

Electricity Transmission

Stakeholder Engagement Incentive Scheme Submission

Parts one and two

1

In part one we set out our strategy for engagement against priorities identified by our stakeholders; how we are building our capability to deliver these priorities and how we act on the feedback we receive. It outlines who we have engaged with and how we have tailored our engagement activities to meet their needs.

2

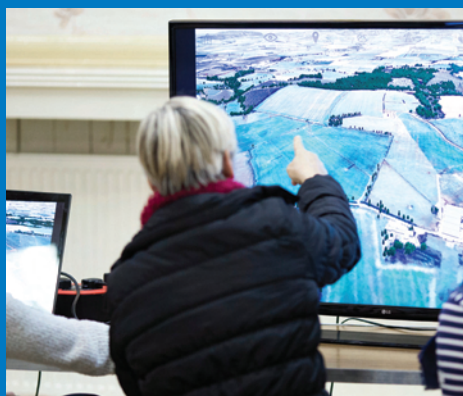
In part two we provide an overview of our engagement activities and the associated outcomes and outputs, structured around the key priorities identified by our stakeholders.



part 1

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National Grid Electricity Transmission (NGET) owns and maintains the high voltage transmission network in England and Wales. This transmission network enables the transportation of high voltage electricity from sources of power around the country to the local distribution networks. These distribution networks then deliver power to industry, commerce and the end consumer.



Introduction



Our vision is to exceed the expectations of our customers, stakeholders, and communities today and make possible the energy systems of tomorrow.

Our purpose is to bring energy to life. In its simplest form 'bring energy to life' means getting the heat, light and power that customers rely on to their homes and businesses. But to us 'life' also means supporting the communities where we live and work – and, in turn, supporting economic growth and sustainability in the wider society. Our purpose is underpinned by our values of 'do the right thing' and 'find a better way' (which we introduced to you last year). Together these provide the guidance to help us make decisions. Our vision, purpose and values define where we are trying to get to and what we need to do.

How do we do this? Our approach is to provide a clear framework for delivery, and empower all. Within Electricity Transmission, this includes a commitment to challenge our employees to think differently and get better at delivering what our stakeholders need; working together to transform our stakeholders' experience.

Within our Electricity Transmission business we understand that engagement with our stakeholders and customers is central to successful operational performance. We don't take the position we hold in the industry for granted. In fact, it pushes us further to make sure our actions are in the best interests of our stakeholders, customers and end consumers. As a result, we are committed to bringing the voice of our stakeholders into the business to help shape our business plans, challenge us and drive change.

Introducing this submission each year provides an opportunity for me to reflect on the great steps we have made in the Electricity Transmission business when it comes to creating value from stakeholder engagement and becoming a business that is shaped by our stakeholders. This is especially true this year. For example, I can see how far we have come over the lifetime of this incentive as we refocus our enduring stakeholder engagement programme to become business as usual. It shows how much progress we have made in making sure stakeholders shape the way we do business. I am especially pleased to look back and see the culture change of the business, seeing how teams have embraced the need to engage more with stakeholders and respond to their feedback.

I'm proud to say that the changes we are putting in place are making a real difference, and that this has been recognised in an independent health-check by AccountAbility*. This year, they scored us in the top 15% worldwide of all companies they have reviewed since 2012. We also achieved the second highest score of the eight Energy and Utilities sector companies reviewed.

My teams are fully committed to delivering for our stakeholders and building on this past year's improvement. Through this submission we will demonstrate the progress we have made this year, and describe where we will continue to focus our efforts in the future so we can develop our approach to engagement even further.

David Wright Director of Electricity Transmission
National Grid Electricity Transmission Board Member

* AccountAbility created the AA1000 Stakeholder Engagement Standard, an internationally-recognised framework for best practice stakeholder engagement around which we have built our Transmission Engagement Strategy

Key outputs this year



Update on last year

Last year we were given some really valuable feedback as a result of our submission, so we wanted to start this year by setting out what we did in response to this. We also made some commitments last year, and have provided you with an update on these below.

You said...

It's not clear what our strategy for engagement is in Electricity Transmission

Approaches to the engagement in terms of the strategy and the thinking behind it could be more innovative

It's unclear how engaging with stakeholders affects our business

We don't have much cost benefit analysis

It's unclear how our Board is involved

We did...

We worked with our stakeholders to set and rank priorities for Electricity Transmission (see page four). Our strategy for engagement was then based around these. We have simplified part one of this submission to reflect this and provide clarity.

We have thought differently about our approaches to engagement to better respond to the needs of our stakeholders. For example, in North Wales we thought innovatively about how we engage to better visualise the impact for local stakeholders (see page 13).

One example from this year is how we used the feedback we received from an immersion event, where issues and emotions were communicated directly to Senior Leadership, to challenge ourselves to provide a connections offer in a week, something that has traditionally taken months.

We developed a cost benefit analysis toolkit and supported teams to use it for engagement ensuring they make sensible, justifiable decisions on whether and how to pursue engagement activity (see cost benefit table on page 11).

Our UK Exec has each agreed to meet a stakeholder's CEO each month, using a top-down Net Promoter System (NPS), so they can find out more about the issues most affecting them (see page nine).



Also this year we...

Introduced a new customer and stakeholder transformation programme. This brings customer and stakeholder feedback into the business and shapes our decisions. It's also changing our culture to focus more on stakeholder engagement and be more customer focused.

We said...

We would make engagement more outcomes focused

We would work with others to find innovative solutions

We would use the Stakeholder Advisory Panel (SAP) to influence and shape what we do

We would make our website more accessible and easier to navigate

We would share and gather best practice, get better at building relationships, and collaborate more closely

We would ensure stakeholders are central to decision making

We would develop toolkits to embed consistent guidelines for the whole business

We did...

We have embedded a framework for engagement based on AA1000SES. This focuses on the outcomes of our engagement, so we can make sure we are delivering what our stakeholders (and we) need from it.

We signed a memorandum of understanding with 3M, to express our mutual commitment to support innovation and increased collaboration. This is the first time we have signed such an agreement reinforcing our core strategy to deliver innovative solutions and value for consumers.

We have revised the way our panel operates, so we can make sure its input influences business decisions. For example, one topic we focused on was extending competition in Electricity Transmission. As a result, when submitting our consultation responses, we were able to include what our SAP discussed collectively.

We are continuing work on a project to re-develop and re-design our website based on stakeholder feedback. We've engaged a supplier for this project and the go live date for the new site is the end of July 2017.

One example of this is a steering group we have established with UKPN so we can work better together on capital projects (see page 14 for further examples).

We were going to underground 2km of lines for the connection of the new nuclear power station at Sellafield. Talking to stakeholders we realised we needed to do more, so now we are proposing to underground 23km of lines.

In addition to our cost benefit toolkit, we have developed a range of toolkits that support our business with its engagement activities, and in following the framework set by the AA1000SES, including stakeholder mapping; objective setting; and skills and capabilities.

Set a new purpose and vision for the business to provide a clear framework for delivery. Our new vision and purpose also aims to empower employees to serve, to the best of their ability, our customers and look after the stakeholders and communities who place their trust in us.

Established a new Customer and Stakeholder team within the Electricity Transmission Owner business to implement the customer and stakeholder strategy and transform the experience of everyone we interact with.

Our stakeholder engagement strategy

“National Grid presents an enhanced Customer & Stakeholder Engagement strategy aligned more closely to the organisation's overall strategy and customer and stakeholder engagement vision and commitment which is positive”
AA1000SES Health-check, 2017

We've refreshed our engagement strategy. We talked last year about how we had made significant updates to our Transmission-wide stakeholder engagement strategy. It supports us in becoming more focused on, and responsive to, our stakeholders' needs.

In particular, we aligned our engagement strategy to the AA1000 Stakeholder Engagement Standard (AA1000SES). We used the steps within this standard to create guidance for all of our employees on how they should engage with anyone outside of our organisation, on any topic and through any channel. The aim is to make sure we are following best practice, being consistent and focusing on outcomes for all of our engagement activities – this aligns with our core value to 'find a better way'.

The organisation that developed this standard, AccountAbility, audited us in early 2016. Its evaluation concluded we were 'advanced' on their maturity ladder. They told us that we are strong in a number of areas, but to improve we need to be more consistent. So, this year we have embedded the positive practices (based on our strategy) further within our business.

Our refreshed engagement strategy therefore remains centred around the AA1000SES principles and detailed steps, with the aim of:

- Creating a consistent approach to engagement across Transmission;
- Focusing on the outcomes of our engagement so we are delivering what our stakeholders (and we) need from it;
- Making sure the benefits of our engagement are clear, measurable and deliver value to consumers;
- Incorporating outcomes of engagement into business decisions and clearly communicating how we have made decisions; and
- Making sure we commit to continually improving how we engage.



Why AA1000SES? Before deciding on AA1000SES as the most appropriate standard, we conducted detailed research into the available options, and concluded that AA1000SES gives us the best opportunity to implement improvements and consistency within our business. Indications from the past year are that it's already helping us to improve, so we see no reason to change this.

