



**Independent Stakeholder Group Report**

DECEMBER 2024



# 1. Introduction

The National Gas Transmission Independent Stakeholder Group (ISG) was set up in November 2023. Prior to this, the Independent User Group (IUG) had been in existence for 5 years as part of Ofgem’s Enhanced Stakeholder Engagement Guidance for RIIO-2. As preparations for RIIO-3 got underway in early 2023, the membership of the group was refreshed and a new set of governance put in place.

During the summer of 2023, National Gas embarked on a recruitment process to establish a new Chair and then work with the newly appointed chair to agree refreshed membership. A selection of previous members of the IUG agreed to stay on. More information on the ISG members can be found on the National Gas website<sup>1</sup>. At this point, the ISG was not mandated by Ofgem but as with the IUG, following the submission of the NGG RIIO-2 business plan to Ofgem at the end of 2019, it was agreed by the company to continue with the Group on an enduring basis to help its journey to become a truly stakeholder-led business. This same approach was taken as the new ISG was set up. In March 2024, Ofgem published its RIIO-3 Business Plan Guidance which mandated the requirement for all companies to establish an ISG in order to provide challenge and scrutiny to the company both as it develops its business plan and on an enduring basis in the ongoing delivery of the plan. The guidance defined the role and responsibilities of the group. The final version of the guidance was published on 30 September 2024<sup>2</sup>

The ISG has worked jointly with National Gas to develop and produce an ISG framework for delivering on their purpose and maximising their impact. As 2024 concludes with the submission of the Business Plan to Ofgem, a considerable part of the ISG agenda for the year has been to understand the work and engagement that has taken place as part of the Business Plan proposals. Ofgem’s Business Plan Guidance specifically states that the ISG should be ‘satisfied that stakeholder views have been taken into consideration in the development of the company’s business plan’. This report sets out the ISG’s purpose and provides an overview of the activity and impact on the lead up to National Gas’ submission of their Business Plan in December 2024.

Figure 1.1



<sup>1</sup> [Independent Stakeholder Group \(ISG\) | National Gas](#)

<sup>2</sup> [RIIO-3 Business Plan Guidance \(ofgem.gov.uk\)](#)



## 2. ISG Purpose

The ISG's purpose is defined within three areas of focus:

- (i) To scrutinise and challenge company business plans
- (ii) To monitor and review the delivery of these plans, taking into account local and regional consumer and network user priorities
- (iii) To review and challenge the approach to stakeholder engagement at all stages

These areas of focus are underpinned by a number of objectives:

1. Add value
2. Maintain independence and ensure transparency
3. Challenge constructively and provide specific feedback
4. Bring a diversity of views
5. Focus on outcomes
6. Constantly seek to improve how we do things

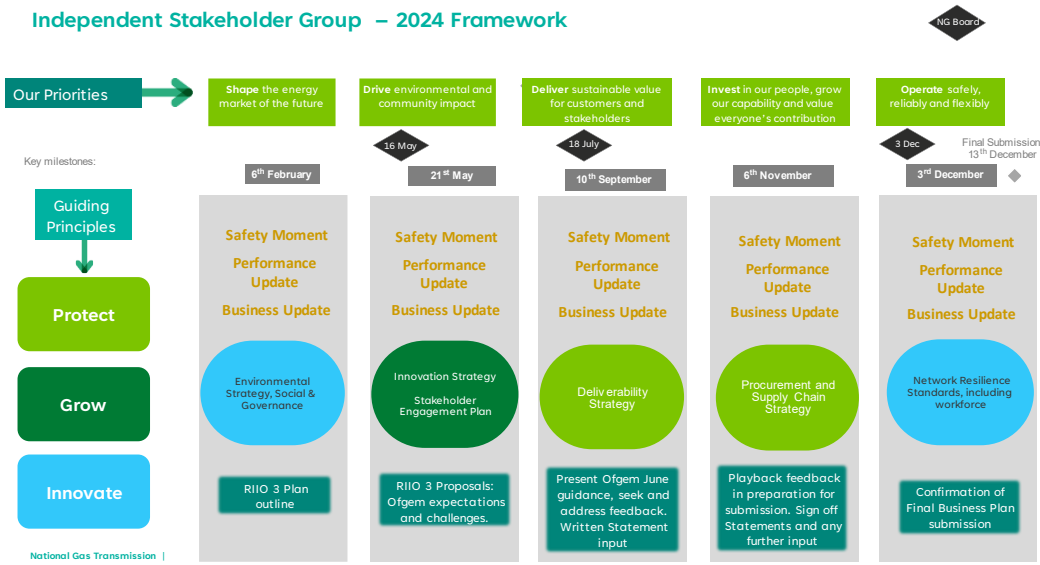
## 3. The ISG Framework

At the first meeting in November in 2023, National Gas presented a list of key topics as a suggestion to create a framework for the forthcoming year. The meetings were planned to take place quarterly, however as the year progressed, additional sessions were added to enable a full and rigorous assessment of the Business Plan. The Framework in Figure 2.1 was agreed at the end of 2023. After the May meeting, the ISG sought further information on the Customer and Stakeholder strategy, and it was agreed to bring this back to the September meeting in addition to further information on the RIIO-GT3 Business Plans. These two areas took priority over the previously agreed topics for the framework due to the level of scrutiny required and the volume of information that needed to be presented and engaged on.

