

Annex NGET_A9.01_Engagement Log December 2019

As a part of the NGET Business Plan Submission

nationalgrid

ENGAGEMENT LOG

Priority: I want you to be transparency in your performance

Topics: Transparency in Performance and Stakeholder Led Business plan

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Document Version Number: 1.0

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EXECUTIVE SUMMARY

This stakeholder priority covers the transparency of our performance, ensuring our financial reporting is transparent and easy to understand by stakeholders. It also covers the concept of a stakeholder-led business plan, making sure we do not only engage with stakeholders when we have to, but instead we implement this concept as a business-as-usual activity which will lead to increased transparency and will highlight what is important for stakeholders.

The aim of our engagement is to understand whether we are doing the right thing for our stakeholders. The desired outcome is to know if our business plan approach and the way we report our current performance aligns with what stakeholders want from us, or whether we should change our proposal.

In planning engagement, insight has been gathered from business as usual activities, satisfaction knowledge. We are looking to understand how stakeholder want to engage with us and what information they want, why they want it and how they want it deliver.

The approach chosen to engage with stakeholders is both topic and stakeholder specific. A combination of ongoing engagement, bi-lateral meetings, webinars and online surveys are being used.

The key outcomes and feedback we have got to date on our engagement approach can be summarised in the table below.

SUMMARY OF ENGAGEMENT TO DATE:	
CHANNELS	Bi-laterals meeting Webinar and Online Survey Ofgem workshop Consumer listening workshop
STAKEHOLDER GROUPS	Consumer groups Customers (demand and generation) and TOs Energy suppliers Regulator Others including environmental groups
ENGAGEMENT FEEDBACK	<ul style="list-style-type: none"> • More transparent and consultative business plans. • Transparency on the link between activities, operational performance and financial reward. • Transparency on differences between actual costs and allowances. • Stakeholders wanted to be involved in the business plan process

Our current annual business planning process is mainly inward facing. No conclusions can be taken until all the engagement process has been completed, but all the learnings from this stage will be use in our RIIO-T2 engagement to create an ongoing stakeholder-led process.

We took the opportunity to get Frontier Economics to carry out an assessment on our engagement and how the outcomes of our engagement align to our proposals. Frontier Economics highlighted

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that is was clear from the engagement that stakeholder priorities for this topic will be address through the proposal set for the T2 period.

Considerable challenge and review have been undertaken by the Independent Stakeholder User Group on this priority. A key challenge was around how we are making a step change in the transparency for the T2 period, we have responded by making a commitment to report on more that the financial and operation commitment in respect to our reporting.

As a result of enhanced engagement process for this priority, stakeholders have helped shaped the business plan and more importantly will be getting wants important to them.

1. PRE-ENGAGEMENT

1.1 WHAT IS THE TOPIC AND WHY IS IT BEING ENGAGED ON?

- I. *What is the subject: background and all information (evidence) required to understand what is being engaged on; link to outputs (or incentives)*

The stakeholder priority, ***I want you to be transparent in your performance***, comprises of two topic areas:

1. Transparency of performance
2. Stakeholder-led business plan

This priority relates to how we involve our stakeholders in the development of our annual business planning process and how we communicate our performance against the activities we undertake, and the financial reward earned, in a way that is easily understood.

Transparency of performance

We produce substantial performance reporting which is either published or delivered directly to stakeholders. We have heard through bi-laterals and other channels including the media, that we are not transparent in our financial reporting and the reporting is not always easily understood by stakeholders. This has an impact on stakeholder views of National Grid's transparency.

Stakeholder-led business plan

Feedback from Ofgem and other key stakeholders has been that we generally only engage with stakeholders when we have to, either at the time of a price control review or when statutory obligations mean that engagement has to be part of our process (when obtaining planning consent, for example). Other networks and other non-energy organisations include stakeholder engagement as part of their annual business planning process. We, therefore, want an annual stakeholder-led business planning process to become our business-as-usual as this will lead to increased transparency and deliver what is important for stakeholders.

- II. *Where are we today/what do we deliver today, and what do we currently understand from stakeholders on future development*

1. Transparency of Performance

What we are already delivering

We report significant amounts of information on our performance to Ofgem or through external publications. The most significant reports are:

- On an annual basis, we provide Ofgem the regulatory reporting pack (RRP) that forms part of **Ofgem's Annual report**. This details our spend, outputs delivered and Return on Regulatory Equity (RoRE). [RIIO-Electricity-Transmission-Annual-Report-2017/18](#)

- We also publish **Our performance report** annually to inform our stakeholders on how we are doing against the outputs defined for RIIO T1. [Link to Our Performance Report](#)
- Our Annual Reports and Accounts which details our financial performance in line with international accounting standards as well as details of our strategy, vision and significant events. [Link to National Grid Annual Accounts and Reporting 18/19](#)

2. Stakeholder Led-Business Plan

What we are already delivering

We already talk to our stakeholders as part of our business-as-usual (Bi-lateral, forums etc.) activities across a wide range of topics, but what we don't have is a formalised process that ensures our annual business plan is informed by stakeholder feedback.

By the end of T1 we will have a well-defined process that will enable us to create an annual stakeholder-led business plan. This will involve consulting our stakeholders to understand what they need from us, creating a business plan that will deliver these needs, and communicating this to our stakeholders. We will look to improve this process year-on-year based on what our stakeholders want from us.

III. The industry drivers for this topic

There is a strong emphasis in the industry on legitimacy of returns. This drive comes from the regulators, consumer bodies like Citizens Advice and some of our other stakeholders. Organisations need to be more responsible/fair and need to consider how they can impact or help society.

Stakeholders have a great desire in getting involved in participating in the development of company's business plans, we have seen this happening in the water and aviation sector.

