

**NATIONAL GRID ELECTRICITY TRANSMISSION (NGET)  
INDEPENDENT STAKEHOLDER GROUP (ISG)**

**Response to Ofgem's Call for Evidence on NGET's Business Plan  
for RIIO-3**

## **Who we are**

The NGET ISG is an authoritative group of senior level, cross-sectoral stakeholder experts who represent the interests of NGET's key stakeholder constituencies as users, or future users, of the electricity transmission system in England and Wales, and with a view to ensuring end consumer and societal value, now and into the energy future.<sup>1</sup> We are completely independent of NGET and Ofgem, and our remit, as set out by Ofgem, is to provide challenge and scrutiny to NGET as it both develops its Business Plan and, on an enduring basis, the delivery of its plan. Our remit does not extend to cyber and physical security, nor to costs assessment, financing and the financeability of the Business Plan, although we clearly have a role in consumer affordability, bill impact and fairness to existing and future consumers. A key part of our role is to scrutinise and challenge, in depth, how NGET has engaged with its stakeholder base and the extent to which the Business Plan has stakeholders at its heart. We take all our responsibilities very seriously and we have addressed them with expertise, sectoral knowledge, rigour and independence.

## **The External Context**

The RIIO-T3 planning period has taken place against a unique backdrop for the British energy sector and the interdependent combination of the global energy security landscape, the cost-of-living crisis and the imperative to accelerate the path to Net Zero. The UK Government is strongly committed to rapidly advancing Britain's energy transition, targeting Clean Power by 2030, a key component of which is undertaking significant upgrades to Britain's electricity transmission infrastructure. This Business Plan is a step change from the asset replacement focus of RIIO-2. It is inevitably more expansive and the infrastructure investment approach, its scale, its focus and its timely delivery are of critical significance to our energy future, and to sustainable economic growth and social value. However, it also presents unprecedented deliverability and consumer acceptability challenges. As key stakeholders who are operating themselves in this challenging, often uncertain, environment we are conscious of our role in the regulated settlement – but by virtue of our membership, we are also focused on the future and we are uniquely cognisant of the wider intersects, the trade-offs that need to be made, the increasingly important regional dimensions, and the impacts of decisions made by regulated networks and by regulators and policy makers.

## **How we have worked**

Following the RIIO-2 Final Determinations, NGET committed to maintaining the Group on an enduring basis to hold NGET to account on RIIO-2 delivery and to act as a “critical friend” on the key strategic issues for stakeholders and consumers in the energy transition, and on NGET's culture and its processes for becoming more stakeholder-led.

Since the beginning of the RIIO-3 planning process, and from February to December 2024, the ISG, as a whole, met eleven times, the majority being all day face to face sessions with the NGET teams, and in closed session for part, with many other smaller group or bilateral interactions. We established our own workplan that included thorough, in-depth discussion on NGET's stakeholder engagement strategy and its proposals for regional strategies, Accelerated Strategic Transmission Investment (ASTI), responsible business, environment, IT/digital/data, connections, asset maintenance, deliverability, innovation, human network, land/property, resilience, Business Plan clarity and ambition, output delivery incentives, and finance strategy. We have challenged every iteration of the Business Plan. Stakeholder engagement underpinned every discussion and NGET provided, and sought our input on, their detailed engagement logs that accompany every topic. We have maintained a log of the formal challenges we raised at each meeting. The Challenge Log contains 148 challenges,

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<sup>1</sup> The ISG comprises experts from the following sectors: consumer and community, decentralised energy and heat, distribution network operators, innovation and new business models, regional combined authorities, major energy users, energy suppliers, the environment and net zero, renewables generators and developers, NESO. The ISG Members are listed at the end of this document.

and NGET has responded to them all. It is our view that NGET has approached the Challenge Logs seriously.

It is for Ofgem to decide whether NGET has met all the requirements of its Business Plan Guidance. However, NGET did respond to the ISG's request that each topic discussion demonstrated how the Guidance was being addressed and, as the Business Plan neared completion, this was mapped out in further detail.

