

Electricity
Transmission

nationalgrid

Innovation Strategy



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Our ambition is to make a difference, and we can't make a bigger difference in today's or tomorrow's world than to create a road to net-zero.

Executive summary

The societal imperatives to transition to clean energy and drive down current and future consumer costs are driving rapid changes, and creating huge opportunities in the energy system. At the same time, the UK's whole energy system is becoming more integrated and other sectors, such as transport and IT, are becoming ever more dependent on clean and reliable electrical energy as they drive towards net-zero carbon.

The transition to a low-carbon economy is one of the defining issues of the 21st century. Rapid progress towards clean, low-carbon energy is needed to meet the global ambition to limit warming to below 2°C, and pursue efforts to limit global warming to 1.5°C above pre-industrial levels.

Hence we need to be bold, ambitious, and innovative in developing new engineering and wider system solutions to these challenges. The current thinking isn't going to do this. We need to be customer and stakeholder focussed, transform our culture, and be prepared to do things differently. Through transformational engineering – the solutions we develop and implement – we will help Great Britain (and consequentially the

world) to achieve its green targets. Our network will give fair access to cleaner sources of energy to everyone across the country.

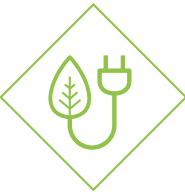
Our ambition is to make a difference, and we can't make a bigger difference in today's or tomorrow's world than to create a road to net-zero. Every choice matters, and it matters right now more than ever. We have the opportunity to make a tremendous change, but only if we lead the way, innovate and act.

We already have great examples of how we find new ways to deliver; by reducing the carbon intensity of our construction designs by 37% in under 4 years, by ensuring 95% of our operational waste is being diverted away from landfill, and by creating our Deeside

Centre for innovation which will be the first facility in Europe where we can research and develop unconventional technologies and practices in a real system environment.

Our innovation strategy will push us to build on these successes and achieve so much more. We are confident that we will make a real, meaningful difference, leading the way to a safe and sustainable future. Innovation in the whole energy sector will be critical to enabling these rapid changes and through our innovation and stakeholder engagement programmes we will create cleaner and cheaper energy solutions for the entire energy system. This strategy will enable and drive this transition.

Our innovation strategy has been developed with our stakeholders, resulting in the following strategy areas:



Delivering cleaner energy

Create a road to net zero by reducing our carbon footprint and helping others reduce theirs. Accelerating the testing and rollout of new technologies for use across the whole Energy System by leveraging the new facilities at our Deeside centre for innovation.



Delivering cheaper energy

Through a long-term innovation programme, deliver a net zero whole energy system strategy at minimum achievable cost.

1. Our innovation strategy

In National Grid Electricity Transmission (NGET), everything we do is for our customers, stakeholders and ultimately the end consumer. Our stakeholders are telling us they want us to be innovative, and deliver an affordable network that is safe, reliable and resilient, and play a critical role in decarbonising the UK economy.

Our innovation strategy is a cornerstone of our overall NGET strategy and provides a framework to focus on to achieve the innovation outcomes our stakeholders require. It helps us to prioritise the critical opportunity areas, and challenge anything that doesn't contribute to what our stakeholders are asking for. It means thinking and working differently by focussing on what our stakeholders and customers need, responding effectively to

market, industry and environmental trends, and driving our business performance by changing how we engage, interact and deliver our innovation outputs.

By placing innovation at the heart of our business, it will revolutionise how we approach the challenges we face, and transform our relationships with our stakeholders. We are creating an innovation-centric culture in NGET that will lead us on the road to being an agile business, that listens and responds quickly to stakeholder's requirements, and is open to, and capable of adopting, the new ideas and disruptive technologies that will deliver the cleaner, cheaper energy system that our stakeholders are looking for. Through close engagement with National Grid Partners who undertakes an important innovation role across National Grid and 100%

shareholder funded investment. We will extract value from their overall business centre of excellence, and create connections with businesses that are at the cutting edge of developing innovative technologies globally.

In developing our innovation strategy, we have aligned developing the innovation culture that our stakeholders require, with the core outcome focussed business strategy that we are following as NGET. By marrying both of these in a simple and clear way within the innovation strategy we will ensure that our stakeholder focused outcomes are achieved.

Our core NGET strategy areas for the next 10 years, which are shown below, provide real clarity and focus as to what our priorities are as a business:

NGET strategy focus areas are:

- 1

Deliver a **safe** and **reliable** **network**
- 2

Deliver **consumer** **value**
- 3

Decarbonise our **future** **networks**
- 4

Deliver a **positive** **societal** **impact**

Innovation has a crucial role to play in delivering strong outcomes in all of these areas of the NGET strategy (and will continue to do so), however, our innovation strategy has been informed by and further developed with our stakeholders, which has resulted in two central delivery focus areas which clearly underpins areas of our NGET strategy:

Innovation strategy areas:



Delivering cleaner energy

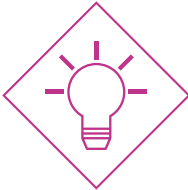
Create a road to net zero by reducing our carbon footprint and helping others reduce theirs. Accelerating the testing and rollout of new technologies for use across the whole Energy System by leveraging the new facilities at our Deeside centre for innovation.



