



# A6 - NGN RII0-2

## Outputs

*together*  
we are  
the **network**

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# Our RIIO-2 Outputs

In Part 4 of our Business Plan we outline the suite of outputs that we will deliver in RIIO-2 aimed at:

- Meeting the needs of **customers** and network users
- Maintaining a safe and resilient network
- Delivering an environmentally sustainable network

Our bold performance commitments are driven by our customers' needs and priorities and we have set targets that we can demonstrate are stretching, achievable and go beyond the minimum business plan requirements.

This appendix provides supporting detail on the process we have adopted, in alignment with Ofgem guidance, to design our performance commitments and pledge stretching targets. It outlines the rationale we have applied to select and thereon set stretching targets for the 64 commitments we are proposing within our plan. All of which have been aligned with customer views, comparative and historical data and in accordance with the approaches outlined by Ofgem.

This appendix is structured as follows:

- Part 1 explains our approach to designing our outputs.
- Part 2 sets out the full definition for each of our performance commitments, reflecting the feedback we have received from our customers, Customer Engagement Group (CEG), the Consumer Challenge Group (CCG) and from Ofgem. It also explains how we arrived at our output targets.

For further information please see:

- GD2 Business Plan part 2 - Giving customers confidence that we will deliver – which discusses our track record and how we will deliver our commitments to our customers
- GD2 Business Plan part 3- Giving customers a stronger voice
- Appendix A3 – Stakeholder Engagement Insights – which provides further detail on our customer engagement and valuation studies
- Appendix A28 – Securing cost efficiency - which provides further information on enhancement expenditure and our real option mechanisms.



# PART 1: Developing our RIIO-2 Outputs

## 1.1 Defining Outputs.

We will deliver 64 outputs in RIIO-2 that will track our performance in delivering the outcomes our stakeholders have told us that they expect us to deliver.

As outlined in Part 3, of our business plan we have developed and implemented a meaningful, iterative and inclusive process to develop our RIIO-2 outputs. This has involved a review of our current performance in RIIO-1, contrasted against our business aspirations for RIIO-2 and the Business Plan guidance received from Ofgem.

We started by creating a long-list of potential commitments which we iteratively refined to reach a final short list. Throughout this process, we have refined these commitments through successive pieces of customer research and our ongoing experience of delivering on our current commitments. In addition, we have welcomed the robust challenge and review received from our Stakeholder groups.

In developing our outputs, we have sought challenge and collaboration from our CEG at every step. Our CEG benefits from a wide range of expertise, including customer research, investment appraisal, climate change, regulation and insight from the energy sector which has ensured in depth comparative challenge on our plan. We haven't shied away from embracing their challenge to first create a transparent framework and second make our performance commitments and ODIs better for all stakeholders.

### 1.1.1 A stakeholder led plan

As set out in Part 3 of our business plan, underpinning the development of our Outputs has been a process of meaningful, iterative and inclusive engagement. Below provides an insight into how our Outputs were derived.



## 1.2 Setting Stretching Targets



Review of our historic performance

The RIIO-1 regulatory framework requires us to deliver a series of 51 outputs over the period from April 2013 to March 2021. These outputs cover the key areas of our business and the services we provide.

We will meet or exceed all the targets that underpin these outputs during RIIO-1. We are one of only two GDNs that will achieve this outcome. Details of our performance over the RIIO-1 are published Annually on our website.<sup>1</sup>

This was our starting point and the foundation on which our initial decisions were made – Do we keep it the same, enhance the measure for GD2, or remove it all together.

The graphic below shows all our RIIO-1 output measures and highlights which of these will or will not feature in our proposals for GD2.



<sup>1</sup>

<https://www.northerngasnetworks.co.uk/wp-content/uploads/2019/10/NGN-RIIO-GD1-Year-6-Report.pdf>

## 1.3 GD2 proposals



Targets, outcomes & historical performance

As part of the development of the GD2 Outputs an approach and framework were derived. The guiding principles were broken down into three key areas, Customer Led, Entirely Sustainable, and Simply Bold.

### Customer Led

- Acknowledge the diversity of our customers and target their needs (outcomes, service levels)
- Prove that the outcomes are what the customer wants (evidence)
- Improve our services (link to GD1)

### Entirely Sustainable

- Tackle the challenges of the present
- Be conscious of the future (beyond GD2)
- Respond to uncertainties through flexibility and options (create separate add-on options)
- Deliver unbeatable value for money (demonstrate that spend is justified)
- Promote the environment (in line with our environment strategy)

### Simply Bold

- Set challenging but achievable targets (create outperformance opportunities)
- Easy to understand for all stakeholders (clear structure, simple language)
- Daring - be prepared to change the rules (can-do attitude)
- Push the boundaries of what is possible through innovation (embedded in everything we do)

## 6 Key customer groups were created that focused on how we approached the RIIO-2 outputs

- People who take gas out of the network: Domestic Customers, Vulnerable and Commercial Customers who consisted of Business Owner, Large Load and developers
- People who put gas into the network: Gas producers for Methane, Shale, Biomethane and Synthetic gas
- Infrastructure owners whose asset co-exist along the gas network: Transport Infrastructure providers, Utility Infrastructure providers and Independent gas transporters (IGTs)

Following on from this, a Matrix and Customer Outcomes Framework was created.

Sessions were then held with a variety of teams and head of departments from across the business to discuss the existing and new outputs that could be developed.



The first draft of the GD2 RIIO Outputs for the business plan were then assessed against the following criteria:

- Feasibility to perform against the proposed outputs
- Do they meet our stakeholder requirements?
- Timing and business appetite
- Have evidence this is what the customer wants.

WHAT DO WE DO?	Gas distribution	Emergency & Repair	Connections	Information Services
Who do we do it for/ who is affected by us?	- All customer groups	- People who take gas out of the network - Infrastructure companies - Transient Customers	- All customer groups	- Shipper/ Gas Suppliers - Transient Customers
What do they want?	- Safety first - There when you need it - Promoting the environment - Excellent customer experience - Addressing vulnerability - Facilitating the whole- system solution	- Safety first - There when you need it - Promoting the environment - Excellent customer experience - Addressing vulnerability - Facilitating the whole- system solution	- Safety first - There when you need it - Promoting the environment - Excellent customer experience - Addressing vulnerability - Facilitating the whole- system solution	- Safety first - There when you need it - Excellent customer experience
How do we achieve this?	OUTPUTS	OUTPUTS	OUTPUTS	OUTPUTS

Ofgem Guidance document released



As the outputs developed the decision was made by Ofgem to make output categories simpler and more intuitive. Proposing to move to three new categories

Improve the customer experience

All customers and network users, including those who are vulnerable, should receive a safe, high quality and reliable service.

Support the energy system transition

Network companies must enable the transition to a low carbon, consumer-focused energy system.

Improve the network and its operation

A network in better condition will be safer, greener, more reliable, and more responsive to change



Ofgem Framework Decision - To maintain RIIO principles but move to 3 types of outputs

Licence Obligations:

Minimum standards imposed as condition of licence. Failure to meet could lead to enforcement action and financial penalties.

Price Control Deliverables:

Will be directly linked to revenue allowances and could be either output or input. Framework will need to set out what happens if not delivered, delivered late or to a different specification.

Output Delivery incentives:

Will apply where service quality improvement beyond the minimum standard may be in the interests of customers. Will rely on incentive mechanisms to reward or penalise performance.

Business Workshops



Business Workshops were held with steering groups across the business to discuss and create the first Outputs. Gaps and considerations were discussed and talk about the aspirational view we wanted to take forward.

The steering groups consisted of business experts, operational, data and strategic colleagues. Data was produced to review, and different tools and exercises were carried out in developing a coherent output.



### Gaps and Considerations examples

- Developing technology
- Risk based decisions
- New metrics
- Affordability

Customer journeys were used as a tool to work through an output

### Output Challenge Meetings

Once the outputs were initially derived, challenge meetings were held internally to debate if the output was well considered.

### Establish notional outputs and targets



Once a suite of Outputs had been developed, they were confirmed and presented to the Senior management team before being presented to the Customer Engagement Group and Stakeholder Groups for feedback and challenge. These outputs are also discussed with the NGN board group to ensure they are acceptable.

### Acceptability Testing outputs with Stakeholder and Customer Engagement Groups



We used a variety of different forums to test our outputs with our stakeholders and CEG groups. The Stakeholder Insight appendix highlights how these groups directly impacted the shape of our outputs. Which are signposted in section 2 of this document.

## Testing Output Groups



### Customer Engagement Group:

The group acts as NGN independent challenge group. Business Plan Acceptability and deep dive sessions held

### Stakeholder feedback via our core engagement programme:

Examples include Citizen Juries, Pioneer Surveys, MP Bilateral, Future Customers Research, Willingness to Pay

### Operational feedback:

Via complaints, customer satisfaction surveys and general enquiries

### Insight gained:

From third party research and reviews of local and regional policy

### Engagement Strategy & Approach:

Identifying and understanding our stakeholder community of Appendix:

### Confirmed and endorsed



The conversation between reviewing and refining and customer/ stakeholder engagement continues until the final Outputs are finalised. The Outputs were then signed off by the area's Director to ensure ownership and accountability. Which were then put forward in the final business plan.

We have had our business plan reviewed by the Customer Engagement Group and we were challenged heavily on the contribution to the Hardship Fund that we have also included as a CVP candidate.

In our V2 plan we committed to £50k, however this will now be £150k for the final plan following challenge from the CEG and a review by our executive.

This commitment is funded entirely by shareholders and not customer bills.

## 1.4 Forecasting Targets beyond RIIO-2

Whilst developing our Outputs for the future we were conscious of the future (beyond GD2). Cost based analysis could be tailored to look further into the future and sustainability was a key driver.

We have invested in reinventing our digital and data landscape which will enable us to look at Future Ways of Working (FWOW) we will have information about every aspect of our business right at our finger-tips, allowing us to make better-informed decisions.

Our work over the past eight years to develop green forms of gas, to lobby government and forge partnerships, has helped to galvanise the sector. We have demonstrated that gas, as well as electricity, can play a major part in our low-carbon future.

Our business plan addresses the changing energy landscape in the UK both now and in the future; and ensures that the business is resilient and addresses the risks we face now and in the future.

Looking ahead to RIIO-2 and beyond, we acknowledge the challenging environment that will provide the background to our business. There are several key issues that need to have been fully considered to ensure that we are achieving the appropriate balance of both the 'macro' and 'mini' issues in both the short and longer term. These include: Decarbonisation pathways – One of the key challenges we face as a country and a sector is the decarbonisation of heat. And, consideration of the different roles that gas networks could play in this journey.

Changing roles of networks – Energy networks have an important role to play in facilitating and delivering the future energy landscape. However, it is also clear that technological developments will rapidly bring together previously disparate parts of the energy supply chain with a level of integration not previously experienced.

Economic outlook for our region – The demand for our services is inextricably linked with the prevailing economic conditions in our regions and the impact this has upon our customers' behaviors and priorities.

Demand for gas and our services – Ultimately, we must ensure that we understand the implications of all these issues.

In preparing this business plan, we have been mindful to ensure that, given the proposed rate of change over the longer term, we appropriately reflect today's priorities in the context of tomorrow's challenges. As such, we are increasingly cognisant that any change could bring with it the risk of stranded or redundant assets, depending on the preferred energy pathway that is chosen. Our business plan aims to protect customers to ensure that future customers do not pay too much for assets that may not be required, whilst ensuring that we meet customers increasing expectations of the level of service delivered.

## 1.5 Incorporating CEG feedback

The Customer Engagement Group (CEG) is an independent panel whose role is to act as a champion for customers across the network;

- the group helped shape the outputs
- ensure the needs of the customer
- contribute to both the local and national drive to innovate and decarbonize the UK's energy mix
- promote the economic growth of the North of England

At every stage we have looked to engage with our Stakeholders and the CEG, with sessions being held to discuss and seek feedback on the outputs.

Our stakeholder insight clearly shows how our CEG directly impacts our business plan outputs and strategies. This can be found in the stakeholder engagement insight appendix. This is also signposted as part of our suite of outputs.

The CEG, in particular the Engagement Deep Dive Group, has provided rigor and challenge to the business's dialogue with stakeholders and customers. Initially, the Group considered the overarching Engagement Strategy and, building on their feedback, our detailed Engagement Plan. Their feedback in respect of this directly impacted on our engagement programme.

### The CEG – informing our engagement approach

Across stakeholder engagement and all aspects of our plan, the CEG have carefully considered our proposals, raised challenges and provided detailed feedback on our draft plans. We have acted on each challenge from the CEG and consider that these have been instrumental in influencing the development of our business plan to deliver greater benefits to customers and wider society.

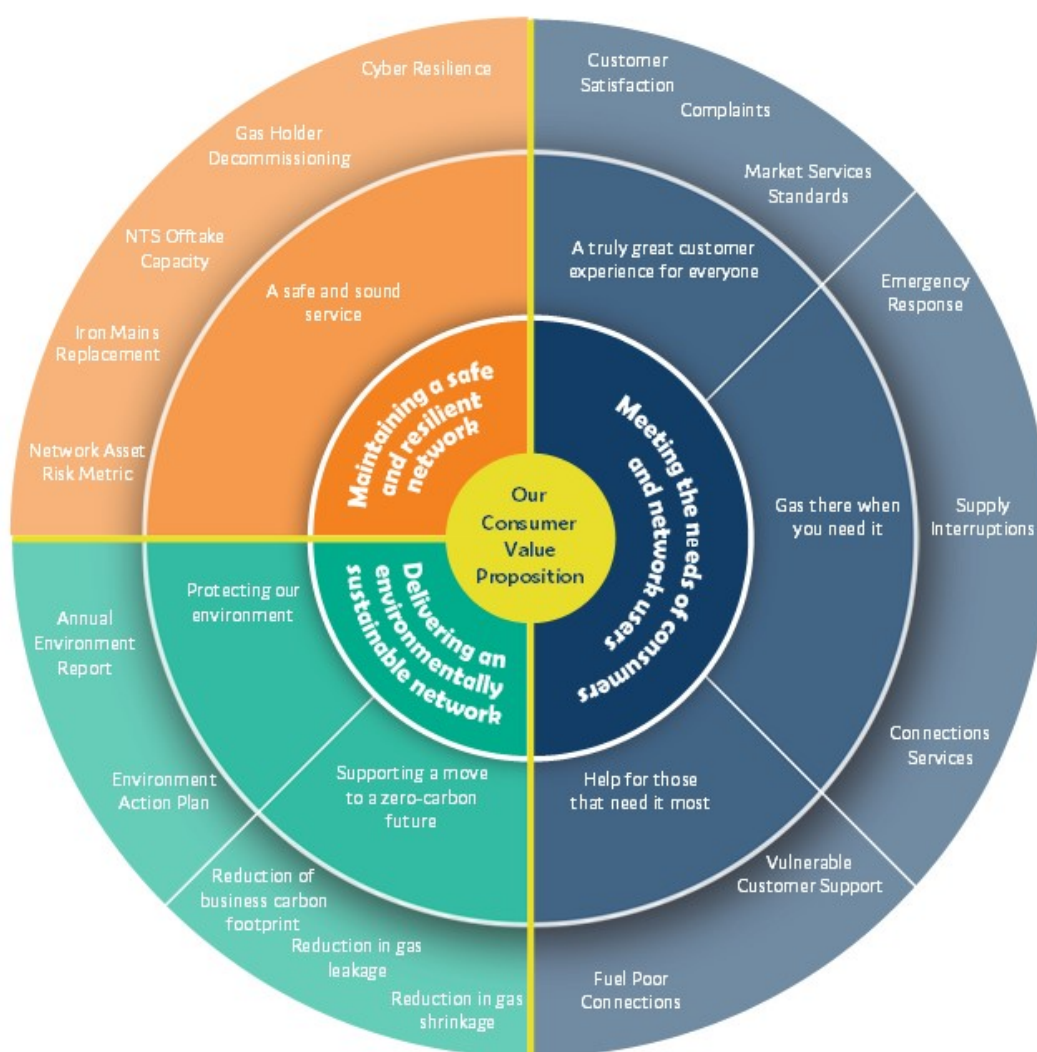
### Example of challenges raised

	CEG asked	So, we...
Challenge	The business plan should demonstrate that the suggested activities delivered within the social outputs do not duplicate the work of other agencies and how any advice provided will be designed to meet recognised standards.	<p>Provided examples to demonstrate NGN's past performance in establishing effective referral routes with a range of organisations, to whom we can refer people for support and advice together with accredited training courses run for, or by, our community partners.</p> <p>To ensure that we were adding value to the activities our partners already undertake, we engaged with stakeholders and our customers to understand which social challenges they felt we should address. With their feedback, we directly addressed this challenge within our Vulnerability Strategy, committing to accredited training courses, investment in our Community Partnership Fund, and key initiatives such as energy efficiency referrals and Hardship Funds being delivered in partnership with appropriate partner agencies.</p>
Feedback to V1 business plan	We would like to see evidence that stakeholders help direct decision-making and co-create points of focus, rather than it just being about validation of existing choices.	Engaged with our stakeholders through a second innovation workshop, to understand their appetite for being more closely involved in decision-making on our innovation programme. Following this, in further iterations of our plan, we set out a firm commitment to invite stakeholders 'behind the scenes' to take part in key internal decision-making groups such as our Innovation Think Tank.
Feedback to V2 business plan	Given NGN's role in the community, it should do more to support those most in need and, specifically, the levels of investment in the proposed Hardship Fund should be reconsidered.	Recognizing how important socially responsible efforts are to our customers and wider stakeholders we have tripled our hardship fund to £150,000 per year which will support customers in desperate need of direct financial help.

CEG feedback ...	So, we ...
Stakeholder and customer views should be sought on the areas that are most material to their bill and which they have real opportunity to influence.	Undertook a materiality analysis of our 'longlist' of engagement opportunities, resulting in a more targeted, meaningful approach and presented this analysis to the CEG in our detailed plan.
You should consider hard to reach and vulnerable customers, in the broadest sense – recognising that vulnerability can often be a transient issue.	Tested our definitions of vulnerability, based upon the Priority Services Register, with our CEG deep dive group and integrated these into our research where appropriate. We used multiple mechanisms for ensuring that we could access the broadest group of hard to reach customers, as set out above.

## Our Suite of RIIO-2 Outputs

Below is an overview of our outputs for RIIO-2. In the next section we will talk about how these were developed and the process we went through to produce the proposed outputs and targets. We will also give an insight into why and how we put forward our bespoke outputs.



## PART 2: Our RIIO-2 Commitments

In this section we provide supporting detail to Part4 of our Business Plan on the rationale and evidence that has informed the development of our stretching targets for the 64 output commitments we will deliver in RIIO-2, aligned with customer views, comparative and historical data and in accordance with business plan guidance outlined by Ofgem.

We have presented our rationale for targets based on the outcomes within which the performance commitment is placed, ensuring a clear link between outcomes - commitments - targets.

Included in the document is a suite of our outputs documenting what they are and the added value

Although included in this appendix for completeness, the following outputs all have separate appendices to support the evidence required.

- Environment Action Plan  
Please see appendix A8
- Customer Vulnerability Strategy  
Please see appendix A7
- Gas holder Demolition  
Please see appendix A25 (Gas Holder Strategy) and Investment Decision Pack (Gas Holder Demolition), referenced A23.L
- Iron Mains Replacement  
Please see Part 6 of our Business Plan and Investment Decision packs, referenced A23.M (Mandatory Repex) and A23.N (Non mandatory Repex)
- NARMS  
Please see Part 4 of our Business Plan or NARMS Business Plan Data Table
- Cyber Resilience  
Please see Part 4 of our Business Plan, Appendix A11 and Investment Decision pack (Technology and systems), referenced A23.J



## 2.1 Meeting the needs of **customers** and network users

### 2.1.1 A truly great customer experience for everyone

We will deliver a truly great experience for everyone. Our outputs reflect our intention to continue to improve customer satisfaction and complaints handling, as well as introducing measures to engage and improve our work with gas shippers, gas suppliers and gas transporters. Key aspects of our RIIO-2 plan that deliver a truly great experience for customer include:

- Introduction of a non-regulated customer satisfaction survey, in addition to the standard regulated survey
- Agreeing a resolution to a complaint within one hour and offering improved metrics to measure complaints
- Introducing market service standards to measure and improve service to gas shippers, gas suppliers and gas transporters

Throughout RIIO-1, we carried out extensive research to better understand the customers we serve. This included a 4-year 'customer persona' project to map different types of customers and their priorities, the launch of a 'footpath feedback' project in which NGN colleagues and customers walk sites together to identify improvements. We have also undertaken 'Willingness to Pay' research to understand the value that customers place on different levels of service. These insights allow us to provide a more responsive and tailored service and will continue to inform our work in the next regulatory period.

## Customer satisfaction survey (regulated and non-regulated)

We carry out Customer Satisfaction Surveys (CSS) on three of our core activities –

- Emergency and Repair
- Planned work
- Connections.

The results of these surveys feed into a financial incentive, aiming to drive improvements in performance.

In RIIO-2, we will adopt a revised questionnaire and methodology for calculating performance, to better understand areas we can improve on. We will also use more channels of communication to gain more feedback from every customer demographic.

We will continue to work with Ofgem and the other gas networks to finalise the revised questionnaire and how best to assess the result, whether via one overarching question or on a weighted average driven by customer priorities. We consider that there are opportunities to focus on new areas and improve our performance for customers.

Furthermore, in RIIO-2, our non-regulated surveys will form part of the annual regulatory reporting to share the results and provide learning for the whole industry.

In RIIO-1, we have developed customised surveys and research for the customer groups that are not covered by the regulated surveys.

The outputs are:

- C1 - Customer satisfaction survey – Regulated
- C2 – GSOP 12 – timely payment of GSOP customer payments
- C3 - Customer satisfaction survey – Non-regulated

RIIO GD2 – COMMON OUTPUT JUSTIFICATION																					
1. CATEGORY / OUTPUT DETAILS																					
CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network																		
NAME & BRIEF DESCRIPTION OF OUTPUT	<b>CUSTOMER SATISFACTION SURVEY:</b> C1 - Customer Satisfaction Survey Regulated C2 – GSOP 12 – Timely payment of GSOP customer payments																				
GD2 Forecast / Target as documented in Business Plan – Draft version 2	<table border="1"> <thead> <tr> <th>Output ref</th><th>Customer Satisfaction Survey - Regulated</th><th>Ofgem/NGN target</th><th></th></tr> </thead> <tbody> <tr> <td rowspan="3">C1</td><td>Emergency &amp; Repair</td><td rowspan="3">Customer Satisfaction Survey Scores</td><td rowspan="3">The results of these surveys feed into a financial incentive, aiming to drive improvements in performance.</td></tr> <tr> <td>Planned work</td></tr> <tr> <td>Connections</td></tr> <tr> <th>Output ref</th><th>GSOP - 12</th><th>Ofgem Target</th><th>NGN target</th></tr> <tr> <td>C2</td><td>GSOP 12 – Timely payment of GSOP customer payments</td><td>10 working days</td><td>10 working days - £40 payment</td></tr> </tbody> </table>			Output ref	Customer Satisfaction Survey - Regulated	Ofgem/NGN target		C1	Emergency & Repair	Customer Satisfaction Survey Scores	The results of these surveys feed into a financial incentive, aiming to drive improvements in performance.	Planned work	Connections	Output ref	GSOP - 12	Ofgem Target	NGN target	C2	GSOP 12 – Timely payment of GSOP customer payments	10 working days	10 working days - £40 payment
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OUTPUT DELIVERABLE	Common	Enhanced	Bespoke																		
	License Obligation (LOs)- Financial	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) – Financial																		
REPORTING	Monthly	Annually	RIIO-GD2 full period																		

2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE: Be as complete as possible in capturing the activities and costs of the company:		
Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO

Be as complete in capturing the activity and the costs of the company  
Costs (inflation rates / resource / training) / Technology / Compensation?

Costs / resources are featured in our business plan:

Ref:	Output	Resources & expenditure
C1	Customer Satisfaction Survey – Regulated	Emergency & repair Planned work Connections
C2	GSOP 12	

Measurable & Reportable:

- In RIIO 2, we will adopt a revised questionnaire and methodology for calculating performance, to better understand areas we can improve on. We will also use more channels of communication to gain more feedback from every customer demographic.
- We will continue to work with Ofgem and the other gas networks to finalise the revised questionnaire and how best to assess the result, whether via one overarching question or on a weighted average driven by customer priorities.
- We consider that there are opportunities to focus on new areas and improve our performance for customers.
- We will offer customers increased channels for providing feedback:
  - Emergency and Repair – initial contact will be by telephone, but customers also can reply via email, telephone or letter;
  - Planned work – initial contact will be by post, with the same extra options for response; and
  - Connections – initial contact will be made through the method they choose when applying for their connection, with the same extra options for response.

Where there is enough commonality: Is the performance comparable across companies?

## RIIO-GD1 CUSTOMER SATISFACTION SURVEY - GDN ANNUAL COMPARISON

Company	GDN	2014-15	2015-16	2016-17	2017-18	2018-19
Cadent	EoE	8.35	8.52	8.69	8.78	8.76
	Lon	7.78	7.96	8.12	8.16	8.28
	NW	8.46	8.67	8.49	8.73	8.77
	WM	8.32	8.27	8.25	8.30	8.50
NGN	NGN	9.01	9.17	9.17	9.14	9.09
SGN	Sc	8.79	9.13	9.25	9.27	9.24
	So	8.64	8.83	9.01	8.98	8.98
WWU	WWU	9.04	9.05	9.11	9.15	9.18

Average score based on the following customer satisfaction surveys:

- Emergency & repair
- Planned works
- Connections

Capture the long-term nature of output (where relevant):

CUSTOMER VALUE = IMPROVED SERVICE / EXPERIENCE FOR CUSTOMERS.

**These surveys are carried out to ensure that we capture feedback from our customers that aren't captured / don't fall within the 3 categories that our usual CSAT survey covers.**

These surveys alongside our regulated CSAT provide an invaluable insight into where we can maintain or improve our customer scores / processes in house to get it right 1st time for the customer.

Drive improvements in performance to meet expectations of consumers.

Clear consumer value:

STAKEHOLDER SESSIONS / EVIDENCE:

- Willingness to Pay Research 2019
- **Citizen's Jury**
- Future Customers Priorities Research
- Unplanned Interruptions Pioneer Survey 2019

APPENDIX A4 STAKEHOLDER ENGAGEMENT INSIGHTS :

INSIGHT 18:

Customers recognise our strong customer service throughout RIIO-1 and want to ensure that existing levels of performance are at least maintained in RIIO-2.

Stakeholder Feedback:

**"Customers value our strong track record in providing excellent service and want us to maintain rather than improve.**

Despite strong support for our existing performance, we should strive for continuous improvement on customer complaints by working towards 60-minute resolutions - **Provided there's no additional cost to the customer"**



### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):  
**PRICE CONTROL**

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers: The delivery of this outputs is subject to the effective delivery of our wider day to day operations and outputs concerning, emergency and repair, supply interruptions and connections. A CBA has been undertaken for these outputs and our wider service offering.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

#### **OUTPUT DELIVERY INCENTIVES – REPUTATIONAL**

- Improvement in customer satisfaction,
- Faster job resolution
- Customer time
- Staff Productivity
- Staff Efficiency

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

#### **NON REGULATED CSS - NA – NEW OUTPUT MEASURE FOR GD2**

- In GD1 we have developed customised surveys and research for the customer groups that are not covered by the regulated surveys. Therefore, our non-regulated surveys will form part of the annual regulatory reporting in GD2, to share the results and provide learning for the whole industry.

Additional reference & supporting information:

[Links to supporting evidence documents / Output measure – reporting analysis information / Other guidelines or NGN Strategy documents/plans/reporting](#)

#### **POINTS OF REFERENCE:**

APPENDIX A4 STAKEHOLDER ENGAGEMENT INSIGHTS :

INSIGHT 18:

Customers recognise our strong customer service throughout RIIO-1 and want to ensure that existing levels of performance are at least maintained in RIIO-2.

GD2 BUSINESS PLAN

Part 4 - A truly great customer experience for everyone

## RIIO GD2 – BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network	
NAME & BRIEF DESCRIPTION OF OUTPUT	CUSTOMER SATISFACTION SURVEY: C3 - Customer Satisfaction Survey Non-regulated			
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Customer Satisfaction Survey Non-regulated / Customer type	RIIO-GD2	Qualitative	Quantitative
	Gas producer	NGN - Annually	Yes	Yes
	Large load	NGN - Annually	Yes	Yes
	IGTs and UIPs	NGN - Annually		Yes
	Developer	Periodic persona research	Yes	
	Shippers & suppliers	Periodic persona research	Yes	
	Vulnerable	Periodic persona research	Yes	
	Landowner	NGN - Annually	Yes	
	Paid for disconnections	NGN - Annually	Yes	Yes
	Live-dead checks	NGN - Annually	Yes	Yes
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke	
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) – Reputational	
REPORTING	Monthly	Annually	RIIO-GD2 full period	

## 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?

YES

NO

Be as complete in capturing the activity and the costs of the company  
Costs (inflation rates / resource / training) / Technology / Compensation?

Costs are featured in our business plan:

Output		Resources & Expenditure
Customer Satisfaction Survey – Non Regulated	All customer types not covered within the regulated CSS	<ul style="list-style-type: none"> <li>• No incremental increase in Totex.</li> <li>• Expenditure covered in emergency and repair, connections and Repex costs but not separately identifiable</li> <li>• No increase in resource levels or activity to deliver this output</li> </ul>

### NON REGULATED CSS COSTS BREAKDOWN

AS THIS WORK WILL BE CARRIED OUT BY AN EXTERNAL COMPANY THERE ARE COSTS ATTACHED:

The breakdown of estimated costs is below – this is for the full RIIO-GD2 period.

Surveys that are carried out:

Annual basis (6 areas) are costed at approx. 4k per year per survey

= £4,000 x 6 = £24,000 per yr. x 5years of GD2 = £120,000

Periodic – (3 areas) will be surveyed once over the GD2 5-year period and are costed at approx. £12,000 per survey

= £12,000 x 3 = £36,000

Grand Total = £120,000 + £36,000 = £156,000

Measurable & Reportable:

- In RIIO 2, we will adopt a revised questionnaire and methodology for calculating performance, to better understand areas we can improve on. We will also use more channels of communication to gain more feedback from every customer demographic.
- We will continue to work with Ofgem and the other gas networks to finalise the revised questionnaire and how best to assess the result, whether via one overarching question or on a weighted average driven by customer priorities.
- We consider that there are opportunities to focus on new areas and improve our performance for customers.
- We will offer customers increased channels for providing feedback:
  - Emergency and Repair – initial contact will be by telephone, but customers also can reply via email, telephone or letter;
  - Planned work – initial contact will be by post, with the same extra options for response; and
  - Connections – initial contact will be made through the method they choose when applying for their connection, with the same extra options for response.
- Furthermore, in RIIO-2, our non-regulated surveys will form part of the annual regulatory reporting to share the results and provide learning for the whole industry. In RIIO-1, we have developed customised surveys and research for the customer groups that are not covered by the regulated surveys.

