Energy Institute. This award recognises innovative campaigning techniques in social media, reports, journalism or digital campaigns that have contributed to improved understanding and knowledge of industry-wide energy issues.

Our Hinkley connection project has been named Community Investor of the Year at the 2020 Utility Week Awards. Working with local authorities and communities impacted by the construction of the Hinkley connection project, the project's community programme focuses on inspiring pupils through STEM education, supporting adults back into paid work and providing grants for community projects.

Supporting our employees

Our ONE Employee Resource Group has been named the Top Network Group at the Ethnicity Awards 2020. ONE is our multicultural network, supporting minority ethnic employees and sharing benefits of diversity in the workplace, focusing on supporting our inclusion and diversity ambitions to become a valued employer of choice, attracting and retaining the best talent and representing the communities we serve.

We've been recognised along with 16 other companies to be leading the way with Inclusion and Diversity on the FT Diversity Leaders List.

We have received the Business in the Community (BITC) Bupa Health and Wellbeing Award, which recognises the work we do to embed health and wellbeing into our culture.

We're proud to have attained the Youth Verified 'kitemark'. This concept, developed by The Youth Group, provides assurance to 18-30 year-olds that kitemarked organisations have been through a rigorous assessment process and shown themselves to be inclusive, with a strong focus on providing young people with the tools and support to get ahead and grow in work.

We're an accredited Living Wage employer.



Part 2

- 11 Introduction
- 12 About Part 2
- 13 1. Our adapted engagement approach
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- 19 3. Innovation, efficiency and continuous improvement

In Part 2, we share examples of how we've put our stakeholder engagement strategy into practice and the outcomes this has delivered over the last year.



Introduction

We engage with our stakeholders to make sure we have the right strategic focus and to help us best deliver what they need from us. We are committed to being a stakeholder-led business which is shaped by listening to and acting upon what our stakeholders are telling us.

Welcome to Part 2 of our final submission under the RIIO-T1 stakeholder engagement incentive.

As I mentioned in Part 1, the Covid pandemic was only a few weeks old when we began this incentive year in April 2020, and not many could have foreseen the impact it was going to have on people and organisations in the following 12 months. I am proud that our colleagues have played such a key role in helping the country through the crisis, and I'm also excited about the role our organisation can play in the green recovery.

Neither of these outcomes would be possible without quality, extensive engagement with our stakeholders. From working with customers on a one-to-one basis to understand their changing circumstances and provide the service they require, to playing our part in creating the road to net zero, looking externally and bringing insight into our decision-making processes has never been more important. And this doesn't just involve engaging, which in itself has been challenging over the past year, but also continuing to improve the way we use what we hear from our stakeholders.

Details of our evolved strategy, approach, processes and strategic focus areas can be found in Part 1, but I wanted to highlight a few things in particular that we've changed or improved over the past year, which are explained in more detail throughout Part 2:

- Consumers and communities continue to have an increased focus in our engagement mix. What we've heard over the past 12 months has done nothing to change our view that we need to continue our growing focus on these groups, and particularly those who are vulnerable, even though we rarely have a direct relationship with them. Sometimes this involves balancing the interests of GB consumers with the needs of local communities.
- Linked to this, our dual role in the transition to net zero is becoming clearer, so we are working with stakeholders to find solutions for particular projects or on specific initiatives, and we are using our unique national position in the industry to collaborate and influence to achieve longer-term goals.
- For the first time, we have brought together the key areas our stakeholders value under the umbrella of our Responsible Business Charter, against which we will monitor, measure and report our commitments so that stakeholders have transparency around our performance and can hold us to account.

- Across our teams, we have moved to the next stage of stakeholder engagement maturity, with accountability for engagement being further devolved to subject matter leads across Electricity Transmission. We still support, coach and advise colleagues through a team of engagement experts, but this is now further engrained into our business-as-usual and supported with the appropriate processes, systems and training.

In our latest published business plans we made extensive commitments, aligned with external expectations, to continue to deliver our enhanced engagement approach. Having moved into my new role in December 2020, my commitment, along with that of the whole UK leadership team, is to ensure we enable colleagues to deliver these promises and meet expectations.

Reflecting on progress

Now that we're in the final year of this incentive, we've reflected on what we've achieved since the start of RIIO-T1, and in particular over the past year. When T1 began, pretty much the only stakeholder engagement we did aside from major project consultations was the engagement to create our regulatory business plan. Engagement was largely the responsibility of two teams across the whole of the Electricity Transmission business, and it was very much seen as a new thing and a nice-to-have. Now it is an embedded part of the way we do business and the responsibility of teams across the organisation. In the past year, we have made this even more explicit in our employee communications and updated the objectives of individuals and teams across our business. One result of this is that many of the case studies we'd have previously included in this submission no longer make the cut because we see them as business as usual.

As mentioned in Part 1, this final year has again seen us achieve record levels of satisfaction amongst stakeholders and



Alice Delahunty
President, Electricity Transmission

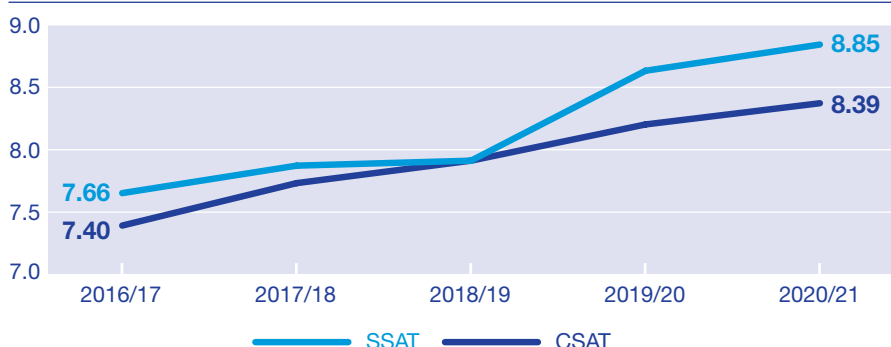
customers (despite the impact of the pandemic) and we've achieved 79% in our latest AA1000 health check assessment, up from an initial score of 61% in 2015/16. I sometimes feel we should make more of this, because the correlation between our increased satisfaction scores and our health check results is no coincidence – it shows how seriously we have been taking this over the past few years and how much we have changed within our business to improve the service we provide. Our latest score keeps us in the top 10% of all organisations assessed globally by AccountAbility, against an ever-increasing bar.

