

Environment Workshop Report



7th February 2019

together
we are
the network

Thank you



Thank you again to those of you who joined us for our Environment Workshop.

Based in an ecologically diverse and beautiful region of England, the protection of our local environment is a concern close to the hearts of those at Northern Gas Networks. We were pleased to discover in the workshop that you share this passion with us.



Throughout the course of the day we received great feedback on our environmental achievements in RIIO1 and on our objectives going forward. We know that protection of our local area is of paramount importance to you, and we were thrilled to see that you weren't merely content with our objectives but were pushing us to aim higher.

Your enthusiasm for methods we could utilise to improve air quality was inspiring, and ideas suggested will integrate well into our proactive aim of combatting climate change. Climate change is a primary concern of ours and suggestions from the workshop of how NGN can play a better role in counteracting it have been taken on board, no matter how small. We, at NGN, are aware that every little action helps in our bid to protect the environment.

I would love to hear from you your opinions of the event and whether you have any further suggestions for us. Even if you were not able to join us at the workshop, if you have a view that you'd like to share it would be great to hear it.

Best wishes

Neil Whalley
Head of Environment
Northern Gas Networks

Purpose of the workshop

As we prepare for our next regulatory period, Northern Gas Networks is taking the opportunity to review its approach to being an environmentally conscious business. We are examining what improvements can be made at all levels of our business, in everything from our assets to our office culture.

This workshop formed part of a series of stakeholder events looking at different aspects of our business including our social commitments, innovation, safety and reliability and the future role of gas. Reports on each of these workshops can be found at together.northerngasnetworks.co.uk

Our objectives for this session were to:

- Review our Environment Strategy and processes, informed by our stakeholder's views
- Ensure our environmental priorities reflect your own
- Ensure that our targets to reduce our carbon footprint meet your needs
- Determine an approach to improving air quality in our local community

To do this, our stakeholders discussed four key questions:

- What should NGN be focusing on with its environment objectives?
- How can NGN reduce its carbon footprint?
- What approach can NGN take to improve air quality in the local area?
- Do NGN have a greater responsibility to consider the environment than other businesses in the community?

"Of genuine interest and I welcomed the open attitude of NGN and willingness to engage."

"It is interesting to understand the challenges facing NGN and their desire to reduce the impact on the environment"

8

delegates attended on the day

8.8

overall satisfaction with the event (out of 10)

Acting on your feedback – our commitments

The feedback you gave us during this workshop is helping to shape the way we work both now and in the future:



What we'll do during RII01:

- You told us we should do more to help customers understand the environmental impact of works in their area. So when we're working on site, we'll do more to communicate the environmental impact of the investments we're making to a local area.
- You told us that we should be focussing on improving connection times for green gas. So, we will review and refresh our connections process for biomethane and deliver changes that make these connections easier, in consultation with our customers.
- You want us to improve our approach to grey fleet, to deliver better outcomes in terms of air quality and carbon savings. So, we commit to undertaking a review of our grey fleet policy and engaging further with our stakeholders on any changes.

What we'll do during RII02 (from 2021):

The feedback we received during this workshop is driving the development of our business plan for our next regulatory period, 2021 – 2016, in particular:

- You were clear that you felt we should be focussing both on carbon emissions from both shrinkage (leaks) and day to day operations. So, we will include ambitious targets on both within our business plan.
- We will include proposals for installing renewable generation within our offices and operational gas sites, recognising that this is a key priority for you.
- You told us clearly, that you expected us to be more ambitious on our plans for improving air quality within our vehicle fleet. So, we are reviewing our investment strategy for fleet and engaging broadly with our customers to understand the value they place on further investment in this area.
- We know that you feel there is an opportunity for us to be using our sites for environmental betterment. So, we will commit to establishing habitats for local wildlife across our land portfolio.

Next steps:

We want to make sure that we continue to get it right and, to do that, we want to keep the conversation going.

Here's three opportunities to work more with us over the coming months. However, we welcome your ideas.

Help us to develop our environmental action plan: We will take the feedback you have already given us and use this to develop a detailed environmental action plan. We'd love to get your views on it and make sure that it meets the expectations you have for us. During the summer we will send you a copy of the plan for your review and ongoing discussion.

Tell us your views on our new business plan: During July 2019, we'll be publishing the key proposals for our RII02 business plan based on the feedback that you've given us so far.

We'd love to hear your thoughts on whether we've got it right. The consultation will be available on together.northerngasnetworks.co.uk

Feedback on this session:

Have further thoughts on some of the issues raised during this session? Or a great idea of things we should be doing in response to your feedback? We'd love to know. Please drop Neil Whalley a line directly on **07815 243925** or by emailing **sustainability@northerngas.co.uk**

What environmental issues should NGN tackle as a priority for you and your stakeholders between now and 2030?

