

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

Summary

The Customer Engagement Group¹ 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.

The main items we discussed this month were Northern Powergrid's **stakeholder engagement plans**, their plans for dealing with **electrical losses**, and the developing plans for **operating the distribution system** in a different way as more renewable energy comes on stream and society changes to reduce CO2 emissions.

Stakeholder Engagement

As we reported last month, Northern Powergrid has recently launched a major consultation on its plans for ED2, so stakeholder engagement over next few months will be particularly important.

Recent developments regarding managing the impact of COVID-19 mean that all engagement will continue to be 'remote only' for the next few months. We noted the need to be open about the limitations this imposes on the programme, and alert to the possible impact on the outputs from it. We also asked Northern Powergrid to keep tracking the situation in place during each set of engagements, so that feedback can be interpreted in the light of this information since people's reactions may well be influenced by this.

We encouraged Northern Powergrid to triangulate views from different sources before drawing conclusions from their engagement work, and we asked them to persevere with trying to engage a representative sample of future customers (ie young people) to gather their views on the business plan proposals because the decisions taken now for the next period will have important consequences for customers over many years.

Losses

We heard that Northern Powergrid's approach is to seek to optimise losses (which account for about 1/20th of all the electricity produced) across the whole electricity system, rather than just in their part of it, and we endorsed that approach.

We also emphasised the importance of the company's role in educating and informing people about how their behaviour could help to reduce losses by maximising the opportunities to balance energy flows at a local level. We asked them

¹ If you want to find out more about the role of the Customer Engagement Group look here:

<https://ceg.northernpowergrid.com/>

to consider if there is a potential innovation project piloting customer engagement on this local balancing of energy flows.

Future of System Operation

In one of our first discussions, in February of this year, we recognised that one of the biggest challenges facing everyone in the electricity industry at the moment is the level of uncertainty about both the speed and the nature of the changes to future demand for electricity necessitated by the planned move to net zero carbon. This will have a big impact on how Northern Powergrid operates their network, but no one yet knows exactly what changes will be needed or when.

In a further discussion this month we said that that there would be real benefit in developing a central core narrative that sets out clear (future) propositions for both consumers and potential flexibility market providers, and makes the benefits of the company's proposed approach clear.

We also asked the company to work very closely with others in the energy industry to develop common approaches that would benefit customers. We suggested that they might work with social housing providers as a way to involve some vulnerable customers in pioneer work in this area.