

Gas Transmission

Stakeholder Engagement Incentive
Scheme Submission – Parts 1 and 2



1

Part 1 of our submission provides details of our engagement strategy and how it operates. It also includes results of an independent assessment of our engagement strategy and activities conducted by AccountAbility, relevant accreditation schemes, and stakeholder surveys

2

Part 2 contains a summary of activities and outcomes resulting from our stakeholder engagement activities in the 2017/18 regulatory year



Part 1

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| 01 | Welcome to our stakeholder engagement incentive submission 2017/18 |
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Phil Sheppard
Director, Gas Transmission Owner
and National Grid Gas Board Member

Welcome to our stakeholder engagement incentive submission 2017/18

Our gas system is vital to society, keeping us warm and providing heat to 80% of British consumers – and fuel for more than 40% of our electricity generation. While our activities rarely attract attention from the public, we provide an important service to consumers.

Our ambition at National Grid is that we will exceed the expectations of our customers, shareholders and communities today and make possible the energy systems of tomorrow.

Engaging stakeholders effectively is absolutely vital if we're going to achieve our vision. We need to continue to develop a deep understanding of who we affect and what we can do differently to meet their needs, now and into the future.

In recent years we have restructured our business and our activities to put our customers and stakeholders at the centre of what we do and to improve their experience of dealing with us.

An assessment of our engagement strategy by AccountAbility found us to be in the 'Advanced' stage of their engagement maturity ladder. However, with stakeholders' expectations continuing to rise we are not complacent. As a company with responsibilities to a wide variety of individuals and stakeholders, I recognise there is always more to do. Our commitment to continuously improving how we engage is intrinsic to our values at National Grid – what we call 'finding a better way'.

With this in mind I will continue to meet customers and stakeholders to find out their views about our performance and what we should do differently.

This year we have undertaken our most substantial and far-reaching engagement exercise to date. Our 'Shaping the Future of the Gas Transmission Network' engagement programme has involved us speaking directly to hundreds of organisations and individuals as we plan our network. The first phase, (detailed in Part Two of our submission) entitled the 'Listen' phase, has been focused on understanding stakeholder priorities. The outputs of this exercise are critically important: to help us plan and sustain a gas transmission system that meets stakeholder needs now and for years to come.

I'd like to take this opportunity to thank my predecessor Pauline Walsh for the work she led during her tenure to embed stakeholder views into our gas transmission business.

Finally, I'm proud of what we've achieved as a business over the past twelve months. I hope you find our submission informative and I look forward to hearing your feedback.

Phil Sheppard
Director, Gas Transmission Owner
and National Grid Gas Board Member

Outcomes from strategy and progress since last year

Increasing stakeholder influence over our plans



8 strategic stakeholder priorities identified which we will use to help shape our future business plan

Embedding stakeholder engagement in our business



Company-wide stakeholder engagement business standard introduced to help us exceed stakeholder expectations

Improving how we engage



National Grid 2nd out of 10 utility companies assessed in annual AccountAbility Healthcheck



National Grid in top 15% of all companies assessed as part of AccountAbility annual healthcheck



2,000+ stakeholders engaged in our first piece of external research on how stakeholders see us, their key priorities and how they see our future role



3 tiers of stakeholder engagement training developed and launched to help our staff deliver

Our engagement strategy

In an increasingly integrated, dispersed and decentralised energy system, with new players entering the market all the time, it is not sufficient for us to judge what our stakeholders require from us.

An engagement strategy fit for the future recognises that in a changing world we cannot know how we deliver best for our stakeholders and customers. Regular interaction with our customers, stakeholders and partners enables us to identify solutions that balance all stakeholder priorities. We hold ourselves to the highest externally benchmarked standards that deliver on our ambition: to exceed stakeholder expectations.

In 2016, in recognition of this, we aligned our engagement strategy with the AccountAbility AA1000 Stakeholder Engagement Standard. This standard is based on the principles of:

- **Inclusivity** – people should have a say on the decisions that impact on them
- **Materiality** – decision makers should identify and be clear about the issues that matter
- **Responsiveness** – organisations should act transparently on material issues

AccountAbility carry out an annual ‘healthcheck’ of our engagement approach to assess our progress against the standard. In March 2018 AccountAbility scored us 72% overall putting us in the Advanced category meaning that we demonstrated ‘Proactive engagement and highly integrated and systematic processes across the organisation.’ Further details of this year’s healthcheck findings can be found on page 9.

Our engagement strategy covers the whole of UK Transmission and its content is fully endorsed by the Transmission leadership team. We refresh our engagement strategy annually to ensure we:

- Deliver what our stakeholders expect from us and create additional value – stakeholder expectations are rising and there is increasing pressure on us to be more efficient – we can deliver both by changing what we do and how we deliver for our stakeholders
- Continuously improve and compare well to others – by adopting best practice, collaborating with others and learning from our mistakes our evolving engagement strategy will meet changing needs and drive improvements across our sector

What is our engagement strategy?



To operate the UK gas transmission system safely and efficiently both now and in the future it's essential that we listen to the voices of those individuals and organisations who use it and are affected by it – not just those who pay for a service.

However, we must go beyond simply seeking views and listening: we have a responsibility to act on feedback and use it to improve the gas transmission system and our whole energy system for the better.

Key elements of our engagement strategy

- **Lead from the top** – senior leaders in our business sponsor our strategy and engage with customers and stakeholders themselves.
- **Accountable** – we act on feedback. We take responsibility for what we say and we'll deliver and do even better wherever we can. We act on feedback to deliver a continuous improvement cycle for our customers and stakeholders.

- **Sustainable** – delivers measurable benefits both now and in the future
- **Inclusive** – our activities affect a broad range of people and organisations: we seek to involve all stakeholders in our decisions
- **Transparent** – we seek to build trust in our relationships with stakeholders by being open in the way we operate
- **Effective** – we engage with a clear purpose and we learn from our mistakes
- **Embedded** – our approach is disseminated across our organisation

National Grid Gas Transmission stakeholders

We have agreed consistent definitions for customers and stakeholders across our business. Although they may have different needs, it is our ambition to exceed the expectations of both. Our stakeholders comprise:

Stakeholders:
a person, group or organisation that has an interest in our activities e.g. landowners, local authorities



Consumers:
users of network services (for example shippers) as well as domestic and business end consumers, and their representatives

Customers:
pay for a service from us e.g. gas distribution networks

The four main process steps within the AA1000 Stakeholder Engagement Standard

This year we created detailed engagement plans for all our key engagement activities to ensure that stakeholders voices were heard across our operations both on day to day matters but also strategic issues

We collaborate with others, review best practice and refine our engagement approach based on feedback to ensure it delivers our business objectives. (See Part 2, page 15)



We put an increased focus on engaging hard to reach groups. (See page 6)



3%
improvement
overall compared
to 2016/17

"The Healthcheck assessment indicated solid practices in terms of planning, preparing, implementing and reviewing engagements, as well as embedding stakeholder feedback in the business strategies and plans."

AccountAbility Healthcheck 2018

| Healthcheck Overview scorecard | 2017 | 2018 |
|---------------------------------|------|------------|
| Commitment and Integration | 69% | 75% |
| Purpose, Scope and Stakeholders | 71% | 74% |
| Plan the Engagement Process | 69% | 70% |
| Prepare the Engagement Process | 72% | 72% |
| Implement the Engagement Plan | 69% | 74% |
| Review and Improve | 64% | 68% |

Shaping the future workshop feedback



9/10

"felt engaged"



9/10

"felt informed"



9/10

"would recommend"



10/10

overall satisfaction

Delivering on our engagement promises

As part of our adherence to the AccountAbility Engagement Standard we are assessed annually by AccountAbility.



Last year's submission

| What we said in our 2016/17 submission | What we've done |
|--|---|
| We introduced an engagement cost benefit analysis framework | Used extensively to develop the 'co-create' phase of engagement in our 'Shaping the future of gas transmission system' engagement |
| 'Created a single owner to manage the entire customer journey' | A gas working group is reviewing a better customer journey experienced in response to stakeholder feedback |
| 'Within major projects we created a sponsor role with specific stakeholder management responsibilities' | This has been incorporated into business-as-usual in many of our capital projects |
| 'We've created tools and techniques to support our teams on a daily basis to deliver value-adding engagement' | We've developed and expanded tools available (including CRM). (See page 6) |
| Produced a refreshed Engagement Strategy | We review our engagement strategy annually to ensure its fitness for purpose |
| Business priorities set based on customer and stakeholder insights | We do this on an ongoing basis – you can see detailed examples in Part 2 |
| 'A single point of stakeholder contact for stakeholders that interact with us a lot...a dedicated contact' | Using our now Contact Record Management System we are working across our business to identify single point of contact for all our stakeholders |
| 'We're developing stakeholder management capabilities at our operational sites...' | We are developing a targeted approach to capability training aligned to our new Stakeholder Engagement Business Management Standard |
| Stakeholder capabilities framework for our employees: Induction, academy training courses, Plain English guidance, Project sponsor training | We've developed the stakeholder engagement curricula, included stakeholder engagement in the induction (and briefed new recruits). (See page 5) |
| Customer listening events, Top Down Net Promoter System | We've developed and expanded our approach to customers in GTO. (See Part 2, page 15) |
| Stakeholder Advisory Panel | In discussion with Ofgem we're developing a new approach to strategic engagement. (See page 7) |
| Calendar of Events | We have improved our systems and processes for co-ordinating our stakeholder engagement. (See page 5) |

Building trust and reassurance we're proud to have achieved the following accreditations:



Embedding stakeholder engagement across our business

Stakeholder engagement is not the responsibility of one individual or team in National Grid but of every one of us.

