

# **Stakeholder engagement incentive submission**

**2016**  
**2017**



# Part one

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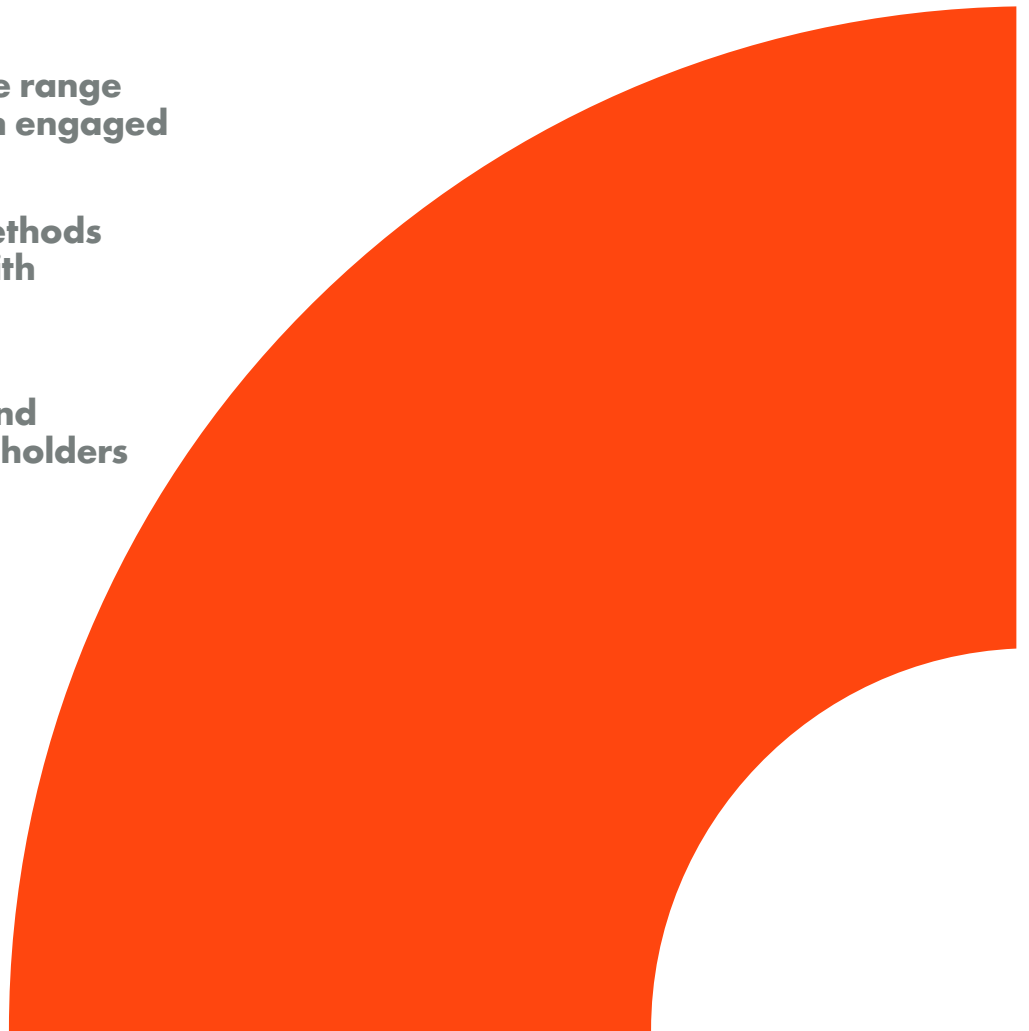
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# Introduction from Chris Train, CEO of Cadent



We have certainly had another busy stakeholder year in Gas Distribution. We started our year being owned by National Grid, with an ambition to be the best gas distribution business in Britain. Throughout the year, we have undertaken broad engagement and consulted our stakeholders every step of the way. We have identified our stakeholders' priorities and delivered outcomes based on those key priorities.

Being sold has given us the opportunity to review our ambition of being the best gas distribution business in Britain.

Our stakeholders and employees have told us to be more specific with our ambition. Our role is to keep the gas flowing safely in our network, ideally with no disruption. Our stakeholders want us to actively care about the communities

we serve, looking after those that are most vulnerable, and to maintain and diversify our network for future generations – enabling a lower carbon and affordable network.

We were determined to continue improving our business while undergoing the sale and I am really proud to share with you **how** we have undertaken broad engagement this year and highlight **the outcomes** we have delivered. We have tried new ways to gather insights and engage this year. Some innovations and ideas have worked really well, while others haven't. We are being brave – trying new approaches, even if we don't always get it right. Trying these new approaches demonstrates our desire to listen, deeply understand and deliver for our stakeholders and customers.

We are not complacent and know we don't always have the best practice within our own company. So we have invested in others to test our approach and plans and we have gathered external insights into how we should improve.

Personally, the pride and passion my teams take in delivering for our customers and stakeholders never fails to delight me. This year, we will share with you the breadth of outcomes across our stakeholder groups – delivering for today and setting up our organisation to deliver for future generations.

Our improvement journey continues in our new company, Cadent. Our deeply embedded commitment to customers and stakeholders remains. We will improve the service we provide directly to 11 million homes and businesses, and high on our priority list is the important role we have in ensuring a future role for gas in all homes in the UK.

**“Our improvement journey continues in our new company, Cadent. Our deeply embedded commitment to customers and stakeholders remains.”**

Chris Train,  
CEO

## Our customer and stakeholder vision

**Our year started out with the ambition to be the best gas distribution company in Britain. To do this, we knew we had to build the feedback from our customers and stakeholders into the foundations of our business to deliver the right outcomes.**

Our customer and stakeholder vision means that we are consistently producing results and the best outcomes for our customers and stakeholders. We want our customers and stakeholders to say they find it easy to talk to us and do business with us. We are trusted to deliver what we have agreed and provide a quality service at an affordable price.

Our simple philosophy remains to listen, discuss and act. Only by working together with our stakeholders can we improve our business and the services we offer.

We have refreshed our approach to our annual stakeholder consultation, 'Have Your Say'<sup>(1)</sup>, to ensure that we are engaging with more stakeholders than

ever before and we have seen a fantastic level of response. This new approach ensures we have robust, detailed feedback, on what we should carry on doing, what we need to focus on and how we can improve our relationships. We then build this critical feedback into our business plans to create positive change.

We have also moved away from our traditional approach of creating stakeholder commitments based on the stakeholder feedback and have taken more of a strategic view, creating broader stakeholder feedback themes. This approach has been supported by our Stakeholder Advisory Panel and our leadership team. It allows us to deliver more for our customers and stakeholders, while remaining focused on our RIIO priorities.

(1) Supplementary evidence



# 1.1 Our stakeholder engagement strategy

We are pleased to be able to share with you our feedback themes for this year, which have come directly from our stakeholders. We are proud to showcase a selection of what we have achieved throughout this year's submission.

## Our stakeholder feedback themes for 2016/17

- **Continue to focus on eradicating fuel poverty and supporting vulnerable customers**
- **Deliver a 'right first time' customer service**
- **Improve our relationships with Highway Authorities and Local Authorities**
- **Continue to inform and educate on the future role of gas**
- **Driving change in the industry**
- **Deliver a successful sale of our Gas Distribution business.**

## Our refreshed strategy and engagement framework

Each year we conduct a formal evaluation<sup>(2)</sup> of our stakeholder strategy, where we reflect on our engagement throughout the year. We gather lessons learned and insights from a broad range of sources, including audits, events, consultations and our Stakeholder Advisory Panel. Our leadership team then uses this to update our engagement strategy, making sure we are continuously improving for our stakeholders. Based on this evaluation, we have made changes to our approach, keeping our four fundamental stages (see flow diagram, right), which we have refreshed.

Performance Excellence is our approach to finding better ways of working – to maintain the safety of our customers, and enhance the service we provide at an affordable price and value for our customers and stakeholders. Using our set of techniques and 'lean' principles, we have created a standard, three-step model (see right), approach to stakeholder engagement. We have made these an integral part of all step change projects, which complements our engagement framework.

## Our stakeholder RIIO priorities remain the same



We will keep our communities safe and warm



We will provide value for money



We will safeguard future generations



We are easy to do business with



## Our three-step model helps us to understand

- 1 The level of stakeholder interest**
- 2 Their views and desired outcomes**
- 3 Their influence surrounding a particular project.**

Using this information, we can then create a tailored engagement strategy with clear messages of engagement, communication methods and ownership. As well as being an integral part of our step change projects, this approach has been used in other key projects – such as the future billing methodology (page 18) – to refine our approach.

# 1.2 A broad and inclusive range of stakeholders has been engaged

## Our Stakeholder Advisory Panel

**Our Stakeholder Advisory Panel is going from strength-to-strength and acts as the voice of our stakeholders.**

At the start of the year, we decided to review our existing panel membership – to make sure it is representative of our stakeholder groupings – so we could be confident that the panel truly reflects all our customers and stakeholders.

As a result of the review we now have nine new panel members – from organisations representing consumer groups, our strategic partners, the shipper and supplier community and the renewable gas industry. Our CEO Chris Train and Richard Court, Head of Regulation and External Affairs, continue to be active members of our panel and ensure a direct connection to our leadership team – creating positive change from their insights.

This year, the panel has helped us to make key strategic decisions, including

changes to our stakeholder consultation and the agreement to run a 360-degree relationship scan<sup>(3)</sup> (see page 5) with our key stakeholder groups. We have also discussed with the panel our approach to engagement on key issues – such as the future role of gas and our thoughts on the next RIIIO price control. This allows us to tailor our engagement approach to have a greater impact. We have also acted on the feedback from our panel and used these key insights in our approach to the brand and purpose of our new organisation.

“The panel has evolved significantly this year. It has a much richer representation of our stakeholder groups and continues to shape our strategy.”  
Richard Court, Head of Regulation and External Affairs, Cadent.

**We have reviewed how we categorise our stakeholders this year and reduced the number, to complement our engagement framework and ensure our engagement is targeted.**

- National Government, Regulatory & Industry Bodies
- Trade Bodies & Professional Institutions
- Regional & Local Government (including Local and Highway Authorities, District & Parish Councils)
- Distribution Networks
- Safeguarding Organisations
- Business-to-Business Customers
- Business-to-Business Providers.



