

Electricity Transmission

Stakeholder Engagement Incentive Scheme
Submission – Parts 1 and 2



1

In Part 1 we set out our strategy for engagement against priorities identified by our stakeholders, how we are building our capability to deliver these priorities and how we act on the feedback we receive. It outlines who we have engaged with and how we have tailored our engagement activities to meet their needs.

2

In Part 2 we provide an overview of our engagement activities and the associated outcomes, structured around the key priorities identified by our stakeholders.

Part 1

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National Grid Electricity Transmission owns and maintains the high voltage transmission network in England and Wales. This transmission network enables the transportation of high voltage electricity from sources of power around the country to the local distribution networks. These distribution networks then deliver power to industry, commerce and household consumers.

We are moving away from a historical reliance on large thermal power generation and there is now a greater diversity of supply and more flexible demand than ever before.

We have a central role to play in the future mix, to enable a range of possible energy futures for the long-term benefit of consumers.





David Wright
Director of Electricity Transmission
Group Electricity Chief Engineer
National Grid Electricity Transmission Board Member

Welcome to our stakeholder engagement submission for 2017/18

This year, we have continued to focus on our vision and purpose, to remind us of the critical role we play in the energy sector, and how embedding stakeholder views throughout our business is critical for us in delivering a safe, reliable, efficient and sustainable network.

Key highlights from this year



Our vision is to exceed the expectations of our stakeholders today, and make possible the energy systems of tomorrow.

Having a clear sense of what we stand for as a company and what it is that binds us all together is vitally important. This is what we call our purpose. In simple terms it's what drives our desire to serve our stakeholders and it's one of the things that makes me so proud of the work we do.

Our purpose is to bring energy to life. In its simplest form this means getting the heat, light and power that stakeholders rely on to their homes and businesses. But to us 'life' also means supporting the local communities where we live and work and in turn, supporting economic growth and sustainability in the wider society. Our purpose is underpinned by our values of 'do the right thing' and 'find a better way' which we have continued to focus on this year. Together these provide guidance to help us make decisions. Our vision, purpose and values define where we are trying to get to and what we need to do.

Our unique role in Britain's energy system gives us the opportunity to be at the heart of change by really listening to our stakeholders and working together to exceed their expectations. Our engagement strategy continues to drive the delivery of this by empowering our employees to think differently and get better at delivering what our stakeholders need; working together to transform our stakeholders' experience.

As the energy industry revolutionises, we must make sure our operations are fit for the future. Within our Electricity Transmission business we understand that engagement with our stakeholders needs to have a more systematic and coordinated approach. Over the last year we have continued to build on and strengthen our engagement activities with stakeholders. This has included stakeholder workshops focused on specific Transmission Owner topics, which I had the pleasure of being a part of.

By holding face to face events, widening our involvement in the industry and obtaining feedback on a range of topics, we are striving to deliver what is important to our stakeholders and reflecting this within our business plans, which I am fully supporting. These activities will not be a one off. They are the start of a new business as usual approach for the Electricity Transmission Owner business with more activities already planned for the future.

I am also delighted to see that we're beginning to make a step change in listening more to our stakeholders by using the Net Promoter System, journey mapping and immersion events (where our employees meet stakeholders face to face and just listen to what they have to say) and acting on feedback. I personally have gained much from these activities, as have other members of the UK Executive Team. Listening to our stakeholders has given me a better understanding of what is important to them and the opportunity to share with them how we will act on their feedback.

The changes and progress we have made have had an impact on how well we have worked with and responded to our stakeholders' needs. This has been recognised in an independent health check by AccountAbility¹. For the second year running, they scored us in the top 15% worldwide of all companies they have audited since 2012. We also achieved the second highest score of the ten Energy and Utilities sector companies audited.

My teams are fully committed to delivering our stakeholders' needs and building on this past year's improvement. Through this submission we will demonstrate the progress we have made this year, and describe where we will continue to focus our efforts in the future so we can develop our approach to engage further.

David Wright
Director of Electricity Transmission
Group Electricity Chief Engineer
National Grid Electricity Transmission Board Member

¹ AccountAbility created the AA1000 Stakeholder Engagement Standard, an internationally recognised framework for best practice stakeholder engagement around which we have built our Transmission Engagement Strategy

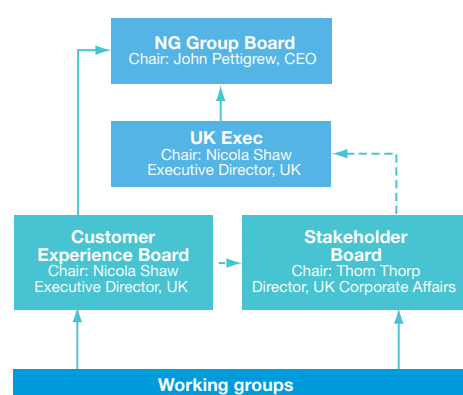
Our stakeholder engagement strategy

We've updated our engagement strategy and embedded it further within our business

"We need to apply the same level of rigour and focus to stakeholders as we do to safety"

John Pettigrew, Chief Executive

Stakeholder Governance Structure



Last year we talked about the improvements we had made to the way we go about engaging with our stakeholders. These were focused around bringing their voice into our business more, using immersion sessions and journey mapping work, and basing the way we engage on the AA1000 Stakeholder Engagement Standard. We very much saw this as a big step in our improvement, and we were pleased and proud that our actions were recognised, both through the AA1000SES health check results, and through our score for this incentive.

However, our ambition is to be the best at this and we know we still have a way to go to achieve that. So this year we've made further improvements to our stakeholder engagement strategy, to increase the integration of our business objectives, our stakeholders' requirements and our business planning process.

Our strategy now provides a framework for how we will use engagement to support delivery of our stakeholder priorities, which are driven by what stakeholders tell us they want from us.

We have continued to base our strategy around the key themes of AA1000SES, an internationally recognised standard for stakeholder engagement excellence. The organisation that developed this standard, AccountAbility, audited us again in early 2018. Its evaluation concluded that we were 'advanced' on their maturity ladder and that our overall score had again improved from 69% in 2016/17 to 72% in 2017/18. They told us that we are strong in a number of areas but to improve we need to be more consistent with how we manage and act on feedback and track the progression of actions identified from our stakeholders.

Across our business, we recognise that many of our employees do not have direct contact with external stakeholders. However the principles and actions within our strategy can be equally applied to how we work with our colleagues within National Grid as well as externally. By improving the way we work with each other, we will ultimately improve the service we provide to our external stakeholders by being more focused on delivering what our stakeholders want from us.

Our engagement strategy has been aligned with our core values – 'do the right thing' and 'find a better way' – with the aim of:

- Listening to our stakeholders' views so we can understand what they need and expect from us
- Proactively engaging and building trust through close working relationships based on openness and honesty

- Helping our stakeholders understand our business by clearly explaining our perspectives and how these may influence our overall decision making
- Working with our stakeholders to find innovative ways of building a network for the future
- Taking responsibility for delivering what we say we'll deliver and doing better where we can
- Acting on feedback

Embedding the stakeholder voice in key decision making processes

Last year, we embedded our stakeholder engagement strategy deeper into the business by widening its reach, to include more teams and working with them to make sure they understood what the strategy means for their team and the AA1000SES principles it is based on. We were really pleased that this was a specific finding in our latest independent AA1000SES health check (see page 5).

Our strategy has been updated for 2017/18 and endorsed by our senior leadership team. We have established a new governance structure (see left) which recognises the importance of our stakeholders in our business and strengthens the voice of stakeholders at all levels, including at the top of our organisation – this is the first time we have placed this amount of emphasis on stakeholders as a specific business priority.

In early 2017, we made the decision at Executive level that we needed to do more with our engagement activities and move to a more external focus, so we started planning a programme of engagement that would be structured, coordinated and repeatable year-on-year, with the aim of feeding into our annual business plans.

As this was the first time we had set out a structured programme for all of our activities, our principle was to start broad, both in terms of topics and stakeholder base, to establish the priorities that stakeholders wanted us to focus on in our business plans. As part of this, during July 2017 we held our first ever Electricity Transmission Owner stakeholder engagement workshops (see page 8). These workshops were structured with the aim that we listen to our stakeholders, establish priorities, shape topics for future engagement, and start the process of incorporating stakeholder views into our business plans.



Thinking strategically

We've checked and updated our stakeholder priorities and further developed our approach to aligning these to our business priorities

"We need to listen to our stakeholders more to understand what they need from us, so we can deliver the right service for them"

Hëdd Roberts, Head of Customer and Stakeholder, Electricity Transmission Owner

In early 2017, to help deliver our strategy, we formed our first ever Customer and Stakeholder team within the Electricity Transmission Owner part of our business, with the aim of focusing on embedding our engagement strategy along with our vision across our business. To support this we have continued to use the AA1000SES framework to improve consistency in the way we engage. The team's remit is to:

1. Expand our stakeholder engagement activities to involve a wider range of stakeholders
2. Establish objectives for all teams relating to stakeholder engagement
3. Improve our employees' skills and capabilities, and provide support to embed these skills throughout our business
4. Improve on the way we gather and act on feedback
5. Consider the impact of our decisions on our stakeholders
6. Identify and work with external organisations to increase our knowledge and share best practice
7. Compare our performance against best practice standards

Stakeholder priorities

To check our stakeholder priorities within Electricity Transmission we held three workshops during July 2017 and ran an online consultation to reach those who were unable to attend our workshops (please see page 8). The aim of these consultations was to listen to our stakeholders, understand

their priorities and shape the topics for our future engagement, with the ultimate aim of ensuring that our business plans better reflect what our stakeholders need from us. These consultations provided us with insight on what our stakeholders want us to focus on.

During autumn 2017, we also commissioned further research with over 2,000 household consumers to understand their priorities. This research identified that the majority of household consumers were aware of who we are but did not necessarily understand what we actually do. We recognise that we need to do more with consumers and will use future engagement activities and other opportunities, such as our work with Citizens Advice, to work more closely with them.

We have combined this feedback with insight from satisfaction surveys and our consultations, and this has helped us to establish the following stakeholder priorities:

-  **Provide a reliable network, so that electricity is there whenever needed**
-  **Provide value for money**
-  **Enable the ongoing transition towards the energy system of the future**
-  **Keep the network safe and protect it against external threats**
-  **Care for communities and the environment**
-  **Be transparent and easy to work with**
-  **Make it easy to connect to and use the electricity network**
-  **Be innovative**

We are making sure that our latest business plans reflect these priorities. This represents a significant change from our previous approach and it means that we are more strategically aligned with the needs of our stakeholders.

Our activities so far mark the beginning of our enduring stakeholder engagement programme and ongoing activities which will make sure our stakeholders are involved much earlier in our decision making processes.

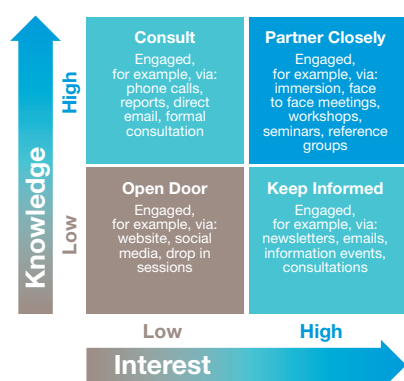
Update on last year

Last year we were given some really valuable feedback as a result of our submission, so this year we wanted to set out what we did in response to this.