Where there is enough commonality: Is the performance comparable across companies?

### RIIO-GD1 CUSTOMER SATISFACTION SURVEY - GDN ANNUAL COMPARISON

Company	GDN	2014-15	2015-16	2016-17	2017-18	2018-19
Cadent	EoE	8.35	8.52	8.69	8.78	8.76
	Lon	7.78	7.96	8.12	8.16	8.28
	NW	8.46	8.67	8.49	8.73	8.77
	WM	8.32	8.27	8.25	8.30	8.50
NGN	NGN	9.01	9.17	9.17	9.14	9.09
SGN	Sc	8.79	9.13	9.25	9.27	9.24
	So	8.64	8.83	9.01	8.98	8.98
WWU	WWU	9.04	9.05	9.11	9.15	9.18

Average score based on the following customer satisfaction surveys:

- Emergency & repair
- Planned works
- Connections

<p>Capture the long-term nature of output (where relevant):</p> <p>CUSTOMER VALUE = IMPROVED SERVICE / EXPERIENCE FOR CUSTOMERS.</p> <ul style="list-style-type: none"> <li>– These surveys are carried out to ensure that we capture feedback from our customers that aren't captured / don't fall within the 3 categories that our usual CSAT survey covers. These surveys alongside our regulated CSAT provide an invaluable insight into where we can maintain or improve our customer scores / processes in house to get it right 1<sup>st</sup> time for the customer.</li> <li>– Drive improvements in performance to meet expectations of consumers.</li> </ul>
<p>Clear consumer value:</p> <p>STAKEHOLDER SESSIONS / EVIDENCE: NON REGULATED CSS</p> <ul style="list-style-type: none"> <li>– Business Plan Acceptability</li> <li>– Willingness to pay Research 2019</li> <li>– Centrepiece survey</li> <li>– Customer &amp; Reinstatement Pioneer Survey 2019</li> </ul> <p>STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4 INSIGHT 18: Customers recognise our strong customer service throughout RIIO-1 and want to ensure that existing levels of performance are at least maintained in RIIO-2.</p> <p>Stakeholder Feedback: "Customers value our strong track record in providing excellent service and want us to maintain rather than improve. Despite strong support for our existing performance, we should strive for continuous improvement on customer complaints by working towards 60-minute resolutions - Provided there's no additional cost to the customer"</p>

<p>3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE: The Company should address the following to justify any proposals for bespoke outputs:</p>
<p>Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway): PRICE CONTROL</p>
<p>Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome: OUTPUT DELIVERY INCENTIVES – REPUTATIONAL</p> <ul style="list-style-type: none"> <li>– Improvement in customer satisfaction,</li> <li>– Faster job resolution</li> <li>– Customer time</li> <li>– Staff Productivity</li> <li>– Staff Efficiency</li> </ul>
<p>The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this: NON REGULATED CSS - NA – NEW OUTPUT MEASURE FOR GD2</p>



- In GD1 we have developed customised surveys and research for the customer groups that are not covered by the regulated surveys. Therefore, our non-regulated surveys will form part of the annual regulatory reporting in GD2, to share the results and provide learning for the whole industry.

Additional reference & supporting information:

[Links to supporting evidence documents](#) / [Output measure – reporting analysis information](#) / [Other guidelines or NGN Strategy documents/plans/reporting](#)

POINTS OF REFERENCE:

STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4

INSIGHT 18:

- Customers recognise our strong customer service throughout RIIO-1 and want to ensure that existing levels of performance are at least maintained in RIIO-2.

GD2 BUSINESS PLAN

- Part 4 – ‘A truly great customer experience for everyone’

## Complaints metric

Our complaints performance is currently assessed by Ofgem using a metric covering four key complaints targets. We are then penalised if we fall below a set standard.

During RIIO-1, we began to measure our complaints performance in calendar days rather than working days, and whether we could resolve a complaint in 60 minutes. This stretching internal measure has improved our complaints handling performance and helped us outperform the minimum standard set by Ofgem as well as the industry average.

We started off resolving around 30% within an hour but now regularly achieve over 80% success rates.

We aim to agree a resolution to a complaint within an hour, even on weekends.

Therefore, in RIIO-2, we will assess our performance against an enhanced complaints metric, which is measured in calendar days, and includes the percentage of complaints measured within 60 minutes as a target.

The enhanced output:

- C4 – Complaints metric
- C5 – GSOP 14 – timely response to customer complaints

## RIIO GD2 - COMMON OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network	
NAME & BRIEF DESCRIPTION OF OUTPUT	CUSTOMER SATISFACTION: C4 - Complaints Metric (common/enhanced) C5 – GSOP 14 (common)			
GD2 Forecast / Target as documented in Business Plan – Draft version 2	C4 - RIIO-2 Complaints Metric		Weighting	
	% complaints unresolved after one calendar days		10%	
	% complaints unresolved after 31 calendar days		30%	
	% of repeat complaints		40%	
	No. of Energy Ombudsman decisions against NGN as % of total complaints received		10%	
	% of resolutions agreed within 60 minutes		10%	
	The revised complaints metric calculation could look like this (above). We will consult further on this and whether the weightings are appropriate.			
	In RIIO-2, we will assess our performance against an enhanced complaints metric, measured in calendar days, and include the percentage of complaints measured resolved within 60 minutes as a target.			
	Output ref	Output	Ofgem Target	NGN target
	C4	Complaints metric	<ul style="list-style-type: none"><li>· % of complaints unresolved after one calendar day</li><li>· % of complaints unresolved after 31 calendar days</li><li>· % of repeat complaints</li><li>· No of Energy Ombudsman against NGN as % of total complaints received</li></ul>	<ul style="list-style-type: none"><li>· % of complaints unresolved after one calendar day</li><li>· % of complaints unresolved after 31 calendar days</li><li>· % of repeat complaints</li><li>· No of Energy Ombudsman against NGN as % of total complaints received</li><li>· % of complaints resolution agreed within 60 minutes</li></ul>
C5	GSOP 14 – Timely response to customer complaints	10 working days% working days: 10 working days if site visit required.	Meet Ofgem Target - enhanced £40 payment on failure.	
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke	
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) Financial	To be confirmed
REPORTING	Monthly	Annually		RIIO-GD2 full period

## 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company - Costs (inflation rates / resource / training) / Technology / Compensation?

### COSTS

Costs are outlined in table below

This element of the metric is NGN enhanced and does not form part of the complaint's metric scoring that is ODI – Financial.

Output	Resource & expenditure	Customer benefit - Ref CVP9
COMPLAINTS METRIC GSOP 14	<ul style="list-style-type: none"> <li>• No incremental increase in Totex</li> <li>• Costs are not separately identifiable</li> <li>• No increase in resource levels or activity to deliver these output</li> </ul>	<ul style="list-style-type: none"> <li>• Increased customer satisfaction</li> <li>• Customer time saving</li> <li>• Monetised benefit of £6m in RIIO-2 and £24m over 15 years from 2021/22</li> </ul>

Measurable & Reportable:

OUTPUT DEFINITION (what data is recorded & included when we monitor and report on this output)

Complaint means a complaint, other than network outage report, which is made against a regulated provider either by:

- a) person in that person's capacity as a relevant consumer in relation to that regulated provider
- b) by a person acting on behalf of such a relevant consumer.

90 in 60.

- We have an internal target to agree resolution to 90 % of complaints in 60 mins.
- The Customer Care team will either try to agree a resolution with the customer immediately or pass it onto the business to help agree this.
- The team will then text and email the complaint out, to ensure that everyone is clear about the issues that have been raised.

Example of metric calculation

### REPORTING –

Currently the data is collated and reported on Annually – although not an output measure in GD1 the data and performance are highlighted in NGNs Annual RRP submission to Ofgem.

Performance reported for year 6 was that we had agreed a resolution with the customer for over 80% of all complaints within 60 minutes.

RIIO-2 Complaints Metric	%	Weighting	Score
% complaints unresolved after one calendar days	19.2%	x10%	1.92
% complaints unresolved after 31 calendar days	2.07%	x30%	0.62
% of repeat complaints	0.45%	x50%	0.22
No. of Energy Ombudsman decisions against NGN as % of total complaints received	0.0%	x10%	0.00
COMPLAINTS METRIC SCORE			2.76

Where there is enough commonality: Is the performance comparable across companies? YES

#### RIIO-GD1 COMPLAINT METRIC - GDN ANNUAL COMPARISON

Company	GDN	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	RIIO- GD1 ranking
Cadent	EoE	10.42	9.90	9.46	9.32	5.71	2.80	5
	Lon	11.45	11.45	10.59	11.03	7.52	3.50	8
	NW	10.30	10.08	9.77	9.39	7.79	3.20	6
	WM	10.70	9.88	9.52	10.20	7.62	4.43	7
NGN		4.99	2.66	3.08	2.65	3.35	2.78	1
SGN	Sc	9.06	8.81	3.01	2.64	2.08	2.06	3
	So	10.17	9.63	4.11	3.67	4.35	3.62	4
WWU	WWU	7.39	6.93	4.43	2.83	2.80	2.51	2
Industry average		9.31	8.67	6.75	6.47	5.15	3.11	

Capture the long-term nature of output (where relevant):

CUSTOMER VALUE = IMPROVED SERVICE / EXPERIENCE FOR CUSTOMERS.

- The data/performance will be reported and used to identify trends in customer complaint type / area etc.
- This data will enable us to be proactive in the improvement of service for our customers. With the potential to reduce the number of customer complaints, increase our CSAT scores and improve the overall customer experience.

Stretching targets that are well evidenced and deliver clear outcomes:

- During RIIO-1, we began to measure our complaints performance in calendar days rather than working days, and whether we could resolve a complaint in 60 minutes. This stretching internal measure has improved our complaints handling performance and helped us outperform the minimum standard set by Ofgem as well as the industry average. We started off resolving around 30% within an hour but now regularly achieve over 80% success.

STRETCHING TARGETS:

- In RIIO-2, we will assess our performance against an enhanced complaints metric, measured in calendar days, and include the percentage of complaints measured resolved within 60 minutes as a target.
- We are also committed to reducing the number of complaints that we receive. On an annual basis, we will report the number of complaints received per 100,000 customers and will target a year-on-year reduction.

Clear consumer value:

#### STAKEHOLDER EVIDENCE

- Willingness to Pay Research 2019
- Citizen's Jury
- Future Customers Priorities Research
- Unplanned Interruptions Pioneer Survey 2019
- CEG

Stakeholder Feedback:

"Customers value our strong track record in providing excellent service and want us to maintain rather than improve. Despite strong support for our existing performance, we should strive for continuous improvement on customer complaints by working towards 60-minute resolutions - Provided there's no additional cost to the customer"

	You said	So, we have
Complaint Metric STAKEHOLDER ENGAGEMENT INSIGHTS 19	We should strive for continuous improvement on customer complaints by a) setting targets based on calendar days b) working towards an agreed solution within 60 minutes.	We will measure our performance against an enhanced metric – based on calendar days – and we have committed to agreeing a resolution of a complaint within an hour, even on weekends.  We will deliver this at no extra cost to customers.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):  
**PRICE CONTROL**

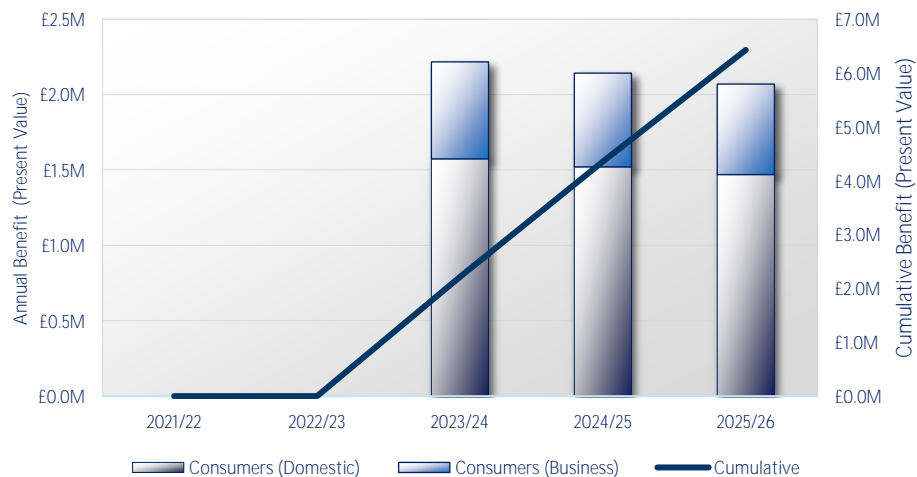
Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

CBA – CVP9

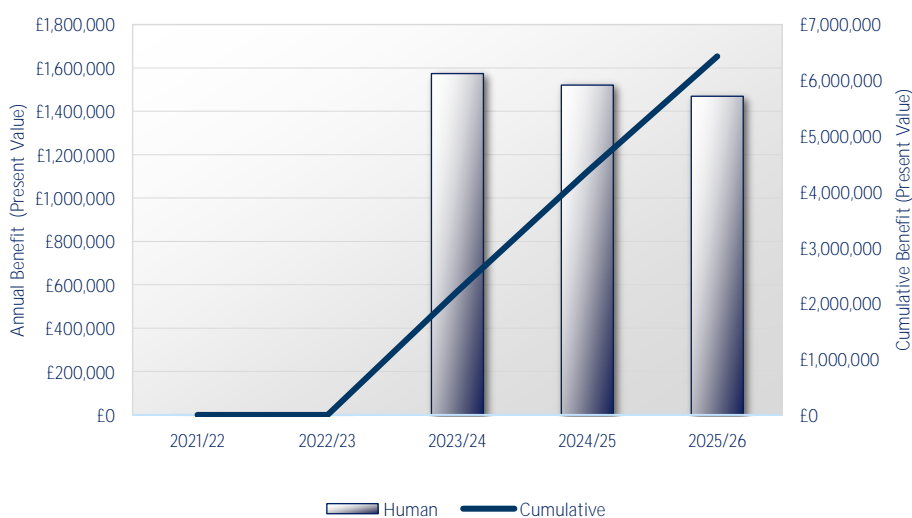
[https://northerngas.sharepoint.com/:x:/s/AssetStrategy/EQphkZAwJu9KiSJBVdsNR5YBxv58glK2JwTKTNz1\\_LbCQ?e=tqDErt](https://northerngas.sharepoint.com/:x:/s/AssetStrategy/EQphkZAwJu9KiSJBVdsNR5YBxv58glK2JwTKTNz1_LbCQ?e=tqDErt)

Monetised benefit of £6m in RIIO-2 and £24m over 15 years from 2021/22 – CVP9

### Summary of CVP9 benefits



### Summary of CVP9 benefits based on capitals



Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

### ADDITIONAL MONETISED BENEFITS AND VALUE MEASURES

- Improvement in customer satisfaction
- Faster job resolution
- Customer time
- Staff Productivity
- Staff Efficiency
- Monetised benefit of £6m in RIIO-2 and £24m over 15 years from 2021/22 – CVP9

### OUTPUT DELIVERY INCENTIVES – FINANCIAL (PENALTY)

Additional reference & supporting information:

Additional Reference:

CUSTOMER COMPLAINT DEFINITION

RIIO- GD1 Gas Distribution Price Control – Regulatory Instruction and Guidance

GDN ANNUAL COMPARISON

- Annual Ofgem submission Year 6 – data tables

STAKEHOLDER ENGAGEMENT INSIGHTS – APPENDIX REF A4 - Insight 19.

We should strive for continuous improvement on complaints by a) setting targets based on calendar days and b) working towards an agreed solution within 60 minutes.

CUSTOMER VALUE PROPOSITION CVP9 – APPENDIX REF A13



## Market Services Standards

A key aspect of our business is the interaction that we have with gas shippers, gas suppliers and gas transporters.

We interact daily with gas shippers, suppliers and transporters and working in a more integrated way to understand and resolve these pressure points, will in turn deliver added benefits to customers.

Market services customers contact networks for specific, often complex queries in relation to wider industry operations including: industry codes, customer switching, supplier customer issues, capacity management and operational issues at supply points.

Resolving these queries can require the involvement of multiple departments and coordination with external parties.

In RIIO-2 we will implement service standards, providing market services customers with a consistent end to end approach to dealing with their queries.

The bespoke outputs are:

Market Service Standard for:

- C6 - Shippers
- C7 - Suppliers
- C8 - Independent gas transporters (IGT)

## RIIO GD2 – BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	MARKET SERVICE STANDARDS: Key account service standards for Shippers / Suppliers / IGT		
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Key Account Service Standards Output		NGN Target
	C6 - SHIPPERS	Acknowledgement of query (other than those which are part of a standard Xoserve interface)	1 day
		Agreement of a resolution date (following internal assessment)	1 day
		Completion to agreed resolution date	On agreed date
		Industry code services through Xoserve interfaces	Per industry standard
	C7 - SUPPLIERS	Agreement of a resolution date (following internal assessment)	1 day
		Completion to agreed resolution date	2 day
		Completion to agreed resolution date	On agreed date
	C8 - INDEPENDENT GAS TRANSPORTERS (IGT)	Agreement of a resolution date (following internal assessment)	1 day
		Completion to agreed resolution date	2 day
		Completion to agreed resolution date	On agreed date
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company  
Costs (inflation rates / resource / training) / Technology / Compensation?

#### COSTS: Included in Business Plan

- Data tables - 2.01 Audit, Finance and Regulation – However, not separately identifiable.

Output	Resources & expenditure	Customer benefit
Key Account Service Standards	No incremental increase in Totex Expenditure covered in audit, regulation and finance costs but not separately identifiable No increase in resource levels or activity to deliver these outputs	Faster, more efficient service Reduced complaints Increased customer satisfaction

#### Measurable & Reportable:

This output is new to GD2 (bespoke) therefore no historical data. However, this is an extension of our Customer Service / complaints area and is introduced to ensure that every customer type experiences the same level of excellent service.

Where there is enough commonality: Is the performance comparable across companies?

NA

NO

Capture the long-term nature of output (where relevant): N/A

Clear consumer value:

#### STAKEHOLDER EVIDENCE:

- NGN Persona Research 2016

"We heard that many Shippers and Suppliers can feel out of the loop in terms of customer contact with NGN, this can impact their time and effectiveness. These stakeholders also told us that we could do more to show that we are flexible and understand their needs. They are happy that what we do works and that when issues arise and are escalated, we are known for getting things sorted, but they feel we struggle to deal with and implement anything related to the connections that is new, and do not notify Shippers or Suppliers when contacted by the end-consumer despite having a system that logs the calls." APPENDIX A4 STAKEHOLDER ENGAGEMENT INSIGHTS - INSIGHT 21

	You said	So, we have
Key Account Service Standards	Our market service customers such as gas shippers and independent transporters could be better served through account management and enhanced responsiveness.	We will introduce new standards for our market services customers which set time commitments for resolving queries and see us deliver a more consistently good service.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

#### PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

- Market services customers contact networks for specific, often complex queries in relation to wider industry operations including: industry codes, customer switching, supplier customer issues, capacity management and operational issues at supply points.
- Resolving these queries can require the involvement of multiple departments and coordination with external parties.
- In GD2 we will implement service standards for Gas Shippers, Transporters and suppliers.
- We will provide market services customers with a consistent end to end approach to dealing with their queries. We will introduce a suite of standards which set time commitments for each key step of the query resolution process.
- These standards are specific to each of the three customer types and are similar to enquiry standards elsewhere in industry.
- We will engage with our customers to develop a standard way of capturing queries where possible, to ensure that the right information is gathered right at the start to improve response times. This will also consider how we present our response, as well as any standard information that is important to our market services customers.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

#### CUSTOMER VALUE

- Providing market services customers with a consistent end to end approach to dealing with their queries.
- We will introduce a suite of standards which set time commitments for each key step of the query resolution process.

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

NA – bespoke output – new for GD2 price control

#### Additional reference & supporting information:

Links to supporting evidence documents / Output measure – reporting analysis information / Other guidelines or NGN Strategy documents/plans/reporting

#### POINTS OF REFERENCE:

STAKEHOLDER ENGAGEMENT INSIGHTS – APPENDIX REF A4 – INSIGHT 21

“Our market service customers such as gas shippers and independent transporters could be better served through account management and enhanced responsiveness.”

GD2 BUSINESS PLAN

Part 4 – ‘A truly great customer experience for everyone’

## An enhanced connections service

Our connections service provides exit connections, service alterations and disconnections for domestic customers, business customers, developers and large load customers such as power stations and industrial customers. We also provide entry connections for producers of natural gas, biomethane, shale and synthetic gas who want to feed their gas into our network.

During RIIO-1, we have consistently outperformed the existing Guaranteed Standards of Performance for all our exit connections activities, averaging over 99% in most cases - well over the 90% minimum standards. We also established a set of voluntary standards and processes to manage and monitor our performance in supporting entry connections.

We have engaged extensively with stakeholders to develop our connections outputs. The outputs of the engagement are reflected in section 3 and our stakeholder insights appendix. Customers have told us that they want to see improved communication throughout the connections process and a commitment for enhanced outputs on the time taken to deliver a connection. We have reflected this insight in the development of our connections outputs to meet the expectations of our customers.

### Outputs

- C9 -GSOP 4 - Standard connection/alteration quotation - <275kWh
- C10 -GSOP 5 - Non-standard connection quotation below 275kWh &
- C11 -GSOP 6 - Non-standard connection quotation above 275kWh
- C12 -GSOP 7 – Accuracy of quotations
- C13 - GSOP 8 - Response to land enquiries
- C14 - GSOP 9 -Provision of start and completion date below 275kWh
- C15 - GSOP 10 - Provision of start and completion date above 275kWh, GSOP 11
- C16 - GSOP 11 - (i) -Completion of work on the agreed date ≤£1k, GSOP 11
- C17 - GSOP 11 -(ii) -Completion of work on the agreed date ≤£4k, GSOP 11
- C18 - GSOP 11 (iii) -Completion of work on the agreed date ≤£20, GSOP 11
- C19 - GSOP 11 (iv)-Completion of work on the agreed date ≤£50k, GSOP 11
- C20 - GSOP 11 (v) -Completion of work on the agreed date ≤£100k
- C21 - GSOP 11 Disconnection and diversion quotations
- C22 - GSOP 11 Initial capacity studies for entry & Initial capacity studies for large load connections
- C23 - GSOP 11 Job completion lead time including re-instatement
- C24 - Job completion lead time including reinstatement

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION: C9

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C9 GSOP 4 - Standard connection/alteration quotation - <275kWh		
GD2 Forecast / target / definition as documented in the draft Business Plan			
	Output	NGN Target	
	GSOP 4 - Standard connection/alteration quotation - <275kWh	3 Working Days: £20 per working day late, capped at lowest of £297 or quotation sum	
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
<p>Be as complete in capturing the activity and the costs of the company</p> <p>Resource and Expenditure</p> <ul style="list-style-type: none"> <li>There are no additional costs for the delivery of output targets that are above and beyond the minimum targets set by Ofgem's own targets.</li> <li>All GSOP payments are borne by our shareholders and do not form part of total expenditure.</li> <li>Expenditure of c.£69m for connections but not separately identifiable for each output.</li> </ul> <p>Business Plan Tables</p> <ul style="list-style-type: none"> <li>2.01 Maintenance for Service Alts,</li> <li>3.05 Connections - within costs but not separately identifiable</li> </ul>		

Measurable & Reportable:

GSOP 4 - Standard connection/alteration quotation - <275kWh	
Measure	A standard quotation within 3 working days of receiving a request from a customer for a quotation for a new connection or an alteration to an existing connection up to and including 275kWh per hour. Reported annually.
Compensation	If we fail to meet this standard, it shall pay both domestic and non-domestic customers compensation of £20 and a further £10 for each working day that the failure continues, up to a maximum of £297 or the quotation sum, whichever is lower.

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant):

With the enhancements in technology the long term nature would be to self-serve as part of a web portable which may have the ability to give instant quotes.

Stretching targets that are well evidenced and deliver clear outcomes:

	Ofgem RIIO – 1	NGN Enhanced RIIO - 2	Ofgem RIIO -2	NGN Enhanced RIIO - 2
GSOP4 Standard quotation <275kWh	6 working days: £10 per working day late, capped at lowest of £250 or quotation sum	6 working days: £20 per working day late, capped at lowest of £250 or quotation sum	4 working days: £12 per working day late, capped at lowest of £297 or quotation sum	3 working days: For the latter two, £20 per working day late, capped at lowest of £297 or quotation sum

Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Enhanced payment on failure

Insight 22. Customers want to see improved communication throughout the connections process and enhanced outputs on the time taken to deliver.

Who we heard it from		How we heard it	Volume
S	C	Citizens' Jury Meeting 3 2019	43
S	C	Customer Feedback Analysis Y13Q4M3 Report	-
O	C	Customer complaints 2018-2019	248
S	C	Domestic Customer Connection Experience Survey 2019	147

In our Citizens' Jury we heard that 54% of domestic customers thought it is important that we improve our overall connections performance.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Funding: No additional funding requested for enhanced service or payment.

Investment: We are investing in technology and this will help drive efficiencies that will enable us to improve our performance.

Compensation: All GSOP payments are borne by our shareholders and do not form part of total expenditure.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Enhanced payment on failure

#### GSOP 4 - Standard connection/alteration quotation - <275kWh

Compensation

If we fail to meet this standard, it shall pay both domestic and non-domestic customers compensation of £20 and a further £10 for each working day that the failure continues, up to a maximum of £297 or the quotation sum, whichever is lower.

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

Improvement of 3 working days compared to RIIO-1 and 1 working day from the proposed 4-day target set by Ofgem.

Enhanced payment from £12 to £20

NGN performance for RIIO-1 was strong and NGN will look to maintain the same level of performance moving forward.

% of standard connection quotes issued in 6 working days	99.60%	99.52%	99.68%	99.98%	99.92%	99.66%	99.59%

The level of service provided by:

Other companies/comparators (where available)

Activities & the indicative cost associated with achieving the targeted level of service

Proposals for licence conditions and/or penalties if performance falls below existing service levels

GDN Comparison of regulatory reporting year 18/19



Guaranteed standard of performance	Target	EoE	Lon	NW	WM	NGN	Sc	So	WWU
Guaranteed Standard 4 - Regulation 10 - Provision of standard connection quotations =<275kWh per hour	90%	99.84%	99.85%	99.96%	99.94%	99.59%	99.94%	99.82%	99.81%

Additional reference & supporting information:

- STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4
- Annual Ofgem submission Year 6 – data tables

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C10, C11, C12, C13 GSOP 5 - Non-standard connection quotation below 275kWh GSOP 6 - Non-standard connection quotation above 275kWh GSOP 8 - Response to land enquiries		
GD2 Forecast / target / definition as documented in the draft Business Plan			
	Output		NGN Target
	GSOP 5 - Non-standard connection quotation below 275kWh	11 Working Days:  £20 per working day, up to quotation sum or £297 whichever is lowest	
	GSOP 6 - Non-standard connection quotation above 275kWh	21 working days:  £40 per working day late, capped at lowest of £595 or quotation sum	
	GSOP 7 – Accuracy of quotations	Accurate quotation issued	
	GSOP 8 - Response to land enquiries	Within 5 Working Days £80 per working day up to £297 (<275kWh) or £595 (>275kWh)	
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company

- There are no additional costs for the delivery of output targets that are above and beyond the minimum targets set by Ofgem's own targets.
- All GSOP payments are borne by our shareholders and do not form part of total expenditure.
- Expenditure of c.£69m for connections but not separately identifiable for each output.

#### Business Plan Tables

- 2.01 Maintenance for Service Alts
- 3.05 Connections - within costs but not separately identifiable

Measurable & Reportable:

If we fail to meet this standard, it shall pay both domestic and non-domestic customers compensation of:

Output	Measure	Compensation
GSOP 5 - Non-standard connection quotation below 275kWh	NGN are required to provide a non-standard quotation within 11 working days of receiving a request from a customer for a quotation for a new connection or an alteration to an existing connection up to and including 275kWh per hour	£20 per working day, up to quotation sum or £297 whichever is lowest
GSOP 6 - Non-standard connection quotation above 275kWh	NGN are required to provide a non-standard quotation within 21 working days of receiving a request from a customer for a quotation for a new connection or an alteration to an existing connection exceeding 275kWh per hour.	£40 per working day late, capped at lowest of £595 or quotation sum
GSOP 7 – Accuracy of quotations	NGN must refund any overcharge that has been paid by customers who receive and challenge (under the relevant GT's accuracy review scheme) inaccurate quotations for a new connection or the alteration of an existing connection.	As per the GSOP standard
GSOP 8 - Response to land enquiries	NGN must respond to a land enquiry in respect of a new connection or the alteration of an existing connection within 5 working days.	£80 per working day up to £297 (<275kWh) or £595 (>275kWh)

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant): NA

Stretching targets that are well evidenced and deliver clear outcomes:

NGN are committed to provide the level of service stipulated above as a result we have enhanced payment on failure to deliver services. All GSOP payments are borne by our shareholders and do not form part of total expenditure.

Clear consumer value:  
Stakeholder evidence / CSAT scores:

#### Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Enhanced payment on failure

Insight 22. Customers want to see improved communication throughout the connections process and enhanced outputs on the time taken to deliver.

Who we heard it from		How we heard it	Volume
S	C	Citizens' Jury Meeting 3 2019	43
S	C	Customer Feedback Analysis Y13Q4M3 Report	-
O	C	Customer complaints 2018-2019	248
S	C	Domestic Customer Connection Experience Survey 2019	147

In our Citizens' Jury we heard that 54% of domestic customers thought it is important that we improve our overall connections performance.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future cons

Funding: No additional funding requested for enhanced service or payment.

Investment: We are investing in technology and this will help drive efficiencies that will enable us to improve our performance.