We've also come a long way when it comes to thinking about, and measuring, the impact we have on stakeholders. We introduced our Social Value calculator last year but you told us you expected it to cover more topics than the limited examples we used, so we've expanded its use and will continue to do so as more data becomes available. You also said you expected to see more on our project management approach for our engagement activities and how we follow robust, consistent process, so we've made this more of a focus this year.

Finally, it's clear to me how much progress we've made when I hear from colleagues that we're often no longer the ones asking others for advice, but instead others are coming to us for best practice. A recent example included our Stakeholder Engagement Manager being contacted by the Japanese energy regulator. They wanted to know how we'd gone about our engagement, so they could apply similar standards for their industry.

Alice Delahunty
President, Electricity Transmission

We've consistently improved our stakeholder and customer satisfaction



About Part 2

In the remainder of this document, we provide examples of how we have acted on stakeholder insight to deliver the strategic, tactical, short-term and long-term outcomes that our stakeholders need and expect from us. Where appropriate, we provide details of measurable costs and benefits, and provide examples of our systematic approach to engaging in a tailored way to deliver the most effective and efficient outcomes.

We shared in Part 1 that our stakeholder strategy includes the ambition to **learn from** our stakeholders and **partner** with our stakeholders to deliver the outcomes they want, and also to **build advocacy** on topics where stakeholders expect us to work on their behalf. Our Part 2 case studies align with this ambition and we've provided examples of each of these three types of engagement.

What's not included in Part 2

- Projects, initiatives and outcomes which we consider as 'business as usual'
- Engagement to establish or re-confirm stakeholder priorities, which is now an ongoing activity
- Details of the 'basics' of our stakeholder engagement approach and processes – we follow the AA1000 framework, which by definition is outcomes focused and follows the *Plan-Prepare-Implement-Review and improve* cycle

We have, however, included details of how we assess and manage risk, as this was a specific piece of feedback from the Panel last year.

We've aligned strategic priorities through our Responsible Business Charter
Our outcomes-focused engagement strategy aligns our engagement to our strategic priorities, which are based on what our stakeholders need from us (there are more details on page 2). This year, we brought this together further through the publication of our Responsible Business Charter in October 2020.

Our vision to be at the heart of a clean, fair and affordable energy future requires us to stand for more than profitability, and so we have set out a range of clear commitments and ambitions to positively impact society and deliver what our stakeholders need from us. Bringing this together in one place for the first time makes our commitments clearer to our stakeholders and helps provide greater transparency around our promises.

We worked with a range of stakeholders to create the charter and set targets, and will continue to do so as we review and update it and track performance through Board-level governance. We have also joined and are collaborating with the B

Team, a movement of global leaders driving better ways of doing business for the wellbeing of people and the planet, to help us deliver our commitments.

By creating our charter, we have brought together our commitments to deliver net zero, to maintain a safe and reliable network and to do this in a way that creates sustainable value for our stakeholders and for society in general.

The charter also supports delivery of the UN's Sustainable Development Goals and we have highlighted the goals to which our activities are aligned within the relevant sections of Part 2.



We've updated, expanded and improved the way we measure Social Value
Updated for 2020/21
Robust project management
Holistic approach

In last year's submission, we included a measure of Social Value for three of our case studies. Our calculator was still in the development phase and could only be applied to a limited number of topics, but you told us you expected to see something more this year, and so in the past 12 months we've made this a focus, updating the calculator and expanding its scope so that it now includes over 100 lines of proxy benefit value data. This allows us to calculate the Social Value and/or Social Return on Investment for a wider range of projects, including those focusing on the environment, communities, health and safety, job and skills creation and resource use. Attributing the Social Value generated from some of our longer-term, transformational projects is still not straightforward, but we've used the calculator to show value created (or forecast) wherever appropriate throughout this Part 2.

Although Social Value is just one measure of outcomes, we see huge value in this tool to help us prioritise options, particularly in marginal decision making or where we need to decide how best to deliver our Responsible Business targets. When combined with other inputs, it can help colleagues across our business make better decisions to the benefit of society.

We built the tool by engaging others with similar interests in measuring value (nothing robust previously existed for energy networks) and have aligned it with HM Treasury Green Book principles, as well as checking in with other networks to ensure alignment. In addition, we've had the tool, our approach and our proxy sources reviewed and assessed by the Social Value Portal, to ensure we can be confident in its outputs. Used alongside other measures of benefit, this has now been adopted across our business.

Senior engagement is supporting our strategic priorities and Charter commitments



In support of one of our Responsible Business Charter commitments to be part of the creation of 400,000 net zero energy industry jobs by 2050, and in line with our strategic ambition to use our industry position to build advocacy on behalf of our stakeholders, our UK Executive Director, Nicola Shaw, delivered a keynote speech to the Business Green Net Zero Skills Summit on attracting younger people into the green energy sector and increasing diversity.

Nicola highlighted the key challenges facing the industry today, with a call to action for all leaders to better promote the Net Zero Energy Workforce and help attract and retain the talent needed to deliver the UK's decarbonisation targets.

Outcomes for 2020/21 within this submission



1 We've adapted our engagement approach during a year like no other



Activities in this section help to deliver these UN Sustainable Development Goals

Our engagement costs for this section were £164k

During the past year, we've continued to align our external engagement to the strategic priorities our stakeholders want us to focus on. However, in a year when terms like 'unprecedented' and 'the new normal' have become commonplace, it feels right that we should start with how we have adapted and flexed the way we've engaged so that it works best for both our stakeholders and for us.

