



YOUR NGN NEWS UPDATE

MARCH 2021

RIIO-2 business plan update



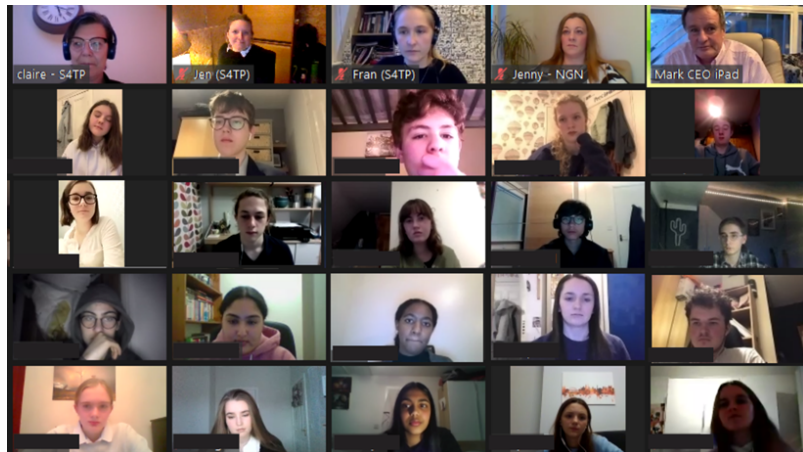
Over the last year, we've kept you up to date with the latest developments on our business plan for our next regulatory period RIIO-2. We are ready as a business to begin delivering our RIIO-2 plan commitments from April 2021 and are in good shape to start doing this. However, as a network with a leading and proven track record of delivering long term value for our customers, we were disappointed this was not reflected in Ofgem's Final Determination in December 2020.

After careful consideration and extensive analysis of the Final Determination, we have decided to appeal its outcome to the Competition and Markets Authority (CMA). The appeal largely focuses on the allowed return on investment and the way Ofgem have calculated the costs we will spend on maintaining and investing in our network over the next five years.

"NGN is the frontier performing company in the gas distribution network industry and at the heart of NGN's strategy is our

desire to deliver efficiency gains for the benefit of our customers in a sustainable way. The final determination gives us clarity on what we need to deliver for our customers, and we're in great shape as a business to continue doing this from April. Ofgem's proposals do however present a very challenging environment for the RIIO-GD2 price control, and we consider that there are errors on specific aspects of the Determination that we are asking the CMA to adjudicate and conclude on. We will be following the formal regulatory process in order to seek a resolution and correct these errors." - **Mark Horsley, CEO of Northern Gas Networks**

We will continue to work constructively with the CMA and our regulator over the coming months to discuss our key issues of concern. We expect a decision from the CMA in autumn 2021 and will keep you, as our valued stakeholders, updated throughout the process. In the meantime, we will continue to deliver both the high levels of service that our customers expect each day and our ambitious net zero plans for the future.



Young Innovators Council

This month, we marked National Careers Week 2021 by announcing the launch of our Young [Innovators](#) Council, delivered in partnership with Solutions for the Planet.

Issues like our transition towards net zero and recovery from the pandemic will profoundly affect young people in the years to come. As our future employees, customers and partners of tomorrow, it is crucial we give them a voice in the decisions we are making that will affect them. In line with our social mobility pledge commitments, the Council provides a unique opportunity for young people to learn more about the energy industry whilst developing a range of work-based skills.

The Council, made up 35 young people aged 14 to 19-years-old, is drawn from across our network area and represents the wide range of communities we serve. The group will meet every quarter and spent their first session advising us on how to design a compelling, impactful education strategy.

The next meeting will be held in April, where the group will help us design our Hydrogen House visitor experience.

Understanding our customers

Over the winter, we embarked on the first of a new major annual survey of our customers to understand changing attitudes and preferences, and how they may have been influenced by the extensive societal change experienced in 2020. We engaged with over 1,400 domestic and business customers from across our network, through focus groups and online surveys.

It was important we understood their priority areas, to help shape and amend proposals for our next business plan period, RII0-2. To help inform and provide an evidence base for future business planning, we will undertake this research annually to assess how customer views change over time.

Highlights include:

- Transparency and fairness, were customers most important values for us
- Delivering a reliable service was voted the top priority area
- 2 in 3 customers use more energy now than pre pandemic and 1 in 3 domestic customers told us they sometimes have difficulty paying their bills
- Reducing carbon emissions is seen as the most important environmental action
- 70% supported the use of hydrogen
- 8/10 placed importance on us encouraging a diverse and inclusive workplace

You can read our full outcomes report [here](#). We're keen to share these findings and co-create our next steps with stakeholders so if you'd like any further information, please get in touch via stakeholder@northerngas.co.uk

GET INVOLVED

Join us at our online **Customers in Vulnerable Situations – Annual Strategic Workshop** on **Tuesday 20 April**.

In our first Customers in Vulnerable Situations workshop of RIIO-2, we're inviting stakeholders to join us for an extended session to take a retrospective look back at 2020, as well as set our key priorities for the next 12 months. Stakeholders will:

- Review our last regulatory year, 2020
- Discuss the projects we have taken forward
- Identify opportunities for sustainable partnerships
- Understand the Ofgem metrics for RIIO-2
- Set priorities for our 21/22 work programme

We would be delighted if you could attend a virtual workshop via Zoom on Tuesday 20 April, 09.30am - 13.30pm. There will be plenty of opportunities to contribute to these areas of discussion, and for you to continue to shape our plans.

[SIGN UP HERE](#)

Get in touch...

If you have any feedback about this e-bulletin or any questions about our work, we'd love to hear from you.

Just email stakeholder@northerngas.co.uk

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