Incentive on Connections Engagement (ICE)

NORTHERN POWERGRID

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2020/21 Mid-year Update

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What we do

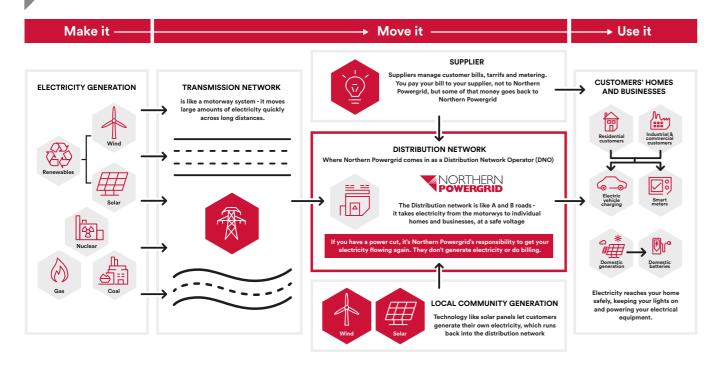
Northern Powergrid owns and operates the electricity distribution network that powers everyday life for more than 8 million people across the North East, Yorkshire and northern Lincolnshire.

Our network which consists of more than 60,000 miles of overhead power lines and underground cables, spans from the Scottish borders to northern Lincolnshire and delivers a safe and reliable supply of electricity to 3.9 million homes and businesses.

We connect people to the electricity network and if our customers' power supply is ever interrupted, we will be there to fix it 24 hours a day, 365 days a year.



Where we sit in the industry



Foreword

The events of the past nineteen months have brought into sharp focus our role as a critical infrastructure provider and force for good in our communities. It has never been more important to connect people to the electricity network, and each other.

We understand the importance of what we do. Every new connection we deliver contributes to the economic growth and prosperity of our region by enabling new homes to be built and occupied, new businesses to start trading and new sources of renewable power to come online and start supporting the energy system.

To do this, we must deliver a cost-effective and efficient service that meets the needs of all our connections customers.

Stakeholder-led plans

I joined Northern Powergrid this summer, during what is undoubtedly one of the busiest and most important periods our business has ever experienced.

We have been building our business plan for 2023-28¹ through an extensive programme of engagement with our stakeholders for the past two years, and their feedback has shaped the outputs we will deliver in RIIO-ED2. Our draft plan, which was published in July 2021 sets out our commitments, how much they will cost, the benefits we will deliver and how we will measure success.

The learning from this activity has also informed our Incentive on Connections Engagement (ICE) process.

Our progress

I am pleased to advise that we remain on track to deliver all the actions in our 2021/22 ICE plan. We have been working hard to deliver the commitments we made. which include:

- improving the provision of information we make available with new and updated guides that clearly explain the connections process;
- establishing a Low Carbon Technology (LCT) local working group to provide clarity on the rules and processes for low carbon connections as they evolve;

guidance and resources; and

why these fees are applied.

We have provided an update on how we are progressing with each of the actions in our plan later in this document.

Net zero focus

We are acutely aware that the decisions we make today will affect our ability to meet net zero and that new connections are an important enabler. During RIIO-ED2 we will invest in our network and deliver smarter, more flexible solutions that support our region's low carbon ambitions.

Decarbonisation of heat and transport are two of the most important drivers for net zero and we are working with the industry and our stakeholders to support this important transition. We want to make it as easy as possible to connect LCTs, including electric vehicles (EVs) and heat pumps to our network.

Earlier this year, we played a leading role in our industry's response to the climate emergency, working with Ofgem and other network operators to mobilise the Green Recovery Scheme.

This has enabled us to bring forward £53 million of investment in vital electricity networks that will enable more greengrowth projects including electric shipping, EV charging hubs and new solar and wind developments to come forward sooner, creating new green jobs and opportunities for our region. We hope to be able to do more in the coming years.



- helping to address a recognised knowledge gap in the LCT installer market (which could affect net zero targets) by developing new technical

engaging with stakeholders on our Connection Offer Expenses (COE) to help them understand how, when and





of distributed generation (both generation and storage)



electric vehicles



heat pumps

An intense year of engagement

This has been an intense year of engagement and I wish to thank all who have contributed. I encourage you to continue to engage. Your feedback holds us to account, informs our business plans, priorities and, ultimately helps us to improve our connections service.

