

National Grid Gas Transmission Stakeholder Submission Part Two 2014/15



National Grid's role is to connect people to the energy they use – whether it's heat and light for their homes, or to keep factories and offices running. This puts us at the heart of one of Britain's biggest challenges; how we continue to have secure and affordable energy while meeting ambitious low carbon energy targets and connecting new sources of energy to the people that use it.

Over the next decade we will be stepping up our work to modernise the country's energy infrastructure. This involves building new assets or refurbishing existing ones, and what we do will affect stakeholders in many ways. We believe the best way forward is to involve as many of the people that might be impacted by these developments as possible in the decision making processes that determine them.

We have made significant progress this year. With the direct involvement of our stakeholders we have changed the way we carry out many of our activities, with evidence of success in a number of areas. To achieve this we have established a robust stakeholder engagement strategy which has been developed with our stakeholders and approved by our Transmission Executive Committee. This strategy is reviewed annually with our stakeholders through the newly formed Independent Transmission Stakeholder Advisory Panel.

Examples of some of the successful outcomes that we have achieved for our Gas Transmission stakeholders in 2013/14 as a result of their feedback include:

- Saving £40 million and two years in time for the Welsh Government by developing an innovative solution to protect the Milford Haven pipeline from a new carriageway being built in South Wales
- Introducing the first ever Gas Customer Seminars
- Developing a major change to the industry commercial regime to make it easier to access the Gas Transmission network
- Introducing bespoke content for each of our landowners in an annual newsletter
- Introducing webinars for the first time to provide easily accessible information for our stakeholders

These successes have been reflected by significant improvements in our stakeholder and customer satisfaction survey results, where all stakeholders are invited to score their overall satisfaction with the way we engage with them. Stakeholder views, complaints, and the results of our annual surveys are discussed regularly at the Transmission Executive Committee and its associated performance committees. More importantly, we are introducing a new way of working into our business which puts stakeholders' requirements at the heart of what we do, even for those employees who don't deal with them directly. These requirements form part of individual team performance discussions held on a daily or weekly basis and provide a focus on the areas in which they can improve.

Getting better at stakeholder engagement will help us make more informed decisions and become more consistent in the way we make them. We all benefit if we work with our stakeholders to find the best solution for everyone.

Nick Winsor
Executive Director, UK






nationalgrid

In 2013/14 we have made stakeholder engagement a fundamental priority for our business. We have:

- **Consulted and delivered on the 21 commitments** that we made to our stakeholders for 2013/14
- **Increased our gas customer satisfaction score from 6.7 to 7.2 and achieved a gas stakeholder satisfaction score of 8.0**
- Included a commitment to improve stakeholder engagement in our **company vision and strategic objectives**
- Made good stakeholder engagement an objective for **every member of the senior leadership team**
- **Updated our stakeholder engagement strategy** in consultation with our stakeholders
- Established our **Independent Transmission Stakeholder Advisory Panel**
- **Trained 134 employees across transmission in the stakeholder engagement curriculum** of the National Grid Academy
- Launched new **digital and social media platforms**
- **Restructured our business** to improve engagement with our stakeholder groups and introduced specific stakeholder facing roles
- Established a new **Stakeholder and Customer Strategy Team** to integrate stakeholder views in decision making
- Attained the government standard **CSE accreditation** for our Gas Customer Service team.

Assessment criteria

Throughout this document we have used the icons below to signpost examples of how tailored, targeted and best practice stakeholder engagement has delivered benefits to our stakeholders, reflecting the criteria identified by Ofgem:

-  **Best serving the specific interests of stakeholder groups**
-  **Reflecting innovative thinking**
-  **Part of a holistic embedded approach**
-  **Smart practice, could be replicated across the industry**
-  **Supported by robust project management processes**

Our Stakeholder and Customer Engagement Strategy

Vision: Connecting you to your energy today, trusted to help you meet your energy needs tomorrow.

Strategy: To be a recognised leader in the development and operation of safe, reliable and sustainable energy infrastructure to meet the needs of our customers and communities and to generate value for our investors.

2014/15 UK & EU Annual Priority: Improve the customer experience and stakeholder engagement

Our Stakeholder and Customer Engagement Strategy is aligned to the vision, strategy and priorities of our business through the Line of Sight, which connects the objectives of every employee to that of the business. Improving the customer experience and stakeholder engagement is one of the 2014/15 UK and EU Annual Priorities for the business, and our Stakeholder and Customer Engagement Strategy has been designed to help us achieve this.

The strategy is followed throughout the business. It has been developed in consultation with and approved by our stakeholders who are represented on our independent Transmission Stakeholder Advisory Panel. It is reviewed annually by the Transmission Executive Committee (TEC), which is the governing and approval body. TEC is attended by a representative from each directorate within National Grid Gas Transmission and is chaired by our Chief Operating Officer and Executive Director. It follows a simple cycle of engagement underpinned by the principles: **Listen; Discuss; Act.**

OurAcademy

To ensure we have the right business, technical and behavioural skills to improve the way we engage with customers and stakeholders, a new customer focus and stakeholder engagement module was added to our Academy curriculum in 2013.

This dedicated module provides learning across four skill levels – from Foundation through to Expert. It adopts techniques suited to adult learning – bringing people together to build their skills, share experiences and knowledge through a range of different learning experiences tailored to individuals' needs. These include role play exercises and insights from other organisations that are considered leaders in this field.

