

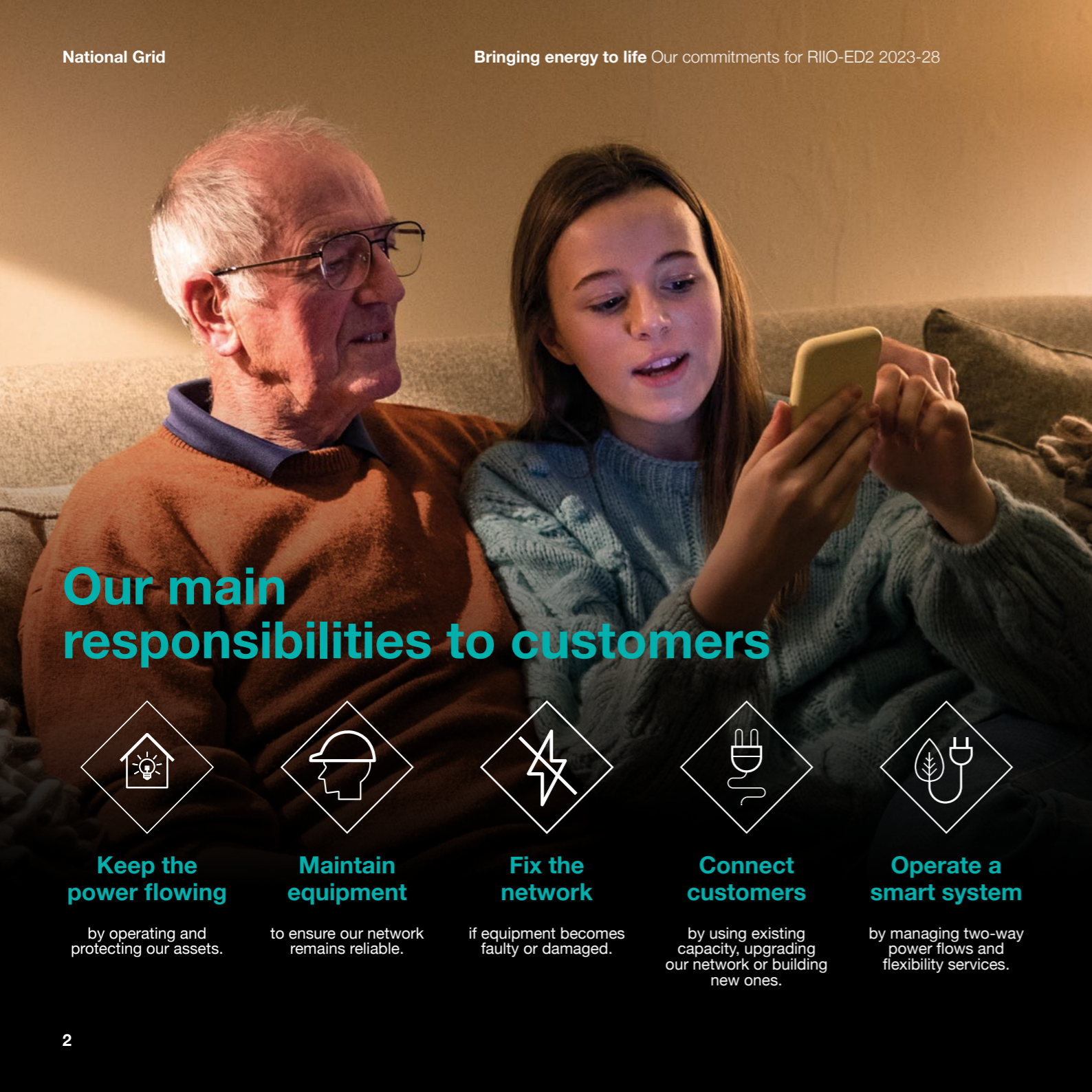
nationalgrid

Bringing energy to life

Our commitments for RIIO-ED2 2023-28

nationalgrid.co.uk





Our main responsibilities to customers



Keep the power flowing

by operating and protecting our assets.



Maintain equipment

to ensure our network remains reliable.



Fix the network

if equipment becomes faulty or damaged.



Connect customers

by using existing capacity, upgrading our network or building new ones.



Operate a smart system

by managing two-way power flows and flexibility services.

