

# Our 2018 Stakeholder Report



# Welcome...

...to our 2018 Stakeholder Report – an easy-to-read summary of our performance and achievements over the past year.

We hope you find plenty of things of interest in the following pages.

We're also currently developing our next business plan, for 2021-2026. We will be consulting widely with our customers and stakeholders over the coming months, to make sure this plan reflects the region's priorities.

If you'd like to find out more about the plan, and how you can share your views, please get in touch.

## How to get in touch

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-  [@NGNgas](https://twitter.com/NGNgas)

# A word from Mark



## Value for money and affordable bills are always a hot topic in the utilities sector – but in 2017/18, there was even greater scrutiny.

From a tabloid newspaper campaign focused on bills, to signals from our regulator, Ofgem, that the next price review will be the toughest yet, there's been an enormous focus on the pounds and pence it takes to keep the lights on, and to keep customers cooking on gas.

At Northern Gas Networks (NGN) we welcome this forensic focus. Since 2005, we've been one of the most efficient gas distributors, working well within allocated budgets while delivering for our customers.

And as you'll read in this year's report, we have continued to evolve the way we do things, to deliver even better value for money.

### Front line innovation

Out on the front line, our engineers are being trained to be more adaptable, so they can turn their hand to a variety of jobs – allowing us to be more reactive and flexible.

We've continued to develop new technology and ways of working, so that every hole we dig, and every pipe we replace, gets done faster and for less, without compromising standards.

Back in the office, we're in the process of a major IT systems overhaul, coupled with new company-wide processes and protocols – giving us and our stakeholders instant access to the data we need.

### Great customer service

Savings have not been at the expense of great customer service. We finished second place in Ofgem's customer satisfaction league table (missing the number one position by 0.12 points) and continued to refine what we do for our customers, in response to their feedback.

We also continued to blaze a trail in future energy, with our flagship projects entering exciting new phases. Notable among these was the award of a further £10.3 million for our H21 hydrogen project, enabling the scheme to progress to its next, crucial stage of evidence gathering and practical trials.

As always, our achievements are reliant on solid partnerships with our stakeholders. We couldn't do it without you, and look forward to another year of productive relationships, candid conversations, and great outcomes for our shared customers.

Over the next 12 months, we will be consulting widely on the content of our next business plan for 2021 – 2026. I hope you will take the opportunity to share your views, so that our plan truly reflects our customers' needs.

**Mark Horsley**  
Chief Executive Officer

# What we do (and how much it costs)

We are Northern Gas Networks (NGN), the North of England's gas distributor.

It's our job to look after all the pipes and associated equipment that keep 2.7 million homes and businesses cooking on gas.

Our network spans the North East, northern Cumbria and much of Yorkshire.

We also provide the region's emergency gas response service. If you smell gas and call the National Gas Emergency Line – 0800 111 999 – our amazing engineers will be dispatched to keep you safe.

**R** Revenue =

**I** Incentives +

**I** Innovation +

**O** Outputs

## Holding us to account

To make sure we deliver a great value service to customers, our regulator, Ofgem, monitors our performance each year against pre-agreed targets.

We get financial rewards for beating targets and penalties for falling short.

The process is known in the industry as RIIO: Revenue = Incentives + Innovation + Outputs.

We've highlighted our performance against key RIIO targets throughout this report. If you want to delve even more deeply into the stats, you can head to our website: [northerngasnetworks.co.uk/ngn-you](https://northerngasnetworks.co.uk/ngn-you)

## What do customers want?

We're continually talking to our customers, on the doorstep, in focus groups, and through online research, to find out what they expect from their gas distributor.

In 2017/18, we extended this research to include 18-21 year-olds – the next generation of bill payers.

### Customers' top five priorities

- A fast, professional emergency response service
- Keeping bills down
- Researching and developing green fuels
- Minimising environmental impact
- Investing in and maintaining assets

# About your bill

Around £130 (17%) of the average domestic gas bill pays for the distribution services we provide.

We use this money to keep our network in good condition, keep people safe, improve customer service and develop affordable low carbon energy solutions for the future.

## How did we spend your £130 in 2017/18?

### £91.2 million on new pipes

We replaced 592 km (nearly 40km more than last year) of old pipes with more reliable plastic versions. Our biggest upgrade since the start of the regulatory contract.

### £10.9 million to keep customers safe

We provide a 24-hour emergency service, with engineers ready and waiting if a customer smells gas. Over the past year, we attended 90,224 emergency call-outs, getting to more than 99% of them within the regulatory one or two hours.

### £14.6 million on BIG engineering

We have some sizeable equipment on our network, which requires continual maintenance and occasional replacement.

### £3.1 million on innovation

Developing green energy solutions, such as hydrogen, will ensure we can power homes and businesses in a low carbon future.

