



I want all the information I need to run my business, and to understand what you do and why

18. I want all the information I need to run my business, and to understand what you do and why

What is this stakeholder priority about?

Transparency and information are fundamental to stakeholders' ability to operate their businesses efficiently and effectively. Our data and insights provide value for consumers by ensuring that the gas market runs smoothly. It also promotes competition in the wholesale market, allowing participants to plan, prepare and operate effectively. We recognise that our stakeholders need us to provide good quality information and data to inform their business decisions.

What have stakeholders told us?

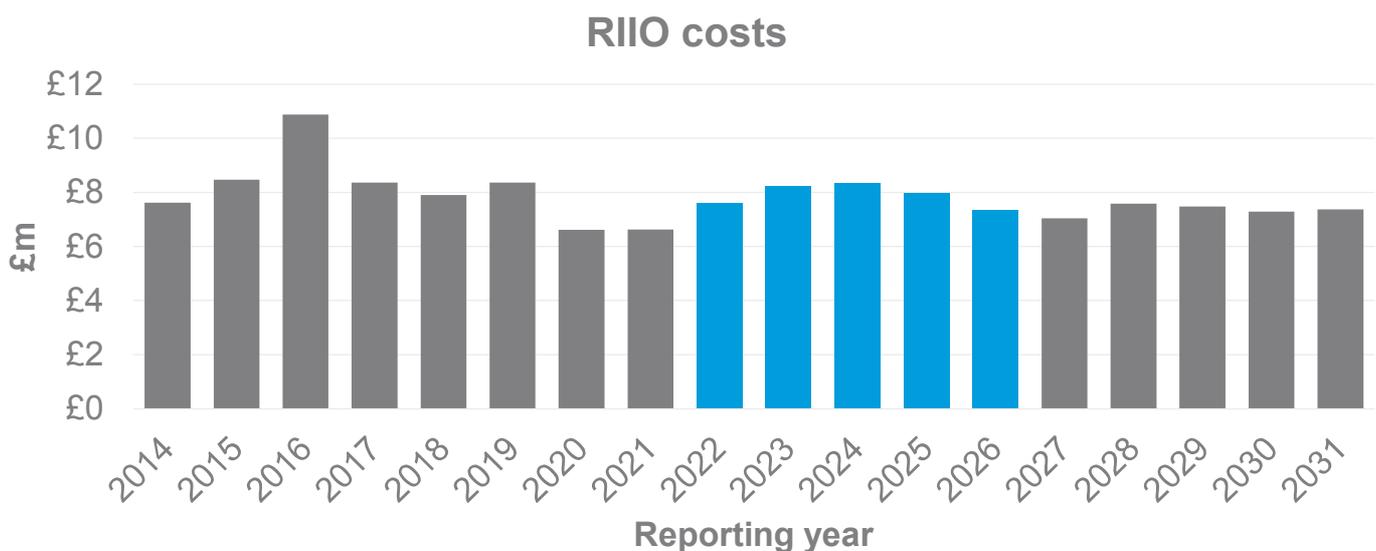
They have told us they want more accurate information, faster access to it and a better way to ask us for new kinds of information.

During RIIO-2, we will:

- champion open data sharing across the energy industry, working with network companies to build a whole system view
- commit to establishing a transparent governance structure, agreed with the industry, to admit and publish new data items with greater speed and flexibility than ever before
- invest in our people and IT systems, taking advantage of technology to develop new capabilities allowing us to share information in better ways
- be more transparent than ever about our performance by updating our business plan with stakeholders, retaining the independent stakeholder user group and ensuring our leadership team's remuneration is clearly aligned with delivering outputs for stakeholders.

The total RIIO-2 spend for this area is £39.5m. This is £7.9m annually (compared to £8.1m annually in RIIO-1) and around 1% of our total business plan. The decrease is caused by a reduction in our Xoserve costs relating to the balancing and capacity system which is partly offset by an increase in investment in IT systems.

Figure 18.01 RIIO-1 and RIIO-2 spend profile 'I want all the information I need...'





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1. What is this stakeholder priority about?

