# Annex
# A6.03 – Truth Reports
# December 2019

As a part of the NGET Business Plan Submission

**nationalgrid**

**National Grid:** Stakeholder needs of the transmission system

Electricity: future role of transmission

Phase 1

Version v1.7

**November 8[h] 2018**

**Prepared for:**

Customer & Stakeholder Experience

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**MAIN SUMMARY**

These engagements have been successful in answering the baseline question what is the role of the electricity transmission network in the long term and if there is a need for a transmission network at all. Specifically, the desired outcomes for the engagements applied to relevant stakeholder groups is as follows:

| Relevant segments for engagement | Desired outcomes from engagements | | |
|---|---|---|---|
| | Inform stakeholders and dispel myths on this complicated topic | Gather stakeholder views on priorities and the future role of electricity transmission to help NG shape its plans | Conclude the debate about the need for a transmission network in the long term to allow for more effective development of RIIO-2 price control framework |
| Governmental | ■ | ■ | ■ |
| Regulatory | ■ | ■ | ■ |
| Large customers | ■ | ■ | ■ |
| DNOs and TOs | ■ | ■ | ■ |
| Consumers | ■ | ■ | ■ |
| Interest groups | ■ | ■ | ■ |
| Supply chain | ■ | ■ | ■ |
| Small customers | ■ | ■ | ■ |
| Think tanks/ innovators* | ■ | ■ | ■ |
| Academics* | ■ | ■ | ■ |
| | | | |
| Consumer bodies | Less relevance compared to priority stakeholder groups | | |
| New business models | | | |
| Political | | | |
| Communities | | | |

■   Satisfactory/ fit for purpose
■   Action needed

*Stakeholder coverage*

While some stakeholder groups are borderline in terms of their involvement i.e. **consumers** and **small customers**, it is unlikely that additional engagement would undermine or offer any significant refinement to the outcome already secured from the other stakeholders.

*Quality of engagement*

The engagements are generally of good quality, questions well-structured and the outputs appear to have been carefully analysed.

The results are thematically unified and there is a consistent narrative that addresses the headline questions.

Weaknesses in design and execution are highlighted as opportunities for improvement e.g. response rates to online surveys.

<div style="background-color:orange; padding:10px;">

**ACTION POINTS:** We recommend a further two or three additional consultations be undertaken with think tanks/ innovators and academics to fill gaps.

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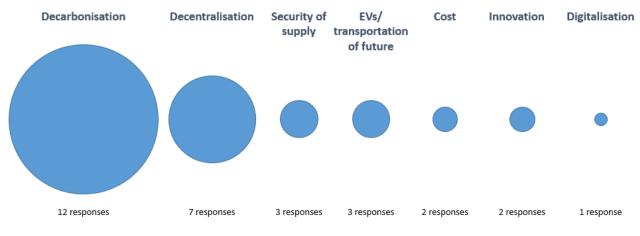*Key themes emerging from stakeholder inputs*

The appendix provides detailed analysis, but across the engagements, the following themes are identified:

- Stakeholders are sure that whole system thinking is essential
- There is less certainty that the transmission network will not be an impediment to the uptake of electric vehicles
- Most agree that, despite uncertainties, there is a future need for the transmission network

Thematically, most participants are addressing similar priorities for the coming decade as this analysis of open-ended questions shows:

## What are your priorities for the next decade (free text, unprompted)

Analysis of responses coded by theme across all engagements. Height of shape reflects proportion of responses give to that topic

| Decarbonisation | Decentralisation | Security of supply | EVs/ transportation of future | Cost | Innovation | Digitalisation |
|---|---|---|---|---|---|---|
| 12 responses | 7 responses | 3 responses | 3 responses | 2 responses | 2 responses | 1 response |

+ 8 others

## PURPOSE

Negotiations for RIIO-2 will be informed by the extent to which National Grid can demonstrate to Ofgem that it has understood and incorporated the needs of stakeholders (now and in the longer term) into its business plan. In addition, National Grid has been challenged by its Stakeholder Panel to secure third party assessment of its engagement activity in preparation for RIIO-2. Because of these, Truth has been commissioned to provide a comprehensive appraisal and debrief of the relevant knowledge/ insights National Grid already holds on stakeholders in order to help National Grid design a comprehensive plan of approach for additional engagement (with suitably innovative methodologies) to be conducted in Q1 2019.

Truth is a respected research and consulting business that works with global businesses such as Google, Barclays, Honda and Philips on strategy and insight projects. Truth employs 40 staff (within its parent company Instinctif Partners which has offices in 15 countries, employs 300 staff and turns over £400m pa).

Over the past six weeks Truth has logged, catalogued, reviewed, examined and analysed all documents provided by National Grid related to existing RIIO-2 specific engagements and, where available BAU engagements (270+ docs to date), and conducted initial exploratory conversations with regulatory leads of business plan chapters, in order to immerse themselves in engagement conducted to date.

This report is a detailed breakdown of National Grid's existing coverage and insight in four sections as follows:

1. Reviews existing stakeholder participation and evaluates quality of engagement to identify gaps in landscape coverage (stakeholder groups and knowledge)
2. Identifies qualitative and quantitative insights that can be gathered from engagement to date (outlining a clear translation of data into insight at a stakeholder group level)
3. Includes an overview of additional research available in the public domain which can supplement the knowledge held internally about what stakeholders may want and need
4. Identifies opportunities for future additional engagement and research


The intention is that this report will be used as a foundation for discursive and collaborative planning of the additional engagement and research needed for phase 2.

## ASSESSING QUALITY

In gauging the quality of an engagement (on its own and alongside others) and its suitability for RIIO-2 , we rely on multiple inputs to gauge effectiveness. Some of these are expressed as checklists, namely (where more detail can be found in the next section below):

- AA10000 stakeholder engagement standard
- National Grid's own Independent Stakeholder Group '18 engagement principles checklist'

Whilst these are valuable guidelines, they are starting points to which we also overlay our own judgement accumulated over many years of designing, executing, analysing and applying research programmes to assess effectiveness. It is this departure from a tick box assessment that allows us to see more realistically if the engagement is fit for purpose.

**Qualitative methods.** We do not set out hard and fast rules for sampling in qualitative methods. This is because reliability and confidence in outputs is a combination of the following factors: size of universe, the methods deployed, depth of discussion, suitability of participants to contribute, how the feedback is interpreted and how the outputs are expressed in reports. This is why it is acceptable to use the outputs from a single meeting with a single DNO if the participants are the most qualified, engaged and relevant people to include.

**Quantitative methods.** There are however objective filters we apply to quantitative sampling and methods which are similarly complex and depend on factors such as the size of the universe, the variety within that universe, the methods deployed and the outputs required. Purists might reject a survey with 20 responses based on the scale of sample alone but we'd look at multiple factors before making a judgement e.g. who these twenty people represent, the type of questions used, if the analysis 'dresses up the data' to make it look more reliable than it is (e.g. using %s rather than number of mentions), the balance of open versus fixed response questions.

## QUALITY FRAMEWORKS

These are the underlying guidelines which are the starting point for our analysis as to the quality and effectiveness of engagement.

1. National Grid's own Independent Stakeholder Group guidelines expressed as the '18 engagement principles checklist'
   - Define and map your stakeholders - anyone who believes they are affected by your decisions.  Recognising the different threads of the public interest – stakeholders, customers, consumers, citizens, communities (geographical and interest)
   - Be clear what you want to achieve with "engagement" – have clear policy objectives and measures of impact; (incl. where you most need to engage)
   - Understand the "spectrum of participation" and difference between each part of that spectrum: inform, consult, involve, collaborate, empower
   - Engage early in the process, review and improve throughout
   - Leadership – effective stakeholder engagement must be led from the top of the organisation
   - Commitment – to listen to stakeholders' views and act on or respond to them

- o Objectivity – an open approach to obtaining stakeholders' views and to interpreting them. Seek to understand views on a range of topics and on all aspects of the business plan, rather than pre-determining their priorities or seeking to endorse your own priorities
- o Transparency – to build stakeholder trust and show that you take their views seriously (incl. how we've considered views, weighted and managed trade-offs)
- o Be inclusive: work with stakeholder groups to gather the fullest range of interests. Understand and balance the differences between different segments. Understand and balance the differences between existing and future stakeholders
- o Be aware that those who often participate i.e. the "usual suspects" are not always representative
- o Be accessible to all (e.g. in consideration of the tasks, timelines, contact person, tech., locations, challenges of communication, etc.)
- o Use targeted approaches to tailor engagement to suit the knowledge and awareness of different groups
- o An ongoing process that is embedded across the business – not just a stand-alone business planning/price control review exercise.
- o Evidence based – use a full range of available sources of info to identify priorities, views and challenges (e.g. operational insight, bespoke research,
- o Gather evidence through a range of methodologies and tools including willingness to pay, qualitative research, surveys, complaints intelligence, market data
- o Be responsive – seek to adopt a flexible process to engagement, responding to the information revealed as the process progresses
- o Demonstrate impact of engagement – ensure that the engagement design process plans for and allows evaluation of success
- o Innovation – trying new and innovative ways of engaging

2. The AA10000 stakeholder engagement standard. In summary:
   - o clearly defined scope
   - o uses an agreed decision-making process
   - o focus on issues material to the organisation and/or its stakeholders
   - o creates opportunities for dialogue
   - o is integral to organisational governance
   - o is transparent
   - o has a process appropriate to the stakeholders engaged
   - o is timely
   - o is flexible and responsive
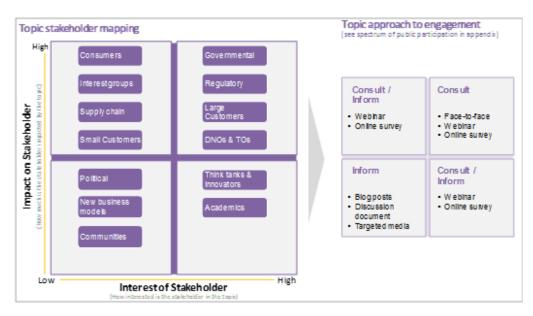   - o adds value both for the organisation and its stakeholders

# APPENDIX

- **SECTION 1: STAKEHOLDER PARTICIPATION**
- **SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION**
- **SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS**
- **SECTION 4:  ENGAGEMENT OPPORTUNITIES**

## SECTION 1: STAKEHOLDER PARTICIPATION: FUTURE ROLE OF ELECTRICITY TRANSMISSION

The following represents the stakeholder mapping and engagement approach for the stakeholders with an interest in or are impacted by this chapter.



Based on the three (post listen) engagement activities undertaken, the following shows levels of stakeholder engagement to date.

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Online survey, webinar, bespoke BEIS event, ADE | Gap analysis | Notes |
|---|---|---|---|---|---|
| High | HIgh | Governmental | 16 | 🟩 | |
| High | HIgh | Regulatory | 3 | 🟩 | |
| High | HIgh | Large customers | 9 | 🟩 | |
| High | HIgh | DNOs and TOs | 12 | 🟩 | |
| High | Low | Consumers | 3 | 🟩 | Borderline |
| High | Low | Interest groups | 19* | 🟩 | |
| High | Low | Supply chain | 15 | 🟩 | |
| High | Low | Small customers | 3 | 🟩 | Borderline |
| Low | High | Think tanks/ innovators | | 🟧 | Additional consultations needed |
| Low | High | Academics | 1 | 🟧 | |
| Low | Low | Political | | NA | |
| Low | Low | New business models | | NA | |
| Low | Low | Communities | | NA | |
| | | Other | 19** | | |

🟩 Satisfactory/ fit for purpose
🟧 Boost or update required
🟥 Significant engagement gap

\* Includes consumer bodies (x3)

Please note:

- Please note that until all stakeholder groups have been engaged it cannot be verified that the priority groups are indeed priority groups e.g. their interest in the topic/ chapter may be low.
- Some or all of the potential gaps may be addressed via BAU activity.

**SUMMARY**: While some stakeholder groups are borderline in terms of their involvement i.e. consumers and small customers, it is unlikely that additional engagement would undermine or offer any significant refinement to the outcome from these engagements. This is also probably the case for think tanks/ innovators and academics but for completeness, we recommend a small number of additional consultations be undertaken with them.

## SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION

Based on the materials provided by National Grid, the following breakdown shows the utility of each for the purposes of this analysis. Please note:

1. **RECENCY**: Most of the engagements we have reviewed are from 2017 and 2018 although we have been flexible on this to not discount work that is older than that if we feel it is still relevant.
2. **EVIDENCE:** This analysis indicates whether we can reasonably link a reported insight to evidence captured through stakeholder engagement
3. **DESIGN AND EXECUTION: this** explores how the engagement or piece of research was designed, carried out, analysed and presented. We have taken a commercial view of what is fit for purpose e.g. if there are small issues that do with research design such as presenting smaller base sizes as percentages, the outputs are still deemed fit for purpose.
4. **DEPTH AND SUBSTANCE**: this is an indicator of how useful the content is for the purposes of stakeholder feedback/ information

| | Type Of document | Recency | Evidenced | Design and execution | Depth and substance |
|---|---|---|---|---|---|
| ❶ Listen (Stakeholder workshops and online consultation) | Written report, Vendor report | 🟩 | 🟩 | 🟩 | ◢ |
| ❷ Online document, online survey & topic specific blogs | Slides | 🟩 | 🟩 | 🟧 | 🟧 |
| ❸ Webinar | Slides | 🟩 | 🟩 | 🟩 | 🟩 |
| ❹ BEIS bilateral | Slides | 🟩 | 🟩 | 🟩 | 🟩 |
| ❺ ADE seminar | Slides | 🟩 | 🟩 | 🟩 | 🟩 |

*Key for recency, evidence, design & execution:*

- 🟩  Satisfactory
- 🟧  Opportunity for improvement
- 🟥  Disqualifying criterion e.g. too old or no evidence provided

*Key for depth and substance:*

In addition to the colour coding, this column also indicates the following:

- ■  Engagement focuses largely or wholly on the chapter topic
- ◢  Engagement only partially addresses the chapter topic. Does not denote inherent quality – this is shown in the colour coded indictors (RAG)

> **SUMMARY**: The engagements are generally of good quality and have been carefully analysed. Weaknesses in design and execution are highlighted as opportunities for improvement e.g. response rates to online survey.

## SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS

❶ *Initial workshops* (*Listen*) *– engagement design and themes emerging feedback (combined)*

The outputs and insights from the listen stage are clear to the reader:

- The report is based on principles of inclusivity, materiality and responsiveness. For the purposes of establishing priorities, these are important principles that would need to apply if the outputs are to be used to inform the co-create stage
- The scale of the research (46 attendees from 33 organisations at the workshops and 670 responses to online consultations) implies sufficient breadth for the purposes of identifying priorities
- The balance and sequence of i) open discussion through workshops to ii) inform the design of the follow-up online consultation is appropriate and necessary

This unattributed verbatims reflect the need for National Grid to be (more) active in the debate on the future of energy.
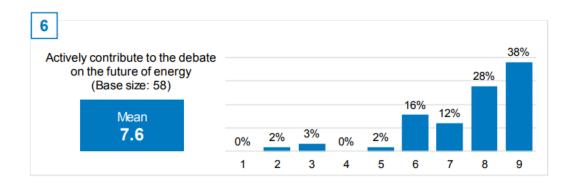
> *"National Grid needs to be quite focused and quite clear about where it sees the future and what role it's going to play in delivering that future."*
>
> *"Be more proactive, use the knowledge in the industry and customers to establish their needs and design a strategy."*
>
> *"They tend to talk about relatively short term issues, whereas they do think about long-term issues."*
>
> *"There has been a lot of renewable regeneration which was not expected, so National Grid were somewhat shell shocked by this and had to adapt. National Grid should have responsive network operations."*

This is echoed by polling results which show that high endorsement (especially in top 2 box scores).



6

Actively contribute to the debate on the future of energy
(Base size: 58)

Mean 7.6

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| 0% | 2% | 3% | 0% | 2% | 16% | 12% | 28% | 38% |

**❷ *Online document, online survey & topic specific blogs – engagement design***

This series of interdependent activities show some opportunities for improvement. The issues lie in:

- The scale of the response is limited. This impacts the reliability of the results and makes thematic analysis of the verbatims more challenging
- There is a large minority of participants who are unattributable
- The online poll suffered from drop outs mid-way which, while not unusual, is always a design consideration and a watch out for the future.
- The conflation of two variables in one statement i.e. "*To what extent is the rapid reduction in the cost of distributed generation a driver for change?*"
- Some statements in the polls could be reworded to aid understanding e.g. "*How strongly do you agree with our conclusion that the level of uncertainty it is in the consumers' interests to leave the option of existing infrastructure open*".

Encouragingly, some of the responses are validated from other sources and for this reason, the outputs are usable (were this the only engagement, it would not be sufficient). This and most of the design issues are noted in the engagement log.


***Online document, online survey & topic specific blogs – themes emerging***

The following narrative points noted in the report are fair and reflect the polled data (albeit limited in scope):

- Online survey participants believe that Government policy is the biggest driver for change overall
- Respondents are most sure that whole system thinking is essential
- They are least sure about whether the transmission network will not be a barrier to EV uptake
- Most agree that, despite uncertainties, there is a future need for the transmission network


This point is not supported by the data:

- Whilst conflating distributed generation and technology cost reduction made it difficult to compare to other channels, we did learn that the majority of respondents thought that policy has a bigger impact that cost reduction
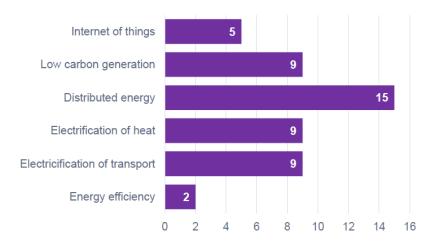
❸ *Webinar – engagement design*

The design and execution of this hour long webinar appear good. Base sizes, polling questions and the depth and quality of verbatim comments are all of satisfactory quality for analysis purposes. The analysis and interpretation of the report seems robust with data points correctly represented e.g. numbers rather than %s. In addition, attendees appear positive about the time they invested in the event and found it useful. There are some improvements suggested by participants which seem sensible e.g. circulation of materials prior to the event.
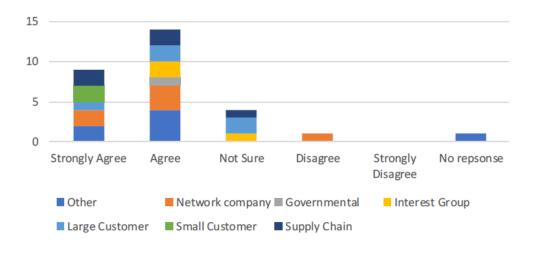
*Webinar – themes emerging*

This multi-code fixed response questions asked the 29 webinar attendees which trends they feel will have the greatest impact on the role of electricity transmission,



This range of prompted factors is in line with the open ended, unprompted analysis of the verbatims captured across all engagements (online, webinar, ADE and BEIS bespoke session).

This chart shows responses to the question '*Do you agree with our conclusion that, despite uncertainty, a continuing role for the electricity transmission network is evident?*'
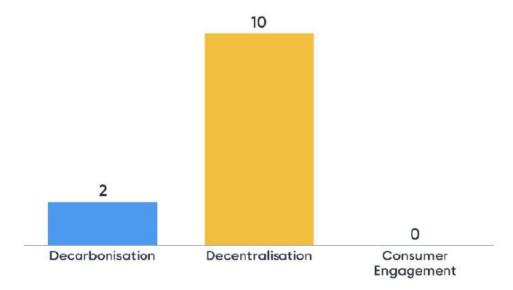
As noted in the report, 24 out of 29 respondents agree there is continuing role for the electricity transmission network despite uncertainty.