### £44.5 million on taxes and licence fees

Taxes and business rates paid to central and local government. This also includes the licence fee for industry regulation.

### £48.9 million on loans for previous investment

To give the gas network the investment it needs, we borrow money and repay it like a mortgage.

## Financial rewards

In 2017/18, we received a total of £9.7 million (see below) of financial rewards from Ofgem, for exceeding our performance targets. The money will be reinvested back into our business.

### £2 million

For delivering great customer service. No penalties were received.

### £4.9 million

For exceeding our targets for gas lost through pipe leaks.

### £900,000

For efforts to involve stakeholders in our activities and decision-making processes.

### £1.9 million

For meeting our customers' demands for gas, all year round.

# A value for money service

Customers continually tell us they want affordable bills, and we take every opportunity to save money without compromising standards.

With our regulator, Ofgem, also asking gas distributors to redouble their efforts to protect bills, every penny really does count.

We remain the top performing gas distributor for efficiency – 7% ahead of our closest competitor.

By working more smartly, we are shaving millions of pounds off our operating costs each year, to ensure we play our part in keeping bills affordable.

We're doing this through:

## Cost effective pipe replacement:

six years ago, we began using local engineering firms to carry out our pipe replacement work, instead of large national or multi-national contractors. As well as generating income for the region, costs have come down and down, while customer service has gone up and up.

**£14.22 million cumulative savings since 2014/15**

## Joined-up working:

over the past year, we've revamped the way we plan and deliver engineering work, so that teams work more closely together, rather than in silos (see case study). It's saving money, and improving service.

## Modern terms and conditions:

around 70% of colleagues are now on modern T&Cs. The move has reduced labour costs, and given employees opportunities to boost earnings through improved performance. Top financial analysts Moody's recently noted the impact these efforts have had on our bottom line.

**"Reduced labour costs under the company's '21st century Terms and Conditions' have contributed to 18% opex outperformance."**

Moody's Investors service, Credit Opinion, March 2018

## Improving technology and processes:

we're investing in new IT systems and company-wide processes, so we have data at our fingertips to make better investment decisions.

## Smarter procurement:

new terms and conditions are being baked into our contracts with suppliers, so that they deliver more for our customers.

**£60 million: the annual value of our supplier contracts**

# Saving money with every hole we dig

By using innovation seed funding from our regulator, Ofgem, and by developing bright ideas with our supply chain, we've rolled out a number of fantastic innovations that save time and money.

Recent successes include:

## Back blade protectors

bespoke protectors for our mini-diggers' back blades (which anchor each digger) are preventing road scarring and avoiding the need for additional reinstatement work.

**£300k savings per year**

## Capping off pipes

we've developed a new way to cap off short stubs of pipe, without having to dig them up. It may sound minor, but these stubs have traditionally cost us millions!

**£540,000 savings in 2017/18**

## Quality assurance

every time we weld an underground pipe, the workmanship is approved by independent experts (who inspect digital photos sent from site), ensuring each joint will stand the test of time. The process was used 74,000 times in 2017/18.

**£705,000 worth of risk avoided**

## Replacing valves without digging

a new, non-dig way to replace emergency control valves (which shut off gas in an emergency) is saving us £300 per job.

**£60,000 savings per year**

## Case study

### A more flexible workforce

Developing a more flexible, front-line workforce means we can hit our performance out of the park, even as budgets get tighter.

In 2017/18 we began to expand the skills-set of our engineers, so they can turn their hand to different types of jobs, rather than specialise in one area.

We also changed the way we plan and deliver jobs, by appointing managers who have an overview of everything that happens on their patch – allowing greater co-ordination and less silo working.

Dean Shepherdson, our Head of Construction Services said: "It's relatively early days for this more joined-up approach, but we're already seeing benefits.

"For example, during the snow and freezing temperatures in February 2018 we were able to shut down most of our planned pipe replacement work, and move those engineers onto weather-related repairs. A flexible, multi-skilled workforce meant we could do this."

## Case study

### Phones that are safe, and smart

We're trialling 'intrinsically safe' smart phones that can be used on high pressure gas sites.

The phones don't present a spark risk and are set to prove a real labour saver.

Tim Harwood, our Head of Major Projects said: "Previously, colleagues would use paper forms and key information into a Toughbook back in the van or the office. The new phones mean we can send data straight from site – saving time and money."

## Case study

### Making better spending decisions

Imagine if there was a tool that helped you make better investment decisions – by comparing different investment options, and working out the short, medium and long-term impact of every pound you spend?

Thankfully, we've invested in one. We call it the decision support tool.

