

Challenge Log – Updated 03/12/2020

Ref	Date raised	Topic area	Challenge raised	Brief Description	NPg Owner	Date due for response	Response by NPg	CEG view of NPg response	Status	Open/ Closed
C1	11/11/2020		Local Area Energy Planning	<p>The CEG recognises the description of the Local Area Energy Plans by the Energy Systems Catapult (2018) as enabling “stakeholders, led by local government, to interrogate different energy futures for an area and to develop the most promising, cost-effective options for decarbonisation. For network operators, it provides a foundation for justifying and planning network upgrades. Local Area Energy Planning develops a shared vision as a basis for targeting investment, encouraging innovation, securing value for money and gaining public understanding and support”.</p> <p>Such an approach is likely to be an essential element of developing the type of robust evidence that would be required to engage and convince Ofgem to fund investment proposals for decarbonising the energy system based on locally assessed need and priorities rather than on a central set of forecast outputs (which Ofgem itself recognises could lead to higher costs or an underestimation of investment needed in different regions).</p> <p>The CEG also recognises that the policy framework for LAEPs is not yet firmly settled but encourages NPg to take a proactive approach to developing local partnerships, particularly with local and combined authorities across the region that it serves. This may be particularly productive with those authorities that are progressive in this area, for example in support of pathways to decarbonisation and hitting net zero by 2050 or before. Capacity, and detailed plans, exist within the West Yorkshire Combined Authority (and its constituent local authorities) as well as at and within the North of Tyne Combined Authority (and its constituent local authorities including Newcastle) and the North Yorkshire and York Local Enterprise Partnership (which includes North Yorkshire authorities and the unitary City of York).</p> <p>The CEG also actively encourages NPg to consider using its expertise and influence to support capacity building and stimulate engagement by those authorities that are under resourced or otherwise less able to make effective progress.</p> <p>The potential for building wider networks of influence and stimulating greater collaboration among key players (including other network operators) is also encouraged as part of this challenge. The CEG has made reference to certain examples that may be worthy of consideration (notably Greater Manchester).</p>						

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C2	11/11/2020		Northern Powergrid's role, as an Anchor Institution, in Building Back Better	<p>The CEG is aware that the actions necessary to control the COVID-19 pandemic are having a substantial impact on the economy of the region served by Northern Powergrid. The CEG challenges the company to seek opportunities to take advantage of the current market to bring forward investment activities, thereby helping to restart the economy but also to benefit future bill payers by keeping costs low.</p> <p>The CEG notes the importance of Anchor Institutions for the region and so also challenges the company to consider opportunities to fulfil this role in collaboration with other regional Anchors such as Yorkshire Water, various Local Authorities and Academic Institutions.</p> <p>Context: <i>Anchor Institutions can be defined in several different ways. In essence, they are organisations that can have a significant positive impact if they consciously and strategically apply their long-term, place-based economic power. This is particularly the case if that is combined with their human and intellectual resources, to better the welfare of the community or region within which they operate. In the first instance Anchors tended to be associated with local authorities, health care settings and places of higher education. Latterly, however, a more inclusive definition has evolved and our list of Anchors includes social housing providers, utility companies and established regional employers.</i></p> <p><i>It is recognised that Anchors create most value when they are fully engaged with their locality and work in partnership with each other, so that they can learn together and build sustainable strategies over time. The impacts created by Anchors can result from the services they provide, the amount of money they spend and the number of local people they employ. For example, the purchasing power of one or more Anchors can be very significant. A study carried out by the Joseph Rowntree Foundation and Leeds City Region Enterprise Partnership, identified that were the 10 participating Anchors to shift 10% of their total spending to suppliers in the city region this could be worth somewhere between £168-£196m/pa, an increase of more than 20% of local spend.</i></p>						
C3	01/12/2020		Workforce Diversity Strategy	<p>The CEG believes that the inclusion and diversity are integral to the issues of workforce and skills development. Northern Powergrid is facing a number of challenges in ensuring that it will have a workforce capable of supporting the achievement of the ambition set out in its Emerging Thinking consultation and attracting talent from as wide a pool as possible will be essential to addressing these challenges. Given the current profile of its workforce, accessing, attracting, and retaining a pool of people that fully reflects the diversity of the communities served by the company represents a huge opportunity as well as a challenge. The CEG is not convinced</p>						

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				that the proposals it has so far seen represent an appropriately ambitious approach. We would like to see a workforce strategy that underpins the company's vision, with a set of metrics and milestones that will facilitate regular monitoring of progress towards the vision throughout ED2 and beyond.						
C4	01/12/2020		Engaging Stakeholders Effectively on the impact on bills of their choices of options	<p>The CEG recognises that it is far from straightforward to explain to stakeholders the impact on bills (both immediately and in the longer term) of changes in Northern Powergrid's expenditure. In order to generate reliable stakeholder insights it is essential that this is presented in a clear and accessible way.</p> <p>In June we asked NPg to look at ways of presenting the whole life impact on bills of investments, not just the in year impact (and consider showing in year changes in % as well as absolute terms) as part of its Wave 2 engagement. Observations of some of this Wave 2 engagement have identified that many stakeholders have only a limited appreciation of the cumulative effect of small changes on their household bills, and the long term impacts have not been made clear. This substantially reduces the reliance that can be placed on the choices they make in the consultation.</p> <p>We are now asking Northern Powergrid to ensure that future stakeholder engagement sets out the impact on bills in ways which will enable stakeholders to understand the choices they are being offered in the broader contexts of both their overall current expenditure and the future commitments.</p>						