Delivering cheaper energy

Through a long-term innovation programme, deliver a net zero whole energy system strategy at minimum achievable cost.

Which in turn will be critically enabled through our third strategy area:



Delivering an innovative culture

Driving a more externally referenced, collaborative, open and innovative approach across all of our organisational disciplines, whilst at the same time building capability and unlocking potential in our people.

Our innovation strategy is therefore as much about how we deliver innovation for stakeholders as it is about what we are focussed on delivering. A strong combination of the two will deliver an improved overall outcome for stakeholders, customers, consumers and NGET itself.



1.1 Changing our culture is so important for success

This innovation strategy will be central to how we transform the culture of our business to deliver the outputs we and our stakeholders need; it will be embedded and implemented across our entire NGET business so that it becomes part of all of our DNA and not just the responsibility of a specific innovation team or teams. We see this as so critical to meeting our challenges, that the effectiveness of the strategy implementation and delivery will be regularly monitored at NGET executive and NGET board level, with executive and board members taking direct and personal accountability for its success.

Whilst our innovation programme in RIIO-T1 has delivered a significant level of measurable benefit, which clearly demonstrates the capability and effectiveness of our innovation development and delivery programmes, stakeholder feedback and our internal culture survey has also identified that transforming how we approach innovation as a business will deliver significantly improved outcomes for all. The areas we are intending to focus on in development of our desired future culture, based on the feedback we have received, are:

- Embedding a culture of innovation across the whole of NGET
- Improving innovation focussed engagement and collaboration with customers, stakeholders and the wider community
- Being more transparent about the innovation we carry out, the outcomes we achieve, and the benefits these bring to both NGET and our stakeholders
- Building our innovation capability

An innovation culture is the critical enabler for the success of the whole innovation programme, and will therefore be at the forefront of our strategy for delivering the innovation that our stakeholders want and need.



This innovation strategy will be central to how we transform the culture of our business to deliver the outputs we and our stakeholders need.

2. Review of innovation during RIIO-T1

2.1 Our priorities in delivering engagement in RIIO-T1

RIIO-T1 is our current regulatory period running from 1 April 2013 to 31 March 2021. Throughout this period we have focused on developing an innovation programme that delivers asset, network and service delivery solutions in a responsible way, to improve both our performance and the outcomes we deliver for customers and stakeholders. As the RIIO-T1 period has progressed we have developed our approach to ensure we are agile and robust enough to meet the challenge of responding to rapid change both within our energy system and across clean energy solutions for other industry sectors.

Our innovation strategy in RIIO-T1 has centred on four crucial areas of consumer value:

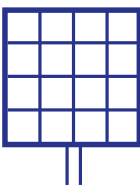
Managing assets focuses on learning more about how to increase the performance and lifespan of our assets so that we can maintain them at the lowest cost and least amount of disruption.

Efficient build concentrates on channelling innovation to reduce the cost and time associated with building new infrastructure through trial of new products, the adoption of more flexible equipment and improving network design.

Service delivery examines present and future expectations of the service we provide enabling us to develop the right product and service that our customers and consumers need and want.

And a focus on **corporate responsibility** has helped improve the safety of our working practices and the environmental and social impact of our network, including looking at the entire build and maintenance process.

Our innovation strategy in RIIO-T1



Managing assets

Managing assets throughout their lifecycle

- Protection and control
- Automation
- Asset knowledge
- Enhanced capacity
- Analytics
- Condition monitoring
- Exploitation of new materials



Efficient build

Building of new assets at lower capital and whole life costs

- Modular substations
- Automation
- Mobile substations
- Protection and control
- Enhanced capacity
- Exploitation of new materials
- Improving system access



Service delivery

Developing new service-based propositions and business models

- Automation
- Analytics
- Storage
- Condition monitoring
- Enhanced capacity
- Improving system access
- Event response agility



Corporate responsibility

Always doing the right thing

- SF₆ management
- Reduction in audible noise
- Cyber-security
- Less visually intrusive transmission
- Exploitation of new materials

Responding to rapid change both within our energy system and across clean energy solutions for other industry sectors.

2.2 How we are performing in delivering innovation in RIIO-T1

To date, through our Network Innovation Allowance (NIA) we have delivered 161 projects at a total cost of £46.8m shared between consumers and ourselves. The whole portfolio is expected to deliver a return of £14 for every £1 spent on innovation during the RIIO-T1 period, with associated value continuing to deliver into the future. The benchmark for a typical innovation programme delivers a return of £4 for every £1 spent.