About National Grid Electricity Distribution

Every day National Grid Electricity Distribution brings energy to life for eight million customers in the South West, the Midlands and South Wales.

We deliver a safe and reliable electricity supply via a committed 6,500-strong workforce that provides a highly regarded essential service across an area of 55,500km².

We help keep the lights on from the Isles of Scilly to Lincoln, from Milford Haven to Milton Keynes, while providing the highest levels of customer service.

Our network of overhead lines, underground cables and substations transforms power from the 230,000/400,000 volts supplied by National Grid Electricity Transmission to the 230 volts which powers homes and businesses.

Our network in numbers:



1.4 million towers and poles



190,000 substations



138,000km of underground cables

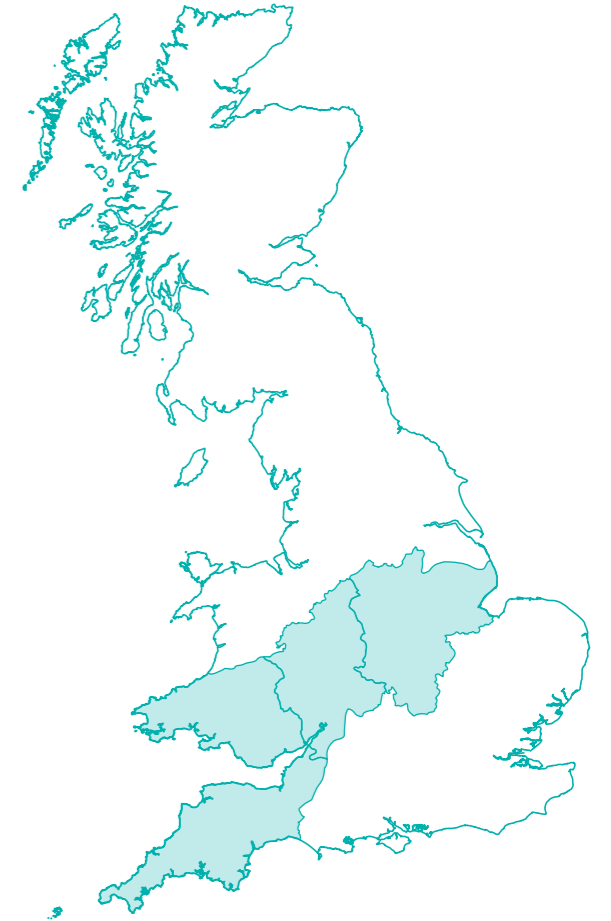


90,000km of overhead lines

The customer is at the heart of all we do.

We provide connections for homes and businesses and invest heavily to ensure we can meet their needs now and in the future. This includes helping them achieve their net zero ambitions by being able to connect low carbon technologies, such as electric vehicle chargers and heat pumps.

Keeping our services affordable for our customers is important to us, as is supporting the most vulnerable in our communities as part of a fair and sustainable energy future.



Our purpose in a changing world

By **Cordi O'Hara**,
National Grid Electricity Distribution
President



We are living in a time when the pace of change is on a scale that has not been seen for many generations.

Yet in a rapidly changing world, our purpose remains constant – to bring energy to life.

As part of National Grid, we are the largest electricity transmission and distribution business in the UK which gives us a great platform to play our role in decarbonising energy for all.

Our vision is to do this by putting National Grid at the heart of a clean, fair and affordable energy future:

- **Clean** – tackling climate change and leading the way to net zero.
- **Fair** – ensuring nobody gets left behind.
- **Affordable** – because everyone should be able to pay for their essential energy needs.

Transformation is already underway to create a sustainable, innovative and resilient energy grid but the pace will intensify over the next five years as part of the new price control process – RIIO-ED2 (**find out more on page 6**).

It is an exciting time for National Grid Electricity Distribution and this booklet sets out to explain what we will be doing, how we will do it and what changes our customers and stakeholders can expect.



Clean

Tackling climate change and leading the way to net zero.



Fair

Ensuring nobody gets left behind.



Affordable

Because everyone should be able to pay for their essential energy needs.

Achieving our vision

The electricity sector is undergoing a revolution and National Grid Electricity Distribution is at the heart of it.