"The organisation has embedded a clear and consistent stakeholder engagement strategy across all levels of the organisation, with notable support from senior management"

AccountAbility Healthcheck 2018



Community engagement as part of the River Humber Gas Pipeline Project



Staff teams planning engagement with transmission stakeholders



318

new starters completed our improved induction and its stakeholder modules in 2017–18, of which

63

were from Gas Transmission

Stakeholder Engagement Business Management Standard

One of the ways in which we are helping to embed a consistent approach to stakeholder engagement is via the introduction of a dedicated Stakeholder Engagement Business Management Standard (BMS).

In 2018 we introduced the Stakeholder Engagement Standard. This is closely modelled on the AA1000 AccountAbility Standard and the decision was endorsed by the National Grid Group Executive.

To ensure our stakeholder engagement activities are aligned to National Grid's long-term strategy, Policy Review Groups have been established to link businesses' stakeholder engagement priorities to key policy issues that will be used to help shape the external debate.

Principle 1: Stakeholder engagement is integral to our governance and will add value to National Grid and its stakeholders by focusing on material issues.

Principle 2: Stakeholder engagement must have a clearly defined scope that creates opportunities for transparent dialogues leading to an agreed decision-making process.

Principle 3: The stakeholder engagement process must be appropriate to the stakeholder and performed in a timely, flexible and responsive manner.

Our promises are that we will

- listen to our stakeholders' views so we can understand what they need and expect
- proactively engage and build trust through close working relationships based on openness and honesty
- help them understand our business by clearly explaining our perspectives and how these may influence our overall decision-making
- work together to find innovative ways of building a network for the future
- take responsibility for delivering what we say we'll deliver and do even better wherever we can
- act on feedback

The performance requirements within this standard ensure we embed ethical business conduct, these principles and our promises in our long-term plans and business planning cycle.

The standard supports 'Finding a better way' by using the 'Plan, Do, Check, Act' phases of the National Grid continuous improvement process.

Enabling our teams to deliver high-quality engagement

We recognise that to embed a culture of exceeding stakeholder and customer expectations we must provide our staff with the tools and skills they need to do so.

Engaging effectively is a skill. We recognise the value it brings to people and organisations we affect, as well as to our business in being able to plan and manage our operations effectively.

This year we have reviewed and refreshed our stakeholder engagement and customer training. We also improved our induction programme to include a new focus on our stakeholders.

Our review identified the need to make our training more detailed – more about stakeholder engagement than stakeholder management.

Our enhanced curriculum equips our teams to respond to rapid changes in the external environment and rising stakeholder and customer expectations. It operates at four levels depending on the need of the individual:

- Foundation
- Skilled
- Advanced
- Expert

Improving our stakeholder engagement systems and processes

We are becoming more strategic in our approach to managing our engagement and over the last year have developed tools and new ways of working to support this.

Acting on the recommendation from last year's AccountAbility Healthcheck, and following a successful pilot we began the implementation of a new Contact Record Management System for Gas Transmission.

This system, targeted at teams with the most frequent interaction with stakeholders will enable us to capture stakeholder feedback more effectively and improve stakeholder management across our transmission business.

We have also created an internal stakeholder forum bringing together various teams from across Gas Transmission, with the aim of co-ordinating our engagement activities to share learnings and reduce the risk of stakeholder fatigue.

A more inclusive approach to engagement



Gas Transmission stakeholder mapping exercise carried out in November 2017



The number of bodies we have actively engaged with this year has increased as we have sought to engage hard to reach groups including consumers and others on strategic issues
(see Part 2 for more details)

As part of our engagement strategy, at the planning stage we tailor our approach to meet the needs of our diverse stakeholders to ensure that their voices are heard and they are able to influence our activities.

In 2017 following stakeholder feedback we identified a need to do more to engage with stakeholders who find it difficult to engage with us. We conducted two business-wide mapping sessions and also tabled the issue at the December meeting of the Transmission Operators Best Practice Group.

We now give this stakeholder category active consideration across our engagement activities as can be seen by our detailed engagement with Citizens Advice, Greenpeace and Age UK during 2017 and 2018. (Part 2, see page 14 and 19)

Before undertaking any engagement and as part of the engagement planning process we identify and map our stakeholders by interest and influence.

We define hard to reach as 'any group or individual who faces barriers either physical, social, geographical or political to engaging with us.'

Tailored Engagement Approach

| Stakeholder knowledge/interest | Stakeholders engaged | Tailored approach | Total reach | Example outcomes (detailed in Part 2) |
|---|---|---|---|---|
| Little knowledge (including hard to reach) NGGT current performance and future priorities | Targeted Customers, end consumers, businesses, landowners, local authorities and other stakeholders | Satisfaction Surveys Opinion Research, E.ON Customer Listening session Annual communication with landowners Local authority engagement | 160 2,081 1 34 individual meetings | Influenced our future stakeholder priorities, Individual actions taken |
| Interested Future of Gas Engagement | Stakeholders from all key segments e.g. trade associations, academics and environmental groups | Workshops and 1 to 1 meetings | 150 | Future of Gas Report published March 2018 set out how gas can be used to meet the UK's 2050 carbon targets in the most cost effective way |
| River Humber Pipeline Project | Key community stakeholders | Community Open Days, MP briefing meetings, Parish council meetings, newsletters and a dedicated hotline | 118 attended the community open day held in January 2018 | Number of calls to hotline reduced as awareness has grown (See Part 2 page 15) |
| Gas Transmission Customer Engagement Programme | Gas Distribution Networks, suppliers | Customer meetings with senior leaders, Operations Forums and individual liaison meetings | (See Part 2, page 15) | We are using feedback to improve customer experience (See Part 2, page 15) |
| Expert Shaping the Future of the Gas Transmission Network engagement programme | Stakeholders from all key segments e.g. Consumer Groups representing hard to reach groups, Government | Regional Workshops featuring presentations from NGGT senior leaders and business experts 1 to 1 meetings, Webinars and site visits (See Part 2, page 14) | 74 | 8 Stakeholder priorities for the energy industry and NGGT identified |
| Decarbonisation of transport and the role of gas programme | Regulators, Industry, Utilities | 4 workshops with NGGT senior leaders, major retailers, trade & industry bodies | 15 | 5 working groups established to drive the debate forward (See Part 2, page 17) |



Engaging with other networks for the benefit of our stakeholders

We recognise that it is often beneficial for our stakeholders for us to work with others, particularly where we have issues in common or to reduce the risk of stakeholder fatigue.

With this in mind we continue to be active participants of the Transmission Owner/ System Operator Best Practice Working Group.

This group meets every two months to share best practices and identify areas for future collaboration and to harmonise our approaches where it will be beneficial for our stakeholders.

64 actions were identified over the year and we have agreed to collaborate on future research on consumers' willingness to pay for energy.

The December 2017 Group meeting included a structured discussion on engaging hard to reach stakeholders

We use a standard list of stakeholder groups and preferences to support our team's engagement planning

| Stakeholder group | Stakeholders engaged | Engagement approach |
|---|---|--|
| Political - UK | 10 Downing Street, UK Parliament, Specific MPs, Government departments, Scottish Parliament, Welsh Government, Mayors, local councils Office for Low Emission Vehicles | 1–1 meetings, surveys, topic-based meetings, stakeholder managers |
| UK Government Advisory Bodies | Committee on Climate Change, National Infrastructure Committee | Attendance at events, input to consultations |
| Regulatory | Ofgem, Competition and Markets Authority (CMA), other economic regulators, Environment Agencies, HSE | Topic –specific meetings, stakeholder managers, input to consultations |
| European Bodies | European Commission/Parliament, European Network of Transmission System Operators (ENTSO-G), Council of European Energy Regulators (CEER) Centre for Energy Regulation in Europe, Agency for the Cooperation of Energy Regulators (ACER) | Attendance at events, input to consultations, 1–1 meetings |
| Think tanks and innovators | Policy Exchange, Bright Blue, Dieter Helm, Centre for Policy Studies, Infrastructure Forum, Universities, UKERC Energy Data Centre, KPMG, McKinsey Frontier Economics, Element Energy, Energy Technologies Institute, Energy Systems Catapult | Attendance at events, 1–1 meetings |
| Industry bodies | Oil & Gas UK; Renewable Energies Association; Anaerobic Digestion and Bioresources Association; British Ceramics Confederation; Campaign for Better Transport; Chemical Industries Association; Decarbonised Gas Alliance; Energy & Utilities Alliance; International Association of Oil and Gas Producers; Major Energy Users Council; National Farmers Union; Natural Gas Vehicle Network; Renewable Energy Association; UK Onshore Oil & Gas; UK Shale Gas; Society of Motor Manufacturers & Traders, Carbon Capture and Storage Association | Attendance at events, 1–1 meetings, topic-specific meetings |
| Infrastructure | Highways Agency, HS2, Network Rail, utilities | Topic-specific meetings |
| Customers | Shippers, gas connection customers, gas distribution networks, directly connected demand, gas interconnectors, terminal operators, energy suppliers | Seminars, surveys, operational forums, 1–1 and topic-based meetings |
| Supply chain | Suppliers, partners, contractors | Work closely, supply chain forums, tender events, 1–1 meetings |
| Media | Consumer, trade, financial | Work closely |
| Interest groups | Green Alliance, Friends of the Earth, National Trust, English Heritage, John Muir Trust, CPRE, Sustainability First, Stonewall, Greenpeace, WWF | Tailored engagement approach |
| Consumer groups including those with a focus on representing 'hard to reach' stakeholders | Which?, Citizens Advice, Age UK, Major Energy Users Council (MEUC), Energy Intensive Users Group (EIUG) | Work closely, Attendance at events, Bilateral meetings, site visits |
| UK public and future bill payers | Project communities, other local communities, landowners, individuals via attitudinal research | Topic specific tailored engagement approach, surveys |
| National Grid employees | National Grid Board, UK employees, global employees, system operators | Work closely |
| Trade Unions | Unite, Unison, GMB, Prospect | Work closely |

