

MAY 2014

Part 2

nationalgrid
Gas Distribution

Stakeholder Incentive Submission

National Grid
Gas Distribution



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About us



Emma FitzGerald
Director
Gas Distribution

the energy industry and by making sure that we understand and maximise the value for money that our engagement is delivering for our stakeholders, ourselves and UK plc. Internally, our focus has been on improving our skills and capabilities, to make sure that we create a structure, culture and environment that are centred on meeting the needs of our stakeholders and customers.

Looking ahead to 2014-15, we are determined to continue improving the service we deliver. So, we will keep listening to our stakeholders, customers and employees and discussing their priorities with them. These priorities remain at the top of our agenda – and by acting on the feedback we receive, we will do our utmost to achieve them.

Welcome

I am delighted to introduce you to our latest Stakeholder Incentive Submission, which outlines the progress we have made during 2013-14.

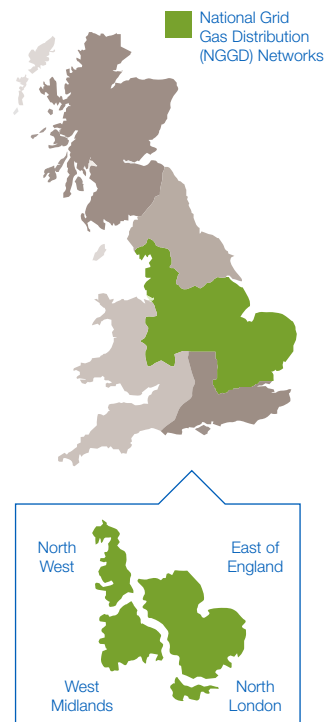
Along with my leadership team, I am accountable for our stakeholder performance. We remain fully committed to creating an open and engaging environment for stakeholders and employees alike.

This year we have focused on delivering the promises we made to our stakeholders, based on their feedback. As you will see from this document, we have kept our promises. Externally, we have achieved this by collaborating with our partners across

Who we are, what we do and where we work

Our job is to keep our customers and stakeholders safe, and to deliver a reliable, high quality service that provides value for money, 365 days a year. Our gas distribution network is the largest and most varied in the UK.

We own four of the UK's gas distribution networks and transport gas to 11 million homes, schools and businesses through 131,000 kilometres of gas pipeline. Transporting gas is not the only thing we do. We also manage the national gas emergency number, respond to gas escapes and repair leaks. We work to make the gas supply safer and more reliable for future generations, by replacing old gas pipes with modern ones. We also provide new connections.



New Keeping our finger on the pulse

Newly introduced for 2013-14, our **Stakeholder Advisory Panel** of internal and external **industry experts** acts as an independent review body for our stakeholder strategy and its delivery. Together, the panel members represent a wide range of stakeholders and provide us with an invaluable external stakeholder perspective.

During the past year, the **panel's insights and challenges** have helped us shape our services to create value for our stakeholders and our business.

This input has helped us to:

- review what we aim to achieve for our stakeholders
- refine our priorities
- improve how we support disadvantaged and vulnerable groups
- better understand how to use social media to communicate more effectively and keep a close eye on our reputation and satisfaction levels
- introduce user-friendly cost information on our website and simplify the cost elements for our part of our domestic customers' gas bills
- be more proactive about anticipating future changes.

“We have welcomed the openness and commitment shown by the business and the executive team, and we look forward to supporting them on their journey to deliver a stakeholder- and customer-focused organisation.”

