

Gas Transmission Stakeholder Engagement Incentive Scheme Submission

Part 2



Managing the network



Delivering energy



Shaping the gas market



Introduction

Day-to-day engagement

Welcome



I'm delighted to introduce Part 2 of this year's Stakeholder Engagement Incentive Scheme Submission for National Grid Gas Transmission (NGGT).

Since joining the Gas Transmission business in September 2015, I've learned a lot about how my teams operate and I am reassured by the relentless focus we have on understanding and meeting our stakeholders' needs. Being new to the role, I am able to look at things with a fresh perspective which has really helped give me an insight into our engagement activities and approach.

Successes

One of our biggest successes from last year is the improvements we've made to our gas connections process. A significant issue for our stakeholders was the time it took to connect to our network. As a result of their feedback, we've now reduced our connection time from five years to around two years, which is in line with our stakeholders' connection programmes. We will further improve our connections process when we implement Project CLoCC, which aims to connect smaller unconventional gas producers at a reduced cost (see page 4 for more information).

You'll also see from this submission that we've made great strides in tailoring our engagement to meet stakeholders' needs. The Humber crossing project (pages 3 and 4), EU codes project (pages 7 and 8) and Project GRAID (page 4) are great examples of listening to stakeholder requirements and adapting our approaches to suit varying stakeholder needs and wants.

Most importantly we have done our utmost

to continue to build trust with all of our stakeholders. For example, in the development of our gas demand side response project, we received feedback which we used when planning our engagement approach for a subsequent project making changes to the gas market arrangements (page 5). To ensure stakeholders felt included throughout the project, we developed a broad set of risk statements which we amended and scored with review group members. This closer dialogue helped us to build trust through a true partnership process.

Areas of focus

Although we have areas of strength, there are still a number of areas where we can develop and improve, which we will tackle over the next year and beyond. Our areas of focus are based on the AA1000 Stakeholder Engagement Standard health check we undertook earlier this year.

1. We will further define our roles and responsibilities for managing stakeholder engagement activities, which will help us identify a clear and efficient approach to engagement. This will benefit our stakeholders while ensuring all of our employees have the appropriate skills and capabilities.
2. We will also consistently identify what we want to achieve before starting to engage.
3. We will continue to improve our processes by putting stakeholders at the heart of what we do.

“We’ve now reduced our gas connection time from five years to around two years”

Pauline Walsh

I believe by focusing on these areas we will achieve the results that benefit both stakeholders and National Grid Gas Transmission.

Looking to the future

Our stakeholders have told us they are keen to engage on the following topics:

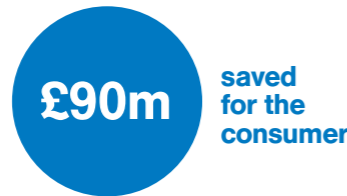
- The future of gas
- Gas transmission charging
- Gas quality and
- Faster connections.

As a result we are developing a strategic engagement plan that will work for stakeholders and achieve the results desired by both National Grid and the industry.



Pauline Walsh,
Director of Gas Transmission and
National Grid Gas Board Member

Our submission in numbers



Day-to-day engagement

Over the past year we have focused on putting stakeholders at the heart of our business. Stakeholder engagement is not only critical to the success of our flagship projects but it is also incorporated into our smaller day-to-day activities. The table below summarises how we have engaged with our stakeholders in each of our three principal processes (managing the network, delivering energy and shaping the gas market), together with our enablers.

Area	Estimated cost of engagement	No. of stakeholders engaged	Topics	Outcomes / value to consumers
Managing the network	£477,000	105,800	21 including: Connections, compressor replacement, pipeline safety, environmental, safety and traffic impacts	61 including: 13 connections, 14 diversions, closer relationships with stakeholders, increased biodiversity on our sites, planning consent gained and reduced risk of asset incursions
Delivering energy	£432,000	2,800	43 including: Gas supply emergency procedures, NTS operation, operational challenges, winter preparations and PRISMA	22 including: Closer relationships with key stakeholders, shared knowledge and understanding with industry, tested emergency processes and a more resilient gas industry
Shaping the gas market	£210,000	1,400	20 including: Gas security of supply implementation, capacity and nominations	23 including: Enabling stakeholders to make better informed decisions, common understanding of issues and the planning and agreement of future engagement
Enabling the industry	£210,000	120	2 including: Employability and Cyber Security	5 including: A more resilient gas industry, a more effective spend and implementation of best practices

Working with others to share best practice

Together with Scottish Power Electricity Transmission, Scottish Hydro Electric Transmission and National Grid Electricity Transmission, we have established a working group to share best practice on stakeholder engagement. We meet on a regular basis to share knowledge and experiences (both good and bad). The primary activities and outcomes are summarised below and are described in more detail in the TO/SO joint appendix.

