

Gas Stakeholder Engagement Incentive Submission (Part 2)

2014/15

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This document follows on from Part 1 of our submission, in which we explained our stakeholder engagement strategy and how we're developing our business to listen, discuss and act in order to deliver great results for our stakeholders.

Here, in Part 2, we share examples of how we have put our stakeholder engagement strategy into practice and the significant activities, outcomes

Welcome

I'm delighted to share with you this document that highlights the stakeholder engagement activities we are most proud of in 2014/15. In particular, we've communicated in a more focused way and this helped us find some great solutions that are benefiting local communities, the UK and Europe.

We've formed more partnerships and encouraged collaboration because this benefits our stakeholders by providing better value for money. And we've been working to improve our skills so we can meet the needs of our stakeholders, now and into the future.

One of the results of this approach was National Grid being named Business in the Community's (BITC's) Responsible Business of the Year in July 2014. You can read more about this on page 10.

The breadth and depth of our stakeholder engagement is increasing across our business and we are all getting more involved with stakeholder discussions. Some of my highlights last year were:

- closing a feedback session for our stakeholders affected by the new Industrial Emissions Directive. I was delighted to hear from the participants how much they valued both the efforts we had gone to in explaining this complex topic and the way in which we had created new, more efficient ways for them to take part in the discussions
- being interviewed by Radio Leicester about Project 'GRAID' – our new robotic inspection platform for which we won funding under the Network Innovation Competition. I talked about the value this would ultimately provide to consumers and the investment in jobs and skills in small- to medium-sized businesses across the country

and action plans arising from it over the last year. Each example relates to one of our five stakeholder 'outputs' – safety, reliability, environment, connections and engagement; we developed these with our stakeholders.

On page 2 you'll find a summary of how we've been engaging with our stakeholders – how this work has contributed to our stakeholder outcomes and what results we've achieved for them.

- increasing employee engagement by becoming the sponsor for our new mental wellbeing initiative, as I have personal experience of the impact of poor mental health in my family. Tackling the stigma and discrimination that is so often associated with mental health is a huge challenge for all businesses but I know it brings real benefits for our employees, company and society.

Looking ahead, we know the world is changing and we are working to understand what the future may hold; we are listening to our stakeholders and challenging ourselves to find new and better ways of doing things. So we've set a clear vision for Gas Transmission that is centred on four principles, they set a standard that challenges us to continue to improve the service we provide to you, while working as efficiently as we can:

- we provide exceptional service to our current and future stakeholders
- our performance achieves sustainable returns
- we protect people, assets and the environment from harm
- our people feel valued for their contribution and they grow with our business.

I have given my personal commitment to our Gas Transmission business that together we will find better ways of doing things, provide excellent service to our stakeholders, value our people for what they do and have a relentless focus on keeping people safe.



Neil Pullen
Director, Gas Transmission



1. A summary of our engagement activities and outcomes in 2014-15

We are focusing on further embedding stakeholder engagement in to our organisation's culture, and the way in which we operate, because it's a crucial part of how we develop solutions. We ask stakeholders what's important to them and how we can do things better. We work with them to develop solutions; and then we ask them how we are doing. Our stakeholders' views have influenced significant changes over the last year – the table below highlights some of the main outcomes of these engagement activities in 2014/15. We include further examples in the rest of the document.