Mike Foster – Panel Chair, Stakeholder Advisory Panel



Mike Foster
Energy Utility Alliance



Audrey Gallacher
Consumer Futures



Jeremy Nicholson
Energy Intensive
Users Group



Basil Towers
Heselden Partners



Neil Robertson
Energy and
Sector Skills



Nick Terry
Gas Safe Register



Ann Marie Ward
NGGD



George Mayhew
National Grid plc



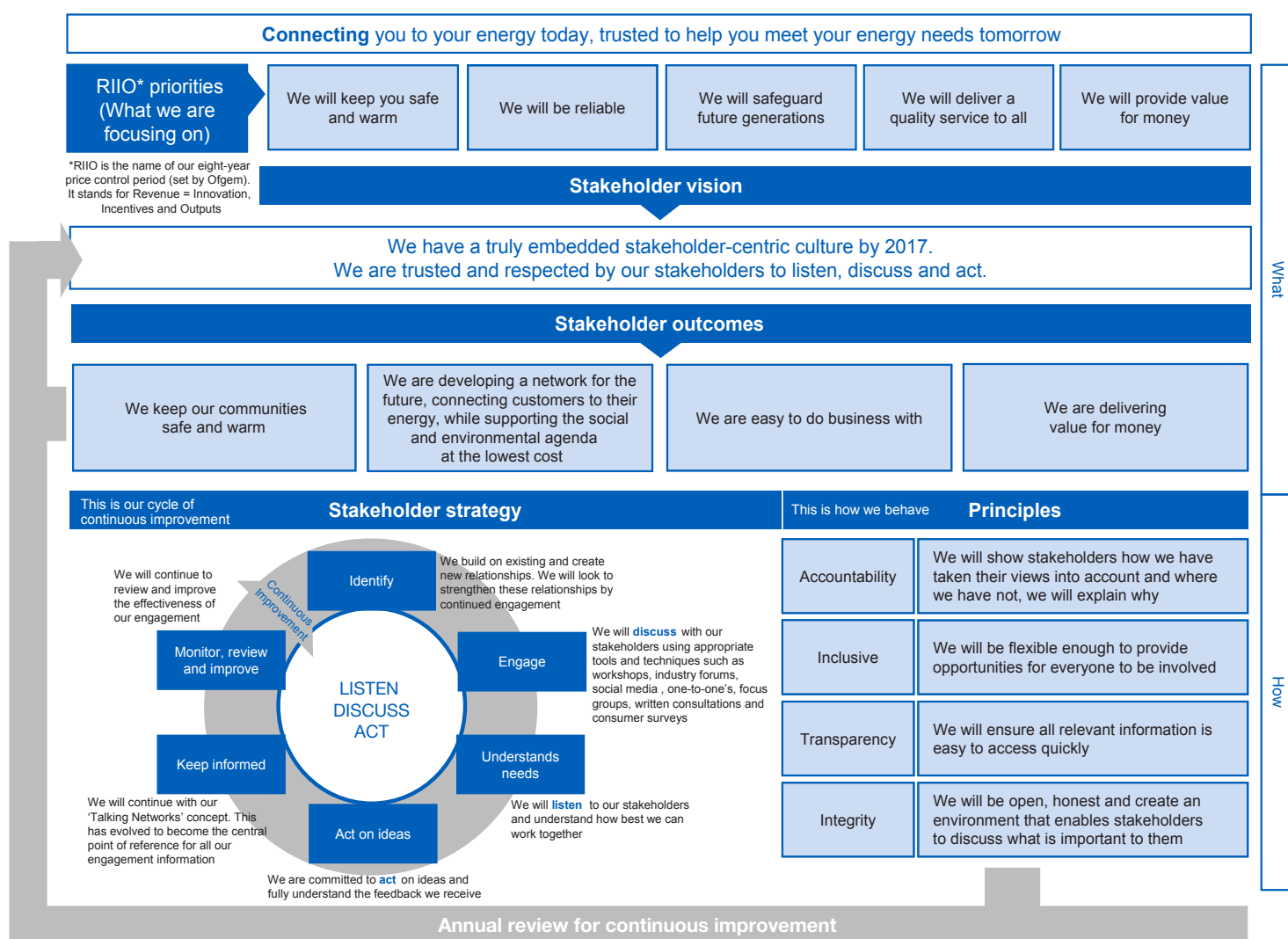
Richard Court
NGGD

Our updated stakeholder vision, strategy and principles



Our corporate vision is straightforward: **Connecting you to your energy today, trusted to help you meet your energy needs tomorrow.** Our stakeholder **vision, strategy** and **principles** all contribute towards our corporate vision, as shown in the diagram below.

We have been using our stakeholder vision and strategy throughout 2013-14 to improve in three areas: how we **listen** to our stakeholders, the transparency and openness of our **discussions**, and our readiness to **act** on their feedback.



Looking to the future

We review and **update** our stakeholder vision and strategy each year, to make sure it still meets the needs of our stakeholders and our business. In 2013-14, this included **consultations, reviewing lessons learned, external assessment** and **feedback** from our stakeholders and our Stakeholder Advisory Panel.

It helped us to create a shorter, more focused and time-bound stakeholder vision; identify clearer stakeholder outcomes; and target stakeholder groups more effectively.

Our Executive Committee has signed off our updated strategy for 2014 -15.

Continuous improvement

In November 2013 our entire Gas Distribution business was awarded the **Service Mark Accreditation** by the **Institute of Customer Service**. We are now working towards the Government's Customer Service Excellence® (CSE) standard.

We have developed a **Customer and Stakeholder Insights document** in response to feedback from the CSE auditors, our Stakeholder Advisory Panel and the Ofgem Stakeholder Panel. This is helping us to better understand the individual relationships we have with customers and stakeholders, as well as identifying any gaps and applying a more targeted approach to improve them.

What our stakeholders told us

In 2012-13 we asked our stakeholders to tell us how we could deliver a better service. By the end of the formal consultation period we had received plenty of useful feedback, summarised in the table below. We then used the feedback to establish **29 commitments**, linked to our **four new aims/outcomes**, and put action plans in place to deliver them.

RIIO Priority	What our stakeholders told us	Our aim	RIIO Priority	What our stakeholders told us	Our aim
We will deliver a quality service to all. Page 4	Establish better working relationships with stakeholders and provide a timely, cost-effective service and high quality information. Continue to lead on some areas of industry frameworks and support industry change.	We want to make it easy for customers and stakeholders to do business with us, so we made seven commitments to support this outcome.	We will keep you safe and warm, and will be reliable. Pages 5-6	Continue to run a safe and secure network. Keep the public safe around gas and increase the awareness of the dangers of carbon monoxide. How we manage our gas pipe replacement work, roll out smart metering, minimise disruption and share planning information are also important.	We want to keep our communities safe and warm, so we made 11 commitments to support this outcome.
We will provide value for money. Page 7	Be transparent about charges and how they are worked out. Deliver value for money by driving efficiency and innovation across our business.	We want to deliver value for money for our stakeholders and customers, so we made six commitments to support this outcome.	We will safeguard future generations. Page 8	Play a role in the UK's transition to a low-carbon economy and consider future consumers in the energy debate. Keep supporting fuel-poor and vulnerable customers and consider the impacts of smart technology.	We want to develop a network for the future that connects our customers to their energy, so we made five commitments to support this outcome.

Improved stakeholder segmentation

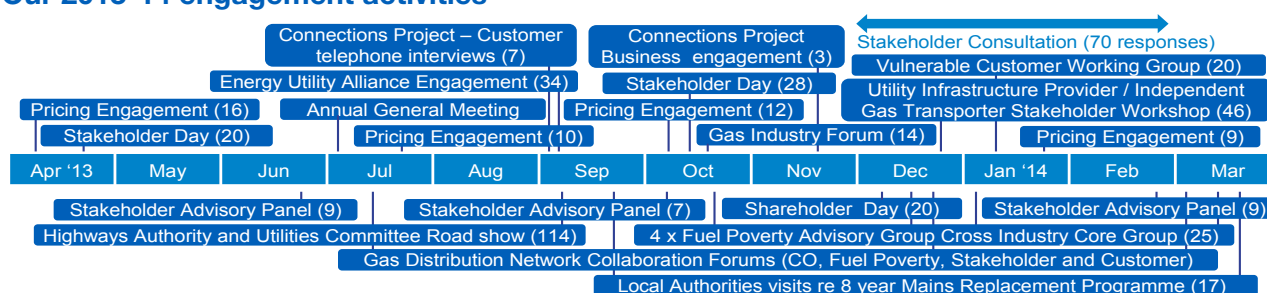
We have nearly **800** stakeholders.

We want to make the best use of their time, by discussing the issues that matter most to them, so we **segment** them into groups of stakeholders with common interests.

