

RIIO-GD2

Giving customers
a stronger voice

PART 3: GIVING CUSTOMERS A STRONGER VOICE

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This section of the plan provides a detailed exploration of how our stakeholder community has shaped our plan. It highlights our stakeholders' core priorities and how we have responded to them in our commitments for the future.

In this section we also include information about how we have approached our engagement, the role of our Customer Engagement Group and the RIIO-2 Challenge Group, together with our strategy for engagement in RIIO-2.

3.1. A plan that puts customers and communities first

3.1.1. Our holistic approach to engagement

We have used an extensive, inclusive and high-quality engagement programme to put stakeholders at the heart of our RIIO-2 business planning and decision-making. This has been supported by input, soundings and challenge from our Customer Engagement Group (CEG) and the RIIO-2 Challenge Group. Building on a firm foundation of engagement throughout RIIO-1, we've enhanced our approach in **reach and depth to gain views and insights from across the full spectrum of our stakeholder community**.

Three key principles have guided our approach:

- 1. Meaningful:** rather than us defining the agenda, we asked stakeholders to tell us what they wanted to talk about and how they would like to engage with us. This allowed us to focus on the material issues most important to them, where there is real opportunity to influence our priorities and how we deliver them.
- 2. Inclusive:** our engagement has reached all groups of stakeholders, through 10 core mechanisms and a range of bespoke channels. Through a targeted and sensitive approach, we've reached traditionally hard to reach and seldom heard voices – ensuring our findings are representative of our whole community.
- 3. Iterative:** our integrated approach has ensured that every contact counts, utilising day-to-day feedback, third-party insight and specialist engagement. We've delivered a flexible engagement process that has continually evolved in response to insights gained from our communities, allowing us to iteratively test our proposals and calibrate across different groups.

You can find out more about how we've engaged with stakeholders to develop our plan in Appendix A3 – NGN RIIO-2 Stakeholder Engagement Strategy.

Our meaningful, inclusive and iterative dialogue has given us a greater understanding than ever before. **It is a process that has delivered real value and change – resulting in a more ambitious plan that truly reflects the expectations of our stakeholders.**

It is important to recognise that stakeholders are not just for price reviews; therefore, wherever possible we have had one conversation with them, combining our ongoing RIIO-1 engagement with planning for the future during RIIO-2. The richness and breadth of insight gained is much broader than the business plan and will continue to be used by the business and acted upon as part of our continual improvement.

Highlights of our approach

92%

of domestic customers find our plan acceptable

96%

of future customers find our plan acceptable

189,000⁺

voices have been heard and shaped our plan

92%

of customers find our key promises acceptable

26,000⁺

engaged through our core business plan engagement

84%

of customers find our plan affordable

6,400⁺

vulnerable customers engaging through our core engagement

10,000⁺

interactions with our online engagement hub

79%

customers engaging for the first time

1st

energy company to establish a Citizens' Jury

380⁺

organisations engaged, bringing 1,700+ seldom heard voices

80⁺

business plan engagement meetings and workshops

3.1.2. Our approach: meaningful, inclusive and iterative engagement

Meaningful

We consider engagement with stakeholders as a two-way process. Rather than structuring our conversation with them as passive receivers of services, we have resolutely sought for our engagement to be meaningful, enabling people to talk to us in a way that works best for them about the material things that matter most to them. In so doing, we have provided genuine opportunity to influence our priorities and shape how our services are delivered.

During 2018 we co-created our engagement plan, talking to over 250 stakeholders to better understand how they wanted to engage and what issues were important to them. This insight informed and complemented internal workshops, where our senior management team and colleagues explored the gaps in our existing knowledge and the insight needed to drive our core business decisions.

From this, we developed an initial range of potential topics clustered into categories and undertook an assessment to prioritise our engagement on those issues with the most material influence on customer experience and impact on bills. Our resulting plan, tested and refined with our CEG, created the framework to ensure that each piece of research and every discussion we have had to develop our business plan has focused on the things that really matter.

As well as asking the right questions, showing that we have listened and explaining how we have responded is key to meaningful engagement. To support this, we launched our online engagement hub, www.together.northerngas.co.uk, through which we have published the outcomes of our engagement on an ongoing basis, alongside regular newsletters reflecting back what we have heard. Furthermore, we have proactively re-contacted stakeholders who have expressed an interest in engagement outcomes, creating a continued dialogue.

The impact of this has been opportunity from the outset for stakeholders to co-create investment options, challenge rather than validate our own thinking and ensure business plan outputs reflect their expectations and priorities; and for this to have real influence on RIIO-2 planning.

Inclusive

We serve a large population of stakeholders who have varying interests and power to influence our services. Wherever we reference ‘stakeholders’ collectively in our business plan we allude to our entire stakeholder community, split into 45 segments as shown in the diagram below, including national policy shapers, local place makers and individual customers, and cutting across the breadth of our geographically, economically and socially diverse region.

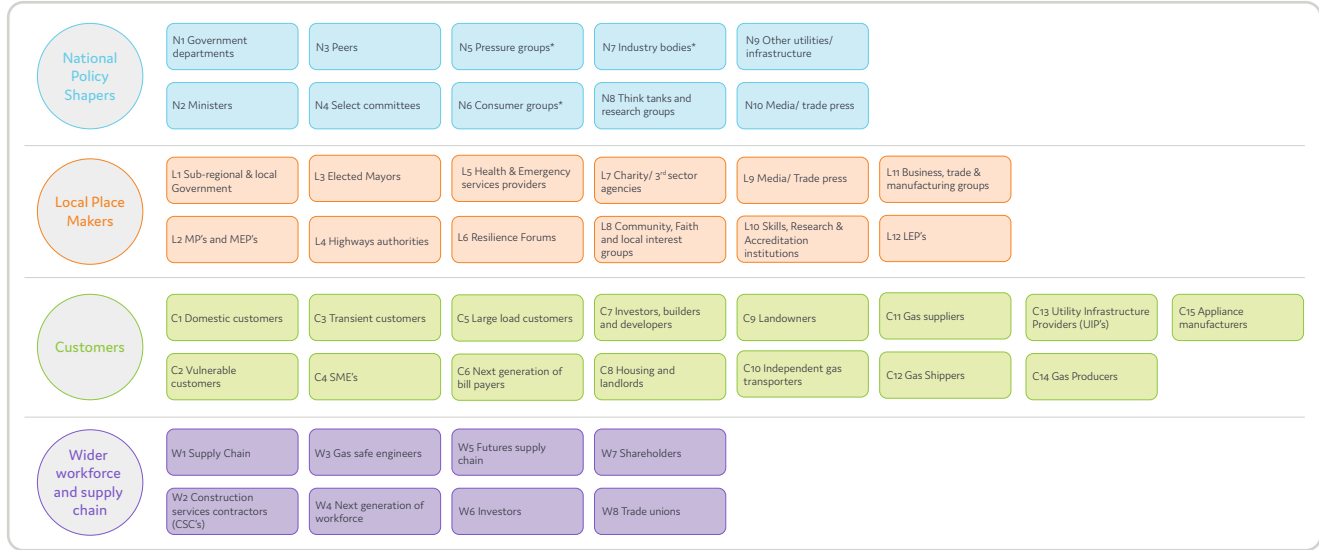


Figure 3.1: Stakeholder Taxonomy Map

In building our RIIO-2 plan, we used a comprehensive and inclusive engagement programme to reach each of these groups. Sometimes it was appropriate to focus our engagement on a specific stakeholder group to understand their views in more depth. For these insights we have clearly set out where we heard the feedback to differentiate it against the collective term stakeholders.

It has been vital to ensure that our engagement is representative of the diversity of our network area. We have built a comprehensive understanding of the socio-demographic profile of our region, including a commissioned review of 26 vulnerability indicators across all the local authority areas we cover, to inform the design of our research. We have used this to recruit samples that reflect distinct economic and social backgrounds, and to help us compare results from different groups in our analysis.

Throughout the programme, we have used best practice methods to break down the barriers to engagement and ensure that everyone has a voice. We have recognised that, for many traditionally ‘hard to reach’ customers, engagement exclusion has a range of drivers – be they low knowledge, vulnerability or emotional - that need a range of solutions. We have tailored our research approaches to remove these barriers wherever we can, for example by creating tailored educational materials, offering in-home engagement or translation services and creating safe-space engagement opportunities that give people time to listen and build confidence to engage. For our wider stakeholders, a refresh and gap analysis of our stakeholder database allowed us to identify and create improved and bespoke engagement opportunities with those stakeholders who are seldom heard or time-poor.

The impact of this has been an engagement programme that has reached over 26,000 people from across our whole community of stakeholders, and in so doing, a RIIO-2 business plan that represents a broader spread of insight than ever before.

Iterative

Every contact counts

We have brought together an extensive body of evidence to build a robust and meaningful platform upon which we can base strategic decisions. We have triangulated all sources of feedback available to us, making sure that every contact we have with our stakeholders counts.