Independent to our views on the Business Plan, we are positive about NGET's culture, the effort and resource given to supporting the ISG and improvements made through the Business Planning process, where we have observed a significant improvement since the equivalent RII0-2 process. NGET senior leadership has been fully engaged throughout and the seniority of NGET attendance at the ISG meetings has enabled the ISG to directly challenge senior leadership. We can provide positive feedback on the company's responsiveness, and on its openness and transparency in the sharing of information, and on the quality, thoroughness, timeliness and relevance of that information. NGET has demonstrated senior executive leadership commitment to the purpose, the work and the views of the ISG and we have observed that embedded in the NGET culture with topic leads and teams demonstrating the same level of commitment throughout. We have received the support that we needed. NGET has been willing to listen and accept our challenge, and our independence has been always respected.

It is important to highlight that, as a senior group drawn from a range of constituencies, individually, we have differing priorities and views. We have routinely challenged ourselves within Group discussions, but we also worked to understand collectively our different perspectives, address the tensions and trade-offs and agree a way forward. We believe that this a strength of the ISG model in electricity transmission in the energy transition.

### **The ISG View of the NGET Business Plan**

This public, non-confidential document provides a narrative summary of our view of the Business Plan. The Appendix contains our key messages on each chapter (positives and areas for development), together with the completed Challenge Logs and our responses to each. We are submitting the Appendix to Ofgem on a confidential basis as the Challenge Logs generally contain either commercially confidential material, NGET's early stage thinking/work in progress, or areas where we understand the information may impact other stakeholders. The Business Plan Annexes have informed our view, but we are not resourced to scrutinise the numerous, detailed Engineering Justification Papers.

It is important to reiterate here that we are clear that we have maintained our independence from NGET, that we have been robust in our challenge, and that positive comment has been arrived at after careful and in-depth, ISG member only, private conversations.

We are not endorsing the Business Plan as there is always room for improvement. Our challenge is continuing and will continue.

### **Clarity, Quality and Ambition**

NGET's funding submission requests far higher spend than any previous price control, as well as there being significant differences between the baseline and pipeline positions. Transmission Owner plans must present overall value for money for the end consumers, over the short- and long-term, especially given the ongoing cost-of-living crisis.

The ISG is positive about this ambitious Business Plan which we believe is of high quality. This is as it is very clearly outcomes-focused and because, in general, it sets out, clearly, coherently, consistently and in the right level of detail: why the investment is needed; how it

will be delivered and when; the benefits to stakeholders; the risks and tensions; the trade-offs that will have to be made; and the external interdependencies impacting delivery.

NGET shared various iterations of the draft Business Plan with the ISG, including the near final version days before submission. We can see that our detailed feedback has been taken on board throughout. In our view, the Plan is well-structured and easy to navigate. It has the right level of clarity, and the resulting narrative is sharp, firm, factual, accessible and readable. The readability has become much more accessible and easier to navigate for wider consumers, much more so than the RIIO-2 plan.

We welcome and support the overarching ambition in the Plan to deliver the step change that is needed in our electricity infrastructure, while seeking to add value to consumers, communities, stakeholders and to the environment and economic growth. The Plan and the setting out of the three high level Ambitions and the twelve Objectives that sit beneath them shows a clear line of sight from industry leading consumer research and high-level stakeholder engagement outcomes. Together with the Business Plan Commitments, they are structured very well around the RIIO-3 Outcomes and the Commitments themselves clearly underpin the Ambitions and Objectives. They are prominent and clear, easy to understand and link well to the narrative and, in general, to stakeholder priorities, which we believe are at the heart of the Plan.

Throughout this process, we challenged NGET to continue to be clearer on consumer bill impact, lowest cost, and longer-term consumer value. Our view is that the Business Plan does now tell a clear story on consumer bill impact and longer-term consumer value through relatively cheaper, cleaner electricity longer-term and security of supply, and by seeking baseline (and pipeline) investment only where the needs case has been demonstrated in the context of a changing external environment and uncertain future demand scenarios. The company has now presented the long-term affordability of bill changes well, with useful visuals around the balance between increasing investment and lowering constraint costs presented in clear pound values for stakeholders.

On historical performance, the ISG has witnessed a positive NGET journey on areas such as culture, responsiveness, responsible business and the environment that is reflected in this narrative, although it has more to do.

We reiterate that, while we believe that this Plan is very good, there is room to get to an even higher standard. In the Appendix, we provide more detailed views on the Business Plan commitments where we think that NGET has not made enough of a stretch over RIIO-2 to convince us of best value to consumers or made the case on behalf of its stakeholders. We are mindful that Ofgem will have the advantage of a comparative view across the transmission companies and wider networks that will provide new insights on efficiency, innovation and ambition levels in particular. We have not reviewed NGET's plan in light of the other TOs' proposals.

**Importantly**, the deliverability challenge is a daunting one, requiring network companies to work in completely different ways, and to do so quickly and with agility. The consequences of non-delivery would be severe for stakeholders and for society. There is clearly significant ambition in this space, and NGET displays confidence and optimism around plan delivery. We have been closely involved in challenging NGET on all aspects of the deliverability challenge and in how they have assessed the deliverability risks. We think that the four types of delivery constraints (system access, supply chain, workforce and skills, community acceptance) are the right ones. We think the actions in the Business Plan are the right ones and that NGET is also using the opportunity to do things more efficiently. It is right that NGET has clearly set out the external interdependencies, given the wider significance of the investment. We are pleased to see a sharper focus on the latter compared to RIIO-2.

We also welcome that NGET responded positively to our challenge to include community acceptance as one of its key deliverability constraints. This will ensure a continuing, and developing, focus on engaging with affected communities for the right reasons and in the right ways. The actions set out in the Plan need to be underpinned by tangible and visible good practice, responsible business and accountability.

Going forward, we expect to receive updates on NGET's readiness to rise to the deliverability challenge, the risks and uncertainties ahead, and the relevant assumptions underpinning the ongoing delivery of the Business Plan. We want to ensure that NGET understands the risks of non/late delivery that come with the sheer scale of what is to come, and the step change required.

It is outwith the scope of the ISG's remit to analyse and form a view on the financial package requested in the Business Plan. However, we can confirm that the company provided us with good quality information to understand the total overall totex and risk and reward package. Only Ofgem can decide on the value for money and the fairness of the package to consumers, but NGET has responded positively to our challenges to strengthen their narrative and evidence throughout on fairness to consumers and bill impacts, now and in the future.

NGET has provided confidence to the ISG that they are consciously mindful of the risks of reward duplication and double counting when developing bespoke outcome delivery incentives, and we are looking forward to seeing how these proposals progress with Ofgem.

In relation to fairness to consumers, there are two areas that we believe need addressing:

- We would like to see affordability discussions consider the full range of consumers, such as industrial consumers and SMEs.
- There is some uncertainty around the impact of Real Price Effects, particularly on materials and skills over the next few years. There is a wider point for Ofgem to ensure that the right balance is met between NGET and consumers bearing their fair share of costs.

### **Stakeholder Engagement**

The ISG set out its expectations to NGET on what good looks like on stakeholder engagement via a set of Good Practice Engagement Principles (see Appendix). We have also been closely involved in the developing format and content of detailed Engagement Logs for each topic, together with an overarching Log on Designing the Future Network. We are content both that NGET listened and acted on our input to these Logs and that they, for the most part, represent good practice that other utilities could follow. These Logs were not part of the prescribed Annexes, but they are in general an excellent reflection of quality stakeholder engagement that feeds through into the Business Plan itself. The narrative in the main Business Plan document around stakeholder engagement could have been more in-depth, to better align with the excellent evidence provided in the Engagement Logs, although we understand the constraints set by Ofgem around document size and length which limited the scope for more extensive stakeholder engagement narrative.

Nevertheless, we have ISG members with strong expertise and experience in stakeholder engagement and, generally, NGET's engagement is now, overall, the best of the utility companies we have worked with over the years. They have a systematic, strategic, professional and well thought out approach. We have continued to see improvements on engagement over the last price control, in particular local engagement with the regional approach to the Business Plan. The shift in the last couple of years to greater joint delivery of engagement events is positive – as is planning together with industry and regional

partners. While we have flagged some areas for improvement, we have seen broad compliance with the ISG Engagement Principles.

There are a number of areas where we welcome the fact that NGET has showed leadership e.g. working with networks and local authorities to deliver engagement. NGET led the engagement on bill profiling and investment costs to the benefit of all Transmission Owners. The company has been proactive in sharing insight and findings with key stakeholders including Ofgem, Citizens Advice, and other energy companies. We commend NGET for conducting the industry leading research into consumer affordability. It is clear from the narrative, and from our engagement with NGET, that they are actively prioritising their obligations to the paying consumer, rather than attempting to minimise the extent of transmission costs on the whole bill.