Figure 2.1



## Independent Stakeholder Group – 2024 Framework



## 4. Environment, Social and Governance (ESG)

### 4.1 Summary of Presentation

The ESG Strategy was presented at the February meeting to inform the group of the purpose of ESG and what it means to National Gas. The company shared the maturity framework of the ESG up to the end of RIIO-T2 and how ESG fits into the company strategy. There are a number of activities that have the intention of delivering meaningful and sustainable social impact and National Gas have numerous partnerships and collaborations with outside organisations to help deliver the ESG framework. There is a framework in place to ensure responsible governance, supported by robust internal processes and regular Working Groups and Steering Groups to ensure delivery and performance. Several metrics have been put into place for each aspect of ESG to measure progress, such as % waste diverted from landfill on construction sites, amount donated to the company's corporate charity, and the company's ranking within the S&P Global CSA index.

A baseline, in terms of what does good look like, was presented to the group and examples were provided of how National Gas is positioning itself and what its ambition is for ESG, with the ultimate aim being for the decision making to remain robust, the leaders to remain accountable and the workforce being driven to build value together to ensure that the company leads on a clean energy future for everyone.

The priorities for RIIO-GT3 were outlined to the group for each ESG element with feedback sought on whether there were any perceived gaps in this increasingly critical area of business.



In November 2024 the Environmental Team presented on the Environmental Action Plan (EAP) and the Environmental Commitments. The EAP focuses on 4 areas; Climate (which includes Business Carbon Footprint), Nature, Circular Economy and Supply Chain. Within these areas there is a list of Commitments which build on the RIIO-T2 performance, support delivery of the Net Zero Glidepath and have measurable KPIs. The ISG were provided with a breakdown of the current Commitments (which are not a duplication of the Business Plan Commitments), totalling 18. Whilst 16 of these commitments fit into the 4 focus areas, there are also 2 general commitments relating to the integration of sustainability into key business activities and decision-making activities, and to increase engagement with the public and other stakeholders on environmental imperatives.

As evidence to support the work in this area, in addition to the presentation material and associated papers, the group were provided with the NGT Net Zero Strategy and also the Climate Resilience Strategy. Ahead of the November 2024 meeting the ISG were also provided with a paper on the EAP and the Net Zero Glidepath which gave a deep dive into climate change focusing on the National Gas glidepath to achieving Net Zero scope 1 and 2 carbon emissions by 2050 and the associated decarbonisation strategy and included performance for 2023/24 carbon emissions.

## 4.2 ISG Feedback

The ISG encouraged National Gas to be clear on its strategy for ESG and to demonstrate ambition. ESG can be comparatively benchmarked across numerous industries, so the ISG challenged the company to conduct more benchmarking in addition to what they had already done. The ISG also encouraged further work on the outcomes, noting that ESG is essential for many reasons but that it would be helpful to understand from National Gas's point of view why ESG is required and what it subsequently delivers.

The ISG recommended some further analysis on the consumer angle and also that the company be more proactive in its approach to community engagement.

In relation to the EAP and specific environmental commitments, the ISG recommended that further detail is provided in the plan, in particular more information on the RIIO-T2 performance and the likely outcome by the end of the price control period, and the approach for RIIO-GT3 in terms of what may have become Business As Usual (BAU) from RIIO-T2. As for the main plan Commitments (see section 7 below), the ISG suggested the sharing of further detail on the environmental commitments and how they will be delivered going forward.

The ISG highlighted in November 2024 that a number of the RIIO-T2 environmental performance targets had not yet been achieved and were advised of the reasons for these and assured that further updates on these would be provided as part of the performance discussion at the ISG meetings in 2025.

The ISG recommended that National Gas consider its headline commitments for Environment to make them clearer and include the 21% reduction in scope 1 and 2 emissions from 2022-23 baseline by the end of RIIO-GT3, to ensure that it is regarded as being strategically important. The group also advised care with the language used, namely in Scope 1 and 2 emissions where "Net Zero" is mentioned and to refer to the SBT Business Carbon Footprint instead, and also aligns with the Ofgem guidance.

Further detailed feedback on the specific commitments was fed directly back to the National Gas Environmental team.



## 5. Innovation

### 5.1 Summary of Presentation.

At the May meeting, the ISG were presented with an update on Innovation. This focused on several key areas: National Gas Innovation; BAU Innovation Implementation; Stakeholder Engagement and the RIIO-GT3 approach. The process from idea to implementation was described as well as a status update for the various projects in process. The group have been provided with figures on the current funding secured by National Gas for the Energy Transition. The approach to Stakeholder engagement was shared by the company and details provided on the number of stakeholders and who those stakeholders are, noting that there are hundreds of stakeholders and engagement activities supporting the projects. This included the Network Collaboration Plan for RIIO-GT3, in particular interactions with the GDNs, EDNs and the global TSOs.