You said	We did
It is not clear how we have defined outputs and outcomes	We have worked with the Transmission Owners Best Practice Group to determine a common definition for outputs and outcomes (please see page 8)
It is not clear how we have engaged with hard to reach stakeholders	One example of this is our work with Citizens Advice and Which? to discuss our engagement approach with consumers on a variety of projects, such as willingness to pay
It is not clear how we align our purpose and desired outcomes of our engagement and our business priorities	We have made improvements in this area during the last year, as demonstrated through our AA1000 Stakeholder Engagement Strategy maturity score, reflecting strong practices and performance with our stakeholder engagement approach (please see page 8)
We said	We did
We would commit to bringing the voice of our stakeholders into the business to help shape our business plans	We have developed an annual engagement programme that has allowed us to listen to our stakeholders and reflect their views within the business (please see page 8)
We would work with other industry organisations to share best practices and learn from each other	We have begun to work with other industries to collaborate and share best practice. For example, we have been working with Welsh Water to discuss approaches on how to engage better with consumers
We would use the cost benefit tool to inform our engagement activities	An example of where we have used cost benefit analysis is through our Transmission Owner workshops. This helped inform our engagement activities, so we could ensure we make sensible, justifiable decisions on whether and how to pursue engagement activities (please see page 12)

Planning our engagement

Stakeholder mapping tool



Who are our stakeholders and how do we engage with them?

We define a stakeholder as 'a person, group or organisation that has an interest in our activities' and we profile them using recognised tools that help us identify a broad and inclusive range of stakeholders. To give an idea of who we engage with, at a high level our main stakeholder groups are shown below. We revisit this list regularly so we can make sure it remains wholly representative of who our stakeholders are.

We continue to identify ways in which we can expand our engagement activities. We tailor these to the needs of our stakeholder groups, using recognised best practice from other networks, other industries, and organisations which specialise in stakeholder engagement. Our engagement programme has been designed to be broad and wide both in terms of topics and stakeholders, so those interested in a particular topic have the opportunity to provide input. We have also made particular efforts to look at how we might engage with 'hard to reach' stakeholders and household consumers.

Who we engage with

Stakeholder group	Stakeholders we have engaged with	Engagement approach
Political – UK	10 Downing Street, Her Majesty's Treasury, All party parliamentary Groups/Select Committees, BEIS, Special Advisors, UK Parliament – Lords, UK Parliament – Specific MPs, Scottish Parliament, Welsh Government, Mayors, Local Councils	1–1 meetings, bespoke research
UK Government advisory boards	Committee on Climate Change, National Infrastructure Commission	Attendance at events, input into consultations
Think Tanks	Policy Exchange, Bright Blue, Dieter Helm, Centre for Policy Studies, Infrastructure Forum	Partnership on key topics
Political – Europe	European Commission, European Parliament	Attendance and presenting at events, input into consultations
Non-Political – Europe	ENTSO-E (European Network of Transmission System Operators), CEER (Council of European Energy Regulators), ACER (Agency for the Cooperation of Energy Regulators)	Attendance and presenting at events, topic specific events
Regulatory	Ofgem (incl. GEMA), CMA (Competition and Markets Authority), other economic regulators, HSE	Topic specific meetings, input into consultations
Non-Government Organisations (NGOs)	Campaign for National Parks, Wildlife Trust, RSPB, Green Alliance, Friends of the Earth, National Trust, John Muir Trust, Campaign for the Protection of Rural England (CPRE), Sustainability First, WWF, Greenpeace, Campaign for the Protection of Rural Wales	Attend events, input into consultations, topic specific stakeholder groups
Industry bodies	Energy Networks Association (ENA), Energy UK, Renewable UK, Nuclear Industry Association, Major Energy Users Council, Energy Intensive Users Group	Attendance and presenting at meetings, topic specific meetings
Chartered Institutions	IET (Institution of Engineering & Technology)	Attendance at events
Business	CBI, FSB (Federation of Small Businesses), big business e.g. car manufacturers, contractors e.g. Balfour Beatty, ABB, Siemens	Attendance at meetings, partnerships on key projects
Infrastructure	Highways England, HS2, Network Rail	Attendance at meetings, partnerships on key projects
Consumers	Members of the public	Social media, online consultations, public events, bespoke research
Customers	Electricity Distribution Networks, directly connected demand, Interconnectors, energy suppliers, large demand e.g. Network Rail, generators, Embedded generators, demand-side aggregators, storage	Seminars, surveys, immersion work, journey work, workshops, operational forums, meetings, 1–1s with ETO Account Managers
Supply Chain	Suppliers, Partners	Work closely with, tendering events, supply chain forums
Energy Industry	SPEN, SSER, OFTOs, CATOs, Electricity System Operator, Generators, suppliers, Distribution Network Operators, National Grid Gas Transmission	Attend events and present at meetings, work closely with
Academics	Universities, UKERC Energy Data Centre	Attend events, seminars, presenting at meetings, respond to consultations
Media	Consumer, Trade, Financial, Broadcasters	Work closely with
Environment	Environment Agency, Scottish Environment Protection Agency, Natural Resources Wales, Historic England, CADW	Work closely with, topic specific stakeholder groups
Communities and their representatives	Communities with major infrastructure projects, Grantors	Close collaboration
Consumer Groups	Which?, Citizens Advice, Age UK, National Energy Action	Close collaboration, 1–1 meetings
Campaign Groups	Friends of the Lake District, Ramblers Association, Power without Pylons, Dim Peilonau	Work closely with, attend events and presentations and updates provided, topic specific stakeholder groups
National Grid Employees	National Grid Board, UK employees, global employees, Trade Unions	Close collaboration
Consultants	KPMG, McKinsey, PwC, Cap Gemini	Working closely and consult with
Innovators	Catapult, Enterprise Resource Planning, Innovate UK	Consult with
Investors	Analysts, private shareholders, debt & equity markets, institutional shareholders	Close collaboration

Developing our engagement capability

Building our capability to deliver for stakeholders

“National Grid has demonstrated a strong commitment and approach to stakeholder engagement underpinned by comprehensive strategy, multi-layered governance, relevant tools and processes, as well as strong ambassadors for the topic internally within different lines of business”

AccountAbility, 2017/18 health check report

Strengthening our capabilities

Our AA1000SES health check last year recommended that we needed to strengthen our stakeholder capability curriculum. We recognised that our current stakeholder curriculum was outdated and not aligned with our stakeholder engagement vision. We have been working with our Academy (which offers a range of skills and capability focused courses to the business) to address the capability gaps identified last year and how these can be filled. As a result, we revised our core stakeholder curriculum across foundation, skilled, advanced and expert levels.

Our revised stakeholder curriculum builds on our ability to deliver our strategy, ensure engagement consistency and improve stakeholder experience. It will enable our employees to challenge and test processes through a stakeholder's lens, ensuring we are delivering value and meeting their expectations. Since the launch of our revised curriculum, 63 employees across the Electricity Transmission Owner business have completed a stakeholder engagement course. Our ultimate aim is for all relevant employees to have stakeholder related objectives and to have completed the stakeholder engagement training whether at foundation, skilled, advanced or expert level, appropriate to the level of engagement their roles require. In addition, our Academy has also introduced stakeholder engagement into our company new starter induction process.

AA1000 Stakeholder Engagement Standard

In February 2018, AccountAbility carried out a full independent health check of our stakeholder engagement strategy, processes and engagement in practice against their standard. The assessment found that we demonstrate a high performance across the various elements of AA1000SES. With a total score of 72%, this places us within the Advanced Stage of their Stakeholder Engagement maturity ladder, representing an 11% increase since our first ever health check in 2015/16. This score is in the top 15% of all companies reviewed by AccountAbility worldwide since 2012. In addition, we're the second highest scorer of the ten Energy and Utilities sector companies reviewed for the second year running.

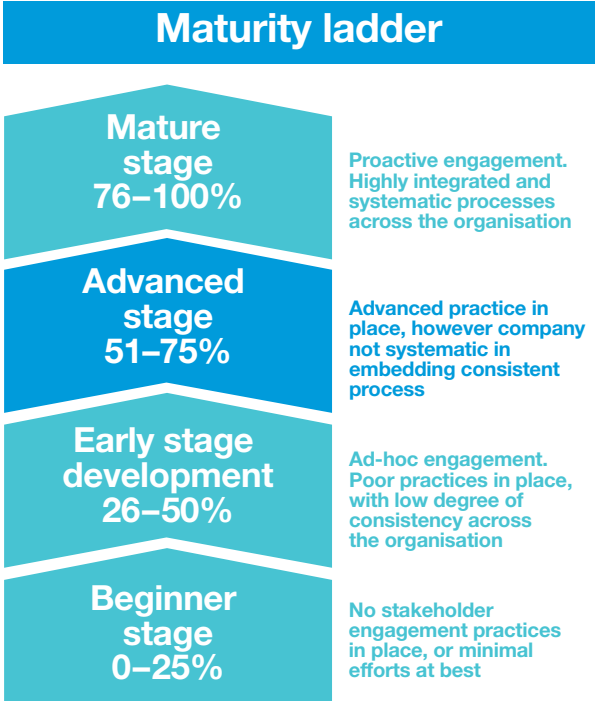
AccountAbility have said: “National Grid has continued to showcase strong practices and performance in the planning, preparation, implementation, and review of stakeholder management. The company has made considerable progress in the last twelve months, with particular strengths noted as:

- The organisation has embedded a clear and consistent stakeholder engagement strategy across all levels of the organisation, with notable support from senior management
- National Grid has reached an advanced level of stakeholder engagement performance management and measurement. The introduction of Net Promoter System (NPS) and immersion has added value to their existing stakeholder satisfaction performance metrics
- The organisation has taken a more active and mature approach to listening to stakeholders with good evidence of integrating outputs and learnings back into the business and into the business plan
- The company has also seen a steady increase of positive feedback and acknowledgement of the value and quality of its stakeholder efforts and activities”

Next steps

We are incorporating AccountAbility's feedback into future improvements in the way we engage.

National Grid has been assessed at 72% on the AA1000SES maturity ladder – in the top 15% worldwide of all companies reviewed since 2012.



Developing our engagement capability (continued)

“Our stakeholder BMS, along with our engagement strategy and the AA1000 framework, means we now have a holistic and systematic approach to improving the way we engage”

Gary Stokes, Stakeholder Engagement Manager, Electricity Transmission Owner

“The energy sector is going through the most significant revolution in a generation as politicians, regulators and the industry look to respond to the shift to low carbon solutions and customers seek to take increasing control of their energy needs. Lean is pivotal in helping us make sure that we have the capability to continuously improve, respond to these new stakeholder needs and position National Grid for a very different future”

John Pettigrew, Chief Executive

Our Business Management Standard (BMS) – Enabling a common and consistent approach to stakeholders

As an organisation we have clear values that demonstrate what we stand for. To help us achieve these we have developed a suite of Business Management Standards which will be mandated across our business.