**❹ *BEIS bilateral – engagement design***

This hour long lunchtime talk with managers from BEIS followed much of the content/ approach deployed in the webinar; it is of satisfactory quality for analysis purposes. It is noted in the report that attendees found the format useful and this clearly impacted on the quality of engagement and responses. Again, this format is likely to be very suitable for future engagements for stakeholders like BEIS.
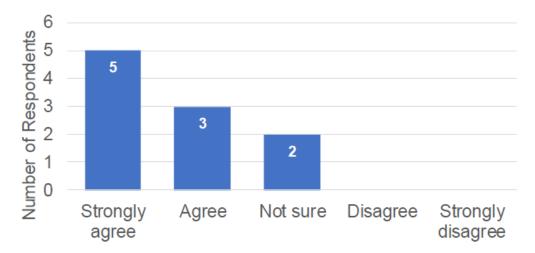
***BEIS bilateral – themes emerging***

The analysis against the fixed response questions and open-ended, free text questions are in line with the outputs from the other engagements. Specifically:



Decentralisation is viewed as likely to have the greatest impact on the role of electricity transmission by most, followed by decarbonisation. This is in line with the free text verbatims captured across all the engagements
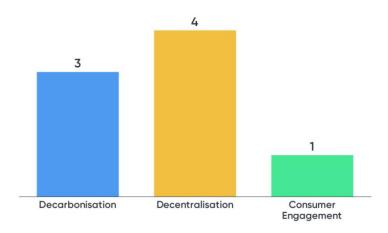
Most (8 out of 10 respondents) agree there is a continuing role for the electricity transmission network despite uncertainty

❺ *ADE seminar – engagement design*

This session follows a similar design as the other engagements for this topic. Base sizes, polling questions and the depth and quality of verbatim comments are all of satisfactory. The analysis and interpretation of the report seems robust with data points correctly represented e.g. numbers rather than %s. In addition, attendees appear positive about the time they invested in the event with scores for content, format and delivery all achieving scores bordering on excellent.
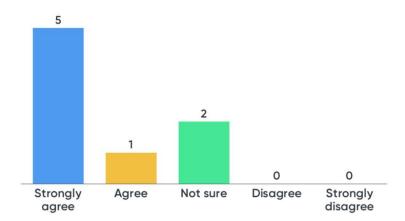
*ADE seminar – themes emerging*

As before, the analysis of fixed response questions and open-ended, free text questions are in line with the outputs from the other engagements. Specifically:

To the question of whether, despite uncertainty, there is a continuing need for the electricity transmission the participants are very clear that this is the case, as this data shows:



The transmission related challenges they face in developing DSR (demand side response) opportunities are reported as follows:

*So far, you haven't attempted to buy a product our customers can provide*

*Transmission related tenders ae targeted at specific power stations*

*Transmission connected DSR have to aggregate with various assets and tech challenges*

*BM access for services*

*Ability to connect D-level assets*

*Unable to access BM easily, TERRE doesn't solve as energy imbalances only*

*Uncertainty on TNuOS charging which impacts revenue/ savings in DSR*

**SUMMARY**: There is a progression in quality across these engagements but they are all of sufficient quality for analysis purposes. The results are thematically unified and there is a consistent narrative that addresses the output requirements of this chapter.
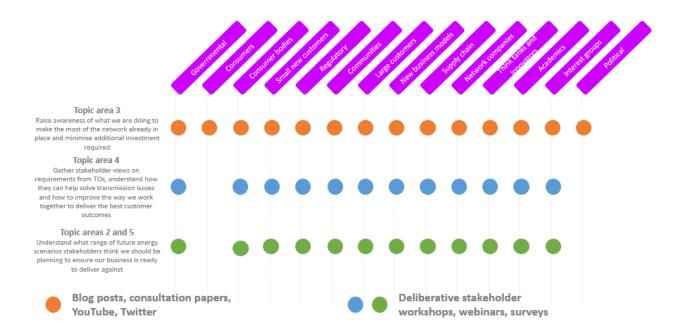
## SECTION 4: ENGAGEMENT OPPORTUNITIES

The scale of engagement for topics 2 to 5 is quite significant with a broad variety of stakeholder types, different levels of understanding/ interest in the new topics as well as differing degrees of impact. This will require a detailed plan for efficient and effective engagement in early 2019 to ensure that the engagements are cohesive and comparable (where possible).
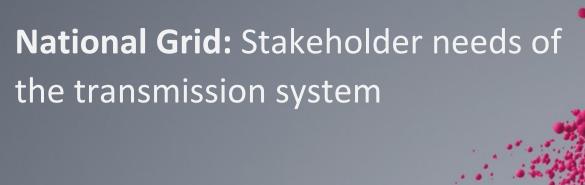
The methods appropriate to these engagements are in line with those undertaken with the first topic althought the following points are relevant:

- o The mechanisms for raising awareness (Topic 3)  can be augmented to capture stakeholder feedback and help secure particiaption in the other topic areas
- o The content for the deliberative workshops will vary between stakeholder types so careful quotas and recruitment will be required to ensure it is pitched at the right level. The use of stimulus will be helpful here
- o The potential complexity of the engagements mean that support from the National Grid research team would be sensible



The approach to Topic 6 will depend on the extent to which stakeholders can usefully contribute to the debate. That aside, the following approach may be possible:

1. National Grid co-opts its stakeholders to collectively analyse and respond to the regulator's initial paper during the 8 week consultation window
2. Following OFGEM's response, National Grid reconvenes the same stakeholders to respond

# National Grid: Stakeholder needs of the transmission system

# Electricity: make it easy to connect and use the network

# Phase 1 and 2 outputs

Version v1.1

**November 1st 2018**

## EXECUTIVE SUMMARY

During RIIO-T2 the energy industry will change rapidly. The implications for this chapter are extensive as more customers will connect to the Transmission network with different levels of knowledge and different expectations of the experience National Grid delivers.

Now more than ever National Grid must understand the differences in need between stakeholders who are customers today as well as those who will be the new connection customers of the future.

The following table is a summary of these stakeholder groups based on information provided by National Grid. We assume that a customer today will in all likelihood remain a stakeholder at least until the end of T2.

|  | Current needs | Future needs |
|---|---|---|
| Small/ new customers | ✓ | ✓ |
| Large customers | ✓ | ✓ |
| Network companies | ✓ | ✓ |
| New business models | ✓ | ✓ |

Based on an analysis of all engagement to date four of the five propositions are validated as follows

| Relevant segments for engagement | Desired outcomes from engagements | | | | |
|---|---|---|---|---|---|
|  | Connecting new customers | Improving connection service through tailored solutions | Improve the predictability of charges | Improving network access experience for planned outages | Lead the sector in customer and stakeholder satisfaction |
| Small/ new custs. | ■ | ■ | ■ | ■ | NA |
| Large customers | ■ | ■ | ■ | ■ | NA |
| Network companies | ■ | ■ | ■ | ■ | NA |
| New bus models | ■ | ■ |  |  | NA |
|  | | | | | |
| Political | Less relevance compared to priority stakeholder groups | | | | |
| Governmental | | | | | |
| Regulatory | | | | | |
| Consumers | | | | | |
| Consumer bodies | | | | | |
| Communities | | | | | |
| Think tanks & innovs | | | | | |
| Interest groups | | | | | |
| Academics | | | | | |
| Supply chain | | | | | |

■    Satisfactory/ fit for purpose
■    Action needed

Based on the information available, the quality of engagement for this chapter to date is satisfactory.

- The engagements are, on the whole well structured, designed and executed with the following observations:
  - The work on future customer connections and experience (Clear) is quite limited but fit for purpose as it stands
  - The journeys work (Engine) should involve validation of the upgraded journey designs/ ideas with participants
- Others should be improved to increase their utility in the future although as presented their insights are usable (securing additional responses to the ongoing CSAT work,  poll design at roundtable events)
- More generally, the scale of the engagements to date is satisfactory for helping to define goals and priorities
- Although the fifth proposition (*Lead the sector in customer and stakeholder satisfaction*) is laudable, there is no stated evidence from stakeholders that this should be a goal in its own right.

**ACTION POINTS:**
- Follow-up validation of journeys designed for customers should be undertaken (perhaps with those stakeholders who participated in their creation) although the absence of these does not discount what has gone before.

***Key themes emerging from stakeholder inputs***

The data and insights secured across multiple engagements and from hundreds of participants highlights some challenging systemic issues which are obstacles to creating the right kind of experience for customers.  Consistently, the common themes to emerge from these consultations are summarised thus:

- Despite some positive experiences, on the whole the management of customer expectations  is inconsistent making it difficult for customers to plan with confidence
- National Grid's priorities often trump those of customers
- Points of contact are changeable making consistency problematic
- Communication and decision making can be slow or too late in the day to help customers plan ahead with confidence
- Digital tools are in place but these are not as effective as they should be

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Whilst these are valuable guidelines, they are starting points to which we also overlay our own judgement accumulated over many years of designing, executing, analysing and applying research programmes to assess effectiveness. It is this departure from a tick box assessment that allows us to see more realistically if the engagement is fit for purpose.

**Qualitative methods.** We do not set out hard and fast rules for sampling in qualitative methods. This is because reliability and confidence in outputs is a combination of the following factors: size of universe, the methods deployed, depth of discussion, suitability of participants to contribute, how the feedback is interpreted and how the outputs are expressed in reports. This is why it is acceptable to use the outputs from a single meeting with a single DNO if the participants are the most qualified, engaged and relevant people to include.

**Quantitative methods.** There are however objective filters we apply to quantitative sampling and methods which are similarly complex and depend on factors such as the size of the universe, the variety within that universe, the methods deployed and the outputs required. Purists might reject a survey with 20 responses based on the scale of sample alone but we'd look at multiple factors before making a judgement e.g. who these twenty people represent, the type of questions used, if the analysis 'dresses up the data' to make it look more reliable than it is (e.g. using %s rather than number of mentions), the balance of open versus fixed response questions.

**QUALITY FRAMEWORKS**

These are the underlying guidelines which are the starting point for our analysis as to the quality and effectiveness of engagement.

1. National Grid's own Independent Stakeholder Group guidelines expressed as the '18 engagement principles checklist'
   - Define and map your stakeholders - anyone who believes they are affected by your decisions. Recognising the different threads of the public interest – stakeholders, customers, consumers, citizens, communities (geographical and interest)
   - Be clear what you want to achieve with "engagement" – have clear policy objectives and measures of impact; (incl. where you most need to engage)
   - Understand the "spectrum of participation" and difference between each part of that spectrum: inform, consult, involve, collaborate, empower
   - Engage early in the process, review and improve throughout
   - Leadership – effective stakeholder engagement must be led from the top of the organisation
   - Commitment – to listen to stakeholders' views and act on or respond to them

- o Objectivity – an open approach to obtaining stakeholders' views and to interpreting them.  Seek to understand views on a range of topics and on all aspects of the business plan, rather than pre-determining their priorities or seeking to endorse your own priorities
- o Transparency – to build stakeholder trust and show that you take their views seriously (incl. how we've considered views, weighted and managed trade-offs)
- o Be inclusive: work with stakeholder groups to gather the fullest range of interests.  Understand and balance the differences between different segments.  Understand and balance the differences between existing and future stakeholders
- o Be aware that those who often participate i.e. the "usual suspects" are not always representative
- o Be accessible to all (e.g. in consideration of the tasks, timelines, contact person, tech., locations, challenges of communication, etc.)
- o Use targeted approaches to tailor engagement to suit the knowledge and awareness of different groups
- o An ongoing process that is embedded across the business – not just a stand-alone business planning/price control review exercise.
- o Evidence based – use a full range of available sources of info to identify priorities, views and challenges (e.g. operational insight, bespoke research,
- o Gather evidence through a range of methodologies and tools including willingness to pay, qualitative research, surveys, complaints intelligence, market data
- o Be responsive – seek to adopt a flexible process to engagement, responding to the information revealed as the process progresses
- o Demonstrate impact of engagement – ensure that the engagement design process plans for and allows evaluation of success
- o Innovation – trying new and innovative ways of engaging

2. The AA10000 stakeholder engagement standard. In summary:
   - o clearly defined scope
   - o uses an agreed decision-making process
   - o focus on issues material to the organisation and/or its stakeholders
   - o creates opportunities for dialogue
   - o is integral to organisational governance
   - o is transparent
   - o has a process appropriate to the stakeholders engaged
   - o is timely
   - o is flexible and responsive
   - o adds value both for the organisation and its stakeholders

# APPENDIX

- **SECTION 1: STAKEHOLDER PARTICIPATION**
- **SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION**
- **SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS**
- **SECTION 4: THIRD PARTY SOURCES**
- **SECTION 5:  ENGAGEMENT OPPORTUNITIES**

## SECTION 1: STAKEHOLDER PARTICIPATION

Based on the usable engagement activity we have, the following show the scale of stakeholder engagement to date. Some or all of the potential gaps may be addressed via BAU activity.  Please use this key for the tables that follow:

- ■     Satisfactory/ fit for purpose
- ■     Boost or update required
- ■     Significant engagement gap

### 1.  *CSAT*

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | 8 | ■ | |
| HIGH | HIGH | Large customers | 3 | ■ | |
| HIGH | HIGH | Network companies | 5 | ■ | |
| HIGH | HIGH | New business models | | ■ | |
| | | Anonymous | 3+ | | |

These represent helpful coverage but scale is limited for a study like this.

## 2. Journey work (Engine)

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | 6 | ■ | |
| HIGH | HIGH | Large customers | | | |
| HIGH | HIGH | Network companies | | ■ | |
| HIGH | HIGH | New business models | | | |

These represent satisfactory coverage. Scale is limited but we would expect this within the realms of design research such as this.

## 3. Outages design project July 2018 (Engine)

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | | | |
| HIGH | HIGH | Large customers | | | |
| HIGH | HIGH | Network companies | 7 | ■ | |
| HIGH | HIGH | New business models | | | |

This is boosted by 13 responses from customer satisfaction scores and verbatims across a range of stakeholder types.

## 4. Complaints analysis (internal)

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | | NA | |
| HIGH | HIGH | Large customers | 1 | NA | |
| HIGH | HIGH | Network companies | 1 | NA | |
| HIGH | HIGH | New business models | | NA | |

As complaint capture is essentially a passive methodology it is not appropriate to identify gaps in the stakeholder engagement. In any event, there is only one complaint associated with outages – al the remaining complaints with regard to connections and ease of working are already captured in the CSAT data.

**5**. *Connections digital presence versus DNOs*

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | | | |
| HIGH | HIGH | Large customers | | | |
| HIGH | HIGH | Network companies | 6 | ■ | |
| HIGH | HIGH | New business models | | | |

Website gap assessment of content, tools and resources available on DNO websites with analysis of customer service and support options.

**6.** *EV engagements*

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | +++ | ■ | See Clear and future needs |
| HIGH | HIGH | Large customers | +++ | ■ | |
| HIGH | HIGH | Network companies | +++ | ■ | |
| HIGH | HIGH | New business models | + | ■ | |
| | | Other* | +++ | ■ | |

*Other* is made up of NGOs, supply chain, UK government, media, and trade bodies.

The scale of the engagement is *extensive* with all stakeholder groups consulted/ informed: these include those coded in the grid above as well as NGOs, supply chain, UK government, media, and trade bodies. This scale and its ongoing nature mean accurate coding of these in the target segment table above has limited value.

Channels used are also extensive with social media, bilaterals, consultation papers, working groups to name but a few. For example, Linked In posts uploaded by Graeme Cooper, EV Project Director at National Grid (with c4.5k followers) have been viewed thousands of times.

Trade bodies that NG is currently working with include the following.

- Automotive Council
- Energy UK's EV Working Group
- Energy UK's New Energy Services and Heat (NESH) Directorate
- Energy UK's EV Charging Forum
- ENA's Low Carbon Technologies working Group
- EVIP
- Electric Vehicle Energy Taskforce (EVET)
- Low CVP
- LowCVP - the Fuels working group working group
- LowCVP - the Bus  working group
- LowCVP - the Commercial Vehicle working group
- LowCVP - the Passenger Car  working group
- LowCVP - the Innovation working group
- Natural Gas Vehicle Network
- Renewable Energy Association (REA)'s Electric Vehicle Sector Group
- SMMT EV Working Group
- The Climate Group's EV100

Officials and special advisers across key departments in Government and devolved assemblies have been engaged including:

- Her Majesty's Treasury
- National Infrastructure Commission
- BEIS
- Department for Transport
- Citizen's Advice
- OFGEM
- Office for Low Emission Vehicles
- Scottish government
- Welsh government
- ENA & DNO

EV Customers and potential customer connection consultations are underway with may large, small and new customers such as:

- Instavolt
- ChargePoint
- Ionity
- BP
- Shell
- Royal Mail

- Pivot Power
- Allego
- Engenie
- National Express
- Welcome Break MSA
- Extra MSA

### 7. *Predictability of charging/ roundtables (London and Glasgow)*

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | 56 in Scotland | | |
| HIGH | HIGH | Large customers | | | |
| HIGH | HIGH | Network companies | | | |
| HIGH | HIGH | New business models | 58 in London | | |
| | | Other | | | |

These numbers represent individuals attending connections seminars in London and Glasgow on q0th October 2018. These also included roundtable discussions. The numbers represented here show the number of participants to in session polls. There is no data on how these participants are profiled.

### 8. *Future needs (Clear)*

NB these all qualify as small customers in this stakeholder group, but we have broken them out for more detail.

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Non-customer | Gap analysis | Notes |
|---|---|---|---|---|---|---|
| HIGH | HIGH | Generators | 2 (small) | 3 (small) | ■ | |
| HIGH | HIGH | Battery | 3 | 1 | ■ | |
| HIGH | HIGH | EV | 2 | 1 | ■ | |
| HIGH | HIGH | Decarbonisation* | | 5 | ■ | |

* This audience describes stakeholders whose needs cut across EV charging, small and self-generation and storage. There is not however more specificity on what these stakeholder types are

Within the context of Clear's research design, stakeholder coverage is satisfactory for the purposes of the project as it was undertaken i.e. an in-depth analysis of needs and drivers of choice. The quotas and sample design are as we would expect for a single in-depth piece of work such as this

However give the speed of change and with new customers connecting to the network all the time we would expect additional engagement in the future.

### 9. Managing profitability Journey analysis/ design

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | 6 | ■ | |
| HIGH | HIGH | Large customers | | | |
| HIGH | HIGH | Network companies | | | |
| HIGH | HIGH | New business models | | | |
| | | Other | | | |

This work involves deep consultations with a relatively small number of retailer customers (6 in total) but the given the format and focus, this is appropriate to the task of journey (re)design.

### 10. Ancillary journeys

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | 8 | | |
| HIGH | HIGH | Large customers | | | |
| HIGH | HIGH | Network companies | 1 | | |
| HIGH | HIGH | New business models | | | |
| | | Other | | | |

As before, this work involves deep consultations with a relatively small number of stakeholders (9 in total) but the given the format and focus, this is appropriate to the task of journey (re)design.

### 11. Top down NPS

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Small/ new customers | 2 | ■ | |
| HIGH | HIGH | Large customers | 5 | ■ | |
| HIGH | HIGH | Network companies | 1 | ■ | |
| HIGH | HIGH | New business models | 1 | ■ | |
| | | Other | | | |

The open nature of the feedback in the top down NPS engagement means participants are able to feedback on whichever aspects of their relationship they want to share. They are therefore not prompted to cover connections and quality of customer experience specifically – that said there is good coverage (and depth of feedback) across the target segments with the numbers in the grid denoting specific feedback on connections and related service issues.

SUMMARY: Although New Business Models have been engaged this is not extensive (but satisfactory). Otherwise, stakeholders are well-represented for this chapter and there are no gaps in coverage.

![Truth.]

## SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION

Based on the materials provided by National Grid, the following breakdown shows the utility of each for the purposes of this analysis. Please note:

1. **RECENCY**: Most of the engagements we have reviewed are from 2017 and 2018 although we have been flexible on this to not discount work that is older than that if we feel it is still relevant.
2. **EVIDENCE:** This analysis indicates whether we can reasonably link a reported insight to evidence captured through stakeholder engagement
3. **DESIGN AND EXECUTION: this** explores how the engagement or piece of research was designed, carried out, analysed and presented. We have taken a commercial view of what is fit for purpose e.g. if there are small issues that do with research design such as presenting smaller base sizes as percentages, the outputs are still deemed fit for purpose.
4. **DEPTH AND SUBSTANCE**: this is an indicator of how useful the content is for the purposes of stakeholder feedback/ information

| | Recency | Evidenced | Design & execution | Depth and substance |
|---|---|---|---|---|
| Listen report | 🟩 | 🟩 | 🟩 | ◣ green |
| 1 SATs feedback 2017_8_GDPR | 🟩 | 🟩 | 🟧 | ◣ orange |
| 2 ECON Customer Insights_Part1and2_Combined AUG (journey work by Engine) | 🟩 | 🟩 | 🟩 | 🟩 |
| 3 Outages design project July 2018 | 🟩 | 🟧 | 🟧 | 🟩 |
| 4 Complaints | 🟩 | 🟩 | 🟩 | NA |
| **5** Connections digital presence versus DNOs | 🟩 | 🟩 | 🟩 | 🟩 |
| 6 EV engagements | 🟩 | 🟩 | 🟩 | 🟩 |
| 7 Predictability of charging/ roundtables (London) | 🟩 | 🟩 | 🟧 | ◣ orange |
| 8 Emphasis on future needs (Clear) | 🟩 | 🟩 | 🟩 | 🟩 |
| 9 Managing profitability Journey analysis/ design | 🟩 | 🟩 | 🟩 | 🟩 |
| 10 Ancillary journey design | 🟩 | 🟩 | 🟩 | 🟩 |
| 11 Top down NPS | 🟩 | 🟩 | 🟩 | ◣ green |

NB multiple documents e.g. questionnaires, raw data files, PPT presentations, reports, summaries, emails have been analysed for each engagement – for this reason it is not possible to limit the document type to one specific file.