What have we changed in our approach to stakeholders?



Since the middle of 2016, we have made efforts across the whole of our business to focus more on our customers and stakeholders and to make them a greater part of our decision-making processes. This has been endorsed and driven by our senior leadership team from our CEO downwards and incorporated in our new business vision (see page 4) which is much more closely linked to our stakeholders and our role as a company. This makes customers and stakeholders a bigger focus within our business than they have ever been before.



Aligned to this we have updated the ETO business strategy to be much more closely linked to stakeholder outcomes. As a result, we've made big decisions over the past year, that we wouldn't necessarily have considered before, to better deliver what our stakeholders want from us, and have changed our priorities so that we make improvements at a faster pace. Examples include undergrounding overhead lines through the Lake District National park (see page 14), creating new innovation partnerships (see page 16) and focusing on customer journeys (see page 15).



We have introduced the Net Promoter System to help us measure if we're exceeding our stakeholders' requirements (as set out in our vision). This goes beyond our existing stakeholder satisfaction metric, as it measures the extent to which stakeholders are advocates of what we're doing, not just whether they're satisfied. We've also made changes to our existing programmes to update our website and introduce a stakeholder intelligence tool across our business, both of which will help us provide a better service.

Think strategically

We recognise that trust, openness and honesty are critical to building relationships and working collaboratively, and we strive to go beyond our stakeholders' expectations whenever we can. This is reflected in our new company vision which links our role to our stakeholders.

“A high performance is evidenced in the integration of stakeholder engagement into governance, decision making, strategy and operational excellence” **AA1000SES Health-check, 2017**

VISION: *We will exceed the expectations of our customers, stakeholders, shareholders and communities today and make possible the energy systems of tomorrow*

Better aligning our stakeholders' requirements and business priorities

We know that last year we could have done more to show how our stakeholders' requirements truly drive the strategy of our business. In the past, we were probably guilty of engaging too late in the day on some of the

issues that matter most to our stakeholders. So, over the past 12 months we have made changes to the way we link our priorities and those of our stakeholders.

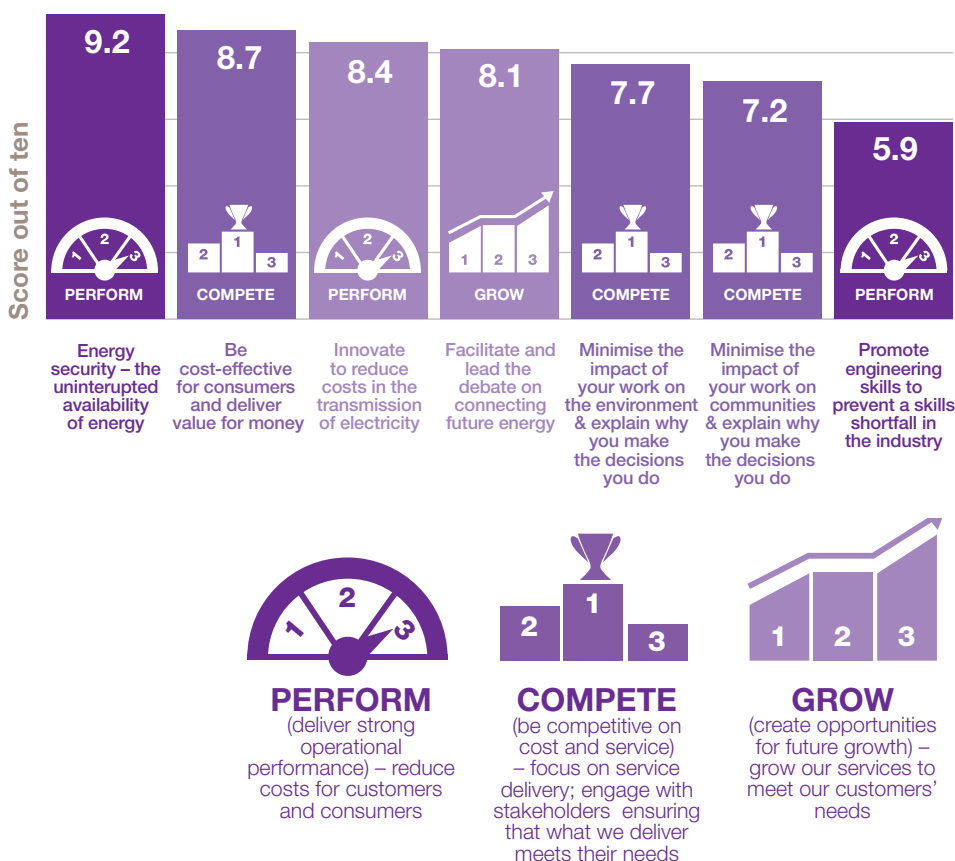
Priorities for Electricity Transmission

To establish these priorities within Electricity Transmission we conducted an independent stakeholder audit. This provided us with insights on what our stakeholders want us to focus on. We then asked our Stakeholder Advisory Panel to verify that these priorities were consistent with what they were hearing from the stakeholder groups they represent.

Once these priorities were established, we asked our panel members to score each of them out of ten. Then we asked the stakeholders attending our seminars and those answering our stakeholder surveys to also score them. This provided a prioritised list of focus areas (shown below).

Once we knew what our stakeholders wanted us to prioritise, we formed our key business focus areas: perform; and compete and grow. These support the top priorities.

These three distinct areas of focus mean we can make sure our engagement activities meet our stakeholders' priority areas. Part two of this submission provides examples of how we have done this.



A further change to our overall strategy for 2017 has been to create more alignment between the engagement we do and these priorities. This strategic focus is an important part of AA1000SES and is something we (and last year's panel members) recognised we could do better. We want to avoid engaging for engaging's sake, so we have created greater alignment between the purpose and desired outcomes of our engagement and our business priorities. This is now a key question we ask ourselves before any engagement, and if we cannot identify a strategic alignment, we review our engagement approach.

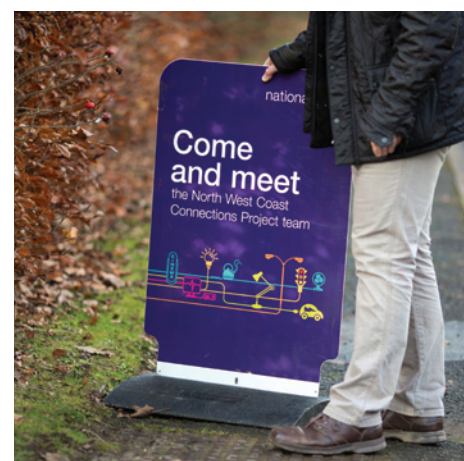
The most significant example of how our approach to engagement has changed is how we're already engaging with our stakeholders to gain their views and learn more about their current thinking at the mid-point of RIIO T1. Building on, and learning from our previous experience, this is the beginning of our enduring stakeholder engagement programme, including annual and ongoing activities which will involve our stakeholders much earlier in our business decision making processes.

Analyse and plan

Who are our stakeholders? To give you an idea of whom we engage with, at a high level, our main stakeholder groups are shown below. We revisit this list regularly so we can make sure it remains wholly representative of who our stakeholders are.

This means that everyone with an interest in what we do has an opportunity to work with us and shape our plans. Also, we map our stakeholders on a topic-by-topic basis, so those interested in a particular topic have the opportunity to provide input.

Stakeholder group	Examples of stakeholders
Political – UK	10 Downing Street, Her Majesty's Treasury, All Party Parliamentary Groups/Select Committees, BEIS, Special Advisors, UK Parliament – Commons, UK Parliament – Lords, UK Parliament – Specific MPs, Scottish Parliament, Welsh Government, Mayors, Local Councils
UK Government advisory bodies	Committee on Climate Change, National Infrastructure Committee
Think Tanks	Policy Exchange, Bright Blue, Dieter Helm, Centre for Policy Studies, Infrastructure Forum
Political – Europe	European Commission, European Parliament
Non Political – Europe	ENTSO-E (European Network of Transmission System Operators), CEER (Council of European Energy Regulators), ACER (Agency for the Cooperation of Energy Regulators)
Regulatory	Ofgem (incl. GEMA), CMA (Competition and Markets Authority), Other economic regulators, Highways England, HSE
Non-Government organisations (NGOs)	Campaign for National Parks, Wildlife Trusts, RSPB, Green Alliance, Friends of the Earth, National Trust, John Muir Trust, Campaign for the Protection of Rural England (CPRE), Sustainability First, WWF, Greenpeace, Campaign for the Protection of Rural Wales
Industry Bodies	ENA, Energy UK, Renewables UK, Nuclear Industry Association
Chartered Institutions	IET (Institution of Engineering & Technology)
Business	CBI, FSB (Federation of Small Businesses), Big business e.g. JLR, Contractors e.g. ABB, Siemens, Balfour Beatty
Infrastructure	Highways England, HS2, Network Rail
Customers	Electricity Distribution Networks, Directly connected demand, Interconnectors, Energy suppliers, Large demand e.g. Network Rail, Generators, Embedded generators, Demand-side aggregators, Storage
Supply Chain	Suppliers, Partners, Contractors
Energy Industry	SPEN, SSEN, OFTOs, CATOs, Generators, Suppliers, Distribution Network Operators, National Grid Gas Transmission
Academics	Universities, UKERC Energy Data Centre
Stakeholders' representatives	Stakeholder Advisory Panel (incl. Citizens Advice, UK Parliament, Energy UK, Greenpeace, CPRE, Renewable UK, EIUG (Energy Intensive Users Group), Oxford Institute of Energy Studies, Blue Rubicon)
Media	Consumer, Trade, Financial, Broadcasters
Environment	Environment Agency, Scottish Environment Protection Agency, Natural Resources Wales, Historic England, CADW
Communities and their representatives	Communities with major infrastructure projects, Grantors, VIP (Visual Impact Provision) Stakeholder Advisory Groups
Consumer Groups	Which?, Citizens Advice Bureau, Age UK, Major Energy Users Council, EIUG
Campaign Groups	Friends of the Lake District, Ramblers Association, Power without Pylons, Dim Peilonau
UK Public	Project communities, Other local communities, Landowners
National Grid Employees	National Grid Board, UK employees, Global employees, System Operator, Trade Unions
Consultants	KPMG, McKinsey
Innovators	Catapult, ERP, Innovate UK
Investors	Analysts, Private shareholders, Debt & equity markets, Institutional shareholders