Gregg Dodd, our Head of Asset Strategy, said:

**"If you have £10, the tool can tell you how to spend it with least risk, and best value for our customers. It uses sophisticated algorithms to help us make these calculations.**

**"While the tool supports decision making, we of course still rely on the experience and talent of our colleagues to get the best outcomes for homes and businesses."**



# A safe, reliable service

Our customers expect us to get the basics right. They want a safe, reliable service, with minimal interruptions to supplies.

In 2017/18, we continued to keep the region cooking on gas by investing £91.2 million to replace old steel or iron pipes with modern, more reliable plastic alternatives – part of an £743.3 million, eight-year pipe overhaul.

Thanks to this investment, our network is safer and more dependable than ever, and in 2017/18, we comfortably beat the majority of our regulatory targets for network safety and reliability. We removed a huge 592km of ageing metal pipe from our network – the biggest upgrade since the start of our regulatory contract.

Not even the Beast from the East could beat us – with the gas network performing extremely well, despite a major increase in gas use as customers' reached for their thermostat dials during freezing conditions.

When gas supplies went off, either for planned work or due to emergencies (e.g. gas leaks), we restored them quickly, beating our regulatory targets comfortably.

Our emergency response engineers also put in another sterling performance, getting out to gas escapes well within regulatory response times, to keep our customers safe. During the freezing weather, we deployed NGN reservists and specially trained contractors to assist the emergency response effort – allowing us to maintain response times.

The volume of pipe replacement work meant NGN roadworks barriers were a familiar sight to motorists and pedestrians. On the bright side, we used clever technology and working methods to minimise disruption, and got holes filled back in more quickly than the previous year.

Our performance in replacing service pipes – the smaller pipes that connect individual properties – has been behind target in recent years. We missed our average regulatory target in 2017/18, partly because we had fewer emergency repairs which required us to replace service pipes. We're currently looking at options to make up ground.

## Highlights



### On the double

We got out to gas escapes quickly, beating our statutory response times

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### Speedier reinstatement

We worked with our contractors to get holes filled back in more quickly, moving from three to two working days turnaround

.....



### Less time without gas

We restored customers' gas supplies quickly, following planned or emergency work, beating our targets

.....



### Behind on service pipes

We failed to hit our service pipe replacement target, and have work to do to catch up

## In figures

**99.6 %**

Percentage of gas escapes our engineers got out to within the regulatory one hour window. Ahead of our 97% target

**99.7%**

Percentage of less urgent gas escapes our engineers got to within the regulatory two hour window. Ahead of our 97% target

**16.4 million minutes**

Total time the region's gas went off due to planned work. Ahead of target of 21.25 million minutes

**5.6 million minutes**

Total time the region's gas went off due to emergency repair work. Ahead of target of 5.9 million minutes

**66.1%**

Percentage of repairs completed within 12 hours. Ahead of 61% target

**29,908**

Number of service pipes replaced. Behind our target of 39,930

**Dogs can detect smells up to 26 feet underground and in parts per trillion.**

### Case study

## Sniffing out leaks

Midge is an ex-police sniffer dog who has been trained to locate gas leaks.

We have deployed Midge several times, including at a major supply loss incident in Leeds in September 2017, which affected 550 homes. Midge's super sensitive nose helped us to get customers back on gas two days ahead of schedule, avoiding an estimated £85,000 of costs.

Midge is also a fantastic PR tool. Customers are charmed and fascinated by him, whenever he makes an appearance, helping community engagement during otherwise stressful gas loss incidents.





Case study

# While we're here, **we'll fill in the potholes**

What if we could deploy our engineers to fill in a few local potholes, while they are carrying out mains replacement work?

We felt the idea deserved exploration, especially given tighter local authority budgets.

A trial with Cumbria County Council saw our engineers fill in local potholes during a mains replacement scheme in Appleby-in-Westmorland. At the same time, water contractors repaired a damaged valve.

Under normal circumstances, three separate road closures would have been required to achieve the same outcome.

We are now talking with Cumbria County Council about the potential to expand the scheme, and have also had a productive initial conversation with North Yorkshire County Council about the approach.

**“The work undertaken by Northern Gas Networks shows the benefits of having a good and close working relationship, that not only benefits both parties but all of our stakeholders.”**

Gary Maxwell,  
Team Leader, Streetworks,  
Cumbria County Council

Case study

## A considerate bunch

In 2014/15, we became the first UK energy distributor to join the Considerate Constructors' Scheme (CCS) – a benchmarking programme recognised as the 'gold standard' in civil engineering.

Our involvement has continued to drive up work site improvements. For example, we have introduced defibrillators across a number of our sites, use eco-cabins – some are solar powered – and have begun harvesting rainwater to clean muddy work boots!

Our demolition of an old gas holder at Minton Lane in North Shields won a national award, thanks to our work with the local community.