Listening to and understanding stakeholders has been more important than ever

Plan, prepare and engage

By the start of the incentive year in April 2020, we were a week into the first lockdown. Most of us were working from home, and many of our planned engagement activities for 2020 were already undergoing a rethink. Our engagement strategy – whether pre, post or mid-pandemic

– always starts with understanding what our stakeholders need from us, and so at a time when everyone was trying to come to terms with what lockdown meant for them, their organisations and their own customers and stakeholders, we took the strategic decision to make this our priority.

This involved returning to the foundations of our engagement process – identifying and mapping stakeholders across our teams to understand who we needed to get closer to because of how they were likely to be impacted. This meant having one-to-one conversations to understand and adapt to individual circumstances, and supporting these with strategic communications to show that energy supplies were safe and commitments were still being met wherever possible.

Action and outcomes

- Listening to what stakeholders were telling us, we took the strategic decision in April 2020 to pause all non-essential engagement with our stakeholders until June. Although we acknowledged the risk of not engaging broadly during that period, it was clear that most people were consumed by how they were going to deal with lockdown and its impacts, so we paused activities like satisfaction surveys and other engagement on non-urgent topics, because these were potential drains on people's time and not priorities for them. Instead, we worked even more closely with those who needed support or changes from us to minimise the impact on them.
- Changes included flexing deadlines, outages and payment schedules to help stakeholders, and this seems to have been greatly appreciated, both anecdotally at the time and through satisfaction survey results once these resumed in June.

Satisfied stakeholders are not possible without enabled and supported employees

Along with the rest of the world, many of our Covid-enforced changes have involved a switch to online engagement, so a priority was enabling our employees with the right technology and wellbeing support to allow them to continue to serve our stakeholders.

Our approach recognised that whilst we ultimately need to deliver what our external stakeholders need, this is delivered through our teams in Electricity Transmission. We spoke to education leaders who confirmed a similar approach in schools, where success with pupils can only be achieved through happy, motivated and enabled teaching staff.

Throughout the past year, we've asked many of our employees to work from home, balancing home schooling, caring responsibilities and home 'office' constraints with the fact that

the need to maintain a reliable network, connect new customers, work towards net zero and support communities has not gone away – in fact, many of these topics are now more important than they were pre-Covid. So we recognised that looking after employee mental wellbeing was vital, and that proper *internal* engagement was necessary to create the right results for our *external* stakeholders.

This included a whole suite of support options, including company-wide access to learning, and support for remote and home working, caring and loneliness, physical health and mental wellbeing, plus increased guidance and resources for our leaders to support their teams on a case-by-case basis. It can be no coincidence that our record stakeholder satisfaction scores in the past year have accompanied increased employee engagement results.

Covid has meant a new take on what's tailored and innovative

We mentioned in Part 1 that we've regularly checked in with stakeholders (including domestic and business consumers) over the past year to make sure our strategic business priorities are still aligned with what they need from us, and our latest priorities, refreshed at the end of 2020, reflect the latest post-lockdown insight from stakeholders.

To deliver these priorities, we still need to engage stakeholders, and this isn't always as simple as moving a meeting online. The rest of this section contains a few examples of how we've done things differently over the past 12 months.

We've created virtual town hall sessions

Plan, prepare and engage

Maintaining a secure and reliable electricity supply is a stakeholder priority and, consequently, a key strategic objective. At Little Horsted in East Sussex, our project to build two new substations will allow UK Power Networks to connect to our network, enabling them to improve the electricity supply to the surrounding area and meet increased demand. Crucially, it will also allow them to remove over 70 existing pylons, including some in the South Downs National Park.

Face-to-face public consultation events are an essential part of our construction projects and an excellent way of maintaining positive community relationships, but this year we've had to adapt to do things differently because of the coronavirus pandemic. For this project, our Capital Delivery teams arranged a series of online consultation events using Zoom – the first time we've used video conferencing for this type of public engagement.

Moving consultations online has not been an easy task and was not without risk, so we looked at the potential downsides and planned our approach to mitigate risk as much as possible. For example, it was important to make sure that the consultation was inclusive and meaningful and that participants felt their voices were heard, so we tried to maintain a human touch despite not being able to meet in person. To help with this, we created presentations and videos which we shared in advance, then set up the sessions so that we could communicate directly with the local communities, address their concerns and show that we were taking on board their feedback.

Action and outcomes

- Following the initial sessions, some stakeholders let us know that they experienced connection issues, so to ensure greater inclusivity and support them in future sessions, we're providing pre-paid 4G dongles to help them connect.

We've adapted our engagement approach during a year like no other (continued)

- We're also using targeted social media to help reach some of the harder-to-reach groups.
- Ultimately, this will increase overall network capacity and improve local visual amenity in East Sussex.

Although we know we can improve on these events (we're looking at out-of-hours chatbots, for example), they've been very effective so far and will remain a part of our communication mix post-Covid. As well as being more cost-effective to run, we've found they also allow us to target certain stakeholders who would not traditionally have attended a face-to-face event. We're already talking to the Local Authority on our Bramford to Twinstead project about how we can consult the local community using a face-to-face and online mix, and will also apply this to our East Coast works if it continues to be well-received.



Site visits have also moved online...

Tailoring engagement approaches is also something our engineers in the field have had to consider. Their engagement has traditionally been face-to-face with customers, members of the public and other stakeholders interested in our operational activities, but they have also stepped up to the challenge of finding new solutions to match today's circumstances. Every year, we run multiple site visits for stakeholders, including for local MPs who are interested in our works. Last year, these went online for the first time, including a virtual site tour for an MP and Shadow Minister at our Imperial Park substation. Through this virtual visit, our engineers were able to provide answers around how we power the local community, our net zero plans and the green recovery.

Zoom is not the only answer...

Plan, prepare and engage

As life has moved online over the past 12 months, we've thought of innovative alternatives for reaching different stakeholder audiences, including when we need to build advocacy for a topic on behalf of others for societal benefit. Linked to stakeholders' concern for the natural environment, one of our priorities is to protect and improve the land we own and impact, and we've talked in previous years about our Natural Capital approach (through which we can quantify the value we create for nature and for our stakeholders by effectively managing the land we own or impact) and our Environmental Centres (which are run in collaboration with environmental charities).