The Business Management Standards provide clear guidance on what is expected by setting the minimum requirements on the things that really matter. They provide a platform for best practice sharing and create foundations for effective assurance and compliance across the whole business and are approved by the Board. In total we will have 19 standards, one of which is our Stakeholder Engagement Standard.

Our Stakeholder Engagement Standard has been developed by working closely with our Academy as we need our employees to be equipped with the right skills and capabilities to continuously provide excellent stakeholder engagement. The Stakeholder Engagement Standard has also been developed to align with our engagement strategy and AA1000SES, and establishes the minimum performance requirements for engagement activities that are applicable across our business.

Our review of best practice has allowed us to develop three core principles within the Stakeholder Engagement Standard:

1. Our stakeholder engagement will be reviewed through the appropriate governance channels
2. Our stakeholder engagement activities will be clearly defined and scoped which will create opportunities for transparent and inclusive dialogue with our stakeholders
3. Our stakeholder engagement will be tailored accordingly to meet the needs of our stakeholders

Within the Electricity Transmission business we have also been running a project to focus on capabilities. A recent gap analysis identified a need for better capability planning and to better understand the development requirements of our teams consistently across the Electricity Transmission Owner.

Over the last year we have held a number of internal workshops involving people from every part of our business to provide insight on a draft framework that defines the levels of capability for skills, knowledge and behaviours relevant for our roles. This will provide greater clarity for teams to determine the area(s) they need to enhance and develop. Having a consistent and coordinated approach to capability will support our employees’ development by ensuring everyone is clear on the skills, knowledge and behaviours they need for their role. The results of the gap analysis and workshops have been collated and we’re now in the process of planning development for our employees who have been identified as being in stakeholder roles.

In addition to our Academy courses, we have continued to use Lean ways of working. This sharpens our focus on delivering what our stakeholders require, in the most efficient way. It places them at the centre of our decision making and increases consistency across the business. Our Lean Competency System (LCS) accreditation continues to support our commitment in pursuing the best-practice approach, which plays a vital role in making improvements. To date 49 employees have successfully passed the accreditation process in our Electricity Transmission business, an increase of 11 since last year.

Engagement capability

AA1000SES – principles of stakeholder engagement



Academy – skills and capabilities



Engagement Strategy – sets the strategy for how we will engage with our stakeholders



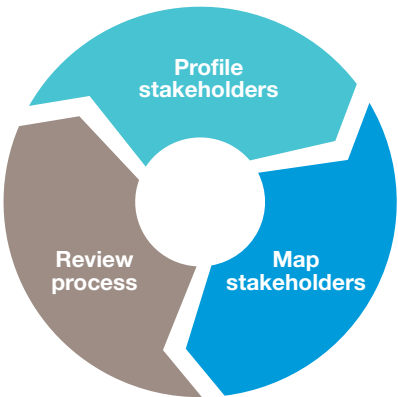
BMS – Stakeholder Engagement Standard – Common and consistent approach for stakeholder engagement

ISO 55001 and ISO 9001 Accreditation

ISO 9001 is a certified quality management system under which we need to prove our ability to consistently provide products and services that meet the needs of stakeholders. ISO 55001 is an asset management standard under which we need to demonstrate that we have identified relevant stakeholders and their needs for our projects, and that we measure progress so we can meet and exceed the targets they set us.

In November 2017, we achieved a successful outcome through an extremely robust assessment, with the auditors recertifying us against both standards. Our next annual audit will take place in November 2018.

Preparing and engaging



Tailoring our engagement

Due to the nature of the industry we are in, we engage with a whole range of stakeholders. Therefore, we need to have a consistent approach that works for them and also meets their needs. Our engagement strategy is based around the key themes of AA1000SES – Plan, Prepare, Implement, Review and Improve. Before beginning any engagement process, we make sure its purpose and desired outcome are aligned to one or more of our stakeholder priorities.

We tailor our engagement based on the subject matter on a topic by topic basis because we want to make sure that we are engaging with the right stakeholders with the right level of interest and knowledge. Our engagement process consists of profiling individual stakeholders and stakeholder groups to understand their relevance to what we are doing, and we review this at regular intervals during our engagement activities.

We plot our stakeholders using recognised stakeholder mapping tools to determine who we engage with, and on what. Some examples of how we tailor our engagement can be found in the table below:

Examples of tailored engagement

Project	Who we engaged with	Tailored engagement activities	Outcomes
Restoring natural beauty	Local communities, National Parks, Areas of Outstanding Natural Beauty, Community Representatives, Environmental Stakeholders, Campaign Groups, Landowners	<ul style="list-style-type: none">Stakeholder Advisory GroupLocal EngagementStakeholder Reference GroupsOpen 'drop in' eventsWebsiteDirector Meetings	<ul style="list-style-type: none">5,448 metres of ancient woodland protected
Working with networks for faster connections	Distribution Network Operators, Future Customers	<ul style="list-style-type: none">Immersion sessions with senior leadersOne to one meetingsNet Promoter surveysWorkshops	<ul style="list-style-type: none">More efficient connection process for smaller generators connecting to the grid (including renewables) – hence helping achieve the country's low carbon targets
Fresh thinking for flood defences	Distribution Network Operators, Environment Agency, Local Councils, Wildlife Trusts	<ul style="list-style-type: none">Workshops1:1sMeetings	<ul style="list-style-type: none">Potential cost saving of £2–3mContribution towards Environmental Sustainability objectives
The positive power of nature	Environment Agency, Local Community, Wildlife Trust, Land Owners	<ul style="list-style-type: none">Meetings on siteInteractive workshops with local schools1:1s	<ul style="list-style-type: none">35 per cent increase in Natural Capital



Hard to reach stakeholders

In recognition of the wide range of stakeholders with an interest in our business, last year we made particular efforts to identify and engage with hard to reach stakeholders as part of any planned engagement exercises. Firstly, we defined 'hard to reach' as not just consumers but as any group or individual who face barriers to engagement either physically, socially, geographically or politically. We identified these groups and reviewed how we could tailor our engagement approach to fit in with what they need from us. We have based this approach on AA1000SES. For example, we have recently completed independent research among Members of Parliament to understand their overall view of our business and identify the issues that matter to them.

In addition to the above, we have also been exploring the broader views and priorities of consumers. From other independent recent research, which targeted 2,000 members of the public, we know we need to do more on our engagement activities with this group. We have started conversations with Citizens Advice and Which? about how we might engage better with consumers. They have agreed to support and advise us where possible, and as a result of these conversations, we have been working closely with Citizens Advice to establish a better approach to consumer engagement on a variety of topics, including consumers' willingness to pay for certain elements of our

business plan. Our senior management team including Nicola Shaw and David Wright recognise the importance of engaging with hard to reach stakeholders and the need for us as a business to do more with this group. This year they met with e.on and some of their domestic customers at an immersion event to listen and understand their concerns. From this we now have action plans in place to address these concerns, and are sharing these with e.on. Over the next year, we will be working more to identify how we can improve our engagement activities with this group, namely to:

- Make sure that 'hard to reach' groups are considered in all our mapping exercises
- Consider how to make events and engagement activities accessible to groups that would otherwise be difficult for them to get involved in
- Consider how engagement outputs are reported to make sure they can be readily accessed by hard to reach groups

At our workshops last year, we also informed our stakeholders of our collaborative work with other networks on topics that span the industry including 'hard to reach'. As a result, we have continued conversations with the two Scottish TOs and National Grid Gas Transmission and begun conversations with other networks on a couple of specific topics (notably UKPN and United Utilities) with the aim of sharing best practice more widely between networks.

Designing the process and engaging (continued)

“This is a very welcomed move to engage stakeholders in National Grid’s world – please do this again”

Stew Horne, Citizens Advice



“Great discussion points and good to meet other stakeholders, National Grid are listening”

Jon Homewood, Outokumpu

First ever Electricity Transmission Owner stakeholder workshops

In the past, we have engaged with our stakeholders regularly through a variety of channels which has tended to be on a case-by-case basis and not always systematic. Quite often, we have approached stakeholders if there’s a specific need or certain topic where we have sought views but this has not been part of business-as-usual, everyday activities. Last year, we decided to develop an annual programme of engagement which would enable us to move to a stakeholder led business planning process. We decided to run three Electricity Transmission Owner workshops to address this. For each workshop, a director or senior manager from the Electricity Transmission Owner business opened the event and were also available to address any stakeholder queries.

By following the AA1000SES engagement process we identified and mapped our stakeholders and invited a cross section of all stakeholder groups to our workshops, covering customers, consumer groups, academics, other network companies, suppliers, environmental interest groups, regulators, government and councils,

other industry parties and other non-energy stakeholders – totaling around 550 individuals. We invited our stakeholders through a range of channels including email, face-to-face, phone calls, our website and social media.

In total, 46 stakeholders from 33 organisations attended our workshops and took part in direct conversations with us. These organisations provided great representation of all our stakeholder groups. We are already planning our 2018 workshops which will form part of our annual engagement plan.

Engaging with a broad range of stakeholders

Over the last 12 months we have continued to engage with a broad range of stakeholders across various projects and topic areas, delivering many positive outcomes. The table below provides examples of this engagement, demonstrating the breadth of our engagement this year. We define an outcome as a change or benefit resulting from an output of our engagement.

Engagement activity	Stakeholders engaged	Outcomes
Promoting inclusion and diversity best practice	50 organisations including British Airways, EY and CISCO	1. Best practices help us attract and retain a diverse range of employees, which benefit us and ultimately stakeholders
Leadership advice for the not-for-profit sector	UK charities, community organisation and social enterprises	1. Savings of £16k on internal training costs
Inspiring others to change lives for the better	Young people with learning difficulties, Academics, Businesses	1. Centre of excellence established 2. Development of six new schemes within the UK 3. Increased disability awareness across the business
Showing appreciation to keep our stakeholders safe	Consumers	1. Calls received from members of public support us in ensuring the safe day to day operation of our network
Fresh thinking for flood defences	Supply chain, Environment, Local Councils	1. Potential cost avoidance savings of up to £2-3 million 2. Contribution to environmental sustainability objectives 3. Enhancing network resilience to maintain electricity supplies to consumers
The positive power of nature	Environment, Local Communities	1. 30 Sustainability Action Plans implemented 2. 35% increase in natural capital value
Restoring natural beauty	Communities and their representatives, UK Public, Campaign Groups, Environment	1. 5,448 meters of ancient woodland protected
Building on collaboration – HS2	Infrastructure, Supply Chain	1. £55m savings for customers through optimising our designs 2. Identified savings of up to £100m on HS2’s own electricity infrastructure
Engaging to prepare for the worst	UK Government, Advisory Bodies	1. Minimised disruption in the event of a critical incident
Tailor-made information service for stakeholders	Distribution Network Operators	1. Making it easier for customers to run their businesses
Collaborating to solve technical challenges	Energy Industry, Innovators, Academics, Media	1. 11 areas of innovation solutions identified
Working with networks for faster connections	Distribution Network Operators, Energy Networks Association	1. Efficient renewables connection process for smaller generators connecting to the grid (including renewables) – hence helping achieve the country’s low carbon targets
Joint sprint	Distribution Network Operators	1. Cost benefit for consumers as a result of the whole system planning approach through a joint sprint
Charging options	UK Government, Regulator, Car Manufacturers	1. Potential carbon saving of over 75,000 tonnes of CO ₂ per year (per 100 cars) 2. Facilitating electric vehicle use

Act, review and report

We have begun to use Immersion and the Net Promoter System (NPS) to capture and act on stakeholder feedback

“I would like as many employees as possible to attend these sessions and to be able to stand in the shoes of our stakeholders, and to understand their needs and act on this to give a better service”

David Wright, Director of Electricity Transmission & Group Electricity Chief Engineer
National Grid Electricity Board Member

“Our interactions with National Grid are positive. They are very good and proactive at explaining their charges and costs”

OVO Energy

“We need to build on our relationships with our stakeholders and listening is an important component of this”

Nicola Shaw, Executive Director, UK

“Overall I think there is a good and improving relationship, with some room for improvement. We can see improvement in the engagement and willingness to respond to our queries quickly and comprehensively, which wasn’t always there previously”

Drax

Last year we talked about how we had improved our stakeholder survey process and begun to introduce new ways of obtaining feedback from our stakeholders, including ‘immersion’ and using the Net Promoter System (NPS). This year we have further expanded the channels we use to bring the stakeholder voice into our business, including workshops, online consultations, social media and bespoke research studies to capture priorities.