- Stakeholder identification and mapping
- Understand stakeholder perspectives
- Developing customer insights
- Customer Journey Mapping
- Improving communication and learning to use appropriate channels
- Building and maintaining strong customer and stakeholder relationships

The Academy's innovative, interactive and energetic approach to learning has benefitted 134 people in 2013/14, with a further 109 people already scheduled to attend the next course in June 2014, and more courses planned for later this year.



An excellent course which sets the tone for the type of organisation National Grid aspires to be with its customers."

National Grid employee

Stakeholder and Customer Engagement Strategy

Inform them of what we have done

We use a number of mechanisms to keep our stakeholders informed of our work and to show them how their views have been incorporated, such as the annual Gas Ten Year Statement, our monthly Gridline newsletter to landowners, our annual Commitments and our new Connecting website.

Act on what they are telling us

This year we have made major changes to the way we work and decisions we have made in response to stakeholder feedback.

Identify stakeholders

We have segmented our stakeholders into 10 groups. Our business has been restructured to improve engagement with these groups and role outlines explicitly set out the stakeholder relationships individuals are responsible for managing and maintaining.



Understand their needs

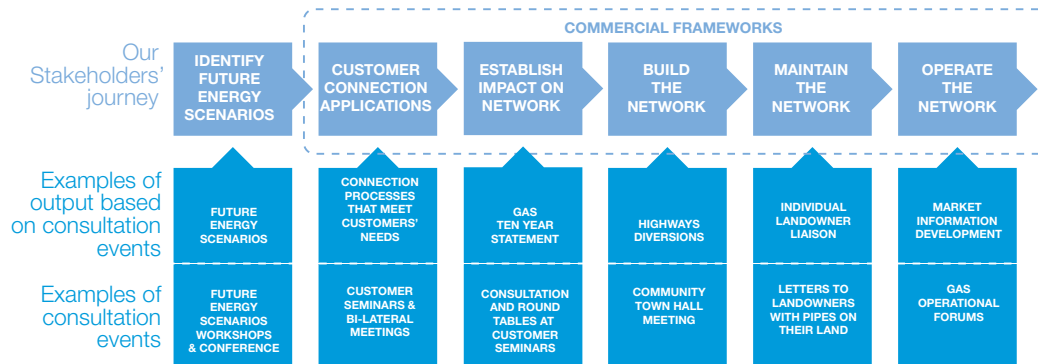
We consult our stakeholders annually to understand what is important to them.

Tailor engagement accordingly

We do this according to our stakeholders' specific needs and in response to the way they have told us they want to engage with us to ensure our contact is efficient and effective, yielding the best results for all concerned.

Involving stakeholders in our decision making

The Gas Transmission business involves a very broad range of activities. As a result, we interact with a diverse range of stakeholders with a wide set of interests. Stakeholders are impacted by our business and influence our decisions at every stage of our operation, from identifying the energy mix of the future, through to building new pipes and operating new infrastructure. We will use this business process diagram throughout the submission to signpost the areas of stakeholder involvement.



- **Identify future energy scenarios** – providing a forum for the exchange of ideas and data that informs our view of how the energy landscape will look in the future
- **Customer connection applications** – identify customer specific needs based on direct gas connection applications and requests for pipeline diversions
- **Establish the impact on the network** – explaining how we plan our gas network development in response to future scenarios and customer requirements
- **Build new infrastructure** – consulting with communities, landowners, politicians and experts on how to deploy new infrastructure to meet gas customers' needs
- **Maintain existing infrastructure** – regular communication with landowners, environmental groups and local communities
- **Operate the network** – working closely with industry and government to balance the network and maintain quality of supply
- **Commercial frameworks** – working with stakeholders to develop the commercial frameworks that support the energy industry.

Independent Transmission Stakeholder Advisory Panel



In 2013 we established an Independent Transmission Stakeholder Advisory Panel to ensure our business and practices properly take into account the interests, priorities and concerns of our stakeholders. The panel, which meets four times a year, comprises 11 members each representing one of our stakeholder groups. Its role is to promote better understanding of these groups, advise on our engagement strategy, set objectives for the year and monitor our progress against them, reporting annually to the Transmission Executive Committee. This year we worked closely with the panel to develop a robust Stakeholder and Customer Engagement Strategy that reflects the priorities of our stakeholders and adopts industry best practice. We will continue to work with the panel to

update the strategy annually to ensure it continues to be an example of best practice. In March 2014 the Transmission Stakeholder Advisory Panel published its first annual report, which commended us on our commitment to improving stakeholder engagement:

National Grid has recognised the importance of engaging with all stakeholders in a consistent and inclusive manner, providing clarity and transparency in their decision making. The business understands the need to listen to what their stakeholders are telling them, engage with them on the issues that matter and discuss their concerns and ideas and then act on the feedback they are given.



Our Transmission Stakeholder and Customer Commitments Cycle

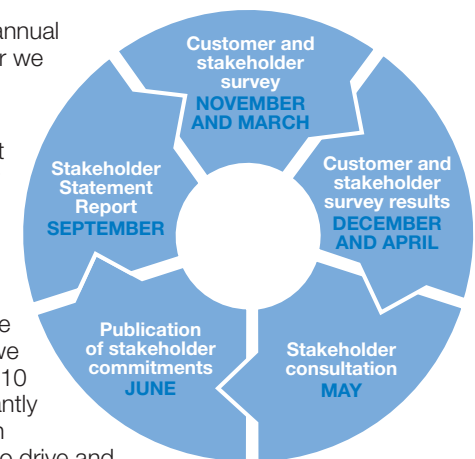
Every year we publish a set of commitments to our stakeholders and customers, based on what they have told us is important to them. Our annual cycle of engagement is robust, inclusive and puts stakeholders front and centre of our business plan.

