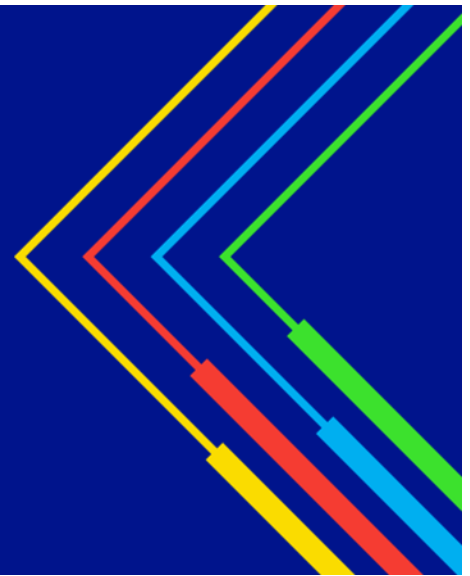


RIIO-T3 Direction of Travel webinar Questions & Answers



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Stakeholder Engagement questions

What stakeholder feedback did you receive that surprised you the most?

The stakeholder feedback that surprised me the most was on the research completed with Sustainability First and Yonder Consulting around the pace at which we should deliver the energy transition. The objective of the research was to understand from consumers - what is their comfort level on how fast we should transition to net zero, and what that could mean in terms of the impact on consumer bills. The feedback was that the majority of consumers did want us to move at pace. (Sara Habib, Head of Future Price Controls)

What do you think has changed that has meant that consumers need to understand what NGET does (via the Great Grid Upgrade Advert)? Of course, historically they probably didn't really know what the Distribution Network Operator's did let alone NGET.

The UK's electricity grid was originally built to connect electricity generated in power stations from fossil fuels, such as coal from the North and Midlands of England and South Wales.

As the UK moves away from fossil fuels and increases clean energy generation, we'll all be using more electricity than ever before. Demand for electricity is expected to increase by 50% by 2035 and double by 2050, as we decarbonise the energy that's used for things like heating and transport.

So significant new infrastructure is needed to connect this clean energy from where it's generated to where it's needed. Therefore, it's important to raise awareness of this transition and share information on our work and the benefits it can bring.

How does National Grid currently engage with consumer vulnerability groups, given your position further removed from direct consumer interaction?

Across National Grid we primarily engage with vulnerable groups via our Energy Affordability partners (Affordable Warmth Solutions (Warm Home Fund), National Energy Action, Citizens Advice, Fuel Bank Foundation, National Energy Foundation; relationships managed by our Group Social Impact team) and have provided one-year secondments for our colleagues to work for Citizens Advice, as part of the Energy Support Fund and response to the cost-of-living crisis. Eleven National Grid colleagues spent 12 months as front-line advisers for their local Citizens Advice Bureau, providing a means to bring that direct learning and

first-hand experience back into our organisation. We also provide targeted outreach through our Grid for Good and educational partnerships for schools and students facing specific socio-economic challenges.

In NGET we are working with National Energy Action directly on our latest innovation project - Warm Spaces, seeking to better understand how consumers in vulnerable situations engage with these community spaces, to inform how the networks can collectively invest to support and enhance services and resources. We will continue to work with the Energy Innovation Centre and wider industry, particularly the distribution networks, to identify challenges faced by vulnerable groups and collaborative solutions to address these. A key opportunity for us is leveraging the knowledge of our distribution colleagues and their respective partner networks, as well as insights from our own partnerships, and using our role as a national transmission owner to help facilitate and amplify solutions nationwide.

Consultation with our communities is an important part of our network planning process, and we work with local authorities to develop strategies to engage with 'seldom heard' groups, helping our teams to identify and support these groups to engage with our proposals.

We will continue to offer direct shareholder-funded support via our Energy Affordability fund. In the last two years, we have funded £50m to support vulnerable consumers in the UK, delivered by our partners: Affordable Warmth Solutions (Warm Home Fund), Citizens Advice, Fuel Bank Foundation, National Energy Action and National Energy Foundation. Collectively, we have supported over 250,000 households since this fund was launched. We commit to a second phase of this programme and will be confirming the shape and size of this support in 2025.

Collaboration question

Considering the interaction between Transmission and Distribution, how much consideration has been given in your future RIIO-T3 plan in a more coordinated investment between NGET and NGED or NGET and other Distribution networks?

