



Chapter 3 **Stakeholder engagement**

Creating a stakeholder-led plan

**Electricity
Transmission**

nationalgrid

3. Creating a stakeholder-led plan

The importance of stakeholder engagement

It is essential that we understand what our stakeholders, including household consumers, want from our business. We need to fully grasp their needs, challenges and motivations in order to build trust, deliver our services efficiently and effectively, and meet the challenge of decarbonising at the lowest cost.

We are committed at all levels of our business to working more closely with our stakeholders. We engage with them continuously on issues such as improving our customer service and reducing disruption on our construction projects.

For our T2 period business plan, we have been carrying out an extensive programme of stakeholder engagement. We are listening to what our stakeholders want in the T2 period and building our plan with them in a collaborative way.

We have interacted with our stakeholders more than 100 times, engaged with over 800 individuals from our stakeholder organisations and surveyed more than 2,000 household bill payers so far. Our goal is to deliver a truly stakeholder-led plan, as our UK Executive Director, Nicola Shaw, explains in this [video](#) on our engagement website, launched in April 2018.

We've developed an extensive approach to engagement. We have achieved this by listening to what our stakeholders want from us, and by building on the experiences of other businesses.

We spoke to regulated businesses in the airport and water sectors, who also carry out engagement processes. We used the lessons we learned to develop an enhanced engagement approach that is consistent with the principles of [the AA1000 Stakeholder Engagement Standard](#).

We have been sharing our thinking with other experts, too, for example, at [Ofgem's Consumer Voice workshop in January 2018](#) and with our independent Stakeholder Group over the course of 2018. Members of these groups have extensive experience of stakeholder engagement and have had a significant impact on shaping our programme.

This consultation is another important part of our engagement with stakeholders. We are playing back the themes we have heard from you so far, and asking for your views on where we should go next.

The three phases of turning stakeholder insight into a T2 business plan

We have split our engagement into three overlapping phases that build on each other. These are:

- i. Establish the priorities of stakeholders and consumers;
- ii. Build plans with stakeholders, our customers and consumers by priority; and
- iii. Bring together a holistic business plan with stakeholders, our customers and consumers.

You can see more detail in the diagram and descriptions below.

Figure 3.1 The three phases of our stakeholder engagement



i. Establish the priorities of stakeholders and consumers

We have been building up a picture over time of what our stakeholders' priorities are. We have achieved this by engaging regularly through our day-to-day interactions and by holding meetings, workshops, webinars and online consultations. We also surveyed more than 2,000 household bill payers across the country. This has helped us hear first-hand what their priorities are – and what they expect from us. From the feedback we have gathered, we have established three consumer priorities and eight stakeholder priorities. These are being used to shape the development of our business plan and this consultation (see the end of this chapter for the priorities).

ii. Build plans with stakeholders, our customers and consumers by priority

We are now in the process of building our plans with stakeholders and consumers. We are turning their priorities into specific areas of focus, which we'll then engage on again. This consultation is an important part of building our plans in close collaboration with our stakeholders. We are seeking your views on a proposed direction of travel for how we could meet the eight priorities. We are planning to focus on reliability, a whole energy system approach and consumer engagement next.

We have an independent Stakeholder Group in place to challenge and guide us on how to make this process as effective as possible (see below).

iii. Bring together a holistic business plan with stakeholders, our customers and consumers

There are still plenty of opportunities for stakeholders to influence our plans for the T2 period. Following this consultation, we will begin to prepare our draft proposals. As we develop our draft proposals they will be subject to robust scrutiny from our Stakeholder Group. We will publish a draft plan in the summer. We will ask for our stakeholders' view, before submitting our final RIIO-T2 plan to Ofgem in December 2019.

Once our business plan has been submitted, Ofgem intends to hold an open hearing on all network companies' plans early in 2020. The regulator will scrutinise our plan. It will make initial proposals on any changes that are needed for the T2 period in summer 2020. Final proposals will follow in December 2020.

Independent scrutiny of our engagement and business plans

Regulation for the T2 price review requires two stakeholder groups to scrutinise network companies' engagement processes – and assess whether stakeholder views have been reflected in the resulting business plans. One is a company-specific User Group. The other is the cross-sector Ofgem Challenge Group.