In response to feedback, in 2013-14 we added a new group (media). We also separated out Local Authorities (LAs) and the Highways Agency (HA) within the government group because feedback showed we needed to **focus on enhancing** our relationships with them.

Our 20 stakeholder groups				
Customers and communities	Consumer groups	Regional and Local Government (Inc. the HA and LAs)	National Government	Trade Unions
Other networks	Fuel poverty groups	Supply chain partners	General public	Skills and education
Business-to-business customers	Environmental (Inc. sustainability and renewables)	Regulators and industry bodies (Inc. health and safety)	Service providers	Non governmental organisations and think tanks
Media	Employees	Shareholders	Trade bodies	Energy groups

Our 2013-14 engagement activities



New How did we do?

We carry out a formal **stakeholder consultation** every year. The latest was launched in November 2013 and ran for three months, resulting in more than **70** responses, spanning a broad range of our stakeholders. Our analysis of this stakeholder feedback revealed that:



Listen/Discuss - 100% of respondents felt we had listened to them and gave them a chance to have their say.



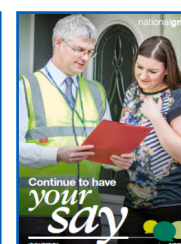
Act - 91% felt we had acted on feedback, or explained why we had not taken action. (9% felt it was too early to tell)



Fairness - 97% felt they had been treated fairly.



Time - 92% felt our engagement was a good use of their time



We used the feedback from this consultation to develop a new set of commitments, which we published in our **Committing to You for 2014** document

We will deliver a quality service to all



Academy group session in action
– November 2013

Our stakeholders want us to keep building trust through open and honest engagement – **we aim to make it easy for our customers and stakeholders to do business with us.**

Supporting our commitments

Continue engaging and build new or enhance existing relationships.

Stakeholder Advisory Panel, gas shippers, local authorities (LAs) and the highways agency (HA)

New Upskilling our workforce

We recognise the importance of **equipping our staff with the skills** they need to do a great job. So our **Training Academy** developed and delivered a customer and stakeholder capability training module that uses the very latest best-practice models, tools and techniques to improve how we build **trust, understand** different perspectives, deliver **value** and take **action**. We have also trained **1,000** of our customer-facing staff in Mary Gobar **customer excellence skills and techniques**, which focus on the psychology and language used in customer engagement. Alongside this, we have embarked on a behavioural change programme called Viral Change, which is helping us to find new ways to do things better.

Outcome – We are easy to do business with and our capable, confident and motivated teams build lasting and value-added relationships with our stakeholders because they understand stakeholders' needs and perspectives, and are committed to improving the service we provide.

“Earning customers' trust and delivering what they value is immensely rewarding and makes me feel really proud of what I do.”

Emma Scargill – Customer Team Administration Assistant

OurAcademy
what will you learn today?

viral change™



MARY GOBAR INTERNATIONAL

Commitments 17, 18 and 22

It's good to talk

Continue to have dialogue and keep us informed about what you do and industry developments.

Business-to-business customers

Stakeholders are using our newly reintroduced **Gas Industry Forum** to discuss industry topics and to **share** information and **best practice**. They also attend our regular onsite stakeholder days to meet our people and see what we do. One of our most beneficial innovations is our **Stakeholder Advisory Panel**, whose **insights** and feedback have proved invaluable in shaping our business and our priorities.



Gas Industry Forum Oct 2013

Outcome – Our stakeholders engage with us in a variety of ways – their input ensures we continue to deliver what matters most to them.

Our stakeholders said

Our actions

Commitment 17 ● Continue our programme of stakeholder and customer engagement and report on progress.	We run seminars, education sessions, workshops and focus groups, and we reported on progress in November 2013 and April 2014.
Commitment 18 ● Establish a consumer challenge group.	Our new Stakeholder Advisory Panel has met three times. We published the outputs online (www.talkingnetworksngd.com).
Commitment 19 ● Continue to improve brand awareness.	We are halfway through our vehicle branding programme and are trialling new signage in North London.
Commitment 20 ● Share best practice across our networks and the industry.	We are collaborating with the industry on topics ranging from smart metering to carbon monoxide.
Commitment 21 ● Review information to ensure it is timely, relevant and fit for purpose, and continue upgrading our website.	We have worked with Plain English Campaign to improve how we present our materials, and have included new, user-friendly tools on our website. For example, our new indicative costing tool where our customers can see the estimated cost of a connection before applying. We are adopting Northern Gas Networks' best practice on connections planning.
Commitment 22 ● Re-establish the industry forum to discuss current topics.	We have re-introduced the Gas Industry Forum for our large and business-to-business customers.
Commitment 23 ● Enhance our IT systems for use with business-to-business customers.	Our administration costs have fallen by up to 24% because 44 Independent Gas Transporters (IGTs) and Utility Infrastructure Providers now use our handy new web portal to log and track their own jobs. To speed up communications when emergencies arise on IGT sites, we have switched from fax to email.

Key: ● Complete or significantly complete

Commitment 21

Ensure information is timely and relevant, and upgrade the website.
Our customers, public, the HA and LAs

New Improving the online user experience

Our website now has a new user-friendly feel, with intuitive signposting that makes it easier for customers and stakeholders to access the pages that matter most to them. Our customers have helped design the look, feel and content of an innovative range of real-time information on (<http://roadworks.org>) that lets them know **much more** about our roadworks projects, which we have shared across the industry. Our new social media dashboard is helping us to **listen, engage** and **measure** customer and stakeholder feedback through channels like Facebook, YouTube, Twitter and Linked-In. We have also improved our reputation and stakeholder analysis by using Alva's reputation analysis model.



Outcome – Visitors to our website benefit from an improved user experience and greater awareness of our roadworks projects, with information about them updated in real-time. We use social media to reach out to more of our stakeholders; to monitor and improve our reputation; and to make it easier for our customers to do business with us.

We will keep you safe and warm, and will be reliable



Safety and reliability remain the main priority for us and our stakeholders. **An outcome for us is keeping our communities safe and warm.** Shown on pages 5 and 6 is a selection of examples how we have converted our commitments **into reality**.