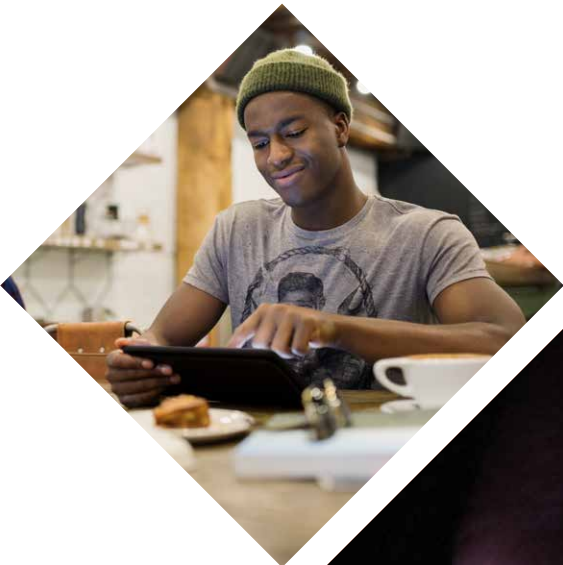
During the RIIO-T1 period, in addition to our NIA investment, we invested over £34m on continuous improvement and lean capabilities which make us more agile. And within NGET today we have over 60 business improvement projects identified and being tracked through to delivery.

We have co-funded 8 projects with other transmission and distribution companies using NIA funds, and supported the implementation and roll-out of 27 other projects across the UK. This collaboration often provides opportunities for leveraged funding where we are contributing part of the funding towards a project with access to all the learning and outputs from that project. Over the RIIO-T1 period we have been able to leverage £250m of innovation through collaboration for an investment of £13.2m.

During RIIO-T1 we were successful in winning a Network Innovation Competition (NIC), to convert a decommissioned substation (Deeside) into a test and evaluation facility, which will be the first of its kind in Europe. This has resulted in an innovation investment of

£24m (£14m of which is funded by National Grid Electricity Transmission). The new facility, known as the Deeside Centre for innovation, will allow us and other organisations to trial technologies and new practices without putting the network and service to consumers at risk. In RIIO-T1 the initial five innovation projects identified in the Deeside NIC programme are estimated to deliver over £24m of avoided costs (not directly contributing to consumer savings).

We have these five active projects and over 100 further proposals under consideration. These projects have been developed and approved through our governance process and in conjunction with the other network licensees, both at transmission and distribution level.



2.3 Our approach to stakeholder collaboration in RIIO-T1

Throughout the RIIO-T1 period we have systematically increased our stakeholder engagement on innovation. This stakeholder engagement has moved from being primarily focussed on collaboration and seeking leveraged funding, to a stakeholder engagement framework where we have sought stakeholder input into our RIIO-2 business plans, strategy and innovation programme.

Understanding our stakeholder priorities is a fundamental building block of our innovation programme and enables us to include new insight in how we build our plans.

Collaboration is vital to successful innovation. We have therefore joined the Energy Innovation Centre (EIC), to leverage their extensive knowledge and experience in

attracting and developing small and medium-sized enterprises (SMEs), as well as engaging with the innovative new i3P platform, that allows experts from across a range of industries to collaborate to deliver infrastructure for the future.

By sharing lessons learnt, by being open to ideas from across industry and academia, and by understanding each other's needs, priorities and ambitions, we can build projects that transform the energy systems and bring the greatest benefits

Understanding our stakeholder priorities is a fundamental building block of our innovation programme

3. RIIO-2 and beyond

3.1 Our high level strategy for innovation

We will create consumer value through delivery of a **net zero** whole energy system at minimum achievable cost.

Our goal is to innovate to make energy both cleaner and cheaper for our **customers and all UK consumers.**

Everything we do is for our customers, stakeholders and ultimately the end consumer. We are committed to innovate to deliver an affordable network that is safe, reliable and resilient and lead the way in decarbonising the UK economy. We will make a real, meaningful difference, providing leadership for a safe and sustainable future.

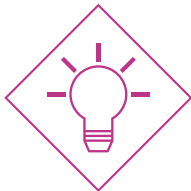
Our strategy for innovation through the RIIO-2 period and beyond is therefore primarily focused on the decarbonisation of the UK economy through reducing our carbon footprint, and helping others to reduce theirs. We will create consumer value through delivery of a net-zero whole energy system at minimum achievable cost. Our goal is to innovate to make energy both cleaner and cheaper for our customers and all UK consumers.



Cleaner



Cheaper



Future culture

3.2 How we will drive the cleaner and cheaper energy transition

Our stakeholders have consistently told us that facilitating the energy transition through an innovation programme that focuses on delivering cleaner and cheaper energy is what we should be driving towards.

