

Performance Snapshot¹

This is our one-page performance snapshot for the year. In providing it, our aim is to respond to the requests from stakeholders for greater transparency and simplicity in how all network companies report their performance. Snapshots for the Northeast and Yorkshire licensees are on pages 2 and 3 and a glossary explaining the measures on this page can be found on pages 4 and 5.

Network	Actual 2015-16	Trend ²
Number of customers	3.9m	▲
Total DNO network length	95,118km	▲

Reliability and Availability			Actual 2015-16	Target ³ 2015/16	Status	Trend ²
Customer interruptions ⁴	Northeast	Excluding exceptional events	55.4	59.8	✔ Achieved	▲
		Including exceptional events	63.8			▲
	Yorkshire	Excluding exceptional events	51.2	66.7	✔ Achieved	▲
		Including exceptional events	52.8			▲
Customer minutes lost ⁴	Northeast	Excluding exceptional events	43.3	54.8	✔ Achieved	▲
		Including exceptional events	56.8			▲
	Yorkshire	Excluding exceptional events	38.0	57.5	✔ Achieved	▲
		Including exceptional events	42.8			▲
Incentive performance reward/(penalty) – IIS ⁵		£	£21.0m			
		£/domestic customer bill	£2.67			

Customer Satisfaction		Actual 2015-16	Target ³ 2015-16	Status	Trend ²
Overall Broad Measure of Customer Satisfaction score out of ten (rank out of six) ⁶		8.37 (5th)	8.20	✔ Achieved	▲
Incentive performance reward/(penalty) – BMCS ⁷		£	£1.35m		
		£/domestic customer bill	£0.17		

Connections		Actual 2015-16	Target ³ 2015-16	Status
Time-to-quote (days) ⁸		5.85	8.21	✔ Achieved
Time-to-connect (days) ⁸		42.22	42.08	✘ Missed
Incentive performance reward/(penalty) – connections lead time		£	£1.25m	
		£/domestic customer bill	£0.16	
Incentive on Connections Engagement (ICE) penalty (if applicable)		£	Nil	
		£/domestic customer bill	Nil	

Social Obligations		Actual 2015-16
Stakeholder Engagement and Consumer Vulnerability (SECV) score out of ten (rank out of six)		6.5 (5th)
Incentive reward		£
		£1.35m
		£/domestic customer bill
		£0.17

Innovation

Our innovation projects have grown this year from the platform established by our ground-breaking Customer-Led Network Revolution (CLNR) programme of work that concluded at the end of 2014-15. Our four priorities of smart grids, smart meters, digital-enabled services and issues of affordability continue to be most relevant to our stakeholders.

Safety

We equalled our best-ever performance on safety. We complied with Health and Safety Executive (HSE) legislation, hit our Occupational Safety and Health Administration (OSHA) accident rate target (0.25 against our target of 0.36) but narrowly missed our RIDDOR target measure (0.16 against our target of 0.1).

Environmental Impact

2015-16 was our best-ever year on environmental protection, achieving our headline targets for both oil losses from cabling and carbon footprint. We were awarded £350k in the Losses Discretionary Reward Submission (coming in a disappointing 5th place out of 6) which will be reinvested in the coming years to further reduce losses.

Financials	Northeast	Yorkshire	Overall
Unrestricted domestic tariff charge for a typical domestic customer ⁹	£86.50	£77.20	
	£	£176.9m	£233.8m
			£410.7m
Total expenditure	% of cost allowances	97%	97%
	% of allowed revenue	68%	70%
		69%	
Dividends paid ¹⁰	£20.6m	£27.6m	£48.2m
Gearing ¹¹	51.6%	51.2%	62.2%
Credit rating ¹²	A3/A/A-	A3/A/A-	Baa1/A/BBB+
Actual Return On Regulatory Equity – RORE (vs Ofgem assumption of 6%)	8.1%	8.6%	8.4%

Notes:

- All financial figures in 2012-13 prices. Northern Powergrid overall – performance snapshots for each licensee shown on page 2 and 3
- Trend ▲ getting better ▼ getting worse since 2014-15
- Ofgem target
- Unweighted figures. Indicative figures as at July 2016, final figures still to be confirmed by Ofgem
- Excluding guaranteed standards payments
- Broad Measure of Customer Satisfaction (BMCS) rank indicative only based on monthly data. Final ranking to be confirmed by Ofgem
- Does not include SECV reward
- LVSSA (single minor connections)
- Excludes the domestic customer rebate
- Dividends paid figures for Northeast, Yorkshire and Overall relate to dividends from the licensee companies in the year
- Gearing figures for Northeast and Yorkshire relate to gearing of the licensee companies. Overall gearing relates to the Northern Powergrid group and includes debt over and above the licensee companies that was utilised to fund the distribution business.
- Credit ratings for Northeast and Yorkshire relate to scores for three credit rating agencies (Moody's/Standard and Poor's/Fitch) for the licensee companies. Overall relates to Northern Powergrid Holdings Company

Performance Snapshot¹

Northeast

Network	Actual 2015-16	Trend ²
Number of customers	1.6m	▲
Total DNO network length	41,244km	▲

Reliability and Availability		Actual 2015-16	Target ³ 2015-16	Status	Trend ²
Customer interruptions ⁴	Excluding exceptional events	55.4	59.8	✔ Achieved	▲
	Including exceptional events	63.8			▲
Customer minutes lost ⁴	Excluding exceptional events	43.3	54.8	✔ Achieved	▲
	Including exceptional events	56.8			▲
Incentive performance reward/ (penalty) – IIS ⁵	£	£7.50m			
	£/domestic customer bill	£2.43			

Customer Satisfaction		Actual 2015-16	Target ³ 2015-16	Status	Trend ²
Overall Broad Measure of Customer Satisfaction score out of ten (rank out of fourteen) ⁶		8.41 (10th)	8.20	✔ Achieved	▲
Incentive performance reward/ (penalty) – BMCS ⁷	£	£0.66m			
	£/domestic customer bill	£0.21			

Connections		Actual 2015-16	Target ³ 2015-16	Status
Time-to-quote (days) ⁸		5.72	8.21	✔ Achieved
Time-to-connect (days) ⁸		40.15	42.08	✔ Achieved
Incentive performance reward/ (penalty) – connections lead time	£	£0.55m		
	£/domestic customer bill	£0.18		
Incentive on Connections Engagement (ICE) penalty (if applicable)		£	Nil	
		£/domestic customer bill	Nil	

Social Obligations		Actual 2015-16
Stakeholder Engagement and Consumer Vulnerability (SECV) score out of ten (rank out of six)		6.5 (5th)
Incentive reward	£	£0.55m
	£/domestic customer bill	£0.18

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Safety

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Environmental Impact

2015-16 was our best-ever year on environmental protection, achieving our headline targets for both oil losses from cabling and carbon footprint. We were awarded £175k in the Losses Discretionary Reward Submission which will be reinvested in the coming years to further reduce losses

Financials	Total	
Unrestricted domestic tariff charge for a typical domestic customer ⁹	£86.50	
	£	
	£176.9m	
Total expenditure	% of cost allowances	97%
	% of allowed revenue	68%
Dividends paid ¹⁰	£20.6m	
Gearing ¹¹	51.6%	
Credit rating ¹²	A3/A/A-	
Actual Return On Regulatory Equity – RORE (vs Ofgem assumption of 6%)	8.1%	

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 - Gearing figure relates to gearing of the licensee company
 - Credit rating relates to the scores for three credit rating agencies (Moody's/Standards and Poor's/Fitch) for the licensee company

Performance Snapshot¹

Yorkshire

Network	Actual 2015-16	Trend ²
Number of customers	2.3m	▲
Total DNO network length	53,874km	▲

Reliability and Availability		Actual 2015-16	Target ³ 2015-16	Status	Trend ²
Customer interruptions ⁴	Excluding exceptional events	51.2	66.7	✔ Achieved	▲
	Including exceptional events	52.8			▲
Customer minutes lost ⁴	Excluding exceptional events	38.0	57.5	✔ Achieved	▲
	Including exceptional events	42.8			▲
Incentive performance reward/ (penalty) – IIS ⁵	£	£13.50m			
	£/domestic customer bill	£2.83			

Customer Satisfaction		Actual 2015-16	Target ³ 2015-16	Status	Trend ²
Overall Broad Measure of Customer Satisfaction score out of ten (rank out of fourteen) ⁶		8.33 (12th)	8.20	✔ Achieved	▲
Incentive performance reward/ (penalty) – BMCS ⁷	£	£0.70m			
	£/domestic customer bill	£0.15			