We now apply CCS principles to all sites, and have developed our own internal CCS-inspired scoring system for smaller sites not registered with the official scheme.



**“This year’s  
award-winning  
sites have all  
demonstrated  
a relentless  
commitment  
to help improve  
the image of our  
industry.”**

Edward Hardy,  
Considerate Constructor Scheme  
Chief Executive

# Truly great customer service

What do our customers want and need from us?

By asking this question, of customers of all ages and walks of life, we make sure our service is truly responsive.

In 2017/18, we gathered this feedback through surveys on the doorstep, focus groups and online research with customers. We also asked customers to share their thoughts on some of our work-in-progress projects, such as customer leaflets, to make sure they were hitting the mark.

Armed with this knowledge, we improved the way we communicate during long-running, disruptive schemes; made the compensation process quicker and fairer, and improved our behind-the-scenes work with industry partners, to deliver a better end-to-end service on major projects such as smart meters.

Complaints continued to be resolved quickly, driven by our long-standing customer target to reach a resolution to 90% of complaints in 60 minutes. This was bolstered further as we pursued challenging new internal targets to resolve 95% of complaints within 24 hours of the customer call coming in.

All these efforts translated into another high set of marks in Ofgem's annual customer satisfaction survey. We finished second overall, narrowly missing out on the top spot.

We also measured our performance against the best companies in the UK, by participating in the Institute of Customer Service benchmarking scheme. We scored more highly than many well-known national brands – showing just how far we have come.

## Highlights



### Targeted comms

We used Facebook ads and microsites to keep customers informed during roadworks



### Fairer compensation

We increased compensation payments to customers, for those times when we failed to meet performance standards



### Joined-up working

We worked with third parties to deliver a seamless customer experience for smart meter installation

## In figures

9.45 out of 10

## Our Ofgem satisfaction score for emergency repairs

8.85 out of 10

## Our Ofgem satisfaction score for planned work

95%

Our goal to resolve 95% of complaints within 24 hours that can't be resolved in 60 minutes

## Case study

# Keeping customers up to date

In 2017/18, we replaced 517 km of gas mains. This work is frequently disruptive, so regular, targeted updates can make customers' lives easier.

We launched microsites with latest information and targeted Facebook ads, to keep customers informed during long-running schemes.

The approach proved highly successful. For example, Facebook ads used during a 20 week replacement scheme in Cheshire Road, Stockton, reached more than 7,000 customers – at a cost of just £60.

It's an approach we intend to make business as usual.

## Case study

# Speedier, fairer compensation

Roadworks can adversely affect trade. Small businesses told us that the process of making a claim can be lengthy and complex, leaving them with cash flow issues.

In response, we've simplified the claims process, and offer advice and application forms right at the start of a scheme— rather than after 28 days (our previous approach).

We've also taken the unprecedented step of voluntarily doubling all our Guaranteed Standards of Performance (GSOP) payments for service failures, such as loss of gas for 24 hours or more.

These payment levels have not changed since 2004, and have certainly not kept up with inflation. Our stakeholders have supported us in the move, which we think is a fairer reflection of the true impact of sustained gas loss.

## Case study

# Smart meters: ensuring a better customer experience

Although we don't install smart gas meters, our engineers are called out if fitters encounter technical problems.

By working more closely with fitters, we have been able to reduce disruption and avoid multiple appointments for customers.

We provided toolbox talks for fitters, to highlight good working practices; provided specialist equipment to help fitters complete more jobs, first time, and took part in smart meter working groups to share best practice.

Approximately 900,000 smart meters have been installed in our region to date, and we will continue to make the roll-out as pain-free as possible for customers.

"We need the support of gas distributors such as NGN to make sure the smart meter installation process goes as smoothly as possible. The aim is to get the job done first time, so the customer isn't inconvenienced."

Dave Wright,  
Chairman,  
Association of Meter Operators

## Case study

# Looking after customers when the chips are down

Over the 2018 Easter weekend, 3,500 homes and businesses in the West Yorkshire village of Silsden lost their gas supply, due to third party damage to the gas network.

Temperatures were bitterly cold, with snow and freezing conditions.

We put lessons learnt from previous incidents into practice, to make sure customers were well looked after while our engineers battled to restore supplies.

We worked with Bradford City Council and the British Red Cross, to identify and support 1300 vulnerable customers, provided regular updates to the village's extremely active Facebook page and even recruited volunteers from the local church and wider community to hand out information letters.

We have since held a meeting with customers and key stakeholders from the village to review our handling of the incident.

Feedback from the local community has been overwhelmingly positive but as always, amongst praise there were some useful points that we have already put into practice at a subsequent incident.