Tackling climate change and creating a cleaner, fairer and more sustainable energy future is one of the biggest challenges of modern times. We are playing our role in helping the UK reach its net zero carbon targets by delivering a smart digitalised electricity grid that will meet the rapidly changing needs of customers.

As well as enabling this dramatic change we will be actively leading it, unlocking the potential of our network so our customers and stakeholders can decarbonise at the pace they want.

This will be done through targeted green investment, offering flexibility services and the development of digitalised solutions and new products.

This rapid-paced transition will transform homes and transportation on an unprecedented scale, enabling customers to use electric vehicles, heat pumps and other low carbon technologies.

We have identified four strategic priorities to help us achieve our vision:



Enabling the energy transition for all

- We will invest more than £7.5 billion in our network from 2023-28.
- Become a net zero organisation by 2043 in line with our validated 1.5°C science based target (SBT).

Deliver for our customers efficiently

- We will remain focused on customer service.
- Increase support for vulnerable customers and the communities we serve.
- Keep our services affordable.

Grow our organisational capability

- We will change our structure to meet customer needs.
- Transform our business by making more use of digitalisation and innovation.
- Build a net zero-focused workforce.
- Have a diverse pool of workforce talent.

Empower our people for great performance

- We will increase skills training for colleagues.
- Support their physical, mental and financial wellbeing.
- Boost training to create high performing teams.

Our five year plan

Turning our vision and strategic priorities into reality requires a Business Plan and we co-created one with more than 25,000 stakeholders, our largest ever consultation.

Creating a plan is subject to a process of price control review called RIIO-ED2, which stands for Revenues = Incentives + Innovation + Outputs in Electricity Distribution.

Overseen by Ofgem, we were required to produce a Business Plan with a series of measurable commitments, setting out how much they will cost and how they will benefit customers and stakeholders.

The commitments fall into three categories defined by Ofgem:

- meeting the needs of our consumers and network users
- maintaining a safe and resilient network
- delivering an environmentally sustainable network.

The finalised Business Plan was submitted in December 2021 to Ofgem which gave its verdict, a Final Determination, in November 2022.

While that required us to make some changes to our original 42 core commitments, it has not diluted the scope of our ambition. From 1 April 2023, we will be implementing our delivery plan for the next five years.

To achieve the commitments, we will increase our investment in the network by more than 30% compared to ED1.

What will this investment mean for bills?

Currently customers pay around £98 a year for electricity distribution and we expect this to be broadly the same for 2023 to 2028. We recognise affordability is imperative and we will aim to keep bills flat through efficiencies and other mechanisms.

Starting out on a new period of investment and innovation is exciting, but as you will see later on in this publication, support for vulnerable customers will be an increasing priority because it is vital that no one is left behind in the push to net zero.



An independent view

Duncan McCombie,
Customer Engagement Group Chairman

Ensuring the interests of customers and stakeholders remain at the forefront of National Grid Electricity Distribution's (NGED) plans up to 2028 has been central to the role of the Customer Engagement Group (CEG).

These are challenging times.

The CEG brought an extensive range of specialist knowledge and experience to challenge the company, ultimately resulting in a Business Plan that better reflected the priorities and future requirements of customers and stakeholders.

The group robustly scrutinised every facet of the company's priorities in our meetings and submissions which have been recognised by Ofgem and NGED as having improved the draft stages of the plan.

We examined the justifications behind the company's commitments, including spending projections, sustainability commitments and support for vulnerable customers, as well as how the plan was shaped, put together and how it would be deliverable.

We believe rigorous CEG oversight has resulted in an improved final Business Plan. As that plan starts to be implemented, I look forward to seeing it meet the long-term interests of customers and stakeholders in a rapidly changing sector. Our continuing oversight will remain focused on its delivery.

What customers can expect

Over the next five years, we have an ambitious delivery plan to help us transform our energy network, a plan that was created with and for our customers.

This plan is based on achieving four core outcomes for customers:



Sustainability

We will be an industry leader in the drive towards net zero, helping to change energy usage and customer green behaviour.

We will have made major progress towards achieving net zero in our own operations and we will ensure the network is ready to enable local authorities to achieve similar ambitions.

Connectability

We will ensure the network can cater for at least 1.5 million additional electric vehicles, 600,000 heat pumps and a significant increase in renewable generation over the next five years.