**Compensation:** All GSOP payments are borne by our shareholders and do not form part of total expenditure.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Enhanced payment on failure

Failure payment highlighted in Measure and Reportable section

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

Below table show the change from Ofgem's proposal

Output	Ofgem	NGN	Value
GSOP 5 - Non-standard connection quotation below 275kWh	11 Working Days: £12 per working day, up to quotation sum or £297 whichever is lowest	11 Working Days: £20 per working day, up to quotation sum or £297 whichever is lowest	67% addition payment  Enhanced payment on failure to meet standard. Drives improved performance
GSOP 6 - Non-standard connection quotation above 275kWh	21 Working Days: £24 per working day, up to quotation sum or £595 whichever is lowest	21 working days: £40 per working day late, capped at lowest of £595 or quotation sum	
GSOP 8 - Response to land enquiries (	5 Working Days: £48 per working day up to £297 (< 275kWh) or £595 (>275kWh)	Within 5 Working Days £80 per working day up to £297 (<275kWh) or £595 (>275kWh)	

Current performance in RIIO-1

	RIIO GET	13/14	14/15	15/16	16/17	17/18	18/19
% OF NON-STANDARD CONNECTION QUOTES BELOW 275kWh ISSUED IN 11 WORKING DAYS	99.60%	99.45%	99.63%	99.98%	99.85%	99.52%	99.50%
% OF NON-STANDARD CONNECTION QUOTES ABOVE 275kWh ISSUED IN 21 WORKING DAYS	99.60%	97.52%	98.70%	100.00%	100.00%	99.68%	99.65%
% OF LAND ENQUIRIES WHERE RESPONSE SENT WITHIN 5 WORKING DAYS	99.60%	99.46%	99.59%	100.00%	99.43%	98.26%	100.00%

The level of service provided by:

Other companies/comparators (where available)

Activities & the indicative cost associated with achieving the targeted level of service

Proposals for licence conditions and/or penalties if performance falls below existing service levels

Guaranteed standard of performance	Target	EoE	Lon	NW	WM	NGN	Sc	So	WWU
Guaranteed Standard 5 - Regulation 10 - Provision of non-standard connection quotations =<275kWh per hour	90%	96.76%	96.48%	96.03%	96.02%	99.50%	99.26%	98.55%	99.26%
Guaranteed Standard 6 - Regulation 10 - Provision of non-standard connection quotations > 275kWh per hour	90%	98%	98%	98%	97%	100%	96%	98%	99%
Guaranteed Standard 8 - Regulation 10 - Response to land enquiries	90%	99%	99%	99%	99%	100%	94%	98%	98%
<p>Additional reference &amp; supporting information:</p> <p>STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4 for more stakeholder information.</p> <p>GDN ANNUAL COMPARISON -Annual Ofgem submission Year 6 – data tables</p>									

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network				
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C14 GSOP 9 -Provision of start and completion date below 275kWh						
GD2 Forecast / target / definition as documented in the draft Business Plan	<table><tr><th>Output</th><th>NGN Target</th></tr><tr><td>GSOP 9 -Provision of start and completion date below 275kWh</td><td>10 working days: £40 per working day late, capped at lowest of £297 or quotation sum</td></tr></table>			Output	NGN Target	GSOP 9 -Provision of start and completion date below 275kWh	10 working days: £40 per working day late, capped at lowest of £297 or quotation sum
	Output	NGN Target					
GSOP 9 -Provision of start and completion date below 275kWh	10 working days: £40 per working day late, capped at lowest of £297 or quotation sum						
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial				
REPORTING	Monthly	Annually	RIIO-GD2 full period				

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
<p>Be as complete in capturing the activity and the costs of the company:</p> <p>Resource and Expenditure</p> <ul style="list-style-type: none"> <li>There are no additional costs for the delivery of output targets that are above and beyond the minimum targets set by Ofgem's own targets.</li> <li>All GSOP payments are borne by our shareholders and do not form part of total expenditure.</li> <li>Expenditure of c.£69m for connections but not separately identifiable for each output.</li> </ul> <p>Business Plan Tables</p> <ul style="list-style-type: none"> <li>2.01 Maintenance for Service Alts</li> <li>3.05 Connections - within costs but not separately identifiable</li> </ul>		

Measurable & Reportable

GSOP 9 - Provision of start and completion date below 275kWh	
Measure	Within 10 working days of receipt of acceptance of a quotation for a new connection or the alteration of an existing connection of up to and including 275kWh per hour, NGN must provide customers with dates for the commencement and substantial completion of the work. This will be reported annually .
Compensation	If we fail to meet this standard, it shall pay both domestic and non-domestic customers compensation of £40 per working day, up to a maximum of £297 or the quotation sum.

Where there is enough commonality: Is the performance comparable across companies?	YES	NO
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Capture the long-term nature of output (where relevant):

With the enhancement in technology the long-term nature of this output would be for customers to schedule their works directly through a portal.

Stretching targets that are well evidenced and deliver clear outcomes:

Improving the service by 7 working days and providing an enhanced payment if we fail to deliver;

LO/ODI	RIIO GD1 Ofgem	RIIO GD1 NGN	RIIO GD2 Ofgem	RIIO GD2 NGN
GSOP 9 Planned date <275kWh	20 working days:  £20 per working days late, capped at the lowest of £250 or quotation sum	20 working days:  £40 per working days late, capped at the lowest of £250 or quotation sum	17 working days:  £24 per working days late, capped at the lowest of £297 or quotation sum	10 working days:  £40 per working days late, capped at the lowest of £297 or quotation sum



Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Enhanced payment on failure

Insight 22. Customers want to see improved communication throughout the connections process and enhanced outputs on the time taken to deliver.

Who we heard it from		How we heard it	Volume
S	C	Citizens' Jury Meeting 3 2019	43
S	C	Customer Feedback Analysis Y13Q4M3 Report	-
O	C	Customer complaints 2018-2019	248
S	C	Domestic Customer Connection Experience Survey 2019	147

The time taken to provide a quotation, schedule works, and complete works are also key drivers of complaints.

"The start date is too far away – reduce the time between quote and completion"

10% of customers taking part in our Domestic Customer Connection Experience Survey said they were dissatisfied or very dissatisfied with the overall time taken.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Funding: No additional funding requested for enhanced service or payment. Expenditure of c.£69m for connections but not separately identifiable for each output.

Investment: We are investing in technology and this will help drive efficiencies that will enable us to improve our performance.

**Compensation:** All GSOP payments are borne by our shareholders and do not form part of total expenditure.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

#### Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Customer time saved through appointments
- Enhanced payment on failure

#### GSOP 9 - Provision of start and completion date below 275kWh

Compensation	If we fail to meet this standard, it shall pay both domestic and non-domestic customers compensation of £40 per working day, up to a maximum of £297 or the quotation sum.
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Monetised benefit of £65m in RIIO-2 and £290m over 15 years from 2020/22

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

Improvement of target by 7 day as per Ofgem Requirement and halved target from RIIO-1

LO/ODI	RIIO GD1 Ofgem	RIIO GD1 NGN	RIIO GD2 Ofgem	RIIO GD2 NGN
GSOP 9 Planned date <275kWh	20 working days: £20 per working days late, capped at the lowest of £250 or quotation sum	20 working days: £40 per working days late, capped at the lowest of £250 or quotation sum	17 working days: £24 per working days late, capped at the lowest of £297 or quotation sum	10 working days: £40 per working days late, capped at the lowest of £297 or quotation sum

The level of service provided by:

#### Current RIIO-1 Performance

Guaranteed standard of performance	Target	EoE	Lon	NW	WM	NGN	Sc	So	WWU
Guaranteed Standard 9 - Regulation 10 - Offering a date for commencement and substantial completion of connection works (=<275kWh per hour)	90%	98%	98%	99%	98%	100%	100%	100%	100%

Additional reference & supporting information:

STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4

GDN ANNUAL COMPARISON -Annual Ofgem submission Year 6 – data tables

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network														
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C15, C16, C17, C18, C19, C20 GSOP 10 - Provision of start and completion date above 275kWh GSOP 11 (i) -Completion of work on the agreed date ≤£1k GSOP 11 (ii) -Completion of work on the agreed date ≤£4k GSOP 11 (iii) -Completion of work on the agreed date ≤£20k GSOP 11 (iv) -Completion of work on the agreed date ≤£50k GSOP 11 (v) -Completion of work on the agreed date ≤£100k																
GD2 Forecast / target / definition as documented in the draft Business Plan	<table><tr><th>Output</th><th>NGN Target</th></tr><tr><td>GSOP 10 of start and completion date above 275kWh</td><td>20 working days: £80 per working day late, capped at lowest of £595 or quotation sum</td></tr><tr><td>GSOP 11 (i) -Completion of work on the agreed date ≤£1k</td><td>On agreed date: £40 per working day late</td></tr><tr><td>GSOP 11 (ii) -Completion of work on the agreed date ≤£4k</td><td>On agreed date: Lesser of £200 per working day late or 2.5% of contract sum</td></tr><tr><td>GSOP 11 (iii) -Completion of work on the agreed date ≤£20k</td><td>On agreed date: £200 per working day late</td></tr><tr><td>GSOP 11 (iv) -Completion of work on the agreed date ≤£50k</td><td>On agreed date: £200 per working day late</td></tr><tr><td>GSOP 11 (v) -Completion of work on the agreed date ≤£100k</td><td>On agreed date: £200 per working day late</td></tr></table>			Output	NGN Target	GSOP 10 of start and completion date above 275kWh	20 working days: £80 per working day late, capped at lowest of £595 or quotation sum	GSOP 11 (i) -Completion of work on the agreed date ≤£1k	On agreed date: £40 per working day late	GSOP 11 (ii) -Completion of work on the agreed date ≤£4k	On agreed date: Lesser of £200 per working day late or 2.5% of contract sum	GSOP 11 (iii) -Completion of work on the agreed date ≤£20k	On agreed date: £200 per working day late	GSOP 11 (iv) -Completion of work on the agreed date ≤£50k	On agreed date: £200 per working day late	GSOP 11 (v) -Completion of work on the agreed date ≤£100k	On agreed date: £200 per working day late
Output	NGN Target																
GSOP 10 of start and completion date above 275kWh	20 working days: £80 per working day late, capped at lowest of £595 or quotation sum																
GSOP 11 (i) -Completion of work on the agreed date ≤£1k	On agreed date: £40 per working day late																
GSOP 11 (ii) -Completion of work on the agreed date ≤£4k	On agreed date: Lesser of £200 per working day late or 2.5% of contract sum																
GSOP 11 (iii) -Completion of work on the agreed date ≤£20k	On agreed date: £200 per working day late																
GSOP 11 (iv) -Completion of work on the agreed date ≤£50k	On agreed date: £200 per working day late																
GSOP 11 (v) -Completion of work on the agreed date ≤£100k	On agreed date: £200 per working day late																
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial														
REPORTING	Monthly	Annually	RIIO-GD2 full period														

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company

#### Resource and Expenditure

- There are no additional costs for the delivery of output targets that are above and beyond the minimum targets set by Ofgem's own targets.
- All GSOP payments are borne by our shareholders and do not form part of total expenditure.
- Expenditure of c.£69m for connections but not separately identifiable for each output.

#### Business Plan Tables

- 2.01 Maintenance for Service Alts
- 3.05 Connections - within costs but not separately identifiable

Measurable & Reportable:

If we fail to meet this standard, it shall pay both domestic and non-domestic customers compensation of;

Output	Measure	Compensation
GSOP 10 of start and completion date above 275kWh	Within 20 working days of receipt of acceptance of a quotation for a new connection or the alteration of an existing connection exceeding 275kWh per hour, NGN must provide customers with dates for the commencement and substantial completion of the work	£80 per working day late, capped at lowest of £595 or quotation sum
GSOP 11 (i) -Completion of work on the agreed date ≤£1k	NGN are required to substantially complete connections on the date agreed with the customer. A job is deemed to be substantially complete when the connection to the premises has been installed, commissioned and left safe.	On agreed date: £40 per working day late
GSOP 11 (ii) -Completion of work on the agreed date ≤£4k		On agreed date: Lesser of £200 per working day late or 2.5% of contract sum
GSOP 11 (iii) -Completion of work on the agreed date ≤£20k		On agreed date: £200 per working day late
GSOP 11 (iv) -Completion of work on the agreed date ≤£50k		On agreed date: £200 per working day late
GSOP 11 (v) -Completion of work on the agreed date ≤£100k		On agreed date: £200 per working day late

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant): NA

Stretching targets that are well evidenced and deliver clear outcomes:

NGN are committed to provide the level of service stipulated above as a result we have enhanced payment on failure to deliver services. All GSOP payments are borne by our shareholders and do not form part of total expenditure.

Clear consumer value:  
Stakeholder evidence / CSAT scores:

#### Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Enhanced payment on failure

Insight 22. Customers want to see improved communication throughout the connections process and enhanced outputs on the time taken to deliver.

Who we heard it from		How we heard it	Volume
S	C	Citizens' Jury Meeting 3 2019	43
S	C	Customer Feedback Analysis Y13Q4M3 Report	-
O	C	Customer complaints 2018-2019	248
S	C	Domestic Customer Connection Experience Survey 2019	147

Satisfaction survey feedback provided by customers that had experienced our connections service first hand enabled us to identify our key strengths and improvement areas. Customers have been very satisfied throughout RIIO-1 with the transactional element of our service (quotations) but want to see improved communication throughout the process and enhanced outputs on the time taken to deliver.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Funding: No additional funding requested for enhanced service or payment. Expenditure of c.£69m for connections but not separately identifiable for each output.

Investment: We are investing in technology and this will help drive efficiencies that will enable us to improve our performance.

Compensation: All GSOP payments are borne by our shareholders and do not form part of total expenditure.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

#### Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Customer time saved through appointments
- Enhanced payment on failure

Output	Ofgem Target	NGN Target	Value
Provision start and completion date above 275kWh	20 working days: £48 per working day late, capped at lowest of £595 or quotation sum	20 working days: £80 per working day late, capped at lowest of £595 or quotation sum	Enhanced payment on failure to meet standard. 67% Drives improved performance
GSOP 11 (i) -Completion of work on the agreed date ≤£1k	On agreed date: £24 per working day late	On agreed date: £40 per working day late	Enhanced payment on failure to meet standard. 67% Drives improved performance
GSOP 11 (ii) -Completion of work on the agreed date ≤£4k	On agreed date: Lesser of £119 per working day late or 2.5% of contract sum	On agreed date: Lesser of £200 per working day late or 2.5% of contract sum	Enhanced payment on failure to meet standard. 68% Drives improved performance
GSOP 11 (iii) -Completion of work on the agreed date ≤£20k	On agreed date: £119 per working day late	On agreed date: £200 per working day late	Enhanced payment on failure to meet standard. 68% Drives improved performance
GSOP 11 (iv) -Completion of work on the agreed date ≤£50k	On agreed date: £119 per working day late	On agreed date: £200 per working day late	Enhanced payment on failure to meet standard. 68% Drives improved performance
GSOP 11 (v) -Completion of work on the agreed date ≤£100k	On agreed date: £119 per working day late	On agreed date: £200 per working day late	Enhanced payment on failure to meet standard. 68% Drives improved performance

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

NA - No service level change, previous payments can be seen in table 8.3 of the RRP RIIO documents.

The level of service provided by:

Other companies/comparators (where available)

Activities & the indicative cost associated with achieving the targeted level of service

Proposals for licence conditions and/or penalties if performance falls below existing service levels

GDNs comparison

Guaranteed standard of performance	Targ et	EoE	Lon	NW	WM	NGN	Sc	So	WW U
Guaranteed Standard 10 - Regulation 10 - Offering a date for commencement and substantial completion of connection works (>275kWh per hour)	90%	98.70%	98.57%	95.45%	96.30%	96.97%	96.74%	96.81%	99.43%
Guaranteed Standard 11 - Regulation 10 - Substantial completion on agreed date	90%	94.01%	91.72%	96.48%	94.53%	97.21%	97.79%	99.05%	96.29%

Additional reference & supporting information:

STAKEHOLDER ENGAGEMENT INSIGHTS – APPENDIX A4

GDN ANNUAL COMPARISON -Annual Ofgem submission Year 6 – data tables

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network				
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C21 Disconnection and diversion quotations connections standard						
GD2 Forecast / target / definition as documented in the draft Business Plan	<table><tr><th>Output</th><th>NGN Target</th></tr><tr><td>Disconnection and diversion quotations connections standard</td><td>Quotation to customer within 3 working days: £40 compensation per working day late, capped at lowest of £297 or quotation sum</td></tr></table>			Output	NGN Target	Disconnection and diversion quotations connections standard	Quotation to customer within 3 working days: £40 compensation per working day late, capped at lowest of £297 or quotation sum
Output	NGN Target						
Disconnection and diversion quotations connections standard	Quotation to customer within 3 working days: £40 compensation per working day late, capped at lowest of £297 or quotation sum						
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial				
REPORTING	Monthly	Annually	RIIO-GD2 full period				

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
<p>Be as complete in capturing the activity and the costs of the company:</p> <p>Resource and Expenditure</p> <ul style="list-style-type: none"> <li>• There are no additional costs for the delivery of output targets that are above and beyond the minimum targets set by Ofgem's own targets.</li> <li>• All GSOP payments are borne by our shareholders and do not form part of total expenditure.</li> <li>• Expenditure of c.£69m for connections but not separately identifiable for each output.</li> </ul> <p>Business Plan Tables</p> <ul style="list-style-type: none"> <li>• 2.01 Maintenance for Service Alts</li> <li>• 3.05 Connections - within costs but not separately identifiable</li> </ul>		

Measurable & Reportable:

Disconnection and diversion quotations connections standard	
Measure	A standard quotation within 3 working days of receiving a request from a customer for a quotation for a new disconnection up to and including 275kWh per hour. Reported annually.
Compensation	If we fail to meet this standard, it shall pay both domestic and non-domestic customers compensation of £40 compensation per working day late, capped at lowest of £297 or quotation sum.

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant):

Improving service level for all customers

Stretching targets that are well evidenced and deliver clear outcomes:

The connections measure does not currently include disconnections and diversion quotations. We recognise the request for disconnections and diversion quotations are still customers and thus proposing the bespoke output to be in line with the other connections request.

Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Enhanced payment on failure

Insight 22. Customers want to see improved communication throughout the connections process and enhanced outputs on the time taken to deliver.

Who we heard it from		How we heard it	Volume
S	C	Citizens' Jury Meeting 3 2019	43
S	C	Customer Feedback Analysis Y13Q4M3 Report	-
O	C	Customer complaints 2018-2019	248
S	C	Domestic Customer Connection Experience Survey 2019	147

The time taken to provide a quotation, schedule works, and complete works are also key drivers of complaints.

"The start date is too far away – reduce the time between quote and completion"

10% of customers taking part in our Domestic Customer Connection Experience Survey said they were dissatisfied or very dissatisfied with the overall time taken.



### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

#### PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Funding: No additional funding requested for enhanced service or payment. Expenditure of c.£69m for connections but not separately identifiable for each output.

Investment: We are investing in technology and this will help drive efficiencies that will enable us to improve our performance.

Compensation: All GSOP payments are borne by our shareholders and do not form part of total expenditure.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

#### Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints
- Customer time saved through appointments
- Payment on failure

Value: Disconnections and diversion customers will have a service level to work to and failure of this service will lead to a penalty and the customer will be compensated. Quotation to customer within 3 working days: £40 compensation per working day late, capped at lowest of £297 or quotation sum.

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

This output not a current measure and therefore the proposal of this output is an improvement to the customer. As part of the customer journey mapped out It was recognised that these customers were not represented. Therefore, we have proposed the service level and penalty payment to ensure that all customers are treated equal.

The level of service provided by: NA

Additional reference & supporting information:

STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C22, C23 <ul style="list-style-type: none"><li>Initial capacity studies for entry</li><li>Initial capacity studies for large load connections</li></ul>		
GD2 Forecast / target / definition as documented in the draft Business Plan			
	Output		NGN Target
	Initial capacity studies for entry		Provided to customer < 5 working days
	Initial capacity studies for large load connections		Provided to customer < 30 working days
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?

YES

NO

Be as complete in capturing the activity and the costs of the company:

Resource and Expenditure

- There are no additional costs for the delivery of output targets that are above and beyond the minimum targets set by Ofgem's own targets.
- Expenditure of c.£69m for connections but not separately identifiable for each output.

Business Plan Tables

- 2.01 Maintenance for Service Alts
- 3.05 Connections - within costs but not separately identifiable

Measurable & Reportable:

The measures start when the Initial request for the surveys to be completed.

Output	NGN Target
Initial capacity studies for entry	Provided to customer < 5 working days
Initial capacity studies for large load connections	Provided to customer < 30 working days

This is a reputational output and we report on our performance on a yearly basis as a percentage.

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant): NA

Stretching targets that are well evidenced and deliver clear outcomes:

Continuing excellent customer service

This is a continued Output from RIIO-1, we have Included this as part of the proposed outputs as we want to continue to measure and improve our service levels, we are happy for these results to be visible to our regulator Ofgem.

Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints

Insight 22. Customers want to see improved communication throughout the connections process and enhanced outputs on the time taken to deliver.

Who we heard it from		How we heard it	Volume
S	C	Citizens' Jury Meeting 3 2019	43
S	C	Customer Feedback Analysis Y13Q4M3 Report	-
O	C	Customer complaints 2018-2019	248
S	C	Domestic Customer Connection Experience Survey 2019	147

The time taken to provide a quotation, schedule works, and complete works are also key drivers of complaints.

"The start date is too far away – reduce the time between quote and completion"

10% of customers taking part in our Domestic Customer Connection le Survey said they were dissatisfied or very dissatisfied with the overall time taken.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

#### PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Funding: No additional funding requested for enhanced service or payment. Expenditure of c.£69m for connections but not separately identifiable for each output.

Investment: We are investing in technology and this will help drive efficiencies that will enable us to improve our performance.

Compensation: All GSOP payments are borne by our shareholders and do not form part of total expenditure.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to these are symmetrical, in terms of value and likelihood of outcome:

#### Customer Benefits

- Increased customer satisfaction
- Increased workforce efficiency
- Reduction in complaints

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

NA

The level of service provided by: NA

Additional reference & supporting information:

STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network				
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C24 Job completion lead time including re-instatement						
GD2 Forecast / target / definition as documented in the draft Business Plan	<table><tr><th colspan="2">Output</th></tr><tr><td>Job completion lead time including re-instatement</td><td>Offer a date to complete works once payment has been made within 20 working day for Connections: Standard connection/alteration quotation &lt;275kWh</td></tr></table>			Output		Job completion lead time including re-instatement	Offer a date to complete works once payment has been made within 20 working day for Connections: Standard connection/alteration quotation <275kWh
	Output						
Job completion lead time including re-instatement	Offer a date to complete works once payment has been made within 20 working day for Connections: Standard connection/alteration quotation <275kWh						
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational				
REPORTING	Monthly	Annually	RIIO-GD2 full period				

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?

YES

NO

Be as complete in capturing the activity and the costs of the company:

#### Resource and Expenditure

- There are no additional costs for the delivery of output targets that are above and beyond the minimum targets set by Ofgem's own targets.
- Expenditure of c.£69m for connections but not separately identifiable for each output.
- 

#### Business Plan Tables

- 2.01 Maintenance for Service Alts
- 3.05 Connections - within costs but not separately identifiable

#### Measurable & Reportable:

Job completion lead time including re-instatement

Measure

The output is measured as a percentage, the dates available within the 20 working days will be offered to the customer. The customer can choose a date or alternatively choose one later. If a date can be offered within the service level, then the target will be met.

Where there is enough commonality: Is the performance comparable across companies?	YES	NO																					
Capture the long-term nature of output (where relevant):  Improving service level for customers																							
Stretching targets that are well evidenced and deliver clear outcomes:  The connections measure currently does not have a service level agreement for the customer offering the date for completions with a time limit. Our stakeholder advised that the time taken for the job to be completed the job once the quote was agreed needed to improve.  This output looks to offer a completion date within 20 working day and drive a better customer journey.																							
Clear consumer value: Stakeholder evidence / CSAT scores:  Customer Benefits <ul style="list-style-type: none"><li>• Increased customer satisfaction</li><li>• Increased workforce efficiency</li><li>• Reduction in complaints</li><li>• Customer time saved through appointments</li></ul> Insight 22. Customers want to see improved communication throughout the connections process and enhanced outputs on <b>the time taken to deliver</b> .																							
<table><tr><th colspan="2">Who we heard it from</th><th>How we heard it</th><th>Volume</th></tr><tr><td>S</td><td>C</td><td>Citizens' Jury Meeting 3 2019</td><td>43</td></tr><tr><td>S</td><td>C</td><td>Customer Feedback Analysis Y13Q4M3 Report</td><td>-</td></tr><tr><td>O</td><td>C</td><td>Customer complaints 2018-2019</td><td>248</td></tr><tr><td>S</td><td>C</td><td>Domestic Customer Connection Experience Survey 2019</td><td>147</td></tr></table>				Who we heard it from		How we heard it	Volume	S	C	Citizens' Jury Meeting 3 2019	43	S	C	Customer Feedback Analysis Y13Q4M3 Report	-	O	C	Customer complaints 2018-2019	248	S	C	Domestic Customer Connection Experience Survey 2019	147
Who we heard it from		How we heard it	Volume																				
S	C	Citizens' Jury Meeting 3 2019	43																				
S	C	Customer Feedback Analysis Y13Q4M3 Report	-																				
O	C	Customer complaints 2018-2019	248																				
S	C	Domestic Customer Connection Experience Survey 2019	147																				
The time taken to provide a quotation, schedule works, and complete works are also key drivers of complaints. "The start date is too far away – reduce the time between quote and completion" 10% of customers taking part in our Domestic Customer Connection Experience Survey said they were dissatisfied or very dissatisfied with the overall time taken.																							

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

PRICE CONTROL

<p>Are proposals backed by robust evidence &amp; justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:</p> <p>Funding: No additional funding requested for enhanced service or payment. Expenditure of c.£69m for connections but not separately identifiable for each output.</p> <p>Investment: We are investing in technology and this will help drive efficiencies that will enable us to improve our performance.</p>
<p>Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:</p> <p>Giving the customer the opportunity to have their job completed within 20 working days of the quote being expected.</p> <p>Increased customer satisfaction</p> <ul style="list-style-type: none"> <li>• Increased workforce efficiency</li> <li>• Reduction in complaints</li> <li>• Customer time saved through appointments</li> </ul>
<p>The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:</p> <p>NA</p>
<p>The level of service provided by:</p> <p>NA</p>
<p>Additional reference &amp; supporting information:</p> <p>STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4</p>



## 2.1.2 Gas there when you need it

### Efficient and effective response for emergency and repair

Our RIIO-2 commitments for emergency response, outlined in the table below, retain the license obligations of attending 97% of uncontrolled and controlled gas escapes within 1 and 2 hours respectively. Once we have identified a gas escape, we will look to carry out a full repair, with over 60% completed within 12 hours. Any repairs not completed within 12 hours are generally managed on a risk basis, however based on customer engagement we have set stretching targets in RIIO-2 to complete repairs on outstanding gas escapes within 7 and 28 days.

#### Outputs

- C25 -% of uncontrolled gas escapes attended within 1 Hour
- C26 -% of controlled gas escapes attended within 2 Hour
- C27 -% of repairs within 12 Hours
- C28 - Outstanding repairs completed in 7 days
- C29 - Outstanding repairs completed in 28 days

## RIIO GD2 - OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C25,26 % of uncontrolled gas escapes attended within 1 Hours % of controlled gas escapes attended within 2 Hours		
GD2 Forecast / target / definition as documented in the draft Business Plan	Output	Ofgem	NGN Target
	% of uncontrolled gas escapes attended within 1 Hours	97%	>97%
	% of controlled gas escapes attended within 2 Hours	97%	>97%
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO									
<p>Be as complete in capturing the activity and the costs of the company</p> <p>Resource and Expenditure</p> <ul style="list-style-type: none"> <li>• There is no incremental increase in expenditure</li> <li>• We will spend c£52m to attend gas escapes within 1&amp;2 hours in RIIO-2</li> <li>• Winter resilience plan and flexible workforce embedded to respond to any fluctuation in activity</li> </ul> <p>Business Plan Table</p> <ul style="list-style-type: none"> <li>• BPD 2.01. uncontrolled and controlled gas escape attended within 1&amp; 2 hours</li> </ul>											
<p>Measurable &amp; Reportable:</p> <p>Measurable standard, percentage of the jobs meeting standard are reported annually in RIIO-1 and this will continue in RIIO-2.</p> <table> <tr> <th>Output</th><th>Target</th><th>Measure</th></tr> <tr> <td>% of uncontrolled gas escapes</td><td>attended within 1 Hours</td><td>% Annually</td></tr> <tr> <td>% of controlled gas escapes</td><td>attended within 2 Hours</td><td>% Annually</td></tr> </table>			Output	Target	Measure	% of uncontrolled gas escapes	attended within 1 Hours	% Annually	% of controlled gas escapes	attended within 2 Hours	% Annually
Output	Target	Measure									
% of uncontrolled gas escapes	attended within 1 Hours	% Annually									
% of controlled gas escapes	attended within 2 Hours	% Annually									

Where there is enough commonality: Is the performance comparable across companies?		YES	NO
Capture the long-term nature of output (where relevant):NA			
Stretching targets that are well evidenced and deliver clear outcomes:  NA – Common Output - strive to exceed the 97% standard			
Clear consumer value: Stakeholder evidence / CSAT scores:  Customer Benefit <ul style="list-style-type: none"><li>· Reduction in safety risk</li><li>· Reduction in complaints</li><li>· Improved customer satisfaction</li><li>· Fulfil licence condition and avoid penalty</li><li>· Unquantified benefit as current level of service</li></ul> Insight 35    Attending gas escapes within one hour is the most important safety response and stakeholders want us to set targets for 1 and 2 hour response that are higher than our performance in RIIO -1.			
Who we heard it from		How we heard it	Volume
S	N,L,C,W	Priorities Research 2018	815
S	N,L,C,W	Safety Pioneer Survey 2019	2,943
S	N,L,C,W	Centrepiece Survey 2019	6,229
S	N,L,C,W	Business Plan Acceptability 2019	1,216
We tested the continuation of our existing 1 and 2 hour emergency response targets in our Business Plan Acceptability study and found that 95% of all domestic, 89% of non-domestic, and 93% of future customers supported this standard, although backing amongst wider stakeholders was lower at 75%.  Some customers participating in our Citizens’ Jury were unsure how either the target or current levels could be exceeded, or what the cost would be to achieve such coverage.  “Is it realistic to hit 100%?”  “What is the cost of hitting 100%?”  A total of 88% of respondents in our Safety Pioneer Survey told us that the target of attending 97% of controlled gas escape within 2 hours is in line with (55%), slightly exceeds (20%) or significantly exceeds (13%) their expectations.  “I think it’s reasonable to attend 97%. I don’t think 100% is achievable. Your actual 99%+ is excellent.”			

