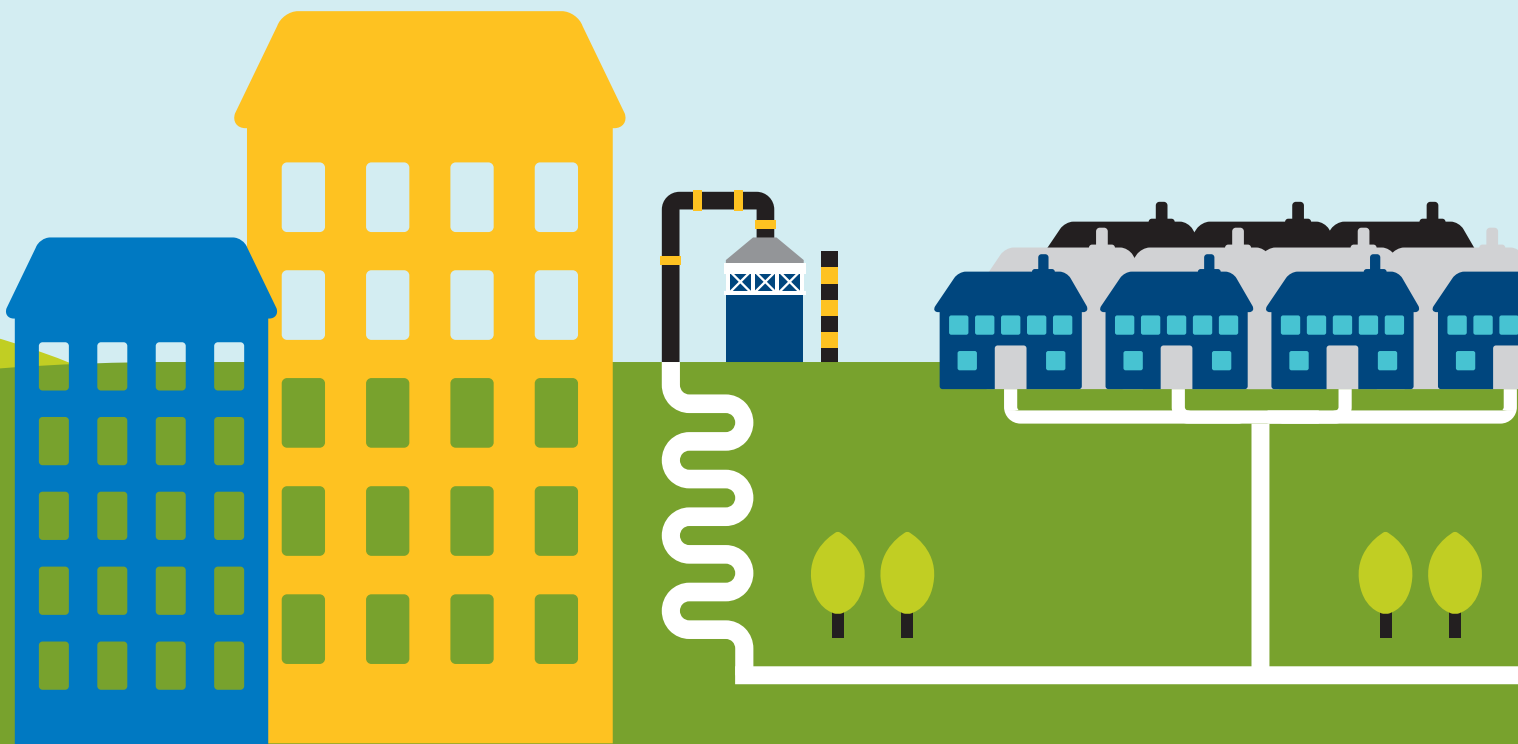


Gas Distribution Stakeholder Engagement Incentive

2015/2016 Submission



Part One



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Part One

Introduction

Welcome to our Stakeholder Engagement Incentive Submission for 2015/16.

Our ambition is clear. We want to be the best gas distribution company in Britain. And with insight from our customers and stakeholders, and the support of our employees, we are determined to get there.

We continue to provide a safe and reliable service to 11 million homes, making sure that our customers are connected to the gas they need. We are listening and responding to the needs of our customers and stakeholders and acting on their feedback.

This year has proved to be another busy year and I'm delighted to see the fundamental changes we've made to our processes, making it easy for our customers to do business with us. We have focused our efforts on our stakeholders' priorities and delivered a broad range of improvements; a selection of which I'm proud to share with you in this year's submission.

We are getting better at putting stakeholders at the heart of what we do. Our stakeholder consultation feedback, Stakeholder Advisory Panel, ICS accreditation and our daily business discussions and interactions all indicate we are improving.

Our Stakeholder Advisory Panel were critical of us for not highlighting the work we do in leading industry change. As a result we have shared with you the projects we are leading and which underpin the industry and the future direction of energy policy in Great Britain.



“This year has proved to be another busy year and I'm delighted to see the fundamental changes we've made to our processes, making it easy for our customers to do business with us”

The sale of our business will bring about further opportunities for our customers, stakeholders and employees. The feedback we have had so far has demonstrated a positive support of our sale and we are committed to keeping our stakeholders involved in our future decisions.

I'm personally proud of what we have achieved this year and we will continue to be

relentless in continually improving what we do for our customers and stakeholders.

Chris Train
Director
National Grid Gas Distribution

1.1 Our stakeholder engagement strategy

Our ambition is to be the best gas distribution company in Britain. We know we can only be the best if we deliver results for our customers and stakeholders and we are relentless at improving what we do.

Our customer and stakeholder vision

means we are consistently producing results for our customers and stakeholders. They find it easy to talk to us and do business with us. We deliver what we have agreed and provide a quality service at an affordable price.

Our philosophy of listen, discuss and act

means that we gather views from our stakeholders on how we can improve our business and the services we offer.



Our stakeholders are shaping our future









Each year we hold a formal consultation called *Have your Say*⁽¹⁾ and invite all our stakeholders to feedback on what they believe we should focus on. We are encouraged to see that year on year they are telling us we are improving. We use this feedback to create our commitments, which we link to our stakeholder RIIO priorities. Each commitment has executive sponsorship and is tracked⁽²⁾ monthly.

(RIIO is the name of our regulatory eight-year price control period. It stands for Revenue = Innovation + Incentives + Outputs)

Our stakeholder RIIO priorities

-  We will keep our communities safe and warm
-  We will safeguard future generations
-  We will provide value for money
-  We are easy to do business with

Our stakeholder commitments for 2015/16

We will continue to share our RIIO performance annually with our stakeholders and operate a safe, reliable and efficient network.	
We will continue to develop partnerships to raise awareness of the dangers of carbon monoxide to help change our customers' behaviour.	
We will innovate to provide additional services to our vulnerable and fuel-poor customers.	
We will work more closely with local and highways authorities to undertake our works safely, improve planning and coordination and deliver innovative solutions to minimise disruption.	
We will work with our customers to review our asset data service to identify improvements.	
We will continue to help shape industry change, working collaboratively to simplify industry processes that deliver positive outcomes for our customers.	
We will work with our customers to review the service we provide for our non-standard works.	
We will improve our communication and access channels.	
We will continue to improve the biomethane process and innovate to find new ways of using and sourcing gas.	
Through our people and our networks we will help shape the transition to a low carbon future.	

Our strategy and engagement framework builds in continuous improvement

We know that we must keep checking our strategy is up to date and that it will deliver the step change needed to put stakeholders at the centre of our business. To do this, we have conducted a formal management review of our stakeholder strategy⁽³⁾. We have reflected on our contact throughout the year gathering lessons learned and insights from a broad range of sources including Stakeholder Advisory Panel consultations, audits and events. Our executive team will then use this to update our engagement strategy, making sure we are continuously improving for our stakeholders.

Identify and engage

- We identify stakeholders who have an interest in our business and tailor our engagement to their needs.
- We engage with our stakeholders throughout the year and annually with our *Have Your Say* consultation.
- We group our stakeholders by their interests and match them to our business priorities. This helps tailor our approach to meeting their needs.

Understand needs

- We listen and understand how we can work best together with our stakeholders.
- We make sure our employees have the right tools to do their job (see page 5).
- We foster a culture of producing results in our business (see page 10).

Delivering for our customers and stakeholders

Monitor and review

- We continually review our approach and measure our success.
- We make sure we deliver on our commitments through robust project management frameworks.