Constructive engagement with our stakeholders in gas transmission

"We are delighted to be establishing company panels and very much look forward to the engagement these will facilitate with our stakeholders – giving them a stronger voice in our business." Phil Sheppard, Director, Gas Transmission Owner

Review of Stakeholder Advisory Panel

In our previous submission we mentioned that our Stakeholder Advisory Panel supports and shapes our business decisions however, we wanted to review the effectiveness of the panel meetings to ensure they are fit for purpose and meet the needs of our stakeholders. This year, we have been reviewing the structure of the panel as we want to make sure that we have the right stakeholders' in place to fairly and critically challenge and review our approach to engagement with our stakeholders. We also want to make sure that we have captured consumers and that they are represented appropriately within the panel.

As the panel will be a big part of our annual engagement programme we want to get this right. We have been collaborating with

panels within other industry areas such as Water to share best practice and learning. We have also been engaging closely with our regulator Ofgem regarding the format of enhanced engagement with stakeholders.

The review of our panel will allow us to draw on the experience of panel members, to listen to them and act on feedback to make sure our future business plans meet the needs of our stakeholders.

The role of the panels is as follows with the first of these to be held during the summer of this year.

- Review and challenge engagement approaches for each engagement topic to ensure it is robust; and
- Scrutinise the outcomes of engagement and challenge our business plans

Using data to understand and involve stakeholders in strategic decisions

| Stakeholder | No. of interviews |
|---|--|
| All | 46 x one to one interviews 1,202 online surveys |
| Government | 13 |
| Commentators (inc. think-tanks, academics, consultants) | 15 |
| Infrastructure e.g. engineering business | 8 |
| Media | 7 |
| Campaigner groups (consumer, environment) | 3 |
| MP (Consumer representatives) | 121 |
| Consumers | 2,081 |

To exceed stakeholder expectations it's vital we understand their views and what's important to them.

Attitudinal research

Between August–October 2017 National Grid commissioned a substantial piece of external research on the views of our stakeholders towards us.

The objective of the research, was two-fold: the outputs of this research have directly influenced the stakeholder priorities identified as part of our Shaping the Future of the Gas Transmission Network engagement programme. (See page 12)

- Understand the broader views, discussions and priorities among industry stakeholders, consumers, and MPs to establish the current 'state of play' as well as what they are focussing on over the coming 5 to 10 years
- Understand the context of the overall industry view and the National Grid's current standing to inform our strategic action plans

Stakeholder satisfaction surveys

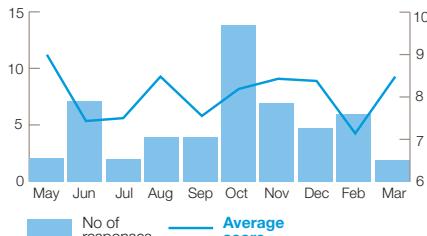
Our stakeholder satisfaction surveys provide qualitative and quantitative feedback about key aspects of our gas transmission business and help us to identify where we need to improve.

Feedback this year has told us:

- Local authority stakeholders value engagement with us. We are using their feedback to review our approach to ensure it meets their needs
- Stakeholders value engaging with us on strategic issues and would like us to do more of this (see Part 2, page 14 to see the outcome of this engagement).

Stakeholder Satisfaction Survey

Monthly stakeholder response and satisfaction

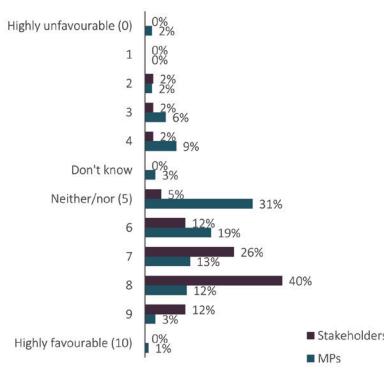


53
survey responses

7.96
overall Score

Stakeholders are frequently very impressed with National Grid and its performance

Q. From everything you've ready and heard and experienced, please rate National Grid on a scale of 0-10, where 0 means you view them highly unfavourably, 10 means you view them highly favourably and 5 means that you view them neither favourably nor unfavourably.



"They're so secretive and so media wary." Media

"There's no feeling of excited determination to change the world. An unwillingness to recognise just how big the task is and just how exciting it is." Commentator

"I can be – and in my professional life I am – quite critical of National Grid. But I think they generally do a really good job and deliver a huge amount of value. As a company, they are highly professional. They are often trying to do the right thing." Campaigner

"I have quite a lot of professional connection with individuals at National Grid, some of them at quite high level, so it's not just based on second-hand reputation but based on technical discussions with experts in their field." Infrastructure

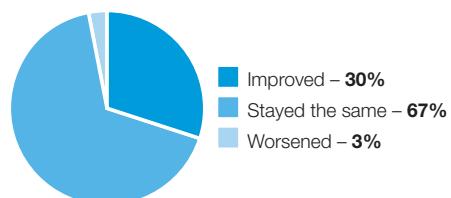
"Because they do what they're expected to do, and they do it very efficiently and they ensure a level of reliability which is probably unparalleled in the world." Infrastructure

52

Stakeholders in face to face interviews:

| Interview question | Feedback core (out of ten) |
|--------------------------|----------------------------|
| Trusted | 7.4 |
| Respected | 7.3 |
| Acts responsibly | 7.2 |
| Transparent | 5.6 |
| Engages well | 6.7 |
| Investing in UK's future | 7.2 |
| Strong management | 7.2 |

Q. Has your view of National Grid improved or worsened in the last year, or has it stayed the same?



“...improved in the last year. They've been reaching out more to people.” Infrastructure

“They've now got 50 or so people working on the Future Energy Scenarios, but they are doing that well and they are in listening mode.” Government

“There's a real attempt to have a corporate-facing stakeholder engagement person. She is really good at keeping us in the loop.” Government

“Some of the changes that they've been working on over last few years have started to become more apparent and obvious to external audiences.” Commentator

“There is more thinking going on about how National Grid can be at the heart of a changing energy network.” Commentator

Source:
[attitudinal research](#)

Our commitment to continuous improvement

"National Grid has demonstrated a strong commitment and approach to stakeholder engagement underpinned by a comprehensive strategy, multi-layered governance, relevant tools and processes, as well as strong ambassadors for the topic internally within the different lines of business."

AccountAbility Stakeholder Engagement Healthcheck, 2018

We recognise that in our rapidly evolving industry stakeholder expectations rise year on year. It is our ambition to exceed their expectations and to do that we challenge ourselves continually to improve how we engage and involve our stakeholders in our business.

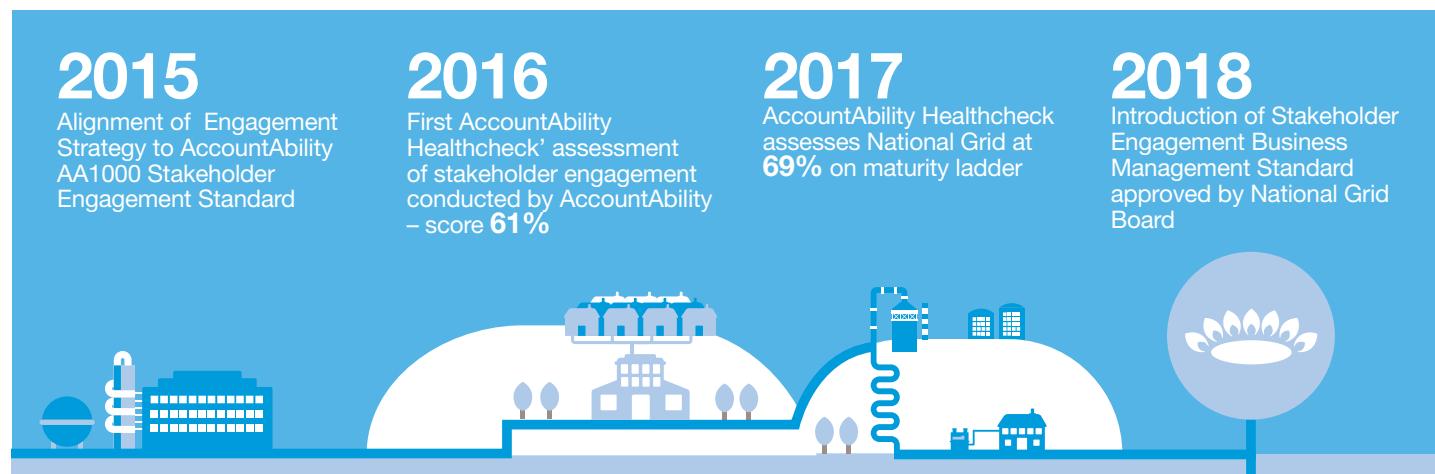
AccountAbility Healthcheck 2018

One of the ways we do this is to benchmark ourselves annually against external standards. Since 2015 our engagement strategy has been aligned to the AA1000SES (Stakeholder Engagement Standard). This is the most widely applied principles-based global stakeholder engagement standard. It supports organisations to assess, design, implement and communicate an integrated approach to stakeholder engagement.