Who we've been engaging with	Our activities	Stakeholder outcomes					The benefits delivered for our stakeholders			
		Safety	Reliability	Environment	Connections	Engagement	How our engagement activities are making an impact	How much it's costing to deliver these engagement activities	How we are saving money and working more efficiently	How this work is having a wider impact
Local communities	Sympathetic and sensitive work in the South West Page 5			✓		✓	We held 4 public exhibitions, attended by more than 480 stakeholders. 83% of people said the site exceeded their expectations.	Less than £100k per annum	By recycling 150,000 tonnes of recycled earth we have saved the costs of waste management activities	This project has affected 955 properties within 3km of site, 82 county councillors and 9 parish councils
	Looking after wildlife and people when we're planning Page 5	✓	✓	✓		✓	We had 129 people attended the 4 community open days	Our stakeholder engagement costs on this project so far are £157k	Using alternative methods to fill the tunnel may result in £8.2 million cost savings and avoiding 3600 tonnes of CO ₂ being released	As part of our safety messaging in the community we will be providing cycling proficiency to local schools, as well as the improvements to local roads that we have already started
Partnerships	Innovative solutions that minimise disruptions Page 3	✓	✓				We will start our full engagement programme in autumn 2015. So far we've engaged 6 stakeholders	Having only recently started our stakeholder engagement activities, we have so far spent £16k	The robot will likely save £58 million costs over 20 years and 2,145 tonnes of CO ₂	The robot technology will significantly reduce the need for excavations and will be shared with the wider industry
UK Gas Stakeholders	Stakeholders shape the future of our networks Page 4		✓	✓		✓	We consulted 167 stakeholders, held 4 workshops and created an innovative video	It cost approximately £30,000 to create the video. The workshops cost around £3k and the Oxford Computing tool £16k	Stakeholder engagement has helped us to save £430 million on our updated funding request to Ofgem	Our YouTube video has been viewed more than 235 times and has been used by our stakeholders to train and inform their staff
Europe	Playing an active role in the European community Page 9					✓	We've had 35 EU workshops and meetings with around 500 attendees	We've spent over 15000 hours on engaging with our stakeholders at a cost of approximately £1 million	We held the EU Codes workshop in-house to reduce costs to under £2k	Our EU codes workshop had more than 80 attendees
Our Customers	Improving our processes with stakeholders in mind Page 7		✓		✓	✓	We trained 831 employees in Performance Excellence (PEX)	It costs approximately £3000 to train an employee in PEX (excluding the development of training materials)	We identified 15 activities to improve the process and introduced 79 PEX hubs	PEX has contributed to an improved customer satisfaction in gas connections from 6.33 to 7.27 (out of 10)
	Finding solutions together Page 7				✓	✓	Throughout this project we have held 33 industry meetings and engaged with more than 40 stakeholders	We have spent around 396 hours on engaging with our stakeholders so far	Potential end consumer cost savings of around £200 million for a single large connected load compared to the previous arrangements	This solution facilitates efficient investment decisions and reduces barriers to entry to the GB gas market
	Winter webinars Page 9	✓	✓			✓	We held 4 webinars with more than 120 attendees and everyone said it was good or very good	It cost around £500 for our time to prepare and deliver the webinars	We saved around £2,500 costs and additional travel expenses by holding these sessions online and its more convenient for our stakeholders too	We've had 770 views on our website and YouTube
Education & Skills	Debate explains the big issues Page 9		✓			✓	50 stakeholders and 30 MPs attended 6 roundtables	The partnership and our time cost around £50,000	By holding one debate for gas and electricity we have realised cost and time savings	We've reached 245,000 users online and had more than 15,000 social media shares
	Serious about skills Page 9	✓	✓	✓	✓	✓	804 employees have been trained through our Academy this year	It costs us around £1,300 to train each employee	We are improving the skills of our organisation to deliver a better service for our stakeholders	94% positive feedback from those attending the courses

2. Safety

Stakeholders tell us that safety is vitally important and cannot be compromised. In this section we explain how we are keeping communities safe and innovating for the future.

2.1 Community engagement helps keep us safe

To make sure we keep local communities safe and informed of our activities, engaging with landowners who have high pressure pipelines on their land is crucial. We run an annual process to make sure that safety information reaches landowners, reducing the risk of third-party damage and minimising interruption to supplies. Our engagement success rates are between 97% and 99%. We also share a quarterly magazine called Gridline and a pipeline awareness calendar to further highlight our safety messages.

We visited 37 Local Authorities in 2014/15 to make sure they know where our assets are and understand our planning application processes. By working together we can discuss current and future developments to make sure we continue to provide a safe and reliable gas transmission service.

We have partnered with LineWatch to access a broader range of stakeholders and in 2014/15 we attended agricultural shows to share our safety messages. Agricultural shows are public events and an important part of cultural life in many country towns; they're also popular in larger towns and cities.

We also provided 70 free safety awareness presentations to a broad range of contractors. These are great opportunities to talk to third-party contractors and raise awareness of the risks associated with working near our assets. The feedback from these events is always excellent, with survey respondents giving us an overall score of five out of five ('excellent').



2.2 Innovative solutions that minimise disruption

Stakeholders told us that maintaining our network to ensure it's safe and reliable is vitally important to them. To do this we need to understand the condition of our gas pipes and equipment, but sometimes this work can have a disruptive impact on local communities and our stakeholders. So we have partnered with Premtech and Synthotech to design a solution which will remove the need to carry out complex excavations and minimise disruption.

The new technology involves a robot travelling through pipes at pressures fifty times higher than is possible with current technologies, without interrupting gas supplies – a priority for our stakeholders and customers. The data from the robot will allow us to accurately assess the condition of our pipes making sure that we replace them only when it's absolutely necessary.

Once it's available, this technology could provide wider industry benefits for other gas asset management companies in both the UK and Europe. Ofgem's Network Innovation Competition awarded us £5.7 million to help us get the technology out of the lab and into use across our business – we're planning to test it in 2017, ready for use in 2018.

