

FUTURES & ENVIRONMENT PIONEER REPORT

Report

Prepared for **NGN**
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13 September 2019
Project No: 900



BACKGROUND AND OBJECTIVES

IMPACT

FROM INSIGHT TO INFLUENCE

PROJECT BACKGROUND

Stakeholder vision and strategy

NGN have an aspiration to become the UK's most loved, admired and respected company. To achieve this, they make stakeholder engagement is an essential part of everything they do and a key driving factor behind their decisions. NGN seek to genuinely reflect stakeholders' values, preferences and ideas in their business planning cycle in a meaningful way.

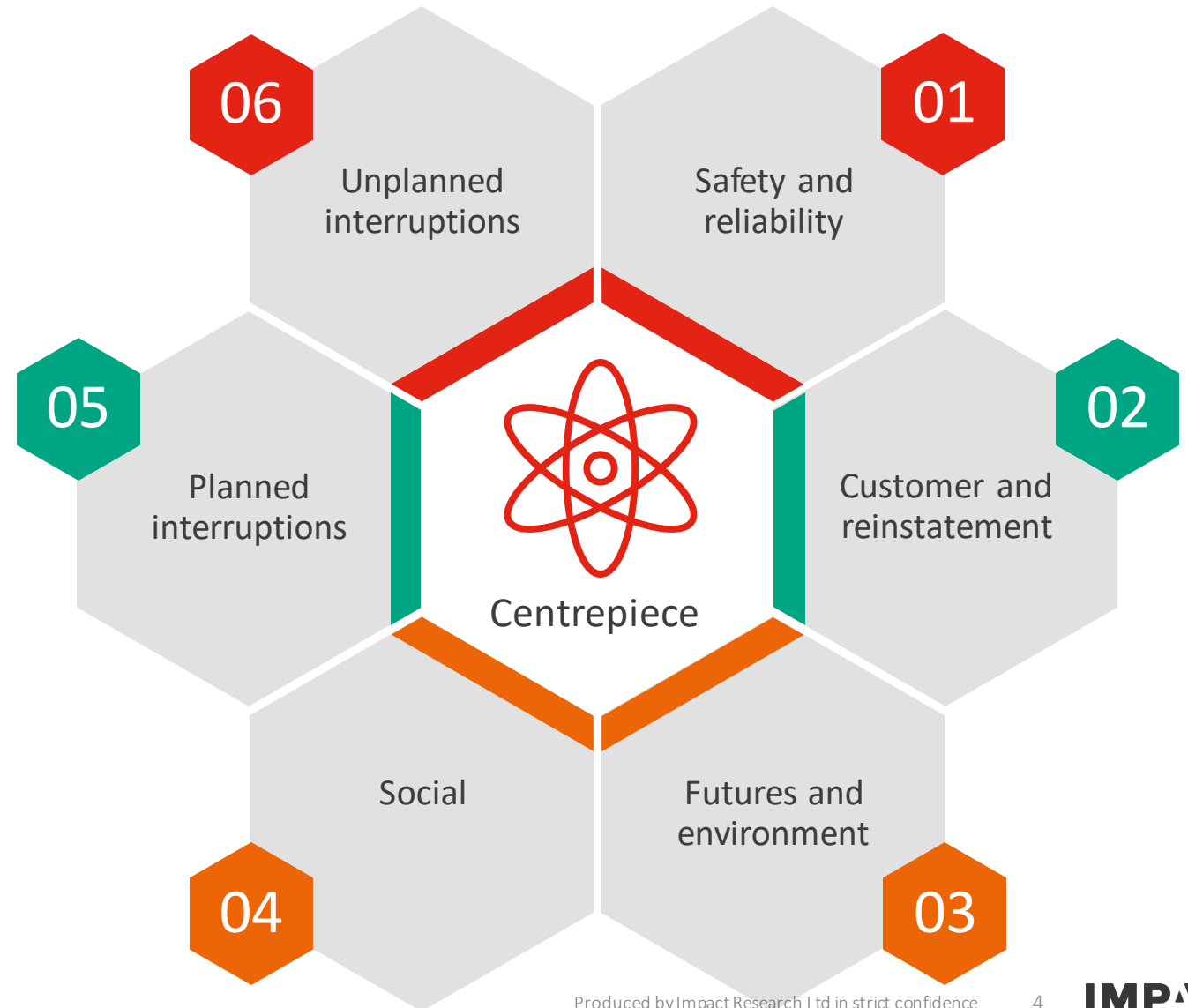
Stakeholder engagement guiding principles

Best practice stakeholder engagement techniques must be used to ensure that stakeholders' perceptions and needs are accurately captured and reflected in strategic business planning. This means engagement that is targeted at stakeholder interest, knowledge and purpose, from consultation to collaborative engagement.