Although we are pleased to see we are making significant progress up the stakeholder engagement 'maturity ladder' we are committed to continuous improvement. We will use the findings of the 2018 Healthcheck report to inform the development of our engagement strategy over the coming year.

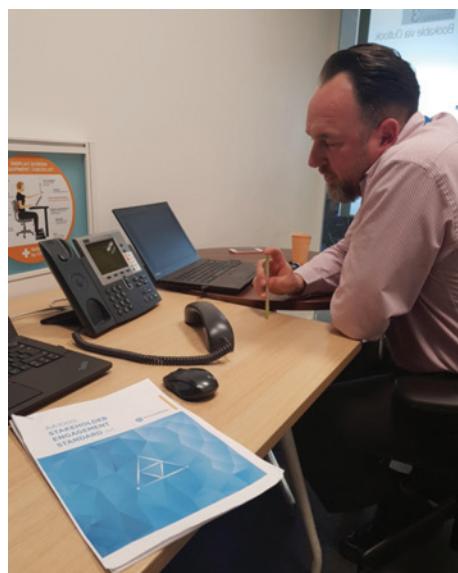
The healthcheck results confirmed that with a score of 72, National Grid remains in the top 15% of all companies assessed and is ranked second of ten utility companies audited against the AA1000SES by AccountAbility.

Timeline showing National Grid commitment to integration of stakeholder engagement



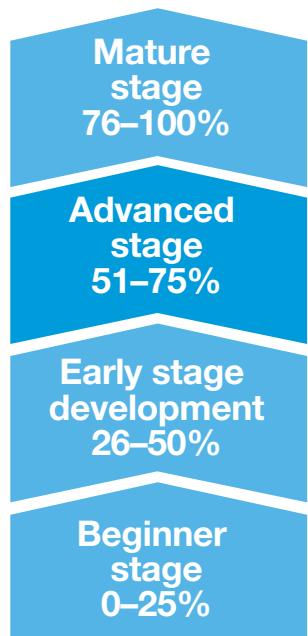
18

interviews conducted by AccountAbility with key individuals across our Gas Transmission business in February 2018, alongside an internal document review of our engagement strategy and plans



Telephone interview as part of AccountAbility Healthcheck

Maturity ladder



National Grid as a whole has been assessed at **72%** on the maturity ladder – in the top quartile of the advanced stage

Proactive Engagement.
Highly integrated and systematic processes across the organisation

Advanced practice in place, however company not systematic in embedding consistent process

Ad-hoc engagement.
Poor practices in place, with low degree of consistency across the organisation

No stakeholder engagement practices in place, or minimal efforts at best

69%
2017
performance

72%
2018
performance



- Strong in reactive stakeholder engagement, selected examples of proactive engagement.
- Medium-term relationship with stakeholders focus on negotiate, consult, inform, involve & collaborate.
- Formal strategy established, largely understood within the company.
- Senior management involvement in both engagement and decision making.
- Link between governance, engagement process, and engagement actions and output.
- Inconsistencies in application of strategy and approach.
- Tools and processes in place to build consistency in stakeholder engagement approach.

Source: AccountAbility

Improvements identified in Healthcheck assessment 2018



Clarity

The organisation has embedded a clear and consistent stakeholder engagement strategy across all levels of the organisation, with notable support from senior management



Listening

The organisation has taken a more active and mature approach to listening to stakeholders with good evidence of integrating outputs and learnings back into the business and into the business plan



Quality

Improved quality of stakeholder engagement and satisfaction data, which has been made possible through the introduction of Net Promoter Score (NPS) and more consistent performance management targets both internally and with external contractors/agencies

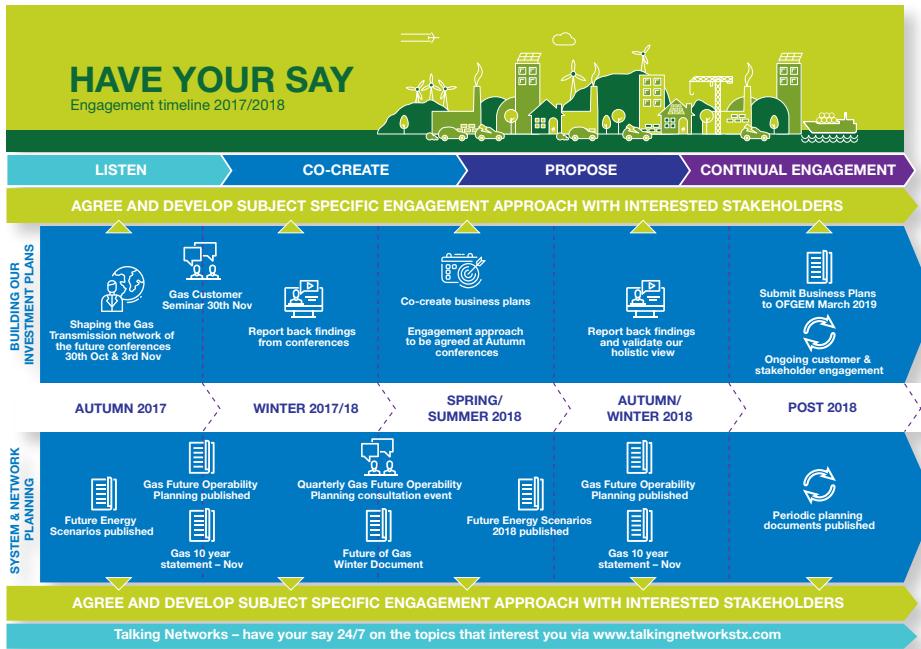
Part 2

Stakeholder priorities
are highlighted
throughout Part 2
using this icon

| | |
|----|--|
| 11 | Introduction |
| 12 | Shaping the Gas Transmission Network of the future with our stakeholders |
| 13 | Our strategy for engaging with our stakeholders |
| 14 | Playing our part in reducing consumer energy bills |
| 15 | Responding to the needs of Gas Transmission stakeholders |
| 16 | Lowering the barriers for customers – and for decarbonisation |
| 17 | Engaging stakeholders on the future of gas and decarbonisation |
| 18 | Keeping the gas flowing |
| 19 | Our role in the community and protecting the environment |
| 20 | Collaborating with our partners and stakeholders on innovation |



| What our stakeholders told us (stakeholder priorities) | What we delivered in 2017/18 (engagement outcomes) | Section heading | Page number |
|--|---|--|-----------------|
| 'I want you to be efficient and affordable' | ✓ Targeted consumer engagement strategy to give consumers a bigger voice ✓ Cost efficiency built into all project plans | Playing our part in reducing consumer energy bills | Page 14 |
| 'I want to connect to the Transmission system' 'I want to take gas on and off the Transmission system when and where I want' | ✓ Targeted improvements for customers ✓ More customer focused organisation ✓ Further progress on Project CLoCC | Responding to the needs of Gas Transmission stakeholders Lowering the barriers for customers – and for decarbonisation | Pages 15 and 16 |
| 'I want you to facilitate the whole energy system of the future – innovating to meet the challenges of an uncertain future' | ✓ Future of Gas Report setting out the role gas can play in future energy system ✓ Shaped debate on decarbonisation of transport ✓ Collaborated with partners on innovation | Engaging stakeholders on the future of gas and decarbonisation Collaborating with our partners and stakeholders on innovation | Pages 17 and 20 |
| 'I want to take gas on and off the Transmission system where and when I want' 'I want all the information I need to run my business, and to understand what you do and why' 'I want the gas system to be safe' | ✓ Kept the gas flowing at all times including in severe weather ✓ Responded to the needs of stakeholders | Keeping the gas flowing | Page 18 |
| 'I want you to care for communities and the environment' | ✓ Engaged communities around the Humber project ✓ Engaged with Greenpeace | Our role in the community and protecting the environment | Page 19 |



Delivery of Tunnel Boring Machine at the River Humber Pipeline Project 2017



Phil Sheppard

Director, Gas Transmission Owner and
National Grid Gas Board Member

Introduction

It is our responsibility to keep the gas flowing where and when it's needed.

The wellbeing and prosperity of individuals, communities and businesses across the UK is reliant on us and we take our responsibilities to them very seriously. Doing our jobs well at National Grid Gas Transmission well ensures:

- Households have gas for heat and cooking
- Electricity can be generated for industrial, commercial and domestic use
- Support for decarbonisation of our economy
- Air quality improves and our economy is helped to decarbonise
- More than a third of energy used by industrial consumers comes from gas

Maintaining strong relationships with our stakeholders is not just helpful to the delivery of these key activities; in my view it's essential.