■ Richard Court, Head of Regulation and External Affairs



**The panel has evolved significantly... and continues to shape our strategy.”**



**This year, more than any other, stakeholder engagement has been important. It has enabled the panel to examine operational activities while the company has undergone major change. The panel has also evolved, bringing in new faces to keep our challenge fresh.”**



■ Mike Foster, Chief Executive Officer of EUA and chair of our Stakeholder Advisory Panel

## Changing the way we consult

**This year, we have made some major changes to our stakeholder consultation process – in order to get a more detailed understanding of the voice of our stakeholders.**

We opened up our *Have Your Say* consultation earlier than usual – at the start of August for a period of two months. We have traditionally consulted for three months between November and January, but we recognised that this didn't allow enough of an opportunity for the feedback to be fully absorbed into our business plans for the forthcoming financial year. We reduced the consultation period to two months because the vast majority of responses are received in the early stages of the consultation.

We also invited all of our employees to take part in the consultation, as we wanted a clear picture of how they felt their organisation was responding to the needs of stakeholders and what they believe we should focus on. We saw a great response from both our stakeholders and employees (see page 10).

# Strategic calendar of events

Our stakeholder engagement calendar for 2016-2017 highlights some of the key engagement activities we set up in response to stakeholder feedback. As we establish our new company, our activities demonstrate a clear drive towards meaningful engagement with stakeholders. Many of these are organisations and people who are steering the future vision for our cities and regions on economic growth, skills, infrastructure and innovation.

Throughout the year, our activities have helped us to deliver outcomes on our key stakeholder themes – drive industry change, create a 'right first time' customer service, improve relations with local authorities and housing associations, and focus on vulnerable groups.

## Focus on fuel poverty and vulnerable customers

### Aug-2016

We highlighted fuel poverty funding issues to government through our consultation response on the Energy Company Obligation (ECO) programme.

### 23-Sep-2016

Through a joint GDN presentation at the NEA conference 2016, we collaboratively highlighted availability issues for fuel poor funding.

### 29-Sep-2016

At a London Housing Authority meeting, we raised awareness of free gas connections that are available in London through ourselves or SGN.

### 22-Nov-2016

The Public Policy Exchange event 'Warmer, Healthier, and Fairer: Tackling Fuel Poverty' gave the opportunity to build relationships with other organisations active in this area.

### 11-Jan-2017

We launched a national carbon monoxide (CO) awareness competition for children, which we run with other GDNs to raise awareness of the dangers of carbon monoxide poisoning.

### 24-Mar-2017

Through the Lord Mayor of Coventry Charity Gala event, we strengthened relations with local stakeholders while raising funds and awareness for the Alzheimer's Society.

## Inform and educate on the future role of gas

### 11-Oct-2016

We are engaging with innovation institutions, e.g. University of Warwick, to foster and promote regional business development.

### 11-13 Oct-2016

We attended the annual Low Carbon Networks & Innovation Conference to share learning and best practice with other GDNs.

### 28-Oct-2016

By contributing to the Northern Energy Taskforce Workshop, we are taking part in addressing challenges facing energy consumers and businesses in the North.

### 8-Nov-2016

We attended the Network Innovation Competition (NIC) Workshop on Energy Efficiency and Heat.

### 10-Nov-2016 & 24-Nov-2016

We promoted our BioSNG innovation project at the EUA Gas 2016 conference, ahead of the BioSNG launch event in Swindon attended by DfT, BEIS and Ofgem.

## Continue to drive industry change

### 21-Feb-2017

We've participated in roundtables on the future role of gas with Department for Business, Energy & Industrial Strategy and regional industrial leaders.

### 02-Mar-2017

Our new Future Billing Consultation paper was launched during a Q&A event at the QEII, London.

### Monthly

We worked closely with industry partners to make sure they were comfortable with contractual arrangements that we led for Project Nexus.

### Monthly

We drove the Xoserve Funding, Governance, and Ownership programme, regularly bringing together industry stakeholders to discuss contractual changes.

### Quarterly

Through quarterly best practice working groups facilitated by the Energy Network Association (ENA), we refined our individual and collaborative approach across a broad range of areas (customer safeguarding, carbon monoxide awareness, customer best practice, and fuel poverty).

### Various events

We are engaged in regional business growth through the Confederation of British Industry (CBI) Regional Councils.

### 21-Nov-2016

We hosted Oxford University's Decarbonising Heat event, bringing together speakers from research, government, and industry sectors.

### 6-Dec-2016

We presented at this year's Sustainable Gas Research Annual Lecture at Imperial College London on the theme of: The lowest-cost pathway to decarbonising heat?

### 8-Dec-2016

We spoke at the Anaerobic Digestion and Bioresources Association conference, sharing knowledge with stakeholders interested in the future role of green gas.

### 19-Jan-2017

We showcased the future role of gas to an international audience in a keynote speech at the China-Britain Trade Expo that was streamed live to more than 54,000 people in China.

### 16-20 Feb-2017

We engaged regionally and shared our position on the future role of gas with new mayoral campaign teams in the North West and West Midlands ahead of the May 2017 elections.



**Our activities demonstrate a clear drive towards meaningful engagement with our stakeholders."**

## Improving our relations with HAs/LAs

### 10-Nov-2016

At the London Mayor's office, we took part in the initial workshop on London's growth and its infrastructure requirements.

### Monthly

We help inform government policymaking on streetworks activities through National Joint Utilities Group (NJUG) and HAUC (Highway Authorities and Utilities Committee) meetings.

### Various events

We have been consistently building local and regional relationships with our local constituency MPs in our network areas.

## A right first time customer service

### Bi-monthly

We host a call-handling forum for the freephone 0800 telephone service that we provide to partners and customers on behalf of the other GDNs.

### Quarterly

Our Stakeholder Advisory Panel meets quarterly, helping us to shape our business strategy and tailor our engagement to the needs of different groups and individuals.

### Annual

Our annual 'Have Your Say' consultation helped us understand stakeholders' views.

### Ongoing

We have gained feedback through 30,000 customer satisfaction surveys, which relate to customer experiences through our connections jobs, emergency and planned work.

### Annual

By presenting at the European Gas Conference 2016, we informed international stakeholders about our vision on the future role of gas.

### Various events

As a founding member of the Natural Gas Vehicle (NGV) Network, we contribute to the collective promotion of natural gas vehicles as a transport solution.

## 360-degree stakeholder relationship scan

**We wanted to establish a broader engagement across all of our stakeholder groups. Having previously partnered with Renuma to improve how we worked with specific highways authorities, we used this trusted relationship to achieve this.**

Our Stakeholder Advisory Panel and our Leadership Team fully supported us in asking Renuma to conduct a 360-degree relationship scan<sup>(3)</sup> of our stakeholders. More than 500 stakeholders and 70 employees were invited to complete a detailed questionnaire – giving us a valuable insight into two perspectives: our stakeholder needs and views compared to those within our organisation.

The results have been incorporated into a ‘heat map’ to show the relationships that are working well and those that need improvement. It has helped us explore which relationships can be improved, helping us to prioritise and focus our efforts on those key relationships.

The results show we have many positive relationships with external organisations and groups, but we do need to improve our consistency. The relationships were

particularly strong with our peers in other energy distribution organisations and trade bodies – where there is clear alignment to what we do. We also have effective working relationships with national and local authorities and service providers/partners.

However, key relationships with business-to-business customers were identified as those where we needed to improve our engagement, which we have put into our change programme for 17/18.

We have shared our findings with everyone who participated, our Leadership Team and throughout our business. The important outcome is that our business has taken responsibility for these relationships and we have the insights to drive individual and targeted engagement plans for the forthcoming year.

## Consulting with our stakeholders was key to our sale process

**As soon as National Grid announced in November 2015 that it intended to sell a majority stake in our gas distribution business, one of our first thoughts was: how will this impact our stakeholders and how should we engage them effectively?**

We realised that the communities and businesses that we serve and other stakeholder groups would all be interested in what the changes would be, how they would apply to them and how they could make their views known. We were determined to explain to our stakeholders what we were doing in enough detail so that they could evaluate the true impact of the sale.

We established a sale project team, which included a dedicated stakeholder lead who worked very closely with the Gas Distribution Stakeholder team. We assembled a list of interested stakeholders from our stakeholder database and, using the stakeholder team’s up-to-date knowledge, we wrote out to everyone to ensure maximum stakeholder coverage.

All of our communications on the sale had the familiar feel of our regular communications. We used email, letters, presentations and issued frequently asked questions and answers (FAQs) to reach out comprehensively. All stakeholders had the option of a telephone conversation, email, or face-to-face meeting with their usual contacts, accompanied by the sales team if they wished.

A dedicated email address with named contacts and telephone numbers was provided. This allowed us to provide our stakeholders with individual or collective replies, while also enabling us to target any areas of concerns and opportunities to engage proactively.

We arranged presentation slots at regular industry meetings attended by our stakeholders. We were flexible in our approach and answered questions in the meetings. A small number asked for private meetings or calls, which we happily accommodated.

We specifically consulted on key stakeholder related issues, such as Metering, and used the outcomes to ratify our proposals.

Sue Higgins, stakeholder engagement sale lead, said: “It is enormously satisfying that a large part of the success of the sale was down to engaging closely with our customers and stakeholders throughout the process. Tapping into our existing stakeholder portfolio really helped. The importance of assessing our stakeholder’s needs and managing them appropriately cannot be overstated.”



**We have worked with more than 50 different organisations, to deliver positive outcomes.”**

## Partnerships and collaborations

Throughout this year’s submission we are proud to highlight how we have worked with more than 50 different organisations – ranging from charities to innovation companies and colleagues within the other gas and electricity distribution networks – to deliver positive outcomes for our customers and stakeholders.

We are always looking to strengthen these partnerships and learn from others; the work we have completed this year demonstrates we are a maturing organisation in our stakeholder approach. Successful partnerships and collaborative projects are built on strong relationships and opportunities to share.

An example of this is the work we have been leading through the Safeguarding Customers Working Group (SCWG) with vulnerable customers. We were invited to a conference, hosted by Ofwat, to present to water companies and challenge them to see if they could learn from the progress made in the energy sector on safeguarding vulnerable customers.

## Stakeholders – central to our new company

Having engaged our stakeholders before and during our sale process, we realised that in creating our new company we needed their input. The sales team established a partnership with an external company who provided expert support to help us to understand fully what the current company ambition and brand meant to our stakeholders and our employees, and if it needed to change.

The project team conducted a series of stakeholder interviews and focus groups, gaining broad opinion internally and externally, about what our stakeholders and customers expect from us. We looked at all the different types of customers we have and the impacts our work has on their daily lives. It was clear from the feedback we received that, while our ambition of being the best gas distribution company was understood, what our stakeholders really wanted was for us to respond to their specific needs.