A lack of network capacity should not be a barrier for our customers.

Vulnerability

We will ensure no one is left behind in a smart future and will deliver a high standard of inclusive support, including offering 600,000 smart energy action plans for vulnerable customers each year.

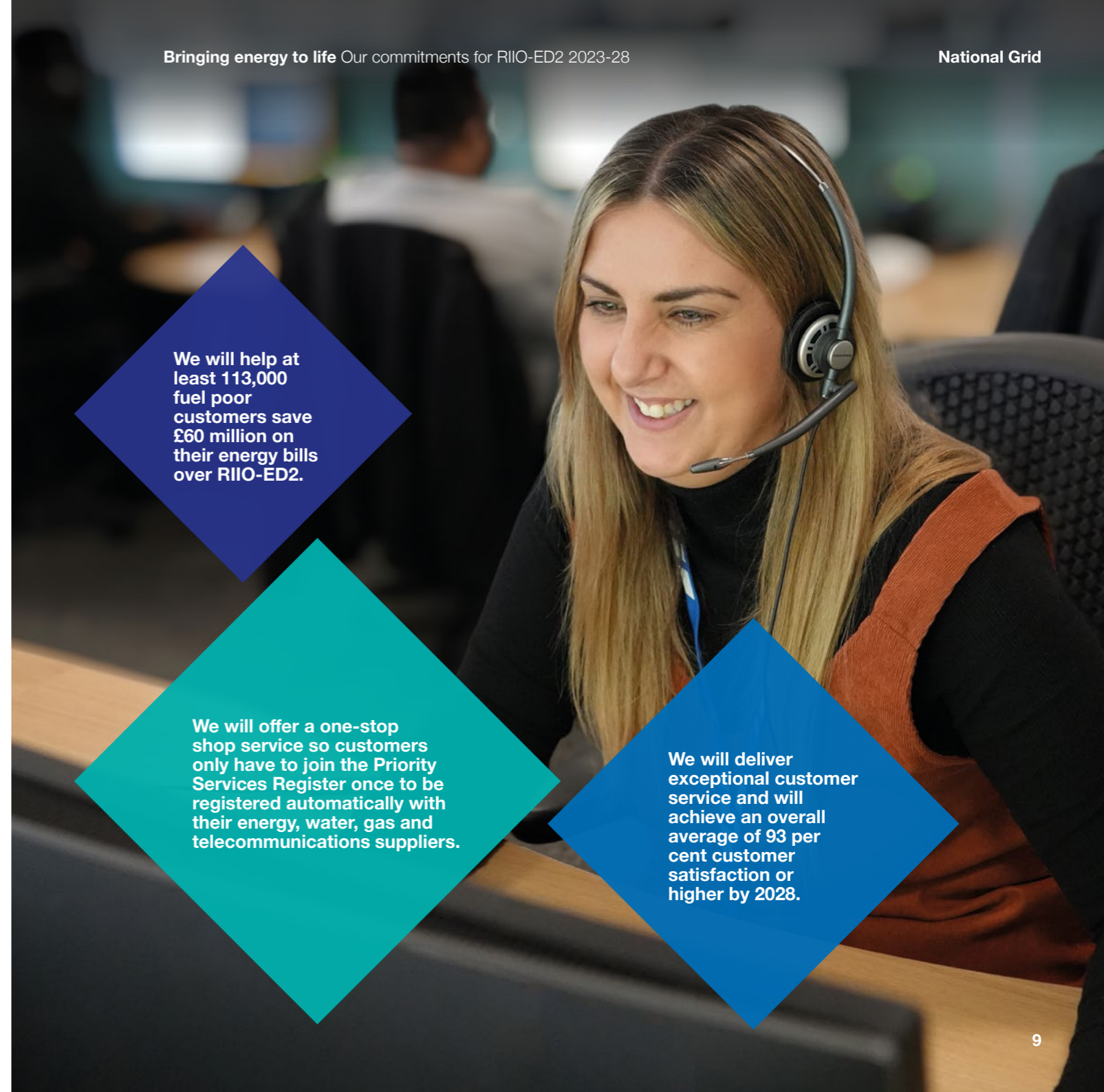
We will deliver over £60 million of savings direct to customers – more than double our ground breaking fuel poverty support.