Although vitally important, our business simply delivering these core activities is not enough. Our close engagement with Citizens Advice, engagement with energy suppliers and our own opinion research has brought into sharp focus one issue in particular: the need for us to act quickly and proactively to work with other industry players cut end consumer bills.

We have listened to our stakeholders and their representatives, including MPs, and are taking action to ensure their voices are heard. You can find out more details about how we are responding to this challenge on page 14.

This submission is structured around our key drivers for 2017/18 and beyond

- We are effectively addressing stakeholders top priorities
- Our core programme is fit for the long-term
- Our actions deliver value for money
- We facilitate and shape the decarbonisation debate
- We collaborate with others where possible
- We reduce our impact on communities and the environment

Phil Sheppard

Director, Gas Transmission Owner
and National Grid Gas Board Member

GTO has six strategic business priorities



We have six strategic priorities in National Grid Gas Transmission. Delivering these priorities by operating and planning a safe, efficient and cost-effective gas transmission network will help us exceed the expectations of our stakeholders.

Outcomes from strategy and progress since last year



Most ambitious engagement plan to date launched 'Shaping the Future of Gas Transmission'



8 stakeholder and 3 consumer priorities identified



Dedicated engagement of hard to reach groups and targeted consumer engagement plan developed



Decarbonisation in Transport engagement launched with five working groups launched



Company-wide Business Management Standards developed to help us exceed stakeholder expectations



3 tiers of customer and stakeholder capability training developed

Shaping the Gas Transmission Network of the future with our stakeholders

"National Grid uses a range of platforms for internal reporting and communication, with increasing use of innovative and more digital platforms"

AccountAbility Healthcheck Final Report March 2018

Compressor Strategy

We held targeted webinars to understand what stakeholders want from the network.

This will enable us to propose the most efficient and effective solution in response to the Industrial Emissions Directive legislation.

Network Output Methodology (NOMs)

We saw this as an opportunity to engage stakeholders including experts and bill payers. We researched best practice and then conducted engagement via workshops with the experts including HSE, EA, SEPA and Citizens Advice.

Engagement outputs

| Activity description | Engagement approach | Stakeholder groups engaged |
|--|--|---|
| Shaping the Gas Transmission Network of the Future Workshops 74 stakeholders | <ul style="list-style-type: none"> • 3 geographically spread workshops • Interactive sessions designed to understand high-level priorities of stakeholders whilst progressing issues we know you are interested in | All stakeholders were invited, with attendance from: Consumer groups, Direct Connects, Terminals, GDNs, Shippers, Suppliers, Regulators, Industry groups, Academics, Innovators, Interest groups, Supply chain, Consultant, Interconnectors |
| Operations Forums Monthly with average 23 people from 18 organisations | <ul style="list-style-type: none"> • Monthly working groups, bringing together key customers of the Gas Transmission system • Gained insight on operational priorities and tested our conclusions | Operational contacts within Shippers, GDNs, Terminals, Interconnectors |
| Transmission Working Group Monthly with average 30 people from 17 organisations | <ul style="list-style-type: none"> • Monthly working groups, bringing together key customers of the Gas Transmission system • Gained insight on regulatory priorities and tested our conclusions | Regulatory contacts within Shippers, GDNs, Terminals, Interconnectors |
| Customer Liaison meetings | <ul style="list-style-type: none"> • One to one discussions with customers to discuss operational issues | Interconnectors, Terminals, Direct connects |
| Bilateral meetings Key meetings held | <ul style="list-style-type: none"> • Targeted hard to reach stakeholders to understand their priorities for the Gas Transmission System | Citizens Advice, Environment Agency, Major Energy Users Council, Local Authorities, Greenpeace, Scottish MPs, scottish government |
| Online survey | <ul style="list-style-type: none"> • Supporting our shaping the future engagement, we published an online survey asking for views on | All stakeholders |
| Attitudinal research of stakeholders | <ul style="list-style-type: none"> • A series of targeted interviews with a cross section of key stakeholders to understand their views on the energy industry, National Grid and the future of gas. | Government, Commentators, Infrastructure, Campaigners, Media |
| Attitudinal Consumer research 2000+Domestic consumers | <ul style="list-style-type: none"> • Various techniques including a max:diff technique enabling us to understand how consumers viewed and prioritised certain topics related to energy | Domestic consumers |
| Senior Leadership meetings with customers, Top Down NPS Monthly | <ul style="list-style-type: none"> • Targeted one to one meetings between senior leaders of our customers and members of our exec team to understand the strategic priorities for the gas system | Shippers, Gas Distribution Networks |

We're committed to making sure it continues to meet the changing demands of our customers and stakeholders both now and in the future. To help us, we've

created a build a broad and inclusive engagement programme to ensure that what we do in future years is informed by what matters to our stakeholders.

- Before embarking on listen phase we mapped out a comprehensive list of stakeholders to understand their needs and requirements
- We used a wide range of data to identify stakeholder priorities
- We held 3 bespoke engagement workshops in London, Scotland and the Midlands
- Aligned to the AA1000SE Standard insuring engagement is inclusive, avoiding 'one-size'fits-all'
- All materials were published on our Talking Networks site



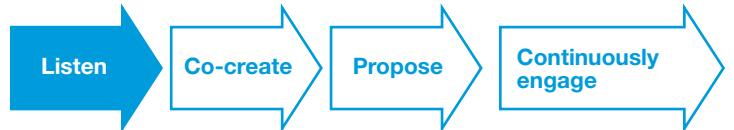
- Planned engagement phases against clearly defined objectives to ensure they met desired outcomes
- Only engaged on material topics to make best use of stakeholder time and capacity

- Reviewed stakeholder-led business plans from other sectors
- Learnt from feedback about how we could improve
- Worked collaboratively with others to engage hard to reach stakeholders

- Working with PwC we identified and learned from best practices in the industry including ED1 and water companies
- We used the AccountAbility annual 2017 Healthcheck to target improvements and identify innovation and best practice we could adopt

- We established the 'listen, co-create, propose' phases to maximise opportunities for stakeholders to influence our business planning processes
- As per best practice we adapted our approach to reflect needs of stakeholders

We developed a phased approach to engagement



Outcomes from 'Listen' engagement phase

'Listen' phase ran between Autumn 2017 and Spring 2018 – we have been consulting with a wide range of stakeholders, such as our regulators, customers, industry groups and experts, on the service and activities we provide them.

- 8 stakeholder priorities identified
- Added a 3rd consumer priority (I want you to minimise disruption to my life) following discussions with Citizens Advice
- Creation of bespoke consumer engagement strategy

Our strategy for engaging with our stakeholders

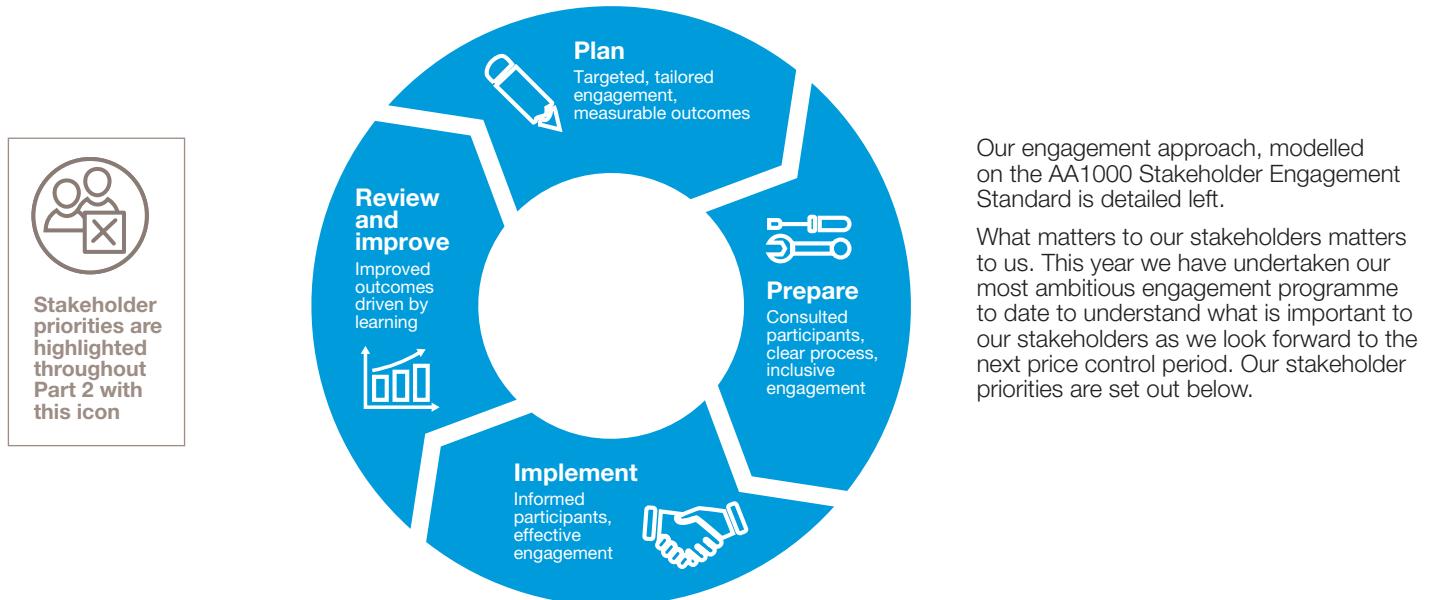
Our engagement approach is aligned to the AA100 Stakeholder Engagement Standard, recognised to be the world-leading benchmark.

