

## Report on Northern Powergrid's Customer Engagement Group discussions in June 2020

### Summary

The Customer Engagement Group<sup>1</sup> held further discussions 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.

This month we focused on Northern Powergrid's developing plans for a major consultation exercise on proposals for its draft business plan, called **Emerging Thinking**, and on their emerging plans for **Digitalisation, and Innovation**.

### Plans for Consultation on Business Plan proposals (Emerging Thinking)

Northern Powergrid (NPg) is intending to undertake a major exercise in stakeholder consultation during the latter part of 2020 to help it to develop a draft business plan for the ED2 period, 2023-28 which has to be submitted in March 2021.

Many of the individual topics that the CEG has already discussed this year will be covered by the consultation, and this month the company shared with us a draft of the main document that will form the basis of the consultation.

We welcomed the inclusion of a clear high level Vision in this draft (something which we had previously suggested), and asked the company to make sure that it sets out clearly the customer benefits associated with each of the scenarios on which they intend to consult, as well as their different cost consequences. We also requested that the whole life cost impact on bills of investment options should be shown, not just the in year impact, and asked that people be given a wider set of options to choose between.

We asked the company to make it as clear as possible what NPg is responsible for and what others must do if the national target of achieving Net Zero emissions by 2050 is to be met. We also asked the company to benchmark what it is offering in terms of the reliability and resilience of its services against other companies.

### Digitalisation

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<sup>1</sup> 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>

The CEG asked NPg to make its strategy in this area easier for non experts to understand and so be able to comment on. The 'what' and the 'why' should be set out in everyday terms and the benefits set out in a straightforward way. As it is inevitably a complex topic requiring a good deal of time for anyone to understand, we suggested that NPg should consider using a citizens' jury approach to gathering views.

## **Innovation**

NPg has a well developed innovation strategy but the current regulatory framework set by Ofgem tends to encourage a low risk approach, focusing on projects that can easily be made operational rather than those with the greatest long term potential for improvement. This works well in a steady state but may not be effective during the forthcoming transition to Net Zero emissions.

We encouraged the company to take a broader and bolder approach to innovation, including looking at the whole electricity supply system (not just the distribution network), and to include behavioural considerations since these may have a big impact on the eventual cost of achieving Net Zero emissions.

## **Stakeholders**

We were briefed on a revised plan for engaging on Emerging Thinking (following earlier CEG feedback) and were pleased with its clarity. We asked NPg to make sure that they get comprehensive representation of their stakeholders for this important exercise, and made some suggestions for how the company could engage with larger numbers of stakeholders.

We encouraged the company to pursue a policy of very deep engagement with local authorities and others involved in Local Area Energy Plans (LAEPs), as this will be important in developing the evidence needed to convince Ofgem to make money available for them.