Affordability

We will continue to deliver the highest standards of safety, reliability and customer service that customers have come to expect from us.

Power cuts will be at their lowest ever levels and customer satisfaction will be at its highest at 93 per cent.

We will achieve all this while keeping our portion of the average domestic customer bill broadly flat.



We will help at least 113,000 fuel poor customers save £60 million on their energy bills over RIIO-ED2.

We will offer a one-stop shop service so customers only have to join the Priority Services Register once to be registered automatically with their energy, water, gas and telecommunications suppliers.

We will deliver exceptional customer service and will achieve an overall average of 93 per cent customer satisfaction or higher by 2028.

What we will deliver

We will be investing more than £1.2 billion in our network every year between 2023 and 2028 to deliver our 42 core commitments.



What we will deliver



A smart and flexible network

1. Drive the achievement of net zero across our regions sooner than 2050 in line with stakeholder plans by ensuring network capacity is available.
2. Ensure customers are able to connect low carbon technologies quickly and easily with the network ready to support at least an additional 1.5 million electric vehicles and 600,000 heat pumps by 2028.
3. Make it easy for customers to adopt low carbon technologies and achieve net zero in their region much sooner than 2050 by driving the delivery of Local Area Energy Plans and proactively engaging all local authorities each year via 90 local energy surgeries.
4. Deliver a network to meet the evolving needs of our customers by aligning our future energy forecasts with the plans of local regions and the Electricity System Operator, by updating NGED's Distribution Future Energy Scenarios every year.
5. Keep bills as low as possible and minimise the need for load related reinforcement by adopting a "flexibility first" approach to maximise utilisation of the existing network.
6. Unlock capacity from the existing grid and therefore avoid the need for reinforcement by stimulating the development of flexibility markets and implementing simple, fair and transparent rules for procuring flexibility services, with a six month tender and exceptional customer satisfaction for flexibility services.
7. Deliver solutions that achieve the greatest social benefit to customers by utilising a whole system approach for major reinforcement to improve network efficiency. We will undertake three regional collaboration trial schemes by 2025 involving gas, electricity, water, waste, transport and heating sectors.



Community energy

8. Actively support the expansion of green, renewable energy generation and help local communities to decarbonise and lower their bills, by connecting at least 30 community energy groups to the network each year.
9. Support a growth in community energy schemes by facilitating their access to available funding streams.



Environment and sustainability

10. Become a net zero organisation by 2043 in line with our validated 1.5°C science based target (SBT).
11. Avoid damage to the environment by reducing the volume of leakage from fluid filled cables by 50 per cent by 2028 and replacing the worst leaking circuits with non-oil alternatives putting NGED on target to remove all oil-filled cables by 2060.
12. Significantly reduce our impact on climate change by delivering a 20 per cent reduction in SF₆ losses and drive industry partners to develop technological alternatives to reduce overall volumes of SF₆ on the system.
13. Significantly reduce the environmental impact of our operations by achieving zero waste to landfill by 2028 (excluding hazardous waste) and delivering an overall 30 per cent reduction in tonnage of waste produced.
14. Improve visual amenity by removing at least 50km of overhead lines in Areas of Outstanding Natural Beauty and National Parks.
15. Achieve a 10 per cent net gain in biodiversity (in line with nationally recognised assessment tools) for new major projects and for selected primary and grid substation sites.

What we will deliver



Innovation

- 16. Keep bills for customers low by delivering a minimum stretch efficiency saving of £95 million through RIIO-ED2 (on top of £723 million of efficiencies already included in the plan) by utilising innovation to improve our processes.
- 17. Enhance access to data that is tailored to the individual needs of our customers, by making 60 per cent of NGED's network data available via an interactive Application Programming Interface.



Customers in vulnerable situations

- 18. Ensure customers are not left behind in the smart energy transition by offering at least 600,000 Priority Services Register customers a bespoke smart energy action plan each year.
- 19. Support at least 113,000 fuel poor customers to save £60 million on their energy bills over RIIO-ED2.
- 20. Expand the reach of the Priority Services Register to at least 75 per cent of total eligible customers and 80 per cent of customers with critical medical dependencies to ensure those in greatest need receive targeted support services. This will include registering at least 50,000 additional "hard-to-reach" customers each year.
- 21. Achieve a one-stop shop service so customers only have to join the Priority Services Register once to be registered automatically with their energy, water, gas and telecommunications suppliers.
- 22. Maintain high quality data to allow us to deliver bespoke support to customers in vulnerable situations by proactively contacting over two million Priority Services Register customers once every two years to remind them of our services and update their records (with 60 per cent via direct telephone call).