Act and inform

- We deliver on the commitments made to our stakeholders and keep them informed of progress through a variety of tailored methods (see page 3, keeping our stakeholders informed).

1.2 A broad and inclusive range of stakeholders has been engaged

We identify our stakeholders through our business activities and annual consultation, grouping them by interests and matching them to our business priorities. This makes sure we have a tailored approach based on our stakeholders' needs. This year, following our *Have Your Say* consultation, we have included vulnerable groups as a specific category.

Our stakeholders segmented by group		
Customers and communities	Consumer groups	Supply chain partners
National government	Business-to-business customers	Environment (including sustainability and renewables)
Fuel poverty groups	Trade bodies and professional institutions	Regional and local government (including local and highway authorities and public services)
Vulnerable groups	Regulators and industry bodies (including health and safety)	
Service providers	Media	Other Gas Distribution Networks (GDNs)
Energy groups	Non-governmental organisations (NGOs) and think tanks	The general public
Shareholders and investors	Employees and trade unions	Skills and education groups

Keeping our stakeholders informed

We keep our stakeholders informed throughout the year using a variety of publications available on our Talking Networks website.



The *Have Your Say* document that starts the consultation process

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November

- **Have Your Say** – This document starts our consultation process with our stakeholders. It looks at how we are doing, how our stakeholders want to engage with us and what is important to them.
- **Acting on Your Ideas⁽⁴⁾** – This is an interim report that provides a progress update on each of the stakeholder commitments we made at the start of the year.

April

- **Committing to You⁽⁵⁾** – In April, we publish our new stakeholder commitments for the year ahead. These commitments are the promises we make based on the feedback received from *Have Your Say*.
- **Continue to Have Your Say⁽⁶⁾** – To make sure this formal process continues, we encourage ongoing stakeholder feedback throughout the year by keeping this consultation process open.

September

- **Our RIIO Annual Performance Publication⁽⁷⁾** – We have taken a more stakeholder-focused approach for 2016 based on their feedback. This report will have three levels of performance detail and include a performance video.



Proud to be leading strategic change

To support and represent our stakeholders, we are leading several cross-industry groups (see below). Together they represent a diverse mix of organisations that are focused on delivering wide-ranging, strategic change for customers and stakeholders. These include:

- The Uniform Network Code (UNC) Project Nexus working groups, as well as the Xoserve Funding, Governance and Ownership review group.
- The GDN Carbon Monoxide Collaboration Forum.
- The Off-Gas Grid Industry Working Group on behalf of the Fuel Poverty Advisory Group (FPAG).
- The Industry Customer Safeguarding Working Group (CSWG).



Our collaboration in action

Our Stakeholder Advisory Panel

Our Stakeholder Advisory Panel⁽⁸⁾, established in 2013, plays a crucial role in checking that we are listening to and acting on our stakeholder feedback and insights. We have recruited new members for our panel this year and have a policy of being honest, open and transparent.

Our panel continues to be a dynamic and diverse group of nine external members and is chaired by Mike Foster, Chief Executive, Energy Utilities Alliance. Our Director Chris Train and Ann-Marie Ward, our Head of Customer Operations, are also members of our panel. We welcomed three new members this year: Sarb Bajwa, CEO at IGEM; Jonathan Samuel, Chief Executive of Gas Safe Register; and Doug Lord, Head of Customer Transformation at Severn Trent Water.

This year the panel has provided a strong

challenging voice and has acted as a sounding board for new ideas prior to implementation. They have influenced and changed our thinking.

This year we shared our in-depth consultation feedback with the panel. The panel identified the areas we should be working on next, defining our new commitments for 2016/17.

Mike Foster has said: "Three years into my role as chair, I continue to be struck by National Grid's openness to us. 'Deep dives' into key operational activities of our choosing have enabled the panel to test the organisation's commitment to stakeholder engagement. In addition, their willingness to offer up areas of their work where improvement is needed shows a degree of transparency that puts many organisations to shame."



"One improvement upon previous years has been our more active engagement in the stakeholder consultation – before and after – to help National Grid focus with greater clarity on areas we felt were important"

Mike Foster, Chief Executive, Energy Utilities Alliance and Chair of the Stakeholder Advisory Panel

Our partnerships and collaborations

We know that we can't be successful on our own. That's why we are working with many organisations to make sure we are delivering the right outcomes for our stakeholders. These include the National Joint Utilities Group, Energy Innovation Centre, IGEM, Renuma and Accent. We are also members of Western Power Distribution's Stakeholder Panel and of GDN collaboration groups focusing on customer satisfaction, stakeholder engagement and fuel poverty. These strong collaborations are delivering fresh thinking, benefits and positive results for stakeholders.

Our stakeholder engagement programme is extensive

In addition to the publications, we have a year-long programme of formal engagement. The programme for 2015/16 (below) demonstrates the extent and breadth of our contact with all our groups.

In addition to the events shown, we have year round contact with highway authorities, shippers and with the wider industry. This covers projects such as the Xoserve Funding Governance and Ownership (FGO) Review, Project Nexus, the Unified Network Code, SMART metering, shrinkage and pricing.

April

- Stakeholder Advisory Panel
- Gas Distribution Executive Committee (where we report on progress against our stakeholder commitments)

May

- Customer Safeguarding Working Group

June

- Shareholder networking event
- Gas Industry Outlook Day
- Gas Distribution Executive Committee

July

- National Grid AGM

August

- Customer Safeguarding Working Group
- Gas Distribution Executive Committee

September

- National Energy Action Conference

October

- NextGen Conference (Future of Gas)
- National Gas Vehicle Day
- Gas Distribution Executive Committee

November

- *Have Your Say* consultation
- Gas Industry Forum
- Energy Utility Alliance Day
- Low Carbon Network Innovation Conference
- Heating and Hot Water Industry Council
- Customer Safeguarding Working Group

December

- *Have Your Say* consultation
- Gas Distribution Executive Committee

January

- *Have Your Say* consultation
- Stakeholder Advisory Panel

February

- London collaboration event with SGN
- Stakeholder Advisory Panel
- Gas Distribution Executive Committee
- Customer Safeguarding Working Group

March

- Management review
- Stakeholder commitments confirmed after feedback

Achieving customer satisfaction

We are committed and passionate about doing the right thing for our customers. We are not complacent and recognise we don't always get it right. Our plans to improve our service have been prioritised, and that's why it is so important for us to keep checking how we are doing, learn, and continue to act on customer feedback. An example of this is our mains replacement transformation project, where early indications show we are listening to and acting on customer feedback (see page 13).

We are proud to be accredited by the Institute of Customer Service and we were delighted that as part of our ongoing accreditation, our mid-term review⁽⁹⁾ in 2015 demonstrated that our efforts are working and we are heading in the right direction. We surveyed 200 customers and 100 employees, and feedback from our customers was really strong. We were delighted that our customers scored us 10 points higher than last time, at 92.1 out of 100, and a very pleasing 20.7 points higher than the utilities UK Customer Satisfaction Index (UKCSI) average of 71.4 out of 100. We were also pleased that we scored 15 points higher than the UKCSI average.

Our employees are vital to our success

The ICS survey echoed our leadership view that our teams are vital to the success of our customer experience. We believe that we should set our teams up for success and that our teams are central to delivering quality customer service and stakeholder engagement.

We have a programme underway which will continue into 2016/17 to help ingrain new processes and behaviours. We have an extensive training programme in place that helps support our stakeholder strategy and gives our employees the skills to do their jobs.

Our Academy is a structured capability programme that includes training to improve stakeholder engagement skills and capabilities. This will further secure the desired cultural change in our business by really putting stakeholders at the centre of our business.

Our next generation of customer-facing field force

We believe our frontline teams have a big impact on our customers' service experience, and because of that should have the right training and support in place. We are recruiting over 150 new customer-facing field force engineers in our emergency and repair teams, and have actively recruited a diverse workforce to represent the customers and communities we work in. Our apprentices undergo a tailor-made course in customer service and our recruitment process establishes early on the customer service skills required for these vital roles. We are really proud that our apprenticeship scheme was listed in the **Top 100 Apprenticeship Employers** listing in 2015.

(9) Supplementary evidence



92.1

out of 100 customer satisfaction score

15

points higher than UKCSI index average

10

point increase since 2013

“As an active member of the Institute's network, National Grid is keen to share and absorb best practice across all sectors of UK industry”

Michael Elders, National Account Director, ICS

National Grid was short-listed in the Capita Customer Service Innovation of the Year category at the UK Customer Satisfaction Awards 2016. This was for our work towards improving customer satisfaction in London.



