

# I want you to be efficient and affordable

## Our plan is deliverable



Engagement	Stakeholder priority and context	We strive to keep our impact on domestic and industrial consumer bills low and we work with our customers to keep energy affordable. In a time of rising energy bills, it is vital that we play our part in keeping costs down for all consumers, especially those who are vulnerable. Overall, we will continue to focus on carrying out our activities as efficiently as possible for the benefit of our customers and end-consumers.		
	Topics	Efficient and affordable	Our plan is deliverable	
	Obligations	Licence condition to be economic and efficient	Deliver the outputs across our entire business plan	
	Stakeholders	Consumers, Consumer groups, Network companies, Regulators, Academics, Industry trade bodies, Supply chain, Shippers, Customer Entry, Customer Exit, Interest groups, other non-energy,		
	Approach	Consumer groups, Connected customers, shippers = <b>collaborate</b> , Consumers, supply chain, industry groups, academics = <b>consult or involve</b>		
	What we've heard	Stakeholders tell us that we have a part to play in keeping energy affordable for domestic and commercial consumers. They expect us to manage costs and risk in the interest of our direct customers and wider consumers. We should be as efficient and affordable as possible, explain our performance and what causes changes in cost.	We should be more collaborative with our supply chain to drive greater value and innovation in construction. Working more transparently with customers to develop outage plans has improved the service we deliver, but there's still work to be done on this. There are significant financial impacts to major energy users of any disruption. This could be minimised by engaging differently with customers.	
	Key trade-offs and how engagement influenced our plan	Independent triangulation of our engagement found the fact that consumers (domestic, and small and large non-domestic consumers) are willing to pay more across a range of service areas, suggests that our proposals are affordable. It is clear on the one hand that consumers and stakeholders are very concerned about affordability, and on the other hand that they are generally happy with our performance in this area. The overall conclusion is that consumers and stakeholders are accepting of our proposals in this area.		
Outputs	Commitments	<ul style="list-style-type: none"> <li>Sustain a £30m per year operational cost efficiency from our RIIO-1 efficiency programme</li> <li>Deliver a further £6m per year operational cost efficiency across RIIO-2</li> <li>Deliver a further £11m per year efficiency on our direct capital investments across RIIO-2</li> <li>Continue to benchmark, market test and use native competition</li> </ul> Resulting in our plan being £47m lower each year than it otherwise would have been, representing an 8% efficiency ambition	Delivering the overall RIIO-2 package of outputs for stakeholders. Delivering investments in ways that minimise the disruption to our customers, enhance the value we deliver and protect the functioning of the gas market. Our plan is fully assessed against people (including future workforce resilience), system access, delivery model, and supply chain. We will continue to assess the potential impact on our customers of delivering our planned investment. Our people and process that underpin our investment planning will ensure we are agile and flexible to the changing needs of stakeholders. Business support functions provide services such as IT, property management, HR and finance to all the National Grid businesses. They help with the delivery of our core activities, by procuring materials, helping us to find, develop and retain our people, and managing the IT systems used by our businesses. Our support functions also perform key business activities such as financial control, health and safety and legal compliance.	
	How we will deliver	Efficiency	All RIIO-1 efficiency has been embedded. Shared service business support model with external benchmarking. Periodic benchmarking of staff and manager pay. IT opex and replacement policies benchmarked and improvements areas being progressed. Participate in Gas Transmission Benchmarking Initiative.	
		Innovation	Continue to live our values of finding a better way in all that we do. Pursuing innovation internally and with external partners. We have embedded RIIO-1 funded innovation. Engage in national and international industry best practice sharing associations.	
		Whole system	Work with other networks to realise opportunities to deliver least cost to consumer solutions across existing sector boundaries	
		Competition	We will use native competition when procuring for our investments. 82% of capital spend is procured in this way and we will run tenders in the open market wherever it is possible to do so.	
		Uncertainty	We run an agile investment process that can efficiently manage change when it occurs. Commit to defined outputs and mechanisms to adjust them when change occurs. Flexible supplier relationships to support changing requirements. Proposals to change depreciation treatment to begin managing uncertainty around the future usage of the network.	
	De-carbonisation	Continue to choose contractors and supply chain partners that demonstrate they will be more sustainable and deliver lower carbon projects by including sustainability in our tenders. We include two types of uncertainty mechanism to protect consumers from uncertainty relating to cost and/or the need of work.		
Consumer benefit	One of our key priorities is keeping energy affordable for current and future consumers. Our bill impact in to RIIO-2 is staying broadly flat. We strive to keep our impact on domestic and industrial consumer bills low and we work with our customers to keep energy affordable. By facilitating the effective functioning of the gas market we have a positive impact on the wholesale energy cost for consumers.			