We established our User Group in 2018 and we were keen to include a broad range of stakeholders. We refer to this group as our Stakeholder Group. We wanted to ensure the group had a strong consumer voice and provided a cross-section of perspectives, so we'd be challenged through the process.

Since July 2018, our independent Stakeholder Group has been meeting regularly. Chaired by Trisha McAuley OBE, it is made up of people from consumer, environmental and public interest groups. Large energy users, large-scale and small-scale customers, and distribution networks are also represented.

The group carries out three main roles:

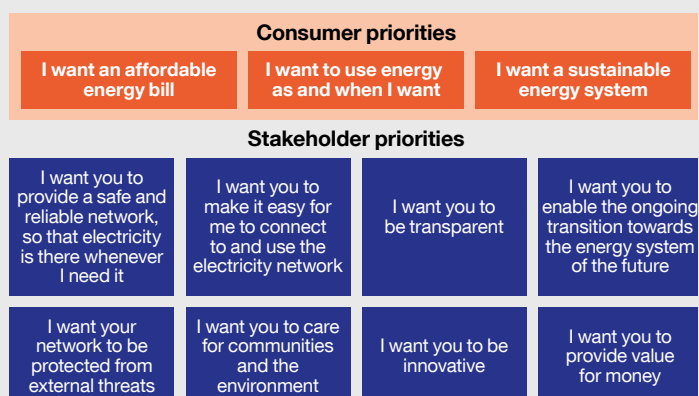
- Challenging and reviewing how we engage with stakeholders in developing our business plan.
- Scrutinising our business plan and checking that our proposals reflect what our stakeholders have told us.
- Reporting to Ofgem with its views on our business plan.

Ofgem set up an independently chaired central RIIO-T2 Challenge Group. Its role will be to challenge Ofgem and network companies. It will also provide a public report on all network companies' business plans from the perspective of energy consumers.

Our consumer and stakeholder priorities

The three consumer priorities and eight stakeholder priorities we have identified through our engagement are shown in the diagram below. Each set of priorities is consistent with the other. So by delivering on our stakeholder priorities, we should also deliver what consumers want. We will, of course, take account of both sets of priorities in developing our business plan.

Figure 3.2 Our consumers' and stakeholders' priorities



We have made two changes to the list of stakeholder priorities since our report, [How we're listening to our stakeholders](#), published in June 2018. We moved the theme of 'safety' out of the section on 'protecting the network from external threats' and into 'provide a safe and reliable network'. We did this because through conversations with our stakeholders we recognise safety and reliability fit more closely together.

We also moved the theme of being 'easy to work with' from our transparency priority into the 'connect to and use the network' section where it fits better. These changes continue to deliver all our stakeholders' priorities.

This consultation is designed around the eight stakeholder priorities in the diagram. This allows us to make sure our playback of your feedback – and our plans for how to address it – are clearly aligned with the issues that mean most to you.

How to use this document

We want your feedback

Who is this consultation aimed at?

We are interested in the views of all stakeholders who are impacted by what we do or interested in shaping the future of electricity transmission. This includes the views of all users of our network, government, regulatory bodies and energy industry professionals.

Tell us what you think

This consultation is open until 31 March 2019. You may give us feedback in the ways outlined below. We particularly seek your views in response to the specific questions we have posed. These are summarised on page 9. You may respond to all questions or just those relevant to your specific views.

Ways to feedback:

Make notes

Throughout the document, we have provided space for you to read and make notes at the start of each chapter (opposite). Use the section numbering as a way to reference accurately. You can then type up your notes and send them in an email or submit them online.



Interactive pdf notes

Alternatively, we will be sending out editable pdf versions of this document with note fields for you to type directly into.

Email

We have a dedicated email address specifically for your feedback to this document. We welcome your thoughts at: **gary.stokes@nationalgrid.com**

Alternatively, you can put your thoughts in writing and send to: **Gary Stokes, National Grid House, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA.**



Online

You can go directly to the website and submit your comments [here](#).



You can learn more about how we are working with stakeholders by visiting our [website](#). This site makes it easy to follow our progress and shows you how to get involved.



Please share
your thoughts: