

Environmental Action Plan and Whole Systems Strategy Workshop

18th October 2019

Thank you

Thank you again to those of you who joined us for our environment workshop.

Throughout the course of the workshop we received great feedback on our environmental and whole systems objectives going forward into RIIO-2. The appetite for collaboration in the room was inspiring and the ideas suggested will integrate well into plans. We look forward to future opportunities where we can work together and will proactively seek these out. In particular, we recognise the important role that we can play in shaping the future role of gas in the UK and working collaboratively with stakeholders to make it a reality.

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

Environment and Sustainability Manager

Northern Gas Networks

Purpose of the workshop

The quality of the environment is a growing area of concern for many of our stakeholders. And, as we move towards a low carbon energy transition, we know that we must work smarter to ensure that the system as a whole works better together. To support this, we've been developing a new Environmental Action Plan, as well as a whole systems strategy, that will help us to play our part in a net zero future. In this workshop, we wanted to test our draft plan and strategy with stakeholders across our network, to understand whether our plans go far enough and what else we should be considering.

To do this, our stakeholders discussed four questions

- Does our whole systems strategy capture everything it should?
- What should NGN's role be in relation to whole systems?
- Does our environmental action plan cover the right areas, at the right level of ambition?
- How can we make our Annual Environmental Report useful to you?

Our stakeholders also had their own objectives for the day and wanted to discuss:

We were joined on the day 12 stakeholders from the following organisations:

Attendee		Company / Organisation
1	Andrew Clark	North East LEP
2	Bunmi Adefajo	Energy Systems Catapult
3	Ian Brown	Capability North East / North East of England Nature Partnership
4	Josh Sawyer	North East LEP
5	Laura Brown	EPSRC National Centre for Energy Systems Integration
6	Neill Morrison	City of Bradford Metropolitan District Council
7	Rebecca Wren	Redcar and Cleveland Council
8	Rebecca Cockburn	Hartlepool Council
9	Simon Hanson	Federation of Small Businesses
10	Tim Blackburn	Newcastle University
11	Jackie Bell	Durham University
12	Luke Williams	Environment Agency

Acting on your feedback – our commitments

The views and ideas we heard in this session is already helping us to plan how we operate now and in the future. Here, we've summarised what we heard and how we plan to use this insight.

You said...	So we will...
Our targets for net zero by 2050 was not ambitious enough and did not reflect locally set targets.	Change our targets for total greenhouse gas direct business emissions to net zero by 2031 (from 2050). Because emissions from our network are not directly within our control (and require national policy changes) we are not able to commit to net zero for our total emissions (including gas leakage), but will continue to work with government and local policy makers to support the widescale adoption of green gas.
It might be risky to focus so strongly on hydrogen whilst there is still policy uncertainty.	Change our overarching whole systems vision to deliver green gas solutions (as opposed to hydrogen), recognising our commitment to encouraging the take up of other green gases, such as biomethane.
We should be clearer about the commitments we were making in our whole systems strategy and felt more links could be made across our overarching strategic framework.	The whole systems agenda is evolving rapidly and subject to key national policy decisions that will be made over the coming years. However, we will clearly identify a range of projects that we will commit to delivering within our strategy, to make it clearer. We will also amend our strategic framework to draw out the nature of the cross-cutting themes and the feedback loop between projects and strategic objectives.
Our whole systems strategy could be more inclusive if it specifically referenced district heat, smart meters and energy efficiency.	We will ensure that each of these is reflected in our final strategy.
We should consider staff behavioural change within our Environmental Action Plan.	We have included specific commitments for staff behavioural change, including a target to reduce business driving by 20%, for example via increased use of video conferencing.
Our Annual Environmental Report should be as visual as possible and outlined a range of things you would like it to include.	For our Business Plan, we have reflected your feedback and included a commitment to providing performance data in addition to real life case studies of what has worked well and what has not, in an integrative format.

Next steps

We don't want the conversation to end here, and there are some things you asked of us during the session that we think would be good next steps:

Sharing our Final Whole Systems Strategy and Environmental Action Plan: Shortly, we'll publish the final versions of our Strategy and Plan, which will have taken account of our feedback. We'll send you a copies of those documents in December and would love to hear what you think, and get your thoughts on how we move from strategy into delivery.