In 2018 (as described in Part One) our Board agreed the introduction of a Stakeholder Engagement Standard recognising the centrality of engagement to our business operations. This standard will help ensure that National Grid Gas Transmission staff know what good looks like and have the skills and tools to deliver.

This standard is based on the principles of

- **Inclusivity** – people should have a say on the decisions that impact on them
- **Materiality** – decision makers should identify and be clear about the issues that matter
- **Responsiveness** – organisations should act transparently on material issues

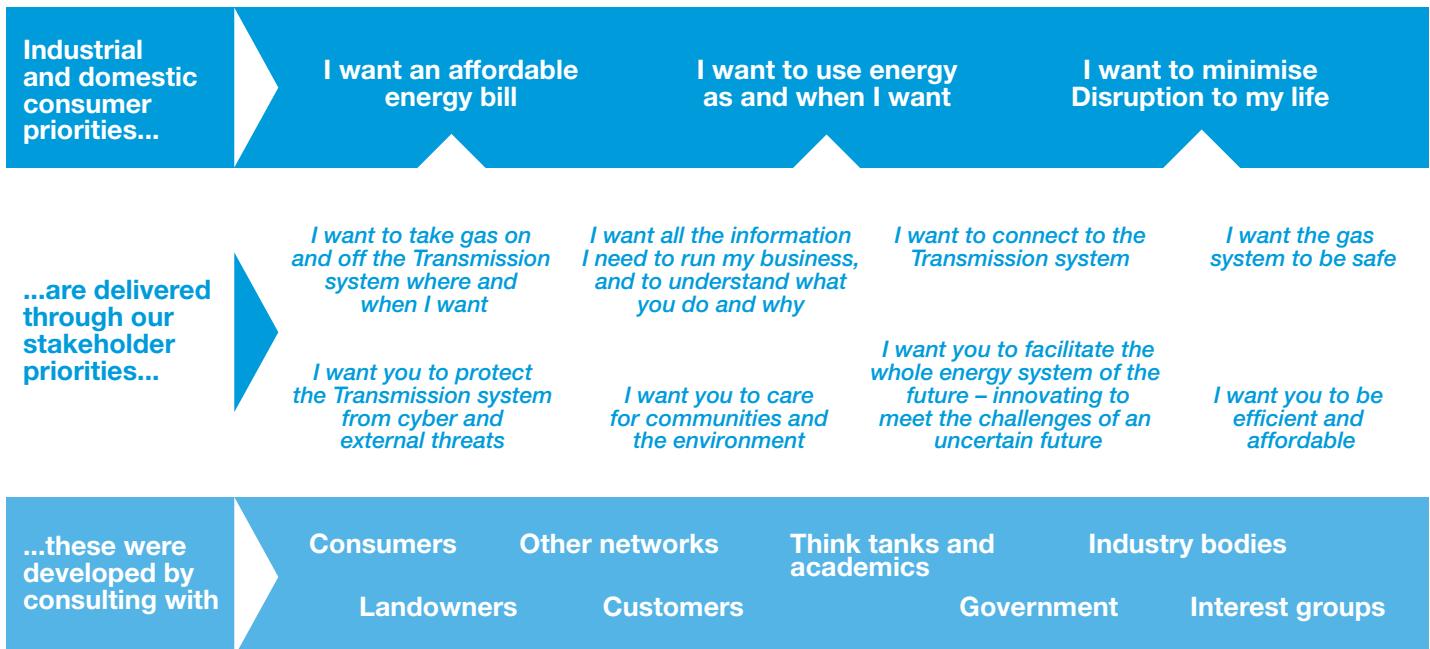
Our engagement approach



Our engagement approach, modelled on the AA1000 Stakeholder Engagement Standard is detailed left.

What matters to our stakeholders matters to us. This year we have undertaken our most ambitious engagement programme to date to understand what is important to our stakeholders as we look forward to the next price control period. Our stakeholder priorities are set out below.

Our stakeholder priorities





“Tailoring our approach has enabled Citizens Advice to get a detailed understanding of gas transmission and therefore able to challenge and review our plans much more effectively. As a result our evolving plans will more accurately reflect consumers’ needs.”

Jenny Pemberton Stakeholder Strategy Manager

Playing our part in reducing consumer energy bills

We recognise that while consumers are far removed from our business in gas transmission we have a direct impact on their lives and their energy bills.

As a transmission network we are committed to ensuring our business plans and priorities reflect the future needs of consumers, including their desire for lower gas bills and more affordable energy.

We undertake cost benefit analysis on all investments and projects to ensure that we minimize the impact on consumer bills through selecting the most economic solutions.

‘The importance of the public understanding of the energy industry was brought home to me again when I recently attended an energy supplier’s consumer event. When discussing the

*high cost of energy, it was highlighted that gas transmission’s part of the bill was only £9.26 in £1100 for everything we provide. A consumer’s response was “I don’t care, it is all too much”. For me this highlights the fact that end consumers expect us to do more to cut costs. Engaging with Citizens Advice will help us to better understand consumer needs and deliver more of what they value most.’ **Phil Sheppard**, Director, Gas Transmission Owner*

To ensure we were hearing the views of consumers we innovated in the way we engaged Citizens Advice:



“the E.ON event demonstrated the deep and continuous need for us to engage with our customers and also with consumer groups to share more on who we are and what we do, and understand real concerns.”

Yasharn Smith Head of Business Operations Support

“Thank you for creating such a useful and interesting day...it was tremendously informative and valuable for us to understand how compressors and substations operate on the ground.”

Citizens Advice representative

Tailoring our engagement approach to meet the needs of stakeholders

We identified early on in our discussions with Citizens Advice we would need to take steps to raise their awareness of gas transmission to enable them to challenge our business plans effectively on behalf of consumers. We also sought the views of National Energy Action and Which?

Citizens Advice expressed a desire to engage with us differently so we developed a tailored engagement programme with the following elements:

- A ‘get to know gas’ day to help Citizens Advice improve their knowledge of our sector
- A tour of the Gas National Control Centre in Warwick to aid understanding of the gas industry and the part NGG plays
- Issue-specific webinars to do a deep dive including Compressor strategy, NOMs methodology and charging review
- Site visit to Peterborough Compressor station to see one of our key assets and experience first hand our gas operations
- Site visit to our major construction project (River Humber Pipeline construction project)

Engaging with consumers via our customers in gas transmission

In National Gas Grid transmission our customers include companies like E.ON. We need to work together better to improve the experience of end-consumers, including reducing their bills.

In February 2018 senior leaders from National Grid participated in a ‘customer immersion’ session held by E.ON. This involved E.ON inviting a group of their customers to an informal session where they could offer direct feedback on their experiences of their company.

Collaborating with other networks to better understand end consumer needs

Mindful of the growing need to make energy more affordable for consumers we have teamed up with other networks to plan some specific research to understand more about consumers’ willingness to pay. We have agreed a scope and looking to go out to tender.



E.ON event, February 2018



I want to connect to the
Transmission system

Responding to the needs of Gas Transmission stakeholders

We are taking active steps to improve the experience of gas transmission customers. Our customer-led efficiency approach is based on engaging our customers and using their feedback to shape our culture.

We have developed a targeted plan to ensure that our staff have the skills and capabilities to exceed customer expectations.

'Our ambition at National Grid is that we will exceed the expectations of our stakeholders today and make possible the energy systems of tomorrow. To achieve this ambitious aim in gas transmission, we need to be clear who our stakeholders and customers are, act on their feedback and

provide our teams with the skills they need to be able to deliver. These steps will take time but we have committed significant resource energy to the task and doing it well.' **Phil Sheppard**, Director of Gas Transmission.