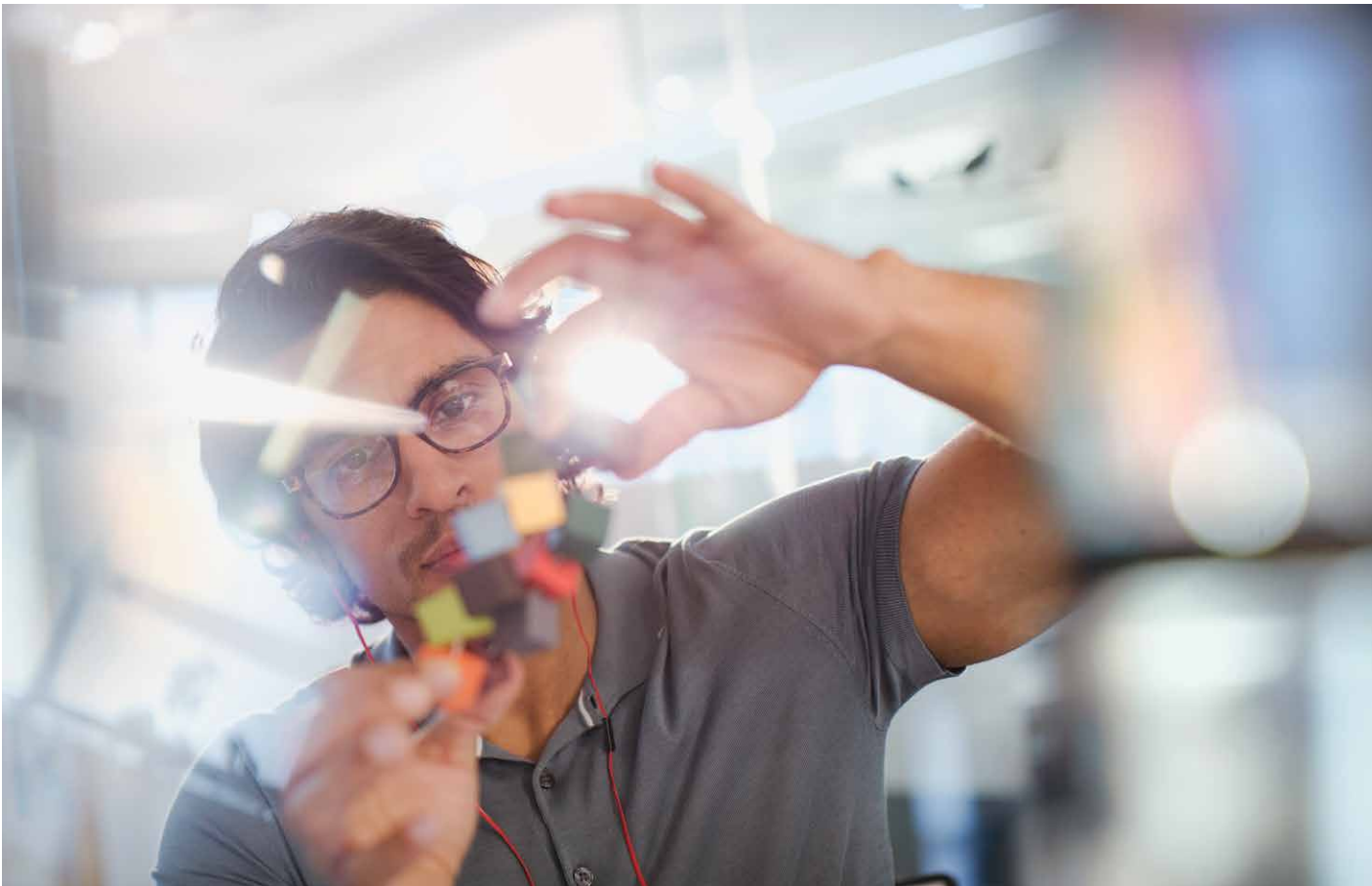
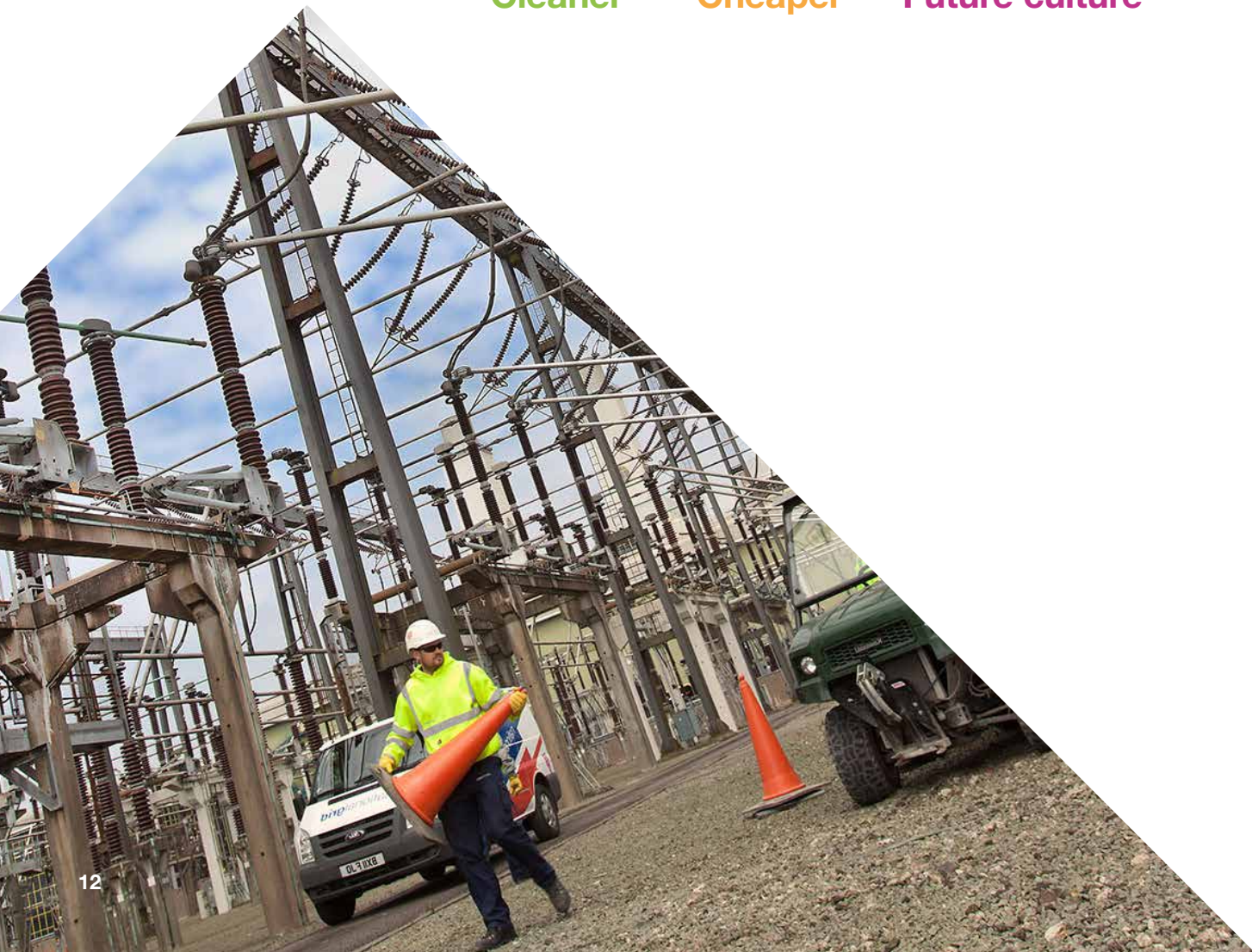
Our innovation strategy around cleaner and cheaper energy concentrates on both reducing our carbon footprint, and developing whole system solutions to help