NGET has been working closely with the Distribution Network Operators, they have been very supportive of our RIIO-T3 planning. We have held individual bilateral sessions at the start of our planning to understand how we can collaborate, share data and be cognisant of the risks our plan. As we have moved through our RIIO-T3 planning we have undertaken data sharing. We have also focused on what could happen beyond this price control period up to 2050, by sharing our future plans (still in development) giving consideration for future upgrades, new connection or sites, and where distribution networks might need new grid supply points and what the optimal solution would be.

Planning and delivery questions

How did delivery of RIIO-T2 go? And what increase in delivery resource do you anticipate?

RIIO-T2 delivery is ongoing. NGET is working through all our investments and commitments as part of that. We're thinking about some of the learning from RIIO-T2, and how does the crossover between commitments in RIIO-T2 reflect into RIIO-T3, especially around some of the wider site strategic work.

Does Clean Power 2030 feature in your business plan?

The RIIO-T3 framework needs to reflect the rapidly evolving strategic landscape; it is crucial we can work nimbly with Ofgem to get approval quickly for significant pieces of work to support Clean Power 2030 and engage with the supply chain effectively.

What is the role of the Regional Energy Strategic Planner in relation to transmission projects?

We will continue to work with the Distribution Network Operators, and the Regional Energy Strategic Planning teams as they evolve to plan for significant projects.

Network reliability question

How do you plan to maintain such strong network reliability while taking more outages to achieve such an increase in capacity connected as well as network upgrades?

NGET has done a lot of work in our RIIO-T3 planning to model what system access requirements our investment plan would require. Using modelling tools to really understand deliverability and bundling multi-driver work, including grouping together maintenance on circuit outages, to reduce the overall amount of system outages. Where feasible, we will construct new sites and new equipment offline to reduce the overall system outage burden. In addition, we will always remain compliant with network planning standards to ensure security and reliability of the system.

Supply chain questions

With a focus on accelerated delivery what plans have you got to prevent bottlenecks in the supply chain? When do National Grid plan to launch a tender event for supply chain partner involvement in the RIIO-T3 workload?

We are collaborating more closely than ever with our supply chain and have established long-term relationships through the Great Grid Partnership for onshore projects and the HVDC Framework for offshore projects. This approach aims to coordinate the planning and execution of projects, allowing each supplier and National Grid to pool their resources, skills, insights, and experience to deliver faster and more economically.

You referred to 8 regional blueprints, is this for efficiency reasons?

In part yes. NGET needs to work closely with our supply chain and can look at optimisation across the regions. For example, if we need to do work on four overhead lines - can the work be grouped together to be awarded as one package and planned in sequence for contractor cost and system efficiencies.

Connection question

Would National Grid commit to improving grid connection contracts to be more balanced, to have incentives against the delivery side (e.g. compensation for late connections) - mirroring the liabilities that developers face? What is the confidence level that this growth and acceleration of delivery can really be achieved?

In the last five years, we have connected over 12GW of clean generation and interconnectors to the grid including Dogger Bank, the world's largest wind farm. However, the volumes applying to connect to are considerably above the net zero requirement for transmission forecasted in the most ambitious 2050 scenario. Many projects are not needed or unlikely to be developed. We are working with government, the regulator, NESO and industry on reform, and to remove stalled and highly speculative projects in favour of the right mix of viable clean energy schemes that will be crucial to meeting the 2030 decarbonisation target.

The scale and pace of the energy transition and network transformation required is challenging but achievable. Collaboration and cooperation will be critical to our collective success. We are confident that there is a pathway to deliver, if we work together across industry, government, Ofgem and NESO.

Environmental question

Does a sizable proportion of the target '50% reduction in scope 1 and scope 2 emissions by 2031' in the slides come from proposed investment in work to reduce SF6 emissions from existing assets?

In RIIO-T3 we aim to play a leading role in accelerating net zero and driving a nature positive future, including by reducing our own emissions and environmental impact. To do this we will need to drive sustainable operations through reduction of SF6 emissions, efficient energy use in our operational estate, and reductions in fleet vehicle emissions. We already have several business areas addressing SF6, for example an SF6 leak-sealing solution has been rolled out across our business and saved 7,500 tonnes of CO2 equivalent leaking into the atmosphere since deployment – equivalent to removing 2000 cars from the road. We have shared the learning from this project with other network companies and one other network has adopted this approach.