

National Grid Gas Distribution

Stakeholder Engagement
Incentive Submission

May 2015
Part 2



Corporate member of
Plain English Campaign
Committed to clearer
communication

488



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Introduction



Welcome to our Stakeholder Engagement Incentive Submission for 2014/15. As you'll see, we've continued to develop our relationships with stakeholders, as well as form new ones.

We have two priorities: working at a local level to better understand our stakeholders' expectations and our impact on them; and working with our stakeholders at a national level to make changes that will benefit us all.

We've continued to develop our skills around stakeholder management and improve the way we work with our stakeholders. We've drawn on the expertise of our Stakeholder Advisory Panel, as well as working with an external organisation to test the quality and strength of our relationships.

We had a fantastic response to our annual formal stakeholder consultation. It highlighted two areas of our service we need to improve: one is around ease of use of our asset data service; and the other is delivering non-standard work, such as carrying out diversions. We are grateful for the time our stakeholders take to work with us and we have made 10 new commitments for 2015/16.

I'm also grateful to the members of our Stakeholder Advisory Panel who constantly help us to improve. They also help us to think through the impacts we have on our stakeholders, as well as how we can tap into their considerable expertise to solve important issues.

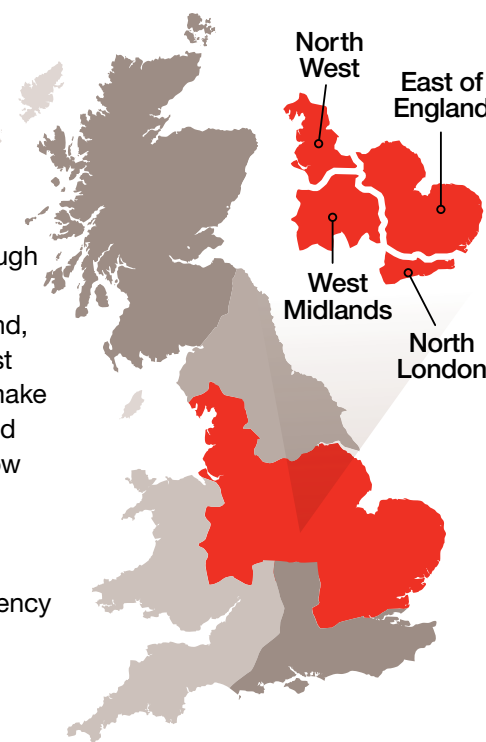
Emma FitzGerald,
Director – Gas Distribution

About us

We own four of the UK's gas distribution networks, transporting gas safely and reliably to 11 million homes, schools and businesses through 131,000 kilometres of pipe.

Covering the East of England, North London, the North West and the West Midlands, we make sure customers are connected to the gas they need, both now and in the future, for heating, cooking and keeping their businesses running.

We manage the gas emergency number, responding to and repairing gas leaks. We also connect new customers and upgrade our network to keep all our customers safe.



■ National Grid Gas Distribution

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Our Stakeholder Advisory Panel

I'm proud to chair National Grid Gas Distribution's Stakeholder Advisory Panel.

Established in 2013, the Panel plays a vital role by providing an external perspective and challenging the Executive team to think and act differently.

We've challenged the team to fully understand the benefits to stakeholders and the business of good engagement, as well as to think about the quality of insights and information received.

We are working together to make sure we do what's needed to give stakeholders a stronger voice.