1.3 Using a variety of methods to inform and engage with our stakeholders

Our customers and stakeholders have told us we need to do more to improve the way we engage, communicate and act. We recognised that we had to make fundamental improvements so we have concentrated on three key themes: improving how we communicate, knowing our customers and stakeholders, and pushing new boundaries.

1.3.1 Improving how we communicate

Launch of new gas mains replacement website

Many of the communities we serve use digital technology in their daily lives. Our research and analysis told us that we were falling behind and our old mains replacement website didn't meet our customers' expectations. We knew we had to change and using customer insights we took time to work out the best way to improve our communication. This year we launched our bettergaspipes.com website⁽¹⁰⁾. Our dedicated website for customers facing gas mains replacement now provides short videos, Q&As and more detailed information for those wanting to know more.

Our Talking Networks website continues to grow

Our talkingnetworksngd.com website⁽¹¹⁾ continues to be the go-to place for informing our stakeholders of our latest news, consultations, RIIO performance and stakeholder publications. We also upload our Stakeholder Advisory Panel documents and consultations, with the latest being the publication of our Gas Distribution sale consultation. This year we have increased our registered users to 131 and during 2015/16 our site received around 8,000 hits with over 15,000 page views, of which 83.5% were new visitors. Our consultation told us that 98% of our stakeholders rated the website between good to excellent in terms of being easy to use, informative and relevant. We aren't standing still and have plans to update the website next year.

Keeping up with technology

Online focus groups can eliminate travel time and reduce both the effort and cost for our stakeholders. To see how they would work for us, we used a selection of customers from our 900-strong domestic customer and business panel to trial an online forum⁽¹²⁾. During the session, we looked at what safeguarding support could be given to vulnerable customers, and how we communicate through our website.

The sale of Gas Distribution

In November last year, National Grid announced a process to sell a majority stake in its UK Gas Distribution business. It was important to us that we involved our stakeholders in the process to get their views and also to provide reassurance. In March this year we consulted with a wide group of stakeholders via our Talking Networks website. Through this consultation⁽¹³⁾ we asked for initial views and comments on our proposals and also gave the opportunity for our stakeholders to contact us with any specific concerns or questions they might have via a dedicated email address.

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15,000

page views of the Talking Networks website in 2015/16

98%

of stakeholders rated our Talking Networks website as good to excellent



1.3.2 Knowing our customers and stakeholders

Customer data feasibility study⁽¹⁴⁾

We want to take the initiative in improving customer service, but are hampered by not having access to customer data and important information such as telephone numbers and preferred methods of communication. As an active member of the Energy Innovation Centre (EIC) we took part in a customer summit in September last year, where acquiring customer data was identified as a cross-industry challenge. We could see the benefits of having shared customer data for both electricity and gas customers. If we can access customer data, we can really improve the service we provide to our customers.

Working with EIC and a small group of electricity and gas distribution companies, we have conducted a feasibility study that looks at what a shared data hub would be like across our industries. Time and resource has been committed to design workshops with a research company called Fahrenheit 212, which has subsequently conducted customer research to find out what our customers would prefer.

The early findings have proved valuable. They support our view that providing data in a controlled way could be beneficial to our customers. Now, we are at the centre of work that's looking at how we can achieve the right results for customers and stakeholders. Immediate benefits could include improving our ability to communicate quickly in the unfortunate event of a loss of supply. We could also improve our planned mains replacement experience.

Improvements in ISO 55001 performance

We have continued to achieve ISO 55001 standard for Asset Management. Since its change from BSI Publicly Available Specification (PAS-55), this standard now requires an "understanding of the needs and expectations of stakeholders and how internal and external communications needs are established". Auditors Lloyd's Register Energy assessed us against this measure as part of its surveillance visit⁽¹⁵⁾ in September 2015.

At the previous visit in September 2014, the auditors asked a question in their report about how the selection of stakeholders is reviewed. Now, the auditors are satisfied that an annual review and update of stakeholders is

completed as part of our annual consultation process. Their report stated: "There are currently 19 different stakeholder groups and the list is reviewed and updated annually following feedback received from the consultation. Continual improvement and increased effectiveness was demonstrated in many areas, for example, stakeholder communications."

How do you know what your customers are willing to pay for?

We decided to join forces with Western Power Distribution to fund a study⁽¹⁶⁾ to really understand what our customers are willing to pay for. This meant we could both use our customers' and stakeholders' time effectively and save money rather than us both undertaking separate but similar research independently. We worked with market research experts Accent and targeted domestic and small business customers, asking questions to understand their priorities and preferences on a range of services. Important topics covered included reducing carbon footprints, helping fuel poor customers and improving resilience. We then asked customers to rank the value they attached to the services and how much they would be willing to pay. We are using the research to help us shape our stakeholder and customer strategy, prioritise resources and benchmark our cost benefit analysis. The results were surprising and some key findings are captured in the table below.

“This meant we could both use our customers’ and stakeholders’ time effectively and save money rather than us both undertaking separate but similar research independently”

Customer preference research findings

Domestic households

- **Most valued improvement: reduction of a company's carbon footprint.** People are willing to pay **£6.39** per year for a **20%** reduction, in comparison to the base level of a **5%** reduction.
- **Next most valued improvement: increased support to vulnerable customers.** People are willing to pay **£5.65** per year in order to increase the number

of supported customers from **10,000** to **150,000**.

- **Least valued improvements: customer satisfaction with the connections services helping fuel poor customers.** For the maximum improvement in each of these areas, mean household willingness to pay was **£1.25** and **£1.88** per household per year respectively.

Businesses

- **Most valued improvement: resilience.** On average, people were willing to pay **1.46%** more on their annual combined electricity and gas bill for an increase from **5%** to **30%** of communities with emergency responses in place.
- **Next most highly-valued improvement: reduction of company's carbon footprint.**

Businesses were, on average, willing to pay **0.52%** for an increase in carbon footprint reduction from **5%** to **20%**.

- **Least valued improvement: the number of fuel poor customers supported a year.** The willingness to pay was only **0.01%** of the annual bill per business per year.



1.3.3 Pushing new boundaries

Infrastructure Mapping Application for London

We tailor our engagement to the communities we serve and we recognise that working in London poses a unique set of challenges for all providers of essential services. Although roadworks are a necessary consequence of the work we do to keep our communities safe, we know that disruption caused by these works has a real effect on the lives of people living and working in our communities.

We have listened to wide-ranging stakeholder feedback and we are constantly looking for ways to minimise disruption caused by our works.

One such innovative project is the Infrastructure Mapping Application for London (LMA LDN), developed in collaboration with the Greater London Assembly and the other utility providers.

This involves ourselves and the other utility providers sharing our network information and the details of future projects with the GLA so communities and businesses will know where and when we all plan to work, and the cumulative impact it will have. All this information is made publicly available through a web application on the GLA website.

In collaboration with the GLA and other utilities we have created a powerful tool which addresses the needs of customers and stakeholders living and working in our network. It allows for a much greater coordination of work and means a more joined-up and forward-looking approach to infrastructure planning and delivery.

In future we will use this mapping application ourselves as a decision-making tool to help inform and validate investment decisions for London. We will continue to look for other avenues to collaborate and work with our stakeholders to benefit all our customers.

“We have published a range of thought leadership papers addressing the critical role that gas has to play in the future energy mix”

Future of Gas publications⁽¹⁷⁾

We have published a range of thought leadership papers addressing the critical role that gas has to play in the future energy mix. The first publication established the framework for the suite, and set the context for gas in the current and future energy mix. This was then followed by our *Heat* paper, and we will be publishing *Transport* and *Unlocking Network Capability* later in 2016.

Building quality relationships

To gain a better understanding of the quality of our stakeholder relationships we have continued our work with facilitators Renuma⁽¹⁸⁾. Its relationship-focused approach has helped us understand the underlying issues in our relationships, and we have applied our learning to how we work with Dudley Local Authority in the West Midlands.

This has strengthened our collaboration, improving every part of the relationship. Thanks to this, we have now created a blueprint for working with strategic partners and have recently started workshops with another local authority using a similar approach. The blueprint will now be rolled out to other areas of our business too (see page 13).



1.4 Acting on our stakeholder feedback

Our annual stakeholder consultation *Have Your Say* ran for three months from November 2015 to January 2016. We had 136 responses to the consultation from 16 out of 19 of our stakeholder groups and are delighted that our scores have improved.