This priority is about ensuring we provide the right kinds of information to the wider industry to meet its needs. It's also about how we communicate with all our stakeholders and provide transparency about our decision-making. Clear information enables stakeholders to operate their businesses efficiently and effectively. The information we share allows market participants to make informed decisions. This might be about the investments they make, how they trade in the market or how they run their plant and equipment. Our data and insights provide value for consumers by ensuring that the gas market runs smoothly. Our information also promotes competition in the wholesale market. Being transparent about decisions enables stakeholders to understand how we might act when similar events occur in future and how they can optimise their own operations. In short, information is crucial to the efficient operation of the gas industry, which ultimately affects consumer bills.

2. Our activities and current performance

Our key activities associated with the information provision priority are summarised in figure 18.02 below. Much of the activity undertaken to operate the network is published as information for the industry.

We provide information that covers a broad range of areas and timescales. We publish documents such as the System Management Principles Statement and related procurement guidelines to set upfront expectations of how we will operate the system. Long-term insights show how the network could evolve in future and how we plan for that. They also provide transparency about the investment decisions we are making. We provide guides and support for activities such as the connection and capacity reservation process. We do this so that stakeholders know what to expect from us as they go through these processes.

Figure 18.02 our information timelines



Our medium-term information informs the energy industry and allows it to prepare, offering a view on how they could use the system and the cost of doing so. The charging statements we publish set out how we calculate charges, as well as the charges themselves. They help the energy industry to make informed commercial and operational decisions to ensure the overall effectiveness and efficiency of the market and its operation.

Short-term 'on-day' and 'after-the-day' information supports efficiency in the capacity and energy markets. It does this by providing fair and timely access to operational and market information. Our intention is that

our information provides transparency about what we do and why, in terms of our investment decisions, operational decisions and performance. The following table lists the specific information that allows us to provide transparency in these areas.

Table 18.03 our information

| Activity | Obligated information | Discretionary information |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| Long term (>10 years) | Gas Ten Year Statement (GTYS) Future Energy Scenarios | Gas Future Operability Planning (GFOP) |
| Medium term (one year/within year) | Summer/Winter Outlook Winter Consultation Maintenance plans Maintenance notices Capacity auctions Charging tariffs Operational forums Liaison meetings Distribution network forums | Collaboration platform |
| Short term (a few days ahead/on-the-day) | REMIT information MIPI information PDWS information | |
| Post-event (after the day) | Incentives reporting MIPI information Winter Review document Charging and billing | Collaboration site (day in brief) |

Track record in RIIO-1

During RIIO-1, we have focused our efforts on being more proactive about the information we provide because we recognise that it has an important part to play in enabling society's transition to a low-carbon future and the shift to a 'whole energy system' approach. Stakeholders can see this in the changes made to the GTYS during RIIO-1 because it now shows our decision-making processes. It captures the thinking behind the choices we make as we move towards a low-carbon energy future.

During RIIO-1, we began producing the Gas Future Operability Planning (GFOP) document, this describes how a low-carbon energy future may impact gas network operability. Operability is a growing consideration for us and we wanted to start a conversation about it so that the market can work with us to meet these possible challenges. Through 2018 we undertook a significant piece of work to engage with industry on ways to improve our operational data provision and we are putting new streams of information in place where demand from stakeholders is clear. One example is the week-ahead pressure forecast launched in August 2018¹⁰². We have spent all our allowances to deliver these improvements.

We are supporting initiatives like the energy data taskforce. It brings together industry and the public sector to reduce costs and promote competition, innovation and new business models. It will review the data landscape,

¹⁰² <https://www.nationalgridgas.com/data-and-operations/transmission-operational-data - tab-4>



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identify gaps and make recommendations for how data can be used more effectively in the energy system.

Innovation in RIIO-1

During RIIO-1, we launched the Gas Operational Data Community¹⁰³ to create effective communications channels with our stakeholders. Taking inspiration from outside the energy industry, we are utilising discussion boards and a voting system to inform any improvements to information provision we make. To date, **more than 250 customers** have registered on the innovative and agile collaboration platform. The insights we've gathered

provide an **explicit link to consumer value**. More than ever before, customers are sharing why they need the data they ask for, which will become more important as we progress through RIIO-2. **This insight has been used to inform our RIIO-2 proposals.**

3. What have stakeholders told us?

Stakeholders value the information we provide, they see the data we supply as crucial in managing their commercial processes. More information is available in our engagement log in annex A18.01.