Mike Foster
Energy Utility Alliance

Our updated vision, strategy and prioritisation

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

By 2017 we have put stakeholders at the centre of what we do. We are trusted and respected by our stakeholders to listen, discuss and act

Annual review for continuous improvement, approved by our Executive

OUR STRATEGY

Our strategy provides for continuous improvement. We:

- **Identify**
- **Engage**
- **Understand needs**
- **Act on ideas**
- **Keep informed**
- **Monitor, review and improve**

OUR PRINCIPLES

We will be:

- **Accountable:** show how we use feedback, or if not, explain why not
- **Inclusive:** flexible to involve everyone
- **Transparent:** easy to access information and act with
- **Integrity:** open and honest and create the right environment

SEGMENTATION

Stakeholders mapped to categories to help engage. We have 20 groups. Examples are:

- **Customers & communities**
- **Business**
- **Government**
- **Media**
- **Special interest groups**
- **Supply chain**
- **Trades unions**

INSIGHTS & RELATIONSHIPS

Understanding the quality, strength and closeness of our relationships and the insights we are getting to help decisions. Using the Relational Proximity model measuring:

- **Information**
- **Power**
- **Purpose**
- **Communication**
- **Story**

STAKEHOLDER OUTCOMES

The outcomes our stakeholders want us to focus on:

- **We keep our communities safe and warm**
- **We are delivering value for money**
- **We are developing a network for the future**
- **We are easy to do business with**

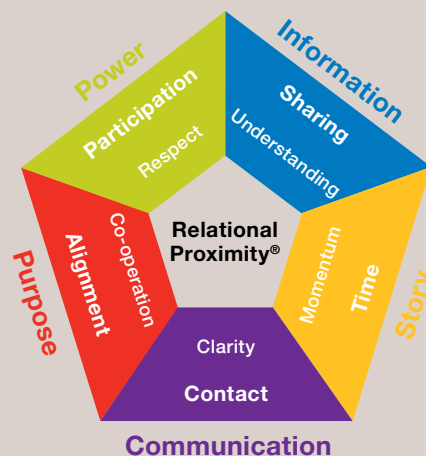
PRIORITISATION

We prioritise resources to deliver results against:

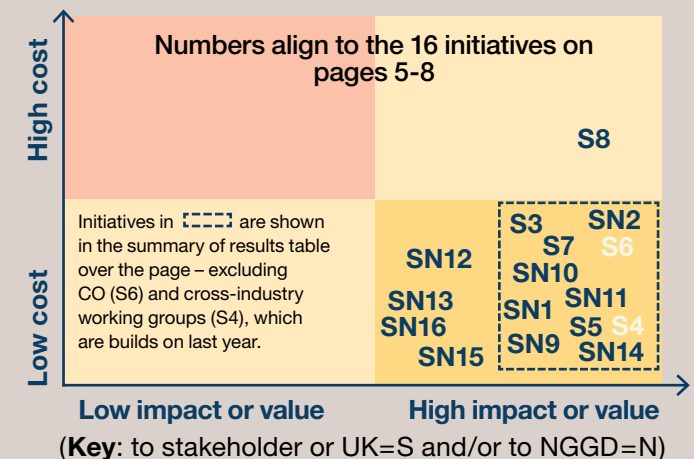
- **High impact or value to UK/stakeholders, low cost**
- **High impact or value to NGGD, low cost**
- **Low impact or value to UK/stakeholders, high cost**
- **Low impact or value to NGGD, high cost**

Continuous improvement

This year we've worked hard to better understand who our stakeholders are, the relationships we have with them and the quality of the information we're getting to help us make informed decisions. We're also working with Renuma Consulting to measure the closeness, strength and quality of our relationships, and then looking at how we can develop them together.



We've updated our framework to provide more detail on how we prioritise the actions we take. The tools and processes we use are helping us move towards our ambition of putting our stakeholders at the centre of what we do.



Summary of results: the initiatives making the biggest impact from last year

Based on our stakeholders' feedback, we have kept the four Outcomes from last year (see page 2). Reviewing our stakeholders' priorities alongside our own has led us to three areas of focus within these four Outcomes: helping to shape the energy landscape and operating environment for future generations; developing our skills and an inclusive and diverse workforce; and developing mature and sustainable relationships.