Coordinating communications: identifying how best to coordinate stakeholder communications on matters of common interest to minimise clashes and maximise the opportunities for stakeholders to get involved.

Maximising benefits from stakeholder surveys: ensuring that annual stakeholder satisfaction surveys are undertaken in a coordinated manner.

Customer connections task group: working to improve the customer experience of the transmission connection process.

Engagement for a sustainable supply chain: sharing best practice

on ensuring smaller and local businesses have equal access to business opportunities.

We will develop these and other topics during future meetings to ensure that all stakeholders with an interest in transmission have the highest standards of engagement from all three TOs.

As well as working with the other TOs, during the past year we have taken the lead on forming a virtual community to discuss stakeholder-related best practice. This work is still at an early stage, but we are already in conversation with the electricity distribution networks, EirGrid in Ireland, Elia in Belgium, Open Grid Europe in Germany, RTE in France, and Severn Trent Water and Network Rail outside of the energy industry.

Managing the network

Planning, building and maintaining our network to meet our stakeholders' current and future needs

- Specific interests with demonstrable benefits
- Innovative thinking
- Robust project management

Meeting the needs of our strategic and local stakeholders

Managing stakeholder interests while protecting Great Britain's gas supplies.



Stakeholders engaged:

Natural England, The Environment Agency, Parish Councils, Local Businesses, Residents, Network Rail, Utilities, Landowners, Distribution Network Operators and the Health and Safety Executive

Buried in part under the River Humber, Feeder 9 transports up to 110 bcm of gas a day, enough to supply five million UK homes. We could face up to £616m per year in capacity buy back costs if the pipeline is unavailable, the cost of which would end up being passed on to gas

consumers. So when this 5km critical section of pipeline needed to be replaced, we went above and beyond to ensure a quick, efficient replacement with minimal impact on the local community and the environment. For work to proceed, we need to obtain a development consent order (DCO) which required a delicate balancing act to make sure we managed the needs of all of our stakeholders.

Tailoring our engagement
Using rigorous project management

“Engagements around large capital projects are notably well structured and managed”

AccountAbility

“They’ve been very good in terms of communication and there isn’t anything they could have done better”

Ian Spikings,
Associated British Ports

techniques, we tracked our engagement activities, determined who would be affected by the scheme, and developed a detailed plan tailored to our stakeholders.

Targeted

We assigned a dedicated National Grid contact with relevant expertise to each of our stakeholders, so we could build positive working relationships. It also helped us tailor discussions and address specific concerns.

Environmental concerns: The pipeline runs under and close to an environmentally-sensitive area (Humber Estuary Special Protection Area). We made it a priority to work with Natural England and the Environment Agency early on. We had to make sure that we avoid or put right any environmental damage resulting from our project, but we were keen to do more than that.

Natural England: We held several meetings with NE and a local landowner, creating a cost-effective solution that allowed migrating birds spending the winter on the estuary to thrive throughout and after the project.

Environment Agency: We invited EA experts to work alongside our own advisers carrying out additional tests. This helped build a trusting relationship which resulted in the EA removing all their objections and endorsing our approach.

Local resident concerns: The biggest concern of the local community was the increased traffic caused by our works. As a result we knew a simple traffic management plan wouldn't be enough. So we spent time working with local councils to understand the full extent of the issue. We brought all interested parties together to find a compromise that worked for all of our stakeholders. The solution, which saw us negotiating with a local farmer to use his farm track, meant the village of Paull had no project HGVs going through it.

HSE: Our proactive approach with the HSE, drawing on experience from previous projects, allowed us to identify a number of good safety practices from other countries/projects outside of our sector.

Creating efficiencies through innovation

We recognised the need to engage with suppliers early on to deliver a successful project. To help them visualise the project, we used an innovative 4D modelling tool (3D + time) called BIM through which they could challenge the design and suggest improvements. This tool helped suppliers to fully understand the programme requirements, and gave them more confidence in our approach. It also identified an opportunity to reduce the tunnel length by 175 metres saving £2.3m and eliminating 150 lorry journeys.

Outcomes

- Four DCO hearings not required after early agreement on areas of common ground
- Stakeholder satisfaction score of 8.3
- £2.3m saving from reducing tunnel length
- Reduction in lorry journeys by 150
- No HGV traffic through the village of Paull.