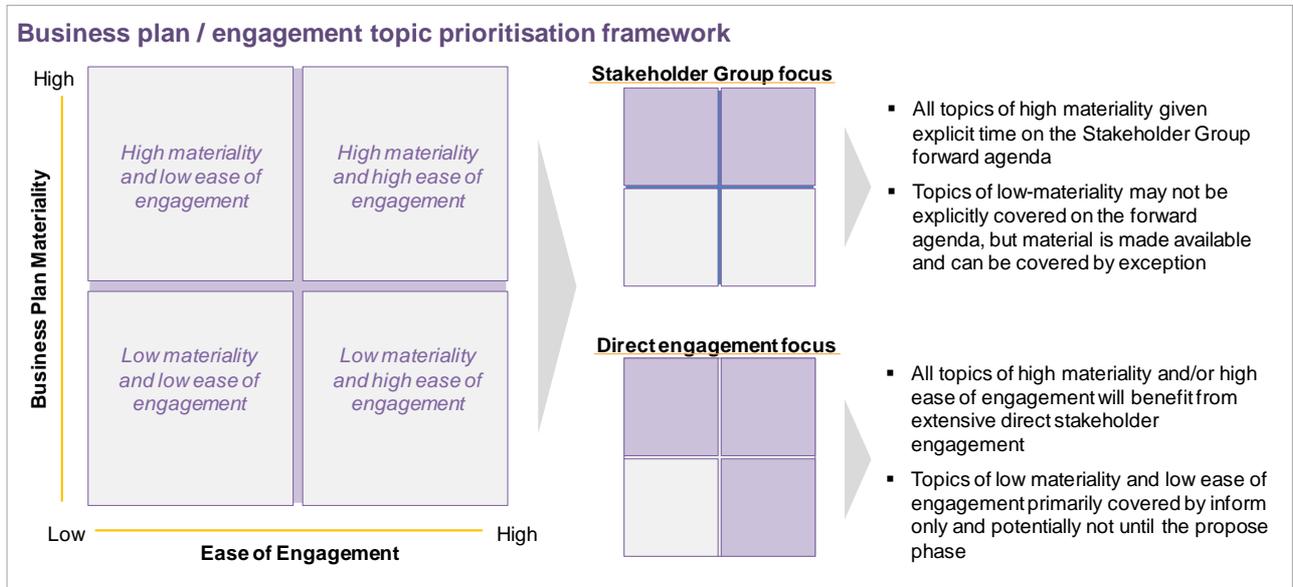
Creating a stakeholder-led business planning process can support the process of making our plans and performance more transparent, by showing that we change our plans on an annual basis to deliver what our stakeholders need.

IV. The link to the stakeholder priorities and the scale/materiality of the topics

The topic of the Transparency of Performance and Stakeholder led-business plan aligns to the stakeholder priority of 'I want you to be transparent'. Refer to appendix 5.2 to see the table of alignment.

V. Topic prioritisation: materiality vs ease of engagement

We used the framework below to determine the topic prioritisation:



Business plan topics and mapping onto framework

1.2 WHAT EXISTING INSIGHT HAS BEEN UTILISED?

I. *What existing insight has been drawn upon; BAU engagement, satisfaction survey insight, FES horizon scanning; output from listen phase*

CSAT Feedback

“You don’t keep me updated. It would be good if National Grid could be more proactive in providing useful information. At the moment, we have a huge amount of information that we have to wade through first in order to try and work out what’s going to affect us.” [REDACTED]

Citizen Advice

“As things stand, networks lack transparency”

Ofgem

‘We want to take steps to improve reporting and increase transparency’

[REDACTED]

[REDACTED]

II. *What are the gaps in existing insight you wish to fill from this engagement? (Stakeholders not previously engaged or no existing insight exists)*

Engagement conducted through business as usual (BAU) activities during this RIIO T1 period has been useful in helping us gain a better insight and identify further gaps in our knowledge. The main areas we are now looking to obtain further information on are to:

- Understand what information stakeholders require, why they want the information and how they want it delivered
- Understand how they want to engage with us

STAKEHOLDER LED BUSINESS PLAN

For our stakeholder-led business planning work, we have already begun to define the internal processes that sit behind this. As part of this work, we will use new insight gathered as part of BAU conversations to determine how we engage our stakeholders. We will not be engaging stakeholders on whether or not we do this as we believe this is the right thing to do. Subsequent to this decision, Ofgem has mandated this as a requirement as part of their business plan guidance criteria for the T2 submission. We will use other engagement activities to communicate this to our stakeholders (e.g. the webinar on transparency on 9th November 2018). In RIIO-2, as part of our annual engagement, we'll ask stakeholders how they would like us to improve the process.

1.3 WHAT ARE THE DESIRED OUTCOMES FOR THIS ENGAGEMENT?

- I. *What are the desired outcomes from this engagement? (incl. where you most need to engage)*

The aim of our engagement is to understand whether our current performance reporting and business planning approach aligns with what stakeholders want from us, or whether we should change our approach.

The key outcomes we are aiming to achieve from this engagement are to:

- Obtain a wide range of perspectives across all types of stakeholder
- Understand stakeholders' needs for these topics which can be turned into options or a proposal upon which we engage and agree a preference.

The success of this engagement will be measured by the following criteria:

- Positive validation of stakeholder views during playback sessions
- Stakeholder Group and Ofgem positively endorse approach taken to engagement
- Clear alignment of these topics into the Electricity Transmission Business plan submission

- II. *What are the measures of success?*

In gauging the quality of the engagement (individually and combined) and its suitability for RIIO-2 we have relied on the following inputs

1. National Grid's own Independent Stakeholder Group guidelines expressed as the '18 engagement principles checklist (refer to appendix 5.1 that details the engagement principles)
2. The AA10000 stakeholder engagement standard. In summary:
 - clearly defined scope
 - uses an agreed decision-making process
 - focus on issues material to the organisation and/or its stakeholders
 - creates opportunities for dialogue
 - is integral to organisational governance
 - is transparent
 - has a process appropriate to the stakeholders engaged
 - is timely
 - is flexible and responsive
 - adds value both for the organisation and its stakeholders

National Grid are reviewing all **financial and output performance reporting**. We are exploring a new suite of reporting tailored to our stakeholders needs which **clearly and simply** sets out what they want to know. The aim of this project is to **build trust and legitimacy** whilst reducing the administrative burden. We are in the process of consulting with stakeholders to understand their needs ahead of proposing changes to our reporting.

The questions that are being asked from this engagement can be found using the links below:

Link to survey: <https://www.surveymonkey.co.uk/r/ETNGinforsharing>

We held a webinar on the 9th November and please find below the slide pack used and a recording of the webinar.

Slidepack: <http://youenergyfuture.nationalgrid.com/media/1618/transparency-and-reporting-webinar-slides.pdf>

Recording from this weeks webinar: <http://youenergyfuture.nationalgrid.com/media/1621/national-grid-financial-and-reporting-webinar-20181107-1101-1-1.mp4>

1.4 WHAT IS THE ENGAGEMENT APPROACH?

- I. *What insight have been gathered to inform engagement approach?*
- II. *Approach to engagement and why have you chosen this approach, is it: inform, consult, involve, collaborate, empower*
- III. *Engagement activities, methodologies and tools (ongoing engagement, bespoke engagement, willingness to pay, qualitative research, surveys, complaints intelligence, market data) and sources from which decision will be made.*
- IV. *What innovative engagement methods have you considered?*
- V. *Stakeholder mapping – who are key stakeholders (anyone who believes they are affected by your decisions), which segment (and why, including impact and interest of topic on stakeholder) Recognising the different threads of the public interest – stakeholders, customers, consumers, citizens, communities (geographical and interest)*

VI. How has any feedback from Frontier been incorporated?

The approach chosen to engage with stakeholders is both topic and stakeholder specific. Stakeholder mapping across segments (see Section 6.3 for a full list) was undertaken to establish the approach, as illustrated in Figure 1.

