

Annual Stakeholder Report 2015



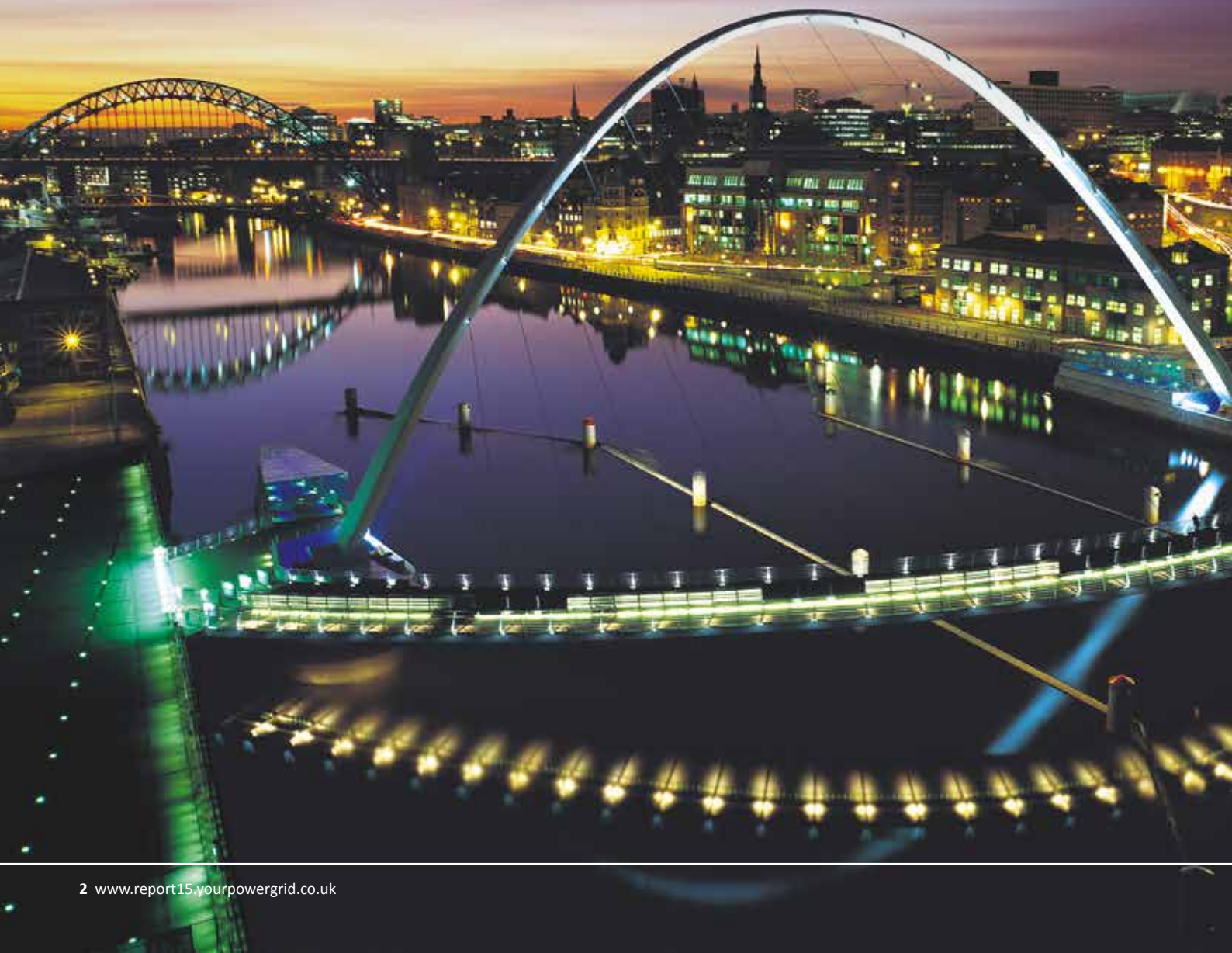
Our commitments to you

Our Annual Stakeholder Report 2015

Our Annual Stakeholder Report is a year in the making. Under the headings of reliability and availability, safety, environment, customer satisfaction, social obligations, connections, low carbon economy, making it happen and finances, you can read about the progress we have made, the goals reached and partnerships created as we strive to succeed in our aim to deliver the best all-round energy infrastructure service in the UK.

Not only have we been doing, we've also been listening to what stakeholders have told us they would like to see from us, so our report also sets out our commitments for 2015. And to help give a sense of what it all means, we've included some case studies of projects we're particularly proud of.

We recognise the wider role and the impact we can have in the communities where our customers live and work because we live and work there too. We believe our reputation and the trust held by our stakeholders, be they customers, employees, the energy industry or partners should be nurtured and this report shows how we turn words into deeds.



Our business

Northern Powergrid delivers electricity to 3.9 million homes and businesses in the North East, Yorkshire and north Lincolnshire, taking power from the power transmission network and distributing it through our network of more than 60,000 substations and 94,000 kilometres of overhead lines and underground cables to eight million customers throughout the region. What we don't do is sell electricity nor do we operate power stations.

Keeping that network running safely, reliably and efficiently is our priority and we operate 24 hours a day, seven days a week, 365 days a year – no matter what the circumstances. We are also responsible for the connection of locally-generated energy to our network.