- Innovative thinking
- Holistic approach

Inspiring innovation



Stakeholders engaged:

Distribution Network Operators, Utilities, Academia and Future Engineers

A pioneering project has seen us collaborate with experts across the gas industry to build a robot that will allow us to inspect previously inaccessible pipework safely and efficiently.

Not only will this innovative approach help us be more efficient, but by harnessing innovation and promoting it extensively, we can share what we've learnt, inspiring the engineers of tomorrow and addressing the skills gap facing our industry.

So, how have we engaged people with this exciting innovation?

We looked at which sectors to target, and followed that up with a detailed engagement plan for distribution network operators (DNOs), the utilities industry, academia and future engineers.

This included:

- projectgraid.com – used to house project updates, invite stakeholder feedback and promote upcoming events. The site has had 1,633 hits from across 10 countries
- Conferences – 2,500 stakeholders were engaged
- Monthly newsletters – 299 subscribers
- Three 3D prints of our robot designs were used at industry events.

We also engaged with around 1,000 youngsters at the Big Bang Fair – an annual event which celebrates science and engineering for young people. We used social media to follow up this engagement by tweeting about the robot, encouraging further conversations. We currently have 167 followers on social media.

Outcomes

- Inspiring a new generation of engineers
- Sharing best practice
- Championing British innovation – generating a further six innovation projects.

- Specific interests with demonstrable benefits

Listening to our stakeholders

Stakeholders engaged:

Future Gas Producers, Distribution Network Operators and United Kingdom Onshore Oil and Gas Group (UKOOG)

Experts predict that by 2035, Great Britain will be 70-80% reliant on gas imports, costing us around £15 billion a year. Working with unconventional gas producers such as Biocow could help offset our growing reliance on imports by facilitating more home grown connections to the NTS.

Our stakeholders have told us that connecting to the NTS is time-consuming and costly, especially for small unconventional gas producers. As a result, we have worked with our stakeholders to understand their issues and started our customer low cost connections innovation project (CLOCC) to improve our connections process.

Tailoring our engagement

We sought to understand how the UKOOG group members would like to be engaged with, assessing numerous options on cost, time and quality of information gathered. We used a telephone survey to go beyond basic Q&As encouraging a productive dialogue. In total we spoke to 12 future producers. We also

held structured meetings with the four DNOs to understand their current processes, costs and technologies.

Wishlist

Small producers have been clear about the changes they would like to see; greater accuracy when predicting the length of time a connection will take; lower costs; a standardised web tool which can be used to apply for a connection; and flexibility built in to deal with changing gas flows.

Outcomes

Following our engagement process we have had:

- A clear wishlist of improvements from stakeholders
- Signed letters of support from four DNOs and six future producers
- Approval to proceed with the project.

“We are encouraged by the scope of your project, which will help us to find the best ways to get the gas that we produce to market”

UK Onshore Oil and Gas (UKOOG)



Delivering energy

Innovative thinking Best practice

Understanding the risk of changes to gas market arrangements

The On the Day Commodity Market (OCM) is a platform where gas is traded for use within the next 36 hours. When a new gas market operator approached National Grid offering to provide its services, we needed to work with our stakeholders to understand the potential risks and opportunities to the market and end consumers.

Stakeholders told us they wanted greater clarity on how the future commercial arrangements for balancing gas system supply and demand would be affected, so we worked in a collaborative way with the industry to assess the risks and opportunities which could affect consumers.

Building trust

We held bilateral meetings before setting up stakeholder review groups so that all parties had the opportunity to air their opinions. This helped to build trust and made us realise that we needed regulatory and operational input to get a rounded view. We used existing contacts and forums to do this, while also building new relationships to reach as many stakeholders as possible.

4.75 out of 5 was the average rating given by stakeholders in a survey of National Grid's engagement approach

Innovative best practice

We continued to provide expertise and insight, without limiting discussions and fresh ideas, so that stakeholders had the freedom to develop and explore solutions. We also built on lessons learned from a previous project on gas demand side response (DSR) (see story opposite), where we received feedback that stakeholders felt we had already decided in advance what the solution should be. To counter this, we developed a set of broad risk statements that considered the impact both on stakeholders and National Grid. This created an open forum, built on trust, by demonstrating that we didn't have a pre-determined solution and truly valued their input.

We discussed the risks with review group members and together ranked them so that

Stakeholders engaged:

Shippers, Distribution Network Operators, Market Operators, Ofgem, DECC, Energy UK and European Transmission Operators

“National Grid were flexible in how they refined the risk analysis based on feedback from the group”
Charles Ruffell, RWE

the options we developed were created collaboratively.