The core themes for RIIO-GT3 were identified by National Gas as being Asset Development for Risk Mitigation; Materials and Processing; Automation and Measurement; Digital Systems and Simulation and Business Development. National Gas shared the proposed Innovation Mechanism for RIIO-GT3 and how that is broken down by funding.

National Gas' request to the ISG was to provide feedback on their engagement approach and implementation approach and how this aligns to the approach that Ofgem expect to see both for RIIO-T2 and RIIO-GT3.

### 5.2 ISG Feedback

The ISG challenged the notion that innovation is embedded within the company and encouraged the company to continue to focus on the culture shift to ensure that a mindset of innovation is rooted within National Gas. Further clarity on the ambition for innovation was recommended, again with a focus on the outcomes. The ISG acknowledged the uncertainties around RIIO-GT3 funding currently which impact the level of ambition and requested clarity on this if and when funding is secured.

The ISG recommended that National Gas clarify the level of stakeholder engagement in this area and provide more detail on the types of stakeholders that have been engaged with to ensure that there is a wide range of coverage. The ISG also advised National Gas to be more transparent in terms of what is not being done and the reasons why, as trade-offs are expected and acceptable, but need to be justified.

Further detail on the level of stakeholder engagement including key topics, stakeholder groups and feedback is contained within the Engagement and Decision Log and in the "C&S Narrative for the Business Plan contained within the Business Plan and shared with the ISG in November 2024.

## 6. Customer and Stakeholder Engagement

### 6.1 Summary of Presentations



In the RIIO-T2 Business Plans, National Gas committed to a stakeholder led approach to their business planning. This was in recognition of the value in engaging stakeholders which they identified as key to the successful and timely delivery of their commitments for a clean fair and affordable energy future. In order to develop a truly stakeholder-led plan, National Gas has endeavoured to continue with this same approach into RIIO-GT3 and have refined the way they engage with stakeholders. A targeted and strategic approach to engagement has been the theme for 2024, with National Gas using the feedback to actively drive decision making. There are 4 focus areas that have been developed as a result of reflecting on the RIIO-T2 performance and the priorities of customers and stakeholders.

These are:

- Increasing the breadth of engagement
- Build of cross industry collaboration
- Deliver proactive, two-way engagement
- Deliver outcome-driven engagement

Further information on these priorities and how they have been and will be achieved can be found in the National Gas Customer and Stakeholder Engagement Strategy for RIIO-GT3 (2026-2031) due to be published in January 2025.

A number of different engagement methods have been used by the company and various organisations and individuals approached over a sustained period in order to feed into the business planning. An engagement toolkit will be leveraged across RIIO-GT3 and includes methods such as 1-2-1 interviews, webinars, working groups, surveys and consultations, written broadcasts and deliberative workshops.

National Gas provided detailed information on the targeted engagement carried out during the summer, what topics were engaged on, who the stakeholders were and what the outcomes of those engagements had been. As a result of stakeholder feedback, National Gas included additional topics in their RIIO-GT3 roadmap, amended their incentives proposals (targets and cap/collar parameters) and included the drive to net zero as a key customer priority, to name a few examples. An activity to cross reference the business plan commitments with customer and stakeholder engagement was carried out and presented to the ISG.

Consumer priorities remain relatively unchanged since the journey from T1 to RIIO-GT3, with the main difference being the emergence of Net Zero as the strategic driver. These priorities have fed into the commitments and National Gas demonstrated how they plan on being delivered for RIIO-GT3.

A document repository specifically for the ISG was created by National Gas that contained information on detailed stakeholder engagement activities and numerous other documents relating to stakeholder engagement. It provided the group with transparency in relation to its engagement and the activities and access to reports including Customer research, Acceptability testing and Climate Resilience. The repository also has information on RIIO-T2 performance and engagements, stakeholder strategies, Business Plan Commitments and the associated stakeholder engagement.

## 6.2 ISG Feedback



The ISG have given National Gas a number of challenges in this area due to it being one of the main focus areas of the group. On request from the group, National Gas provided a breakdown of prior stakeholder engagements and the common themes, and how that had driven and informed the decision making. The ISG have raised several points to encourage the company to demonstrate that stakeholder feedback has led and impacted the business plan and that concerns such as stakeholder fatigue are taken into account. The ISG sought to obtain assurance that stakeholders have been targeted effectively and are sufficiently informed to enable effective discussions.

Following the May meeting, a list of stakeholder engagement questions was compiled by the ISG to seek assurance from National Gas and to demonstrate that the stakeholder engagement process has been thorough and has gone above and beyond what is expected. The group recommended that the company is transparent on the trade-offs, as for Innovation, and provide explanations around any perceived gaps in engagement. The ISG acknowledged that the industry is constantly evolving and that it is difficult to ensure total coverage, but encouraged the company to demonstrate their efforts in a clear and transparent way.