Commitments 1 and 3

Safety first at all times

Refresh our safety campaigns and raise awareness of carbon monoxide (CO).
Special interest groups and customers

Collaborating across the industry to improve safety has been a high priority for us during 2013-14. We have implemented new systems to measure the effectiveness of our safety campaigns so that we can move people from **awareness to action**. Our activities included:

- welcoming Gas Safe onto our Stakeholder Advisory Panel
- working with all gas distribution networks to support Gas Safe's Safety Map tool
- running carbon monoxide (CO) awareness days for employees and encouraging them to share what they have learned
- launching a suite of online safety videos, achieving **6,000** hits in 2013-14.
- promoting safety advice through social media – our Facebook CO campaign reached **30,000** Facebook users
- providing over **206,000** Home Safety resource packs to cub scouts, to help young members learn how to stay safe at home by spotting the signs of CO and knowing what to do in a gas emergency – as a result, we awarded **22,600** National Grid Cub Scout Home Safety badges in 2013-14
- working with the Dying to Keep Warm charity to safeguard vulnerable people from harm in their own homes
- sponsoring the CO and Gas Safety Society's annual school poster competition
- partnering with Northern Gas Networks (NGN) on the iCOP app, to help raise CO awareness among students
- adopting NGN's best practice approach to develop our own CO awareness literature
- as well as our own CO awareness visits, our pilot with the **Staffordshire Fire and Rescue Service** has seen fire officers providing CO awareness advice and free CO alarms to **3,000 hard to reach, vulnerable people** while carrying out their home safety visits.

Outcome - Education holds the key to increasing CO awareness and keeping our communities safe and warm. Based on our CO awareness survey results, on average our customers demonstrated a **55%** increase in their awareness of the dangers of CO; and **98%** of customers said they

would **take further action**, such as having their gas appliances serviced regularly or talking to family and friends about the potential dangers of CO. So our refreshed campaigns are helping to **save lives**. We are now working towards an industry database for homes with a CO alarm.



Surveyor handing out a free CO alarm to a customer

Our stakeholders said

Our actions

Commitment 1 ● Review and refresh our education and safety campaigns using different media to target specific groups.	We refreshed our safety and CO awareness campaigns to target at risk groups such as caravanners and campers, using a range of channels to engage effectively with our different audiences. We have added a suite of safety videos to our website.
Commitment 2 ● Develop the network's role in the rollout of smart metering with key stakeholders.	We engaged regularly with internal and external working groups regarding the smart roll-out. We defined our roll-out objectives and are making good progress in developing our stakeholder engagement plan.
Commitment 3 ● Improve awareness of CO and the provision of CO alarms to those most at risk.	Our engineers now have CO detection equipment. We are providing CO awareness advice and free CO alarms during our home visits. We are also working with the Staffordshire Fire Service to target hard to reach vulnerable customers.
Commitment 4 ● Publish safety commitments and report progress annually.	We will report on these when a full year's data is available.
Commitment 5 ● Review the process and service we provide to Local Authorities (LAs) for strategic planning requirements.	We reviewed our processes and re-briefed our teams to improve the service we deliver. We will continue to monitor this.
Commitment 6 ● Work with LAs and the Highways Agency (HA) to provide more meaningful longer-term information.	We shared our eight-year plans with LAs and the HA, and uploaded our plans into (EtON) Electronic transfer Of Notices (see case study below). We continue to share our plans as we develop our planning data.

Key: ● Complete or significantly complete

Key: ● In progress - plans in place to complete

Commitment 6

New Focus on planning

Provide more meaningful and long-term planning information on our gas pipe replacement work.
LAs and the HA

We have started sharing our eight-year gas pipe replacement plans with the HA and LAs across our four networks by holding one-to-one sessions and group forums, as well as uploading the plans into EtON, which is the system that utility companies use to raise work notices and work permits. We are also working in partnership with Worcestershire Council and Severn Trent Water to minimise disruption to the local community during our work programme – we are updating our processes to incorporate this new collaborative way of working and are looking to roll it out further.

Outcome – Although we are still at the early stages of changing our planning processes, we are already minimising disruption to our communities, reducing our work costs and building stronger relationships between the LAs and utility companies – we expect these benefits to increase as the project progresses and our collaborations grow. By working more collaboratively we can keep our communities safe and warm while keeping disruption to a minimum.



“ I found the meeting to be very good and probably the best one I've had with any of the utilities in relation to action plans. ”

Bob Lloyd – Streetworks Manager, Worcestershire County Council



Worcestershire Council collaboration launch event

Commitments
8 and 26**New** Robots
- You won't even know they are there

Look for innovative solutions to reduce disruption when repairing our gas pipes.

Local Authorities (LAs), the Highways Agency (HA), our customers and the public

We worked with a New York robotics specialist and our US business to develop CIBOT, a cutting-edge, remote-controlled robot that enters our live cast iron gas pipes through a small hole in the road or footpath. The robot then moves through the live pipes, strengthening and sealing leaky joints along the way. We have trialled

CIBOT on an 18-inch cast iron pipe, with Scotia Gas Networks trialling it on a 24-inch gas pipe. Our CIBOT trial was based in Camden, where we strengthened **62** joints using a **single entry hole** – ordinarily we would have had to dig more than 60 separate holes. We have shared our trial outputs with others and will be rolling out this new technology.

Outcome – The development of CIBOT is driving up efficiency levels and reducing landfill waste, costs and interruptions to gas supplies. It helps us to carry out our repair work while continuing to keep our communities safe and warm, with the minimum amount of disruption.

Commitment 9

Work with us to reduce disruption and manage streetwork issues.

LAs, the HA, and Transport For London

New A fresh look at reinstatement

The interests of our customers, stakeholders and the general public are at the heart of our works programme:

- new keyhole technology, fast-setting concrete and collaboration with Transport for London reduced the time we spent working on its highways – as a result, our exposure to lane rental charges dropped by **90%**
- we advertised the **roadworks.org** website on our signage at two North London locations, prompting a **50%** increase in online visits to these sites
- we established a forum to share reinstatement best practice across our networks – In North London we are trialling our new i-Phone app to improve our reinstatement standards. Alongside this, our North West network is trialling reinstatement recipe cards, which have improved the quality of our reinstatement work
- we established a Member Of the Public Working Group – the group's aim is to enhance our streetworks safety performance across our networks, looking through our customers' eyes when we are digging in the road.