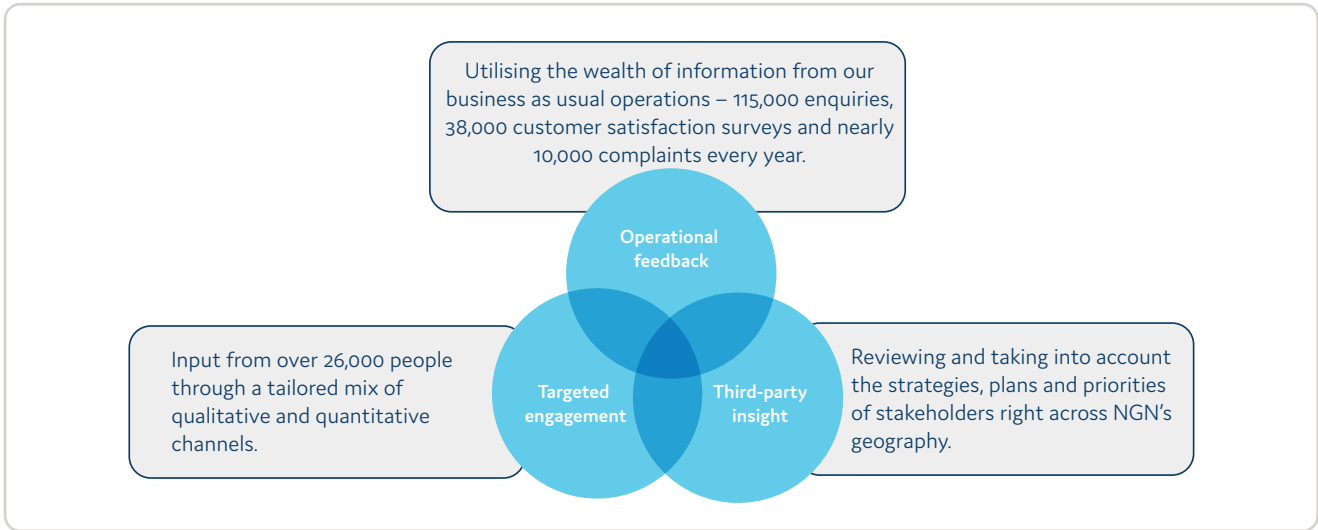


Figure 3.2: Insight data triangulation approach

The foundation of this approach has been to build on what we have learnt throughout the RIIO-1 period, and then focus engagement and activity to fill gaps in our knowledge and understanding. In this way, we have avoided the need to ask stakeholders to repeat what they have previously told us.

This gap analysis approach has also proactively sought out the vast experience, analysis and detailed insights of a wide range of third-party organisations. It recognises them as independent experts who can often provide a consumer, sector or industry voice, or a route into diverse communities that we might otherwise struggle to reach. An example of this is working with interest groups and specialists to test and inform key elements of our planning, such as with the Joseph Rowntree Foundation on inclusion and poverty, and with the Committee on Climate Change regarding the future role of gas. We have also conducted an extensive analysis of place-based economic and energy priorities by reviewing the plans and strategies of local and sub-regional bodies such as local authorities, local enterprise partnerships and combined authorities.

High-quality engagement and participation

Engaging about our services is often not straightforward. It involves issues that stakeholders are often not aware of or have not experienced, or decisions whose impact runs across decades and affects future generations. It also risks being one-way, rather than a genuine discussion or an opportunity to solve challenges and create new plans together. Successful engagement requires a dynamic, multifaceted approach, which seeks continual feedback across different pathways and levels which we can assimilate and act upon quickly. Recognising this, we have applied **four different levels of engagement to combine extensive breadth of input with genuine depth and collaboration**, including on particular topics and with specific stakeholder groups:

- **Inform:** Informing stakeholders of our intentions and updating them along the journey.
- **Consult:** Providing an understanding of stakeholders’ high-level priorities.
- **Involve:** Linking to priorities, clarifying preferences relating to our outputs.
- **Collaborate:** Co-creating and refining the most material options in our plan.

From this, we have:

Developed a range of engagement mechanisms and materials tailored by topic of interest, the complexity of subject matter, the time stakeholders had available to participate and their preferred level of engagement. This approach enabled us to carefully determine the most appropriate use and weighting of engagement methods such as in-depth face-to-face methods for more complex ‘knotty’ issues and digital engagement for consulting on stakeholders’ priorities. We provided 10 different core ways for people to engage, which, alongside other bespoke and ongoing channels, have created iterative opportunities for individuals to provide feedback.

Used these mechanisms to make the programme accessible to a diverse range of stakeholders, particularly those who are seldom heard or hard to reach. This includes, for example, using in-home interviews for customers in vulnerable circumstances to give more insight into potentially sensitive individual circumstances and allowing us to observe needs first-hand, in the comfort of familiar surroundings, rather than rely on reported evidence.

Used clear sequencing and timing of engagement for maximum impact and to ensure that our approach has been iterative. Our cumulative programme of research and dialogue has been planned so that each phase builds on knowledge gained in previous phases, including through RIIO-1. Our initial large-scale online Centrepiece Survey provided people with the opportunity to quickly give their views across a wide range of topics. It allowed us to segment stakeholders by interest topics for subsequent targeting and deeper exploration of specific business plan topics to understand priorities and support co-creation of options.

Figure 3.3 summarises the components of our approach, how they combine to reach all engagement needs and audiences, and how they have been sequenced to build iterative knowledge and impart maximum influence on the business plan from its conception to completion. Appendix A4 – NGN RIIO-2 Stakeholder Engagement Insights further details how this mix of mechanisms has enabled input and how this feedback has been triangulated with multiple sources of evidence to produce clear insights as a result.

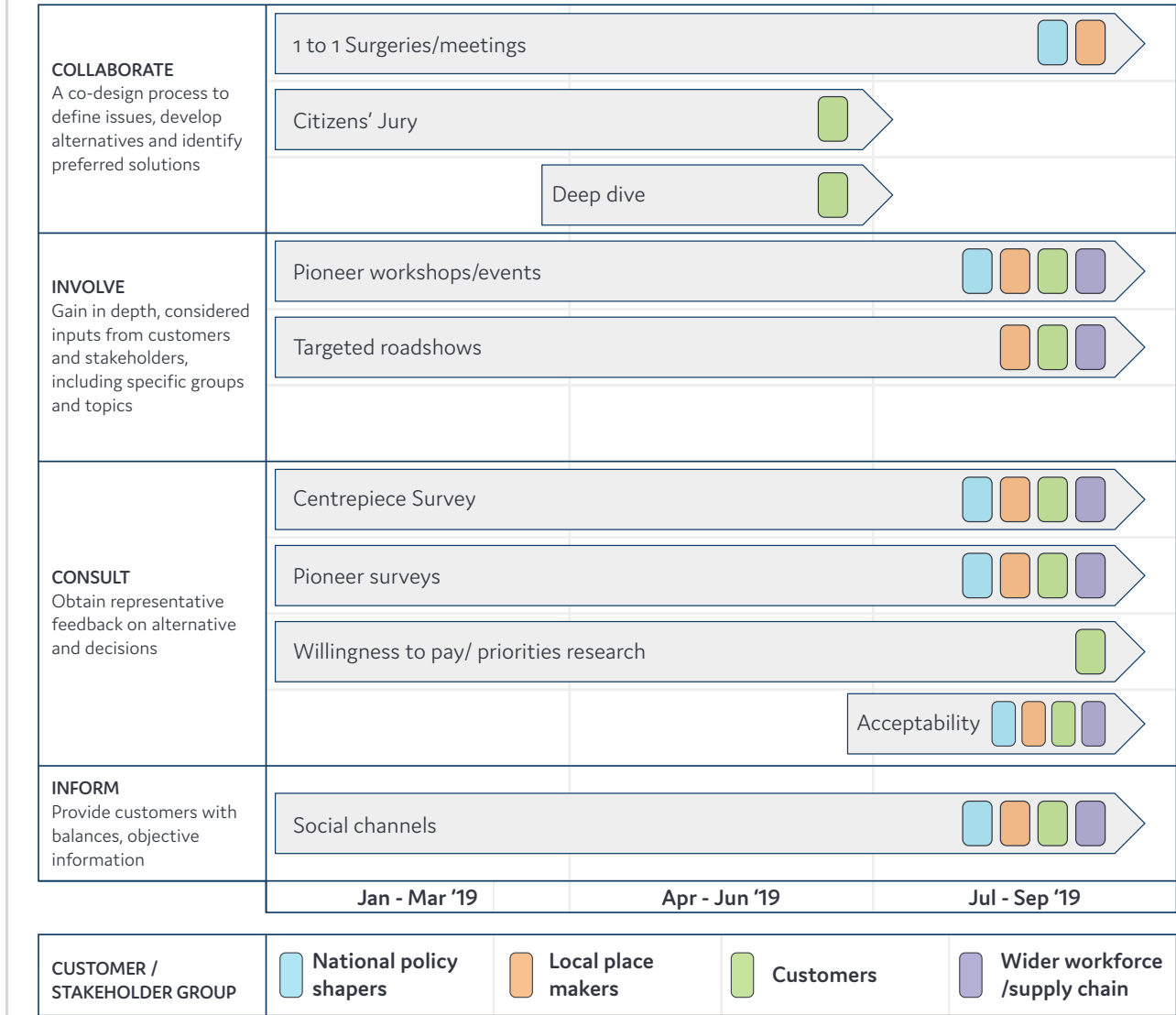


Figure 3.3: RIIO-2 Business Planning Engagement Activity

The impact of this has been a flexible engagement process that has continually evolved in response to insights gained, allowing us to iteratively test and calibrate proposals and, in so doing, build a RIIO-2 business plan that reflects the expectations of our stakeholder community.