Stakeholders have recognised these as great examples of best practice when it comes to improving the natural environment and educating others on how to do so, so we wanted to find a new way to share our approach with a wider audience. In keeping with the move to digital engagement, we partnered with the BBC's Countryfile programme, who visited our Bishop's Wood environmental education centre to discuss our approach and how our partner, Field Studies Council, has delivered remote environmental learning during the pandemic.

Outcome

- The programme aired in March 2021 and allowed us to raise awareness of our approach, and of the importance of the



natural environment being part of children's education, to a Countryfile audience of around six million people.



We've been innovative with EV comms

Plan, prepare and engage

In a similar vein to our Countryfile story, we've again made the most of our national position to secure a prime spot on the BBC's Top Gear TV show, this time to take the conversation to a wider audience on the topic of electric vehicles (EVs).

One of our, and the country's, top priorities is the transition to net zero greenhouse gas emissions by 2050. As mentioned last year, we have a key role to play in the move to electric vehicles, particularly when it comes to providing a fast charging network across the country.

From talking to our stakeholders and from consumer research, we know that range anxiety is a common blocker to considering an EV, and so we secured a spot for Graeme Cooper, our Project Director for Electric Vehicles, to discuss the issue on Top Gear.



Outcomes

- This provided an excellent opportunity to reach Top Gear's three million viewers with messages about concerns, the strategic approach and future plans, helping to demystify the topic and supporting more informed consumer decision-making. Graeme also took part in a podcast with one of the show's presenters to address some frequently asked questions on the topic.
- This engagement supports the Government's future energy plans for a £500million 'Project Rapid Fund' to enable the underlying grid infrastructure to power a rapid charging network.

Serving specific interests

National impact

We've shared best practice to help support the vulnerable during lockdown

It's been well reported that the lockdowns of the past year have worsened the situation of many who are experiencing or feel at risk from domestic abuse, and that working from home, home schooling and self-isolation have had a negative impact on many people's wellbeing.

As employers, we have a duty of care to our employees and have a legal responsibility to provide a safe and effective work environment, but we know that these issues are national and not confined to National Grid. So, aligned with our strategy to partner with others, we have worked with Business in the Community to support the development of a toolkit, 'Covid-19: Domestic abuse for employers', to help other employers respond to the risk of domestic abuse and support their employees.

Our UK Director of HR has contributed to this toolkit to share our approach to providing an Employee Assistance Programme, which employees can use to speak confidentially to a trained counsellor about domestic abuse or other wellbeing issues. We've also hosted workshops for employers and HR Directors to discuss

issues, risks and solutions, and the toolkit itself has been shared with BITC's 32,000+ twitter followers, as well as being promoted through other channels.



We've adapted our engagement approach during a year like no other (continued)



Covid has also created innovative engagement of a different kind

Pre-pandemic, it's unlikely we'd have been talking about a cuddly toy being an ambassador for our community support activities...

Griddles the bear was born out of an idea from one of our employees to provide our control room key workers with some company while they lived on site during the initial lockdown, but we then used him to spearhead our Covid community support programme. He's brought a bit of fun to the children and young people we've been supporting with laptop donations.

Outcomes

- In total, we've partnered with five charities to donate 1,000 laptops (and dozens of bears) to help disadvantaged young pupils, students and jobseekers across the country keep up with their studies or stay connected during lockdown.

- He's also featured in a book and calendar, which along with sales of the toys to employees, have raised over £18,000 for the Trussell Trust.



The support we've provided to communities through this piece of work has created £38,000 in Social Value to date.

"Covid-19 has made life harder for young people who are already facing multiple barriers. The laptops from National Grid, along with connectivity packages, will make a significant difference to what our young people can achieve in the coming weeks and months. And, it will be a key way for our network of volunteer mentors and youth workers to stay connected with young people during lockdown."

Ian Jeffers, Deputy CEO of the Prince's Trust

2. Decarbonisation and the transition to net zero



Activities in this section help to deliver these UN Sustainable Development Goals

Our engagement costs for this section were £773k

Last year we talked about how we'd really started to have more of a focus on our role in decarbonising the UK economy and supporting the Government's target of achieving net zero carbon emissions by 2050. From talking to stakeholders over the past year, we know that despite the impact of the pandemic, this is still one of their top three priorities and for many it's their top focus for the coming decades. This year, we have built on our work to support the roll-out of electric vehicles and continued to work with stakeholders on options for the future of heat, as well as engaging on other topics where we have a role to play. For much of this work, we can only forecast outcomes because it's about delivering long-term national priorities, but this doesn't detract from its importance or urgency. There are also whole system aspects to many of the possible solutions, so we've updated our approach and expanded our work with others in a more coordinated approach.



The decarbonisation of transport: exploring solutions for HGVs

Plan, prepare and engage

In last year's submission, we shared how we'd been working with other networks, the Government and wider industry to look at the options for enabling the transition to electric vehicles (EVs) and particularly how a national fast-charging network could remove one of the blockers to EV take-up. That work still continues following the Government's announcement of funding, but we've expanded our focus in the past 12 months to look at how we can also support the decarbonisation of HGVs and other, larger vehicles.

Our strategy to support a path to net zero now includes working with others to find solutions for the decarbonisation of rail and bus transport, but our main focus is on HGVs because, after cars and vans, HGVs have the highest carbon emissions and will require significant investment to decarbonise. Within the past year, we have engaged with over 100 stakeholders across the relevant segments, including manufacturers, haulage and fleet companies, trade associations, BEIS, the Department for Transport and the Treasury.

Our role in the industry means we're well-placed to provide the larger-scale network connections required as a result of the proposed ban on the sale of diesel HGVs by 2040, so we've been working with others to look at options for on-route, distribution hub or depot charging, hydrogen production through electrolysis,

Decarbonisation and the transition to net zero (continued)

electrification of motorways, or a combination of these possible solutions. As with rapid EV charging, transmission connections are unlikely to provide all of the answers though, so our work has included looking with other network companies at the best whole system solutions and ensuring that coordination exists across the industry to support an efficient, timely rollout. This work continues with the Office for Zero Emission Vehicles, the ENA, motorway service areas and others.