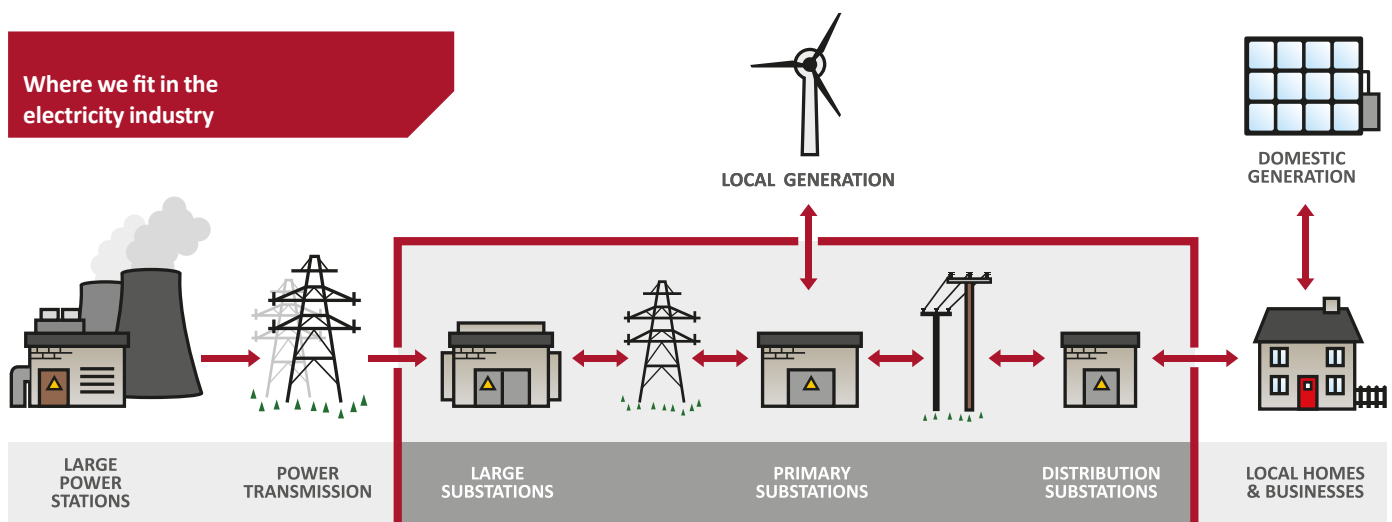
We operate as one company but we are regulated by the energy regulator, Ofgem, as two licensed businesses: Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc. In 2014 we redefined our operating structure, creating nine zones that reflect the wide-ranging economic and environmental nature of the overall area we serve. This new model underlines our commitment to improving services and providing managers who are locally-based with local expertise and local knowledge.

As a customer, you pay an energy supplier for the electricity that you use. Your bill includes an amount that we charge suppliers for using our network to deliver your power. This covers the cost of running, maintaining and investing in our network.

Our nine-zone operating structure



Where we fit in the electricity industry



Our customer promises

Electricity is a central part of everyone's life and we are proud of our role in delivering a secure and reliable electricity supply to our customers. At Northern Powergrid, we are committed to five promises that guide our efforts to satisfy our customers:

- ▶ Putting safety first;
- ▶ Respecting you, your time and your property;
- ▶ Doing a really good job;
- ▶ Being there when you need us; and
- ▶ Caring for our local environment.

Measuring our performance

As part of our business planning, we set targets and identify actions that we believe will help us achieve our long term objective of being a top performer against the regulator's six assessment criteria of reliability and availability, safety, environment, customer satisfaction, social obligations and connections.

To achieve this objective we have set long term targets through to 2023, which is the end of the price control period. The targets take into account our existing performance levels and are benchmarked both against the performances of our peers in the UK and with other companies within US-based Berkshire Hathaway Energy, of which we are a subsidiary.

In addition we also regularly compare our activities against best practice in other industries such as the retail sector for customer service. This helps us identify new initiatives and actions that will help us achieve our goals and potentially set new performance benchmarks within our own industry sector.

Our key business priority areas

We believe that our customers deserve the best overall service we can provide and so our aim is to deliver the best all-round energy infrastructure service in the UK, judged by our performance in these six key business priority areas.

1



Customer service

Delivering reliability, dependability, fair prices and exceptional service to our customers.

2



Employee commitment

Equipping employees with the resources and support they need in a safe and rewarding work environment.

3



Financial strength

Ensuring excellent management of our financial resources to provide the services that our customers require.

4



Environmental respect

Using natural resources wisely and protecting our environment for the benefit of future generations.

5



Regulatory integrity

Upholding high standards of integrity in all regulatory compliance matters with frequent communication with the regulator.

6



Operational excellence

Meeting customer expectations through high standards for operations and system maintenance with safety paramount.

These six key priority areas are supported by:

- ▶ Offering the best deal for our customers by doing more for less
- ▶ Operating with safety front of mind at all times
- ▶ Striving to improve every service we offer, providing more choice and more information that is easily accessible
- ▶ Supporting the community and being innovative in order to offer help to those who need it most
- ▶ Refining our connections service, making it faster and easier for our customers to use
- ▶ Looking after the environment and always seeking to reduce the impact of our work
- ▶ Keeping the lights on with fewer and shorter power cuts
- ▶ Safeguarding the future by supporting the drive to a low carbon economy

Reliability and availability



“Continued high-levels of investment in our network has boosted our performance and allowed us to continue to ensure our customers have a safe and reliable power supply.”

Mark Drye, Director of Asset Management

We continue with our record levels of carefully targeted capital investment to increase our network's resilience, delivering improved customer service through a safe and reliable distribution network. As a result our overall network performance has improved in the year, despite continued challenges from adverse weather.

Reliability of supply and the speed with which we restore power when faced with major incident situations has improved. We are investing heavily to upgrade overhead lines that are most susceptible to extreme winds and putting in extra defences for ground substations that may be at risk of flooding.

The theft of metal on our network has remained a problem with thieves now targeting the more vulnerable overhead line network as a result of the successful defence of our substations. We continue to work with the Police and Crimestoppers to tackle this problem which represents a huge risk to the public as well as the inconvenience of a power cut.

The work we have completed to date on network automation, giving us the ability to restore power remotely from our control centres, is reducing the time it takes to restore power and we are looking to make further improvements through our investments as we move into the next regulatory period.

Your power needs have changed and we recognise that. We are set to move our guaranteed standard to restore your power to 12 hours from our previous target of 18 hours from April 2015 (under normal weather conditions).