3.1.3. Shared local ambitions for our region

Our business plan comes at an exciting time for the North of England. We have worked closely with local place-makers and service providers, who have set out an ambitious roadmap that seeks to rebalance the national economy and create inclusive, sustainable growth. Whilst each area is unique, there are many common themes that our local policy makers expect from us as a key anchor institution in the North. They each strive to:

Develop the infrastructure for growth: Our partners have plans for major transport, housing, digital and commercial developments. They expect us to continue to invest, in a coordinated way, in infrastructure that supports the productivity of industry and business in the region.

Meet stretching ambitions on climate change: They seek major reductions in carbon emissions linked to energy generation and distribution, and expect us to invest in an innovative, integrated approach to achieve that. In particular, they want to see positive steps taken to capitalise on the potential for hydrogen and other green gases being used within our network.

Boost innovation across industry: They wish to see more investment into research and development – particularly in energy and decarbonisation – alongside enhanced partnership between and across industry and academia.

Improve environmental resilience: They expect us, as partners, to proactively support them in their ambitions to improve green infrastructure connectivity, improve the resilience of critical infrastructure and reduce harmful transport emissions.

Create inclusive communities with high-quality jobs: Our partners expect us to provide good jobs – a healthy workplace, training and progression, payment of the living wage and more good-quality apprenticeships. More broadly, they wish to see improved support for local communities and reduced inequalities across the board, through targeted action on issues like fuel poverty and building social capacity through community group links.

3.1.4. Our stakeholders’ priorities for the future

Whilst expectations of the service we provide is different for many of our stakeholders, our dialogue with them has shown that they are united by five core priorities, which in turn, underpin our plan.

Safety first: Providing a safe gas supply is most stakeholders’ top priority and an absolute requirement. Customers’ core expectations are that we will deliver a responsive emergency and repair service, and keep safety as the central driver of all investment decisions.

Gas there when its needed: They place great value on providing reliable and uninterrupted supplies and want our focus to be on minimising disruption to their normal daily activities. They expect us to ensure that our services are resilient to the rapidly changing landscape in which we operate.

Value for money: They want bills that are no higher than necessary and the provision of services that are affordable for all. Although the majority have no issues being able to access or afford our services, it is recognised that this is not the case for everyone, and they expect us to help those for whom this is not the case, so that no one gets left behind.

Protecting the environment: In the face of long-term issues, such as climate change, and day-to-day problems, such as gas leakage from our network, reducing the environmental impact of our operations is of significant and increasing importance. They wish to see greater urgency and ambition in reducing our business carbon footprint, now and in the future. This is particularly the case for our future customers - the group most likely to view this as their highest priority (over safety and reliability).

Preparing for the future: Our customers rely on gas to power their day, every day, and want us to make sure it stays that way for future generations. They expect us to prepare our network for affordable, renewable energy solutions and play an active part in the delivery of the UK’s commitment to a low-carbon energy future.

3.2. Collaboration and challenge

3.2.1. NGN Customer Engagement Group

Along each step of our journey to develop this plan, we have been challenged and supported by an independent critical friend, our Customer Engagement Group (CEG). With membership drawn from across our stakeholder community, the CEG’s role is to ensure that we have truly understood the priorities of our stakeholders, and reflected these in ambitious, stretching proposals that offer value for money.

The CEG’s independent Chair, Jenny Saunders CBE, led an open call for recruitment to the group and selected 10 members with a broad range of experience covering utilities, engineering, consumer rights, environment, economic growth and social inclusion. Forming for the first time in the autumn of 2018, the group designed a robust governance framework. This included effectiveness criteria and an ongoing monitoring framework by which the group measured its ability to challenge and retain its independence. A target operating model set out the Group’s code of conduct, its requirements of NGN and the processes by which the group would raise and manage challenges or feedback provided to the company. Finally, the group set out their assessment criteria for the business plan itself based upon Ofgem’s guidance, ensuring a clear line of sight throughout the process. From the outset, we provided the group with resources and support to carry out this role, including the nomination of the business’s Director for Governance and Assurance as the CEG’s senior liaison, alongside dedicated secretariat support.

Meeting on a monthly basis, the group has investigated the business’s performance track record and proposals across all aspects of the plan with the exception of the business’s financial strategy. Throughout the year, the group has received presentations from members of the strategic and operational management teams, had direct access to NGN Board members, visited sites across the network and gone ‘behind the scenes’ to see operational activities. Alongside meetings of the full group, deep dive subgroups have been established to allow members to look in greater detail at critical aspects of the plan, reflecting their areas of specialism and expertise.

The CEG – informing our engagement approach

The CEG, in particular each of the Engagement Deep Dive Groups, has provided rigour and challenge to the business’s dialogue with stakeholders. Initially, the Group considered the overarching engagement strategy and, building on their feedback, our detailed engagement plan. Their feedback in respect of this directly changed and improved our engagement programme.

CEG feedback ...	So we ...
Customers and wider stakeholders’ 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 in particular 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.

Figure 3.4: CEG influence on engagement approach

Throughout our engagement, CEG members have attended workshops, observed market testing events and commented on the draft approach and analysis of key research such as business plan acceptability. The benefits of the intensive consideration that the CEG has given to our stakeholder engagement programme are threefold:

- Opportunity to assure themselves that the business’s approach to engagement has been open, honest and transparent – that stakeholders have had ample opportunity to put forward their views without being ‘led’ by the business.
- Front seat view of our engagement as it happens, giving opportunity for the CEG to assess if the business’s interpretation of stakeholders’ sentiments is fair and true.
- Continual improvement: the CEG’s feedback was reported back to the business through monthly tactical ‘lessons learnt’ and used to inform forthcoming engagement opportunities.

Providing challenge to the business plan

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.

	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 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 on 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.	Recognising 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.

Figure 3.5: Example of CEG Challenges

The full list of the challenges raised and our responses are contained in the Customer Engagement Group's Independent Report.

3.2.2. Ofgem RIIO-2 Challenge Group

Complementing the work of our CEG, Ofgem's independent RIIO-2 Challenge Group has provided a further challenge that has helped give us confidence to deliver our most ambitious plan. This expert group has had the benefit of oversight of the gas distribution and transmission companies plans across the UK, allowing them to benchmark our proposals and ensure a fair and equitable deal for customers across the country.


Whilst developing our business plan, our senior management team met with the Challenge Group three times, discussing our track record and our proposals for RIIO-2 . Additionally, the group has reviewed and commented on each iteration of our business plan. As with the CEG, our plans have evolved as a result of their feedback – Appendix A31 –NGN RIIO-2 Challenge Group You Said, We Did Responses, provides a full list of the challenges and how we have responded to them or changed our approach.

3.3. Together, we have created a plan for the future


3.3.1. How we have responded to stakeholders' priorities

We have set out below 44 key insights from our stakeholders that have shaped our plan. You can find out more about what our stakeholders' told us and how views changed between different groups in Appendix A4 – NGN RIIO-2 Stakeholder Engagement Insights.


We have indicated if the commitments we are making in our plan meet or exceed Ofgem's RIIO-2 minimum standards and our stakeholders' expectations by using icons:



We've met or exceeded our stakeholders' expectations



Compromise area – we've not fully met our stakeholders' expectations



We've exceeded the minimum standards set out in OFGEM's regulatory framework

Whilst we have heard a call for ambition and frontier levels of customer service in our plan, stakeholders also prioritise value for money – second only to safety. We have worked hard to get this balance right and deliver a plan that delivers value for money improvements on the outputs which are material to our stakeholders – at a reduced price.

In our 2019 Priorities Research, Business Plan Acceptability testing and Citizens' Jury – all material components of our overarching engagement programme – we heard that customers value our strong track record in providing excellent service and want us to at least maintain our current performance. Our proposals respond by setting out continuous improvement, such as improved outputs on complaint handling, at no extra cost to our customers.