Outcome – We are minimising the amount of disruption to the public by spending less time in the highway while we carry out our work. Where we do need to work in the road we want to minimise inconvenience and keep our customers safe.

Commitments
8 and 26

Continue to look for innovative solutions and technologies and roll them out across our networks.

LAs and the HA

**Collaboration
fuels innovation**

As we roll out innovative solutions across our own networks we are also learning and sharing more widely. Each gas distribution network chairs a best-practice working group focusing on:

- carbon monoxide (CO) awareness
- customer satisfaction
- stakeholder engagement
- fuel poverty.

An example of this collaborative activity in action is an innovative UK-wide intelligent carbon monoxide alarm trial.

Outcome - We are all keeping our customers across the UK safe and warm by developing innovative solutions.

Our stakeholders said

Our actions

Commitment 7

Review and improve our planning processes with Land and Development.

We are working with our Transmission business and AMEC to provide a one-stop-shop for strategic planning requests.

Commitment 8

Look for and roll out innovative solutions across our networks.

We are trialling a number of new concepts and have teamed up with roadworks.org.uk to provide more information about where we are working.

Commitment 9

Work with LAs and the HA to reduce street works disruption; manage streetworks issues; and improve public awareness of where we are working.

As well as our work on Commitment 8 we have developed a reinstatement i-Phone app and new recipe cards to improve the standards of our reinstatement work.

Commitment 10

Ensure a smooth transfer from existing to new ways of working.

We created a team to focus on building and maintaining relationships with our partners; ensuring targets are met; and best practice and lessons learned are shared.

Commitment 11

Enhance the security of our critical sites against terrorist activity and metal theft.

We have rigorous plans in place and are working with government agencies at our critical sites to further enhance security (see case study below).

Key: ● Complete or significantly complete

Key: ● In progress - plans in place to complete

Commitments
8 and 9

Continue to look for innovative solutions and technologies and roll them out across our networks.

LAs and the HA

Through the keyhole

We use keyhole technology to drill a 600mm hole in the road, remove a core and vacuum the debris to expose the gas pipe underneath in order to carry out a repair. Previously this required two lorries – one to cut, the other to vacuum. In September 2013 we unveiled a new vehicle that can carry out both functions. We can now locate a leak, repair it and reinstate within a day, as opposed to over a week.

Outcome – We now have **six** of these second-generation vehicles in our business, which is saving time and money, reducing disruption and environmental impact. We have saved more than **3,200** site days and **c.£1.1 million** in reinstatement costs in our north London network this year, which has helped us keep our communities safe and warm.



Our new keyhole technology vehicles help us to minimise disruption to the public

Commitment 11

Ensure we have appropriate levels of security across our sites and functions.

Our customers and shareholders

Protecting your gas supplies

We have a robust and long-established security programme in place to protect our critical sites against terrorism. However, metal theft has become a serious problem for the energy industry, so we are working with the Energy Networks Association to tackle it head on.

Outcome – Improving security at our critical sites helps to make sure that we continue to keep our customers safe and warm by keeping the gas flowing.

We will provide value for money



Our customers and stakeholders have asked us to continually improve our efficiency, provide value for money and be transparent in the charges we make. **An outcome for us is to demonstrate that we are delivering value for money.**

Commitment 24

Theft of gas – it's a crime

Focus more on detecting the illegal taking of gas from the network including shipper-less and unregistered sites.

Gas suppliers and gas shippers

Gas theft costs the industry and customers millions of pounds each year and creates a significant safety risk. Our aim is to keep our customers safe while continuing to improve our efficiency to provide value for money. So, our Theft of Gas team is working with the industry, including shippers, suppliers, Ofgem, Consumer Futures and other gas network owners, to **revise the industry contract** and create an **industry code of practice** that will help prevent customers from taking gas illegally. Internally we are revising our work methods, sharing best practice, alerting our engineers to the signs of theft, and recovering costs from fraudulent customers.

Outcome – The prevention of gas theft requires **industry leadership and collaboration**, so we have made sure we are helping lead the way in this area.

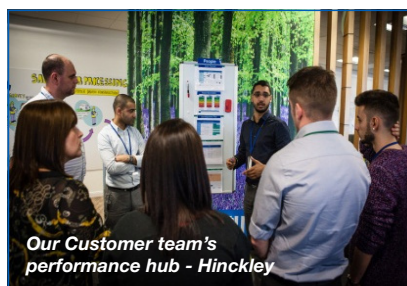
In 2013-14 our theft of gas investigations resulted in us recovering **£120,000** which we passed back to gas shippers.

Supporting our commitments

New Improving our performance

Run an efficient organisation and provide value for money.

Our customers and shareholders



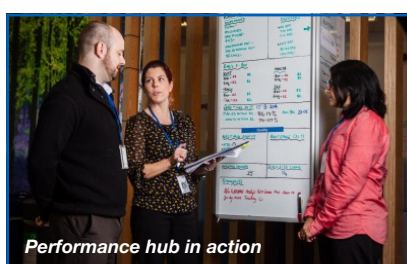
Our Customer team's performance hub - Hinckley

We have recently partnered with performance excellence expert Unipart to develop a programme that will deliver smarter ways of working and embed a **culture of continuous improvement**. We have delivered performance excellence training to over **1,500** employees and now have **110** new performance

hubs (see photos) across the business to help us identify and remove obstacles, and develop smarter ways of working.

Outcome – we have increased keyhole technology productivity in North London by **200%**, which helps minimise disruption to the public. Our emergency engineer despatch time has plummeted from 36 minutes to **12** as part of our East of England network trial.

Our continuous improvement culture ensures that we continue to deliver real value for money for our customers and stakeholders.



Performance hub in action

Our stakeholders said

Commitment 24

Continue to lead and support industry change, share best practice including theft of gas, and prioritise resources based on industry requirements.

Commitment 25

Investigate the use of a collaboration forum and web-based innovation portal after our innovation strategy is published.