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Resource and Expenditure

Funding: There is no incremental increase in expenditure We will spend c£52m to attend gas escapes within 1&2 hours in RIIO-2

Workload: Winter resilience plan and flexible workforce embedded to respond to any fluctuation in activity

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Customer Benefit

- . Reduction in safety risk
- . Reduction in complaints
- . Improved customer satisfaction
- . Fulfil license condition and avoid penalty
- . Unquantified benefit as current level of service

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

The output has not changed

The level of service provided by:

Other companies/comparators (where available)

Activities & the indicative cost associated with achieving the targeted level of service

Proposals for licence conditions and/or penalties if performance falls below existing service levels

GDN		Percentage of <b>uncontrolled</b> gas emergencies jobs to within the one hour standard					
		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Cadent	EoE	97.91%	97.60%	97.94%	97.86%	97.08%	98.48%
	Lon	97.72%	97.39%	98.04%	98.04%	97.35%	98.13%
	NW	98.52%	98.20%	98.52%	98.49%	98.04%	98.91%
	WM	97.91%	97.52%	98.63%	98.45%	97.34%	98.88%
NGN	NGN	99.85%	99.85%	99.76%	99.76%	99.61%	99.75%
SGN	Sc	99.02%	98.75%	98.65%	98.47%	98.04%	98.73%
	So	98.52%	98.50%	98.27%	98.12%	98.29%	98.70%
WWU	WWU	98.33%	98.48%	98.59%	98.45%	98.00%	98.99%

GDN		Percentage of <b>controlled</b> gas emergencies jobs to within the two hour standard					
		<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Cadent	EoE	98.99%	98.47%	98.77%	98.60%	#REF!	99.26%
	Lon	98.53%	97.73%	98.64%	98.65%	97.78%	98.85%
	NW	99.23%	98.93%	99.14%	99.02%	98.90%	99.74%
	WM	98.83%	98.29%	99.10%	99.11%	98.23%	99.44%
NGN	NGN	99.97%	99.99%	99.96%	99.97%	99.72%	99.94%
SGN	Sc	99.80%	99.59%	99.61%	99.49%	98.56%	99.46%
	So	99.51%	99.37%	99.20%	99.23%	98.93%	99.41%
WWU	WWU	99.49%	99.60%	99.60%	99.36%	98.64%	99.82%

Additional reference & supporting information:

STAKEHOLDER INSIGHT - APPENDIX REF A4  
GDN ANNUAL COMPARISON -Annual Ofgem submission Year 6 – data tables

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network						
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C27 Repairs completed within 12 hours								
GD2 Forecast / target / definition as documented in the draft Business Plan	<table><tr><th>Output Summary</th><th>Target</th><th>Value Added</th></tr><tr><td>% of repairs completed within 12 hours</td><td>&gt; 64% of repairs completed within 12 hours of a gas escape.</td><td>Reduce leakage from network and Carbon impact associated with this</td></tr></table>			Output Summary	Target	Value Added	% of repairs completed within 12 hours	> 64% of repairs completed within 12 hours of a gas escape.	Reduce leakage from network and Carbon impact associated with this
	Output Summary	Target	Value Added						
% of repairs completed within 12 hours	> 64% of repairs completed within 12 hours of a gas escape.	Reduce leakage from network and Carbon impact associated with this							
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational						
REPORTING	Monthly	Annually	RIIO-GD2 full period						

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
<p>Be as complete in capturing the activity and the costs of the company</p> <p>Resource and Expenditure</p> <ul style="list-style-type: none"> <li>• There is no incremental increase in expenditure</li> <li>• We will spend c£74m to repair gas escapes faster in RIIO-2.</li> <li>• Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity</li> <li>• This expenditure also covers our response to unplanned interruptions</li> </ul>		

Measurable & Reportable:

% of repairs completed within 12 hours	
Measure	Repairs completed within 12 hours of a gas escape. This output will be measure as a percentage of jobs received unplanned works.

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant):

NA – Improving performance

Stretching targets that are well evidenced and deliver clear outcomes:

An analysis was undertaken of RIIO-1 for the % 12 hour repairs to look at how we were performing. Please see section below that discusses the analysis undertaken. The clear outcome of this output is to put a minimum standard in place to ensure that our performance is consistent over the RIIO-2 period.

Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefit

- Reduction in carbon emissions over RIIO-2
- Avoided cost to customers
- Reduction in lost gas

Insight 36. Customers and wider stakeholders want to see improved performance on repairing controlled gas leaks (where the flow of gas to the property has been stopped and the smell of gas has disappeared) within 12 hours of an escape being reported.

Who we heard it from		How we heard it	Volume
S	N,L,C,W	Priorities Research 2018	815
S	N,L,C,W	Safety Pioneer Survey 2019	2,943
S	N,L,C,W	Business Plan Acceptability 2019	1,121

We tested maintaining our RIIO-1 target of 64% of any repair works being completed within 12 hours in our Business Plan Acceptability study and found that 90% of all domestic, 89% of non-domestic, and 83% of future customers, and 69% of wider stakeholders found our proposal acceptable.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

The proposed >64% repairs completed within 12 hours output is based on an analysis of the first 5 years of RIIO-1, please see below. The proposed target is the minimum level of performance we are looking to achieve at no additional costs. We are committed to this minimum level even when we are aware that our analysis is based on mild winters.

By completing the repair 1st time and within 12 hours we are also reducing leakage from the Network and Carbon impact associated with this.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Customer Benefit

- Reduction in carbon emissions over RIIO-2
- Avoided cost to customers
- Reduction in lost gas

The level of service provided by:

Other companies/comparators (where available)

Company	GDN	2013-14		2014-15		2015-16		2016-17		2017-18	
		Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Cadent	EoE	42%	50%	42%	54%	42%	52%	42%	47%	42%	49%
	Lon	43%	44%	43%	48%	43%	52%	43%	46%	43%	45%
	NW	34%	45%	34%	48%	34%	51%	34%	50%	34%	50%
	WM	36%	43%	36%	50%	36%	51%	36%	49%	36%	48%
NGN	NGN	60%	62%	60%	63%	61%	64%	61%	62%	61%	66%
SGN	Sc	60%	73%	60%	69%	60%	72%	60%	72%	60%	66%
	So	60%	64%	60%	63%	60%	64%	60%	64%	60%	63%
WWU	WWU	40%	47%	40%	49%	40%	53%	40%	47%	40%	54%



Additional reference & supporting information:

STAKEHOLDER INSIGHT - APPENDIX REF A4APPENDIX A4 Stakeholder Engagement Insights

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C28, C29 Outstanding repairs completed in 7 days & 28 days		
GD2 Forecast / target / definition as documented in the draft Business Plan	Output		NGN Target end RIIO-2
	Outstanding repairs completed in 7 days		>89 %
	Outstanding repairs completed in 28 days		>98%
	Reducing the amount carbon.		
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
---	-----	----

Be as complete in capturing the activity and the costs of the company

#### Expenditure and Resource

- There is no incremental increase in expenditure
- We will spend c£74m to repair gas escapes faster in RIIO-2.
- Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity
- This expenditure also covers our response to unplanned interruptions

Measurable & Reportable:

Output	Measure	Reportable
Outstanding repairs completed in 7 days	% Completed	Output can be quantified via carbon savings.
Outstanding repairs completed in 28 days	% Completed	Output can be quantified via carbon savings.

Please see the Customer Value Proposition appendix – A13 for more information reference carbon saving

Where there is enough commonality: Is the performance comparable across companies?	YES	NO																								
Capture the long-term nature of output (where relevant): Reduction of carbon																										
Stretching targets that are well evidenced and deliver clear outcomes:																										
This is currently not an output. We have looked at the past performance since 2013 and set a target that would push our productivity with our existing resource.																										
Clear consumer value: Stakeholder evidence / CSAT scores: Customer Benefits <ul style="list-style-type: none"><li>• Reduction in carbon emissions c53000T carbon savings over RIIO-2</li><li>• Avoided cost to customers</li><li>• Reduction in lost gas</li><li>• Monetised benefit of £8m over RIIO-2 and £81m over 15 years from 2021/22</li></ul>																										
Insight 43. Stakeholders consider that it is imperative that we act against climate change by reducing both shrinkage and non-shrinkage emissions to reduce carbon emissions.																										
<table><tr><th colspan="2">Who we heard it from</th><th>How we heard it</th><th>Volume</th></tr><tr><td>S</td><td>C</td><td>Citizens' Jury 2019</td><td>136</td></tr><tr><td>S</td><td>N,W,C</td><td>Environment Pioneer Workshop 2019</td><td>8</td></tr><tr><td>S</td><td>N,L,C,W</td><td>Futures and Environment Pioneer Survey 2019</td><td>2,685</td></tr><tr><td>S</td><td>N,L,C,W</td><td>Centrepiece Survey 2019</td><td>6,229</td></tr><tr><td>S</td><td>N,L,C,W</td><td>Business Plan Acceptability 2019</td><td>1,216</td></tr></table>			Who we heard it from		How we heard it	Volume	S	C	Citizens' Jury 2019	136	S	N,W,C	Environment Pioneer Workshop 2019	8	S	N,L,C,W	Futures and Environment Pioneer Survey 2019	2,685	S	N,L,C,W	Centrepiece Survey 2019	6,229	S	N,L,C,W	Business Plan Acceptability 2019	1,216
Who we heard it from		How we heard it	Volume																							
S	C	Citizens' Jury 2019	136																							
S	N,W,C	Environment Pioneer Workshop 2019	8																							
S	N,L,C,W	Futures and Environment Pioneer Survey 2019	2,685																							
S	N,L,C,W	Centrepiece Survey 2019	6,229																							
S	N,L,C,W	Business Plan Acceptability 2019	1,216																							
There has been significant appetite from stakeholders for us to further reduce our carbon footprint. The top priority within the area of promoting the environment for the largest proportion of respondents in our Centrepiece Survey was reducing our carbon footprint (49%), followed by making a positive impact on air quality (19%), working considerably and leaving the local environment clean and tidy (12%), using our resources responsibly (11%), and building a home for nature on our sites (8%).																										

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

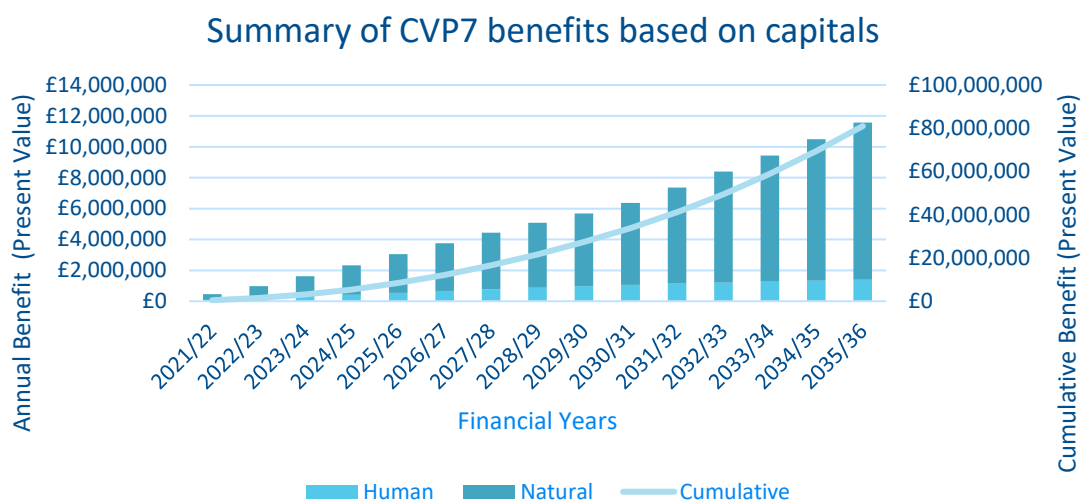
PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

CBA completed and an over view of findings below, more detail can be found in the A13 -CUSTOMER VALUE PROPOSITION APPENDIX

Customer Benefits

- Monetised benefit of £8m over RIIO-2 and £81m over 15 years from 2021/22



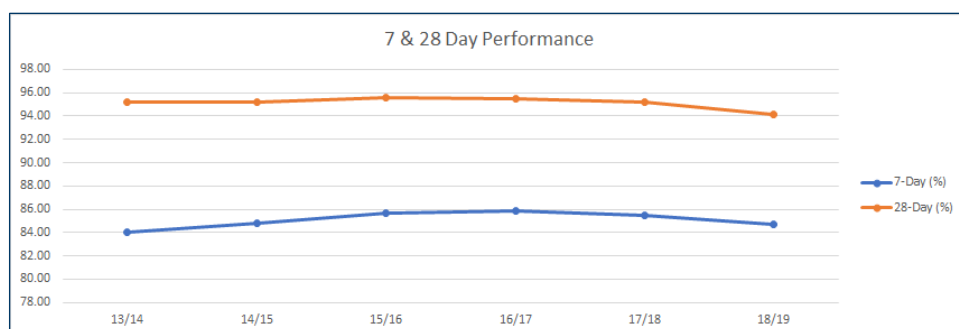
Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Customer Benefits

- Reduction in carbon emissions c53000T carbon savings over RIIO-2
- Avoided cost to customers
- Reduction in lost gas
- Monetised benefit of £8m over RIIO-2 and £81m over 15 years from 2021/22

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

**Provide Analysis of 7& 28Day Performance** - the chart below shows our performance over the last 6 reg years.



Below is a table broken down by RIIO-1 year

	13/14		14/15		15/16		16/17		17/18		18/19	
	7-Day (%)	28-Day (%)	7-Day (%)	28-Day (%)	7-Day (%)	28-Day (%)	7-Day (%)	28-Day (%)	7-Day (%)	28-Day (%)	7-Day (%)	28-Day (%)
NETWORK	84.03	95.16	84.81	95.21	85.63	95.57	85.89	95.53	85.47	95.20	84.66	94.15

Please note data only runs back to 2013 and we have not experienced any extreme winter

The level of service provided by: NA

Additional reference & supporting information:

Please refer to the  
STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4

ENVIRONMENTAL ACTION PLAN- APPENDIX REF A8

CUSTOMER CBA Document CUSTOMERCUSTOMER VALUE PROPOSITION - APPENDIX - A13

## Minimising customer inconvenience when gas is interrupted

There are two main instances where we might cause an interruption to a customer's gas supply. Planned interruptions can occur for a service alteration or mains diversion, or as a result of our pipe replacement programme (which accounts for over 95% of our planned interruptions). Unplanned interruptions usually occur following a gas escape due to a fault or failure on our network and result in customers losing their gas supply, often with little or no warning. These types of escape are rare, and we see on average 13,600 each year across our 2.7m customers. However, we recognise that any interruption can severely inconvenience our customers. The causes are many and varied and not easily forecastable, many are not within our control e.g. third party damage.

Ofgem has defined common outputs for performance in responding to interruptions, specifically around restoring gas supply to the ECV, reinstatement of a customer's premises and the provision of heating and cooking facilities for priority customers without gas.

The following are our bespoke/ enhanced Outputs proposed for RIIO-2

- C30 -Unplanned interruptions average restoration time
- C31 - GSOP 1 – Supply restoration to EVC –(Enhanced)
- C32 - GSOP 2 – Reinstatement of a customer's premises for both planned and unplanned interruption
- C33 - GSOP 3 – Alternative heating and cooking facilities for priority customers
- C34 - GSOP 13 – Notification in advance of planned interruption
- C35 - Supply restoration to EVC and appliance following planned interruption
- C36 - Supply restoration to EVC and appliance following unplanned interruption
- C37 – Major Incident Standards

## RIIO GD2 - OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C30 Average Restoration Time for unplanned interruptions		
GD2 Forecast / target / definition as documented in the draft Business Plan			
	Target Proposed	GD2 Average Target 11 hours	
	Penalty Mechanism	Penalty Scales - Base review % increase dependant on level of failure	
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
Be as complete in capturing the activity and the costs of the company		
Resource and Expenditure <ul style="list-style-type: none"><li>There is no incremental expenditure associated with delivering our supply interruptions outputs</li><li>Expenditure to deliver these outputs is within the same line as Repairs with c.£74m in RIIO-2 for unplanned interruptions and c.£105m for planned interruptions</li><li>Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity</li></ul>		
Measurable & Reportable:		
GSOP 4 - Standard connection/alteration quotation - <275kWh		
Measure	Duration of unplanned events are captured in number of minutes. The average for the RIIO-2 period will be calculated at the end of the price control. A yearly average can be derived and reported if required. However, the proposed penalty should not be enforced on an annual basis. A full period number has been put forward to account for a possible bad winter.	
Where there is enough commonality: Is the performance comparable across companies?	YES	NO

Capture the long-term nature of output (where relevant):

The nature of the output would be to reduce the average time that customers are left without gas.

To protect the customer from long unplanned interruptions. This is mainly driven by Cadent's poor performance in GD1 and their interruption length in Multi Occupancy Buildings

Stretching targets that are well evidenced and deliver clear outcomes:

Following an analysis of the last 9 years, NGN have proposed an 11 hour target averaged over the RIIO-2 period. The data is available for this output to be measured as the following were measured as part of the GD1 Price Control.

Clear consumer value:

Stakeholder evidence / CSAT scores:

Insight 7. Our focus should be on minimising disruption to our customers' normal daily activities by reducing the average duration of supply interruptions.

Who we heard it from		How we heard it	Volume
S	C	Willingness to Pay (1st Phase)	36
S	C	Willingness to Pay (2 <sup>nd</sup> phase)	2,206
S	N,L,C,W	Unplanned Interruptions Pioneer Survey 2019	1,278
S	N,L,C,W	Priorities Research 2018	815
Third Party	N	Citizens Advice's 2019 report Counting on it	-
S	N,L,C,W	Business Plan Acceptability 2019	1,216
S	C	Citizens' Jury 2019	136
O	C	Operational data: customer complaints	90,000
S	L	Strategic Messages Report: Members of Parliament, Local Authorities and Local Enterprise Partnerships	52

In our Business Plan Acceptability study we informed participants that, on average, we restore gas supplies to customers' premises after an unplanned interruption within 8.77 hours, representing the second best performance across all Gas Distribution Networks during RIIO-1. We tested this performance and our promise to restore gas within 24 hours for 100% of cases; 94% of domestic, 88% of non-domestic, and 89% of future customers, and 93% of stakeholders supported this output.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

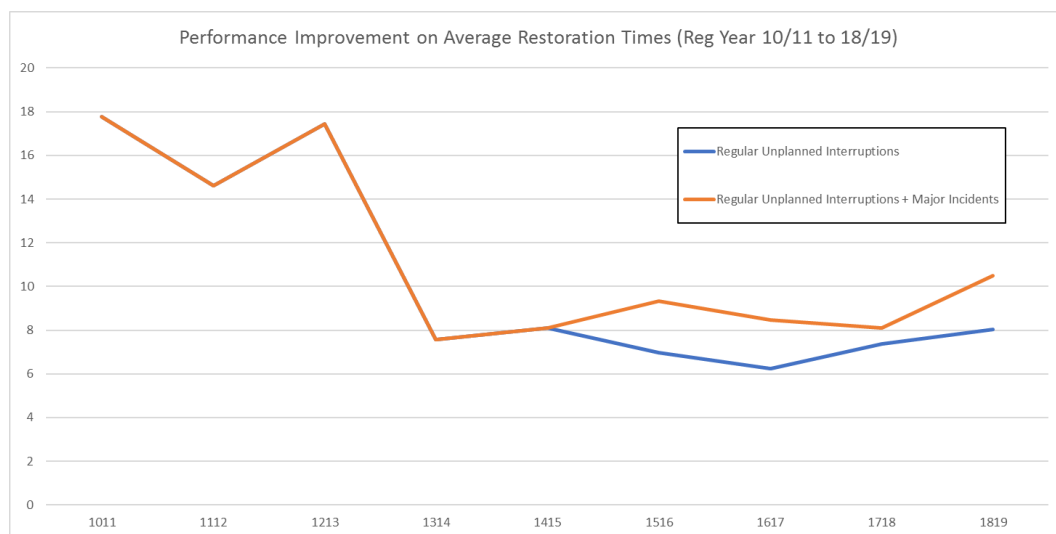


Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

### Price control

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Please see the analysis of the unplanned interruption below.



Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Reduction in restoration time for large events.

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

NA

The level of service provided by:

GDN Performance including major incidents (hours) – not standardised

Year	EoE	Lon	NW	WM	NGN	Sc	So	WWU
2013-14	14.42	41.24	14.43	14.39	7.01	10.47	12.11	10.77
2014-15	19.34	79.25	10.19	19.10	5.33	13.57	19.82	15.58
2015-16	12.88	90.29	10.11	10.43	13.81	11.97	19.27	7.48
2016-17	49.94 <sup>35</sup>	100.71	15.00	12.24	10.46	26.72	24.01	8.19
2017-18	19.81	186.50	10.79	22.96	8.77	10.36	23.78	7.29
Average <sup>36</sup>	19.34	90.29	10.79	14.39	8.77	11.97	19.82	8.19

36 Median between 2013-14 and 2017-18. Median is chosen instead of the mean because it is less distorted by outliers.

Source: Ofgem Sector Specific Consultation Annex, December 2018

Additional reference & supporting information:

STAKEHOLDER INSIGHT - APPENDIX REF A4

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network								
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C31 Enhanced GSOP 1 - Supply restoration to ECV for unplanned interruptions - Enhanced										
GD2 Forecast / target / definition as documented in the draft Business Plan	<table border="1"> <thead> <tr> <th></th><th>NGN Target</th><th></th><th></th></tr> </thead> <tbody> <tr> <td>Supply restoration to ECV for unplanned interruptions</td><td>Same Day - £25 payment after 8hrs</td><td>Within 24 Hours: £60 Domestic - no cap</td><td>Within 24 Hours: £100 Non-Domestic - no cap</td></tr> </tbody> </table>				NGN Target			Supply restoration to ECV for unplanned interruptions	Same Day - £25 payment after 8hrs	Within 24 Hours: £60 Domestic - no cap	Within 24 Hours: £100 Non-Domestic - no cap
	NGN Target										
Supply restoration to ECV for unplanned interruptions	Same Day - £25 payment after 8hrs	Within 24 Hours: £60 Domestic - no cap	Within 24 Hours: £100 Non-Domestic - no cap								
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial								
REPORTING	Monthly	Annually	RIIO-GD2 full period								

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
---	-----	----

Be as complete in capturing the activity and the costs of the company

#### Resource and Expenditure

- There is no incremental expenditure associated with delivering our supply interruptions outputs
- Expenditure to deliver these outputs is within the same line as Repairs with c.£74m in RIIO-2 for unplanned interruptions and c.£105m for planned interruptions
- Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity

Measurable & Reportable:

#### GSOP 4 - Standard connection/alteration quotation - <275kWh

Measure	Continued Standard from RIIO-1- Within 24 Hours -no changes except for accelerated payment and enhanced penalty value at 8 hours
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Where there is enough commonality: Is the performance comparable across companies?	YES	NO																								
Capture the long-term nature of output (where relevant): NA																										
Stretching targets that are well evidenced and deliver clear outcomes:																										
Delivered clear additional outcome for this output is the enhanced compensation for customers.																										
Clear consumer value: Stakeholder evidence / CSAT scores:																										
Customer Benefits <ul style="list-style-type: none"><li>• Reduction in complaints</li><li>• Reduction in business disruption</li><li>• Customer time saving</li><li>• Improved workforce efficiency</li><li>• Improved customer satisfaction</li><li>• Carbon and air quality improvements associated with workforce efficiency</li><li>• Enhanced compensation payment.</li><li>• Additional compensation payment after 8 hours</li><li>• Improved workforce resilience/skills</li><li>• £8m monetised benefit in RIIO-2 and £30m over 15 years from 2021/22</li></ul>																										
Insight 9. If we don't meet our service standards, customers expect us to go beyond minimum requirements and compensate them appropriately.																										
<table><tr><th colspan="2">Who we heard it from</th><th>How we heard it</th><th>Volume</th></tr><tr><td>S</td><td>N,L,C,W</td><td>Unplanned Interruptions Pioneer Survey 2019</td><td>1,278</td></tr><tr><td>S</td><td>N,L,C,W</td><td>Planned Interruptions Pioneer Survey 2019</td><td>1,380</td></tr><tr><td>S</td><td>N,L,C,W</td><td>Customer and reinstatement Pioneer Survey 2019</td><td>1,911</td></tr><tr><td>S</td><td>C</td><td>Gas Distribution Network GSOP</td><td>2,095</td></tr><tr><td>S</td><td>C</td><td>Business Plan Acceptability 2019 – Qualitative</td><td>55</td></tr></table>			Who we heard it from		How we heard it	Volume	S	N,L,C,W	Unplanned Interruptions Pioneer Survey 2019	1,278	S	N,L,C,W	Planned Interruptions Pioneer Survey 2019	1,380	S	N,L,C,W	Customer and reinstatement Pioneer Survey 2019	1,911	S	C	Gas Distribution Network GSOP	2,095	S	C	Business Plan Acceptability 2019 – Qualitative	55
Who we heard it from		How we heard it	Volume																							
S	N,L,C,W	Unplanned Interruptions Pioneer Survey 2019	1,278																							
S	N,L,C,W	Planned Interruptions Pioneer Survey 2019	1,380																							
S	N,L,C,W	Customer and reinstatement Pioneer Survey 2019	1,911																							
S	C	Gas Distribution Network GSOP	2,095																							
S	C	Business Plan Acceptability 2019 – Qualitative	55																							
The unplanned interruptions customer journey																										
Stakeholders taking part in our Unplanned Interruptions Pioneer Survey were informed that we are currently obliged to pay £30 to domestic customers and £50 to business customers for every 24 hours their gas supply is interrupted within 24 hours of the disruption, but that during RIIO-1 we voluntarily doubled the amounts paid to £60 and £100 respectively and intend to do this again during RIIO-2. 59% of all survey participants were satisfied with these compensation levels but the fact that this level only represents a small majority implies that there could be support for us to enhance our offering even further above and beyond the minimum requirements.																										
However, a large majority of stakeholders (81%) agreed that there should be a cap on the amount of compensation we give to each customer and two thirds supported the cap being set at £1,000. The implication of this is that stakeholders would prefer to retain the cap from RIIO-1 for RIIO-2.																										

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

#### PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

- There is no incremental expenditure associated with delivering our supply interruptions outputs
- Expenditure to deliver these outputs is within the same line as Repairs with c.£74m in RIIO-2 for unplanned interruptions and c.£105m for planned interruptions
- Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Reduction in complaints

- Reduction in business disruption
- Customer time saving
- Improved workforce efficiency
- Improved customer satisfaction
- Carbon and air quality improvements associated with workforce efficiency
- Enhanced compensation payment.
- Additional compensation payment after 8 hours
- Improved workforce resilience/skills
- £8m monetised benefit in RIIO-2 and £30m over 15 years from 2021/22

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

No change to measure however an increase in value of payment should drive behaviours that will increase productivity.

The level of service provided by:

	Ofgem Penalty	NGN Enhance Payment	Difference
Same Day – 8 hours	NA	£25	£25
Within 24 Hours – Domestic	£41	£60	£19
Within 24 Hours – Non Domestic	£69	£100	£31

Additional reference & supporting information:

STAKEHOLDER INSIGHT - APPENDIX REF A4

Previous Performance Payments for GSOP 1 can be found in the RIIO RRP table 8.3 Value

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C32 Reinstatement of a customer's premises within 3 calendar days for planned and unplanned Interruptions, excluding Bank Holidays.		
GD2 Forecast / target / definition as documented in the draft Business Plan			
		Reinstatement of a customer's premises	
	Target	Within 3 calendar days: (Excluding Bank Holidays)	
	Penalty	£100 Domestic – no cap £200 Non-Domestic – no cap	
	Exceptions	Please note the exception to the output: In additional reference & supporting information	
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company

#### Resource and Expenditure

- There is no incremental expenditure associated with delivering our supply interruptions outputs
- Expenditure to deliver these outputs is within the same line as Repairs with c.£74m in RIIO-2 for unplanned interruptions and c.£105m for planned interruptions
- Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity

#### Costs captured within;

- 2.01 Repair
- Repex Tables
- 3.05 Connections

Compensation: Within 3 calendar days: £100 Domestic – no cap £200 Non Domestic – no cap

Technology: Development of the reinstatement app (on the road map)

## Measurable & Reportable:

Measure	<ul style="list-style-type: none"> <li>Following the completion by a NGN of work to a service pipe and any associated work to a distribution main where the pipe or main lies under or within the premises of a customer,</li> <li>Data will be captured as part of the new SAP Hanna application</li> <li>The following exceptions will be in place – please see attached for information</li> <li>Reinstatement registered before 3pm will look to be processed the same day, any jobs logged after this time will be the following day.</li> <li>Standard working day: Start - 8.00 &amp; End - 20.00 (noise restrictions)</li> <li>Bank Holiday – Where works are required on a bank holiday the D+ will start the following day that is not a public holiday.</li> </ul>
Compensation	£100 Domestic – no cap £200 Non-Domestic – no cap

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant):

- Our ultimate ambition is to reinstate all our customers' premises within one calendar day, provided that the road surface type allows us to do so
- 80% to become BAU

## Stretching targets that are well evidenced and deliver clear outcomes:

	RIIO-1	Ofgem RIIO-2	NGN Proposal
Reinstatement of a customer's premises	5 Working days	5 Working days	3 Calendar Days (except Bank Holidays)

Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefit

- Reduced disruption to customers
- Reduced complaints
- Improved customer satisfaction
- Monetised GD2 benefit of £6m informed by customer WTP and c.£16m over 15 years from 2021/22

Full analysis can be found in the APPENDIX A4 Stakeholder Engagement Insights ref A4

**Insight 9: If we don't meet our service standards, customers expect us to go beyond minimum requirements and compensate them appropriately.**

Who we heard it from		How we heard it	Volume
S	N,L,C,W	Unplanned Interruptions Pioneer Survey 2019	1,278
S	N,L,C,W	Planned Interruptions Pioneer Survey 2019	1,380
S	N,L,C,W	Customer and reinstatement Pioneer Survey 2019	1,911

S	C	Gas Distribution Network GSOP	2,095
S	C	Business Plan Acceptability 2019 – Qualitative	55

#### Reinstatement of a customer's premises

Key learning that we gleaned from customers in relation to the restoration of supply included the need to improve our reinstatement quality and speed of work after supply restoration. Customers told us that if we fail to begin the reinstatement until after the estimate given, they prefer an updated estimate (45%) or an apology (40%) to compensation (27%). If we complete the reinstatement later than anticipated the need for an update decreases (-6%), however, the expectation of an apology increases (+7%) although the proportion of customers preferring to be compensated remains about the same. Currently there is no cap on the amount of compensation a customer can receive for an ongoing delay in reinstatement work, yet 71% of customers support the introduction of one.

Insight 14: Reinstating our excavations after engineering works more quickly than during RIIO -1 is important, but not at the expense of quality.

Who we heard it from		How we heard it	Volume
S	C	Customer and Reinstatement Pioneer Survey 2019	1,911
S	N,L,C,W	Planned Interruptions Pioneer Survey 2019	1,380
S	C	Citizens' Jury 2019	136
O	C	Operational data: customer complaints	90,000
S	C	Willingness to Pay (2 <sup>nd</sup> phase)	2,206
S	N,L,C,W	Business Plan Acceptability 2019	1,216
S	L	MP Bilaterals 2019	13

We tested our RIIO-1 minimum standard of reinstating the condition of customers' premises following engineering work within 5 working days of completion in our Business Plan Acceptability study. 91% of all domestic, 68% of non-domestic, and 91% of future customers, and 80% of stakeholders supported the output. This is a strong endorsement of the current standard by domestic customers, but less so by wider stakeholders.

Complaints about reinstatement quality across all complaint categories (replacement, emergency and repair and connections) had reduced continuously from an index of 145 in 2014 to 17 in 2017 but then increased, along with other complaints, to 121 in 2018.