Outcome – By reducing the need for excavations and avoiding unnecessary replacements, we think we're likely to save £58 million over 20 years. The technology could also lead to carbon dioxide savings of around 2,145 tonnes per year (equivalent to the carbon emissions from energy consumption of around 477 households a year).

Throughout 2015 and beyond we'll continue to raise awareness of this new technology. Our engagement plans include using social media forums and an interactive website; articles in publications, on TV, radio and in newspapers; we'll also be running a schools' Science, Technology, Engineering and Maths (STEM) competition to name the robot.

3. Reliability

We know that stakeholders consider the reliability of our network to be a key priority. Here we explain how we are working together to maintain it for current and future generations, while leading the energy debate.

3.1 Preparing for winter

To make sure we and our stakeholders understand the tools, processes and information that will be used and needed through a difficult winter period, and in response to feedback, we delivered four lunchtime webinars to more than 120 attendees. The webinars covered a broad range of information such as emergency planning, and were also recorded and published on our website and on YouTube – we've had 770 views so far. We know customers are using them to help train their new employees and we've since used this approach for other forums. For more information see our recordings on YouTube <https://www.youtube.com/watch?v=LUJFbO-hoU&list=PLxwEbKHSSM0XBrZ3FosrqtKVCrFV4d1Lx>



Lunchtime webinar

3. Reliability cont.

3.2 Discussing the future of energy in the UK

In 2014/15 we worked even harder with our stakeholders to develop and publish Future Energy Scenarios (FES) on behalf of the industry, and we have been making improvements to how we do this. We increased the number of scenarios from two to four to tell a stronger story, including material on shale gas producers for the first time. There have been 7,694 downloads of the scenarios from our website. We also improved our annual conference by acting on stakeholder feedback – we reduced the time spent on presentations and introduced an interactive exhibition. After the event, 302 attendees responded to our survey and more than 65% of them felt we had ‘met or exceeded their expectations’.

Outcome – Our success in this area has been noticed by some European transmission owners. They have asked us how they can engage with their stakeholders more effectively, and we are sharing our best practice with them to help develop their range of scenarios.

3.3 Stakeholders shape the future of our network

Tailoring our stakeholder engagement has helped us to hear from a wider range of stakeholder views on the challenge of meeting the European Union (EU) Industrial Emissions Directive (IED). In order to meet these stricter environmental limits, we need to change or replace 16 of our larger gas turbines that compress gas across the UK. It's vital these decisions help the network to meet the future needs of our customers and stakeholders as efficiently as possible.

We took a different approach to engagement on this project. We started by asking our stakeholders how they would like to hear from us. Their feedback helped us to create a tailored engagement programme. As part of this, we published a video on our Talking Networks website and on YouTube. This video explained the IED legislation and its impact on our network, our customers and stakeholders. It had an excellent response and stakeholders tell us they are using it in their own companies. So far it has been watched more than 235 times on YouTube alone. Have a look at the YouTube video: <https://www.youtube.com/watch?v=xZu05nHaqrU>

We also invited 167 stakeholders to four workshops; with 22 different stakeholders attending. At one of these events we worked with our stakeholders to create a scorecard that identified the most important criteria for them, which we then used to assess the options available at each site.

We're engaging more openly too. For instance, we partnered with Oxford Computing to produce a version of our network analysis tool that's easy for our stakeholders to use. This now allows stakeholders to test different network scenarios. Their feedback tells us that it's easily accessible and they are finding this useful so we are developing this tool further.

Throughout the year we used our Talking Networks and Connecting websites to share information with stakeholders and gather feedback. We recognise that although the attendance at some workshops was low, we had all our key stakeholders in the room. In recognition that we are asking our stakeholders for more of their time and to enable more people to participate in future, we'll use existing forums, for example the Transmission Workgroup, to share information and discuss solutions.

Outcome – We've listened to what our stakeholders have told us is important to them – the future flexibility of the system, encouraging new investment and maintaining the current capability at a minimal cost to consumers. As a result of the involvement from our stakeholders, in March 2015 we published proposals that provided the right level of options

for meeting both our stakeholders' needs and the requirements of the IED legislation. By working with our stakeholders we were able to reduce our funding request to Ofgem from £900 million to £470 million in May 2015.

3.4 Delivering the change locally

As part of the IED programme detailed above, between 2016 and 2018 we will be upgrading the Peterborough gas compressor station with up to three new gas turbine compressors. This will reduce local emissions and make sure we continue to provide a reliable service for consumers.