This topic of engagement has introduced us to a stakeholder group we would not necessarily have engaged with in the past – the HGV haulage and freight companies – so our first steps were to identify who they were, how we should engage with them and any risks associated with this new engagement. To mitigate the type of risks presented by any new relationship, we made sure the first step in our engagement approach was to understand them, but also to help them understand who we are, what we can do, and our role in the industry. We applied formal monitoring and governance to this process through our new Electricity Transmission Decarbonisation of Transport Steering Committee.

Forecast outcomes

- Our work will support HGV manufacturers, who are working to have long-range zero carbon vehicles with a 500-mile-plus range ready by 2025
- This can facilitate 20,000 battery-powered electric HGVs being on the UK's roads by 2030
- Delivering these whole system solutions will help the UK meet EU/UK fleet emissions legislation
- Based on the assumption that replacing one diesel HGV with a zero emissions equivalent saves 106 tonnes of CO₂ emissions per year, this could result in a total emissions reduction of 2.1 million tonnes CO₂ per year by 2030



Each diesel HGV replaced creates over £7,500 in Social Value through reduced emissions and air pollution.

The decarbonisation of heat: building on our previous work

Plan, prepare and engage

12 months ago we talked about how we had begun to engage stakeholders on how we should collectively tackle the decarbonisation of heat. Although the development of possible solutions is not as advanced as in the transport sector, the heating of buildings in the UK accounts for more than a third of greenhouse gas emissions, and so is another key focus area in the transition to a net zero economy.

Last year we highlighted our objective of developing an evidence base to inform public policy, and this is what we've focused on across National Grid during the past year. We engaged with over 120 stakeholders in the course of our work and worked closely with BEIS to ensure our output aligned with their needs.

Consumers will need to be at the heart of the transition to lower carbon homes, so it's vital that we listen and understand what they want from the move to low-carbon heating. Our focus has therefore been to engage in detail with consumers to understand their attitudes, willingness to adopt new technology and their barriers to change. With any consumer research, particularly when in-depth discussions are required, there's always a risk that those you speak to are not representative of the general population, so with this in mind we held a series of focus groups with a diverse and representative mix of demographic groups and a good geographical spread, also making sure they had enough context to be able to offer informed views on the topic.

Key findings were that although the overwhelming majority saw climate change as a serious issue, only 5% identified heating as one of the more significant contributors to carbon emissions. We heard that most are open to the idea of switching to low-carbon heating if it can meet their needs, but that there was concern about high upfront costs and the potential disruption involved in changing. Agreed must-haves included continued safety, reliability and security of supply, and the concept of a fair transition was widely supported.

Action and outcomes

- In line with our plan at the beginning of the year, we used the output of this research, combined with previous research and consumer trend analysis, to propose five recommendations for Government and policymakers to consider through our report 'Heating our homes in a Net Zero Future: understanding what matters to consumers'.
- We have also engaged BEIS and the CBI individually on the content of the report, and hosted a roundtable on the topic with key political and industry representatives, and we continue to share the report's recommendations with our wider stakeholder community. So far this has included Select Committee Members, academics, think tanks, the National Housing Federation and Citizens Advice.

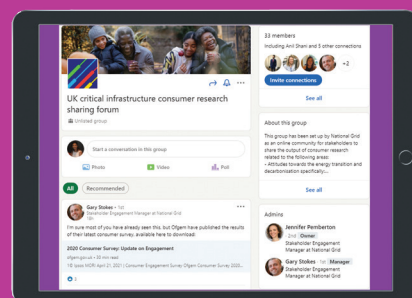
Sharing consumer insight across networks

Smart practice
Innovative thinking

Linked to our increased focus on consumers, we've been conducting much more research with them recently, as well as using our own and third-party trend data to help ensure we're focusing on likely future priorities as well as what consumers

need now. Partnering with our colleagues in Gas Transmission, at the start of 2021 we approached other networks to see whether they'd be interested in pooling our collective consumer insight, so that we all have access to each other's reports. The response to date has been a resounding 'yes', and so we've established the UK Critical Infrastructure Consumer Research Sharing Forum on LinkedIn. Through this online community, we've begun to share the output of consumer research related to attitudes towards the energy transition and decarbonisation, heat, transport, affordability, vulnerability and other consumer priorities.

As well as sharing our own and other publicly-available insight with group members, this forum also allows members to share views and ask questions on all things consumer. So far the 38 members include all GB Transmission Owners, the Electricity System Operator, the ENA, research agencies and some of the Gas and Electricity Distribution networks. We're hoping to expand membership to include all DNOs and GDNs, plus Water companies and other industries, with the aim that the bigger pool of insight will ultimately lead to better decisions being made to benefit consumers and support net zero.



Decarbonisation and the transition to net zero (continued)



Recognising the importance of a Whole System approach

Plan, prepare and engage

The Energy Whole System is the interaction between electricity, gas and liquid fuels, and how these energy sources best contribute to delivering net zero carbon energy for technology, communications, transport, heat and water. Parts of the transition to net zero can be delivered by individual organisations or industries, but the majority of the transition, including our transport and heat examples above, will require close collaboration and solutions which span industries as well as organisations.

In the past year, we've stepped up our focus on this approach, working with stakeholders across our industry and others to understand their views and make recommendations as to how 'Whole System' can best work in the net zero transition, and to move away from the traditional, siloed, within-industry approach that has been seen in the past.

This approach, aligned with our strategy to partner with others to deliver the best collective outcomes, requires collaboration, and our position in the industry means we are better placed than many others to bring this all together – we're a vital connection between electricity producers and consumers and our infrastructure also impacts road, rail, water and telecoms indirectly.