Complaint category	% of complaints received during RIIO-1 linked to quality of re-instatement
Replacement (planned works)	16%
Emergency repairs	13%
Connections	9%



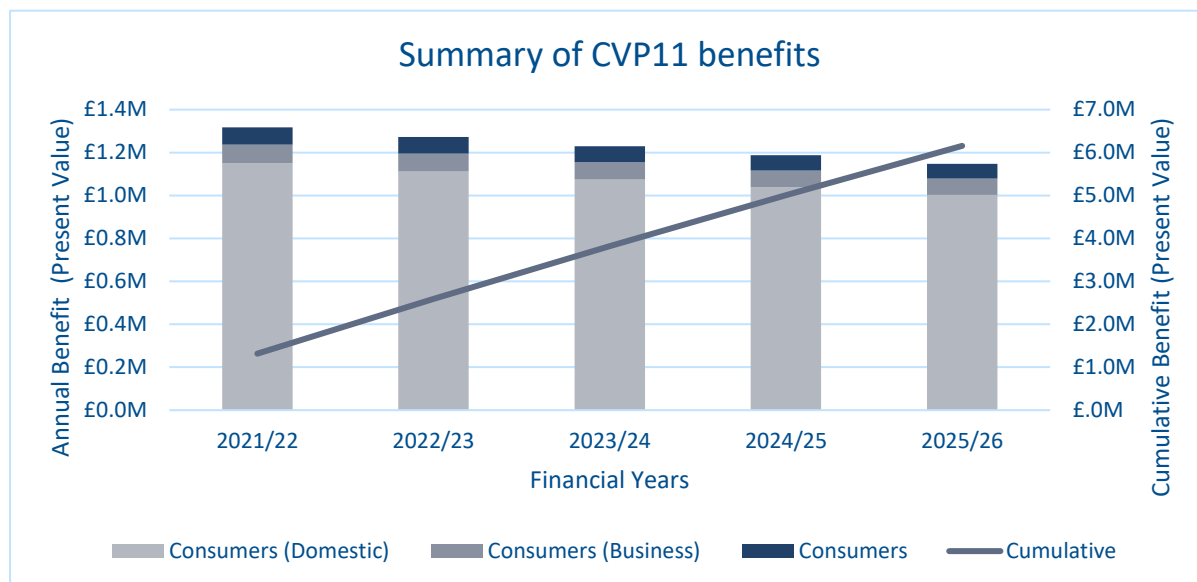
### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

#### Price Control

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:



Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

- Reduced disruption to customers
- Reduced complaints
- Improved customer satisfaction
- Monetised GD2 benefit of £6m informed by customer WTP and c.£16m over 15 years from 2021/22

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

Above and Beyond:

Ofgem GD2 Proposal: Within 5 working days: £69 Domestic £138 Non-Domestic

NGN Bespoke Target: Within 3 Calendar day: Enhanced payment: £100 Domestic £200 Non-Domestic

Comparison to the proposed output by Ofgem:

- Target: Moved from 5 Working day (same as previous price control GD-1) to 3 Calendar day for standard jobs
- Compensation: 45% increase in compensation payment compared to Ofgem Proposal, the enhanced payment has been in place GD1 however we have now introduced no cap and moved to reinstatement within 5 working days rather than 5. If reinstatement work has not been completed within 3 Calendar days: £100 Domestic – no cap £200 Non-Domestic – no cap
- Not only will the customer be recompensed but NGN will also take a monetary penalty which will ensure that we keep the focus on performance.

The level of service provided by:

Other companies/comparators (where available)

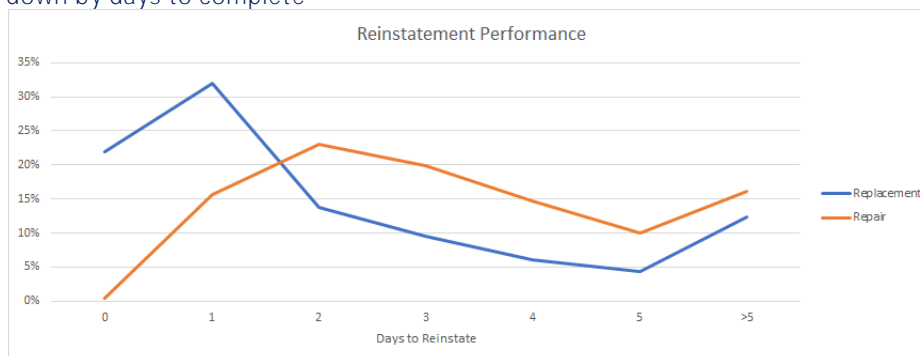
Activities & the indicative cost associated with achieving the targeted level of service

Proposals for licence conditions and/or penalties if performance falls below existing service levels

NA

Additional reference & supporting information:

Provide analysis of Reinstatement performance - the chart below shows our performance last regulatory year, broken down by days to complete



- a. For Replacement work we were completing reinstatement work within D+3 78% of the time.
- b. For Repair it was a lot less, at 60%.
- c. A couple of caveats to include: -
  - i. These figures are direct from the raw data and don't consider any exclusions we could have applied.
  - ii. This analysis is based on calendar day (as per the GD2 proposal) when of course last year we weren't working to calendar days, nor did we have the contracts in place to support that, so the %age within D+3 would probably go up.

GSOP2 (Regulation 8) – Reinstatement of customers' premises. Data Milestone	OFGEM Definition	NGN Definition
GSOS Start Date	Completion of work to a service pipe and any associated work to a distribution main where the pipe or main lies under or within the premises of a customer	Unplanned: The Date that the Reinstatement request is generated in MA. Planned: The Date that the Service Relay or Transfer is completed for that individual premise.
GSOS Completion Date	A customer's premises shall be deemed to have been reinstated where : ■ any drive, path or other route used to obtain access to any building on the customer's premises and any building or structure on those premises has been replaced or repaired so that the drive, path, other route, building or structure is reasonably fit for the type of access or use for which it was used prior to commencement of the work; and ■ any other part of the premises, including any garden or lawn, has been reinstated, so far as is reasonably practicable, to a reasonable standard and with reasonable care and skill having regard to its condition prior to commencement of the work.	The date that the Reinstatement Guarantee is issued to the customer
Record	GSOP2 requires GTs to ensure that a customer's premises are reinstated to a reasonable standard having regard to its condition before the start of the works.	1 record = 1 premise not 1 excavation
Domestic	Premises at which a supply is taken or to be taken wholly or mainly for domestic purposes;	Domestic customers (with annual gas consumption > 73,200kWh)
Non-Domestic	Any premises other than domestic premises;	Non-domestic customers (with annual gas consumption < 73,200kWh)
GSOS Failure	GTs failing to meet this standard shall pay £50 to domestic and £100 to non-domestic customers and shall make further payments of £50/£100 for each succeeding period of 5 working days during which the failure occurs.	Payment should be made for any reinstatement completed after D+5, where D is the GSOS Start Date. Further payment should be made if the reinstatement is not complete after D+10, and again at D+15,

		D+20 etc. There is no limit to the number of payments that can be made. This refers to Working Days, an example is given below: GSOS Start Date = 04/11/2013; GSOS Failure Date = 12/11/2013
<p><b>Exceptions for Reinstatement Works:</b></p> <ul style="list-style-type: none"> <li>• The Customer tells us that they do not want us to take any further action</li> <li>• The Customer agrees with us that the action we have taken, or promise to take, is enough to say that we have met the standard, but only if we keep any promise that we make.</li> <li>• if the work in question was requested by the customer who would otherwise be due compensation under GSOP2 and the work related to the connection or alteration to the connection of the customer's premises; or</li> <li>• If the work was required because of the act or default of a customer or a person under the customer's control</li> <li>• Materials: Red Tarmac, Printed Tarmac, Resin Drives, Concrete requires curing time, Reinforced concrete</li> <li>• External Bodies: Local Authority, Highways &amp; Access to Material (Bank Holiday – Closures)</li> <li>• Larger Works: <ul style="list-style-type: none"> <li>Total Backfill greater Than 10m3 (Private and Public)</li> <li>Block/Crazy Paving/Setts Work greater than 10m2 (Private and Public)</li> <li>Type 1 (350mm Depth) Tarmac works greater than 15m2 (Private and Public)</li> <li>Type 2 (285mm Depth) Tarmac Works greater than 19m2 (Private and Public)</li> <li>Total Surfacing works greater than 30m2 (Private and Public)</li> </ul> </li> </ul> <p>GSOP2 (Regulation 8) – Reinstatement of customers' premises</p> <p>STAKEHOLDER INSIGHT - APPENDIX REF A4</p> <p>CUSTOMER VALUE PROPOSITION – APPENDIX RED A13</p>		

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C33 GSOP 3 - Alternative heating and cooking facilities for priority domestic customers		
GD2 Forecast / target / definition as documented in the draft Business Plan	Output	NGN Target	
	GSOP 3 - Alternative heating and cooking facilities for priority domestic customers	4hrs £48 payment	
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Financial
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
Be as complete in capturing the activity and the costs of the company		
Resource and Expenditure		
<ul style="list-style-type: none"><li>• There is no incremental expenditure associated with delivering our supply interruptions outputs</li><li>• Expenditure to deliver these outputs is within the same line as Repairs with c.£74m in RIIO-2 for unplanned interruptions and c.£105m for planned interruptions</li><li>• Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity</li></ul>		
Measurable & Reportable:		
GSOP 3 - Alternative heating and cooking facilities for priority domestic customers		
Measure	Alternative heating and cooking facilities for priority domestic customers within 4 hrs	
Compensation	£48 payment	
Where there is enough commonality: Is the performance comparable across companies?	YES	NO

Capture the long-term nature of output (where relevant): NA

Stretching targets that are well evidenced and deliver clear outcomes:

Enhanced payment on failure to deliver service

Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefits

- Enhanced co-operation
- Improved social well being
- Improved satisfaction
- Reduced complaints
- Current level of service

Insight 15. We should continue to provide industry-leading support to customers when large-scale unplanned incidents occur.

Who we heard it from		How we heard it	Volume
S	N,C,L,W	Safety and Reliability Pioneer Workshop 2019	14
S	N,L,C,W	Unplanned Interruptions Pioneer Survey 2019	1,278
S	N,L,C	Vulnerable Customers Strategy Stakeholder Feedback Survey 2019	11
S	N,L,C,W	Business Plan Acceptability 2019	1,216
S	C	Willingness to Pay 2019	2,206

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):  
PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

There is no additional funding requested for the additional compensation payment for the customer if we fail to meet the standard. Thus the enhanced payment benefits both the customer and regulator at no additional cost.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Output	NGN Target
GSOP 3 - Alternative heating and cooking facilities for priority domestic customers	4hrs - £48 payment

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

NA - No service level change, previous payments can be seen in table 8.3 of the RRP RIIO documents.

The level of service provided by:

Other companies/comparators (where available)

Activities & the indicative cost associated with achieving the targeted level of service

Proposals for licence conditions and/or penalties if performance falls below existing service levels

Additional penalty payments.

Additional reference & supporting information:

STAKEHOLDER INSIGHT - APPENDIX REF A4

RIIO GD1 RRP documents – table 8.3

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C33 GSOP 13- Notification in Advance of a planned interruption		
GD2 Forecast / target / definition as documented in the draft Business Plan	Output Reference: C34 Enhanced compensation on failure of standard.		
	Output	NGN Target	
	GSOP 13- Notification in Advance of a planned interruption	7 working days: £40 Domestic £100 Non-Domestic	
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
Be as complete in capturing the activity and the costs of the company		
Resource and Expenditure		
<ul style="list-style-type: none"><li>• There is no incremental expenditure associated with delivering our supply interruptions outputs</li><li>• Expenditure to deliver these outputs is within the same line as Repairs with c.£74m in RIIO-2 for unplanned interruptions and c.£105m for planned interruptions</li><li>• Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity</li></ul>		
Measurable & Reportable:		
GSOP 13- Notification in Advance of a planned interruption		
Measure	Where a NGN intends to carry our planned maintenance or replacement work to its pipe-line system that will cause an interruption to the supply of customers” premises, it must give each affected customer no less than 7 working days notice of when the interruption is expected to commence and stating the need for the interruption	
Compensation	£40 Domestic, £100 Non-Domestic	
Where there is enough commonality: Is the performance comparable across companies?	YES	NO

Capture the long-term nature of output (where relevant):NA

Stretching targets that are well evidenced and deliver clear outcomes:

	Ofgem	NGN	Difference
GSOP 13- Notification in Advance of a planned interruption	7 working days: £24 Domestic £59 Non-Domestic	7 working days: £40 Domestic £100 Non-Domestic	No change 66% increase 69% increase



Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefits

- Enhanced compensation payment on failure
- Reduced complaints
- Improved satisfaction
- Current level of service

**Insight 9: If we don't meet our service standards, customers expect us to go beyond minimum requirements and compensate them appropriately.**

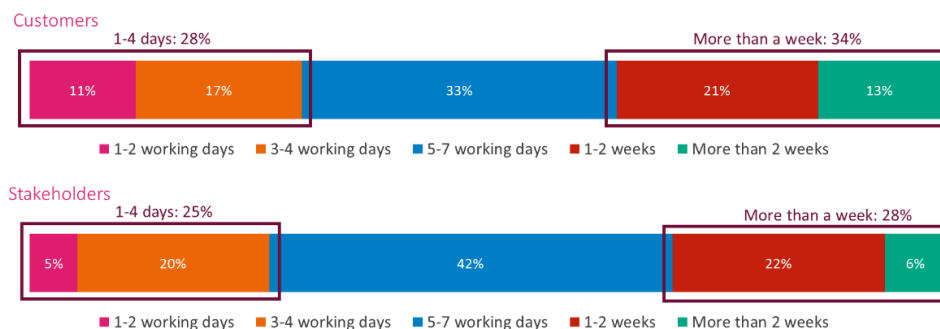
Who we heard it from		How we heard it	Volume
S	N,L,C,W	Unplanned Interruptions Pioneer Survey 2019	1,278
S	N,L,C,W	Planned Interruptions Pioneer Survey 2019	1,380
S	N,L,C,W	Customer and reinstatement Pioneer Survey 2019	1,911
S	C	Gas Distribution Network GSOP	2,095
S	C	Business Plan Acceptability 2019 – Qualitative	55

**Insight 12: 7 days' notice of a planned interruption typically meets stakeholders' needs, however, customers in vulnerable circumstances should receive extended notice, and a 48 hour reminder prior to work starting builds resilience amongst customers experiencing a planned interruption.**

Who we heard it from		How we heard it	Volume
S	N,L,C,W	Planned Interruptions Pioneer Survey 2019	1,380
S	N,L,C,W	Business Plan Acceptability 2019	1,216

In our Planned Interruptions Pioneer Survey, the preferred notice period for impacted customers was 5-7 working days (33% of stakeholders say they expect this), although another third want more notice than this and 28% would be happy with less. Compared with customers, a greater proportion of wider stakeholders expect 5-7 working days' notice (42%). This finding suggests that our commitment to offer 7 days' notice meets a majority of stakeholders' needs.

Advance notification expected (Pioneer Survey)



### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

Price control

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Funding: There is no incremental expenditure associated with delivering our supply interruptions outputs. Expenditure to deliver these outputs is within the same line as Repairs with c.£74m in RIIO-2 for unplanned interruptions and c.£105m for planned interruption

Workforce: Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Customer Benefits

- Enhanced compensation payment on failure
- Reduced complaints
- Improved satisfaction
- Current level of service

This output will drive performance and encourage good communication with our customer.  
The customer will receive enhanced compensation if we fail to meet the standard

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

Enhanced payment made if failure to meet the Notification in Advance of a planned interruption standard.

Domestic: 66% increase

Non-Domestic 69% increase

The level of service provided by:

No change to the service level No change to the service level

Additional reference & supporting information:

**STAKEHOLDER INSIGHT - APPENDIX REF A4**

## RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C35, C36 2 Hours Gas to Appliance or at a time agreed by customer following restoration to the EVC 12 Hour Planned EVC and Gas to appliance		
GD2 Forecast / target / definition as documented in the draft Business Plan			
		Output Summary	Penalty Payment
	Unplanned	2 Hours Gas to Appliance or at a time agreed by customer	Failure: One off payment £20 for both
	Planned	< Supply restoration to ECV and appliance following planned interruption within 12 Hours	Failure: One off payment £20
OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company:

#### Resource and Expenditure

- There is no incremental expenditure associated with delivering our supply interruptions outputs
- Expenditure to deliver these outputs is within the same line as Repairs with c.£74m in RIIO-2 for unplanned interruptions and c.£105m for planned interruptions
- Totex planning approach and flexible workforce embedded to respond to any fluctuation in activity

#### Compensation:

Standard not met within 2hr or on the agreed time by customer for unplanned and <12 hour for planned, one off payment £20

Cost neutral over RIIO-2: Please refer to CBA analysis

Measurable & Reportable:

2 Hours Gas to Appliance or at a time agreed by customer following restoration to the EVC 12 Hour Planned EVC and Gas to appliance		
Unplanned	2 Hours Gas to Appliance or at a time agreed by customer	Measure starts following EVC reinstatement for Unplanned. The measurement will be recorded once the job has been completed. Customer is not at home, we will offer 2-hour appointment slot
Planned	Supply restoration to ECV and appliance following planned interruption – 12 Hrs	The measurement will be recorded once the job has been completed. Customer is not at home, we will offer 2-hour appointment slot

Where there is enough commonality: Is the performance comparable across companies?	YES	<b>NO</b> - Enough commonality across GDN's, no current measure where performance is comparable.
--	-----	--

Capture the long-term nature of output (where relevant):

Our ultimate ambition is to reinstate all our customers' gas to appliance

Stretching targets that are well evidenced and deliver clear outcomes:

New Target Unplanned - 2 Hours Gas to Appliance or at a time agreed by customer

New Target Planned - <12 Hours Gas to EVC and Appliance

Clear consumer value:

Stakeholder evidence / CSAT scores:

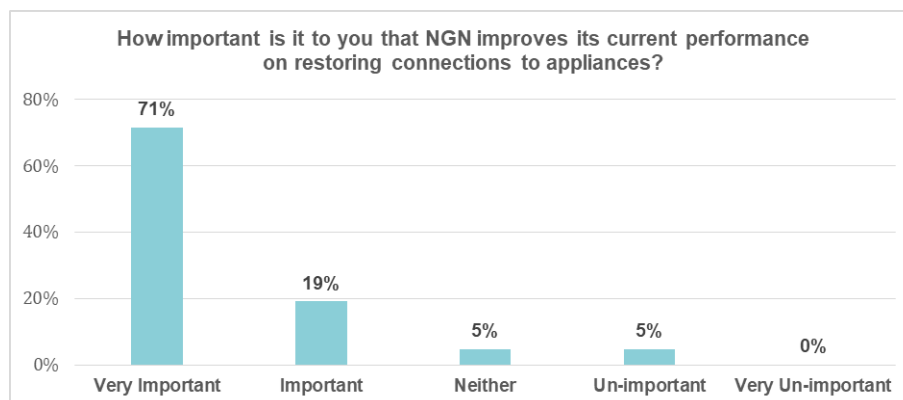
Customer Benefit

- Reduction in complaints
- Increased workforce efficiency
- Cost and time savings through efficient workforce
- Improved satisfaction
- Improved workforce resilience
- Customer time saving
- < £1m benefit in RIIO-2 and £1m over 15 years from 2021/22

Insight 8: When their gas supply is interrupted unexpectedly, customers want to be reconnected and able to use their appliances as soon as possible.

Who we heard it from		How we heard it	Volume
S	C	Citizens' Jury 2019	136
S	N,L,C,W	Business Plan Acceptability 2019	1,216
S	N,L,C,W	Unplanned Interruptions Pioneer Survey 2019	1,278
S	N,L,C	Vulnerable Customers Strategy Stakeholder Feedback Survey 2019	11

Overwhelming stakeholder support



In the early stages of testing the acceptability of our Business Plan we asked customers to appraise a proposal to restore gas supplies to 90% of appliances within 2 hours of gas being restored to the Emergency Control Valve or within 2 hours of a time agreed with the customer, supported by a commitment to pay £20 compensation if either of these promises are breached. The panel reported that the proposal was easy to understand, credible given that some households live in remote areas and may take longer to reach, and a positive addition to the business plan.

Because customers told us that what they really value is restoring gas to appliances, we've committed to a bespoke target to do this within 2 hours of gas being restored to the ECV for unplanned interruption. If the customer is not at home, we will offer 2-hour appointment slots for the engineer to attend the job and an engineer tracking option. If we fail, we will pay £20 compensation.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

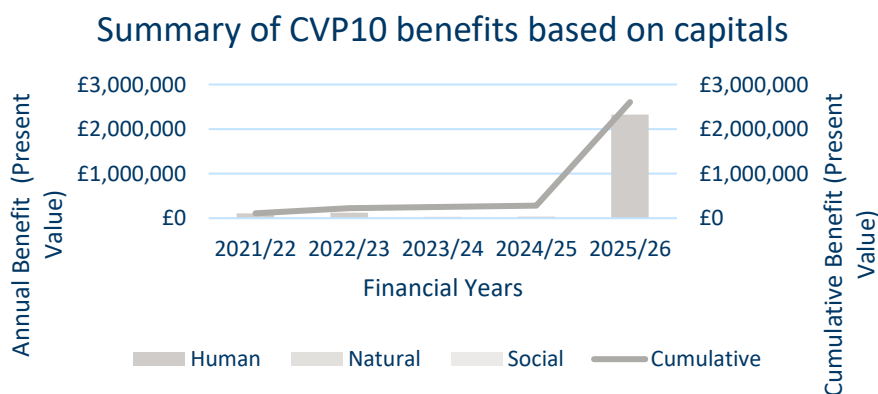
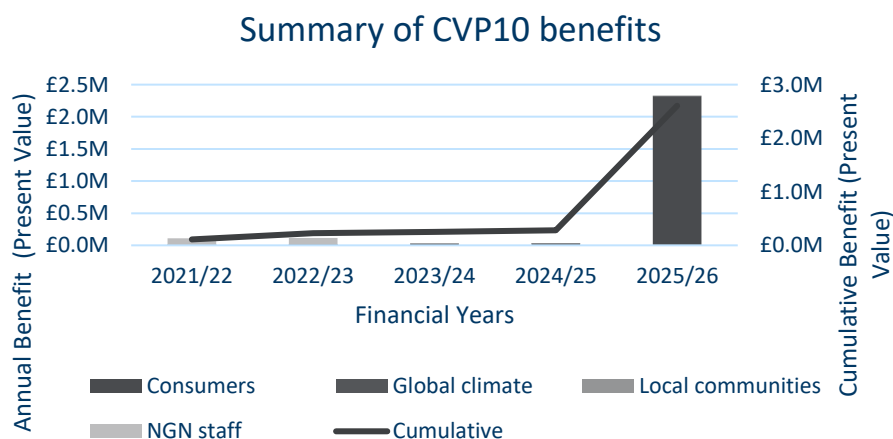
The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example -Highways Authorities for matters relating to the occupation of the highway):

#### PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Summary of CBA



Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Projected performance for the unplanned interruptions show likelihood

Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
# of interruptions	14,000	14,000	14,000	14,000	14,000	14,000	14,000	98,000
% of interruptions re-connected within 2 hours	65%	68%	72%	75%	78%	82%	85%	
# of interruptions re-connected within 2 hours	9,100	9,567	10,033	10,500	10,967	11,433	11,900	73,500

Our customer research indicates a value of WTP value of [£2,008,363] associated with this output. We consider that this is an extension of the current service that we offer and is additional value over and above the basic service offering.

Additional monetised benefits and value measures

- improvement in customer satisfaction,
- faster job resolution
- customer time
- complaints improvement

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

Additional to the existing measure GSOP 1 Restoration of the gas supply to the EVC.

Above and Beyond :

Ofgem GD2: **NA**

Ofgem GD2 Proposal: **NA**

NGN Bespoke Target: **New service level 2hr Gas to Appliance**

The level of service provided by:

NGN Bespoke Target Unplanned: 2 Hours Gas to Appliance or at a time agreed by customer

NGN Bespoke Target Planned: <12 Hours Gas to EVC and Appliance or at a time agreed by customer

- To achieve this level of service, training of NGN Operational FTE will need to be carried out £2.36m
- CBA supports this expenditure
- Flexibility of workforce enable additional resilience
- Penalty: £20 compensation

Additional reference & supporting information:

- Links to supporting evidence documents
- Output measure – reporting analysis information
- Other guidelines or NGN Strategy documents/plans/reporting

APPENDICES STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX A4

APPENDICES CUSTOMER VALUE PROPOSITION - APPENDIX A4

RIIO GD2 - BESPOKE OUTPUT JUSTIFICATION			
1CATEGORY / OUTPUT DETAILS			
CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	Output Reference: C37 Major incident standards - 8 individual targets		
GD2 Forecast / target / definition as documented in the draft Business Plan	What		When
	Specialist customer support on site – Customer Care Officers		Immediately
	Dedicated customer support centre on site		Immediately
	Volunteer support from office-based functions		Immediately
	Alternative heating and cooking equipment		Offered to all within 8 hours
	Bespoke heating and cooking i.e. oil-filled radiators		Offered to all within 8 hours
	Hot food catering on site, and food vouchers available to everyone		Within 24 hours
	External resilience support, if required (e.g. Red Cross)		Within 24 hours
	Hardship fund available on site to support those in immediate financial hardship.		Within 24 hours
	OUTPUT DELIVERABLE	License Obligation (LOs)	Price Control Deliverables (PCDs)
REPORTING	Monthly	Annually	RIIO-GD2 full period
2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE: Be as complete as possible in capturing the activities and costs of the company:			
Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?		YES	NO
Be as complete in capturing the activity and the costs of the company  Resource and expenditure <ul style="list-style-type: none"> <li>c.£2m in RIIO-2 based on RIIO-1</li> </ul>			



Measurable & Reportable:

**Major incident standards - 8 individual targets**

Measure

If more than 250 customers are affected, we offer additional and extended support during incidents, above and beyond the facilities that we are regulated to provide, with special consideration of ensuring that we protect our most vulnerable customers.

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant): **NA**

Stretching targets that are well evidenced and deliver clear outcomes: **NA**

Clear consumer value:

Stakeholder evidence / CSAT scores:

Customer Benefits

- Reduction in complaints
- Improved satisfaction
- c£25m benefit in RIIO-2 and £64m over 15 years from **2021/22**

Insight 15: We should continue to provide industry-leading support when large-scale unplanned incidents occur.

We heard from stakeholders at our Pioneer Workshop that they are impressed with what we do beyond our statutory obligations when responding to unplanned, large-scale interruptions.

Committed to a Major Incident Support Framework. We will continue to deliver advanced support services during "gas-off" incidents impacting over 250 customers, and on a case by case base for smaller incidents, based on expected length of interruption and weather conditions and we will continue to hold detailed reviews to ensure we take on future feedback.

**3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:**

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

Price Control

<p>Are proposals backed by robust evidence &amp; justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:</p> <p>Since 2014, we have enhanced our provision of services during major incidents based on direct customer feedback. We carry out reviews and analyse feedback after each incident to ask: Have we done enough? Following a major incident in Silsden – where 3,500 customers lost their gas supply for three days – stakeholders supported our commitments with limited new suggestions for improvements. Stakeholders have since told us they are impressed with what we already do beyond our statutory obligations and asked us to keep delivering to this very high standard.</p>
<p>Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:</p> <p>Customer Benefit</p> <ul style="list-style-type: none"> <li>• Reduction in complaints</li> <li>• Improved satisfaction</li> <li>• c£25m benefit in RIIO-2 and £64m over 15 years from 2021/22</li> </ul>
<p>The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:</p> <p>Service level continued from RIIO-1</p>
<p>The level of service provided by:</p> <ul style="list-style-type: none"> <li>Other companies/comparators (where available)</li> <li>Activities &amp; the indicative cost associated with achieving the targeted level of service</li> <li>Proposals for licence conditions and/or penalties if performance falls below existing service levels</li> </ul> <p>NA</p>
<p>Additional reference &amp; supporting information:</p> <ul style="list-style-type: none"> <li>• STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4</li> <li>• Vulnerability Strategy – APPENDIX REF A7</li> </ul>

### 2.1.3 Help for those who need it most

We have a strong social ethos and are committed to supporting struggling customers and communities wherever we can. In recent years, this work has included helping to establish hubs in rural areas where socially isolated customers can go for warmth and company. We also train our customer care colleagues to spot signs of vulnerability and provide appropriate support; working with experts to deliver energy audits and money-saving advice in customers' homes; and launching a community grants programme for grass-roots schemes which make a difference.

### Fuel Poor Connections

We will continue to commit to stretching targets to help tackle fuel poverty by assisting off-grid, fuel poor customers to connect to the gas network. We will target 1,000 customers per annum over the RIIO-2 period and for 50% of those connections, we will only claim the full value of fuel poor allowance if we can prove that homes are more energy efficient once connected to gas. Our target of 1,000 is reflective of both the removal of the Lower Super Output Criteria during RIIO-1, along with the uncertainty around funding mechanisms that will be in place to support in-house measures during RIIO-2.

However, we have taken the ambitious move to include a stretch target of 2,000 per year, which is line with the numbers achieved during RIIO-1. If we achieve delivery of the initial 1,000, we will then declare any further fuel poor connections through the annual RRP process and claim the associated allowance as and when these are delivered. We have designed this output to allow us to encourage ambition, rather than be constrained by the existing funding uncertainty.

The following is our enhanced output proposed for RIIO-2

- C38 - Fuel Poor Connections

RIIO GD2 - OUTPUT JUSTIFICATION				
1. CATEGORY / OUTPUT DETAILS				
CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network		Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	VUNERABLE CUSTOMERS: C38 - Fuel Poor Connections			
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Output	Ofgem Target	NGN Target	NGN STRETCH Target
	Fuel Poor Connections	N/A	1,000 connections per year	2,000 connections per year
OUTPUT DELIVERABLE	Common	Enhanced		Bespoke
	License Obligation (LOs)	Price Control Deliverables (PCDs)		Output Delivery Incentives (ODIs) - Financial
REPORTING	Monthly	Annually		RIIO-GD2 full period
2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE: Be as complete as possible in capturing the activities and costs of the company:				
Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?		YES	NO	

Be as complete in capturing the activity and the costs of the company costs (inflation rates / resource / training) / Technology / Compensation?

Output	Resources & expenditure	Customer benefit
Fuel Poor Connections	No incremental increase in expenditure • c£2m per annum to deliver obligations • No additional resource beyond RIIO-1	Improved health Safer heating systems Cleaner source of fuel Energy bills savings Monetised benefit of £22m over RIIO-2 and £84m over 15 years from 2021/22

Uncertainty Mechanism		
Cost Area	Mechanism	Coverage
Capex	Volume Driver – Fuel Poor	£2 million p. a

- Our ambition is to deliver 2,000 Fuel-Poor connections each year during RIIO-2, an increase from c.1,800 in RIIO-1.
- However, we recognise that this is a stretching target, given recent changes to the scheme which make it more difficult for customers to qualify for a free connection.
- Consequently, our plan includes a firm commitment to deliver 1,000 connections each year with associated costs.
- We then support the use of a volume driver mechanism to provide funding for any extra connections that we can deliver, which could increase costs by between £2m to £3m per annum.

Measurable & Reportable:

YES

- Already a reportable output measure, which is included in RIIO-GD1 price control under the Social Obligation category.
- This is currently reported on a Monthly and Annually basis, tracking our actual performance against our Ofgem targets

Where there is enough commonality: Is the performance comparable across companies?