In preparation for this we've developed an engagement programme that is helping us to make sure that local residents and stakeholders are kept up to date, that they understand our projects and the timescales involved, and that they know how to get their questions answered.

For example we identified Glinton Parish Council as an important local stakeholder because of its position in the community, and we tailored our approach to suit its needs. This included talking through our proposals during the early stages of the project, and taking five members on a site tour to help them understand what goes on at a gas compressor station. We also made an initial presentation to the council and neighbours of the site and listened to their issues – the location of the site expansion, emission levels, what happens to the equipment on site and the impact of construction activities. We gave out cards with our contact details so stakeholders could easily ask further questions or share any concerns.

Outcome – By tailoring our engagement we can make sure that we share information in a way that works for our stakeholders. Feedback from Glinton Parish Council tells us we're making progress: *“The Parish Council is pleased to note that you initiated the approach to keep us informed and looks forward to further information when the planning application is made.”*

3.5 Engagement helps protect supplies in an emergency

We've been working with the industry to develop a new way to manage demand on the system in times of stress. We call this Demand Side Response (DSR) and it could help avoid a gas supply emergency.

We've been listening to a broad selection of stakeholders, such as Tata Steel, Pilkington, Ibstock Brick Ltd, Dow Corning and Ineos Chlor, to consider their needs. We spoke not only to stakeholders we already had relationships with, but also to those we hadn't communicated with before. We began by identifying and engaging with individual large end consumers and consumer user groups. We realised that the project had the potential to reach even more of our stakeholders, some of whom might not understand the gas industry. This meant we needed to tailor our approach so we could understand their diverse needs. We were mindful, though, that stakeholders have a limited amount of time to speak to us and acted upon this in our engagement.

Outcome – We have used a wide range of engagement tools and techniques, such as industry workgroups, individual stakeholder meetings, workshops with consumer groups, bilateral meetings, stakeholder surveys, plain English summaries of meeting notes and clearer personal contact information. This collaboration gave us valuable information at an early stage and we used that knowledge to work with our stakeholders to create an approach for the DSR service. We communicated with more than 60 stakeholders and received 15 responses to our consultation. This approach will benefit us as we move into the pilot phase of the project.

4. Environment

Working in sustainable ways to preserve the environment is a priority for us and our stakeholders. We will deliver our environmental obligations and reduce our impact on the environment. This section explains how we're working together to do this.

4.1 Valuing the world around us

Recognising the value of our natural assets – the environment around our properties – is helping us to find more sustainable ways of managing sites that benefit our stakeholders and wider communities. By working in partnership with customers, stakeholders, charities and non-governmental organisations, we've refined how we manage 15 sites, one of which is our Pipeline Maintenance Centre at Ambergate, Derbyshire. Ambergate consists of 77 acres of land and a section of the site has been identified as a Local Nature Reserve. Natural England has also named it part of a new Site of Special Scientific Interest (SSSI).

Outcome – We invited Derbyshire Wildlife Trust (DWT) to work with us and develop a five-year plan for Ambergate. Working with the local farming community and Natural England, it will restore SSSI land by managing and developing the habitat, and it will provide more access to the public. The site will also become part of a regional conservation programme, DerwentWISE.



Stakeholders meet at Ambergate

4.2 'Sympathetic and sensitive' work in the South West

In Tirley, Gloucestershire, we went from being an inconvenience to stakeholders to being part of the community. We've worked closely with the local community to reduce disruption while we build a Pressure Reduction Station (PRS). Local residents were concerned about safety and the appearance of the PRS so we talked to them openly and regularly to help them understand what the site would look like: for instance, we created 3D images that illustrated how high the boiler exhaust stacks would be.

Although some members of the community still had reservations, we sensed that things began to change once we started to build. We worked hard to give them confidence that we were complying with planning conditions and addressing more local stakeholders concerns such as site lighting, noise and traffic. Responding to concerns about the appearance of the PRS we made sure we limited the visual impact by developing earth-screening mounds that used 150,000 tonnes of recycled earth, and by planting around 23,000 trees and shrubs – many of which were specifically grown over two years to screen the PRS immediately.

As a result of our environmental work, we were delighted when Gloucestershire's Campaign to Protect Rural England (CPRE) branch asked us to enter its awards programme. These awards celebrate projects that demonstrate good

practice and sustainability, and improve the environment. CPRE judges visited the site and were impressed with the *"sympathetic and sensitive approach that blends in with its surroundings, making it invisible to the public using local roads."*

And we've had great feedback from the local community. Comments have praised *"our caring nature"* and often mentioned *"how courteous and helpful"* we have been.