Outcomes and results	Who benefits	STAKEHOLDER BENEFITS				Cost to deliver and opportunities
		Stakeholder satisfaction	Improving safety	Financial/efficiency	Environmental	
Shaping the energy landscape and operating environment for future generations. We've concentrated on helping to shape UK policy in areas like fuel poverty, vulnerability and green energy; on leading change in industry contracts, regulation and standards and on raising the level of innovation. The table below outlines some of the ways in which we're addressing these challenges.						
1. Leading minimum industry standards for streetworks permit schemes	Customers, communities, public, Local Authorities (LAs), Highways Authorities (HAs), businesses, networks, supply chain	✓		£25k / year plus LA benefits	✓	Around £10k in employee time to deliver, resulting in approximately £126k efficiency savings over RIIO. All utilities (for eg water, electric, gas) and LAs will have one way of working, leading to greater efficiency for all.
2. Developing and testing technologies that minimise digging and reduce disruption		Reduced interruptions, reduce disruption	Reduced works and roadworks	Efficiency savings and new ways of working	Reduced spoil, reinstatement, vehicle trips	Five full-time equivalents for project team to deliver new ways of working and make sure projects reach maximum potential quickly. Core & Vac, one such technology, is already saving 3,200 site days and around £1.1m in reinstatement costs each year. Combined benefits will be dependent on success of projects.
3. Leading major changes to the industry and related contracts	Energy suppliers, gas shippers, consumers, Xoserve, regulators	✓		✓	✓	Equivalent of one person's time to lead the programmes that are expected to benefit customers in terms of smart metering, as well as reduce energy costs from cross-border trading and more efficient markets.
5. Establishing a vulnerable customer referral network	Special interest groups, vulnerable people, local councils, customer groups	✓	✓			Around £20k dedicated resource to establish partnership with Leicester City Council (LCC) and chair Vulnerable Customers Working Group. Approximately £3,600 for CO alarms and training. LCC has potential for around 3,000 referrals. If successful, we will roll out to other areas.

Outcomes and results	Who benefits	STAKEHOLDER BENEFITS				Cost to deliver and opportunities
		Stakeholder satisfaction	Improving safety	Financial/efficiency	Environmental	
7. Eradicating fuel poverty	Customers, communities, fuel-poor groups, housing associations, policy makers, LAs	4,274 fuel-poor connections	Improving effects of ill health	Around £11.7m lifetime fuel savings	293,200 tonnes of CO ₂ savings	It costs around £3m to run Affordable Warmth Solutions (AWS), which tackles fuel poverty and leads an off-gas grid working group. £400k funding for five innovation competition projects. £590k funding for in-house measures, Air Source Heat Pump study and The Children's Society's study into effects of cold, damp homes and other projects.
9. Biomethane – a first for others to lay high pressure pipelines	Biomethane producers, customers, business-to-business customers	9 completed and 5 accepted projects		✓	9,973 homes heated by biomethane	Resource covered by biomethane team. Working with Lloyds Registrars to develop accreditation process for utility infrastructure providers to work at high pressure, increasing choice, facilitating competition and reducing costs.
10. Shaping the role gas could play in Heavy Goods Vehicles (HGV) transport	HGV operators, businesses, policy makers	✓		✓	Reduction in carbon dioxide, sulphur and nitrogen oxides	£50k to support Natural Gas Vehicle network. Birmingham City Council pilot to be funded via Office for Low Emission Vehicles and European funding.
Developing our skills and an inclusive and diverse workforce are crucial in making sure the industry can deliver changes such as smart metering roll-out and introducing green energy solutions. Tapping in to non-traditional routes and creating a more diverse workforce will mean we can better represent the communities in which we work.						
11. Focusing on future skills and diversity	Government, networks, skills, education and employment, employers	✓	✓	✓		Costs absorbed to lead the Energy Efficiency Industrial Partnership, helping the UK to deliver 11,000 new apprenticeships. As well as recruit diverse skills from groups such as veterans, refugees and special educational needs students.
Developing mature and sustainable relationships is reflected in the feedback we receive and is also high on our priorities. Building trust will enable us to develop more partnerships and collaborations to make improvements that benefit all UK customers, our stakeholders and ourselves.						
14. Making our local relationships work more effectively	LAs and HAs, businesses, public, customers	✓	✓	£24k / year / area		A strong relationship means we're trusted to carry out our own reinstatement checks. If all LAs adopted this method it would save them around £2.5m/year.

