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Minutes and actions of the National Grid Electricity & Gas Transmission Independent User Groups (User Group) Meeting-14 - NG

Meeting Number:	NG-UG14 cont'd
Meeting Date:	17 th June 2020
Location:	Webex
Start Time:	10:30 – 14:45
Attendees:	<p>Chair: Trisha McAuley (TM) Technical Secretary: Amelia Affum (AA), Charon Balrey (CBa)</p> <p>Members:</p> <ul style="list-style-type: none"> • Roz Bulleid (RB), Green Alliance • Julie Cox (JC), Energy UK • Paul Denniff (PD), SGN • Barry Hatton (BH), UKPN • Joe Howe (JH), University of Chester • Tom Knowland (TKn), Leeds City Council • Campbell Murdoch (CM), Total • Denise Massey (DM), Energy Innovation Centre • Zoe McLeod (ZM), Independent Consumer Advocate • Andy Paine (AP), Vattenfall • Eddie Proffitt (EP), Major Energy Users Council • Ben Watts (BW), ADE • Will Webster (WW), Oil and Gas UK • Julian Leslie (JL), National Grid, Electricity System Operator <p>National Grid Representatives:</p> <ul style="list-style-type: none"> • Mark Brackley (MB), National Grid Electricity Transmission RIIO T2 Project Director • Tony Nixon (TN), National Grid Gas Transmission Regulation Lead • David Wright (DW), National Grid Director Electricity Transmission & Group Electricity Chief Engineer <p>Invitees:</p> <ul style="list-style-type: none"> • Chris Bennett (CBe) National Grid Director of UK Regulation • Gary Stokes (GS), National Grid Stakeholder Engagement Manager • Jenny Pemberton (JPe), Customer & Stakeholder Strategy Manager • Mark Hamling (MH), Gas Network Capability Manager • Orlando Emhirst (OE), Gas Transmission, Principle Transmission Network Analyst
Apologies:	<p>National Grid Representatives</p> <ul style="list-style-type: none"> • Phil Sheppard (PS), National Grid Director Gas Transmission

Minutes

Agenda Reference	Minutes	Action Reference and Owner
1.	<p>Welcome from the Chair and Chair Updates</p> <p>TM welcomed everyone to the combined Electricity and Gas Transmission Users Groups’ meeting and explained that, in the light of the timing issues arising from ongoing reliance on virtual meetings, it was a continuation of the May meeting. She highlighted that the purpose of the meeting was to review a couple of the National Grid (NG) topics, namely; Stakeholder Engagement and Network Capability. For both topics, the purpose was to review work to date in the role of “critical friend.” The User Groups would be returning to both topics after the Draft and/or Final Determinations.</p> <p>NGGT and NGET would also provide a brief update on the Gas Transmission (NGGT) & Electricity Transmission (NGET) business plans, ahead of Ofgem’s draft determination in July.</p> <p>TM updated the User Groups on various meetings with some of the NG senior leaders and the work being done in the background between TM, AA and CB on the User Group forward plan, following the May meeting. She thanked DM for her support with the work on the forward plan.</p> <p>TM then highlighted again the request from the User Groups that the NG teams avoid the use of acronyms.</p>	
2.	<p>Gas Transmission (NGGT) & Electricity Transmission (NGET) Business Plan Updates</p> <p>NGGT Update</p> <p>TN provided an overview of the significant work which was ongoing with Ofgem on the NGGT business plan. He informed the group of how Ofgem has been challenging the asset health plan, focusing predominately on the scope of works and evidence for unit costs.</p> <p>TN also talked about the re-openers and the three-staged process which had now been agreed with Ofgem. He explained how this aligned with the NGGT investment process, making it more efficient.</p> <p>TN then talked about Cyber, indicating that Ofgem, in its capacity as Competent Authority, recognised the need for the work proposed but had requested further costing detail. He explained that the same thinking applied to proposals relating to Information Technology and informed the Group of Ofgem’s intention to use uncertainty mechanisms and re-openers to manage any uncertainty in the five-year price control period.</p> <p>The update was followed by questions and answers on the structure and management of uncertainty mechanisms and cost impact of works proposed, in the light of COVID 19.</p>	

	<p>NGET Update</p> <p>MB also referenced the significant work which was ongoing with Ofgem. He informed the Group that Ofgem’s main focus was on NGET’s biggest cost driver - reliability and engineering - and explained that Ofgem’s enquiries were around the detail underpinning the asset plan and the detail supporting the needs cases and scope of investments proposed. MB advised that, in response, NGET will be providing supplementary justification papers which will be published, where possible, in parallel with the draft determination in July. MB also spoke of the additional stakeholder engagement that is being planned to support the process.</p> <p>MB then provided an update on the protection from external threats proposals.</p> <p>An update was also provided on NGET’s environmental proposals and associated output delivery incentives. MB explained that Ofgem was looking to achieve harmony across network proposals and was looking into areas like Urban Improvement Provision (UIP) and the environmental scorecard.</p> <p>This was followed by further questions and answers on Ofgem’s assessment of asset health and whether it will turn into deliverables, and further questions on the Network Asset Risk Metrics (NARM) framework.</p>	
<p>3.</p>	<p>Stakeholder Engagement</p> <p>TM opened this session by re-iterating the Groups’ agreed process for the challenge logs.</p> <p>GS then set out the purpose of session, in that it was to talk the User Groups through what NGET and NGGT have been doing in this transition year to both be ready to deliver RIIO-2 plans and also to make stakeholder engagement business as usual.</p> <p>He set out the reasons why this was necessary, explaining that it was to meet the expectations of Ofgem, the User Groups and stakeholders, as well as to deliver on NG’s ambition to improve.</p> <p>GS then went through what was required to deliver commitments. He talked about the need for NGET and NGGT to evidence that strategic business priorities were being informed by stakeholder insight and the importance of using insight from the annual business planning process to inform decision-making. He also talked about the changes that would be required to NGET/NGGT governance to enable this, the ambition to develop the annual /ongoing activities to that will feed into the process, the role of the User Groups and what would be required to effectively ensure the embedding of stakeholder engagement into organisational decision-making.</p> <p>GS set out the asks of the IUGs in bringing this topic, which was for them to challenge and review NGET and NGGT’s...</p>	