#### Fuel poor connections - Actuals and RIIO-GD1 forecasts

Number of fuel poor connections - per GDN	Six-year cumulative			RIIO-GD1 eight year		
	Commitment	Actual	% variance	Revised commitment <sup>1</sup>	Forecast	% variance
EoE	8,792	9839	11.9%	12,046	12,046	0.0%
Lon	2,140	2436	13.8%	2,880	2,880	0.0%
NW	10,070	9882	(1.9%)	13,330	13,330	0.0%
WM	6,290	5974	(5.0%)	8,360	8,360	0.0%
NGN	10,668	12829	20.3%	14,500	16,000	10.3%
Sc	12,846	19078	48.5%	17,130	21,782	27.2%
So	8,083	7016	(13.2%)	10,367	10,376	0.1%
WWU	9,354	9582	2.4%	12,590	12,590	0.0%
Industry	68,243	76,636	12.3%	91,203	97,364	6.8%

The original price control volumes for fuel poor were increased as part of the Fuel Poor Network Extension Scheme published in September 2015, with the exception of Lon, NW and WM

#### Stretching targets that are well evidenced and deliver clear outcomes:

- We will continue to commit to stretching targets to help tackle fuel poverty by assisting off-grid, fuel poor customers to connect to the gas network.
- We will target 1,000 customers per annum over the RIIO-2 period and for 50% of those connections, we will only claim the full value of fuel poor allowance if we can prove that homes are more energy efficient once connected to gas.
- This target of 1,000 is reflective of both the removal of the Lower Super Output Criteria during RIIO1, and the uncertainty around funding mechanisms that will be in place to support in-house measures during RIIO-2.
- However, we have taken the ambitious move to include a stretch target of 2,000 per year, which is line with the numbers achieved during RIIO-1. If we achieve delivery of the initial 1,000, we will then declare any further fuel poor connections through the annual RRP process and claim the associated allowance as and when these are delivered.
- We have designed this output to allow us to encourage ambition, rather than be constrained by the existing funding uncertainty.

Clear consumer value:

STAKEHOLDER EVIDENCE/SESSIONS:

- Social Pioneer Workshop 2019
- Citizens' Jury
- Vulnerable Customers Strategy Survey
- Business Plan Acceptability
- Future Customers Priorities Research
- Centrepiece Survey
- Willingness to Pay Research

SOCIAL AND VULNERABILITY PROMISES – Fuel Poor Connections	You said	So, we have
	Stakeholders and customers want us to meet or exceed the number of fuel-poor gas connections provided during RII0-1.	We will commit to a minimum 1000, and have an ambition to deliver 2000, off-grid, fuel-poor customers per annum over the RII0-2 period by connecting them to the gas network, saving them £350 per year on their energy bills. This is a compromise area in our plan. We have set ourselves what we believe is a realistic target based upon the narrowing definition of who can qualify for the scheme
	Stakeholders want us to ensure that, when we deliver a free gas connection, this results in benefits to those customers in the form of cheaper bills.	We will offer a suite of additional support to households receiving free gas connections during the same visit. We have committed to only claiming the full allowance for what we do should the desired customer benefit be achieved. This will be applied to 500 fuel poor connections per year.

3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

#### PRICE CONTROL / LICENSE OBLIGATION

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers: Analysis is ongoing to fully monetise the value that will be delivered from this output. Our WTP research has indicated a monetary value of [£8,832,000] to support delivery of the output. Additional monetised benefits and value measures

Carbon

Health, Safety and Wellbeing

- Social
- Energy savings

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Training additional staff to recognise and deal with vulnerability will widen the coverage and understanding across our business.

It will provide additional support to all consumers particularly those who need it most.

Additional monetised benefits and value measures:

- Health, Safety and Wellbeing
- Customer satisfaction
- Reduced complaints
- Social and Welfare
- Resource
- Staff Productivity

Customer Value for GD2 –

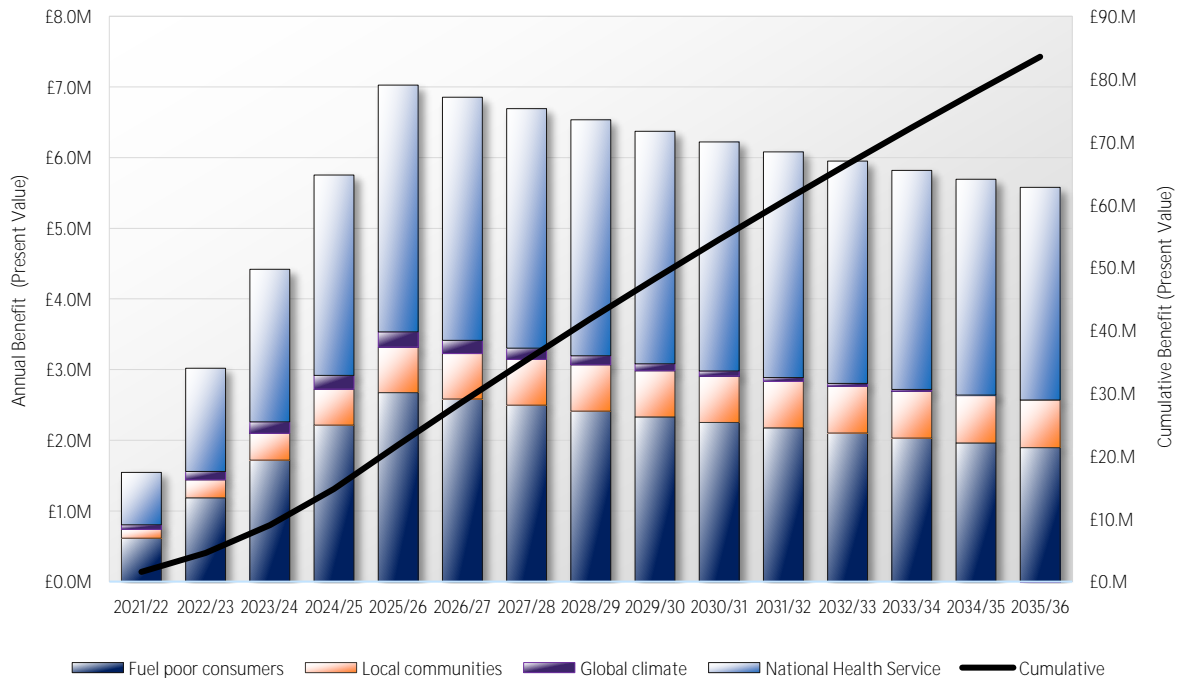
NGN to only claim full Fuel Poor voucher value if customer outcome achieved i.e. improved EPC or SAP ratings. This will apply to 50% of all Fuel Poor Connections

$CVP-REF = CVP1$

- Improved health
- Safer heating systems
- Cleaner source of fuel
- Energy bills savings
- Monetised benefit of £22m over RIIO-2 and £84m over 15 years from 2021/22



### Summary of CVP1 benefits



The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

Already an output within GD1 Price Control – Performing positively against RIIO-GD1 targets (table below)

Customer Value for GD2 - NGN to only claim full Fuel Poor voucher value if customer outcome achieved i.e. improved EPC or SAP ratings. This will apply to 50% of all Fuel Poor Connections

Actual Fuel Poor Connections – Per Regulatory year						
Target for full RIIO-GD1 8yr period	13/14	14/15	15/16	16/17	17/18	18/19
14,500	1,164	1,707	2,458	2,638	2,099	2,763

Additional reference & supporting information:

POINTS OF REFERENCE:

VULNERABILITY STRATEGY – APPENDIX REF A7

- Our strategy is included as an appendix supporting the justification of this output, providing additional detail on our initiatives and delivery strategy for helping those who need it most.
- NGN’s dedicated Vulnerable Customer Strategy is reviewed regularly and in February 2019 we received the BSI 18477 Accreditation for Inclusive Service Provision which will be maintained in RIIO-2.

– STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4

– CUSTOMER VALUE PROPOSITION -CVP1 – APPENDIX REF A13

INSIGHT 27 –

Customers and stakeholders want us to meet or exceed the number of fuel-poor gas connections provided during RIIO-1.

INSIGHT 28 –

Stakeholders want us to ensure that, when we deliver a free gas connection, this results in benefits to those customers in the form of cheaper bills.

## Vulnerable Customer Support

We recognise that for RIIO-2 there will be a minimum set of performance standards that will provide the foundation for how we look after our customers in most need. These are:

License Condition 'o' – currently in development, but likely to mirror the existing supplier license condition.

License Condition 17/Special Condition D13 – GDNs have a specific obligation to promote the PSR and refer eligible customers through to their respective DNO PSR registration process.

Guaranteed Standards of Performance – currently under review, but likely to lead to change to existing GSOPs based on collaborative research conducted by the GDNs.

Going further than the minimum standards, formalising key achievements from RIIO-1 into business as usual, and setting ambitious bespoke targets that go beyond our business as usual activities, these outputs also reflect our stakeholder needs and feedback.

The following are our bespoke/ enhanced outputs proposed for RIIO-2

- C39 - Annual Showcase Event and publication of Annual Report
- C40 - Priority Services Register (PSR)
- C41 - Carbon Monoxide (co) Awareness Sessions and Provision of Free CO Alarms to all New Connections Customers
- C42 - Energy Efficiency Advice
- C43 - Hardship Fund
- C44 - Community Partnering Fund
- C45 - Social and Customer Competency Framework
- C46 – Dedicated 24/7 PSR / Extra Support Helpline
- C47 – 100 Community Partners trained each year to deliver support with Carbon Monoxide safety, Priority Services Registrations/Awareness, Efficiency Advice/Referrals

## RIIO GD2 – BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network	
NAME & BRIEF DESCRIPTION OF OUTPUT	VULNERABLE CUSTOMERS: <ul style="list-style-type: none"><li>- C39 - Annual Showcase Event and publication of Annual Report</li><li>- C40 - Priority Services Register (PSR)</li><li>- C41 - Carbon Monoxide (co) Awareness Sessions and Provision of Free CO Alarms to all New Connections Customers</li><li>- C42 - Energy Efficiency Advice</li><li>- C43 - Hardship Fund</li><li>- C44 - Community Partnering Fund</li></ul>			
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Output		Ofgem Target	NGN Target
	C39 - Annual Showcase Event & Publication of Annual Report	Report annually on common vulnerability metrics Host annual showcase event	N/A	Meet Criteria
	C40 - Priority Services Register (PSR)– Promotions / Registrations	5,000 registrations per year	N/A	Meet Criteria
	C41 - Carbon Monoxide (co) Awareness Sessions and Provision of Free CO Alarms to all New Connections Customers	Deliver 10,000 CO sessions per year	N/A	Meet Criteria
	C42 - Energy Efficiency Advice	Commit to delivering directly 1,000 successful energy efficiency advice referrals per year of vulnerable customers to partners who can provide further support on improving energy efficiency in homes.	N/A	Meet Criteria
	C43 - Hardship Fund	Serving customers who are in desperate of need of direct financial help and have been unable to identify help through existing funding routes. £150k per year.	N/A	Meet Criteria
	C44 - Community Partnering Fund	To reach our customers in most need, providing support to our unique Community Partnering. In partnership with Northern PowerGrid, together making £100,000 available on an annual basis.	N/A	Meet Criteria
	OUTPUT DELIVERABLE	Common	Enhanced	Bespoke
License Obligation (LOs)		Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational	

REPORTING	Monthly	Annually	RIIO-GD2 full period
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## 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?

YES

NO

Output		Built into Plan	Resources & expenditure	Customer Benefit
Vulnerable Customer Support	C39 - Annual Showcase Event & Publication of Annual Report	Yes	c.£10k per annum	Report on performance, share best practice, and engage with stakeholders on strategic direction.
	C40 - Priority Services Register (PSR)– Promotions / Registrations	Yes	£22,500pa to deliver 5,000 registrations per year	Customer awareness Improved wellbeing and support Improved satisfaction
	C41 - Carbon Monoxide (co) Awareness Sessions and Provision of Free CO Alarms to all New Connections Customers	Yes	£45,000pa to deliver 10,000 awareness sessions per year	Improved safety awareness Reduced risk of fatality and hospitalisation
	C42 - Energy Efficiency Advice	Yes	£34,000pa to deliver 1,000 visits/ referrals per year	Reduced energy cost Improved well being Carbon savings £2m delivered in RIIO-2 and £6m over 15 years from 2021/22
	C43 - Hardship Fund	No-GDN Funded	£150,000pa	Energy bill savings Improved safety and efficiency for customers from newer appliances Reduced fuel poverty Improved customer wellbeing Monetised benefit of £14m in RIIO-2 and £49m over 15 years from 2021/22
	C44 - Community Partnering Fund	No-GDN Funded	£50,000pa	Local economic multiplier < £1m benefit in RIIO-2 and £1m over 15 years from 2021/22

\*HARDSHIP FUNDING HAS INCREASED FROM £50K PER ANNUM TO £150K.

- We have had our business plan reviewed by the customer engagement group and we were challenged heavily on the contribution to the Hardship Fund that we have also included as a CVP
- In V2 of our business plan we had committed to £50k, however this will now be £150k for the final business plan, this is following a challenge from the CEG and a review by our executive.

<p>Measurable &amp; Reportable:</p> <p>Vulnerable Customer Support outputs are new for GD2, except for CO Awareness.</p> <ul style="list-style-type: none"> <li>CO Awareness is already a reportable output measure, which is included in RIIO-GD1 price control under the Social Obligation Category – Performing positively against target</li> </ul> <p>We have a range of engagement mechanisms in place to ensure that we regularly review current and emerging risks and challenges.</p> <p>Including:</p> <ul style="list-style-type: none"> <li>Infrastructure North</li> <li>Mini Public Panel / Citizens Jury</li> <li>Pioneer workshops</li> <li>Academic research to support specific knowledge gaps and Internal colleague engagement.</li> </ul> <p>We triangulate learning from direct engagement with stakeholders on an on-going basis with operational data such as customer complaints, enquiries, social media channels and third-party insights which capture different dimensions of the same phenomenon.</p> <p>FULL BREAKDOWN OF PERFORMANCE CRITERIA &amp; MECHANISMS ARE WITHIN THE VULNERABILITY STRATEGY – APPENDIX REF A7</p>		
Where there is enough commonality: Is the performance comparable across companies?	YES	NO
<p>Stretching targets that are well evidenced and deliver clear outcomes:</p> <p>Going further than the minimum standards, formalising key achievements from RIIO-1 into business as usual, and setting ambitious bespoke targets that go beyond our business as usual activities, this reflects our stakeholder needs and feedback.</p> <p>PRIORITY SERVICES REGISTER (PSR)</p> <ul style="list-style-type: none"> <li>Since the introduction of Special Condition D13, we have been referring 3-4,000 customers per year through our day to day activities. We have set a stretching target of 5,000 referrals per year.</li> </ul> <p>CARBON MONOXIDE AWARENESS</p> <ul style="list-style-type: none"> <li>We have set an ambitious target of providing energy efficiency advice to 1,000 customers per year, and 10,000 Carbon Monoxide Awareness sessions, also through our day to day activities.</li> </ul> <p>HARDSHIP FUNDING INCREASED FROM £150k PER ANNUM.</p> <ul style="list-style-type: none"> <li>We have had our business plan reviewed by the customer engagement group and we were challenged heavily on the contribution to the Hardship Fund that we have also included as a CVP candidate.</li> <li>In V2 of our business plan we had committed to £50k, however this will now be £150k for the final business plan, this is following a challenge from the CEG and a review by our executive.</li> </ul>		

Clear consumer value:

#### STAKEHOLDER SESSIONS:

- Social Pioneer Workshop 2019
- Citizens' Jury
- Vulnerable Customers Strategy Survey
- Business Plan Acceptability
- Future Customers Priorities Research
- Centrepiece Survey
- Willingness to Pay Research

Vulnerable Customer Support	You said	So, we have
	Stakeholders want to see a continued focus on raising relatively low levels of awareness of carbon monoxide to save lives.	We will continue our important CO safety and awareness programme. This service will be available to all customers and not just those identified as vulnerable. We have promised to deliver 10,000 CO surveys per year.
	We should make every contact with customers count by raising awareness of our services and providing additional support during the same customer journey.	When undertaking our normal activities, in addition to carbon monoxide awareness, our front-line staff will provide energy efficiency advice or referrals.
	Stakeholders want us to support all individuals in vulnerable situations, including residents who are 'off grid'.	We will actively promote and seek out members of our communities who are eligible for the Priorities Services Register, targeting an additional 50,000 registrations per year. We will also deliver enhanced services such as offering a dedicated hotline for any customer registered on the PSR, or anyone who might identify themselves as vulnerable.
	Stakeholders want NGN to deliver support and key messages through effective and trusted collaboration with other partners, taking care to avoid duplication with other utilities or social services.	We will continue to support our unique Community Partnering scheme. Launched in 2015, we initially made £50,000 available for charities to bid for, that would both meet our core strategic objectives and respond to the needs of the specific charity. We will also train 100 community partners per year in CO; PSR; and energy efficiency to reach a wider range of customers.
	Stakeholders want to see us offering bespoke support to vulnerable customers during supply interruptions.	We have enhanced the service offerings that we have available during supply interruption incidents, including a Major Incident Support Framework, and set timescales for the provision of each of these services.
	Stakeholders want to see vulnerability training given equal importance to the safety and technical competency training provided to our first-call engineers.	We will create a Customer and Social Competency Framework, to mirror the existing framework for safety and technical competencies. We will develop this in collaboration with National Energy Action and the Institute of Customer Service.

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

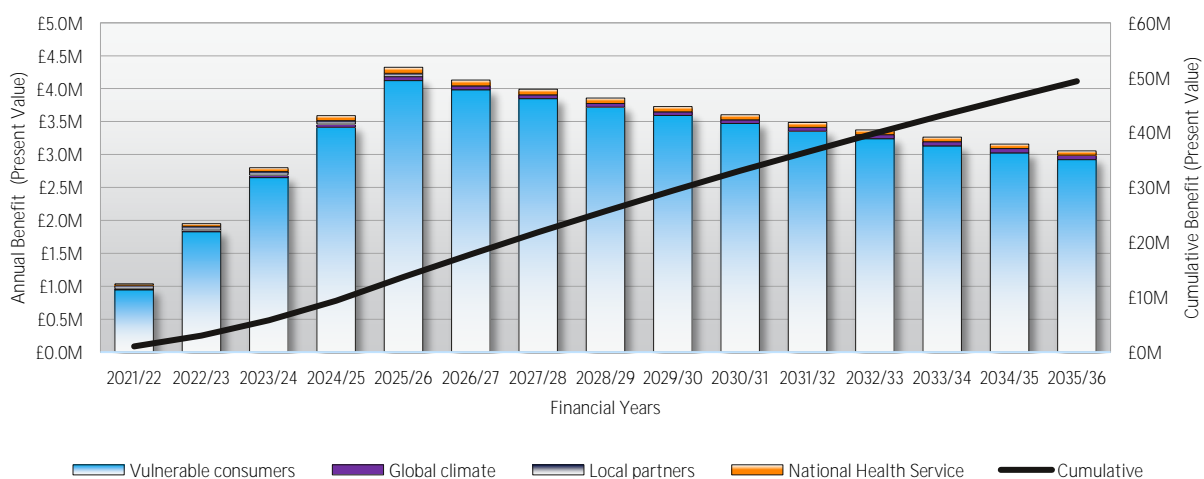
Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):- **PRICE CONTROL / LICENSE OBLIGATION**

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

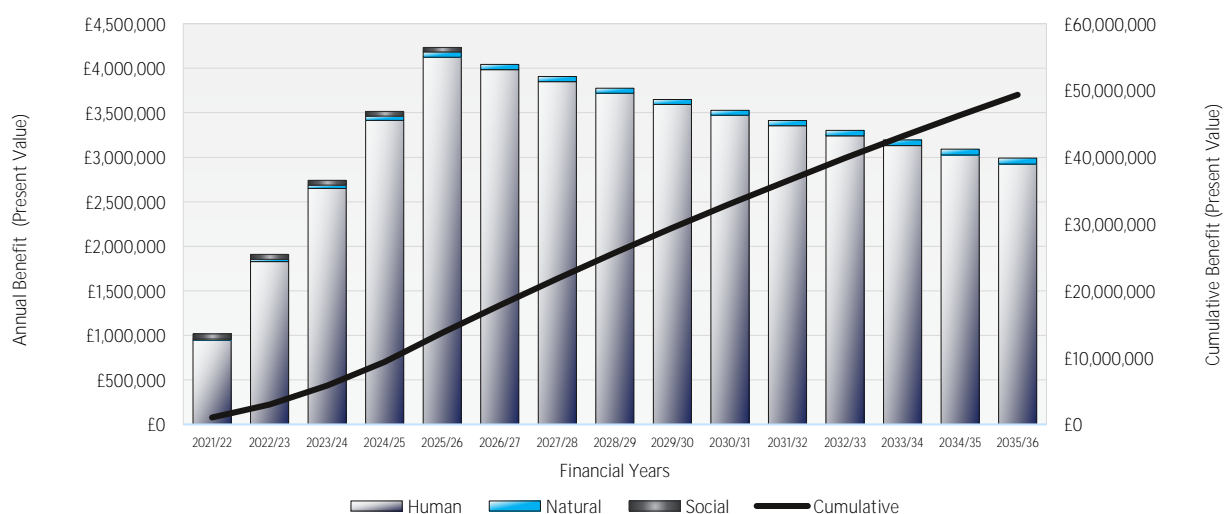
FOR FULL BREAKDOWN OF PERFORMANCE CRITERIA & MECHANISMS – PLEASE REFER TO:

- VULNERABILITY STRATEGY - APPENDIX REF A7
- CUSTOMER VALUE PROPOSITION – APPENDIX REF A13 (CVP2 & CVP3)

Summary of Hardship Fund Benefits CVP2

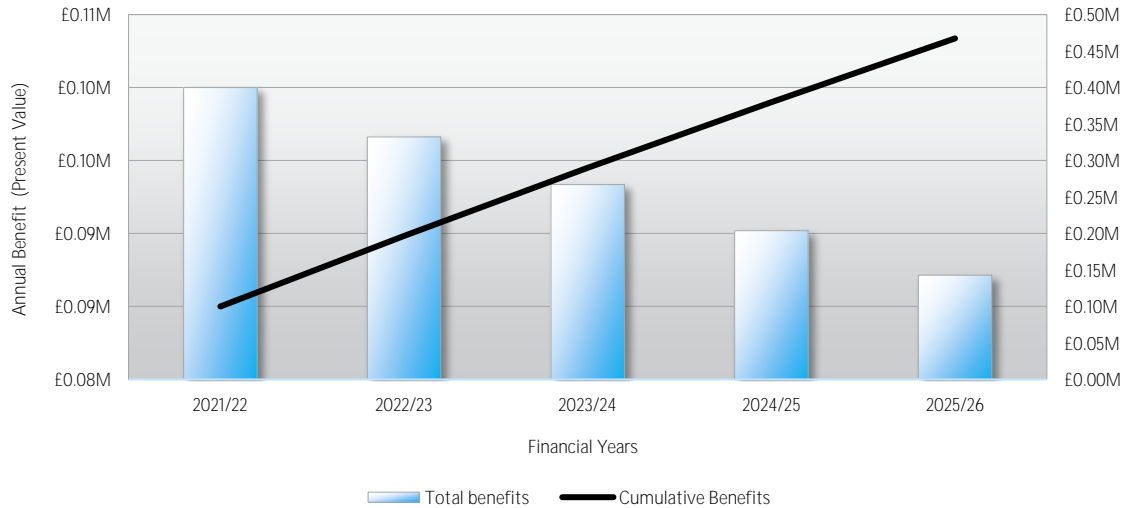


Summary of CVP2 benefits based on capitals





### Summary of Community Partnering Fund benefits CVP3



Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

#### CUSTOMER VALUE

- Training additional staff to recognise and deal with vulnerability will widen the coverage and understanding across our business.
- It will provide additional support to all consumers particularly those who need it most.

#### ADDITIONAL MONETISED BENEFITS AND VALUE MEASURES:

- Health, Safety and Wellbeing
- Customer satisfaction
- Reduced complaints
- Social and Welfare
- Resource
- Staff Productivity

#### COMMUNITY PARTNERING FUND

- Increased partnership working across organisation will create ripple effect to deliver wider benefits across the region.

##### Additional monetised benefits and value measures:

- Collaboration
- Health, Safety and Wellbeing
- Social
- Customer satisfaction
- Cost reduction

#### HARDSHIP FUND

- Analysis is ongoing to fully monetise the value that will be delivered from this output.
- Additional monetised benefits and value measures include:

- Carbon
- Health, Safety and Wellbeing
- Social
- Welfare
- Financial
- Energy Savings

Additional reference & supporting information:

[Links to supporting evidence documents](#) / [Output measure – reporting analysis information](#) / [Other guidelines or NGN Strategy documents/plans/reporting](#)

VULNERABILITY STRATEGY – APPENDIX REF A7

- NGN's dedicated Vulnerable Customer Strategy is reviewed regularly and in February 2019 we received the BSI 18477 Accreditation for Inclusive Service Provision which will be maintained in RIIO-2.
- Our strategy is included as an appendix supporting the justification of this output, providing additional detail on our initiatives and delivery strategy for helping those who need it most.

RIIO-GD1 YEAR 6 REPORT (JULY 2019)

STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4

- INSIGHT 16, 17, 23, 25, 26, 29, 30, 31 & 38

CUSTOMER VALUE PROPOSITION – APPENDIX REF A13

CEG CHALLENGE & REVIEW

\*HARDSHIP FUNDING HAS INCREASED FROM £50K PER ANNUM TO £150K.

- We have had our business plan reviewed by the customer engagement group and we were challenged heavily on the contribution to the Hardship Fund that we have also included as a CVP candidate.
- In V2 of our business plan we had committed to £50k, however this will now be £150k for the final business plan, this is following a challenge from the CEG and a review by our executive.

## RIIO GD2 – BESPOKE OUTPUT JUSTIFICATION

### 1.CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	<b>VULNERABLE CUSTOMERS:</b> C45- Social & Customer Competency Framework C46 - Dedicated 24/7 PSR/Extra Support Hotline C47 -100 Community Partners trained each year to deliver support with Carbon Monoxide safety, Priority Services Registrations/Awareness, Efficiency Advice/Referrals		
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Output	Ofgem Target	NGN Target
	C45 - Social & Customer Competency Framework	NA	Meet Criteria
	C46 - Dedicated 24/7 PSR/Extra Support Hotline	NA	Meet Criteria
	C47 -100 Community Partners trained each year to deliver support with Carbon Monoxide safety Priority Services Registrations/Awareness Efficiency Advice/Referrals	NA	Meet Criteria
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company Costs (inflation rates / resource / training) / Technology / Compensation?

Output	Resources & expenditure	Customer benefit
C45 Social & Customer Competency Framework	£140,000 over RIIO-2	Negligible benefit in RIIO- 2, c£15m over 15 years from 2021/22 once staff are fully trained
C46 Dedicated 24/7 PSR/Extra Support Hotline	£70k over RIIO-2	
C47 100 Community Partners trained each year to deliver support with Carbon Monoxide safety Priority Services Registrations/Awareness Efficiency Advice/Referrals	£8,650pa	

#### Measurable & Reportable:

How we will assess the success of any initiatives:

All funding opportunities are and will be subject to a series of evaluations and approvals prior to commissioning, with several tests to be met before any progress to approval cycles; these include consideration of the following:

Is the initiative a matter that we should be funding, matching needs to be in line with our CSR strategy "Community Promises", our Vulnerability Strategy, and reflect the views of our stakeholders?

Is it likely that the initiative can be replicated, i.e. will it work/be of benefit to others, in different areas, with different needs?

Is the initiative scalable, can it be grown to bring benefits of being shared with others to use beyond NGN?

If the above challenges are met, assessment against costs, benefits, outputs and outcomes are then developed using the NGN Value Framework, with the outcomes reviewed by an independent panel prior to any funding. Critical success factors will be clearly defined and agreed for each initiative and are subject to interim reviews against criteria allowing support/ evaluation during the life of the initiative, and in general are based on expected outcomes and outputs. Evaluations pre and post completion would be undertaken using the NGN Value Framework, ensuring that activities are measured against expected outcomes.

We have a range of engagement mechanisms in place to ensure that we regularly review current and emerging risks and challenges. Including:

- Infrastructure North
- Mini Public Panel / Citizens Jury
- Pioneer workshops
- Academic research to support specific knowledge gaps and Internal colleague engagement.

We triangulate learning from direct engagement with stakeholders on an on-going basis with operational data such as customer complaints, enquiries, social media channels and third-party insights which capture different dimensions of the same phenomenon.

FULL BREAKDOWN OF PERFORMANCE CRITERIA & MECHANISMS ARE WITHIN OUR VULNERABILITY STRATEGY - APPENDIX REF A7

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant):

Stretching targets that are well evidenced and deliver clear outcomes:

- In RIIO-2, we will continue to work with expert partners to deliver a wide range of support to customers in vulnerable circumstances.
- STAKEHOLDERS have reaffirmed our belief that we have an important and practical role to play in supporting the wider social agenda.
- It is a guiding principle of the outputs that we are striving for ambition, and willing to take risk, both financial and reputation, in the delivery of these outputs.
- Our customers and stakeholders expect us to really stretch ourselves in this area, and we are fully committing to deliver much more in GD2 as business as usual, as well as setting ourselves stretching outputs beyond business as usual activities.
  - Importantly, we will not be using the Use it or Lose it Allowance to achieve any of the outputs detailed below. We see this fund as enabling us to scale up and grow project and research ideas that have already been tested either through the Community Partnering Fund (as a local level) or through the NIA for Vulnerability

Clear consumer value:

STAKEHOLDER Sessions

- Social Pioneer Survey 2019
- Citizens' Jury
- social pioneer workshop
- Vulnerable customer strategy survey
- Business plan acceptability
- Future Customers Priorities Research
- Centrepiece survey
- Willingness to Pay

SOCIAL AND VULNERABILITY PROMISES – VULNERABLE CUSTOMER SUPPORT	You said	So, we have
	Stakeholders want to see vulnerability training given equal importance to the safety and technical competency training provided to our first-call engineers.	We will create a Customer and Social Competency Framework, to mirror the existing framework for safety and technical competencies. We will develop this in collaboration with NATIONAL ENERGY ACTION and the INSTITUTE FOR CUSTOMER SERVICE.
	Stakeholders want NGN to deliver support and key messages through effective and trusted collaboration with other partners, taking care to avoid duplication with other utilities or social services.	We will continue to support our unique Community Partnering scheme. Launched in 2015, we initially made £50,000 available for charities to bid for, that would both meet our core strategic objectives and respond to the needs of the specific charity. We will also train 100 community partners per year in CO, PSR and energy efficiency to reach a wider range of customers.
	Stakeholders want to see NGN staff providing advice or referrals on energy efficiency in addition to carbon monoxide awareness when undertaking our normal activities.	Our first-call engineers will make every contact with customers count by delivering bespoke energy efficiency advice and referrals to 1000 customers per year.