Table 18.04 stakeholder engagement summary

| | Information provision |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stakeholders | Connected customers (terminal operators, storage operators, power stations), traders, shippers, consumers industry groups, academics. |
| Objective | Understand views from a wide variety of stakeholders in relation to transparency, our current reporting and new requirements. |
| Channel | Gas operational data community, liaison meetings, operational forums, customer and stakeholder satisfactions scores and comments, RIIO-2 stakeholder regional events, stakeholder 1-2-1s, and webinars. |
| Key messages | Provide information and data at a greater frequency – preferably as near real-time as possible. The ability to pull data from our systems, less interest in having data pushed. Use of application programming interfaces (APIs) to manipulate raw data. More consistency and accuracy of data. More pressure and gas quality data and more in-depth analysis and transparency around balancing actions. |
| Trade-offs and stakeholder influence on the plan | From our RIIO-1 BAU engagement, we have continued to engage and improve our information offering based on the key feedback to ensure accuracy and meeting the new information requirements of our stakeholders. |
| SUG and Challenge Group feedback | We have taken on board SUG feedback in how we ensure we deliver on information commitments in section 4 through reporting and via the stakeholder prioritisation process. The CG reiterated the need to ensure that pay and reward is aligned to our business plan outcomes, which we have specified. |

4. Our proposals for RIIO-2 and how they will benefit consumers

Table 18.05 our proposals

| What our stakeholders have told us | Commitment | Output Type | Consumer benefit |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Provide more consistency and accuracy of data. | Quality of demand forecast incentive schemes (day ahead and 2-5 day schemes). Retain incentives schemes to drive forecast accuracy. Make incentive tougher to achieve against by reducing the performance gradient, recognising that demand forecasting is becoming increasingly challenging. | ODI Current proposed cap: £8.0m / collar £2.5m per year Target: D-1: ~8.5 mcm/d , D-2 to D-5: 13.7 mcm/d | Our information and insights provide value for consumers by ensuring that the gas market runs smoothly. |
| | Implement system changes to detect and resolve data inaccuracies and ensure timeliness of our data delivery. Revolutionise data publication mechanisms to significantly increase the availability and resilience of our systems. | Commitment | It also promotes competition in the wholesale market – allowing participants to plan, prepare and operate effectively. |
| Provide more information, faster access to it and an easy way to ask for new kinds of information. | Investing in our people and IT systems, taking advantage of technology to develop new capabilities allowing us to share information in better ways, see more in annex A14.25. Commit to establishing a transparent governance structure, agreed with the industry, to include and publish new data items with greater speed and flexibility than ever before. Provide system flexibility to enable changes to our data publication mechanisms are quicker and at a lower cost. | Commitment | Better understanding of role we play, giving a clearer link between consumer bill and our contribution to it and the service we provide. |
| Transparency is key. | Be more transparent than ever by continuing to provide regulatory reporting, continuing to update our business plan with stakeholders (see chapter 10), retaining the independent stakeholder user group and ensuring our leadership team's remuneration is clearly aligned with delivering outputs for stakeholders. | Commitment | |

¹⁰³ <https://datacommunity.nationalgridgas.com/>



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We recognise that we should be held to account to deliver on our commitments. We will achieve this in two ways; firstly, through establishing a transparent governance structure, agreed with the industry. Secondly, the specific IT projects that support this priority will be reported on through the RIIO-2 regulatory reporting.

Our aim is to have a customer-focused, data-centric approach, not just meeting our obligations on data provision but also enabling transparency that promotes efficiencies in the wholesale market. We have made significant strides to achieving this during RIIO-1 and will continue our efforts through RIIO-2.

Customers say the information we provide is important and there's an ever-growing list of improvements they would like to see, focusing both on the data itself and on how they can access it:

- We will be transparent in what we do, enabling competition and fostering innovation by sharing our data openly wherever possible. We will put an emphasis on collaborating and sharing data with network companies to build a whole system view.
- We will move towards providing open, automated, and machine-readable data wherever possible. Our data will be presumed open, with access only ever being restricted to mitigate security, privacy, legal or consumer impact risks.
- We will champion open data-sharing and governance across the energy industry. Data access improves market efficiency and creates the conditions for innovation across industry, leading to lower consumer bills and more benefits to society.