The Pioneer surveys are a suite of surveys designed to gain meaningful quantitative data on NGN's key business topics to inform the Business Plan

Stakeholders who responded to the Centrepiece survey were then segmented by interest groups and engaged in more detail on their areas of expertise in topic-specific Pioneer Surveys.

Numbers were further boosted by inviting stakeholders to take part in relevant Pioneer surveys via other channels including social media and letter drops to customers.



METHODOLOGY

A statistically robust methodology was used to establish the opinions of NGN's customers and stakeholders.



Online self-completion surveys advertised through:

- NGN website
- Social media
- Online panel

In addition, targeted telephone and face-to-face interviews were completed, using the same questionnaire.

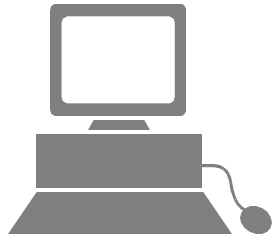


2,720 respondents in total. **2,280** customers and **440** stakeholders, completed this Pioneer survey.



Fieldwork took place between April and July 2019. Surveys took approximately 5-10 mins to complete.

WHO WE SURVEYED



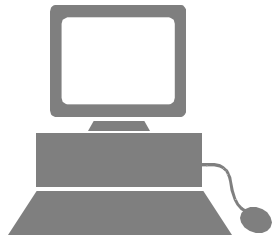
97.51%
online
(panel)



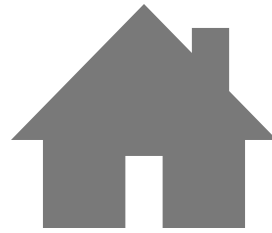
0.23%
telephone



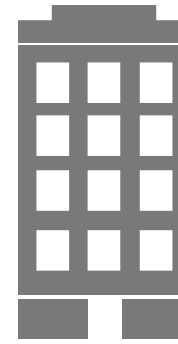
0.6%
face-to-
face



1.66%
online
(website)



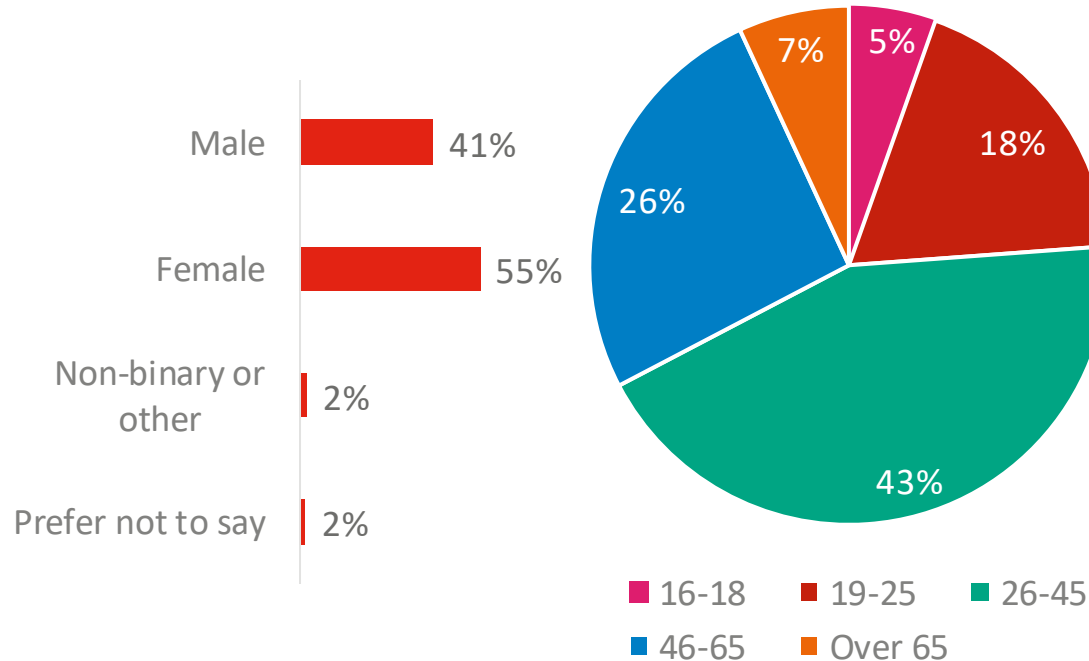
84%



16% stakeholder*

*includes:

- 7% local policy maker
- 6% NGN workforce and supply chain
- 2% National Policy Maker



56% ABC1
44% C2DE

The social grades (ABC1, C2DE) on this slide are a system of demographic classification used in the United Kingdom and are a standard for market research.

