

Outputs and Incentives

Ofgem Working Group RIIO 2
10th October 2018

nationalgrid



Gas Stakeholder Engagement Priorities

Industrial and Domestic consumer priorities ...

I want an affordable energy bill

I want to use energy as and when I want

I want you to minimise disruption to my life

...are delivered through our stakeholder priorities...

I want to take gas on and off the Transmission system where and when I want

I want all the information I need to run my business, and to understand what you do and why

I want to connect to the Transmission System

I want the gas system to be safe

I want you to protect the Transmission system from cyber and external threats

I want you to care for communities and the environment

I want you to facilitate the whole energy system of the future – Innovating to meet the challenges of an uncertain future

I want you to be efficient and affordable

...these were developed by consulting with

Consumers

Landowners

Other networks

Customers

Think tanks and academics

Government

Industry bodies

Interest Groups

National Grid's Consumer Priorities mapped to Ofgem's Output Categories

National Grid Consumer Priorities

I want an affordable energy bill.

Keeping energy affordable to everyone is a key priority. We will strive to keep our impact on consumer bills low and work with our customers to keep energy affordable.

I want to use energy as and when I want.

Energy underpins today's fast paced society with its reliability and availability often taken for granted. With increased intermittency from energy generation and changes in the way we use energy, we need to be more focused than ever on delivering energy to where it's needed.

I want you to minimise disruption to my life.

With uncertainty around the future of energy, especially the decarbonisation of heat, we need to be aware of the potential impact on consumers. Particularly in relation to replacing heating systems and disruption to roads.

Ofgem's Consumer Priorities

Improve the customer experience.

All consumers, including those who are vulnerable, should receive high quality, safe and reliable service at a price they can afford

Improve the network.

A network in better condition will be safer, greener, more reliable, and more responsive to change.

Support the energy system transition.

Network Companies have to enable the transition to a low carbon, consumer focused energy system.

T1 Outputs mapped to T2 Stakeholder Priorities

	I want you to care for communities and the environment	I want you to be efficient and affordable	I want to take gas on and off the Transmission system where and when I want	I want all the information I need to run my business, and to understand what you do and why	I want to connect to the Transmission System	I want the gas system to be safe	I want you to facilitate the whole energy system of the future- innovating to meet challenges of an uncertain future	I want you to protect the transmission system from cyber and external threats
License Obligation	Report scope 1 and 2 greenhouse gas emissions	Promote competition in procurement of Operating Margins	Maintain 1 in 20 obligation	Ensure timeliness and availability of key information	Meet UNC Modification 373 timescales	Comply with relevant HSE legislation		
			Deliver existing capacity obligations in accordance with UNC, Licence and Gas Act		Comply with reasonable requests for connection			
Price Control Deliverable	IPPCD Directive Ph3: Install 2*24MW electric VSDs at Peterborough and Huntingdon		Meet NOMs risk target		Deliver Incremental Capacity	Meet requirements for Critical National Infrastructure		
	IED Ph 1: Install 2*16MW units at Aylesbury		Deliver pipeline solution to enable replacement of Avonmouth					
	IPPCD Ph 4 and IED: Develop an integrated and cost effective plan to achieve compliance							
Output Delivery Incentive	Meet greenhouse gas emissions target	Meet residual balancing price and linepack targets	Meet constraint management target	Deliver accurate D-2 and D-5 demand forecasting	Achieve obligated lead times for delivery of incremental capacity			
		Meet target for Transmission Support Services for CLNG & LR contracting	Deliver benchmark performance for maintenance outage days	Deliver accurate 13:00 day ahead demand forecasting				
		Meet shrinkage cost and volume target	Minimise NG driven changes to maintenance planning					
	Meet agreed customer satisfaction targets							
	Achieve stakeholder engagement discretionary reward							

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T1 Outputs and Incentives mapped to Ofgem Output Categories

	Improve the Customer Experience	Support the energy system Transition	Improve the Network
License Obligation	Promote competition in procurement of Operating Margins	Report scope 1 and 2 greenhouse gas emissions	Maintain 1 in 20 obligation
	Ensure timeliness and availability of key information		Deliver existing capacity obligations in accordance with UNC, Licence and Gas Act
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	Deliver Incremental Capacity		
Output Delivery Incentive	Meet agreed customer satisfaction targets	Meet greenhouse gas emissions target	Meet constraint management target
	Achieve stakeholder engagement discretionary reward		Deliver benchmark performance for maintenance outage days
	Meet shrinkage cost and volume target		
	Meet residual balancing price and linepack targets		
	Meet target for Transmission Support Services for CLNG & LR contracting		
	Minimise NG driven changes to maintenance planning		
	Deliver accurate D-2 and D-5 demand forecasting		
	Deliver accurate 13:00 day ahead demand forecasting		
	Achieve obligated lead times for delivery of incremental capacity		

Further work

- **All Outputs including Incentives are GT outputs(not just SO)**
- **Through co-create we want to explore measure of our T2 delivery of the stakeholder priorities.**
- **National Grid will continue to co-create and engage with stakeholders to inform the business plan and the measures of these outputs.**
- **The following two sides gives some initial examples of potential outputs and or measures of stakeholder priorities.**
 - For Avoidance of doubt these are initial thoughts as potential examples
 - Actual proposals will be developed through co-create and propose phase of our stakeholder engagement

Examples for consideration in T2 mapped to Stakeholder Priorities

	I want you to care for communities and the environment	I want you to be efficient and affordable	I want to take gas on and off the Transmission system where and when I want	I want all the information I need to run my business, and to understand what you do and why	I want to connect to the Transmission System	I want the gas system to be safe	I want you to facilitate the whole energy system of the future-innovating to meet challenges of an uncertain future	I want you to protect the transmission system from cyber and external threats
T2 some additional areas to consider_ Not proposals but areas that are under consideration and will be tested and shaped with Stakeholders	All Emissions - fugitive and venting with automatic adjustments to any incentives / performance metrics that are dependent on factors outside our control	Application of innovation	Reliability(NOMs)	Timely information	CLOCC - reduce average connection time to x, and cost to y	NOM's safety element	Whole system thinking and cross engagement	Compliance with cyber legislation
	Waste management and recycling incentives		Availability	Accurate Information	Enable new sources of gas	Valve replacements / reliability	Transparent decision making	NIST equivalent measure for Cyber - achieve a level
	Green construction incentives			Bespoke services		Respond to x% of NTS sightings within y hours	Gas Quality services	No of sites upgraded ISS by end of T2
	NOM's environment measure			Remit Service				No of sites upgraded cyber & control system by end of T2
	Vehicle fleet emissions							
	Property emissions							

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