Our consultation results⁽¹⁹⁾

95%

of those who took part in *Have Your Say* said their engagement had been a worthwhile use of time

95%

felt they were listened to and had a chance to have their say

80%

of stakeholders said we had acted on their feedback or felt it was too early to tell at the point of completing the survey

100%

of stakeholders believed they were treated fairly during their dealings with us

Almost 100%

of stakeholders believe our engagement material is useful and helpful

The most preferred

method of engagement was face-to-face, closely followed by email, then workshops and telephone calls

How we're acting on feedback

We used the feedback from our stakeholders to inform the commitments we made for the performance year. We are tracking the progress of these commitments through our monthly governance meetings. Where we find a commitment to be off-track, we investigate to get to the root cause and a robust action plan is put in place to bring the commitment back on track.

We have used the feedback from our stakeholders and customers directly affected by our works to shape and drive our three major

process review projects. These have targeted our mains replacement, gas connections and UIP/IGT processes (see pages 13 and 14). These projects have delivered real improvements including more efficient processes, improved communications and quicker response times. We have also acted on feedback from our ICS review to ensure we engage with our customers throughout these projects to deliver on our promises.



The National Energy Action conference

Tackling fuel poverty

At the 2015 National Energy Action conference in Sheffield, we had a lot of interest in our stand which, with domestic fuel poverty in mind, was designed around the hub of family life: the kitchen table. We invited feedback and asked those who attended to share with us their thoughts on what else we could do to raise the profile of the services we offer to the fuel poor.

We had a great response to this campaign

and are pleased to say as a result we are now working with the Faculty of Public Health to identify opportunities at their Annual Conference to help raise awareness in the health arena.

We have also supported a trial with the NEA and other GDNs of two new heating cost-reduction products (Chop Bloc and Tadpole). Led by us, the joint GDN fuel poverty strategy now looks at the feasibility of a GDN test bed to give reliable and comparable measures of the benefits of such devices.

Shipper community

Our shipper community asked us to reconsider our approach to assessing leakage from the gas network (what's known as our shrinkage methodologies). In response, we set up the Shrinkage Leakage Model Review Consultation, speaking to shippers as a group and as individual companies to gather their thoughts. As a result of their feedback, we have made a set of commitments, along with other GDNs, which take this on board. One example is assessing the most effective way of reviewing and updating leakage rates.

“We have used the feedback from our stakeholders and customers to drive our three major process review projects... these have delivered real improvements including more efficient processes, improved communications and quicker response times”

Performance Excellence: together we're finding a better way

Performance Excellence is a fundamental change to the way we work and we are continuing on our journey to make it standard throughout our business. It is a uniform approach to finding better ways of working, to improve the safety and service we give our customers and create value for stakeholders. We use a set of techniques and 'lean' principles in conjunction with our standard stakeholder map to help teams at all levels drive improvements themselves. To date 3,442 of our employees are actively involved in this way of working.

Through the use of our 367 team hubs⁽²⁰⁾ and daily performance discussions we make sure our performance is measured, visible and acted on at all levels of the organisation. Teams are given the autonomy to fix their problems and remove day-to-day frustrations and obstacles. This way of working is also supported by the introduction of 'voice of the customer' methodologies and the ability to break down processes to understand at what points we interact with our customers.

Policy Deployment Matrix

One tool from our suite is a Policy Deployment Matrix (PDM)⁽²¹⁾ which we use in the business to develop and implement our strategy and tactics. Via the PDM process we measure a range of short and medium-term initiatives that are aligned to our annual priorities. These are then aligned to our high-level objectives which we refer to as our 'step change' projects. Progress is tracked against each PDM and reported monthly through our executive committee meetings. This process ensures there is ownership and accountability at all levels.

Continuing on our journey

In the upcoming performance year, we will continue to use PDMs as our standard approach to project management. Based on the feedback from our annual consultation, we will also make stakeholder engagement strategies a necessary part of all step change projects. Furthermore, and following a session with our Stakeholder

Advisory Panel to review the results of our annual consultation, we have decided on what our main areas of focus should be for the next performance year. This new approach will further strengthen the delivery of our stakeholder strategy for 2016/17.

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“Through the use of our 367 team hubs and daily performance discussions we make sure our performance is measured, visible, and acted on at all levels of the organisation”



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Our outcomes for customers and stakeholders



Looking after the communities we serve

We are committed to delivering the right outcomes for our customers and stakeholders. Our submission this year is focused on how we look after the communities we serve and how we are protecting their future.

Reducing interruptions and the holes we dig

The impact of supply interruptions is one of the largest sources of frustration for our customers. We know we have to respond to this, so we have set ourselves challenging targets to reduce the number of times we interrupt our customers by 50% and the number of holes we dig by 35%. Here are some of the things we've been working on:



Keeping our roads open through innovation

We have successfully trialled a polyethylene (PE) **pipe locator** which will dramatically reduce disruption to road users and pedestrians, with far fewer holes having to be dug and filled in.

Our pipe locator, the **first** of its kind in the **world**, has been funded via the Network Innovation Allowance. It is similar in appearance to a metal detector and scans the ground, using acoustic signals to trace the pipe. It can be operated by a single person and will do away with the need to dig boreholes to find PE pipes.

The machine is safe, hits its target first time and reduces the risk of hitting other utilities' plant, such as water pipes and electric cables.

We have actively **shared** it with the **industry** through the Gas Innovation Governance Group and at the Low Carbon Innovation Conference to drive change across the industry.



Through the keyhole

Our innovative keyhole technique is reducing disruption to the communities we serve.

Like keyhole surgery, keyhole excavation works by drilling a small hole, in our case in the road surface. We then remove a single core before vacuuming the material out to expose the gas main underneath. This means we can repair gas escapes without having to dig large holes, which saves time and money, and reduces disruption to road users.

Environmental benefits include being able to re-use the spoil that was sucked out for reinstatement.

Using this technique we have **avoided 6,016 days of disruption** on the highways.

As leaders, we have shared this technology with Southern Gas Networks and Northern Gas Network.



Testing our own reinstatements

We are committed to providing value for money for our customers and stakeholders. We identified that developing a positive relationship with the local authorities we work with means we can collectively save time and money, benefiting the communities we both serve.

Our North West team has **pioneered** a new system of **testing** our reinstatements which has improved our relationship with the highway authorities and is saving them money.

Current practice is for most highway authorities to arrange inspections through third party companies who take core samples to check for things like correct depth of bitumen and air voids.

This was bureaucratic and costly for highway authorities and could lead to disputes over interpretation of the data collected.

Last year we began a partnership with Sefton and Knowsley highway authorities in which we take core samples from an agreed percentage of our reinstatements and send them for testing

to an independent laboratory accredited by UKAS. The lab shares the information with us and the highway authority so the results are transparent.

We have extended this partnership to three more authorities, Bolton, Wigan and St Helens. The combined **saving** for the five highways is approximately **£120,000** per year. Our next steps are to work with Manchester and Liverpool.

A huge benefit for us is the increased collaboration and improved working relationships with the highway authorities. The Department for Transport supports this initiative and we have shared this way of working with other GDNs and with Electricity North West.



Rising to the challenge

Our high rise customers have told us that it is not acceptable to be off gas for long periods of time.

We serve major cities such as London, Birmingham, Manchester and Coventry, all of which have a high population of flats and apartment blocks. We have a significant challenge in keeping our customers safe and on gas while doing essential works.

The gas supply to these properties is provided by a steel pipe called a riser. When one is found to be leaking or in poor condition we have in the past automatically replaced it.

Because of the difficult working conditions associated with replacing risers (usually requiring working at height) and the number of customers supplied by a single riser, this has meant lengthy interruptions to supplies and inconvenience for customers.

We were determined to find a better way to continue providing a safe and reliable gas supply, while minimising any disruption to our customers. The result is an innovative process for managing risers in which we take a more flexible approach and look at alternatives to a complete replacement.

In order to do this safely and effectively we have invested in new inspection



technology and new repair techniques. An example is placing a 'sleeve' on the riser at the point of a leak and injecting resin between the sleeve and the riser, creating a safe seal without having to interrupt the supply. Some of these new techniques have been developed in partnership with other GDNs.

Thanks to our new process we've reduced the average time off gas by 10 days. We have reduced the number of risers requiring replacement by 17% and we have seen a significant reduction in customer complaints.

“Thanks to our new process we've reduced the average time off gas by 10 days”



Coming to you live

Well over 90% of our mains replacement programme is carried out by standard insertion, which involves inserting a new polyethylene pipe inside the old metallic pipes and services.