Our progress in 2014

Investments in specific geographic areas of the network such as our £11.5 million scheme future proofing the network at North Tees and the ongoing £39 million scheme increasing network capacity in Doncaster

Significant investment in further remotely controlled assets coupled with the introduction of automated power restoration system (APRS) technology, which locates faults and reconfigures the network automatically, means faster restoration of power supplies on our high voltage network

Following the successful upgrade of our network and outage management computer systems we have continued to build upon our operational technology. We have issued front line operational staff with smart devices, enabling them to communicate fault information directly into central systems making accurate and timely information available to customers

Changes to operational practice to focus resource and priorities on the safe restoration of power in the first instance, before pursuing the cause and repairing the fault



Reliability and availability	2013 outcome	2014 target	2014 outcome	2015 target
Unplanned customer minutes lost	57.6	59.6	45.18	54.3
Unplanned customer interruptions	66.4	63.7	57.38	59.0
Planned customer minutes lost	8.8	8.9	7.74	9.6
Planned customer interruptions	3.1	3.3	2.78	2.58
Average length of high-voltage wide-area power cut (minutes)	62	50	60	60
Average length of a low-voltage local power cut (minutes)	194	160	177	200

■ Achieved target ■ Missed target

Our commitments in 2015

We will:

Build on the significant investment in the network already completed to ensure we continue to provide a reliable and efficient service for our customers

Deliver our target levels of reliability together with effective incident response

Improve the operational effectiveness and the health and reliability of the network by delivering our 2015 investment, operations and maintenance programme

Improve power restoration times through:

- ▶ Increasing the use of mobile generation for long duration faults affecting multiple customers
- ▶ Implementing low-voltage control and the localisation of restoration and repair teams, minimising the time taken to reach fault locations
- ▶ Rolling out the automated power restoration system (APRS) to the wider high voltage network

Improve our planned power cut processes:

- ▶ The quality of information sent to customers
- ▶ Fewer event overruns
- ▶ Power cut planning improvement utilising internet technology and
- ▶ A new outage approval process based on customer impact assessment

Share our investment plans in more detail and as early as possible through:

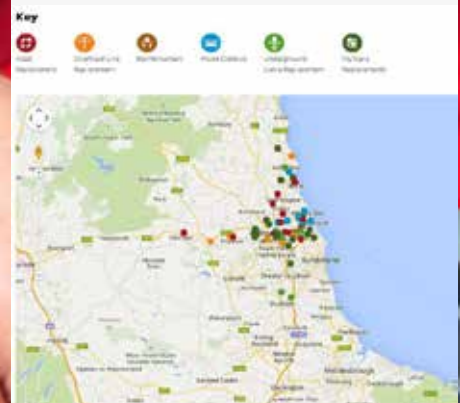
- ▶ Engaging through meetings with Local Authorities and Local Enterprise Partnerships to share investment and infrastructure plans; keeping apprised of each other's plans to aid more strategic alignment
- ▶ Issuing an update on how we are adapting our network to take account of climate change
- ▶ Further developing internet-based facilities to allow our investment plans to be more informative to our stakeholders through a series of interactive mapping tools

Our investments for 2015 include:

- ▶ £285.9 million on strengthening the reliability of the network
- ▶ £10.6 million on managing trees and vegetation around our power lines to avoid power cuts
- ▶ £16.7 million on defending our assets against flooding to improve reliability of supply and protect against extreme weather
- ▶ £14.9 million to protect our substations from theft and vandalism to reduce the impact of metal theft and improve safety

Our interactive map brings together our investment plans for the next few years and gives you an idea of where we will be working in your local area. The scope of major projects can sometimes change during their development and work may be reprioritised due to changing circumstances and other factors like faults on our network; changes to the local infrastructure; plans for development and other changing circumstances. We keep the information on the map continually updated.

To see where we are investing to improve the network by area, visit our interactive investment map at northernpowergrid.com/investmentsinyourarea



Northern Powergrid investment map available on our website

Safety

Our safety performance in 2014 was extremely positive in respect of both our own employees and our contracting workforce. In fact it was our best ever year in terms of overall safety performance and we aim to continue this positive trend through 2015 and beyond. Complementing our lowest ever number of recordable accidents (6) was a marked reduction (16%) in the number of vehicle accidents. Those two outstanding performances reinforce our confidence that our Safety & Health Improvement Plan is working effectively and helping us achieve the outputs we desire.

Our goal is to achieve continuously reduced accident frequency rates, lessen the severity of the outcomes of incidents and reduce the impacts of occupational ill-health on our employees and contractors. In our business plan 2015-23, we set out our ambitions and expectations for the future in a comprehensive operating plan (2015-2023). At the very top of our list of business priorities we commit to providing an even safer work place for our employees and contractors. Our goal is to cut our accident rate in half by 2023 and we are on track to achieve this.

It is our firm belief that employees and contractors working for Northern Powergrid should go home at the end of each shift uninjured and in good health after a productive day's work. In pursuit of this objective, we invest heavily in our safety and health management systems which provide us with a range of "tried and tested" policies and procedures that are designed to keep our employees and customers safe and manage the risks associated with operating our assets.

In 2014 we made a good start towards achieving the long term objective. The overall safety performance of our employees and contractors resulted in a successful year from the point of view of hitting the trend line safety targets to achieve the 2023 objective.

The 2015 Safety & Health Improvement Plan aims to take us along the next progressive steps towards achieving our long term safety goals and the positive results in 2014 provide a very strong platform from which these aspirations will become reality.



Our progress in 2014

In addition to our routine supervisory workplace inspections, we conducted over 1,300 enhanced safety compliance audits on our field activities

Our directors and senior managers made more than 400 unannounced site visits to reinforce our commitment to safety

A fundamental review of safety initiatives and procedures was undertaken across all Berkshire Hathaway Energy companies to ensure best practice is shared and implemented

Retained our OHSAS 18001 safety management system certification after an extensive eight-day external audit of our systems and practices

A review of our operational procedures was completed, including those used during major incidents for the utilisation of external resources to provide mutual assistance in emergency situations

Our apprentice training programme continues to make excellent progress, such that we have chosen to authorise suitably trained and mature third year apprentices to perform a wider range of electrical work, in line with the competencies they are able to demonstrate

The review and application of asbestos policy in relation to third party access to Northern Powergrid sites where asbestos is present was completed to the satisfaction of the Health and Safety Executive (HSE)

Improvement Plan categories addressing the main risk areas are:

- ▶ Leadership / Employee Engagement
- ▶ Operational performance / Competence
- ▶ Behavioural Safety / Risk Management
- ▶ Asset Management and maintenance
- ▶ Road risk management
- ▶ Occupational Health
- ▶ Public safety

Number of young people reached through safety talk activity and events:

Crucial crew	17,721
Safety talks (school visits)	5,503
Prison me no way	3,360
Safety days	198
Safety events	2,870
Fusebox website unique views	96,000
Advertising through national magazine Primary Times for pupils and parents	40,000 readers



“Every employee and contractor working for Northern Powergrid will go home uninjured and in good health at the end of every shift. We remain committed to continuously improving our safe business practices.”