Social Contract

- 23. Support and add significant value to our local communities via a "Community Matters" social initiative associated with the smart energy transition, vulnerability, environment and sustainability. This will include a shareholder-funded annual £1 million community support fund and 1,900 volunteer days per year for NGED staff to support local causes.
- 24. Deliver enduring long-term support to our communities by publishing an updated Social Contract and performance report every year, and maintain our prime Environmental, Social and Governance rating.
- 25. Build decarbonised communities and local energy schemes by providing £540,000 shareholder-funded support per year to install solar PV on schools and community buildings in areas of high economic deprivation.



Customer service

- 26. Deliver exceptional service levels by achieving an overall average customer satisfaction of 93 per cent or higher by the end of RIIO-ED2, with separate reporting for emerging technology customers.
- 27. Ensure a speedy telephone response to customers by answering calls within an average of four seconds and maintain an abandoned call rate of less than one per cent within our UK-based in-region contact centres.
- 28. Ensure a speedy social media response to customers by replying to enquiries within an average of five minutes and webchats in an average of less than a minute, 24 hours a day.
- 29. Provide greater insight on our planned work activities and interruptions on our network by creating an online viewer.
- 30. When things go wrong, ensure we put things right very quickly, by resolving at least 90 per cent of complaints within one day and 99 per cent of complaints within 31 days.



Connections

- 31. Make it as easy as possible for customers to apply to connect individual domestic low carbon technologies by providing a same day connections response via an online self assessment tool.
- 32. Provide quicker and cheaper connections options for customers by introducing a wider range of curtailable and flexible connections.



Network resilience

- 33. Maintain network reliability where on average power cuts are better than one interruption every two years lasting less than 24 minutes whilst utilising vulnerable customer data to prioritise network improvement schemes.
- 34. Improve the service for at least 8,260 Worst Served Customers by undertaking 70 schemes.
- 35. Counteract deterioration of network assets by delivering a 20 per cent change in risk to keep network risk at similar levels to the start of the price control period.
- 36. Reduce flooding risk of our key sites and engage with stakeholders to reduce the need for new assets in flood risk areas.

Keep bills for customers low by delivering an additional stretch efficiency saving of £95 million through RIIO-ED2.



What we will deliver



Safety

- 37. Increase the safety of children by delivering schemes to underground, insulate or divert overhead lines that cross school playing areas.
- 38. Keep our children safe by sending electrical safety education packs to every primary school in NGED's region and educate at least 80,000 children per year via direct learning.



Business IT security and cyber resilience

- 39. Reduce the risk of data loss or network interruption from a cyber attack by continually assessing emerging threats in order to enhance our cyber security systems.
- 40. Reduce the risk of disruption to our operations and enhance the resilience of our IT network security as we deliver greater digitalisation by increasing levels of threat monitoring, prevention and alerting systems and upgrading our disaster recovery capability to ensure continuity of our operations.



Workforce resilience

- 41. Demonstrate exceptional and embedded employment practices by the end of RIIO-ED2.
- 42. Achieve year-on-year improvement to the levels of diversity within the business and publish an annually updated Diversity, Equity and Inclusion Action Plan.



A confident future

Stakeholders have helped us develop these commitments which will all contribute to the achievement of our four strategic outcomes for customers.

Our performance will be rigorously measured to show customers, stakeholders, consumer groups and the regulator we are delivering our promises.

As well as reviewing our progress each year, we will establish an independent RIIO-ED2 Monitoring Group to hold us to account.

This will help ensure we lead the push to net zero, build a digitally-enabled network, connect customers quicker and in smarter ways, while continuing to support those who are vulnerable.

Our staff will continue to be the foundation of our success as an electricity distribution business, giving customers the services they need at the high standards they expect.

By doing the right thing, finding a better way and making it happen, they will play a vital role in helping us meet the UK's fast evolving energy needs.

We go into the next five years confident we have an ambitious and robust plan to meet the challenges ahead so we can create a clean, fair and affordable energy future.