Transparency of our performance **Regulatory reporting**

To make our performance transparent we publish annual information on our outputs and spend against our allowances. This information can be complicated, but we will make it easy to understand what we have delivered for consumers and how our financial returns clearly link to what we delivered. A key element of providing transparency on our performance is having targets for the service levels we will provide. In our annual RIIO-1 performance report, we explain each year how well we have performed against our outputs. We will continue to do this throughout RIIO-2. We are exploring how we tailor our reporting to meet our stakeholders' needs and clearly and simply set out what stakeholders want to know. We will continue to engage with them on how to improve our annual performance report and adapt it to their changing needs.

Updating our business plan with stakeholders

Stakeholders told us that the opportunity to help shape updates to our annual business plan is something they expect. They want this to be a genuine two-way engagement process, although they would also find it useful to have regular updates from us about what we're doing and how we're performing. Adopting a more externally-focused approach will increase transparency and ensure we deliver what is important for all stakeholders.

We will continue with our enhanced stakeholder engagement programme indefinitely outside of the price control preparation process, keeping up conversations about our long-term plans even when there is no regulatory need to do so. This should improve the outputs we deliver for all stakeholders and reduce the costs of delivery as resources become more focused on what people tell us they want.

Our proposal to retain the independent stakeholder user group (SUG)

An enduring role for the SUG in RIIO-2 will add significant value to National Grid, our customers and consumers. An effective SUG will therefore be an important, integrated part of our broader stakeholder engagement programme; increasing confidence across RIIO-2, improving transparency of our performance and challenging our decision-making. The challenge and scrutiny provided by the SUG ensures a more systematic and strategic approach to stakeholder engagement and that stakeholder feedback is actioned in the most effective way, with the findings used to directly inform business decisions. As well as making our activities more effective and cost efficient, the group will help generate systematic insight ('data') which will be an early indicator of changes, which will enable us to be more dynamic in response. This is particularly pertinent to the energy transition and will be valuable in areas such as innovation and decarbonisation. Read more on the enduring role of the SUG and our enduring engagement in chapter 10.

Ensuring our people are aligned and committed to delivering the right outcomes

We believe that our people play a vital role in delivering the commitments set out in our business plan. Our annual bonus plans incentivise the delivery of both financial, strategic and operational measures (such as customer, network delivery, environment, safety and people measures) and the demonstration of our leadership qualities and living our values; measures are subject to change to ensure we reflect the right focus on our priorities. This ensures a clear line of sight between individual performance and contribution and delivery of our business strategy and key objectives, which overall will provide value for our customers and investors. The current annual bonus scheme comprises of two elements; the first is has five components, bonus will be based on reducing costs (12%), RIIO-1 network output measures (12%), safety (12%), customer satisfaction (12%) and employee enablement (12%). The second element relates to personal objectives (40%) that are aligned to priorities of the year; for example, this year we are focusing on delivering our customer experience transformation, our operational and financial commitments. We will continue with this framework into RIIO-2 as this allows us to focus on what is important to our stakeholders and will drive the greatest benefit for consumers. Similarly, our long-term incentive plans also include key performance measures taking account of our financial, strategic and operational priorities. To reinforce the long-term nature of this incentives, awards are made in shares after a three-year



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period. Both our short-term and long-term incentive plans are subject to clawback.

5. How will we deliver?

Our IT systems underpin the information we provide and how we share it with stakeholders. During RIIO-2, we will invest to maintain our systems to ensure they're reliable and enhance our capabilities to provide more information and different ways to access and use it. To meet these needs, we plan to invest in the following capabilities:

- digital experience channel and engagement
- insights and innovation.

We will continue to support the gas operational data community and maintain an industry engagement platform to understand what customers want, and to ensure we have open conversations about how to prioritise their needs. We will continue to collaborate with stakeholders as the industry drives ahead with the Energy Data Task Force's recommendations of digitalisation and data transparency. We expect to deliver more for our customers during RIIO-2 with broadly the same number of people.