Chief income earner's occupation:
 A = Higher managerial, administrative or professional
 B = Intermediate managerial, administrative or professional
 C1 = Supervisory or clerical and junior managerial, administrative or professional
 C2 = Skilled manual workers
 D = Semi-skilled and unskilled manual workers
 E = State pensioners, casual and lowest grade workers, unemployed with state benefits only

16% Rural
84% Urban

NGN'S 5 ENERGY ACTION TARGETS

IMPACT

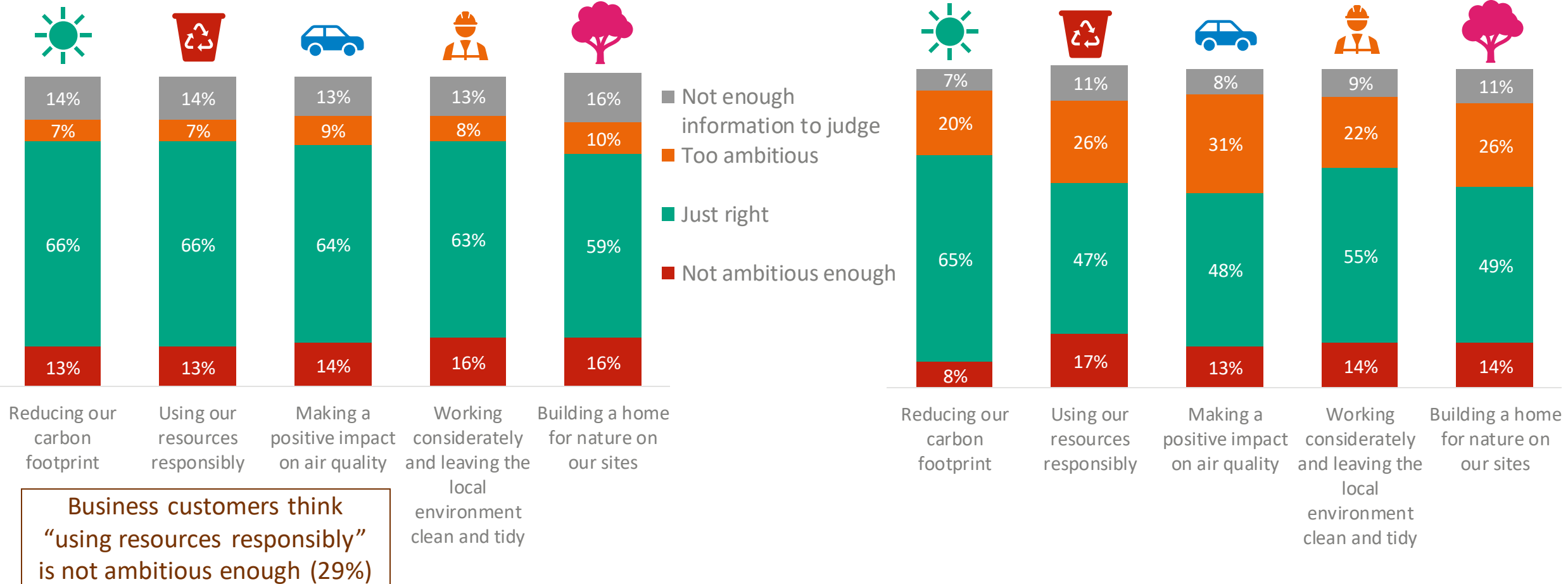
FROM INSIGHT TO INFLUENCE

All agree that “reducing carbon footprint” is a fair ambition. The other targets are seen as just right for the majority of customers, though stakeholders are more likely to think them too ambitious

NGN ambitions

Customers

Stakeholders



Q1 Thinking about the ways in which we are planning to decrease our environmental impact, for each method do you agree we are being too ambitious, not ambitious enough or just right?

Base: Customers (2,278), Stakeholders (436)

With the threat of climate change forefront in the minds of many, it is difficult to ever do 'enough' to tackle it, but many feel that NGN should be more ambitious than the longer term Government targets

I feel the target of 2050 is too far in the future. I understand certain parts of the plan cannot be carried out immediately, but for example buying 100% renewable energy could be done within a few years (other companies are already doing it).

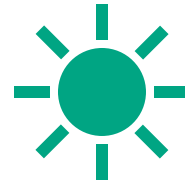
Customer

Have more employees working from home. Have offices which are energy efficient. Have most fuel efficient vehicles. Have recharging points at all offices.

