

Report on Northern Powergrid's Customer Engagement Group meeting in February 2020

Summary

The Customer Engagement Group met for two days in York for our first session looking at Northern Powergrid's early work on developing its business plan for Ofgem's RIIO-ED2 price control process. This is the plan that will cover the 5 years 2023-2028.

As an independent group, the CEG was particularly interested to understand how Northern Powergrid intends to make sure it takes into account the needs and preferences of all its local stakeholders in developing the plan. There was also a clear focus on the need to balance the pressures between short term costs and long term sustainability of electricity distribution in the context of a transition to 'net zero' carbon emissions.

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

<https://www.northernpowergrid.com/custom/news/about-the-customer-engagement-group>

To find out about the members of the group look here:

<https://www.northernpowergrid.com/custom/news/about-the-customer-engagement-group>

Discussion

Northern Powergrid (NPg) shared its current overall plans for **involving stakeholders** in the development of the business plan for 2023-28, and also some more detailed plans relating to specific aspects of the business:

- **core engineering** (maintenance and renewal of the network)
- **customer service**
- **connections** to the network
- **resilience** to threats such as climate change and cyber attacks
- and the **transition to Distribution System Operation and Net Zero**, ie the more active and flexible management of the electricity distribution network which will be needed to accommodate future patterns of supply, demand, and storage, and the transition to 'net zero' carbon emissions.

Involving Stakeholders

Involving stakeholders (everyone who uses electricity: suppliers; local communities; environmental groups; etc) in developing the plan for 2023-28 and ensuring that their needs and preferences are taken into account is a central element of preparing the business plan. NPg has a well established ongoing programme of engagement and shared with the CEG how they will build on this to gather views on the developing business plan. These plans were extensive and had clearly been carefully thought

through. We asked NPg to make sure it talks with people who represent all types of customers and carefully considers the full range of their views in developing its plans. At our next meeting we will be specifically discussing how NPg takes into account the needs of vulnerable customers.

We asked the company to do as much as possible to show what any proposed changes will mean in practical terms for each group of stakeholders (domestic consumers, commercial and industrial users, local communities, etc). We also asked them to put the changes under consideration for this planning period into the context of the bigger set of changes needed to achieve net zero carbon emissions. It is only if people can really see the implications for themselves of the proposed changes that they will be able to provide meaningful feedback to the company.

Core Engineering (maintenance and renewal of the network)

A very big part of the costs of running the electricity network is taken up with making sure that the assets (such as transformers and power cables) are kept in good condition, and with enough capacity to cope with increasing loads as we all use more electricity. So this part of the plan has a big impact on bills. But this is a very difficult area for most people to understand in detail so we were pleased to learn that NPg intends to set up an independent expert panel to assess their plans for this work. We have asked to see the remit of this panel, and who will be on it.

Customer Service

Most of us don't ordinarily have direct contact with companies like NPg except when things go wrong, such as in a powercut or if we need a new connection. But when we do, our expectations of how we can contact them, and how and when they will give us information have changed a lot in the last few years and are continuing to develop. So, this is an area where it's particularly important for NPg to keep closely in touch with its customers' expectations, and they assured the CEG that they are continuously working at this. We asked them to check how people view the trade offs between spending more on excellent communication, spending more on improving reliability, and keeping bills down. We also asked them to make sure that, in developing their business plan, they talk to a fully representative cross section of stakeholders including micro-businesses and people who live in the countryside as well as in cities.

Connections

This aspect of NPg's work affects people and organisations who want to connect new items into the electricity network – whether that's a new group of houses or a new wind farm. There is already work going on to improve the way that NPg approaches these activities, and customer satisfaction has gone up in recent years. We encouraged NPg to look hard at what lessons it might be able to learn from other companies to make further improvements, and to consult on as clear a set of options as it can.

Resilience

NPg shared with us how it is developing its plans for coping with climate change (including flooding), physical threats, and cyber risks. All of these are building on well-established existing programmes of work. We asked NPg to ensure that they give sufficient priority to engaging with other organisations and groups (such as the local resilience forums). We also said that we would like to understand better their overall resilience strategy for the business, and how they take into account both learning from past events (such as the national power outage in August 2019) and new and changing threats.

Transition to Distribution System Operation (DSO) and Net Zero

One of the biggest challenges facing everyone involved in the electricity industry at the moment is the level of uncertainty about both the speed and the nature of the changes needed to move to net zero carbon. This makes business planning very difficult, and indeed makes it difficult for people to envisage the impact on their lives of the changes that are likely to happen. That is why we put so much emphasis on the need for showing people in practical terms what the changes will mean for them when seeking their views and preferences.

NPg already has a programme of engaging its stakeholders in thinking about the transition to Distribution System Operation (DSO), and in considering different potential future patterns of demand for electricity – which are likely to have a profound effect on the network and DSO. The CEG asked for a further discussion on these future energy scenarios and the transition to net zero.

We also recognised the importance – particularly in the context of the transition to net zero - of having a clear policy and regulatory framework for the company to plan in, and expect this to develop significantly in the coming months with an Energy White Paper and further guidance from Ofgem.