Investment in the network and minimising disruption caused by supply interruptions and roadworks featured prominently in our stakeholders' priorities for the future. We believe that their preferences have been reflected in our commitments set out in this business plan.

In some areas of our plan, we have been challenged to think bigger, notably the duration of unplanned interruptions and outputs that protect the environment. This input has given us the confidence to commit to things that we may not otherwise included or emphasised in our plans, such as an enhanced programme of non-mandatory pipe replacement to achieve improved safety and reliability, and greater reduction in our environmental impacts. In some areas, we have had to balance conflicting views and reached decisions that do not fulfil our stakeholders' expectations in full. These represent compromises within our plan and where we have been open and honest with our stakeholders' on why we have taken these decisions.

Stakeholder-driven changes to our plan – highlights

By testing our proposals with stakeholders iteratively, each with varying degrees of ambition and investment implications, we have made changes to our business plan. Some of the key changes are:

- Smarter coordination between utilities. During many of our discussions with stakeholders, frustration with repeated roadworks by multiple agencies was cited as a key area for improvement. In our initial plan, we set out some broad principles for coordination but realised we needed to go further to address these concerns. We have now established a broader scope for our Whole Systems Framework that covers heat, power, transport and business solutions. Within our framework, we have established action plans to implement with partner organisations, such as water and power utilities, to coordinate our approach and reduce the impact on consumers and future customers.
- More ambitious targets for decarbonising our fleet. Our starting point was a target that all of our vans would meet Euro 6 emissions standards, but our stakeholders were clear that they expected us to go further. Now, we have committed to 100% of our company cars and at least 50% of our commercial vehicle fleet being ultra-low emission or hybrid by the end of RIIO-2. This means 50% of our total fleet will be ultra low emission by the end of RIIO-2.

- New measures for reducing plastic wastage, including from our pipe replacement programme. Our initial plans did not include any measures for plastic wastage, but our stakeholders told us it was important to them. So, we have committed to eliminating single-use plastics from our offices and depots, and reducing the amount of plastic pipe that we waste and the amount of plastic that we use in our supply chain.
- Investment in green infrastructure. Our stakeholders told us that they want us to improve air quality and expect us to support regional programmes to improve green infrastructure, over and above our initial plans. So, we have committed to funding the planting of 40,000 trees in our region during RIIO-2, predominantly in urban areas, and adopting tools to measure the impacts on biodiversity from our works and infrastructure sites.

Balancing trade-offs

Throughout our engagement programme we found significant consensus across our stakeholder community on key priorities. Nevertheless, there were nuances in our stakeholders’ views and, indeed, issues on which we have made business decisions that represent trade-offs for our stakeholders.

For example, whilst concern about our impact on the environment has grown across our community in recent years, within our acceptability testing we found that our future customers (aged 18–25) tended to view this as a highest priority (compared to safety for other stakeholders). Across the board, whilst acceptance of our environmental commitments was high (ranging between 80% and 91%) stakeholders’ were most likely (1%–14%) to find our environmental commitments unacceptable than in any other part of our plan. Those stakeholders felt deep concern for the environment, particularly in terms of carbon emissions and climate change. And in our Citizens’ Jury, we heard our customers’ concern that a desire to keep bills low may be storing up environmental problems for the future.

Whilst we are encouraged that stakeholders are broadly supportive of our environmental commitments, we recognise that these represent a trade-off for others who would like to see swifter progress in our pipe and fleet replacement programmes. In the case of fleet, our decision has been made on the basis of the current availability of appropriate vehicles on the market and our consequent need to trade off environmental impacts with the delivery of a safe and reliable service. In the case of our pipe replacement programme, we have considered the needs of all of our customers and come to the view that we can only justify investment of customers’ money where there is a clear cost benefit case for doing so. In both cases, in the light of changes in the availability of vehicles or certainty of government policy on decarbonised heat, we will reconsider our strategy in light of our stakeholders’ views.

Our responsibilities to communities and our most vulnerable customers was also a point of divergence between different stakeholder groups. Whilst our CEG, alongside local service providers with experience of supporting those at the highest point of need, asked us to do more, only 8%–13% of stakeholders taking part in our Centrepeice Survey felt this was a key priority. In more deliberative settings, including those with high proportions of vulnerable customers such as our Citizens’ Jury, there was a stronger consensus that we did have a strong role to play but concern to ensure we do not go ‘beyond our role’. Nevertheless, there was strong support for free or low-cost connections to people in fuel poverty. Indeed, our Willingness-To-Pay research suggested that, for a target of 1,000 free connections, they would expect to pay less than they currently do (compared to targets of 1,500+, for which they were willing to pay more).

As with environment, we have had to carefully calibrate both conflicting stakeholder views and the changing delivery landscape when making social commitments in our plan. Whilst we recognise that many of our stakeholders question our role in some of these activities, we have also drawn on the experiences of our front-line staff and our local service partners, who see on a daily basis the needs of our most vulnerable customers. With this in mind we have increased our investment in these areas, whilst committing to work through partners and only act when there is a clear role for us to do so. We have also heard and fully recognised the importance of fuel poor connections to our stakeholders and balanced this with a need to set realistic and deliverable targets. Our baseline target of 1,000 reflects the changed national eligibility requirements for this service, whilst our aspirational target of 2,000 reflects our ambition to more effectively address our stakeholders’ expectations.

The results of our business plan acceptability study have given us confidence that we have arrived at a fair and acceptable outcome for our stakeholders and customers.

3.3.2. An affordable and acceptable plan

We have worked hard to get the balance right between ambition and affordability in order to deliver a plan that delivers more for less. Our business plan acceptability testing research engaged with over 1,300 domestic, future and business customers on every aspect of the plan. Through that research, 92% of all customers told us that they found the plan acceptable. Our future customers were most likely to find the plan acceptable, at 96%. And across our key performance promises, 92% of customers felt these were acceptable – the following section outlines acceptability of each of our promise areas. For more information on our acceptability testing and the methods used, please see Appendix A3 – NGN RIIO-2 Stakeholder Engagement Strategy.


You said	So we have	Read more at
Bills should be no higher than absolutely necessary; our services should be affordable for all.	 We will reduce the average domestic customer bill from £139 during RIIO-1 to £127 in RIIO-2. An 8.6% reduction over the period. This represents a c.£150m saving over RIIO-2 compared to RIIO-1.	7.5 Customer bills
Overall business plan affordability approval rating: 87% % of customers saying our proposed bill level is affordable or very affordable.		

Figure 3.6: Affordability insights and response

3.3.3. Meeting the needs of customers and network users

Customer experience – our supply interruptions proposition

Our extensive engagement with stakeholders and triangulation of this evidence with insights collected from operational data and third-party insights has indicated that, based on our RIIO-1 performance levels, stakeholders are very satisfied with the overall service we provide. They understand that a supply interruption is a relatively rare occurrence on our network, with the likelihood of experiencing a planned interruption as only 1 in 40 years and the chance of an unplanned interruption as just 1 in 200 years. However, our engagement has reminded us that our focus must be on restoring their supply safely, quickly and efficiently whilst minimising disruption to our customers’ normal daily activities. On the rare occasion that we fail to hit our high standards, not all customers expect to be compensated; however, we heard that there is an opportunity to improve confidence and satisfaction in our service by going above and beyond the minimum requirements.

You said	So we have	Read more at
Our focus should be on minimising disruption to our customers’ normal daily activities by reducing the average duration of supply interruptions.	 Committed to monitoring our performance in responding to all unplanned interruptions through RIIO-2 and have implemented a bespoke target of <11hrs for the average time it takes for us to re-connect customers to the ECV. Recognising the importance to our customers, we have additionally committed to a voluntary compensation payment if we fail to reconnect within the same day.	4.2.2 Gas there when you need it
Seven 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.	  We will provide notification: <ul style="list-style-type: none">• at least 7 working days prior to work commencement; and• notify all identified vulnerable customers 15 working days prior to work commencement.• We will provide a reminder 48 hours in advance of the planned interruption.	4.2.2 Gas there when you need it A7 – NGN RIIO-2 Vulnerability Strategy
When their gas supply is interrupted unexpectedly, customers want to be reconnected and able to use their appliances as soon as possible.	  Introduced a bespoke target to restore gas to appliances within 2 hours of either gas being restored to the ECV or the time convenient for our customers. We will investigate means of avoiding interruptions or providing temporary supplies, to customers in vulnerable situations using NIA funding.	4.2.2 Gas there when you need it 5.4.8 NIA funded innovation

Figure 3.7: Supply interruption insights and response









You said	So we have	Read more at
Nobody likes having to wait at home for a tradesman or a delivery to arrive, but when it is inevitable, customers told us they expect us to offer an appointment service.	 We will offer 2-hour appointment slots for engineers to attend jobs and a tracking service.	4.2.2 Gas there when you need it
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.	4.2.3 Help for those who need it most
Reinstating our excavations after engineering works more quickly than during RIIO-1 is important, but not at the expense of quality.	  We have gone beyond the minimum requirement of 5 working days and committed to reinstating customers premises within 3 calendar days (excluding bank holidays) – and doubling the RIIO-1 regulatory compensation payments if we do not deliver.	4.2.2 Gas there when you need it
If we do not meet our service standards, customers expect us to go beyond minimum requirements and compensate them appropriately.	  We have committed to doubling the RIIO-1 regulatory compensation payments when we do not meet our obligations and introduced compensation even where we do not have to, for the things that stakeholders have said are important to them.	4.1 Our RIIO-2 outputs
We should continue to provide industry-leading support when a large-scale unplanned incident occurs.	  We will deliver an enhanced Major Incident Support Framework during ‘gas-off’ incidents impacting over 250 customers. This will also be provided on a case-by-case base for smaller incidents, based on expected length of interruption and weather conditions.	4.2.1 A truly great customer experience for everyone
Overall acceptability of our reliability promises: 93% % of customers saying our promise is acceptable or very acceptable.		