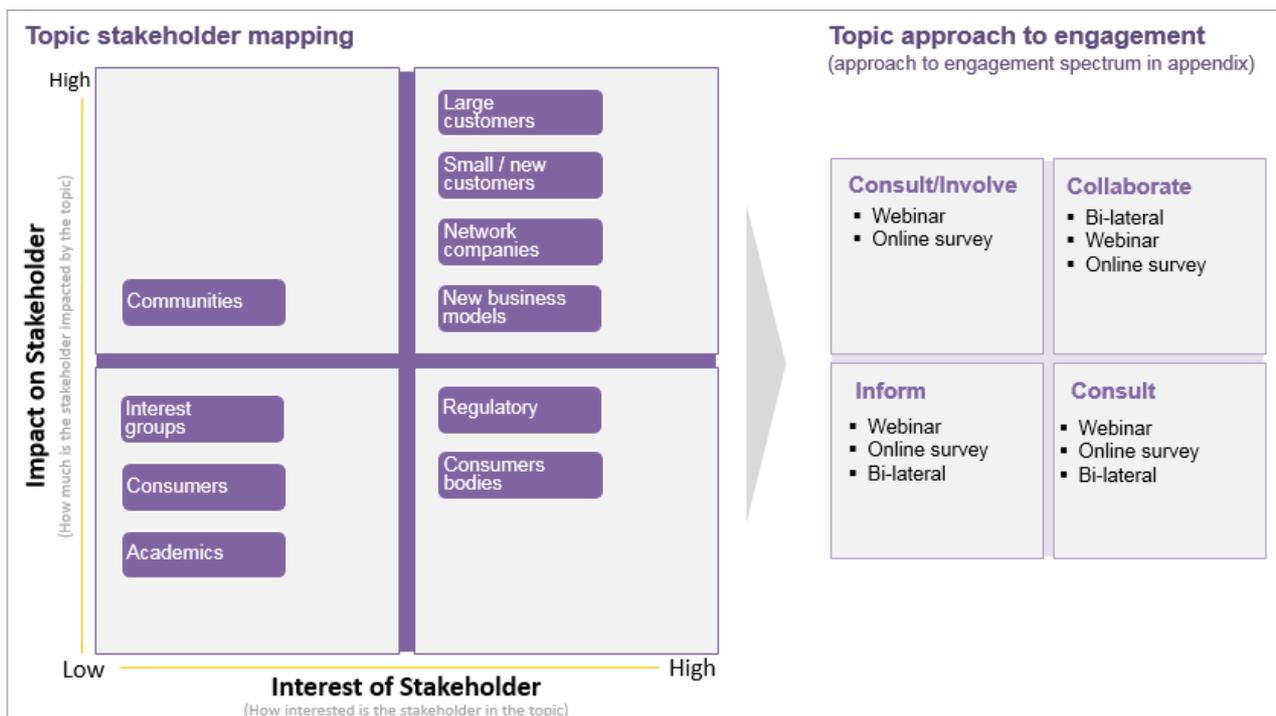


Figure 1 - Stakeholder mapping and engagement approach

The mapping of stakeholders based on their interest in the topic and how much they are impacted by it allows the tailoring of our engagement approach. The resulting 2 x 2 topic approach to engagement matrix sets out where on the spectrum of engagement the plan will aim and what channels will be used to achieve the aim (see Appendix 5.4 – setting out the goals of engagement and promise to stakeholders for each part of the spectrum).

A combination of ongoing engagement, bi-lateral meetings, a webinar and online survey are being used.

In creating and developing our enduring stakeholder-led business planning process, we are already engaging stakeholders to understand:

- What topics they want to be involved in
- How they want to be engaged

These conversations are happening either as part of business-as-usual engagement, or as part of our RIIO-2 specific conversations.

Transparency in our performance

A breakdown of all our engagement to date relating to transparency can be found in Appendix Section 5.4

Stakeholder Led-Business Plan

We have used the webinar that took place on 9th November 2018 as a channel to inform Stakeholders on our approach for stakeholder led-business and subsequent to that sought further feedback via the survey. The survey went to a wider distribution list that covered many stakeholder segments to ensure that we had given all stakeholders a view to engage on this approach.

What we wanted to establish was the following: -

- Is this right approach to stakeholder led business plan?
- How would you like to engage in this process?

2. POST-ENGAGEMENT

- 2.1 WHAT WERE THE ENGAGEMENT OUTCOMES AND HOW HAS THIS INFLUENCED OPTIONS?
- 2.2 WHAT WAS THE FEEDBACK ON THE ENGAGEMENT APPROACH?

Engagement outcomes are captured separately for the (i) Bi-laterals meeting, (ii) Webinar and Online Survey, (iii) Ofgem workshop (iv) Consumer listening workshop

i. BI-LATERALS

██████ – 3rd September 2018

Needs to be more transparency of costs which drive revenue. They want to understand the link between allowed revenue and recovery, and how the costs are built up.

██████ – 8th October 2018

Particularly keen that we develop our approach to make the link between (i) our activities, (ii) our performance metrics and (iii) our financial rewards more clearly.

They were very positive about our efforts to date (Our Performance document) and said that it “set us apart from other networks”.

██████ were also keen that stakeholders are able to compare performance across different networks but noted that this wasn’t fully within National Grid’s control.

It was also important that in general the narrative focuses on what has happened and not why, more explanation would be useful, this mirrors what we heard from Ofgem at the cost assessment workshop “don’t just describe, explain”.

██████ – 16th October 2018

The main message that came from the transparency of performance reporting was that [REDACTED] recognise Ofgem has moved away from full RIIO Accounts to the RFPR process. [REDACTED] are keen, in the interim, to ensure there is transparency in their company operations, particularly RoRE, through our RIIO Accounts.

[REDACTED] would actively encourage all networks to get to a common grounding swiftly on the RFPR so we can get the industry, as a whole, publishing relevant and consistent return and profit numbers. [REDACTED] believe this would improve the perceived lack of trust in the sector.

[REDACTED] – 25th October 2018

[REDACTED] want to understand our business plan, and what may cause it to change. There was a strong message that they are interested in understanding what our allowed revenues are forecasted to be.

They want to be engaged on this part of our business plan and are keen for us to have a session with them after the January publication so we can them through it. They were also very keen on the idea of being engaged in an annual business plan stakeholder process both to feed in their views but also to understand better the revenues, the reasons for change from last time, and the risks and likelihood of further change. They agreed one-to-ones (annually) to go through our updated plans, what has changed and why would be very welcome.

- ii. **WEBINAR & ONLINE SURVEY:** The online discussion document, as introduced in section 1.2, was used to engage stakeholders on this topic. Stakeholder feedback was gathered through both an online survey and a webinar, as set out below, and a LinkedIn post was published to help promote participation (see post below).