Connections		Actual 2015-16	Target ³ 2015-16	Status
Time-to-quote (days) ⁸		5.93	8.21	✔ Achieved
Time-to-connect (days) ⁸		43.40	42.08	✘ Missed
Incentive performance reward/ (penalty) – connections lead time	£	£0.70m		
	£/domestic customer bill	£0.15		
Incentive on Connections Engagement (ICE) penalty (if applicable)		£	Nil	
		£/domestic customer bill	Nil	

Social Obligations		Actual 2015-16
Stakeholder Engagement and Consumer Vulnerability (SECV) score out of ten (rank out of six)		6.5 (5th)
Incentive reward	£	£0.80m
	£/domestic customer bill	£0.17

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Environmental Impact

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Financials	Total	
Unrestricted domestic tariff charge for a typical domestic customer ⁹	£77.20	
	£	
	£233.8m	
Total expenditure	% of cost allowances	97%
	% of allowed revenue	70%
Dividends paid ¹⁰	£27.6m	
Gearing ¹¹	51.2%	
Credit rating ¹²	A3/A/A-	
Actual Return On Regulatory Equity – RORE (vs Ofgem assumption of 6%)	8.6%	

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 - Credit rating relates to the scores for three credit rating agencies (Moody's/Standards and Poor's/Fitch) for the licensee company

Appendix

Our performance snapshots on pages 1, 2 and 3 set out one page summaries of our key measures of performance in the year.

Based on engagement with our stakeholders we have gone further than the minimum requirements in our disclosure and presentation of information to rise to the challenge of greater transparency in our performance reporting. For example, in addition to reporting our actual performance against targets, we have included our relative ranking position amongst the other British distribution network operators, our performance trends, the financial incentive rewards/penalties we have earned/incurred along with the impact of those incentives on an average domestic customer bill. We hope you find what we've done useful.

Below is a glossary explaining the meaning of each of the measures included in our performance snapshot.

Glossary		
Number of customers		Number of customers electricity is distributed to in Northern Powergrid's licensee areas: Northeast and Yorkshire
Total DNO network length		The total kilometres of overhead lines, underground lines and subsea cables used to distribute electricity to Northern Powergrid customers in its two licensee areas: Northeast and Yorkshire
Customer interruptions	Including exceptional events	The number of customers whose supplies have been interrupted per 100 customers per year over all incidents where an interruption of supply lasts for three minutes or longer, excluding reinterruptions to the supply of customers previously interrupted during the same incident, including any interruptions caused by exceptional events. An exceptional event is an event which is beyond the reasonable control of the licensee but does not include weather conditions which are reasonably expected to occur
	Excluding exceptional events	As above, but excluding any interruptions caused by exceptional events
Customer minutes lost	Including exceptional events	The duration of interruptions to supply (or the average customer minutes lost per customer per year) where an interruption of supply lasts for three minutes or longer. It includes any interruptions caused by exceptional events. (see exceptional event description above)
	Excluding exceptional events	As above, but excluding any interruptions caused by exceptional events
Incentive performance reward/(penalty) – IIS	£	Electricity distribution companies are incentivised on the number and duration of network supply interruptions versus a target derived from benchmark industry performance. This figure represents the financial reward/(penalty) earned or measured on network interruptions in Ofgem's Interruption Incentive Scheme (IIS)
	£/domestic customer bill	How much the above incentive reward (or penalty) will add to (or take off) the bill for an average domestic consumer in 2017-18
Overall Broad Measure of Customer Satisfaction Score		Northern Powergrid's Broad Measure of Customer Satisfaction (BMCS) score and rank on Ofgem's customer satisfaction measure. It is based on a customer satisfaction survey and is designed to drive improvements in the quality of the overall customer experience by capturing and measuring customers' experiences of contact with their electricity distribution company
Incentive performance reward/(penalty) – BMCS	£	Value of the Ofgem Broad Measure of Customer Satisfaction (BMCS) reward/(penalty), a financial incentive on customer satisfaction, excluding stakeholder engagement rewards
	£/domestic customer bill	How much the above incentive reward (or penalty) will add to (or take off) the bill for an average domestic consumer in 2017-18
Time-to-quote (days)		The average number of days from a connection application being received to a connection quote being issued for single low-voltage minor connections (LVSSA)
Time-to-connect (days)		The average number of days from acceptance of a connection quote by a connectee to the completion of the necessary electrical works, to the point it would be possible to energise (subject to installation of an appropriate meter), for single low-voltage minor connections (LVSSA)
Incentive performance reward/(penalty) – connections lead time	£	Value of the time to connect financial incentive for single low-voltage minor connections (LVSSA) and two to four minor connections (LVSSB)
	£/domestic customer bill	How much the above incentive (or penalty), will add to (or take off) the bill for an average domestic consumer in 2017-18
Incentive on Connections Engagement (ICE) penalty (if applicable)	£	Value of the Ofgem ICE penalty: a connections engagement financial incentive for major connections customers (metered demand connections, metered distributed generation and unmetered connections)
	£/domestic customer bill	How much the above incentive penalty will take off the bill for an average domestic consumer in 2017-18
Stakeholder Engagement and Consumer Vulnerability (SECV)		Northern Powergrid's Stakeholder Engagement and Consumer Vulnerability (SECV) score and rank as part of Ofgem's customer satisfaction measure