The consensus was to maintain the current market structure, but we agreed to undertake regular benchmarking/tendering exercises to make sure it remains fit for purpose.

This consensus avoided complicated and expensive changes to processes and systems for stakeholders and National Grid.

The innovative risk-based approach created a broad consensus and allowed us to determine the best way forward without raising a formal change proposal – saving time and resource for all parties.

Outcomes

- Developed trusted relationships with a wider circle of stakeholders
- Avoided multi-million pound system and process changes
- Gained consensus on future benchmarking/tendering process.

Next steps

We have written to Ofgem with the review group recommendation and await a decision on how to proceed.

“Communication has been excellent. National Grid have been very good at understanding stakeholders' concerns”
Lucy Manning, Gazprom



25 stakeholders engaged

35 conversations (workshops, teleconferences and one-to-ones)

4 review group meetings

How we operate the energy network today and in the future to balance supply and demand

Specific interests with demonstrable benefits Innovative thinking

Saving time and money



Stakeholders engaged:

Asset Owners, Meter Validation Suppliers and Wider Industry

All asset owners connected to the Gas National Transmission System must validate their meters annually. An estimated £50m of unaccounted for gas (UAG) was attributed to meter error in 2015/16, which ultimately leads to higher costs for consumers. UAG forms part of the gas shrinkage charge that equates to £1.13 on the average annual gas bill.

Stakeholders told us that the current validation process was complex, difficult to implement and open to interpretation. From our perspective, it's also a time-consuming and frustrating process.

Targeting to understand

Over the past six years we've developed close working relationships with asset owners. Through our liaison meetings and 30 meter validation visits in 2015/16 we gained valuable first-hand insight into the difficulties they were experiencing.

We clarified this with an online survey targeting asset owners and all major meter validation companies. The information gleaned from our wider discussions and the survey led us to develop an innovative, technology-led platform, which gave stakeholders a straightforward and convenient way to input the required validation data in the form of a

197 stakeholders engaged

30 meter validation visits
£12.5m savings for consumers per year

free, downloadable app. This provides a quick, standardised way to validate meters, saving time and frustration for users. We demonstrated the app's capabilities in face-to-face sessions, to test its initial impact and gain feedback. Users appreciated the ability it gave them to take a holistic view of their meter assets, which they could use to inform their asset maintenance and replacement programmes.

We also raised awareness among the wider stakeholder community by showcasing the app at the Low Carbon Networks & Innovation Conference. We reached more than 115 stakeholders, gathering valuable feedback. For example, some asset owners only required limited functionality, so we created a 'light' version of the tool with an emphasis on gas quality.

The app has been user-tested by stakeholders and is now available free from the app store.

Outcomes

- Estimated saving of £12.5m a year – 13p per consumer bill
- A simple, standardised approach
- A holistic view of all meters for asset owners, which will help to inform asset maintenance and replacement programmes, improving the safety of their assets
- Trusted relationships with stakeholders through listening and acting on their feedback.

Specific interests with demonstrable benefits

Demand Side Response (DSR) trial

Stakeholders engaged:

Consumer groups, Large Industrial Users, Energy UK, Shippers, Ofgem and DECC

Our stakeholders told us that an online trial would give them the most flexibility and would meet their requirements, so we proceeded with this option.

Following on from the development of the gas DSR methodology, in 2015 we sought to understand if we implemented gas DSR; who would use the product, how it would work and if any tweaks needed to be made. To test these questions we worked with stakeholders to develop a trial scenario which met their requirements and enabled us to test the methodology.

We asked our stakeholders which trial format they would prefer, narrowing down the options with them to include; an interactive day event, paper based exercise or an online trial. We emailed a survey directly to stakeholders who had been involved throughout the process, whilst also discussing the options at a DSR workgroup.

10 trial participants

60 stakeholders engaged

Outcomes

- 10 stakeholders took part from five different industry sectors
- 24 million m³ of gas a day (about 7% of total gas demand on a cold day) was offered by those taking part in the trial
- The success of the trial enabled us to proceed with an ~£100,000 investment in systems required to implement gas DSR
- Best practice lessons have been shared within National Grid, and have since been used successfully on other projects, such as understanding the risk of changes to gas market arrangements (see opposite page).

3 trial options

Shaping the gas market

Specific interests with demonstrable benefits

Innovative thinking

Facilitating and implementing an integrated European energy market

Since the Third Package legislation became law in 2011, we've been working with stakeholders at home and across the continent to develop a range of common codes – or rules – that will help build an efficient and flexible single gas market.