Customer

Converting to less polluting transport should be a bit more important

Customer



The key to this is stopping the use of gas. Its not as bad as coal but still carbon emitting. Investment in homes to make them more energy should be a priority. **Customer**

Use the knowledge gained to inform customers of how to reduce their own carbon footprint when using your services. **Customer**

What more should we be doing to reduce our carbon footprint?

- Have a shorter term target – 2050 is too far into the future
- Switch to renewable energy
- Stop use of fracking / shale gas
- Do more to encourage consumers to reduce gas usage
- Be more ambitious than the Government targets
- Encourage home working / electric cars for employees / energy efficient offices
- Invest in making homes more energy efficient so they use less gas
- Plant more trees / offset more carbon

Q2 What do you think we should be doing more of in each of the below areas?

Base: All that said "not ambitious enough" for "reducing our carbon footprint" at Q1. Customers (299), Stakeholders (36)

There are few specific ways to better use resources mentioned, but increasing internal efficiencies and having more ambitious targets for cutting wastage were suggested

I do a 160 mile round trip everyday. If they have the agent in Durham and I work in Leeds, they could use the resources in areas better than what they do.

Stakeholder

Investing in alternative and sustainable fuels

Customer

Making sure that any leaks are fixed within the shortest time scale possible.

Customer



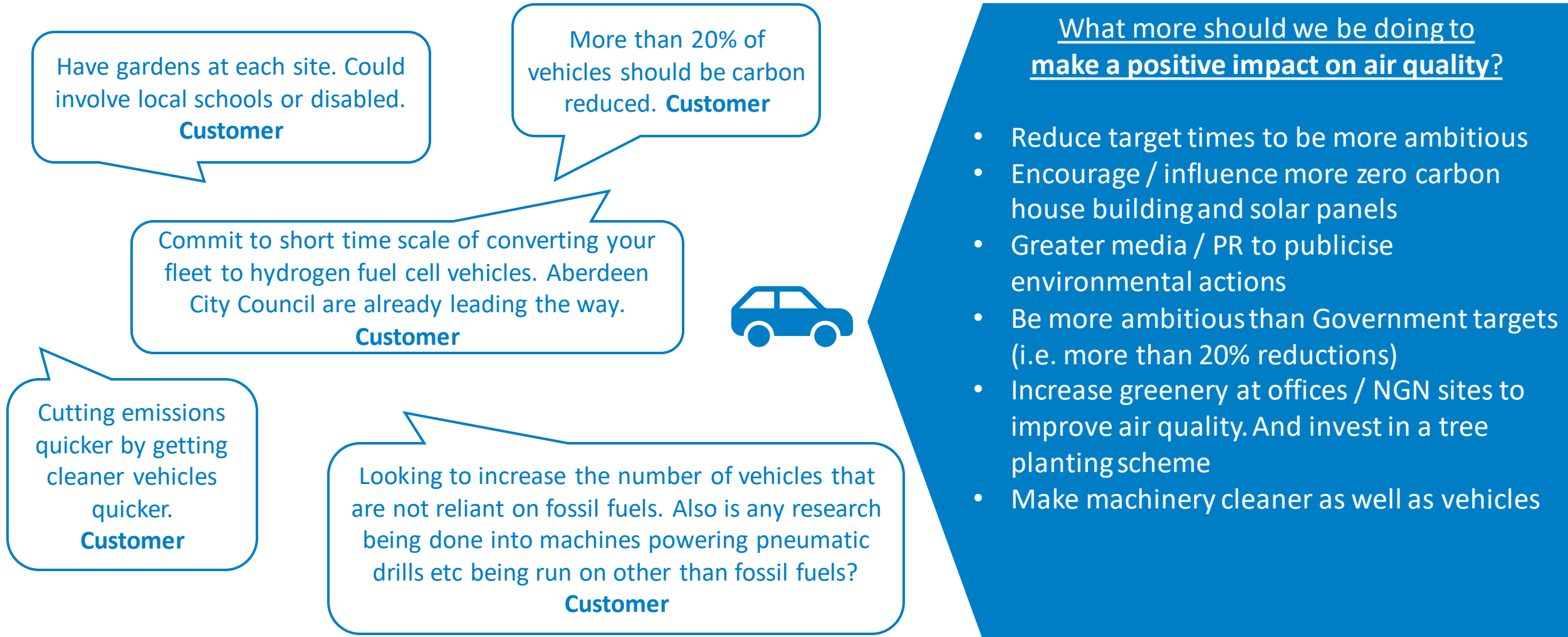
Find a way to recycle or repurpose the PE pipe not used, use online products where possible rather than printed material and if needed recycle 100% from offices with food waste to composting sites and only using reusable let or recyclable products.