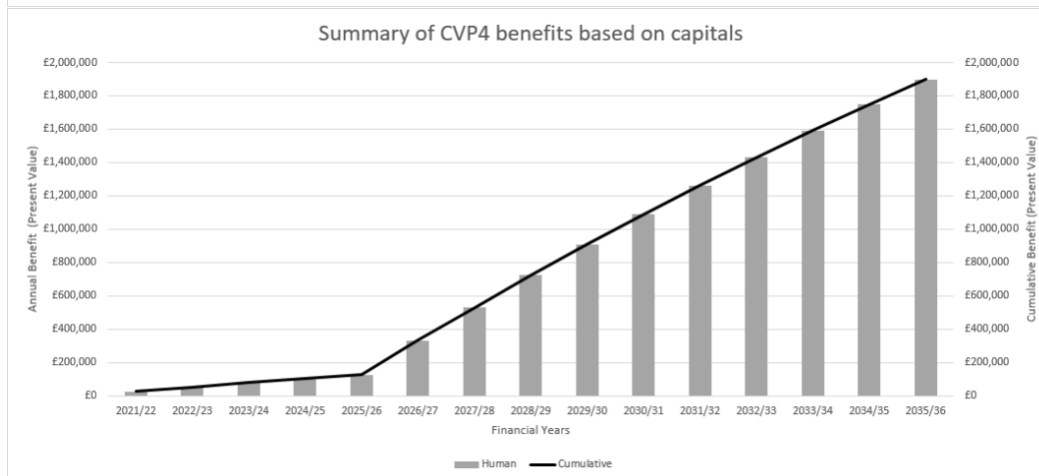
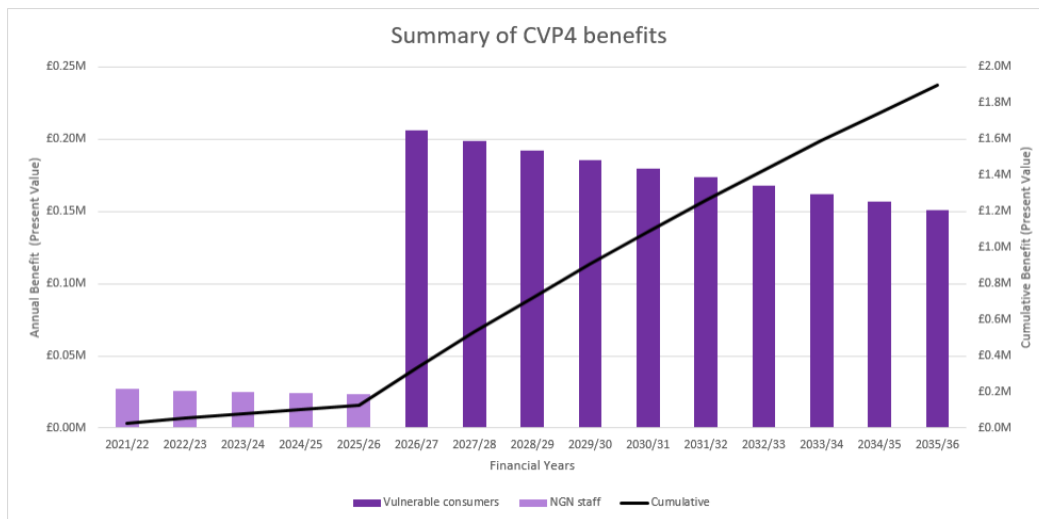
### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):  
OUTPUT DELIVERABLE INCENTIVE – Reputational

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

- Going further than the minimum standards, formalising key achievements from RIIO-1 into business as usual, and setting ambitious bespoke targets that go beyond our business as usual activities, the following set of outputs reflect stakeholder needs and feedback.
- Please refer to the CUSTOMER VALUE PROPOSITION – APPENDIX REF A13 (CVP4) for more detailed analysis on customer benefits and value for money.



Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

#### CUSTOMER VALUE

- Training additional staff to recognise and deal with vulnerability will widen the coverage and understanding across our business.
- It will provide additional support to all consumers particularly those who need it most.

#### ADDITIONAL MONETISED BENEFITS AND VALUE MEASURES:

- Health, Safety and Wellbeing
- Customer satisfaction
  - Reduced complaints
  - Social and Welfare
  - Resource
  - Staff Productivity

#### STAKEHOLDER ENGAGEMENT INSIGHTS/EVIDENCE:

- INSIGHT 16. A dedicated phone line and electric heaters are the most critical means of supporting customers in vulnerable circumstances during an incident.
- INSIGHT 24. It is difficult to gain consensus on which vulnerable customer segments are perceived to be most in need of support. Customers and stakeholders want to see provision of bespoke relevant support that is driven by individual circumstances.
- INSIGHT 26. Stakeholders want to see vulnerability training given equal importance to the safety and technical competency training provided to our first-call engineers.

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

- Going further than the minimum standards, formalising key achievements from RIIO-1 into business as usual, and setting ambitious bespoke targets that go beyond our business as usual activities, the following set of outputs reflect stakeholder needs and feedback.

**Additional reference & supporting information:** [Links to supporting evidence documents](#) / [Output measure – reporting analysis information](#) / [Other guidelines or NGN Strategy documents/plans/reporting](#)

#### POINTS OF REFERENCE:

- VULNERABILITY STRATEGY – APPENDIX REF A7  
NGN's dedicated Vulnerable Customer Strategy is reviewed regularly and in February 2019 we received the BSI 18477 Accreditation for Inclusive Service Provision which will be maintained in RIIO-2. Our strategy is included as an appendix supporting the justification of this output, providing additional detail on our initiatives and delivery strategy for helping those who need it most.
- RIIO-GD1 YEAR 6 REPORT (JULY 2019)
- STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4  
INSIGHT 16, 17, 23, 24, 25, 26, 29, 30, 31 & 38
- CUSTOMER VALUE PROPOSITION – APPENDIX REF A13 (CVP4)

## 2.2 Maintaining a safe and resilient network

Stakeholders consistently identify that the safety and reliability of their gas supplies is the most important element of the services they receive from Northern Gas Networks, so we must ensure that the gas distribution network delivers a safe and resilient service over the RIIO-2 period.

Reflecting this priority and achieving this overall outcome is the primary driver for the largest portion of NGN's forecast expenditure over the RIIO-2 period covering.

### 2.2.1 A safe and sound service

We will invest in our assets to continue to be safe and resilient and deliver the service outcomes that we have committed to. We have balanced the three areas of risk, cost and service outputs to ensure our plan delivers ongoing value for consumers while not putting anyone at significant risk.

Key outputs that will deliver this objective include:

**Using Ofgem's Network Asset Risk Metric (NARMS) to justify, evidence and track our intervention programme to ensure we maximise customer benefit whilst minimising safety risk**

Delivering our pipe replacement programme to minimise safety risk on our network.

Working with National Grid to ensure we manage the capacity we need from the National Transmission System efficiently and effectively on a whole system basis

Completion of the gas holder decommissioning programme we began in RIIO-1 as there are clear cost and safety benefits from removing these assets from our network

Protecting our network from the threat of cyber and other technology-driven attacks

Our approach in RIIO2 will deliver several service benefits beyond what would be considered minimum requirement, and these will be delivered at minimum cost to consumer.



## Network Asset Risk Metric (NARMs)

The Network Asset Risk Metric (NARMs) provides a monetised risk metric that assesses the overall health and performance of our network assets both today and in the future.

NARMs underpins the assessment of a large proportion of our capex expenditure and its impact is discussed in detail within our Business Plan.

We also have the following supporting documents:

Engineering justification papers

Investment decision packs – Appendix ref A23.a through to A23.n

To support our intervention plans. NARMs is the primary measure for assessing the success of an intervention strategy and it was developed in collaboration with the other Gas Distribution Networks as well as in consultation with Ofgem.

NARMs provides a consistent approach across networks to assess asset risk and uses the principles of FMECA (Failure Modes, Effects and Criticality Analysis) by identifying the failure modes of an asset, the probability and consequences of such a failure and their financial impact.

As an output measure, monetised risk helps overcome the limitations of using physical quantities of assets in priority bands by defining asset risk in accordance with a common currency for all network assets. This enables a meaningful comparison and prioritisation across the full asset base.

In RIIO-2 we will deliver a risk benefit of £25m as a result of our asset interventions over the 5 years of RIIO-2. We will report on progress and any deviations annually.

The following is the outputs proposal for RIIO-2

- SR1 – Lifetime Risk Benefit

## RIIO GD2 – COMMON OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users		Delivering an environmentally sustainable network	Maintaining a safe & resilient network								
NAME & BRIEF DESCRIPTION OF OUTPUT	A SAFE & SOUND SERVICE: SR1 - Network Asset Risk Metric (NARMs) / Life time risk benefit output											
GD2 Forecast / Target as documented in Business Plan – Draft version 2	<table><tr><td colspan="2">Output</td><td>Ofgem Target</td><td>NGN Target</td></tr><tr><td>Network Asset Risk Metric (NARMs) Full GD2 period</td><td>Lifetime risk benefit</td><td>N/A</td><td>£198 million long term benefit</td></tr></table>				Output		Ofgem Target	NGN Target	Network Asset Risk Metric (NARMs) Full GD2 period	Lifetime risk benefit	N/A	£198 million long term benefit
	Output		Ofgem Target	NGN Target								
Network Asset Risk Metric (NARMs) Full GD2 period	Lifetime risk benefit	N/A	£198 million long term benefit									
	<ul style="list-style-type: none"><li>- In RIIO-2 we facilitate a long term risk benefit of £128m because of our asset interventions. We will report on our progress and any deviations annually.</li><li>- Our proposed risk targets have been developed through consideration of the whole life cost and benefit of our asset interventions, in addition to stakeholder feedback. This ensures that our network is resilient over the long term.</li><li>- Without any investment, our forecast risk position would increase from £107m at 2021 to c£123m at 2026. Based upon the interventions included within our RIIO-2 business plan, the total network risk position will reduce to c£99m at 2026.</li><li>- The long term risk benefit that will be delivered from interventions in RIIO-2 is c£198m.</li></ul>											
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke									
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) –Financial	To be confirmed								
REPORTING	Monthly	Annually		RIIO-GD2 full period								

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company

Included in the business plan

Output	Business plan table reference	Cost- GD2 full period	Reference
Network Asset Risk Metric (NARMs) Full GD2 period	BPDT 3.00 Capex Summary	c.£280m non mandatory Repex and Capex investment in RIIO-2. £313m mandatory mains and services Repex	Detailed in Appendix A23 Investment Decision packs.
	BPDT 4.00 Repex Summary		

Associated outputs and costs = Repex Tier 1 Mains, Tier 2a mains and services. (please refer to Iron mains replacement justification template)

Measurable & Reportable:

Yes – please refer to the Ofgem website for the NARMs methodology document.

[https://www.ofgem.gov.uk/system/files/docs/2017/09/noms\\_methodology\\_version\\_no\\_v3.2.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/09/noms_methodology_version_no_v3.2.pdf)

Capture the long-term nature of output (where relevant) Please refer to the Ofgem website for the NARMs methodology document.

[https://www.ofgem.gov.uk/system/files/docs/2017/09/noms\\_methodology\\_version\\_no\\_v3.2.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/09/noms_methodology_version_no_v3.2.pdf)

	You said	So, we have
NARMs GD2	Customers showed, in principle, support for an accelerated programme of pipe replacement, to achieve improved safety and reliability, and reduce environmental impacts.	We will replace 2,144km of Tier 1 iron mains in line with the Health and Safety Executive's expectations, whilst also increasing the volume of work related to steel pipes and larger diameter bands of iron main where there is a clear cost-benefit to do so.

Clear consumer value:

£113m benefit in RIIO-2 and £660m over 15 years from 2021/22

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

- PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

Please refer to the Ofgem website for the NARMs methodology document.

[https://www.ofgem.gov.uk/system/files/docs/2017/09/noms\\_methodology\\_version\\_no\\_v3.2.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/09/noms_methodology_version_no_v3.2.pdf)

Additional reference & supporting information:

Links to supporting evidence documents / Output measure – reporting analysis information / Other guidelines or NGN Strategy documents/plans/reporting

STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4 INSIGHT 33.

When we shared with our stakeholders our overarching strategy for minimising safety risks they confirmed that safety and reliability were their highest priorities. They also indicated that this is an area with little room for compromise – safety is an absolute – which clearly aligns with our own priorities.

ENVIRONMENTAL ACTION PLAN - APPENDIX REF A8

CBA - Mains Mandatory CBA & Investment decision packs – Appendix ref A23.a through to A23.n

## Iron Mains Replacement

The Health & Safety Executive (HSE) initiated an Enforcement Policy in 2002 for the decommissioning of all iron gas mains within 30 metres of buildings. It prescribes a 30-year programme to reduce the risk of injury to people arising from fire or explosion because of the sudden failure by fracture or corrosion of iron gas pipes.

In 2013, a series of changes were made to this policy:

The minimum requirement is that all iron pipes of 8 inches diameter and below that are within 30 metres of a property should be abandoned at a rate that will deliver completion of this part of the programme by 2032.

For iron mains with a diameter of greater than 8 inches and less than 18 inches that exceed an agreed risk threshold must also be abandoned.

Finally, whenever NGN is replacing an iron main, attends a gas escape, or undertakes a service alteration, if we discover a metallic service at a property then we must replace it.

The Mains Replacement outputs are:

- SR2 - Tier 1 Mains
- SR3 - Tier 2a
- SR4 - Steel Services

## RIIO GD2 – COMMON OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	<b>A SAFE &amp; SOUND SERVICE:</b> SR2 – SR4 Iron Mains Replacement		
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Outputs		Ofgem Target
	Iron Mains Replacement (Full GD2 period)	SR2 -Tier 1 Mains	N/A
		SR3 -Tier 2a	N/A
		SR4 -Steel Services	N/A
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company - Costs (inflation rates / resource / training) / Technology / Compensation?

**COSTS:**

- Costs are built into our Business Plan – as table below

Output		Business plan table reference	Cost- GD2 full period	Cost- GD2 Annual Average
Iron Mains Replacement	SR2-Tier 1 Mains	BPDT 4.01 – Repex Mains T1	c£260.8m	c£52.16m
	SR3-Tier 2a	BPDT 4.02 - Repex Mains T2a	c£3.8m	c£0.76m
	SR4-Steel Services	BPDT 4.07 - Repex Services	c£43.9m	c£8.78m
<ul style="list-style-type: none"> <li>- Expenditure to deliver the RIIO-2 target workload is c£313m</li> <li>- Activity will be delivered through existing workforce and direct service provider model that has been delivered in RIIO-1 and is discussed in Part 2 of the GD2 Business Plan</li> </ul>				

Uncertainty Mechanism		
Cost area	Mechanism	Coverage
Repex - Tier 2b and Other Repex	Volume driver / Price Control Deliverable	All workload

VOLUME DRIVERS – where there is uncertainty on the future level of demand

PRICE CONTROL DELIVERABLE – where Ofgem want to specify the volume and mix of work to be delivered

- We support retaining the existing volume driver mechanism for Tier 2a replacement, given that the level of work is dynamic and difficult to forecast.
- We support the use of Price Control Deliverables to ensure that networks deliver the volume and mix of work the allowances are based upon.
- The allowance should be adjusted down for under- delivery against these targets and adjusted upwards for small volumes of over- delivery.
- Networks inevitably target small volumes of over-delivery to manage unforeseen circumstances. This would not disadvantage customers and is a short-term timing difference only.

**Measurable & Reportable:**

**YES**

- Already a reportable output measure, which is included in RIIO-GD1 price control under the Safety category.
- This is currently reported on a Monthly and Annually basis, tracking our actual performance against out Ofgem targets

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant):

- At the start of the RIIO-2 period NGN will have 4718km of iron mains of 8 inches diameter and below that are within 30 metres of a property (Tier 1 Iron Mains).
- This volume grows dynamically over time as properties are altered and new properties built that bring them within 30m of an iron main, based on historic rates we are forecasting this volume to grow by c.0.2% per annum over the period.
- Our strategy for the RIIO-2 period is to maintain a 'flat' profile of work over the period to the end of the programme in 2032. This represents an appropriate balance between cost and the safety risk associated with these assets and was supported by our stakeholders.
- NGN has delivered a higher workload than was required in RIIO-1 and consequently the remaining annual workloads will be lower in the next period.
- The target will be a total to be achieved over the five-year period of RIIO-2.

Stretching targets that are well evidenced and deliver clear outcomes:

- The costs and supporting analysis for our Repex activities are outlined in Part 6 of our GD2 Business Plan.

Clear consumer value:

CUSTOMER BENEFIT:

- Improved safety
- Carbon reductions
- Cost benefit detailed in appendix A-23.m mandatory Repex
- Benefit of £25m delivered in RIIO-2 and £148m over 15 years from 2021/22

STAKEHOLDER EVIDENCE:

- Citizens' Jury
- Environment Pioneer Workshop
- Futures and Environment Pioneer Survey 2019
- Willingness to Pay Research

Changes to the mains replacement programme

- Safety has again been identified as a key priority for our stakeholders. Our analysis shows that steel mains now pose an increasing risk to safety due to their poor condition, with a strong cost versus benefit case for replacement.
- Consequently, our mains replacement plan now includes a higher proportion of steel mains. This is partially offset by a reduction in the iron mains we plan to replace. In RIIO-1, we expect to get ahead of the delivery profile needed to deliver the overall programme by 2032, allowing us to marginally reduce workload in RIIO-2.

	You said	So, we have
The Mains Replacement Programme – GD2	Customers showed, in principle, support for an accelerated programme of pipe replacement, to achieve improved safety and reliability, and reduce environmental impacts.	We will replace 2,144km of Tier 1 iron mains in line with the Health and Safety Executive's expectations, whilst also increasing the volume of work related to steel pipes and larger diameter bands of iron main where there is a clear cost-benefit to do so.

3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

- PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

CBA- Mains mandatory

- Cost benefit analysis has been calculated /carried out. Full details are provided within the relevant Engineering Justification Paper.
- Our stakeholders want safety, reliability and cost to remain our top priorities moving into RIIO-GD2. We believe that the preferred option will be the one that best balances these key requirements.
- Key drivers that we have considered and optimised using are compliance with HSE requirements and benefitting customer risk (from our value framework).
- Cost will be measured against the RIIO-GD1 yearly average spend to understand how the option considered may impact customer bills.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Our stakeholder engagement programme has reinforced that safety and reliability should be our top priorities. In addition, stakeholders have told us that environmental considerations are an increasing priority for them and that we should be aiming to reduce the impact our activities and our network has on the environment.

The replacement programme directly supports all three of these key priorities:

- SAFETY is improved as there is less chance of a new PE pipe failing and leaking gas which could cause an explosion
- RELIABILITY is improved for the same reason – pipes will fail less and so fewer customers will suffer from an unplanned interruption to their gas supply
- THE ENVIRONMENTAL impact of our network is reduced as there is less methane gas leaking to the atmosphere – methane is a powerful greenhouse gas and a contributor to climate change
- THE ENVIRONMENTAL impact and cost of running our activities will reduce – with fewer leaks, our Emergency and Repair activities and costs in Opex will trend downwards over time. We will also need to purchase less shrinkage gas to replace the gas escaping from our pipes.



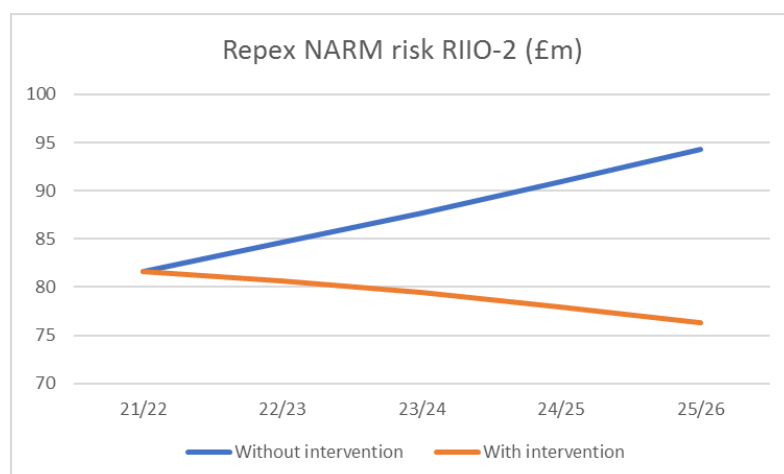
The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

In addition, we are targeting improvements in how we deliver the programme which will directly improve the customer experience and further reduce our impact on the environment.

These improvements have been driven, reviewed and approved through our stakeholder engagement.

INCLUDING:

- Our service levels, timescales and penalty payments for planned interruptions have improved across the replacement customer journey – from notifying the customer, through to getting gas back to the ECV and then the customer's appliance, and finally reinstating the site
- Measuring customer service using a new questionnaire via multiple channels of communication
- Continue to target reducing our impact on the environment with a challenging set of targets around our Business Carbon Footprint, use of virgin aggregate and spoil to landfill
- We will use NARMs to monitor and report on our asset risk to ensure that we can provide a safe and resilient network. Overall our replacement plans reduce our asset risk – as measured by NARMs – by the end of RIIO-2. Over time, assets deteriorate, and the associated risk increases. Our plans will more than offset this increase and help us maintain the excellent network reliability our customers are benefiting from today.



Additional reference & supporting information:

Links to supporting evidence documents / Output measure – reporting analysis information / Other guidelines or NGN Strategy documents/plans/reporting POINTS OF REFERENCE:

STAKEHOLDER ENGAGEMENT INSIGHTS – APPENDIX REF A3 - Insight 34

- Customers showed, in principle, support for an accelerated programme of pipe replacement, to achieve improved safety and reliability, and reduced environmental impacts.

ENVIRONMENTAL ACTION PLAN - APPENDIX REF A8

CBA

- Mains Mandatory CBA <https://northerngas.sharepoint.com/:x/s/gd2businessplanteam/EX1uXYluMeVLp14DHGL-u1QBJoC8J0N45McSDPvTPrhZvQ?e=Z4QXuS>

INVESTMENT DECISION PACKS

- Mandatory Repex – APPENDIX REF A23.M
- Non mandatory Repex – APPENDIX REF A23.N

## NTS Offtake capacity

We have a statutory and license obligation to maintain enough capacity to meet our forecast 1 in 20 peak day demand. To deliver this, we book capacity for each of our offtakes from the National Transmission System (NTS), owned by National Grid. Over the course of GD1 we have reduced our bookings from 611 GWh/day to 514 GWh/day, bringing our bookings more in line with our expected peak demand.

The NTS charge for capacity on an offtake by offtake basis, to reflect the costs they incur in providing the capacity. As we have significantly reduced our bookings, we have reduced the costs passed through to the shippers, and in turn, our customers. Furthermore, the unused capacity we have freed up has enabled substitution for large quantities of flexible generation on the national system, supporting progress in decarbonisation.

The NTS Offtake capacity outputs are:

- SR5 - NTS Offtake bookings – Full GD-2 period

## RIIO GD2 – COMMON OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users					Delivering an environmentally sustainable network					Maintaining a safe & resilient network			
NAME & BRIEF DESCRIPTION OF OUTPUT	A SAFE & SOUND SERVICE: SR5 - NTS Offtake capacity bookings													
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Output				Ofgem Target				NGN Target					
	SR5 - Offtake bookings (Full GD2 period)				N/A TBC following UNC678 outcome				514GWh TBC following consultation with Ofgem					
	Target volumes per licence	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
	Baselines	611.80	618.10	624.10	624.10	624.10	624.10	624.10	624.10	TBC	TBC	TBC	TBC	TBC
Bookings	611.25	595.73	545.72	540.85	526.87	513.83	513.57	513.57	514.00	514.00	514.00	514.00	514.00	
OUTPUT DELIVERABLE	Common				Enhanced				Bespoke					
	License Obligation (LOs)				Price Control Deliverables (PCDs)				Output Delivery Incentives (ODIs) – Reputational / Financial				To be confirmed	
REPORTING	Monthly				Annually								RIIO-GD2 full period	

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company  
Costs (inflation rates / resource / training) / Technology / Compensation?

Output	Resource & expenditure	Customer benefit
SR5 - NTS Offtake capacity bookings	Costs are included within our asset management activities in BPDT 2.10, however are not separately identifiable	Cost reduction to customers through efficient booking of gas

- We pay NTS exit costs to National Grid, driven by the bookings we make to take gas from each NTS Offtake into our LTS system.
- National Grid are currently rebalancing their NTS Offtake charging methodology to better reflect their latest costs.
- We expect this to lead to a significant increase in the exit costs we pay from October 2019.
- Our RII0-2 forecast reflects the latest view of this likely increase.

Measurable & Reportable:

Stretched target? - Provision of evidence for the delivery of clear outcomes/outputs:

- We are engaged with NTS and the wider industry in the Capacity Access Review, which is showing there is clear appetite to review the current Entry and Exit capacity arrangements. This review includes looking at several key topics which currently impact our booking strategy, such as substitution, Planning and Advanced Reservation of Capacity Agreement (PARCA), capacity products and the user commitment methodology.
- Whilst it is recognised that many topics will be lengthier areas of review, there may be some 'quick wins' which will impact capacity during GD2. As a result, and as outlined in Ofgem's Decision document we are not yet able to forecast GD2 baseline levels and exact form of this outputs is still to be determined.

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Capture the long-term nature of output (where relevant):

Stretching targets that are well evidenced and deliver clear outcomes:

N/A - COMMON OUTPUT

Clear consumer value:

Benefits / Customer feedback

Cost reduction to customers through efficient booking of gas.

3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

- PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

- We have set the target detailed for the whole of RIIO-2.
- As our capacity requirements are closely aligned with our peak day demand forecasts, which we forecast to slightly decline over the GD2 period, we are not expecting significant changes to our bookings over the next 5 years. Localised growth and decline are likely to alter the requirements at the offtake level, but not significantly impact the network level. We consider the main risk to our requirements is linked to the growth of large load customers and flexible generation.
- We employ sophisticated modelling techniques to forecast this capacity requirement. We also engage in regular dialogue with National Grid Transmission through our whole system strategy to ensure investments before and after the offtakes represent the most efficient overall solution.

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

**N/A**

Additional reference & supporting information:

[Links to supporting evidence documents](#) / [Output measure – reporting analysis information](#) / [Other guidelines or NGN Strategy documents/plans/reporting](#)

#### POINTS OF REFERENCE:

STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4

INSIGHT 1

Bills should be no higher than necessary; our services should be affordable for all.

GD2 BUSINESS PLAN

Part 4 - 'Maintaining a safe and Resilient network'

Part 6 - 'Delivering value for money'

NTS INTERACTIONS – APPENDIX REF A9

NTS EXIT COSTS

We pay NTS exit costs to National Grid, driven by the bookings we make to take gas from each NTS Offtake into our LTS system.

National Grid are currently rebalancing their NTS Offtake charging methodology to better reflect their latest costs.

We expect this to lead to a significant increase in the exit costs we pay from October 2019.

Our RIIO-2 forecast reflects the latest view of this likely increase.

RIIO-GD1 YEAR 6

Annual Regulatory submission – (historical data)

LONG TERM DEVELOPMENT STATEMENT – APPENDIX REF A17

For further analysis and information

## Gas holder decommissioning

In RIIO-1 we established a clear cost benefit analysis case to remove all the remaining 46 gas holders on our network. These assets are extremely old and are no longer required to operate the network. They cost a lot to repair and maintain and represent a potentially increasing safety risk.

By the end of RIIO-1 we will have completed our programme to demolish 23 of these holders on a risk-ranked basis.

The removal of these assets means that we will remove the safety risk that they pose and also the added cost associated with maintaining them which aligns with our stakeholders' expectations that we keep costs low and do not compromise on safety.

By the end of RIIO-2, we will complete the entirety of our gas holder decommissioning programme, ensuring that the benefits of removing the remaining holders are realised as soon as possible.

Our detailed cost benefit proposal for gas holders is outlined in our investment decision packs attached as Appendix A.23.L and costs are discussed further in Part 6 of our Business Plan.

Our proposed output for gas holder decommissioning:

- SR6 - Gas holder demolition

## RIIO GD2 – COMMON OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	A SAFE & SOUND SERVICE: SR6 - Gas Holder Demolition		
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Output	Ofgem Target	NGN Target
	SR6 - Gas holder demolition (Full GD2 period)	N/A	24 holders
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

### 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?

YES

NO

Be as complete in capturing the activity and the costs of the company Costs (inflation rates / resource / training) / Technology / Compensation?

COSTS:

Cost have been built into our Business Plan – as per table below

Output	Resource & expenditure	Customer benefit
Gas holder demolition (Full GD2 period)	£16m included in controllable Opex tables	Cost saving • Improved public safety • Carbon saving and improved environmental outcomes • Cost benefit detailed in appendix A-23.L Gas Holder Demolition • Benefit of £12m in RIIO-2 and £64m over 15 years from 2021/22

- Our Holder Demolition costs show an increase of £13m.
- This is workload driven – we will complete the demolition of 23 holders over the five years of RIIO-2, whereas in RIIO-1 we are demolishing 23 holders over 8 years.
- This is safety driven – but does also provide cost savings through reduced maintenance.

Measurable & Reportable: YES <ul style="list-style-type: none"> <li>· Already a reportable output measure, which is included in RIIO-GD1 price control under the Reliability category.</li> <li>· This is currently reported on a Monthly and Annually basis, tracking our actual performance against our Ofgem targets</li> </ul>		
Where there is enough commonality: Is the performance comparable across companies?	YES	NO
Stretching targets that are well evidenced and deliver clear outcomes:  N/A - COMMON OUTPUT		
Clear consumer value: FOR ADDITIONAL INFORMATION & ANALYSIS – please refer to: <ul style="list-style-type: none"> <li>– Gasholder demolition appendix – REF A25</li> <li>– Investment Decision Pack - Gas Holder Demolition– REF A23.L</li> </ul>		

3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE: The Company should address the following to justify any proposals for bespoke outputs:		
Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway): <ul style="list-style-type: none"> <li>– PRICE CONTROL</li> </ul>		
Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers: Cost benefit and additional analysis is available in the investment decision packs and gasholder strategy documents		
The level of service provided by: Other companies/comparators (where available) / Activities & the indicative cost associated with achieving the targeted level of service / Proposals for licence conditions and/or penalties if performance falls below existing service levels  Additional reference & supporting information: Links to supporting evidence documents / Output measure – reporting analysis information / Other guidelines or NGN Strategy documents/plans/reporting  FOR ADDITIONAL INFORMATION & ANALYSIS – please refer to: <ul style="list-style-type: none"> <li>– Gasholder Strategy appendix – REF A25</li> <li>– <b>Investment Decision Pack - Gas Holder Demolition</b>– REF A23.L</li> </ul>		



## Cyber Resilience and IT Business Security

NGN relies on some legacy information and operational technology to operate its GDN. Some of this technology, especially in the operational space, will have been in place for tens of years, and at the point of implementation, cyber security wouldn't have been a consideration. The older the technology, the less chance there is that it is up to dealing with the sophisticated threats, externally and internally as they often rely on older unpatched versions. The threats now facing these legacy technologies leaves NGN vulnerable to cyber-attack.

Our vision is to ensure that we are resilient to even the most sophisticated attacks, enabling a safe and secure environment that minimises risk of unavailability of gas distribution against an ever-changing threat landscape.

In RIIIO-2

We will deliver enhanced protective, detective and impact minimisation capabilities to our essential services at a total cost of £3.8m. This comprises additional investment in Operational Technology (OT), and to meet the requirements of the Network and Information Systems Directive (NIS Directive).