*Key for recency, evidence, design & execution:*

- 🟩 Satisfactory
- 🟧 Opportunity for improvement/ information gap but does not usually disqualify the content for analysis purposes
- 🟥 Disqualifying criterion e.g. too old or no evidence provided

*Key for depth and substance:*

In addition to the colour coding, this column also indicates the following:

- ■ Engagement focuses largely or wholly on the chapter topic
- ◣ Engagement only partially addresses the chapter topic. Does not denote inherent quality – this is shown in the colour coded indictors (RAG)

SUMMARY: the quality of these engagements is generally satisfactory with all strands contributing well and validating the chapter priorities.  Some improvements are possible but these do not, on their own, invalidate what these engagements have shown.

**SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS**

*Listen report – engagement design and themes emerging feedback (combined)*

The outputs and insights from the listen stage are clear to the reader although there are some observations that require further consideration:

- The report is based on principles of inclusivity, materiality and responsiveness. For the purposes of establishing priorities, these are important principles that would need to apply if the outputs are to be used to inform the co-create stage
- The scale of the research (46 attendees from 33 organisations at the workshops and 670 responses to online consultations) implies sufficient breadth for the purposes of identifying priorities
- The balance and sequence of i) open discussion through workshops to ii) inform the design of the follow-up online consultation is appropriate and necessary
- In terms of themes emerging we can see from the illustrative verbatims that there is a need to optimise the current connection and usage experience, but these also show the importance of understanding the needs of new and future customers. As will be seen through other co-create activity, this has been understood and addressed.

This unattributed verbatim reflects this well:

*"There are a lot of new entrants into the market, and trying to unpick how to engage and how to work with National Grid can be a real problem, unless you've got people who have years of experience in the industry. If you're coming in fresh, then it's quite complicated."*

1. *CSATs feedback – engagement design*

The purpose of this study is clear but there are research design issues which mean this ongoing study is not delivering the right engagement outputs.

- The pursuit of multiple open-ended responses is laudable but the questions are designed such that they tend to keep unearthing the same responses. Some respondents repeated the same responses (perhaps with some irritation)
- The number of responses on fixed response questions is too low to be reliable for the purposes of connection performance analysis; by turn the open-ended responses do not have sufficient depth to very useful beyond high level analysis (that would require validation elsewhere)
- It seems likely that overall response rates are very low and this is likely to be a design flaw
- The desire to rate attributes on stated importance is unlikely to yield much valuable information (scores using this method tend to be very similar); the same attributes are in fact arguably all important and asking customers these same questions can come across as naïve. For example, the survey asks respondent to say how important it is that National Grid "*Listen to your needs*
- NPS questions in markets with little competition require careful positioning to make sense to the participant and this is not always the case in this survey
- We are not clear how the data is aggregated, coded, analysed, shared internally and fed back to participants

It is likely that this study could be refreshed and revived to make it more reliable, richer and more actionable.

*CSATs feedback – themes emerging*

The fixed response scores are too low to provide reliable indicators of performance but the verbatims do offer some clues on National Grid's priorities – mostly rooted in addressing some basic account management and servicing issues.

Encouragingly, analysis of the verbatims echoes much of what is identified in the Clear research (albeit with an emphasis on improvements required to the current experience). It does not however go so far as to quantitatively validate those insights. The themes that do appear are therefore familiar:

- Speed of response to requests and queries can be too slow
- Systems and procedures are designed for the benefit of National Grid rather than based on what customers actually desire
- Staffing and access to National Grid staff indicates under-resourcing (although this could be down to something else e.g. a process failure or training need)

Some examples of richer and more illustrative responses are as follows:

*"It has improved a lot over the last year and that's a good question. We have a fast turnaround of applications but it still fails in terms of process and exchange of information. It is still bureaucratic"*

*"I have already made two comments - They provide no feedback between applications to offer regarding issues over documentation. There is no ongoing liaison and no communication in fact between point of application and the point of offer. There are issues when you make an application for a new connection. Rather than a normal receipt of order National Grid insist that you have an order they have the money in their account which is not normal business practice and delays matters"*

Overall, the study has some merit but could work far harder to provide better information.


**2. Engine journey work – engagement design**

The nature of this journey design work is a specialist research discipline (often called design research) which does not seek to answer every possible question, but rather furnish the sponsor with sufficient richness to be able to answer all sorts of design challenges. Typically it will:

1. Involve a small number of deep consultations with relevant stakeholders to identify areas of weakness.  Typically, these are analysed to create 'opportunity areas' and 'design personas'
2. These opportunity areas are used as stimulus for the internal development of new customer journeys and experiences
3. Once created, these designs are usually exposed to a follow-up round of validation with stakeholders to sense check the journey designs and finesse the ideas

Analysis of the outputs from this work are noteworthy for the following:

- The work we have seen from Engine satisfies the first and second stages but not the third (although it is proposed in one of their output documents). If this is the case, it is a weakness in the engagement (albeit with apparently solid research preceding it)
- The insights are supported by a limited number of verbatims but in fairness, we might not necessarily expect this in this kind of research output
- The scale of this initial round of research indicates depth and breadth

*Engine journey work – themes emerging*

Designed specifically to focus on opportunity areas and personas to fuel the development of new customer journeys, the outputs from engagement are generally clear. The following is a summary of the key insights (there is much more valuable detail behind each of these headlines):

- **No clear sign-posting of what happens next:** Lack of end to end visibility of progress made to date and next key milestones
- **NG processes don't align with project needs:** Feels like multiple hand-offs and different parties within NG are involved, all have a slightly different view
- **There is a lack of clear and consistent communications:** Contact and updates are ad-hoc and inconsistent throughout the process
- **Ownership and accountability are not clearly understood from the outset:** There are no clear escalation points and expectations between parties are not clearly understood
- **Light-touch relationships:** There are limited opportunities and routes to enter into dialogue with NG

These themes echo strongly those secured by Clear (albeit for a different purpose) and the ongoing tracking studies. In our estimation, these outputs are sufficiently insightful to act as the platform for the internal workshops to develop new journey designs.

Another aspect of this work that is important is the use of rich, relevant and believable personas derived from research. These form the basis for much of the journey development process and are used extensively to answer all sorts of design challenges e.g. *would small independents actually read more information if we sent it to them?* It is usually sensible for organisations to standardise their personas and use them across the business to ensure consistency.

This project's three personas are built on the stakeholder groups consulted in the initial research.

**Small independent**
- New to the industry, looking for guidance.
- Have a simple yearly pricing model.
- NG is the only source of information and is taken as gospel.

**Large independent**
- Don't have much capabilities to work out their own models.
- Looking for more frequent information updates.
- Struggle to get hold of the right contacts in NG.

**Big 6**
- Various teams collaborate on forecasting.
- Have a network of people within NG.
- Need a really precise forecast in order to be competitive.

The outputs from the workshops appear as we would expect from this kind of work with an ideal journey map denoting phases, criticality of phases (herein expressed through an emotional lens)

**Truth.**

**3**. **Outages design project July 2018 – engagement design**

Seven DNO feedback sessions and two scheme deep dives (Walpole and Skelton Grange) were undertaken this engagement. The themes emerging from this study are based on the DNO feedback sessions (which are appropriate to this kind of engagement).
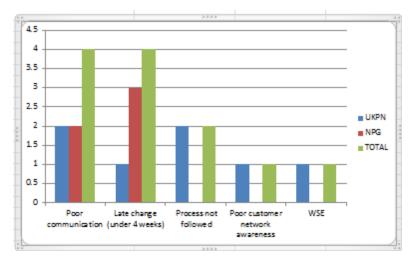
**Outages design project July 2018 – themes emerging**

Five DNO pain points are reported as follows:

1. **DNOs don't trust NG's decisions**. National Grid doesn't sufficiently explain its change decisions making customers wonder if the reason is valid
   - DNO customers need more information during an incident than is on the report. The lack of information makes it difficult for DNOs to manage their customers -basic information about the problem and when it's expected to stabilise is a minimum.
   - Poor transparency and plan communication; customers don't believe a fault is a fault. There is an assumption that NG can always force a fault as a last resort to poor planning rather than a collaborative and transparent approach to planning.
   - Forced WSE faults cause safety risks. Stress levels are sky high when customer's engineers are forced to perform safety checks in shorter time scales and with less resource

2. **DNO resource cannot support short notice changes**. National Grid don't have full appreciation of the risks and negative impact on a DNO in the case of a fault
   - Resource is too tight for changes at 2 weeks. This last year has seen the most churn and the knock on effects of short notice change are felt by planners, field staff and control engineers.
   - DNOs are firefighting on our behalf. Some customers are continually firefighting activities to meet the demands of a constantly changing plan rather than objectives provided by their businesses.
   - NG are insulated from negative press. When a power outage happens in London it hits the press and the DNO reputation is damaged rather than any attention on NG.

3. **NG does not understand DNO network and requirements.** Even at a relatively small site the network below can be complex and have huge implications for DNO network operation if lost.
   - Assumptions are made about customer needs. Outage decisions have been made based on previous anecdotes rather than collaborative dialogue. DNO outage impacts need to be taken seriously.
   - Decision making black holes. Decisions and contingency plans are created without collaboration with DNOs which can create significant risk to their network
   - Poor NG network knowledge below high voltage. NG modelling ends at their network and teams have restructured so the DNO network knowledge has been lost

4. **Non-viable outage requests are made.** Poor quality outages are being passed through without sufficient assessment of viability
   - Substandard outage studies. Outages are booked before an assessment of viability on the NG network has been done.
   - Outages get knocked like dominoes. Outages get incrementally shifted once moved instead of a full and realistic re-plan of the works so every change is a complete re-study
   - Lack of full impact assessment. Outages are booked without highlighting to DNOs who is affected and without accurate busbar bookings

5. **Processes are not being followed.** Lack of process discipline means work on both sides needs to be delayed and more churn is expected
   - Vital documentation is missing or too late. Technical documentation is being sent through when there is no suitable expertise available to confirm sign-off, meaning work is cancelled or safety processes are curtailed to accommodate
   - Concern about a legal separation 'air-lock'. There is a fear that a further layer of bureaucracy will water down the communications even more
   - Field staff are filling in the gaps. The team in the field often tell us what is happening with the outage works before the official communications have happened

In summary, the DNO pain points are summarized as follows:



The report highlights the need for future workshop dates, and work with the TOGA work stream to realize the benefits from a new digital interface. It is unclear if these have taken place or not

## 4. Complaints – engagement design

The methodology deployed for capturing, tracking and monitoring complaints is by its nature *passive.* The complaints are logged and full profiling is captured to help track progress. Dissatisfied respondents identified though the CSAT process are fed into the complaints process and engaged through that channel. All complaints seem detailed and well documented.
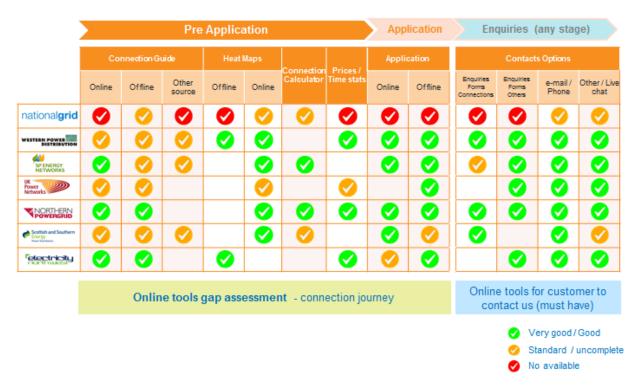
### Complaints – themes emerging

The tiny volume of inbound complaints (2) means this mechanism has limited value for the purposes of understanding problems with the connections experience. Complaints captured via the CSAT process are reported in that section.

## 5. Connections digital presence versus DNOs – engagement design

An analysis of NG's digital tools/ website that support customers through the connection journey versus DNO competitors was undertaken in February 2018.

### Connections digital presence versus DNOs – themes emerging

| | Pre Application | | | | | | | Application | | Enquiries (any stage) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Connection Guide | | | Heat Maps | | Connection Calculator | Prices / Time stats | Application | | Contacts Options | | | |
| | Online | Offline | Other source | Offline | Online | | | Online | Offline | Enquiries Forms Connections | Enquiries Forms Others | e-mail / Phone | Other / Live chat |
| national grid | 🔴 | 🟡 | 🔴 | 🔴 | 🟡 | 🟡 | 🔴 | 🔴 | 🔴 | 🔴 | 🔴 | 🟡 | 🟡 |
| Western Power Distribution | 🟡 | 🟡 | 🟡 | 🟢 | 🟢 | | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 |
| SP Energy Networks | 🟢 | 🟡 | 🟡 | | 🟢 | 🟢 | | 🟢 | 🟢 | 🟡 | 🟢 | 🟢 | 🟢 |
| UK Power Networks | 🟡 | 🟡 | | | 🟡 | | 🟡 | | 🟢 | | 🟢 | 🟢 | 🟢 |
| Northern Powergrid | 🟢 | 🟢 | | | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 | 🟢 |
| Scottish and Southern Energy | 🟡 | 🟡 | 🟡 | | 🟢 | 🟡 | | 🟢 | 🟡 | 🟢 | | 🟢 | 🟡 |
| electricity northwest | 🟢 | 🟢 | | 🟢 | | | 🟢 | 🟡 | 🟢 | | 🟢 | 🟢 | 🟢 |

**Online tools gap assessment** - connection journey

Online tools for customer to contact us (must have)

🟢 Very good / Good
🟡 Standard / uncomplete
🔴 No available

The DNOs have seen significant advancement in securing smaller scale generation and are making inroads into the EV market. The provision of useful customer tools and providing easy access into their business would have supported their growth ambitions. There is also evidence that, even in B2B markets, investment digitally provides an improved user experience that can lead to improved Customer Satisfaction.

The analysis suggests NG is falling behind competitors and accessible and useful tools would be beneficial for customers (for example Connections Guide; Enquiry Management; Connections Heat Map; Pricing & Time Calculator).

## 6. EV engagements – engagement design

There is significant ongoing activity across multiple channels, much of this is business as usual activity.

**EV engagements – themes emerging**

*Shape The Debate of transport decarbonisation*

The following is a summary of objectives and progress created by National Grid of the extensive engagement/ inform activity that has taken place up to early October 2018:

| Objective | Value-at-stake | RAG | Commentary |
|---|---|---|---|
| *Overall goal: We are a trusted enabler and provider of innovative and efficient solutions to decarbonise transport and improve air quality* | | | • Positive feedback received from key stakeholders e.g. BEIS, DfT & HMT officials – NG has done a good job of making its views known and is being recognised for proposing solutions.<br><br>• National Grid now a member of the Steering Group for the 'EV Energy Taskforce' (EVET) and ESO / ET involved at working group level.<br><br>• Ongoing high-profile speaking engagements at flagship events e.g. Cenex LCV.<br><br>• Media / social media engagement has been effective. |
| *Objective 1: EVs are efficiently integrated into the energy system and ESO is trusted with data access* | *Reputation: enhance ESO reputation for facilitating energy transition* | | • The Automated and Electric Vehicles Bill was given Royal Assent and passed into law (containing our proposed clause on data access).<br><br>• The expected DfT / OLEV consultation on secondary legislation (e.g. charging standards) is now in development (linked to work of the EVET). Gov. response to consultation expected in Mar 2019. |

| Objective 2: ETO has a platform to build transmission-connected charging | ETO capex: ~£0.8bn opportunity up to 2030 | | • The need for ultra-rapid MSA charging has landed. 'Road to Zero' and the National Infrastructure Assessment report reflected NG proposals, and referenced Government intervention on funding.<br><br>• NG has sent a submission to HMT ahead of the Autumn Budget, it was not expected that funding was to be included this year's budget.<br><br>• Departmental funding of £9m has been agreed by OLEV, DfT, BEIS, Highways England to fund MSA pilot(s). First 'kick-off' meeting held with National Grid. |
|---|---|---|---|

*New and existing connections customers*

NG is starting work on the next strategic priority area for transmission-connected EV infrastructure, which is EV fleet charging at depots or hubs. NG is engaging with a variety of organisations from Royal Mail to bus operators and airports.

## 7. Predictability of charging (London & Glasgow) - *engagement design*

These Connections seminars generated notes from roundtables and poll results (Sli.do). Unfortunately, there is no way to analyse the poll results by stakeholder type meaning the insights have to be taken at a global level. These are still useful for understanding the need for improvements to predictability of charging but would be more effective if basic profiling/ cross tabulation been undertaken.

The poll results are based on scales that are not clear. Labels should be applied to all scales and all questions should reflect both ends of the scale to not lead respondents.
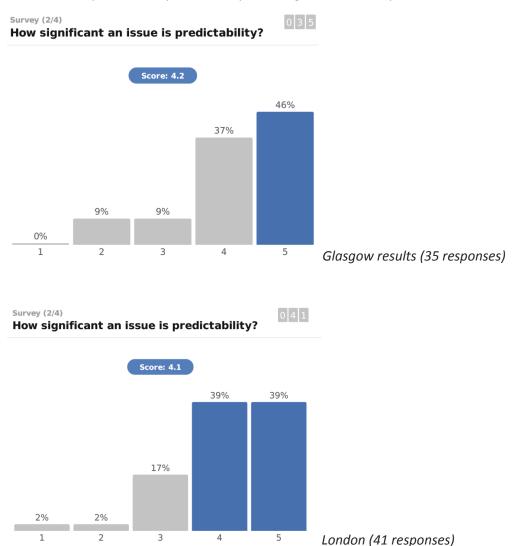
Follow-up discussion/ comments on the ratings captured in the polls undertaken are not available. This makes understanding why scores are as they are.

For these reasons, the data are only indicative.

**Predictability of charging (London & Glasgow) – *themes emerging***

These are the poll data on predictability (of charges) for each city:



**Survey (2/4)**
**How significant an issue is predictability?**    `0` `3` `5`

Score: 4.2

*Glasgow results (35 responses)*



**Survey (2/4)**
**How significant an issue is predictability?**    `0` `4` `1`

Score: 4.1

*London (41 responses)*

If we assume the scale runs from 1 = insignificant at all to 5 = very significant, then we can conclude that participants in both locations agree this is a significant issue and that National Grid should improve how it manages predictability of charges.

**8. *Emphasis on future needs (Clear) – engagement design***

This work was completed in June 2018 and is a strong piece of research notable for its rich design, and careful nuanced analysis and recommendations. The reasons for this are as follows:

- It uses a mixture of methodologies that together deliver an iterative, nuanced, exploratory analysis of needs and drivers of choice

- It makes use of existing insight, internal hypothesis development, stakeholder interviews and subject matter expert inputs. There is risk in relying solely on stated customer preferences when considering the future but this mix of inputs mitigates this risk well
- While the scale of the stakeholder inputs is limited to 17 consultations this is appropriate for this kind of project
- It is positive that future needs are partly derived from current experiences and external factors and contexts e.g. their challenges, decision making, levels of expertise, other parties in the connection eco-system such as DNOs, reputational drivers
- There is a helpful use of benefit areas which transcends the lack of experience many stakeholders may/ have had with connections. This helps with establishing priorities and needs without becoming overly technical or inaccessible for the participant

### *Emphasis on future needs (Clear) – themes emerging*

Although this engagement is ostensibly future facing it also identifies barriers to effective connections and ease of working today. Understanding this is an important foundation for understanding future needs and drivers of choice. Larger organisations feel opaqueness hinders decision making

- Smart tools are available but aren't working hard enough
- Once an application is submitted, customers are left in the dark while a decision is made
- The needs of small generators are falling outside of NG's current connection offers
- There are major differences in expectation and need between NG and customers e.g. appetite to engage smaller businesses, relying on the past to guarantee the future such as reputation and 'this is the way we've always done it'

These represent opportunities for improvement today, but are also hygiene factors that must be addressed if future promises experiences etc are to be sustainable.

The future facing aspects of this project are expressed as scenarios or outcomes. This is useful as it means the analysis does not get bogged down in the minutiae of what a different connection experience could be (although this would be relevant at a later stage). These scenarios neatly link the connection/ experience challenges of today with fresh and commercially sustainable ways of delivering customer needs of the future. Notably:

- Resetting expectation of existing customers and positively engaging new customers
- Telling positive stories about NG's restructure to demonstrate benefits to connection customers
- The importance of delivering against the non-negotiable hygiene factors of customer service built on the understanding that bespoke arrangements work best for their needs
- Better expressions of short term benefits of choosing NG over DNOs while helping customers explore longer term possibilities
- Leading the conversation about the future connections landscape

**9. Managing profitability Journey analysis/ design – *engagement design***

This work involves deep consultations with six retailer customers to explore the following design/ journey related problem:

*Electricity retailers find TNUoS / BSUoS charges difficult to predict on the multi-year timescales within which they are making business decisions. Additionally, the cost volatility that they receive is significant relative to retail margins. Therefore, is our approach to BSUoS / TNUoS the correct product and, if not, with what should it be replaced in the long term and what quick wins can NG make in the short term?*

Analysis of the outputs from this work are noteworthy for the following:

- Documents that set out how the consultations were designed are thorough, well organised and well structured – down to the individual probes. This is in line with what we would expect from professional researchers
- The insights are supported by a limited number of verbatims (in fairness, we might not necessarily expect this in this kind of research output)
- The scale of this initial round of research indicates real depth and reliable recommendations on journey/ experience design

*Managing profitability Journey analysis/ design – themes emerging*

The headline issue retailers face is that there is a lack of understanding from NG on how businesses operate. All businesses seem to be treated the same way, without taking into account different ways of working, capabilities and needs.