Stakeholders engaged:

Transmission System Operators, National Regulatory Authorities (NRA), Shippers, Gas Industry Representatives, Suppliers and Customer Representatives

information with affected stakeholders

- Breaking the code changes down into 12 bite-size chunks, so that stakeholders only needed to get involved with the areas that directly affected them, saving them time and resources
- Bringing in a team of legal experts to help tell the legal story, simplifying complex aspects and answering questions
- Inviting representatives from the wider gas industry to be part of discussions at customer seminars. This helped stakeholders to get a broader picture of the implications of code changes across the whole industry.

All of these measures made it easier for there to be open and transparent discussions about the implications of the code changes. This helped us to influence the development of the code in Europe.

We were keen to understand what worked well for our stakeholders during the negotiations process and what could be improved. We held two 'lessons learned' workshops with 15 stakeholders who were most closely involved. We acted on their feedback by appointing a dedicated communications resource. This will allow us

to keep stakeholders up-to-date with systems developments. Our systems helpdesk staff are also briefed on all the latest developments so they are able to answer most enquiries.

We've spent approximately £100,000 engaging with European and GB stakeholders, which has resulted in Great Britain's proven processes largely being adopted across Europe. This has avoided system and process changes costing into the hundreds of millions.

Outcomes

- With the EU balancing regime a close match to the GB model, we avoided costly system and process changes
- Our GB regime now complies with EU regulations so our stakeholders have the flexibility to flow their gas when and where consumers need it
- A clear commercial and legal understanding of the impact of the code changes on all stakeholder groups
- The EU booking platform (PRISMA) is fully in line with EU codes, making it easier for stakeholders to obtain capacity at interconnection points within the EU.

2015/16 was a really important time for developing an integrated European market. With tight deadlines and many stakeholders to engage with, we knew we needed to do things differently. Our stakeholders looked to us to help them understand how European legislation changes would affect them and to represent their interests in European code negotiations. As a result, we led code negotiations for our stakeholders to promote the GB regime with the intention of having it adopted across Europe, while also translating any code change impact for our GB stakeholders. We did this by:

- Developing dedicated EU workgroups to share

Best practice

Sharing best practice

Following the development of the EU Balancing Code, we had 20 requests from European stakeholders for us to share our knowledge on how we balance the gas transmission system in Great Britain. The code closely reflects GB processes and procedures so in sharing our knowledge with European operators we will help deliver a smoother, quicker and cheaper implementation of the new code across Europe. Whilst working closely with our European stakeholders, we developed great relationships, opening up routes for us to learn and benchmark our performance against our TSO counterparts.

Working together

We've facilitated seven workshops (an example pictured right) with our European counterparts where we presented to a wide range of audiences, from operating level to senior leaders, each time tailoring our messages to reflect the level of detail required.

We've also hosted telephone conferences and delivered presentations to help provide a deeper understanding of how daily balancing arrangements work in practice in Great Britain.

We recognise others will also have good practices to share, so we hosted a forum in early 2016 bringing together our experts and their EU counterparts to exchange best practice on the balancing of gas



Stakeholders engaged:

GB Gas Shippers, End Consumers, EU Gas Transporters, Shippers, Ofgem and Global Gas Transporters

transmission networks. The workshop was hosted via WebEx, which allowed more people to attend the event and proved more cost-effective.

Outcomes

- Shared our daily balancing best practice and learned from our European colleagues
- Gave our European colleagues advice and techniques which meant they could implement the new EU code quicker and with less effort and expense
- Created an opportunity to learn and benchmark against other aspects of the EU regime.

Facilitating development of the energy market to meet changing stakeholder needs

Robust project management

Implementing code changes:

Moffat Interconnector

Stakeholders engaged:

Interconnectors, Transmission System Operators and National Regulatory Authorities (NRA)

The introduction of the EU Balancing Code meant changes in the way the interconnectors, which allow gas flow between Europe's Transmission System Operators (TSOs), work. We took a central role to help GB TSOs understand and implement the complex EU changes. To do this within a short period of time available, we set out a strategic programme of engagement so we could be sure they had a thorough understanding of what was required of them.

Once we had established the current state across all interconnectors and created a consensus among stakeholders, we set about addressing outstanding issues in a structured way with clear priorities. To keep the project on track we hosted an intensive three-day review to address the outstanding issues.

During the project we acted on feedback by:

- Facilitating a sub group which aimed to address additional (non-EU) contract changes
- Simplified existing contracts which feedback had told us were overly-complex, at the same time as implementing code changes required.

