

Northern Powergrid
Independent
Stakeholder
Group

Report 2024-25

July 2025



“

The ISGs should provide challenge and scrutiny to network companies, both in developing Business Plans, but also on an enduring basis in delivering these plans.

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1 Introduction

2024/2025 was a year of significant change for the energy industry with the creation of the National Energy System Operator (NESO), Great British Energy (GB Energy), the introduction of Regional Energy Strategic Plans (RESPs) and major reforms to address the queue of projects awaiting connection. All of these changes have been taken into account as the Northern Powergrid (NPG) Independent Stakeholder Group (ISG) has continued to deliver against its core purpose.

This report covers the work of the NPG ISG for the period 1st April 2024 – 31st March 2025. 1st April 2023 saw the start of the ED2 (Electricity Distribution²) period which runs from 2023-2028 so this is the ISG's report on year 2 of delivery of the ED2 plan. The ISG will publish annual reports on its work during the five years of ED2. This year saw ongoing monitoring of NPG's ED2 plan as we continued to seek evidence that NPG was operating in a way that was consistent with the promises made to Customers and, in particular, the 83 Customer commitments listed within that plan. In addition it saw the establishment of NPG's core team for ED3 business planning and embryonic discussions on the involvement of the ISG in the creation of the ED3 plan. Detailed proposals for the ISG work plan are expected to be developed in the Summer and Autumn of 2025.



I am extremely grateful to all my ISG colleagues and members of the Distribution System Operations Review Panel (DRP) sub-committee for their diligent work across the course of the year. I am also grateful to NPG for their ongoing engagement with the ISG, particularly in the period before Ofgem decided to remandate the ISGs. In other words I am pleased that NPG continued to see the value adding function of the ISG for itself and, in particular, its Customers.

Chris Murray MBE
Independent Chair

2 ISG Purpose

Following a short period when they were voluntary (in their previous form as Customer Engagement Groups) the ISGs are, once again, mandated by Ofgem, albeit it is up to the companies to appoint the Chairs who, working with the companies, will then select members to join the group. Ofgem's description of the role of the groups as published in the ED3 framework decision is as follows:

"The ISGs should provide challenge and scrutiny to network companies, both in developing Business Plans, but also on an enduring basis in delivering these plans."

Within the NPg ISG we describe our purpose as:

"The UK has some of the highest power prices in the world, affecting customer affordability and economic growth. It has set ambitious goals to improve energy security and achieve Net Zero. In this world, Northern Powergrid must evolve and innovate, meaningfully engaging with its stakeholders as it does. As the ISG, we are here to help ensure that the people of the North East and Yorkshire are kept at the heart of NPg's thinking, planning and delivery, with a particular focus on people at greatest need or risk. The outcome: more responsive business plans delivered better for having been robustly challenged, and benefiting from our independent advice and support."

In addition we have developed the following, more easily memorable, short form version:

"We are here to help ensure that the people of the North East and Yorkshire are kept at the heart of NPg's thinking, planning and delivery".