Customer

What more should we be doing to use our resources responsibly?

- More efficient planning of employee travel distances
- Invest in green hydrogen / renewables
- Reduce / speed up repairing gas leaks
- Higher % targets for recycling / usage
- More creative ways to use resources not recycled or needed
- Better explanation of specific actions planned to use resources more responsibly
- Reduce the number of resources used

Again, many would like air pollution targets to be more ambitious by reducing the timescale to achieve the target, and increasing the % that cuts will be made



Q2 What do you think we should be doing more of in each of the below areas?

Base: All that said “not ambitious enough” for “making a positive impact on air quality” at Q1. Customers (318), Stakeholders (58) Produced by Impact Research Ltd in strict confidence

Considerate working improvements include taking better care of sites and remedial landscaping once work has finished, but also being ambitious about how to improve local environments rather than just repairing them

Use less invasive digging techniques. Share resources with other utilities.

Customer

Leave fewer 'badly damaged' paths & roads. **Customer**

Tidy up works quicker instead of leaving open works for days.

Customer

Involving the local community to help them identify cleaning issues

Customer



Repairs to grass verges are an afterthought.

Customer

checking that barriers around roadworks have not blown over and obstructing the pavement for long periods of time.

Customer

What more should we be doing to work considerately and leave the local environment clean and tidy?

- Improve machinery and working practices to be more efficient
- Co-operate more with other utilities / agencies
- Improve how sites are left once work finishes
- Engage with and involve the local community more
- Involve external environmental groups to advise on ways to improve the environment around sites

Q2 What do you think we should be doing more of in each of the below areas?

Base: All that said "not ambitious enough" for "working considerately and leaving the local environment clean and tidy"

at Q1. Customers (356), Stakeholders (63)

Most like the ideas for helping nature, but NGN could increase the scope of the activities to avoid it being seen as a token PR scheme

Invest beyond your own land and capital assets in wider environmental schemes.

Customer

NGN should be aiming to promote biodiversity and create a home for nature at all of its sites, even the most urban, since this is often where the need is greatest. Likewise, why shouldn't all colleagues volunteer one day a year & join in the northern forest project to plant rather more than 500 trees. In addition, NGN ought to provide advice, instruction and where possible land for employees to cultivate their own food.

Customer

Leaving some of the site to grow wild flowers and grasses. Bee hives?

Customer

Why only 200 sites? Can you not plant wild flowers near the other places. It should be all.

Customer



What more should we be doing to build a home for nature on our sites?

- Widen investment to broader environmental schemes, not just site-based
- Better publicise work in this area (very low awareness)
- Increase volunteering target
- Increase planting/rewilding targets to improve credibility (not just token actions)
- Work with local / national nature and conservation groups
- Involve the local community and schools
- Encourage biodiversity and wild flowers on sites / NGN owned land

Those that felt the plans are too ambitious either thought they were too difficult within the timeframe, or were cynical about NGN actually achieving them

Generally, reasons for thinking the plans are too ambitious come down to two:

- I don't believe it is possible for anyone to achieve this in the timeframe
- I don't believe NGN will keep its word

There is a level of cynicism amongst some customers and stakeholders that large companies will never do anything that might impact / reduce profits in their core area of business.

It's not your speciality.
Customer (talking about building a home for nature)

I think it will take some time to achieve this goal.
Customer (talking about making a positive impact on air quality)

I've heard companies promise this before and haven't kept their promise.
Customer (talking about reducing carbon footprint)

I've never yet seen a workman who doesn't disrupt the community or cause/leave a mess behind.
Customer (talking about working considerately)

Because I feel like you're only saying this to draw customers in.
Customer (talking about using resources responsibly)

Customers consider the action areas to all be somewhat more important than stakeholders do. They are all given a similar importance score, with reducing carbon footprint the most important, and building a home for nature the least important



Q5 Thinking about each of these areas, how important are they to you? Please use a scale of 1-10, where 1 is not at all important and 10 is very important

Base: Customers (2,278), Stakeholders (436)

NGN could go further to improve environmental credentials by taking existing initiatives further, and by introducing new initiatives, often in conjunction with other organisations



6% of customers and 8% of stakeholders thought there were additional things NGN could do to improve environmental impact

Customers:

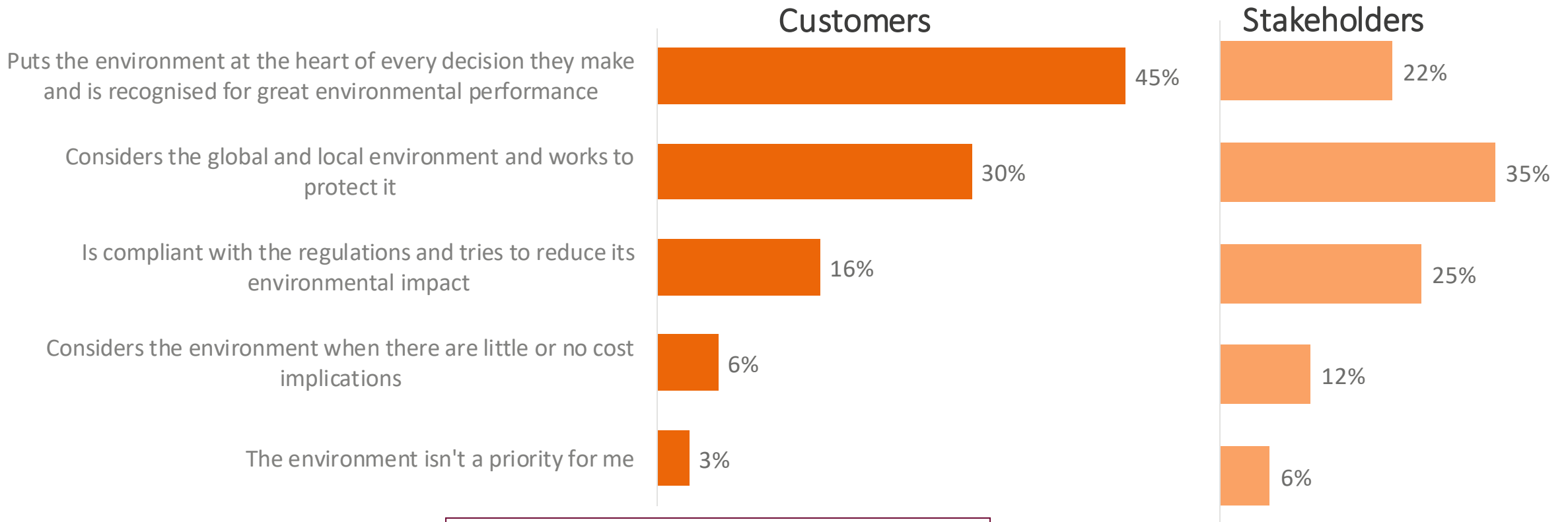
- “Green infrastructure investments in **partnership with other utilities** - e.g. natural flood management”
- “Ensure ALL your **subcontractors utilise similar sustainability processes** and procedures”
- “Supporting **tree planting** and **regenerative soil techniques** on your estate and with partners to lock up carbon in biomass and soil”
- “Investigate retrofitting existing fleet vehicles with supplementary **Hydrogen injection systems** to dramatically improve combustion & reduce emissions”
- “Have a **five year environmental plan**”
- “Consider the material used for **road and pavement repairs**. I’ve seen some where they are done with **recycled plastics**”

Stakeholders:

- “Look at your **waste streams** as revenue particularly PE”
- “Press ahead with **hydrogen investigations.**”
- “Work more closely with **other utilities**- combined approach to replacement programs even if pulling forward work”
- “**No dig techniques**, so you could do drilling more instead of open cutting. The impact on the environment is quite high.”

Customers want NGN to put the environment at the heart of every decision. Stakeholders are more pragmatic, expecting them to consider the environment and comply with regulations

I want NGN to be a company that...



Over 65s more likely to want NGN to be compliant with regulations (21%)

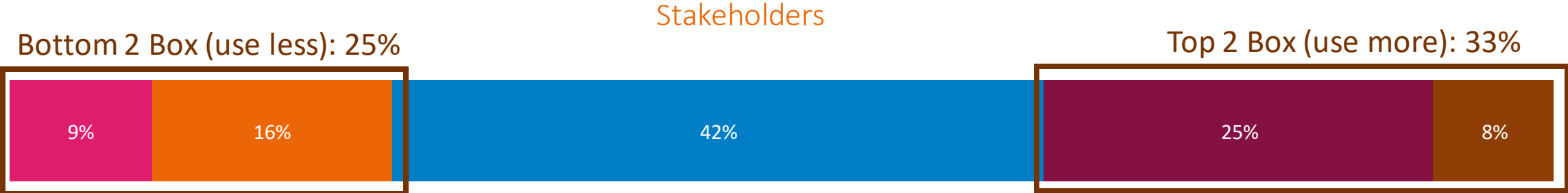
Local policy makers more likely to want NGN to put environment at the heart of decisions (28%) & consider environment (40%)

Those that said "don't know" (16% of customers and 6% of stakeholders) have been removed from the data

Q6 Thinking about our role in the environment, which of the following statements do you agree with most?