Figure 3.8: Supply interruption insights and response

Our customer satisfaction and complaints proposition

A key aspect of our stakeholder engagement process is listening, learning and acting on this feedback. We are reliant on this feedback to indicate if we are delivering consistently with what we set out to achieve. Where we get it wrong, we want to learn from this and ensure that we embed the necessary actions to improve our service going forward. Customers recognise our strong customer service and complaints-handling performance throughout RIIO-1 and want to ensure that existing levels of performance are at least maintained in RIIO-2. We have listened to our stakeholders and will strive for continuous improvement across the board, with specific commitments to improving the customer journey for our connections and market services customers.

You said	So we have	Read more at
We should strive for continuous improvement on customer complaints by a) setting targets based on calendar days and 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.	4.2.1 A truly great customer experience for everyone
Customers want to see improved communication throughout the connections process and enhanced outputs on the time taken to deliver.	  For standard quotations, we will go beyond minimum requirements to provide quotes within three working days and start dates within 10 working days, together with an online booking service and a key customer contact throughout the journey.	4.2.2 An enhanced connection service









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.	4.2 Meeting the needs of consumers and network users
Overall acceptability of our customer service promises: 92% % of customers saying our promise is acceptable or very acceptable.		

Figure 3.9: Customer satisfaction insights and response

Socially responsible and saving lives

More than any other priority in our plan, social responsibilities have polarised opinion amongst our stakeholders. Although it is very challenging to find consensus on which vulnerable customers have the greatest need, stakeholders have reiterated that we have an important and practical role to play in supporting the wider social agenda. We heard that we should continue with our core outputs but stop short of duplicating the efforts of social services or the NHS.

Our stakeholder engagement has clarified the need for a flexible approach to defining vulnerable circumstances and fuel poverty so that each individual’s situation can be taken into account and bespoke support be provided. We have used stakeholder feedback to refine our portfolio of tailored initiatives to better serve our customers and deliver more successful outcomes than ever before.

You said	So we have	Read more at
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 5,000 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.	4.2.3 Help for those who need it most
Stakeholders want us to meet or exceed the number of fuel-poor gas connections provided during RIIO-1.	 We will commit to a minimum 1,000, and have an ambition to deliver 2,000, off-grid, fuel-poor customers per annum over the RIIO-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.	4.2.3 Help for those who need it most
Stakeholders want us to ensure that, when we deliver a fuel poor 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 should the desired customer benefit be achieved.	4.2.3 Help for those who need it most
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.	4.2.3 Help for those who need it most
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 5,000 customers per year.	4.2.3 Help for those who need it most
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 also respond to the needs of the specific charity. We will also train 100 community partners per year in CO, PSR and energy efficiency in order to reach a wider range of customers.	4.2.3 Help for those who need it most
Stakeholders want to see provision of bespoke relevant support that is driven by individual circumstances, such as relief from financial hardship.	 We occasionally serve customers who are in desperate need of direct financial help. For these customers, we will set up a hardship fund of £150,000 per year, in partnership with similar schemes. Access to this fund will have a strict set of criteria, to ensure that we are not duplicating any other available funding streams.	4.2.3 Help for those who need it most

You said	So we have	Read more at
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. We will investigate solutions to reduce the day-to-day impacts.	4.2.3 Help for those who need it most 5.4.8 NIA funded innovation
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.	4.2.3 Help for those who need it most
Stakeholders support our staff taking up to 2 days paid leave to volunteer in the community to support a range of relevant causes.	 We will continue our policy which enables our staff to take two days' paid leave each year to undertake volunteering activities in the local community. At least 1 day will be dedicated to supporting our social priorities, e.g. carbon monoxide awareness and tackling fuel poverty.	4.2.3 Help for those who need it most
Overall acceptability of our social and vulnerability promises: 89% % of customers saying our promise is acceptable or very acceptable.		

Figure 3.10: Social and vulnerability insights and response

3.3.4. Maintaining a safe and resilient network

Safety first

We are proud that our record indicates that we are one of the safest networks in the sector. When we shared our overarching strategy for minimising safety risk with our stakeholders, they unanimously said that safety was their highest priority. They also indicated that this is an area with little room for compromise – safety is an absolute – which clearly aligns with our own priorities.

Stakeholders expect safety to be a key driver that underpins our proposals for investment in RIIO-2 and informs our asset intervention strategy. Their advocacy influenced our plans for an enhanced programme of pipe replacement which, in addition to reducing safety risk, will also reduce the risk of a loss of supply or service failings to our customers, decrease the cost of operating or maintaining our network over the long term and reduce the amount of carbon we release into the atmosphere.











You said	So we have	Read more at
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.	 During RIIO-1, we led the industry with an average of 99.8% and over 99.9% of gas escapes attended within the 1- and 2-hour standards respectively. In RIIO-2, we will exceed the minimum standard of 97%.	4.2.2 Gas there when you need it
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.	 During RIIO-2, we will continue to improve by repairing more than 64% of controlled gas leaks within 12 hours. We will also reduce leakage from our network and the carbon impact associated with this by improving our performance on 7- and 28-day repairs.	4.2.2 Gas there when you need it
Stakeholders want to see improved performance in restoring supply to customers within 24 hours following an interruption.	  We have committed to restoring gas to the emergency control valve on the same day for unplanned interruptions. Where we fail, we will pay £25 after 8 hours, in addition to double the RIIO-1 compensation payment if reconnection is not made within 24 hours.	4.2.2 Gas there when you need it
Customers showed, in principle, support for an accelerated programme of pipe replacement, in order to achieve improved safety and reliability, and reduced 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.	4.3.1 A safe and sound service
We should manage our assets to ensure that they are future-proofed, and make decisions with the longer-term end goal in mind.	 We will adopt Ofgem's Network Asset Risk Metric (NARMS) to help justify, evidence and track the investments we make in our network, ensuring that we maximise customer benefit whilst minimising safety risk.	4.3.1 A safe and sound service
National, local and wider stakeholders advocated a proactive approach to educating customers on gas safety.	 We have committed to training 100 community partners per year to deliver CO awareness in our region. We will also provide free carbon monoxide detectors to all customers who have a new connection to the gas network.	4.2.3 Help for those that need it most
Category 2 responders would like to see us going above and beyond the minimum standards and being more proactive with resilience planning.	 We will take a more active role in Resilience Forums and working groups across our region, thereby improving community contingency planning and response to emergency situations.	3.4 Moving forward, together
Overall acceptability of our safety promises: 92% % of customers saying our promise is acceptable or very acceptable.		

Figure 3.11: Safety insights and response

3.3.5. Delivering an environmentally sustainable network

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.

Throughout RIIO-1, we have observed stakeholders showing increasing support for and urgency about protecting the environment. Linked to its materiality stakeholders want to see us proactively reducing gas shrinkage, our biggest direct environmental carbon emission and environmental impact which includes natural gas leaking from our network. Therefore, stakeholders support an optimised mains replacement programme which targets the leakiest metallic pipes within our network and investments in system pressure management and gas conditioning to reduce shrinkage.

