

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

### Summary

The Customer Engagement Group<sup>1</sup> held further discussions looking at Northern Powergrid's work on developing its business plan for Ofgem's RII0-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 plans for **Distribution Future Energy Scenarios (DFES)** and **Innovation**.

The CEG have moved to working in sub-groups, to allow much deeper assessment of Northern Powergrid's business plan proposals as they go through the business plan process. We received reports of sub-group discussions on **Customer Service, Vulnerability and Communities, Connections, Operational Resilience, Reliability and Availability** of the network and **Safety**.

### Distribution Future Energy Scenarios (DFES)

These scenarios set out the different ways in which electricity demand might grow in the coming years, depending on what approaches are used to reduce net carbon emissions to zero in future. The company provided an update on the most recent DFES assessment, which is an annual process. The company will publish four possible scenarios by the end of 2020: three scenarios based on the national Electricity System Operator (ESO) FES and one based on their own work showing how net zero could be achieved before 2050. They are planning to engage with stakeholders early 2021 on the new scenarios to seek feedback on the different possibilities before selecting a single 'best view' scenario to use in their business plan.

We encouraged Northern Powergrid to keep reviewing their process in light of rapidly changing government expectations. We also asked for visibility of the criteria used in selecting the 'best view' scenario for the business plan, and of the way in which customer input was being used, and for transparency on the assumptions used.

### Innovation

Northern Powergrid shared their approach to Innovation and how they are approaching innovation as part of the business planning process. We asked them to

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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://ceg.northernpowergrid.com/>

let us see evidence regarding the company's track record of delivering customer benefit from its innovation work to date. We also asked them about the governance framework for their innovation portfolio to make sure it is aligned with their strategy and for further information on how they assess the benefits of each innovation project.

### **Customer Service, Vulnerability and Communities**

Northern Powergrid shared its most up to date thinking on what to include in its ED2 business plan in this area, and the subgroup recognised that a strong level of analysis underpins their proposals – but also that the impact of different options on bills is difficult to demonstrate clearly to stakeholders.

Ofgem's customer service benchmarking is heavily weighted towards connections, an area where NPg's performance has benchmarked towards the back of the pack against other Distribution Network Operators (DNOs), so the company will need to do more in future to avoid penalties.

### **Operational Resilience**

Northern Powergrid had shared its most up to date thinking about what to include in its ED2 business plan in this area, and the subgroup had asked the company to take a broad approach to resilience overall, and to ensure they take into consideration the importance of people and the wider operational response as well as assets.

### **Reliability and Availability of the network and Safety**

Northern Powergrid had shared its most up to date thinking as to what to include in the ED2 business plan in these areas, and the subgroup had encouraged the company to use a wider range of indicators to measure performance in safety. On reliability the CEG support the focus on improving things for the company's worst served customers.

### **Stakeholder Engagement plan update**

Northern Powergrid updated us on the work they are planning for early 2021 in respect of their ED2 business plan proposals. We recognised that this is a large and complex programme of work and welcomed the quality assurance of it that is being undertaken. We asked them to include an objective to test customer preferences about trade-offs between higher investment and keeping bills down, and they have agreed that this will be incorporated into the plan.