Consult: We combine feedback from our annual consultation with stakeholder input from our continued engagement, results of the annual customer and stakeholder surveys, specific consultations and customer seminars.

Publish: In response to this feedback we publish our annual stakeholder commitments for the year ahead. Last year we made 21 commitments to our Gas Transmission stakeholders for 2013/14.

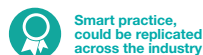
Update: Through customer seminars and engagement activities we keep our stakeholders up to date with our progress against the commitments.

Report: At the end of the year we report on our overall performance against the year's commitments. At the same time as consulting on our commitments for the following year, we also invite stakeholders to rate us on how we performed the previous year. This year we achieved a stakeholder satisfaction score of 8.0 out of 10 and increased our customer satisfaction score significantly from 6.7 to 7.2. The results of these surveys have been introduced as Board level key performance indicators to drive and improve stakeholder engagement throughout our business.



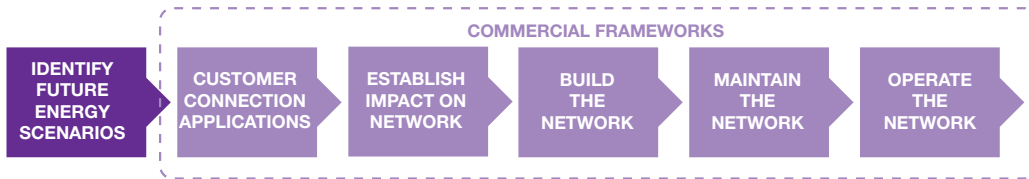
Summary of key outcomes of our stakeholder engagement

Ofgem's criteria



Our commitments to our stakeholders	What we have delivered in 2013/14	Stage of process	Criteria demonstrated
Engage with stakeholders on the development of our Gas Ten Year Statement (G-TYS)	We have introduced a new annual cycle of engagement for G-TYS to increase the involvement of our stakeholders	Establish impact	
	We are undertaking a project to review the future requirements for a more flexible system	Establish impact	
	We created a new chapter in G-TYS focused on customer system capability requirements	Establish impact	
	We included a new chapter on the lead time for providing system entry and exit capacity	Establish impact	
	We have commenced a consultation to explore the implications of new EU legislation (Industrial Emissions Directive)	Establish impact	
Consult annually on the development of our energy scenarios through our Future Energy Scenarios process	We introduced video content and updated our annual consultation process	Future energy scenarios	
	We doubled the number of future energy scenarios for the 2014 report	Future energy scenarios	
	We published indicative costs of each scenario for the first time in the 2013 Future Energy Scenarios	Future energy scenarios	
Continue to engage on the initiatives that were identified at our Sustainability Summit	We worked with Wildlife Trusts to pilot projects that enhance biodiversity at our sites	Operate	
Work with stakeholders to enhance the tariff information we publish via the National Transmission System Charging Methodology Forum (NTSCMF) meeting	We provided an explanation of the impact of Ofgem's new regulation on charges through the NTSCMF and are continuing with proactive engagement on this	Connections and Commercial	
Refresh and upgrade our website by October 2013	We updated our website and introduced the new Connecting blog in October 2013	All	
Improve gas outage information for stakeholders	We introduced forums to discuss maintenance plans with stakeholders	Maintain	
Introduce gas customer seminars from July 2013	We held our first gas customer seminar in July 2013, the next seminar is taking place in July 2014	Connections and Commercial	
Keep stakeholders informed about the development of EU network codes	We established a specific European working group and introduced a website dedicated to European issues	Connections and Commercial	
	We minimised the impact of changes to the 'gas day' on our customers	Connections and Commercial	
Engage with stakeholders to develop new capacity and connections arrangements that can be put in place by April 2014	We simplified the application process to the national transmission system and developed a more flexible solution (known as PARCA) that is robust to future changes	Connections and Commercial	
Help us to understand constraint management tools	We developed a successful constraint management webinar, and are now rolling out further informative webinars	Operate	
Continue to engage with communities on new potential routes and maintenance	We arranged site visits for customers to involve them in our work upgrading meters at locations feeding their sites	Maintain	
	Our robust approach to community consultation has been recognised as best practice	Build	
	We reached 1,100 stakeholders through our Powering Britain's Future campaign	Build	
	We received positive feedback from the CAPRI campaign group following the completion of a local project	Build	
	Saved our customers £40m by developing a technical innovation to avoid diverting a pipeline in Wales	Build	
	We carried out surveys with local businesses to assess the socio-economic impact of our developments	Build	
	We identified a solution preferred by all local stakeholders to replace the pipeline under the River Humber	Build	
	We surveyed 10,000 landowners and developed new bespoke annual newsletters as a result of their feedback	Maintain	
Engage with young people to encourage the study of STEM and engineering subjects	We have worked with over 7,000 young people to promote STEM careers in the energy sector	All	
There is a need to raise awareness of the importance of energy efficiency and to combat fuel poverty	We have hosted briefings with all of the political parties to raise awareness of fuel poverty and energy efficiency with the charity Keeping Scotland Warm	All	
	We sponsored the annual Save Cash and Reduce Fuel (SCARF) school calendar competition	All	
Embedding stakeholder engagement in our business	We introduced a stakeholder engagement module to our Academy to train our people in best practice	All	
	Established the new Transmission Stakeholder Advisory Panel	All	

Identifying Future Energy Scenarios



Our Future Energy Scenarios (FES) set out how the future energy landscape could look. They enable us to identify how the Gas Transmission network will need to evolve to meet our customers' future needs. These scenarios are greatly improved by the expertise, insights and advice of the energy industry, professional interest groups, politicians, consumer and environmental groups. Over the last few years we have significantly increased the involvement of stakeholders in the development of these scenarios. We have been working hard this year to increase that contribution further.