Commitment 26

Drive innovation to ensure value for customers and promote collaboration opportunities while maximising the Innovation Allowance opportunity.

Commitment 27

Publish a scorecard demonstrating how we are delivering on our RIIO outputs.

Commitment 28

Continue to refine our charging data and publish our distribution charges model.

Commitment 29

Continue to publish spend on our website and explore how to reach a wider audience.

Our actions

Alongside our work on the theft of gas we chair a European collaboration group that supports gas research development for the EU and the UK. We also represent the UK industry through our board membership of Marcogaz and Eurogas.

We have published our innovation strategy and are continuing to work with the Energy Innovation Centre (EIC) to develop an external web portal. We are part of the Knowledge 4 Innovation Working Group, which drives innovation performance as a top priority in EU and UK policy making.

We continue to address our key innovation themes and challenges, while partnering with the EIC and our supply chain.

After the first 12 months we will publish this data annually.

We revised our charging model and published the costs that make up our part of a domestic customer's gas bill (18% on average or £139 a year). This information is now available on our website.

After the first 12 months we will publish this data annually against our RIIO outputs.

Key: ● Complete or significantly complete

Key: ● In progress - plans in place to complete

Commitment 28

Being upfront and transparent

Continue to refine the data we produce for calculating our gas transportation charges.

Gas shippers and business-to-business customers

The **increased clarity** on our charging forecasts and future charging projections for gas shippers was published on the Joint Office Gas Transporters website and welcomed at the Gas Distribution Charging Methodology Forum (July 2013). Shippers then sought similar **best-practice solutions** from other gas network providers.

Outcome – Gas shippers are clear about how we calculate charges. This enables more accurate forecasting, which in turn provides stability and predictability for gas shippers and, ultimately, gas customers.

Continue to lead and support industry change and prioritise resources based around industry requirements.

Special interest groups, customers and business-to-business customers

Commitment 24

New Supporting smart metering

Smart metering will increase and improve our data, which will provide greater accuracy when allocating energy use to energy suppliers and when invoicing their customers. This will require a change to the industry framework so, we have **driven the development** of the contractual rules, while also working with the industry to develop the **protocols** for smart metering rollout.

Outcome – When smart metering goes live, customers will benefit from more accurate gas supplier charges and – potentially – more flexible energy tariffs, helping to deliver value for money.

We will safeguard future generations

Our stakeholders asked us to focus on helping our most vulnerable customers, explore renewable sources of gas and inspire young people to realise **our outcome of developing a network for the future**.

Commitments 13 and 14

Helping the UK's most vulnerable people

Maintain our focus on connecting fuel poor homes onto the gas network.

Our customers, customer groups and special interest groups

We have accelerated our eight-year plan of helping 34,650 vulnerable households – so far we have connected **3,673** individual homes and **45** communities, (an additional **1,214** homes) to our network. Our Affordable Warmth Solutions (AWS) community-interest company is trialling **technologies** such as **air-source heat pumps** to help customers where it is uneconomical to provide a gas supply. We continue to drive the social agenda, by **establishing** and **chairing** two **cross-industry** working groups focused on supporting:

- **fuel-poor customers** – on behalf of the Government's Fuel Poverty Advisory Group we set up and now chair a cross-industry working group that aims to develop a national database of homes not on the gas grid and to identify affordable technological solutions and funding streams to address fuel poverty
- **vulnerable customers** – by combining our performance excellence techniques with the working group's expertise, we have a clear picture of where we are now and what we want to achieve. Internally we are developing our gap analysis and future scenario work.

Outcome – Collaboration will help the industry to deliver best-value solutions to support vulnerable customers. In 2013-14 our fuel poverty programmes delivered lifetime fuel savings totalling around **£15million** for vulnerable customers, providing warmer, healthier homes and lifetime CO₂ savings of **398,000** tonnes.

Focus on renewable and other sources of gas and the obstacles to be overcome.

Environmental, renewable and customer groups

Commitments 15 and 16

The future's looking green

'Green gas' will help reduce the UK's reliance on gas imports and develop a sustainable network for the future. In 2013-14 we helped move things forward by:

- managing **45** live gas injection projects
- commissioning our first commercial bio-gas project by working with biomass operator Future Bio-gas on a project that will fuel **2,500** homes and businesses in winter and up to **40,000** homes in summer
- acting on lessons learned from the above project to simplify how customers can inject renewable energy sources into our network
- implementing new connection models and a new supporting contract framework – customers can now choose their level of ownership and responsibility for parts of their gas injection projects
- developing innovative bio-gas connection solutions to trial in 2014-15, such as switching from steel to a more economical high-pressure plastic pipe
- working with Severn Trent Water to construct a new bio-gas connection at Minworth sewerage plant, providing sustainable energy for more than **900** homes.

Outcome – These projects will reduce greenhouse gas emissions, help local communities and reduce the UK's reliance on gas imports.



Jeremy Bending – NGGD & Philip Lukas – Future Bio-gas opening the bio-gas site at Doncaster



Our stakeholders said

Our actions

Commitment 12

Use data from smart technology to inform our decisions.

We are investigating the use of data from smart meters and the benefits this can bring.

Commitment 13

Connect 34,650 fuel-poor customers during the RIIO GD1 period and work with the government, Ofgem and other stakeholders to influence the framework.

We connected 4,887 fuel-poor customers in 2013-14. We chair the UK's cross-industry Fuel Poverty Working Group, which aims to develop a national database for off-gas grid homes.

Commitment 14

Review our role with vulnerable customers and develop partnerships and support networks.

We worked with our Stakeholder Advisory Panel to develop our strategy for vulnerable customers. We also chair the cross-industry Vulnerable Customer Working Group. Members include; gas and electric distribution networks, energy suppliers and other key stakeholders.

Commitment 15

Help policy makers and stakeholders understand the role of gas. Support sustainable and new gas sources to be connected on to our networks.

The scenarios we developed have been instrumental in shaping government policy and we are working with the industry to remove barriers. We are currently developing innovative solutions to drive connection costs down for customers.

Commitment 16

Work with others to remove bio-methane connection barriers and trial new technologies.

The improvement in our bio-methane connection process makes it easier for our customers to connect to our network.