The Business Plan description of consumer and stakeholder priorities and views is generally true to the insight we have seen and reviewed, although it would be good to have clearer visibility of the views of those that disagree with NGET for us to feel completely comfortable with that.

We have identified, in the Appendix, more detailed areas for development in NGET's stakeholder engagement. However, here we would highlight the following:

- We do not underestimate the engagement challenge that NGET faces at a community level over the next few years. Government is pushing to decarbonize the electricity system to challenging timelines, but outside of the sector, there is a growing minority who are actively anti-net zero policies, which look likely to become more pronounced especially if net zero is seen to increase bills with little end benefit felt by consumers. NGET is right to focus on the key benefits ensuring reliability of supply and meeting rising demand – these are top priorities for consumers, have relatively universal appeal and are less divisive.
- The emphasis in the Business Plan on community benefit and engagement, particularly in relation to the ASTI programme, was strengthened in response to ISG challenge but there is much more to do in this critical space. We have received updates on the work that has gone on at community level. We have witnessed NGET shift from a “show and tell” approach, which is not good practice, to hearing about good “bottom up” engagement within and with communities, focusing on their priority and needs. This has largely focused on community benefit, and we would like to see much more evidence, and a much stronger, improved approach to transparency with affected communities on investment optioneering and rationale for trade-offs, choices and decisions. The challenge will be to apply its good practice engagement consistently to all areas to better understand local priorities.

A refreshed NGET Stakeholder Engagement Strategy is planned to be published in the spring, and we expect to have timely sight of it to be able to comment.

### **Regional Focus**

Expectations around regional engagement are changing. An increased focus on regional planning is needed to help achieve the energy transition and deliver major upgrades to Britain's transmission infrastructure. Regional stakeholders are no longer purely reliant on dealing with the distribution network – it is vital that Transmission Operators are proactive in forging and strengthening relationships with key regional partners. They must also align their approaches to emerging governance frameworks such as NESO's Regional Energy Strategic Plans and Strategic Spatial Energy Plans.

NGET has responded positively to the brief – they have elevated their regional engagement efforts through improved DNO relationships, emerging collaboration with local and combined authorities, and extensive research with wider regional stakeholders throughout the Business Planning process. The Business Plan, engagement logs and Challenge Logs

provide good, thorough detail on the engagement taken place, and we have seen the company respond positively to our ongoing challenges throughout. NGET's investment plans address regional variation, tackle trade-offs with dutiful consideration, and provide practical information on deliverability uncertainty.

From the evidence provided, it is evident that NGET has listened to regional stakeholders and that their views have shaped NGET's regional plans. The ISG commends the progress made by NGET so far but given the sheer scale of regional complexities and priorities, it isn't always visible how the individual engagements have influenced the plans bottom-up.

We look towards the existing engagement that bodies such as NESO have with regional partners – there is a culture of over-communication and extensive levels of feedback, which we would like NGET to work towards emulating.

Over the coming months, we expect NGET to share their future regional engagement plans with us, and how they expect to use this information to further shape the detail of RIIO-3 delivery. It's vital that ongoing engagement takes place with regional partners, and continues to grow and evolve into deeper, more meaningful whole-system collaboration. This is not a nice-to-have – it critical for efficient delivery and public support.

### **Accelerated Strategic Investment (ASTI)**

Given the regulatory mechanisms around the ASTI projects, the needs case justification is less vital than other aspects of the plan, but it is still great to see the Business Plan clearly set out what work is required and why. We are pleased at the commitment to deliver this substantial work at pace. There has been valuable work done on enhancing supply chain and procurement capacity, setting the groundwork for a higher run-rate of delivery. This also includes the separation of ASTI activity into the Strategic Infrastructure (SI) business unit, a proactive move that we commend. We are also confident that plans are in place to try and ensure rapid construction will not impede on wider societal and ecological benefits. NGET's Business Plan and challenge responses provide us with solid evidence on compulsory purchase and grantor engagement. The plans for stakeholder engagement are detailed and ambitious, and we look forward to seeing how these plans progress.