Our Stakeholder Advisory Panel expressed to us their opinion that: “The brand is central to an organisation and will help achieve business objectives and to engage with stakeholders. You need to be clearer on the purpose of your brand.”

Our intention was for our new brand to engage and inspire our stakeholders and employees to help them understand and believe in our new company brand and vision.



## Why we chose Cadent, your gas network

**Cadent represents the constant and reliable rhythm of energy supply. It comes from the word 'cadence', the natural rhythm and energy flow and is inspired by 'incandescent', the warm glow and light emitted as a result of heat.**

### So what does our brand really mean to the communities we serve?

Our new company has a huge part to play in the daily lives of so many people. We know that we need to keep the energy flowing safely and efficiently at all times with minimal disruption. Our passion is to work collaboratively with all of our stakeholders; engaging with them to form our brand sets us up for a strong stakeholder-led future.

### Our core purpose

Proud to keep the energy flowing.

### The story behind our brand

There are some things in life you just need to work, without thinking about it,

without any hassle. Underneath your feet run 200 years of innovation; a pipe network connecting 11 million homes and businesses, an invisible commitment to meet your energy needs, today and tomorrow. We are a dedicated team of skilled professionals, delivering gas safely to you and responding quickly when you need us the most.

Naturally curious and courageous, we're also continually finding smarter and more sustainable ways to develop our network to provide the services you need, when you need them. We're at the heart of heat, working closely with local communities across the nation to keep you warm, safe and connected.

## Reaching out beyond our core stakeholders to work with communities

**We are engaging with a broad range of stakeholders, not solely those who are directly affected by our works. Our engagement extends to working with communities – via a number of different forums and giving something back.**

### Working with Leicestershire Cares

Leicestershire Cares is a registered charity that brings businesses and communities in the Leicestershire area together through employee volunteering. Our employees have predominantly supported pupils with their literacy, numeracy and employability skills through the following schemes:

#### Right to read scheme

We have supported 11 primary school pupils on the lower end of the reading scale by providing one-to-one reading sessions. All of the children working with our employees improved their self-esteem and confidence. Eight employees took part.

#### Number partners

Five employees have provided numeracy support for eight primary school pupils, by playing specially developed board games with them to develop maths skills. All of the children have benefited from having a number partner – showing increased



■ Our Christmas campaign to raise funds for local communities in Leicestershire

confidence and contributing more during their school lessons.

#### Interview technique project

Our employees have volunteered a total of 100 hours of their time to hold one-to-one mock interviews – providing students in Years 10 and 11 with feedback, in order to prepare them for future interviews for work or college. We have supported 250 students in Leicestershire schools through this project since April last year.

## Young Offender Programme

Established in 1988, the Young Offender Programme is led by National Grid. It operates throughout the UK and is a training and employment programme focused on the rehabilitation of offenders. The programme works with prisoners coming towards the end of their sentences, providing training and sustainable employment on release. This year, we have worked with eight young offenders.

The programme has involved more than 80 external companies and included more than 22 prisons. More than 2,000 offenders have benefited from this training and employment programme, with a reoffending rate for those in the utility sector of less than 7%. By turning offenders into committed employees, the programme has saved the UK taxpayer more than £350 million.

## GetSkilled

GetSkilled is solely funded by National Grid and is designed to support 16-20-year-olds not in education, employment or training. Students follow an individual learning plan, working on the skills needed for their chosen career, or are supported with careers guidance.

We offer work experience placements so students can experience a variety of roles. Speakers from National Grid and supporting companies (Deloitte, South West Trains) also talk to students about their career journeys.

Since 2012, 216 young people have joined GetSkilled. Out of this year's intake of 46 students, 40 have gone on to positive destinations – such as apprenticeships in engineering, business administration, child health and social care; or in employment; or returned to college/training. Positive outcomes have increased from 50% in 2014 to more than 70% in 2016, in areas of highest youth unemployment in the UK.

## EmployAbility – Let's Work Together

We are working to make sure people with disabilities have the opportunities to achieve their ambitions. Our supported internship programme has allowed us to employ seven students from the widest possible recruitment pool, bringing a breadth of skills and talent to the workplace.

For us, a supported internship programme like EmployAbility makes business sense. We're proud of our representative workforce, where our employees reflect our customers. We have also been sharing our experience of EmployAbility with other businesses – and due to our engagement, Severn Trent and Siemens in Hull have launched their own schemes, modelled on ours.

## Windsor Street pop-up garden

Working in partnership with The Conservation Volunteers, a community volunteering charity, we have started to turn an area of one of our sites in Birmingham into a 'secret' garden. We have taken redundant bulk storage containers at our Windsor Street site and converted them into planters to grow a range of fruit, vegetables and flowers.

The containers had been used to store chemicals, so they were specially cleaned before being repurposed as planters and filled with soil. Twelve volunteers from the local community have used them to grow produce and they are encouraged to talk about adopting a healthier lifestyle.

In the long term, the garden will provide a green space for volunteers from the community. When the flowers have grown we will distribute them to care homes in the local community. We will also be donating some of the planters to local schools in the area that lack a green space.



■ Our apprentices sharing their experiences with colleagues as part of National Apprenticeship Week

■ Our Customer Excellence Officers in training



# 1.3 Using a variety of methods to inform and engage with our stakeholders

## Ensuring our employees are supported and have the right tools and skills to do their job

In response to customer feedback on our planned work, we have followed customer service models that major retailers use in order to enhance our customer service training.

### Customer Excellence Officers

This year, we have recruited 12 additional dedicated Customer Excellence Officers and put them through a rigorous customer service leadership programme. The 15-day course equips our teams with the right tools to deliver first class customer service. It also ensures everyone is aware of the safeguarding services we provide, including the Priority Services Register and the availability of CO alarms. The programme has been such a success that we have extended it to our operational team leaders and managers.

### Guide for new starters

After our separation from National Grid in October 2016, we reviewed our induction process – both for new employees to our business and staff who joined us from other National Grid businesses. This 'go to' guide about our business forms a concise source of information on a range of topics. It now includes details of our Stakeholder Advisory Panel and our updated stakeholder engagement strategy.

### ISO 55001 recertification<sup>(4)</sup>

ISO 55001 is an internationally recognised standard for asset management. In January 2017, we went through a full recertification – covering all aspects of how we manage our assets, such as pipes in the ground and pressure control equipment. We are pleased to say that our certification has been extended for another three years.

Our ISO 55001 recertification confirms we are maintaining high standards of asset management and stakeholder engagement – comparable with other major businesses. It gives our stakeholders and customers confidence that we are managing our network assets effectively.



**We continue to be members of the Institute of Customer Service."**

### What are our customers still willing to pay?

Last year, we shared details of our collaboration with Western Power Distribution (WPD) to fund a study to understand which of our services our customers are willing to pay for. This helps to ensure that we and our industry partners are making the right investment decisions for the customers we serve. This year, we have teamed up again with WPD, as well as UK Power Networks, to understand if our customers' views have changed over the past 12 months.

Working again with market research experts Accent, we have targeted domestic and small business customers – asking similar questions, but with a greater level of detail. This allowed us to fully understand their priorities and preferences on a range of services that we all provide. A summary of the results<sup>(5)</sup> are shown in the table, right.

### Domestic households are most willing to pay:

■ An additional £6.02, or 0.49% of their annual gas and electricity bill, to improve targeting of partnership outreach schemes by carrying out data analysis to identify areas with high numbers of potentially fuel poor customers. Also the same amount again to improve the overall reliability of networks. Our spend in outreach schemes for this year is less than 1p per household. Last year, reducing our carbon footprint was the most valued improvement.

### Least willing to pay for:

■ Improving the accessibility of existing websites and apps – 56p, or 0.05%. Last year, the least valued improvement was connection services for those in fuel poverty. Our work with the Royal National Institute of Blind People to improve our website cost just £850.

### Small businesses are most willing to pay:

■ An additional £493.97, or 0.75% of their annual gas and electricity bill, to improve the overall reliability of the networks. Last year, we maintained a network reliability of more than 99.9%.

■ £349.07, or 0.53% of their annual combined bill, to improve the targeting of partnership outreach schemes to identify areas with high numbers of potentially fuel poor customers. This is a change from last year – when this was deemed the lowest valued improvement, at just 0.01% of the annual bill for non-domestic customers.

### Least willing to pay for:

■ Improving the accessibility of existing websites and apps – £25.03p, or 0.04%.

### Summary:

■ It gives us confidence that we should continue to focus on our fuel poor programme.



## We use a variety of methods to inform and engage

### Embracing customer best practice

This year, we asked a specialist in customer management, with more than 30-years' experience, to review our mains replacement programme. We are committed to improving our service and we really wanted to make sure that the improvement plans we have in place address the right areas. We wanted to know if we had missed anything and if there were any recommendations or opportunities to further improve.

The extensive review took three months and looked at the end-to-end customer journey. More than 100 National Grid and contractor staff took part in the review. Site visits were undertaken across all of our networks to see what was working well and what needed improving. The findings reassuringly highlighted that we were focusing on the right areas:

- planning our work efficiently
- communicating effectively
- getting the gas put back on quickly
- reinstating the ground.

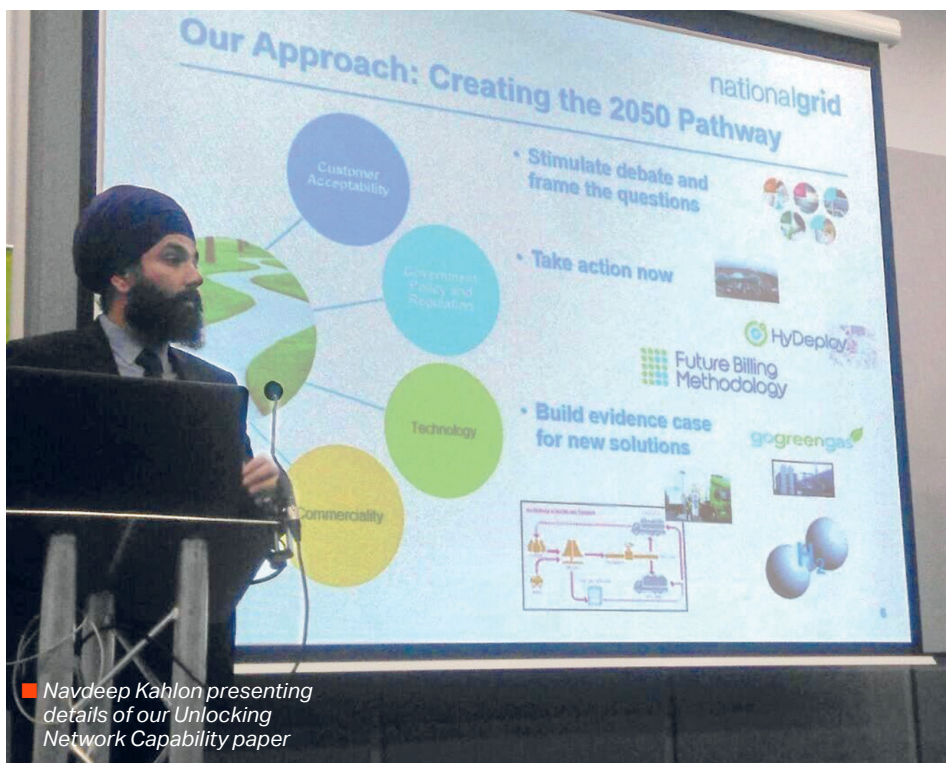
The consultants support our own view that sticking to original planned dates, using our improved communication methods, putting the gas back on quickly and reinstating the ground in a timely manner are paramount to improving our service.