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Paul Glendinning DIRECTOR OF POLICY AND

MARKETS

Engagement update

We work hard to understand the views of our connections stakeholders and customers and to continually improve the service we provide.

Running alongside the most ambitious programme of engagement we have ever undertaken to inform our business plan for 2023-28, we have continued to engage with our major works connections stakeholders to seek their feedback and improve the service we provide through ICE.

As COVID-19 continues to limit the ability for face-to-face interaction, we have scaled up our online engagement running focus groups, webinars, customer meetings and surgeries using digital platforms.

This appears to be the preference for some of our stakeholders. Attendance at our Distributed Generation (DG) Owner Operator Forum has increased two-fold since we began delivering these meetings online. However, we know that some of our stakeholders and customers would prefer in-person meetings and events and we will look to do this as soon as it is safe and practical to do so.

Pre-application support

Our customers continue to tell us how important it is to be able to speak to our engineers and how much they benefit from their local knowledge of the network when making decisions about how and where to connect. We continue to facilitate monthly surgeries for connections customers, Independent Connections Providers (ICPs) and local authorities and are seeing unprecedented levels of demand for these appointments, as more and more of our customers look to explore their options before making an application.

Following feedback from our stakeholders, we are looking at how we can streamline and improve our process and enable more of these discussions to take place, whilst balancing the demands on our engineers' time.

Local authorities in particular, require an increasing level of support. This can range from data provision, strategic input to deliver local area energy plans and decarbonisation strategies, as well as more practical help to understand available network capacity and the connections process.

We are looking at how we can support this during the RIIO-ED2 period through the provision of local area energy champions and in the shorter-term - learning from our engagement on the Green Recovery Scheme - we will be facilitating more regular engagement opportunities² where local authorities can book an appointment to discuss their connections pipeline of projects or longer term plans and objectives with the right Northern Powergrid colleagues.

Green Recovery Scheme

In February 2021, we launched a region-wide call for evidence inviting stakeholders to make the case for why their locality should be selected for investment as part of the Green Recovery Scheme³.

We wanted to understand more about the type of projects that could be brought forward by increased capacity and cheaper connections costs. Intelligence from these interactions helped us to determine the short list of 14 projects that were selected for the Green Recovery Scheme and is also being used to inform our longer-term network planning and investment.

Targeted forums

A key part of our strategy is targeted engagement forums which enable stakeholders with similar business models, issues, or priorities to engage with us on the topics that are most important to them.

Last year, we were pioneering in our approach to supporting customers affected by the Accelerated Loss of Mains Change Programme, establishing a local working group that gave stakeholders a forum to seek clarity on the process from us and National Grid.

This year, we have established an LCT connections working group⁴ that will provide a platform for stakeholders to seek clarity on the rules and processes for low carbon connections as they evolve and equip us with the information we need to feed back the views of local stakeholders to the Energy Networks Association (ENA) working group, should they require us to do so. The working group will also provide informed feedback and critical challenge on new and existing LCT connections processes and help us to identify best practice across the industry.





Stakeholder-driven service improvements

We want to ensure all our stakeholders have opportunities to contribute to our ICE plans.

To develop our ICE plan around the needs of our stakeholders, we undertook a broad and inclusive programme of engagement and consultation. We sought their feedback at every stage of the process to inform, refine and seek endorsement of our actions.

The robust process we employed gives us confidence that the actions we are delivering this year will address the areas for improvement our stakeholders identified. However, we encourage our stakeholders to continue to give us feedback to inform future iterations of our ICE plan. **93%**

of connections customers surveyed agreed we have a comprehensive work plan of service improvements activities for 2021/22 that meets the needs of our connections stakeholders.

Source: ICE plan endorsement survey, April/May 2021



Upcoming connections engagement opportunities



Local authority connections

LCT connections local working group meeting - ICE action 4.2



Upcoming events

For more information and to book upcoming events visit:

<u>C</u> engage.northernpowergrid.com/ events/upcoming-events



Connections surgeries

To book a connections surgery visit:

ranorthernpowergrid.com/ customer-events-and-surgeries

Actions update

We have been working hard over the past few months to deliver the commitments we made in our 2021/22 ICE work plan. This section gives an update on the status of each of our actions.