The ISG have pressed National Gas for examples to demonstrate where the company has listened to stakeholder feedback and have made changes and improvements as a result. Throughout the meetings and in an additional separate session, further examples and information was provided to the ISG to reflect this. In addition, the ISG challenged the company to demonstrate how effectively key areas of concerns from stakeholders and consumers have been addressed in the plan. Further detail on this is provided in the C&S Business Plan Chapters and is supplemented with additional detail from the NGT Engagement and Decision Log Annex. The document repository also contains examples of the notes and insights from the engagements referenced. The RIIO-GT3 Summer Engagement Log (included in the document repository) provides a level of detail between executing the engagement and entry of material into the Engagement and Decision Log Annex, which in simpler terms means the steps of how the insight is used internally within National Gas.

The ISG provided feedback and some suggestions going forward as to how the updates on stakeholder feedback could be provided to the ISG in future. The ISG acknowledge that there has been a change in the way stakeholder engagement is conducted and that there have been positive responses to this from the industry, and some valuable insight received for National Gas from stakeholders. The ISG suggest that a more structured and transparent mechanism for presenting this information back to the ISG is adopted so that they can understand the work undertaken and the associated impact on strategy and decision-making.

All the challenges, and the National Gas responses to the challenges, are recorded in the Challenge Log, attached in the Appendix to this report. Further information can be found in the document repository, the Engagement and Decision Log, the RIIO-GT3 Strategy and the C&S Narrative for the Business Plan.

## 7. RIIO-GT3 Business Plans

### 7.1 Summary of Presentations

During the course of the year, several updates were provided to the ISG by National Gas to share the progress of the journey, including the history, investment changes and performance outputs for RIIO-T2. At the start of the year, National Gas described the regulatory framework and outcomes that consumers and network users expect network companies to deliver. This was divided into the following key areas:





1. Infrastructure fit for a low-cost transition to net zero
2. Secure and Resilient Supplies
3. High quality of service from regulated firms; and
4. System efficiency and long-term value for money

The group were given high-level financial information on the planned total spend for RIIO-GT3, and how this compared to RIIO-T2 spend as well as the key milestones required to review, steer and develop the plan up to final submission in December 2024.

As the year progressed, further detail on the Business Plan drafting was provided to the group, highlighting the uncertainties faced based on a number of factors. A detailed overview of Totex by cost category was presented and a direct comparison to RIIO-T2 explained. This enabled the group to understand the difference between the two price controls in terms of spend, which was primarily due to an increase in asset health and security investments to deliver a resilient network. The group were given sight of the Output Delivery Incentives (ODI) and the proposals for RIIO-GT3, which had been engaged on significantly with stakeholders.

A consultation on the Business Plan overview and the Incentives was published in the summer, with the ISG given early sight of the key documents. This overview contained a high-level summary of the methane plan and high-level costs. The consultation was part of a process to test acceptability with stakeholders and develop the plan further before submission in December 2024. At the September meeting, the latest information on the main plan was shared with the group. In addition, two of the proposed Incentives were tested with the ISG. The proposals for Customer Satisfaction and Shrinkage were presented to the group and feedback sought on specific areas for each of these proposals.

In November 2024, the ISG were presented with the RIIO-GT3 Asset Management Plan (AMP) Deliverability, in particular the overall capex plan process and the key principles. Finally, ahead of the final meeting of the year in 2024, the group were provided with the designed version of the Business Plan.

### 7.1.1 Workgroup Sessions

Four additional Workgroup sessions were held in September and October to allow the ISG additional time to review the Commitments and Incentives in a deep-dive style session. Members were asked to attend one or more sessions so that at least two ISG Members in addition to the Chair were present and could provide feedback. These were held as closed sessions, with the ISG Technical Secretary in attendance and providing the feedback loop to National Gas as appropriate. These sessions were broken down as follows:



1. Incentives
2. Infrastructure fit for a low-cost transition to net zero
3. Secure and Resilient Supplies; and
4. High quality of service from regulated firms

Between the Workgroup sessions, the group examined the commitments and the process behind them. At the point of the Workgroup meetings, there were 42 Commitments for the ISG to consider and their views were sought with the awareness that part of the process for National Gas was to condense the number of commitments into a significantly smaller volume.

In October, the group were provided with a further set of the Commitments that had been condensed down to 12, accompanied by a document explaining the journey from 42 commitments to 12. After the November meeting, a further iteration of the commitments and associated narrative was provided to the group for transparency.

## 7.2 ISG Feedback

The principal challenges from the ISG have been the level of ambition in the plan and the detail contained within the plan to demonstrate how the Commitments will be achieved. Throughout the Workgroup sessions and in subsequent communication and meetings, the ISG have had the opportunity to dive further into the detail and ask questions that will enable them to understand the plans further and the level of engagement undertaken. The ISG have always encouraged National Gas to be clear on the outcomes, and the Commitments are no exception to this. National Gas took onboard the ISG feedback on this and have adapted the Commitments based on this and other feedback received. Targets and metrics, where possible, were embedded in the Commitments with the ambition made clear.