However, the project team identified that we need to be better at harnessing best practice across both of our strategic business partners. There is still more work to do in ensuring consistency and embedding change. A key area that our improvement plans hadn't taken full account of was the impact our Customer Centre can have on the end-to-end customer experience.

We are determined to improve our service and to limit the disruption we cause to our customers. We are acting on the feedback from the experts and we are committed to starting three new programmes to address the gaps: two working in partnership with our strategic partners and one in our Customer Centre.



**We are acting on the feedback from the experts and we are committed to starting three new programmes to address the gaps."**



We have separated our projects into quick wins and longer-term changes that need to be embedded – to ensure we are focused on the right things and have appropriate change management in place.

### Our performance video

Our Stakeholder Advisory Panel gave us some really valuable feedback in October 2016 – when we invited their comments on the animation and accompanying booklet that aims to illustrate to consumers our performance during 2015-16. The cartoon animation was recognised as a positive and fresh approach to communicating with consumers.

They also recommended that we break down the information into shorter and simpler messages that have more relevance to the customer, rather than being target-focused. The suggestions from our Stakeholder Advisory Panel helped us to reflect on and refine our approach for the next performance report, due in July 2017. We are now feeding this learning back into our engagement strategy in the run-up to the release.

### Thought-leadership papers

We are making sure that people across the entire breadth of our stakeholders are aware of the opportunities that gas offers as part of the shift towards lower carbon energy networks. This year, we released our *Transport* paper on the potential role for gas in the HGV transport sector, as part of our suite of *Future of Gas* publications (see page 17).

We published the final paper of the series, *Unlocking network capability*, in February

2017. In this, we look at why the gas network is essential for enabling the UK's future energy ambition (see page 17). As well as raising awareness of the future role of gas, we pose questions and prompt the reader to respond to us directly.

We also invited stakeholder consultation responses to our proposed *Future Billing Methodology*, to help us understand views from different perspectives (see page 18).

Through these papers we encourage stakeholders to take part in the discussion on the challenges and opportunities facing the UK's energy needs.



# Harnessing social media for customer communications

**This year, we have used social media to help keep people informed during disruptions to supply – to raise awareness of free gas connections, and to spread the word about gas safety.**

## Updates during disruptions

We used Facebook to keep people up to date during two major gas incidents over the past year. This allowed us to reach out to the range of people who were impacted – from the 8,500 customers directly affected, to the wider public who used the businesses involved or knew residents.

We took advantage of the existing networks in each region by broadcasting our updates through local Facebook pages – for example, parish council and selling sites. We also used the platform to request help in identifying any known vulnerable and/or elderly people who we needed to visit more urgently. An unexpected and positive outcome for staff morale was that residents took to their phones and computers to post their



appreciation of the hard work that we put in to helping the local communities.

We've found our use of Facebook to be an effective and responsive method to keep people informed of our progress and offer reassurance. Going forward, we intend to use this valuable communication tool to keep connected to our customers and communities through any disruption.



## Advertising through Facebook

Between June and August last year we placed an advert on Facebook, to test whether advertising via this platform is an effective way of directly engaging with people living in areas where there is a low take-up of free, or discounted, gas connections. The advert was placed to help raise the profile of the scheme among Facebook users living in, or near, areas of deprivation in London.

The advert was seen by two million people and this led to 4,769 people (about 1,500 more than predicted) clicking on the advert to find out more. However, the series of adverts we placed did not make the impression we had hoped for.

There was no increase in the uptake of free/discounted connections in the targeted or wider London area, but the trial was still useful in identifying the low impact of the campaign method. These results were shared with the other GDNs at Fuel Poor collaboration meetings. Our willingness to share the trial results strengthened the collective GDN understanding of the effectiveness of different engagement methods around fuel poverty.

**Through the voices of just 100 of our employees we spread our message to 148,251 people."**

## Thunderclap

More than 4,000 people a year end up in A&E due to carbon monoxide poisoning and people are still dying from the silent killer today. We have a continuous programme of education on CO awareness (see page 12). With our 'Take It With You' campaign we also aimed to raise awareness of CO poisoning away from the home environment. The campaign urged holidaymakers to take a small, simple CO alarm with them on holiday as a lifesaving precaution.

For this, we used Thunderclap, a 'crowdspeaking' platform that allows individuals and organisations to rally together to spread a message via social media. We invited our internal and external stakeholders to sign up to a social media campaign through Thunderclap. Our supporters then prepared campaign messages that were broadcast at the same time through their social media accounts, generally Facebook and Twitter, to make a loud impact.

Through the voices of just 100 of our employees and stakeholders, we were able to amplify our campaign, spreading our awareness message to an audience of 148,251 people.



# 1.4 Acting on the input and feedback from our stakeholders

Throughout our submission we are proud to showcase where we have used feedback from our customers and stakeholders to deliver positive outcomes this year and have detailed a selection (below), including our costs.

Our Resulting Initiatives	Cost	Reach	Outcomes/ Benefits
Our Employee Stakeholder Engagement survey	Negligible	219 of our employees participated. Our employees' input helps shape the way we connect with our stakeholders and how we deliver our services.	321 feedback comments on how we can deliver our stakeholder priorities, 83 engagement suggestions. All have been reviewed and built into our delivery plans where possible.
A 360-degree scan of our stakeholder relationships	£43,850	More than 500 stakeholders invited, with a response rate of 31%. More than 50 of our employees also took part.	This method has been used successfully by other organisations over the past 20 years. It has provided valuable insights to drive individual and targeted engagement plans allowing us to prioritise our action plans across the business.
Joint willingness to pay for research with WPD and UKPN	£32,500	600 households and 201 non-domestic households.	A clear understanding of customer financial preferences for potential improvements which we have built into our thinking.
Project initiated to understand what more we could do to improve the service we provide during mains replacement activities	£120,000	More than 100 employees took part in the region of 20 meetings and site visits, where 24 detailed improvement recommendations were captured.	Three new improvement programmes initiated: two working in partnership with our strategic partners and one in our Contact Centre. We have separated our projects into quick wins and longer term changes to ensure they are fully embedded.
Stakeholder Advisory Panel	Negligible	An additional nine panel members have joined this year.	Ensures our advisory panel fully represents our stakeholders and customers. Through this type of engagement, we are able to benefit from the panel's comments and recommendations on specific topics, making us more in tune with our customers and stakeholders.
Expanded our social media presence	Facebook Ad costs £5,500	500,000 people saw our dedicated incident pages. Our free gas connection adverts were viewed by two million Facebook users in North London, and our carbon monoxide awareness campaign reached nearly 150,000 through Thunderclap.	We were able to keep our customers better informed quickly and effectively. We achieved further penetration in keeping customers informed of the services we provide and raising awareness of the dangers of carbon monoxide.
Review of our new website by the Royal National Institute of Blind People	£850	In the UK, around one person in 30 lives with sight loss – that's more than two million people and we want to ensure we are doing everything we can to support in this area.	Ensures those affected by sight loss can access critical information from our website and there is equal access for all.

## Our consultation results

This year, 203 stakeholders responded to our annual Stakeholder Engagement consultation, 'Have your Say' – **a 49% increase compared to last year**. We believe the positive changes we have made to our consultation process have resulted in this increased level of response.

- **72% of stakeholders , along with 67% of our employees, felt satisfied or very satisfied that we had acted on their feedback**
- **87% of stakeholders and 66% of our employees rated the overall quality of our engagement as either good or excellent**
- **The most preferred method of engagement was email, closely followed by face to face – which was a change to last year. We have ensured email is our go-to method for our major communication areas for this year as a result of this feedback, alongside meeting our stakeholders at every opportunity. Only 3% of those surveyed preferred formal publication. So, as a result, we have reduced the number of publications produced this year**
- **We categorised the feedback from our last survey into key themes that we have delivered against this year (see part 2).**



# Part two

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local and highway authorities**