others reduce theirs with the aim of achieving overarching net-zero targets. Through our innovation programme we will accelerate the development, testing and rollout of new technologies for use across the whole energy system. We will leverage the capability that the new facilities at our Deeside Centre for innovation provide to test and refine new technology solutions, and promote opportunities for other parties across the whole

energy sector to join with us to innovate around whole system thinking. In delivering cheaper energy solutions our innovation strategy supports delivery of a net-zero whole energy system strategy at minimum achievable cost.

To deliver effectively on our strategy, and thereby enable the energy transition that stakeholders desire, we will ensure that we priorities innovations which:

- align closely with key stakeholder and governmental objectives/initiatives
- align innovation priorities with the overall NGET strategy
- collaborate closely with the wider energy industry on joint projects which deliver most value
- deliver greatest overall benefit per £ spent on innovation
- establish innovation partnerships with world leading innovators, big or small
- leverage the capabilities of our employees, and the stakeholders we will work with
- leverage the opportunities created through National Grid Partners business



Our innovation priority areas which are described below will deliver will deliver outputs and value across all timescales; some will be focused on returning measurable outcomes for our efficient and reliable operation within the period of a single price control, whereas others may be much longer term and require widespread collaboration

across the industry to deliver transformative outcomes for the wider energy system.

Practically, we will deliver our innovation strategy in a range of ways; through everyday continuous improvement, through step change technological breakthroughs both large and small, and through

collaborative wider system initiatives with partners across the energy industry. At the same time, we will develop efficiency, reliability and safety focussed technical innovation to improve NGET performance for stakeholders, and continue to roll-out previously proven innovation.

Our innovation priority areas to deliver our strategy are:

Transforming the business through digitisation

We will develop tools and techniques that allow the digitisation of many of our processes, and overall management of data, as well as exploring the application of Artificial Intelligence across many of our activities

Provide long term system benefits through Deeside Centre for Innovation

We will open the innovation centre up to a wide range of stakeholders to allow improved development, better testing and faster implementation of low carbon technologies

These six priorities will allow us to meet our strategy areas, but we recognise that relative priorities many change to meet future stakeholder needs.

Facilitate decarbonisation of wider industries

We will collaborate with and support industries cross sector to decarbonise transport, explore opportunities for achieving net-zero in industrial clusters, explore the appetite for transition to a hydrogen economy and the implications on network providers

Being responsive to customers

We will create new construction and installation techniques that will improve our agility for connecting renewable energy customers, whilst driving down carbon impact and overall cost, and delivering better customer experience

Reducing the environmental impact of our activities

We will develop options for driving down greenhouse gas emissions from SF6 and other emitters, identify methods for minimising impact of construction, utilise novel materials, and develop new techniques to monitor and measure our performance

Deliver technical innovation

We will continue to technically innovate on the equipment and technologies we utilise across the network to drive down costs, minimise carbon impacts and deliver the levels of reliability that our stakeholders require

Everything we do is for our customers, stakeholders and ultimately the end consumer. We are committed to innovate to deliver an affordable network that is safe, reliable and resilient and lead the way to net zero.



3.3 How we will transform our innovation culture

3.3.1 Embedding a culture of innovation within NGET

In delivering a culture of innovation within NGET we will create a business that is built around a listening and collaborative culture, and which is focussed on meeting our customers’ and stakeholders’ needs and requirements. We will be responsive, and visibly open to disruptive technologies and ideas that will transform our business in order to deliver the energy transition.

