Electricity Transmission

Forward-looking outputs

National Grid discussion paper
December 2018

national grid

Forward-looking outputs - introduction

The RIIO-T2 price control for electricity transmission runs from 2021-22 to 2025-26. We have been listening to what our customers and consumers expect us to deliver in this period and have heard how their expectations are increasingly being shaped by the total impact our activities have for society. We have also reflected on what challenges an electricity transmission owner will face in the 2020s and beyond.

This discussion paper suggests some possible outputs we could deliver in the 2020s in terms of: reducing carbon emissions, improving the environment, contributing to local communities, increasing social value, promoting sustainable procurement and increasing legitimacy and trust.

We welcome your views on:
1. these possible outputs and whether we have missed any;
2. whether we should report our performance on some of these outputs as part of the regulatory framework; and
3. whether we should have a financial incentive to deliver improvements for our customers and consumers in some of these areas.

(1) Possible carbon outputs

No.	Output name	Purpose	Measurement
C1	SF_6 (Sulphur hexafluoride)	To reduce the leakage of SF_6 from a Transmission Owner's (TO) assets.	SF_6 leakage rate. SF_6 leakage volume, converted into tonnes of CO_2 equivalent (tCO_2e).
C2	Insulating gases	To encourage TOs to find alternatives to SF_6 with the lowest global warming potential.	Progress with development of alternatives to SF_6 with a lower Global Warming Potential.
C3	Controllable carbon	To reduce the carbon emissions from fleet and own energy use.	Absolute reduction in controllable emissions measured in tCO_2e (Scope 1 & 2 emissons).
C4	Embedded carbon	To encourage TOs to reduce carbon embedded in capital projects.	Publicly available specification (PAS) 2080 on embedded carbon. Reduction in carbon intensity of construction projects, ($tCO_2e/£m$). Carbon intensity based on project type.
C5	Business carbon footprint	To encourage the TOs to make the carbon impact of the electricity system more transparent.	Controllable and uncontrollable carbon emissions, including transmission losses.
C6	Losses	To give our stakeholders transparency about our approach to losses.	MWh, could be converted to tCO_2e. Fixed losses versus variable losses.
Possible grouped output	'Controllable business carbon footprint'	To encourage TOs to make an absolute reduction in 'controllable' emissions from their operations and supply chain.	Balanced scorecard of carbon metrics. Absolute reduction in tCO_2e.

(2) Possible environmental outputs

No.	Output name	Purpose	Measurement
E1	Natural environment improvements	To enhance the natural environment at non-operational land around our energy assets.	Net environmental gain on construction projects (units). Increase in environmental value at operational sites (e.g. increase in natural capital in £). Number of sites with Sustainability Action Plans demonstrating an increase in environmental value / stakeholder engagement.
E2	Cable fluid leaks	To incentivise TOs to reduce cable fluid leaks.	Reduction in net oil loss.
E3	Natural Resources	To give our stakeholders transparency about how we are reducing resource use at our sites.	Reduction in volume of waste. Waste intensity of construction programme. % increase in recycling and reuse of waste.
E4	Educating the public about the environment	To encourage the public to value their environment more and change their behaviour.	Number of visitors going to Education Centres. Onsite and Offsite Community Events (number of attendees). Community satisfaction from the experience.
E5	Educating businesses about electric vehicles	To facilitate the electrification of transport and reduce CO_2 emissions.	Number of engagements with businesses. Number of resulting actions from businesses.
Possible grouped output	'Enhancing the environment'	To encourage TOs to reduce the environmental impact of their operations, enhance the natural environment and engage with stakeholders to reduce their impact.	Balanced scorecard of environmental metrics.

(3) Possible community outputs

No.	Output name	Purpose	Measurement
COM1	Community Investment	To encourage TOs to support community initiatives.	Employee volunteers (number). Volunteer hours (hours). Community Grants (£). Employee charitable fundraising (£).
COM2	Working with partners	To encourage TOs to work with partners in local community projects.	Number of projects co-designed with local partners. Number of projects co-delivered with local partners.
COM3	Safety of the public	To educate children about the need to be safe around our assets.	Number of safety talks carried out in communities.
Possible grouped output	'Building Strong Communities'	To encourage TOs to think about the impact they have on local communities.	London Benchmarking Tool (LBT) Reporting. LBT is the global standard for measuring, benchmarking, and reporting on corporate responsibility investment.

(4) Possible social value outputs

No.	Output name	Purpose	Measurement
SV1	UN Sustainable Development Goals	To encourage TOs to support the United Nations' Sustainable Development Goals.	Demonstrate publicly how the business is supporting the global goals.
SV2	Equality and diversity	To encourage TOs to run businesses with an inclusive and diverse culture and with equal opportunities.	% of women in the workforce. % of ethnic minorities in the workforce. Best Employers for Race Index.
SV3	Social mobility	To encourage TOs to access and develop talent from all backgrounds.	Number of interns with learning disabilities. Number of sponsorship of events targeted at young people from deprived areas. Social Mobility Employer Index.
SV4	Supporting education and employability	To encourage TOs to interact with young people on Science, Technology, Engineering and Mathematics.	Number of quality interactions with young people. Number of hours logged by employees.
Possible grouped output	'Creating Social Value'	To ensure that regulated network companies deliver a positive impact on society.	Social Return on Investment (SROI). This can be evaluated by the social return on investment for every £1 spend on these initiatives.

(5) Possible sustainable procurement outputs

No.	Output name	Purpose	Measurement
SP1	Supplier Diversity	To encourage TOs to increase contract awards with small and medium size enterprises (SMEs) (250 employees or less).	% of annual spend directly or indirectly with SMEs. SME Request for Purchase (RFP) inclusion reporting .
SP2	Jobs created in the supply chain	To give stakeholders transparency on the number of jobs created, especially in communities where we are doing work.	Number of local jobs created by a project. Use of CompeteFor (Industry Framework).
SP3	Prompt payment	To give stakeholder transparency on TOs' payment practices.	Signatories of the Prompt Payment Code. Payment times.
SP4	Paying suppliers the living wage	To encourage TOs to provide suppliers with adequate living standards for the products and services they provide.	Certification from the Living Wage Association.
SP5	Modern slavery	To encourage TOs to improve practices to combat slavery beyond compliance.	Notable Practice on Annual Slavery and Human Trafficking Statement.
SP6	Drive emissions reductions in the supply chain	To encourage TOs to increase engagement with the supply chain on carbon reduction.	% suppliers reporting to Carbon Disclosure Project. % suppliers reporting carbon reductions. % of tenders that include carbon / sustainability weighting.
Possible grouped output	'Sustainable Sourcing'	To encourage TOs to drive higher standards in socially and environmentally responsible procurement practices.	Balanced scorecard of business practices. ISO 20400 Standard Certification as a best practice industry framework for Sustainable Procurement.

(6) Possible trust and legitimacy outputs

No.	Output name	Purpose	Measurement
T1	Local community satisfaction	To encourage TOs to improve community satisfaction in relation to works we carry out.	Satisfaction survey of local communities around our work sites.
T2	Public trust	To build more trust and legitimacy with end-consumers.	Survey of end-consumers on level of trust in a TO.
T3	Level of staff engagement	To encourage TOs to promote more engaged staff to deliver a higher quality service to our customers and end-consumers.	Staff engagement survey.
Possible grouped output	'Trust and legitimacy'	To encourage TOs to think about building trust with all our stakeholders and wider society.	Balanced scorecard.

Questions

Q1 - What are your views on the possible RIIO-T2 outputs we have proposed?

Q2 – Have we missed any important possible outputs for us for the RIIO-T2 period? If so, which ones?

Q3 – Should we report our performance on some of these outputs as part of our regulatory reporting in the RIIO-T2 period?

Q4 – Should we have a financial incentive to deliver improvements for our customers and consumers in some of these areas in the RIIO-T2 period?

We welcome your views on our discussion paper by email to jonathan.ashley@nationalgrid.com or via our website http://yourenergyfuture.nationalgrid.com/electricity-transmission/ by 5 February 2019.
We will take account of your views as we develop our reporting and incentive proposals for our July 2019 draft business plan.