More specifically, this research highlights the following:

- **It is challenging to get hold of NG**. There are no dedicated contacts to approach for charging related issues. Networks are established exclusively by experience.
  - o Information can't be discussed There is a resigned attitude to accept the information provided by NG without challenging or questioning it.
  - o No dialogue in place when needed. Black Start has been particularly bruising for individuals and soured the relationship due to lack of communication.
  - o Formal contacts don't exist. Strong individual relationships exist for large retailers but these have been discovered by chance.

- **NG is a reactive business**. National Grid's monopolistic position doesn't encourage proactive processes and culture that aim to make retailer's life easier.
  - o Information sharing is not consistent. Information provided has grown organically and there isn't a consistent mechanism for making information available.
  - o Information is hard to retrieve. There is no intuitive way of navigating information, you have to know where to source it or who to ask.
  - o New entrants don't get on-boarded.
  - o It is challenging to learn and understand how things work as no guidance is provided.

- **NG don't act as leaders or industry experts.** Retailers expect NG information to be always valid but often it is inaccurate, incomprehensive and not user friendly.
  - Forecasting is incomplete. Assumptions have to be made internally to add in additional risk factors.
  - Information is not reliable Hygiene expectation is that tariffs will be correct first time, but that's not always the case.

- **The rationale is missing.** The numbers provided are never backed up by a rationale, making it difficult to justify discrepancy between forecasts and actuals with stakeholders.
  - No view of embedded generation. An understanding that the energy mix is changing exists but it is not clear how and if this is reflected in the tariffs.
  - Supporting narratives are not provided. Lack of explanation to account for the variable costs and the complications involved in balancing the grid.
  - No overview of causality models. Modelling assumptions and associated risk factors are not known or explained.

- **Retailers are left in the dark.** Reconciliation timescales are long and there is no way to measure performance in an agile way or have visibility of unforeseen spikes.
  - Impacting future factors are hidden. Retailers have no view of future projects or modifications happening on the grid making long term forecast even more risky.
  - Unforeseen costs come as a "surprise". The long reconciliation process makes recovering costs problematic as often at that point many of the customers have left.
  - Measuring performance is hard. There is a need to be able to timely track performance in order to budget accordingly.

- **NG's processes don't fit with businesses' timeframes.** There is acceptance that the timing of events is not conducive to business processes but that's what the industry dictates.
  - NG forecasting can be out of sync. Customers are trying to adapt the Industry process to their financial years and customers' contract cycles.
  - Accountancy is not fully supported. Business performance timeframes dictate frequency of reporting and information sharing. NG timings do not back up such activities.

### 10. Ancillary journey design – engagement design

This work involves deep consultations with nine stakeholder businesses (8 customers and one network company) customers to explore the following design/ journey related problem:

- Understand context of who the service provider is, their business context, their role and any general pressures they are under.
- Understand what their needs are when interacting with the Ancillary Services process (to inform the team to help us make National Grid a better buyer).
- Explore the steps they went through and how they felt as they experienced going through them when selling to National Grid.

- identify any pain points they encountered along the way and discuss ways to improve the process

Similar to the other journey design work undertaken amongst other customer types, analysis of the outputs from this work are noteworthy for the following:

- Documents that set out how the consultations were designed are thorough, well organised and well structured – down to the individual probes. This is in line with what we would expect from professional researchers
- The insights are not however illustrated by any verbatims (in fairness, we do not doubt the existence of these given the outputs we have seen)
- The scale of this initial round of research indicates real depth and reliable recommendations on journey/ experience design


***Ancillary journey design – themes emerging***

There are eight interwoven headline insights that this work uncovered:

- **Pace and dynamism**: There's often a tension between the dynamism of the market and the innovation providers must carry out, with the appetite and ability of NG to move at pace
- **Power imbalance**: Smaller providers feel extremely vulnerable. This is due to market volatility risks and what they see as last minute changes in what NG wants, as well as a distinct power imbalance
- **Horizon scanning**: Providers feel that things are changing very quickly, they seek a better view of what's ahead to help them plan – both on what the grid needs in the future and when, for example, new IT goes live
- **Time constraints**: Newer providers struggle with workload and capacity as they often work extremely hard to secure funds, a contract etc. leaving them little time to actually build and set up
- **High effort:** Effort on all sides can be high to get things up and running. Information doesn't always flow between teams and manual data entry is common.
- **Reactive not proactive**: Too much time is spent reacting to issues and dealing with system faults rather than proactively creating future opportunities.
- **Individual relationships:** Account management is generally seen to be really good. Providers rely heavily on account managers and notice the effects of high staff turnover.
- **In transparency we trust:** There is a thirst for transparency. Providers want to understand the decision making processes behind the scenes, for example, across payments and dispatch**.**

**11. Top down NPS – engagement design**

This study was conducted as an email survey sent from Nicola Shaw CBE (Executive Director at National Grid). It captures the headline NPS baseline data on likelihood to recommend to benchmark performance, but greater value for the purposes of understanding connections and the extent to which the network is easy to use is secured via the explanations offered by participants. The senior to senior engagement here has brought feedback which is equally open, rich and revealing.

**Top down NPS – themes emerging**

The feedback from senior customer contacts across a range of customer types is noteworthy for its lack of consistency with some customers enjoying improving, productive and rewarding customer contact, while others comment on a lack of certainty, inconsistency and a lack of continuity or joined up thinking.

The following quotations are illustrative of this diversity:

*The HS2 experience of <u>working with National Grid has been exemplary</u>. The context of the engagement between HS2 and National Grid is set by a collaborative working arrangement, with partial co-location, to provide oversight and delivery of diversionary and connection works. The team is highly committed and well lead and as such sets the benchmark for all other Utility stakeholders. National Grid's performance has been characterized by proactivity, flexibility and a performance orientated attitude.* **Cross Rail**

*Open ended (new) Grid connection agreements and no remedies for grid delays. As a wind power developer it is crucial for us to be able to confirm offered grid connections and have relatively good certainty on when they are delivered. This has never been the case and <u>continues to be a very frustrating</u> area.* **Fred Olson Renewables**

*Connections and access to network 3/10: we don't connect directly to Transmission grid but we are developing batteries and feel that there are opportunities for 3rd parties like UKPR to propose alternative solutions to network reinforcement. <u>There is no attempt by NG (as we have seen with some DNOs) to open up this opportunity to competition</u>.* **UK Power Reserves**

*Helpful, professional and accommodating staff – <u>generally very receptive and go out of their way to assist regardless of the nature and source of the query</u>. Having NG staff dedicated to specific areas/ networks has helped to improve communication*

*Staff turnover adversely impacting continuity - <u>Account managers and technical interface change regularly</u>. Provide early disclosure of sanctioned connections or planned infrastructure works that may have an impact on the distribution network.* **Northern Power Grid**

*I think the relationship is a good one at a personal and business level across our organisations. <u>We can see an improvement in the engagement and a willingness to respond to our queries</u> quickly and comprehensively, which wasn't always there previously. However, we still see that there are times when <u>the team is very reactive, rather than proactive, and sometimes it will take much longer than we would expect to get a response to a query</u>. Finally, I would say that the organisational structure isn't always clear and, whilst we have a good relationship with the key people in the teams with which we interact,*

*there are always new names in the frame and it isn't always easy to work out the connections within National Grid.* **Drax**

*Individuals'* <u>technical excellence can be hard to access or undermined by those experts not coordinating with each other</u> *or with the diversion works project team.* **HS2**

<u>*Be more transparent about commercial/programme aspects to a level of detail that satisfies the need of the financial director/planning team*</u> *and therefore providing confidence that this aspect of the project is providing value for money, is cost controlled and there is good certainty that the agreed connection date will be met.* **Network Rail**

*From the outside looking in it seems that National Grid should be more than adequately resourced to deliver exceptional customer service and experience. The score of 6, however, is reflective of the fact that we feel that Grid can do better when it comes to InterGen's customer experience. We regularly look to National Grid to provide assistance with queries and issues relating to our existing assets and development projects; however,* <u>the quality of service is generally below average, with initial guidance often altered or revised having considerable knock-on commercial effects for InterGen</u>. **Intergen**

<u>*We find that National Grid has made great strides in becoming truly customer facing*</u>. *It works to be an open organisation willing to engage with industry across functions and levels.* **RES**

## SECTION 4: THIRD PARTY SOURCES



LINK

UKPN used live events, social media and their website, to engage with a range of stakeholders. Stakeholders identified quicker and cheaper connections as a priority. These needs align with the outputs from NG's own engagements.



LINK

ENW used a variety of engagements e.g. focus groups, monthly customer surveys and used these alongside the predicted increase in local, green energy generation and how this requires a streamlined connections service. At their Distribution System Operator (DSO) conference stakeholders confirmed they want to see the removal of red tape and access to improved local data, so they could choose where, when and how to connect to our network.

LINK

The Open Networks Project is an initiative to deliver Government policy set out in the Ofgem and BEIS Smart Systems and Flexibility Plan, the Government's Industrial Strategy and the Clean Growth Plan. The 2017 report identifies good customer experience is key and they have created a specific customer experience workstream to explore this. Over forty industry stakeholders have provided input to this work through the ENA's project Advisory Group and they have publicly consulted on a set of potential commercial models for flexibility services.



LINK

UK Power Networks conducted research in 2017 to inform its Service Development Plan. The report echoes strongly the needs and frustrations expressed by stakeholders in NG's own engagement. identified by National Grid's. For example, UKPN highlight the following in their report:

- Customers want more choice and flexibility over the services they receive so that they can make a genuine and informed choice about how their electrical connection is provided
- Customers want pre-application support to give them the certainty that they are making the best choices available to them to deliver critical electrical infrastructure in a timely and cost effective way

- Customers want to be able to access important business information when they need it through the channel of their choice in a way that works with their own programme of work
- Customers want reduced lead times so that they can make important business decisions in line with their programme, not UKPN's
- Customers want improvements to the delivery of their electrical connection to allow them to commit to their programme deadlines minimising delays and disruptions.

**SECTION 5:  ENGAGEMENT OPPORTUNITIES**

- Validate internally generated journey designs

**National Grid:** Stakeholder needs of the transmission system

Electricity: Reliability

Phase 1 and 2 outputs

**November 1st 2018**

**Prepared for:**

Customer & Stakeholder Experience

**Prepared by:**
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**EXECUTIVE SUMMARY**

The Reliability of the Electricity Transmission System topic focuses on how available the transmission system is for the people who want to connect to it, and how successful NG is in supplying the energy required. How NG achieves the required service level is linked to the 'risk' the assets pose i.e. how close to failure they are. Maintaining, increasing or decreasing the asset risk position will, over time, affect how reliable customers deem NG's network to be. This topic encompasses the following outputs and incentives:

Reliability of supply (aka "uninterrupted supply" or "keeping the lights on") is a top priority for stakeholders and consumers. More specifically this co-create phase of engagements need to secure agreement on:

- Advocacy for the current level of reliability
- Agreement on regional plans
- Agreement there is a case for greater reliability in metropolitan areas

The following represents how far, through these post-listen engagements, insight from each stakeholder group validates these high level objectives.

| Target segments for engagement | Advocacy for the current level of reliability | Agreement on regional plans | Case for greater reliability in metropolitan areas |
|---|---|---|---|
| Regulatory | 🟥 | 🟥 | 🟥 |
| Large customers | 🟥 | 🟥 | 🟥 |
| Network companies | 🟧 | 🟧 | 🟧 |
| Supply chain | 🟥 | 🟥 | 🟥 |
| Small/ new customers | 🟥 | 🟥 | 🟥 |
| Consumer bodies | 🟥 | 🟥 | 🟥 |
| Academics | 🟥 | 🟥 | 🟥 |
| Consumers | 🟩 | | 🟩 |
| Small/ new customers | 🟥 | | 🟥 |
| | | | |
| Communities | | | |
| Think tanks and innovators | | | |
| Supply chain | Less relevance compared to priority stakeholder groups | | |
| Interest groups | | | |
| Government | | | |
| New business models | | | |
| Political | | | |

🟩 Satisfactory/ fit for purpose
🟥 Action needed

Gaps in this table are because engagement has not been undertaken so the analysis cannot be conducted.

**ACTION POINTS: The approaches to engagement undertaken to date appear sound enough but the extent of this coverage is limited - there remain many stakeholder audiences that still need to contribute to the reliability topic.**

*Key themes emerging from stakeholder inputs*

Because the scale of the engagement to date has been limited it is not possible to be definitive about the themes although the consumer narrative is more concrete:

- Reliability of the Transmission network, both now and in the future, is key to ensuring the required levels of security of supply
- Arguments that raise awareness of National Grid's contribution to network reliability are well-received by members of the public
- While there are indications that there is *some* appetite to explore options which could vary reliability geographically or by time of day, amongst consumers there is a general view that current levels of reliability have become the norm and that lower levels would not be acceptable

**PURPOSE**

Negotiations for RIIO-2 will be informed by the extent to which National Grid can demonstrate to Ofgem that it has understood and incorporated the needs of stakeholders (now and in the longer term) into its business plan. In addition, National Grid has been challenged by its Stakeholder Panel to secure third party assessment of its engagement activity in preparation for RIIO-2. Because of these, Truth has been commissioned to provide a comprehensive appraisal and debrief of the relevant knowledge/ insights National Grid already holds on stakeholders in order to help NG design a comprehensive plan of approach for additional engagement (with suitably innovative methodologies) to be conducted in Q1 2019.

Truth is a respected research and consulting business that works with global businesses such as Google, Barclays, Honda and Philips on strategy and insight projects. Truth employs 40 staff (within its parent company Instinctif Partners which has offices in 15 countries, employs 300 staff and turns over £400m pa).

Over the past six weeks Truth has logged, catalogued, reviewed, examined and analysed all documents provided by National Grid related to existing RIIO-2 specific engagements and, where available BAU engagements (270+ docs to date), and conducted initial exploratory conversations with regulatory leads of business plan chapters, in order to immerse themselves in engagement conducted to date.

This report is a detailed breakdown of National Grid's existing coverage and insight in four sections as follows:

1. Reviews existing stakeholder participation and evaluates quality of engagement to identify gaps in landscape coverage (stakeholder groups and knowledge)
2. Identifies qualitative and quantitative insights that can be gathered from engagement to date (outlining a clear translation of data into insight at a stakeholder group level)
3. Includes an overview of additional research available in the public domain which can supplement the knowledge held internally about what stakeholders may want and need
4. Identifies opportunities for future additional engagement and research


The intention is that this report will be used as a foundation for discursive and collaborative planning of the additional engagement and research needed for phase 2.

## ASSESSING QUALITY

In gauging the quality of an engagement (on its own and alongside others) and its suitability for RIIO-2 , we rely on multiple inputs to gauge effectiveness. Some of these are expressed as checklists, namely (where more detail can be found in the next section below):

- AA10000 stakeholder engagement standard
- National Grid's own Independent Stakeholder Group '18 engagement principles checklist'

Whilst these are valuable guidelines, they are starting points to which we also overlay our own judgement accumulated over many years of designing, executing, analysing and applying research programmes to assess effectiveness. It is this departure from a tick box assessment that allows us to see more realistically if the engagement is fit for purpose.

**Qualitative methods.** We do not set out hard and fast rules for sampling in qualitative methods. This is because reliability and confidence in outputs is a combination of the following factors: size of universe, the methods deployed, depth of discussion, suitability of participants to contribute, how the feedback is interpreted and how the outputs are expressed in reports. This is why it is acceptable to use the outputs from a single meeting with a single DNO if the participants are the most qualified, engaged and relevant people to include.

**Quantitative methods.** There are however objective filters we apply to quantitative sampling and methods which are similarly complex and depend on factors such as the size of the universe, the variety within that universe, the methods deployed and the outputs required. Purists might reject a survey with 20 responses based on the scale of sample alone but we'd look at multiple factors before making a judgement e.g. who these twenty people represent, the type of questions used, if the analysis 'dresses up the data' to make it look more reliable than it is (e.g. using %s rather than number of mentions), the balance of open versus fixed response questions.

## QUALITY FRAMEWORKS

These are the underlying guidelines which are the starting point for our analysis as to the quality and effectiveness of engagement.

1. National Grid's own Independent Stakeholder Group guidelines expressed as the '18 engagement principles checklist'
   o Define and map your stakeholders - anyone who believes they are affected by your decisions. Recognising the different threads of the public interest – stakeholders, customers, consumers, citizens, communities (geographical and interest)
   o Be clear what you want to achieve with "engagement" – have clear policy objectives and measures of impact; (incl. where you most need to engage)
   o Understand the "spectrum of participation" and difference between each part of that spectrum: inform, consult, involve, collaborate, empower
   o Engage early in the process, review and improve throughout
   o Leadership – effective stakeholder engagement must be led from the top of the organisation
   o Commitment – to listen to stakeholders' views and act on or respond to them

- o Objectivity – an open approach to obtaining stakeholders' views and to interpreting them. Seek to understand views on a range of topics and on all aspects of the business plan, rather than pre-determining their priorities or seeking to endorse your own priorities
- o Transparency – to build stakeholder trust and show that you take their views seriously (incl. how we've considered views, weighted and managed trade-offs)
- o Be inclusive: work with stakeholder groups to gather the fullest range of interests. Understand and balance the differences between different segments. Understand and balance the differences between existing and future stakeholders
- o Be aware that those who often participate i.e. the "usual suspects" are not always representative
- o Be accessible to all (e.g. in consideration of the tasks, timelines, contact person, tech., locations, challenges of communication, etc.)
- o Use targeted approaches to tailor engagement to suit the knowledge and awareness of different groups
- o An ongoing process that is embedded across the business – not just a stand-alone business planning/price control review exercise.
- o Evidence based – use a full range of available sources of info to identify priorities, views and challenges (e.g. operational insight, bespoke research,
- o Gather evidence through a range of methodologies and tools including willingness to pay, qualitative research, surveys, complaints intelligence, market data
- o Be responsive – seek to adopt a flexible process to engagement, responding to the information revealed as the process progresses
- o Demonstrate impact of engagement – ensure that the engagement design process plans for and allows evaluation of success
- o Innovation – trying new and innovative ways of engaging

2. The AA10000 stakeholder engagement standard. In summary:
   - o clearly defined scope
   - o uses an agreed decision-making process
   - o focus on issues material to the organisation and/or its stakeholders
   - o creates opportunities for dialogue
   - o is integral to organisational governance
   - o is transparent
   - o has a process appropriate to the stakeholders engaged
   - o is timely
   - o is flexible and responsive
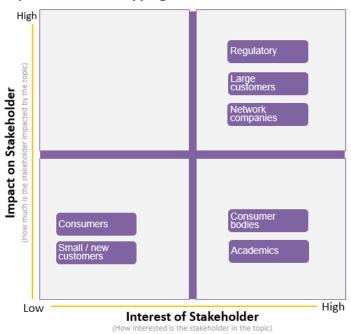   - o adds value both for the organisation and its stakeholders

# APPENDIX

- **SECTION 1: STAKEHOLDER PARTICIPATION**
- **SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION**
- **SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS**
- **SECTION 4: THIRD PARTY SOURCES**
- **SECTION 5:  ENGAGEMENT OPPORTUNITIES**

## SECTION 1: STAKEHOLDER PARTICIPATION

Key stakeholder mapping is as follows:

**Topic stakeholder mapping**



Based on the usable engagement activity we have, the following show the scale of stakeholder engagement to date. Some or all of the potential gaps may be addressed via BAU activity.  Please use this key for the tables that follow:

■    Satisfactory/ fit for purpose
■    Boost or update required
■    Significant engagement gap

The summary of engagement post listen phase across all stakeholder groups is as follows:

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Regulatory | | ■ | |
| HIGH | HIGH | Large customers | | ■ | |
| HIGH | HIGH | Network companies | 2 | ■ | |
| HIGH | HIGH | Supply chain | | ■ | |
| HIGH | HIGH | Small/ new customers | | ■ | |
| LOW | HIGH | Consumer bodies | 2 | ■ | |
| LOW | HIGH | Academics | | ■ | |
| LOW | LOW | Consumers | +++ | ■ | |
| LOW | LOW | Small/ new customers | | | |

At the time of writing further engagements are planned with DNOs, generators, directly connected customers and suppliers.