What about direct engagement with consumers?

As a result of revisiting this list this year we acknowledged that besides our community consultations we haven't traditionally engaged with consumers. This is because we have relied on engagement with representative groups instead, e.g. Citizens Advice, Which? and Age UK. However, we acknowledge that we should do more to engage with consumers and we will be making this an integral part of our ongoing stakeholder engagement programme.

Strengthen engagement capacity

“National Grid has notably improved efforts in building capacity of internal teams within the business. Awareness of the company strategy and approach is now evident in all parts of the business” **AA1000SES Health-check, 2017**

Building our ability to deliver to stakeholders

For the last few years, we have been doing a considerable amount to build employees' capabilities around stakeholder management, stakeholder engagement and customer focus to build our ability to deliver our strategy and improve stakeholder experience. To date, more than 200 employees across Electricity Transmission have completed these courses.

Although we have lots of great practice, we know we need to do more to ensure it is consistent across the business. We still have work to do, but we know where we want to get to. We have recently undertaken a gap analysis so we can better understand which capabilities we need to develop. We will now tailor our training packages in line with the results, while monitoring progress at Director level.

In addition to our Academy training courses, we are committed to lean ways of working. This sharpens our focus on delivering, in the most efficient way, for our stakeholders. It puts them at the heart of decision making and increases consistency across the business. This year, we have become the first utility company in the world to receive direct Lean Competency System (LCS) accreditation. The awarding of LCS accreditation serves to further highlight our commitment to pursuing a best-practice approach, which plays a vital role in driving forward our continuous improvement journey. To date, 38 employees have successfully passed this accreditation in our Electricity Transmission business.

Lean ways of working in action 'Outage Hub' as described by EDF

"We have always enjoyed excellent relations with National Grid at the Middleton Road substation. But as a slightly remote site, coordinating large projects during outage periods has proven to have its challenges. To further integrate our two organisations National Grid has set up the 'Outage Hub'. The Hub is designed to be a one-stop shop for morning briefs, safety information, power station communications and a whole host of other related outage information"

Mike Milburn, EDF Energy, reviewed the hub on a recent visit. He said: "It makes the briefs entirely relevant to the day's work and provides a solid, well planned platform to control the work from – an excellent innovation and deployment from the National Grid guys"

Senior management ownership The Executive team reviews and signs off our engagement strategy annually, making sure it's cascaded into their respective teams. In addition this year, they also signed off the focus areas for the business, as shaped by stakeholders' priorities.

The Executive monitors progress of our engagement strategy through performance reports looking at the strength of strategic stakeholder relationships, current risks, issues and any outstanding actions for escalation.

This year we introduced immersion as a new form of engagement. This has provided direct engagement with our Senior Leadership team so they are able to discuss and empathise with how stakeholders feel about working with us. This prompts action from the top down.

The Executive team is also responsible for taking the lead on key engagement activities. For example, Daniel Westerman, Head of Network Management, remained the business point of contact throughout the Port of Tyne engagement we describe on page 15. And David Wright, Director of Electricity Transmission went to the Lake District in June 2016 to meet stakeholders about our proposals for the North West Coast Connection that we describe on page 14.

Accreditation

AA1000 Stakeholder Engagement Standard

In February 2017 we instructed AccountAbility to carry out a full independent health-check of our stakeholder engagement strategy, processes, practices and our engagement in practice. The assessment found that we demonstrate a high performance across the various elements of AA1000SES. With a total score of 69%, this places us within the Advanced Stage of their Stakeholder Engagement maturity ladder, representing an 8% increase since the 2016 Health-check. This score is in the top 15% of all companies reviewed by AccountAbility worldwide since 2012. In addition we are the second highest scorer of the eight Energy and Utilities sector companies reviewed.

"National Grid showcases strong practices and performance in the planning, preparation, implementation, and review of stakeholder engagement. The company has made commendable strides in the last twelve months, with particular strengths noted as:

- Building on stakeholder feedback, National Grid can be seen to place particular focus on implementing culture change and strengthening its customer and stakeholder vision.
- Senior management endorsement and buy-in demonstrated, through the CEO and COO's promotion of stakeholder engagement among the key priorities of the organisation"

Next steps We are incorporating AccountAbility's feedback into future improvements in the way we engage.

ISO 55001 and ISO 9001 ISO 9001 is a certified quality management system under which we need to prove our ability to consistently provide products and services that meet the needs of our customers and other relevant stakeholders. ISO 55001 is an asset management standard under which we need to demonstrate that we have identified relevant stakeholders and their needs for our projects and that we measure progress so we can meet and exceed the targets they set us.

In December 2016 we achieved a successful outcome for these accreditations through an extremely robust assessment, with the auditors extending certification for both.

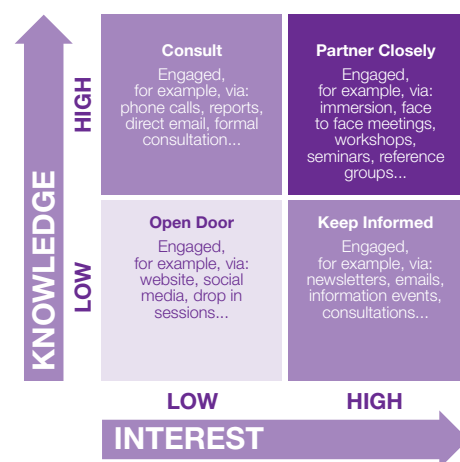
Design the process and engage

“Scoping engagements, mapping stakeholders, deciding on who should be part of an engagement and what will be discussed is again considered a core strength of National Grid. The organisation presents a good range of levels and methods of engagement mostly tailored to the stakeholder and the aim of the engagement”
AA1000SES Health-check, 2017

Tailoring our engagement

We use a range of appropriate engagement mechanisms. Due to the nature of our areas of engagement and the position we hold in the industry, it's important that we not only engage with a wide range of stakeholders, but that we do it in a way that best works for them and which meets their needs.

We do this on a topic-by-topic basis because considering how to best engage stakeholders is dependent on the topic of engagement and their level of knowledge and interest. So, our engagement plans start by identifying who needs to be engaged with and what their personal level of knowledge and interest is. We plot this on a matrix, which provides us with stakeholder profiles for engagement to be planned against. Some examples of how we tailor our engagement can be found in the table below.



Project	Who we engaged with	Ways we engaged	Outcomes
Community engagement for North Wales major project	Local Community; Local Council; Campaign groups; Community Representatives; Environmental stakeholders	- Formal consultation events - Website - Social Media 3D modelling - Virtual reality headsets - Vehicle events - Pop-up events - Wellbeing workshops	19 events reaching 418 people, broadening the scope of engagement and the demographic reach compared to previous consultations 1,800 pieces of feedback received
Electricity Connections	DNOs; Network Rail; Future customers	- Immersion sessions with senior leaders - One to one meetings - Workshops	- Successfully trialled completing a connections offer in a week - Embedding these benefits and approach across the business
Sharing our approach to improving career opportunities for young people living with disabilities	Business; Academics; Careers & Enterprise companies	- Face to face - Creation of centre of excellence - Website and toolkit development - Speaking events - Hands on visits	- Five organisations have now started EmployAbility – Let's work together programmes - Increased resource to establish flagship programme 60% success rate in gaining employment
Deeside innovation centre	Innovators; Academics; Energy Industry; Supply chain	- Dragons Den - Memorandum of Understanding signed by Director - Workshops - Innovation days	- Feedback into the technical specification/ design of the facility - Generated over 40 project ideas - Project started to develop a detailed design for the overhead line testing facility
Visual Impact Provision	Local Communities; National Parks; Areas of Outstanding Natural Beauty; Community Representatives; Environmental stakeholders; Campaign Groups; Landowners	- Stakeholder Advisory Group - Local engagement - Stakeholder reference groups - Open 'drop in' events - Website - Director meetings	- Landscape Enhancement Initiative launched - Liaising with Scottish TOs to ensure benefits of allowance are maximised - Technical engagement commenced - Progression of schemes

Improving how we engage with stakeholders through partnerships and collaboration. Last year we mentioned that we would be focusing more on how we collaborate and share best practice throughout 2016/17 as it was an area of improvement for us. We recognise that there's a lot that we can learn from what other organisations have done, which will ultimately help us to deliver a better service for our stakeholders. We also know that we can benefit others by sharing our knowledge and learning in areas where we have more experience. So, over the last year we have:

- Held bi-monthly meetings with the Scottish Transmission Owners to look at how we can work better together, including the way in which we carry out our stakeholder engagement activities;
- Collaborated with UKPN to improve our approach to planning and to find a way to do more joint planning. We have held joint workshops and established a steering group together to improve the delivery of capital projects;
- Attended workshops run by Western Power Distribution to learn about how they engage stakeholders; and
- Hosted a visit from the Eirgrid Board to discuss our experience across a range of issues including SO/TO separation, investment planning and engagement on new infrastructure.