The ISG encouraged the company to ensure that the engagement that had taken place shows through in the plan to demonstrate that it is stakeholder led. More detail and evidence on customer and stakeholder feedback was subsequently included in the plan. The ISG suggested that National Gas provide more context behind its decision-making and the targets and metrics within the Commitments and also that it carries out benchmarking exercises where possible. National Gas have shared the benchmarking activities that have taken place in various areas of the business and continue to expand on this further.

The group have had the opportunity to assess the proposed incentives in further detail as part of the Working Group sessions and during the September meeting. The ISG noted that the company carried out considerable stakeholder engagement in this area and requested specific evidence of where the feedback has shaped the proposals and who was engaged, and also who was not, and the reasons why. A number of documents were circulated to the ISG to provide more information, in addition to the further versions of the Commitments mentioned above. A paper on the CSAT incentive was provided, giving further explanation on the purpose and detail of the incentive. The System Operator Incentives Annex was provided which gave more detail as requested by the ISG in the Working Group sessions as well as some general information on the stakeholder engagement that had been carried out as part of the Incentives conversations, and specific answers to the questions and feedback that the ISG raised.



At the last meeting of the year in December, in addition to some minor suggestions on the final draft, the ISG commended the company on the Business Plan, noting that the format was easy to follow, and that the effort that had gone into the design and content was clear to see.

## 8. Performance

An update on performance is given at each ISG meeting. A scorecard detailing the latest status of the RIIO-T2 Business Plan Commitments (BPC) and the Price Control Deliverables (PCD) is provided as part of the pre-read pack. This includes the target and the forecast that National Gas believe they will achieve by the end of RIIO-T2, and whether each metric is on track to be delivered. The ISG are provided with an update on the metrics at the meeting and have the opportunity to ask the National Gas representative any questions or provide any feedback and to understand what actions the company are taking to improve performance, particularly for those metrics that are below the target. The ISG find this a useful and regular assessment of the company's performance to date and the prediction for the end of the price control period.

In October, the group was provided with the latest PCD status and a full breakdown of the BPC's and the status to show delivery for RIIO-T2. The ISG recommended that an update on performance is presented in a more structured way in 2025 so that the group to have better visibility on the RIIO-T2 performance, the areas at risk and any potential areas for improvement for RIIO-GT3.

## 9. Conclusions and Next Steps

The ISG continue to provide valuable feedback and constructive challenge and have been very thorough in their review of the stakeholder engagement that encompasses the business plan. The questions and recommendations that the ISG have provided on stakeholder engagement has been comprehensive and have helped to ensure that National Gas have carried out extensive and qualitative engagement and have been able to evidence this. National Gas have taken on board and responded to each of the recommendations and challenges made by the group. National Gas has shared its thinking on a range of key areas and issues of major importance to achieving the UK's Net Zero ambition and the challenges faced in either securing funding through the regulatory price controls or from government to ensure the UK's net zero ambitions are met. The challenges are documented in the Challenge Log contained within the Appendix in this report.

Membership of the ISG will continue to be reviewed frequently by the Chair and the Technical Secretary to ensure correct representation of the industry, and both National Gas and the ISG expect that the group will continue to challenge National Gas to deliver the best for its stakeholders and for consumers, now and in the future

## 10. Appendix





## National Gas Independent Stakeholder Group (ISG) Challenge Log

Ref	Date	Topic	Challenge	NG Response
C1	21/05/24	Stakeholder Engagement	Provide further clarity on the targeted approach based on feedback from prior engagements, to enable a more detailed overview of the engagement plan. Include potential trade-offs and evidence to enable sign off in the Business Plan.	<p>Our approach to engagements is targeted in that we consider the <i>relevance and significance</i> to stakeholders of specific topics, and that we are ensure we engage on <i>topics where engagement is able to feed into our decision-making processes</i> and “move the dial” as a business.</p> <p>On relevance and significance:</p> <ul style="list-style-type: none"> <li>• We define and map our stakeholders early on to ensure targeted engagement, with interest / impact matrices.</li> <li>• We have a set of Principles for Stakeholder Engagement, which includes making sure that we are accessible to and representative of different stakeholder segments, including by region, interest, current and future users, customers, communities and harder to reach groups.</li> <li>• We have also developed a number of metrics in order to measure the effectiveness of our stakeholder engagement (see Figure 1 below).</li> </ul> <p>On content:</p> <ul style="list-style-type: none"> <li>• We engage with our internal stakeholders to understand which aspects of our business are dictated by legislation, government, or guidance from the regulator, and which aspects of our business truly have scope to be directed by our customers and stakeholders.</li> <li>• We ask our customers and stakeholders explicitly – and regularly – which topic areas require further engagement, and planning series of engagements accordingly (e.g., during webinars, or as part of feedback surveys, as part of our Business Plan Overview stakeholder consultation).</li> <li>• We conduct attitudinal research which brings out challenges and opportunities for our customers and stakeholders (e.g., a major output from our Engagement Sprint at the start of 2024 was that National Gas needed to make clearer its role in the energy system transition, and so we are trying to more clearly understand how we can best represent the needs of our customers and stakeholders).</li> <li>• During engagements, we make note of areas where there is a lack of understanding amongst our customers and stakeholders and ensure that these are areas of focus in future engagements (e.g., when polled during a broadcast webinar, stakeholders generally</li> </ul>