Although this avoids open cut excavation, it still requires two supply interruptions, one to insert the new gas main and the other to connect the new service.

In 2015/16 we carried out a series of trials in the use of the **Live Mains Insertion**. Using this technique, insertion is done while the gas main is still live so there is no need to interrupt the gas supply.

The trials were a complete success and we have already designed **20% of next year's replacement programme** using Live Mains Insertion, reducing interruption to our customers from two days to one.

We are increasingly planning mains replacement work during times of the year when gas pressure is lower so that we can maximise the use of Live Mains Insertion. This will help us achieve our target of reducing gas supply interruptions by 50%.



Emergency Incident Response app

We are always looking for ways to improve our incident management processes, particularly to make life easier for our vulnerable customers.

A member of our team came up with a great idea for a customer incident **app** to improve the flow of information between our Customer Centre and First Call Operatives on site during large scale loss of gas incidents.

The app provides **greater visibility** of **vulnerable customers** affected by the incident so we can prioritise them and ensure we get emergency heating and cooking facilities quickly and efficiently to those who need them most. The real time status updates it provides means we can keep customers better informed about what is happening during an incident.

The app has been widely tested and refined following feedback and has been **used successfully** in loss of gas incidents across three of our networks **10 times** since November 2015. We have also shared it with other GDNs and our business in the US.



Bringing Energy to Life fund

Funding local projects in areas where we are located, or where our work has had an impact, allows us to be part of the community and offset some of the impact that we realise our work can have.

To support worthwhile projects we've set up Bringing Energy to Life, our community grant fund for charitable and community organisations. Organisations can bid for a grant of up to £20,000 to fund projects that meet local community needs.

Projects we've supported include a grant of £5,000 towards replacing Christmas lights in the village of Clare in Suffolk with energy efficient bulbs and **£20,000** to the St Basil's **homeless charity** to **improve energy efficiency** in its 29 premises across Birmingham.

Improving our relationships and the way we work



Transforming connections

Our customers told us they were not happy with the service we were providing when they were applying for a new gas connection so we have completely overhauled this process.

The changes we have made to the application process make sure we are providing value for money while improving our communications and delivering on promises and lead times.

The number of customer 'touch points' has been **reduced** from 24 to 7 and customers are now given a single point of contact. This allows us to offer a bespoke, managed service.

A review in November 2015 showed a **23% reduction** in connections complaints and our connections **customer satisfaction** score has **increased** by 9.3%.



Theft of Gas team is keeping customers safe

Safety is our priority and theft of gas poses a high risk. As a result of our **investigations** we have **recovered** a **£1m** customer benefit and are leading the way when compared to the other GDNs.



Improving the customer journey

After listening carefully to what our customers and stakeholders were telling us about how we communicated with them during planned mains replacement work, we knew that we had to improve.

Our Planned Works Customer Journey project has improved communications during mains replacement work. We were determined to make sure that our customers understood what was happening during our works and how it would affect them.

We piloted and refined a multi-channel communications plan that puts our customers' perspective at the heart of what we do. Our communications cover the four parts of planned work: before we start; laying the pipes; the gas on/off process; and finally, reinstatement (filling in the holes).

In addition, we raised the profile of our digital presence with a dedicated mains replacement website.

At the same time, we've **radically revised** all our paper **communications**, colour-coding them in line with each part of the work to make it clearer to customers what it refers to. One serious problem we had to resolve was the fact a lot of customers thought our letters were junk mail and threw them away. Instead of sending letters we posted a recyclable yellow cardboard tube – designed to be difficult to ignore and look like the pipe we use in mains replacement. We looked at best practice and trialled a KICK system (knock, inform, complete and knock), used by Northern Gas Networks, where customers are told face-to-face that work is starting and then again when it has been completed.

In the first quarter since we introduced our new approach, it has far exceeded our expectations. There has been an impressive **52% reduction** in **enquiries** in pilot areas. All indications are that our communications are clearer and in line with what customers want.

nationalgrid

Improving the pipes to your home

nationalgrid

Filling in the holes

nationalgrid

Replacing the gas main

nationalgrid

Getting your gas back on

nationalgrid

Thank you!

nationalgrid

Sorry we missed you



Building quality relationships

This year we have focused on improving our relationships with local authorities.

Communications issues have been hampering all our efforts to work effectively with local authorities and we strongly believe that the best way to address this is through collaboration.

In 2015 we initiated the first of three improvement programmes, with Dudley Local Authority. As traditional methods of problem-solving hadn't worked in the past we looked for a partner who would bring an innovative approach and chose Renuma as facilitators – the first GDN to do so.

Together we have invested time and effort to understand the relationships and encourage **collaborative working**.

We had three clear aims: to understand and improve working relationships with local authorities and our strategic contract partners; create a blueprint for how these relationships can work effectively; and to roll out a standardised way of working with all local authorities in our networks.

Through open and honest workshops, participants were able to see things from another

perspective and understand a different point of view. By the end of the initial workshops, action planning discussions were more collaborative and people were coming up with creative solutions for day-to-day problems.

After 20 weeks we carried out a survey of people who had attended the workshops and found 20-30% increases in positive responses in the critical relationship area. On a practical level, we found teams began working together to tackle difficult pieces of work. In one case, work that had been outstanding for six years was finally resolved. Fixed **Penalty Notices** have also been **reduced** by 20% and the **charges** we pay for working in the highway (Section 74) **reduced** by 36%.

We have identified the Wirral as the next local authority to work with.

We have also shared our innovative approach with other GDNs and are delighted that Wales & West Utilities are now using Renuma to help them with their stakeholder relationships.



Safeguarding vulnerable customers

We are proud to be the **first GDN** to pilot a **referral scheme** in partnership with a local authority. It will help **safeguard vulnerable customers** and provide a blueprint for multi-agency schemes countrywide.

We have piloted a mechanism for a two-way referral service with Leicestershire County Council's (LCC) First Contact Referral team. We trained the First Contact Referral LCC staff, along with partners of theirs, and our own field force teams so that both groups knew how to easily access each other's services in a consistent and effective way.

This meant that our teams who identify vulnerable customers while visiting their homes have a method of making referrals for vital services provided by the County Council, while LCC's First Contact Referral team can raise awareness and progress referrals for energy services for vulnerable customers,

such as fuel-poor applications, free meter moves and free CO alarms. Both our's and LCC's employees can go home knowing that vulnerable customers have access to the help they need.

Based on the pilot with Leicestershire County Council, a blueprint was created and has been shared with the wider energy industry. We have created a matrix of schemes that exist across England, Scotland and Wales and we are delighted that this allows us to lead the wider roll-out and implementation of multi-agency referrals through the industry's Customer Safeguarding Working Group.



Improving our customer experience for UIPs and IGTs

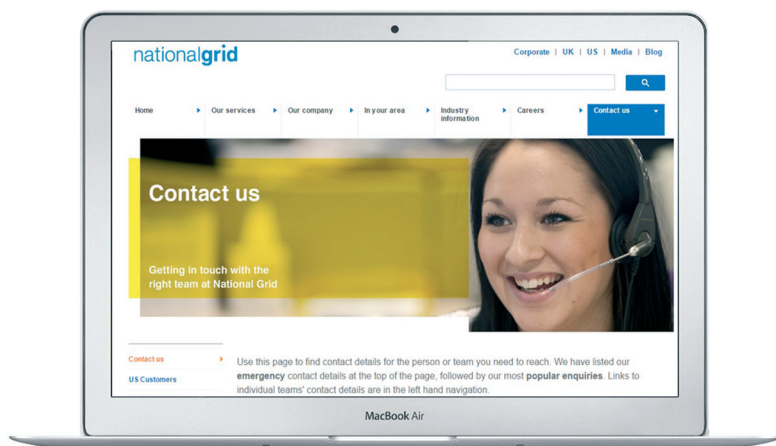
In April 2015 we embarked on a communications programme with our independent gas transporter (IGT) and utility infrastructure provider (UIP) community to get feedback on the services we provide to help them connect to the gas network.

As a result of our initial contact, we established a programme of regular visits with an agenda tailored to each individual business to discuss further the issues that concerned them. We have now visited over 97% of the UIPs and IGTs in our network and, in response to feedback, we have also set up a quarterly forum to which a cross-section of IGTs and UIPs are invited. These forums allow us to discuss the progress of principal projects and create the opportunity to work together to resolve critical issues.

Changes have been made to our website too. It now has clear contact information and lists our standards of service, making it easier for IGTs and UIPs to do business with us. There's also a new standard process for dealing with high level enquiries.