Key: ● Complete or significantly complete

Key: ● In progress - plans in place to complete

Commitments 13 and 8

Saving the elderly £££s



BlueGen micro generators convert gas into electricity. Through AWS we installed three of these innovative units at two sheltered housing complexes in Preston and Derbyshire – and the work was carried out at **no cost** to the residents of the **72** flats benefiting from the change.

Outcome – We delivered a **c.£300** annual **saving on fuel bills** per customer and continue to provide year-round warmth for **elderly residents**. We will deliver further innovative BlueGen installations to keep our most vulnerable customers safe and warm, and to help us develop a network for the future.

Supporting our Commitments

Inspiring future generations

Focus on promoting and educating young people around Science, Technology, Engineering and Maths (STEM) subjects.

Stakeholder Advisory Panel

Our people, equipment and training resources are inspiring and motivating young people into engineering. In Liverpool, Burnley and Leicestershire we worked with schools and colleges by:

- enabling **20 pupils** to learn about STEM subjects and take part in gas safety exercises at our dedicated training centre
- developing and delivering an eight-week STEM course for **50 students**, centred on building a safe and cost-effective gas network – dedicated **500** hours to develop and deliver this project
- funding VEX Robotic kits (similar to modern-day Meccano sets) and sponsoring a secondary school competition involving pupils building robots using sensors, motors, remote controls and programming
- **inspiring 24 students** with special educational needs who spent a week on our sites learning about our activities as part of our wider EmployAbility Programme.

Outcome – We are inspiring young people to pursue an engineering career and supporting local communities and children with special educational needs.

Outcomes summary

By turning our commitments into reality we made a big difference to our stakeholders throughout 2013-14 – some of our achievements are included in the table below.

		Customer Satisfaction (Reputation (NGGD)) Improving safety Financial benefit and efficiency savings Environmental impacts					
		Summary of our activities	Who has benefited	Stakeholder / National Grid Gas Distribution benefits			Costs to deliver and other NGGD benefits
The outcomes we are delivering	We are easy to do business with (Page 4)	Upskilling our workforce	All customers and stakeholders	✓			• Upskilled over 1,000 employees on Mary Gobar / stakeholder / customer focus techniques - c.£75 per head • We are easier to do business with, reducing enquiries, complaints and rework
		Improving the online user experience / Independent Gas Transporter (IGT) / Utility Infrastructure Providers (UIPs) web portal		✓ Reduced social media response time by 72% to c.4 hours 44 IGT/UIPs using portal	✓ 49% of jobs now received through portal. 14-24% reduced admin charge, saving our customers over £27k	• c.£450k to improve online user experience. Web portal costs to be recovered through efficiency of customer self-service and reduced enquiries	
	We are keeping our communities safe and warm (Pages 5-6)	Safety first at all times	Highways Agency and Local Authorities Supply chain partners Service providers General public Other networks Regulator and industry bodies Customers and communities Special interest groups Employees	✓	Increased CO awareness by 55% and 98% likely to take further action. 206k cub scout home safety packs used		• c.£75k to support various campaigns including sponsorship, membership, literature and CO alarm devices
		Through the keyhole / Robots - you won't even know they are there	3,200 days less disruption through use of keyhole 62 repairs from 1 excavation using CISBOT	✓	Job time reduced from over a week to below 6 hours and c.1.1m reinstatement saving	Over 90% of spoil returned to ground using keyhole, reducing landfill impact	• Six innovative new vehicles introduced to our fleet costing c.£300k each • £450k spent on CISBOT trial, 90% recoverable through the Network Innovation Allowance
	We are delivering value for money (Page 7)	Theft of gas - it's a crime	Customers and communities Business-to-Business (B2B) customers Regulator Other networks Employees General public Shareholders Consumer groups	✓	✓	c.£120k recovered for industry	• Three full time employees dedicated to theft • Recovered monies will ramp up over time
		Improving our performance	Emergency dispatch time from 36 to 12 mins in East Anglia trial	✓	✓	200% efficiency gain in keyhole jobs per day	• c.£67 per head to train over 1,500 employees in lean techniques, recovered through efficient work practices
	We are developing a network for the future (Page 8)	Inspiring future generations	Non Governmental Organisations Environmental groups B2B customers Customers and communities Fuel poverty groups Skills and education groups Consumer groups Energy groups Regulator and industry bodies	✓	Working with 14 local schools and colleges	✓	• £12k investment for schools robotics kit and training material • 22 employees dedicating over 800 hours • Inspiring a future employment market and delivering employability in the communities we serve
		The future's looking green		45 projects underway	✓	Supplying green gas to 40,000 homes in Doncaster	• Dedicated team to deliver least cost solution to greening of UK energy, delivering longevity of network, less reliance on imports for fuel of choice and shaping UK energy policy
		Helping the UK's most vulnerable people / Saving the elderly £££s		4,887 fuel poor connections	✓	c.15m lifetime fuel savings	398,000 tonnes CO saving 181 tonnes Bluegen units CO saving

Criteria - initiatives that:	We have delivered our four new outcomes through a range of activities, as detailed below:
Best serve the specific interest of challenging stakeholder groups	keeping our finger on the pulse (pg 1), safety first at all times (pg 5), helping the UK's most vulnerable people, saving the elderly £££s, inspiring future generations (pg 8).
Reflect innovative thinking in responding to needs of stakeholders	upskilling our workforce, improving the online user experience, web portal for IGT/UIP customers (pg 4), through the keyhole, robots - you won't even know they are there (pg 6), driving innovation in Europe (pg 7), saving the elderly £££s, the future's looking green (pg 8).
Are supported by robust project management processes	continue our programme of stakeholder engagement (pg 4), planning for smart metering, focus on planning (pg 5), improving our performance, supporting smart metering, theft of gas - it's a crime (pg 7), helping the UK's most vulnerable people, the future's looking green (pg 8), ICS service mark accreditation (pg 10)
Are part of a holistic, embedded and culture improving approach	keeping our finger on the pulse (pg 1), upskilling our workforce, improving our communication materials (pg 4), focus on planning (pg 5), improving our performance (pg 7), ICS accreditation, working towards CSE accreditation (pg 10).
Are smart/best practice and could be replicated across the industry	keeping our finger on the pulse (pg 1), it's good to talk, improving the online user experience, web portal for IGT/UIP customers, improving our communication materials (pg 4), focus on planning (pg 5), through the keyhole, robots - you won't even know they are there, a fresh look at reinstatement, protecting your gas supplies (pg 6), theft of gas - it's a crime, being upfront and transparent, european collaboration, improving our performance, driving innovation in Europe, supporting smart metering (pg 7), the future's looking green (pg 8).