At the same time, our stakeholders will see an agile business that is willing to experiment and try new ideas, and which is open to dispensing with accepted processes, procedures and technologies in order to continually develop, improve and grow.

Through improved transparency, our ability to transform concepts and ideas into real world solutions which meet our desired strategy outcomes will be clear to all.

In creating culture change in any organisation, leadership at board and executive levels is critical. For NGET, the commitment to embed innovation into our culture has been defined at NGET board level with the creation of a board charter that specifies clear targets on:

- delivering the ambition and approach defined within the business plan
- taking responsibility for achieving culture commitments
- annual deep dives on progress, benefits, lessons learned and culture change

This level of senior commitment and connection with the strategy will ensure that innovation receives the focus and resources that are required to deliver our strategy and the industry wide benefits that are at the heart of our innovative business plan.

At the same time, we need to ensure that we are creating the environment within NGET

where everyone recognises and relishes the opportunity to be innovative, has the knowledge and capability to innovate effectively, and understands how they can personally contribute to delivering the stakeholder benefits we have committed to.

To enable this grassroots change we have baselined our current position using a cultural survey (performed in 2019) carried out on our behalf by IDEO, and are now committed to fostering a creative environment that allows us to move from our current ‘novice’ status to ‘expert’ against the IDEO ratings over the next decade.

To achieve this, our strategy is to utilise detailed action plans with clear targets for each of the creative qualities to improve all aspects of our innovation culture and approach. There are six IDEO creative qualities for innovation which are defined on the following page, along with our approach for driving improvement:



Creative qualities for innovative culture

Purpose

The degree of alignment about a meaningful change that leadership and employees want to make in the world. Scoring high on purpose requires that the purpose is clear, inspires passion in employees, and helps to inform most major decisions.

We will empower employees through improved line of sight with organisation goals

Collaboration

The degree to which employees of different roles and within different departments work together to bring new ideas forward. Organisations with a high collaboration score tend to create multi-disciplined teams where members with different skills respect and value each other’s craft.

We will integrate innovation and delivery functions through use of multidisciplinary teams with shared goals

Looking out

The degree to which employees get insights and inspiration from beyond the company’s walls. Companies who do well on this score have a strong sense of who their customer is, what’s happening in their market, and what major trends (technical or social) might be leveraged towards the organisation’s goals.

We will encourage and enable teams to seek expert best practice and collaborate externally to improve decision making

Empowerment

The degree to which the organisation provides a clear path for employees to create change. These organisations create meaningful jobs where employees are confident that they can improve things for the better if they do their job well. Employees have a reasonable amount of autonomy, and performance metrics and responsibilities are well calibrated to provide guidance, without creating incentives to cause unproductive behaviour.

We will improve delegated authority in our teams supported by a clear decision making framework

Experimentation

The degree to which a company is able to explore new ideas quickly and inexpensively, and evolve them towards a successful solution. Good experimenters have low, fit for purpose, bureaucracy in the way of testing new ideas with customers or other users. They do a good job of sharing discoveries across the organisation, and have a healthy attitude towards controlled failure, knowing that some will be necessary to help discover new opportunities.

We will use prototyping to de-risk ideas and test/refine key elements early in the lifecycle

Refinement

The degree to which the strategy, product, and design functions within a company play nicely with the execution roles as new ideas move towards implementation. These companies do a good job of problem solving as concepts move from broad outlines to detailed specifics. These companies avoid feature creep and find elegant solutions to the technical challenges that emerge during development. The results are beautiful, well-crafted products or systems that achieve the original purpose of the design.

We will create an innovation forum with internal and external stakeholders to respond with agility and pace to changing stakeholder needs



We will formally review our culture status annually with updated surveys, and share our progress internally within NGET, with the board to enable their oversight of our commitment delivery, and with external stakeholders. We will keep our action plans under continuous review and update them as required using feedback from the forum, and following analysis of our annual results to ensure we continue to drive the improvement we require.

We also recognise that the IDEO survey offers only an internal lens on our culture development, and we will therefore also look to put in place measures with our wider stakeholders to ensure that we understand external as well as internal perceptions of our innovation culture and how it is developing.

Supporting people to both develop an innovative mindset and be willing to take the risk to try something new is a key facilitator of the change we want to make, and to this end we have been trialling a series of 'Think Box' workshops with people from across NGET which are aimed at enabling

entrepreneurship, generating, developing and selecting ideas, and how to develop ideas into projects that deliver value. We have learned a lot from these trials and will be incorporating workshops of this type and associated training into our plans.

We have also conducted externally facilitated 1-2-1 innovation conversations with the electricity transmission senior managers and held a workshop to understand the innovation culture and what actions we need to take.

We also expect to reinforce and build our innovation culture through engagement with the innovation centre of excellence that is being set up within our National Grid Partners business.

The aim of this innovation centre of excellence is to establish a shared understanding of the value innovation can bring to National Grid, ensuring consistent execution and tracking of innovation across the group, enhancing collaboration on innovation across National Grid, sharing best practice, and supporting adoption of an innovation mindset.