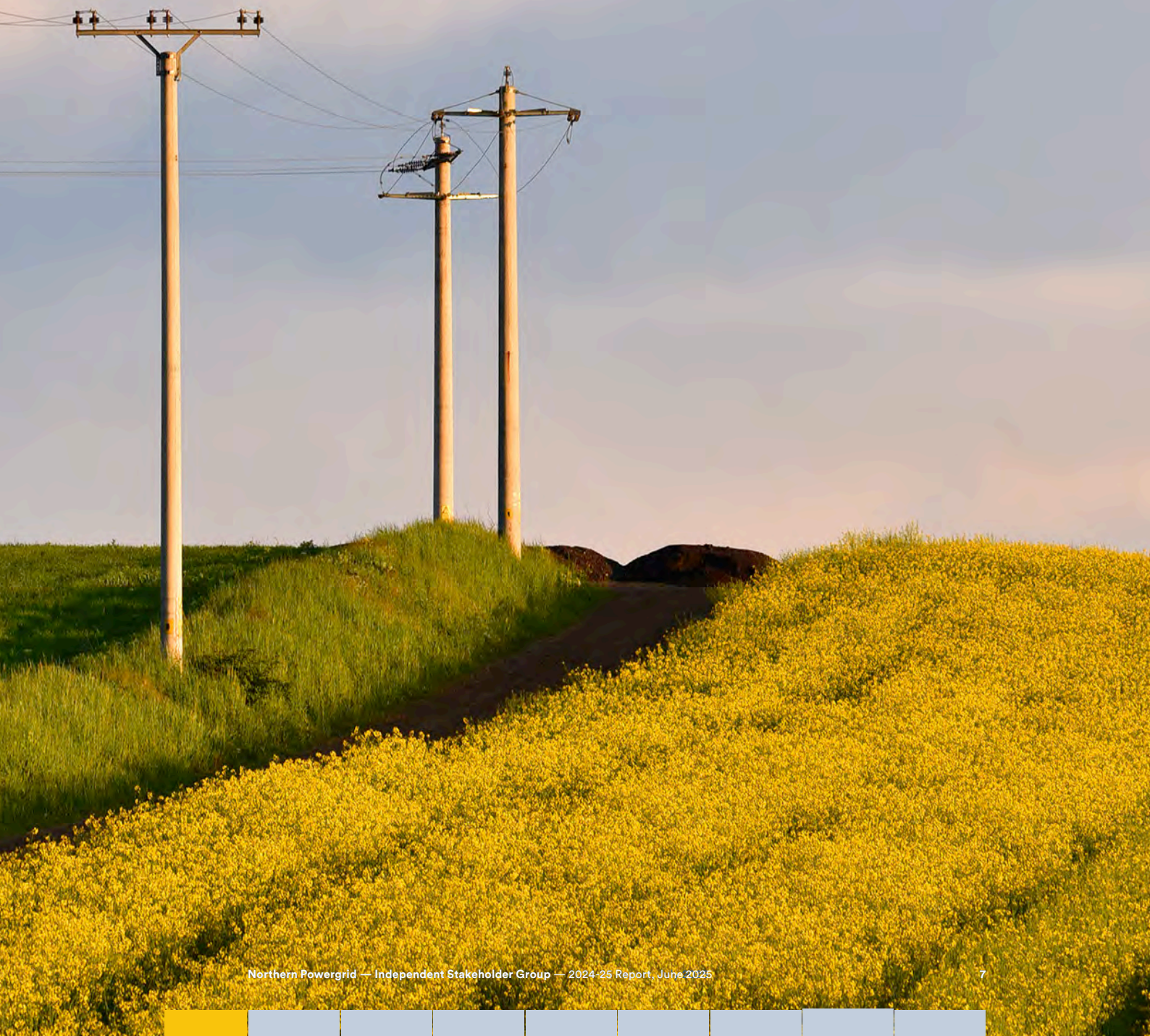


3 Executive Summary

- **2024/25 saw monitoring of Year 2 of NPg's ED2 plan, although the ISG remains frustrated at the quality of reporting against business plan commitments where the ISG has regularly pointed to inconsistencies between overall NPg Red/Amber/Green internal management ratings and supporting information.** As a result, a new reporting pack has been developed which shows promise but the issue of consistency and full transparency is one that requires ongoing work by NPg.
- **We have been very pleased to witness extensive Customer engagement during the year, particularly in relation to the decarbonisation challenge, the bedding in of the DSO function and connections reform which has brought benefits to several Customers in the queue where NPg are dealing with some 400 connection requests.** By using Technical Limits connection offers NPg have been able to accelerate around 30 projects by up to 7 years. The challenge of reordering and removing projects from the queue (in line with nationally agreed processes) will remain an area of significant interest for stakeholders across many projects still wishing to connect.
- **ISG Members have attended various launches, conferences, seminars and webinars and were particularly pleased to see the introduction of a feedback triangulation tool which should enable NPg to capture, triangulate and respond to stakeholder feedback, including from one-to-one sessions, much more effectively.** The tool in question was developed by consultancy firm SIRIO and is already being used successfully by a number of network companies and so we are hopeful that, once it is properly bedded in, we will see significant benefits that will maximise the value of NPg's engagement programme.
- **Building on improvements from last year, we have witnessed continued learning from Storm Arwen, resulting in enhanced communication in the run up to storms along with improved on-site support for Customers during power cuts.** Whilst the storms over the Winter were not as frequent as in the Winter of 23/24 we have seen improvements in both NPg's storm preparedness and response, particularly in respect of support for vulnerable Customers.
- **The establishment of the Energy Systems directorate underpinned NPg's commitment to the Energy Transition and this year saw the new organisation bedding in along with the creation of a much better resourced Innovation Team which was very welcome.** More recently the Innovation function has moved to the Data and Digital part of the business and Major Projects have moved to the Energy Systems Directorate. Whilst it is up to NPg to determine how they organise their business we are keen to see that the work of the Innovation team continues to deliver direct benefits to Energy Systems (and ultimately Customers), and we will be particularly interested to see how much innovation transitions to business as usual (BAU) operations.



As the ISG, we are here to help ensure that the people of the North East and Yorkshire are kept at the heart of NPg's thinking, planning and delivery, with a particular focus on people at greatest need or risk.



4 Confirmation of the transition to ISG from CEG and Membership Changes

As expected during the course of the year Ofgem published proposals in relation to preparation for the ED3 period which relates to the electricity distribution networks.

Within those proposals Ofgem confirmed that, as had happened in gas, the electricity networks should move away from the previous model of having Customer Engagement Groups (CEGs) and establish Independent Stakeholder Groups (ISGs). Given that we had already made this change in anticipation of Ofgem asking for similar arrangements to those they had previously introduced for gas there was nothing more for us to do, particularly since our terms of reference were aligned with the needs of the new electricity ISG's.

Throughout the course of the year there has only been one change in the ISG's membership as Melanie Taylor, who joined the group on 1st April 2024, left at the end of December to take up a new post with NESO as Head of Regional Energy Strategic Planning for the North of the country. At the time of writing Melanie's replacement has been identified but has not yet taken up their role on the ISG.


Although Melanie was only with us for a short while we would like to record our grateful thanks for her excellent work and we look forward to witnessing her working with NPg in her new role.




5 Monitoring NPg’s ED2 Performance

Monitoring of NPg’s delivery against its ED2 business plan commitments has, once again, been the key function of the ISG this year. NPg established their Business Plan Engagement Group (BPEG) as a key part of their internal management process to help provide oversight of business plan delivery, ensuring that stakeholder feedback is firmly embedded within NPg’s priorities, investment decisions and planning. Four sub-groups were created within the process structure and these largely align to the ED2 business plan areas, with each sub-group having an assigned chair and associated members. In order to enable the ISG to monitor delivery of NPg’s business plan commitments both the main BPEG group, which meets quarterly, and all four sub-groups have at least one ISG Member in attendance. Each sub-group benefits from receiving insights reports from an external agency (Explain Market Research Ltd) which collates and triangulates the views of Customers from all engagement activities, and provides recommendations for action.


The sub-groups met monthly throughout the year (except where interrupted by weather events which required NPg to focus on delivery for Customers) so that ISG Members could observe progress in the following areas:



That the commitments made in the ED2 business plan to stakeholders are being upheld.




That stakeholder voice is provided with the opportunity to influence the prioritisation, variation and delivery of these commitments.




That emerging stakeholder priorities can be assessed and recommendations can be made as to how and when they should be addressed in annual business plans or future price controls, aligning with existing processes.

The BPEG meetings provide windows for the ISG to scrutinise the company’s delivery of the commitments in its business plan, to assess and report on the quality and scope of the Company’s stakeholder engagement, and the extent to which its findings were reflected in the Company’s work. Overall we found the BPEG process helpful and the “BPEG reset” that took place at the end of 2023 has resulted in much more effective working throughout the year, with a strong foundation being established that we hope will carry through into ED3.


The following section contains insights to the work of each of the BPEG sub-groups.




ENERGY FUTURES



RESILIENCE



MEETING CUSTOMERS' NEEDS



OUR PEOPLE, OUR COMMUNITIES

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5.1 Energy Futures



The BPEG Energy Futures subgroup has three channels covering: Connections, Locally Enhanced Network Forecasting and Flexibility.

Connections reform has been a significant focus over the last year; its importance and urgency has escalated throughout the last twelve months and drawn growing focus from NPg (as with the rest of the industry). NPg has been very active in engaging with its Customers and stakeholders to keep them informed of developments, running bi-monthly webinars and by participating in workshops and events run by NESO and the Energy Networks Association (ENA). Nonetheless, the issue has created significant uncertainty for project developers, and there is an ongoing need to support them through the period of uncertainty with as much information as possible, both industry wide and project specific.

Another major emerging area has been in development of RESPs. Their relationship to Distribution Future Energy Scenarios (DFES) is starting to become clearer, but there are still many details to be worked out as the NESO's RESP team ramps up and begins to engage with stakeholders across the region. Questions about governance of the RESP and the role of regional forums, Local Area Energy Plans (LAEPs) and others were given some clarity in Ofgem's decision document published just after the period covered by this report on 2nd April 2025. However, uncertainty remains and, hopefully, more clarity will emerge as activity ramps up. Likewise, questions about overlap between RESP and DFES activities (with consequent risk of overloading the key stakeholders both teams want to engage with) will also hopefully be clarified. NPg is engaging with NESO directly as well as through ENA working groups, and have introduced NESO to regional stakeholders.