This year 187 organisations contributed to the FES report including British Gas, Loughborough University, Shell, Goldman Sachs, Consumer Futures, Renewable UK and WWF, via bilateral meetings, video content, questionnaires, feedback forms, our Connecting website and Twitter.

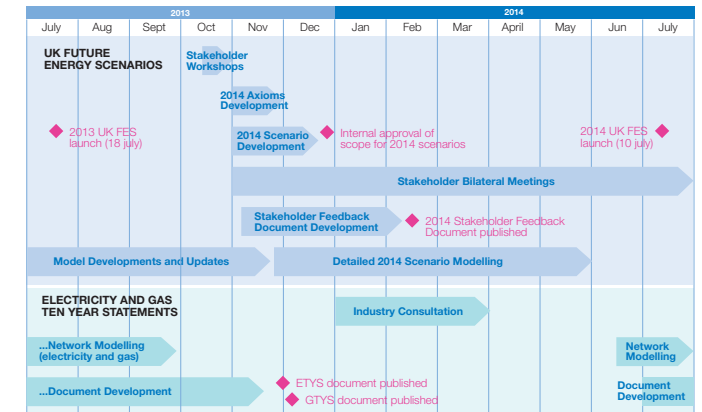
Recognising not all stakeholders could attend our conference, we published a series of short videos on our website for the first time, enabling them access to the content at a time that was convenient to them.

“Engagement is vitally important in an industry such as ours, where there are so many divergent views. I have been very impressed with the level of detail in the Future Energy Scenarios Presentations, which is exactly what I was looking for” **Andy Scott**, Strategy Manager, GDF Suez

“The process used by National Grid in constructing the scenarios is impressive and involves wide scale consultation and engagement via a number of workshops held across the country. I think most would agree that National Grid has gone out of its way to be inclusive in the development of its scenarios.” **Robert Sansom**, Imperial College, Academic



Consultation process



Outcomes and outputs

Our stakeholders wanted to know the overall costs associated with each scenario. In response we have worked with suppliers, developers and government to derive a breakdown of the estimated capital cost of new generation for each scenario between now and 2020. This represents a step change in the level of analysis that has previously been provided.

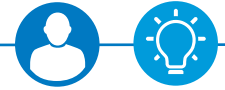
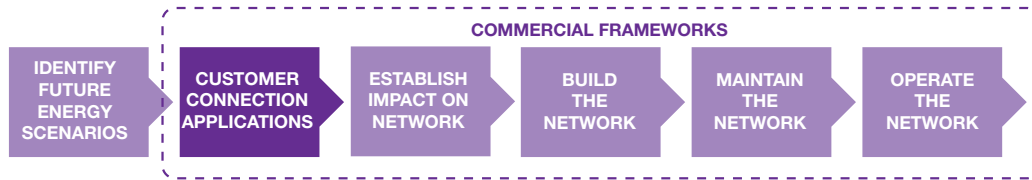
A number of stakeholders believed that our 2013 scenarios did not provide a sufficiently broad range of outcomes to capture and reflect the uncertainty in the energy market. They also expressed a desire for a clearer narrative to support the quantitative data we provide and suggested the scenarios should reflect the so called energy 'trilemma' of sustainability, affordability and security of supply. We have listened to their views and subsequently doubled the number of scenarios. We are now developing four scenarios for 2014, with a varying emphasis on sustainability and affordability. These scenarios will provide a broader envelope of potential energy futures. We will enhance the narrative surrounding the scenarios, in order to be as inclusive, transparent and accessible as possible for our broad range of stakeholders.



Connecting

Last year we committed to refresh and upgrade our website in response to feedback that users found it difficult to find information. In October 2013 we completely refreshed our website and launched 'Connecting', a new interactive site, as part of our stakeholder engagement toolkit linked to our Twitter feed. Connecting focuses on topics relevant to our stakeholders' local interests and features a mix of in-depth articles on national and specific interest stories, case-studies and talking points, providing readers with the opportunity to join a conversation on issues right at the heart of the energy debate. Over the last few months Connecting has been used to inform and facilitate debate on our Winter Outlook Report, Future Energy Scenarios, European investment and delivering a low carbon future. It has also been used to replace our staff newsletter with an online version that is now available to all stakeholders.

Customer connections and commercial frameworks



Removing barriers to entry

Our stakeholders told us via engagement at industry working groups and through customer feedback that the arrangements for securing a connection and purchasing capacity on the National Transmission System (NTS) were not aligned with each other. These had been further complicated by the impact of the 2008 Planning Act, meaning that customers could be frustrated by a protracted lead time for any NTS reinforcement. Because of the complexities of this issue we decided to try a **different way of engaging** our customers and stakeholders.

