



Chapter 6

Transparency

I want you to be transparent

**Electricity
Transmission**

nationalgrid

6. I want you to be transparent

What this stakeholder priority is about

Our stakeholders want us to be clear and open in how we report our financial and operational performance. We need to involve our stakeholders in the design of our reporting to make sure it's helpful for them. And we need to give them the opportunity to challenge our performance when we report it.

Our current performance on being transparent in our performance

As a publicly listed and regulated company, we're required to report large amounts of information for the financial markets and regulator, Ofgem. Our most significant reports are:

- [Annual Report and Accounts](#) – this details our financial performance, in line with international accounting standards.
- [Performance Report](#) – this is published each year to tell our stakeholders how we're performing against our regulatory outputs for the T1 period.
- Our Regulatory Reporting Pack, which we provide to Ofgem every year. This informs [Ofgem's RIIO electricity transmission annual report](#). This provides details of our spending, the outputs we've delivered and our financial returns.

We are currently reviewing all our financial and operational performance reporting. We're looking at how we can develop a new way of reporting that is tailored to our stakeholders' needs and sets out, clearly and simply, what they want to know.

We're working closely with our stakeholders to understand what they need from us, before we propose our changes. Our review also takes account of the cost of reporting. We want to establish whether we can provide better information to our stakeholders, including the regulator, at a lower cost. We may be able to achieve this, simply by focusing more closely on what our stakeholders want to know.

Summary of what our stakeholders have told us so far

After many meetings and conversations with you, you have told us you want:

- Easy-to-understand and easily accessible information about our financial and operational performance.
- To have confidence that the revenue we earn is fair – and that it reflects what we accomplish for our customers.
- Stakeholders to be involved, much more frequently, in the development of our business plan.

Our direction of travel following stakeholder feedback so far

We are in the process of building our business plan with our stakeholders. In this section, we'll playback the feedback we have heard from you – and ask for your views on what we suggest could happen next.

Benefits to consumers

Our plans to improve transparency will benefit consumers through:

- Building trust in us as a responsible and fair business.
- Providing greater transparency on our performance.

Reporting financial and operational performance

You have told us we need to provide easy-to-understand and easily accessible information on our financial and operational performance. For example, during our summer 2018 environment workshop, stakeholders wanted more clarity on our environmental performance. They wanted to know what our carbon footprint is and what it consists of.

Our business, like others in the energy sector, is also coming under increasing scrutiny from consumer bodies, regulators and customers about the legitimacy of our financial returns. These organisations want to know what we have done for our consumers to earn those returns.

Based on your feedback so far, our intention for the T2 period is to further improve our reporting. We want to make a stronger link between the activities we do, our performance metrics, and the financial reward we receive. By making this link clearer, we can build confidence among stakeholders that our revenue is justifiable and based on what we deliver for our customers. We will consult with our stakeholders to ensure that how we report in the T2 period properly reflects their needs.

Ofgem has asked network companies to consider what ongoing role their stakeholder groups could have in holding them to account. As we mentioned in Chapter 3, we consider there are benefits in our independent Stakeholder Group running after the conclusion of the T2 price review to improve our transparency. We believe we could increase the impact of our annual performance report by presenting it to our Stakeholder Group. They could challenge us on the quality, transparency and accessibility of our reporting as well as our performance. This would build trust with our stakeholders and strengthen our reputation for transparency.

Our current annual reporting to Ofgem, through our Regulatory Reporting Pack (RRP), includes more than 200,000 data points. Many of these are detailed and are of limited interest for stakeholders. We want to engage with Ofgem and our stakeholders to see how we can provide the information they want in a more succinct and cost-effective way.

Involving stakeholders in the development of our business plan

We are carrying out an extensive engagement process, which is helping us build our business plan with our stakeholders for the T2 period. During these conversations, stakeholders have told us they want to be involved much more often in developing our business plans.

We already talk to our stakeholders as part of our day-to-day business activities across a wide range of topics. We would like our stakeholder engagement to be more systematic and better linked to our annual business planning in the future.

If we retain our Stakeholder Group after the T2 price review, the group could hold us firmly to account on whether our annual business plan updates properly reflect what our stakeholders want from us.



We welcome your views:

Question:

What form of performance reporting do you want to see in the T2 period?

Submit your feedback online [here](#):



What it could cost

Cost estimates in this consultation are rounded to the nearest £50m. On that basis, our expenditure on transparency does not register. However, there are costs associated with our annual reporting, stakeholder engagement and running our Stakeholder Group. At present, we estimate these costs to be around £4m a year.

We could save costs compared to our T1 spending if we take a more limited approach to stakeholder engagement in T2 and don't continue with our Stakeholder Group between price reviews. We could also save money by working with Ofgem to refocus our annual reporting on the issues that matter to our stakeholders and the regulator.

If we take a more proactive approach to stakeholder engagement in the T2 period – and continue with our Stakeholder Group – our annual expenditure will be higher. However, we can embed efficiencies we've learned during T1 to keep this extra cost to a minimum.

How we will continue to engage with our stakeholders

We are currently consulting with our stakeholders to understand their needs before we propose changes to our financial and operational performance reporting.

We welcome feedback on this chapter of the consultation. We'd particularly like to hear your views on whether you'd like to see a clearer link between our activities, performance and revenue. We also want to know whether we should keep our independent Stakeholder Group running after the conclusion of the T2 price review. This would allow us to provide more transparency around our performance – and get stakeholders more involved in the annual update to our business plan.

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:**