Design the process and engage (continued)

Engaging with a broad range of stakeholders

Over the last 12 months we have continued to engage with a broad range of stakeholders across various projects and topic areas, delivering many positive outcomes. The table below provides examples of this engagement, demonstrating the breadth of our engagement this year.

Total number of stakeholder groups engaged: 110, generating 158 outcomes

Activity	Stakeholders engaged	Actions/ Outcomes
Community engagement for noise mitigation	UK public, Local communities and their representatives	1. Schemes developed to reduce noise levels 2. Landscaping schemes in place to reduce visual impact
Get Skilled	Young people who are not in Employment, Education or Training	1. 136 young people have gone on to positive destinations e.g. apprenticeships, reducing the numbers of young people who are not in employment, education or training in areas of high need 2. Saved the UK £2.5 million in 2016/17
EmployAbility – Let's work together	Young people with learning disabilities, Academics, Business	1. Five new schemes launched in the UK 2. Centre of excellence established
Innovating for the industry at Deeside	Energy Industry, Customers, Academics	1. 40 project ideas generated 2. Input into the technical specification and design of the facility
Community Grants	Local communities and their representatives, UK Public	1. Covered play area for Broughton primary school 2. Redevelopment of Rosehill theatre 3. Installation of a water pipe to provide water to the scout camp at Caeau Tyn Talwrn
Building Highbury substation	Local communities and their representatives, Political, Supply chain	1. Residential and commercial developments accommodated onsite 2. Heat generated will provide 100% of the heating for the proposed residential development 3. Surplus free heat delivered to a nearby primary school for five years
Low Carbon Networks Innovation Conference	Energy Industry, Distribution Network Operators, Innovators, Academics, Media	1. Workshops to share innovation updates and seek stakeholder feedback 2. Feedback received from six working groups – a total of 60 attendees 3. Action plan created to implement best practice into future innovation projects
Women in Engineering Days	Future Engineers	1. Events held with leaders and students at two leading universities 2. Two placement students in 2016/17 3. Positive feedback on inspiring careers in engineering
Electricity Seminars	Customers, Industry bodies, Energy Industry, Regulator, Political UK	1. 190 attendees received updates from National Grid and the Scottish Transmission Owners 2. Excellent feedback received (NPS score of 54) 3. Stakeholder feedback on connections process fed into ongoing improvement project
North Wales Connections	Communities and their representatives, UK Public, Campaign Groups, Political, Regulatory, NGOs, Business, Stakeholders' representatives, Environment	1. Reached a wider demographic than previous consultations due to new approaches to engagement 2. Positive stakeholder feedback on use of 3D modelling and visualisation techniques 3. Wellbeing workshop introduced
North West Coast Connections	Communities and their representatives, UK Public, Campaign Groups, Political, Regulatory, NGOs, Business, Stakeholders' representatives, Environment	1. Undergrounding 23km of cable as a result of engagement, 21km more than planned 2. Working alongside Electricity North West to maximise a positive output for the community 3. Detailed proposals, which include extensive measures to reduce the impact of the connection on the Cumbrian landscape, while balancing the impact on customer bills
Visual Impact Provision	Communities and their representatives, UK Public, Campaign Groups, Political, Regulatory, NGOs, Stakeholders' representatives, Environment	1. Landscape Enhancement Initiative formally launched in May 2016 2. Project and decisions continue to be driven by stakeholders
Supporting the Port of Tyne to manufacture wind turbine jackets	Political, Business	1. Cost of solution reduced to £240,000 from £1 million 2. Stakeholder was able to make a successful bid for a contract to keep their yard open
Spoil re-use	Non-Government organisations, Supply Chain, Political – UK, Environment	1. Partnerships developed to enable spoil from projects to be used sustainably 2. Framework introduced and shared with supply chain
Natural Capital	Environment, Non-Government organisations, UK Public	1. Natural resources enhanced at three sites in collaboration with community groups and environmental bodies 2. £26,000 funding to proactively manage two sites will deliver long term savings versus reactive site management 3. Embedding sustainability into our decision making by engaging future leaders at the start of their career
Big Bang Science and Engineering Fair	Young People, Academics, Future Engineers, UK Public, Media	1. 80,000 attendees at the fair which promotes STEM subjects and careers 2. Stand with teach-ins, immersive headsets to view a substation and thermal imaging demonstrations 3. Promotion of apprenticeships and training schemes
Glasgow Science Centre	UK Public, Schools	1. Exhibition partner in Powering the Future, participation in the Future Energy Strategy debate
HS2	Infrastructure, Supply Chain	1. Developed highly collaborative relationship with HS2 including leading on third party engagement in the bill process in relation to National Grid works 2. Overhead line diversion route amended following stakeholder feedback – improving visual impact and reducing cost 3. Secured £54 million saving on overhead line diversions identified through collaboration, with further potential multi-million pound savings identified on HS2 infrastructure

Act, review, report

“The organisation demonstrates solid practices to monitor and evaluate individual engagements, as well as embedding learnings and striving for continuous improvement. These have also improved and been further developed over the last 12 months”
AA1000SES Health-check, 2017

Acting on feedback

Obtaining feedback is only valuable if you act on it. It helps us establish if we are delivering what our stakeholders need, and to the standard they expect. It also informs our future strategy so we can make better business decisions. This year we have broadened our processes for gaining insights from our stakeholders, including the introduction of immersion events, the Net Promoter System, monthly director meetings with key stakeholders, and improvements to our Stakeholder Advisory Panel and satisfaction

Immersion is about bringing our stakeholders' voice and emotions directly into our organisation so that we can relate better to their experiences and needs. It's an ideal way for us to listen to their concerns, speak their language, understand their needs and act in their interests.

The Net Promoter System provides us with a measure of our performance through the eyes of our stakeholders and customers. Using one consistent question allows us to plan and act effectively, based on how our stakeholders are feeling, and establish accountability for their experience.

Last year we mentioned that we had improved how we survey our stakeholders, moving to a trigger-based approach to conduct surveys in a timely manner and improving how we act on this feedback.

As a result of these changes, we have seen the following improvements over the last year:

- The response rate has improved from 17% to 24%;
- More timely feedback coming into the business has increased its value, improving the action plans that result from the feedback received; and
- The overall stakeholder satisfaction score has increased to 7.7 out of 10.

“The personal relationship we have with National Grid has been very good for this process and that is a very positive factor. They are very efficient with this survey”
Andrew Blumfield – GBSL

Having processes in place to bring feedback from stakeholders into the business is just one part of the equation; we recognise the importance of then acting on the feedback we receive. Below, we've listed just a few examples of how we have acted on such feedback.



Immersion event, November 2016

How we have acted on stakeholder feedback in 2016/17:

What our stakeholders said...

You frustrate me and waste my time

You don't address my needs

You are slow and inflexible

You don't keep me updated

Your website continues to be difficult to navigate, it's impossible to find the information required

It takes too long to get the right costs and information out of National Grid; there is a lack of progress reporting

There is inconsistency in how things are approached by National Grid across the UK, especially with Statement of Works

We take too long to make decisions

We want proper visualisations to help us see the impact of major projects

What we have done...

We have launched a programme to transform their experience, sponsored by Nicola Shaw, Executive Director, UK.

As a result, we have so far implemented immersion events to understand the frustrations we cause our customers and stakeholders and are moving the business to be focused around customer journeys. In February 2017 we successfully trialled a connections offer in a week as a direct result of this programme, it traditionally takes much longer.

We're re-designing the website to make sure it's more user-friendly and features better navigation.

We are now providing visibility of the progress of costs within the construction phase and producing customer focused project performance reports highlighting early warnings on cost and schedule delays.

We are working with the ENA interface group to improve the Statement of Works process. This is a process that assesses the likely impact, on the transmission system, of a new connection at distribution level.

We are working to increase the speed of our connections offers using customer journey mapping and rapid improvement events.

We introduced a 3D drive through and provided photo montages to help demonstrate the potential visual impact of our schemes.

Our performance this year

Our performance results 2016/17

Throughout 2016/17, we surveyed individual stakeholders who we've engaged with in that time across various topics, activities and projects. Our independent specialist survey company spoke to more than 250 customers and stakeholders, giving us valuable information about our strengths and opportunities to improve.

Our stakeholders scored us 7.7 out of 10 for overall satisfaction, demonstrating an increase on last year.

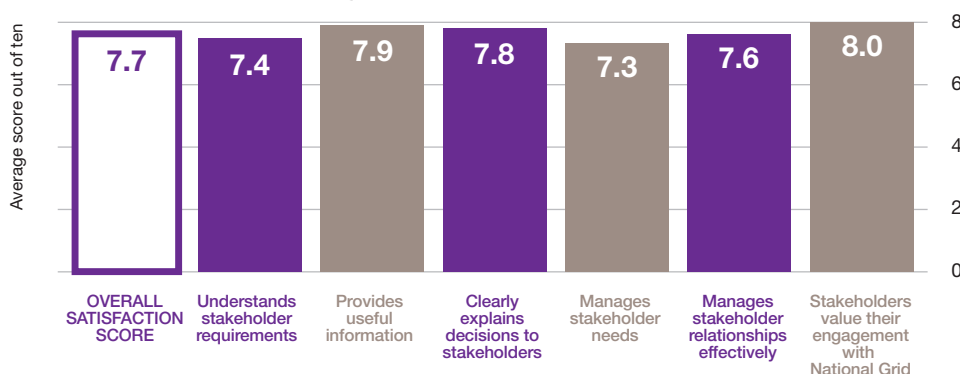
We are now working with the relevant teams across Electricity Transmission to turn feedback into action so we can improve.

Here are some examples of what we were told by the stakeholders surveyed:

"They involved my organisation at all appropriate stages and when asked to amend certain aspects, they were willing to do that promptly and kept me well informed"

"They actually listened to our advice and changed part of the route in line with one of our concerns"

Stakeholder satisfaction survey



"They could have taken on board more of the concerns that were raised"

"What I said was taken into account, you can't ask for more than that"

"They have clearly put a lot of investment and taken the stakeholder engagement process seriously"

"They were extremely thorough with how they engaged"

"I have never had to struggle to find someone to talk to"

"Their engagement was good but the outcome was not"

As you can see from these examples, we aren't consistent across the board. We do recognise this and continue to work to improve this across our business.

Our Stakeholder Advisory Panel

Last year we outlined our planned change of approach for our Stakeholder Advisory Panel. Our aim was to maximise their input and how they shape our business decisions so that the panel can influence our approach to engagement right from the outset. This approach also provides us with more rigour, helping make sure we are delivering what our stakeholders want.

As a result of this change, over the last year the panel helped shape and influence our business and business practices, resulting in 28 actions and 19 business outcomes.

"This year has seen continuing progress in National Grid's stakeholder relations. The panel has enjoyed a robust relationship with the company. Their representatives have shown a depth of openness in describing overall strategy and willingness to seriously

consider our criticism and suggestions for improvement" **Lord O'Neill, Panel Chair**

For the first year we included our advisory panel in the stakeholder satisfaction survey, achieving a score of 7.8 out of 10 for overall satisfaction. Comments included:

"There are no major problems, usually they are very communicative. They are generally quite proactive in trying to seek out our views and trying to nurture that contact"

"National Grid work hard to involve and find opportunity for us. They are very open to challenge about how they engage with stakeholders"

"They are very open about reasons and involve us where appropriate in helping to shape future decisions"

Next steps for working with stakeholders...

The external world is changing, and we need to change with it. We are in a transitional phase as we adapt to be an independent TO. This will require us to engage more with stakeholders as this has traditionally been more of a focus for the System Operator.

Therefore, over the next year we will pick up more of the engagement activity than we have done previously. We will be ramping up the engagement that we do now, taking on more and introducing new processes for capturing feedback from our stakeholders, making sure we act on their views. We will be making sure that stakeholders are firmly at the centre of our business planning.

part 2

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Introduction

Stakeholder engagement is central to our organisation. The position we hold in the industry means it is crucial that our business is shaped by our stakeholders for the benefit of all, be it customers, stakeholders or consumers.

Many of my highlights this year have involved meeting our stakeholders and listening to their views – how our business needs to change; the experience we give them; and the importance of collaborating with them for the benefit of the industry.

This year, examples of how I have got closer to our stakeholders include project visits and immersion events. This has been invaluable to me in aligning the business strategy to what we must deliver.

Over the past year, we've worked hard to make sure we understand what our stakeholders' priorities are for us. These priorities have formed the foundations for our engagement programme this year. You can

read more about the focus areas for our engagement in 2016/17 on page four.

We have structured the remainder of this submission around these focus areas, providing case studies that demonstrate the great engagement we've done for the priorities our stakeholders have told us are most important to them and the measurable outputs this has produced. We don't specifically focus on examples of engagement that meet the top priority – energy security – as this is the foundation of all that we do. Crucially, it's at the heart of all our engagement activities. The fourth priority 'lead the debate' has traditionally been an area we would contribute to and not lead on. In the future the TO will be taking on a more active role. This coming year, we will



be working to better understand the role we can play.

We aspire to exceed the expectations of everyone who works with us, are interested in us or are affected by our business activities. I hope you will see the progress we are making to achieve this throughout the remainder of this submission.

David Wright

Director of Electricity Transmission and National Grid Electricity Transmission Board Member

Cost benefit summary table

We have identified 158 outcomes from our engagement in 2016/17 that bring benefits to one or more of our stakeholder groups. Below is a summary of this from our main examples this year, which can be found on pages 13 to 19.

* Net Promoter System

Engagement	Cost	Key outcomes/ benefits			
		Satisfaction	Financial	Environment	Other
North Wales Connection		6.4	~£100k saved	Preservation of the natural beauty of the area	
North West Coast Connection		8.9		21km of additional cable undergrounded	
Port of Tyne	Negligible	"fantastic job in answering all questions and gave great confidence with their knowledge and expertise"	£760k saved		Secured investment in North East England
Customer Immersion	Negligible	NPS* 10/10 (up from 5/10)			Process reduced by 85 days at trial. Working to speed up the process for all businesses that want to connect
Deeside Innovation Centre	£25m (£450k to date)		£18.5m savings over 30 years from our first innovation project	Exploring the possibility of using alternative gas mixtures in existing equipment	Delivering innovations faster
Highbury Substation	£13k			Re-using low carbon heat	Community benefit through affordable housing and increased security
Ealing Substation	£21k			Solution to noise issue was shaped by local community	Trusted relationship with local community
Natural Capital	26k investment this year	"We are very happy to be working in partnership with National Grid"	£22k saved per annum for the next 5 years	Enhancing the environment	Creating both business and societal value
Spoil Management	Negligible		£5k saved through an agreement to supply 10 tonnes of topsoil from the North Sea Link to the Land Trust in Northumberland	Enhancing ecosystems and biodiversity	Streamlined external stakeholder engagement offering free resources, cost and carbon savings
EmployAbility – Let's work together	£10k per annum	"I have never seen anything that transforms people so quickly – it is life changing"	Saving the UK £1million per successful paid employment outcome (£2m last year in ET)		60% success rate in gaining employment
Get Skilled	£250k	"National Grid is to be congratulated for pioneering GetSkilled"	Saving the UK £2.5 million in 2016/17		The latest pilot shows more than 85% of NEETs achieving positive destinations
HS2	Negligible	NPS 9/10 "The experience of working with National Grid has been exemplary"	Secured savings of £54 million; identified opportunities to make further multi-million pound savings on HS2 infrastructure	Working with stakeholders to minimise the visual impact of the overhead line diversion route in the Colne Valley Regional Park	

What has happened since last year

Feedback on our submission last year asked us to focus less on engagement examples from the System Operator (SO). We've responded to that by only focusing on TO examples this year. However, for completeness, we've described below what the SO has done to meet the promises we described in our previous submission.

	What it is	What we committed to	How we delivered this	What we did above this
Future Energy Scenarios (FES)	Our FES publication presents credible future scenarios. The stakeholder engagement for this is considered best practice within the industry	Continue to build on and share best practice Continue to review and evolve our scenarios each year, incorporating feedback from our stakeholders	- Recognised as a world leader with a visit from the South Korean System Operator (KPX) who sought to learn from our engagement - The Welsh Government's energy team came to learn how we develop our Scenarios and the stakeholder engagement that goes into the process	- Increased engagement to cover 391 organisations - Added a further workshop in Wales as a result of stakeholder feedback - Using our best practice to shape our enduring Electricity Transmission engagement programme
Power Responsive	A collaborative programme to engage non-traditional flexibility providers (Demand Side Response (DSR), Distributed Generation and Storage) promoting participation in GB electricity markets	Last year we committed to widen the scope of our work beyond DSR and to work with stakeholders on practical steps within their own sectors	- Extended scope to include storage providers, including engaging with trade associations to ensure Steering Group representation - Sector specific workshops with the National Health Service and Scottish businesses	- Doubled engagement reach to more than 2,200 stakeholders - Social media monthly reach is consistently over 1,500 - Established quarterly working groups for DSR and storage with combined attendance of around 160. We're using this valuable platform to bring stakeholder views back into our business and inform wider business initiatives - Communications Award winner at the 2016 Energy Institute Awards
System Operability Framework (SOF)	The framework provides an overview of future operability challenges that the System Operator could face with the changing energy landscape	Continue the collaborative industry approach, build on the popularity of our webinars and make sure messages are accessible to a non-technical audience	379 people joined the extended webinar programme – an 84% increase in engagement - Positive feedback on messaging "Compared to last year, I found the report much easier to digest" Business Analyst, SSE	70 attendees across a spectrum of industry joined the launch event – with 96% positive feedback - Contributions from two DNOs included in the document (UKPN and WPD)
Embedded Generation	Generation connected to the distribution network posed connection challenges requiring us to develop new solutions	Build on our tailored engagement and focus on greater transparency so connections can go to plan without additional costs for the consumer	- Introduction of a whole system planning approach - Engaged with DNOs via industry forum	Piloting two regional programmes to co-design solutions with UKPN and WPD – findings from the trials will be used to optimise capacity for those connecting to the network
Carbon Interface Tool	Award-winning tool developed to help us and our suppliers reduce their environmental impact	Continue to work with more suppliers to reduce carbon and costs	Included carbon as a weighting in eight tender events. This involved training each bidder in the use of our carbon interface tool	We have run over 20 online training courses with our contractors



The Power Responsive campaign has a clear purpose in line with the business. The campaign provides a good opportunity for National Grid to take a leading role within the industry”
AA1000SES Health-check, 2017

Stakeholder priority: Minimising impact on communities

Objective of engagement: When we develop major new infrastructure, we strive to engage positively with the communities affected. We involve them in the work we do, listening to their concerns, taking their views into account, and responding to them as part of the way we work.

Every year we have new challenges with these projects, which require new ways of thinking and new styles of engagement with stakeholders. We continue to learn from each of these engagements and embed that learning across the business. Here, we've highlighted some examples of our approach over the past year, starting with North Wales.

North Wales

Our North Wales Connection project is about connecting a new 2.8GW nuclear power station in Anglesey and two wind farms to the electricity network. This was a sensitive proposal, as the work would involve crossing the Menai Strait, and finding a solution that had the least possible impact on local communities, tourist sites and heritage locations.

Our approach for this project involved effective project management, particularly learning from the initial stages of the consultation and putting in place a plan that would achieve better outcomes – saving money, establishing more targeted engagement activities, and tailoring the use of our resources so they would better deliver the things our stakeholders wanted from us.

For example, a priority for our stakeholders was to know what the connection would look like. We made this a central part of our ten-week programme of engagement with the communities that would be affected by the proposed work, providing resources that included a virtual reality headset for a 'drive-through' of the route, 3D modelling that showed people a 360 degree post-construction view from their postcode – and allowed them to take printed copies home for those unable to attend. All this was made available at events arranged at village halls, supermarkets, tourism parks, leisure centres and work places. An interactive project map on the projects' website includes the proposed location of the pylons, a drive-through of the route and virtual tours. It also shows the type of stakeholder feedback we've received about specific points of the route and our response.

We sent bilingual newsletters to households and businesses inside the consultation zone agreed with the local authority, briefed local MPs, Assembly Members and local authorities, providing information and encouraging participation in the consultation.

For the first time we ran wellbeing workshops for local stakeholder groups to address physical and mental health. We connected with local organisations that represent the public to understand and respond to issues and concerns, such as noise impact and electromagnetic fields.

We learnt much from our approach, which we've incorporated into our process and shared with teams within National Grid to help them better understand the stakeholder issues we managed, the questions we answered, and our approach to achieve the best outcome for stakeholders. We have also shared our approach to major project engagement with other Transmission Owners (TOs), through our regular working together meetings, and with our independent Stakeholder Advisory Panel for their feedback.

Outcomes:

- Through effective project management we saved in the region of £100,000 compared to the first phase of this consultation. In our original approach we held events only in village halls, requiring significant resource and cost. We found that not enough people were turning up to justify the cost and we were only getting a certain demographic, we were keen to engage beyond this. This year, following discussions with the council, we held six village hall events in each section of the route, plus 13 further forms of engagement such as vehicle events, where we approached our stakeholders directly rather than expecting them to come to us, requiring much less resource and engaging with people going about their everyday activities so we could reach different demographics.
- We received around 1,800 pieces of feedback, with a key theme being preservation of the natural beauty of the area around the Menai Strait. The proposed cable tunnel will keep our permanent equipment outside the Area of Outstanding Natural Beauty around the coast of Anglesey.
- We held 19 events reaching 418 people, broadening the scope of engagement and the demographic reach compared to previous consultations.

1,800
we received around 1,800 pieces
of feedback



19
events held



418
people reached



North West Coast

Through our North West Coast Connection project, we're seeking to connect Moorside, the new nuclear power station NuGen is proposing to build near Sellafield in West Cumbria, to the electricity network. This is another sensitive project, as the plans affect the Lake District National Park and other treasured landscapes.

We held extensive discussions with stakeholders, involving some of our most senior leaders. These included David Wright, Director of Electricity Transmission, who met senior stakeholders from the National Park, National Trust and the CEO of NuGen in the Lake District in June 2016 to discuss the project, listen to views and work to build trust.

Through our engagement activities, we learnt that people felt the cost to consumers of undergrounding was justified by the weight of opinion in favour of preserving the environment.

Outcome: listening to the views of our stakeholders, we changed our plans for this project, which now propose putting 23km of the route – the whole of the Lake District National Park – underground, instead of the proposed 2km.

23km

routed underground in response to feedback

8,000

over 8,000 responses to our 2016/17 consultation

We received positive feedback from stakeholders we engaged with for these projects when they were independently surveyed about their experience. Here are a few example quotes:

"They actually listened to our advice and changed part of the route in line with one of our concerns"

"They very thoroughly undertook proper visualisations where they made photo montages to help demonstrate the potential visual impact of the scheme"

"They were very good at going out into the community, putting on exhibitions and providing lots of staff to talk to people and answer their questions"



Sharing best practice

As we've described, we shared our approach to these consultations with the Scottish Transmission Owners this year. Here are some further examples of how we've shared best practice.

- We described our approach to Visual Impact Provision and how we gave the advisory group full decision making powers on schemes at an international CIGRE (the Council on Large Electric Systems) conference in Paris in August 2016. Members of CIGRE were astonished at how much decision-making power we had handed to our stakeholders.
- We've shared our approach to Natural Capital with HS2, Severn Trent, Network Rail, the Institute of Asset Management and the Environment Agency. We developed a short animation that illustrates our journey to develop a natural capital valuation tool and how we are embedding natural capital thinking into our business decision making. This has been published on the Natural Capital Coalition Website. Our approach was recognised at the BITC Responsible Business Awards 2016, in which we were finalists (see page 18).
- As a result of sharing our EmployAbility – Let's work together programme, five organisations have now started their own programmes (see page 19).
- We have been asked to support HS2 in developing best-practice in safety, environmental management and consents though continued collaborative working (see page 20).
- Our introduction of a new 'immersion' engagement tool has resulted in changes to a number of important processes in our business. We have shared our thinking, the process used in trials, and the concept of our approach with the Distribution Networks at a workshop, which considered options for further improvements (see page 15).
- We also continue to share best practice on different forms of engagement with a variety of organisations (see page 20).



Stakeholder priority: Be cost effective for consumers and create value for money

Lifting barriers to boost the local economy

Objective of engagement: Meet the needs of stakeholders to solve an issue that could prevent millions of pounds of investment and job creation

When Offshore Group Newcastle (OGN) wanted to bid for their site to be used for the manufacture of wind turbine jackets by Smulders, there was a significant barrier to the potential deal – our overhead line spanning the River Tyne was too low to accommodate the jackets, which needed to be shipped vertically.

The bid would create hundreds of local jobs if successful, and secure an investment of around £50 million in North East England. Smulders would have taken the work to Belgium if the wind turbine jackets couldn't be shipped from Tyneside.

When Port of Tyne contacted us about the problem we assessed the work needed. Based on traditional solutions, this would have seen costs upwards of £1million and a significant amount of time to complete, including seeking new planning permission. This didn't fit with OGN's timescales, and we were also concerned about the significant costs, which would ultimately be borne by consumers. Taking out a single circuit for a lengthy period would also have wider implications for security of supply.

So, we looked at all parties' requirements, balancing the need to secure the investment against our duty to minimise the cost to end consumers. While we considered options, we liaised extensively with the Port of Tyne Authority, OGN, Smulders, and the offshore wind team at the Department of International Trade. One of our senior managers led these discussions, while our working teams explored potential options.

Working to a tight deadline, we found a solution involving a new design for the line's insulators, helping us to lift the line and provide the required headroom – something we have never done before.