Continuing on our journey



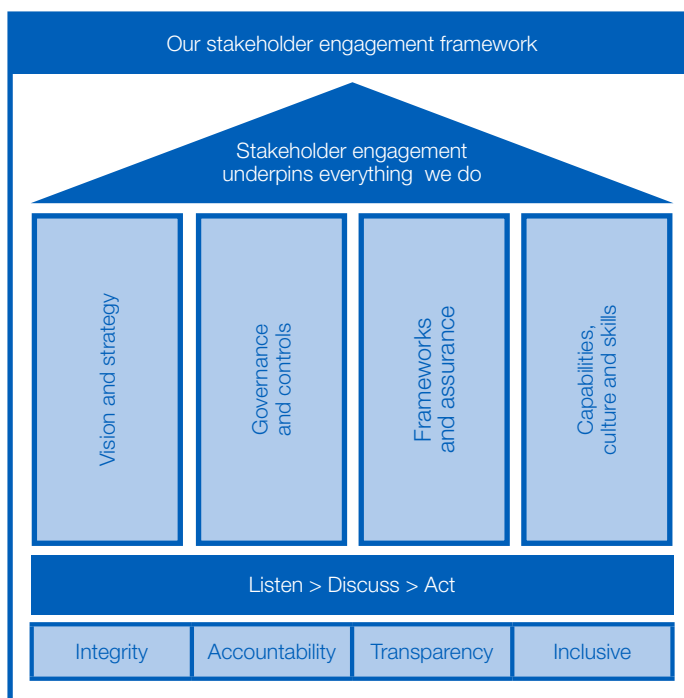
Focusing on **continuous improvement** in all areas of our stakeholder engagement framework (see diagram below) during 2013-14 has helped us **refine** and **embed** our stakeholder strategy. We are applying the same approach during 2014-15 so we can get better at delivering what our customers and stakeholders want, and to increase value for our business.

Stakeholder engagement - vision and strategy

We used the PAS (Publicly Available Specification) 55 Asset Management approach for our formal management review so we could gain an objective overview of our business. Following this exercise, our **Executive team signed off** our latest vision and strategy, which we will continue to review and update during 2014-15, incorporating lessons learned so that we keep the promises we made to our customers and stakeholders. We will continue to provide the Executive team with our monthly progress reports.

Stakeholder engagement - governance and controls

Insights from our Stakeholder Advisory Panel have helped us improve our governance and strategic focus and will continue to help us prioritise and support our work plans during 2014-15. We will also keep improving our controls by using a strong **project management approach** supported by our performance excellence culture. All of this is helping us to build more meaningful, longer-term relationships with our stakeholders.



Stakeholder engagement - frameworks and assurance

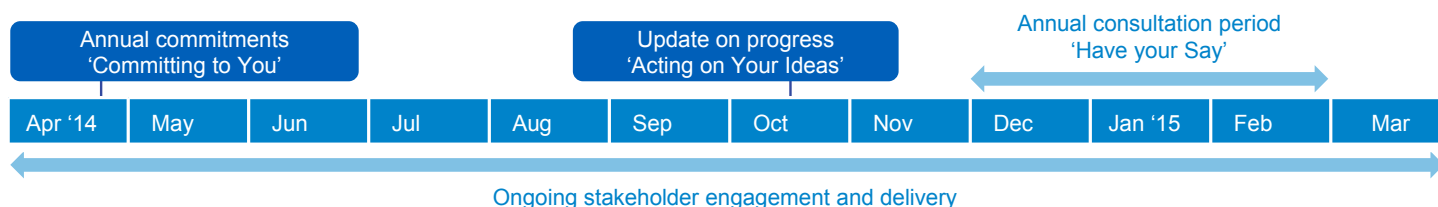
We welcome external assessments and in November 2013 were delighted to achieve the **Institute of Customer Service (ICS) Service Mark accreditation** for our entire Gas Distribution business. During 2013-14 we also embarked on a journey towards Customer Service Excellence (CSE) accreditation and put action plans in place following our initial CSE audit. We have committed to work with the ICS to establish external best practice and benchmarking across the UK.

Stakeholder engagement - capabilities, culture and skills

We are always on the lookout for ways to improve our core skills and capabilities around stakeholder engagement and **relationship building**. In 2013-14 we launched our Training Academy so that employees at all levels across our business can learn to build the **trust** of customers and stakeholders, **understand** their perspectives, deliver what is **valued** and take **action**. Equipping our employees with this core capability means we are well on our way to embedding a truly stakeholder-centric culture throughout our business.

Our 2014-15 engagement plan

We have promised our stakeholders that we will consult with them annually (see timeline below) to monitor how we are doing, drive continuous improvement and understand our stakeholders' priorities for the coming year. As well as this formal review, we engage with stakeholders in a variety of ways throughout the year and encourage them to provide feedback at any time.



Where next?

Although independent assessments and stakeholder feedback suggest that we are on the right track, we remain determined to keep embedding and improving our stakeholder ethos while also working to enhance our skills and capabilities. In 2014-15 we aim to build stronger relationships that deliver real value to our customers, our stakeholders and our business. We will also keep collaborating with the other gas networks and the wider industry – by working together we can achieve far more than we ever could on our own.



Richard Court - Head of Stakeholder Delivery, National Grid Gas Distribution



Stakeholder Incentive Submission May 2014

Email

Tracy.Hine@nationalgrid.com

Website

www.talkingnetworksngd.com

Write to

Tracy Hine
National Grid House
Warwick Technology Park
Gallows Hill, Warwick, CV34 6DA

Telephone

Tracy Hine on 01926 656923