Within NPg, regular engagement with parties such as local authorities, emergency services, Net Zero hubs, major housing developers, landlords and EV charge point developers and operators has become well embedded as part of business as usual. One highpoint has been engagement with local authorities, led by the Regional Engagement team, where NPg has undertaken detailed planning discussions with 30 out of 33 authorities in the region, covering 99% of the population. This engagement provides a solid basis for DFES and subsequent network planning activities. Likewise, regular engagement with Independent Connection Providers and Independent Distribution System Operators (iDNOs) is well embedded, via regular meetings and seminars.

NPg has also been actively engaging with potential developers of major demand sites in the region (e.g. data centres, electrification of manufacturing of glass, steel, etc). This links closely to the wider objective to support economic growth in the region, and hence to the activity of parties such as the Government's Office for Investment.

NPg has made significant progress on expanding and improving access to its data via its Open Data Portal, largely based on feedback and requests from stakeholders. It has engaged regularly with data users and potential data users via webinars, hackathons and other events. In addition, it has created dashboards and landing pages for specific user groups to make access easier. Open data is becoming a point of strength for NPg, as recognised in the assessment by Ofgem's DSO Performance Panel, and by other DNOs as they begin to pick up lessons from it for their own data portals. Much of this strength comes from NPg's decision to embed a data specialist closely within the DSO team.

NPg ran flex tenders in the Spring, Summer and Autumn via the Piclo platform. These tenders have focused on deferring network reinforcement, in line with its interpretation of "Flexibility First". As part of this process, NPg has engaged actively with Flexibility Service Providers (FSPs) through webinars, face to face sessions, one-to-ones and newsletters to recruit them to participate. Feedback from the FSPs has emphasised the need to offer more value to flex providers, and to procure and dispatch flex in shorter windows and closer to the time of need. NPg's refreshed Flexibility Strategy, published in Feb 2025, shows that it is listening to this feedback through its plans to move to monthly tenders and its plans to explore use of additional flex products in the future.

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NPg has also kicked off a number of significant innovation and research projects during the year, to explore Customer and stakeholder concerns and to engage them more closely as active participants in the energy system. These include Community DSO, the Leeds University geothermal project, research projects into Customer archetypes and stakeholder perceptions of and confidence in the NPg as a DSO. NPg has also expanded its market offering into demand turn up services, working with Octopus and E.On and, working with social landlords, is exploring energy efficiency as an option to reduce network peak loading.

Overall, NPg has demonstrated a significant step up in engagement in this area, both informing stakeholders, and listening and responding to their needs.

5.2 Resilience



A key challenge from the ISG to Northern Powergrid has been to ensure that both the operational aspects of resilience as well as the planning and investment aspects are appropriately brought together from a BPEG perspective. Some of the commitments and general performance are scrutinised by the Meeting Customer Needs BPEG, but it has not been obvious to the ISG that the Customer experience overall has been joined up between the two BPEGs. Detailed discussions with Northern Powergrid in September 2024 revealed that Northern Powergrid does have internal management processes that link the business activities together. This is an area the ISG will continue to scrutinise.

The Resilience BPEG has divided its attention between the following seven areas:

The overall health and resilience of NPg’s network

Storm resilience

Improvements in the overall network performance, in terms of reducing the numbers of Customer interruptions and Customer minutes lost

Climate change/climate resilience

Improvements for “worst served Customers”

The Boston Spa Energy Efficiency Trial (BEET) Voltage Optimisation project

The Microresilience initiative

These items formed the standing agenda for the meetings, augmented by other relevant issues from time to time. The meetings also studied the routine feedback, common to all BPEGs from interactions between stakeholders and the business overall, looking for issues of relevance to the 7 focus areas.

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Observations, Challenges and Support from the ISG and outlook for 2025/26

1. The overall health and resilience of NPg's network

This area, along with area 3, and to some extent area 4, were the subject of extensive stakeholder consultation in the planning of NPg's ED2 submission. For these areas the underlying task has been to explain the investment programme to stakeholders, and its progress, as transparently as possible. The engagement in this area has been quite limited, but does include the reporting of progress in as non-technical way as possible in NPg's "SLC50 Report". This is a regulatory obligation to report to Ofgem on key aspects of the ED2 progress annually. However, the report is also written to be understandable by stakeholders. The 2024 SLC50 Report was published in September 2024 and includes 2 pages covering progress with overall network health and resilience.

2. Storm resilience

The aftermath of Storm Arwen featured prominently in the 2024 Resilience BPEG activities. NPg's submission into the Ofgem ED2 Reopener was made in 2023/2024, but Ofgem's conclusions and revised allowances were published in late 2024. Now that NPg knows the additional investment Ofgem has allowed, the year is ending with NPg planning both the investment and the Customer/stakeholder engagement to support it.

Throughout the year NPg has worked with other utilities to plan improvements to their mutual resilience to storms. This has been a particularly active area with Northumbrian Water and Yorkshire Water because of the water companies' reliance on electricity for their operations. Through the specific sharing of data and information, the water companies can see where their needs for electrical resilience are likely to be met by NPg's investments, and conversely where the water companies need to provide their own resilience. NPg has also agreed a resilience plan with the telecom operators in their area to be implemented in 2025. This will be to NPg's and the telecom operators' mutual benefit, as a more resilient mobile phone service will help Customers contact NPg as well as aiding NPg's storm response activities.

3. Improvements in the overall network performance, in terms of reducing the numbers of Customer interruptions and Customer minutes lost

It is hard for individual Customers or stakeholders to observe the overall network performance, as the objective is to make incremental improvements to network performance that will only affect those Customers who suffer a supply interruption, and who do not have any information as to how much worse their experience might have been without the investment. The ISG has been monitoring the investment delivery and also the overall performance, noting that it has been reported transparently in the SLC50 report. The ISG has observed the apparent worsening of performance, despite the investment, but accepts that the recent high incidence of bad weather accounts for this.

4. Climate change/climate resilience

The nature of this challenge is quite similar to area 1 above in that NPg's well justified assumptions about climate change and its effects and mitigations were baked into its business plan. Nevertheless, this is an active area and NPg is engaged in discussions and projects with a range of institutional stakeholders. In 2024/25 the stakeholder interactions have been specialised with these sophisticated stakeholders, but there will be a need for wider engagement with all stakeholders when planning for ED3 starts in earnest.