85%
Innovative solution led to cost savings of more than 85%

Outcome: Developing this innovative solution reduced the cost to around £240,000 – a far more acceptable result for end consumers. And finding the solution in time meant OGN were able to make a successful bid for the wind turbine jacket contract and keep their yard open. Had we not found an innovative solution, one of these parties would have had a far-from-ideal outcome.

Engaging through Immersion

Objective of engagement: We brought together 13 distribution business customers and Network Rail for a day to listen to their views about us and to find out how we make them feel

Learning from best practice at E.ON Energy we have introduced 'immersion' to make sure stakeholders are at the forefront of our thinking and at the heart of every business decision. Immersing ourselves in what our customers and stakeholders think about us and the emotion attached to this will become an important part of our engagement approach, and we have seen huge success in its early days.

“As part of the Customer and Stakeholder Transformation Plan, the organisation introduced new customer-focused trainings, such as the immersion training package. This will support teams to bring the core of the customer and stakeholder into the business” **AA1000SES Health-check, 2017**

Outcomes:

- The journey mapping approach we've introduced across our business is a direct result of our immersion events. And it's already changing the way we make decisions. For example, for well over a decade we have spent 90 days on our offer process, when customers apply to connect, which is in line with our licence obligation. But our new ways of working, stemming from our engagement events, led us to establish a cross-business team from ETO and the SO with a stretching challenge. The aim was to find a way to cut this time to just five days. The initial trial resulting from this work was successful and we will be embedding this journeys approach into the way we do business.
- Following the initial immersion session we ran further workshops with the same stakeholders, so we could talk to them about what we had done in response to their initial views and input. We also wanted to work with them to consider options to completely re-design the process, involving them from the start by sharing early concepts to see if they would meet their needs. We're now going to use what we learnt from these workshops to develop a change plan.
- We also shared, in these workshops, as potential best practice, the process we used for our trial and the concept of our approach to improve the offer part of our connections process.

Stakeholder priority: Innovate to reduce costs

This page provides just a sample of the work we are doing on innovation. Our goal is to be an industry leader in innovative technologies, processes and solutions for electricity transmission networks. We will achieve

this by continuing to embed these good practices and actively driving innovation to create value for consumers, customers and stakeholders in a changing world.

Deeside

We are transforming our Deeside substation to create a facility where network assets can be tested off-grid. It will be the first such facility in Europe. National Grid, our customers, suppliers and wider stakeholders will all benefit from being able to reduce the time to market and accelerate the introduction of innovations, which will generate value for consumers.

We have engaged with a variety of project partners on initial projects at Deeside, including some of the DNOs, industry and academic bodies. We have also established a Technical Advisory Board that includes representatives from all the TOs and DNOs, the Welsh Assembly Government and academia.

Outcomes:

- We generated over 40 project ideas;
- We gained valuable input into the facility design;
- A side project was initiated with Cardiff and Manchester Universities to develop a detailed design for the overhead line testing facility at Deeside.

Cable-sealing ends



**£18.5m benefit
to consumers**

The first project that has come through Deeside relates to a particular type of cable-sealing end (these connect underground cables to overhead lines and substations). A problem was detected by SP Energy Networks with this type of cable sealing end, which has led to a number of assets failing on their network. As a result, the wider industry has had to continuously monitor these assets ahead of their end of life in case of further failures. We have engaged with SP Energy Networks, the manufacturer of the insulation, the University of Manchester and 3M to develop a programme of work to try and understand why they fail, how we can detect they are failing and how we stop this happening. We instigated this work and we are driving it to solution. We have run a number of successful tests and we anticipate the project will bring a consumer benefit of approximately £18.5 million, gained from avoiding system failures and replacement schemes.

Outcomes:

- Development of joint innovation programme;
- £18.5 million consumer benefit

Strategic partnerships



We have developed strategic partnerships with industry and academia. For example, we signed a Memorandum of Understanding with 3M to express our mutual commitment to support innovation and increased collaboration. This is the first time we have signed such an agreement with a stakeholder.

Outcomes:

- Generation of ideas for innovation projects;
- Delivering innovations faster than we have been able to do traditionally;
- Delivery of consumer benefits from the outputs, such as significant environmental improvements through exploring the possibility of using alternative gas mixtures in existing equipment;
- Taking the learning from technological developments in other industries.



Innovation days

We engaged with companies such as IBM, to work collaboratively and come up with useful ideas that can benefit National Grid and the industry. We worked with groups through a “dragons den” approach to develop and present ideas around how IBM’s technology could be applied in the power industry.

Outcomes:

Several ideas were taken forward to be worked up into useful innovations, for example:

- A smart hard hat that provides a signal to the wearer when they enter a hazard zone;
- Cognitive learning technology known as ‘Watson’ is being developed so that field staff can record data and learn from others’ experiences in order to get quick answers to asset health based questions.

Stakeholder priority: Minimising our impact on the environment



The project provided me with a far greater understanding of sustainability and a fantastic opportunity to take ownership of a valuable piece of work, allowing me to develop my engagement with stakeholders” **Ian Stewart, ET Graduate (Natural Capital)**

Highbury Substation

Objective of engagement: Get permission to build the first new substation in Central London for over 30 years, while meeting local stakeholder requirements

The proposal to build a new electricity substation was not welcomed by the local community who campaigned against it. The Council also continually challenged the proposal, seeking to amend local planning policy so the development would not be permitted. To overcome these challenges we engaged with the local authority and local community to understand their needs and consequently we initiated a research and development programme to find a solution while working with community leaders.

This approach led to a successful outcome at the planning committee, and backing from the Planning Inspectorate. In early 2017 development started on the residential and retail units, which is set to complete in 2019. Through the application of engineering excellence, incorporation of new technologies and collaborative working we will deliver a scheme that enhances the local area, achieves excellence in design and incorporates the needs of local stakeholders.

Outcomes: The consented scheme will deliver a unique design that provides community benefit through:

- Provision of 44 residential units, 50% of which will be affordable housing;
- Re-using low carbon heat to provide 100% of the heating for the proposed residential development, helping the local authority meet their sustainability ambition;
- Distributing surplus heat free to the nearby primary school for five years;
- Delivery of four new retail units, creating an active shop frontage where previously there were redundant and derelict buildings – improving the street’s environment and security; and
- Working with the Council, local community and school children to design the boundary wall to provide a heritage feature.



Provision of
44
residential
units, 50%
of which will
be affordable
housing

Ealing Substation



Objective of engagement: Community engagement to agree a scheme to further reduce the noise from operational equipment at Ealing substation

Following complaints about the level of noise at our Ealing substation we decided to build a wall – a solution that had been requested by stakeholders, and which had the support of the local authority.

Despite this support and no need for planning permission, we decided that engaging with the community was the right thing to do, because of the potential sensitivities involved. Through stakeholder mapping, we determined which residential areas, businesses and other stakeholders might have an interest in the proposals.

We identified community representatives and invited members of Ealing Council, as well as the local MP to public information sessions in November 2016, which we advertised locally. At the sessions, we presented options to improve the visual impact of the wall, providing a ‘walk-through’ for visitors – artist’s impressions of the options, a scale model, information boards and questionnaires to seek community feedback. Most residents spent a significant amount of time talking to one or more of our team members.

Outcome:

- Engagement with the community, including residents and councillors shaped the final solution to reduce visual impact.



We are keen to explore opportunities to work with National Grid in a mutually beneficial partnership to reuse waste to the benefit of flood risk management and habitat management” **Natural Resource Wales**

Spoil management

Objective: Boost sustainability by partnering with stakeholders who may benefit from materials we no longer require

Many of our projects can produce significant volumes of spoil (e.g. excavated soil and rock). We recognised that this material has the potential to be used in positive ways with benefits for the environment and local communities. However, nothing was in place to manage this. So, we engaged with stakeholder groups via meetings, presentations and workshops enabling partnerships with key bodies including the Environment Agency and Wildlife Trusts to work together and develop a framework for the management of spoil.

Outcomes:

- The reuse of surplus material can enhance ecosystems and biodiversity. It offers partners free resources, potentially reducing costs and offering carbon savings;
- Formal process introduced and shared with our contractor resource group so benefits are incorporated into our projects;
- This approach is being embedded throughout the business and the framework is being used for the North Wales connection, looking for positive means to re-use the spoil that the tunnel excavation will produce. Engagement has been with the Welsh Government, North Wales Local Authorities, Natural Resources Wales and the local environmental stakeholders.

Natural Capital

Objective: Collaborate with stakeholders to make a positive social and environmental impact

We recognised that we could do more to make a positive impact on the land around our operations, so we challenged our 2016/17 graduate intake to bring a fresh perspective and develop sustainable site management plans for the land around three operational sites. Project management, mentoring and “Dragons Den” funding pitches to senior leaders were all part of the programme, alongside a strong emphasis on stakeholder engagement.

Examples of this include our Elstree and Kirkstall substations. Partnering with The Conservation Volunteers (TCV) and Yorkshire Wildlife Trust respectively, we identified shared objectives around improving the local environment and reinvigorating community engagement.