We recognise that obtaining views is worthless if we don’t then act upon that feedback. So during the past year, we’ve made sure that we have robust processes in place to make sure that feedback is turned into actions. For example, all satisfaction scores of seven or lower are turned into specific actions and tracked via performance hubs, right up to director level. Our directors’ NPS conversations with senior stakeholder representatives are also turned into actions and cascaded to the relevant teams. The feedback received in relation to stakeholders’ priorities has also been used in our business planning process to make sure we’re aligned with what our stakeholders need from us.

Immersion

The industry is changing and we need to adapt. Listening to our stakeholders is vital in ensuring we meet their expectations and to inform our future strategy so we can make informed decisions.

Last year, we introduced immersion and found this to be a really powerful engagement tool for making sure that stakeholders are at the forefront of our thinking and central to our business decisions. Since the immersion pilot last year, we launched immersion training across the business in November 2017, for our employees who have been identified as being in key stakeholder roles. Our immersion events allow us to step into our stakeholders’ shoes, listen to their views and understand how we make them feel. We use our immersion sessions with stakeholders to:

- Provide an insight into our stakeholders’ issues
- Transform our culture of stakeholder focused thinking within our business from top to bottom
- Improve our engagement skills
- Be more strategic
- Act on feedback to drive improvements for our stakeholders
- Drive continuous action

Engagement via immersion is fully endorsed and also attended by our senior leadership team.

How have we acted on stakeholder feedback in 2017/18

Our electricity customer connections team has been focusing on transforming the experience of connection customers – a subgroup of our identified stakeholders. The team has attended our immersion sessions which have enabled them to listen, understand and be more receptive to their customers’ needs. This has proven to be rich and insightful and has allowed them to combine listening with Lean principles to develop new opportunities for our customers. By taking the time to listen and hear what is important to our customers we have developed an efficient connection approach.

Net Promoter System (NPS) Last year we introduced the Net Promoter System (NPS) to review the impact of feedback and to keep track of how effective our external relationships are. Using two simple questions, the NPS tool is used to measure our performance through the eyes of our stakeholders. Over the last year, NPS has allowed us to measure the extent to which our stakeholders are advocates of what we’re doing and not just whether they’re satisfied.

Over the last year, our leadership team, including our UK Executive Director, Nicola Shaw, has been engaging with CEOs from across the industry, inviting them to give us feedback on what we do well and what we need to do differently. We have also invited other stakeholders to meet with a member of our Executive team who, in response to feedback, have now scheduled engagement sessions with them on an annual basis. In total, 56 meetings have taken place from which 65 actions were identified and 49 of them now closed. Further detail on how we have acted on feedback can be found in part 2.

Colleague Net Promoter System (cNPS)

Last summer, we also began to use NPS inside the business with our colleagues (which we are calling cNPS). cNPS starts with a short survey which sets up systematic conversations across teams within the business. It has enabled us to have meaningful conversations about what we need to do well and where we need to prioritise improvements to deliver positive experiences for each other, and therefore our stakeholders.

cNPS has also helped identify any capability gaps, both on an individual and team level, leading to appropriate development planning for capabilities to be improved.

Our performance this year

Throughout 2017/18, we have continued to survey individual stakeholders who we've engaged with on various activities and topics



Our independent research partner interviewed more than 300 stakeholders and customers, giving us valuable information about our strengths and opportunities to improve.

Our stakeholders this year scored us 8.0 out of 10 for the Electricity Transmission Owner part of our business, which was an increase from last year.

We will continue to work with the relevant teams across Electricity Transmission to turn last year's feedback into action so that we can improve.

Some examples of the feedback received from the stakeholder survey are shown below:

“ They give a very friendly and professional service.”

“ They have been very pro-active with collaboration, helpful, courteous and in general have understood the goals and objectives of the organisation that I work for in the context of the discussions”

“ Some of the changes that they've been working on over the last few years have started to become more apparent”

“ They have good engagement but sometimes this doesn't join up with other parts of the business”

“ They have been more responsive and flexible to my needs”

“ They followed a very thorough process, courteous and respectful”



Stakeholder Advisory Panel

In our previous submission we mentioned that our Stakeholder Advisory Panel supports and shapes our business decisions, but that we wanted to review the effectiveness of the panel meetings to make sure they are fit for purpose and meet the needs of our stakeholders – this view was also shared among our panel members. This year, we have been reviewing the structure of the panel as we want to make sure that we have the right stakeholders in place to fairly and critically challenge and review our approach to engagement. We also want to make sure that consumers are represented appropriately within the panel.

As the panel will be a big part of our enhanced engagement programme, we want to get this right. We have been collaborating with organisations within other industry areas such as water to share best practice and learning. We have also been engaging closely with our regulator, Ofgem, regarding the format of enhanced engagement with stakeholders.

The review of our panel will allow us to draw on the experience of panel members, to listen to them and act on feedback to make sure our future business plans meet the needs of our stakeholders. The first of these panels will be held during the summer of this year. The role of the panel is as follows:

- Review and challenge engagement approaches for each engagement topic to make sure it is robust; and
- Scrutinise the outcomes of engagement and challenge our business plans.

Stakeholder Intelligence Tool

In previous submissions, we mentioned that we've introduced a stakeholder intelligence tool into our business, which is designed to help us better manage stakeholder relationships and improve our engagement.

Initially, this tool (Salesforce) was mainly used by our customer facing teams that span both the System Operator (SO) and the Transmission Owner (TO) parts of the business, as these are the areas in which many of our external interactions have traditionally been managed. In the last year, however, as we have expanded our stakeholder engagement activities across the TO, we've also expanded the use of this system into new TO teams.

We had hoped to complete a widespread roll-out of our tool, but this has been slower than anticipated due to the considerations needed to make sure that all data has been reviewed thoroughly to support our design process, so we can take account of the TO/SO separation in early 2019. However, we are already seeing the benefits of expanding our coverage of this system, particularly as we increase and widen our engagement as we approach our business plan submissions.

Intelligence is now much more readily available, helping us improve our interactions with stakeholders and ensuring their experience with us is a smoother and more coordinated process.

Part 2

11	Introduction
13	Listening to stakeholders in a more systematic way
14	Stakeholder priority: enabling the future energy system
15	Stakeholder priority: providing a safe, reliable and secure network
16	Stakeholder priority: be innovative
17	Stakeholder priority: caring for the community
18	Stakeholder priority: caring for the environment
19	Stakeholder priority: be transparent and easy to work with
20	Sharing with and learning from others

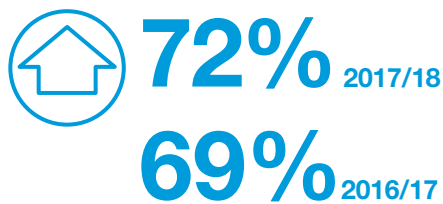
Here, in Part 2, we share examples of how we have put our stakeholder engagement strategy into practice and the outcomes this has delivered over the last year.





Hëdd Roberts
Head of Customer and Stakeholder
Electricity Transmission Owner

AA1000SES health check score



Introduction

Stakeholder engagement is central to our organisation. The position we hold in the industry means it is crucial that our business is shaped by our stakeholders' input for the benefit of all

Within the last year, we have made further progress in putting stakeholders at the heart of our business, and I'm particularly pleased that we continue to make improvement year on year. This was reflected last year in our results for this incentive and also in the outcome of our annual health check against the AA1000 Stakeholder Engagement Standard. This year, we have received even better results from our health check, with our score increasing from 69% in 2016/17 to 72% in 2017/18.

To help make these improvements, we have updated our stakeholder engagement strategy to continue focusing on our business objectives and have remained committed to 'finding a better way' for our stakeholders. Through a clear strategy, we are making sure that we have engaged effectively with our stakeholders to fully understand and act upon their needs, and have been able to identify how we can work collaboratively to achieve mutually beneficial outcomes.

This year, an example of how we have got closer to our stakeholders was through our first ever Electricity Transmission Owner workshops. Back in July, we sat down with a broad range of stakeholders, including customers, consumer organisations, environmental groups, suppliers, academics and regulators. The feedback we received from these stakeholders was that they liked the fact we are talking to them and that it was a great start to a more collaborative approach. This has given me and my team

a valuable insight into what our stakeholders value and what is important to them, from which we have identified our key stakeholder priorities (outlined in part 1). Over the next year, we will continue engaging on these priorities to make sure that stakeholder views shape our current and future business plans.

Along with the senior management team, I have continued to engage and listen to stakeholders' needs through our immersion events and have gained a better understanding of what is important to them. Through immersion, I, along with my peers have been making sure we act on feedback, and we have begun to see improvements reflected in our Net Promoter score.

We have structured the remainder of this submission around our stakeholder priorities by providing case studies that demonstrate the great engagement we've done for each priority, along with the measurable outcomes the engagement has produced.

Over the coming year we will continue to work with our stakeholders and align our plans with their priorities. We aspire to exceed the expectations of everyone we work with or have an impact on through our business activities. I hope you will see the progress we are making to achieve this throughout the remainder of this submission.

Hëdd Roberts, Head of Customer and Stakeholder, Electricity Transmission Owner

Cost benefit summary table: We have identified 33 outcomes from our engagement in 2017/18 that bring benefits to one or more stakeholder groups. You'll notice that this number is lower than last year – that's because we've acted on your feedback and focused on outcomes, not outputs. Below is a summary from our engagement activities this year.