Notwithstanding, this programme of work remains in its early stages, and the unprecedented level of construction work required is inevitably a risk. There are understandable risks around the speed of access and land purchase. NGET must have its ear to the ground to bring impacted stakeholders on the journey and further enhance engagement activity across the piece. It is a key area that the ISG would like to keep an eye on as the T3 delivery period progresses.

We would like to continue engaging with the SI team and would welcome increased attendance from senior leadership at ISG meetings to provide reassurance throughout the T3 delivery period.

### **Asset Maintenance**

The ISG submitted a significant number of detailed challenges for this section, but NGET has tackled them well with care and rigour. They have given us very detailed answers, which are consistent with the information provided in the wider plan and annexes. This is a thorough piece of work, and we appreciate the time and focus given to producing these responses.

The Network Asset Management annex has strong links to the regional and site strategies, with significant engagement undertaken to help shape these.

We did feel, however, that the “golden thread” of stakeholder engagement was not always clear, aside from high-level principles around reliability and the regional links presented in the annexes. However, we acknowledge that the asset maintenance side of NGET’s investment proposals will inevitably be more internally focused, with the company being the primary expert on how its assets need to be maintained, with other aspects of the plan more externally facing, such as customer connections.

### **Network Resilience**

NGET addressed the ISG’s challenges very well. The impact of our changing world is very well reflected in the Business Plan. The evidence of supply chain engagement is clear and specific, and NGET does well to acknowledge the changing picture in this space. Impacts of coastal erosion have also been reviewed extensively and tackled positively, with the company addressing what can be done outside the norm. There is evidence of positive management action around flexible decision processes. NGET understands the need for its workforce to turn things around quickly, and we have seen evidence of teams who are passionate about the infrastructure and feel highly responsible. We commend the company’s response to the 2022 heat event and the progress made to mitigate against future events.

### **Supply Chain and Workforce**

With regards to the supply chain, NGET provides substantial clarity on what needs to change, and how procurement processes must be updated. It’s positive to see NGET working with other TOs. This work cannot be done solo by NGET – it needs ongoing collaboration with stakeholders, which NGET touch on in their submission.

We call out great examples of long-term investment that NGET has highlighted, such as contractor training facility enhancement. The focus is not just on T3/2030 - the supply chain must also be delivering effectively in 2035 and 2050.

Around resource and skills, we acknowledge the challenges of a likely tight labour market in this area. NGET has shown great ambition here to positively encourage young people into STEM and upskill effectively. NGET has also provided some positive detail on their Diversity, Equity and Inclusion culture.

However, we would like to ensure that NGET’s actions are a sufficient step-change to hit the stretching headcount targets. As stated above, NGET has shown great ambition, but could more work be done around engaging areas of the workforce like military leavers and partnerships with universities? We acknowledge that this issue is wider than just NGET, and that higher level government intervention may be useful.

The ISG suggests that NGET look at ensuring partnerships with large cable users, e.g. offshore wind, to align supply chain delivery and targets.

There remains some uncertainty and risk with regards to the size of the pipeline and how the approval of this investment will feed through into strategic workforce planning. There is a challenge to get adequate resource made available, and if final requirements are not known until a late stage in the process, this will become ever more difficult.

### **Customer Connections**

Both the ISG and NGET are aware that the current connections process is not fit for purpose, resulting in high levels of frustration and complaints. Among some stakeholders there is a lack of understanding as to the roles and responsibilities of different parties i.e. that the National Energy System Operator (NESO) has oversight of the connections process and manages commercial arrangements with customers, with NGET managing the physical connection of their developments to the Transmission System. NGET are under no illusions to the challenges of the existing process and the need for improvement in their own service.



Stakeholders are calling for:

- Faster connection times and updated processes
- More certainty on timelines
- Greater cost transparency and stability
- Better engagement/communication and information at every stage of the connections process - customer perception of NGET is inconsistent depending on which part of the connections journey they have been surveyed at
- More warning of network outages and changes to them
- More clarity on SO/TO roles and responsibilities.

The Business Plan sets out that, currently, the pipeline holds over 415GW, which is three times more than what even the most ambitious net-zero scenarios would require NGET to connect by 2050, so we acknowledge the importance of prioritisation work currently being undertaken. The reform process will inevitably leave some stakeholders unhappy.