# Making our communities stronger



Our region contains some of the most economically-deprived communities in the UK, from remote parts of rural Northumberland to deprived areas of Bradford.

As a company that's embedded in these neighbourhoods, we feel it's our duty to support communities and individuals facing difficulties, such as fuel poverty and associated forms of vulnerability.

Our budgets and time is limited, so we rely on expert partners to help us reach those customers in need.

In 2017/18, we were proud to deliver an extremely diverse package of support. Our grants programme, Community Promises, entered its second year, allowing grass roots organisations to bid for funding for projects which improve quality of life.

Warm Hubs, a scheme to tackle social isolation and provide support to off-grid communities, continued to go from strength to strength.

We provided specialist training for colleagues, to help them provide appropriate support for customers in vulnerable circumstances.

And we were proud to install our 10,000th free gas connection for customers in fuel poverty – a milestone in affordable warmth.

## Highlights



**Free gas connections**  
We delivered our 10,000<sup>th</sup> free gas connection in 2018, bringing affordable warmth to customers struggling to heat their homes

**Community grants**  
Our Community Promises scheme entered its second year, providing grants to local schemes which improve quality of life

**An army of caring colleagues**  
More than 500 colleagues went through specialist training to help deliver a better service to customers in vulnerable circumstances



## In figures

**10,000**

We completed our 10,000th free gas connection. Our current total is 10,066 – ahead of our target of 8651 for the first five years of RIIO

**£100,000**

Total grant money awarded to date through our Community Promises scheme

**£750,000**

Amount of funding secured for Warm Hubs from external sources

**1,000**

Number of residents in Northumberland who attend Warm Hubs each week in winter months

## Case study

### Community Promises

Community Promises, our grants scheme for local organisations working with vulnerable and hard-to-reach customers, is now in its third year.

The scheme is an opportunity to forge new links with groups working in hard-to-reach communities, and grow these relationships in future years.

We have awarded £100k in total - £50,000 in 2016, and a further £50,000 in 2017.

Successful projects range from a community radio project to promote fuel efficiency to an outreach programme to raise CO awareness among refugee and immigrant communities.

In the first year alone, 3,940 vulnerable and hard to reach customers were given practical support and advice.

“Community Promises is a great way of allowing NGN to fulfil its social objectives, while supporting grass roots initiatives. It’s about tapping into the expertise and links that already exist in communities”

Pip Goff,  
Grants and Programmes  
Director,  
Leeds Community Foundation

## Case study

# A welcome that's always warm

Warm Hubs are friendly places, staffed by volunteers, where vulnerable residents can go to socialise, get warm, have a hot meal and access advice and support.

Working with our partner, Community Action Northumberland (CAN), 20 hubs have been established across rural Northumberland, and the first of several planned hubs is now open in Newcastle.

We have funded the project for the past three years, and it has now become financially self-sustaining, securing its long-term future.

Hubs have been established in church halls, a café, a pub and even a fish and chip shop!

In the past 12 months, 'pop up' hubs have been trialled in remote locations; the project has won a national industry award and fellow gas network SGN has followed our lead and launched its first hub.

A photograph of two women sitting at a table, smiling and engaged in conversation. The woman on the left is wearing a light-colored cable-knit sweater and is holding a spoon over a bowl. The woman on the right is wearing a patterned scarf and a light-colored sweater. The background is slightly blurred, showing what appears to be a wooden wall. The entire image is overlaid with a semi-transparent orange filter.

**“Following three years of NGN investment, our hubs are now sustainable and run autonomously by more than 200 committed volunteers.”**

Christine Nicholls,  
Community Development Officer,  
Community Action Northumberland