Geoff Earl, Director of Safety, Health and Environment

Our commitments in 2015

We will:

Deliver an industry-leading safety performance achieving an Occupational Safety and Health Administration (OSHA) incident rate of 0.35 or better¹

The overall OSHA safety rate goal is supported by a suite of safety goals relating to employees, contractors, road risk and operational performance which will aim to deliver continual improvement year on year

Continue to reinforce a positive safety culture with our directors and senior managers conducting a minimum of 400 unannounced site visits with our front line employees

Work with our Company Health and Safety Committee (HESAC) to develop initiatives designed to further improve consultation and cooperation with our people on health and safety matters

Introduce vehicle tracking and in-cab driver telematics technology to 800 fleet vehicles to further improve our already enviable safe driving performance and ultimately customer service

Train 2,300 drivers to use the AlertDriving online driver risk assessment and training package, in a three-year coordinated programme, ensuring safety on our highways is taken as seriously as operational safety in the workplace

Implement new technological options to improve lone worker safety by introducing mobile phone applications and procedures whereby our contact centre advisers can assist lone workers in situations where support is needed

Consolidate the initiatives introduced from the first four years of the Powering Improvement safety initiatives and continue to focus on the processes around managing the electrical assets and occupational health

Safety	2013 outcome	2014 target	2014 outcome	2015 target
Occupational Safety and Health Administration (OSHA) rate ¹ – measurement of safety incidents per 200,000 hours worked	0.43	0.4	0.26	0.36
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) rate – HSE major and over seven-day accidents per 100 employees	0.24	0.1	0.2	0.1
Children reached through schools safety education programme annually (Sep-July)	27,057	31,000	28,522	40,000

■ Achieved target ■ Missed target

¹ The OSHA rate is an American definition that we use to compare our performance with our sister companies. We find it useful because it captures incidents right down to minor levels of medical treatment, such as a stitch or some prescription pain killers being administered.

Environment



Looking back, 2014 was a good year in establishing our launch pad for delivering our environmental commitments for the next eight years of RIIO-ED1.

With challenging targets against each of our environmental indicators, we made good progress, most notably, we achieved our fluid and gas loss targets and we reduced our business carbon footprint in line with our improvement plan set out at the beginning of the year.

For the second year running we have continued to reduce our impact on the environment from leaks and spills that occurred. Our investment in advanced leak detection technology and enhanced speed of leak detection combined with decisive clean-up and remediation has afforded us our best year ever in terms of the lowest number of reportable events notified to the Environment Agency.

More of our waste is being recycled than before and we have maintained our positive performance with regards to streetworks.

Our progress in 2014

Undergrounded 6km of overhead line in protected landscape areas in consultation and agreement with our stakeholders who represent these key features of our region

Replaced 39km of fluid-filled extra high voltage cable with modern environmentally friendly plastic insulated cable (about 4% of our total fluid-filled cable population)

Fitted energy conserving humidistat controls at 300 of our major substation sites – just under half of the total population – to reduce energy consumption and our carbon footprint

Retained ISO 14001 environmental management system certification at the March full recertification audit and the September external surveillance audit

Recycled or re-used 100% of our general waste at all of our depots. Around 50% was recycled whilst the other 50% was made into fuel derived from the refuse

Delivered environmental awareness training to just over 2,300 employees – representing 85% of our total staff population

Reduced our company carbon footprint well below our target through initiatives such as the installation of 150 speed limiters on company vehicles, meaning 85% of our fleet is now speed restricted, saving around 8% on fuel use and significantly reducing carbon emissions

Our multi-year innovation project, the Customer-Led Network Revolution (CLNR), has produced important new learning that will help UK network operators rise to the challenge of a low carbon future



We have been working closely with many of our key stakeholders, in particular the Environment Agency, to enhance the advanced environmental management we already have in place.

Although we missed our 2014 target, we are making good progress on our flood defence programme and we have mobilised additional resources in the latter part of 2014 to increase our capacity to ensure we deliver all of the projects to which we are committed.

We fell short of our target on undergrounding in protected areas due to some difficulties we encountered on specific schemes. We remain intent on delivering all of the schemes that we committed to with the stakeholders that represent the eight National Parks and Areas of Outstanding Natural Beauty.

All in all we are very satisfied with the progress we have made as we continue our journey towards becoming industry leader.

In 2015 we plan to continue with this progress respecting and reducing our impact on the environment we work in and finding the most effective ways to do this.

Environment	2013 outcome	2014 target	2014 outcome	2015 target
Kilometres of overhead lines undergrounded in protected landscapes	8.5	13	6	10
Number of permanent flood defences installed	19	32	28	38
Oil loss from all sources (litres)	63,499	55,000	44,526	53,245
Carbon footprint excluding contract fuel use (tonnes)	27,959	27,000	26,575	26,700

■ Achieved target ■ Missed target



“From carbon reduction to oil loss to undergrounding, we’ve made good progress in 2014 against our environmental objectives.”