We have **improved our mains location service** waiting times by **60%** as well as improving our **reinforcement wait time** by **40%**.

James Duncan, Design Manager at GTC, said: "The positive way the Stakeholder Delivery Team has been engaging with ourselves at GTC and further building the good working relationship is influencing other networks to follow a similar approach."



London collaboration forum

In a joint venture with SGN, a fellow gas distribution network serving London, we have brought collaboration to life. In February this year we hosted a collaborative event in London to discuss key issues affecting the communities we serve.

There were two roundtable discussions. One focused on how we can help alleviate fuel poverty and support vulnerable customers, and the other on how we can improve our streetworks performance using modern techniques and opportunities for collaborative working.

A consultation document was published in April 2016 summarising the action plans resulting from the day which will drive our collaborative programme for 2016/17.



Tackling fuel poverty

Fuel poverty is a serious issue in Britain and something we care deeply about. We sit on the GDN Fuel Poverty Group and our ambition is to be recognised as the leading company for reducing fuel poverty. To help achieve this we are continuing to expand our stakeholder engagement.

Energy innovation competition

To encourage and generate new ideas to reduce fuel poverty, we ran an Energy Innovation Competition with Affordable Warmth Solutions and National Energy Action. The competition was judged on a number of criteria including innovation, impact on fuel poverty, and matched funding/value for money.

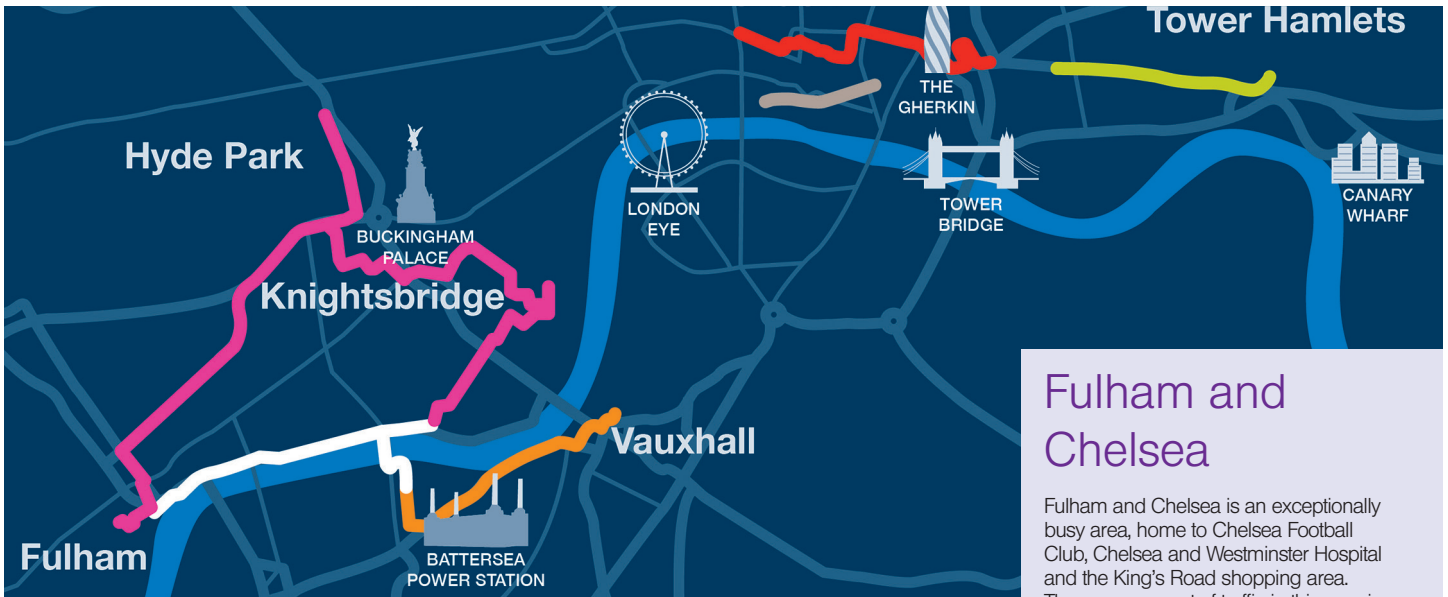
Winning bids were announced at the National Energy Action Annual conference in September 2015 (which we sponsored) to achieve maximum impact with organisations who would be interested in implementing some of the projects.

Fuel Poor Network Extension Scheme (FPNES)

We are working with partners such as the network of Energy Champions in Citizens Advice to communicate and educate customers about the service we can offer. This enables us to reach vulnerable domestic customers who would benefit from switching to natural gas for heating, and offer them help towards the cost of connecting to the network.

Fuel poor website

We were the first GDN to create a website which allows customers to use their post code to check their eligibility for fuel poor support.



Keeping the gas flowing in the heart of our capital

Over the next five years we have several major gas pipe replacement projects in the centre of London. Our work will be vital to our communities, will support economic growth and maintain London's position as a leading 21st century city.

It's crucial we get our upcoming gas pipe replacement projects in London right, for both **customers and stakeholders**. To do this, we have developed a comprehensive stakeholder engagement strategy which is built on lessons learned from previous projects.

We decided to work with a community relations agency to help us develop an approach which met the needs of those affected. For each project, a **stakeholder mapping** exercise identified relevant stakeholders and gave us an understanding of what was important to local residents and businesses. Our aim was to provide clear, concise, relevant and timely information based on four principal messages:

- They are planned and carried out as efficiently and considerately as possible for the local community.
- The works are essential to keep the gas supply system safe and reliable.
- They are part of a coordinated programme.
- They are vital to the city's prosperity.

We produced a leaflet to **communicate** the basic messages about our **gas pipe replacement**

projects and also specific leaflets giving more detailed information including a Q&A for those directly affected. These were often hand delivered to allow us to have a face-to-face conversation and create the opportunity for a two-way dialogue. To date, over **33,000 leaflets** have been distributed as part of our communications programme.

To keep open two-way communications we have set up a stakeholder contact centre with an **0800 hotline number** and email address as a direct point of contact to give stakeholders prompt access to project information. This is supported by a website, social media and freepost address.

We meet regularly with stakeholders throughout the planning and delivery of our replacement projects. These include the Corporation of London, TfL, six London Boroughs, the Royal Parks, MPs, councillors, Metropolitan Police, London fire and ambulance services and residents associations.

We have also been working with a number of other infrastructure projects such as City of London Aldgate, Cycle super highway and Nine Elms development group, to see how we can coordinate our future projects.

Fulham and Chelsea

Fulham and Chelsea is an exceptionally busy area, home to Chelsea Football Club, Chelsea and Westminster Hospital and the King's Road shopping area. The management of traffic in this area is extremely sensitive, as the main roads are not just major shopping hotspots, but also residential areas.

An important part of the Fulham and Chelsea community relations strategy has been the close working relationship developed with the network management team for the Bi-Borough (Royal Borough of Kensington and Chelsea and the London Borough of Hammersmith and Fulham).

Two-way communications

Bi-Borough Council officers worked with us to develop the strategy and communications materials for the two public information sessions. The focus was on traffic delays and congestion. At both exhibitions support was provided by the Bi-Borough network manager and coordinator. Over 11,000 local residents have been contacted ahead of work starting.

The public sessions put us in touch with individuals and organisations that are going to be particularly affected by the work, so we'll be able to liaise closely with them throughout the project and minimise disruption.

A working group has been established to coordinate the work and minimise inconvenience. Members include National Grid, TfL, Priority Traffic Management, Transport for London (TfL), Bi-Borough, the emergency services, Chelsea Football Club, Chelsea and Westminster Hospital and the Metropolitan Police.

By working as a team with the Bi-Borough we have been able to develop the optimum traffic management plan which works for all stakeholders. The extent of the support being shown in public and the level of coordination the Bi-Borough is providing is over and above the usual level provided on such a project. This is down to the open relationship that has been developed by the project team and the commitment to working together.

The London MP mains replacement project was nominated for a gold award in the Considerate Contractor Streetworks scheme 2016.

Protecting for the future

Vulnerable customers are a significant group who often don't have a voice. We are standing up for those groups and for all customers to ensure they're safe, now and in the future.



Cracking the needs codes

The Priority Services Register helps companies in the energy industry to identify and better tailor their services towards customers with additional communication, access or safety needs.

Jo Giles, our Social Programmes Implementation Manager, has been **instrumental** in establishing a **common** set of **'needs codes'** for **vulnerable customers**. She is leading the Customer Safeguarding Working Group, a cross-energy industry working group established by us.