Our cyber security team will be an operating model of direct employees, providing core functions and delivery capabilities, supplemented by partner expertise.

We will commit to an evolving OT cyber risk strategy, that continually identifies and assesses risk, addresses changing internal and external factors and develop proportionate security counter measures to meet the needs of our business, the industry and laws & regulations.

Our proposed output for Cyber Resilience and IT Security will be inclusive of:

### Governance, Risk & Compliance:

- Build a unified Information Security Management System to ensure we manage our risks and compliance obligations effectively

### Identity and Access Management:

- Better management of users (end and privileged) identity and access control across our technologies including looking at processes and IAM, PAM, MFA technologies

### Incident Response:

- Plans and practices able to respond from any incident and learn from them

### Network and Information Systems Security Architecture:

- Cloud, Data, IOT, Devices, Network, OT - building cyber security and resilience into all our services

### Cyber Security Conscious and Aware Employees:

- Develop and pursue a positive cyber culture, by training users and using awareness and communication mechanisms

### Security Operations:

- Proactive detection and monitoring of all our services to gain visibility and act upon it (including SIEM, SOC technologies)

### Threat and Vulnerability Management:

- Monitoring threat intelligence and managing service vulnerabilities

## RIIO GD2 – COMMON OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users		Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	A SAFE & SOUND SERVICE: SR7 - Cyber Resilience			
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Our vision is to ensure that we are resilient to even the most sophisticated attacks, enabling a safe and secure environment that minimises risk of unavailability of gas distribution against an ever-changing threat landscape.			
	Output	Ofgem Target		NGN Target
	SR7 - Cyber Resilience (Full GD2 period)	Publish & Deliver Cyber Resilience Plan		Publish & Deliver Cyber Resilience Plan
		Business IT Security Plan Publish & Deliver		Business IT Security Plan Publish & Deliver
	In RIIO-2 <ul style="list-style-type: none"><li>– We will deliver enhanced protective, detective and impact minimisation capabilities to our essential services at a total cost of £3.8m. This comprises additional investment in Operational Technology (OT), and to meet the requirements of the Network and Information Systems Directive (NIS Directive).</li><li>– Our cyber security team will be an operating model of direct employees, providing core functions and delivery capabilities, supplemented by partner expertise.</li><li>– We will commit to an evolving OT cyber risk strategy, that continually identifies and assesses risk, addresses changing internal and external factors and develop proportionate security counter measures to meet the needs of our business, the industry and laws &amp; regulations.</li></ul>			
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke	
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) – Reputational / Financial	To be confirmed
REPORTING	Monthly	Annually		RIIO-GD2 full period

## 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?

YES

NO

Be as complete in capturing the activity and the costs of the company  
Costs (inflation rates / resource / training) / Technology / Compensation?

Costs are built into the Business Plan as per table below:

Output	Resource & expenditure	Customer benefit
SR7 - Cyber Resilience	Proposed Totex to deliver cyber resilience and business IT security is £13m	Increase to the overall cyber security and cyber resilience of the network Benefit of £17m in RIIO-2 and £59m over 15 years from 2021.22
Uncertainty Mechanism		
Cost Area	Mechanism	Coverage
Opex, Capex	Use it or lose it allowance and re-opener	c£12m

- Cybersecurity is an area of increasing focus as the gas network becomes more inter-connected and exposed to risk.
- Our experience and our historic expenditure, as well as stakeholder and sector feedback, indicate that risks and investment have a high likelihood of increasing significantly and rapidly.
- Consequently, we expect these costs to increase marginally in the remainder of RIIO-1 to manage our increased exposure to cyber risks and for this to continue in RIIO-2, where we have £0.7m of annual Opex costs and c.£9m of Capex costs to take appropriate risk-driven measures.
- The nature and risk profile of cyber threats is constantly shifting and is impacted by numerous external factors. Legislation such as the NIS Directive is changing in response to these factors. This constantly changing risk could materially impact our future costs at any point

Measurable & Reportable:

For more detailed information & analysis – please refer to :

- **IT and Cyber Security Plan**– APPENDIX REF A11
- **Investment Decision Pack - Technology and Systems** - A23.J

Where there is enough commonality: Is the performance comparable across companies?

YES

NO

Stretching targets that are well evidenced and deliver clear outcomes:

N/A

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

#### PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

#### STAKEHOLDER SESSIONS

- Citizens' Jury
- Environment Pioneer Workshop
- Futures and Environment Pioneer Survey2019
- Willingness to Pay Research
- Business Plan Acceptability
- Category 2 Responders Survey 2019

#### INSIGHT 41.

Customers and stakeholders expect to see improvements to the overall cyber security and cyber resilience of the network.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Increase to the overall cyber security and cyber resilience of the network

Additional reference & supporting information:

Links to supporting evidence documents / Output measure – reporting analysis information / Other guidelines or NGN Strategy documents/plans/reporting

#### POINTS OF REFERENCE

- STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4 - INSIGHT 41
- **IT and Cyber Security Plan**– APPENDIX REF A11
- **Investment Decision Pack - Technology and Systems** - A23.J

## 2.3 Delivering an environmentally sustainable network

Our stakeholders have asked us to be more ambitious in RIIO-2 in reducing the impact of our business activities on the environment, and it is a challenge we have readily accepted. We have developed an ambitious and challenging Environmental Action Plan (EAP) that will lay the foundations to deliver:

- Net-zero carbon emissions from our business operations by 2030/31
- Net-zero carbon emissions from our network gas by 2050
- Significant environmental improvements across our business throughout RIIO-2.

Our Environment Strategy supported by our dedicated EAP, extends to 2050 and aims to reduce the environmental impact of our business activities across five key areas - carbon impact and climate change resilience, improving air quality, using resources responsibly, enhancing life on earth and supporting net-zero carbon emissions through a whole systems approach.

During RIIO-1, we have achieved a lot to make our business cleaner and greener, including a 99% reduction in excavated spoil disposed to landfill a 78% reduction in virgin aggregate use in reinstatement, whilst also using sustainable techniques to remediate 12 former town gas sites to a compliant environmental condition.

Environment Action Plan

In 2018, we became the first GDN to map our entire business objectives against the UN's Sustainable Development Goals and introduced other GDNs to these UN objectives, with the aim of aligning our approach to the goals most relevant to our business and where we could measure progress against them.

Our activities in RIIO-2 are set to be even more far-reaching, reducing the environmental impact of our day-to-day activities while continuing to develop energy sources and systems for the future.

Protecting the Environment – Initiatives to mitigate the impact we have as a result of general business operations and day to day activities.

Supporting a move to a net zero carbon future – Initiatives focused on reducing our direct and indirect carbon impact, including gas shrinkage and leakage and contributing to low carbon energy system.

### 2.3.1 An ambitious Environment Action Plan (EAP) for RIIO-2

A summary of our EAP commitments which aim to reduce the environmental impacts of our business operations, as guided by our Environment Strategy, is provided below with full details provided in Our EAP as appendix A8 to support this document.

Our proposed outputs / initiatives are:

- E1 - Environment Action Plan
- E2 – Annual Environmental Report
- E8 - Initiatives to improve Air Quality
- E9 - Initiatives to use resources responsibly
- E10 – Initiatives to Enhance Life on Land

## RIIO GD2 – COMMON & BESPOKE OUTPUT JUSTIFICATION

### 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	<b>DELIVERING AN ENVIRONMENTALLY SUSTAINABLE NETWORK:</b> E1 - Environment Action Plan E2 – Annual Environmental Report E8, E9 & E10 – Protecting the environment Initiatives		
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Output	Ofgem target	NGN target
	E1 – Environmental Action Plan (EAP)	Develop & implement EAP	Develop and Implement our EAP to delivering key Environmental Initiatives focussed on Decarbonising our business Supporting a net-zero carbon future Protecting the environment
	E2 – Annual Environmental Report (AER)	Produce and report annually on key environmental aspects of business	Report annually on initiatives within the EAP
	E8 – EAP – Initiatives to improve Air Quality	N/A	-Vehicle fleet improvements. -Tree planting in our region (40,000 over 5 years). -Gas preheating infrastructure improvements.
	E9 – EAP – Initiatives to use resources responsibly	N/A	-Embed NGN Sustainable Procurement Policy via Supplier Code. -Less than 2.5% virgin aggregate use -Reduce office and depot waste by 20% (vs 2017/18). -0% disposal of recyclable or recoverable waste to landfill -Reduce paper use by 50% (vs 2017/18) -Less than 0.1% of excavation spoil to landfill. -Eliminate single use plastic items from offices and depots.
	E10 – EAP – Initiatives to Enhance Life on Land	N/A	-Targeted biodiversity improvements at >200 NGN sites -Embed tools to measure net change in ecosystem services at our 50 largest sites & natural capital on new large projects -Continue land remediation programme.
OUTPUT DELIVERABLE	Common	Enhanced	Bespoke

	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

## 2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?

YES

NO

Be as complete in capturing the activity and the costs of the company  
Costs (inflation rates / resource / training) / Technology / Compensation?

Output		Resource & expenditure	Customer benefit
Environment Action Plan & Annual Environmental Report	E1 - Environment Action Plan	No incremental increase in expenditure to deliver this. Costs associated with initiatives under the EAP are detailed in Tables 4.20 – 4.22. No additional resource is required to deliver the initiatives under the EAP or AER.	Carbon Reduction • Biodiversity improvements • Air quality improvements • Reduced waste • Social amenity • Reduce natural resource consumption
	E2 – Annual Environmental Report		Clear understanding of environmental improvements, customer and areas for further improvement.
Initiatives - Protecting the Environment	E8 –EAP – Initiatives to improve Air Quality	Transport and plant c£19.5m £0.9m for EV charging £400k for tree planting funded by owners Note the costs are the same as fleet improvements outlined in BCF	Improved air quality Carbon reductions , Social amenity Improvements £17m benefit in RIIO-2 and £197m over 15 years from 2021/22 Note these include benefit of carbon reduction
	E9 – EAP – Initiatives to use resources responsibly	Not identifiable - impacts all operations	Reduced waste Reduced carbon Improved efficiency Promote circular economy Reduce resource use
	E10 –EAP – Initiatives to Enhance Life on Land	c£3.4m to deliver land remediation programme. No additional resource is required to deliver these outputs	Social and environmental amenity improvements. Benefit of £0.95 in RIIO-2 and £21m over 15 years from 2021/22

Measurable & Reportable:

Stretched target? - Provision of evidence for the delivery of clear outcomes/outputs:

All below are RIIO-GD1 outputs and are reported on a monthly and annual basis.

We are exceeding our targets in these areas

- Land remediation
- Spoil to landfill
- The use of virgin aggregate

#### GD1 PERFORMANCE

Output	GD1 – Year1 Actual performance	GD1 – Year6 Actual performance	% reduction year 1 V's year 6
Use of virgin aggregate (tonnes)	37,862 (28.58%)	8,160 (6.08%)	78% reduction
Amount of spoil to landfill sites (tonnes)	61,555 (35.99%)	744 (0.36%)	99% reduction

Clear consumer value:

#### CUSTOMER VALUE PROPOSITION

Identified as delivering additional value	Notional additional benefit delivered
CVP5 - Company car policy to include only full electric or hybrid vehicles	Carbon reduction benefit Air quality benefit
CVP6 - Voluntary planting of 40,000 trees across network – GDN FUNDED	Quantified benefit of [£701,930] over GD2, assessed consistently with guidance from UK Forestry commission.
CVP7 - Improved repair time for gas escapes – 7 and 28 day targets	Carbon reduction benefit Social benefit

Stakeholder feedback / sessions / evidence

INSIGHT 50.

Future customers welcome the Environmental Action Plan as a starting point that demonstrates what can and should be done to other organisations in the region.

#### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

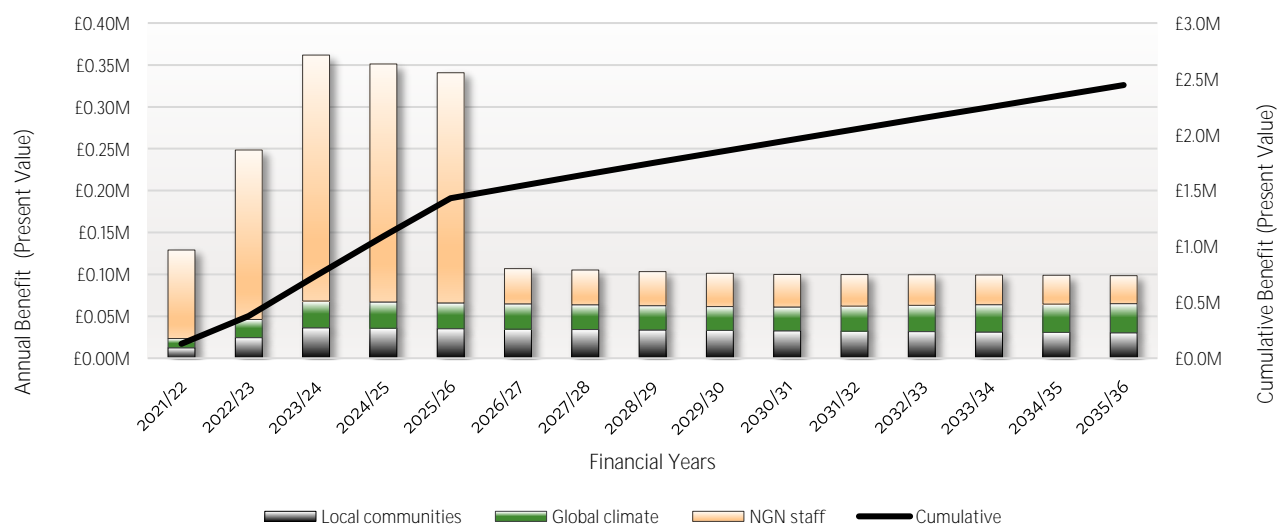
- PRICE CONTROL



Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

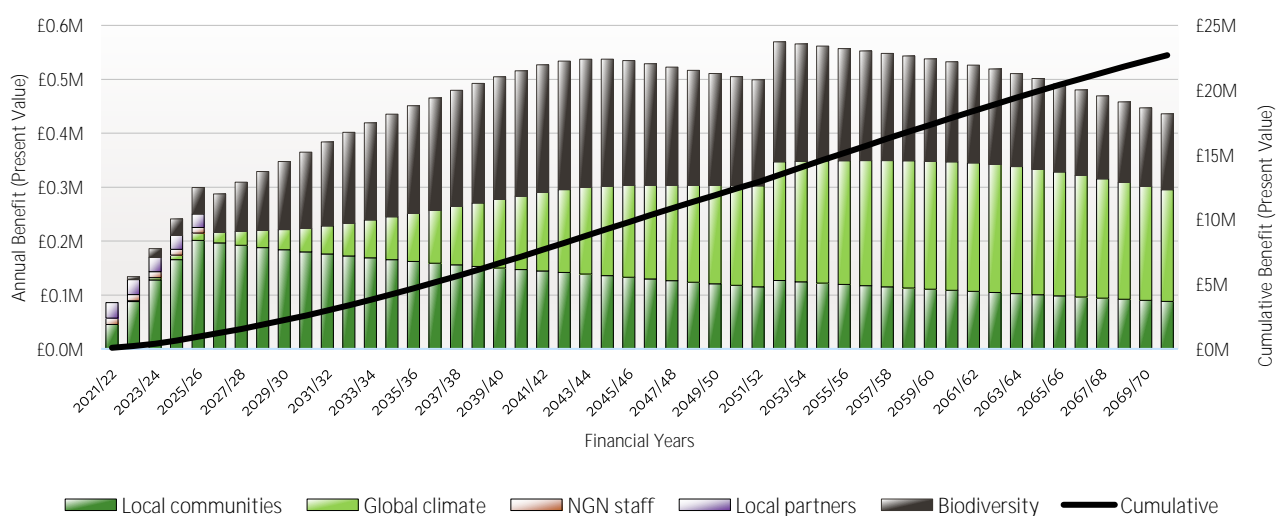
## CBA – Fleet & tree planting

### Summary of CVP5 Fleet benefits



## CBA – Tree planting

### Summary of CVP6 benefits - Tree planting



## Additional reference & supporting information:

Links to supporting evidence documents / Output measure – reporting analysis information / Other guidelines or NGN Strategy documents/plans/reporting

### POINTS OF REFERENCE:

- ENVIRONMENTAL ACTION PLAN – APPENDIX REF A8
- STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4 – INSIGHT 50
- COST BENEFIT ANALYSIS – FLEET – [https://northerngas.sharepoint.com/:x:/s/AssetStrategy/EYx\\_OdXctCxPv5289I0hC-sBf1k\\_5fkk3hOHgjVLKE\\_FPA?e=yZ6HYn](https://northerngas.sharepoint.com/:x:/s/AssetStrategy/EYx_OdXctCxPv5289I0hC-sBf1k_5fkk3hOHgjVLKE_FPA?e=yZ6HYn)
- COST BENEFIT ANALYSIS – TREE PLANTING  
<https://northerngas.sharepoint.com/:x:/s/AssetStrategy/Ee0zovEtfcdLiell2DsA9cUBqdaCK83PppgBMXPnZGnXg?e=K7dsKa>
- CUSTOMER VALUE PROPOSITION APPENDIX A13
  - CVP 5 – Company Cars, CVP6 – Tree planting & CVP7 – Enhanced repair for gas escapes

### 2.3.2 Reducing our business carbon emissions

We have set ambitious decarbonisation targets for RIIO-2 as part of our long-term Environment Strategy which go beyond our existing science-based targets for a well below 2 degree warming scenario in 2050.

These targets, underpinned by our EAP initiatives and coupled with anticipated developments in technology, mean we are targeting the achievement of net-zero non-shrinkage Scope 1 and 2 business carbon emissions by the end of the 2030/31.

These targets directly support the achievement of net-zero emissions in our network regions and the UK. A summary of how we are forecasting reducing our carbon emissions to support net-zero is provided in 'Our contribution to net-zero' discussed further in this section.

### 2.3.3 Supporting a net zero carbon future

We have an essential role to play in helping the UK transition to a net-zero greenhouse gas emissions future by 2050.

We are doing this by working with partner organisations to develop sustainable, green forms of gas, such as hydrogen; making it easier for biomethane producers to connect to our network, reducing gas shrinkage/leakage from our network and pursuing a wide range of measures to reduce carbon emissions from the gas in our network.

Our proposed outputs / initiatives for supporting a net zero carbon future:

- E3 – Reduction of Business Carbon Footprint (Excluding Shrinkage)
- E4 – Reduction in Gas Leakage (GWh)
- E5 – Reduction in Gas Shrinkage (GWh)
- E6 – Biomethane process improvements
- E7 – EAP – Initiatives to facilitate a low carbon future

## 1. CATEGORY / OUTPUT DETAILS

CATEGORY	Meeting the needs of customers & network users	Delivering an environmentally sustainable network	Maintaining a safe & resilient network
NAME & BRIEF DESCRIPTION OF OUTPUT	<b>DELIVERING AN ENVIRONMENTALLY SUSTAINABLE NETWORK:</b> E3 – Reduction of Business Carbon Footprint (Excluding Shrinkage) E4 – Reduction in Gas Leakage (GWh) E5 – Reduction in Gas Shrinkage (GWh) E6 – Biomethane process improvements E7 – EAP – Initiatives to facilitate a low carbon future		
GD2 Forecast / Target as documented in Business Plan – Draft version 2	Output	Ofgem target	NGN target
	E3 – Reduction of Business Carbon Footprint (Excluding Shrinkage)	N/A	Science based carbon targets: Full RIIO-2 period
			SCOPE 1&2 47% reduction
			SCOPE 3 11% reduction
			SCOPE 1, 2 & 3 23% reduction
			Key initiatives: <ul style="list-style-type: none"> <li>• Vehicle fleet improvements;</li> <li>• Renewable energy installation at offices &amp; depots;</li> <li>• Purchasing only renewable electricity;</li> <li>• Tree planting in our region (40,000 over 5yrs)</li> </ul>
	E4 – Reduction in Gas Leakage (GWh)	N/A	24% in RIIO-2
	E5 – Reduction in Gas Shrinkage (GWh)	N/A	23% in RIIO-2
	E6 – Biomethane process improvements	N/A	Key commitments: <ul style="list-style-type: none"> <li>• Produce initial capacity studies for gas producer connections in five working days compared to 15 working days in RIIO-1</li> <li>• Produce detailed capacity studies in 20 working days compared to 30 working days in RIIO-1</li> <li>• Respond (via telephone) to operational faults on gas producer sites within 4 hours. Rectifying faults quicker to get the gas flowing to the network again.</li> <li>• Stakeholder engagement, including Annual Stakeholder workshops</li> </ul>
	E7 – EAP – Initiatives to facilitate a low carbon future	N/A	Report progress on delivering workstreams and projects to deliver net-zero by 2050 as outlined in NGN whole system and innovation strategies

OUTPUT DELIVERABLE	Common	Enhanced	Bespoke
	License Obligation (LOs)	Price Control Deliverables (PCDs)	Output Delivery Incentives (ODIs) - Reputational
REPORTING	Monthly	Annually	RIIO-GD2 full period

2. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:  
Be as complete as possible in capturing the activities and costs of the company:

Does the bespoke output proposal reflect the network services that existing and future consumers/network users and/or wider stakeholders require?	YES	NO
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Be as complete in capturing the activity and the costs of the company  
Costs (inflation rates / resource / training) / Technology / Compensation?

Output	Resource & expenditure	Customer benefit
E3 –Reduction of Business Carbon Footprint (Excluding Shrinkage)	Vehicle fleet investment: c.£19.5m Renewable energy: c£0.6m Tree planting: £400k shareholder funded Renewable electricity and gas have no additional cost on RIIO-1	Carbon reduction Air quality improvements Renewable electricity
E4 –Reduction in Gas Leakage (GWh)	Primarily delivered by Repex programme of >c£500m over RIIO-2 and targeted investment of £8m for pressure management and £0.6m gas conditioning	Cost reduction Carbon reduction
E5 – Reduction in Gas Shrinkage (GWh)		Cost reduction Carbon benefit Social benefit
E6 – Biomethane process improvements	Dedicated business development manager to manage stakeholders	Customer satisfaction Carbon reduction
E7 – EAP – Initiatives to facilitate a low carbon future	Costs for projects focused on facilitating a low carbon future are included in Innovation Strategy c£7.89m in total which included partner funding that will be leveraged through joint working and the enablers in our whole system strategy	Carbon reduction Reduced safety risk Improved customer satisfaction Improved workforce resilience Improved workforce skill base
Uncertainty Mechanism		
Cost area	Mechanism	Coverage
Repex - Tier 2b and Other Repex	Volume driver / Price Control Deliverable	All workload

Associated outputs and UM's that will impact shrinkage/leakage reduction and BCF reduction

Measurable & Reportable/ Where there is enough commonality: Is the performance comparable across companies?

- Shrinkage, leakage and BCF reduction are outputs within the GD1 price control and are performing positively against their targets.

GD1 PERFORMANCE						
Output		GD1 – Year1 Actual performance	GD1 – Year6 Actual performance	% reduction year 1 V's year 6		
BCF – excluding Shrinkage SCOPE 1&2		8,918 carbon tonnes	6,737 carbon tonnes	33.5%		
Total annual business carbon footprint (BCF) - Excluding shrinkage						
GDN		2018-19 BCF (Excluding shrinkage) (tCO2e)	2017-18 BCF (Excluding shrinkage) (tCO2e)	% Change 2018-2019	Change 2017-2018	Rank (based on % change)
Cadent	EoE	23,263	21,658	6.9%	1,605	8
	Lon	16,857	17,612	(4.5%)	(755)	1
	NW	14,331	14,268	0.4%	63	6
	WM	10,345	10,689	(3.3%)	(344)	3
NGN	NGN	21,832	21,826	0.0%	5	5
SGN	Sc	13,600	12,730	6.4%	870	7
	So	25,045	26,132	(4.3%)	(1,087)	2
WWU	WWU	15,792	15,913	(0.8%)	(120)	4
Industry		141,065	140,829	0.2%	236	

#### BIOMETHANE

- Currently an output within GD1 and performing well against inhouse targets.
- Based on the findings of our engagement with biomethane industry stakeholders, including mapping the biomethane customer journey, during RIIO-2 we commit to the following to improve our facilitation of green gas injection
- Enhanced customer service levels for connection capacity studies so we respond faster compared to RIIO-1
- Improved response times to system faults compared to RIIO-1 to get the gas flowing again faster
- Work with industry stakeholders to enable standardisation of the gas connection process for green gas production plants
- Liaising with our green gas stakeholders at least annually throughout RIIO-2 to gather feedback and identify areas to improve our customer performance
- Report our biomethane connection performance in our AER via a set of reporting outputs influenced by what information our stakeholders find useful.

BIOMETHANE PROCESS IMPROVEMENTS	RIIO-1	RIIO-2 Commitments
Produce initial capacity study	< 15 working days	< 5 working days
Produce detailed capacity study	< 30 working days	< 20 working days
System fault response time	N/A	Respond (via telephone) to operational faults on gas producers' sites within 4 hours - Agree a resolution pathway dependant on operational risk.
Stakeholder liaison	N/A	Minimum annual engagement
Reporting	Tables 7.6 and 7.7 of Regulatory Reporting Pack	To be included in AER with detail influenced by stakeholder views

Where there is enough commonality: Is the performance comparable across companies?	YES	NO
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Stretching targets that are well evidenced and deliver clear outcomes:

FOR ANALYSIS AND FURTHER INFORMATION PLEASE REFER TO :

- APPENDIX A8 – ENVIRONMENTAL ACTION PLAN

Clear consumer value:

Taking a leading role in promoting the environment

- Stakeholders have told us that as the provider of an essential service to nearly 2.7 million homes and businesses across the North East, Cumbria and much of Yorkshire. We should take a leading role in developing and implementing the policies, technologies, systems and workforce required to achieve the Government's decarbonisation targets by 2050.
- We have reflected stakeholders' concerns and preferences in our RIIO-2 outputs and will continue to listen as we prepare an Environmental Action Plan (EAP) for 2021–2026 outlining how we will reduce the environmental impacts of our business. In our early engagement with future customers we heard that despite the EAP being forward thinking, transparent and realistic there is a desire for quicker action and greater ambition in reducing the impact of our vehicle fleet

You said	So, we did
Stakeholders consider that it is imperative that we act against climate change, by reducing both shrinkage and non-shrinkage emissions to reduce carbon emissions.	We have committed investment to reduce gas shrinkage by 22% and leakage by 24% from start to end of RIIO-GD2. This, along with further reductions in our non-shrinkage business carbon footprint (25%), will mean that we are operating with our lowest-ever level of environmental impact.
There is a significant appetite for us to reduce our vehicle carbon footprint and go above and beyond by phasing out diesel vehicles sooner.	WE HAVE COMMITTED TO: Ensuring that 100% of our company cars will be ultra low emission or hybrid by the end of RIIO-2, with electric vehicle charging infrastructure installed across all of our offices and depots at a cost of approximately £0.5m Renewal of our commercial vehicle fleet with newer, more efficient vans that can meet our operational requirements, with at least 25% of our non-engineering fleet being ultra low emission by end RIIO-2 Continuing to install remote pressure management on our network to reduce the number of journeys that our engineers make to site
When gas land is remediated, stakeholders and customers expect us to actively improve habitats for wildlife at NGN's permanent sites.	We will proactively manage our land assets and embrace biodiversity by creating homes for nature on 200 of our sites. We have also committed to investing, from shareholders' profits, in the planting of 40,000 trees in urban areas which will deliver environmental and aesthetic value to the communities that we serve.

#### STAKEHOLDER ENGAGEMENT INSIGHTS EVIDENCE / APPENDIX DETAILS

INSIGHT 42.

Our stakeholders want us to be an environmental leader by driving behavioral change and adopting stretch targets, and targets for a longer period into the future to reduce our Business Carbon Footprint.

INSIGHT 43.

Stakeholders consider that it is imperative that we act against climate change by reducing both shrinkage and non-shrinkage emissions to reduce carbon emissions.

INSIGHT 46.

There is significant appetite for us to reduce our vehicle carbon footprint and go above and beyond by phasing out diesel vehicles sooner.

INSIGHT 48.

Customers and stakeholders want us to reduce roadworks caused by our approximately 180,000 excavations per year.

INSIGHT 50.

Future customers welcome the Environmental Action Plan as a starting point that demonstrates what can and should be done to other organisations in the region.

INSIGHT 58

Biomethane production is still an emerging sector and discussions on how NGN can best collaborate with stakeholders should be ongoing as it develops

### 3. BESPOKE PROPOSALS – CRITERIA / JUSTIFY / EVIDENCE:

The Company should address the following to justify any proposals for bespoke outputs:

Is the activity in question best dealt with through the price control, rather than through a government body responsible for the public interest in that area (example-Highways Authorities for matters relating to the occupation of the highway):

- PRICE CONTROL

Are proposals backed by robust evidence & justification (such as cost-benefit analyses), demonstrating value for money for existing and future consumers:

COMPANY CAR POLICY TO INCLUDE FULL ELECTRIC OR HYBRID

COST BENEFIT ANALYSIS HAS BEEN CARRIED OUT FOR FLEET – CVP5

- Improved air quality and carbon reduction from our fleet of company cars.
- We have approx. 150 company cars that will switch from diesel or petrol in GD2.
- We are in the process of monetising the benefit of the Carbon and Air quality improvements that this will deliver for consumers

CVP6 - Planting of 40,000 trees in semi urban areas of our network with deliver a monetised benefit of [£701,930] to consumers over GD2 and further long term benefits. We have assessed this consistently with the with guidance from UK Forestry commission.

ADDITIONAL MONETISED BENEFITS AND VALUE MEASURES

- Carbon
- Health/Air Pollution benefit
- Social value
- biodiversity value improvement,
- Climate change mitigation,
- Recreation,
- Business benefit.

Value that consumers will receive from a proposed new service level and, by extension, the potential associated reward and/or penalty, and the extent to which these are symmetrical, in terms of value and likelihood of outcome:

Identified as delivering additional value	Notional additional benefit delivered
Company car policy to include only full electric or hybrid vehicles	Carbon reduction benefit Air quality benefit
Voluntary planting of 40,000 trees across network	Quantified benefit of [£701,930] over GD2, assessed consistently with guidance from UK Forestry commission.
Improved repair time for gas escapes – 7 and 28 day targets	Carbon reduction benefit Social benefit

The extent to which an independent measure of the existing level of service that consumers receive is available and the degree to which the target level being proposed represents an improvement on this:

PLEASE REFER TO APPENDIX A8 – ENVIRONMENTAL ACTION PLAN FOR ANALYSIS AND FURTHER INFORMATION

Additional reference

- ENVIRONMENTAL ACTION PLAN - APPENDIX A8
- STAKEHOLDER ENGAGEMENT INSIGHTS - APPENDIX REF A4 – INSIGHTS 42, 43, 46, 48, 50 & 58
- CUSTOMER VALUE PROPOSITION – APPENDIX REF A13 – CVP5, CVP6 & CVP7
- COST BENEFIT ANALYSIS – FLEET