Geoff Earl, Director of Safety, Health and Environment

Our commitments in 2015

We will:

Protect the environment and lead the sector in the transition to a low carbon economy

Continue to provide environmental awareness training via our online package to our employees

Fit energy conserving humidistat controls at the remainder of our major substation sites to reduce energy consumption and our carbon footprint

Continue to implement our environmental policy and work towards year-end targets; continue our engagement in the low carbon agenda:

- ▶ Provide advice and assistance to local authorities and installers at an early stage on specific Low Carbon Technology (LCT) projects
- ▶ Explore and develop proposals for partnership and joint working on innovation projects
- ▶ Support preparations for the smart meter roll-out

Continue with on-going environmental programmes and seek to achieve the stringent objectives that we have set ourselves as a company that is committed to reducing its impact on the environment including a reduction in carbon dioxide emissions. We will do this by:

- ▶ Installing a further 130 speed limiters on company vehicles
- ▶ Exploring opportunities for the installation of solar panels at our offices
- ▶ Reducing energy usage at offices and depots
- ▶ Reducing electrical losses on our network

Case study

Peak District National Park project

During the summer months of 2014, we completed a major 11kV overhead line rebuild project in the Peak District National Park. The Hope Valley project included rebuilding 20km of overhead lines and the replacement of over 280 poles.

The area contains several Sites of Special Scientific Interest so engagement with key stakeholders such as Natural England and the National Trust were key to the project’s success. Whilst we were rebuilding the overhead line we also took the opportunity to coordinate tree trimming works in the area.

Case study



Newts’ new home!

In July 2014, newts were reported to have been found in a flooded cable trench at a substation in West Yorkshire. Work was stopped immediately and with the support of a local ecologist, we re-housed the newts (and a toad) in a nearby pond.

Customer satisfaction

We recognise that the service we provide to our customers and local communities defines our business and that's why customer experience improvements remain at the heart of our business priorities throughout 2015.

We will continue roll out our Customer Relationship Management (CRM) Programme, investing in customer-focussed IT solutions and engaging our employees and service providers in delivering long-term improvements that will be of lasting benefits to our customers.

You've told us that you value the internet services we offer and we will continue to build on this channel by further extending and tailoring our online services for each of our customer groups with particular focus on our power cut and connections services.

We set ourselves some exceptionally challenging targets in 2014 and made good progress against them. Although we didn't achieve them all, we're absolutely committed to delivering the best levels of customer service and raising our performance levels even higher.



Our progress in 2014

Our new industry leading website is fully device responsive making our online services much more accessible. The new website has an intuitive structure and has been developed in response to research on different users' requirements. Customers can now inform us online of power cuts, find out if we are aware of it through our interactive map and check about known faults in their area. They can sign up to be kept updated by text message

We led the change in the industry on behalf of all DNOs so that energy suppliers share customer data. This improves our ability to pro-actively serve all our customers, particularly those on our Priority Services Register, during power cuts. As a result of this, we have now more than doubled the number of customers for whom we have phone, mobile or email contact details

We have improved our communication for customers affected by HV faults, issuing text messages to customers within 5 minutes of one occurring letting them know that we are aware of it and that an engineer is on the way. The data from energy suppliers allows us to keep in touch with even more of our customers when there is a problem

We have made improvements to our contact centre, with an updated IVR system (making the message more concise with a better voice), extending our helpline for all service lines to 24/7, and more accurate setting of customer expectations on current work timescales

We have introduced a winter season restriction policy, minimising the impact of planned outages and improved our communication. We have updated our notification letters to provide all the required information and introduced text/email reminders 72 hours ahead of the planned outage

We have used social media (Instagram, twitter and facebook) and radio advertising to raise awareness of ourselves, our services and investments and our Priority Services Register

We have introduced pre-site visits for additional services work, along with 24 hour response, to address any customer dissatisfaction with site works, checking that the work has been completed to the customers satisfaction

Customer satisfaction	2013 outcome	2014 target	2014 outcome	2015 target
Overall customer satisfaction rating	82%	87%	82.4%	82%
Customer satisfaction rating for power cuts	83%	88%	84.5%	81%
Customer satisfaction rating for additional services	82%	89%	85.20%	81%
Proportion of complaints resolved within 1 day	45%	60%	51%	80%
Proportion of customer complaints resolved within 31 days	92%	95%	92%	95%

■ Achieved target ■ Missed target



“We’ve made great strides in our customer service in 2014, and are absolutely committed to continuing these improvements in 2015.”

John Barnett, Commercial Director

Our commitments in 2015

We will:

Invest in a new customer relationship management system in order to significantly enhance our capability to deliver an improved customer experience comparable with the best in the UK

Achieve greater and faster communication with more customers for all types of power cuts/service issues

Continue to lead key elements of the project to develop a single emergency number for power cut enquiries across the country

Enhance contact centre peak call capacity including homeworking, improving overflow resourcing and further introduction of digital services

We remain committed to our promise to be there when customers need us. So during 2015 we will be exchanging two of our older customer support vehicles with two new support vehicles, which will be able to support our customers more effectively during a power cut

Case study



Developing our partnership with the British Red Cross

Customer Liaison Officer Kayleigh Allison talks about her new role working to develop our partnership with the British Red Cross to support vulnerable customers during power cuts.

In cases of extreme weather, both Northern Powergrid and the Red Cross have significant expertise in reaching and assisting those worst affected. In partnership we can build on this experience together.

“In my role, I look at the relationship between ourselves and the Red Cross and see how we can improve so that our customers are able to benefit from the support we offer. We are looking at this from the first point of contact that the customer has with Northern Powergrid, right up until the customer is referred to the Red Cross.

“At the moment, our main focus is to help staff at Northern Powergrid and the Red Cross improve customer service by giving employees clear instructions and understanding about what is available to support our most vulnerable customers and give them the best service we can offer. This year, we are evaluating what works well and what needs further improvement.”



Social obligations



“With the foundations of a carefully constructed plan, throughout 2014 we ensured we looked after our customers who need us most and supported communities across our region.”

John Barnett – Commercial Director

During 2014 we've worked hard to implement new services and initiatives to support our customers across three major strands – Priority Services; fuel poverty and investing in the community.

We have launched a community energy fund, joined the Citizens Advice Bureau in a pilot scheme aimed at tackling fuel poverty and teamed up with the Ahead Partnership to help youngsters as they transition into work. We've also raised awareness about our Priority Services Register through a radio advertising campaign and through stakeholder communications during weather-related major incidents.

We continue to work closely with our peers, customers and energy suppliers, and through key third sector partnerships. These initiatives will form the foundations of our work to deliver our 2015-2023 business plan.

We also continue to provide direct support to our customers affected by power cuts through our Customer Support Vehicles supplemented by the extra support available through our partnership with the British Red Cross.