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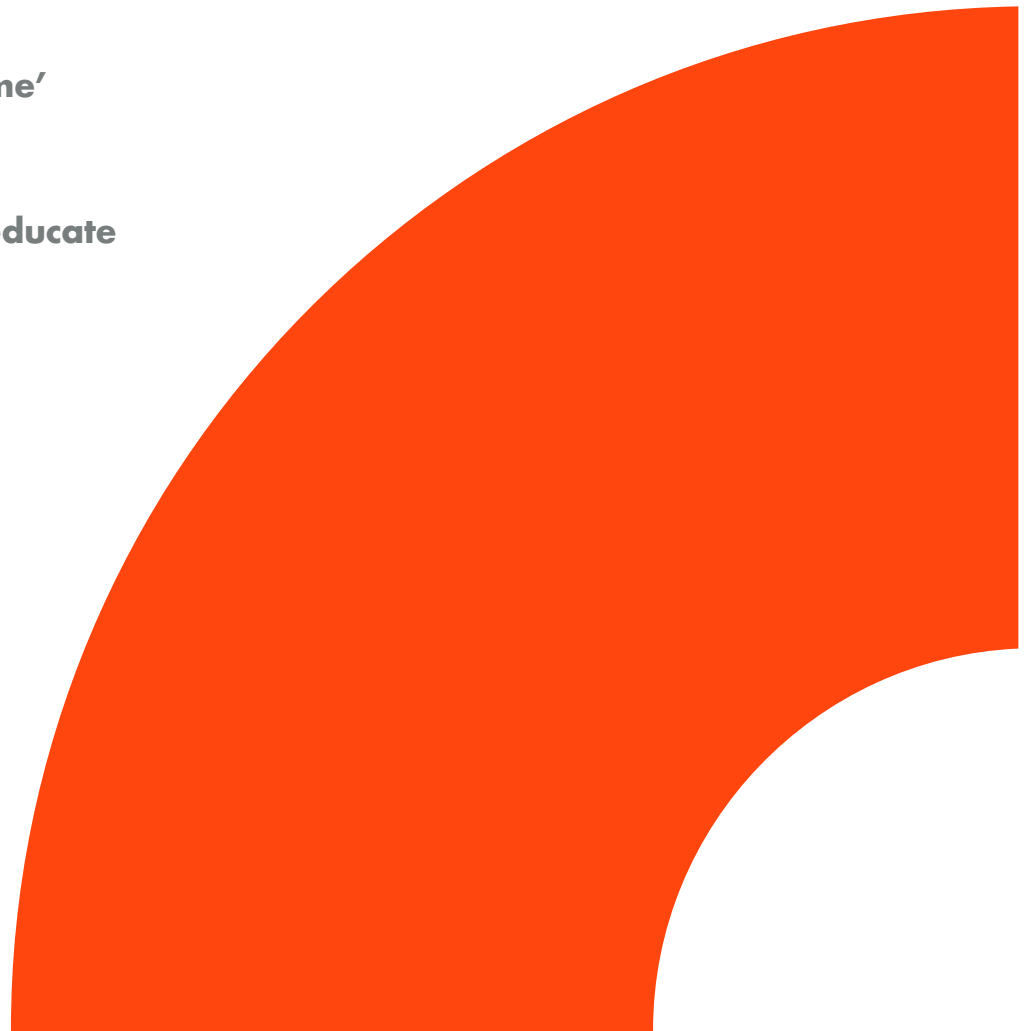
**Continue to inform and educate  
on the future role of gas**

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**Driving change in  
the industry**

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**Cost benefits and  
summary**



Our focus continues to be on delivering positive change affecting people's lives today, while setting up our network for future generations. Safeguarding our customers and helping to remove people from fuel poverty are priorities for our communities and we are delighted that our organisation is rising to these challenges. We have continued our collaborative approach and we are proud to have led the industry in several areas again over the past year. Our submission this year captures the broad outcomes we've delivered, based upon the five themes our stakeholders told us were important to them (see page 2, Our Stakeholder feedback themes for 2016/17).

# Focus on the fuel poor and customers in vulnerable situations



**We have focused energy industry minds on the issue of 'informed consent', which we believe is critical to getting the trust of our customers.**

The single Priority Services Register (PSR) in development will mean us sharing personal information about customers with other utilities and agencies. We are sensitive to our customers' right to privacy and to making sure they understand exactly what we propose to do for them. So, we want to make sure we are going about this in the right way.

Through our leadership of the Safeguarding Customers Working Group (SCWG), getting an agreement on a consistent approach to informed consent has been pivotal in bringing the industries together to make changes, establish best practice and introduce new services. For those customers able to provide consent themselves, we have agreed standard verbal principles – to ensure explicit consent is gained at the point of registration and again in any follow-up actions.

We have also created a cross-industry PSR Promise that supports the Information Commissioner Office's (ICO's) eight principles of privacy law, based on the Direct Debit guarantee, and have made plans to publicise it. The PSR Promise is supported by a set of PSR FAQs (frequently asked questions), available to all industry members, to ensure a consistent message is put across to customers, to help build trust in the PSR.

Privacy of personal data is really important to our customers. We have worked closely

with the ICO on an industry template Privacy Impact Assessment (PIA) that provides a firm foundation for ensuring customers' data is kept secure and used appropriately. We are delighted ICO has accepted the industry approach on informed consent as best practice and shared it with the UK Regulators Network, Ofwat and Ofcom. Our Social Programmes Implementation Manager, Jo Giles, has personally shared the learning with these organisations.

Underpinning our lead on informed consent, Jo now represents all utilities on the National Mental Capacity Forum Leadership Group. Our collaborative approach has now seen us working with the Office of the Public Guardian and the Alzheimer's Society to design a single approach to the Power of Attorney process.

## PSR now works both ways

Following fruitful discussions with the electricity industry, complex changes have been accepted that will deliver two-way data sharing on PSR customers between the gas and electricity industries. This is due to be delivered in the next year.

Also, the work we did last year on agreeing a common language for the 27 priority needs codes has now been shared with the water industry.



## Two-way referrals create a network of support

When we think of safeguarding customers in vulnerable situations, we don't confine ourselves to just the services we provide. In collaboration with Western Power Distribution, we have so far identified 11 schemes outside of our own which support customers and have the potential for two-way referrals.

Two-way referrals allow us to refer customers with needs outside of our expertise (for example, hoarding, adaptations to the home and befriending services) to schemes that can provide them with help. In turn, we receive referrals from other schemes for services that we provide – such as joining the Priority Services Register (PSR), meter moves and locking cooker valves.

This year, we have implemented four new schemes, bringing real improvements to people's lives. We also looked at incorporating a mechanism into the scheme, whereby we would make a £1 donation to an appropriate charity each time a customer was signed up to the PSR.

However, feedback from the Carers Trust and other key stakeholders led us to drop this idea, on the basis that signing up customers to the PSR was the right thing to do and didn't require a financial incentive.

We have also created an app to help our engineers easily identify referral schemes for customers in their local areas. This means we will never miss an opportunity in any interaction with customers to point them towards much-needed support.

The standard app, which can be used by other GDNs, suppliers and, potentially, water companies, will be available from summer 2017.



■ Our new app will support our engineers in identifying referral schemes near to customers



**We will never miss an opportunity in any interaction with customers to point them towards much-needed support."**





## Targeted education takes on carbon monoxide, the silent killer

**Educating those most at risk about the dangers of carbon monoxide is the key to safeguarding them.**

### Safety Seymour campaign bears fruit

Safety Seymour is a bear on a mission: to educate schoolchildren in Years 1 and 2 about the dangers of carbon monoxide (CO) in the home. By engaging children at a young age, the idea is to instil in them the dangers of CO and get them to share the message with their parents and wider families.

The day-long session is designed to be fun, while subtly getting the message across about where CO comes from; how to spot the signs of CO; what the symptoms of CO poisoning are and the impacts on the body. At the end of the day each child gets to take home their own Safety Seymour bear and CO alarm, which prompts discussions at home.

The CO training is delivered by our own staff. To date, 56 classes in 40 schools have received the training, reaching 1,665 children in high risk areas. We estimate we've reached another 3,500 people indirectly through this campaign.

The Safety Seymour campaign has now spread to Northern Gas Networks. We trained their team and shared our experiences of going into schools. Tom Bell, Head of Social Strategy for Northern Gas Networks, said: "National Grid Gas could not have been more helpful, offering training, support and access to materials they had developed at their own cost. I applaud them for their openness and collaboration and look forward to more opportunities to share best practice."

As part of the Safety Seymour day, the children are also invited to enter a competition to design a CO poster – which all the GDNs support, with regional and national prizes. Last year, we had 350 entries from our networks, the highest yet. The culmination of the competition was an award ceremony at the Palace of Westminster, with the prizes presented by the MP for Huddersfield, Barry Sheerman.

### Collaboration helps us target the over-65s most at risk

We continue to work collaboratively with seven organisations that give us access to the over-65s, ensuring we use every opportunity to safeguard those most at risk. Over the past 11 years, 43% of all deaths caused by CO have been in this age group.

At an event in partnership with Age Concern and Leicestershire Police, we handed out CO alarms and gave out awareness information. We have also attended Age Concern pensioners' lunches to give talks and hand out CO alarms.

We joined in with the Derbyshire Fire and Rescue Service winter warmth campaign, targeting the over-65s in their area. As well as providing advice on keeping warm and fuel efficiency, they added CO awareness to their winter campaign leaflets at our request and handed out CO alarms that we provided for those most at risk.

### Students on the move get the CO message

We have targeted events at five universities across our networks. We have found that attending move in – move out (MIMO) events designed to support students moving out of halls and into rented accommodation in their second year is the most effective forum for getting our message across. We have engaged with around 1,000 students and have given out 493 alarms, along with branded shopping bags, pens and notebooks that remind students about CO symptoms.



**We have issued more than 20,000 alarms and carried out more than 100,000 surveys."**



■ CO competition at Westminster event and our Safety Seymour programme in action



## We're getting the CO message across

This year, as a result of our ongoing commitment to our CO education programme, we have issued more than 20,000 alarms and carried out more than 100,000 surveys on CO knowledge. Responses confirm that our communities now have a 20% increase in knowledge on the dangers of CO and 91% are likely to take further action to help safeguard their families.

■ Safety Seymour on one of his missions



**The superhero bear engages the children straight away. They have had great fun and learnt a lot too."**

Miss Knight – Year 1 teacher



## Lockable cooker valves bring peace of mind

Dementia and associated symptoms, such as memory loss, devastate lives. Direct feedback from our stakeholders and the stakeholder engagement incentive panel last year told us our help was needed to make it easier for families and carers to keep their loved ones in their own homes for as long as possible and not have to worry about their safety.

Our colleagues in SGN shared with us a very handy piece of equipment, the lockable cooker valve. The valve is fitted to the internal gas pipework leading to the cooker and when locked, prevents the gas flowing. A family member or carer can turn the valve back on when the cooker is required. This removes the risk of the gas being left on accidentally and reduces potential risks.

Working closely with Liverpool City Council, via Mersey Care and the Merseyside Fire and Rescue Service, we piloted the scheme in Liverpool, before rolling it out to the rest of our North West Network. We went the extra mile and arranged training for our engineers with an occupational health therapist on what to look out for when in people's homes, to identify those who could benefit from having a lockable valve fitted.

We have ensured that our backoffice process mirrors that of SGN where possible. This meant we could adopt the key learning from SGN's implementation immediately, allowing us to implement it in our trial network to support our customers effectively.

We have committed to roll out the scheme to the rest of our networks.



**Once again, thank you so much – you have made a huge difference to the quality of my uncle's life."**

**Julie Ehlen, niece of Jack Ehlen, the recipient of our first locking valve.**



## Alzheimer's Society: our chosen charity partner

With the reality of the NHS and social care services under pressure, our stakeholders have told us there is a clear need to support our communities. One area where we can make a real difference is by supporting organisations that help vulnerable people.

We are therefore delighted that our employees have chosen to support the Alzheimer's Society in a two-year partnership. The society's work – helping those suffering with dementia to maintain their independence and stay in their homes for as long as they can, and the support they give to their families who help them to do that – aligns with our other safeguarding work. Our work on locking cooker valves, tackling fuel poverty and CO awareness will further strengthen this partnership.