ACTION End-to-end connections process guide



To improve the provision of information we make available and ensure our customers have access to the most comprehensive and useful information, we will be creating a new major

works connections guide.

The guide will clearly explain the end-to-end connections process, what our customers can expect from us, and in what timescale and how to contact us should they need to do so. It will include clear descriptions of our responsibilities, and the responsibilities of the customer and any third-parties involved in the connections process and clearly explain how any issues that arise can be resolved.

We will be working with our stakeholders to develop the guide to ensure that it contains all the information they need, and we will also be looking at best practice across the industry. The guide will be published on our website and distributed to our major works connections customers.

The action remains on track and we are confident that we will be able to deliver on our commitment by our forecast completion date.



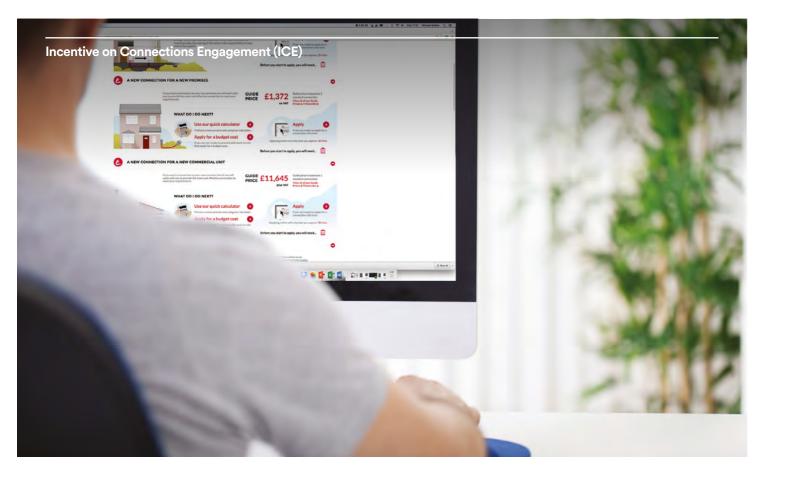


Quick glance summary

Ref	Commitment	Status
1.1	We will develop an end-to-end connections process guide for major works customers.	ON TRACK 🤣
1.2	We will make changes to our Get Connected homepage to improve the functionality and usability for customers.	ON TRACK 🤣
1.3	We will update our unmetered connections guide.	ON TRACK 🤣
1.4	We will update our connections contact guide to include regional contacts and signposts to available support and resources.	ON TRACK 🤣
1.5	We will provide training and tutorials on how to use our network availability heat maps and AutoDesign tool.	ON TRACK 🤣
2.1	We will provide information on different types of connections including G98/99 and flexible arrangements and on the connection charges regulations.	

Ref	Commitment
3.1	We will host regular engagement sessions with local author connections projects and discuss their long term strategic of
4.1	We will engage with stakeholders on our Connection Offe
4.2	We will establish a Low Carbon Technology connections lo
4.3	We will develop an online knowledge base for installers an guidance and technical information.
5.1	We will make changes to our Competition in Connections and usability.
6.1	We will engage with stakeholders to help them to understand customers could be affected by our developing new role as a

Status
ON TRACK 🛇
ON TRACK 🔗
ON TRACK 🛇



Get Connected webpage

The Get Connected⁵ section of our website is the first port of call for anyone who is seeking a new connection to our network or making changes to an existing one.

Customers can use the webpage to apply for different types of connections services, get a guide price and likely timescale for their project, access online tools and resources, and find information on a range of connections related topics. It is important therefore, that the webpage is easy to navigate and that the information available is easy to understand.

We are in the process of reviewing the customer feedback we have received on our website to identify any common themes and areas for improvement.

In November 2021, we will be engaging with website users to understand their experience and requirements. This activity will complement on-going engagement with stakeholders to define their digital services and network information requirements as we transition into RIIO-ED2.



ACTION

ON TRACK



Unmetered connections guide

We are updating our guidance on unmetered connections so that customers applying for this type of connection will be better informed and have clarity on the process.