Our progress in 2014

Completed training with National Energy Action (NEA) and Action on Hearing Loss to enable customer service advisors to identify customers who may be in need of extra support during power cuts

Continued our partnership with the British Red Cross to support vulnerable customers during longer power cuts

Donated £43,660 through our Global Days of Service programme, which provides funds to match employee hours volunteered at non-profit organisations in the communities where employees live and work

Invested over £20,827 through charitable donations and sponsorship that employees requested for local good causes.

Supported rural communities in finding options for connecting to the power network

Started a project alongside Newcastle City Council, Northern Gas Networks and Your Homes Newcastle to meet the energy needs of tower block residents, taking into account the technical and social environment in which they live

Starting working with Ahead Partnership to develop the Make the Grade in Energy programme to help raise the aspirations of young people and equipping them with the right skills as they transition into work

Launch a new £50,000 community seed fund to help community energy projects locally get started and address their own energy issues, encouraging efficiency and sustainable outcomes



Social Obligations	2013 outcome	2014 target	2014 outcome	2015 target
Number of customers on the Priority Services Register surveyed	1,000	1,000	1,000	1,000
Potential number of customers supported by the Customer Support Vehicles	5,000 (Apr-Dec 2013)	60,000	34,000	60,000



Our commitments in 2015

We will:

- Develop an enhanced Corporate and Social Responsibility strategy and drive more results throughout the business through improved employee engagement
- Employ dedicated resource to support our vulnerable customers and further develop our priority services
- Develop our education programme to cover children from primary to secondary age; covering safety, energy efficiency and developing skills
- Continue to provide funding for a full-time citizens advice bureau debt advisor to help customers struggling in fuel poverty
- Extend our community wide volunteering policy to allow staff to spend time each year volunteering
- Continue to support the development of Community Energy through several projects including the Community Energy pilot in the North East as well as community energy-themed events
- Launch the Make the Grade in Energy programme to run during 2015, featuring 70 sessions and aiming to reach over 1500 students. (see also progress in 2014)
- Deepen our relationship with the Trussell Trust with more volunteers, continued funding and informing their customers of the priority services we offer to the fuel poor
- Introduce a care quality indicator to help us track and demonstrate the quality of the full range of our care services.

Case study



Supporting fuel poor customers and wider communities

As an electricity network operator, we don't have a billing relationship with customers but we do think we have a role to play in alleviating the impact of fuel poverty. To complement this we signpost wider debt advice, support and energy efficiency interventions.

We are running a pilot scheme with Citizens Advice Bureau in the North East to sponsor a fuel poverty advisor post which supports individuals who approach them with debt problems relating to fuel poverty with an end-to-end service. By helping people to deal with the immediate debt problem, putting in place measures to prevent future debt e.g. repayments, switching etc. and at that point referring them to energy efficiency schemes, we aim to target the right people at the right time, with the right information, through the right channel, and use a joined-up approach.

Another strand of supporting fuel poor customers is our donation to the Trussell Trust to support the extension of their network of food banks across our region. To date £35,000 has been granted to fund public transport to allow clients to carry food home, fund new distribution points to get food closer to clients in rural areas (including one mobile centre) and finally to provide wider benefits and housing advice in food bank centres.

Connections



Throughout 2014, we have remained committed to engaging with as many of our customers as possible. From a broad range of engagements, we have received clear affirmation that we are addressing the right improvements in the services we deliver. We continue to make positive steps forward to provide a much more tailored connections service based on the feedback received.

Throughout the process of change we will continue to engage with stakeholders to ensure that our plans stay in step with their requirements and the changes in the economic and legislative environment.

Much of the work we have completed in 2014 are changes made to help facilitate competition in connections. We continue to recognise competition in connections as being a positive step forward for customers and the health of the connections market and will endeavour to facilitate this wherever possible. As part of this, we ensure that we extend our support to Independent Distribution Network Operators (IDNOs) and Independent Connection Providers (ICPs).



We have enhanced our availability map which is available on our website

Our progress in 2014

We have continued to make significant investments to extend our connections services onto our website and we are pleased to see the growing demand for these services from our customers each year:

- ▶ 25%, (about 6,000) of customer requests for a connection were received using our online electronic application process during 2014, making the application process much quicker and easier to complete
- ▶ 17,500 customers used our online services to seek a guide price or to calculate an indicative price for a connection they were thinking of installing
- ▶ Developers viewed our greatly enhanced interactive availability maps circa 5,500 times to understand if there was enough generation capacity available in an area to accommodate their proposed connection ahead of applying for a quotation
- ▶ About 6,000 customers benefitted from our self-service service alterations facility, enabling them to order, pay and programme the movement of their meter in one quick and easy transaction
- ▶ Customers benefitted from our newly formatted website and layout of connections services, viewing our 'get connected' landing page more than 65,000 times, making it easier and quicker for customers to transact with us and have available to them important information at their fingertips
- ▶ Over 430 customers have viewed our new guide to competition in connections since its launch in November 2014, helping to promote competition and a lower cost of connection

Alongside these changes we have also made changes to a number of processes to improve the service to customers:

- ▶ We have developed new ways of working with Street Lighting authorities to better align our services to support their business planning processes and provide annual fixed prices
- ▶ We have provided significant customers and customers with large volume programmes of work, key account managers to ensure their work progresses smoothly and to plan
- ▶ We have reviewed all of our quotation letters and made them simpler and easier to understand and follow
- ▶ We have taken measures to ensure different customers receive the information they need to develop projects and in so doing we have sought to free up critical design resource to concentrate on improving the service we give delivering quotations for projects that have a greater chance of being built
- ▶ We provide customers with real time information about connections lead times at the time of quotation

Connections	2013 outcome	2014 target	2014 outcome	2015 target
Customer satisfaction rating for connections quotations	76%	85%	79%	85%
Customer satisfaction rating for connections delivery	80%	85%	79%	85%

■ Achieved target ■ Missed target



“We continue to make positive steps forward to provide a much more tailored connections service based on the feedback received.”