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5. Improvements for “Worst Served Customers”

The definition of worst served Customers relates to the number of interruptions to supply suffered over a rolling period. As faults are effectively random events, the determination of individual Customers defined as “worst served” changes over time depending on the incidence of network faults. NPg submitted a funding proposal to Ofgem as part of its business plan for the ED2 period. NPg has needed a substantial part of 2024/25 to identify the worst served Customers from 2023/24 and then to identify the remedial investment needed.

In response to a request from the ISG, in November 2024 NPg delivered a “deep dive” on the worst served Customer process. The ISG recommended that NPg should look to use the template of engagement that NPg already uses with Customers who are experiencing multiple interruptions in real time as a model for engaging with the formally defined worst served Customers as the investment to resolve their poor performance is rolled out.

6. The Boston Spa Energy Efficiency Trial (BEET) Voltage Optimisation project.

This project, which has been very active in 2024/25, is aimed at being able to reduce the voltage supplied to Customers without them noticing in order to make small but valuable reductions to their overall energy bills. NPg has been running significant engagement with local Customers and stakeholders and has undertaken three engagement strands: surveys; focus groups; and in-depth interviews. The ISG has had the opportunity to review and comment on some of the materials used, and has reviewed the output.

7. The Microresilience initiative

This project is aimed at using batteries and small local generation to maintain or restore supplies to rural Customers, when supplies would otherwise be lost due to network faults. NPg started its engagement with the affected Customers early in 2024/25. However, overall progress has been slow as there have been a number of technical issues to solve. A follow-on project, Multiresilience, has also started and is using the learnings from the engagement with Customers in Microresilience.



5.3 Meeting Customers' Needs



The scope of the “Meeting Customers’ Needs” (MCN) BPEG is Customer service standards and support for Customers in vulnerable situations. The NPg membership of the group expanded over the course of the year as NPg’s Vulnerable Customers Team grew and programmes new to ED2 were developed and introduced.

NPg’s central engagement planner is now linked to Business Plan activities and has been colour coded accordingly with links to Customer insights. This has been updated on a regular basis and has allowed for cross cutting themes from different business areas to be joined up thereby enabling NPg to engage with Customers in a more efficient way.

During the course of the year the Customer Service Contact Centre moved to new premises in Sunderland. The ISG visited the centre and listened in to Customers calls to gain a better understanding of the communication systems and processes.

ISG Challenge and scrutiny

The MCN group has responded well to input and challenge from the ISG with no particular difficulties arising. The main issue of concern has been the slow start to the Community Advice and Low Carbon Technologies (LCT) services which seems to be the result of NPg’s lack of capacity to recruit and procure services. There has also been a fairly prudent approach to ensuring the services are designed to meet real needs and this has required significant stakeholder engagement.

Gathering and Responding to Stakeholder Insights

Over the course of the year the group has discussed the kind of engagement needed to help develop and deliver the areas of work deemed a priority for the group. Engagement ranged from focus groups, surveys, workshops, and Customer testing of the new area of the website for connections Customers.

A key focus of discussion was on lessons learned from engagement and how the insights were being used to shape services. As mentioned previously the adoption of the SIRIO Feedback triangulation tool should bring improvements in this area.

The Director of Customer Service steered the agenda and discussions at times but all members of the group demonstrated a shared ambition of ensuring Customers were engaged effectively and challenged and supported each other in developing their respective engagement plans.

The ISG has observed that managers are confident that they know where to focus and processes seem embedded. Managers also showed positive responses to Customer insights, especially where these had gathered from different sources and triangulated.

The Stronger Together Network of delivery partners and other stakeholders has been used to gather and feedback Customer insights on a range of new initiatives that are starting to get underway.

Examples include:

1. LCT - a new forum has been created for the delivery partners to learn from each other. Insights from the pilot phase of the low carbon technology advice services have been used to develop these as NPg seeks to enable a fair and just transition for Customers with an ambition for no-one to be left behind.
2. Advice services to provide more meaningful advice and monitor take up of LCTs/ attitudes to LCTs as a result of the advice.

Links with other BPEGs are improving, for example with the Resilience BPEG to ensure Customer communication is in line with engineering real time information following the adoption of new data procedures and communication channels.

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ED2 Year 2 Commitments

NPg has reported improved Customer Satisfaction Scores which have generally been well in excess of 90%, peaking at 96.3% on one measure during the year. However, NPg still resides in fourth place (out of 6) in the DNO Customer Satisfaction league table. Customer satisfaction has decreased in response to unplanned power cuts due to the greater number of storms in the region over the past 2 years. The team remains committed to improving the scores and some of the engagement strategies have been internally focussed to improve processes to provide more accurate and timely information to Customers.

Community Energy Advice Services have been provided by Regen (Regen is a not-for-profit organisation which promotes renewable energy and energy efficiency across the UK) on behalf of NPg until it was able to recruit its own team which was achieved in early 2025. Regen is providing support to the new team but at this stage the BPEG hasn't considered a significant level of stakeholder feedback/insights on how this service ought to develop. This was identified as a new priority for the group in 2025.

The group is mindful that the benefits and outcomes from advice provided have not been fully captured and will seek to collate these from Regen reports at year end with a new strategy/approach for the remaining 3 years of ED2.

In respect of the promotion of Low Carbon Technologies, targets for the North East were met but delivery has been rather slower in Yorkshire and Humberside. Some good learnings have been captured from the pilot phase (a range of issues and insights were identified by the delivery partners). Four of the DNOs are meeting to share lessons as this is something that will become increasingly important for the sector.

In the Priority Service Membership (PSM) area more partnerships are now in place and the winter engagement and communications campaign helped to drive up membership numbers. The PSM welcome pack has been redesigned in line with feedback from members and changes were made to the extra support packs during outages following a testing workshop with Stronger Together partners which was attended by the ISG.

Unplanned Power Outages information channels have expanded with a number of small incremental improvements being made to communications during unplanned incidents with a focus on areas where Customer satisfaction is low: e.g. faults over 6 hours duration (predominantly from the low voltage network). More personalised messaging is also being tested and NPg is developing a new App for operational engineers to update estimated time of restoration (ETR) which will provide more accurate and up to date information.

The ED2 business plan included proposals for a new App for Customers in vulnerable situations to enable them to access and share information. However, based on further research and stakeholder engagement NPg decided this would not be an appropriate development and has instead decided to develop a dedicated section of its new website.

In the Connections area the BPEG considered the best methodology to test the new Connections pages of the NPg website with domestic Customers. They invited Customers into the Contact Centre and observed how they used the site which was helpful in ensuring the design of the new website would meet expectations, be Customer friendly and therefore more likely to be used. As a result of the testing, changes were made to explain technical terms and reduce text so that it is more easily readable.