Base: Customers (2,278), Stakeholders (436)

Customers and stakeholders are fairly evenly split between those that think their gas usage will increase, stay the same, and reduce in the next 20 years



Business gas customers, urban dwellers and 16-25 year olds are more likely to **increase their usage** (56% T2B / 38% T2B / 36% T2B)

ABC1s are more likely to **reduce their usage** (40% T2B)

Q7 In 20 years' time, how do you think your gas usage will compare to now?
 Base: Customers (2,278), Stakeholders (436)

FUTURE ENERGY MODELS

IMPACT

FROM INSIGHT TO INFLUENCE

4 future energy scenarios were tested with stakeholders

Scenario	Details
Steady progression	<ul style="list-style-type: none"> • Like now, most people have boilers that use natural gas to heat their homes • Our gas comes from the seas around the UK like it does now, but with some shale gas also used • Most people who drive have electric cars/vehicles • Because there are more electric cars, we're using more electricity than we do now • Our electricity comes from a mixture of wind power, nuclear and gas • The UK doesn't meet its targets for reducing carbon emissions
Consumer evolution	<ul style="list-style-type: none"> • Like now, most people have boilers that use natural gas to heat their homes Our gas mostly comes from shale, with some from the seas around the UK and imported from other countries • Most people who drive have electric cars/vehicles • Because there are more electric cars, we're using more electricity than we do now • Most of our electricity comes from small scale renewables and nuclear • The UK doesn't meet its targets for reducing carbon emissions
Two degrees	<ul style="list-style-type: none"> • Our homes are much more energy efficient – it's not as difficult to heat them • More people have boilers to heat their homes than today. Most of those boilers use hydrogen gas and other are connected to a local district heat network. • Some people heat their homes with electric rather than gas, using renewable energy • Most of our gas comes from the seas around the UK and other countries. We convert lots of it to hydrogen. • Most people who drive have electric cars/vehicles • Because most people are using hydrogen to heat their homes, we're using less electricity (than in other scenarios) • Most of our electricity comes from wind power and nuclear • The UK meets its targets for reducing carbon emissions
Community renewables	<ul style="list-style-type: none"> • Our homes are much more energy efficient – it's not as difficult to heat them • Most people heat their homes with electric rather than gas, using renewable energy • Some people are connected to local district heat networks • Most people who drive have electric cars/vehicles • Because we're using electric to heat our homes and run cars, we're more of it (than other scenarios) • Most of our electricity is renewable – from wind and solar • The UK meets its targets for reducing carbon emissions

Community renewables is the preferred scenario when looking at first most preferred choice. Two degrees is also popular when taking 2nd choice ranking into account

76%
Feel the scenarios
are clear

	1 st ranked (preferred) scenario	1 st or 2 nd ranked scenario
Community renewables	39%	56%
Steady progression	24%	43%
Two degrees	19%	54%
Consumer evolution	17%	46%