Outcome – Residents of Tirley now see us as part of their local community. And because many people keep horses in the area, we've implemented a process to control noise during future planned maintenance work. We've also developed a register that allows us to contact horse owners at an early stage, giving them time to move their animals and minimise any distress to them.

In the autumn we'll find out if we've won an award but whether or not we do, we're pleased that we've already been recognised for making a positive difference to the local community.



Tirley PRS

4.3 Looking after wildlife and people when we're planning

In early preparation for a significant project to replace a section of pipeline that crosses the River Humber estuary in an environmentally sensitive area, we've engaged to seek the views of 104 members of the public, six Parish Councils, four ward councillors, two local authorities and the local MP, to help choose the most appropriate route and construction methods for the replacement pipeline.

And as a direct result of our open engagement with Natural England and the Environment Agency about bird habitats in the estuary area, we'll be installing a wooden fence around the tunnel drive and reception pit working areas. This will minimise noise and lighting disturbance to birds. We're also providing an area to be left as straw stubble (from wheat and maize) and this will provide an ideal habitat for ground-nesting birds.

Outcome – As part of our commitment to reducing our impact on climate change, we've been working with Hyder Consulting to design the construction work. By working together and listening to their environmental expertise, we are using an alternative method of flooding the tunnel with estuary water, replacing our usual method of filling it with clay and cement. This will save around £8.2 million and 3.6 million kg of carbon.

Members of the local community told us that they're concerned about potential traffic issues, so we've worked with them to come up with solutions. These include using one-way systems that remove the need to travel through the quiet villages of Paull and Thorngumbald, and stopping HGVs from driving through Goxhill while children are being dropped off or collected from local schools.

One resident told us: *"I am impressed by the amount of work being put in by National Grid to minimise the impact on our community."*

4.4 Teamwork prepares industry for new legislation

We've been working with a wide range of stakeholders across the UK and Europe to develop environmental legislation associated with the Large Combustion Plant Best Available Techniques Reference Document (LCP BREF) and the Medium Combustion Plant (MCP) directive. The aim of this legislation is to reduce the impact that industrial activities have on the environment, and on people's health by introducing stricter limits to control pollution. It will apply over and above the current IED legislation that we are complying with when changing or replacing 16 of our larger gas turbines (see ref 3.3).

The new legislation is currently being drafted and we are playing our part in shaping the requirements in a way that benefits consumers in the long term. To make sure our stakeholders' views are included, we are working with organisations such as DEFRA, DECC, the Environment Agency and the Scottish Environment Protection Agency. We've also agreed joint positions with European organisations such as MarcoGaz and the European Turbine Network.

When the new legislation arrives, manufacturers will need to provide equipment that will help businesses meet the updated environmental requirements. So we're working closely with some of them, including Siemens Gas Turbines, Johnson Mathey and Peerless, to discuss the challenges.

Outcome – Because the changes will have a direct impact on the equipment we buy, we've been working with our stakeholders including manufacturers Solar Turbines and General Electric, to discuss ways of working that benefit everyone. For example we have developed a new process of purchasing that for the first time brings together procurement and environmental requirements – providing improved and coordinated information and making it easier for suppliers to do business with us.



5. Connections

We know that many of our stakeholders consider gas connections a priority. We are committed to developing a better service that's delivered in a more efficient way, and one that's fit for the future.

5.1 Improving our processes with stakeholders in mind

We've partnered with performance excellence (PEX) expert Unipart to develop a sustainable programme that will help us to work smarter, put customers and stakeholders at the heart of what we do, and inspire us to keep improving.

Throughout the year we trained 831 employees in our Gas Transmission business in PEX, and we now have 79 new visual performance management hubs used by individual teams. That has helped us to identify and remove obstacles, develop smarter ways of working, and find and share best practice approaches.

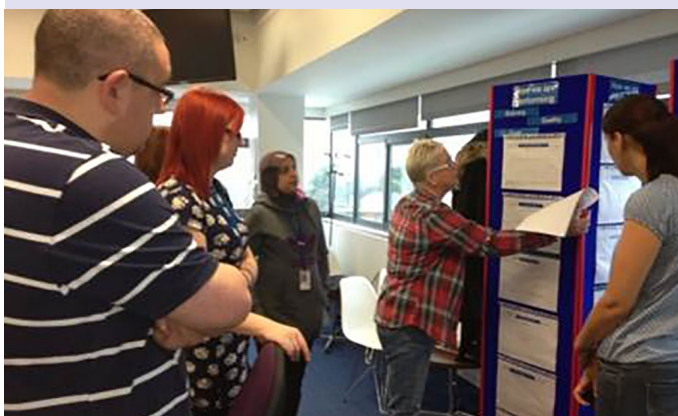
This work is bringing clear results. For instance, we've tried a new approach for us called customer journey mapping. This has helped us to understand a customer's experience and satisfaction during the end-to-end gas connections process. Going through this process with our customers has helped us to make improvements.