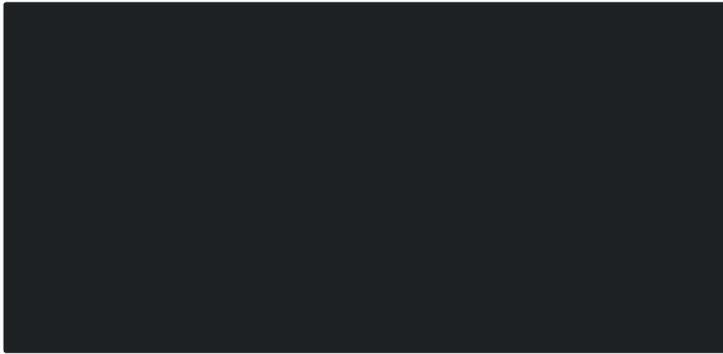


Outcomes from the Webinar –7th November 2018

A wider range of stakeholder groups were in attendance as illustrated in the picture below.

The attendance for the webinar was disappointing as there were 6 attendees compared to 31 who had accepted the invite.

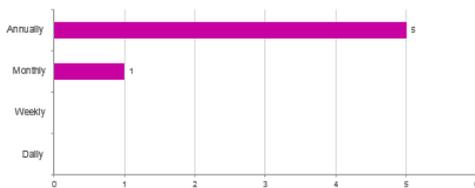
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It was apparent from this webinar that most of the people who joined, accessed our performance data on an annual basis, using the National Grid website. They also obtained performance data from the 'Our performance report' and 'National Grid's Annual report' as represented in the graphs below. We recognise however that only a very small number of stakeholders joined the webinar and therefore could assume this was a representative view of all our stakeholders.

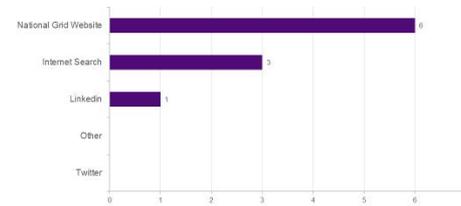
Poll 1

How often do you access performance information from National Grid?



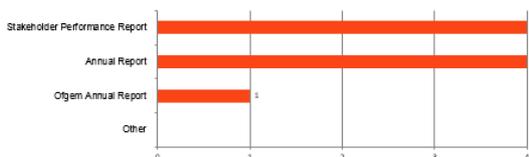
Poll 2

Where do you normally get updates/information from National Grid?



Poll 3

Which of these reports/information do you find useful?



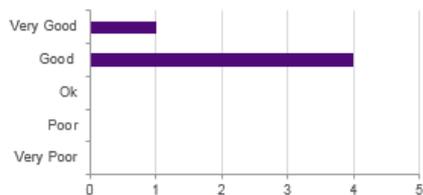
National Grid

3

Feedback on Webinar

Feedback on the webinar (1) content, (2) delivery (3) format and (4) free text comments

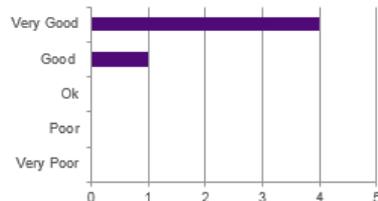
1. How would you rate the content of this webinar?



2. How would you rate the delivery and content by our speakers



3. How would you rate webinars as a vehicle for delivering content?



4. Free text comments

Thanks. Very useful. We look forward to working with you in the future. Main issue for us as a supplier is translating your business plan into allowed revenue.

Great insight into how NG is proposing to deal with reporting in a transparent manner and involving its stakeholders.

Suggest the webinar invite is included in the confirmation

National Grid | [Insert document title] | [Insert date]

6

Outcomes from the Survey

As our initial approach was to follow this webinar with a survey, we sent the recording and survey to the wider invite list and published the survey through our external website to seek a wider stakeholder perspective. The survey was left open for a period of 2 weeks.

The survey responses were positive and allowed us to get an insight on where stakeholders stood with regards to transparency of reporting and our stakeholder led business plan. When asked, **“What are your views on our proposals for an annual stakeholder-led business plan process?”** the general responses were:

“This is the right thing to do and will encourage greater transparency and understanding”

Another key questions in the survey was **“What follow up would you like on transparency and reporting?”**. The responses emphasized on the importance of “Ensuring good communications are maintained to advise of changes and stakeholder views”.

iii. OFGEM WORKSHOP/BI-LATERAL

Environmental Output Bi-lateral – 29th October 2018 – (Ofgem, NGET and TOs)

Ofgem wants us to publicly report on our progress with our Environmental Action Plans annually. This is because Ofgem wants to increase transparency about TOs’ environmental performance. Ofgem wants the TOs to develop a common reporting template.

Cost Assessment working group meeting - 25th September 2018 (Ofgem, NGET and TOs)

During the working group meeting, there was discussion over changes to the RRP in RIIO-T2 including a requirement to understand ‘what, when, why and how’ for all projects. We understand Ofgem’s intent in knowing ‘how’ we have delivered outputs but, given the number of projects that make up our Business Plan, we suggest that it would be more proportionate for us to focus on outcomes alongside a category-level view of how they have been achieved. We see this as striking a balance between focusing on outcomes and enabling you to understand where changes in the plan have arisen due to factors outside of our control. However, to understand how practical these reporting changes are, we need you to provide more clarity regarding what information Ofgem require.

Meeting with Energy UK - NECC - 30th November 2018

We took the opportunity to understand how important our financial and performance reporting was for stakeholder via the Energy UK forum. The following stakeholders were in attendance, OVO, WWA, Vitol, Sembcorp, EUK, ESB, Orsted, Green Frog, Innogy, Centrica, RES, Shell, RWE Supply and Trading.

From the stakeholder who responded, it is apparent that reporting is important to them.

Is National Grid financial and performance reporting important to you?



IV -CONSUMER LISTENING WORKSHOP

National Grid Electricity Transmission



National Grid Consumer Immersion



National Grid Workshop - Results

In January 2019 National Grid ran a workshop with a small group of consumers between the ages of 18 and 45+. The goal of the session was to understand the views of members of the public in relation to our business. Their views would then be taken back into the business and influence our decision making. This session was run with the help of **Explain** and the material was reviewed with **Frontier** to ensure that our questions were unbiased and allow the members of the workshop to have freedom to express their views. In relation to the discussion material, *Frontier* were pleased and thought that it was well structured and appreciated our ranking exercise.

In terms of areas of focus, participants were asked to think about different responsibilities National Grid have and whether they thought each area was something National Grid should be focusing on. They were asked to order each of the areas discussed in terms of how important they were. The

scores were then combined to give an overall ranking. National Grid being a responsible business was voted as the 3rd most important area out of the 5 available, as can be seen from the table below:

Area	Order of importance	Mean score out of 5
Helping the move towards low carbon economy	1 st	4.1
Reliable supply of electricity	2 nd	3.4
Being a responsible business	3 rd	2.8
Helping the fuel poor and vulnerable consumers	4 th	2.6
Keeping electricity bills down	5 th	2.1

Participants were then asked to think about who should pay for some of the areas that had been discussed throughout the workshop. They were asked “yes”, “no”, or “unsure” as to whether they would be willing to pay slightly more on their annual bill (less than £1) to help pay for the areas discussed. *Frontier* suggested as an additional question to “**Generally being a responsible business**”, to also have “**Helping the fuel poor and vulnerable consumers**”. Results shown below, looking specifically at National Grid “generally being a responsible business” showed that 72% were not willing to pay more.