Benchmarking: You told us it was difficult to tell whether our plans were ambitious enough without seeing the commitments the other gas distribution networks were making. In December, the other networks will also publish their plans. So, when we send you our final plans we'll also produce a summary of how these compare with others, to help you decide how well you feel we're performing.

Co-Designing our Annual Environmental Report (AER): Although we don't need to produce our first AER until the summer of 2022, we'd like to produce a beta version in 2021 that reports on our performance in the last year of this regulatory period. Alongside the feedback you've give us in this session, we'd like to co-design the report with you to make sure we're hitting the mark.

Give us your feedback: Couldn't join us on the day for this session? Had some thoughts since? We'd like to hear them. Contact us on stakeholder@northerngas.co.uk

Your Feedback: Whole Systems Strategy

You told us that the strategy is understandable and easy to interpret what we are trying to achieve, especially for the non-technical audience. You recognised that the proposed approach looks appropriately flexible to be able to respond to the challenges of the future.

However, you also told us that:

- some of the language can be interpreted as being non-committal so would like to see the strategy being more ambitious
- you anticipate that Ofgem, and others, will expect to see a quantified value that it is delivering to customers
- the summary diagram of the strategy should show the projects feeding back into the strategy to inform its development an ongoing loop
- information sharing and stakeholder engagement are critical and should potentially be considered as 'cross cutting' enablers

Do we have the right vision and ambitions?

- You noted that our strategy is targeting net zero by 2050 but that many local authorities / cities in our network area are targeting this much earlier (2030-2040 timescale), for example Leeds City Region by 2038. You wanted to understand how NGN are supporting those targets and whether the gas network will restrict achievement of these local targets? You felt that if, as a network we could deliver ahead of other areas, this would give the region to the potential to be a net exporter of clean growth expertise, products and services.
- You recognised that there was policy uncertainty on the future of heat and noted that our strategy was focussed on hydrogen; you wanted to know what our plans are are if we find out that hydrogen conversion isn't feasible.

Is there anything we've missed?

- Given the presence of large industrial hubs in our network area, you felt these should be directly referenced in the strategy.
- You felt it could be beneficial to include a bank of potential projects/initiatives (wish list) that we do if time/resources allowed.
- You expected to see us considering heat networks in your strategy (there are around 25 projects at feasibility stage in the north east alone) and felt this was another interface just like electricity and water? You noted that the generation for these projects was most often gas CHP and there may be links to be made in thinking how these assets may evolve in future.
- You wanted to understand how we are considering the reduction in energy use over time in our strategy? (i.e. energy efficiency)

- You suggested we should include consideration of smart meters and appliances in our whole systems strategy.

Who else should we be talking to?

You felt that we have a key role to play in helping people understand what the future role of the gas network could be and that it was important we continue to work to understand the views of customers as we deliver our strategy. You felt we;

- should consider talking to companies who own/maintain bottled gas networks (particularly in supporting transition within off gas areas);
- engage with our supply chain to understand any barriers or risks to transition
- engage with innovation, research and other partners who are looking at hydrogen projects (for example projects being developed in the Orkney Islands re: producing hydrogen from constrained wind farms, and using this hydrogen to fuel ferries and “Surface Decarbonate” is a project that’s being driven by the N8 (i.e. universities in the north).

What do you think NGN’s role should focus on in relation to our Whole Systems Objectives?

You felt that the role of gas in provision of resilience, in particular for heat, is important and that we have critical role to play.

You told us:

- we should make sure it doesn’t take on too much and then not achieve anything. NGN should focus on key areas.
- we are a key partner in the energy transition and will need to work with other utilities.
- we should consider if we can be an investor in infrastructure or work to reduce risk for investors wanting to develop projects?
- we should identify if there are regulatory constraints re: development of new projects that NGN could look to overcome in partnership with other stakeholders?
- we should look at carbon offsetting in relation to gas bills (while also recognising that this should be genuine, rather than ‘greenwash’ offsetting)
- we could have a role in assisting local authorities, NHS etc in making appropriate sustainable heat/power/transport solutions for future investments. Eg provision of current and future gas grid carbon intensity factors to be taken into consideration in CBAs for CHP, fleet investments etc.