## 1. *Listen*

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Regulatory | 4 | ■ | Inc government |
| HIGH | HIGH | Large customers | 8 | ■ | Inc suppliers |
| HIGH | HIGH | Network companies | 15 | ■ | |
| HIGH | HIGH | Supply chain | | | |
| HIGH | HIGH | Small/ new customers | | | |
| LOW | HIGH | Consumer bodies | 3 | ■ | |
| LOW | HIGH | Academics | 6 | ■ | Inc think tanks |
| LOW | LOW | Consumers | 665 + 626 | ■ | Online + Populus study |
| LOW | LOW | Small/ new customers | | | |
| | | Environmental orgs | 11 | | |
| | | Other energy industry | 7 | | |
| | | Political | 562 | | Populus study on reputation |
| | | Other stakeholders | 723 | | |

The representation across all stakeholder groups is extensive making the depth of the initial Listen report reliable.

## 2. *DNO bilateral(s)*

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Regulatory | | | |
| HIGH | HIGH | Large customers | | | |
| HIGH | HIGH | Network companies | 2 | ■ | These are ongoing |
| HIGH | HIGH | Supply chain | | | |
| HIGH | HIGH | Small/ new customers | | | |
| LOW | HIGH | Consumer bodies | | | |
| LOW | HIGH | Academics | | | |
| LOW | LOW | Consumers | | | |
| LOW | LOW | Small/ new customers | | | |

At present the consultations with DNOs are ongoing (and will involve engagements with different roles in the DNOs from senior management to asset specialists; potentially with up to three teams per DNO). The two network energy companies consulted to date on non-load plans are Western Power Distribution (17th September 2018) and Western Power Distribution South Wales Regional (20th September 2018)

## 3. Project Swansea (strategic positioning)

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis | Notes |
|---|---|---|---|---|---|
| HIGH | HIGH | Regulatory | | | |
| HIGH | HIGH | Large customers | | | |
| HIGH | HIGH | Network companies | | | |
| HIGH | HIGH | Supply chain | | | |
| HIGH | HIGH | Small/ new customers | | | |
| LOW | HIGH | Consumer bodies | 2 | ■ | |
| LOW | HIGH | Academics | | | |
| LOW | LOW | Consumers | +++ | ■ | 6 groups + 4,811 online |
| LOW | LOW | Small/ new customers | | | |
| | | Political | 6 | | |
| | | Think tank | 1 | | |
| | | Industry experts | 5 | | |
| | | In-house broker | 1 | | |

Although this study only looks in part at reliability as a positioning opportunity, it has extensive representation from household consumers but with useful input from other stakeholders as well.

SUMMARY: Although further engagements are planned e.g. continued rollout of engagements with DNOs and extending these engagements with directly connected customers, generators, suppliers, OFGEM there remain significant gaps in the  target stakeholder groups inputs

## SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION

Based on the materials provided by National Grid, the following breakdown shows the utility of each for the purposes of this analysis. Please note:

1. **RECENCY**: Most of the engagements we have reviewed are from 2017 and 2018 although we have been flexible on this to not discount work that is older than that if we feel it is still relevant.
2. **EVIDENCE:** This analysis indicates whether we can reasonably link a reported insight to evidence captured through stakeholder engagement
3. **DESIGN AND EXECUTION: this** explores how the engagement or piece of research was designed, carried out, analysed and presented. We have taken a commercial view of what is fit for purpose e.g. if there are small issues that do with research design such as presenting smaller base sizes as percentages, the outputs are still deemed fit for purpose.
4. **DEPTH AND SUBSTANCE**: this is an indicator of how useful the content is for the purposes of stakeholder feedback/ information

| | Recency | Evidenced | Design & execution | Depth and substance |
|---|---|---|---|---|
| *Listen report* | ■ | ■ | ■ | ◢ |
| *DNO bilateral(s)* | ■ | ■ | ■ | ■ |
| *Project Swansea (strategic positioning)* | ■ | ■ | ■ | ◢ |

NB multiple documents e.g. questionnaires, raw data files, PPTX presentations, reports, summaries, emails have been analysed for each engagement – for this reason it is not possible to limit the document type to one specific file.

*Key for recency, evidence, design & execution:*

■      Satisfactory
■      Opportunity for improvement/ information gap but does not usually disqualify the content for analysis purposes
■      Disqualifying criterion e.g. too old or no evidence provided

*Key for depth and substance:*

In addition to the colour coding, this column also indicates the following:

■      Engagement focuses largely or wholly on the chapter topic
◢      Engagement only partially addresses the chapter topic. Does not denote inherent quality – this is shown in the colour coded indictors (RAG)

**SUMMARY**: As far as they go, these consultations are effective although bar the DNO consultations, the other two engagements do not focus extensively on reliability. The outcomes from one of the DNO engagements is limited to an extract from meeting minutes. Fuller analysis and reporting should be conducted for these bilateral (as well as the remaining engagements).

## SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS

### 1. Listen report – engagement design and themes emerging feedback (combined)

The outputs and insights from the listen stage are clear to the reader although there are some observations that require further consideration:
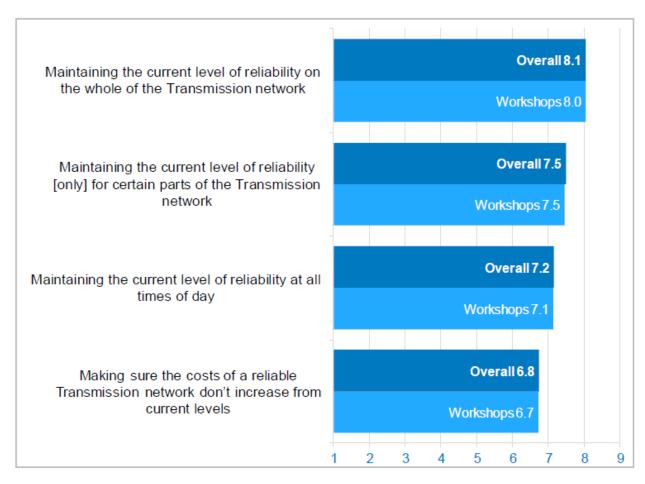
- The report is based on principles of inclusivity, materiality and responsiveness. For the purposes of establishing priorities, these are important principles that would need to apply if the outputs are to be used to inform the co-create stage
- The scale of the research (46 attendees from 33 organisations at the workshops and 670 responses to online consultations) implies sufficient breadth for the purposes of identifying priorities
- The balance and sequence of i) open discussion through workshops to ii) inform the design of the follow-up online consultation is appropriate and necessary

The report highlights the following key points:

- There is a general view that current levels of reliability have become the norm and that lower levels would not be acceptable – much of modern life is power-related, with a particular reliance on electronic communications and broadband/Wi-Fi
- Regarding the future, stakeholder views differ. Some believe that reliability will become more important because of our increasing reliance on electronic devices, but the counter view is that domestic solar generation and batteries could cover 'gaps' in network reliability
- If the electrification of transport continues (including electric vehicles and rail), the need for high levels of reliability will remain
- In future conversations, NG needs to explain the trade-offs associated with different levels of reliability, particularly regarding cost. Consumers don't understand how much they're paying for each part of their bill and what they get in return
- Value for money is vital, no matter what level of reliability is required, with direct customers attaching particular importance to cost
- Differentiating levels of reliability by geography would be difficult as individuals' needs for reliability aren't dictated by where they live or work. Industrial customers often need 100% reliability – anything else can have a significant financial impact on their business
- Having a less reliable network at certain times of day could be an option, but this again depends on how critical a reliable supply is to individual consumers. New technologies could make this more viable in future
- Some stakeholders make the point that reliability to household consumers is a combination of Transmission and Distribution reliability, and that one cannot really be considered without the other

This is echoed by polling results which show high endorsement (especially in top 2 box scores).

Maintaining the current level of reliability on the whole of the Transmission network — Overall 8.1, Workshops 8.0

Maintaining the current level of reliability [only] for certain parts of the Transmission network — Overall 7.5, Workshops 7.5

Maintaining the current level of reliability at all times of day — Overall 7.2, Workshops 7.1

Making sure the costs of a reliable Transmission network don't increase from current levels — Overall 6.8, Workshops 6.7

### *2. DNO bilateral(s) - engagement design*

Introductory charts explaining NG's approach to its non-load related investment plan set out the need for the reliability engagement as well as where and how DNOs need to input to the discussion. There are a number of questions designed to capture DNO priorities and plans e.g. identifying planned major site activity that NG needs to co-ordinate with.

Perhaps inevitably, the outputs from these bilateral are highly detailed and focus totally on the interaction between NG and the DNO. It will be helpful to design future engagements such that needs and themes across DNOs can be easily identified, reported and acted on at a higher level. That said, one of the two outputs are extracts from meeting minutes so we would expect to see more structured and detailed outputs from the remaining DNO engagements.

Anecdotally, the initial engagements highlighted the need to have the right participants in the room to ensure discussions are pitched correctly and the right levels of input are secured. This is a learning point that will be applied to the remaining DNO engagements.

***DNO bilateral(s) – themes emerging***

We are limited in our ability identify themes from these consultations given the nature of the outputs (highly detailed and DNO specific at present) so we have summarised the outcomes from these meetings below in isolation:

*WPD meeting of 17th September 2018:*

- WPD broadly on board with the engagement approach for the regions and agreed to use regional meeting in South Wales as a test
- WPD commented in the past NG has co-ordinated work across joint sites, agreeing one lead party for the works
- WPD advised a 3 to 4 year forecast is a realistic timeframe for WPD to describe its plans in detail
- On deliverability constraints, WPD commented outage co-ordination has not been an issue, unless it's a large project (e.g. Hinkley – changes to the outage plans here has a big knock on effect for WPD). For most non-load work a focus more on need and type of investment rather than deliverability co-ordination on outages is appropriate
- WPD commented that knowing plans and charges in advance is important (link to connection assets for Non-load), outturn costs from NG was painful in the past, now getting better

*WPD South Wales reginal meeting of 20th September 2018:*

- No surprises in Load related plans. Central view as expected, good discussion around drivers. It was noted that WPD were happy to see this ahead of time
- Need to follow up with WPD Strategy team to compare forecast assumptions in full
- For non-load issues there is a need to link up with WPD projects team for a detailed discussion.
- Specific questions raised for NG to investigate:
  - Pyle has a 180MVA and a 240MVA, is the 180MVA due for replacement?
  - Upperboat is at 6 hour ratings already; is it ok when EV scenarios are added?
  - Aberthaw doesn't have a lot of capacity when looking at N-2 capacity, what will it look like in future?
  - Co-location sites e.g. battery + solar, be good to know how these have been modelled?
  - Import / Export power factors, does NG envisage a change and what response is sought from the DNO?
  - Query on whether any of the connections are requesting N-2 type connections.

For the non-load plan

- Nowhere can WPD see a decreasing requirement for existing network
- Non-load putting a business case together for grange-margam floating cables to add remediation works to NG RIIO2 plan.
- Aberthaw - PS breakers no point intervening if PS is going. Check plan.
- Grange – SGT2 built but not connected? (Check accuracy of this question log with Dan Clarke)
- Upper boat – SGT2&3 cable, work being led by WPD next year, NG indicated cables condition was satisfactory, doesn't seem efficient to have them in plan.

Feedback on approach:

- Highlighted system diagrams would help WPD visualise, digest and comment back on the plan.
- Explanations and relative outage times for inventions would be useful to understand impact on network. E.g. define "refurb", "bay"
- Separately highlight those assets that will mean a charge on them (connection assets / those likely to impact exit charges)
- Before the next session WPD requested a link up with WPD (a) Strategy team for load forecasting (b) project teams for replacement plans

### 3. Project Swansea (strategic positioning) – engagement design

This is an iterative and extensive piece of research that uses stakeholder feedback to identify how NG can create a more sustainable and relevant strategic positioning. From internal workshops to groups discussions with member of the public to one on ones with stakeholders (e.g. MPs, think tanks and consumer bodies) before finally moving into a large scale randomised control trial (RCT) with almost 5,000 members of the public the project evaluated a number of strategic positioning statements including one on the importance of network reliability.

The statement relating to reliability is as follows:

*National Grid delivers 99.9999% network reliability*
*Before we press a light switch or turn on the kettle, we don't stop and wonder whether that electricity will be there or not. We have grown used to electricity being there on demand – as a fundamental right. But we haven't always been so fortunate. People who remember the 1970s will recall regular blackouts, hospitals being forced to function in candlelight and a three-day working week because of interrupted power supplies.*
*Today, National Grid sits at the heart of an energy network – regulated by Ofgem - that delivers world class performance, with more than 99.9999% reliability for power transmission in the UK. Every year we reinvest around £1bn in the UK to continue to improve and safeguard reliability.*
*This reliability record tops that of other developed economies such as Italy, Japan, Australia and California - the last of which is 7th largest economy in the world and suffered rolling blackouts as recently as last year.*

Although the description of the research methodology is high level it is implied in the content, structure, analysis and interpretation that this is a well-designed and carefully analysed piece of work.

### Project Swansea (strategic positioning) – themes emerging

It is clear that network reliability resonates strongly with stakeholders:

- Arguments that raised awareness of National Grid's contribution to network reliability were well-received
- This did not stretch to the simple act of power being available as required, but did resonate when discussing the lack of power outages
- However, comparison with other countries' reliability records were less compelling

The quantitative data indicates that the role for the reliability narrative has a positive, statistically reliable relationship with overacrhing variables sauch as trust, responsibility, and value for money.

## Summary of statistically significant impacts

national**grid**

| Statement / Metric | Trust | Responsible | Regulated | VfM | Remain private |
|---|---|---|---|---|---|
| B. Transformation | | ⭐ | | ⭐ | |
| C. Success | ⭐ | ⭐ | ⭐ | ⭐ | ⭐ |
| D. Reliability | ⭐ | ⭐ | ⭐ | ⭐ | ⭐ |
| E. Competing | ⭐ | | | | ⭐ |
| F. Private best | | | | | ⭐ |
| G. Stake | | | ⭐ | | ⭐ |

41

**Teneo**
BLUE RUBICON

Slide 41

*Please note that this is a confidential internal working document setting out various options for discussion. We are at the early stage of discussing these options and the potential implications.*

This analysis strongly endorses the outcomes form the Listen engagement where reliability is a principal component of consumer expectations of National Grid.
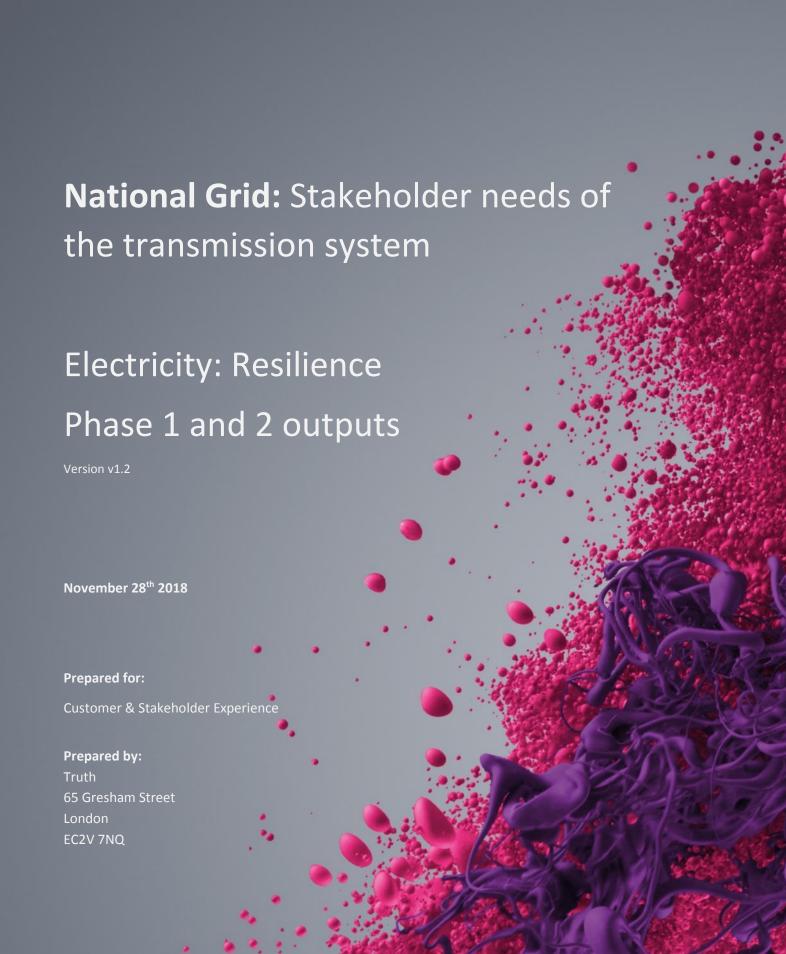
**SECTION 4: THIRD PARTY SOURCES**

**SECTION 5:  ENGAGEMENT OPPORTUNITIES**

The engagements undertaken to date are satisfactory as far as they go but the extent of stakeholder coverage is very low and more extensive stakeholder coverage is required. Webinars should be considered the strongest method for the benefits of speed and scalability.

Truth.

# National Grid: Stakeholder needs of the transmission system

## Electricity: Resilience

## Phase 1 and 2 outputs

Version v1.2

**November 28th 2018**

## EXECUTIVE SUMMARY

The stakeholder priority of '*I want you to protect the system and keep it safe from threats*' focuses on the importance of enhancing and maintaining resilience of the transmission network to ensure assets are protected from unforeseen events such as cyber-attack, physical-attack and damage caused by extreme weather. Stakeholder engagement in this area helps determine desired levels of network resilience. The following table shows the extent to which key stakeholders have contributed to the four principal questions, this topic seeks to understand:

| Relevant segments for engagement | Desired outcomes from engagement | | | |
| --- | --- | --- | --- | --- |
| | Endorsement and feedback on physical security approach | Endorsement and feedback on cyber security approach | Endorsement and feedback on approach to extreme weather | Endorsement and feedback on approach to black start |
| Large customers | ■ | ■ | ■ | ■ |
| Interest groups | ■ | ■ | ■ | ■ |
| Regulatory, governmental | ■ | ■ | ■ | ■ |
| Network companies | ■ | ■ | ■ | ■ |
| Think tanks, academics & innovators | ■ | ■ | ■ | ■ |
| Supply chain | ■ | ■ | ■ | ■ |
| | | | | |
| Small customers | Less relevance compared to priority stakeholder groups | | | |
| Consumer bodies | | | | |
| New business models | | | | |
| Political | | | | |
| Communities | | | | |
| Consumers | | | | |

■      Satisfactory/ fit for purpose
■      Action needed

### *Stakeholder coverage*

The quotas achieved for this workshop represent a healthy cross section of the priority stakeholder groups.

### *Quality of engagement*

The quality of this engagement is very good.

> **ACTION POINTS:**
> - There are no actions or gaps to address
> - Including resilience and sub-topics in any willingness to pay research may be interesting but is not a significant gap in the stakeholder engagement to date

## PURPOSE

Negotiations for RIIO-2 will be informed by the extent to which National Grid can demonstrate to Ofgem that it has understood and incorporated the needs of stakeholders (now and in the longer term) into its business plan. In addition, National Grid has been challenged by its Stakeholder Panel to secure third party assessment of its engagement activity in preparation for RIIO-2. Because of these, Truth has been commissioned to provide a comprehensive appraisal and debrief of the relevant knowledge/ insights National Grid already holds on stakeholders in order to help NG design a comprehensive plan of approach for additional engagement (with suitably innovative methodologies) to be conducted in Q1 2019.

Truth is a respected research and consulting business that works with global businesses such as Google, Barclays, Honda and Philips on strategy and insight projects. Truth employs 40 staff (within its parent company Instinctif Partners which has offices in 15 countries, employs 300 staff and turns over £400m pa).

Over the past six weeks Truth has logged, catalogued, reviewed, examined and analysed all documents provided by National Grid related to existing RIIO-2 specific engagements and, where available BAU engagements (270+ docs to date), and conducted initial exploratory conversations with regulatory leads of business plan chapters, in order to immerse themselves in engagement conducted to date.

This report is a detailed breakdown of National Grid's existing coverage and insight in four sections as follows:

1. Reviews existing **stakeholder participation** and evaluates quality of engagement to identify gaps in landscape coverage (stakeholder groups and knowledge)
2. Summary of all **engagement quality**
3. **Identifies qualitative and quantitative insights** that can be gathered from engagement to date (outlining a clear translation of data into insight at a stakeholder group level)
4. Includes an **overview of additional research available** in the public domain which can supplement the knowledge held internally about what stakeholders may want and need
5. Identifies **opportunities for future additional engagement** and research


The intention is that this report will be used as a foundation for discursive and collaborative planning of the additional engagement and research needed for phase 2.

**ASSESSING QUALITY**

In gauging the quality of an engagement (on its own and alongside others) and its suitability for RIIO-2 , we rely on multiple inputs to gauge effectiveness. Some of these are expressed as checklists, namely (where more detail can be found in the appendix at the end of this document):

- AA10000 stakeholder engagement standard
- National Grid's own Independent Stakeholder Group '18 engagement principles checklist'

Whilst these are valuable guidelines, they are starting points to which we also overlay our own judgement accumulated over many years of designing, executing, analysing and applying research programmes to assess effectiveness. It is this departure from a tick box assessment that allows us to see more realistically if the engagement is fit for purpose.