We initiated engagement at the Transmission workgroup through the Joint Office of Gas Transporters, and asked for time to run a **Creative Problem Solving event**, which enabled everyone to have a voice and was a collaborative way of gathering our stakeholders' ideas on how we could co-create a solution. This gave us all a common understanding and purpose, and set the tone for the approach and possible solutions. Then, through ongoing bi-lateral meetings, various open industry forums and the Gas Customer Seminar we asked customers, developers, consumers and industry how we should develop the way our customers signal and procure long term capacity rights. They asked us to develop a flexible solution that is simple, transparent and sustainable while **continuing to foster close working relationships** with them. Throughout the development of the solution (the Planning and Advanced Reservation of Capacity Agreement, known as PARCA), we continued to listen to our stakeholders, tailored our engagement with specific stakeholder groups and **amended our proposals in response to their requirements**. To aid understanding of PARCA, we produced a plain English overview document detailing the options considered, how stakeholders shaped the proposal, and how the new agreement would work. We shared this with stakeholders and during development we **listened** to their concerns and **modified** our proposals wherever possible.

The outcome was that, based on stakeholders' feedback, we **simplified** the application process and modified the financial obligations on potential connectees to **lessen one of the barriers to entry**. We now have a simpler and more flexible solution that is robust to future changes and, as much as possible, **meets the needs of our future customers**. We have also produced a standalone proposal to provide earlier, non-guaranteed access to the transmission system – working with stakeholders has allowed us to minimise the delivery timescale and cost of this by implementing it within our existing systems – and we have **grown and strengthened relationships** by using a more **collaborative approach**. We will **build on this** for any future industry changes.

Co-creating a solution with our customers

Shippers and gas distribution networks have informed us through Ofgem open meetings and the Joint Office workgroup meetings, that new EU legislation redefining the gas day (from the current 06:00-06:00, to 05:00-05:00) would have a significant impact on their business processes and associated systems.

We took the lead in explaining the consequence of this change through various gas industry meetings. The normal industry change process would typically take 12 months to complete, but considering the strong views expressed by our stakeholders, we promptly raised a change that explained the EU requirements but did not prescribe a solution. We then worked collaboratively with our stakeholders to ensure a workable solution could be developed by the industry as a whole. We engaged fully with the most affected parties to explore the options raised.

The outcome was that rather than change all the time references in the network code, we worked with the industry to develop a solution that only amends those time references that really need to be changed, minimising the impact on all parties, and the development process was completed in half the time expected.

First Gas Customer Seminar

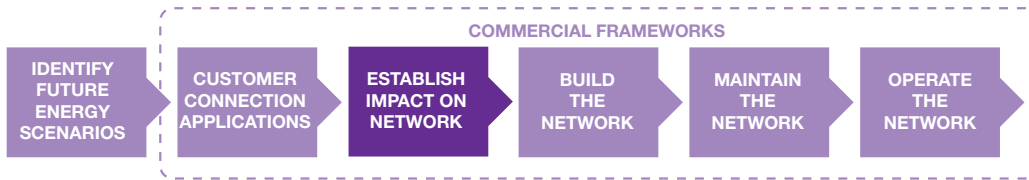
Our customers told us via consultations that they wanted a forum to discuss industry issues. **We acted on the feedback** by hosting our first Gas Customer Seminar in July 2013 at the Royal Institute of Great Britain, London. Our customer base is diverse, but all have the use of our National Transmission System in common. The event had representatives from across the industry, including interconnectors, shippers, storage operators, terminal operators, developers, and the recent addition of shale gas developers. We were also joined by representatives of DECC, Ofgem and Energy UK, so they could be part of the conversations. This event, designed to engage our customers on matters that are of concern or interest to them, is just one of the commitments made to demonstrate our understanding of what good customer service means.

Mike Calviou, Director of Transmission Network Service, hosted the event, explaining why it was important that we had a forum to engage with our customers and gain real-time feedback. We then took delegates through the actions we had taken as a result of their views – our 2013 commitments to our gas customers. This was followed by presentations on topics requested by customers, ranging from RIIO to the capacity market. We also included round table sessions, which gave delegates the opportunity to raise questions and debate with their industry colleagues and us. **We learnt a lot** from the debate and the collaborative approach of bringing key customers together with their contacts within National Grid proved popular. We will now be holding these events annually, with the next in July 2014.

“The round table sessions gave us an excellent opportunity to get deeper into your organisation and really understand your focus and our needs.” **Seminar attendee**

“#GasCustomerSeminar well targeted presentations by NG and excellent debate. **Seminar attendee**

Establishing the impact on the network



Enhancing G-TYS to respond to stakeholder need

The Gas Ten Year Statement (GTYS) illustrates the potential future development of the National Transmission System (NTS) and helps our customers to identify connection opportunities. G-TYS builds on the output from the Future Energy Scenarios industry consultation, providing clarity and transparency on the potential development of the NTS for a range of energy scenarios.



Stakeholders told us that G-TYS needs to provide more information on where there are opportunities to connect without incurring significant lead times. **In response to this** we created a new chapter in G-TYS focused on customer system capability requirements. We also included a new chapter including information on the lead time for providing NTS entry and exit capacity across different geographical zones as an indicative guide for customers.

Stakeholders asked us to provide better explanations for what could happen, under a range of scenarios, if the current commercial arrangements governing system management remained the same. **We are undertaking a project** to review the future requirements for a more flexible system. We are considering how different events or factors across gas days and within days might affect the way that the system is managed and possible asset, commercial and operability options that could be progressed to deliver more capability in this area. We have also **changed the tone** of the document throughout to be more open and engaging, explaining what the uncertainties surrounding gas network development are rather than presenting solutions and planned investments. In encouraging stakeholder feedback on the document we have also, for the first time, asked a series of questions throughout the document which will be used in further engagement over the coming year.