## Hard cash backs up good intentions in our community grant scheme

We care about the communities we impact on. Last year, through our community grant scheme, we donated more than £120,000 to them. Not only that, our employees raised more than £71,000 through a range of fundraising ideas and programmes.

Bishop Creighton House was one of the beneficiaries of the scheme. Our grant of £16,599 helped them to provide care, mentoring and support for vulnerable and disabled people of all ages. Fulham Good Neighbour scheme – which supports mainly older people, including those with dementia, with day-to-day tasks – was awarded £19,837 to further support their free services, delivered by more than 50 volunteers.

■ Members of our leadership team took part in the 10km Winter Wolf Run challenge to raise money for our new chosen charity, the Alzheimer's Society



## Tackling fuel poverty through wider partnerships

**A free, or discounted, connection to our gas network is just the start of helping communities out of fuel poverty. Our community interest company, Affordable Warmth Solutions (AWS), is working in partnership with Coventry Citizens Advice across our networks to offer energy and debt advice.**

Families are considered to be in fuel poverty if they have to spend more than the national average to heat their homes, leaving them with a residual income below the poverty line.

Our partnership has already delivered real change to such families' lives. In just one typical case, where a vulnerable family was caring for elderly parents and living off one wage, we were able to help them access allowances entitling them to an extra £13,000 a year.

We also helped them get assessed for home adaptations and energy efficiency installations provided by the local authority and put them in touch with agencies, such as Age UK.

We launched the scheme in October 2016 and in just six months, we had helped 369 families and registered 88 of them on the Priority Services Register. The scheme has already delivered a potential saving of £818,923 to those that need it most and we are setting up the scheme so it can be replicated across all gas networks.

### Taking fuel poverty in the right direction

We are working together with the other GDNs to influence national policies. We want to ensure the financial support on offer is a fully funded, end-to-end solution, that will help the most vulnerable in society achieve their right to warmth.

We established and are leading the Fuel Poverty Advisory Group, and we have funded and developed the Industry Non-Gas Map programme. We have built upon its successful launch through the continued engagement of local authorities across all GDNs.

The map has supported stakeholders in the efficient delivery of the Government's £25million central heating programme. Historically, the process for identifying off gas-grid households in areas of deprivation has been resource intensive, however, the map now enables easy identification of these properties.



# Improving our relationships with local and highway authorities

We are leading the way on streetworks and we represent the gas industry on the Highway Authorities and Utilities Committee (HAUC) and the National Joint Utilities Group (NJUG). We are working with all interested parties to create a framework for change for the whole industry and continue to collaborate extensively to improve our working relationships with highway and local authorities on streetworks.



## Standard permit schemes

Over the past year, we have been working with the Department for Transport (DfT), on behalf of all utilities, to create a standard approach to the permit schemes that set out how we can undertake our works in the highways. There are currently more than 80 highway authority schemes operating in England and the interpretation and delivery of the schemes has been inconsistent. In collaboration with the DfT we have written a guidance document, which will facilitate a uniform approach to permit schemes. This will make them simpler to manage and reduce bureaucracy for all parties. It will also help to reduce infringements by utilities, as they are less likely to fall foul of different interpretations of the rules. We are delighted that our efforts have resulted in the guidance document, issued by the DfT in March 2017.

## Our coring best practice has changed the industry code

Following on from the successful trials of our pioneering new system for taking core samples of reinstatements to prove their integrity – carried out in our North West network – we have developed a new code of practice and shared this with the industry.

Working with the DfT, through the HAUC and NJUG committees, we have written a statutory code of practice for coring in utility reinstatements, which was published in April 2017. This code of practice will be used to work collaboratively on testing reinstatements and will substantially reduce costs for all parties, while driving up the standard of work.

## Seven-day working bill stopped

We know congestion is a significant problem and we have to find the most cost-effective way to reduce it. Working through NJUG we have provided the DfT with a robust business case to explain the negative impacts of the proposed 'seven-day working bill' on key stakeholders, including the highway authorities.

We believe the proposed legislation would have only added more costs to consumers' bills and not delivered the hoped-for reduction in congestion or delays. We agree with the need to limit disruption and are working with all other utilities and the DfT to find alternative ways of reducing the impact of our works.



■ Richard Court, Director of Regulation and External Affairs (right), discussing transport matters with Andy Street, Conservative candidate for West Midlands Mayor, at our Ashbrook Court offices

**We have now provided each local authority with our detailed plans of where we would like to work."**

## Listening to our stakeholders helped us identify key areas for action

Last October, in our London network, we held three stakeholder events in partnership with our mains replacement strategic partner, tRiIO. The events enabled us to get to the heart of what's important to our stakeholders and how we can improve on our performance. We used the opportunity to explain what we do and achieve a common understanding of the challenges we all face.

Around 60 delegates attended the event – the majority from the local and highways authorities, but also including representatives from water and electricity, the Energy and Utilities Alliance, NJUG and the Metropolitan Police.

Four key areas were identified as being vitally important to our customers and stakeholders, and in each one we are taking action to improve our performance:

**Programme & planning** – Giving our stakeholders advance notice of where we need to work, being flexible in our planning and then sticking to the timetable agreed.

We have now provided each local authority with our detailed plans of where we would like to work, up to 2021, so we can work together more effectively.



■ Our strategic partner in action at one of the three stakeholder events in London

**Collaboration & coordination** – Openly sharing our performance, innovations and best practice and jointly resolving problems.

We have now established monthly collaboration forums with stakeholders with agreed agendas to achieve this.

**Peer-to-peer communication** – Building relationships, helping to understand each other's challenges and issues, being more open and asking for help earlier.

We have been able to use learning and insights

from our 'open and honest' workshops, facilitated by Renuma, in the West Midlands.

**Wider customer & stakeholder communications** – Ensuring our customer and stakeholder communications are truly inclusive. We understand we need to use different channels to suit different audiences and situations, and to support our customers.

We are trialling a Facebook campaign on a high-impact community mains replacement scheme in Sudbury to help us develop our multi-channel communications strategy.

# Providing a 'right first time' customer service



## Innovation gets the gas back on quicker

**Keeping the gas flowing for our customers is essential. Historically, it's been a real challenge for us to quickly repair leaking pipes for customers living in blocks of flats. A US Navy innovation, applied in a different setting, has provided us with a new solution.**

Flats are generally supplied with gas by a 'riser', a metal pipe that takes the supply up the outside or inside of the building, with offshoots to supply every floor. Carrying out repairs to leaks on the riser has meant erecting scaffolding to get access to the pipe.

What this usually means to the customer is a lengthy interruption to the supply and considerable disruption while the repairs are carried out.

The solution was already out there and in an unexpected place. We partnered with NuFlow to use innovative technology developed to repair water and sewage pipes for the US naval fleet. The technique uses pressurised air to coat the inside of the gas pipe with a liquid resin – which then sets, sealing any leaks, so there is no need to replace the pipe.

We chose Hatherley Court in West London for a trial. Residents of the

flats had been without gas for some time waiting for repairs to be carried out. Once the trial started, they didn't have to wait much longer; the repairs were made and gas back on in three days – with no change to the appearance of the building, which is listed.

Working with Westminster Environmental Health, residents and others living nearby, we took steps to reduce disruption from the increased noise levels associated with this technique. Acoustic tents were fitted to the air compressors to considerably reduce noise and we worked at times of day that best suited the residents of the flats and their neighbours.

We are collaborating with all stakeholders, including the HSE, and we are agreeing with them how we can broaden the use of this less intrusive technology to other situations to help more customers benefit.



## Our incident management put to the test

Two major gas supply incidents, at Amptill and Oundle, provided a real test for our incident management procedures – which are designed to keep customers safe and in the picture.

Our award-winning incident app played a vital role in providing real-time information about which properties had been turned off gas and which hadn't, due to us being unable to gain access. It's vital we know all properties are off gas and safe before we begin repairing the main.

Thanks to the real-time visibility that the app gave us, we were able to get all 7,200 properties affected at Oundle and Amptill back on gas within six days; we would normally expect it to take two weeks.

Prioritising vulnerable customers was a key consideration during both incidents. The app gave us a head start there too, immediately identifying customers in vulnerable situations. We also asked local councils and doctors' surgeries to help us identify anyone who might not be on the

register. We made sure these customers had alternative heating and cooking facilities. We also worked with the Red Cross, who supplied blankets, sleeping bags and hats, and the Rapid Relief team – who provided catering services.

Learning from past experience, we also had boiler and other spare parts ready on site, so there was no delay getting customers back on gas where we needed to carry out a repair.

For the first time, we set up a dedicated Facebook page and Twitter account to keep customers informed – providing reassurance and answering queries. During both incidents our Facebook page picked up 1,500 followers and received more than 500,000 views.

Our electricity colleagues were also on site and we kept them informed of our activities. Handing out electric hotplates and heaters to customers had the potential to cause a spike in electricity demand and we wanted them to be prepared for this.



## Hitting a new high

We have created a suite of communications materials for our customers who live in high-rise and multi-occupancy buildings. These are for when the gas needs to be disconnected in an emergency – together with a specific leaflet 'Information for Building Owners and Managing Agents', to aid the proactive high-rise survey process.



## Ready, steady, connect

Customers waiting for a new service connection or alteration are being given a heads-up before any work starts, with a new credit-card-sized leaflet called 'Ready Steady Go'.

The card takes the customer through what to expect and what they need to do before we start work, so everybody is ready when the day comes. The card was produced in response to our customer satisfaction survey asking us to improve our communications.

In our North London network, we've taken things a step further with pre- and post-job customer telephone calls. The pre-call allows us to reassure the customer about the process and means we can make sure someone will be in when we want to start work. The post-call gives us feedback we can use to help us achieve a 'right first time' customer service.



## No more queueing for business customers

We have created a dedicated online portal for our business customers for service connections. This allows them to work out their own quotes and speeds up the applications process considerably.

Domestic customers requiring a connection call a helpline. The call handler assesses their application, provides support and gives them a quote, which can take up to 20 minutes. Business callers who are familiar with the system can skip this step by going direct through the business portal.

We regularly check which customers are submitting multiple applications and point them in the direction of the business portal, providing them with a comprehensive guide on how to use it. We also offer web training at the customers' premises, if required.

Last year we identified more than 40 business customers we thought could benefit from the service and contacted each one. The business portal is proving extremely popular with business customers, who last year made 10,000 connections applications, saving time and money on every one.