V) ENGAGING WITH INTERNAL STAFF

We took the opportunity via gallery walks, webinars and presentations to talk our staff through this priority. The focus of this was to share the results from our engagement and to share our initial proposals and to seek their views. There was a general agreement with proposals and the key feedback received was for the need to have timely and relevant data/ reporting information. This aligned with what stakeholders said.

VI – THIRD PARTY CHALLENGE AND REVIEW – SEPTEMBER 2019

At appropriate points throughout our engagement process, we commissioned independent assessments of our activities, and used the learning from these to help us improve. We have also used third parties to check that we’ve engaged a relevant, representative sample of stakeholders on each topic, and that we’ve correctly translated their views into our plans.

“Overall NGET has carried out an extensive programme of engagement with a variety of stakeholders, and it is clear that NGET has listened to and taken account of many of the views coming out of these engagements. In most cases, stakeholder views are addressed in the proposed actions set out in NGET’s business plan. We did not find any cases where stakeholder evidence contradicted the proposed actions in a material way.”. For the full assessment please refer to NGET_A6.07 Frontier Golden Thread Assessment.

2.3 WHAT WERE THE INITIAL NATIONAL GRID CONCLUSIONS

2.3.1 WHAT WE’VE HEARD - SUMMARY OF ENGAGEMENT OUTCOMES SO FAR

Consumer Groups, Environment Groups and Others	Customers (generation and demand) and Network Operators	Energy Suppliers	Regulator
<ul style="list-style-type: none"> • Want a clear line of sight between activities, operational performance and financial reward • Want to understand difference between allowed costs and actual costs with narrative focussed on the ‘why’ not just the ‘what’ • Want to be able to compare performance across the different networks (Environment elements) 	<ul style="list-style-type: none"> • Want granular detailed operational information at frequent levels • Want communication to continue in order for us to meet our licence obligations • Want transparency reporting in relation to the new regulatory financial performance reporting set by Ofgem • Want to be involved with setting out the priorities of our business plan 	<ul style="list-style-type: none"> • Want to have sight of our business planning process • Want to understand what is subject to change in our business plan 	<ul style="list-style-type: none"> • Want analysis to ensure we have delivered what we have been given allowances for • Want to have enough analysis and justification that our business is run efficiently • Want to be able to understand financial performance and if this is valid • Want consistent reporting across networks and sectors where possible

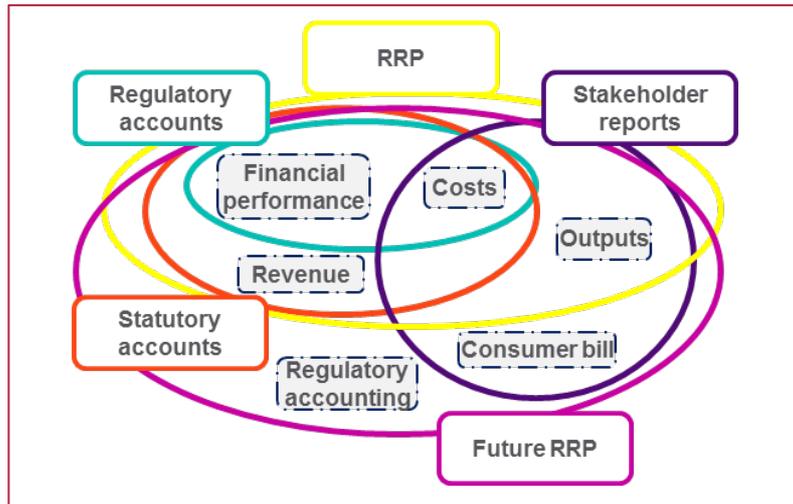
2.3.2 WHAT WE’VE HEARD - KEY MESSAGES – FINANCIAL AND OPERATIONAL PERFORMANCE

- Be more transparent and consultative on our business plans on an annual basis
- Be consistent in our reporting with other networks to enable easy and meaningful comparison
- Report in enough detail to allow assessment of efficiency
- Be transparent on the link between activities, operational performance and financial reward
- Be transparent on differences between actual costs and allowances with explanation and detail to justify those differences
 - what outputs have been delivered against what was planned
 - what savings are borne out of innovation and which out of incorrect forecasting

Our current annual business planning process is mainly inward facing. We are learning from our RIIO-2 engagement to create an ongoing stakeholder-led process. Each year we will start by talking to our stakeholders and work to improve the process with them, with the aim to introduce this for 2020/21.

From our engagement with Citizens Advice with the regards to intentions relating to our T2 reporting, the feedback is that they are supportive. They were pleased to see how engaged we are in the topic and how we have been working proactively with OFGEM and other stakeholders to move the dial in a positive way on transparency.

The figure below is an outline of what we intend to do with the RRP publishing going into T2. As of now, the key documents that National Grid publishes are separated into the RRP, Stakeholder reports, Regulatory accounts and Statutory Accounts, each one encompassing various aspects of our performance. Going forward, we want to include all these segments into a single RRP which will aid in our transparency for the T2 period.



3. STAKEHOLDER GROUP CHALLENGE & REVIEW

3.1 WHAT WERE THE CHALLENGES AND HOW DID NGET RESPOND?

Challenges sub Ref No.	Challenges	NGET Response
111	NG to demonstrate the step change in transparency with regards to what has been done in T1 and what would be different in T2 and how this has been benchmarked.	We are committed to widening the scope of Our Performance reporting to include key societal measures. This will demonstrate how we are operating as a fair business and making a positive contribution to the society that we serve. We have used the EY integrating reporting to benchmark the report to ensure that all elements of reporting are included. Another step change in the continuation of the independent stakeholder group, they will challenge us on our reporting; ensuring that we are transparent, further detail on their roles and responsibility is in chapter 6 "Giving Stakeholders and Consumers a voice".