This innovation centre of excellence has no direct accountability for the delivery of specific innovation projects within the NGET business, but will be a key facilitator of their increasing effectiveness and stakeholder focus.

A key element of our **innovation strategy** is to further improve our engagement and collaborative approach with our stakeholders

3.3.2 Improving engagement and collaboration with wider industry and stakeholders

A key element of our innovation strategy is to further improve our engagement and collaborative approach with our stakeholders, and at the same time reach out to new and different stakeholders to ensure that we attract a full range of inputs, ideas and approaches to maximise the opportunity for successful and comprehensive innovation development and implementation to meet our desired outcomes.

We will create a two-way dialogue where we both listen to all our stakeholders through the innovation lifecycle from concept to implementation, and share our ideas, our initiatives, our progress on projects, and our successes and our failures, to ensure all stakeholders are fully informed and consulted.

Through RIIO-T1 we have made significant progress in this area, but we recognise there is much more to do. We will continually seek out new opportunities to engage, and report regularly on both the engagement we have done and the feedback we have received. Some areas that we will focus on particularly to broaden and deepen our engagement are:



- Hold bi-annual stakeholder engagement sessions to share our innovation challenges, progress, and gain feedback on the direction, and priorities that we are focussing on.
 - Set up an innovation forum with critical internal and external stakeholders to continuously review and direct our strategy aims, assess performance, and provide insight and guidance on ongoing and future innovation initiatives.
 - Build partnerships with parties that allow us to access the widest range of SMEs to work with, and look for other similar opportunities to access other stakeholder groups. We have already developed opportunities through the Energy Innovation Centre and i3P (a platform for collaboration on infrastructure innovation) and will look to grow these existing relationships and actively seek new ones through RIIO-T2 and beyond.
 - Proactively collaborate with other utility networks to disseminate learning from innovation activities, and gain feedback
 - Develop our use of podcasts and social media to highlight awareness of our innovation programmes, challenges and opportunities.
 - Share specific learning through presentations and seminars at industry conferences and events
 - Develop an engagement and collaboration portal for our NGET innovation website where we can share our innovation challenges and priorities, and third parties can submit ideas, receive feedback and partner with us to create new opportunities
 - Use opportunities to join leveraged funding programmes to access wide reaching research and innovation programmes that align with our strategic goals (e.g. through the Electric Power Research Institute)
 - Work closely with National Grid Partners to implement best practice for engagement for their centre of excellence and leverage the connections with SMEs that they provide
 - Hold collaborative 'whole system' gas and electricity calls for proposals and run yearly challenges on NIA propositions
- Our overall aim here is to develop a culture that is collaborative and that feels so to all of our stakeholders. We recognise the need to continually evolve our engagement processes in order to reflect the rapidly transitioning environment we operate in.



We will continually engage with stakeholders to identify which data and information engenders the greatest opportunity, and seek to find ways to make this available.

an overall picture of the value of innovation to stakeholders. This also allows stakeholders and SMEs to gather detailed information on the areas of focus from ourselves and the other network companies and, therefore, helps to inform their decisions on where innovation delivers most value and where the greater opportunities for their developments lie.

We also recognise that there is a much wider range of information and data that we could potentially share, which would provide stakeholders with valuable insight into the challenges we face, and how they might be addressed. Availability of this information would potentially fuel entrepreneurship and deliver quicker and more valuable innovation. We will therefore continually engage with stakeholders to identify which data and information engenders the greatest opportunity, and seek to find ways to make this available where commercial and security issues can be appropriately mitigated. Our mantra will be transparency, and we will, therefore, only withhold information which will support innovation when a suitable argument (legal, commercial) exists to do so, rather than vice versa.

3.3.4 Building our innovation capability

During 2018, we also made a commitment to expand our innovation team within NGET to 21 people. This decision was taken to ensure we have enough capability within the organisation

to create the innovation projects we need, ensure these projects are delivered by working with our innovation suppliers, and support implementation of the innovation outputs across NGET and beyond. The expansion of our electricity transmission innovation team will also enable us to extend our engagement with stakeholders, increasing transparency and sharing of data, as well as increasing our collaboration with a wider set of parties including small and medium level enterprises and other industries who we will work with to support their energy decarbonisation.

We have also strengthened our innovation capability across National Grid internationally through the creation of the recently established National Grid Partners who invest and manage equity investments in strategically relevant start-up ventures aimed at disruptive innovation. National Grid Partners are investing in these start-ups with the aim of generating a return on investment across the portfolio of these companies. The start-ups are selected based on their relevance to the National Grid businesses across the Group. There is no commitment from the National Grid businesses to adopt the disruptive innovation arising from these start-ups, but these startups will provide innovation which one or more of the National Grid businesses may choose to adopt in the future to provide customer and consumer value.

3.3.3 Being more transparent about the innovation we carry out, the outcomes we achieve, and the benefits we deliver

We recognise that a cornerstone of building a collaborative innovation culture with our stakeholders is having a level of transparency that engenders both trust and a shared understanding of challenges and opportunities.