We're building on this work by looking at how we can improve our processes further. So far we've held nine working sessions and have found 15 activities to improve the service we provide to our customers and stakeholders. For example we know from asking our customers that they can sometimes be confused and frustrated throughout their experience of our connections process; so we're making sure that we give them the clear information they're looking for, when they need it. We also want to change the way in which we manage the conceptual and detailed design stages of the process to make it a shorter timescale and easier to understand.

We're thinking about customers' and stakeholders' needs from start to finish on projects. For instance, we're holding weekly tactical meetings that are improving communication and giving our people the information they need. These meetings also help us to co-ordinate and improve our engagement activities – for example, explaining what customers and stakeholders can do to support the connection process.

This project is helping us to work in a more co-ordinated way because we're sharing ideas and best practice approaches.

Outcome – Our new approach is already delivering results: our gas connection customer satisfaction score for 2014/15 rose from 6.33 to 7.27, and while there's still work to do, we're confident that we'll be able to make the gas connection process even quicker, easier and more efficient for our customers.



Visual performance management hub

5.2 Anticipating future stakeholder needs

We've been listening to our stakeholders and prospective customers and they are highlighting a future need to connect emerging sources of gas such as shale and biomethane – helping to address security of supply challenges in the future.

While this currently represents a limited number of connections, we think it's really important to build an approach that can adapt to the growth of unconventional gas in the future. We know that this will involve new technologies and new stakeholder challenges. In preparation for this, we have applied for £5 million of funding from the Network Innovation Competition. This will help us to make significant commercial and technical changes to our gas connection processes so that we can better support these connections.

To broaden our engagement to wider groups of stakeholders, we have developed an engagement plan. This will help us understand what might add value for those customers who are looking at unconventional connections. We have started by conducting a survey and the feedback from this will help us to prioritise issues that matter to our customers. In June 2015 we are meeting the UK Onshore Operators Group (UKOOG) – this broadens our engagement activity to a new group of stakeholders, and will provide the opportunity to listen to their views and incorporate them into our overall connections strategy.

We are spending £115,000 over the next six to nine months to open up access to more of our National Gas Transmission System, by changing how some of our existing infrastructure is used. This includes introducing access to around 250 block valves, and this will reduce connection costs and timescales for our customers.

5.3 Finding solutions together

When stakeholders told us that the industry arrangements to secure a gas connection and capacity weren't working in a co-ordinated way, we knew we had to find a way of reducing their frustrations. So we started working with the industry to remove the barriers with a solution known as PARCA (Planning and Advanced Reservation of Capacity Agreement).

We tried a different way of engaging with more than 40 of our customers and stakeholders. We ran 33 industry group meetings, as well as creative and collaborative working sessions and these have helped us to understand their concerns and come up with solutions together. By identifying specific groups we have been able to tailor our activities accordingly. Stakeholders told us that they wanted a flexible, simple, transparent and sustainable solution, and by working together we have found one – with a quicker and simpler process that costs less.

Our strong relationships with stakeholders who were being affected by the PARCA solution have continued to help us understand their issues early on. In our unique position we were able to see where stakeholders had opposing views – we could then work with them to come up with ideas together.

Outcome – Taking a neutral role in these discussions helped us to engage in an open and transparent way, this led to an agreed solution that benefits our customers and stakeholders. They told us that the old regime wasn't flexible enough with the development of their projects, so we listened, and they can now reserve long-term NTS entry and/or exit capacity while they develop their own project, before buying reserved capacity. The major benefit is that it provides confidence for customers that capacity will be available when it's needed, but there's only a full financial commitment once we're all relatively sure that the projects will go ahead.

Stakeholders appreciate this approach, and one told us that it *“provides potential developers and connectees to the NTS with certainty about the availability and delivery of new NTS capacity, as well as greater flexibility in obtaining new capacity.”*

To support the introduction of PARCA, we have updated our website and created a dedicated area that provides an overview of the process in four logical elements. We've also written key materials – such as a customer guidance document – in plain English. Have a look at <http://www2.nationalgrid.com/UK/Services/Gas-transmission-connections/Capacity-and-connections/Processes/PARCA-Framework/>