Forthcoming focus of the group

There was a refresh of the priorities for the group for the start of the Berkshire Hathaway/ NPg delivery year which started in January 2025. (Berkshire Hathaway is NPg's owner, based in the US where 1st January is a more common start to the financial year). These were based on insights from stakeholder engagement and progress in delivering key ED2 commitments. These included extra care services for unplanned faults; improving communications for domestic scale connections; developing the Community Energy Team; expanding and enhancing the LCT advice services and introduction of a new PSM welcome pack.

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On Innovation two initiatives to improve services for vulnerable Customers are new for 2025 – an EV Motability project (improving home resilience using EV batteries) and a Flexibility/inclusivity innovation project which is under development but not yet approved for implementation.

5.4 Our People, Our Communities (OPOC)



The themes considered throughout the year within the BPEG OPOC subgroup encompass regional engagement, “our people” (including skills development, talent acquisition and diversity, equity, and inclusion (EDI)) and the delivery of key business plan commitments, such as social impact initiatives alongside significant projects.

Throughout the year NPg has demonstrated a significant increase in focus on community engagement, particularly in understanding and mitigating the impact of major network investment schemes and the connection to social impact. A new framework for securing community buy-in and delivering meaningful additional benefits during disruptive works has been piloted. The importance of proactively engaging communities and considering Customer voice in project planning is being increasingly recognised.

In the area of “our people”, there has been considerable attention paid to future talent pipelines, especially through apprenticeship programmes. Efforts are underway to enhance the promotion of these opportunities and to align recruitment with academic cycles. A strong emphasis has also been placed on developing green skills within the organisation and positioning NPg as a green skills employer of the future. The competitive landscape for skills and the importance of plugging the skills gap are well recognised. Challenges remain in consistently delivering effective work experience schemes and adapting practices to attract a diverse range of talent. Insights from the Youth Insight Panel have provided stark feedback on how young people view NPg as an employer, highlighting the critical need for meaningful progress on EDI to become an employer of choice. The organisation acknowledges past criticisms regarding diversity and is actively exploring strategies to broaden its reach and appeal to underrepresented groups.

Overall, the OPOC subgroup discussions evidence a significant shift in the business's approach towards proactively engaging with Customers and communities and investing in its future workforce. Progress has been somewhat constrained by the Company's capabilities in changing practices and adapting to the external environment. However, there is a clear willingness among colleagues to work in the interests of Customers and wider communities. While the Regional Engagement function provides support, the degree to which other business areas fully integrate Customer insights and consistently deliver on their business plan commitments appears varied and there is an opportunity to improve this over the next reporting period. There is recognition that field-based personnel, particularly front-line engineering response staff often demonstrate a strong commitment to acting in the Customer interest, and extending this level of commitment across the entire Company is a key aspiration. The volunteering programme is identified as a valuable tool for enhancing colleague engagement and contributing to social impact and sustainability objectives, although challenges in tracking and embedding it culturally need to be addressed.

The BPEG OPOC programme's structure is well placed to continue to oversee ED2 business plan commitment delivery and lay solid foundations for ED3 planning.

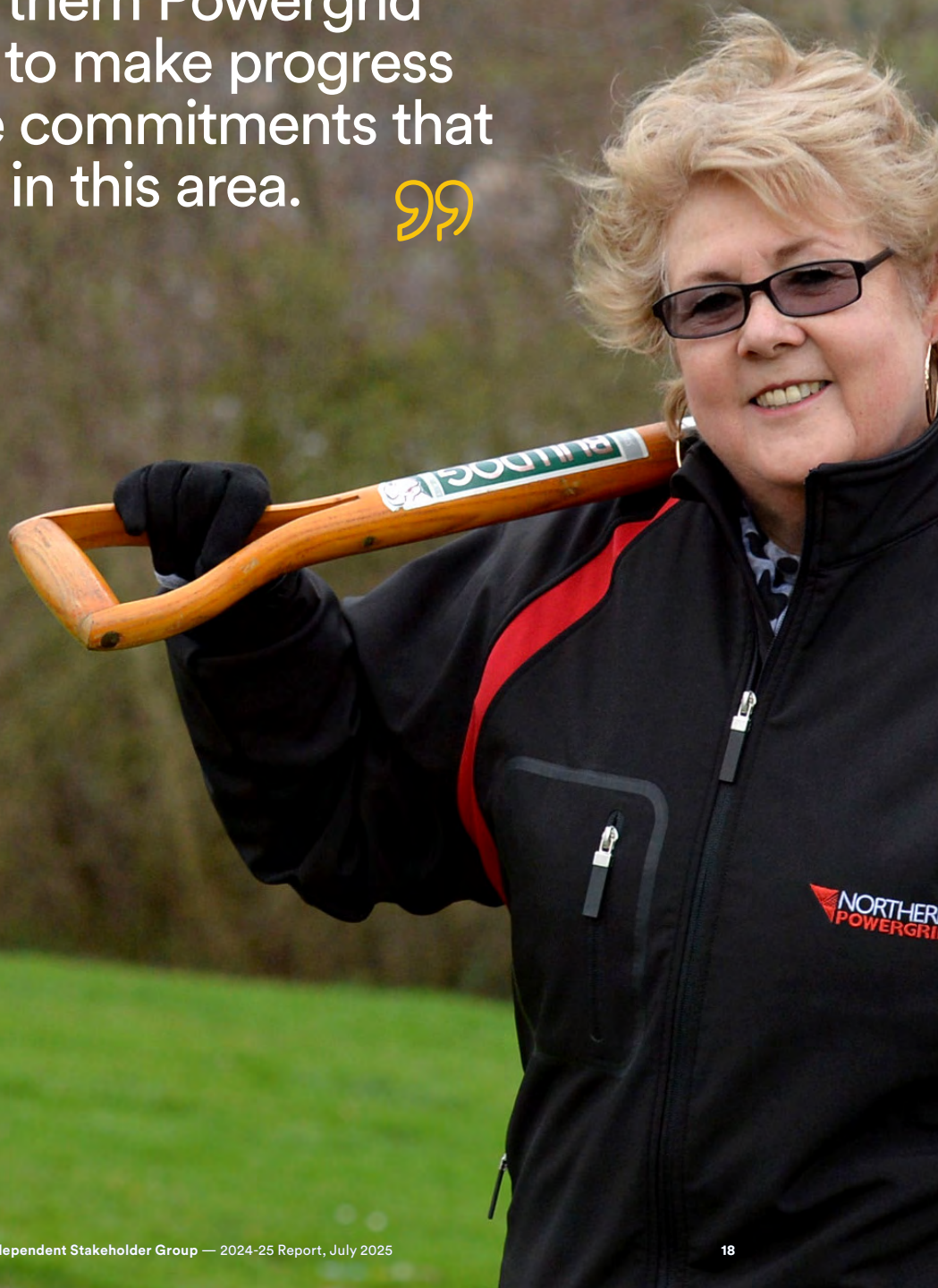
5.5 Sustainability

During the course of 2024 Northern Powergrid decided to establish a Sustainability Delivery Group separate from the OPOC BPEG. As well as being responsible for sustainability metrics and the wider embedding of the agenda across the organisation it also discharges the functions of the BPEG process for sustainability. The organisation has had longstanding and consistent feedback from Customers about this area and is still seeking to make meaningful change to address raised concerns and priorities. There are specific challenges across the business which affect business plan commitments deliverability, such as the decarbonisation of the organisation's fleet, but overall Northern Powergrid has begun to make progress against the commitments that they made in this area.