**Qualitative methods.** We do not set out hard and fast rules for sampling in qualitative methods. This is because reliability and confidence in outputs is a combination of the following factors: size of universe, the methods deployed, depth of discussion, suitability of participants to contribute, how the feedback is interpreted and how the outputs are expressed in reports. This is why it is acceptable to use the outputs from a single meeting with a single DNO if the participants are the most qualified, engaged and relevant people to include.

**Quantitative methods.** There are however objective filters we apply to quantitative sampling and methods which are similarly complex and depend on factors such as the size of the universe, the variety within that universe, the methods deployed and the outputs required. Purists might reject a survey with 20 responses based on the scale of sample alone but we'd look at multiple factors before making a judgement e.g. who these twenty people represent, the type of questions used, if the analysis 'dresses up the data' to make it look more reliable than it is (e.g. using %s rather than number of mentions), the balance of open versus fixed response questions.
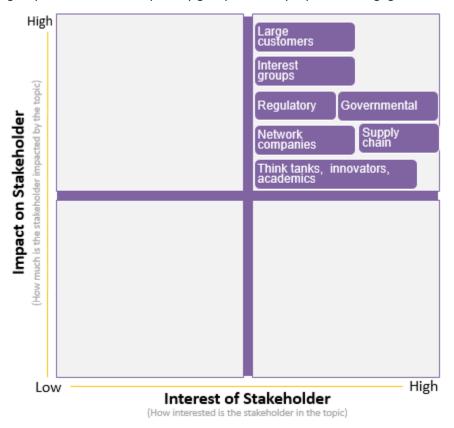
# APPENDIX

- **SECTION 1: STAKEHOLDER PARTICIPATION**
- **SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION**
- **SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS**
- **SECTION 4: THIRD PARTY SOURCES**
- **SECTION 5:  ENGAGEMENT OPPORTUNITIES**

**SECTION 1: STAKEHOLDER PARTICIPATION**

For the topic of resilience, most of National Grid's plans is determined by requirements set by Government, Ofgem and other organisations charged with ensuring that the country's key national infrastructure is protected against all possible threats. As necessary, National Grid works with those stakeholders to ensure plans deliver what is expected.

Where issues are not pre-determined by these stakeholders National Grid engages other stakeholders who have an interest in, and are impacted by this topic. With this in mind, the following stakeholder groups are deemed the priority groups for the purposes of engagement.



Given the nature of this topic, there is extensive and ongoing engagement with these groups; within the context of organised engagement, all these groups were represented at an extended workshop held in London on 23rd October 2018.

■ (green)      Satisfactory/ fit for purpose
■ (orange)      Boost or update required
■ (red)      Significant engagement gap

The following is a breakdown of each of the participating stakeholder groups.

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Scale | Gap analysis |
|---|---|---|---|---|
| HIGH | HIGH | Large customers | 2 | ■ |
| HIGH | HIGH | Interest groups | 2 | ■ |
| HIGH | HIGH | Regulatory, governmental | 9 | ■ |
| HIGH | HIGH | Network companies | 7 | ■ |
| HIGH | HIGH | Think tanks, academics & innovators | 7 | ■ |
| HIGH | HIGH | Supply chain | 7 | ■ |
| | | Other (4 x energy industry) | 5 | |

This represents all priority stakeholder groups with a good mix of organisations represented (33). It is noted in the analysis that despite different groups represented in most areas, the attendees achieved consensus on issues that were discussed.

**SUMMARY**: The quotas achieved for this workshop represent a healthy cross section of the priority stakeholder segments.

## SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION

Based on the materials provided by National Grid, the following breakdown show each's utility for the purposes of this analysis. Please note:

1. **RECENCY**: Most of the engagements we have reviewed are from 2017 and 2018 although we have been flexible on this to not discount work that is older than that if we feel it is still relevant.
2. **EVIDENCE:** This analysis indicates whether we can reasonably link a reported insight to evidence captured through stakeholder engagement
3. **DESIGN AND EXECUTION: this** explores how the engagement or piece of research was designed, carried out, analysed and presented. We have taken a commercial view of what is fit for purpose e.g. if there are small issues that do with research design such as presenting smaller base sizes as percentages, the outputs are still deemed fit for purpose.
4. **DEPTH AND SUBSTANCE**: this is an indicator of how useful the content is for the purposes of stakeholder feedback/ information

| | Recency | Evidenced | Design & execution | Depth and substance |
|---|---|---|---|---|
| London resilience stakeholder workshop | ■ | ■ | ■ | ■ |

NB the bulk of this analysis is based on the analysis report, but we have also reviewed the invitation, stimulus, and discussion guide/ questions.

*Key for recency, evidence, design & execution:*

■ Satisfactory
■ Opportunity for improvement/ information gap but does not usually disqualify the content for analysis purposes
■ Disqualifying criterion e.g. too old or no evidence provided

*Key for depth and substance:*

In addition to the colour coding, this column also indicates the following:

■ Engagement focuses largely or wholly on the chapter topic
◢ Engagement only partially addresses the chapter topic. Does not denote inherent quality – this is shown in the colour coded indictors (RAG)

**SUMMARY**: This engagement follows a format that other chapters have adopted, but this one is particularly well executed, analysed and reported (and could be adopted as a benchmark for future workshops).

## SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS

*London resilience stakeholder workshop – engagement design*

The design and execution of this workshop is very good.

- The structure and flow of the whole workshop is effective – moving from a broad, future facing resilience agenda to specific resilience topics, each with fresh content
- The raw data transcripts suggest a rich and engaging discussion was had
- Questions posed are open and exploratory where required – the more structured polling questions are well structured and easy to understand, even to a ley participant
- The analysis is in real depth and the report easy to read and understand; that said, it can be helpful to include verbatim comments to help bring colour and emphasis to a topic (but is by no means obligatory).

Indeed feedback from attendees suggest that, on balance they left the workshop knowing more than they did at the start.



Start of workshop mean score = 3.1 (39 respondents)
End of workshop mean score = 3.7 (38 respondents)

It would seem therefore that both National Grid and participants have benefited greatly from this engagement, not least because of its design and execution.

NB no costed options were presented in the event

**London resilience stakeholder workshop – themes emerging**

The following are the themes that emerged in the workshop across the various topic areas.

*Resilient future:*

- Transmission loss of supply is rare, but it has a high impact on consumers
- Cyber threats are an issue now, climate change may be the longer-term problem
- The country's reliance on electricity will continue to increase
- All attendees thought there would be a greater need for a resilient electricity network in the future

*Physical security:*

It was noted, including by the regulator that this area of resilience (as is the case for some others) is the preserve of BEIS and the CPNI as they understand it in depth, have access to all the information needed (as some is restricted) and that they are best placed to understand what the correct and most efficient level of investment is.

- Attendees generally agree that the correct organisations are involved in the decision-making process and that it is appropriate and proportionate
- We were able to give assurances regarding our processes for preventing a physical breach of security

*Cyber security:*

- Cyber should be a key area of focus for investment
- Cyber resilience levels should be aligned across energy networks and with other relevant industries
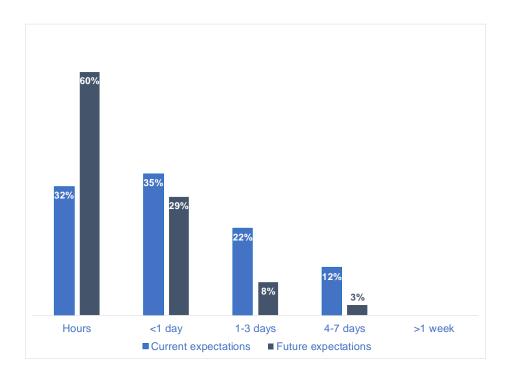
*Extreme weather:*

- Extreme weather risks will change over time and are likely to become more of an issue in the future
- National Grid's strategy needs to be up-to-date and flexible – it cannot fix on one solution now
- National Grid needs to work with, and learn from, others

*Black start:*

- There is general support for NG's approach to black start, although stakeholders found it difficult to comment without seeing the detail
- Black start recovery plans need to be coordinated across all relevant stakeholders
- Unsurprisingly, demand for the recovery of power in cities, towns and industry is expected to be higher than in more rural areas, but expectations will be high from those most reliant on electricity in all areas

This graph shows the combined responses from 39 attendees when asked about expectations for restoration times for heavy industry, cities, towns, villages and rural areas (expectations for all areas were expected to shorten in future).

Chart:
- Hours: Current expectations 32%, Future expectations 60%
- <1 day: Current expectations 35%, Future expectations 29%
- 1-3 days: Current expectations 22%, Future expectations 8%
- 4-7 days: Current expectations 12%, Future expectations 3%
- >1 week:

■ Current expectations   ■ Future expectations

**SUMMARY**: The quality of this engagement is excellent

**SECTION 4: THIRD PARTY SOURCES**

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**SECTION 5:  ENGAGEMENT OPPORTUNITIES**

There are no gaps in the engagement to date.

# National Grid: Stakeholder needs of the transmission system

# Electricity: Environment

# Phase 1 and 2 outputs

Version v1.1

**November 1st 2018**

**Prepared for:**

Customer & Stakeholder Experience

**Prepared by:**
Truth
65 Gresham Street
London
EC2V 7NQ

## EXECUTIVE SUMMARY

These engagements have been mostly successful in consulting many of the relevant stakeholders on how to approach and manage National Grid's impact on the environment.

### *Environmental engagement*

The desired outcomes for the post listen engagements applied to relevant stakeholder groups is as follows:

| Relevant segments for engagement | Desired outcomes | | | |
|---|---|---|---|---|
| | How should NG approach investment decision-making from a carbon perspective? | How should NG approach new and existing transmission lines from a visual impact perspective? | How should NG approach construction activities from an environmental perspective? | How to should NG approach land management and environmental corporate responsibility? |
| Regulatory | 🟩 | 🟩 | 🟩 | 🟩 |
| Large customers | 🟥 | - | 🟥 | 🟥 |
| DNOs and TOs | 🟩 | 🟧 | 🟩 | 🟩 |
| Consumers (HH) | 🟥 | 🟩 | 🟥 | 🟥 |
| Interest groups | 🟩 | 🟩 | 🟩 | 🟩 |
| Supply chain | 🟩 | 🟩 | 🟩 | 🟩 |
| Small customers | 🟥 | - | 🟥 | 🟥 |
| Academics | 🟩 | 🟩 | 🟩 | 🟩 |
| Consumer bodies | 🟩 | 🟩 | 🟩 | 🟩 |
| Communities | 🟥 | 🟩 | 🟥 | 🟥 |
| | | | | |
| Think tanks/ innovs. | Less relevance compared to priority stakeholder groups | | | |
| New business models | | | | |
| Political | | | | |
| Governmental | | | | |

🟩 Satisfactory/ fit for purpose
🟧 Boost or update required
🟥 Significant action required

### *Visual impact engagement*

We have confidence that the stakeholder engagement conducted across the four areas of AONB under the VIP project and the wider studies with the general population are thorough and fit for purpose.

### Communities

We have seen little feedback from community engagement in areas outside of the VIP project. We would expect these in areas where significant local impacts may be experienced e.g. Bridgwater, East Huntspill, Sandford, Churchill, Puxton, Nailsea, Tickenham, Avonmouth.

*Stakeholder coverage*

There are gaps in stakeholder coverage which need to be filled.

*Quality of engagement*

This is generally satisfactory.

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**ACTION POINTS:**
The pressing actions revolve on scale and stakeholder coverage.
- Involve more DNOs in the VIP project(s)
- Mechanisms to secure input and or report from Communities close to major works e.g. Hinkley community, residents and businesses (i.e. outside the VIP areas) do not seem to be in place.
- Conduct additional engagement on the broader environmental issues with
  - **direct customers** (large, small and new)
  - **consumers** (households and businesses) inc an element if willing ness to pay

In addressing the stakeholder gaps for the broader environmental engagement, we recommend that National Grid takes the opportunity to convene one or more workshop(s) or localised webinar with a wider stakeholder group. This will help validate and broaden the insight secured at the Sandown Park workshop.

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*Key themes emerging from stakeholder inputs*

*VIP:*

- Unanimous support for continuing the VIP programme into RIIO-T2
- Maintaining and building on the current approach with scope to broaden it through consideration of other important landscapes such as World Heritage Sites
- Support for closer collaboration between National Grid and the DNOs
- Exploring opportunities for innovation in the LEI scheme such as new coatings and camouflage for pylons

*VIP Acceptability research:*

The VIP project is viewed as a positive step forward and one which most bill-payers are happy to pay for. One area that many bill-payers say is important in underpinning acceptability (and would increase acceptability for some who are initially cynical) is transparency in the passing on of the cost. Bill-payers want assurances the final cost does not escalate, remaining true to the stated amount, and does not become subsumed within indefinite 'general' energy bill increases.

Considering the negative light in which many view the energy industry, and the high energy bills that many feel they must endure, acceptability of the VIP project is high. Ultimately, when weighing up the

perceived benefits against costs of the project, a significant majority believe it is acceptable for bill-payers to pay for it.

*Wider environmental engagement:*

- *Corporate approach to the environment and environmental impact of decision making*: stakeholders generally support National Grid's approach. There is support for a whole life costing approach and a call to explore best practice and use innovation to reduce adverse environmental impacts.
- *Visual impacts*: This divides opinion but there is broad endorsement of National Grid's current approach to new lines although alternative ways of mitigating visual impact should be developed.
- *Construction activity and its impact on the environment:* Excluding stakeholders who may be more affected by local works, the majority think National Grid should balance the local impact of construction activities with the cost to bill payers in general. There is general support for aiming to minimize carbon impact and then using carbon offsetting to achieve carbon neutral construction, and for improving the biodiversity of land after construction is complete (if costs are reasonable).
- *Land management and the environment*: There is support for National Grid's land management approach and the environment-related aspects of the corporate social responsibility activity. The majority believe that National Grid should expand its approach to more sites, but some question whether this should be funded by bill payers or by National Grid.

## PURPOSE

Negotiations for RIIO-2 will be informed by the extent to which National Grid can demonstrate to Ofgem that it has understood and incorporated the needs of stakeholders (now and in the longer term) into its business plan. In addition, National Grid has been challenged by its Stakeholder Panel to secure third party assessment of its engagement activity in preparation for RIIO-2. Because of these, Truth has been commissioned to provide a comprehensive appraisal and debrief of the relevant knowledge/ insights National Grid already holds on stakeholders in order to help National Grid design a comprehensive plan of approach for additional engagement (with suitably innovative methodologies) to be conducted in Q1 2019.

Truth is a respected research and consulting business that works with global businesses such as Google, Barclays, Honda and Philips on strategy and insight projects. Truth employs 40 staff (within its parent company Instinctif Partners which has offices in 15 countries, employs 300 staff and turns over £400m pa).

Over the past six weeks Truth has logged, catalogued, reviewed, examined and analysed all documents provided by National Grid related to existing RIIO-2 specific engagements and, where available BAU engagements (270+ docs to date), and conducted initial exploratory conversations with regulatory leads of business plan chapters, in order to immerse themselves in engagement conducted to date.

This report is a detailed breakdown of National Grid's existing coverage and insight in four sections as follows:

1. Reviews existing **stakeholder participation** and evaluates quality of engagement to identify gaps in landscape coverage (stakeholder groups and knowledge)
2. Summary of all **engagement quality**
3. **Identifies qualitative and quantitative insights** that can be gathered from engagement to date (outlining a clear translation of data into insight at a stakeholder group level)
4. Includes an **overview of additional research available** in the public domain which can supplement the knowledge held internally about what stakeholders may want and need
5. Identifies **opportunities for future additional engagement** and research


The intention is that this report will be used as a foundation for discursive and collaborative planning of the additional engagement and research needed for phase 2.

## ASSESSING QUALITY

In gauging the quality of an engagement (on its own and alongside others) and its suitability for RIIO-2 , we rely on multiple inputs to gauge effectiveness. Some of these are expressed as checklists, namely (where more detail can be found in the next section below):

- AA10000 stakeholder engagement standard
- National Grid's own Independent Stakeholder Group '18 engagement principles checklist'

Whilst these are valuable guidelines, they are starting points to which we also overlay our own judgement accumulated over many years of designing, executing, analysing and applying research programmes to assess effectiveness. It is this departure from a tick box assessment that allows us to see more realistically if the engagement is fit for purpose.

**Qualitative methods.** We do not set out hard and fast rules for sampling in qualitative methods. This is because reliability and confidence in outputs is a combination of the following factors: size of universe, the methods deployed, depth of discussion, suitability of participants to contribute, how the feedback is interpreted and how the outputs are expressed in reports. This is why it is acceptable to use the outputs from a single meeting with a single DNO if the participants are the most qualified, engaged and relevant people to include.

**Quantitative methods.** There are however objective filters we apply to quantitative sampling and methods which are similarly complex and depend on factors such as the size of the universe, the variety within that universe, the methods deployed and the outputs required. Purists might reject a survey with 20 responses based on the scale of sample alone but we'd look at multiple factors before making a judgement e.g. who these twenty people represent, the type of questions used, if the analysis 'dresses up the data' to make it look more reliable than it is (e.g. using %s rather than number of mentions), the balance of open versus fixed response questions.

## QUALITY FRAMEWORKS

These are the underlying guidelines which are the starting point for our analysis as to the quality and effectiveness of engagement.

1. National Grid's own Independent Stakeholder Group guidelines expressed as the '18 engagement principles checklist'
   - Define and map your stakeholders - anyone who believes they are affected by your decisions.  Recognising the different threads of the public interest – stakeholders, customers, consumers, citizens, communities (geographical and interest)
   - Be clear what you want to achieve with "engagement" – have clear policy objectives and measures of impact; (incl. where you most need to engage)
   - Understand the "spectrum of participation" and difference between each part of that spectrum: inform, consult, involve, collaborate, empower
   - Engage early in the process, review and improve throughout
   - Leadership – effective stakeholder engagement must be led from the top of the organisation
   - Commitment – to listen to stakeholders' views and act on or respond to them

- Objectivity – an open approach to obtaining stakeholders' views and to interpreting them. Seek to understand views on a range of topics and on all aspects of the business plan, rather than pre-determining their priorities or seeking to endorse your own priorities
- Transparency – to build stakeholder trust and show that you take their views seriously (incl. how we've considered views, weighted and managed trade-offs)
- Be inclusive: work with stakeholder groups to gather the fullest range of interests. Understand and balance the differences between different segments. Understand and balance the differences between existing and future stakeholders
- Be aware that those who often participate i.e. the "usual suspects" are not always representative
- Be accessible to all (e.g. in consideration of the tasks, timelines, contact person, tech., locations, challenges of communication, etc.)
- Use targeted approaches to tailor engagement to suit the knowledge and awareness of different groups
- An ongoing process that is embedded across the business – not just a stand-alone business planning/price control review exercise.
- Evidence based – use a full range of available sources of info to identify priorities, views and challenges (e.g. operational insight, bespoke research,
- Gather evidence through a range of methodologies and tools including willingness to pay, qualitative research, surveys, complaints intelligence, market data
- Be responsive – seek to adopt a flexible process to engagement, responding to the information revealed as the process progresses
- Demonstrate impact of engagement – ensure that the engagement design process plans for and allows evaluation of success
- Innovation – trying new and innovative ways of engaging

2. The AA10000 stakeholder engagement standard. In summary:
   - clearly defined scope
   - uses an agreed decision-making process
   - focus on issues material to the organisation and/or its stakeholders
   - creates opportunities for dialogue
   - is integral to organisational governance
   - is transparent
   - has a process appropriate to the stakeholders engaged
   - is timely
   - is flexible and responsive
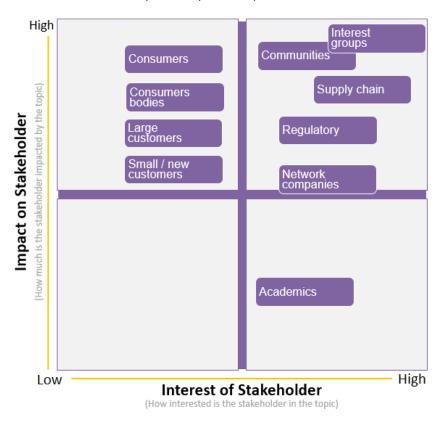   - adds value both for the organisation and its stakeholders

# APPENDIX

- **SECTION 1: STAKEHOLDER PARTICIPATION**
- **SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION**
- **SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS**
- **SECTION 4: THIRD PARTY SOURCES**
- **SECTION 5:  ENGAGEMENT OPPORTUNITIES**

## SECTION 1: STAKEHOLDER PARTICIPATION

The following represents the stakeholder mapping and engagement approach for the stakeholders with an interest in or are impacted by this chapter.



Based on the usable engagement activity we have, the following show the scale of stakeholder engagement to date. Some or all of the potential gaps may be addressed via BAU activity.