	<ul style="list-style-type: none"> • 2020 Engagement plans, explaining that these were subject to Ofgem’s draft and final determinations. • approach to using insight to make stakeholder-led decisions on an ongoing basis. <p>JPe and GS then went through the 2020 Engagement plans and approach for Gas and Electricity transmission respectively.</p> <p>The User Group’s Response to</p> <p>NGET/NGGT’s 2020 engagement plans</p> <p>Positive feedback was given by the User Group on the work NGET/NGGT had done so far, especially given the impacts of COVID-19, the alignment to the User Group best practice principles, the stakeholder engagement being planned on the draft determination and the thinking to use a study, currently underway, to track and understand stakeholders changing priorities in response to COVID-19.</p> <p>A request was made for visibility of the engagement around the draft determination to support robustness, should it be presented to Ofgem as evidence.</p> <p>The User Groups felt that the approaches for GT and ET were aligned broadly with their expectations. It was good to hear about the preparation work that is going on in this transition year, both in terms of the forward work planning and also embedding systems and governance changes. The Groups believed that NGET/NGGT have clearly framed the engagement within the context of the wider strategy and the business plan commitments. They are generally following the AA1000 Standard and the User Group principles. However, the Ofgem principles need to have more explicit reference.</p> <p>The Groups urged NGET/NGGT to give further thought to how to manage the a) annual governance process on deciding the programme each year versus b) continued engagement on the big questions like the future of heat and whole energy systems.</p> <p>While acknowledging that it was probably implicit across the breadth of the engagement plans, the Groups believed that stakeholder engagement on whole systems needed to be much clearer and the approaches used, and their reasons, significantly more explicit. NGET/NGGT should set out clearly what engagement they are best off doing on their own, versus what engagement they are best off delivering collaboratively (this is different to collaborating on the development of the solution. Within this NGET/NGGT should be clear where they are leading or supporting.</p> <p>A specific challenge was raised on the transparency of gas prices and how Users can forecast charges following RIIO-2 plans with more uncertainty mechanisms, historic cost increases, falling gas demand and the new charging regime.</p>	<p>UG14-14 GS to provide visibility of the engagement around draft determination</p>
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	<p>The key challenge for NGET/NGGT ultimately would be in delivery i.e. visibility of what has changed in the business as a result of stakeholder engagement.</p>	
<p>4.</p>	<p>Network Capability</p> <p>Mark Hamling introduced the update on the latest proposals for the network capability annual review process, including stakeholder engagement. This follows the outstanding User Group challenge that NGGT articulates a structured, annual process for network capability, which takes account of current policy, net zero sensitivities and stakeholder engagement.</p> <p>MH explained the process around how NGGT plans for the future, including understanding what customers want through supply and demand forecasts, carrying out network capability assessment and then assessing options.</p> <p>The User Group recognised the significant progress that had been made in the last year and there was overall broad support for the objectives and proposed approach. This was however, caveated with the need to consider the outcomes of the Draft Determination. The User Group then provided areas of challenge on the following:</p> <p>Annual Investment Plan Challenge on the fit and linkages between the annual network capability process and annual investment plan and outputs and choices and trade-offs.</p> <p>Timing of processes How will NGGT manage the changes which may be provided with updated FES? Should there be some degree of stakeholder engagement between August and November to check on the options and trade-offs?</p> <p>Within day capability How is this being progressed to provide pressures and ramping requirements which are important to generators especially with more intermittent renewable generation?</p> <p>Open source data How are you being transparent with the data upon which you are assessing network capability? How does this work reflect the recommendations of the Energy Data Taskforce?</p> <p>A challenge around demonstrating more granularity over what stakeholder appetite and what they need – how do people use it, what do they need from it, data needs, how they would like it t displayed?</p> <p>Outcomes How are the outcomes of engagement and generally with network capability aligned with wider strategic objectives such as RIIO-2 and net zero?</p>	

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	<p>Stakeholder impact What are the impacts on stakeholders and how are you articulating this? Equally, are you aware of what others are doing as a result of the network capability analysis?</p>	
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Actions from User Group Meeting 14

Action Reference	Target	Responsible	Description	Closure Date
UG14-14	30 th July	GS	GS to provide visibility of the engagement around draft determination	