An unmetered supply can be provided when installing a meter is not practical and/or the cost to do so would be disproportionate to the cost of the electricity used by the equipment installed.

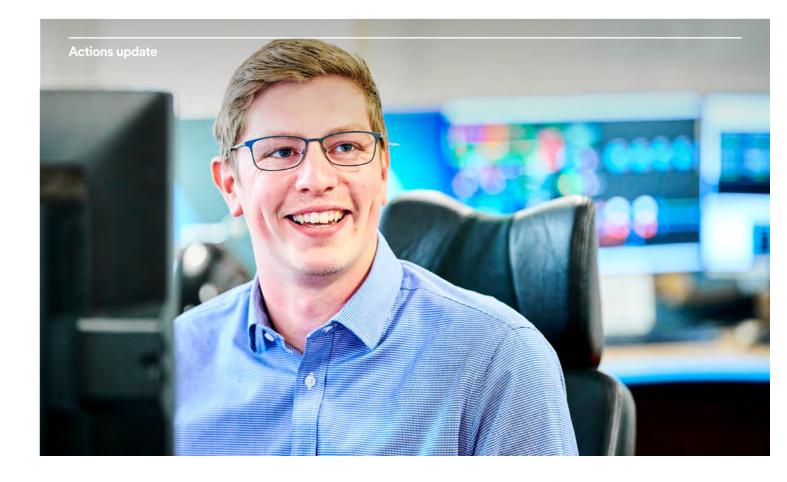
The type of equipment that usually requires an unmetered supply includes street lighting, traffic signals, illuminated road signs or advertisements and telecoms cabinets. However, we know this market is evolving and we will be engaging with our stakeholders to ensure that we continue to provide an efficient unmetered connections service.

Our updated guide will provide clarity for customers on the endto-end process and explain what to expect when applying for an unmetered connection. It will also explain the circumstances in which a supply of electricity may be unmetered, in accordance with the Unmetered Supply Regulations.

We are working on our guide and will be seeking feedback from stakeholders on what we have produced. We remain on track to deliver this action by the end of 2021, in line with our forecast.

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Connections contact guide

Our customers continue to tell us how important it is to be able to talk to our engineers before making an application.

We have a customer guide that includes the contact details for all our Commercial

Engineers and Design Team Managers and will be responding to our stakeholders' feedback by updating this document and including additional information.

We will include contact details for our Customer Service Managers to respond to stakeholders' requests for regional contacts and will be signposting the online tools and resources available to those seeking a connection to our network.

Updating this guide will further extend the provision of information we make available and help our customers to identify the right person to talk to when making decisions about how and where to connect.

We are working on updating our guide with all the relevant information and remain on track to complete the work in line with our forecast.



ACTION



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Training on our online tools and resources

We have developed online tools like AutoDesign and our network availability heat maps to equip our stakeholders with the information they need to perform their own upfront assessments.

Many of our customers will use these tools to optioneer and narrow down their options before talking to our engineers or making an application.

These tools are only really valuable, however, if those using them understand how to access and interpret the data that is available and so we will be responding to our stakeholders' requests for more training by developing online tutorials and instructional videos to help them be better informed about the tools available and the information they provide.

We are currently working on developing instructional videos which will complement the online training sessions we have planned for early 2022.



ON TRACK



types of connections To ensure our customers are better informed and that there is clarity throughout the application process, we have created a new webpage with clear

Information on different

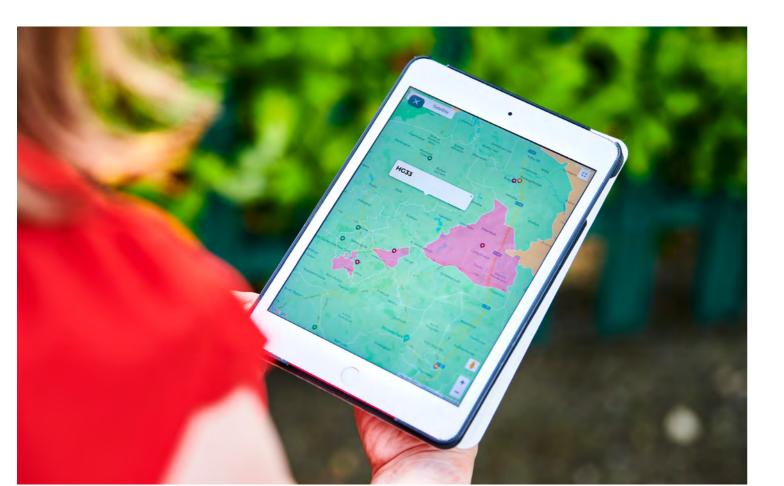
explanations of the different types of

connection offers that are available.