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Workshop | VIP* | WTP for VIP | Gap analysis | Notes |
|---|---|---|---|---|---|---|---|
| HIGH | HIGH | Interest groups | 5 | +++ | | 🟩 | |
| HIGH | HIGH | Communities | | +++ | | 🟥 | |
| HIGH | HIGH | Supply chain | 16 | | | 🟩 | |
| HIGH | HIGH | Regulatory | 2 | | | 🟩 | |
| HIGH | HIGH | Network companies | 2 | 1 | | 🟧 | VIP focus |
| HIGH | LOW | Consumers | | +++ | +++ | 🟥 | Broader environment focus gap |
| HIGH | LOW | Consumer bodies | 2 | | | 🟩 | |
| HIGH | LOW | Large customers | | | | 🟥 | Broader environment focus gap |
| HIGH | LOW | Small/ new customers | | | | 🟥 | Broader environment focus gap |
| LOW | HIGH | Academics | 1 | | | 🟩 | |
| | | Other | 3 | | | | |

🟩 Satisfactory/ fit for purpose

🟧 Boost or update required

🟥 Significant engagement gap

*this covers four Visual Impact Provision engagements (Dorset AONB, New Forest National Park, Peak District National Park, Snowdonia National Park).

We have analysed the scale of consultations for the VIP engagement from the channels and participating stakeholders; we do not have actual numbers on attendees.

| Channel | Focus | Participating stakeholder groups |
|---|---|---|
| **Public consultation events (x2)** | Dorset AONB visual impact provision | Local residents, businesses, community groups, landowners, local authorities |
| **Meetings (x2)** | Visual impact | Stakeholder Advisory Group |
| **Meetings (x2)** | Dorset AONB visual impact provision | Dorset AONB stakeholder reference group (SRG) |
| **Meetings (x2)** | New Forest National Park | Natural England, environmental restoration specialists |
| **Meetings (x2)** | New Forest National Park | Stakeholder Reference Group (SRG), including New Forest National Park Authority, National Trust, Natural England, Forestry Commission, Verderers of the New Forest, Environment Agency |
| **Meetings (x2)** | New Forest National Park | Community Liaison Group inc Parish Councils, RSPB, CPRE Hampshire, Friends of the New Forest, the Verderers of the New Forest, New First Commoners Defence Association |
| **Formats?** | New Forest National Park | Public consultations |
| **BAU** | Peak District National Park | Trans Pennine Trail office, Barnsley Metropolitan Borough Council (MBC), landowners |

| | | |
|---|---|---|
| **Inform activity for users** | Peak District National Park | Barnsley Metropolitan Borough Council |
| **Briefings** | Peak District National Park | Yorkshire Wildlife Trust, Barnsley MBC, Peak District National Park Authority |
| **Meetings (x2)** | Peak District National Park | Stakeholder Reference Group (SRG), including Peak District National Park Authority, Trans Pennine Trail Office, Natural England, Dunford Parish Council, Barnsley MBC |
| **Multilaterals** | Peak District National Park | Northern Powergrid (DNO) (in collaboration with CPRE and Friends of the Peak District) |
| **Consultations** | Peak District National Park | Local residents |
| **Meetings** | Snowdonia National Park | Stakeholder Reference Group (SRG) including Natural Resources Wales, Snowdonia National Park Authority, National Trust, Gwynned Council, Cadw and Gwynned Archeological Trust |

**SUMMARY**: Many of the relevant stakeholder audiences have been engaged on the broader environmental topics but there are two stakeholder groups that have not been consulted:

- **direct customers** (large, small and new)
- **consumers** (households and businesses)

For VIP, the SAG and other stakeholders noted a need for closer collaboration between National Grid and the DNOs. For this reason, the VIP project needs to involve more DNOs in its consultations.

The Acceptability research (essentially willingness to pay) has extensive coverage amongst members of the public, but no sampling or analysis has been undertaken amongst communities who may be affected by large scale works that are outside of the VIP projects.

## SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION

Based on the materials provided by National Grid, the following breakdown show each's utility for the purposes of this analysis. Please note:

1. **RECENCY**: Most of the engagements we have reviewed are from 2017 and 2018 although we have been flexible on this to not discount work that is older than that if we feel it is still relevant.
2. **EVIDENCE:** This analysis indicates whether we can reasonably link a reported insight to evidence captured through stakeholder engagement
3. **DESIGN AND EXECUTION: this** explores how the engagement or piece of research was designed, carried out, analysed and presented. We have taken a commercial view of what is fit for purpose e.g. if there are small issues that do with research design such as presenting smaller base sizes as percentages, the outputs are still deemed fit for purpose.
4. **DEPTH AND SUBSTANCE**: this is an indicator of how useful the content is for the purposes of stakeholder feedback/ information

| | Recency | Evidenced | Design & execution | Depth and substance |
|---|---|---|---|---|
| 1. Listen report | ■ | ■ | ■ | ■ |
| 2. Sandown Park environment workshop | ■ | ■ | ■ | ■ |
| 3. Four x VIP engagements* | ■ | ■ | ■ | ■ |
| 4. VIP Acceptability research | ■ | ■ | ■ | ■ |

\* Dorset AONB, New Forest National Park, Peak District National Park, Snowdonia National Park

Multiple documents e.g. questionnaires, raw data files, PPTX presentations, reports, summaries, emails have been analysed for each engagement – for this reason it is not possible to limit the document type to one specific file.

*Key for recency, evidence, design & execution:*

■ Satisfactory
■ Opportunity for improvement/ information gap but does not usually disqualify the content for analysis purposes
■ Disqualifying criterion e.g. too old or no evidence provided

*Key for depth and substance:*

In addition to the colour coding, this column also indicates the following:

■ Engagement focuses largely or wholly on the chapter topic
◢ Engagement only partially addresses the chapter topic. Does not denote inherent quality – this is shown in the colour coded indictors (RAG)

**SUMMARY**: Individually, these engagements are well designed, executed and analysed. The stakeholder coverage has been satisfactory but there are some gaps, so we recommend that in addressing the gaps, National Grid takes the opportunity to secure more input from more stakeholder groups e.g. convening one or more workshop(s) or localised webinars.

**SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS**

*1. Listen report – engagement design and themes emerging feedback (combined)*

The outputs and insights from the listen stage are clear to the reader although there are some observations that require further consideration:

- The report is based on principles of inclusivity, materiality and responsiveness. For the purposes of establishing priorities, these are important principles that would need to apply if the outputs are to be used to inform the co-create stage
- The scale of the research (46 attendees from 33 organisations at the workshops and 670 responses to online consultations) implies sufficient breadth for the purposes of identifying priorities
- The balance and sequence of i) open discussion through workshops to ii) inform the design of the follow-up online consultation is appropriate and necessary
- It is clear that stakeholders believe the environment is an important priority for National Grid

The headline for **stakeholder organisations** as reported in the summery of outputs indicate that Stakeholders would like National Grid to prioritize minimizing greenhouse gas emissions and continuing (or potentially expanding) National Grid's work in communities. Mitigating the visual impact of assets (particularly existing assets) is seen as less of a priority for the majority.

**Members of the public** place high importance on ensuring that National Grid reduces the visual impact of its assets (both new and existing), enhance the natural environment around these assets, and provide support to the communities National Grid impacts through its activities.

*2. Sandown Park environment workshop - engagement design*

The workshop design suggests a good balance of presentation, exploratory discussion, topic specific discussion and fixed response questions. Analysis appears diligent and well organised.

Areas for improvement which should be borne in mind for further workshops (although these does not invalidate the results on of this workshop):

- Some fixed response questions could be more open or give participants the opportunity to input different responses e.g. other and don't know
- The workshop is localised; it would be sensible to ensure geographical variety for further engagements e.g. to more urban areas, different regions.
- Quotas should be applied to ensure there is as even a balance between stakeholder groups as is reasonably possible
- There are some stakeholder groups not represented in the workshop, notably small and large customers

No costed options were presented in the workshop – this seems appropriate given the breadth of the stakeholder audiences in attendance. That said there is diversity in opinion surrounding how environmental strategies are funded and it would be of value to explore willingness to pay with paying

customers to gauge the appeal and impact of increases/ decreases to annual bills in exchange for a more/ fewer benefits to the environment.

***Sandown Park environment workshop – themes emerging***

The report organises the analysis according to the topics as presented to the participants. In turn the summaries for each are as follows.

1.  *Corporate approach to the environment*: stakeholders generally support National Grid's approach, but have questions around how targets are set and how National Grid compares to comparable organisations, and what is within or outside of National Grid's control. There is support for a whole life costing approach (including carbon), and a call to explore best practice and use innovation to reduce adverse environmental impacts.

2.  *Environmental impact of decision making*: Stakeholders all support investment decision-making that considers whole life costs including the cost of carbon; all favour investment in lower loss equipment if it provides the best whole life value. The majority prefer a focus on minimizing $SF_6$ leakage volumes with many suggesting innovation should help develop alternative, more environmentally friendly solutions.

3.  *Visual impacts*: Some stakeholders believe that National Grid G assets have a highly negative visual impact, while others see them as part of the landscape. Those who feel adversely impacted by this topic are largely more supportive of minimising visual impact than reducing costs. The majority of attendees believe that National Grid's current approach to new lines is about right, although alternative ways of mitigating visual impact should be developed.

4.  *Construction activity and its impact on the environment:* The majority think National Grid should balance the local impact of construction activities with the cost to bill payers in general. There is general support for aiming to minimize National Grid's carbon impact and then using carbon offsetting to achieve carbon neutral construction, and for improving the biodiversity of land after construction is complete (if costs are reasonable). More generally, the majority think that networks should focus more on their overall carbon emissions, but not if that leads to increased network charges.

5.  *Land management and the environment*: There is support for National Grid's land management approach and the environment-related aspects of the corporate social responsibility activity. The majority believe that National Grid should expand its approach to more sites, but some questioned whether this should be funded by bill payers or by National Grid.

### 3. Four x VIP areas - engagement design

There have been extensive consultations across the four areas where visual impact provision is in place. The scale of these consultations and their ongoing nature elevates what otherwise might be specific engagements into a joined up series of consultations which are more akin to a 'business as usual' model.

The extensive and ongoing nature of the engagement therefore makes an analysis of its design challenging. From our analysis we know that:

- The variety in stakeholder's involved suggests that plans have been heavily scrutinised by influencers and those most affected
- The dedicated sites set up by National Grid and promoted online to inform and engage anyone interested indicates an open and positive relationship with stakeholders

*Four x VIP areas – themes emerging*

The theme from all VIP areas and the overall SAG (Stakeholder Advisory Group) is one of continuation and consistency. Consultations undertaken in 2017 with the SAG and wider stakeholders including representatives from all eligible AONBs, National Parks and Stakeholder Reference Group members concluded that the current policy is still fit for purpose with only minor amendments suggested e.g. updating web links.

In February 2018, a stakeholder workshop (as part of the 11th SAG meeting) was convened to review lessons learned so far from the current VIP project and share ideas for the future. The discussions covered multiple issues, but four outcomes were agreed:

- Unanimous support for continuing the VIP programme into RIIO-T2
- Maintaining and building on the current approach with scope to broaden it through consideration of other important landscapes such as World Heritage Sites
- Support for closer collaboration between National Grid and the DNOs
- Exploring opportunities for innovation in the LEI scheme such as new coatings and camouflage for pylons

*4. VIP Acceptability research - engagement design*

The emphasis for this work is on understanding whether household electricity bill-payers find it acceptable to pay for mitigating the visual impact of existing transmission infrastructure in National Parks and Areas of Outstanding Natural Beauty (AONBs).

This multi-stage research amongst members of the public is well structured, conducted, analysed and reported. The base sizes are reliable for analysis purposes. The questions and question structure seem suitably designed and stimulus carefully presented.

*VIP Acceptability research - themes emerging*

The VIP project is viewed as a positive step forward and one which most bill-payers are happy to pay for. One area that many bill-payers say is important in underpinning acceptability (and would increase acceptability for some who are initially cynical) is transparency in the passing on of the cost. Bill-payers want assurances the final cost does not escalate, remaining true to the stated amount, and does not become subsumed within indefinite 'general' energy bill increases.

Considering the negative light in which many view the energy industry, and the high energy bills that many feel they must endure, acceptability of the VIP project is high. Ultimately, when weighing up the perceived benefits against costs of the project, a significant majority believe it is acceptable for bill-payers to pay for it.

- Electricity infrastructure is widely visible; just under half (49%) say they can see transmission lines or pylons from their home or neighbourhood.
- However, bill-payers are split on whether they notice this kind of infrastructure in the countryside (39% say they do whereas 36% do not).
- A sizeable proportion of bill-payers are somewhat apathetic towards electricity infrastructure in the countryside; over one third (34%) have no strong feelings on the matter and 42% do not express a view either way.
- This is typically because power lines and pylons are seen as such a permanent fixture in these areas that we have become entirely used to their presence to the point of not noticing them.
- However, when prompted, many bill-payers (51%) do consider electricity infrastructure in the countryside as an eyesore. Just one in six (17%) disagree. Proximity to the countryside is also correlated with this negative view of electricity infrastructure, with those living in AONBs or National Parks or rural areas more likely to hold this view.
- Their use in AONBs or National Parks is considered at odds with the natural beauty of the area. However, most (58%) consider electricity infrastructure in the countryside to be necessary and unavoidable – a 'necessary evil'.

For undergrounding of power lines, the following was uncovered:

- Undergrounding of power cables is widely seen as an improvement on the use of overhead power lines and pylons. It is seen as a modernising step forward and a moral action to improve the condition and appearance of our most beautiful landscapes for future generations.
- The key concerns that bill-payers have over the process of undergrounding is potential negative environmental impact (for instance on wildlife habitats) and the ability to maintain and repair power lines once they have been undergrounded. However, this latter issue is one which most expect technology to find a solution for.
- When presented with details of the VIP project, two thirds (66%) find it acceptable for its cost to be passed on to bill-payers. One in seven (15%) find it unacceptable.
- Acceptability of the individual schemes is broadly similar ranging from 65% for the Snowdonia scheme to 73% for the Peak District scheme.
- Acceptability is higher among rural bill-payers, those living within an hour's drive of an AONB or National Park, and users of these designated landscapes.
- Acceptability falls among lower income earners, and those who find their electricity bill less affordable. However, other than the lowest income bracket (earning less than £5,200 per year) a majority of all other income levels find the VIP project acceptable.
- Younger bill-payers are less likely to say the VIP project is acceptable, but this is largely a result of apathy; they are no more likely than older bill-payers to object but are far more likely to give a neutral view.

- Acceptability is also high among bill-payers who are pragmatic about electricity infrastructure; those who do not think it is ugly when in the countryside and those who say they really don't notice it, show similarly high levels of acceptability (68% and 66% respectively).
- The VIP project is primarily supported for the improvement it would have on the landscapes of AONBs and National Parks, at a perceived low cost per household.
- ⬜ For the small minority that oppose the cost of the VIP project being passed to bill-payers, this is predominantly a rejection in principle that consumers should foot the bill. Other key reasons are that the disruption (environmentally and to the local area) might outweigh the aesthetic benefits.
- Some bill-payers call for transparency in passing on the cost, to ensure the final cost does not escalate and remains true to the stated amount.

**SUMMARY**: These consultations have been generally well executed, analysed and reported. Notwithstanding the Acceptability research (VIP focus), it would be of value to explore willingness to pay with bill payers on wider environmental issues.

**SECTION 4: THIRD PARTY SOURCES**

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**SECTION 5:  ENGAGEMENT**

**OPPORTUNITIES** The following gaps exist:

- For wider environmental consultation, National Grid needs to secure input from consumers and businesses. We would also expect National Grid secures greater regional variation in this additional engagements.
- The VIP project needs to involve DNOs more
- Provision should be made for community engagement in areas where works are anticipated/ being undertaken
- Understanding willingness to pay for environmental benefits would be relevant

**National Grid:** Stakeholder needs of the transmission system

Electricity: Innovation

Phase 1 and 2 outputs

Version v1.8

**November 15th 2018**

**Prepared for:**

Customer & Stakeholder Experience

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## EXECUTIVE SUMMARY

The desired outcomes for the post listen engagements is to understand whether the current approach to innovation aligns with what stakeholders want and need and whether National Grid's plans should change.

The workshop event held in June 2018 has generated the bulk of the insight for this topic but there are issues with the design of this event that mean the output is not as effective as it could be:

- The attendees do not cover enough of the stakeholder base to be confident about the priorities
- The analysis lacks depth and some of the reported outcomes appear unusual (from a research perspective)
- There is no insight from (reportedly) ongoing DNO consultations
- There is no cross-referencing of outputs from BAU activity (e.g. project work with universities) that might otherwise lead, bolster or validate the workshop outputs

The following shows the extent of stakeholder input to the dominant question for this chapter.

| Relevant segments for engagement | Does National Grid's current approach to innovation align with what stakeholders want and need? |
|---|---|
| Academics/ think tanks and innovators | 🟩 |
| Communities | 🟥 |
| Consumers | 🟩 |
| Consumer bodies | 🟧 |
| Governmental | 🟥 |
| Interest groups | 🟥 |
| Large customers | 🟥 |
| Network companies | 🟧 |
| New bus models | 🟥 |
| Political | 🟩 |
| Regulatory | 🟥 |
| Small/ new customers | 🟥 |
| Supply chain | 🟩 |

🟩 Satisfactory/ fit for purpose
🟧 Boost or update required
🟥 Significant action required

The red flags here are for reasons of very low/ missing stakeholder representation. Amber are where this stakeholder input needs to be boosted. This is also in the context of the sole workshop showing some light and at times questionable analysis.

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**ACTION POINTS:**

**There are a number of weaknesses this topic needs to address:**

- **The analysis from the sole workshop should be revisited and checked. Ideally this should generate greater depth and more interpretation**
- **An additional stakeholder workshop/ webinar should be convened where design, data capture and analysis are all improved**
- **Attendees at the next engagement event(s) should represent at the very least the stakeholder audiences that have to date not been involved e.g. large businesses and new business models**
- **There should be a better balance across stakeholder participants to avoid the narrative being dominated by one audience e.g. supply chain which may have a different motivation than say, academics**

</div>

*Key themes emerging from stakeholder inputs*

The themes we can most confidently restate here are the following although there is little supporting evidence or explanation about why these might be ranked as they are:

National Grid's innovation ambitions have been prioritised as follows:

1. Whole System – be open to more third party involvement & incentives, consumer involvement. Better smart meters, future scenarios
2. Dynamic and Flexible – speed of innovation, internal policy
3. Balance of risk – incentive for others not just NGET
4. Disruption – sharing data, analytics, better asset management technology
5. Environment/carbon impact
6. Storage – batteries

In a competitive transmission market, participants offered the following priorities for a network company:

1. Developing new products and services for existing customers
2. Delivering value to existing customers
3. Meeting government targets
4. Delivering long-term value to shareholders
5. Growing the customer base
6. High-risk, disruptive innovation
7. Delivering short-term value to shareholders

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3. Includes an overview of additional research available in the public domain which can supplement the knowledge held internally about what stakeholders may want and need
4. Identifies opportunities for future additional engagement and research


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- AA10000 stakeholder engagement standard
- National Grid's own Independent Stakeholder Group '18 engagement principles checklist'

Whilst these are valuable guidelines, they are starting points to which we also overlay our own judgement accumulated over many years of designing, executing, analysing and applying research programmes to assess effectiveness. It is this departure from a tick box assessment that allows us to see more realistically if the engagement is fit for purpose.

**Qualitative methods.** We do not set out hard and fast rules for sampling in qualitative methods. This is because reliability and confidence in outputs is a combination of the following factors: size of universe, the methods deployed, depth of discussion, suitability of participants to contribute, how the feedback is interpreted and how the outputs are expressed in reports. This is why it is acceptable to use the outputs from a single meeting with a single DNO if the participants are the most qualified, engaged and relevant people to include.

**Quantitative methods.** There are however objective filters we apply to quantitative sampling and methods which are similarly complex and depend on factors such as the size of the universe, the variety within that universe, the methods deployed and the outputs required. Purists might reject a survey with 20 responses based on the scale of sample alone but we'd look at multiple factors before making a judgement e.g. who these twenty people represent, the type of questions used, if the analysis 'dresses up the data' to make it look more reliable than it is (e.g. using %s rather than number of mentions), the balance of open versus fixed response questions.

**QUALITY FRAMEWORKS**

These are the underlying guidelines which are the starting point for our analysis as to the quality and effectiveness of engagement.