Engagement activity	Cost	Outcomes	Stakeholder priority
Listening to our stakeholders in a more systematic way	£20k (for 3 workshops and an online consultation)	<ul style="list-style-type: none"> £80k saving on cost of workshops 	<ul style="list-style-type: none"> Provide value for money Be transparent and easy to work with
Charging options	£18k (internal resource)	<ul style="list-style-type: none"> Potential carbon saving of over 75,000 tonnes of CO₂ per year (per 100 vehicles) Facilitating electric vehicle use 	<ul style="list-style-type: none"> Provide a reliable network, so that electricity is there whenever needed Enable the ongoing transition towards the energy system of the future
Working with networks for faster connections	Negligible (internal resource)	<ul style="list-style-type: none"> Efficient connection process for smaller generators connecting to the grid (including renewables) – hence helping achieve the country's low-carbon targets 	<ul style="list-style-type: none"> Make it easy to connect to and use the electricity network Provide a reliable network, so that electricity is there whenever needed Provide value for money Be transparent and easy to work with
Joint sprint	£9k (internal resource)	<ul style="list-style-type: none"> Cost benefit for consumers as a result of the whole system planning approach through a joint sprint event 	<ul style="list-style-type: none"> Provide value for money Be transparent and easy to work with Make it easy to connect to and use the electricity network
Showing appreciation to keep our stakeholders safe	£1,500 (over 12 months)	<ul style="list-style-type: none"> Calls received from members of the public support us in ensuring the safe day to day operation of our network 	<ul style="list-style-type: none"> Provide a reliable network, so that electricity is there whenever needed Care for communities and the environment Keep the network safe and protect it against external threats

Engagement activity	Cost	Outcomes	Stakeholder Priority
Working with Network Rail	Negligible (internal resource)	<ul style="list-style-type: none"> Sharing security best practice to keep members of the public safe 	<ul style="list-style-type: none"> Care for communities and the environment Be transparent and easy to work with
Engaging to prepare for the worst	£7k (internal resource)	<ul style="list-style-type: none"> Minimised disruption in the event of a critical incident 	<ul style="list-style-type: none"> Keep the network safe and protect it against external threats Be transparent and easy to work with
Tailor-made information service for stakeholders	£10k for the development of the portal	<ul style="list-style-type: none"> Making it easier for customers to run their businesses 	<ul style="list-style-type: none"> Be transparent and easy to work with
Low Carbon Networks and Innovation Conference (LCNI)/ Deeside test facility	Negligible (internal resource)	<ul style="list-style-type: none"> Cost savings across all networks as testing available in one place 	<ul style="list-style-type: none"> Be innovative Be transparent and easy to work with
SF ₆ management and alternative gases	Negligible (for engagement activities)	<ul style="list-style-type: none"> Reduction in Global warming potential of 23,900 to 345 CO₂ 	<ul style="list-style-type: none"> Be innovative Care for communities and the environment
Collaborating to solve technical challenges	£18k (internal resource)	<ul style="list-style-type: none"> Identification of optimal locations on the network to connect to renewable generation 	<ul style="list-style-type: none"> Make it easy to connect to and use the electricity network Be innovative Provide value for money
Promoting inclusion and diversity best practice	Negligible (internal resource)	<ul style="list-style-type: none"> Best practices help us attract and retain a diverse range of employees, which benefit us and ultimately stakeholders 	<ul style="list-style-type: none"> Be transparent and easy to work with
Leadership advice for the not-for-profit sector	Good Leaders Programme, £25K per year	<ul style="list-style-type: none"> Savings of £16k on internal training costs Lower costs for charities 	<ul style="list-style-type: none"> Care for communities and the environment Provide value for money Be transparent and easy to work with
Inspiring others to change lives for the better	£10k per annum	<ul style="list-style-type: none"> 62% of interns in full time employment Employee volunteers have developed a number of business skills in a way that they would not have done in their day job 	<ul style="list-style-type: none"> Care for communities and the environment Be transparent and easy to work with
Fresh thinking for flood defences	Negligible (internal resource)	<ul style="list-style-type: none"> Potential cost avoidance savings of up to £2-3m Enhancing network resilience to maintain reliable electricity supplies to consumers Contribute to environmental sustainability objectives 	<ul style="list-style-type: none"> Provide a reliable network, so that electricity is there whenever needed Provide value for money Be innovative Care for communities and the environment Keep the network safe and protect it against external threats
The positive power of nature	£26k	<ul style="list-style-type: none"> 35 per cent increase in Natural Capital value Improvements to the local environment, benefiting wildlife and local communities 	<ul style="list-style-type: none"> Care for communities and the environment Be innovative Provide value for money
Beauty restored	Negligible (internal resource)	<ul style="list-style-type: none"> Protection of 5,448 metres of ancient woodland 	<ul style="list-style-type: none"> Care for communities and the environment Be transparent and easy to work with
Grid Line magazine	£27k (per edition)	<ul style="list-style-type: none"> 97% of grantors have a better understanding of National Grid 	<ul style="list-style-type: none"> Care for communities and the environment Be transparent and easy to work with
Building on collaboration – HS2	Negligible (internal resource)	<ul style="list-style-type: none"> Identified savings of up to £100m on HS2's own electrical infrastructure Working with HS2 to minimise visual impact of the overhead diversions £55m savings for the customer through optimising our designs Re-phasing our work to keep HS2's construction programme on track 	<ul style="list-style-type: none"> Be transparent and easy to work with

Using our cost benefit analysis tool

Last year, we talked about how we were expanding the use of our cost benefit analysis tool to help us decide on the best way to engage stakeholders. During the past year, we've used this in relation to more of our engagement activities. In particular, we used it when planning our stakeholder workshops in summer 2017 to help us weigh up the pros and cons of using an external agency to facilitate our events (pros: availability of resource and facilitation expertise; cons: lack of business knowledge and expense) or using our own employees (pros: subject matter experts so can answer questions knowledgeably and significantly less expensive; cons: not professional facilitators, need to reprioritise their workloads). Carrying out this analysis led us to the decision to use our own employees (from a cost/value and knowledge perspective) and this seems to have been endorsed by the feedback we received from the events, with a Net Promoter score of +34.

Similarly, we have recently used the tool to evaluate options around our planned enhanced consumer engagement programme. At one end of the scale, we could try to raise awareness of who we are and what we do among the general

public, investing in national advertising campaigns, etc., or we could decide to do nothing and instead continue to focus on other stakeholder groups and consumer representatives. Using the cost benefit tool, we discounted the nationwide approach (the high cost would not justify the benefit) and decided on an approach where we invest time in raising awareness of our business only among consumers with whom we are engaging directly. This will allow us to gather informed opinions without spending time and money on the wider population with no obvious benefit.

In another example from the past year, we evaluated our options for trying to solve a number of technical challenges, including how to find alternative solutions for civil infrastructure for our assets. We looked at the cost and benefit of using a consultant to help us find the answers, or consulting with our industry peers to generate ideas. The second option was considerably cheaper and also allowed us to tap into a wider pool of knowledge, so this was what we chose. As a result, we received 25 responses and identified 11 innovative solutions which we are now taking forward through feasibility studies.

Listening to our stakeholders in a more systematic way



“Feedback on connections is already filtering into our ongoing process improvement”

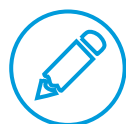
Gary Stokes, Electricity Transmission Owner, Stakeholder Engagement Manager

“We have seen improvement areas where National Grid have begun to engage more with stakeholders and customers”

RWE



550
stakeholders consulted



679
responses received from online consultation



Engaged with over
2,000
household consumers

Objective: To engage with a broad and diverse range of our stakeholders and confirm what they need us to focus on in future, so that we can build our business plans to meet their requirements

We've talked before about our ambition to create a systematic annual business planning process which reflects what our stakeholders need from us. This year, we began to put this into practice, beginning with our first ever Electricity Transmission Owner (ETO) stakeholder workshops in July 2017, which focused on listening to our stakeholders and understanding their priorities.

As this was the first time we'd set out on a structured programme for all of ETO's activities, our principle was to start broad, both in terms of topics and stakeholder base, to establish the priorities that stakeholders wanted us to focus on in our business plans.

Taking learning from other networks and others outside of the industry, we held three workshops to discuss our stakeholders' priorities. We aimed for a good geographical spread, with events in Esher (Surrey), Nottingham and Newcastle-Upon-Tyne. The workshops were themed around what we already knew (from previous research) were key topics for our stakeholders – the required level of reliability of our network, the role our network needs to play in the future, our impact on the environment and how we work with communities, and the process for connecting people to our network.

Following the AA1000SES framework, we identified and mapped our stakeholders and invited a cross-section of all stakeholder groups to our workshops, covering customers, consumer groups, academics, other network companies, suppliers, environmental interest groups, regulators, government and councils, other industry parties and other non-energy stakeholders (totalling around 550 individuals). Again following the AA1000SES framework, we invited stakeholders via a range of channels, using email, phone calls and face-to-face invites, websites and social media. Although

we would have ideally liked more attendees at the workshops (we're looking at how we can increase numbers for 2018), they gave us the opportunity to speak directly with 46 stakeholders from 33 different organisations, and these organisations provided a great representation of all of our stakeholder groups.

The workshops were very much focused on us listening to our stakeholders, not telling them what we're doing, and as well as receiving some incredibly valuable feedback on what we needed to take forward in more detail in our plans, we also received positive feedback about the workshops themselves, with an NPS of +34. Attendees liked the format, topics covered and the level of material discussed. They also commented on the fact that it was refreshing to be able to talk to us in this type of forum for the very first time. We are building on this for 2018 and expanding our programme to include more stakeholders and more channels.

For anyone who could not attend our workshops, we produced an online version of the workshop materials for consultation, with the aim of reaching out to stakeholders who were either unable to attend, were generally harder to reach, or who preferred to respond via other means. The online consultation was sent to all 550 workshop invitees and was also promoted through social media. In total we received 679 online responses, including from some stakeholders who had traditionally chosen not to take part in our consultations. We believe this was as a result of the wide variety of topics we covered, and the fact that local social media groups were able to reach stakeholders who were previously unknown to us. We'll review this approach and include it in future engagement activities.

In addition, we commissioned a bespoke, nationally representative research study with over 2,000 household consumers to establish their priorities.

Outcomes:

Having made the decision to resource the workshops and online consultation using our own employees rather than using an external agency (see 'Using our cost benefit analysis tool' on page 12), we estimate the conservative cost saving to be in the region of £80k.

We received quantitative and qualitative feedback on each of the topic areas covered, and this has allowed us to plan the next phase of our engagement around the topics that stakeholders have told us are most important to them. Critically, it has also allowed us to check that our current business plans are aligned with stakeholders' priorities.

Specifically, one of the areas we received feedback on was the connections process, and we have already started to make changes as a result (please see table on the left).