We are helping to shape the energy landscape and operating environment for future generations

1. Leading minimum industry standards for streetworks permit schemes

AIM: to improve UK-wide co-ordination of streetworks by developing minimum industry standards and protocols.

STAKEHOLDERS SAID: better visibility, planning and co-ordination.
WHO: Local & Highways Authorities (LAs & HAs), Transport for London (TfL), National Joint Utilities Group (NJUG).

RESULTS: working with the Department for Transport (DfT), the NJUG and TfL, we developed national rules for permit schemes. We're also working with the industry to introduce QR codes on signage (a bar code for customers to scan that takes them to information on roadworks.org). Our trial saw a 302% increase in the use of roadworks.org.

WHERE NEXT: rolling out QR codes on our streetworks signs and sharing best practice across the country.

2. Developing and testing technologies that minimise digging and reduce disruption

AIM: to reduce excavation by 50% by 2017 to significantly lessen disruption.

STAKEHOLDERS SAID: better ways of working, reduce disruption.
WHO: LAs, HAs, customers, communities.

RESULTS: we set up a dedicated project team to focus on new ways of working and make sure new initiatives reach their maximum potential quickly delivering significant efficiencies. We're testing 15 technologies that bring low-dig and no-dig solutions together to reduce disruption. One example is WASK; this no-dig technology temporarily stops the flow of gas in a live pipeline, saving 2,017 HGV lorry trips and 2,075 tonnes of materials to fill the hole per year.

WHERE NEXT: implementing successful technologies and introducing new ways of working.

3. Leading major changes to the industry and related contracts

AIM: to work with the industry to make changes that benefit all consumers.

STAKEHOLDERS SAID: champion the industry.

WHO: shippers, suppliers, gas transporters.

RESULTS: we're leading three major change projects to: use smart meter data to benefit customers; develop a new operating model for the industry central data service provider Xoserve; and to align 'gas day timings' across the EU, which will support cross-border trading and help to lower energy prices to customers through more efficient markets.

WHERE NEXT: making sure the new arrangements are introduced smoothly and benefit customers.

4. Leading vulnerable and fuel poverty cross-industry working groups

AIM: to bring industry experts together to help UK fuel-poor and vulnerable customers.

STAKEHOLDERS SAID: joined up working and shared solutions.

WHO: Department of Energy & Climate Change, fuel poverty groups, consumer groups.

RESULTS: working with others, we created a national database of homes not on the gas grid, and helped to shape Government and Ofgem's fuel poverty strategy. We're also standardising and simplifying industry data on vulnerability and testing a referral network for vulnerable customers (see 5).

WHERE NEXT: developing options for affordable technological solutions and funding to address fuel poverty, and feeding into Ignite (see 8). We're also supporting Ofgem's work on the Priority Services Register review.

5. Establishing a vulnerable customer referral network

AIM: to use partnerships that can provide targeted help to our vulnerable customers.

STAKEHOLDERS SAID: help support vulnerable customers.

WHO: consumer groups, customers.

RESULTS: we've worked with Leicester City Council's (LCC's) First Contact scheme to offer our customers a range of services around topics like fire safety, debt and energy advice. We're also widening LCC's services to include carbon monoxide awareness. LCC has capacity for c.3,000 referrals annually.

WHERE NEXT: this pilot supports the National Institute for Health and Care Excellence (NICE) guidance that customers of concern be reported to a single referral point. Results will feed into the Vulnerable Customers Working Group.

6. Raising Carbon Monoxide (CO) awareness

AIM: to work with the other gas distribution networks to develop a UK-wide work programme, based on initiatives that deliver best value.