Mike Hammond, Head of Connections Services

Our progress in 2014 – Continued

We have also continued to improve the ways in which we seek the views of our customers and stakeholders:

- ▶ We have introduced online communities of interest where we can post ideas that we have or issues for consultation on to the website and receive customer views
- ▶ We have published an interactive version of our distributed generation service improvement plan onto our website which is updated quarterly with video clips, documents and other collateral showing the content of the improvements we are working on or have completed in the period
- ▶ In May 2014 we held a sector specific forum, to consider the issues relating to the distributed generation sector. This event was one of the best attended events, with 58 customers representing 42 companies
- ▶ We have continued to hold twice yearly customer stakeholder events which continue to be well attended by a wide cross section of our customer base. In 2014, 82 customers representing 56 companies attended these events
- ▶ Towards the end of the year we have issued consultation documents about our outline improvement ideas for the ED1 period and have asked customers for their views and early input. We will use this feedback to further influence the direction we take to improve our services
- ▶ We were the first DNO in the UK to introduce monthly customer surgeries where our staff are available to discuss specific projects. These remain popular with 31 customers from 17 companies attending sessions during 2014

Our commitments in 2015

We will:

Introduce the capability for customers requesting small works to obtain a self-service quotation online, and, in doing so, reduce a 5 or 10 day quotation period process down to a matter of minutes

Continue to expand on the implementation of key account managers to ensure that our significant and large volume customers are provided with a service commensurate with the connection(s) they are installing

We will change the way in which we structure our quotations to enable housing developers to be able to call off housing plots as and when they require them

Change our payment process so that small works customers no longer have to pay far in advance but instead as close as possible to the date the works are carried out

Increase the amount that can be paid via credit card to speed up the acceptance and payment process for customers having received quotations and wanting to proceed

Further improve the format of our quotation letters so that the information provided is even easier to read and understand

Reduce connections lead times for small works by a quarter down to 48 days from 65.4 days

Develop service improvement plans for the three market segments broadly covering all of our customers, unmetered, metered and generation connections, based on the feedback received from our customer consultations and be held accountable for delivering the identified improvements

The connections team at Northern Powergrid is committed to engaging with our customers to understand their needs and, wherever possible, make changes to our working practices to accommodate their requirements. We continue to support and promote competition in connections as a positive improvement in the connections market place and we have a clear set of plans and commitments for 2015 which will make further steps to improve the service we offer.



Interactive plan

Low carbon economy

Northern Powergrid is a key part of the electricity supply chain and therefore has a role to play in the developments driven by the national low carbon agenda. These include smart meter roll-out, renewable energy, energy efficiency and electric vehicles. Our role varies according to the nature of the topic - sometimes we lead and sometimes we support others. With the help of our stakeholders, in areas such as demand-side response, or energy efficiency retro-fit on an entire building, research helps us understand the new challenges and develop the right solutions.



A national roll-out programme plans that between now and 2020, every home in Britain will be offered a new smart meter.



There are 3.1 Gigawatts of generation capacity connected to our network. This number is growing due to the multiplication of renewable generation plants, which will help meet the national goals for carbon emission reduction. These generators export electricity on to our network that can require investment to increase its capacity.

To read more, visit:

www.northernpowergrid.com/about-us

Our progress in 2014

Our Low Carbon Network Fund project, the Customer-Led Network Revolution (CLNR) has produced important new learnings that will help UK network operators rise to the challenge of a low carbon future. The knowledge gained will help us to find the most cost-effective ways to support the uptake by our customers of low carbon technologies like solar panels, heat pumps and electric vehicles. All of the CLNR projects' outputs were delivered on target by the end of December 2014

We have supported the planning process of the smart meter roll-out at the national level. For instance, we have established new processes for remedying potential faults, we are a leading player in the development of network operator data privacy arrangements, and have specified the interface that will enable us to collect data and provide new services to customers

We engaged closely with local authorities to help them achieve their low carbon objectives. This has led to the development of a multi-utility research project in Newcastle

We have provided the infrastructure to connect local renewable electricity generation: about 90 MW of solar panel (which is more than double the year before) and about 200 MW of wind

We have embraced the increasing level of activity in community energy by:

- ▶ running two events, that brought together interested parties to share the learning, explore the issues and propose solutions around delivering community energy projects
- ▶ producing a report outlining the key findings from the events, and committing to support the development of community energy projects in the region we work in
- ▶ issuing a seed fund to help community energy groups in our region get off the ground. We have funded 10 projects with grants totalling £50,000





“We are moving forward on an increasing number of fronts to develop and implement new energy practices to deliver benefits to today’s and tomorrow’s customers.”

Jim Cardwell, Head of Regulation & Strategy

Our commitments in 2015

We will:

Continue to support the smart meter mass roll-out, currently scheduled to start in 2016. The gas and electricity suppliers are responsible for planning and delivering smart meter installation, but several organisations have key roles, from awareness, to infrastructure, to fitting, all working to maximise the benefits of smart meters to the customer. Our role is to help ensure that the roll-out is safe by remedying any potential faults in our equipment, and to contribute to the development of smart meter enabled services and our own internal processes

Pursue a range of innovation projects including domestic demand-side response, future city development (through partners such as Newcastle Science Central or the Energy Technologies Institute), and the transition to sustainable energy in multi-storey buildings

Remain engaged with partners to consider the role that our network plays in the wider context of energy efficiency targets

Be committed to extending our support to community energy projects. We will help build an active regional network of community energy groups, which will provide practical assistance to the groups, including opportunity for peer-support, capability-building, and fund sign-posting. We are doing this through:

- ▶ a close partnership with Community Energy England in the North East
- ▶ another iteration of community energy events, to build on the current momentum and the local ecosystem of initiatives

The Customer-Led Network Revolution

- ▶ In 2014, the project published data from its study of more than 12,000 UK electricity customers, giving important new insights into current, emerging and future electricity consumption and generation trends
- ▶ We completed one of the largest qualitative studies of consumer energy practices ever recorded. Our partners at Durham University analysed the results from thousands of customer surveys and face-to-face interviews conducted for the project, providing us with some fascinating new insights into our customers’ energy behaviours and attitudes; including their response to smart meters
- ▶ We made recommendations to update industry network planning standards, some of which were last revised more than 30 years ago. These updates could help us to keep the cost of new connections and network reinforcement as low as possible for our customers
- ▶ We trialled demand side response measures with a range of different customers; from large-scale industrial and commercial customers, to domestic and small business users. In particular, we saw very positive results from our domestic customers trialling time of use tariffs, who were able to shift a proportion of their electricity usage out of peak.