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6 Distribution System Operation Review Panel

The Distribution System Operation Review Panel (DRP) is a sub-committee of the ISG and produces an annual report on NPg's DSO operations. This report is submitted to Ofgem and can be [found here](#).

Over the last 12 months we have seen NPg make significant progress in developing and documenting the governance and transparency of its decision-making processes, culminating on the publication of a DSO:DNO Governance and Transparency Framework which is out to consultation at the time of writing. In addition, NPg is developing local flexibility markets, engaging with and responding to stakeholders needs, and is making data available and accessible to a wide range of users. We have also been encouraged by early steps to ensure that no Customers are left behind in the transition to a low carbon economy.

Looking forward, and in the context of a rapidly changing external environment, we recognise the results of a Cost Benefit Analysis of NPg's DSO function which illustrates that, whilst the total value of the DSO function in NPg is substantial, there is limited value in flexibility services procurement to defer network reinforcement and far more value in enabling market development and flexible, earlier connections of both renewables generation and demand. This is not a surprise to the DRP and we welcome Ofgem's proposal for ED3 to recognise the broader benefits and use-cases of flexibility, beyond network investment deferral. Flexibility has a key role to play in delivering Clean Power by 2030 (CP2030), which requires accelerated deployment of renewables, especially onshore wind and solar, much of which is likely to be connected at distribution level. These next steps need to be enabled before the start of ED3 in 2028.

The DSO team (part of NPg's Energy Systems directorate) has welcomed the challenge and scrutiny of the DRP and been open and forthcoming about the journey NPg is on. We have also spoken to other parts of the organisation (e.g. Vulnerability, Investment Planning, Control Room), to gain a broader context and consider the synergies between the DNO and DSO. Information requested has always been provided promptly, whichever part of the organisation it was requested from.

7 ISG Focus areas for 25/26

25/26 will be a first for all the electricity network ISG's nationally as this will be the first year that they will be undertaking the twin tasks of monitoring ED2 delivery whilst scrutinising the development of the ED3 business plans. Nationally, all networks have reported that the first two years of the business plan period have seen a slow start to delivery of commitments for ED2 plans as establishing supply chain contracts and other factors such as resourcing meant that they would need to “ramp up” delivery in the later years of the plan in order to meet their commitments to Customers. At the time of writing the ISG is seeing increased delivery from NPg and is looking for this to be built upon in order for us to have confidence that those commitments will be met. Hence ongoing scrutiny of ED2 will be a key focus area for the ISG and, as mentioned in the Executive Summary of this report, we expect improved and consistent reporting in respect of progress against those commitments.

We expect to see a significant ramping up of work for the ISG as we start our work on ED3 and, having already moved to bi-monthly meetings of the main ISG (from quarterly) we will be moving to monthly meetings along with various sub-group meetings as we work with NPg to develop a plan that meets the Customer outcomes detailed in [Ofgem's ED3 framework decision document](#).

Given the significant change in approach under ED3 which expects a large increase in network investment (including anticipatory investment) so as to enable both decarbonisation and economic growth we are concerned about the extent to which a “step change” is expected in 2028. As a result, we have been encouraging Ofgem to work with the networks to make a start on accelerating their plans so that there is a smoother transition rather than a “big bang” in 2028. Ofgem have pointed to uncertainty mechanisms, reopeners and volume drivers but we do believe some explicit direction in this regard would be helpful.

As has historically been the case we will undertake a series of deep dives into areas of particular interest with both NPg's development of DEI, and the regulatory depreciation policy impact on Customers' bills already scheduled. We will also be looking for ongoing evidence of Innovation projects transitioning into BAU and will be looking for the more recently established sustainability group to build on their promising start.

We expect 25/26 to be a year when there is significant change in the energy landscape as more clarity emerges in respect of the roles of NESO and Ofgem in particular. The ISG and NPg will need to be nimble and responsive in respect of these changes in order to ensure that the interests of Customers remain at the heart of NPg's thinking, planning and delivery.

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Annexes

A1 Independent Stakeholder Group Terms of Reference

1. Background

Northern Powergrid has established an independent 'Independent Stakeholder Group'. This group was formed in response to Ofgem's requirements as part of the RIIO-2 price review process, and its role is to represent the interests of the Customers and communities that Northern Powergrid serves. The ISG challenged the company to ensure that its developing plan for ED2 properly reflected Customers' interests and Ofgem's guidance on priorities for the price review. The company has now decided to keep the Independent Stakeholder Group in place during the whole of the ED2 period (2023-28) to enable it to scrutinize and report publicly on the company's delivery of the commitments in its business plan.

2. Role

- a. The Independent Stakeholder Group ("ISG") will operate at arm's-length, independent from both the Company and Ofgem, to scrutinize and provide challenge to the Company on the delivery of its business plan commitments for ED2 and report its own views on progress to Ofgem and the public.
- b. The ISG will assess and report on the quality and scope of the Company's stakeholder engagement, and the extent to which its findings are reflected in the Company's work.

3. Duties and scope

- a. In carrying out its purpose of providing challenge to the Company's delivery of its business plan, the ISG will focus on areas where there is the need to improve Customer outcomes, and where it has the expertise to scrutinise and challenge.
- b. The ISG will consider the following areas (including but not limited to):
 - i. the Company's delivery of the commitments set out in its business plan for ED2 (including the commitment to Net Zero);
 - ii. the Company's progress in addressing the issues highlighted by recent storms;
 - iii. the quality of stakeholder engagement the Company undertakes to inform its work;
 - iv. the Company's appropriate recognition of the changing energy and social context, and the associated flexing of its year-on-year plans;
 - v. the approach and support that the Company provides to vulnerable Customers;
 - vi. the Company's approach to developing system operation and working with others to maximise the benefits for Customers of the opportunities presented by more flexible use of the energy system;
 - vii. the Company's progress in establishing itself as an outward looking 'anchor institution' in the communities it serves.