The codes were written in consultation with external experts including the Alzheimer's Society, Royal Association for Deaf People and the Institute of Psychiatrists. They provide a common language that allows simplified data sharing and help us to deeply understand our customers' needs so that we can adapt our actions to achieve consistent, positive results.

The needs codes meet gas and electricity requirements and comply with future requirements for wider data sharing across utilities such as water. They also support Ofgem's ambition to deliver equal outcomes to all and were recently published in Ofgem's Priority

Services Register Review Final Proposals.

We have been working tirelessly in creating the view that only **one PSR** is the right thing for customers in vulnerable situations **across the industry**. Once established, customers would only need to register once, regardless of their gas or electricity supplier. We have also collaborated with other GDNs in pilots to explore how we can play a more active role in the Priority Services Register in future, taking what we find on the doorstep and helping to register customers on an existing PSR. The results of these pilots have been fed back into Ofgem at regular intervals to help them shape licence condition changes, driving positive change at minimal cost.

Steve Crabb, Head of Vulnerable Customer for British Gas, said: "Jo Giles, has single handedly done more to improve the PSR in the last 12 months than everyone else put together."



Promoting CO awareness

We are passionately committed to raising awareness of the dangers of carbon monoxide (CO) and saving lives. On average over the last 15 years, 40 people a year have died and many more been injured due to exposure to this silent killer.

Our own works

Our engineers visit around 300,000 homes every year to respond to emergency calls. We use these opportunities to identify those most at risk and educate them about the dangers of CO.

We have trained all our 1,000-plus engineers to provide CO advice every time they visit homes and to ask customers to complete a knowledge questionnaire. By the end of the financial year we will have handed out 3,682 CO alarms to those most at risk and have 27,000 completed knowledge questionnaires. On all our jobs we always leave leaflets informing customers of the dangers of CO.

Following a successful trial in our North West Network we have also adopted this approach on our planned mains replacement, which has the potential to touch a further 100,000 households a year.

Partnerships and collaborative working

Through our partnerships, we can communicate with and educate those most at risk. We are making real progress in targeted CO hotspots, areas which



have condemned appliances posing an immediate and dangerous risk.

We have worked collaboratively with various organisations including the Brasshouse in Smethwick in the West Midlands, the Trussell Trust which runs several food banks in our networks, and the Fire Service across seven brigades.

As a result of all our **CO awareness programmes**, we have seen a **28% reduction** in the number of **CO incidents** reported since 2012. We have also issued over 17,000 CO alarms across all of our initiatives and educated many more people on the dangers of CO.



Ready, steady, SMART!

We are leading industry efforts to manage how the roll-out of smart meters is affecting **post emergency metering services** (PEMS) to ensure no customers are left without gas.

Currently, if a customer has an emergency incident involving their meter installation, PEMS ensures that their access to gas is restored quickly due to the agreements we have with customers' gas suppliers to replace meters on their behalf.

Due to the more complex nature of smart meters, PEMS in its **current format** is **not workable**. There are around 60,000 PEMS jobs a year in our network and 120,000 nationally, so potentially tens of thousands of customers could be left without gas after emergency meter work.

We've worked with Energy UK and smart meter suppliers the Smart Data Centre Company, and are now **leading** other GDNs **to help resolve** this urgent issue.

On behalf of the other GDNs, we reviewed and introduced new scripts for employees in our Customer Centres in July 2015 covering 'no gas' calls from customers with smart meters. Analysis of these calls showed the right questions were being asked and the right first-time advice was being provided.

As part of our preparations, we have collaborated across the GDNs in order that we all use the same best practice handbook produced by Southern Gas Networks.

This illustrates the different types of smart meters and how to use them, and is part of a wider collaboration between gas distribution networks, suppliers and network operators to ensure all our customer communications are consistent.



Gas has a future

We want to represent the communities we serve. Our position on the current and future direction of energy policy in the UK is clear – gas has a critical role to play in the future energy mix. Both the long and short-term role of gas must be considered if we are to meet the demands of the energy ‘trilemma’ – security, affordability and sustainability.



Setting out a vision for the future

We are taking the lead and exploring the opportunities and challenges that must be considered in order to shape the future energy mix, particularly in the context of four priorities for customers: supply of renewable gas, domestic heat, transport, and network capability.

It is clear that customers want to continue to use gas in their homes and businesses with over 23 million gas customers in the UK and more than 150,000 new customer connections each year. We want to make sure that our network can meet the flexible needs of our customers while responding to external factors and requirements for change.

For example, renewable gas is a low carbon option that requires little or no new infrastructure and can be injected into the existing pipeline network – straight to people’s homes. This is a sustainable, flexible, economic solution that could help the government meet its sustainability target. It also meets the government’s requirements for reducing landfill waste and greenhouse gas emissions and for meeting energy demand using sustainable resources.

We are currently publishing a series of **thought leadership** papers to address the role that gas has to play and to drive forward discussions on the future of gas in the UK. The basis of the series is our Gas Distribution presentation, *Energy 2050: Future of Gas*, which sets out the wide range of external factors to be considered. How are customer needs likely to change? What are the trends that will **shape** future demand for energy, and for gas? How can we make sure that our **energy mix is resilient** in the **future**?

The first publication, *Delivering for our Customers*, establishes the framework for the series, sets the context for gas in the current and future energy mix and sets out the questions that need to be answered in relation to the four customer priorities (see story, right).

The final paper in the series will bring together all the themes and the overarching challenges, and is expected to be published in Spring 2016. We want to reach out and engage with our future energy stakeholders and have welcomed them to join the discussion, provide insight and comment, and develop the papers together.

Stakeholder engagement strategy

Our stakeholder engagement strategy started with identifying the Future of Gas stakeholder groups and then tailoring key messages for each. We then developed a Stakeholder Engagement Tracking Tool, with input from across the business, allowing us to capture specific details about each stakeholder group.

The way in which we continue to engage with our stakeholders is very much dependent on the stakeholder themselves. We are using a range of methods such as DECC and All Parliamentary Groups, including targeted emails and opportunities to discuss issues at industry events. We have also created a subscription service, where stakeholders can register their details on our Future of Gas website to receive publications and related information. This allows us to track and monitor who is reading the publications and identify those stakeholders where further contact is needed.

Our stakeholders are not all based in the UK. We have stakeholders in the United States, Spain, Germany, Belgium, and as far away as Australia, who are interested in the discussions we are promoting on the future of gas.

We are looking forward to progressing our stakeholder engagement throughout 2016 and 2017, making sure that we listen to and inform our stakeholders about the Future of Gas opportunities and challenges, and take them on the journey with us.

“We want to reach out and engage with our future energy stakeholders and have welcomed them to join the discussion, provide insight and comment”

How we are taking on the energy trilemma

Gas is not just a fossil fuel; we are putting resources into developing innovative ways of generating gas from renewable sources.



Easier and quicker for biomethane plants to connect to the gas grid

We are continuing to improve our processes to make it easier and quicker to connect **biomethane plants** to the National Grid network.

Thanks to our work so far, we have **reduced** the time taken to make a **connection offer** by **84%**. We continue to challenge ourselves and are proud to say we have been able to process an application form within five days. Since 2010, we have successfully **connected 22 plants** to our network.

Introducing biomethane – gas produced from biodegradable matter – into the grid will help the UK reduce its carbon emissions by reducing reliance on fossil fuels, while also increasing the security and diversity of energy supplies.

We continue to be the only GDN to offer owners of biomethane plants the option to manage their own high pressure connection (above 7bar) to the gas grid to a schedule that suits them. To date, eight biomethane plants have been connected in this way to the network, which we have adopted after checking they meet the required standards.



UK's first CNG filling station

In partnership with CNG Fuels, we have opened the **UK's first compressed natural gas (CNG) filling station** connected to our high-pressure gas grid.

Located near junction 28 of the M6, in Leyland, Lancashire, this state-of-the-art filling station is capable of refuelling more than 500 HGVs per day.

The first major customer to use the service is Waitrose, part of the John Lewis Partnership, which has a regional distribution centre less than one mile away from the CNG filling station.

Compared with diesel, CNG is 30% cheaper at the pump and has 20% lower CO2 emissions.



Keeping in the Energy Loop

Future Wave is a joint venture between ourselves, other GDNs and several electricity networks to create an **app** which helps consumers make informed decisions about energy issues.