"I would like to see a clear plan to deliver a proportion of the fleet which have zero emissions"

You told us that we should focus our environment strategy on projects that:

- Improve air quality
- Combat climate change
- Create lasting energy solutions
- Enhance life on land

You felt that the measure of the success of our environment strategy had to come from achieving the objectives set, not from financial reward of avoiding penalties imposed by Ofgem. Similarly, efforts to mitigate our companies impact on the environment and reduce our carbon footprint should not be driven by the goal of improving our business reputation but driven by an actual passion for the environment.

You were clear that our objectives to improve the environment in terms of carbon emissions should consider both 'global and local' impacts, i.e.

- Local impacts; our non-shrinkage emissions as a result of our everyday business operations
- Global impacts; our emissions as a result of shrinkage (leaks from our network)

You emphasised to us that as an 'anchor' business in the local community we should be setting the standard for minimising operational emissions.

You informed us that our communications aren't always sufficient and that we don't always communicate successfully the environmental benefits of some aspects of our work. You said that we must emphasise the environmental and long-term benefits when notifying customers of proposed works, especially for those that may cause them inconvenience.

When we asked what you felt NGN's environment measures that they should be obligated to report on to Ofgem you voted:

- 1st:** Gas leakage (71% of the votes)
- 2nd:** Business carbon emissions (71%)
- 3rd:** Plastic pipe waste (29%)
- 4th:** Use of virgin aggregate (29%)



How does NGN's Business Carbon Footprint target support your organisation's objectives?

We asked you what kinds of activities you felt we should be considering, when reducing our business carbon footprint and you told us we should:

- Optimise lead times for new green gas connections; supporting cleaner gas means that leakage has a lower environmental impact
- Explore opportunities to identify gas theft and challenge Ofgem to incentivise this activity
- Consider other companies environmental programmes and benchmark their best practices
- Include meaningful targets that deliver tangible environmental benefits

We asked you: NGN has financial, legal, and reputational incentives plus rewards and penalties imposed by Ofgem to influence its behaviour towards its short- and long-term performance obligations. Which incentives should be applied to environmental measures?

40% of you voted that the incentive should be financial (either reward or penalty) and the other 60% of you voted that the incentive to achieve environmental targets and obligations should be reputational.

"It's a fine line, because if you make it quite a strict thing then you will be less ambitious in what you do because you won't want to fail"

"It would be awfully difficult to calibrate it financially unless it's done equally across all the GDN's" (in relation to a financial reward/penalty)



How can NGN reduce the carbon footprint of our vehicle fleet and achieve our business obligations?

You felt strongly that we should reduce our vehicle carbon footprint and we received some great suggestions that would contribute to achieving this.

- Reducing mileage of our fleet by considering relocating bases to minimise distance travelled and by making better use of existing telematics data to understand where savings could be made.
- Reducing mileage of our grey fleet (company cars) by changing staff policy to promote dial-in meetings and use of public transport or even by installing electric vehicle chargers or implementing variable mileage rates.

- Consider changing some vehicles in the fleet to electric (particularly vehicles that drive less than 100 miles a day), ensure directors' vehicles use a non-carbon fuel to set a good example and also consider CNG as an alternative gas option.
- When assessing bids from contractors NGN should consider the type of vehicle they possess
- That NGN could work with partners in the community and share resources by having a depot available for EV charging at times when they are not being used for NGN vehicles.

We asked you whether you felt NGN's plans to reduce the carbon footprint of its vehicle fleet by 2026 go far enough and you were clear that you felt we could do more.

Only 17% of you said that our plans go far enough, yet half of you said that we should aim to do more and 33% of you said you were unsure whether we could do more.



"Customers are less willing to pay for this than other areas such as safety."

"I was unsure how to vote because better and/or cheaper solutions might be available in the future."

"I voted "no" because I think diesel vehicles will be banned by 15 years hence so NGN should eradicate them now and be ahead for GD3."



What more could NGN do to improve air quality in our communities?

“I would like to see a clear plan to deliver a proportion of the fleet which have zero emissions”

You told us that air pollution was a key priority, particularly given the severity of the issue in certain hotspots such as Leeds. As such, you expect NGN to be leading in this area for both moral and reputational reasons.

You felt that our current targets are not ambitious enough and that we should be phasing out diesel within our fleet sooner than planned.

You suggested community level improvements that NGN could input to improve air quality:

- That we should plan works to minimise impact on traffic rather than on other bases (e.g. cost or speed)
- We should schedule works in urban areas outside times when children are travelling to/from school to reduce the detrimental impact air pollution has on them.
- We should collaborate with other utilities for works to deliver air quality benefits

We asked you: Do you expect NGN will do something towards improving air quality beyond just being a generally responsible business in the community?

60% of you said that NGN should be going above and beyond just being a responsible business. But there were dissenting views, one stakeholder told us:

“I voted ‘No’ because my definition of being a generally responsible business includes minimising detriment to air quality anyway”.



Thank you for reading the report.
We would welcome any further feedback you have regarding our plans for the next regulatory period. If you would like to contact us to share your views, please get in touch by emailing stakeholder@northerngas.co.uk

For further information contact:
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