Action and outcomes

- Over the past year, we've been working with stakeholders who are directly and indirectly impacted by our network to explore potential solutions, the result

of which was our 'Whole System Approach' report, which we published in March 2021. The aim of this report was really three-fold:

- to 'close the loop' by playing back what we've heard over the past year and giving stakeholders the chance to comment through an online consultation (web, email and social media).
 - to accelerate conversations across industry and policymakers around how to make best use of this approach.
 - to commit us to acting with a whole system perspective to help deliver the best net zero outcomes.
- The report has been shared with over 2,000 stakeholders to date and acts as a starting point for the next series of conversations with those who need to come together to deliver net zero.



Balancing small scale and national impact

Plan, prepare and engage

Much of our net zero-related engagement is about the longer-term, transformational work needed to decarbonise the UK economy, but we also have a role to play in smaller-scale, shorter-term work, so over the past year and recognising the generation mix continues to evolve, we've been busy talking to potential new connectees and using what we hear to help identify new ways of connecting small-scale generators to the grid.

Action

Previously grid connections were only accessible to large generators, and stakeholders considering smaller connections told us that options were

limited, so as a result we started looking at technical options and landed on a solution which could connect small-scale generators via the tertiary windings on our supergrid transformers. This move paves the way for solar, battery storage and electric vehicle charging projects, with the first connection being a battery storage site at our Cowley substation in Oxford.

Outcomes

- Our innovative solution supports our customer at Cowley, who is working in partnership with Oxford City Council to create a charging network across the city – Energy Superhub Oxford – to help drivers go electric. Broader interest for further small-scale grid connection projects has been huge – they're quicker, more flexible and more efficient, and we're now planning to connect around five of these every year.
- The Cowley connection supports our customer's project's aim of saving 10,000 tonnes of CO₂ per year – the equivalent of taking over 2,000 cars off the road. This is forecast to rise to 25,000 tonnes per year by 2032.



The Cowley project alone is forecast to create over £700,000 in Social Value.



We're targeting net zero in construction

Plan, prepare and engage

Helping the industry and society decarbonise is the biggest contribution we can make to the country's net zero targets. For us, this means facilitating the connection of low carbon, renewable energy sources across Great Britain, but we also need to minimise our own carbon footprint, so we've been looking at our own direct emissions and the impact of our suppliers.

Working with colleagues from Gas Transmission, in the past year we've been engaging with our supply chain and contractors with the objective that we capture and share innovation and best practice to reduce our collective carbon footprint. We've also established working groups with our contractors and suppliers to develop a road map to achieve net zero in construction by 2025/26. This sets out how we'll meet our targets through this collaborative way of working.

Outcomes

- We've published the road map and have collectively identified three materials to initially focus on – steel, aluminium and concrete.
- Through the ongoing working groups, we're now starting to research low carbon alternatives for use in future industry-wide construction.



East Coast Connections

Plan, prepare and engage

A great example of the need for a Whole System solution is the project to connect the next stages of offshore wind generation to the east coast of Great Britain. We shared initial details last year and talked about our work to find an answer which provides an efficient solution for GB consumers and also minimises local disruption in the communities affected – something which very much fits with the 'partnership' approach of our engagement strategy.

During the past year, we've continued our engagement on this topic, expanding our project team and dedicating more resource to it. Given the size of this work and the number and complexity of stakeholders involved, we've paid particular attention to how we've planned and delivered our engagement, in line with the AA1000 framework. It's a very high profile project among MPs and hugely important for net zero and the green recovery (with a prominent place in the Government's Ten Point Plan), so we've taken our engagement further in the past 12 months to focus on specific audiences, engaging with 100 stakeholders from 30 different organisations. We identified the key stakeholders for the next phase of our engagement, including environmental interest groups, local communities and trade bodies, and have tailored messaging and channels to suit.

Action and outcomes

- We are using what we've heard from our engagement to feed recommendations into BEIS for changes to planning requirements, which can work in the interests of both local communities and the country's net zero ambition, and to feed into the System Operator's offshore coordination work. This work continues, but we are closer to finding a solution that balances consumer value and local disruption.

Decarbonisation and the transition to net zero (continued)

Net zero requires human assets as well as electrical assets

There are many parts to the net zero transition, and our role extends far beyond our network assets. Last year we talked about how we had begun the search for the net zero energy workforce by launching *The job that can't wait* campaign to help fill the 400,000 new roles required in the energy sector if the UK is to reach its emissions targets and transition to a net zero economy by 2050.

This year, we've started to take action to make this happen. Our Responsible Business Charter commits to us providing access to skills development for 45,000 people by 2030, with a focus on lower income communities, and our first projects in support of this are already underway.

Serving specific interests

Smart practice

Targeting 100,000 pupils in South London

Plan, prepare and engage

Colleagues on our London Power Tunnels phase 2 project have partnered with social enterprise MyKindaFuture to deliver a careers outreach programme across South London which focuses on engineering roles. MyKindaFuture are experts at the design and delivery of these types of programmes, geared specifically towards young people, and use a learning and engagement platform that supports young people in their transition to work, as well as tracking their progress.

The programme prioritises upskilling opportunities for the most disadvantaged schools and young people across the seven South London boroughs impacted by construction and aims to reach 100,000 secondary school pupils along our project's 20-mile route between Wimbledon and Crayford.

This programme builds directly on the learning from and the success of our original London Power Tunnels project, which engaged over 30,000 school children across the capital. It gives pupils the opportunity to participate in interactive workshops, and provides careers fairs and online mentoring for students in years 12 and 13, and involves colleagues from the London Power Tunnels 2 project working alongside MyKindaFuture to deliver the various workshops and career sessions, using their experience to help promote careers with us and the wider engineering sector.

A pilot for the initiative was rolled out in Spring of 2020 in Southwark, followed by a full roll-out across the remaining boroughs in September last year, subject to Covid-19 and social distancing restrictions.

Outcomes

- Playing our part in the creation of the 400,000 net zero jobs
- Over five years, providing engineering careers support and advice to 100,000 young people at over 100 partner schools in South London, specifically targeting those who are most disadvantaged



Each pupil we support creates around £200 in Social Value.