STAKEHOLDERS SAID: raise awareness and change behaviours.

WHO: CO groups, customers, HSE, Gas Safe.

RESULTS: we've built on last year's programme, including running a collaborative trial of innovative and intelligent CO monitors. Our schemes have reached c161,500 customers and improved awareness from 6.5 to 8.6 out of 10, with 96% saying they will take further action.

WHERE NEXT: working with a range of partners, including LCC's First Contact scheme, to develop a programme that links fuel poverty, vulnerability and CO. We're hoping to get access to surgeries, hospitals and schools.

7. Eradicating fuel poverty

AIM: to work with our stakeholders to deliver creative and repeatable solutions to fuel poverty.

STAKEHOLDERS SAID: increase focus on fuel poverty, find innovative solutions.

WHO: fuel poverty groups, customers, Government.

RESULTS: we launched an Energy Efficiency Innovation Award Scheme, and awarded five innovative projects. Three are aimed at tower blocks and one at caravan parks, with both being challenging areas. The final project is providing heating for those identified by their GP as having health issues but who don't qualify for traditional heating funds. Our schemes have connected 4,274 homes in fuel poverty.

WHERE NEXT: we are co-sponsoring National Energy Action's fuel poverty conference in September. At this event we'll share the results of these projects.

8. Widening customers' energy choices through Ignite

AIM: to transform consumer choice and cheaper energy through collaboration and creativity.

STAKEHOLDERS SAID: work collaboratively, find energy solutions for customers.

WHO: consumer groups, gas networks.

RESULTS: working with the Energy Innovation Centre, the other gas Networks and SMEs, we've developed a concept for the UK's first digital collaboration platform. This will help customers to understand what technologies, infrastructure providers and funding are available to make the right energy choices for their homes or communities.

WHERE NEXT: develop the digital platform throughout 2015/16. We are also carrying out two related studies on Air Source Heat Pumps and on the impact of cold, damp homes on children.

We are developing our skills and an inclusive and diverse workforce

9. Biomethane – a first for others to lay high pressure pipes

AIM: to provide a competitive marketplace for helping connections to biomethane.

STAKEHOLDERS SAID: reduce the cost and time to connect, and encourage competition.

WHO: biomethane producers, consultancy organisations.

RESULTS: in November we successfully completed the first Local Transmission System self-lay biomethane connection project at Holkham. Working with Future Biogas, we have created a model that paves the way for others to lay their own high pressure pipes.

WHERE NEXT: we're working with Lloyds Registrars to develop an accreditation scheme for utility infrastructure providers to work at high pressure, giving customers greater choice and control over their projects, and helping to encourage competition and drive down cost.

10. Shaping the role gas could play in HGV transport

AIM: to support the environment and make the most of our assets, establishing a Natural Gas Vehicle (NGV) network with EU Skills to remove barriers and open up a vibrant NGV industry.

STAKEHOLDERS SAID: find new sources, markets and uses for gas.

WHO: EU Sector Skills and Energy Utility Alliance.

RESULTS: we have created a cross-industry NGV network to share information and make sure the benefits of using traditional and renewable gas in vehicles are clear to policymakers, such as the DfT and DECC, in considering the UK's transport infrastructure road map to 2030.

WHERE NEXT: we're developing an infrastructure road map and pilot project with Birmingham City Council.

11. Focusing on future skills and diversity

AIM: to invest in our future, inspiring a diverse group of employees that represents the diversity of our customers and stakeholders.

STAKEHOLDERS SAID: continue to invest in industry skills and employability.

WHO: Stakeholder Panel, special interest groups.

RESULTS: we're working with various partners to recruit veterans from the military, refugees and students with special educational needs.

WHERE NEXT: we'll continue to inspire and develop a more diverse workforce. Our Group CEO leads the Energy Efficiency Industrial Partnership, helping the UK energy sector deliver 11,000 new apprenticeships over the next three years and shaping how we work with Government to improve skills.