Engagement approach



Outputs from senior leadership engagement with gas customers

| What our customers told us | What we did |
|---|---|
| 'We want you to work together with us to decarbonise transport' | We led an industry stakeholder group to identify the cleanest and most efficient way of moving people and goods, using gas vehicles. (See page 17) |
| 'Your website focuses on investors rather than customers' | We recently refreshed our website and changed it to reflect this |
| 'Need to work together and not become a 'them and us' culture' | We agree and will continue to meet with you every six months |
| 'Be more transparent and help reduce costs to the end consumers' bill' | We are reviewing our forecasting models and increased engagement through the National Transmission System Methodology Forum |
| 'Tackle the communication issues to reduce the impact of outages on our business' 'We are frustrated with the old style way of working with National Grid' | We held meetings with relevant teams to plan works and scheduled a follow up customer meeting. We are continuing to work to develop a more customer-focused culture |

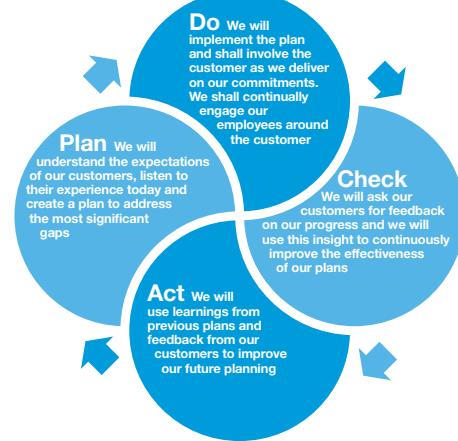
| Customers said | We did |
|--|--|
| 'We want a single-point of contact for National Grid gas transmission' | We offer all customers the opportunity to meet regularly with a UK Exec member to ensure that all customers have a direct route. We are also driving AccountAbility into the business improving SLA's and consolidating who is responsible for each part of the customer relationship to give clarity to our customers |
| 'We want to be 'kept in the loop' about both 'on the day' and emerging gas supply issues so we can understand National Grid's future challenges' | We will engage with you more regularly and invite you to participate in Future of Gas workshops |
| 'We want quicker responses to our queries about gas transmission' | We are tracking responses to help us identify better ways of responding to customers |

Our customer campaign has touched all parts of our organisation

Using innovative tools and techniques such as via our internal social network, Yammer. Teams are encouraged to tag their engagement #customerstories so other teams learn from their experience.

Creating a customer-focused culture

Embedding customer focus in our business via our new customer business management standard – engagement approach





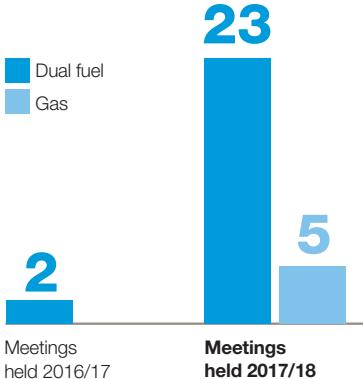
I want to take gas on and off the Transmission system where and when I want

Lowering the barriers for customers – and for decarbonisation

Raising the profile of customers within our business'

We are engaging with our staff to help them become more focused on delivery for our customers.

Senior leadership customer engagement



Some of the customers our senior team has engaged with over the past twelve months



"We would like more engagement with National Grid and believe this is a great start."
Gas transmission customer

Reducing time and cost for new gas customers

It currently takes around three years and £2m to connect new gas customers to the National Transmission System. We're working to halve the cost, and reduce the time to under one year through Project CLoCC (Customer Low Cost Connections).

CLoCC is an enabler both for customers and for better environmental performance. By reducing the time and costs needed to connect to the transmission system, we can open up greater access to new forms of low-carbon gas connection, such as biomethane and synthetic biogas.

By halving the costs and reducing the time taken to connect by at least half, we will also deliver a better customer experience and offer more choice. CLoCC will act a gateway, opening up the barriers which could otherwise hinder lower-volume producers.

Project CLoCC timetable



Project CLoCC Engagement Update 2017/18

| Problem/Issue | What we did | Outputs |
|---|---|---|
| Via engaging with our customers we identified that commercial processes that were an obstacle to some lower flow gas customers looking for entry and exit connections | removed the absolute requirement for an exit connection to have a Remotely Operable Valve (ROV), which came into force in January 2018 | Simplified the connection process and significantly reduced the costs involved |
| Customers told us the Gas Ten Year Statement specification for oxygen content in gas was 10 parts per million (ppm), which biomethane was an absolute barrier for them considering connecting to the National Transmission System | We updated the National Grid GTYS to make it clear we will consider requests for oxygen content up to the Gas Safety Management Regulations (GSMR) specification of 2000ppm on a case by case basis. This update went live on 30 November 2017 | Removed barrier to connecting to our network |
| Customers told us the connection application fees for lower-flow gas customers deterred them from connecting to our network | Created a suite of standard designs and gas connections on our new online portal developed as part of Project CLoCC | The new application fee for standard design customers will be reduced by at least 80% |
| Originally, we'd planned to test the final connection at a National Grid testing facility. However, as the project developed it became clear there was an appetite from gas customers to benefit from CLoCC outputs at the earliest opportunity | We issued an invitation to industry looking for a pilot customer who could bring CLoCC to life in a live environment. 9 applications were received across a range of industries, including biomethane, shale, gas for transport and gas projects to support electricity generation. We are now in the process of selecting the pilot customer | Our customers will be able to benefit from the outputs of Project CLoCC at an early stage than previously planned |



I want you to facilitate the whole energy system of the future – innovating to meet the challenges of an uncertain future

"The roundtable discussion your company hosted on 6 November 2017 was excellent as it provided a welcome forum that enabled industry leaders to discuss their issues and priorities. The subsequent industry meetings your company has run have given us the leadership we need to make real progress. I was also encouraged to see transport included as a central part of your future."

Patrick Mocatta, Chairman, Gasrec

Engaging stakeholders on the future of gas and decarbonisation

Future of Gas Programme Update

In 2016 we launched the Future of Gas programme – and throughout 2017 we actively engaged stakeholders via a range of forums on what the future could hold, including barriers, risks and challenges – themed around heat, supply, industrial demand, gas and electricity interactions

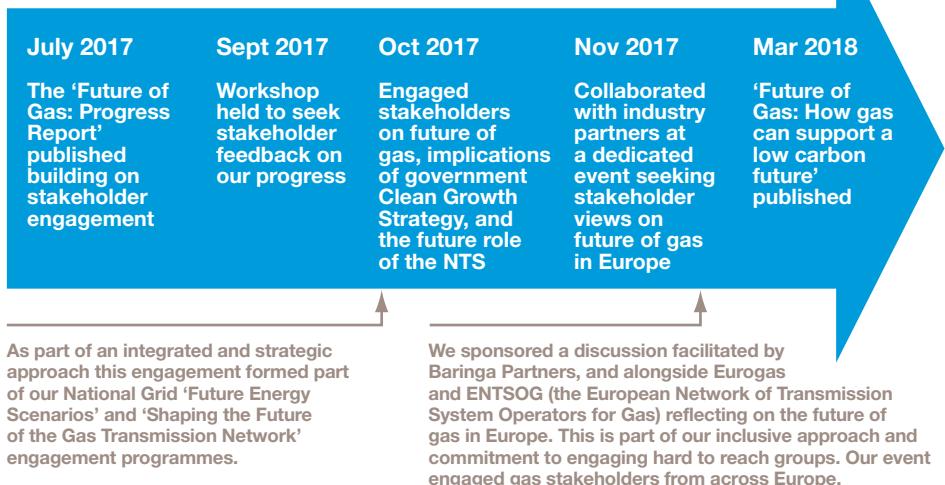
We stress-tested the role of gas and the gas transmission system in a range of scenarios and developed our view of the future for gas.



Nicola Shaw, UK Director launching the Future of Gas Report at a stakeholder event in March 2018

Future of gas engagement timeline

Since November 2016 we've met with over 150 stakeholders via workshops, bilateral meetings and industry fora



Engaging our stakeholders in the role of gas in decarbonising transport



HGVs running on gas, Daventry UK, December 2017

Our stakeholders have told us they want us to play a more active role in helping to realise the potential of Gas Vehicles (GVs) in the UK, and to remove infrastructural obstacles to their expanded use.

Transport accounts for 40% of the UK's energy consumption and 26% of greenhouse-gas emissions. While the future for transport is likely to be multi fuel for several decades, transitioning heavier vehicles to natural gas from diesel and cars to electric will make significant air quality and carbon improvements in the short term. For commercial vehicles, hydrogen could unlock decarbonisation options in the longer term. There are also opportunities for decarbonised gas for a range of commercial vehicles, from HGVs to buses and maritime transport.

Following an extensive engagement programme in 2017 and 2018 we have recommended that coordinated policy action be taken to encourage gas, including incentives and tax arrangements; with cities leading the way in developing the role of hydrogen in public transport.

We have a deep and shared interest in reducing carbon emissions and improving air quality. By actively engaging on this topic we have helped to remove uncertainty on who needs to do what and when, and to develop a clear and shared view of what we're aiming to achieve over the long term.



Compressed Natural Gas (CNG) engines can **reduce greenhouse gas emissions**, particularly when measured on a well-to-wheel basis (around 15%). Such reductions **could increase to 84%**, if biomethane is used.



CNG vehicles provide **significant air quality benefits** – a 41% reduction in NOx and up to 96% particulate matter reduction, as well as significantly reducing noise pollution.