New for 2020/21

Serving specific interests

Innovative thinking

We've partnered with the Science Museum to promote engineering

Plan, prepare and engage

If the UK is to achieve its net zero targets, it's important we engage young people on the topic of engineering and make this more appealing as a career. Traditionally, we've engaged with young people either through schools or careers fairs, and these definitely still have their place, but we're always looking for new ways to engage as well. So following one of our strategic engagement approaches, we've partnered with the London Science Museum to support the development of an interactive device to mimic how we address equipment issues

on site, and bring the life of a site engineer to one of their exhibits.

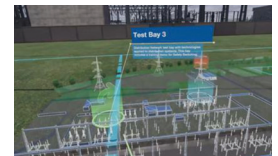
The Science Museum have been creating a new exhibition to support the introduction of T-Levels, which launched in September 2020 and which have been developed in collaboration with employers so that their content meets the needs of industry and prepares students for work, further training or study.

They wanted their exhibition to include something on the role that our operational technicians carry out, so we've worked with them to create an exhibit which uses virtual reality to encourage the visitor to focus on and develop a particular skill – in this case, the skill of analysis around thermal imaging. In the exhibit, the visitor takes on the role of an Engineering Technician at an air-insulated substation, and the technology allows them to check the scaled-down 'substation' by using a thermal imaging device to look for unusual hotspots (which indicate potential problems), and to decide what to do next.

We explain the key role of our engineers in carrying out these types of checks and addressing issues, and how without a fully-functioning transmission network, many vital services such as rail, water and traffic lights would fail to work.

Outcomes

- Our virtual reality substation experience is complete and ready to be shared with the museum's 3.3 million annual visitors, once Covid restrictions allow!



Updated for 2020/21

Serving specific interests

Smart practice

Continuing our work on the Hinkley connection community project

Last year we discussed how we were working with Local Authorities and communities impacted by construction works on the Hinkley connection project in Somerset, and how we had developed the 'Engineering Positive Futures' initiative, which focuses on inspiring young people to consider a career in engineering and supporting adults back into paid work, as well as providing grants for a range of local community, charity and environmental projects.

We mentioned last year that the learning from this initiative was shared with the London Power Tunnels 2 project team, and this has fed into their own strategy and process (please see the column to the left).

Outcomes

The Hinkley project itself has continued throughout the last year and now we have:

- Supported 213,663 young people, including 41,469 disadvantaged pupils through our engineering education programme
- Contributed over £520,000 for community, charity and environmental projects
- Delivered £195,000 worth of training for almost 200 local individuals struggling to find sustainable employment, with 49% of trainees having secured employment
- Reinvested over £3 million in the community by hiring local contractors to work on the project

Updated for 2020/21

Serving specific interests

Smart practice

This has generated over £1.3 million in Social Value to date, and our training programme has a Social Return on Investment ratio of 4:1.

3. Stakeholder engagement powers our innovation, efficiency and continuous improvement



Activities in this section help to deliver these UN Sustainable Development Goals

Our engagement costs for this section were £928k

Effective engagement and the use of the insight it generates is vital in finding the right long-term solutions for our stakeholders and our network, and in meeting the UK's environmental and economic ambitions, but it also helps us find shorter-term solutions to issues which deliver benefits to our stakeholders. These benefits can take the form of improved network performance, greater efficiencies or better service, and we've highlighted a few examples throughout the rest of this document, starting with those which we've progressed since last year.



those wishing to connect to our network. This had been created on the back of feedback which told us that the process for applying and connecting to our network could be complex and unclear, particularly for new market entrants. Numbers of connection applications were growing rapidly (and still are), particularly among new, smaller, renewable generators, and so we worked with our digital experts to find a more stakeholder-centric solution.

At the time of last year's submission, we were in the development and pilot stage and only 17 organisations had used the portal. We used the pilot to test our solution with stakeholders and to make improvements, and the full platform was launched as planned in September 2020 to 208 customers on the portal.

Outcomes

- Since its launch the platform has received over 8,000 hits and managed enquiries for 40 connection projects.
- It is a one-stop shop for connections information and has helped prospective connectees navigate through the process more swiftly and clearly. This is incredibly important as connection volumes increase to over 200 per year, and connecting renewables in particular becomes increasingly vital in helping achieve the UK's net zero targets.

Connecting to the electricity network will always be complex because of the engineering requirements involved, but this digital addition to our stakeholder interface

complements the personal touch of our account teams and provides the type of mix our stakeholders expect from us.

We're sharing our learnings with SSE, who are interested in learning more about how we've worked with stakeholders to develop ConnectNow.

Next steps

Building on our work with ConnectNow, we're now exploring further ways to use digital technology to help automate the connection process, so potential customers can access more information and complete more of the process at a time that best suits them. The first step is for us to collate more data about our network so we can provide a more accurate cost range, and then to digitise more of the offer and development processes.



flow control devices, which increase the efficiency of existing infrastructure and make better use of the existing network, enabling greater volumes of renewable generation to connect to the system.

The work was previously solely focused on our GB network, but the transition to cleaner energy and increasing the level of renewables is clearly a global challenge, and so during the past year we've been engaging with the German Transmission System Operators, who also have ambitious network development plans to reduce congestion costs and facilitate the energy transition. They're looking for flexible and innovative solutions that can 'buy time' as many network expansion efforts are suffering delays due to community concerns and lengthy permitting.

Part of this engagement involved our Chief Engineer, David Wright, joining the *Accelerating the Energy Transition Germany* virtual seminar, and sharing our experiences of working with Smart Wires and our approach to embracing innovation and investing in a flexible network. We have also engaged with other transmission owners from North America, Norway and France to share our engineering solutions.

Outcomes

- In Great Britain, we have now completed the installation of the first two of our initial five Smart Wires schemes – the world's first transmission Smart Wires installations – prioritised based on those which are best at removing constraints and minimising the impact on consumers. The Covid pandemic has delayed the installation of the other three, but this work is now underway and will deliver 1.5 gigawatts of additional boundary capacity on our network once complete, which is enough to power one million homes with renewable energy.
- Those who we have shared our learnings with are now in a position to increase their own network capacity as they transition to renewable generation.