We have reflected stakeholders’ concerns and preferences in our RIIO-2 outputs and will continue to listen as we deliver the objectives of our strategy via our Environmental Action Plan (EAP), with a key focus on initiatives to ‘Reduce our business carbon emissions’, ‘Protect the Environment’ and ‘Supporting a move to “net-zero” Carbon Emissions’. 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 have	Read more at
Stakeholders consider that it is imperative that we act against climate change, by reducing both shrinkage and non-shrinkage emissions to reduce carbon emissions.	<div>During RIIO-2 we have committed to:</div> <div><ul style="list-style-type: none">• Reduce gas shrinkage by 23% and gas leakage by 24% through an optimised mains replacement programme; investment in system pressure management; gas conditioning and improved gas escape repair performance;• Reduce our non-shrinkage business carbon footprint by 23%; a science-based target achieved by reducing the impact of our vehicle fleet, on-site renewable energy, reduced material wastage and using our resources responsibly.</div> <div>These commitments will support a net zero carbon future and protect our environment.</div>	<div>4.4.1 Reducing our business carbon emissions</div> <div>4.4.2 Supporting a “net-zero” Carbon Future</div>
There is a significant appetite amongst stakeholders for us to reduce our vehicle carbon footprint, and go above and beyond by phasing out diesel vehicles sooner.	<div>We have committed to:</div> <div><ul style="list-style-type: none">• 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 £0.9m;• Renewal of our commercial vehicle fleet with newer, more efficient vans that can meet our operational requirements, with at least 25% of our commercial fleet being ultra-low emission by end RIIO-2;• Altogether at least 50% of our total vehicle fleet will be ultra low emission or hybrid by the end of RIIO-2, removing 250 diesel vehicles from our fleet.• Continuing to install remote pressure management on our network to reduce the number of journeys that our engineers make to site.</div> <div>Our investment will reduce our business carbon emissions and improve air quality.</div>	<div>4.4.1 Reducing our business carbon emissions</div>
When gas land is remediated, stakeholders expect us to actively improve habitats for wildlife at NGN’s permanent sites.	<div>We will enhance life on hand by creating >200 homes for nature and our land remediation programme. We have also committed to investing, from shareholders’ returns, in the planting of 40,000 trees in urban areas which will deliver improved air quality and aesthetic value to the communities that we serve.</div>	<div>4.4.3 Protecting the environment</div>
Stakeholders want us to reduce roadworks caused by our approximately 180,000 excavations per year.	<div>Our whole systems strategy commits us to working closely with other utilities, particularly in the area of joint planning of works. We’ve also committed to ongoing innovation to reduce the duration of our excavations. These include specialist cameras to target blockages, mains and water extraction and allowing excavations to be carried out in a side street and not in high impact locations.</div>	<div>5.1 Enabling whole systems solutions</div> <div>5.4.6 Planned outcomes for innovation in RIIO-2</div>
Overall acceptability of our environment promises: 90% % of customers saying our promise is acceptable or very acceptable.		

Figure 3.12: Environment insights and response

3.3.6. Enabling whole systems solutions

Proactively facilitating the energy transition

A diverse range of stakeholders have called for a national conversation about the future of gas and have asserted that the gas networks have a role in promoting the topic through the public agenda, as well as providing an evidence base to inform policy decisions. We heard a strong appetite for greater urgency in creating stepping stones to future decarbonisation targets, by trialling innovative alternative gas options such as hydrogen. However, not all of our stakeholders agreed with

these majority views. Some challenged the assertion that it is our role as a network operator to provide solutions to national policy decision makers, or to risk investment that may not return value to customers. The Core Energy Scenario developed jointly across the energy industry identifies gas as playing a significant role in providing reliable, flexible energy supplies in RIIO-2 and beyond. Stakeholders have shaped our approach to risk and uncertainty by supporting ‘low regrets’ investments. Our RIIO-2 business plan reflects their appetite for a range of investigative research and development projects to ready the network for changes beyond 2026.




You said	So we have	Read more at
Our stakeholders consider that gas should remain part of the UK energy mix provided it can be decarbonised	<div>Our plans reflect the need for gas as an ongoing energy source and our ambitions for a decarbonised gas sector to meet the UK’s net zero emissions targets. We will continue to develop the evidence base required to inform a policy decision on the decarbonisation of heat, through our H21 project and ongoing collaboration with other gas distribution businesses through projects such as HyDeploy.</div>	<div>4.4.2 Supporting a “net-zero” Carbon Future</div> <div>5.1 Enabling whole systems solutions</div> <div>5.4.8 Innovation outcomes in RIIO-2</div>
Our investment strategy in RIIO-2 should be ‘Business as usual ‘plus’ investments that prepare the network for a positive future policy decision.	<div>We are continuing to work collaboratively with the government and other gas distribution and transmission businesses to identify remaining research requirements to help inform a policy decision on how to achieve the UK’s net zero targets. We have committed to a number of innovation projects in our business plan, but will remain flexible with the work that we look to undertake across RIIO-2, so that we are ready to respond to policy changes. Our whole systems strategy outlines the pragmatic approach we will take to coordinating our approach to reducing and outlines the pathway to meeting the net zero carbon targets.</div>	<div>5.1 Enabling whole systems solutions</div> <div>5.4.8 Innovation outcomes in RIIO-2</div> <div>4.4.2 Supporting a “net-zero” Carbon Future</div>
The government cannot make informed decisions without evidence that future gas options are feasible. We should be running live trials of hydrogen, and stakeholders want to see more research conducted to build an evidence base.	<div>During RIIO-2, our next steps will be to move to real-world trials across our portfolio of projects. To achieve this, we will collaborate with Gas Distribution Networks and other utilities to explore the commercial applications of the technology and the most effective delivery models.</div>	<div>5.1 Enabling whole systems solutions</div> <div>5.4.8 Innovation outcomes in RIIO-2</div> <div>4.4.2 Supporting a “net-zero” Carbon Future</div>

Figure 3.13: Whole systems insights and response

3.3.7. Driving efficiency through innovation and competition

Stakeholders told us that they believed that we could use innovation to improve our customers’ experiences and deliver our services more efficiently. They considered that we should focus on projects which:

- are within our area of expertise;
- are financially viable without reliance on external support;
- better understand and use data to deliver improved customer service;
- improve collaboration with supply chain partners;
- are rapidly deployable;
- tackle challenges specific to NGN, as no one else will be developing these solutions;
- are scalable and have tangible customer benefits.

Stakeholders stated that the benefits of such projects could include: improved safety; reduced customer disruption and complaints; increased security of supply and sustainability; more accurate asset location and specification data; increased reliability; environmental benefits; and de-carbonisation.

Collaboration is key when funding is uncertain

Many of the stakeholders with whom we engaged had extensive experience in the gas industry and praised the impact that the Network Innovation Allowance (NIA) and Network Innovation Competition (NIC) funding has had in incubating innovation throughout the gas and electricity networks and the innovation supply chain. They told us that they want NGN and the other gas networks to be ‘easy to work with’ in order to get the most from the innovation supply chain, which is important now but will become critical if NIA/NIC funding is reduced or withdrawn.

You said	So we have	Read more at
Stakeholders praised our engineer-led innovation approach and the introduction of a Think Tank to develop and foster a culture of ‘value-based’ innovation across the network.	 In RIIO-2, we will continue to develop our people to empower them to innovate. We will expand on our existing training and streamline our internal processes to further embed our culture of innovation. We will build upon the success of the established NGN Innovation Think Tank by expanding it to include selected third parties, to enable us to obtain robust challenge and external input on our innovation portfolio.	5.4.4 NGN Think Tank 5.4.5 NGN deeper collaboration across A wider set of stakeholders
Stakeholders believed that our own business requirements should dictate the focus of our innovation efforts. The innovation portfolio should include a balance of small/short-term projects and large/long-term projects.	 We have committed to better monitoring of our innovation portfolio, which must focus on both transformational and incremental innovation. We have an absolute need to deliver solutions that drive efficiencies and improvement today; we must, however, also undertake projects that assist the energy industry in meeting the decarbonisation challenge.	5.4.9 Monitoring benefits from our innovation portfolio
Stakeholders are concerned about the impact of changes to NIA funding and want to see continued commitment to investment in innovation.	 We want to reduce the cost of innovation to our customers. To do this, we will reform our innovation funding model. We will increase our investment in innovation, leverage other funding mechanisms and ask our innovation partners for greater financial contributions towards specific projects.	5.4.8 Innovation outcomes in RIIO-2
Stakeholders would like to see deeper enduring collaboration across a broader cross-section of stakeholder groups.	 We will set up a new continuous forum for innovation to develop new relationships and allow suppliers to showcase their ideas. We have committed to making our data more accessible to third parties, to better allow suppliers to innovate and further understand our needs.	5.4.5 NGN deeper collaboration across A wider set of stakeholders
Innovation should be used to meet the needs of consumers and network users who find themselves in vulnerable circumstances.	 We have committed to developing a research and development programme to mitigate risks introduced to vulnerable customers by our ‘everyday operations’ and create and deploy solutions that safeguard and support our customers. This activity will build upon the NIA funded Making Every Contact Count (MECC) innovation project to expand the reach beyond traditional Gas Distribution Network (GDN) focus areas.	5.4.8 Innovation outcomes in RIIO-2
We should innovate further on combined heat and cooling to facilitate an energy system that utilises waste energy.	 We have committed to collaboration with academia, in particular universities in the North East, to ensure that the essential evidence required to support long term policy decisions in this area is generated. This is a complex area and the need for research is paramount to enable the integration of gas and electricity networks alongside alternative solutions for heating and power to create the pathways towards a whole systems decarbonised future.	5.1.2 Whole energy system strategy
Dedicate resources to developing methods of energy storage to maintain a safe and resilient network.	 The GDN already provides significant energy storage capabilities. We will look to work with the wider industry to see how these storage capabilities can be utilised to support the wider energy system.	5.1.2 Whole energy system strategy

Figure 3.14: Innovation and competition insights and response

3.3.8. Giving consumers a stronger voice

Stakeholders who have had contact with us are significantly more likely to say they are familiar with our services, satisfied overall and feel that their bill represents good value for money. However, our extensive engagement programme reached a great mass of stakeholders who had never interacted with us before and we heard that action is required to demonstrate enhanced value for money to customers, with just 52% currently appraising their bill charges positively. In RIIO-2, we will improve value for money perceptions by reducing customers’ bills and improving outputs across the board. However, we will concurrently give consumers a stronger voice by educating and engaging them on how they can shape the delivery of our services in a way that meets their preferences and creates value for them, by focussing our activity on engagement that promotes longstanding, trusted relationships.