Glossary (continued)		
Incentive reward	£	Value of the Ofgem SECV reward, a stakeholder engagement financial incentive
	£/domestic customer bill	How much the above incentive reward will add to the bill for an average domestic consumer in 2017-18
Unrestricted domestic tariff charge for a typical domestic customer		The distribution element of the bill for an average domestic consumer in 2015-16, excluding the cost of a special rebate given by some electricity distribution companies in 2014 and 2015 (in accordance with the government 2013 Autumn statement) to help reduce energy bills. The average domestic consumer is assumed to use 3,100kWh per annum. The calculation assumes 365 days in a year
Total expenditure	£	This is Ofgem's regulatory total expenditure (or 'totex') measure, which includes many of the costs incurred by electricity distribution companies, but excludes costs over which companies have no control, and which also nets off proceeds from the sale of assets. This measure is used as the basis for calculating how much the company has spent on operating and investing in its distribution business, and companies are incentivised to minimise it whilst at the same time delivering all the required outputs
	% of cost allowances	How much the company has spent of its totex allowances for the year. If the percentage is lower, a company has either been successful in reducing how much it costs to deliver its outputs, or has not delivered some of its outputs (which would lead to a reduction in its future allowed revenues)
	% of allowed revenue	How much of its allowed revenues a company used to fund its totex expenditure, before covering other day-to-day costs that are excluded from totex and repayments of previous investments
Dividends paid		Dividends paid in the year
Gearing		A ratio measuring the extent to which a company is financed through borrowing. Ofgem calculates gearing as the percentage of net debt relative to the Regulatory Asset Value (RAV)
Credit rating		An evaluation of a potential borrower's ability to repay debt. Credit ratings are calculated from financial records including and current assets and liabilities. There are three major credit rating agencies (Standard & Poor's, Fitch and Moody's) who use broadly similar credit rating scales, with D being the lowest rating (highest risk) and AAA being the highest rating (lowest risk). The companies regulated by Ofgem typically have a credit rating of BBB, BBB+, A- or A
Actual Return On Regulatory Equity – RORE (vs Ofgem assumption of 6%)		<p>The return on regulated equity (RORE) measures how much a company has earned on previous investments in its regulatory assets (RAV) that have been funded by shareholders in the regulatory settlement. This starts with the base return which Ofgem allowed, to reflect the cost of equity in capital markets, and is adjusted for the value earned via any incentive schemes to reflect performance, and any difference between how much the company's debt finance cost compared to Ofgem's assumption. This is stated in real terms, i.e. before inflation is added</p> <p>Actual RORE, refers to the view of return on regulatory equity calculated using the actual debt and gearing level of the network company, as opposed to Ofgem's notional assumptions. Ofgem assumed a real rate of return on equity of 6% during the year. We arrive at our overall return of 8.4% by:</p> <ul style="list-style-type: none"> ▶ Performing well on restoring supplies to our customers which under the IIS incentive mechanism (explained on page 25) generated a return of 2.3% in the year ▶ Achieving a reward under the Broad Measure of Customer Satisfaction (also explained on page 25) which provided an additional return of 0.5% ▶ Our totex for the year being very close to allowances. We are currently projecting to spend in line with ED1 allowances over the price control ▶ Legacy debt that we hold means we are unable to match Ofgem's cost of debt assumptions, reducing our return by 0.4%