

I want you to care for the environment and communities

£55m per year
10% totex

Engagement	Stakeholder priority and context	Driven by the needs of our stakeholders and legislative requirements, we will: deliver compressor emissions legislation compliance; make our climate change commitment (including emissions from other assets, our commitment to sustainability and leadership for change); articulate our activities to support the communities we work in.				
	Topics	Compressor emissions	Redundant Assets	Climate change commitment, inc. natural environment	Supporting the communities in which we work	
	Obligations	Meet compressor emissions legislative requirements	Government climate change policy targets, modern slavery legislation			
	Stakeholders	Interest Groups, Customers, Regulators, Consumer Bodies, Communities, Network Companies, Supply Chain				
	Approach	Collaborate & consult				
	What we've heard	Clear strategy needed to 2030 to ensure we meet legislative requirements. Stakeholders value a robust and reliable network as this keeps the UK market attractive. We need to account for wider 'cost' of network constraints beyond the financial costs incurred by NGGT.	Prioritise projects based on risk and re-use assets where possible. Consider societal fairness and future consumers as well as all possible options. Return land to a good state when we have finished with it.	Environmental stewardship is important. Support for incentives targeting decarbonisation. Need to focus consistently on all types of emissions.	60% of respondents told us we should do more with local communities. 40% said to continue as we currently are.	
	Key trade-offs and how engagement influenced our plan	Major energy users stressed the importance of keeping options open, in relation to compressors, so we are using uncertainty mechanisms. We simplified compressor information following feedback and improve our deliverability.	We asked if current or future consumers should pay for demolition of assets. 87% said we should prioritise on a risk basis and maintain remaining assets until removal.	There is willingness to pay for improvements but a greater level of granularity on metrics is needed. We have set out more in our Environmental Action Plan (EAP) annex A16.01.	Disagreement across stakeholder community around who should pay. We are not requesting additional funding for this work.	
Outputs	Measure	Type: PCDs & UMs Target: To deliver compressor outputs relating to emissions legislation compliance over RIIO-2 and RIIO-3	Type: PCD Target: Address 80 redundant assets, asset groups and sites during RIIO-2	Type: ODIs & commitments Incentives: GHG emissions, shrinkage, EAP	Type: Commitments Specific community commitments	
	Comparison to RIIO-1 outputs	Deliver 2 new units at Wormington. Start work on units at 3 sites (Kings Lynn, Peterborough, St Fergus) PCDs to reach FEED. Post-FEED PCD subject to UM.	Deliver decommissioning as identified by risk priority assessment.	Methane monitoring, 100% low carbon vehicles where market alternative available in 2019, onsite renewable generation, carbon neutral construction.	Positive impacts on biodiversity. Continue working with communities and good causes. Sustainable and ethical procurement activities.	
	How we will deliver	Funding for compliance at Peterborough, Huntingdon, Aylesbury and Wisbech. Re-opener UM recently concluded relating to St. Fergus & Hatton.	RIIO-1 spend broadly similar to anticipated. However, spend reprioritised due to additional customer driven change.	GHG and shrinkage incentives existed in RIIO-1. Amendments to these proposed for RIIO-2.	Charitable giving, partnerships with civil society organisations employee volunteering & social mobility projects.	
		Efficiency	Focus on deliverability (construction time and outage planning) to maximise efficiency across the programme of work	Efficient delivery of decommissioning activity.	Efficient system operation and energy procurement minimises cost of shrinkage. .	Discretionary spend to support skills development & communities not affected by major projects.
		Innovation	Extensive innovation themes including investigation of mobile compressors; AR.	Explore innovative solutions for reuse of redundant assets.	Enables better methane leak detection & monitoring.	Develop national and local skills development partnerships.
		Whole system	Delivery programme focused on coordinated planning of outages to minimise disruption.	Investigate pipeline re-use to support WS solutions.	Share best practice & take a WS approach to emissions reduction.	Share best practice & take a WS approach to community work.
		Competition	Maintain competitive procurement processes.	Maintain future optionality for GB gas market (competitive procurement).	Maintain competitive procurement processes.	Operating as a socially responsible business.
Uncertainty	Phasing of activity to meet legislative requirements & facilitate delivery, use UM where uncertainty in need or cost.	Any new unanticipated sites emerging in RIIO-2 to be reprioritised.	Potential black box flaring technology, uncertainty of EU-ETS emissions (Brexit).	Develop national and local skills development partnerships.		
De-carbonisation	Compliance with environmental legislation to reduce emissions from our compressor fleet.	Reduce impact where assets are re-used or repurposed. Environmental net gain when sites returned to natural state.	Focus on all carbon emissions (compressors, transport, construction, onsite generation)	Carbon targets for 75% of top 250 National Grid suppliers embedding decarbonisation in supply chain.		
Totex	Costs at RIIO-1 (annual forecast)	£33.9m	£2.7m	No specific RIIO-1 allowance (spend ~£1.6m pa)	Funded via discretionary spend.	
	Work needed	Deliver two new compressor units at Wormington (to support flows of 80 mscm/d equivalent rated power to existing capability). Deliver two new MCPD compliant compressor units at King's Lynn and one unit at Peterborough. PCDs to reach FEED in RIIO-2. Deliver one new unit at Hatton (agreed in RIIO-1).	Address 80 redundant assets, asset groups and sites during RIIO-2. Non-operational sites -remove assets so that the site can be used for other purposes. Operational sites – remove any redundant assets to ground level. Pipelines – keep in place and make safe reviewing alternative uses.	Develop science based target by 2023. Monitor methane leaks and increase use of recompression to reduce methane emissions. Reduce emissions from our fleet through alternative fuel vehicles. Install solar panels on operational sites for own use electricity. Minimise shrinkage volume and cost at which shrinkage gas is procured.	Develop national and local skills development partnerships and initiatives. Promote equal opportunities in the supply chain. Continue human rights and supply chain diligence. Major projects 0.3% of spend to support communities.	
	Cost at RIIO-2* (annual)	£31.3m	£16.5m	£2.8m	No additional funding requested for these activities in RIIO-2.	
	Approach to uncertainty	UMs to cover post-FEED solutions and costs at King's Lynn, Peterborough and St Fergus.	Propose deferral of work to RIIO-3 if costs not covered by customer.	Use methane emissions monitoring to establish baseline.	N/A	
	Consumer benefit	Ensure that we have a compressor fleet with sufficient capability to ensure that our customers can take gas on and off the system as and when they want. Reduce our carbon footprint, improve air quality.	Societal fairness in addressing redundant assets avoids costs being passed on to future consumers. RIIO-2 redundant sites strategy increases biodiversity, controls the risk of ground and water contamination and promotes environmental net gain.	Societal benefits by reducing our carbon footprint and reduce our impact on global warming. Carbon neutral construction is a CVP valued at £0.3m. Natural environment improvements is a CVP valued at £1.75m. Methane emissions reduction could provide a CVP in the order of magnitude of £2.2m.	Support of the community over and above our baseline allowances. Consumers will benefit from the direct improvements being made within the community. Assigning 0.3% of major project funding to community improvements provides a CVP valued at £0.6m.	

*Additional cost associated with legacy agreements (£3.8m per year)