Innovation in RIIO-2

As we move towards a more decarbonised and digitised environment, it will be important to develop our tools and capabilities to deliver the information our customers want.

Table 18.06 RIIO-2 innovation

| Theme | Commentary |
|----------------------------|------------------------------------------------------------------------------------------|
| Fit for the future | Update our systems to collect and provide data to provide efficiencies and improvements. |
| Ready for decarbonisation | Use applications that can provide real benefit to the us and others. |
| Decarbonised energy system | Improve existing forecasting tools to enable whole system demand forecasting. |

6. Risk and uncertainty

Developing our information services together with customers poses a risk. As customer expectations continue to grow, we may need to invest more in people

and systems than we can absorb through more efficient processes. External uncertainty also exists about the potential impact on our systems and processes of changes that become necessary because of uniform network code evolution. We propose that allowances for these activities be fixed upfront. On an annual basis, utilising the community collaboration platform to engage with stakeholders, we will prioritise the developments that we will pursue over the coming year. Through this approach we will be transparent about the benefits of developments and limits of our capacity to implement changes in our information provision.

7. Our proposed costs for RIIO-2

The calculation and invoicing of customers' energy balancing, capacity and commodity charges are delivered by Xoserve either directly or through automated processes via the Gemini system. These costs are funded 100% in full by us. Capital investments in new systems are included in chapter 17. Our direct operational costs remain consistent with RIIO-1. The demands of change will be largely offset by our continued focus on efficiency. There are several capital investments in our IT system that we expect to make during RIIO-2. Through RIIO-1, we undertook a significant upgrade to our core network control systems. To support resilience whilst these upgrades were made, investment in related systems was kept at a minimum. There is therefore technical debt in our information provision systems that needs to be addressed through the investments required during RIIO-2. These investments can be split into asset health-type upgrades to maintain our existing capabilities and those that will support us in continuing to meet the needs of our customers and the wider industry, please see IT annex A20.03.

Table 18.07 cost certainty

| Cost realised from RIIO-1 actuals | Cost forecast based on competitive process | External benchmark | NARM or volume driven PCD |
|-----------------------------------|--------------------------------------------|---------------------|---------------------------|
| Yes, opex costs | No | Yes, IT benchmarked | No |

Table 18.08 summary of information costs by activity

| Activity spend (£m in 18/19 prices) | 2022 | 2023 | 2024 | 2025 | 2026 | Total RIIO-2 | Annual RIIO-2 | Annual RIIO-1 |
|-------------------------------------|------------|------------|------------|------------|------------|--------------|---------------|---------------|
| Systems | 1.8 | 2.4 | 2.5 | 2.2 | 1.6 | 10.5 | 2.1 | 1.7 |
| People and services | 2.0 | 2.1 | 2.1 | 2.0 | 2.0 | 10.2 | 2.0 | 1.9 |
| Xoserve costs | 3.8 | 3.8 | 3.8 | 3.7 | 3.7 | 18.8 | 3.8 | 4.4 |
| Pension costs | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.5 | 0.1 | 0.0 |
| Grand Total | 7.6 | 8.2 | 8.3 | 8.0 | 7.4 | 39.5 | 7.9 | 8.1 |

Table 18.09 summary of information costs by RRP category

| RRP category (£m in 18/19 prices) | 2022 | 2023 | 2024 | 2025 | 2026 | Total RIIO-2 | Annual RIIO-2 | Annual RIIO-1 |
|----------------------------------------|------------|------------|------------|------------|------------|--------------|---------------|---------------|
| Direct costs (BPDT 2.02) | 5.8 | 5.8 | 5.8 | 5.7 | 5.7 | 28.7 | 5.7 | 5.0 |
| SO capex (BPDT 3.08) | 1.8 | 2.4 | 2.5 | 2.2 | 1.6 | 10.5 | 2.1 | 1.7 |
| Controllable pension costs (BPDT 2.02) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.5 | 0.1 | 0 |
| Grand total | 7.6 | 8.2 | 8.3 | 8.0 | 7.4 | 39.5 | 7.9 | 8.1 |

Please note we have provided costs to one decimal place and hence some columns may not equal to the totals. Pension costs are based on proportion of total TOTEX.