This list will be kept under review and amended as appropriate.

4. Outputs and deliverables

- a. The primary output from the ISG will be an annual public report on the Company's progress in delivering the commitments in its business plan.
- b. The ISG may also publish other reports on aspects of the company's performance from time to time.
- c. The ISG will observe the work of the Company's Business Plan Engagement Group (and its subgroups). It will provide feedback to the company on the working of this group with the aim of improving its effectiveness at keeping Customers' needs at the centre of decision making in the Company.

The ISG will also:

meet regularly (at a frequency to be decided by the chair), and produce outputs from its meetings including minutes and actions for each meeting;

- d. receive input from other advisory groups established by the Company, such as the Social Issues Expert Group, the Stakeholder Panel, the Citizens Panel, the Future Fairness Panel, the Community Energy Stakeholder Panel, the Community Energy Forum, and the Science and Technology Advisory Panel.
- e. collaborate with any ISGs maintained by other DNOs, and with Ofgem, the Challenge Group, Customer representatives and other stakeholders.

5. Chair

- a. The ISG has an independent chair, whose role will include leading discussions and chairing meetings of the ISG. The chair must act independently and not as a representative of a particular organisation or group of Customers.
- b. The chair will be the principal representative of the group in contacts with other parties (including the Company, Ofgem, and the CCG).
- c. The chair is responsible for ensuring that members of the ISG have a good understanding of the main obligations, issues and priorities required to carry out their role as members of the ISG.
- d. The chair should seek to facilitate open, informed discussion and consideration of issues set out in paragraph 3 by the ISG.

6. Membership

- a. The ISG will be constituted in such a way that members between them have the range of knowledge, skills, and expertise necessary to scrutinise and challenge the Company's delivery of the commitments in its plan in all the areas set out in Section 3 of these Terms of Reference.
- b. Individual members will provide expertise relating to their discipline to the ISG, contributing their views as individuals and not seeking to represent any group, organisation or constituency other than the interests of current and future consumers.
- c. Members must ensure their contributions enable the ISG to function in a collaborative and cohesive manner.
- d. Members may be asked by the Chair to represent the ISG in meetings, including public open hearings in support of the Chair.

- e. Members must inform the Chair and Secretariat in advance if they are unable to attend any meeting.
- f. The chair shall work with the Company to recruit members of the ISG. The chair is responsible for notifying the Company if any member(s) of the ISG wishes to leave the ISG and for managing any such leavers whilst ensuring that the overall role of the ISG is not affected.
- g. A Member may be removed from the Group by the Chair, in consultation with the Company, if they have committed a serious breach of the standards of conduct laid down in the Terms of Reference.

7. Conduct of the CEG

- a. The independence of the ISG Chair and Members from the Company and Ofgem is essential. The ISG must scrutinise and challenge the delivery of the Company's business plan and, in doing so, seek to achieve the best possible outcomes for present and future consumers.
- b. The work of the ISG will be conducted in as transparent a manner as possible, without compromising either individual rights or the Company's commercially confidential information. The ISG will maintain webpages with an up-to-date record of its membership, Terms of Reference, and the progress of its work.
- c. The Chair and Members will observe the highest standards of integrity and independence and comply with the principles established by the committee on standards in public life (Nolan Principles – see attachment).

All members must declare any conflicts of interest that may be relevant to their role as a member of the ISG. A conflicts of interest register will be maintained by the ISG and kept available for public scrutiny. Members must also declare any conflicts of interest at the start of any meeting of the ISG.

- d. Members of the ISG may receive commercially sensitive data or personal data relating to named individuals in connection with their role as ISG members. Members of the ISG must agree to keep all such information confidential and to abide by all laws, regulations and legislation in respect of such information (including the processing of any such information).
- e. Members of the ISG must agree to enter into any separate agreements with the Company in respect of confidentiality, intellectual property and/or data protection as the Company may reasonably require.

8. Resources and information

The Company will provide the ISG with the following information and resources to assist the ISG in carrying out its role: secretariat support, meeting facilities, etc. All relevant information regarding progress in delivering the business plan, and its background (e.g., relevant government policies, regulatory requirements; planning scenarios).

9. Meetings with the Company

The ISG will meet formally with the Company at least once every three months.

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10. Quorum

Four members of the ISG including a designated Chair.

11. Variations to terms of reference

Any changes to these terms of reference must be agreed in writing by the chair of the ISG and the Company. The terms of reference will be reviewed once a year.

12. Transparency

The ISG will have a webpage which will include:

- a. the membership of the ISG;
- b. a register of conflict of interests;
- c. the Terms of Reference; and
- d. a copy of all reports written by the ISG

13. Definitions

For the purposes of these Terms of Reference, the following terms have the following meanings:-

“*Company*” means Northern Powergrid (Northeast) Limited (company number: 02906593) and Northern Powergrid (Yorkshire) plc (company number: 04112320)

“*Ofgem*” means the Office of Gas and Electricity Markets.

A2 The Nolan Principles

The 7 principles of public life apply to anyone who works as a public officeholder.

The principles also apply to all those in other sectors that deliver public services, so it is appropriate that ISG members, who are appointed to represent the interests of Customers and communities, should adhere to them. They are:

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

A3 Biographies

Chris Murray MBE – Chair

Chris's expertise stems from over 45 years of experience in the UK Energy sector where his remits covered Customer and Employee Engagement, Network Operations, Asset Management, Change and Stakeholder Management, Health and Safety, Gas and Electricity Transmission, Gas Distribution, Regulation and Commercial. In addition to being a 3-time CEO Chris has over 25 years of Non-Executive experience and is currently Chairman at Water Resources South East. In addition he is a Trustee Board Member of the MS Society and the Leicestershire Hospice.

Graham Oakes

Graham has a PhD in Satellite Image Processing and a background in tech, working with firms such as Cisco, Intel, Skype and Sony. In 2013, he created Upside Energy, a tech platform for managing flexibility on the grid. Upside raised £10m of funding and grew to 35 staff by the end of 2018, at which point Graham stood down to focus on enabling people to participate in the Energy Transition. Upside was subsequently sold to Octopus Energy, where it now forms the basis for its KrakenFlex platform. Graham now supports a number of EnergyTech startups and works on local and municipal energy projects across UK and EU. He was a member of BEIS' Engineering Standards Review and Ofgem's Design Advisory Board for Half Hourly Settlement, and is currently a board member of FlexAssure, the ADE's code of conduct for demand response aggregators. His book Project Reviews, Assurance and Governance is published by Routledge.