We have provided information on the different types of connection offers, including firm and flexible arrangements and in respect of G98/99. The webpage explains what customers need to know before making these types of application and the typical costs, timescales and implications of accepting different types of connection offers.

We have also included information on the Electricity Connection Charges Regulations, also known as the 'second comer' regulations, so that customers have a better understanding of what this means and how they may be affected.

COMPLETE



ACTION



Local authority engagement sessions

In February 2021, we launched a call for evidence, inviting stakeholders to make the case for why their locality should be selected for accelerated network investment as part of the Green Recovery Scheme.

The intelligence we gained helped us to bring forward £53 million to invest in our region's vital electricity networks to create increased network capacity and enable green-growth projects to come forward quicker. This activity also revealed a need for more strategic and on-going engagement with our local authorities and Local Enterprise Partnerships (LEPs).

With local authorities in our region setting ambitious net zero targets, as early as 2030 in some cases, they are increasingly looking to us to support them in achieving their decarbonisations goals.

During our six-week call for evidence, we offered short 20-minute appointments for stakeholders who wanted to find out more about the scheme and were inundated with requests from local authorities, combined authorities and LEPs, who also wanted to discuss current connections projects and their longer-term strategic plans.

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We recognised the benefit of continuing these discussions. Having early visibility of our stakeholders' pipeline of connection projects means we can manage their application and delivery process more effectively. Local authorities also benefit from better information, closer relationships and help to identify the most viable connection solutions.

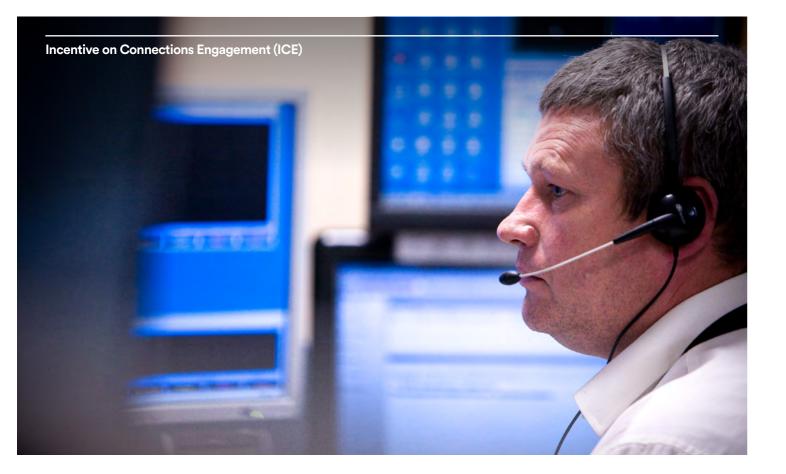
We ran our first local authority engagement session in October 2021 and issued an invite to 120 local authority and LEP contacts informing them that they could book an appointment at one of these sessions. We asked them to tell us what they wanted to talk to us about to ensure we could put the right team in place to support the discussions.

We booked ten appointments following the first invite and have had five expressions of interest in taking part in future sessions.

We have further sessions scheduled for December, January and March so that our stakeholders have plenty of opportunities to talk to us. Anyone interested in booking an appointment or who would like to be added to our distribution list, can email:

yourpowergrid@northernpowergrid.com





4.1

Connection Offer Expenses (COE)

In 2018, all DNOs introduced COE fees (also known as Assessment & Design or A&D fees) to drive efficiencies in the connection process and ensure fairer allocation of costs.

We charge a COE fee for the budget estimates, feasibility studies and quotations we produce for our large works connections customers. We only recover the costs that we have reasonably incurred when completing the detailed design work required to produce these offers and we do not make a profit on the COE fees we charge.