12. Developing the skills for smart meters

AIM: to develop the skills needed to make the most of smart meters and make sure there isn't a negative impact on customers.

STAKEHOLDERS SAID: work collaboratively to mitigate the impact on customers.

WHO: customers, suppliers, Government.

RESULTS: we're working with the industry to collectively resource the roll-out of around 10 million meters a year. We're updating our processes and training our customer centre and field force employees to manage customers' expectations and work with new smart meters.

WHERE NEXT: we'll continue to work collaboratively to keep everyone safe and minimise the impact on our customers. We'll also explore the opportunities for security of supply and restoring supply following an emergency.

We are developing mature and sustainable relationships

13. Transforming our communication in London for mains replacement projects

AIM: to involve our stakeholders and understand their needs when replacing gas mains, and the impact we have on them.

STAKEHOLDERS SAID: better visibility and planning.

WHO: businesses, customers, LAs, HAs, communities, public.

RESULTS: by loading our work programme into Google Earth we can now 'walk' the route with our stakeholders. This brings the project to life so they can see exactly where we will be cutting and when, and what the potential impact is. This helps our customers and stakeholders to shape our plans and timetable.

WHERE NEXT: we are looking at how we can expand this approach to clusters of work in other areas.

14. Making our local relationships work more effectively

AIM: to develop our local relationships and work with partners to improve performance and create new opportunities.

STAKEHOLDERS SAID: better collaboration and working together.

WHO: HAs, LAs, communities.

RESULTS: we're working alongside Electricity North West and local HAs to improve our performance. We are now piloting a joint 'coring' programme with Sefton and Knowsley Councils, where we are trusted to test our own reinstatement quality and report back. This will save the HA around £24,000 each year.

WHERE NEXT: first-year results are due in early June. This initiative has generated positive interest from the DfT and, pending results, other LAs may come on board.

15. Working with others to share and learn from best practice

AIM: to benefit UK plc by sharing and learning from best practice.

STAKEHOLDERS SAID: share learnings more widely and create opportunities for collaboration.

WHO: Stakeholder Panel, strategic partners, supply chain.

RESULTS: last year we installed micro-generators that converted gas into electricity in sheltered housing. We have built on this project, installing a community heating scheme alongside these small-scale generators, providing electricity, heating and water heating to a vulnerable residents' block. We're working with Northern Powergrid to share our experience and are feeding into Ignite.

WHERE NEXT: we'll continue to work with others. For example, we've already established a partnership with SGN to share ideas around the unique difficulties of working in London.

16. Creating a permanent customer panel

AIM: to develop our relationships with our customers and stakeholders, and get more useful information.

STAKEHOLDERS SAID: better understanding of our impacts on our customers and stakeholders.

WHO: Stakeholder Panel and customers.