1. National Grid's own Independent Stakeholder Group guidelines expressed as the '18 engagement principles checklist'
    o Define and map your stakeholders - anyone who believes they are affected by your decisions.  Recognising the different threads of the public interest – stakeholders, customers, consumers, citizens, communities (geographical and interest)
    o Be clear what you want to achieve with "engagement" – have clear policy objectives and measures of impact; (incl. where you most need to engage)
    o Understand the "spectrum of participation" and difference between each part of that spectrum: inform, consult, involve, collaborate, empower
    o Engage early in the process, review and improve throughout
    o Leadership – effective stakeholder engagement must be led from the top of the organisation
    o Commitment – to listen to stakeholders' views and act on or respond to them

- Objectivity – an open approach to obtaining stakeholders' views and to interpreting them. Seek to understand views on a range of topics and on all aspects of the business plan, rather than pre-determining their priorities or seeking to endorse your own priorities
- Transparency – to build stakeholder trust and show that you take their views seriously (incl. how we've considered views, weighted and managed trade-offs)
- Be inclusive: work with stakeholder groups to gather the fullest range of interests. Understand and balance the differences between different segments. Understand and balance the differences between existing and future stakeholders
- Be aware that those who often participate i.e. the "usual suspects" are not always representative
- Be accessible to all (e.g. in consideration of the tasks, timelines, contact person, tech., locations, challenges of communication, etc.)
- Use targeted approaches to tailor engagement to suit the knowledge and awareness of different groups
- An ongoing process that is embedded across the business – not just a stand-alone business planning/price control review exercise.
- Evidence based – use a full range of available sources of info to identify priorities, views and challenges (e.g. operational insight, bespoke research,
- Gather evidence through a range of methodologies and tools including willingness to pay, qualitative research, surveys, complaints intelligence, market data
- Be responsive – seek to adopt a flexible process to engagement, responding to the information revealed as the process progresses
- Demonstrate impact of engagement – ensure that the engagement design process plans for and allows evaluation of success
- Innovation – trying new and innovative ways of engaging

2. The AA10000 stakeholder engagement standard. In summary:
   - clearly defined scope
   - uses an agreed decision-making process
   - focus on issues material to the organisation and/or its stakeholders
   - creates opportunities for dialogue
   - is integral to organisational governance
   - is transparent
   - has a process appropriate to the stakeholders engaged
   - is timely
   - is flexible and responsive
   - adds value both for the organisation and its stakeholders

# APPENDIX

- **SECTION 1: STAKEHOLDER PARTICIPATION**
- **SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION**
- **SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS**
- **SECTION 4: THIRD PARTY SOURCES**
- **SECTION 5:  ENGAGEMENT OPPORTUNITIES**
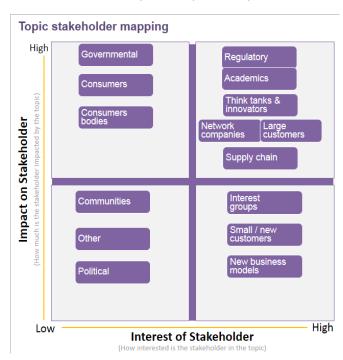
Stakeholder engagement analysis

## SECTION 1: STAKEHOLDER PARTICIPATION

Innovation is an area of National Grid's activity where significant amounts of stakeholder engagement occurs (and has done historically). Engagement occurs on a number of levels:

- Workshops organised by National Grid twice a year. These echo adjacent events organised by other transmission owners, workshops and annual conference undertaken by the ENA innovation workgroup
- Business as usual (BAU) engagement with stakeholders discussing and collaborating on projects, programmes, partnership and planning. This is normal practice for R&D in the sector and is one of the accepted approaches to R&D in the UK. It is likely therefore that National Grid is tacitly aware of the needs and priorities of some of these stakeholder groups
- Published reports, social media activity and National Grid innovation podcast

Historically, National Grid documented every stakeholder engagement related to Innovation e.g. every meeting agenda, set of minutes but these logs were discontinued in 2017. Since then, plans have been in place to document engagement on a stakeholder by stakeholder basis captured on an in-house hosted CRM system. It is unclear if these plans have been implemented or if these records are available.

The following represents the stakeholder mapping and engagement approach for the stakeholders with an interest in or are impacted by this chapter.



Based on the usable engagement activity we have, the following shows levels of stakeholder engagement to date. Please note that until all stakeholder groups have been engaged it cannot be verified that the priority groups are indeed priority groups e.g. their interest in the topic/ chapter may be low.

The table below therefore focuses on tailored engagements only.

- ■ (green) Satisfactory/ fit for purpose
- ■ (orange) Boost or update required
- ■ (red) Significant engagement gap

| Impact on stakeholder | Interest of stakeholder | Target segments for engagement | Populus Reputation study | July 2018 workshop | Gap analysis | Notes |
|---|---|---|---|---|---|---|
| HIGH | HIGH | Regulatory | | | ■ (red) | |
| HIGH | HIGH | Academics | 15 | 6 | ■ (green) | |
| HIGH | HIGH | Think tanks & innovators | | | | |
| HIGH | HIGH | Network companies | | 3 | ■ (orange) | |
| HIGH | HIGH | Large customers | | 1 | ■ (red) | |
| HIGH | HIGH | Supply chain | | 20 | ■ (green) | |
| HIGH | LOW | Governmental | | | ■ (red) | |
| HIGH | LOW | Consumers | 2,081 | | ■ (green) | |
| HIGH | LOW | Consumer bodies | 3 | | ■ (orange) | |
| LOW | HIGH | Interest groups | | | ■ (red) | |
| LOW | HIGH | Small/ new customers | | 1 | ■ (red) | |
| LOW | HIGH | New business models | | | ■ (red) | |
| LOW | LOW | Communities | | | ■ (red) | |
| LOW | LOW | Political | 121 | | ■ (green) | |
| | | Other (energy) | | | | |
| | | Other (non-energy) | 7 (media) | 2 | | |

SUMMARY:
There are many stakeholder groups who do not seem to have been consulted for the purposes of this chapter (although as noted above, they may have been exposed to inform communications or collaborate with National Grid on a project specific basis).

There was a very heavy representation of Supply Chain participants at the July 2018 workshop event compared to all the other groups that could have attended – this may indicate a skewed participant profile but the analysis does not show differences.

In conversation with chapter owners and in reviewing the engagement log there is evidence that classic generators have been reluctant to engage with the Innovation Chapter – this is an on-going problem (and in different ways, this challenge exists in other chapters). Arguably, the future energy landscape may threaten their positions and may explain their reluctance to support innovation activity. A fresh approach to these reluctant stakeholders should be developed.

The Populus study is still fit for purpose but is approaching the end of its usable life

## SECTION 2: REVIEW OF MATERIALS AND ENGAGEMENT EVALUATION

Based on the materials provided by National Grid, the following breakdown shows each's utility for the purposes of this analysis. Please note:

1. **RECENCY**: Most of the engagements we have reviewed are from 2017 and 2018 although we have been flexible on this to not discount work that is older than that if we feel it is still relevant.
2. **EVIDENCE:** This analysis indicates whether we can reasonably link a reported insight to evidence captured through stakeholder engagement
3. **DESIGN AND EXECUTION: this** explores how the engagement or piece of research was designed, carried out, analysed and presented. We have taken a commercial view of what is fit for purpose e.g. if there are small issues that do with research design such as presenting smaller base sizes as percentages, the outputs are still deemed fit for purpose.
4. **DEPTH AND SUBSTANCE**: this is an indicator of how useful the content is for the purposes of stakeholder feedback/ information

| | Recency | Evidenced | Design & execution | Depth and substance |
|---|---|---|---|---|
| Listen report | 🟩 | 🟩 | 🟩 | ◢ |
| Populus Reputation study | 🟩 | 🟩 | 🟩 | 🟩 |
| July 2018 workshop | 🟩 | 🟩 | 🟧 | 🟧 |

NB multiple documents e.g. questionnaires, raw data files, PPTX presentations, reports, summaries, emails have been analysed for each engagement – for this reason it is not possible to limit the document type to one specific file.

*Key for recency, evidence, design & execution:*

🟩    Satisfactory
🟧    Opportunity for improvement/ information gap but does not usually disqualify the content for analysis purposes
🟥    Disqualifying criterion e.g. too old or no evidence provided

*Key for depth and substance:*

In addition to the colour coding, this column also indicates the following:

◼    Engagement focuses largely or wholly on the chapter topic
◢    Engagement only partially addresses the chapter topic. Does not denote inherent quality  – this is shown in the colour coded indictors (RAG)

**SUMMARY**: The engagement to date relies heavily on one workshop with some stakeholder groups not represented and one quantitative study devoted to reputational issues. Additional inputs would be required to confidently understand stakeholder priorities.
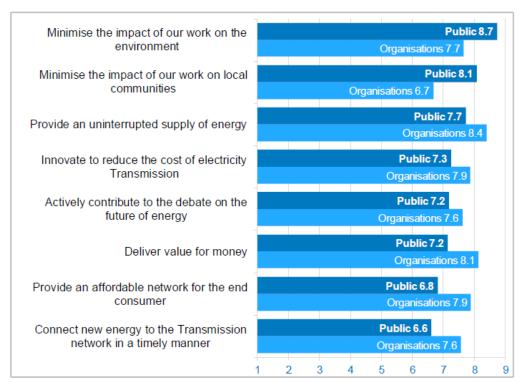
## SECTION 3: ENGAGEMENT QUALITY ANALYSIS AND SUMMARY OF RELEVANT INSIGHTS

### 1. Listen report – engagement design and themes emerging feedback (combined)

The outputs and insights from the listen stage are clear to the reader although there are some observations that require further consideration:

- The report is based on principles of inclusivity, materiality and responsiveness. For the purposes of establishing priorities, these are important principles that would need to apply if the outputs are to be used to inform the co-create stage
- The scale of the research (46 attendees from 33 organisations at the workshops and 670 responses to online consultations) implies sufficient breadth for the purposes of identifying priorities
- The balance and sequence of i) open discussion through workshops to ii) inform the design of the follow-up online consultation is appropriate and necessary
- In terms of themes emerging we can see from the illustrative verbatims that there is a need to optimise the current connection and usage experience, but these also show the importance of understanding the needs of new and future customers. As will be seen through other co-create activity, this has been understood and addressed.

This histogram shows the relative importance of Innovation to reduce cost against other priorities (although the innovation statement is specifically about cost reduction):



*"Thinking about the next ten years, on a scale of 1-9, where 1 is not at all important and 9 is very important, how important is it to you that we…? (Mean scores. Base sizes: Members of the public: 608, Organisations: 58)"*

Unattributed verbatims also suggest that stakeholders recognise the importance of harnessing new ways of working and advances in technology:

*"They are simultaneously at the cutting edge of technology but they can also be quite old-fashioned."*

*"I'm not sure that I want the organisation that is responsible for keeping the lights on to take that many chances. It may be that actually you want your network operator and transmission grid owner to be a bit innovative but not too innovative."*

*"I hope it realises that its future depends on very fast change or it will hold up the whole programme for the modernization of Britain's energy. I would expect it to embrace very, very much more quickly new technology."*

**2. July 2018 workshop - engagement design**

The outputs and insights from the workshop are relatively clear to the reader although there are some observations that require further consideration:

- The workshop's three sessions appear to have a good flow with a balance of stimulus, discussion and structured response questions – indeed NPS scores from participants was +48 (average of 8.3 out of 10). This is supported by open-ended response feedback on the workshop from attendees. Participants also valued the opportunity to network with peers (although this was not the primary purpose of the event)
- The report treats every stakeholder equally and does not differentiate between them e.g. are supply chain priorities the same as those expressed by academics? Of course, their views may in fact be similar but this is not evident from the analysis as presented. This presents opportunities for improvement in session design e.g.
  - allocating stakeholder types to different tables to facilitate congruence of discussion/ reporting
  - 'cutting' voting data by stakeholder group
  - organising (more) workshops tailored to different stakeholder groups
- The probable richness of the discussion and debate at each table is not shown in the report. Although this can be hard to capture, it is likely that some nuance and richness has been lost. This can be addressed by:
  - Audio-recording the table-specific debates and transcribing them
  - Using exercises specifically designed to help each table capture qualitative feedback
  - Deploying more people for note-taking
- The voting system to support prioritisation is not clear and implies an even progression from the highest to lowest option. A more nuanced approach should be applied at the next events to identify scale of prioritisation e.g. how many votes are applied to each option. This cannot provide quantifiable differences but it does indicate broad emphasis within a prioritised list
- There is no explanation of why participants voted the way they did e.g. why is X a priority?
- In session 2 (Innovation in T1), the order of the options as presented to participants appears to be their prioritised order which is unlikely

*July 2018 workshop – themes emerging*

Notwithstanding the design feedback above, the report itself shows the outcomes from the event so it is of limited value in repeating these here, but the following are the main themes:

**Session 1:** Innovation ambition identified spontaneously and prioritised are as follows:

1. Whole System – be open to more third party involvement & incentives, consumer involvement. Better smart meters, future scenarios
2. Dynamic and Flexible – speed of innovation, internal policy
3. Balance of risk – incentive for others not just NGET
4. Disruption – sharing data, analytics, better asset management technology
5. Environment/carbon impact
6. Storage – batteries

- Participants tend to believe (22 of 36 participants) that utilities are not investing sufficient resources in innovation activities (with a healthy minority (14 participants) not able to answer this question)
- The majority feel that utilities should innovate within the current regulatory period and in future regulatory periods i.e. it is an on-going activity (31 of 36 participants)

In a competitive transmission market, participants offered the following priorities for a network company

1. Developing new products and services for existing customers
2. Delivering value to existing customers
3. Meeting government targets
4. Delivering long-term value to shareholders
5. Growing the customer base
6. High-risk, disruptive innovation
7. Delivering short-term value to shareholders

**Session 2**: **(**Possible reporting errors so unable to restate outcomes here)

**Session 3:** Fifteen responses listed with many covering communication, engagement and collaboration

*3. Reputation and Influence research (Populus) – report feedback*

This primary research amongst household consumers, members of Parliament and other stakeholders is a well-executed, diligently analysed and thoroughly evidenced piece of work. The work focuses specifically on National Grid's reputation with Innovation as one of the drivers (it is therefore not focused specifically on Innovation but it is useful nonetheless).

It is noteworthy for the following:

- The scale of the work is extensive making the results relatively stable and reliable

- It uses a variety of techniques in data collection and analysis
- Reporting is rich and well-explained e.g. use of word clouds, two dimensional scatter diagrams, attributable verbatim comments
- Its use of Max Diff amongst consumers is particularly relevant as it is a relatively sophisticated technique to ascertain priorities though trading-off options against each other
- The implications and recommendations are clear, evidenced and well thought through

Some further observations

- Given the nature of its content and the participant profile, the report is arguably at the end of its shelf-life
- Willingness to pay was not included in the consumer study (as a reputation study this is not appropriate) but it remains something that should be explored in future studies amongst households

*National Grid Reputation and Influence research (Populus) – themes emerging*

The report itself shows the outcomes from the research very clearly so it is of limited value in repeating these here, but the following are the main themes

Amongst stakeholders (e.g. media, government, think-tanks, academics and consultants) Innovation here is compared to other reputational drivers.



Stakeholder verbatim analysis indicates:

- There are many stakeholders who do not feel National Grid is innovative, and who would like to see more evidence of innovation – whether in terms of technology or approach and mind-set

- o  Some have, however, seen evidence of innovation, while others argue that it does not need to be particularly innovative

- National Grid's technology innovation is a key strength

"*I don't think that National Grid or any of the infrastructure owners are operating in a market structure that properly incentivises and pushes innovation. A monopoly utility is unlikely to have a mind-set of a properly innovative company. It is the cut and thrust of real competition that drives innovation. […] I don't think National Grid are the kind of company at the moment that could deal with or generate disruptive innovation.*" **Commentator**

The large base of consumers who also participated in the study (2,081) were not probed in the same way as their more informed stakeholders (understandably). Nevertheless, the study deployed a Max Diff methodology to effectively stack rank how they see National Grid's priorities at a high level.
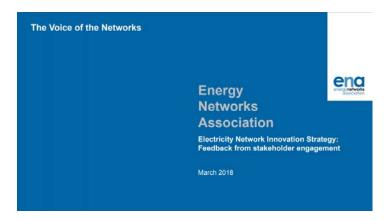
'*Maintaining and developing a reliable network to ensure electricity is available whenever it's needed*' is the consumer's top priority, but second is a desire for National Grid to '*use new technologies to deliver a sustainable e.g. both reliable and environmentally kind) energy network*'. There are other innovation led attributes but the desire for National Grid to pursue new technologies is endorsement for National Grid's continued innovation/ R&D efforts.

**SUMMARY**: Notwithstanding the likely close working relationships between National Grid and many stakeholders on projects, the utility of these engagements is limited
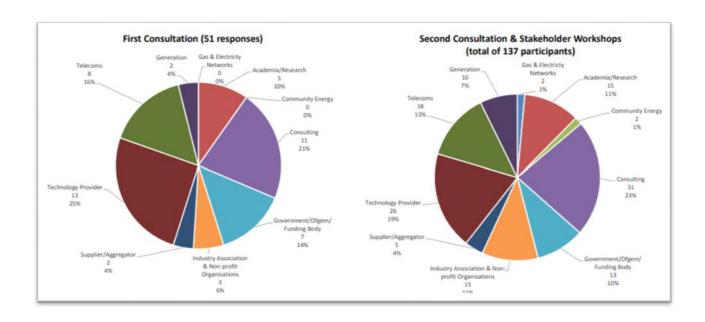
## SECTION 4: THIRD PARTY SOURCES

The ongoing transformation of the energy industry through R&D/ innovation is a subject of much investigation, discussion and debate. As a result, considerable insight is publicly available indicating both the direction of travel and the views of many of innovation stakeholders.  Some examples include:



LINK

The Energy Networks Association convened a series of stakeholder forums throughout the course of the Electricity Networks Innovation Strategy development process. The purpose of these events was to enable them to engage with a wide range of stakeholders and to obtain feedback on the strategy as it was developed. This process enabled the ENA to capture a wide range of views and perspectives from the various groups impacted by the innovation initiatives lead by the Electricity Network companies.

The profile of participants across both consultation is noteworthy for its diversity and scale.

#CollectiveFuture
Insights:
**Helping SMEs
to access the
energy industry**

ENERGY
INNOVATION
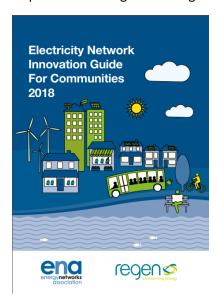CENTRE            cataPULT
                  Energy Systems

LINK

EIC and Energy Systems Catapult work with energy networks to build closer relationships with SME innovators in order to drive forward collaborative innovation in the sector. Although reaching the end of its shelf-life (January 2017), this study by the Energy Innovation Centre amongst the innovator community (1,441 SMEs) about their experiences of engaging with the gas and electricity networks has relevance to National Grid's engagement on Innovation. The report is relatively straightforward to understand but the following summarises SME innovator needs from networks:

**1. Connecting with the right people** SME innovators want access to individual experts within each network operator who are responsible for adoption of specific innovations.

**2. Funding** Whilst NIA and NIC funding has had a significant impact on bringing ideas to market, SMEs need further information about the funding available to them and more clarity on the terms of this funding.

**3. Embracing disruptive innovation** SMEs want to see networks embracing disruptive innovation.

**4. Procurement** Innovators need a more flexible procurement process that better suits smaller companies.

**5. Terms & conditions** Innovators want to see less onerous network operator terms and conditions especially around intellectual property (IP) and insurance terms.

**6. Testing & demonstration** Innovators want support to test their innovations and demonstrate them in real world scenarios.

**7. Measuring innovation success** Measuring innovation success needs to look beyond short term financial return. Real innovation may take time to reap benefits so consideration should be given to measuring success in different ways.

**8. Clarity around industry problems** Innovators are seeking clarity around the issues faced by industry.

**9. Pace** of engagement and technology adoption are among the areas for improvement most frequently cited. Innovations fail and companies go out of businesses if projects take too long to implement.

**10. Business as usual (BAU)** Better understanding of the transfer process into BAU and innovator requirements will give rise to greater adoption of innovations by networks



LINK

DNOs already undertake a range of collaborative activities, but they are looking to increase this collaboration across the energy industry to deliver more innovation and deliver better value to energy consumers and network customers. This study which highlights innovation activity between the DNOs and communities is of relevance to National Grid as communities remain an under-engaged stakeholder group.



LINK to report

LINK to stakeholder engagement outputs and priorities

SP's third Environmental and Innovation Report, provides an overview of its environmental and innovation performance and gives progress on ED1 commitments. The report highlights work to manage the network and its impacts, deliver network improvements and enable the connection of low carbon technologies, whilst demonstrating how progress is driven by its seven Sustainability Drivers.

## 5: ENGAGEMENT OPPORTUNITIES

The analysis of National Grid's BAU innovation will affect what follows, but this notwithstanding, National Grid should explore the following:

- Secure inputs from network customers (although this is apparently ongoing?)
- Secure inputs from large, small and new customers, new business models
- Secure input from traditional generators through an updated approach to engagement
- Revisit the workshop analysis to create more nuanced and richer feedback linking discussions to the prioritised lists more obviously
- Repeats of the stakeholder workshop (scale tbc)
    - with a more balanced or sectioned stakeholder profile
    - updated in-workshop methods and tools
    - more finessed reporting
    - a clearer set of responses to what emerges from the workshops