We understand however that the differences in the way DNOs charge for COE can be confusing and so we have been engaging with stakeholders to help them understand why, how and when our fees are applied.

Our COE fees remained unchanged for more than three years.

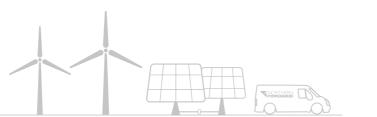
In July 2021, we updated our COE as part of an annual review we will undertake to ensure our fees remain cost-reflective of the services we provide. As a result, we updated our guide and webpage to reflect the new COE fees and latest information.

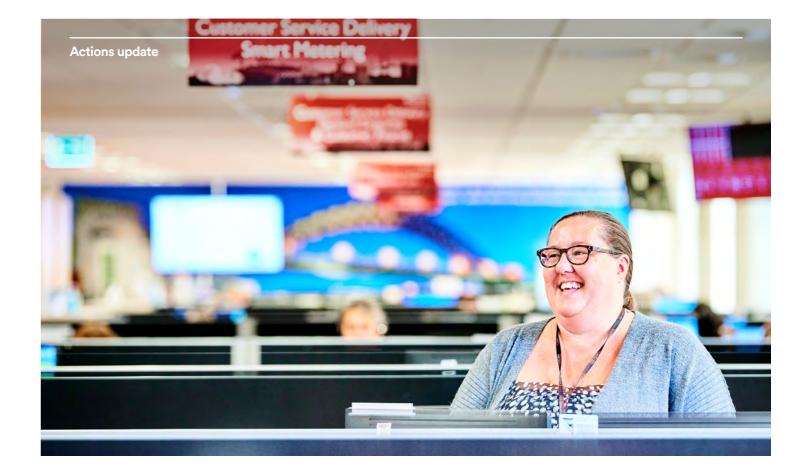
We wrote to more than 6,000 connections stakeholders to inform them of the change and the reasons for our decision and published an open letter on our website⁶. We also set up a dedicated email address so that customers who had questions about the new COE fees or how they had been applied would receive a timely response.

In December 2021, we will be hosting a webinar for stakeholders. We will also be signposting available support and resources that customers can access before making an application, including our monthly surgeries and AutoDesign that allows users to produce their own budget estimates, free of charge.









LCT connections local working group

Decarbonisation targets and government policies are driving a significant increase in the uptake of heat pumps and EVs, and we want to make it as easy as possible to connect these

LCTs to our network.

To help us do this, we have invited a small number of stakeholders to take part in a local working group where they are able to provide informed feedback and critical challenge.

The working group gives stakeholders a platform to seek clarity on the rules and processes for low carbon connections as they evolve. It will also equip us with the information we need to feedback the views of local stakeholders to the national LCT working group, should they require us to do so.

Our first meeting in October 2021 was an opportunity for those taking part to share their views on barriers to LCT uptake and identify instances of best practice across our industry.

We previewed a new online additional load process we are developing and there was discussion around live issues, including the need for a standardised approach across all DNOs. The meeting was attended by our new Director of Policy and Markets, who was keen to hear the views of our stakeholders' first-hand.

The working group will convene on a regular basis throughout the course of ICE plan year and one of the key outputs from these sessions will be an issues and actions log that will enable us to effectively respond to points made by our stakeholders.







Technical guidance and online knowledge base

We hosted a series of targeted workshops during the last ICE plan year that gave LCT installers an opportunity to 'get on their soapbox' and tell us what was working in the

current connections process and what was not. Learning from these sessions informed some of the actions in our current plan.

LCT installers told us that there was a recognised knowledge gap in their industry that could affect their ability to achieve installation targets for heat pumps and other LCTs. They told us they needed more practical support and technical advice from us.

We are responding to that feedback with a commitment to work with these stakeholders to develop a technical reference library and other useful resources, which may include an online knowledge sharing platform where they can ask questions and receive a response from us and their peers.

We have been engaging with our stakeholders and developing a proposal based on their feedback. Our LCT connections working group will also act as a steering group to help us define the scope of this action.

We remain on track to deliver this commitment in line with our forecast completion date of March 2022.