				<p>did not know whether our proposed investments for System Operation in RIIO-GT3 would deliver the right level of energy resilience. As a result, we have scheduled further engagement with some of our direct connections to probe what “the right level” of energy resilience is, and how our proposed investments will contribute to this).</p> <p>As a result of engagements, there are naturally trade-offs to be made in our business plan submission, typically between two or more of our key customer and stakeholder priorities (i.e., the drive to net zero, affordability, and operating safely, reliably and flexibly).</p> <ul style="list-style-type: none"> <li>• Much of our business plan submission is comprised of Asset Capital Expenditure, for which we consider a range of options to balance cost, performance, risk and consumer value. Here, “trade-offs” are considered as outputs of our risk management framework, which considers those factors that are valuable to consumers (cost, safety, environmental factors, resilience...).</li> <li>• There are specific examples within our asset plan where we do weigh up consumer priorities against each other, e.g., investment during RIIO-GT3 in hydrogen-ready gas analysers. These analysers cost c. 10% more than typical natural gas-only analysers, but contribute to the drive to net zero, and may save gas users money in the longer term (<i>this is a topic where consumer opinion tends to be split</i>).</li> <li>• Similarly, we have made the decision that – provided there will not be utility in conversion to hydrogen or carbon transport networks – we should decommission assets once they have become redundant. Even though this increases the cost to the consumer in the short-term, this contributes to the principle of intergenerational fairness, whereby we should limit the amount customers pay for assets that they are no longer benefitting from.</li> </ul>
C2	21/05/24	RIIO-GT3 Plan	Consider a Sustainability Plan rather than an Environmental Action Plan in the Business Plans to enable broader considerations and improved links with other incentives.	<p>The requirement for an Environmental Action Plan (EAP) is set by Ofgem as part of the Business Plan Guidance (See RIIO-3 Business Plan Guidance Section 4.49). Our Environmental Action Plan is <i>inclusive</i> of sustainability initiatives.</p> <p>We have since engaged with customers and stakeholders on the ambition contained within our EAP Commitments. In addition to specific comments received (e.g., quantification of target reduction in NOx emissions, referencing decarbonisation of our operational fleet in our strategy,) stakeholders suggested alignment of our commitments to Natural England's Green Infrastructure Framework and Standards, and to the government's Environmental Improvement Plan.</p>



C3	21/05/24	Stakeholder Engagement	<p>Demonstrate how National Gas will address Stakeholder fatigue, particularly how surveying the same stakeholders can be avoided.</p>	<p>We recognise the burden on stakeholders and try to ensure that engagement sessions are short and targeted (see C1). We hold mixtures of in-person and online sessions and make the material available to those that are unable to attend (slides, recordings where appropriate). The feedback we have received indicates that stakeholders are happy to be involved, or at least invited to be involved as opposed to that they are being fatigued with information and requests.</p> <p>We also regularly engage with other networks' stakeholder teams (typically gas distribution networks, and less frequently electricity transmission operators) to share best practice and conduct joint pieces of stakeholder work, such that we avoid duplicating asks (and taking up more time) of our mutual stakeholders. Benchmarking our engagement and partnering with other non-UK Gas utilities is an area that we will be focusing more on in RIIO-GT3.</p> <p>As part of our targeted approach, there are also areas on which we are consciously <i>not</i> engaging, for example, because we have tracked investments forward from RIIO-2 and know that customer and stakeholder attitudes have not changed.</p>
C4	21/05/24	Stakeholder Engagement	<p>Provide evidence to demonstrate that stakeholders have a sufficient level of knowledge to enable meaningful responses in their engagement with National Gas.</p>	<p>Targeted engagement as referred to in C1 takes place which enables meaningful engagement.</p> <p>In our testing of our RIIO-GT3 business plan, we have utilised existing industry forums where possible, to ensure that those engaged have an understanding of the specific topic, the broader context of the discussion, and how this the topic is applicable to National Gas, and to ensure that those engagement have an interest in collaborative discussion on the topic.</p> <p>We review all engagement materials and try to remove internal terminology, acronyms, jargon, etc., so that the materials are more accessible to our customers and stakeholders. Throughout engagements, we regularly check that the attendees understand what has been presented, the pace at which we are presenting, etc., and adjust delivery of material accordingly. For example, we tested participants' understanding throughout end-consumer focus groups and ensured that participants understood the context before progressing. After explaining who National Gas were, we asked participants to choose which of three statements best described our role. For any that answered incorrectly, we re-explained and re-checked understanding before moving on.</p> <p>In addition to technical engagements, we try to utilise (public) broadcast webinars as educational opportunities. We have also started to link back to webinar recordings in invitations to technical sessions, to provide attendees with the option to get some additional background on the topic before joining discussions. We will also typically circulate pre-read with headline messages or a</p>