The outcome is that this year **we have introduced a new annual cycle of engagement for G-TYS** to increase the involvement of our stakeholder groups, such as gas suppliers, DECC and Ofgem, in the development. It uses existing forums and channels as far as possible to reduce the burden on stakeholders – something that they have told us is important to them, and includes customer seminars, future energy workshops and a written consultation.



Embedding our engagement strategy

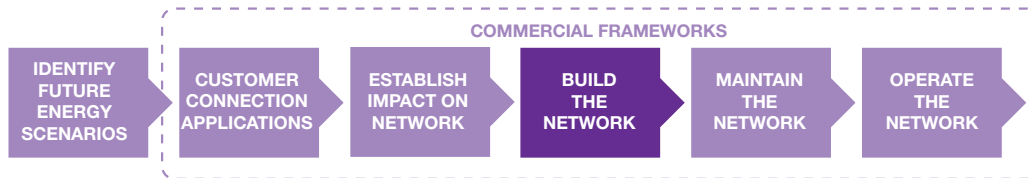
The new EU Industrial Emissions Directive (IED) means that a number of the larger gas turbines that we operate as part of our compressor fleet will need modifying or replacing in order to meet the stricter environmental limits, with a potential cost impact of c.£650 million which would ultimately be paid by consumers. However, supply and demand patterns on our network are changing, so replacing machines on a like-for-like basis is not necessarily the most appropriate way forward, but we need to ensure the network has the capability to meet the future needs of our customers. When making decisions about the future development of our compressor fleet, it is vital that we properly understand what our stakeholders need – both now and in the future – so that we can respond accordingly and develop a network that meets their requirements. To do this, we recognise that having the right engagement strategy and then implementing a comprehensive and timely engagement plan is crucial.

Building on the work we started via Talking Networks, we are engaging much more actively with our stakeholders and with an open mind as to what the ultimate solution might look like, and including a greater range of stakeholders than ever before. We recognise that different stakeholders like to engage in different ways, so are asking them what types of engagement are most useful for them – we can then tailor our approach accordingly. As well as using the more traditional engagement routes, we are offering new ways to connect with our stakeholders, such as making use of videos, animations, tools and other materials via the dedicated website we have developed for this purpose, or using social media to improve accessibility to information and ensure that we are catering for the broad range of knowledge across our stakeholder base. We realise that they are not all experts and that their time is precious, so being clear, providing the right level of information and being efficient in our engagement is very important.

We are excited about this approach and believe it has the **potential to become our showcase** for how we undertake engagement exercises more generally in the future.



Building the network



Our robust approach to building new infrastructure



We recognise that our infrastructure has an impact on the local communities in which it is built. To ensure local communities, developers, local politicians and environmental groups have their say we asked them what they expected from our approach to building new Gas Transmission infrastructure. This has resulted in the development of a six-stage approach that can be applied to all new infrastructure projects. It sets out how we will collect data, undertake research and analysis, consult stakeholders and communities and listen to feedback in order to inform our judgements on the most appropriate location and technology for any new Gas Transmission assets.

HS2 and Oil and Gas UK both considered our approach to stakeholder engagement and consultation to be an example of industry best practice that they sought to learn from and encouraged others to follow.



National Grid did a fantastic piece of work in negotiating with more than 80 landowners with very little trouble. It also did fantastic environmental reinstatement work across some sensitive land, including the Brecon Beacons national park. I was impressed with its operations.” Rt Hon Cheryl Gillian MP, former Secretary of State for Wales



Thank you for your polite correspondence keeping us informed of your progress... it is quite unusual for a company to go to this trouble but it is much appreciated.” Local resident

Understanding the socio-economic impact of our infrastructure

Local communities have told us that they are concerned by the potential socio-economic impact of our large projects on their local economy and tourism. **We carried out surveys with local businesses** to assess the perceived and actual impacts of past, proposed and theoretical developments. The surveys took place at hot spots that were likely to attract tourists as well as people who lived in the area. The locations were in areas where we were planning projects, had completed projects and where there were no projects to assess predicted impacts and actual impacts. We also commissioned academic research to compare our approach to understanding socio economic factors to that of comparable developers. **The outcome was that** we have taken the recommendations of the academic research into account in the development of our new document ‘Our Approach to socio economics’. We have also amended our options appraisal process to consider socio-economic factors in more detail at an earlier stage. The stakeholder surveys highlighted traffic and transport as a particular issue that we should be addressing much earlier in our process and to reflect this our processes have been amended accordingly.



Powering Britain's Future

We recognise that, as an industry, we've not always been very successful at explaining the difficult choices we have to make in society about energy infrastructure. We need to tell a coherent story that makes sense and accounts for people's desire to protect their local environment.

We launched Powering Britain's Future to help **expand the debate** around the future of energy in the UK, promote **understanding** and help to **find common ground** as we work towards solutions for building new infrastructure. We have brought together leaders from across the energy industry with Government, consumer, planning and environmental groups to discuss how we can **engage better** with local communities, and we will be **listening** to as many different viewpoints as possible to ensure we strike the right balance. For example, during 2014, we have **actively initiated meetings** with the regional Campaign to Protect Rural England (CPRE) teams to understand the major issues and concerns in each of their regions, and to introduce the people behind National Grid and our work in that particular region. To date we have engaged with nine regional CPRE groups and plan to do more. We have **learnt a great deal** from these meetings and very much hope that they will form the start of a constructive, **enduring dialogue** in the future.