NGET is taking a direct and dedicated approach to tackling the challenges on connections. They have carried out a large amount of engagement over last couple of years, including collaborative research at an industry-wide level. This has informed their Connections Strategy, including views on pace, affordability parameters and collaborative working methods. The Business Plan outlines positive ways to improve customer pathways, with good commitments to improve digital capabilities and satisfaction scores. We commend the focus on providing dedicated contact and relationship managers to guide customers to ensure a smooth customer journey.

However, while we can see how NGET's Business Plan proposals seek to address the concerns raised by customers, and stakeholders, we have not yet seen direct evidence that stakeholders support them and are comfortable with their ambition level and the detail. Customers have raised concerns about transparency of prices and quality of information provided. We are unclear how these issues are being addressed. We are also unclear why the satisfaction score ambition level of moving from 7.2 to 7.7 was selected. We would like to see it go further, given benchmarks from other networks. In addition, importantly, we would like to see further evolution of the prioritisation and success criteria for connections.

### **The Environment and Nature**

The ISG was impressed with the presentations from the NGET environment team. Progress has certainly been made - the quality of information provided is good and the activity is more sophisticated and thought-through than in previous years. The ISG has pushed NGET to go further in many areas of their Business Plan, and we have seen the company deliver in various areas. The breadth of conversations captured by the environment engagement log is encouraging. The ISG is reassured that productive conversations with a wide variety of stakeholders have been undertaken and are continuing to be held.

It is vital that the rapid delivery of strategic infrastructure is not detrimental to previous progress on the environment and on nature. Stakeholder and public insight highlight the need for a balanced approach and some willingness to pay to improve nature and wildlife. How net zero infrastructure is delivered matters. NGET is mindful of the need to try and achieve a fair balance.

We are happy with the plans on natural capital – it is great to see collaboration in this space. The ISG has also seen positive steps on the marine environment and water stewardship as part of the Environmental Action Plan (EAP) but there is much more to be done here.

We commend the work done on construction, recognising NGET's stretching goals on low carbon building materials. Likewise, there is evidence of careful consideration of deliverability and ambition around SF6.

There is room for further ambition on circular economy – while the move away from landfill-focused targets is welcome, the goal on recycled materials appears relatively unambitious and the next step would be to consider elimination via lean design. Removing the need to use materials in the first place is the most effective way to cut waste.

While the environmental targets NGET appear satisfactory, and we are confident they help ensure a well-rounded plan, we would appreciate more granular evidence and external benchmarking to better understand why certain targets have been selected. For example, on Biodiversity Net Gain (BNG), it is not clear why going beyond the statutory 10% goal is not prioritised and what the alternative approach will deliver. We are aware of stakeholder engagement in this space, but much of this is not fully visible. We would like to explore EAP optioneering in more detail to ensure that the outcomes that NGET has arrived at are the most effective and deliverable.

Given NGET's position as a major taxpayer funded monopoly company, with a large supply chain, we would hope to see further leadership in the environmental sphere and more explicit mention of operating within planetary boundaries.

### **Responsible Business**

NGET requires a 'social licence to operate' to effectively deliver the infrastructure needed for a net zero electricity system. The organisation faces challenges such as a context of low public trust, a cost-of-living crisis, and a growing anti-net zero sentiment. Given this backdrop, NGET's contributions to communities, nature, and support for customers in vulnerable situations are increasingly important. The Business Plan includes solid ESG initiatives, such as a focus on nature positivity, skills and training, social mobility, and the role of the supply chain. Going forward, we will monitor where this is delivered in practice.

NGET has made progress on developing its approach to community benefits while awaiting government decisions. There has been a step-change in community engagement in recent years, reflected in NGET's regional approach which acknowledges the need for tailored solutions for different areas. We want to see greater detail on community benefits framework and the level of investment that will be made. NGET needs to not only win over hearts and minds to help prevent project delays but also maximise benefits and minimise risks to communities.

The company explicitly recognises that it has a role to play to assist customers struggling with their energy bills which goes beyond the community benefits scheme. The company has led the transmission companies with the Energy Innovation Centre in better defining TOs' role on consumer vulnerability and developing a new mapping tool with free access for the not-for-profit sector. We also welcome the development of a common social return on investment (SROI) approach between network companies and TOs and are keen for NGET to stress test this model with consumer groups and wider stakeholders.