# A green, sustainable business

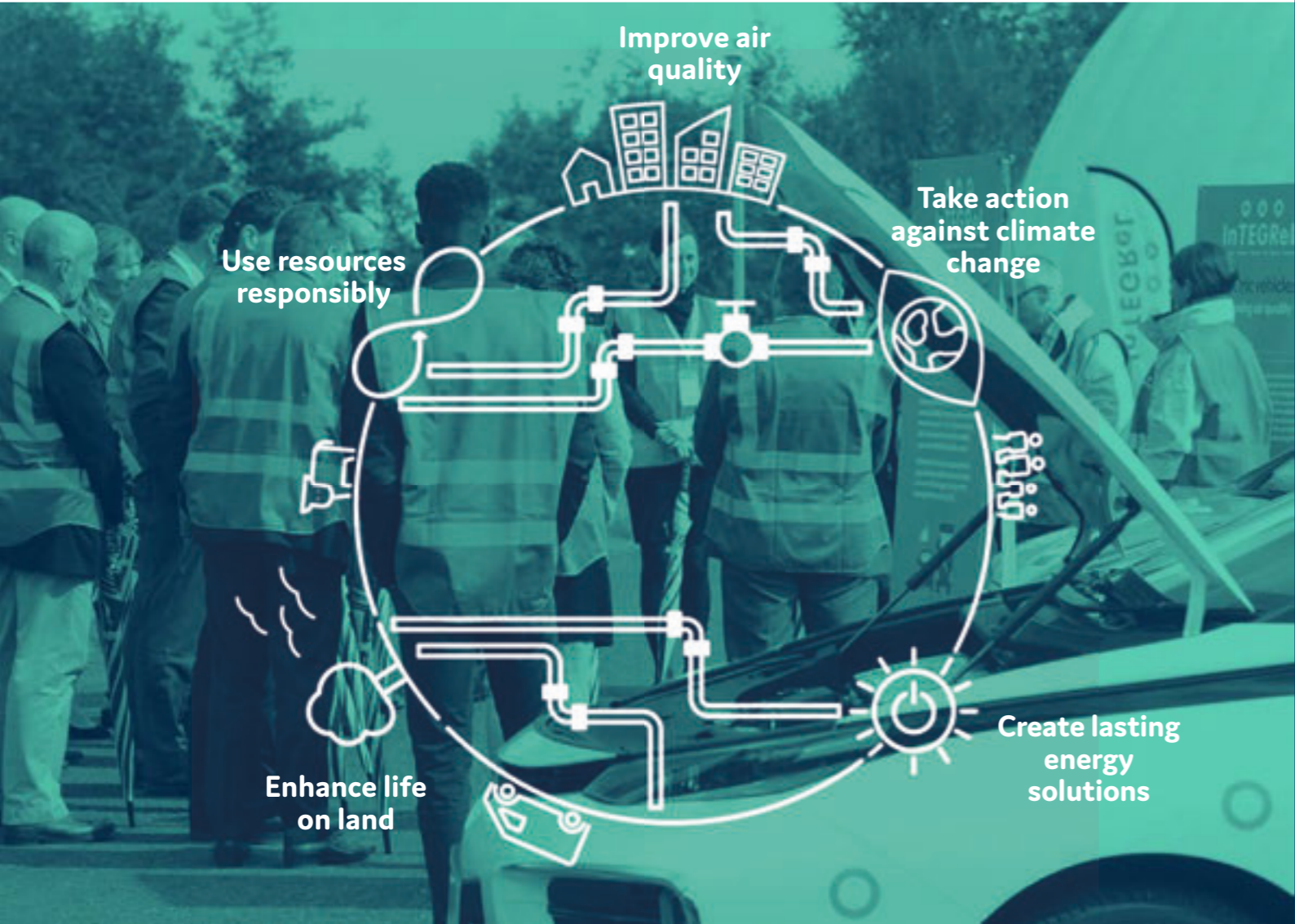
We're working hard to become a cleaner, greener business – reducing waste in our daily operations, and gearing up for a low carbon, sustainable future.

Our environment strategy, finalised in 2017/18, is our roadmap for improvement. It contains five commitments, each underpinned by action plans, ranging from tackling climate change and using resources responsibly, to developing new forms of green energy.

The past year saw encouraging progress against a number of these commitments. We dramatically improved the amount of spoil we recycle from our worksites, by lobbying for more recycling facilities in the region, and getting our supply chain on board. As a result, we beat our regulatory target for the first time.

We also made our vehicle fleet greener by introducing a range of gas powered vehicles and cleaner engines and trialling electric vehicles, and made offices and depots more energy efficient.

Gas escapes have an adverse impact on the environment, as they contribute to the build-up of greenhouse gases. We exceeded our targets for reducing pipe leaks, through continual investment in the network, and by using sophisticated equipment to optimise gas pressure and avoid undue strain on pipes.



## Highlights



### Less wasteful work sites

We made a big improvement in the amount of spoil we recycle, reducing the environmental impact of our work sites



### Energy efficient buildings

We continued to revamp offices and depots, taking an energy efficient approach



### Fewer leaks

We beat our leakage targets, helping to reduce greenhouse gases in the atmosphere

## In figures

**95%**

The percentage reduction in the amount of spoil sent to landfill compared to the previous year. This went from 6,232 tonnes in 2016/17 to 308.3 tonnes in 2017/18

**14,321 tonnes**

The amount of virgin aggregate we used in our roadworks. This was a huge reduction on last year's total of 17,140 tonnes

**10%**

The reduction, since the previous year, in electricity use due to improvements to office and depot energy efficiency through our building refurbishment programme

**352 gigawatts per hour**

The amount of gas lost through 'shrinkage' (leaks, theft of gas and our own use of gas). Ahead of target of 412 gigawatts per hour

### Case study

## Solar powered land clean-up

Since 2014, we have been remediating our portfolio of former coal gas sites, where there is potential for land contamination.