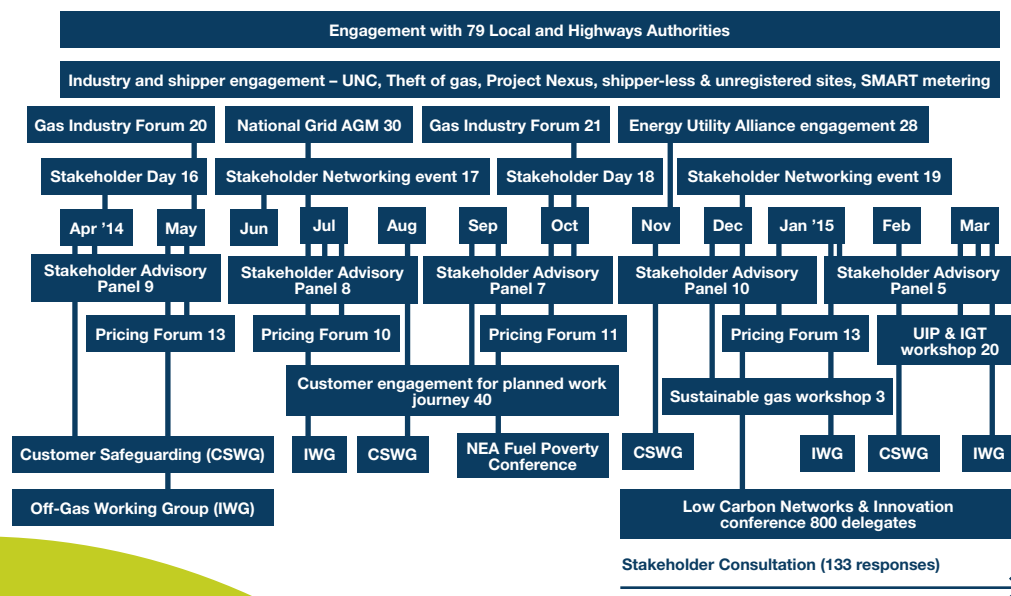
RESULTS: we've created a 1,000 customer panel of domestic and business customers that can provide information to help us develop our service. We're also working with Renuma to build closer, more insightful, relationships with our stakeholders.

WHERE NEXT: we're supplementing this with other research. For example, we are currently carrying out joint research with Western Power Distribution to understand our customers' preferences and priorities from their gas and electricity network providers.

What our stakeholders have told us

We continue to split our stakeholders into different groups to make best use of their time. We work with a wide range of groups through the year. We also work closely with the other networks either chairing or taking part in a number of best practice working groups on topics such as CO, fuel poverty, customer and stakeholder engagement.

OUR 2014-15 ENGAGEMENT ACTIVITIES



We listened to our stakeholders to understand how we had done during 2014/15, how we can improve and where we should focus our resources in 2015/16. We had more than 130 responses and this is what they told us:



92%

felt they had been fairly treated



75%

felt we'd acted on feedback



83%

believed we'd listened to them



86%

felt engagement good use of time

We have made 10 new commitments on the back of this feedback, and we will work with our stakeholders to deliver them.

Last year we made 12 commitments to our stakeholders based on the feedback we received. Below is a short summary of their priorities and the actions we have taken.

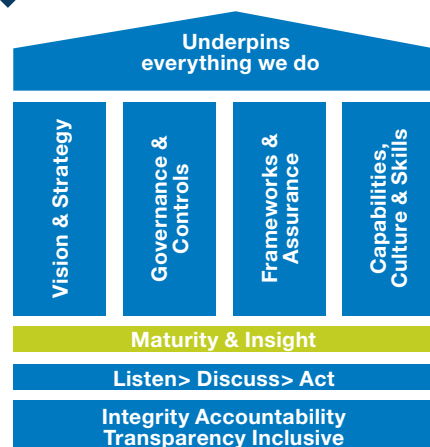
STAKEHOLDERS SAID	WE DID
Deliver solutions for fuel poverty, vulnerability and carbon monoxide. Work locally to minimise impact of our works.	Led off-gas grid and vulnerable customer working groups. Stepped up our CO work and piloted innovative intelligent CO monitors. Developed vulnerable referral network and launched a fuel poverty innovation competition. Set up a dedicated project team to focus on streetworks.
Play our role in industry change, share local plans, and build good relationships.	Driving changes for smart meters, a new operating model and EU gas day changes. Reduced shipper-less and unregistered sites, trialled QR codes on road signs, held stakeholder open days, set up a customer panel and developing stronger local relationships.
Focus on innovation, supporting new uses of gas sources, and the connection process.	Established NGV network for HGVs. Continuing to assess long-term options for the gas grid. Providing more consumer choice for biomethane connections process, and leading the creation of an accreditation scheme for connections at high pressure.
Publish progress, work more efficiently, and work closely with supply chain to identify opportunities for collaboration.	Published our performance. Made changes to improve our connections service. Reviewing our mains replacement process and how we engage, as well as our supply chain procurement and innovation processes.