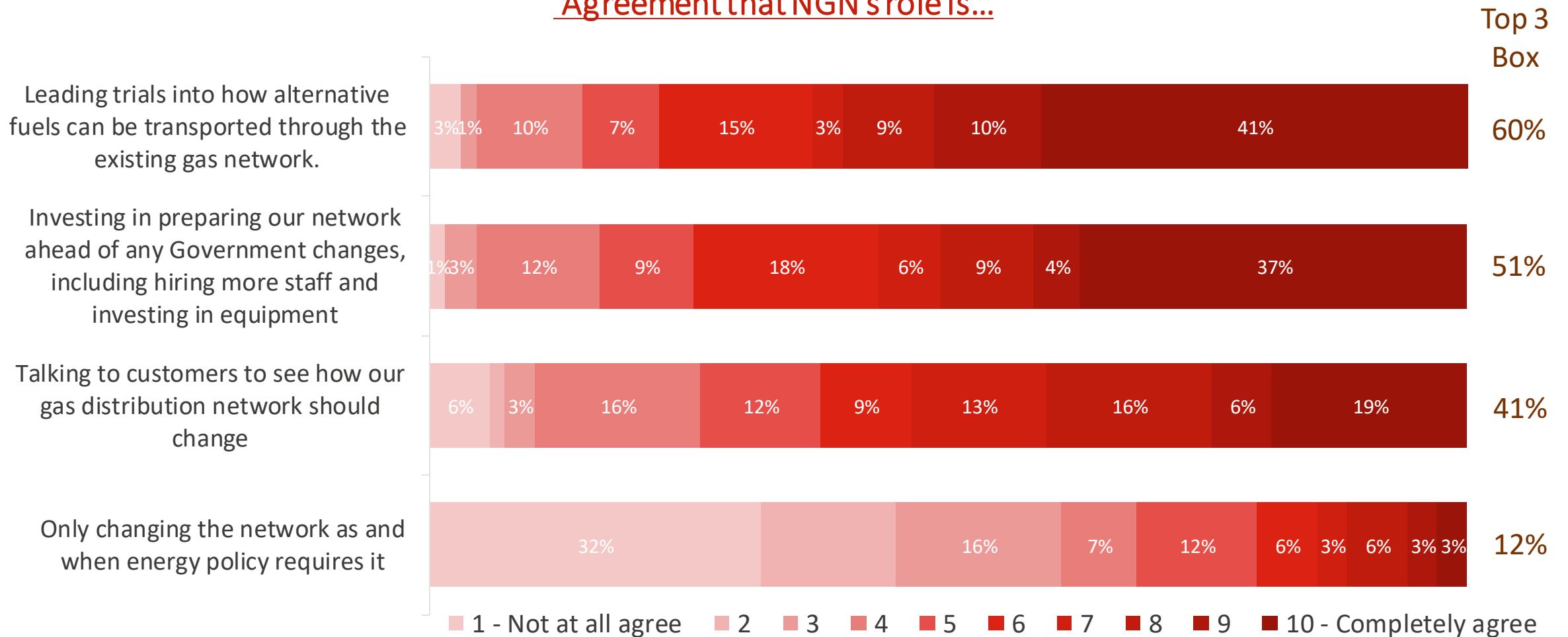
Q8 Thinking about the scenarios you have just seen, do you agree that these are clear? Base: Stakeholders (71)

Q9 Which of these scenarios would you like to see for the UK in 2050? Please rank these scenarios on a scale of 1 to 4 where 1 is your

preferred scenario and 4 is your least preferred. Base: Stakeholders that agreed the scenarios were clear at Q8 (54)

Stakeholders expect NGN to be leading the way in new energy delivery models, or at least preparing the network in readiness to follow new Government guidelines

Agreement that NGN's role is...



Q10 Thinking about the alternative fuels which could be used to heat homes in the future, how much do you agree with each statement that this is our role? Please use a scale of 1 to 10 where 1 is not at all agree and 10 is completely agree.

Base: Stakeholders (69)

Stakeholders would like NGN to be working towards alternative energy sources, and working in conjunction with other organisations.

Gas / hydrogen preparations for the future

I'm no expert but I would say it's best to plan and prepare ahead for all eventualities and be well ahead of government legislation. Hydrogen sounds exciting. I guess the network would need updating but if it leads to increase in good technical jobs then go for it.

Working with domestic appliance manufacturers to innovate how they use gas.

Working with renewable energy providers to model the development of a green hydrogen economy

Talking to large industrial gas users to find out what their future gas requirements are and what their specific requirements are of a low carbon gas network (flame luminosity etc..)

Non gas preparations for the future

Preparing to dismantle the network when a transition to electricity is complete.

Diversify so the company is not solely tied to the gas system.

Planting more trees, as many as possible, they are cheap and the industry has access to a lot of land, investing in electric boilers that can run efficiently from photoelectric roof cells.

Stop selling gas. Move to electric solutions powered by nuclear energy.

I would like to see more solar powered panels to heat homes in the new build.

CONCLUSIONS

IMPACT

FROM INSIGHT TO INFLUENCE

SUMMARY

NGN's 5 energy action targets

All of the 5 energy targets tested are felt to be good ambitions for NGN to work towards. “Reducing our carbon footprint” is seen to have the best fit for NGN across customers and stakeholders and is also the most important for both groups.

Some feel that NGN's actions should be more ambitious – shorter timescales, and greater % change. Others are cynical about the targets, either because they may not be achievable in the timeframe stated, or because they don't believe NGN will stick to its word.

All feel it is a positive that NGN is looking at ways to help the environment. Customers want NGN to put the environment at the heart of every decision. Stakeholders are more pragmatic, expecting them to comply with regulations

Future energy models

The future energy scenarios tested with stakeholders are clearly understood by three-quarters of the audience.

“Community renewables” is the preferred scenario (solely using electricity from renewable sources to power homes and cars, and using local district heat networks).

Even if the future of energy is less reliant on gas, 60% of stakeholders still expect NGN to be leading the way in preparing the network for alternative fuels (and particularly how they can be transported through the gas delivery network).

THANK YOU

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