Actions update

ACTION Webpa



Competition in Connections webpage

We have a dedicated Competition in Connections page on our website. Like our Get Connected webpage, this is the first port of call for ICPs and IDNOs looking to access

connections services, policies and reporting online.

It is also used by our customers to identify ICPs who are accredited by us, and the National Electricity Registration Scheme (NERS) to carry out contestable works.

Publishing the contact details for independent providers on our website is one of the ways in which we promote fair and open competition and ensure our customers have a choice in who delivers their connection.

It is important that this webpage is easy to navigate and that the information and documentation available is easy to access and download.

In November 2021, we will be hosting our bi-annual ICP Seminar and asking for feedback on a range of topics, including our current digital offering. We will be following up with an invite to take part in a focus group session where ICPs can tell us about their online experience and future requirements and help us identify any examples of best practice across the industry.

Feedback from these sessions will help us make changes to our webpage to improve its functionality and usability. It will also inform our RIIO-ED2 plan.



ON TRACK



Our transition to a distribution system operator (DSO)

Recognising the impact that our emerging role as a DSO will have on their activities, we have had a commitment in our ICE plan to olders on this topic for the past three vers

engage with stakeholders on this topic for the past three years.

We wanted to ensure that the views of our connections stakeholders and customers were taken into account as we transition to a DSO and that they had opportunities to shape our strategy and approach.

We have been engaging extensively with our stakeholders, to inform our draft RIIO-ED2 business plan and ensure the investment we are proposing matches their future priorities and needs.

Alongside this, we have continued to engage with our connections stakeholders to keep them informed and help them to understand what our evolving new role as a DSO could mean for them and any opportunities it may present.

In July 2021, we published our draft business plan for 2023-28, which clearly sets out our vision and plan to become our region's DSO. We also we gave an update at our DG Owner Operator Forum pinpointing locations across our region where we will be looking to procure flexibility services in the coming years to support our 'flexibility first' approach.

In September 2021, we hosted a series of decarbonisation leadership conferences, which were led by our senior leadership team and aimed at generators, major industrial users, housing, commercial and industrial developers, the EV industry and local authority representatives.

We will continue to engage with our stakeholders on this important topic as we prepare to submit our final business plan in December 2021.





Incentive on Connection Engagement (ICE)