				selection of slides ahead of sessions, and offer time for introductory calls beforehand if desired, so that attendees fully understand the purpose of sessions and how they can contribute constructively.
C5	21/05/24	Stakeholder Engagement	Demonstrate what new learnings have been taken into account during the engagement on the Business Plan	<p>We have taken into account learnings around the way in which we engage, and insofar as customer and stakeholder perspectives on certain topics.</p> <p>Learnings on the way in which we engage:</p> <ul style="list-style-type: none"> <li>• We are taking a more targeted approach to the topics we engage on, as covered in C1.</li> <li>• Customers and stakeholders fed back on their preferred method of engagement, resulting in a shift of planned engagements <i>towards</i> webinars and group workshops and <i>away</i> from surveys and 1-1 interviews.</li> <li>• Additionally, in order to better understand and represent the views of our customers and stakeholders, we have added strategic coalitions to our “engagement toolbox”, and these have been central to the testing of our RIIO-GT3 plans.</li> <li>• We are developing more formal processes for tracking insights from engagements, how they are disseminated to/accessed by others across the business, and how they are being used in our decision-making processes.</li> <li>• We are improving the quality of interactivity in our engagements by building our team’s familiarity with third party tools such as virtual whiteboards on Miro and Mural, polling software such as Mentimeter, and survey software such as Qualtrics.</li> <li>• We are developing a better understanding of which industry forums National Gas contribute to and which touchpoints we have currently with customers and are working on CRM improvements to centrally record (and better utilise) these existing connections.</li> <li>• As in C4, we are making efforts to remove internal terminology, acronyms, jargon, etc., so that the materials are more accessible to our customers and stakeholders.</li> </ul> <p>Various focus areas have arisen from conversations with customers and stakeholders which we are now incorporating into our business plan:</p> <ul style="list-style-type: none"> <li>• At a high level – for example, from our Engagement Sprint we confirmed that at the top level, consumer priorities had not changed significantly from RIIO-2. However, the consensus view from customers and stakeholders was that the drive to net zero should be the key strategic driver for National Gas in RIIO-GT3 (a shift from <i>facilitating</i> the transition in previous price controls), and this has been a key principle in the construction of our business plan.</li> </ul>





				<ul style="list-style-type: none"> <li>• At a topic level (Example 1)– we have recently carried out two workshops with the innovator community and one dedicated coalition workshop with the academic community to review our innovation focus areas for RIIO-T3. The fast-moving topic of Artificial Intelligence (AI) was of particular interest to those engaged, and as a result, we are amending our innovation roadmap and reflecting this in our innovation annex. Quantum computing and sensing was another area that was highlighted to us through engagement, and as a result we have added this as a growth area for RIIO-GT3.</li> <li>• At a topic level (Example 2) - We have also been engaging, through 1-1s and online consultation, on our suite of incentives for RIIO-GT3, and amending our proposals accordingly. We received feedback that it was sensible to review the parameters of our Demand Forecasting Incentive, as market changes will be accelerated in the future due to factors such as the unpredictability of power generation as renewable capacity grows, and a departure from typical entry trends. Similarly, we received feedback that the parameters of our Residual Balancing incentive should be reviewed to ensure they reflect more recent market dynamics. As a result, we’ve amended our Demand Forecasting target based on observed volatility, and developed a new wind adjuster calculation, to make the target representative of the greatest source of volatility in the future. We have also reviewed our Residual Balancing target and changed the cap and collar to reflect the change in System Average Price (SAP) inflation. Furthermore, we are considering a reopener so that the cap and collar parameters can reflect changes in gas price in the future.</li> </ul> <p><i>N.B. A full log of how customer and stakeholder insights have had tangible effects on our plan will be included as part of our submission to Ofgem in our Stakeholder Engagement and Decision Log.</i></p>
C6	21/05/24	Stakeholder Engagement	Provide evidence to show how stakeholder engagement has impacted the development of the T3 Business Plan.	<p>We have involved customers and stakeholders at every stage of development of our business plan; in addition to <i>existing</i> insight and ongoing (BAU) engagements, customers have been involved in shaping, testing and validating our business plan.</p> <p>The RIIO-GT3 plan has been shaped by the revised stakeholder priorities which have evolved since RIIO-T2. These priorities have been essential to shaping the plan and the key topics that the plan addresses, and all of our RIIO-GT3 commitments can be tracked back to delivering against one or more of our consumer priorities.</p> <p>In Q1 2024 we conducted a stakeholder engagement sprint to reaffirm these priorities, and flag areas that our stakeholder community wanted to discuss in more detail, or where there was further</p>