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112	NG to develop a stakeholder engagement strategy and demonstrate NGET's plan to exceed customer expectations.	Strategy updated and created as a separate standalone document as a direct result of the group's feedback.
113	NG to articulate any other areas they intend to be transparent in e.g. recycling, tax behaviour. /the Stakeholder Group expect to see this reflected through the chapters where applicable.	<p>Transparency is now a thread in the business plan. Chapter 8 - we talk about how we will be transparent in our connection costs. Chapter 11 includes how we intend to create a new environmental page on our ET website to be transparent on our environmental performance with our stakeholders. We will also lead in transparency on capital carbon and natural capital using open source data to collaborate and drive environmental progress and in chapter 12 talks about transparency in innovation.</p> <p>In respect to tax behaviour - We continue to take a responsible approach to tax. We manage our tax affairs so that we pay and collect the right amount of tax, at the right time, in accordance with the UK tax laws. Our approach to tax is consistent with the Group's broader commitment to be a responsible and sustainable business and therefore continues to be guided by our purpose and values.</p>
114	NG to review/confirm the different stakeholder segments, establish what they would like reported and why, establish how they would like the information communicated and identify gaps.	<p>Section 3 - Table 13.1 now includes a table which highlights the different stakeholder segments and what they would like reported and section 4 - table 13.2 proposes what we will be doing to address this.</p> <p>Appendix 5.4 in the engagement log included a list of stakeholders who were approached for engagement for this priority.</p>
115	NG to be clear in the October Iteration on the outcomes they are trying to achieve with the Online Portal. NG to also justify the need for a bespoke portal as opposed to working in partnership with other networks towards having one network portal.	<p>To increase the accessibility of data and reporting, we plan to invest in our insights platform to structure our data to support Ofgem's energy data exchange service. We will do this by:</p> <ul style="list-style-type: none"> • working with our stakeholders and Ofgem to maximise the value of data held in our business and ensure that key data items are accessible • integrating our insights and enterprise resource planner platform with the portal to surface key financial and performance data
116	NG to provide the breakdown in the October iteration of the Business Plan of Capex and Opex cost for this priority and	Section 6 "our proposed costs for T2" now had a detailed breakdown of the costs. The costs for these proposals were outlined in the table which are captured within our business support functions and operational expenditure. These have been

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	demonstrate value for money.	<p>benchmarked and assessed as efficient, which you can read further on how these have been benchmarked and assessed in the chapter 14.</p> <p>Update: Further to the previous sponsor session, business support costs have now been removed from this chapter as it was deemed that these should be included in run the business costs. Section 6 in the business plan now only includes the IT investment as described in NGET response in 115.</p>
117	NGET to set out the aspirations of what enduring the Stakeholder Group's role could be and discuss with the Group.	We've agreed a process with the group over the next 6-12 months to agree their enduring role and how they hold us to account. Rather than us unilaterally decide what they should do, we agreed that this should be a collaborative project – they are not 'our' group so jointly defining their role is the right thing to do.
118	NGET to demonstrate how they have benchmarked good practise in relation to Transparency and define what good looks like.	<p>We have taken good practice and learnings from various sources EY and others in and outside the sector and this has been used to shape our proposals as mentioned in the chapter.</p> <p>Benchmarked externally - Transparency International - Corporate Political Engagement Index (CEPI) 2018 - National Grid has just been rated as a "B" in the 2018 Index. https://www.transparency.org.uk/cpei/#resources</p> <p>What good look like to us is that we have delivered to our obligations (financial and regulatory) without any breaches, we delivered our reporting performance that meets the needs of our stakeholders and that our performance is understood.</p>
119	NGET to ensure that compliant with best practise with regards to accessibility to website and other publications.	NGET will use industry standard IT applications to deliver external communication or collaboration platforms. These will enable best practise for accessibility to different content across our website. Our corporate brand guidelines also set the standards around accessibility to website and other publications.
130	NG to demonstrate leadership commitment to engagement.	We've strengthened this in our forward -looking strategy and Board members have personally signed a charter committing to our stakeholder-focused approach.

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4. CONCLUSIONS

4.1 WHAT IMPACT HAS THIS FEEDBACK HAD ON NATIONAL GRID AND THE RIIO-T2 BUSINESS PLAN?

The independent stakeholder groups challenge on NGET to develop a stakeholder engagement strategy has resulted in a robust strategy being developed and Board members have personally signed a charter committing to our stakeholder-focused approach.

In response to benchmarking, we took the opportunity to assess our future reporting requirements against EY integrated reporting capitals, ensuring that we were reporting in all capitals, which we can say that we will.

We've also agreed a process with the independent stakeholder group over the next 6-12 months to agree their enduring role and how they hold us to account. Rather than us unilaterally decide what they should do, we agreed that this should be a collaborative project – they are not 'our' group so jointly defining their role is the right thing to do.

4.2 BUSINESS PLAN OUTPUTS ALIGNED TO STAKEHOLDER ENGAGEMENT OUTCOMES – GOLDEN THREAD

What our stakeholders are telling us	Our Proposals	Output type	Consumer Benefit
Want a clear line of sight between activities, operational performance and financial reward which is easy-to-understand and easily accessible	<p>Increase the scope of our annual performance report and communicate our performance to our stakeholders</p> <p>Publish the data and reporting requirements for annual regulatory reporting process to Ofgem and invest in the IT capability to support Ofgem Data exchange initiative.</p>	LO	<p>Ensure consumers only pay for the work we must carry out</p> <p>Better understanding of the role we play in the industry and society</p>
Want to have confidence that the revenue we earn is fair and they want us to be a responsible and fair business	<p>Retaining the Independent Stakeholder Group to hold us to account</p> <p>For proposals that relate to us being a responsible and fair business, refer to section 4 in the <i>'We will care for the environment and communities'</i> chapter 11.</p>	Commitment	<p>We are an inclusive organisation which helps promote future talent</p>
Want to have sight of the business planning process and what has changed	Introducing the annual business planning process – see chapter 6 section 3.	Commitment	
Need to ensure that pay and reward is aligned to	We are all aligned and committed in delivering the right outputs for the T2 period	Commitment	

our business plan outcomes			
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The golden thread is a concept developed to help stakeholders understand at a glance, the engagement we undertook for each stakeholder priority, the outcomes that were heard, how this translated into the outputs that NGET will deliver in the T2 period and the associated activities and costs. Embedded below is the golden thread for this priority.