Outcomes

- Agreed new terms that satisfied all stakeholders
- Created a new type of trilateral agreement to flow gas between Republic of Ireland, Northern Ireland and Great Britain
- Five agreements successfully implemented by 1st October deadline, meaning all TSOs complied with the new EU code.



Three-day intensive review session



Five agreements implemented across all TSOs



22 working group meetings

Specific interests with demonstrable benefits

Robust project management

Implementing code changes:

Gas Day

Stakeholders engaged:

Shippers, Traders, Terminals, Service Providers, Consultants, DECC and Ofgem

We identified a risk of additional charges between onshore and offshore networks due to a change to the timing of the 'gas day' to align with continental Europe. There was no forum to deal with the issue, and communications between offshore and onshore gas market participants were very limited, so we set up a new industry working group with support from DECC.

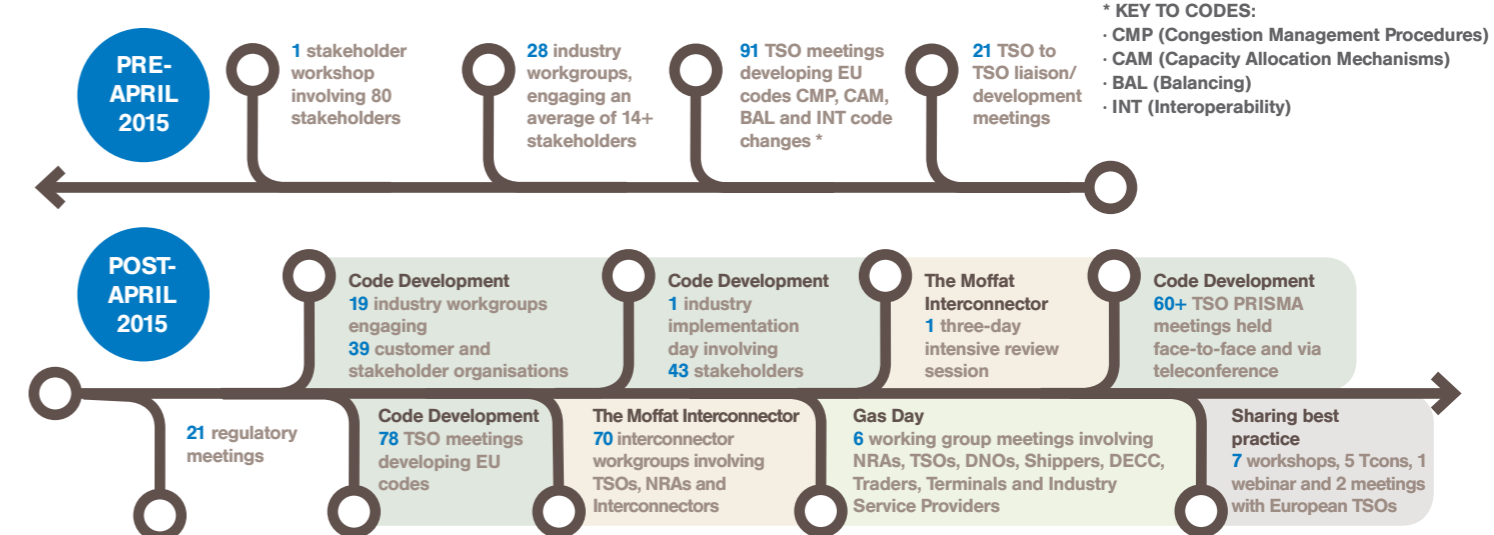
We hosted a number of sessions with more than 30 stakeholders, including gas shippers, traders, beach entry terminals, industry service providers, external consultants, DECC and Ofgem. This allowed everybody to understand the issues and jointly develop an innovative IT solution which aligns offshore and onshore gas day timings.

The solution avoided the need to make fundamental and costly changes to infrastructure for shippers, traders and producers. Instead of potentially £18m p.a. in additional charges which would have been passed on to gas consumers, the IT solution only cost £500,000.

Outcomes

- Avoided an estimated £17.5m cost p.a. in costs to stakeholders
- Supported a competitive GB gas market – North Sea shippers continue to bring gas onto onshore networks, strengthening security of supply
- New system implemented to accept gas flow data
- Improved standard trading contracts.