■ An example of one of our public engagement events, with one of our employees, Stuart Donaldson



## Transparent and inclusive engagement

**As our London gas mains replacement project progresses, we are continuing to refine our approach to engaging the communities affected. We are reaching out as widely as possible to residents, businesses and public bodies – inviting feedback and remaining open, transparent and inclusive in all our communications.**

There are two major projects under way at the moment: mains replacement in Fulham Road and a project to lay a new pipe under the River Thames between Chelsea and Battersea. In both, we have made thorough preparations – in terms of outlining our plans; consulting widely; letting people know where we'll be working and when, and identifying any problem areas in advance.

Both projects impact on a wide stakeholder base and we have tailored the communication programmes for each. Local politicians are always the first to be briefed, to prepare them for any queries from the people they represent.

### Fulham Road

For Fulham Road, we worked with a consultancy to raise awareness of our works. The main event was a public exhibition held at Chelsea Old Town Hall. More than 20,000 invitations were sent out to homes and businesses, followed up with a reminder postcard. Emails were sent out to 40 stakeholder groups.

In the exhibition, we explained the upcoming work and provided details of the route. People attending also had the opportunity to make suggestions and give feedback. A freephone number and dedicated email address has been provided for people to give feedback during the project.

Aware of the potential disruption for traders, we surveyed 129 businesses along Fulham Road to collect information on when access was required for deliveries and rubbish collections. Some 122 of them responded, allowing us to tailor our works to cause the least disruption to them.

Working closely with the local authorities and Transport for London, (TfL) we agreed a traffic management plan that will cause the least amount of impact to the community, business

owners and road users – with special consideration given to hospitals and ambulance access.

### Thames river crossing

The new pipeline across the Thames goes from the Royal Hospital Chelsea to Battersea Park. Both locations are well-used by members of the public. We care about minimising disruption and were determined to schedule our works around major events at the Royal Hospital Chelsea – most notably the Chelsea Flower Show and the Masterpiece art fair.

The lead-up to the project lasted a year, during which time we obtained all of the necessary permissions and technical approvals from more than 15 different bodies – from Thames Water to Historic England.

We held public exhibitions, one on each side of the river. More than 16,000 invitations were sent out to residents, business and community representatives, such as local councillors and the Friends of Battersea Park, as well as all the statutory bodies with an interest. This meant we were fully aware of stakeholder opinions from the beginning. Posters advertising the exhibition went up at the venues and at the entrances to Battersea Park.

We are confident that the work we have put into engaging with the community ahead of our works will contribute to the projects going ahead with minimum disruption.



## Streetworks paved with gold

For the second year running, our strategic partner tRHO has been awarded a City of London Considerate Contractor Gold Award. The team working on the medium pressure mains replacement project in London received the award for their overall performance during the past year.



## Collaborating on key infrastructure projects

**New and replacement infrastructure projects always need to take account of our pipes already in the ground. With two high-profile projects under way in London, Thames Tideway's 25 kilometre replacement sewer pipe and Phase 1 of the HS2 rail project, we have set up two dedicated project teams to play our part in making sure these vital infrastructure projects are delivered.**

### Thames Tideway sewer

The proposed new sewer pipe along the Thames, between Acton and Abbey Mills, is an essential project to relieve the pressure on London's outdated sewer network. There is the possibility of the tunnelling works shifting the earth around our cast iron gas pipes.

We have been working with Thames Tideway's main contractors and designers to understand the impact on the gas network and identify any problems that might arise. We have rescheduled some of our mains replacement programme to remove old mains in the path of the new sewer pipe.

### HS2

Phase 1 of the HS2 railway linking London and Birmingham has been given the go-ahead to start this year. This has meant our project team has been working tirelessly with HS2 to plan the alterations to our networks needed for work to start on the railway.

Using our experience and learning from working with Crossrail and HS1 has been invaluable in enabling the HS2 project to begin. We've added high-pressure pipeline diversions into our programme of work, with HS2 picking up any lower pressure works on our network. The two teams are in partnership to ensure work is carried out safely, including monitoring the effects of tunnelling on our pipes.

# We continue to inform and educate on the future role of gas

## Putting gas at the centre of a low-carbon future

**Meeting the UK's 80% carbon emission reduction target for 2050 will require domestic emissions to be reduced by at least 3% per year. We are taking practical actions right now to help meet that challenge. Acting on behalf of our stakeholders, we have been actively engaging with government, investors, innovators and customers to highlight the capability and versatility of the gas network and the role it has to play in a low-carbon future for the UK.**



### Informing and stimulating the debate

This year, we published the final two of five thought-leadership papers in our Future of Gas series, 'Transport' and 'Unlocking Network Capability'. Our 'Transport' publication addresses the potential role for gas in the transport sector for buses and HGVs. 'Unlocking Network Capability' focuses on the gas network and the critical role it has to play in enabling the UK's future energy ambitions.

We have been encouraging cross-government debate by participating in a range of events and forums – including the Carbon Connect future gas steering group; the National Infrastructure Commission; LowCVP and Contract for Differences.

With a critical period ahead of us, we are building relations to raise awareness of the options and supporting stakeholders to ensure their voices are heard. For example, in November, we collaborated in a joint meeting with the Energy & Utilities Alliance and Baroness Neville-Rolfe, former Minister of State for Energy and Intellectual Property, to discuss the role gas can play.

We have gone to great lengths to make sure we engage with as wide an audience as possible and we have been successful in doing so. 'Transport' reached 354 stakeholders, with 67% accessing

our publication, while 'Unlocking Network Capability' reached 477 stakeholders, with 62% confirming they had read it.

Our Future of Gas subscriptions service continues to gain new subscribers in the UK and further afield, including Italy, Norway, the Netherlands and South Africa. We now send our communications out to 477 stakeholders, from government departments and regulators, to environmental groups and the general public.

Our leadership team has made presentations at events where they can contribute to the low carbon debate. This included the Institution of Gas Engineers & Managers (IGEM) Conference; GAS 2016; Eurogas Annual Conference; the Anaerobic Digestion and Bioresources Association (ADBA) Annual Conference; the 'Decarbonising Heat' event at the University of Oxford and the Imperial College of London Sustainable Gas lecture.

We have continued our partnerships with Advanced Plasma Power, Progressive Energy and Wales & the West GDN to construct the first commercial facility for the production of BioSNG from household waste – at Swindon. It is expected to start production in 2018.

In January, David Parkin, our Safety and Network Strategy Director, presented at the China Britain



■ David Parkin, Safety and Network Strategy Director reaching out to 50,000 at the China Britain Trade Expo 2017

Trade Expo 2017, reaching an audience of 50,000 to share our vision for the future role of gas, and the concept and process of creating BioSNG.

We are also encouraging GDN collaboration, coordination and alignment on the future role of gas – so we can make sure consistent messages are going to stakeholders and we are all using our resources effectively.

An independent study by KPMG, commissioned by all GDNs via the Energy Networks Association (ENA), backs up our assertion that making full use of gas networks is the most economic way for customers to decarbonise heat and transport.

The report looked at different pathways to decarbonisation and the full costs of each. It concluded that the evolution of the gas networks, although still requiring significant investment, was by far the cheapest option.

It offers savings of up to £10,000 per household, compared with alternatives – such as switching completely to electric, or using a range of self-generating energy solutions.

Given the choice, most energy consumers would choose the lowest-cost solution that has the least impact on their homes, and we are committed to exploring how to achieve this for our communities.



■ Collaborative discussion with Lady Neville-Rolfe, Richard Court, Head of Regulation and External Affairs; Mike Foster, CEO at EUA; Carl Arntzen, CEO at Worcester-Bosch Group; Andrew Keating, Marketing Director at Baxi and Mark Horsley, CEO at NGN



**The evolution of the gas network offers savings of up to £10,000 per household, compared with alternatives – such as switching completely to electric..."**





## Acting now to support a low-carbon future

### Biomethane connections

This year, we have supported the successful connection of a further six biomethane sites to our network, making 28 in total. Biomethane is a carbon-neutral, high-quality source of gas, generally produced from farm or food waste, that can be transported in the existing gas network.

To help new customers with biomethane plants who want to connect to the grid, we have encouraged and supported three new suppliers to enter the market and provide the housing for the metering and instrumentation equipment required for a connection. This gives our customers more choice and flexibility.

We are also continually looking to improve our connections processes and have shared best practice with Wales & the West GDN on how to support customers during the biomethane connection process – together with ideas on where we can reduce costs for our customers.

### Transport and the Natural Gas Vehicle Network

If just 1% of vehicles, such as light commercial vehicles, buses and heavy goods vehicles were replaced by natural gas-powered equivalents the UK would benefit from a CO<sub>2</sub> saving of more than 64,000 tonnes per annum and a reduction in NOx emissions of some 13 tonnes.

We are the primary funding organisation of the Natural Gas Vehicles Network, which is led by the EUA. The network has been formed to bring together participants across the whole supply chain that have a role in the use of gas for transport. These organisations are committed to effectively driving, supporting and influencing the sustained growth of the UK natural gas vehicle industry.

The Leyland Compressed Natural Gas (CNG) filling station in Lancashire, that we opened in partnership with CNG Fuels last year, is now supplying 100% biomethane gas for HGVs.

Interim results from a recent study we commissioned from Leyland have shown that dedicated CNG vehicles have a 17% reduction in their carbon footprint when compared to similar diesel vehicles, and 60% when compared to 'well to wheel' equivalents.

'Well to wheel' calculations take into account the emissions from production and distribution of the fuel, as well as its use. This type of analysis allows the comparison of emissions over the entire lifecycle of a vehicle. The DfT is currently in the process of building a 'well to wheel' model, which we are supporting, and we have shared our interim study results with them.

### Our use of CNG

We have introduced the first CNG-fuelled vehicle into our North West network fleet, which demonstrates our commitment to using CNG in the future. Developed in partnership with Hitachi Capital Vehicle Solutions, the vehicle is dual fuel and uses CNG and diesel. It uses 40% less diesel a year, saving around £5,000 on fuel costs. We have plans to convert part of our fleet to dual fuel and we're buying 17 new CNG vehicles to be used by our strategic partners.



■ Our first dual fuel CNG vehicle

### Future Billing

We are exploring options for the way gas bills are calculated in the future – to make it easier and more cost-effective to introduce low-carbon gases, such as biomethane, into the grid.

The way customers are charged for gas energy used today is a barrier to achieving the full potential for low carbon gas, because it is required to be enriched with high-carbon propane before entering the grid.

This is a limitation of the current billing system, which is designed to achieve a consistent calorific value for gas from different sources. It artificially raises the cost and carbon content of low-carbon alternatives and it is critical to the future of gas that a more accurate method of charging is found.