The outcome so far is that in 2013 we took the campaign on the road to regional centres across the UK, in partnership with DECC and others. **engaging** with over 1,100 people, **listening** to the views of local people and **discussing** the challenges of meeting future energy needs directly with them. We **collectively identified that building trust** with communities is vital and consumers are often swamped with data. We reinforced the need for **transparency and plain English** in order to have a more effective dialogue with consumers. We have implemented Tone of Voice and plain English training for all of our community relations teams. As part of this campaign, an **interactive consultation website** was developed and we are now actively encouraging **online conversation via our Connecting blog** on this topic.



Robust and proactive community relations

The River Humber pipeline connects an import location for gas on the East Yorkshire coast to the national transmission network and delivers gas supplies to millions of customers throughout the UK. Over time, tidal flows have eroded the river bed, leading to parts of the pipeline becoming exposed. We have been working with the local community to identify the preferred option to build the replacement pipeline.

We put a dedicated community relations team in place and started engaging with the local community early on in the project to explain the need for the replacement and discuss any concerns. This was done through a variety of means:

- Three **public exhibitions**
- Two group briefing sessions **for local politicians on either side of the Humber**
- A number of **presentations** to the appropriate Cabinet members
- A **dedicated project website** with information, plans and maps for anyone unable to attend the exhibitions
- A **3D video animation** to explain more about the project and the construction of the pipeline

In doing so the views of 104 **members of the public**, six **parish councils**, four **ward councillors**, two **local authorities** and the **local MP** have all been taken into account. Local people and representatives engaged were extremely positive about the effort taken to proactively discuss the project with them at an early stage as part of the process to assess the route options and construction techniques.

The outcome of our consultation with local stakeholders identified that the preferred route for the replacement pipeline, from an engineering and environmental perspective, was also the preferred option of the community. Although a tunnel is the more expensive solution, the technical and environmental benefits combined with the local community support for this option have led us to take the tunnel option forward for further consultation.

Building the network (cont)



Taking local concerns into account

Stakeholders near our development of a pressure reduction station at Tirley (PRI) were concerned about the potential disruption this would cause to the village and local area, and the visual impact that the site would have on the countryside. To voice their concerns, locals **formed a campaign group to stop the development – CAPRI – campaign against PRI. We had a dedicated community relations team in place** who engaged with the group from an early stage and ensured their views were taken into consideration, trying to minimise disruption throughout the development. **The outcome** was that, following the completion of the project and the installation of screening to minimise the visual impact, we received a letter from CAPRI thanking us for our actions. There was genuine and widespread surprise at how little disruption was caused.



Saving our customers £40 million by understanding their needs and innovating

The Welsh Government approached National Grid to help them with their planned route for a new carriageway across South Wales (St Clears to Red Roses improvement). The request meant that we would need to divert the largest high pressure gas pipeline in the UK (the Milford Haven pipeline) to enable construction to take place. The normal process would have been to divert the pipeline and install stronger, heavy wall pipe. Although it is the industry standard, this approach can take up to three years to complete and can be very costly to the customer. It was clear that from our ongoing discussions with the customer that this would significantly impact on the cost of the project and would jeopardise their project delivery date.

We committed to collaborating with the Welsh Government, and with industry experts, to find a solution that met their needs while still maintaining the integrity of the National Transmission System. By challenging the current industry standard and historical ways of working, and subsequently developing our existing internal policies, we developed an option which involved protecting the existing pipeline rather than diverting it by using an innovative design of steel shells filled with epoxy resin. **Through collaborating on this project we had built a strong relationship**, which enabled us to jointly make the decision and move forward using this solution.

The outcome was that we **saved the customer around £40m** and **took two years off the projected schedule** with no safety or environmental incidents. In addition, members of our project team and the Welsh Government's team have subsequently built a **customer journey map** for customers requiring high pressure mains diversions, so that we **better understand customers' needs** on similar future projects. Along with our technical innovation, we can now use this information on future projects to the benefit of our customers.



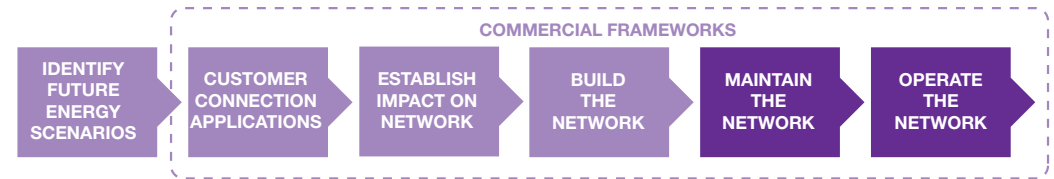
Members of the public are without exception highly appreciative of the consideration which you have shown in dealing with them, both individually and in their communities."

JL Gabbott, Secretary, CAPRI, campaign group



When you promise a client something you actually deliver on it." **Welsh Government**

Maintaining and operating the network



Communicating with our landowners

With gas pipelines mostly hidden in the landscape, we have a high duty of care to ensure landowners (grantors) and other parties know exactly where they are located.