On a site in Gateshead, we recently used solar powered pumps to remove coal tar from an underground tank – a entirely sustainable solution, which we plan to replicate on future jobs. Is this what we've just won an award for?

To date, we have completed land remediation at 9 sites – returning 3,500 m2 of land to a healthy state.

### Case study

## Less wasteful work sites

We have traditionally struggled to recycle the spoil we generate from work sites and source quality recycled backfill materials, largely due to a lack of suitable recycling facilities in the region.

In 2017/18, we made great progress – beating our regulatory targets for spoil recycling and use of recycled backfill materials for the first time.

Spoil to landfill and virgin aggregate performance has become a key performance incentive for contractors, and we provided additional training to enhance their performance and data reporting.

We've also taken advantage of new, approved recycling facilities in the region – sites that we successfully lobbied for in previous years.

The result? A 99% reduction in spoil to landfill (and a 16% reduction in virgin aggregate use) compared to the previous year.



# Green energy for a green future

With the UK tasked with reaching an 80% carbon reduction target by 2050, there is an urgent need to develop affordable, renewable energy solutions.

We have a number of flagship projects which complement one another, by developing green forms of gas; breaking down barriers between different energy systems and exploring sustainable transport solutions.

H21, our flagship project to establish hydrogen as a future fuel, secured a further £10.3 million of funding in 2017, to take the project to the next stage. What began as a regional project in Leeds has now become a national scheme, involving all gas distributors, and a wide range of partners from business and academia. Later this year we also will be releasing our H21 North of England project with Equinor and Cadent.

InTEGReL, our new future energy research facility in Gateshead, officially opened for business, welcoming its first projects.

And our work continued to influence national, and international thinking. The UK Government launched its own £25 million hydrogen study (Hy4Heat) in 2017 which was significantly developed by NGN's then Head of Energy Futures, whilst on secondment to the Department of Business, Energy, Industry and Skills (BEIS) throughout 2016. The Government's 2017 'Clean Growth Plan' also recommends converting the existing gas network to a hydrogen network as one potential option for decarbonisation.

We remain big supporters of biomethane, and work closely with producers to help them get their product into our network. There were no new biomethane connections made in 2017/18 – but this was not a surprise, as the industry was waiting for the Government to announce its new renewable heat tariffs.

Following the announcement, in May 2018, we are optimistic that we will see a number of new biomethane connections to our network by 2020.

## Highlights



### Hydrogen takes another leap forward

Our H21 hydrogen project secured additional funding, and work began on the next crucial phase



### Open for business

InTEGReL, our integrated energy systems research facility, welcomed its first projects



### Motoring along nicely

We made our vehicle fleet greener, and worked with partners to explore options for more gas powered transport options



### Biomethane in the pipeline

We connected no new biomethane plants to our network in 2017, but are optimistic that more will come on line now there is more clarity about tariffs for producers



In figures

16%

the reduction in carbon emissions from our operational vehicle fleet between March 2015-March 2017

£10.3 million

Total funding awarded to our H21 hydrogen project in 2017



Case study

## The next chapter for hydrogen

H21, our flagship project to show that existing gas networks can be safely converted to 100% hydrogen, received a £10.3 million funding boost in 2017.

The money has allowed the project to enter its next phase, which includes trials to see how hydrogen behaves in the gas distribution network, and how standard domestic appliances cope with a blend of hydrogen and natural gas.

This work will allow us to compile a comprehensive, evidence-based report on the safety, affordability and technical viability of hydrogen by 2021, to inform future decision making.

In the meantime, the project continues to prove highly influential. The Government's recent Clean Growth Plan described hydrogen conversion as a viable option to support decarbonisation in the UK and hydrogen based studies are now underway in Australia, China, Europe, Hong Kong, Ireland, Japan, Scotland and New Zealand.

#### Case study

## Taking a whole system approach to energy

InTEGReL, a new research centre for green energy solutions, opened its doors in September 2017.

The 15 acre site in Gateshead allows SMEs, utilities and industry to work alongside specialist engineers to test concepts and technology in real-world conditions.

The centre is focused on whole energy solutions – breaking down the traditional silos between gas, electricity and transport to create integrated systems.

Run by NGN, working with Northern Powergrid and Newcastle University, the centre recently launched its first projects.

These include a study with ITM Power to convert 'spare' electricity into hydrogen, using electrolysis, and the creation of a new lithium ion battery facility on site.

#### Case study

## Miles greener

As the UK transitions to greener transport solutions, we have been trialling a range of electric and gas vehicles, to see how they perform in our demanding operational environment.