Continuing on our journey

OUR STAKEHOLDER ENGAGEMENT FRAMEWORK

We've developed our stakeholder engagement framework to help us get better at what we do. It is made up of a number of core elements. This year, we've built in a new element – maturity and insight – designed to help us understand the strength of our relationships that we have with our stakeholders and the insights we get from them.

OUR STAKEHOLDER ENGAGEMENT FRAMEWORK



OUR VISION AND STRATEGY

Our Executive team and Stakeholder Advisory Panel have signed off our updated vision and strategy. They have also signed off our 10 new stakeholder commitments we have made for 2015/16 based on our stakeholders' feedback.

GOVERNANCE AND CONTROLS

To keep track of our progress we adopt a project management approach and report monthly to our Executive Performance Committee.

During 2013 we also adopted a new way of working, known as Performance Excellence, to deliver smarter ways of working and embed a culture of continuous improvement. We rolled this out during 2014/15 and all of our business now uses performance hubs to provide real time, visual management of how we are performing. It helps us identify and remove obstacles, as well as share best practice and lessons learnt across the business.

We continue to refine and adapt the processes we are using so we can get better at obtaining good-quality insights from our stakeholders and at understanding and evaluating the impact we have on them.



A performance hub in practice

FRAMEWORKS AND ASSURANCE

We have carried out our annual Management Review and made nine recommendations based on the outcome of this review, and we will monitor progress against these.

The review took into account feedback we have had throughout the year, including feedback from our ISO 55001 Asset Management audit, and our Stakeholder Advisory Panel's first annual report, which was presented to our Executive team on how they believe we are taking the interests of our stakeholders into account. It also included feedback from last year's stakeholder engagement incentive panel, as well as various external forums and stakeholder days.

We continue to hold our Institute of Customer Service (ICS) Service Mark accreditation as we carry on our journey to reach our 2017 ambition of putting stakeholders at the centre of what we do, where we are trusted and respected by our stakeholders to listen, discuss and act.

As part of our approach to continuous improvement and as part of our annual Management Review, we have again assessed ourselves against the maturity framework we have adopted, which is based on the Stakeholder Relationship Management Model (SRMM®).

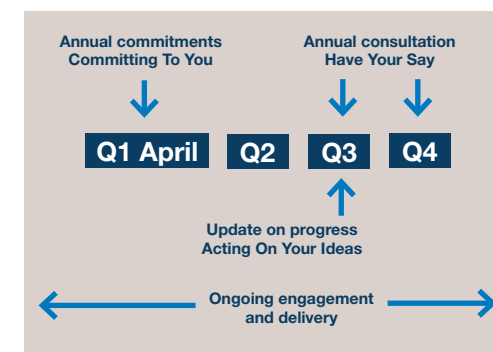
CAPABILITIES, CULTURE & SKILLS

We continue to invest in our people through our Skills Academy, developing our skills, our knowledge and the way we act.

We are also tapping into the expertise of others, such as Renuma Consulting, to understand and measure the closeness, strength and quality of our relationships, and then look at how we can work together to develop them.

WHERE NEXT

We have promised our stakeholders that we will consult with them every year to monitor how we are doing, understand their priorities and keep striving to improve.





How to contact us

If you have a question, any feedback or an opinion on any of our stakeholder engagement activities, feel free to get in touch with us.

Email: talkingnetworks.distribution@nationalgrid.com

Phone: 01926 656 923

Write: Tracy Hine, National Grid, Block 2, Brick Kiln Street, Hinckley, Leicestershire LE10 0NA

Talking networks website: www.talkingnetworksngd.com

General Enquiries & Customer Support

Email: customersupport@nationalgrid.com

**Smell gas?
Please call the
24-hour Gas
Emergency line:
0800 111 999**

Phone: 0845 835 1111

Write: Customer Support Team, National Grid, Block 2, Brick Kiln Street, Hinckley, Leicestershire LE10 0NA