I want to take gas on and off the Transmission system where and when I want



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



I want the gas system to be safe

Keeping the gas flowing

Our local stakeholders helping us in the face of severe weather conditions

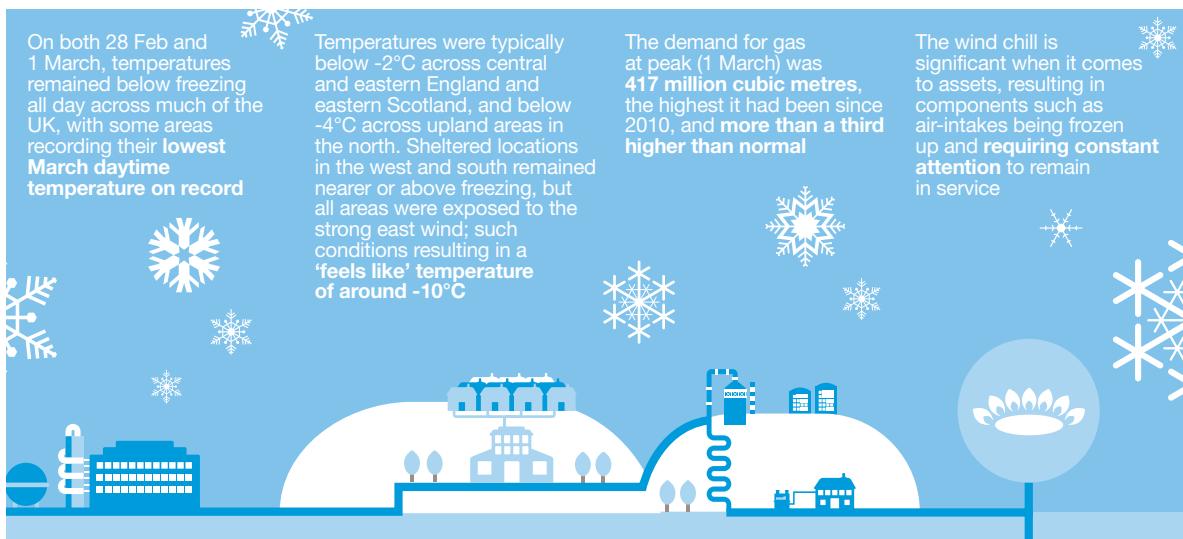
We recognise that the safe operation of our network is reliant on working hand in hand with our stakeholders, many of whom live and work in close proximity to our assets. When the 'Beast from the East' collided with Storm Emma a number of our sites (many of which are in remote locations) were rendered temporarily inaccessible as a result of a hazardous combination of high winds, heavy snow and freezing conditions in February and March 2018. Through a combination of effective communications and relationships with our stakeholders in these locations and between our operations staff and our control room we were able to keep the gas flowing throughout this difficult period.

'The main issue for us was the logistics of getting people in and out of compressor sites. We had the police help us get into our Hatton site. Just getting through the snow was a nightmare – we had a farmer come out and help plough the way into Huntington compressor station! We had people manning sites round the clock over the period, to make sure they were on hand to attend to equipment.' **Mark Lissimore**, Director of Operations



Our engineers protected supplies to customers throughout the severe winter storms in February and March 2018, as seen here at Avonbridge Compressor Station

Severe weather conditions in the UK in February and March 2018



The successful repairs of three valves at Kings Lynn Tee avoided

£817k
of potential customer costs

Responding to the needs of stakeholders

Via our ongoing engagement with our stakeholders we continue to identify opportunities across our business activities and operations to exceed their expectations and reduce our impact on communities and the environment.

| Issue | Stakeholder | What we did | Outputs |
|---|----------------------------|---|---|
| As part of their pressure system safety regulation (PSSR) requirements Cadent needed to carry out an internal inspection of one of their pipelines between Horndon AGi and Aldridge block valve | Cadent | NTS Feeder 5 passes through the Abridge site which belongs to Cadent. Our teams worked with Cadent to facilitate the inspection | Our customer Cadent was able to complete its pipeline inspection – a complex technical manoeuvre which would have been difficult to achieve alone |
| The NTS contains several thousands valves of which a number are effected by corrosion – this can be costly and has environmental and safety impacts | Gas transmission customers | The mini-grouted tee we developed significantly cuts the time and cost involved in repairing vale and sealant lines | Need for recompression of gas is removed which reduces 100% of carbon emissions. The customer benefits with no disruption to service |
| Visual intrusion of new unit exhaust stacks at Peterborough Compressor Station | Goxhill Parish Council | Engaged with Goxhill Parish Council at a number of meetings using video and other visual aids. Concerns continued to be raised. National Grid agreed to work with Network Rail to explore additional tree planting along the verge of the A15 | Plans will be drawn up and presented to the Parish Council at the next meeting for formal acceptance |



I want you to care for
communities and the
environment

Engaging communities on major investment projects

As our landmark £100m project to connect a new gas pipeline across the Humber estuary progresses our engagement activity has intensified.

Our role in the community and protecting the environment

Call log with examples from Humber Crossing Engagement



"At Paul there on the north side of the river there have been some local issues which have been proactively addressed by the project team"

The downward trend of contacts from the community (calls, emails, letters) reflects the success of our engagement programme



Landowner engagement

Our network of 7,654 kilometres of gas pipeline passes through land owned by thousands of private landlords. Maintaining good relationships and high safety standards is a top priority for us so we regularly review how we engage with them to be more efficient and effective.



In operations we've now started to use local community and charity ventures for meeting venues. This is both cost-effective and increases our visibility in the community

"The team were particularly impressed with the scale of the project and the various and significant community mitigations put in place."

Citizens Advice representative

Enhancing protected species in sensitive locations

- Before construction began on the River Humber Pipeline Project, we undertook a series of ecology surveys to identify any protected species that may be impacted by the works.
- The surveys revealed that many of the watercourses and ditches that need to be crossed by the project, were inhabited by water voles, a protected species.
- Throughout the duration of the project the area will be checked regularly by ecologists, steps taken and numbers recorded so that valuable data on the species can be gathered which will help preserve them for future generations.

| Activity | Stakeholders affected | Output |
|-----------------------|-----------------------|---|
| Annual Letter Process | Landowners | <ul style="list-style-type: none"> ✓ We reviewed the process and now avoid busy times e.g. Harvest ✓ We improved the tone of our letters to make it engaging and less abrupt ✓ Introduced additional steps to open/register letters on day of receipt (ensuring any deceased notices can be processed on the same day) |
| Ongoing engagement | Landowners | <ul style="list-style-type: none"> ✓ Established a National Grid dual fuel (electricity & gas transmission workgroup to explore efficiencies and communication improvements ✓ Made more effective use of Linewatch membership, using our influence to drive changes |

Listening and responding to environmental stakeholders

It's important that we hear the voices of all our stakeholders including those who may find it difficult to engage with us or disagree with our plans. We met with Greenpeace who told us they did not have the capacity to take part in our planned workshop.

Managing our potential impact on local water supplies

As part of the River Humber Pipeline project we have been managing rainwater and run-off around the construction site in an environmentally sustainable way;

- Protecting the groundwater aquifer which feeds public water supplies;
- Environment Agency licencing for de-watering while the launch shaft was being constructed; and
- Managing the works to best minimise risk of the site flooding

To make things easier for them we arranged a meeting at their offices and provided briefing material that was tailored to their interests. The outcome of this and other stakeholder meetings was the inclusion of an environmental stakeholder priority which we will consider as part of our future business planning.



I want you to facilitate the whole energy system of the future – innovating to meet the challenges of an uncertain future

"HSE would like to express its gratitude to members of the BIM 4 Health & Safety Working Group for their input during the development of this document and in particular to those organisations that have facilitated the development of case studies that demonstrate the value of BIM in improving health and safety outcomes in construction."

Health and Safety Executive



Collaborating with our partners and stakeholders on innovation

Gas Network Innovation Strategy

Working with our partners we developed the Gas Network Innovation Strategy which was published in March 2018. This sets out the future role that existing gas infrastructure can play in meeting future demand for power, heat and transport in a low carbon economy.

Active engagement with stakeholders was crucial in the development of our joint strategy The strategy is centred on seven themes: the future of gas; safety and emergency; reliability and maintenance; repair; distribution mains replacement; environment and low carbon; and security. These themes were identified by engaging with our stakeholders.

We engaged stakeholders across a number of forums, including presentations and a joint interactive session with the Gas and Electricity networks at the LCNI conference 6–7 December 2017.

Feedback from this session was directly fed into the strategy, alongside responses via the survey questionnaire and several response letters.

BP Technology Outlook

The BP Technology Outlook examines the potential of technology to change the way we produce and use energy to 2050.

We actively contributed to this annual publication and made a strong case for gas to be treated as part of a single integrated system with electricity networks to enable consumers to have more affordable energy.

Partners we collaborated with on the strategy



25

written responses were received from stakeholders during the consultation process

Sharing the benefits of innovation with our stakeholders more widely

This year we have created a case study library online making it easier and faster for stakeholders to access our latest gas transmission innovation case studies. This library will be regularly updated, ensuring

innovation benefits reporting is a continuous activity and to provide transparency on the value delivered through innovation.

<https://www.nationalgrid.com/uk/investment-and-innovation/innovation/gas-transmission-innovation/case-study-library>

Engagement on Capital Projects

| Project Name | Business Area | Partners/Stakeholders engaged | Purpose | Outputs |
|----------------------------------|------------------|-----------------------------------|---|--|
| River Humber Pipeline Project | Capital Delivery | London Power Tunnels Project Team | To discuss key lessons learnt and best practices on this major project including the importance of engaging early with key stakeholders such as the Health and Safety Executive | NGGT project teams have been able to give the HSE an early insight into how we are mitigating potential risks via the use of innovative technologies such as virtual reality |
| Improving safety in construction | Capital Delivery | Health & Safety Executive | To develop specification for collaborative sharing and use of structured Health & Safety information using Building Information Modelling (BIM) (PAS1192:6) | Report published 'Improving Health and Safety Outcomes in Construction Making the Case for Building Information Modelling (BIM)' |

nationalgrid

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