NGET_ET.01_Golden thread summaries D

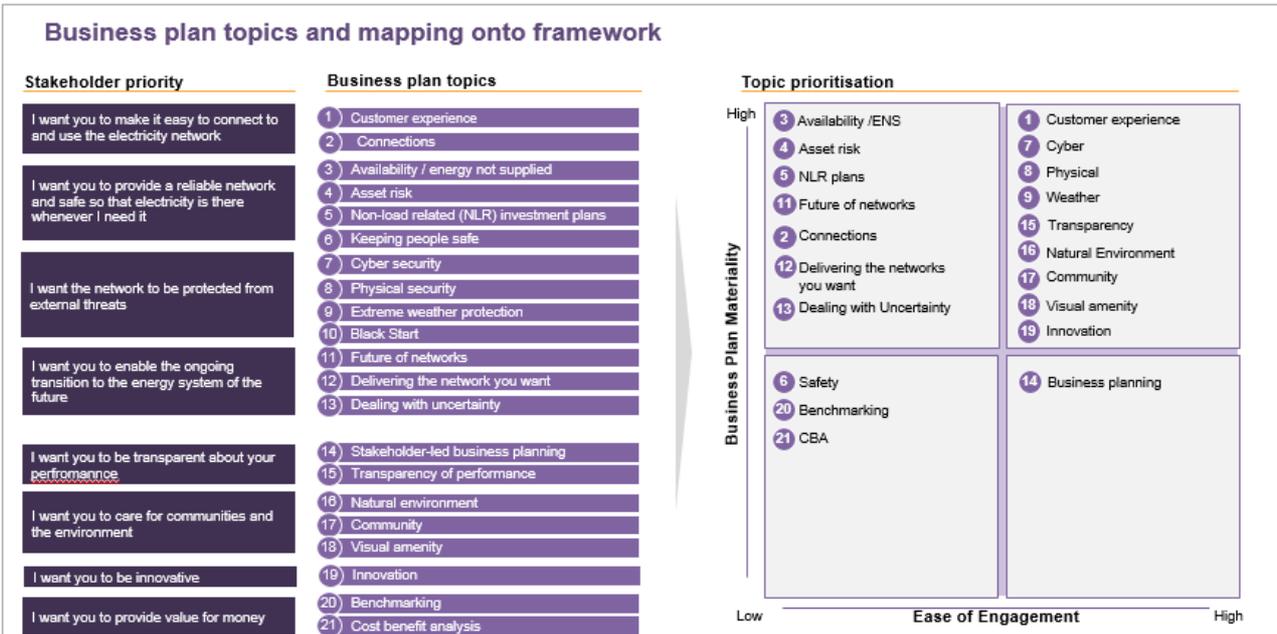
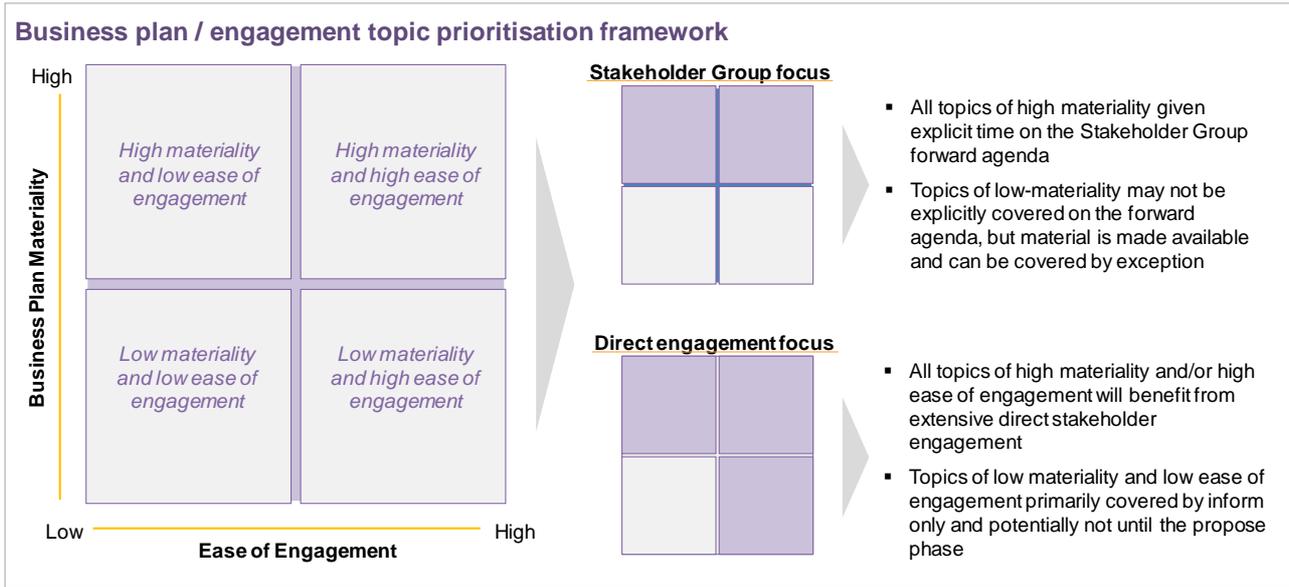
5. APPENDIX

5.1 ENGAGEMENT PRINCIPLES CHECKLIST

Principle		Check
1	Define and map your stakeholders - anyone who believes they are affected by your decisions. Recognising the different threads of the public interest – stakeholders, customers, consumers, citizens, communities (geographical and interest)	
2	Be clear what you want to achieve with “engagement” – have clear policy objectives and measures of impact; (incl. where you most need to engage)	
3	Understand the “spectrum of participation” and difference between each part of that spectrum: inform, consult, involve, collaborate, empower	
4	Engage early in the process, review and improve throughout	
5	Leadership – effective stakeholder engagement must be led from the top of the organisation	
6	Commitment – to listen to stakeholders’ views and act on or respond to them	
7	Objectivity – an open approach to obtaining stakeholders’ views and to interpreting them. Seek to understand views on a range of topics and on all aspects of the business plan, rather than pre-determining their priorities or seeking to endorse your own priorities	
8	Transparency – to build stakeholder trust and show that you take their views seriously (incl. how we’ve considered views, weighted and managed trade-offs)	
9	Be inclusive: work with stakeholder groups to gather the fullest range of interests. Understand and balance the differences between different segments. Understand and balance the differences between existing and future stakeholders	
10	Be aware that those who often participate i.e. the “usual suspects” are not always representative	
11	Be accessible to all (e.g. in consideration of the tasks, timelines, contact person, tech., locations, challenges of communication, etc.)	
12	Use targeted approaches to tailor engagement to suit the knowledge and awareness of different groups	
13	An ongoing process that is embedded across the business – not just a stand-alone business planning/price control review exercise.	
14	Evidence based – use a full range of available sources of info to identify priorities, views and challenges (e.g. operational insight, bespoke research,	
15	Gather evidence through a range of methodologies and tools including willingness to pay, qualitative research, surveys, complaints intelligence, market data	
16	Be responsive – seek to adopt a flexible process to engagement, responding to the information revealed as the process progresses	

17	Demonstrate impact of engagement – ensure that the engagement design process plans for and allows evaluation of success	
18	Innovation – trying new and innovative ways of engaging	

5.2 BUSINESS PLAN / ENGAGEMENT TOPIC PRIORITISATION FRAMEWORK



5.3 STAKEHOLDER SEGMENTS

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Stakeholder Segments – Electricity		
Segment	Description	Example organisations
Political	Elected officials and advisors; Westminster + Cardiff	MPs, SpAds, Assembly Members
Governmental	Civil service and committees	BEIS, DEFRA, NIC, CCC
Regulatory	Energy and safety regulators	Ofgem, HSE
Consumers	Members of the public, commercial & industrial	Members of public and businesses
Consumers bodies	Members of the public, commercial & industrial	Citizen's Advice, NEA, Which?, MEUC, CBI
Communities	Local councils, community representatives	Greater London Authority, Anglesey County Council
Large customers	Large, often vertically integrated and international	Big 6, Drax, Orsted, Network Rail
Small / new customers	Small, often specialist organisations or non-energy	OVO Energy, Robin Hood Energy, JLR
Network companies	Other regulated energy network companies	UKPN, WPD, NPG, ENW, SPEN, SSEN
New business models	New business exploiting the '3 Ds'	Pivot Power, Limejump
Think tanks & innovators	Elected officials and advisors; Westminster + Cardiff	Energy Systems Catapult, IET, EIC
Interest groups	Groups representing special interests	Green Alliance, Sustainability First,
Academics	Energy specialists and researchers in academia	Imperial College, Exeter Uni., Newcastle Uni.
Supply chain	Developers and suppliers of network assets	Siemens, ABB, Prysmian
Other	Stakeholders not defined in other segments	Media, Consultants, EU bodies, etc.