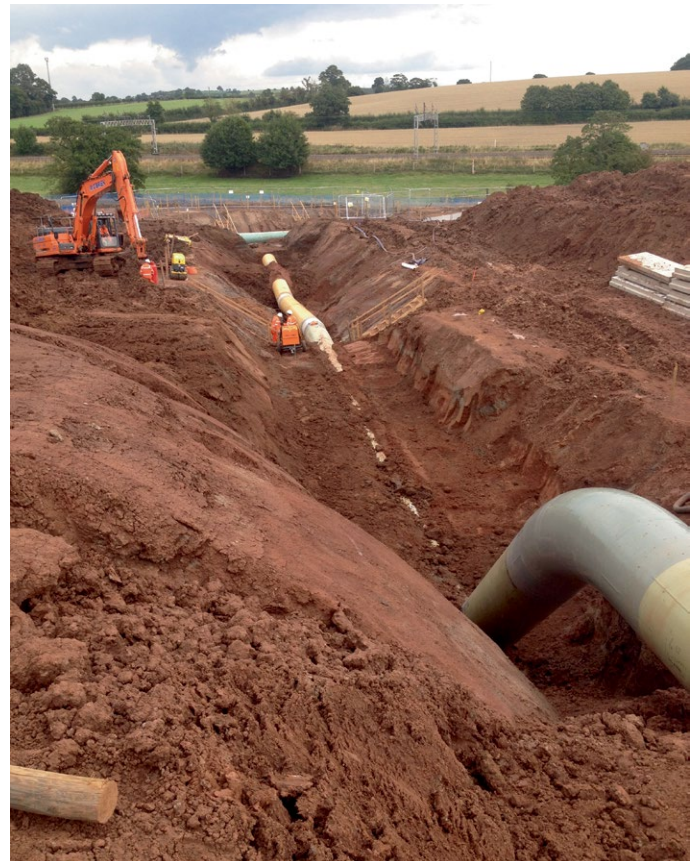
5.4 Playing our part in developing a modern UK infrastructure

We're working closely with Network Rail to divert two of our gas pipelines. This will allow a new junction near Norton Bridge in Staffordshire to be built by 2017, solving a bottleneck for passengers, improving reliability and reducing journey times between Birmingham and Manchester.

As part of this project we worked with Network Rail to get the Development Consent Order, meeting local stakeholders and statutory authorities at consultations and hearings. Our role has been to provide information about the pipeline works – how watercourses will be protected, to share our experience of protecting flora and fauna, and keeping noise, traffic and air pollution down.

Together we developed a thorough engagement plan for reaching stakeholders such as the Environment Agency, Natural England, Staffordshire Borough Council, local Parish Councils and local landowners. We kept in touch in a variety of different ways, such as community open days and drop-in sessions, newsletters, meetings and hearings.

Outcome – Working together has helped us to reduce the cost of the works by more than £2 million. Network Rail tell us that they will *“re-invest this saving in future infrastructure schemes and they say that it will benefit rail users, either through shorter journey times, more frequent trains or a more reliable service”*. We also developed process safety best practice for the protection of existing pipeline assets during pressure testing, and we've shared this with our contractors and the wider construction industry.



New pipes being laid at Norton Bridge



6. Engagement

To deliver our part in meeting the UK's energy challenge, we need to be a flexible organisation that's in tune with our customers and stakeholders. In this section we show how we are engaging more broadly, developing skills to provide a better service and helping to meet the UK skills shortage.

6.1 Debate explains the big issues

Stakeholders tell us that the public debate around energy can be confusing, so we need to improve the way in which we collaborate with others in the industry, and help everyone to better understand the issues that affect them. That's why we ran a year-long partnership campaign with the Guardian newspaper last year – called the 'Big Energy Debate'.

Outcome – The campaign was more successful than we'd expected, with 245,000 people getting involved online and 15,000 shares on social media. More than 50 stakeholders attended three regional round-table events to discuss the future of energy in their regions. And more than 30 MPs attended three Westminster round-table events to support the policy-making process. Have a look at <http://www.theguardian.com/big-energy-debate>

6.2 Playing an active role in the European community

We've been working closely with the Agency for Co-operation of Energy Regulators (ACER) and the European Network of Transmission System Operators for Gas (ENTSO-G) in a way that benefits the gas market in Great Britain (GB). To help develop binding rules (codes) which will improve consistency and remove barriers, we took an active part in working groups. This proactive and collaborative approach helped us to make sure that the codes being developed are based on the same market principles as those in GB, benefiting the UK gas industry and GB consumers.

Throughout the entire process we've communicated with stakeholders at an early stage – helping to develop solutions ahead of the formal modification process. We've been open, sharing information, analysis and our views, and we have listened to our stakeholders' opinions: in fact we delayed our formal proposals until we had addressed all of their concerns and agreed a solution.

