

Report on Northern Powergrid's Customer Engagement Group discussions in September 2021

Summary

The Customer Engagement Group¹ held further discussions looking at Northern Powergrid's work on developing its business plan for Ofgem's RII0-ED2 price control process. This is the plan that will cover the 5 years 2023-2028.

The main items we discussed this month were Northern Powergrid's continued work on its final **Business Plan, Environmental Emissions, and Stakeholder Engagement** work

Business Plan – reporting progress

We have asked Northern Powergrid to take another look at the measures and targets in its business plan, and how it will keep its stakeholders informed about progress towards them. We raised a number of points about: measuring the impact of the deliverables in the plan; tracking progress towards targets; considering the use of more external measures such as customer feedback; and developing a high level balanced scorecard. Northern Powergrid agreed to review this area, taking into account the points raised by the CEG.

Scope 3 Emissions

We asked the company to set itself more stretching targets for the reduction of so called "Scope 3" emissions. These are ones that are only indirectly controlled by the company - such as from the goods and services that the company buys. We explained that we are interested in two parallel tracks: operational scope 3 emissions, where the agenda has moved in quite a bit since the start of the planning process; and embedded carbon (in new assets which the company buys) which is the key element of the wider scope 3.

Northern Powergrid recognise that they need to say more about scope 3 emissions in their final business plan, and the company is currently performing the analysis needed to underpin a revised plan. To inform this it is conducting a questionnaire with 43 of its suppliers.

Stakeholder Engagement plan update

¹ If you want to find out more about the role of the Customer Engagement Group look here:

<https://ceg.northernpowergrid.com/>

Northern Powergrid advised that it is planning to speak to customers to understand their views on the proposed costs in the final business plan. It recognises that the recent increase in gas and electricity prices is already having an effect on people's attitude to the impact of cost increases on their bills.

Acceptability testing will soon be taking place with customers and will focus on 4 themes with two separate exercises being undertaken, one using Ofgem's assumptions on finance and one using Northern Powergrid's assumptions. We pointed out that the company needs to be able to justify why the methodology it has used for this testing is the most appropriate one.