Updated for 2020/21

Innovative thinking

National impact

Smart practice

Robust project management

Building on our award-winning approach to noise

Previously we have shared how we solved a noise issue at our South Ealing substation and how our approach had been recognised through the John Connell Local Authority Awards as a successful and creative example of community cooperation. Thankfully, noise issues from substations are relatively rare, but during the past 12 months we used the learning from South Ealing for a similar issue at Whitson substation, where we have worked with Newport City Council and local residents to find a solution.

Our approach to engagement at South Ealing was particularly invaluable in keeping local residents near Whitson updated and informed and involving them in the solution. We'll continue to follow this good practice on future similar projects.

Using our learning from Manchester on other engagement projects

Our underground cable works from Bredbury to Manchester involved laying 2.7km of electricity cable through a densely populated part of Greater Manchester, and we've previously mentioned how we engaged with local communities and councillors to minimise disruption and concern relating to part of the route which ran under a children's playground. This was a relatively small project, but we've now applied the learning to our London Power Tunnels 2 and Hinkley Point connection projects to address concerns on Electro Magnetic Fields with local residents there.

Stakeholder engagement powers our innovation, efficiency and continuous improvement (continued)

Innovative thinking

Serving specific interests

Robust project management

Being innovative to avoid local disruption

Plan, prepare and engage

Our network and the assets which form part of it are large, and unfortunately this means that when it comes to construction projects and asset replacement, there is inevitably going to be some disruption to the local community while we are carrying out our works. For these types of projects, our approach is always to work with local stakeholders as closely as possible, so the size and length of disruption is kept to a minimum.

This year, we had a particularly challenging example, where we needed to replace a 128-tonne transformer at our Trawsfynydd substation in North Wales. The final part of the new transformer's journey to site would have to be by road, but we know that road travel for such a large load can be disruptive, so we looked at options and assessed the pros and cons of each. One solution was to transport the transformer by barge for the first part of its journey to bypass the busier part of the road network, but again there were options around this so we worked with local stakeholders to understand what would work best for them.

Action

The 'traditional' solution would be to bring the transformer onshore via Porthmadog Harbour, ready for its onward journey to Trawsfynydd. We looked at the benefits and risks associated with this – it would have been more straightforward for us, but what we heard from those we engaged with was that it would have caused serious disruption for those who relied on using the harbour for their own businesses – so we developed an alternative solution which we discussed with stakeholders. This was something we'd never tried before, and involved constructing a 330-metre temporary trackway on a nearby beach and unloading the transformer with a 100-foot-long specialist vehicle. Specific challenges included the weather, tides and aligning with local activities, so we planned these carefully in conjunction with local stakeholders.

As part of these plans, as with all projects, we recognised the need for good communication to inform people of the agreed plans, and so we assessed what was appropriate and used a mixture of letters, social media and a text message service to keep the local community informed of any updates or action that needed to be taken.

Part of this planning naturally included a safety risk assessment, as we were using a public beach, so communications were very clear about what we were doing and what this meant for local residents.



Outcomes

- Our planning and engagement meant that the operation went without a hitch, and despite a crowd gathering to watch the transformer being unloaded (along with a team from the BBC), it was all carried out in perfect safety and with minimum disruption to the local community.
- Our work with local stakeholders resulted in minimal impact on the harbour and those who use it, therefore avoiding potential time and financial losses for local businesses.



Smart practice

Sharing good practice with our Gas Transmission peers

On the back of engagement feedback a couple of years ago we established our 'surplus materials' process, through which we look to re-use surplus materials from construction projects within the local community. We also shared this process with our Gas Transmission colleagues, which this year resulted in surplus outdoor furniture being donated to a school in Stamford, meaning that children could eat together outside and still maintain social distancing.

The Social Value generated may be small at £450, but overall benefits still make this the right thing to do.

Updated for 2020/21

Smart practice

Robust project management

And finally...

Plan, prepare and engage

Our stakeholders come in many shapes and sizes, and some of the most vulnerable aren't able to speak for themselves...

Last year we briefly touched on how we were supporting the protection of peregrine falcons during our works on overhead lines. This year we've taken this further to deliver a step change in bird management. We've created a mobile portal to record our interactions and used Power BI to improve project planning. We've developed our first bird collision procedure and a ground-breaking study of peregrine behaviour to help us protect them.

The bird nesting season runs from February to September, which largely coincides with our system outage window, during which we carry out most of our maintenance and asset replacement activities. During this period, all birds, nests and their eggs are protected from intentional disturbance by law, with some species, including peregrine falcons, having stricter protection at all times of the year. Peregrines love to nest high on our pylons, which can often cause issues and delays when we need to carry out overhead line works.

We sometimes have to request permission from Natural England or Natural Resources Wales to work in locations where birds may be disturbed by our activities. When we plan for these works, we include the risk of disturbing birds and their habitats and our proposed solutions. Licences are only issued if we can demonstrate there are no alternative ways to deliver the work and there is a security of supply issue. This ad hoc process can cause delays to work though while we wait for licence approval, and so during the past 12 months we have worked with Natural England (and are currently working with Natural Resources Wales) to obtain an Organisational Bird Licence, which allows us to minimise project delays to the benefit of our stakeholders whilst still protecting wildlife.

We've also gone beyond our legal requirements by creating the *Spotted* database, which allows us to manage our potential impacts on birds by recording the location of nests on or near our fixed assets. This database allows us to plan projects more effectively and anticipate issues, with the data being shared across all of our operational teams. The database is supported by a *Spotted* mobile app and a training video, plus information from the RSPB, to help teams identify birds.

Outcomes

- Our engagement with the two environmental bodies has allowed us to go beyond what is required of us by law and ensure that we can be more proactive when it comes to protecting wildlife near our assets, as well as removing potential project delays of several weeks, which avoids disruption and additional costs for our customers.