While the transmission part of the energy bill is relatively small, the company has nonetheless been very cognisant of its impact on affordability. NGET has been transparent about bill impacts and it pioneered the deliberative consumer research to better understand public views on how investment costs should best be passed onto consumer bills. The company also makes voluntary contributions to organisations supporting those in fuel poverty and proactively increased its contributions during the Covid-19 pandemic. We welcome NGET continuing to make financial commitments to assist customers struggling with energy bills, but this could be better targeted e.g. at those worst impacted by increases in standing charges, or its most deprived communities, as well as a larger contribution. The ambition level in terms of the type and scale of support matters, as NGET's research indicates, that public support for paying for net zero infrastructure and support for the energy

transition is often contingent on energy companies playing their part and ensuring that vulnerable people and those on low incomes are protected. There will no doubt also be room for greater innovation in social value proposals linked to growth - we note with interest for example that SSEN have proposals to build workforce housing in remote rural areas.

However, while we remain optimistic for improvements, much of NGET's Business Plan in this area only aligns with minimum legal and regulatory requirements, and there has been limited evolution of the overall strategy since the Responsible Business Charter was developed. We would like to see the company enhance its metrics to reflect broader stakeholder interests and increase its ambition level in a number of areas. The Business Plan also noticeably quiet on key public concerns regarding fair returns and bonuses. There is scope for greater transparency here and potential lessons learned from the water sector, such as Ofwat's recent consultation on remuneration and governance rules.

### **Innovation**

The rapid pace and scale of NGET's projects over the course of T3, especially ASTI delivery, may prevent optimum innovation due to risk. We see an ongoing tension between urgency and importance that needs to be carefully managed, both internally by NGET and externally by partners and regulators across the industry, to ensure that the organization and the sector continue to innovate effectively.

There has been a significant maturation of NGET's approach to innovation since T1/2. It is more systematic, clearer, and highlights benefits in a more effective manner. A night and day approach to innovation. The level of understanding on innovation has certainly improved and the building blocks are in place for further development. The cross-cutting golden thread of stakeholder engagement is visible throughout the Business Plan, with NGET externally referencing innovation rather than just internally.

Whilst great steps have been made, there is still work to be done for NGET. We are not yet fully convinced that the golden thread of innovation is woven throughout the company's DNA. The ISG would like to see further evidence on the extent to which innovative ways of working are truly embedded across the workforce and are impacting operational change. We urge NGET to accelerate innovation activity in early T3, to increase the pace of investment and deployment, ensuring fast follow behaviour, especially given the higher amount of funding requested.

### **IT, Digital and Data**

NGET are proposing a wide array of technological advancements to assist in the delivery of its Business Plan. It is vital that they conduct effective stakeholder engagement to understand how and what to develop. We appreciate NGET's willingness to recognise ISG challenges and provide a response in the main public Business Plan document. NGET has provided helpful information around sustainable IT practices, their involvement in the Virtual Energy Network and external digital tool assurance. We think that the articulation and framing where the reader is asked to 'imagine a world where...' is effective communication for the general reader.

We would have liked to have seen more evidence and examples provided in the main narrative around what stakeholders desire in the digital space – there are high-level references to engagements undertaken, but the 'what' and 'how' is less visible. We acknowledge space constraints, and although the Digital Strategy and Action Plan (DSAP) provides sufficient detail, this could be signposted more clearly for the reader. We would have appreciated further detail on some of the wider IT investment, such as for corporate affairs/ET, where the explanation of what is being delivered is a little high-level.

## **NGET INDEPENDENT STAKEHOLDER GROUP MEMBERS**

### **Chair**

Trisha McAuley OBE, Consumer Expert and Portfolio Non-Executive Director

### **Members**

Cheryl Hiles, Director, Energy Capital, West Midlands Combined Authority

Roz Bulleid, Research and Policy Director, Green Alliance

Alex Schoch, Global Head of Flexibility and Electrification, Octopus Energy

Stew Horne, Group Head of Sector Intelligence, Energy Saving Trust

Jane Cooper, Director of Offshore Wind, Renewable UK

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Julian Leslie, Director of Strategic Energy Planning, National Energy System Operator (NESO)

Barry Hatton, Director of Asset Management, UK Power Networks (UKPN)

Zoe McLeod, Independent Consumer Advocate, Associate Director, Sustainability First

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Eddie Proffitt, Technical Director, Major Energy Users Council