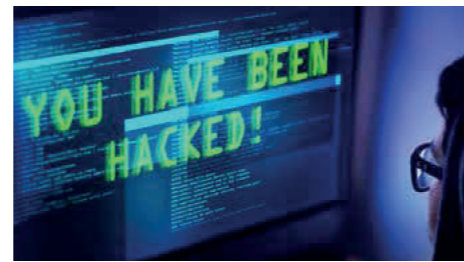
Continental collaboration



Enabling the industry

- Innovative thinking
- Robust project management
- Holistic approach
- Best practice

Engaging to counter cyber security threat



Cyber security is a growing issue and it's especially relevant for National Grid as we're responsible for critical national infrastructure. It's vital that we engage with the industry so that we can tackle this issue together. To do this we've set up a national working group to include shippers, suppliers, distribution network operators, Ofgem and DECC so we can identify and minimise cyber risks.

Stakeholders engaged:

Shippers, Suppliers, Distribution Network Operators, Ofgem, DECC and Employees

A holistic approach

An important part of this programme was raising awareness among our own employees about the serious consequences of cyber attacks. This was done through an awareness campaign asking the question, 'What's the worst that could happen?'

The campaign featured cyber attacks that have taken place on other networks, resulting in serious reputational and operational damage. We've used a range of channels to start a comprehensive culture change, including a Yammer campaign, roadshows, drop-in events and innovative printing techniques that have allowed us to

5.4bn events processed

6.7m alerts analysed

696 potential threats identified

1 harmful attack prevented

place cyber security messaging on floors and walkways around our buildings. We've received fantastic feedback and are sharing it with our stakeholders.

Outcomes

- Over 50% of risks mitigated in 2015/16
- Stakeholders and National Grid are able to target their spend in the most effective areas
- A more resilient energy industry.

Next steps

We are planning a cyber security crisis exercise where stakeholders can participate in a virtual cyber incident.

Working together

Every month, 5.4 billion cyber security events are processed by our IT staff, and one of these will result in a serious attack on National Grid's IT infrastructure.

Together with our stakeholders, we conducted an extensive cyber risk review – the first of its kind. As a group we then prioritised the risks to create an informed programme to address this serious problem.

With a robust work plan in place, we ran five workshops in 2015/16 to mitigate the risks and share best practice.

The most recent workshop addressed the need for suppliers to improve the security of their systems.

Future energy scenarios

To develop our future energy scenarios (FES) we consulted with a broader range of stakeholders from across numerous industries to help us build a picture of how the energy sector might develop during the next 35 years. Following stakeholder feedback, we're looking to develop a central view to support our existing four scenarios.

368 organisations engaged with (↑ from 135 in 2014)

1,800 email subscribers signed up to discover more about FES

17,532 page views on dedicated FES microsite

193 stakeholders participated in three webinars

152 attendees at workshops across four locations

2050

Ran a workshop with industry and academia to discuss how the UK can meet 2050 green targets

Helping secure a safer and more sustainable network into the future

- Best practice
- Innovative thinking
- Holistic approach



Stakeholders engaged:

Schools, Colleges, Councils, Public and Private Sector Businesses

EmployAbility – Let's Work Together

Students with learning disabilities in the UK have only a 6% likelihood of finding paid employment, according to Government data. *EmployAbility – Let's Work Together* aims to improve this situation by providing internship opportunities for young people aged 17 to 22 with learning disabilities. It was set up by National Grid in partnership with Round Oak School in Warwick in 2013. Since its introduction, *EmployAbility* has gone from strength to strength and has been adopted across all four of our main offices. Last year we supported 24 students in total. The programme offers interns valuable work experience that can lead to paid employment; for National Grid it strengthens our collaboration with local communities and our commitment to an inclusive and diverse workforce.

Working together and sharing best practice

We are passionate about our *EmployAbility* programme and are keen to expand the opportunities it provides to students and other businesses. Over the last year, we have worked closely with the Department for Work and Pensions and the Department for Education on policy to share our learnings and to raise the profile of the programme. We have also held two conferences where we have invited and encouraged other businesses to get involved and to develop a similar programme within their organisations. As a result, a further 11 businesses and eight schools are developing programmes aligned to *EmployAbility*.

“The programme has changed the culture of the whole school by inspiring everybody with the confidence that they could get a job too”

Claire Cookson, former deputy head of Round Oak School

“The *EmployAbility* programme has helped me realise my ambition of getting paid employment”

George Barnes, 2014 graduate intern

Outcomes

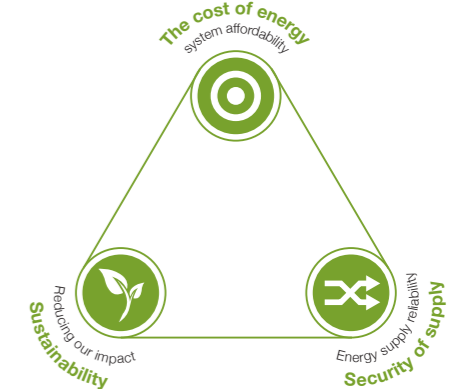
- Practical work experience for young people with learning disabilities
- Paid employment opportunities: 60%-70% success rate through *EmployAbility*
- Best practice shared: 11 businesses and eight schools are involved to date including Coca Cola, Severn Trent Water and Babcock
- External recognition: The programme won numerous awards in 2015 including Targetjobs 2015 – Inclusion & Diversity Award, and Utility Week – Community Initiative of the Year 2015.