Three Compressed Natural Gas (CNG) vans have been introduced to the fleet, along with a hydrogen powered car and three electric vehicles. We are also replacing all company vehicles with hybrid models, on a rolling basis, to be completed by 2021.

We are also in conversation with Honda and other global car manufacturers about our H21 hydrogen programme (see case study) – and how it could support development of hydrogen fuel cell vehicles.



# Connecting with customers

A new gas connection is usually one part of a much bigger customer project, such as a new development or property extension.

Customers expect a speedy, reliable service from their very first enquiry. After all, their project is relying on us.

In 2017/18, we made more than 5,100 new connections, with 97% of jobs completed on the date pre-agreed with the customer.

We also got quotes out quickly, with 99% of standard quotes issued within six working days.

Customer satisfaction remained high, with our team scoring 9.1 out of 10 in Ofgem’s independent customer survey – way ahead of our annual target.

There are big changes underway with our Connections team, as we strive to deliver ever higher levels of customer service. Some team members are moving from the North East to our HQ in Leeds, where they can sit alongside network analysis and design teams, while other colleagues will be based in depots around the network, where they can work more closely with engineers.

We are also revamping IT systems to make enquiry handling speedier.

The result will be an even more responsive service—ensuring our customers’ projects remain on track.

# A workforce fit for the future

The utilities sector, and society in general, is changing rapidly, and it’s important we give our colleagues the skills and tools to adapt.

One of the most significant changes underway within our business is Future WOW – the name given to a major overhaul of our IT systems, and underlying processes to drive improved efficiencies across our business.

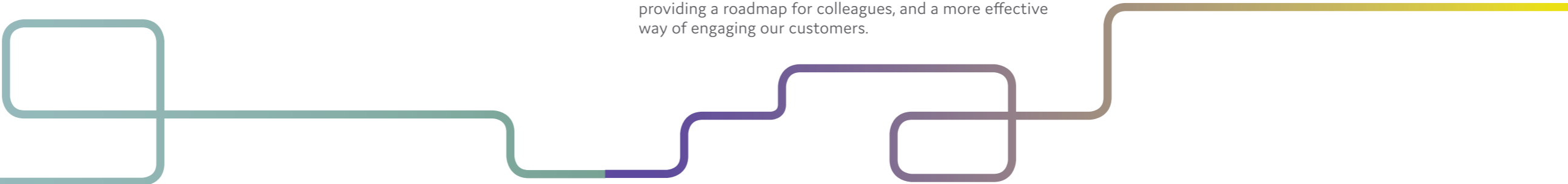
The project will allow us to build our own apps, run off regulatory reports at the touch of a button and make better business decisions.

We’re nearing the end of a major depot and office refurbishment programme, creating inspiring, energy efficient spaces for colleagues to do their best work.

And we have recently refreshed our brand, with a new strapline, visual identity and underlying set of values – providing a roadmap for colleagues, and a more effective way of engaging our customers.

The approach seems to be working. A recent staff survey, conducted as part of the reaccreditation process for the Institute of Customer Service (ICS) ServiceMark scheme, saw us score 73.6%.

The ICS assessor said: “Throughout my visit with the Northern Gas Networks I was truly impressed with the dedication and passion for great customer service shown by all members of staff. The pride for what they do and desire to do their best for their customers shone through and it was clear that the management team value and appreciate their staff.



## In figures

5,102

The number of connections jobs completed in 2017/18

99.66%

The percentage of standard connection quotes issued within the regulatory 6 working days. Ahead of our Ofgem target of 90%

9.14 out of 10

Our satisfaction score for connections jobs, measured by an independent Ofgem survey.

97.69%

The number of connections completed on the date pre-agreed with the customer. Ahead of our 90% Ofgem target.

## Highlights

### Wow moments

Our Future WOW programme is revolutionising the way we use data and IT, across every business function, and helping us to work smarter.

### Brand new brand

our new brand has introduced a modern, fresh look and set of values for colleagues and customers to embrace.

### Engaged colleagues

We scored 73.6% in a recent colleague engagement survey for the Institute of Customer Service – comfortably above the national average.

# Help shape our plans for 2021-2026

Preliminary work on our next business plan (2021 - 2026) is now underway.

It's vitally important that the finished plan reflects the region's priorities. For this reason, we have set up an independent Customer Engagement Group to scrutinise the plan, as it takes shape.

We also want to hear your views about the service you receive from us now, and what you'd like to see in the future. Your input is vital.

Whether you have opinions about bills and value for money, customer service, sustainable energy, fuel poverty, community engagement, or any other aspect of our service, we'd love to hear from you.

Please contact our Stakeholder Engagement team on:  
**[stakeholder@northerngas.co.uk](mailto:stakeholder@northerngas.co.uk)**



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the network**