Stakeholder feedback on connections	Action taken
Could you take a more holistic approach to connections?	We are working with the Distribution Network Operators to provide greater up-front visibility of capacity on our network. By providing this information before we're asked for it, customers wishing to connect to Distribution Networks should receive a much earlier decision on whether or not a connection is possible
Can you provide advice on the best/quickest places to connect to your network?	This has been incorporated into our customer journey improvement work: <ul style="list-style-type: none"> We're bringing our technical experts and the customer together much earlier in the process (before application) We've developed a heat map tool (available on our website) which customers will be able to use to see where there is available capacity
Can you simplify the application forms and contracts?	<ul style="list-style-type: none"> We're creating a key summary document plus key facts and questions answered We're working with our Legal team to produce standard templates to make it easier for customers to use We're creating an online, simpler application form Over the next couple of years we'll be creating a 'light' version of the contract
Communications could be improved	<ul style="list-style-type: none"> We're addressing this issue – a new fast-track offer process is now being implemented as business as usual, providing a more collaborative style of working with customers Post-offer we're formalising meetings

Stakeholder priority: enabling the future energy system

Charging ahead with electric vehicles

Objective: To find innovative solutions to meet future energy needs for electric vehicles by working with the government, car manufacturers and other industry stakeholders

Climate change has become one of our greatest collective challenges, and huge changes are needed within the energy system to cater for forecast developments within the transport sector. There could be nine million electric vehicles (EVs) in the UK by 2030, and this would add around 6% to annual electricity demand.

We have an important role in facilitating this transition and the need to be proactive in developing solutions to address these future challenges. To do this, we have established relationships with organisations who probably wouldn't have seen themselves as some of our key stakeholders in the past, including car manufacturers and motoring organisations.

In building these relationships, we've taken the time to explain our role in the industry and how we could work together with others to help them achieve their goals.

We've engaged these stakeholders through working groups and one-to-ones, along with some of the other key stakeholders with a specific interest in this area, including the Energy Systems Catapult, Energy Networks Association (ENA), the Government and Ofgem. We want to listen and hear their concerns on the transition to a low carbon energy future, and we have focused many of our discussions on how we can use our network to meet the expected demand for EVs.

Following on from discussions with our stakeholders, we identified that there is a concern among consumers around range anxiety (where an electric vehicle may run out of battery power before a destination or suitable charging point is reached), which may deter them from purchasing an electric vehicle. Our engineers have started generating ideas and designs for a network of rapid chargers at strategic locations with a focus on motorway service areas to potentially address this. These chargers will be able to charge an electric vehicle in 5–12 minutes. Banks of these rapid chargers will require significant grid connections – many at transmission voltages – so we have been engaging with Government, motor organisations and car manufacturers to discuss plans to develop this.

Outcomes:

- Through these engagement activities, we are in the process of discussing options for new grid connections to allow motorists to rapidly charge their vehicles in a similar time to current petrol/diesel refueling
- This will in turn lead to a reduction in carbon emissions to help the country meet its climate change targets. If a hundred diesel cars were replaced by electric vehicles, this would result in a carbon saving of over 75,000 tonnes of CO₂ per year (Defra, 2017).



Working with Networks for faster connections

Objective: To develop a process to provide a quicker and more efficient connections process for connectees to the DNO networks

The move to a low-carbon grid means we are seeing significant growth in connections to distribution networks as well as new transmission connections. Our aim is to join up the way we design and run the network across transmission and distribution. This will make sure decisions are made efficiently across all networks, speeding up connections and reducing the overall investment needed in transmission and distribution networks.

From previous conversations with our stakeholders, we know that connecting to the grid can sometimes be a long and complex project, and potential connectees (particularly smaller generators, who are often not as familiar with what they need to do) have told us that they'd like a more flexible and responsive process. So through joint work with the DNOs (Distribution Network Operators) and the Energy Networks Association (ENA) Open Networks project, we are shortening the process for DNO network connection applications.

After working really closely with our industry counterparts through workshops and meetings, and checking what our stakeholders need from us through a stakeholder advisory group representing DNOs, transmission companies, suppliers, aggregators, industry groups, academia, generators, consumer groups, the gas industry, Government, Ofgem and other industry parties, we've developed a way of providing a view of available capacity at connection points within our network. This will provide significant benefits to generators – particularly small generators – wishing to connect to DNO networks, by halving the time to get a connection offer in many cases. Applicants to DNO networks currently need to wait for both DNO and National Grid assessments of their connection, potentially taking several months before they receive an offer. This is not a good service for small renewable generators especially, who are often able to develop their project quickly and for whom this is therefore a waste of valuable time and a delay to receiving income from their project.

Through our advisory group, we have also been able to inform stakeholders of project progress, and, importantly, allow contributions and input into the project from stakeholders at an early stage. This has helped reduce frustration among our stakeholders. We have documented the process and have incorporated this within the appropriate teams. Having a written process will enable our teams to build on their engagement skills with these connection requests and change the stakeholder engagement experience. All of this input and feedback has heavily shaped

the solutions, and we are encouraging stakeholders to continue providing feedback so we can further improve our processes.

Outcomes:

- By engaging with the ENA and other networks, we have been able to make improvements to allow quicker connections offers to be made for smaller generators wishing to connect to the distribution networks, resulting in:
 - renewables being able to connect to the grid sooner, helping achieve the country's low-carbon targets
 - less wasted time for generators, meaning they can start selling their energy sooner
- These changes will also mean that money is ultimately saved for consumers, because the information we now share indicates where connections can be made at overall lower cost



Time taken to get a connection offer
halved

Stakeholder priority: providing a safe, reliable and secure network

Showing our appreciation to help keep our stakeholders safe

Objective: To build goodwill with members of the public, so that they continue to report potential issues on our network, and to show our appreciation for their help in keeping the network safe and secure

Sometimes, little things can make a big difference, and this is definitely the case when it comes to the way in which our Response Team at the Transmission National Control Centre (TNCC) manages calls on our emergency 24-hour electricity helpline. This team responds to a range of critical alarms raised by stakeholders, emergency services and our field staff. From time to time, they are contacted by members of the public too, who call us when they've spotted suspicious activity, broken equipment, or an alarm going

off at one of our sites. For example, a recent call from a member of the public informed us that one of our pylons had been vandalised, and there were sharp pieces of insulator lying on the floor. On average over a year we receive in the region of 1,000 calls from members of the public. Many of these calls are general enquiries, but about 60 of them require action on our sites.

We rely on the goodwill of people to report these types of things to us, and recognise that this isn't something they have to do. So this year we have tweaked our processes to make sure we maintain this goodwill, by following up to say thank you and showing our appreciation of their time and effort.

We now write to these members of the public, explaining why we're thanking them, what we've done as a result of the information they gave us, and include a shopping voucher as a token of our appreciation.

This new process has been embedded into the Response Team and is now also part of the logging response training programme. We know this isn't engagement on a grand scale, but we see it as a cost-effective way of helping to make sure that our network is as safe and reliable as it can be.

Outcomes:

- Calls received from members of the public support us in ensuring the safe day-to-day operation of our network. By simply thanking callers who have provided valuable information, we are maintaining goodwill and making it more likely that they will call us again if they see something.
- Based on an average of 60 calls received, the estimated cost of this process is in the region of £4,200 per year (including additional employee time), but just one call could prevent serious injury or worse for a member of the public.

Sharing knowledge to promote safety

Objective: To help our stakeholders keep the public safe by sharing our own best practice



Safety is an integral part of our culture at National Grid. So, when one of our stakeholders praised our approach and asked us to share best practice, we were only too pleased to help.

We had put in place safety measures for our public information event at Braybrooke, where we had invited local residents to find out more about our plans to build a new electricity substation in Braybrooke Parish. This new substation is required to support Networks Rail's upgrade of the Midland Main Line and its electrification programme. We wanted to listen to residents' concerns so that they could be reflected within our planning application. After the event, we spoke to Network Rail's Senior Communications Manager, who said they viewed how we manage event security as best practice, and asked if we could share our approach.

We were pleased to share our risk assessment process for the proposed venue and event, how we work with our security team to assess the level of security support required, and how this all influenced our planning and staff briefing for the event. We also shared details of how we had

applied this for the Braybrooke event, so that they could see how our process and considerations worked in practice.

Network Rail is now considering adopting our approach as best practice in their safety guidelines for public events. And we're looking to apply the approach we took at Braybrooke for other Network Rail and connection consultation events.

Outcomes:

- By sharing our knowledge, processes and best practices around event management with Network Rail, we're helping to improve the safety for attendees at their future events. We've also begun working with them to see how we can learn from their approach to safety near electric lines on railways, to potentially improve the safety of the public around our own high voltage assets.

Joint sprint results in win for all

Objective: To allow us to make investment decisions from a 'whole system' perspective by working with a DNO

A new way of collaborative working with one of our stakeholders has helped us focus on important investment decisions more efficiently.

Transformer assets at Tilbury 400/275kV substation are well into their extended asset life, so we needed to consider a strategy for the site's future. We wanted to base that strategy on a consistent, whole-system view – and we could see significant benefits in working towards this goal collaboratively with UK Power Networks (UKPN), who manage demand and embedded generation in the area.

At an immersion session with UKPN's asset management director, our director proposed the idea of a 'joint sprint' to design and agree the future of Tilbury. Our 'sprint' process is a way of working through an issue in a focused, structured way to speed up decision-making and get to the right result more quickly. It brings together the key resources and therefore reduces delays. And we know it works – it has already helped improve our connection application process. But a 'joint sprint' with one of our stakeholders was a first.

The joint sprint 'event week' took place in May 2017, comprising site visits and meetings, where infrastructure planners from both companies exchanged planning data and considered design options. The two companies also agreed charging and a commercial and legal framework to facilitate engineering solutions, which have been embedded within both companies as part of their processes. Working collaboratively through meetings and workshops with all

parties involved, we reached a decision on Tilbury's future development in a much more efficient timescale (one week).

By listening and really understanding what is needed, and working together, we're making a real difference for our stakeholders. The joint sprint approach has helped improve the experience our stakeholders have at each engagement point during the sprint event. We have been able to embed our stakeholders' feedback within the relevant teams allowing us to get closer to our stakeholders to understand and work with them more efficiently. We expect to explore more 'sprint' events – the Tilbury strategy has shown that this efficient, collaborative approach has significant potential – and it's something that we hope to share with other organisations in the future.

Outcome:

- Cost benefit for consumers as a result of the whole system approach arrived at following the week-long sprint

Stakeholder priority: **be innovative**

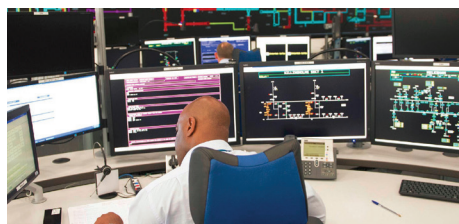
Tailor-made information service for stakeholders

Objective: To develop a one-stop information portal to support our stakeholders' day-to-day operations and remove existing frustrations

We're creating a dedicated portal for our Transmission Network Control Centre (TNCC) stakeholders. Containing all the information they need in one place, the portal is a direct result of listening to our stakeholders and providing a tailored service that will make it easier for them to work with us.

The TNCC is responsible for real-time control and management of the high voltage electricity transmission system in England and Wales. It operates 24/7, 365 days a year and is a direct interface with our customers and stakeholders. We provide them with services ranging from access to the network for critical works, to quickly and effectively responding to a range of critical alarms.