				<p>engagement needed to ensure that our ambitions were aligned with the needs of our customers, consumers and stakeholders.</p> <p>We have since hosted various topic-specific engagements to test the more challenging areas of the business plan, especially those where investments and needs cases were new for RIIO-GT3, or where significant non-legislative aspects to investments meant that our customers and stakeholders could meaningfully contribute to our business plan (e.g., network surveillance, the pace at which we invest in climate resilience and hydrogen readiness, views on the path to decarbonisation that we take, improvements to non-operational facilities, our customer interactions, our S2C procurement system, etc.).</p> <p>These engagements include strategic cross-industry coalitions to discuss the approaches taken by sections of our business, across Gas System Operation, Asset Management, Environmental, Operations, Property and Innovation. We have also broadcast the details of our plan through a series of deep dive webinars and through our Business Plan Overview (BPO) documents. Further consultation on our plan through this BPO Document Suite then further shaped the commitments we will take forward in our plan.</p> <p>We have also engaged heavily with Government to develop a shared understanding of what is required for energy resilience in the transition to net zero. This has resulted in a series of agreed recommendations being taken forward via our business plan.</p>
C7	21/05/24	Stakeholder Engagement	Demonstrate how effectively key areas of concern from stakeholders and consumers have been addressed in the plan.	<p>In order to address key areas of customer and stakeholder concern, we have taken steps to ensure that we <i>understand</i> the concerns, <i>address them</i> in subsequent engagements, and where applicable, <i>feed these learnings into our decision-making</i> as a business.</p> <p>During our attitudinal engagements, we have made efforts to ask which areas customers and stakeholders are seeking further engagement on – i.e., what is on their minds, what topics they would like to discuss, and what topics we are not talking about enough – through live polling, word clouds, post-engagement surveys, links to mailboxes, etc.</p> <p>Throughout targeted engagements on our business plan (coalitions, workshops, webinars...), including on our Innovation Strategy, our Asset Management Strategy and our Climate Resilience Strategy, we have been presenting our business plan proposals and have continually asked what – if anything – is missing, is not as expected, or falls short compared to others within the sector. Addressing feedback in subsequent engagements is covered in detail in C1 and C5.</p>



				Feeding customer and stakeholder insights into our business plan is covered in C1, C2 and C5.
C8	10/09/24	RIO-GT3 Business Plan	Enhance the quality and richness of the plan and bring out Stakeholder more both in the plan and within the Commitments. Include the trade-offs – what couldn't be achieved and why.	The Commitments have been re-written and include a section of Stakeholder Engagement. Supporting documentation supplements this: <ol style="list-style-type: none"> <li>1. Customer and Stakeholder Narrative for BP</li> <li>2. Stakeholder Engagement Questions Document and National Gas Responses</li> <li>3. Translation Document detailing the evolution to the 12 Commitments.</li> </ol> All are contained within the ISG Document Repository. More information on trade off's is detailed in C1.
C9	10/09/24	RIO-GT3 Business Plan	Review the wording of the Commitments and bring out the ambition and challenges within them. Be sure to focus on the specific outcomes, include targets and metrics where appropriate.	An updated version of the commitments has been shared with the ISG, taking into account this feedback. There was supporting narrative to describe the evolution of the commitments and how they are all aligned to one of the three regulatory outcomes identified by Ofgem to demonstrate where our commitment will add value, noting the fourth – System efficiency and long-term value for money, will be considered through our efficient costs. Further detail on customer value and targets included and links to the detail in the Business Plan. An Incentives Annex has also been produced and shared which describes in further detail the Incentives and the associated Targets and Caps/Collars. All are available in the Document Repository under Commitments.

**Figure 1**

Metric	What it tells us
Number and which stakeholder groups including any delta from previous engagement	This gives us an understanding of the types of stakeholders who are interested in any particular topic and how this is evolving over time
Number and which companies including types and any change from previous engagement	This gives us an understanding of who is interested in any particular topic and any new and emerging interest within companies
Number of stakeholders signed up vs attended	This helps us understand the conversion rate and therefore the level of attendance we get for each topic. Monitoring this helps us identify the effectiveness of our engagement and combined with number of watches of the recording, helps us establish how stakeholders like to engage and consumer content
Satisfaction score for event	In addition to the overall 1-10 rating we receive for each event, we ask for qualitative feedback. This helps us understand why stakeholders have provided their score and identify areas for improvement for future events
Poll responses	Provides actionable insight on topics
Anecdotal feedback	We often get emails from stakeholders that have attended our events. This in itself demonstrates that stakeholders believe we will act on their feedback. It also provides direct insight we can act on
Number, types and tone of questions	These tell us how engaged and informed the audience is. It also highlights if we need to do any additional engagement on any specific topic.
Number of watches of webinar post event	This helps us understand how people are consuming and using our content. It helps us shape our engagement approach on similar topics. This doesn't pick up those that have read the circulated slides.