Around 10,000 landowners were surveyed in 2013 to assess how effective our communication is on the location of our pipelines and key associated safety messages. The results were largely positive and indicated that the information our communications contained was generally understood. However, in some cases the purpose wasn't always clear and areas for improvement were suggested, such as tailored communications for different types of grantor e.g. a smallholder with a couple of fields, a large landowner or third-party agent. **We set up a Grantor Advisory Panel**, a cross-representative panel with members from each segment of the grantor community to ensure the views of different types of grantor were taken into account. This helped us ensure our communications are targeted, accessible and fit-for-purpose. The results of the surveys and the feedback from the panel were directly addressed in the revision of our annual letters to landowners, which now include a bespoke map detailing the location of our infrastructure on their land, a calendar of events, improved database functionality and a Welcome Pack for new landowners. **The outcome** was that positive feedback on our activities was received by the Grantor Panel, and we will continue to improve our relationship with landowners using this work as a foundation.



Involving customers in maintaining the network

As part of a programme of asset health upgrades, we are upgrading metering at locations that feed our customers' sites. We have **visited** each customer connected to our metering to explain what we need to do and agree how we can minimise disruption. When carrying out these types of works, there are certain contractual obligations that we need to meet. In order to give our customers greater insight of our work, and strengthen relationships with them, we have **exceeded** these obligations, inviting our customers to witness the parts of the work that they are interested in, and to take part in Process Safety management at each site.

As a result, we have built **more positive relationships** with our customers and this has helped in installation and commissioning and in dealing with any issues. Customers have **welcomed** our approach and it has helped in providing them with updates on progress and a channel through which to raise any concerns.



The site visit last week was very good and gave us a good perspective on the amount of work which has been carried out on site. Please forward my compliments to the project team for executing this piece of work without any interruptions to our business." **Head of Operations, E.ON, customer**

Maintaining and operating the network (cont)

Enhancing ecosystems and encouraging wildlife



Surrounding many of our sites is land which is not required for operational purposes. The local site team at Alrewas gas compressor station has been engaging with the local Wildlife Trust to understand better ways of managing this land, to enhance local ecosystems and encourage wildlife. We have worked with the Wildlife Trust to harness their local expertise and knowledge so that we are fully aware of the importance of our sites in relation to the local ecosystem. This also gives us the opportunity to

contribute to the protection and enhancement of locally important species. We will now widen this approach to other sites and incorporate it in our processes for reinstatement works following major projects, with local environmental groups such as the Wildlife Trust and Natural England automatically engaged as part of our standard procedures.

Rolling out stakeholder webinars

Our industry stakeholders, including shippers, distribution network operators and power station operators, told us at a recent Gas Transmission Operational Forum (where we meet with customers to discuss the operation and performance of the network and any specific challenges that we have faced) that there was a lack of understanding about our constraint management tools. **We developed a constraint management webinar** so that we could reach as many interested parties as possible in an effective way. We explained the constraint management tools to improve their understanding prior to entering the Winter period. **The outcome was positive feedback** from the 20+ shippers who took part in the initial webinar, and as a result of this success and listening to our stakeholder feedback, we will be rolling out webinars across a range of other subjects where we know our stakeholders have requested more information.

“ I'd definitely appreciate future presentations along these lines.” **GAZPROM**

Recognising the broader needs of our stakeholders

Our stakeholder engagement is by no means limited to the stages of our core business activities. A vital part of our strategy is recognition that our stakeholders have wide ranging issues and expectations of us as a business.

Inspiring the next generation of engineers

Over the next decade around 87,000 people are needed annually to meet demand in the UK's engineering sector. Yet only around 51,000 are joining the profession each year. We know from our own experience as an engineering company, from our conversations with Government and the Opposition and our dealings with industry, that business needs to play its part in inspiring the next generation of engineers. We take this responsibility very seriously. We are running or are involved with a number of initiatives to encourage young people to study science, technology, engineering and maths (STEM) subjects. Over the last year we have worked with over 7,000 young people to promote STEM careers in the energy sector. These initiatives include:



School Power – providing classroom resources, including a dedicated website, to support the teaching of STEM subjects

Work experience – this year more than 100 year ten students attended a week-long residential course at our Eakring Academy

Careers Lab – a project to establish a coordinated approach for businesses taking responsibility for the skills agenda. The pilot scheme, which began in January 2014, involves businesses and schools in the Midlands working together to progress careers advice programmes for young people

VEX Robotics – we gave school children at Rickmansworth School in Hertfordshire the opportunity to operate robots built by VEX Robotics Inc, and to learn about our programme of regeneration in their area.

We can spend years building new infrastructure in a local area, and then decades maintaining it. This means that building relationships in the communities in which we operate is extremely important. We establish strong relationships with this vital stakeholder group through a diverse range of schemes. We don't only wait for them to ask for our help – an essential part of our engagement strategy is to understand their needs and act proactively to support them.

Keeping Scotland Warm

In Scotland, we are an established member of Energy Action Scotland Business Supporters Group. Through this network we are a regular sponsor and supporter of Keeping Scotland Warm, a campaign to raise awareness of fuel poverty in parliament. We have worked with campaign organisers Energy Action Scotland throughout the year to host briefings with all of the political parties to raise awareness of fuel poverty and energy efficiency.

Save Cash and Reduce Fuel (SCARF)

We sponsor the annual SCARF school calendar competition, which enables young children across Scotland to think about energy efficiency and where energy comes from by challenging them to create a poster on what energy efficiency means to them. Each year, we sponsor and present the awards to the shortlisted children in the Scottish Parliament, providing an opportunity to brief the relevant MSPs on the work we are taking forward. We are now working with SCARF to look at the feasibility of rolling this initiative out nationally, raising the understanding of where energy comes from and the importance of energy efficiency and fuel poverty.