Last year, we hosted an industry event to gather views and support on the Future Billing Methodology project and to provide proof of concept before officially launching it. The event featured a keynote speech from Dr Alan Whitehead MP, a passionate supporter of green energy issues. This event has shaped the way forward.



■ Dr Alan Whitehead (middle), our keynote speaker at our future billing consultation launch event



## Building evidence for a clean-gas future

### We want to maximise the potential of low-carbon gas

We are exploring a number of different avenues to help the UK reach its carbon emission reduction targets for 2030 and 2050.

One option with huge potential for lowering emissions is the HyDeploy project. This three-year project aims to demonstrate that a blend of hydrogen and natural gas can be distributed and used safely and efficiently in an existing gas distribution network, without disruptive changes for customers.

Hydrogen is a clean, carbon-free gas. The project will use Keele University's gas network to monitor how the blend of gases behaves in a real environment. If it's successful, it will allow the use of hydrogen blended with natural gas in the wider network, with the potential to prevent 120 million tonnes of carbon reaching the atmosphere by 2050.

The HyDeploy project, beginning this year, is led by us in partnership with Northern Gas Networks and other partners making up the HyDeploy consortium.

### Maximising the potential of low-carbon gas

We have commissioned a report from the Energy Networks Association to examine the impact of using low-carbon gas, from a range of sources, on the existing balance of inputs and outputs to the network.

The current operational and commercial environment poses constraints to using new sources of gas. The report will propose a mix of technical solutions and adaptations to the regulatory framework to maximise the potential of injecting new sources of low-carbon gas into the system.

The findings of this report will allow us to understand what benefits this could bring to our customers and stakeholders.



**We are exploring options for the way gas bills are calculated in the future – to make it easier and more cost-effective to introduce low-carbon gases, such as biomethane, into the grid."**

# Driving change in the industry

We are proud of our achievement in leading significant industry change. We have brought together the industry and stakeholders to deliver quality outcomes for a smart future.



## A major collaborative energy market change

In 2015, many said the task was too complicated and impossible to achieve by April 2017, particularly as nothing like it had been attempted before in such a short timeframe and the industry was already overstretched with the other major change programmes.

The Funding Governance and Ownership (FGO) programme delivered an industry first as a model for future industry collaboration and commitment.

The change in the role of Xoserve to become a central data services provider to the gas industry from 1 April 2017 has required a fundamental change in the relationship between Xoserve, gas transporters and gas shippers. It is one of the top five major energy industry changes of recent years and is the only one to have delivered on time and to specification. Xoserve now has an entirely new board and constitution – shared between Shippers and GTs. This includes new contractual, invoicing and credit arrangements and an inclusive business

plan and budget-setting process fully involving shippers for the first time.

We have chaired and led a three-year programme to establish a new cooperative model, underpinned by a data services contract, which Uniform Network Code (UNC) parties have signed up to.

In close collaboration with the industry, we have also led the development and implementation of new gas transporters' licence conditions and a major UNC modification process. These are all critical to the success of the new working relationships with Xoserve.

The repositioning of Xoserve and the new licence modifications give shippers more direct involvement in, and influence on, the operation of Xoserve. The changes we have driven are designed to improve decision-making, particularly on industry change – making it more inclusive for all parties and resulting in efficiencies that will benefit customers.



## Greater transparency of transportation costs for customers

We were the first gas distribution network to publish a customer bill breakdown – showing the average cost paid by a domestic gas customer for the distribution transportation element of their annual gas bill.

Last year Northern Gas Networks (NGN) produced its own cost breakdown which was different to ours, making it hard to compare transportation costs between different networks. We listened and acted on feedback from our interactions with Citizens Advice and we have been working with NGN to improve transparency of costs. We have put our heads together to agree a common model breakdown which we will both use in our next 'Our Performance' report in July. We have shared the model with all GDNs.



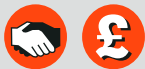
## Smart thinking behind commercial change

We continue to lead development of the contractual regime underpinning Project Nexus for the industry. This is a vital step in modifying the complex commercial arrangements between gas transporters and shippers ahead of the changeover to smart meters for the UK's gas customers.

Our efforts have been focused on leading development of the commercial framework on behalf of the industry through the Uniform Network Code (UNC). These changes are needed – as a completely new UK link SAP system is being implemented by Xoserve to enable some of the key benefits of smart metering to be realised.

Data generated by smart meters is much more precise and transmitted more frequently than that from standard meters. This data will allow improved accuracy in the calculation of energy and transportation invoices and ultimately ensure that gas customers' bills properly reflect their gas usage.

More recently, we have been working closely with the industry to develop a series of transitional UNC modifications to pave the way for the implementation of Project Nexus in June 2017. Without this vital leadership in commercial development, Project Nexus could not have progressed.



## Smoothing the way for smart meters

**The programme to install smart meters in every home in the UK by 2020 continues and is having an impact on the way we operate. We are working hard to ensure this doesn't negatively affect our customers, or the level of service they receive.**

We have established a number of bilateral meetings with the large suppliers, so we can clearly understand their roll-out strategy. This engagement allows us to make sure we have the workforce in place to maintain service levels for our customers.

We have also provided the National Skills Academy for Power, the body responsible for approving the training for smart meter installers, with examples of poor installation practices that we come across. This enables their training to be updated – helping to ensure the safety of our customers, which is our primary responsibility. It will also help reduce knock-on costs

to customer billing, making a 'right first time' service easier to achieve.

We chair the smart GDN collaboration group, which continues to influence the decisions that are made at an industry level.

As part of the group's activities this year, we led the production of an industry document to spell out clear areas of responsibility in different situations – such as what needs to happen if water gets into the system. This document has been adopted by the Energy Networks Association and was issued to the industry in October 2016.



**"Our stakeholders asked us to continue to lead industry change – because we have a track record of listening and delivering the largest and most challenging programmes, and this year has been our most successful yet."**

■ Paul Rogers, Regulatory Frameworks Manager (left)

# Driving value for our customers and stakeholders

We have targeted our spend on the outcomes our stakeholders wanted us to deliver.

Feedback theme	Project	Cost breakdown	Key outcomes
Focusing on fuel-poor customers and those in vulnerable situations	Priority Service Register (PSR) Scheme	£6,591 to train 205 employees	More than 491 customers in vulnerable situations added to the Priority Services Register across our networks
	Broadening our referral networks	App development costs £25,000	We have created an app to enable engineers to refer vulnerable customers to agencies that can give them help and advice. Through collaborative working with WPD, we have introduced four additional referral schemes, enabling even more PSR registrations
	Our complete carbon monoxide education campaign	Safety Seymour package £10,845, £3,403 in training costs for 11 employees; £1,255 on targeted student merchandise. Over-65s' campaign around £5,000	In total this year, 100,000 surveys on CO knowledge completed and 20,000 alarms issued. Our communities now have a 20% increase in knowledge on the dangers of CO and 91% are likely to take further action to safeguard their families
	Implementation of lockable cooker valves in our North West Network	£2,406 in training costs for 25 employees	Collaborative working with SGN has allowed us to support three families to keep loved ones safe in their homes
	Our community grant programme	£120,985	Made donations to seven non-profit charitable organisations to help them support the communities which we serve
	Joint venture with Citizens Advice to tackle fuel poverty	£34,534	Helped 369 families, delivering potential saving of £818,923. 88 families registered on the PSR
Providing a 'right first time' customer service	Innovative technology trial to get our high-rise customers back on gas quicker and improving how we communicate	£35,000 technology development costs. £4,010 communications design	Based on a project of 10 blocks of flats, each with 12 properties fed by an external riser system, and completing three per day, we would aspire to have the customers back on gas by the end of the day with this technology. We have seen a 24% reduction in complaints in the past three months and a 41% reduction in enquiries and no access issues reduced by 27%
	Improving our connections communications, including our customer trial of calling customers before and after our works	£2,468 for the design of our 'Ready, Steady, Go' leaflet. Customer liaison employee costs £30,000 (inc VAT)	Customers from our trial area who responded to our customer satisfaction survey were more satisfied with our overall communication in the three months after the introduction of our new communication methods. On average, the scores increased from 7.11 to 7.61 out of 10
	Improvements to our incident management	£1,500 donation to Rapid Relief, £24,506 to Gas Safe Register installers	Working with others, we made sure the communities affected by off-gas events were comfortable, informed, and reconnected as safely and as quickly as possible
Improving our relationships with LAs and HAS	Our 'working together in North London' engagement workshops hosted by our strategic partner	£5,652	We reached out to more than 60 stakeholders who provided more than 90 separate items of feedback – helping us to create our four-point action plan for change
	London medium pressure mains replacement complete stakeholder engagement strategy	£125,215	36,000 invitations sent out to those affected by our works and we hosted two tailored exhibitions to gain feedback. 129 directly affected businesses were engaged and the impact on them managed
Inform & educate on the future role of gas	Publication of our final thought-leadership papers: 'Transport' and 'Unlocking Network Capability'	£43,424, including consultancy, design & artwork costs	Thought papers reached more than 830 stakeholders, and our subscription service has grown by 175%
	Our first CNG fuelled vehicle	Conversion cost per vehicle £22,000	Vehicle uses 40% less diesel a year, contributing to helping the environment and saving around £5,000 on fuel costs
	Natural Gas Vehicle Network	£25,000	Bringing together participants across the transport industry to effectively drive, support and influence the sustained growth of the UK natural gas vehicle industry
	Future billing methodology launch event and publication	£4,996 launch event, consultation publication costs £2,725	117 stakeholders invited to our launch event. So far, 128 stakeholders have received the consultation, and a further 30 have used our webinars
Industry Change	Our performance document and video	Video £9,380, booklet £2,950	Greater visibility and transparency through different approaches – to provide more clarity around customer billing and industry cost calculations for our customers

Note: This table represents some of the financial costs we have committed to this year over and above our day-to-day business costs.

## Our new company will continue the journey...

The outcomes we have delivered this year show that we truly care about the communities and stakeholders we serve. We have refined our approach to safeguarding vulnerable customers, demonstrated that we have listened to our stakeholders and delivered outcomes in all of their priority areas. We are genuinely committed to delivering change that impacts positively – ensuring we always care about the impact we

have on the daily lives of our customers and stakeholders, while setting up our network for future generations. Our company, Cadent, with our purpose of keeping the energy flowing, will drive us to build on this foundation. Our new 4Cs values – community, commitment, curiosity and courage – will support us in delivering change and add further value to our customers and stakeholders.

## Notes

[illegible]