5.4. Transparency in our performance engagement breakdown

Segment	Who	When	Channel
Consumer Group		08/10/2018	Bi-lateral
Suppliers		03/09/2018	Bi-lateral
		27/10/2018	Bi-lateral
Network Operators		16/10/2018	Bi-lateral
		09/10/2018	Bi-lateral
Regulator	Ofgem	25 Sept (London) 23 Oct (Glasgow) 22 Nov (Warwick) WG 5 – 10 Dec	Workshop
Multiple segments	ABO Wind	Heriot Watt University	07/11/2018 Webinar & survey to follow 08/11/2018
	Action Sustainability	Hive Energy	
	AFFECT ENERGY LTD	Horizon	
	American Transmission Company	Horizon Nuclear Power	
	Aptus Utilities	Industrial Communities Alliance & Sheffield Hallam University	
	AVRO ENERGY LIMITED	Innogy	

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Bangor University	Innogy Renewables
Banks Group	InterGen (UK) Ltd
Bellrock Technology	Lark Energy
BES Utilities	Lightsource
Blue Energy	Lightsource renewable Energy Ltd
Blue Transmission	Liverpool University
BNFL Capenhurst	Loughborough University
BP	Manchester University
Breeze Energy Limited	MGT Teesside
Bristol Energy	Natural Power
Bristol University	Network Rail
British Gas	Newcastle University
british-energy	Northern Gas Networks
Brookfield Renewable	Northern Power Grid
Brunel University	npower
Bulb Energy	Open University
Burcote Wind	Orsted
Business in the Community	Ovo Energy
C G Power Solutions UK Ltd	Oxford University
C.GEN Killingholme Ltd	Powerserve UK
Calon Energy Limited	RES Group
Cambridge University	Resilience First
Cardiff University	RWE Innogy UK Ltd
Carlton Power	Scottish and Southern Electricity Networks
Carrick Power	Scottish Enterprise
CARRINGTON POWER LIMITED	Scottish Power
CE Electric UK	Scottish Power (UK) Plc
Centrica	Scottish Power Energy Networks
Centrica Energy	Scottish Power Renewables
CENTRICA PB LTD	Scottish Power Transmission
Centrica Storage	Scottish Renewables
Centrica Uk	Seabank Power Ltd
Ceres Energy Ltd	SGN
cgenpower	SHE Transmission
Citizens Advice	Solar Associates
Clearstone Energy	SP Energy Networks
Community Windpower Ltd	Spark Energy
Co-operative Energy Limited	SSE
Coriolis Energy (Dell Wind Farm Ltd)	SSE Generation Limited
Cornwall Energy	SSE Generation Ltd
Cornwall Energy Associates Ltd	SSE Renewables
Coventry University	SSEN
Cranfield University	SSEPD
Creag Riabhach WF Ltd	Stag Energy
DEESIDE POWER (UK) LIMITED	Strathclyde University
DP Energy	Sustainability First
DP Energy Ireland Ltd	Tata Steel
Drax Group plc	Tata Steel UK Ltd
Durham University (Emeritus)	TATA Steele Europe
E (GAS AND ELECTRICITY) LIMITED	The University of Manchester

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	E.ON Climate & Renewables	The University of Nottingham		
	E.ON Climate & Renewables UK Developments Limited	The University of Southampton		
	E.ON Climate and Renewables UK Humber Wind Ltd	The University of Warwick		
	E.ON UK plc	Tyndall Centre, Manchester University		
	EA Technology	UK Power Networks		
	ECI, University of Oxford	UK Power Networks (EPN)		
	Eclipse Power	UK Power Networks (LPN/SPN)		
	Eco Electricity	UK Power Reserve		
	Economy Energy Trading Limited	UK Power Reserve		
	Ecotricity	Uniper Energy		
	EDF Energy	United Utilities		
	EDF Renewable Energy	University of Plymouth		
	Eggborough Power Limited	University College London		
	EL Power	University of Bath		
	ElecLink	University of Birmingham		
	electralink	University of Bristol		
	Electricity North West Limited	University of Cardiff		
	Electricity Plus Supply Limited	University of Chester		
	Electricity Storage Network	University of Liverpool		
	Electronic Temperature Instruments	University of Manchester		
	Element power	University of Nottingham		
	Elgin Energy EsCo Ltd.	University of Oxford		
	ENA	University of Reading		
	ENECO	University of Sheffield		
	Eneco Wind Uk	University of Southampton		
	Energy UK	University of St Andrews, School of English		
	eneusenergy	University of Strathclyde		
	ENGIE	University of Strathclyde		
	ENGIE POWER	University of Warwick		
	ENWL	Utilita Energy		
	EON	Utility Consumers Consortium Ltd (UCC)		
	ESB	Vattenfall Wind Power Ltd		
	ESBI	Verve Energy		
	Estover Energy Ltd	Viking Energy		
	Exeter University	VPI Immingham LLP		
	Extra Energy Supply Limited	Wales and West Utilities		
	FALCK Group	Westmorland Group		
	Falck Renewables	Which		
	First Utility	WPD		
	Fred Olsen	wpd europe GmbH		
	Future Electric Limited	WPD Scotland Ltd		
	Green Alliance	WPD West and South Wales		
	Green Energy	WW Utilities		
	Green Power International			
Consumers	End Users – To seek views of domestic consumers on what a responsible business should be?			Consumer Listening Workshop

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Internal Staff	To seek views of our internal colleagues on our performance	Mar 19 and Oct 19	Gallery Walks and Webinar
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5.5 ENGAGEMENT APPROACH – SPECTRUM

Approach to engagement – spectrum					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
STAKEHOLDER ENGAGEMENT GOAL	To provide stakeholders with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions	To obtain stakeholder feedback on analysis, alternatives and/or decisions	To obtain public feedback on analysis, alternatives and/or decisions	To partner with stakeholders in each aspect of the decision including development of alternatives and the identification of the preferred solution	To place final decision making in the hands of the stakeholder
PROMISE TO THE STAKEHOLDER	We will: <ul style="list-style-type: none"> keep you informed 	We will: <ul style="list-style-type: none"> Keep you informed Listen to and acknowledge concerns and aspirations Provide feedback on how you have influenced our decision Seek feedback on drafts and proposals 	We will: <ul style="list-style-type: none"> Work with you to ensure that your concerns and aspirations are directly reflected in alternatives developed Provide feedback on how you have influenced our decisions 	We will: <ul style="list-style-type: none"> Work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible 	We will: <ul style="list-style-type: none"> Implement what you decide

Adapted from the International Association of Public Participation – Public Participation Spectrum, 2007