You said	So we have	Read more at
During RIIO-2, stakeholders want us to continue to offer meaningful, fair and equal opportunities to shape our business decisions.	 We have committed to several enduring engagement mechanisms: <ul style="list-style-type: none">• A Citizen’s Jury meeting three times a year;• Key account management to local place makers, at a frequency that suits them; and• Hot topic workshops tailored to stakeholders’ interest and expertise.	3.4 Moving forward, together

Figure 3.15: Future engagement insights and response

3.4. Moving forward, together

– Our approach to stakeholder engagement for 2021–2026

As a gas distribution company, our core purpose is to build and care for networks. Our most valuable networks are those between people – it is these that drive our values, our decisions and the improvement of our services. The world will continue to change for our stakeholders throughout RIIO-2. In turn, our business and the services we provide will need to continue to evolve in anticipation of these changing needs.

3.4.1. Our commitments

Our commitments for RIIO-2 are outlined in figure 3.16, and are discussed further in part 3.4.2

Ofgem Requirement	Key commitments	See part 3.4.2
Strategic and proportionate	• A holistic, tried and tested engagement strategy	Our strategic approach
Inclusive	• Commitment to engage across entire stakeholder community • Hard to reach engagement framework	Engage
Responsive	• Monthly stakeholder satisfaction surveying • Annual engagement plan, co-created with stakeholders	Identify and understand
Ambitious and transparent	• Online Engagement Hub • Annual Stakeholder Report • Annual Stakeholder Conference • Customer Engagement Group independent annual assessment	Measure and improve
Valued outcomes	• Annual Stakeholder Report	Measure and improve
Embedded culture	• Senior management led involvement in all aspects of our strategy	Identify and understand Engage Act and feedback Measure and improve
Best practice and benchmarking	• Co-created engagement planning • Enduring role for our CEG and Citizens’ Jury • Key account management • Hot topic workshops • National Customer Engagement Group Chairs’ Summit	Identify and understand Engage Measure and improve

Figure 3.16: RIIO-2 Engagement Strategy summary against OFGEM requirements

Together, these commitments represent a £3m investment commitment to stakeholder engagement over the course of RIIO-2. This represents all costs, including a central engagement team (supporting and supported by all colleagues across the business), those associated with our CEG and enduring engagement mechanisms and an ongoing research and events budget. Through our extensive engagement with stakeholders throughout this programme, together with specific testing with our Citizens' Jury and Customer Engagement Group, we are confident that this level of investment supports the scale and quality of engagement our stakeholders expect to see. For more on what we've heard, see Appendix A4 – NGN RIIO-2 Stakeholder Engagement Insights (Insight 5).

Our track record

Enduring and meaningful engagement with our stakeholders throughout RIIO-1 has been a hallmark of our approach and has influenced many of the insights presented within our plan. Our strategy has matured significantly over that period. Our approach has become more sophisticated, as we have moved from informative engagement to truly collaborative discussion.

	<2015	2015	2016	2017	2018	2019
Collaborate			Engaged customer panels	Annual stakeholder event	Customer Engagement Group	Roadshows and key account management
			Community Promises workshops			Citizens' Jury
Involve	Persona research programme	Depot days	Stakeholder Panel		Hot topic workshops	
Consult	Stakeholder Satisfaction Survey		Test-it research	Priorities research	Social media surveying	Willingness to Pay research
				Online presentation consultations		Online engagement portal
Inform	Dedicated web pages	Customer Interface Centre set up				
	'Knock Introduce Communicate Knock again'	Patch flyers				

Figure 3.17: RIIO-1 Engagement Mechanisms

Evolution of our engagement approach has been guided both through continuous feedback from our stakeholder community, together with annual, independent external audit against the AA1000 standard for Stakeholder Engagement. Since 2015, our external audit has repeatedly found a strong foundation of stakeholder engagement embedded across the business:

‘NGN continues to demonstrate best practice in building a company with the customer and the stakeholder at its centre. The strengths of the company’s approach are the commitment of the leadership team, the culture of collaboration and responsiveness, a focus on gathering deep insights into stakeholder needs in order to inform strategy and decision making, and the commitment of financial and human resources to deliver engagement and respond to stakeholder inputs.’
- AA1000SES Audit report, Feb 2019

3.4.2. Our strategic approach

Our engagement strategy has been tried and tested throughout RIIO-1 and is founded upon the AA1000 standard for Stakeholder Engagement. Our overarching objective will continue to be that insight into our stakeholders’ values, preferences and ideas consistently and resolutely drives business planning and change. In support of this, we will utilise our engagement framework.

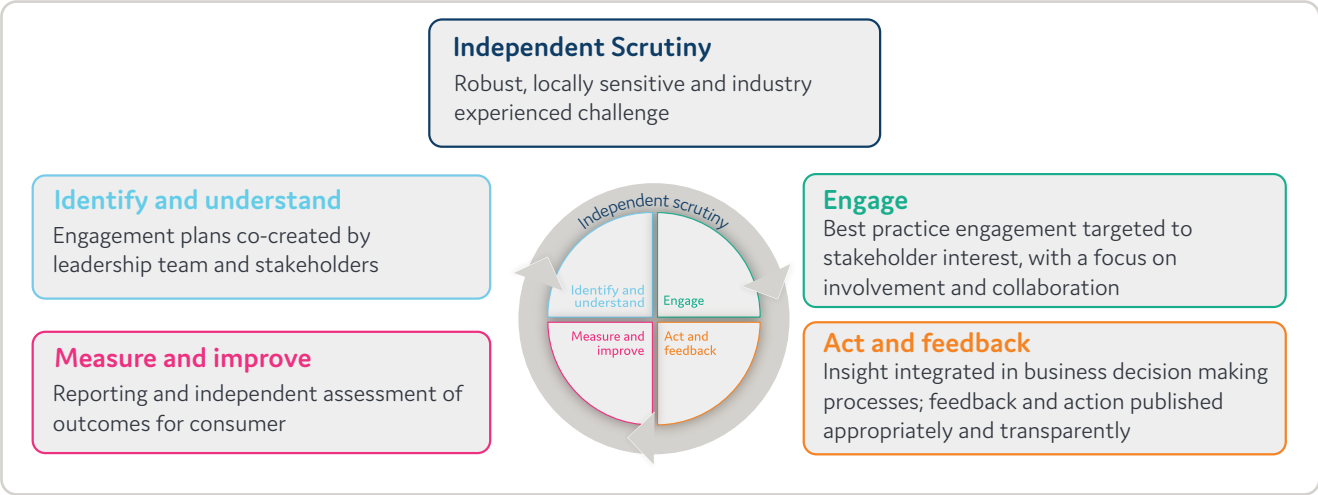


Figure 3.18: Stakeholder Engagement Framework

As well as building on the lessons learnt during RIIO-1, we have conducted a benchmarking review of best practice to inform our proposals for our engagement with our stakeholder community in RIIO-2, (see Appendix A5 – NGN RIIO-2 Stakeholder Engagement Benchmarking). We will continue to carry out such reviews on a regular basis through the regulatory period, ensuring we continually broaden and deepen opportunities for stakeholder-led change. This overarching engagement strategy is complemented by more detailed engagement plans that identify some of the key issues, on a thematic basis, on which we will engage; for example, our Whole Systems Strategy (Appendix A14 – NGN RIIO-2 Our Whole Systems Strategy), which identifies remove core areas for engagement with a wide variety of partners, and our Innovation Strategy (Appendix A18 – NGN RIIO-2 Innovation Strategy), which sets out a range of commitments for bringing stakeholders into our decision-making process.

