

Report on Northern Powergrid's Customer Engagement Group discussions in February 2021

Summary

The Customer Engagement Group¹ 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 progress on Northern Powergrid's **Strategic Business Plan Choices**, and its work on **Net Zero Scenarios** for its ED2 Business Plan.

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 **Reliability and Availability** and **Safety**.

Strategic Business Plan choices, and Costs

We heard that Northern Powergrid is currently preparing an integrated draft business plan, which will reflect the twin priorities of decarbonisation and keeping bills affordable as well as improving reliability. Northern Powergrid explained that they are seeking to ensure that the company is well positioned for the projected increased use of electricity in ED2 and beyond. The company is still working through the proposals to try to limit cost increases while still making progress towards net zero carbon emissions and improving services to customers.

Net Zero Scenarios

Northern Powergrid shared its most up to date thinking about what to include in its ED2 business plan in this area. The company is working through the implications of the ambitious scenarios recently published by the Committee on Climate Change. We asked the company to consider including a scenario where hydrogen plays a big part in its analysis. This would both reflect the likely importance of hydrogen in Northern Powergrid's patch (Humberside and Tees Valley especially) and provide an opportunity to demonstrate the company's active neutrality on pathways to net zero. We also pointed out that supply chain skills and capabilities were likely to be substantial challenges, and this ought to be reflected more strongly in the analysis.

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

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

Green Recovery Scheme

Northern Powergrid informed us of the Green Recovery Scheme, set up by Ofgem. The scheme aims to accelerate decarbonisation and economic growth across the region. The Company are consulting on 38 sites that have been identified as possible sites for this investment in the next two years, and the consultations about them that they are pursuing with interested parties.

Stakeholder Engagement plan update

An important step in developing the company's draft business plan will be testing the propositions in it, and the associated costs, with stakeholders. Northern Powergrid will soon be providing the Customer Engagement Group with information on how it proposes to do this, including dealing with the uncertainty over expenditure on decarbonisation.