2021/22 ICE LOOKING FORWARD WORK PLAN

ACTION		THE OUTCOME	PERFORMANCE METRICS	MEASURES OF IMPACT/SUCCESS	VOLTAGE	STATUS	А	APPLICABLE TO			o
1.1	We will develop an end-to-end connections process guide for major works customers.	Stakeholders will be better informed about the connections process, what to expect and in what timescale and how to contact us should they need to.	 Guide developed and published. 	 Number of guides distributed. Stakeholder feedback. 	ALL	⊘ On track	м	UM	DG	ICP	CE
1.2	We will make changes to our get connected homepage to improve the functionality and usability for customers.	Stakeholders will find it easier to locate and access connections information and services online.	 Engage with stakeholders to understand their experience and requirements. Website changes implemented. 	Number of stakeholders engaged.Stakeholder feedback.	ALL	⊘ On track	М	UM	DG	ICP	CE
1.3	We will update our unmetered connections guide.	Stakeholders will be better informed about the unmetered connections process, know what to expect and in what timescale and know how to contact us should they need to.	 Guide updated and published. 	Number of guides distributed.Stakeholder feedback.	HV LV	⊘ On track		UM			
1.4	We will update our connections contact guide to include regional contacts and signposts to available support and resources.	Stakeholders will have a useful guide that provides contact details for our connections and customer service teams and signposts available support and online resources.	 Guide updated and published. 	Number of guides distributed.Stakeholder feedback.	EHV HV LV	⊘ On track	М	UM	DG	ICP	CE
1.5	We will provide training and tutorials on how to use our network availability heat maps and AutoDesign tool.	Stakeholders will be better informed about how to access, use and interpret the data available via these online tools and resources.	 Minimum of four training sessions / tutorials held in the ICE plan year. 	• Target of 85% stakeholder satisfaction rate with sessions held.	EHV HV LV	⊘ On track	М		DG	ICP	CE
2.1	We will provide information on different types of connections including G98/99 and flexible arrangements and on the connection charges regulations.	Stakeholders will be better informed about the different types of connections available, how to apply and the implications of accepting different types of offers. They will have a better understanding of connections charges regulations.	 Guidance developed and published. 	 Information disseminated. 	EHV HV	Complete	м		DG	ICP	CE
3.1	We will host regular engagement sessions with Local Authorities to support their pipeline of connections projects and discuss their long term strategic development plans.	Local Authority stakeholders will have a channel to discuss their immediate connections requirements and longer term strategic plans.	 Invitations issued to all Local Authorities in our region. Minimum of four engagement sessions held. 	 Number of stakeholders engaged. Target of 85% stakeholder satisfaction rate with the sessions held. Stakeholder feedback. 	ALL	⊘ On track	м	UM	DG		
4.1	We will engage with stakeholders on our Connection Offer Expenses (COE).	Stakeholders will be better informed about our COE including why, how and when they are applied.	Stakeholder updates delivered.COE guide and webpage updated.	Number of stakeholders engaged.Website and guidance updated.	ALL	⊘ On track	м	UM	DG	ICP	CE
4.2	We will establish a Low Carbon Technology connections local working group.	Stakeholders will be better informed and have clarity on the rules and processes for low carbon technology connections as they evolve.	 Local working group established. Minimum of four engagement sessions held. 	Number of stakeholders taking part.Stakeholder feedback.	HV LV	⊘ On track	М	UM	DG	ICP	CE
4.3	We will develop an online knowledge base for installers and electrical contractors with practical guidance and technical information.	Stakeholders, will be better informed and have a useful reference library of technical information, resources and guidance.	 Engage with stakeholders to understand their requirements. Technical information and resources developed and published. 	Stakeholder feedback.Number of downloads.	LV	⊘ On track	М	UM	DG	ICP	CE
5.1	We will make changes to our Competition in Connections webpage to improve the functionality and usability.	Stakeholders will find it easier to locate and access information, documents and services online.	 Engage with stakeholders to understand their experience and requirements. Website changes implemented. 	 Stakeholder feedback. 	ALL	⊘ On track	М	UM	DG	ICP	CE
6.1	We will engage with stakeholders to help them to understand about how connections processes and customers could be affected by our developing new role as a Distribution System Operator (DSO).	Stakeholders will be better informed and have a platform to discuss our developing role as a DSO and topics including flexibility services.	 Minimum of two engagement sessions held in the ICE plan year. 	 Target of 85% stakeholder satisfaction rate with the sessions held. Stakeholder feedback. 	ALL	⊘ On track	м	UM	DG	ICP	CE

KEY:

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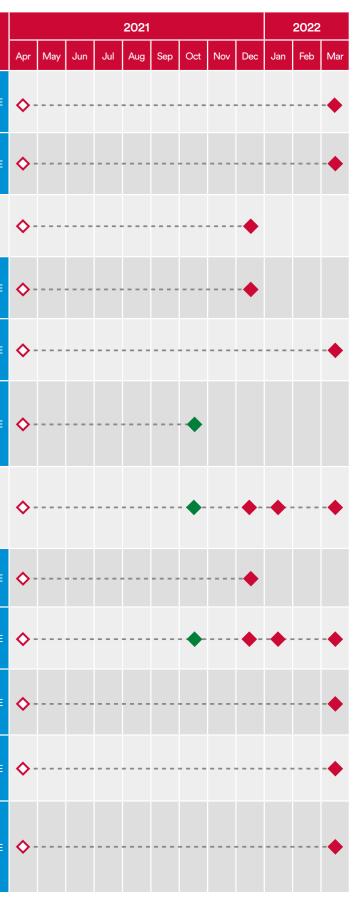
DG DISTRIBUTED GENERATION CUSTOMERS

ICP INDEPENDENT CONNECTIONS PROVIDERS / INDEPENDENT DISTRIBUTION NETWORK OPERATOR

♦ ACTUAL COMPLETION DATE

COMMUNITY ENERGY GROUPS AND STAKEHOLDERS

ACTION STARTS ------ OUR FORECAST TIMESCALE FOR COMPLETION 🛛 🔶 FORECAST COMPLETION DATE





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- ICE@northernpowergrid.com
- ____ www.northernpowergrid.com/get-connected