Continuing our journey

Over the past year Gas Transmission has come a long way in understanding our stakeholders and adapting our engagement approach to specific audiences. This has been demonstrated by our stakeholder satisfaction scores rising for the third consecutive year, from 7.7 in 2013/2014 to 8.0 in 2015/2016.

Our stakeholders are concerned about how we as an industry are going to make sure we can continue to balance security of supply, sustainability and affordability.



The energy trilemma – the three most important challenges facing the energy industry.

In particular, stakeholders have told us they are concerned about:

- The future of gas
- Gas Transmission charging
- Gas quality
- Faster connections.

So over the next year we will be engaging with stakeholders to understand the full extent of these concerns and work as one industry to try to address them.

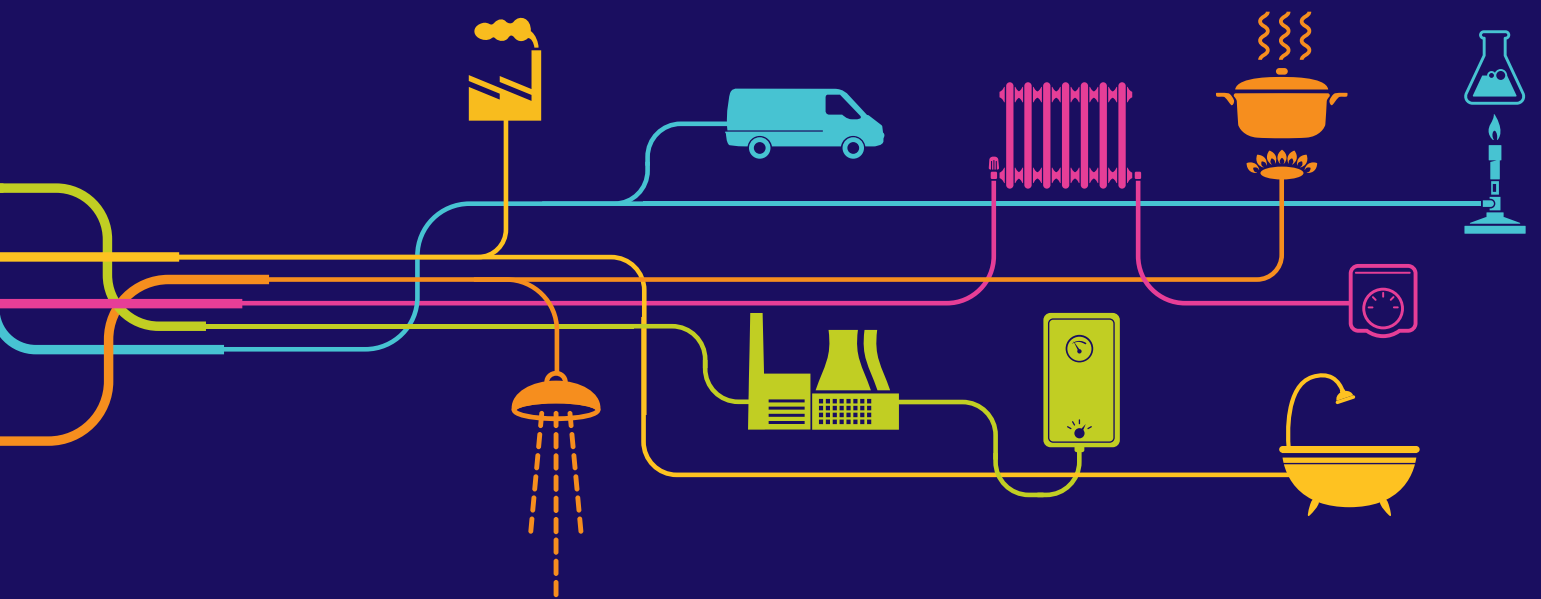
Our investment decisions will be informed by our stakeholders' views, helping us to prioritise improvement projects so that we can focus on what's truly important to our customers and stakeholders.


We'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 654 634.



Naomi Regan, Customer and Stakeholder Strategy Manager.

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