We are therefore committed to developing a monitoring framework with other network companies, the Energy Networks Association (ENA), and relevant interested third parties, that ensures all stakeholders understand the innovation investments that we are focussing on and the level of benefits that are delivered from these investments. Such a framework ensures that all sharing of this information is done consistently between the networks, whilst at a macro level provides

Conclusion

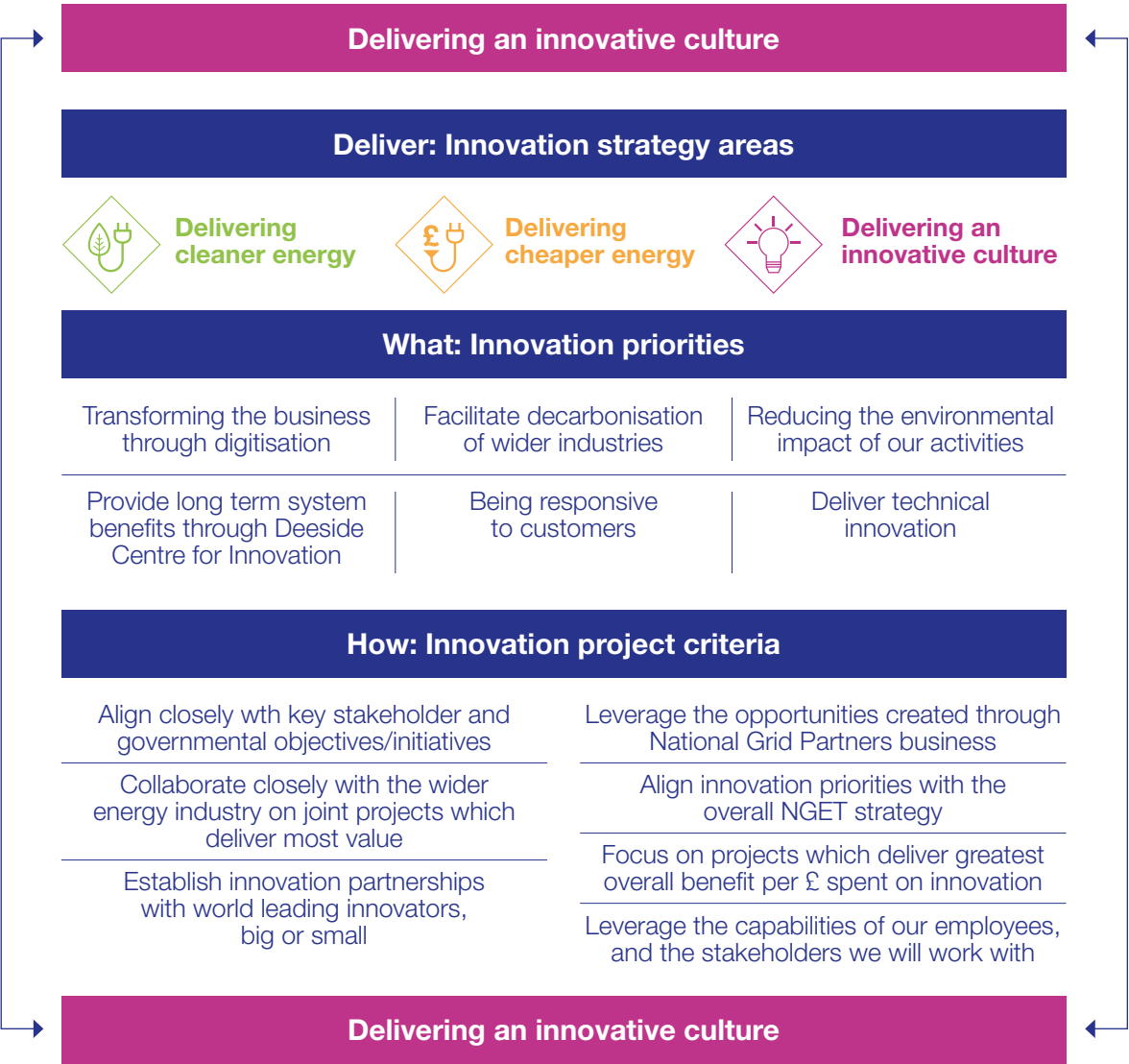
We are at a critical moment for climate change, and NGET have a unique opportunity to make the critical difference.

This innovation strategy defines the steps that we need to make, and the goals we are should aim for, as a business if we are to deliver an innovation programme that is both welcomed by our stakeholders, and enabled to deliver on the key elements of the energy transition that are essential to bring cleaner and cheaper energy to all. If we are to be successful we must grasp both the culture change, and the step change in capability and energy system collaboration needed.

Our strategy describes how we will continue to build upon the innovation successes we have created

over the last five years, but also defines our aim to create a step change in both our external stakeholder engagement, and our development of a whole business innovation culture. At the same time, the simplification of our key innovation strategy areas, of cleaner and cheaper energy, provides clarity for both our employees and our stakeholders.

The core of our plan, to achieve a net-zero energy system, is encouraging an innovative culture in the company, from board level through to every colleague. The pillars of our vision for the future are cleaner and cheaper energy, delivered with sustainability, safety, digitisation and security. We are confident that our approach to innovation is effective and efficient in delivering a sustainable future for all.



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