Henri Murison

Henri brings his expertise on the importance of electricity infrastructure and the transition to Net Zero in the wider economy to the ISG. Chief Executive of the Northern Powerhouse Partnership, he works across the wider infrastructure agenda, education, skills and wider industrial policy to drive the agenda on how to close the North – South divide. He has led work on the role of decarbonisation in driving economic growth, specifically focused on energy sector. Previously, he advised a financial services business on their government and international regulation interest as well as having wider roles in the voluntary sector and as Cabinet Member for Quality of Life at Newcastle City Council.

Jenny Saunders CBE DCL

Jenny Saunders is an independent consultant with over 30 years working in the energy and charity sectors. Previously Chief Executive at National Energy Action, based in the North East but operational across the UK, Jenny is currently Chair of the Independent Stakeholder Group for NGN and has experience of Ofgem's enhanced stakeholder engagement process for RIIO2. She was a member of the Government's Fuel Poverty Committee from 2016 to 2022 and sat on the Advisory Group from 2018 to March 2023 to Innovate UK's £200m PFER programme. Jenny is a Non-Executive Director of Affordable Warmth Solutions which delivers heating and energy efficiency programmes. She has previously sat on a number of energy industry stakeholder groups including Northern Powergrid's Northern Inclusive Energy Group (former Social Issues Expert Group).

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Mike Kay

Mike worked at Electricity North West for 38 years, the last eight of which he was Engineering and IT Director. He chaired the Distribution Code Review Panel for over a decade , and was a member of the Grid Code Review Panel for eighteen years. Since leaving Electricity North West in 2015 he has worked as an independent consultant on a number of projects for the regulated electricity network industries in the UK and internationally. He is a member-elected trustee of the Electricity North West pension fund.

Jo Coleman OBE

Jo Coleman has over 30 years’ experience in the energy industry, initially working in the oil and gas sector in Europe, the Middle East and Far East before returning to the UK in 2011 to focus on low carbon and the energy transition. Jo is a non-executive director of the Low Carbon Contracts Company, Guernsey Electricity Ltd and the British Geological Survey as well as an Advisory Commissioner to DESNZ’s Clean Power 2030 Mission. She also Chairs Northern Powergrids Distribution System Operation Review Panel.

Previous executive roles have included Strategy Director at the Energy Technologies Institute, Head of Whole Systems Analysis at the Energy Systems Catapult and Energy Transition Manager at Shell UK. She has also previously been an independent member of the Governments Net Zero Innovation Board, an Observer to the Board of Shell UK and sat on numerous industry and academic advisory boards. Jo is an Ambassador for POWERful Women and the Clean Energy Ministerial’s Equality in Energy Transitions Initiative. She is a Chartered Engineer and Fellow of the IMechE and was awarded an OBE for services to the energy sector in 2018.

Monica Collings

Award-winning former Chief Executive of retail energy supply challenger So Energy, Monica Collings played a pivotal role in the merger with ESB Energy in 2021. Before that, she led Vattenfall’s UK retailer, and has enjoyed a diverse career spanning markets such as retail home improvement, property, and automotive.

Having transitioned from executive roles, Monica now enjoys a portfolio of non-executive and strategic board advisory roles including Chairing the boards at entech, Swarm and charge point operator Plug-N-Go, and serving on the boards of Dalcour Maclaren and Cornwall Insight. Monica is a fervent advocate for gender diversity in the workplace having served as the sole female Chief Executive leading a domestic retailer through the energy crisis, and delegate at the United Nations’ 68th session of the Commission on the Status of Women.

[Independent Stakeholder Group – Register of Interests](#)

A4 2024 Stakeholder Engagement events observed by the ISG

Date	ISG observed NPg engagement
2024	
06/06/2024	Quarterly Northern Inclusive Energy Group
25/06/2024	WEBINAR - Open Data Workshop
01/07/2024	WEBINAR - Accelerating Major Connections: Joint webinar with NGET and the ESO
08/07/2024	Social Housing Decarbonisation Roundtable
10/07/2024	Stronger Together Forum - Nobody Left Behind (DSO) and Inclusive Services
05/09/2024	Quarterly Northern Inclusive Energy Group
17/09/2024	Sustainability Delivery Group Workshop
18/09/2024	Stronger Together Forum - Winter Preparedness
26/09/2024	Net Zero for the North Conference (Leeds)
01/10/2024	NPg Open Data Roundtable
21/10/2024	WEBINAR - Accelerating Major Connections: Joint webinar with NGET and the NESO
21/10/2024	WEBINAR - Quarterly Customer Connections Webinar
22/10/2024	Social Housing Decarbonisation Roundtable
12/11/2024	WEBINAR - DSO Stakeholder Webinar
12/11/2024	Sustainability Delivery Group Workshop
20/11/2024	WEBINAR - Open Data Webinar
20/11/2024	Stronger Together Forum - Winter preparedness and Holistic Vulnerability Support
25/11/2024	Quarterly Citizens Panel - DSO Trust
04/12/2024	DEEP DIVE - NPg Worst Served Customers (WSC) and Hot Spot Areas
18/12/2024	WEBINAR - Connections Customer Webinar: Impact of Connections Reform (NPg and NESO)

2025 Stakeholder Engagement events observed by the ISG

Date	ISG observed NPG engagement
2025	
15/01/2025	WEBINAR - Local Authority Open Data Portal Dashboard
20/01/2025	WEBINAR - NGET RIIO - T3 business plan NE and Yorkshire (NPG sharing the platform)
06/02/2025	WEBINAR - New Distribution Future Energy Scenarios (DFES) 2024 to 2050
11/02/2025	WEBINAR - Connections Customer Webinar: Impact of Connections Reform
27/02/2025	WEBINAR - Northern Powergrid's Flexibility Strategy 2025
27/02/2025	Regional Decarbonisation Workshop (Humber)
04/03/2025	Regional Decarbonisation Workshop (North East)
05/03/2025	Regional Decarbonisation Workshop (Teesside)
11/03/2025	Regional Decarbonisation Workshop (South Yorkshire)
12/03/2025	Regional Decarbonisation Workshop (North Yorkshire)
13/03/2025	WEBINAR - Open Data Portal: User led webinar
18/03/2025	Regional Decarbonisation Workshop (West Yorkshire)
27/03/2025	Youth Insights Panel - Powering Your Career & effective recruitment

If you would like to pose any questions to the ISG or find out more about how it is helping to ensure Northern Powergrid's future plans reflect the needs of the Customers, stakeholders and the communities it serves, email isg@nnpowergrid.com