

Executive Summary

A short report on the work of NGN's Customer Engagement Group (CEG) during the third year of the RIIO-2 regulatory period (2023-24) is available on our website.

Summarised below are our key observations and comments on how NGN has engaged with its customers and stakeholders to shape delivery of its programmes in 2023 and beyond, and how it is delivering on its commitments.

- There continues to be professional and collaborative engagement between our members and NGN business leads and we are confident that issues raised are addressed and evidence/analysis is provided where requested.
- NGN's engagement strategy is mature and effective and there is evidence that insights are used in decision-making processes.
- There are regulatory constraints to what NGN can provide to support customers in vulnerable situations and address affordability, but we are confident that NGN has listened to its key stakeholders and delivery partners to shape meaningful Vulnerability and Carbon Monoxide Allowance (VCMA) initiatives.
- The bread and butter work of network maintenance/repair/replacement accounting for around 90% NGN revenue and customer costs has been delivered to achieve targets, but more could be done to ensure frontline operatives are able to identify and refer on customers in vulnerable situations.
- Huge human and financial resources were dedicated to developing the Redcar hydrogen trial bid, which was ultimately cancelled. It is not clear how NGN will use lessons learned from this exercise but there are a number of valuable technological and stakeholder/customer insights that must not be lost.
- A new innovation strategy is needed which flows across the whole organisation and demonstrate how it will lead to better stakeholder outcomes.
- Stakeholders need more support in using data available from NGN.
- NGN should work with other GDNs to introduce a shrinkage measurement tool and reduce its reliance on modelling for methane escapes from pipes and operational activities.

Challenges for 24/25 delivery and considerations for GD3

We shall continue to work constructively with NGN and Ofgem.

We also recognise that there is much to be gained from learning from peers and sharing insights.

There has been constructive dialogue with the Chairs of the other CEGs/ISGs this year and we shall continue to share ideas and our approach to scrutiny and challenge, respecting company confidentiality.

- **Ongoing monitoring GD2 performance:** As NGN move into more detailed business planning for RIIO-3 it is imperative that they do not take the foot off the brake in delivering promised outcomes for year 4 of RIIO-2.
- **Innovation: The National Energy Research Village (NERV)** New partnership projects should be explored including public funded programmes which lead to meaningful customer outcomes. Learnings from innovation should be shared with stakeholders as part of the new strategy.
- **Data and Digital:** The GD2 strategy needs to become embedded and a stakeholder engagement plan must be created as an updated strategy is developed for GD3.
- **Stakeholder Engagement:** Ensuring all customer voices are heard and considered is important for GD2 delivery but will become increasingly important for GD3 when it is envisaged that plans for pathways to net zero will need to be more clearly articulated and policies put in place.
- **Customer Service:** As network cost increases are expected for GD3 it is also important that customers who are financially vulnerable continue to be supported with meaningful services and NGN must engage fully with advocates for these customers.
- **Vulnerability:** Sustainability of social investments must be enhanced through equipping partners and communities to continue well-targeted projects that focus on unmet need when initial seed funding stops.
- **Environment:** Decarbonisation of NGN's fleet to be progressed as quickly as possible recognising the need to meet 1 and 2-hour emergency response times, and a strong focus on meeting or exceeding the shrinkage/leakage reduction targets.
- **Assessing other new supporting strategies and analysis underpinning the Business Plan for GD3 including:**
 - Future of NGN's gas network - analysis on possible pathways and timescales
 - Customer Value/Acceptability/Willingness to Pay testing
 - Equity, Diversity and Inclusion strategy and action plan.