Through our many meetings with stakeholders, we had begun to hear some



of the frustrations they sometimes find in dealing with us, such as wasted time, difficulty in trying to find the right person to speak to (our TNCC staff work shift patterns, as do many of their external counterparts), or not having information readily available for specific enquiries. A number of meetings were held with some of our stakeholders, including UK Power Networks, Network Rail and EdF, to identify what information they would find useful from an accessible portal. We also asked this question at our regular Generator Liaison Meetings and identified a common need for an information portal which contains:

- Incident updates
- Organisation charts with contact details
- Safety guidance and templates
- Maps
- News updates

Taking on board all the feedback we received, we have designed a bespoke solution with our Innovations Lab team to deliver a two-way dedicated communications portal. During the last year, we have been testing the portal to make sure that we have incorporated all stakeholder feedback, and we are looking to launch this more widely later this year. Based on what we've heard, we'll also be tailoring access to specific areas of the portal so that we can further tailor the content to stakeholders' needs. These engagement activities have contributed to a satisfaction survey score of 8.6 for the TNCC.

Outcomes:

The testing and further roll-out of this portal is already creating positive outcomes for stakeholders, including:

- Reduction in wasted time and frustration for stakeholders as they will have access to the information they need in the absence of staff who may not be on shift
- An improved relationship between our stakeholders and National Grid, with increased transparency and a feeling of greater trust, support and shared purpose, which will help us to work better together in the future

"We have had limited contact in recent years but our most recent contact has been very positive and the TNCC team have been very responsive. In the past we have struggled to get responses quickly regarding document updates but this has really helped improve this"

Martin O'Connor, Network Rail

Fresh thinking for flood defences

Objective: to find more efficient and environmentally friendly alternatives to hard flood defences at our substations

By working with stakeholders such as the Environment Agency and local authorities, we're finding innovative ways to protect our infrastructure from flooding – and bring benefits to the environment and local communities.

For example, we're working with Western Power Distribution, the Environment Agency, Staffordshire and Sandwell Council, and the Birmingham and Black Country Wildlife Trust to consider natural flood defences for our 275kV National Grid substation at Bustleholm, as well as Western Power Distribution's adjacent 132kV substation. Both sites sit within an Environment Agency flood zone.

We had evaluated the 'traditional' designs for hard flood defences (including concrete barriers) and challenged ourselves to develop a solution which was both more efficient and which had less environmental impact. We approached Western Power Distribution and the Environment Agency with the aim of using our collective knowledge to develop a joint solution. After a successful first meeting, we met again in March 2018 and refined the options for addressing the flood risk using innovative flood modelling techniques.

As a result of this collaboration, we saw a potential opportunity to use some of the 15 hectares of surrounding operational land to develop natural flood storage – creating ditches, channels and ponds that can slow and store flood waters, reducing risk to both substations. At the same time, this would provide new and diverse natural habitats for wildlife.

The Environment Agency is currently reviewing the proposal, which could see potential savings of £2-3m, against standard flood defence design costs of £3-4m.

A further example is our Hackney substation. By working together with the Environment Agency, we have found ways to reduce the risk of flooding to the site, while avoiding around £600k in 'hard engineered' flood defences. We're also collaborating with the Environment Agency to develop new designs for some of our other substations.

We see this as a collaboration that can challenge standard ways of working, yield best practice, contribute to our environmental sustainability objectives, boost network resilience, reduce costs, and provide community benefits.

Further feasibility studies and modelling are underway – the outcomes of which we will share with our wider stakeholders.

Outcomes:

- Through engaging with stakeholders to develop new, innovative solutions, we are creating potential cost avoidance of:
 - £2-3 million at Bustleholm substation compared to the initial standard design
 - £600k at Hackney substation
- We are making a contribution to our environmental sustainability objectives – the use of our non-operational land to provide natural flood defences not only avoids the environmental impacts of construction, but also facilitates the creation of new and valuable wetland habitats that provide biodiversity benefits and ecological connections to surrounding areas (and benefit local communities)
- Our flood protection solutions enhance network resilience to maintain reliable electricity supplies to consumers



£2–3m
potential cost savings

Stakeholder priority: caring for the community

Promoting inclusion and diversity best practice

Objective: To share best practice on inclusion and diversity

At National Grid, we want to make sure our workforce represents the communities where we work – and we believe that a diverse workforce and an inclusive culture bring value to our business and stakeholders.

Sharing and keeping abreast of inclusion and diversity best practice is important to us – increasingly so when you consider the changing demographics of the UK population. Some 12.5% of the current population is BAME (black, Asian and minority ethnic), and this is expected to rise to 30% by 2030.

We're part of the Network of Networks (TNON), which brings together organisations' ethnic minority employee resource groups. TNON shares and encourages inclusion and diversity best practice amongst a diverse range of stakeholders, while helping individual groups become a strategically relevant voice within their organisations.

We participate in TNON through ONE, our own ethnic minority employee resource group, joining 50 other organisations that include British Airways, EY and Cisco. We believe initiatives like this can play an important role in helping us remain



an employer of choice, reflecting the diverse communities we are a part of and understanding what is important to them. We want to make sure that we are inclusive of all stakeholders regardless of the community or background they represent.

We play an active role in TNON, including hosting its quarterly meeting in September 2017 at our Strand office, at which we shared our approach to the retention, development and progression of diverse talent. And we're seeing real benefits from participation. TNON has provided us with best practices that have been implemented across our UK business, such as reverse mentoring, BAME-focused development programmes and recruitment practices.

Participation brings benefits for our ONE members too, such as learning and development – and, in hosting the quarterly meeting, gaining hands-on project management experience.

We will continue to share best practice within our business, so we can support the development of Inclusion and Diversity business plans, contribute to programmes

“At the TNON meeting hosted by National Grid, it was very encouraging to see how empowered employees are in promoting and celebrating culture”

Dominique Walker SHINE multicultural network founder and advisor, AIG

designed to retain and develop BAME employees, and review progress and metrics with our HR team.

Outcomes:

- The continued implementation of TNON best practices within our business, such as BAME mentoring circles, development programmes, and recruitment practices help us to both attract and retain a diverse range of employees, which benefits our business (and subsequently our stakeholders) in a whole range of ways, from bringing new perspectives to problem-solving, to helping us better understand minority groups in the communities we work in
- Our active promotion of TNON's strategy is leading to greater sharing of best practice and an increased number of companies collaborating on solving mutual ethnic minority challenges such as retention and development of a diverse workforce



50

organisations engaged

Leadership advice for the not-for-profit sector

Objective: To help not-for-profit organisations by sharing our experience and skills, and at the same time developing our employees through practical experience

We don't just supply power to communities, we are part of them. We believe that helping to build strong communities is good for the people who live there, good for our business and good for the wider economy.

One of the ways we achieve this is through taking a new approach and encouraging our employees to pursue skills-based

volunteering. For example, our Good Leaders volunteering programme provides the not-for-profit sector with free strategic and commercial advice and guidance to help boost their performance.

We're sharing our leadership experience with UK charities, community organisations and social enterprises which could benefit from a guiding hand to navigate them through a specific challenge or obstacle to growth. The programme was established as a partnership with Community Service Volunteers.

Leaders at National Grid work with CEOs, trustees and management at the not-for-profit organisations for a fixed period of time, and are encouraged to retain the relationship in the role of adviser or trustee. For example, we worked with Westfield Community Centre who were struggling with a grant application to secure funds that were needed to support their centre. One of our senior managers supported the community centre by providing commercial assistance, project management, mentoring and negotiation skills which supported a successful grant application.

Community action that has a lasting impact is an important part of the way we work, and volunteering within the communities in which we work is formally recognised as part of employees' personal development plans throughout our business.

Outcomes:

- The sharing of skills and experience by our volunteers has created material cost savings in relation to consultancy for UK charities, community organisations and social enterprises in areas such as project management. Although difficult to quantify, these types of professional services are not cheap, and so we have created significant savings for organisations which are often operating to very tight budgets.
- If charities, community and not-for-profit organisations were to save just one percent through increased efficiency and cost savings, this would be the equivalent of raising over half a million pounds every year. Our activities contribute towards this.
- We have been able to open doors for organisations that would otherwise have proved difficult because of a lack of expertise (such as the Westfield Centre grant application above)
- This work has also led to:
 - lower costs for charities
 - lower development costs for us
 - this year, 17 leaders have taken part in the Good Leaders programme, saving us an estimated internal cost on formal training of £16k



17

leaders engaging with local communities



£16k

cost saving on training and development

Stakeholder priority: caring for the environment

Beauty restored

Objective: to identify priority areas for visual improvement schemes under the Landscape Enhancement Initiative

The Landscape Enhancement Initiative (LEI) is a grant scheme that forms an important part of our Visual Impact Provision (VIP) project.

The LEI will provide up to £24 million over six years (2015-2021) for local schemes that can help to moderate the visual impact where our transmission lines have to remain in the landscape.

Available to 30 Areas of Outstanding Natural Beauty (AONBs) and National Parks, the LEI has been championed by the VIP project's Stakeholder Advisory Group which holds various public events, workshops and leaflet drops to engage with and obtain the views

“This project presents a unique opportunity to work with local landowners to maintain and restore a key component of the High Weald’s medieval field systems, maintaining the area’s distinctive local character and ensuring that its historic boundaries continue to represent and tell the stories of centuries of human interaction with the land” **Chris Baines,**
Environmentalism and Broadcaster

of stakeholders. This includes organisations such as Natural England, Historic England, Visit England and CPRE plus their Welsh counterparts, along with the National Trust, the Ramblers and Landscape Institute. It's a major opportunity to make a positive contribution to natural beauty, wildlife and biodiversity, cultural heritage and public enjoyment.

Stakeholder feedback is vital in seeking views on how to mitigate the impacts of transmission infrastructure in these areas, and our engagement is often challenging because of our need to balance the most economically efficient solutions with local communities' desire to minimise the visual impact of our assets. The views of stakeholders are therefore central to understanding the impact of existing infrastructure and how best to investigate potential options of mitigation. In 2017/18, we held six community events with local residents and landowners. We listened to their concerns, feedback and priorities and have reflected this within our LEI proposal to Ofgem.

Chris Baines, broadcaster, environmentalist and chairman of the Visual Impact Provision project, said: “While the undergrounding of dominant stretches of transmission line will grab the headlines in the long term, the Stakeholder Advisory Group was keen to see more modest improvements to as many of the affected landscapes as possible.

“The work is varied and ranges from screen planting to path re-alignment and wildlife habitat restoration. This source of funding for countryside management has been very warmly welcomed from Sussex in the south to the North York Moors.”

The High Weald is the first AONB to benefit from the LEI. The Beautiful Boundaries scheme, which has created jobs in the local area, will use a range of measures aimed at screening transmission lines from view at key points, while also maintaining and restoring the area's distinctive boundary features.