At Elstree the land was subject to anti-social behaviour such as fly tipping and illegal grazing, which put the local community off using the public path and space. At Kirkstall the project aimed to instil a sense of local ownership of the nature reserve located on a former power station site, with local volunteers and employees working together and gaining new skills.

In both cases, we developed plans through site visits, workshops and working with other community stakeholders such as local councils and schools.

Outcomes:

- Enhanced educational and wellbeing aspects of sites, with new signage and a sensory garden at Kirkstall to provide benefits for those with stress, anxiety or special educational needs. At Elstree we met TCV’s objectives by enhancing the environment and providing volunteering opportunities that improve wellbeing through physical activity and immersion in the natural surroundings;
- Environmental improvements, including removing invasive species and enhancing biodiversity;
- Encouraging sustainable thinking in our future leaders, along with developing stakeholder and project management skills;
- Our new approach to managing sites will also deliver cost benefits: for these two sites managing the land has historically cost around £46K a year. We expect this to reduce to around £24K;
- Through investing in natural capital, we are creating both business and societal value – every £1 invested in the management of the natural environment has generated around £6 of natural capital value for our business and our communities.
- By introducing the concept of sustainability to our graduates at the start of their careers, we will permeate the organisation with future leaders who can embed sustainability into our decision-making, integrating it into our processes so that we make the right decisions for our stakeholders.

Next steps:

- Our environmental sustainability strategy sets out our priorities for acting sustainably and creates a framework for embedding this culture within our business. This stakeholder led approach to sustainable land management will be embedded into the way we operate as a business across the National Grid Group.
- Sustainable site plans will be rolled out across 50 sites by 2020.

£22k

New approach will deliver cost savings of around £22k per year

Improving skills and opportunities for young people

“The company's approach ensures that we are building a workforce that meets the needs of our business, reflects the communities where we work and also helps to create a fairer and more inclusive society where everyone can reach their full potential” **John Pettigrew, National Grid Chief Executive**

Building an inclusive and diverse workforce across England and Wales

Objective of engagement: Change lives and inspire other businesses to set up EmployAbility – Let's work together schemes, thereby changing hundreds of lives

EmployAbility – Let's work together is a supported internship programme for young people aged 17–25 with learning disabilities that National Grid set up in partnership with Round Oak Special School in 2013. The interns do work experience placements in our offices for an academic year with the support of job coaches.

This year Electricity Transmission has welcomed two students to complete placements within our Asset Management and Capital Delivery teams. This builds on the success of two students who completed placements within Electricity Transmission the previous year and have gone on to become valued employees.

Recognising the potential of this programme to change hundreds more lives, we have engaged extensively to champion the benefits of the model and share best practice externally. We have dedicated further resource to the programme this year to create a centre of excellence to share materials, provide advice and host hands-on visits, create a website and toolkits and support a programme of events. In addition, through speaking at external events – including international events, such as the 2016 HR Summit in Berlin – we have inspired others to start their own programmes.

This summer we will be bringing together other companies with EmployAbility – Let's work together schemes to share experiences and make sure the programmes continue to deliver in the best interests of the young people we support.

Employee volunteers support the programme which has also improved disability awareness and confidence within the company. The EmployAbility – Let's work together scheme is supported by the employee resource group “Enabling” which is chaired by ETO Director David Wright. The ambition of the group is to ensure that we create a truly inclusive workplace where everyone can contribute to their full potential, regardless of disability.

Outcomes:

- Studies show that students with learning disabilities, in spite of their many abilities, have only a 6% likelihood of achieving paid employment. So far we have had a 60% success rate through EmployAbility – Let's work together;
- Successful EmployAbility – Let's work together programmes were launched in September 2016, as a result of our sharing, by Severn Trent, Sheffield Teaching Hospitals NHS Foundation Trust, Yorkshire Water, AMEY and Siemens.

60%

success rate through EmployAbility – Let's work together to date

“We visited the National Grid office before setting up our scheme at Yorkshire Water. It was extremely useful to see the scheme working up close and meet some of the interns in person” **Rebecca McDonnell, Head of Talent, Yorkshire Water**

Get Skilled



136
young people
into positive
destinations



£6.8m
saved for the
UK (£2.5m
this year)

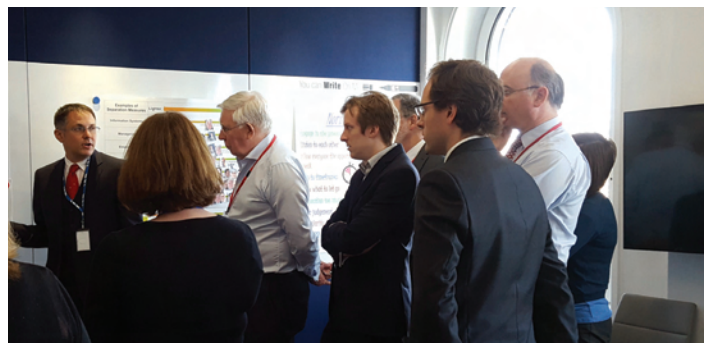
Objective of engagement: Reduce numbers of young people who are not in employment, education or training in areas of high need

Students, after assessment, follow an individual learning plan, working on skills needed for a chosen career or are supported with career guidance. Work experience placements are arranged so they experience a variety of roles. Speakers from National Grid and supporting companies (Deloitte, South West Trains,) talk of their career journeys and the students visit their sites.

Outcomes:

- To date 216 young people have joined GetSkilled;
- 136 have gone onto positive destinations e.g. apprenticeships or returned to college/training;
- Positive destinations have increased from 50% in 2014 to over 70% in 2016 in areas of highest youth unemployment in the UK;
- Through 136 successful outcomes, GetSkilled has saved the UK £6.8 million (£2.5 million this year).

Sharing with and learning from others



TOs working together

The Transmission Owners Best Practice Working Group consists of representatives of SP Energy Networks, SSEN and National Grid. The group considers all aspects of engagement where working together will lead to benefits for stakeholders; making sure engagement across the industry is coordinated and of the highest standard.

Key outcomes for 2016/17 are outlined below and summarised in more detail in our shared appendix:

- **Communications:** we have worked with the ENA to improve signposting and navigation for stakeholders seeking contact information for Transmission networks;
- **Surveys:** we shared advice on how to improve response rates with a marked improvement noted as a result of changes made;
- **Major projects:** following shared learnings on consultations, National Grid has updated its consultation policy to incorporate Priority Services Register and fuel poverty referrals into its consultation process, as well as promoting the 105 power cut telephone number;
- **Outages:** following stakeholder feedback that we need to increase the notice period for outages, we have, through joint working, changed our processes to ensure much earlier notification. In addition, we have worked together to agree an outage pattern three to six years ahead to avoid clashes and ensure outages are aligned wherever possible.

Enduring engagement programme

We're introducing a new approach to engagement across our Electricity Transmission business, with the aim of making ongoing, coordinated engagement part of our business-as-usual. Previously, we've tended to engage around triggers, such as connections to our network or regulatory events. However, we want stakeholders to constantly shape our decision-making processes, so we're setting up a series of annual and ongoing activities to bring their voice into our business. We need to base our engagement around the required outcomes for our stakeholders and ourselves, so we're using the AA1000SES framework to shape our plans. Although we're still in the early stages of this programme, this has already created a change in the way we approach our engagement. It's helping us to think about things in a more structured way, and specifically about the purpose of each engagement activity.

Stakeholder Advisory Panel

This is a group that meets regularly to provide us with insights that help us continually improve what we deliver for our stakeholders.

The panel comprises senior representatives from a broad range of National Grid Transmission's stakeholders. This year we sought the views of the panel on topics that included extending competition in electricity transmission, customer transformation, security of supply and our North West Coast connection project.

Outcomes: The panel's early input has helped us to shape our thinking, actions plans and strategies this year so they are based on the needs of our stakeholders. For example, the panel's support for an early tendering model and their insights into it, led us to encourage Ofgem to set up an Early Model Working Group, which we Chaired, under the auspices of the Energy Networks Association. Their views also shaped our winter messaging to provide consistency across the industry and they encouraged us to continually adapt and lead the debate in a fast-changing industry.

Collaboration

Last year, we highlighted the importance we place on collaborating with others and, in particular, share best practice on how we engage outside of our organisation. In 2015/16, we spoke about how we were starting to build a network both within and outside of the energy industry and both within the UK and further afield. In 2016/17, we built on this as we sought to learn and share more with third parties including:

- Holding workshops with UKPN to agree how we can improve the way we work together in the future, looking at improving joint technical planning meetings and the delivery of capital schemes.
- Working with Thames Valley Police to see what we can learn about how they measure the success of their engagement, particularly when looking to target specific stakeholder groups within the wider population.
- Collaborating with HS2, and even working within their offices. This has improved project outcomes – with considerable cost savings identified and an agile approach to the programme embedded to mitigate broader programme constraints for HS2.



The HS2 experience of working with National Grid has been exemplary. The team is highly committed and well led and as such sets the benchmark for all other Utility stakeholders”
Jim Crawford, Managing Director, HS2