This includes ways to **reduce energy bills** and information on different energy sources for heating homes. The **app**, called Energy Loop, **provides impartial advice** on products and services.

It was developed with funding from the Network Innovation Allowance and any profits from sales will be donated to charities working to tackle fuel poverty. It has been developed and tested with consumer groups to ensure usability. The app is due to be launched commercially later this year.



Waste not...

We are proud to be at the forefront of a new and exciting initiative to **convert household waste into renewable, low carbon gas**.

In partnership with Advanced Plasma Power and Progressive Energy, we have developed a secure, low-cost, renewable energy through a pioneering process that converts black bag household waste into biosubstitute natural gas (BioSNG).

Using the existing gas network, BioSNG can be transported directly to consumers' homes for heating, or it can be compressed and used to fuel buses and trucks.

We've recently completed the building of a pilot BioSNG plant in Swindon where the production process will be refined and tested. Construction will begin in July 2016 of a commercial plant capable of producing significant quantities of BioSNG from 2017 onwards.

Leading the industry

We are driving change within the gas industry. Our stakeholders have told us that they want us to lead change and we have taken on that challenge. Below are some of the critical initiatives we've been leading on, which underpin major change in the industry.



Safety in numbers

Wherever we find a threat to the safety of our customers and the communities we serve, we take action to remove it. One such case is the possibility of customers being connected illegally.

To counter this threat we have led a working group with other gas distribution networks, Xoserve and gas shippers to improve the process when a new meter is connected to a gas supply.

Currently shippers make a request for a new meter point reference number (MPRN) to be raised to validate a new connection. Around 25 MPRN requests a day are received. However, until now no systematic check was made that the connection was to a legal gas supply.

We have created a new team to deal with MPRN requests and carry out desk-top checks with a follow-up site visit if necessary.

This will help prevent illegal connections and improve safety, reducing the likelihood of gas leaks and CO incidents from poor pressure.



A new kind of Xoserve

We are leading the Funding, Governance and Ownership (FGO) Review to reposition Xoserve in the gas distribution market.

Currently Xoserve provides transactional services to gas shippers on behalf of its owners, the GDNs and National Grid. In the future Xoserve will be a central data services provider which provides services to GDNs, IGTs and shippers, all of whom will have a voice in governance of Xoserve.

By chairing the FGO project board, we are leading work to define both new commercial arrangements and the delivery model. This is a complex programme, and will need industry collaboration to ensure we finalise the project by April 2017.



Project Nexus

From consultations with our stakeholders it is clear they want us to drive critical changes which will support the competitive gas market into the future.

Project Nexus is a programme of change to the Uniform Network Code (UNC), the commercial and regulatory framework that underpins the gas distribution market. The changes are required to smooth the way for the replacement of the UK Link computer system operated by the gas transporter agency, Xoserve.

An enhanced UK Link system will enable Xoserve to support the competitive gas market into the 2020s, including smart metering and faster switching when customers want to change suppliers.

Together with the wider industry, we decided to take advantage of the rebuild of UK Link to develop the UNC further by specifying improved services and relationships and building them into the new system.

We have led the UNC development

work on behalf of all GDNs and the wider industry, including shippers and Independent Gas Transporters, to create the new and transitional commercial arrangements. We also represent GDNs on the Project Nexus Steering Group overseeing systems implementation.

The principal contractual changes were approved by Ofgem. Widespread support for the new arrangements from across the industry reflected the care we had taken to involve all stakeholders and take account of the views of all parties during the development work group process.

Since then we have continued to identify and raise further modifications to the UNC to account for changes to system-build. This will help ensure the efficient transition to implementation of the new regime in October 2016.

“Widespread support for the new arrangements from across the industry reflected the care we had taken to involve all stakeholders and take account of the views of all parties”



Continental shift

As a consequence of EU Directives to improve the European gas trading market, the UK was required to bring the gas day in line with Central European Time (5.00am to 5.00am) at the start of the new gas year on 1 October 2015. In the UK it had been 6.00am to 6.00am.

This was an incredibly complex task involving multiple interdependent systems. The failure of any one of them would have had a serious impact on related gas forecasting and balancing systems.

We led this change on behalf of the gas industry and drove the programme to a successful conclusion. At the same time we kept Ofgem and other critical stakeholders informed of progress throughout the 18 months it took to deliver.

Continuing our journey

We are proud of the outcomes we have delivered this year for our customers and stakeholders. We have built solid foundations for future performance and we will continue to be relentless at finding a better way to serve our communities.

We are realistic and know that we must continue to improve and put customers and stakeholders at the heart of our business.

Our outcomes for our customers and stakeholders

RIIO priorities	Project	Who has benefited?	Our Investment (2015/16)	Key outcomes		
				Satisfaction	Safety	Financial
	Testing our own reinstatements	Local Authorities, HAs, DfT	50 Cores per month (10 per HA) at an average cost of £150 per core = c. £90,000 per annum	Collaborative working and improved relationships	Our compliance rate is now over 80%	c. £120,000 combined saving for five local authorities
	Use of keyhole technology	Road users, business and communities, HAs	c. £798,417	Disruption avoided on 6016 YTD site days	Reduction in risk of cable strikes	YTD net saving of c. £2.87 million
	Keeping our customers living in MOBS on gas	Our customers living in high-rise buildings, landlords	N/A	Significant reduction in complaints	17% reduction in the number of pipes requiring replacement	10-day reduction in the time off gas
	Emergency Incident Response app	All customers and stakeholders affected by loss-of-gas incidents	c. £400,000	We can keep our customers better informed during incidents	Greater visibility of our vulnerable customers	
	Customer Planned Works Journey	Customers and businesses affected by our works	c. £15,000	52% reduction in enquiries		
	Improving our relationships with local authorities	Local authorities, businesses and the general public	c. £28,500	Improved working relationships		20% reduction in fixed penalties and 36% reduction in Section 74 charges
	Transformation of our connections process	Our connections customers	c. £210,000	23% reduction in complaints and 9.3% increase in customer satisfaction		Customer touch points reduced from 24 to 7
	Theft of Gas investigations	Shippers, gas bill payers	N/A		12,000 shipperless sites addressed	£1,000,000 recovered
	Leicestershire County Council Referral Schemes	Vulnerable customers, county council care	N/A	A national approach with a local feel	90+ additional customers registered on the Priority Services Register	
	UIP/IGT Process improvements	UIP/IGTs	c. £8,300	Reinforcement waiting time reduced by 40%	Reduced mains location wait times by 60%.	
	London Collaboration Forum	Regional and local government, consumer, fuel poor and vulnerable groups, service providers, other utilities and professional bodies	c. £10,000	Targeted outcomes. First-of-its-kind collaboration event with SGN		Shared costs
	Fuel Poor Conference	Local authorities, housing associations, charities and the health sector	c. £25,000	Opportunity to share off and on gas innovations	Improving the health of those affected by fuel poverty	Greater scope to reduce energy bills for those in fuel poverty
	London Medium Pressure Mains Replacement Strategy	Transport for London, London boroughs, residents, businesses and service providers	c. £95,000	33,000 notified in advance of our works and improved working relationships	Reduction in the number of lane closures reducing the impact on road users	
	Priority Services Register	Vulnerable customers and their families, Industry partners, DNOs, care providers and water companies	N/A	Improved service and response to our customers in vulnerable situations		
	Carbon monoxide strategy	Customers in vulnerable situations, charities, care providers and the fire service	c. £178,000 on alarms and £55,000 on CO campaigns and charity work	CO awareness increased by 28%	28% reduction in the number of CO incidents reported. Over 17,000 CO alarms distributed to our most vulnerable customers	2p per year to deliver: well under our customers' preference of £5.65
	SMART	Smart metering customers and gas suppliers	c. £112,677	Sharing of best practice. Increasing knowledge of smart meters	Better handling of emergency calls involving smart meters	
	Future of Gas	Political, government and industry groups	c. £62,000	Over 300 subscribers to our Future of Gas website		Starting on our journey to save £5 billion by 2030
	Nexus	Bill payers, shippers and IGTS	c. £200,000	Improved data flows		Underpins the benefits of smart metering
	MPRN Checks	Bill payers, the general public and landlords	N/A	Reassurance that meters are fitted correctly	Helping prevent illegal connections	
	FGO Review	Bill payers, shippers and IGTS	c. £600,000	Increase in collaboration. Improved choice for shippers		
	EU Changes	Bill payers, shippers, gas distribution networks and transmission	c. £4,000,000	Making the EU gas market more competitive		Potential to reduce gas prices for bill payers

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