Outcomes:

- By engaging, listening to feedback and working to understand our stakeholders' needs, we are protecting 5,448 metres of ancient woodland
- We have proposed landscape enhancements via tree planting, woodland creation and the management and re-planting of hedgerows, including:
 - 5,356 metres of hedges restored
 - 3,642 metres of new hedges planted
 - 232 trees planted
- Once these hedges and trees have matured, the above activities will improve or screen views of electricity pylons and sections of our overhead lines
- The Beautiful Boundaries scheme has temporally created a small number of jobs within the local area to support these landscape enhancements



5,448m
of ancient woodland
protected

The positive power of nature

Objective: to find better ways of improving the environmental landscape of our non-operational land by working with local communities, making a positive social and environmental impact

Our 'Natural Grid' programme is transforming the way we manage our land by creating more sustainable spaces that benefit the environment and the communities that exist alongside our energy network. We talked last year about how we have developed a Natural Capital tool that allows us to measure and benchmark the environmental and social value that our

land provides to its surrounding area. From this, we are able to implement initiatives at our sites and then track the benefits that are created for the environment and communities in which we operate. We have continued to progress this programme throughout 2017/18, and aim to have 50 Sustainable Action Plans in place by 2020. So far, we have implemented 30 of the 50, eight of which have been put in place during 2017/18.

During 2017, in order to unlock the hidden value of our non-operational land, we challenged our new graduates with developing and then implementing innovative and sustainable initiatives at six of our sites. As well as aiming to improve the local environment, this project allowed the graduates to get some hands-on experience of project management, with project teams being established, roles and responsibilities allocated and desired outcomes identified. For many of them, this was the first time they'd worked with National Grid's external stakeholders, and with a little guidance and support, we were really pleased with how they fared.

To establish which initiatives would create the most benefit at their sites, the graduates planned their projects by conducting their

own extensive research and involved stakeholders who had an interest in the natural environment surrounding our sites in the planning of their projects. Through stakeholder mapping, the graduates recognised that the majority of stakeholders identified for engagement were the local community and started to tailor their engagement activities to capture their ideas and interest. The graduates also used the Natural Capital tool to create a baseline of their sites which would allow them to measure the benefit that their initiatives would deliver. (continued)



35%
increase in
Natural Capital
Value



200
young people
engaged

Stakeholder priority: caring for the environment (continued)

To promote community involvement, the graduates engaged and partnered with a broad range of external stakeholders and specialists by holding workshops and arranging site visits, including local schools, Natural England, farmers, the Environment Agency, Wildlife Trusts and (possibly a first for us!) even a local prison.

“Thanks to the support of National Grid, we’ve created an area of wildflowers at the entrance to their Legacy substation in Wrexham. Flowering from May to September, this mixture of native cornflowers, corn marigold and poppies will help improve connectivity for bees and butterflies, and will bring a flash of colour to the local community”

Jonathan Hulson, Living Landscapes Officer, North Wales Wildlife Trust

As part of their projects, the graduates worked with stakeholders using a proactive approach towards land management, which allowed them to focus on creating cost efficiencies, improving safety, reducing environmental risk, and promoting community engagement.

One of these Natural Grid projects was at Legacy Substation in North Wales, where seven of our graduates increased the natural capital value of the site by 35 percent. Their project not only increased the social and environmental value of the site, but also sought to reduce maintenance costs for the non-operational land. To deliver their project, the group engaged with the North Wales Wildlife Trust, a local community youth council, two local schools, two local beekeepers and the local prison HMP Berwyn.

Outcomes:

- Our engagement with stakeholders in North Wales allowed us to develop projects which led to a 35 per cent increase in Legacy Substation’s Natural Capital value

- Also at Legacy, the programme resulted in improvements to the local environment, benefitting wildlife and local communities, including:
 - 22 bird boxes manufactured by men at HMP Berwyn and installed by the North Wales Wildlife Trust
 - Bee hives installed and maintained by two local beekeepers
 - A wildflower meadow created at the site
- The programme also allowed us to increase energy and sustainability awareness for over 200 local children as a result of talks given by National Grid employees and our partners



30

Sustainability Action Plans in place since 2013



8

Sustainability Action Plans in place during 2017/18

Stakeholder priority: be transparent and easy to work with

Gridline is the best!

Objective: to improve communications with our landowner community and therefore help to improve our relationship with them

Gridline, a magazine for landowners who have National Grid electricity or gas assets on their property, has recently been recognised as best in class by the Institute of Internal Communications.

In Gridline, we feature safety and project information, as well as profiles of landowners, showing the huge diversity in how land is used in the UK. We’re incredibly proud that it won two awards at the prestigious annual Institute of Internal Communications Gala Awards Ceremony in September 2017.



Engagement publication for

30,000

readers



Winner for Best Writing and Publication for Stakeholders

Gridline is a quarterly publication with a target audience of approximately 30,000 landowners (‘grantors’) nationwide. In addition to featuring grantor profiles and stories, it raises awareness of the risks involved in working near electricity equipment and provides important information and safety messages. We often work alongside our grantor population when we access their land to deliver projects or during an emergency. Gridline is part of a strategy to engage and work with this group of key stakeholders in our local communities.

Most importantly, Gridline works to strengthen our connection with our grantors. This ensures that important projects and schemes can be carried out smoothly and efficiently for the benefit of energy consumers.

The publication won ‘Best Writing’ and ‘Publication for Stakeholders’ categories and was highly acclaimed by the judges. In the Best Writing category, the judges stated: ‘The overall feel is that it is a publication for a community and speaks well to that community’. In the Publication for Stakeholder category, the judges said: ‘This is a challenging audience to tackle – diverse, potentially resistant and yet vital to the work of National Grid. Producing something that appeals to that diversity and remains accessible through the writing is a great result. The mixture of features and new snippets is positive but what is really admirable is the approach to the interviews. First person and on-site give so much colour and insight but is also a demonstration of how important the Grantor is to the organisation’.

Outcome:

- Gridline has helped us to significantly improve our relationships with grantors:
 - 97% of grantors say that they now have a better understanding of National Grid
 - 79% of the audience feel part of the grantor community



Walking through collaborative engagement

Our commitment towards collaborative working with our Stakeholder Advisory Group member, The Ramblers, has been celebrated within a recent publication of ‘The Walk’ magazine. The Walk is Britain’s biggest walking magazine with a circulation of 90,000 readers. Nicky Philpott, Ramblers’ Director of Advocacy and Engagement said, ‘We have a long history of collaborating with like-minded organisations such as National Grid to protect the unique sense of freedom that comes from being outdoors. Working on the Stakeholder Advisory Group has been a unique chance to develop projects to improve the landscapes that our members love. The group has been meaningfully engaged on the major decisions which have led us to identify solutions to protect the natural environment around us’.

Sharing with and learning from others

Joint working with other TOs

Objective: to share initiatives and best practice with other networks, with the aim of improving the way we collectively engage, avoiding duplication and stakeholder fatigue, and creating better outcomes for stakeholders

We have continued to play an active role in the Transmission Owners Best Practice Group, which consists of representatives from SPEN, SSEN and National Grid (electricity and gas). The group considers all aspects of engagement where working together will lead to benefits for stakeholders and aims to make sure that engagement across the industry is coordinated and of the highest standard.

During 2017/18 the group has focused on a number of topics. Examples are shown below, with a more detailed summary in our shared appendix.

Aligning our approach to engagement: As a direct result of this group, National Grid Electricity and Gas, SPEN and SSEN are all

using a common engagement framework (AA1000SES) to shape and provide consistency in the way we all engage. Having seen the way this framework had benefitted us, both Scottish TOs have now integrated the framework within their businesses as the basis of how they engage.

Engaging hard-to-reach stakeholders: Feedback received last year for all networks was that the Panel wanted to see us doing more to include hard-to-reach stakeholders in our engagement activities (stakeholder groups as well as household consumers). We have worked to identify the key characteristics and attributes that could lead to a particular stakeholder or group of stakeholders being potentially defined as hard to reach, and continue to work together to share ways of how we can better engage with these stakeholders in our future engagement activities.

RIIO-2 engagement and willingness to pay research: We have had several meetings with SPEN, SSEN and National Grid Gas to discuss our individual and collective approach to engagement for our

RIIO-2 submissions. We have agreed an approach where details of engagement activities are shared with the other networks well in advance, so they can be aligned where appropriate. Through this group, we have also identified and agreed a joint scope for appointing a single supplier for willingness to pay research, reducing costs and ensuring consistency of results across networks.

Connections working group: We have continued to work with SPEN and SSEN to identify best practice to improve the customer experience for new connections with a transmission impact.

Aligning definitions: Over the last year, we have discussed and committed to each use a consistent set of definitions for key terminology. For our submission documents in particular, this will help provide consistency for terms such as outputs and outcomes, which we have collectively agreed are best based on the AA1000SES standard definitions.

Other collaboration activities

Objective: to learn from and share best practice with others inside and outside of the industry to improve the way we engage, especially with household consumers

This year we have continued to collaborate with other organisations to share best practice and learn from others outside of our organisation. In particular during the last year, we have established relationships with other organisations within and outside the energy sector, to discuss and share best practice on their approach to how they engage with household consumers – a stakeholder group we are keen to engage more with in the future. We have:

- Met with Welsh Water to see what we can learn about their approach to engaging with household consumers. This has proved incredibly valuable in helping to shape our consumer engagement approach for RIIO-2. In return, we have shared details of our acceptability testing work with Welsh Water, which is an area they are interested in knowing more about.

“Collaborative engagement is key for a project the size of HS2. National Grid absolutely demonstrates this. They have driven best practice around project deliveries, cost efficiencies and safety management”

Matt Young Head of Utilities Rate Wide System – HS2

- Collaborated with Citizens Advice, Which? and National Energy Action about how we might engage with consumers. They have agreed to support us where possible to establish a better approach to consumer engagement on a variety of topics including willingness to pay, and both Citizens Advice and Which? have already critically appraised our proposed consumer approach.
- Senior leaders Nicola Shaw, David Wright and others have met with e.on and their consumers to listen to their experiences, concerns and frustrations. This was a very useful session as it helped us learn what frustrations are being experienced such as a lack of trust and transparency within the energy industry. Our leaders have been collaborating with e.on and their customers through meetings to share and inform them of what we do and why. By collaborating and being more transparent it is hoped that consumer confidence in energy companies will improve.
- Instigated conversations with UKPN, United Utilities and South West Water with the aim of sharing best practice more widely between networks. With UKPN, we have found a common desire to improve the way we measure the impact of our engagement activities, although this is proving a difficult problem to solve! With United Utilities and South West Water, we are interested in how they engage household consumers, and have made changes to our proposed engagement programme as a result of our conversations to-date.

Building on last year's collaboration with HS2

Last year we mentioned our collaborative approach of working with HS2 and sharing best practices where we can. Preparing

the HS2 ground is a challenging job that we welcome. We know from developing and building our own infrastructure the importance of relationships with local communities and landowners that are affected by it. We want to provide excellent service to HS2, and in last year's submission, we talked about how we pulled together a team of experts from within our business who co-located to HS2's offices, which allows us to take a more agile approach in responding to HS2's needs. As a result we're better able to understand their challenges and how we can contribute to solving them. This year, we have started to see the results from this new, more collaborative way of working.

Outcomes:

- By working more closely together, we have been able to generate considerable cost savings, including:
 - £55 million savings in our designs
 - £100 million savings on HS2's own electrical infrastructure
- We have also been able to better facilitate the delivery of the HS2 project by re-phasing our own works to make sure they align with HS2's construction planning programme
- We have been able to facilitate improvements in other areas of the HS2 programme by sharing our best practice with other utilities working with HS2