Outcome – Because the changes are complex, we held an EU codes implementation workshop for around 80 stakeholders. We asked our stakeholders what they wanted to hear about, and used their feedback to shape the event; this has helped us to build strong relationships. Feedback was very positive, with stakeholders saying that the event provided "a really good bottom-up guide to how the changes will be implemented" and "an opportunity to network with a good range of stakeholders, not just the usual contacts." It was also attended by EU Transmission System Operator delegates, one of whom said the event was "by far the best we've seen". Once more, we've agreed to share our approach as best practice with other Transmission System Operator's so they can learn from our experience.

6.3 Serious about skills

Throughout 2014/15 we've continued to make sure that our people have the skills they need to do a great job. A further 412 employees improved their customer focus and stakeholder management skills by taking part in our interactive and energetic approach to learning. We use actors to role play

everyday stakeholder scenarios, providing an opportunity for our people to put into practice the skills they are learning. We've now added a new expert level and expanded our Academy to include three new training modules, 392 employees have already completed them.

Outcome – We've continued to improve the skills and capabilities of our people. Helping them to build personable, lasting and meaningful relationships with their customers and stakeholders, by understanding their different needs and perspectives. An employee said after attending the course: "The Academy is really helping me to communicate with my stakeholders in a way that suits them. I can't imagine doing my job without these tools now."

OurAcademy

6.4 Inspiration through collaboration

Engineering UK research shows that we need more than 1.82 million engineers, technicians and craftspeople in the next eight to ten years. Around 60% of all new jobs in this period will need Science Technology Engineering and Maths (STEM) qualifications. We have a part to play in helping the UK meet this challenge, inspiring and motivating young people through a variety of different initiatives – reaching more than 288,000 of them. Below are some highlights from 2014/15:

- We helped to set up the Energy & Efficiency Industrial Partnership (EEIP) – helping the UK energy sector deliver 11,000 new apprenticeships and traineeships over the next three years, by bringing together around 70 employers to develop and deliver training and shaping how we work with the Government to improve skills
- Our education and skills programme, School Power, reached more than 8,000 young students on the STEM curriculum – we sent some of our engineers into the classroom to bring a practical work context to learning, and we supported around 125 young people through our work experience programmes
- We led a consortium of businesses and government representatives that designed and developed a new careers experience exhibition at the London Science Museum. Engineer Your Future is expected to reach more than three million visitors each year
- We led the design and development of Careers Lab, an innovative secondary school careers education programme. Over the next 18 months it will be offered to around 600 schools through our partnership with Business in the Community.

Outcome – In 2014/15 we set up and delivered a number of initiatives that support the Government's aim of raising school standards in STEM. We're committed to giving young talent the best opportunity to flourish and we will continue to play a leading role in helping the UK to address the skills challenge.

7. Proud to be ‘Responsible Business of the Year’

The prestigious Business in the Community accolade rewards an organisation that can demonstrate it is operating responsibly in everything that it does, and how it is improving outcomes for society through its work.

One of the reasons that we won the award in 2014 is that each year, hundreds of our employees volunteer in communities right across the UK. Sharing our skills helps charity and community organisations to access expertise they may otherwise have to pay for, helping them be more business-focused in the way they operate and making them more sustainable. We’ve invested our time and energy to work with the next generation of talent through education programmes, inspiring schoolchildren to study STEM subjects. We have also invested billions to work responsibly across our business –

we have lowered greenhouse gas emissions by 63% since 1990 – in line with an 80% reduction target by 2050 – while we embark on our biggest network expansion in 50 years.

The judging panel commended us for our long-term vision, adding that we “*demonstrate real foresight in using technology and innovation to develop solutions that protect employees, customers and wider society.*”



8. Continuing on our engagement journey

Naomi Regan, Customer and Stakeholder Strategy Manager says: “I’m working with colleagues across our Transmission business to set challenging targets for our stakeholder delivery, and we are talking about how we can achieve them.



“We’ve already achieved a great deal in 2014/15 and it’s been encouraging to see that our stakeholders and customers agree. Our satisfaction levels across the whole of Gas Transmission have increased from 7.2 in 2013/14 to 7.6 in 2014/15, and our stakeholder satisfaction score has also increased by 0.2 to 7.9 over the same period.”

“This is an incredibly exciting time for our business, and there is a huge amount of energy and enthusiasm within our teams. We are completely committed to improving the experience for our stakeholders, and I’m excited about what we can achieve together. I’d love to hear your views on what’s important to you, so please get in touch by emailing me at Naomi.Regan@nationalgrid.com or by calling us on 01926 654634.”





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