Your Feedback: Environmental Action Plan

As part of our business plan for the period 2021 – 2026, we are developing an Environmental Action Plan that will be our most comprehensive yet. Whilst some of the outputs in our plan are set out by our regulator, Ofgem, we set our own targets and have also established some additional outputs that are bespoke to our network. We talked delegates at the workshop through our draft plan and asked them to let us know if it hit the mark.

Scale of ambition

You told us you would like to see shorter terms targets, rather than just focussing on 2050, as these are key to give our plans credibility.

But you also questioned whether it was easy to tell how ambitious we are being and wanted to understand how this compared to the commitments of other companies.

Clarity and ease of understanding

You would like us to:

- Clarify if we are targeting net zero carbon emissions or net zero total greenhouse gas emissions.
- Signpost more clearly priorities within the initiatives outlined (have they been prioritised?). Some seem significantly more important than others (e.g. reducing shrinkage compared to using less paper).
- Be clear what the consequences are if we don't delivery the plan, including any penalties that we would be subject to.
- Clarify if targets are spread over time and are they evenly measured? (i.e. within year compared to end of period)
- Clarify if the targets set out minimum standards only? Will efforts stop once those minimum standards are reached?

What else should we be considering?

You felt that we should also consider:

- How we are planning on changing staff behaviours to drive down emissions from our business (e.g. do we need to attend meetings in person or can we minimise emissions from travel by using technology to participate?)
- How we will collaborate with our partners, e.g. other utilities
- Day to day work site impacts included e.g. sediment spread on roads/into drains?

Your feedback: Annual Environmental Report

During our next regulatory period, we will produce an annual report that helps stakeholders understand how well we are progressing in the delivery of the commitments in our Environmental Action Plan. We want this to be accessible and useful to our stakeholders as possible, so we asked our delegates what they would like to see.

You told us:

Benchmarking and understanding relative performance

- It would be useful to see NGN's performance in relation to other GDNs or businesses (including potentially joining schemes that assess comparative performance).

Being open and transparent

- If NGN isn't performing, include an explanation of why.
- NGN should be open to challenge and criticism.
- Don't be afraid to tell us where you went wrong. It's important to share your lessons learnt.

Using best practise methods

- You'd welcome measurement of natural capital in our accounting framework or, more broadly, some quantification of what NGN has delivered.
- There is a national greenhouse gas reporting protocol that NGN should consider using. It sets out the industry standard for carbon reporting and sets a standardised level of transparency.
- Which companies are seen as best practice around reporting on environmental impacts? Could you use their approach?

Key elements to include

- It would be good to see the governance around performance – who's accountable, where does the ownership lie?
- It would be good to include historic performance.
- Should include both forward and backward looking initiatives.
- In terms of expenditure, perhaps best to show this as how much initiatives have cost customers? (i.e. bill impact of projects)
- Relevant engagement activities.
- Carbon intensity of gas distributed is very useful (gCO₂-e/kwh), and green gas content, where it is sourced from and injected
- Demonstration of innovation benefits delivered, and BAU benefits delivered.
- Regional reporting of benefits/activities, eg by patch

- A forward looking approach, like FES, what do we think are going to be the issues/next big items over next 10-25 yrs, and what do we need to do to get there (roadmap).
- Diesel/petrol engine miles drive v ultra low emission miles driven would be useful.
- Data shared / made available to others and where it can be accessed.
- Efficiency savings from collaborative projects

Readability/Accessibility

- Performance needs to be joined up with the “human” element of the business – don’t just report statistics, but include stories around successes/failures.
- Could we develop an app where we can report our performance, so that it’s accessible to everyone?
- Don’t make the report boring, make sure it’s got a human element on the projects that we’ve delivered and keep it interesting. Break the mould.
- Make it understandable – don’t just use energy units but make it relatable to the audience (e.g. provide comparisons as to what the numbers mean in “real life”, such as number of homes that could be powered for a year by the carbon reduction achieved)
- A visual approach, like an interactive dashboard, is preferable to a traditional written report
- Don’t rely on a physical report, look to future customer needs and think of how they’ll read/engage with it. Could look to develop a 1-2 minute video?

Communicating the message

- Make sure you actively share the report with stakeholders.
- Can we add any environmental messaging on to customer bills?

Tell us what you think

Thank you for reading this report. We welcome any further feedback, thoughts or ideas you have. Please drop us a line on stakeholder@northerngas.co.uk

**we are
the network**