Enduring independent challenge: the Customer Engagement Group (CEG)

Our independent CEG has played a fundamental role in the development of our business plan, bringing new perspectives and providing robust, constructive challenge to our decision-making. During RIIO-2, we will create an enduring role for the CEG as a central part of our decision-making governance, whose role will be to challenge us on our performance against the promises set out in our plan and our responsiveness to changing consumer needs.

The establishment of the CEG as an enduring body represents a step change from our approach in RIIO-1 that will, ultimately, drive better outcomes for our stakeholder community. Its enduring role will provide value ...

... for our stakeholder community with

- greater relevance: recommendations that are sensitive to local needs, from stakeholders vested in our region
- enhanced influence over business decisions, with CEG feedback built into our decision-making framework (see, Act and Feedback)
- greater transparency, with the publication of the CEG’s annual independent review and opportunity for stakeholders to meet with and discuss progress at the Annual Stakeholder Conference (see ‘Measure and Improve’)

... for our business with

- stronger challenge, in turn, helping us to deliver our ambition to be a pioneering business; the CEG’s review will replace our external audit, providing more rigorous challenge from a group who have built significant knowledge of the industry
- real-time feedback and challenge, allowing us to adapt and respond quickly



- clearer, smarter processes underpinning our business decisions.

Trusted relationships, between our community, the CEG and the business, for the CEG is to act as an effective critical friend and advocate for our stakeholders and customers.

To develop trust between our community and the CEG we will:

- Create opportunities for members of our CEG to join engagement events.
- Bring our stakeholders together with the CEG to discuss our annual performance, through our **Annual Stakeholder Conference**.
- Provide an independent website for the CEG to communicate its own on going work and observations.

To develop trust between the CEG and the business we will:

- Provide access to levels of the business through site visits, regular access to both strategic and operational management, and timely provision of information.
- Assign a member of our **Senior Management Team** and secretariat to act as liaison between the CEG and the business
- Provide the CEG with resources to undertake independent analysis.

Identify and understand

Our engagement planning for the RIIO-2 Engagement Plan ensured that we engaged on the issues that were material to our stakeholders.

Each year, our senior management team will develop an **Engagement Plan** identifying the issues we will engage on, with whom and how. Our plans will be based on the insight we have gained from our engagement in the previous year and look ahead to the emerging business challenge or decisions that will affect our stakeholder community.

Our draft engagement plan will be launched at our **Annual Stakeholder Conference**, allowing our stakeholders to shape the way we work with them over the next year. Throughout the year, we will ensure that we remain responsive to stakeholders’ emerging issues, through our monthly **Stakeholder Satisfaction Survey**.

Engage

An inclusive approach: engaging with the right people

During RIIO-2, we will continue to engage with each level of our stakeholder community, including:

- National Policy Place Shapers: stakeholders who have a broader geographical reach than our operations and who wish to influence the industry as a whole;
- Local Place Makers: stakeholders who develop the local place and communities, either by providing services or through policy and strategy activities;
- Customers: including domestic, commercial, vulnerable and future customers as well as our shippers and suppliers;
- Workforce and wider supply chain: our colleagues, our direct service providers and the range of businesses that make up our supply chain.

Engaging hard to reach groups

To make the right decisions for our stakeholders, we need to ensure that everyone is heard. We consider customers ‘hard to reach’ who, for whatever reason, experience isolation and whose voice is less likely to be heard without us going the extra mile. Our **Hard to Reach Engagement Framework**, opposite, addresses the key drivers of engagement isolation and our commitments to help overcome them.



Drivers	Our commitment
Technology	We will always offer alternatives to online engagement for customers, such as 1 to 1 at home or telephone interviews.
Language	We will always provide translation services for our engagement.
Health	In line with our vulnerability strategy, we will collaborate with partner organisations to identify and engage with customers whose health acts as a barrier to engagement.
Lack of information	We will proactively use all our contact points with customers, from social media, our relationships with community groups and our front-line engagement, to educate customers about the business and raise awareness of opportunities to engage.
Transport	Wherever possible, we will host engagement events at familiar venues within local communities. Where we cannot, we will pay for or arrange transport.
Emotional	Working with trusted intermediaries, we will create engagement routes, such as our Citizens’ Jury, that allow for trusted relationships to develop over time, celebrate diversity of views and clearly demonstrate the business’s commitment to act in response.

Figure 3.19: Hard to Reach Engagement Framework

Engaging biomethane stakeholders

We recognise that our stakeholders in the biomethane supply chain have a significant role to play in the decarbonisation of our network and that engagement with this group will be a key priority for us during RIIO-2. At the same time, our experience during RIIO-1 has taught us that biomethane stakeholders often have differing engagement needs and that we must be prepared to take a personalised approach. We will use the core mechanisms outlined in Quality Engagement (key account management, hot topic workshops) to engage with this group. In addition, we have had significant interest in our series of Biomethane Open Days during the autumn of 2019 and will continue to run these sessions at key points over the RIIO-2 period.

Quality engagement

During RIIO-2, we will continue to tailor our engagement approach according to the preferences of our stakeholders, and to ensure that we offer meaningful, fair and equal opportunities to shape our business decisions. In particular, we commit to a number of enduring engagement mechanisms that will ensure the continuity of our approach from year to year.

NGN Citizens’ Jury ^{CVP}

In 2019, we became the first energy distribution company to establish a Citizens’ Jury – a 50-strong, demographically representative group of customers who deliberated on key decisions on our business plan. Our Citizens’ Jury sessions gave us a deeper understanding of our customers than ever before. In particular, it has created the space to engage meaningfully on issues that could otherwise be considered ‘too complex’. Moreover, we have seen first-hand how much this quality engagement has meant to members of our community, with 90% wishing to continue to participate in this way.

During RIIO2, we will create an enduring role for our Citizens’ Jury. Meeting three times a year, the group will be tasked to deliberate on the difficult and important challenges the business has to face.

Key account management

We know that for many of our key stakeholders, nothing beats a named contact and regular, face-to-face contact. In our engagement preferences research, 55% of our stakeholders told us they most valued face-to-face meetings. And during our bilaterals and roadshows, many of our stakeholders, particularly local authorities, tell us they want regular meetings with us ranging from quarterly to annually. We will offer key account management to local stakeholders, at a frequency that suits them; and, where they prefer, we will take an active role in existing partnership arrangements they have in place, such as resilience forums, local enterprise partnerships and topical committees. Through mechanisms such as these, we will play an active role in supporting key initiatives such as local energy action plans.

Hot topic workshops

We recognise that our communities of interest want to focus on those areas that are most material to them, rather than engage on a broad agenda. Following feedback from our stakeholders, in 2018 we dissolved our Stakeholder Panel and instead launched a programme of thematic workshops allowing attendees to give us a deep insight into their areas of expertise. Throughout RIIO-2, we will further develop this programme, responding directly to our stakeholders’ priorities.

Act and feedback

For insight to drive change, it is critical to embed customer insight into our decision-making processes. During RIIO-1, we have established effective mechanisms for integrated decision-making, including regular reviews by the **NGN Leadership Team** and our long running Stakeholder Engagement Management Group, tasked with making and driving decisions across the business.

In RIIO-2, we will build on this foundation by:

- undertaking an annual review of our business plan, driven by stakeholder feedback;
- opening up Leadership Team meetings to the CEG at key points in the year.

We will continue to feedback both what we have heard and what we have done, on a real-time basis, to our stakeholder community through our **Online Engagement Hub**, publishing the outcomes of our engagement as it happens.

Measure and improve

During RIIO-2, we will undertake enhanced reporting to deliver the greatest levels of transparency for our stakeholder community. Building on the processes we have developed for our business plan, we will continue to commit to dual reporting, publishing both our own report into our performance and that of our independent CEG. The table below outlines the scope of our dual reporting:

NGN Annual Report	CEG Independent Assessment
<ul style="list-style-type: none">• Performance against key commitments in the plan• How we have engaged with stakeholders throughout the year• What we have learnt about the needs of customers• How we have responded• The financial, economic, social and environmental outcomes of the changes we have made, and• Key metrics of customers' and wider stakeholders' satisfaction.	<ul style="list-style-type: none">• Performance against key commitments in the plan• The quality and inclusiveness of our engagement• How effectively we embedded engagement into our business decisions and culture, and• Our performance in delivering strategic and operational changes in response to, and in partnership with, our stakeholders.

Figure 3.20: Engagement Reporting Framework

As part of the CEG’s assessment, it will be important to have oversight of the activities of other networks, by which to effectively benchmark. To support this, we propose the establishment of an annual **CEG Chair’s Best Practice Summit**, hosted in cycles by each energy distribution and transmission network.

Annual Stakeholder Conference

It is important that our stakeholders can both scrutinise the business and understand why and how the CEG has come to its conclusions. So, each year our Annual Report and Independent Assessment will be launched at our **Annual Stakeholder Conference**, hosted by our **Leadership Team**, providing further opportunity for challenge and feedback, and to shape our activities for the coming year.