Case study



Supporting local energy efficiency as an alternative to grid reinforcement

We will investigate a novel way of looking at network investment by setting it in the wider context of fuel poverty alleviation, and energy efficiency improvements. Our stakeholders have challenged us to investigate the role we could play beyond our core business, in order to maximise our social and environmental reach. In particular, they have asked if there exists an alternative to network reinforcement investment, which is for distribution network operators to invest in local energy efficiency measures.

The project we have started in December 2014 will help us understand the type of planning scenario, in which targeting our investment towards permanent peak load demand reduction is socially, financially, and environmentally better than creating extra peak load capacity in the network.

In partnership with the charity National Energy Action, we will test, based on anecdotal evidence, the size of the financial and social opportunity of such a planning scenario. We expect the project to produce conclusions during the first quarter of 2015.

Making it happen



“We have reshaped our operational structure and continued to develop people and processes to enable us to provide our customers and communities with a safe and reliable service.”

Nick Gill, Field Operations Director

In 2014, we made a major change to the way in which we structure our operations. We redefined our operating zones to tailor our services and our response to the needs of our customers and local communities.

As a consequence, we’ve moved from a five-zone structure to nine zones, which are based on their urban, industrial or rural character. The nine are:

Urban

- ▶ West Yorkshire
- ▶ Tyne and Wear
- ▶ South Yorkshire

Rural

- ▶ Northumberland and County Durham
- ▶ Yorkshire Dales
- ▶ Yorkshire Moors and Wolds
- ▶ North Lincolnshire

Industrial

- ▶ Humber Estuary
- ▶ Teesside

By providing locally-based managers with the local knowledge, experience and skill sets who are accountable for meeting customers’ needs, this new structure underlines our commitment to improving power cut response times and other services such as connections.

We also continued our workforce recruitment and training activities including our graduate and technician training programme and our craft apprentice training programme. This activity was supported by attending careers events in schools and colleges in the region.

Our progress in 2014

Achieved the targets set for our workforce renewal programme by completing the recruitment of 275 craftsmen, technical trainees and engineering graduates by the end of 2014

Adjusted our operating structure into nine zones concentrating more of our resources closer to our main population centres, enabling us to speed up our power cut response times and better enable local managers to respond to local needs

Our commitments in 2015

We will:

Build upon the changes to our delivery units enabling our local managers to further speed up our power cut response times and respond to local needs

Continue to invest in IT system improvements to support operational excellence for our customers and our employees such as automatic power restoration

Continue to invest in our people to improve their performance, realise their potential and build an effective succession plan through:

- ▶ enhancing a corporate induction programme
- ▶ developing leadership, management and supervisory development programmes

Deliver local level initiatives with our employees in response to the company-wide employee engagement plan

Continue to work with our employees to build on the regular communications activity which enables us to routinely, effectively and efficiently engage with them

Complete the roll-out of ‘tough-book technology’ to our field employees to ensure they have access to and can share information on-site. This will improve employee engagement and the quality of information we communicate to our customers

Continue to work with the trade unions and recognise the benefits that this brings. We currently recognise four trade unions Prospect, Unite, GMB and UNISON

Continue our Workforce Renewal Programme and take on 100 trainees

Nine-zone operating structure (see left for further information)



Finances



“The long-term approach we take to financing has allowed us to make record levels of investment in the business so that it is resilient, flexible and ready to meet the challenges ahead.”

Tom Fielden, Finance Director

We remain in a strong financial position moving into 2015, following an excellent performance in 2014 as we approach the end of the current regulatory period. This performance is a result of a number of key factors:

- ▶ As the current regulatory period draws to a close we have already delivered what we said we would deliver but for less money. The savings are split between us and our customers, and we have reallocated savings into further network investment to improve reliability
- ▶ We continue to improve our power cut response times, which has resulted in incentive payments being received during the period. For another year, we have reduced our fault rates faster than predicted and received an incentive as a result

Our progress in 2014

Our financial strength and long term planning means that we have not needed to raise any new debt during 2014

Continued to increase our investment in the network whilst maintaining strong control on operating expenses

Our commitments in 2015

We will:

Once we approach the next price control period we will ensure we can efficiently finance investment in our network as part of improving the service we provide to our customers

Deliver a strong sustainable financial performance seeking to outperform regulatory and internal benchmarks and create opportunities for growth

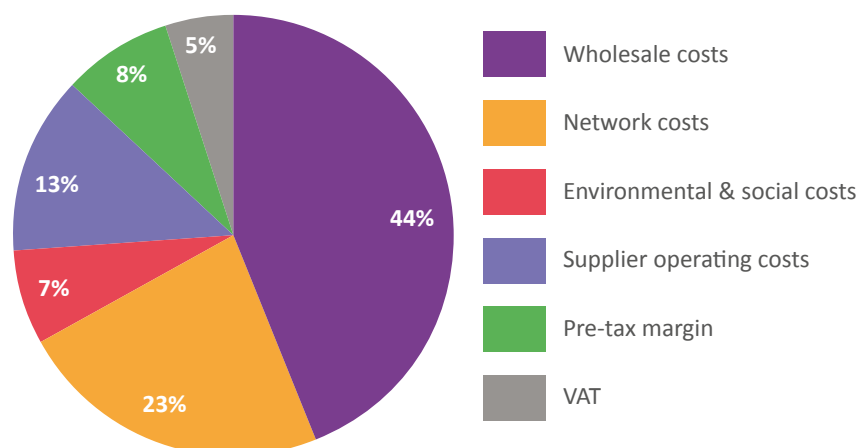
Continue to invest in our IT systems to improve information flows and processes, this will enable better customer service

Invest in a safer, more reliable network whilst retaining tight control on discretionary expenditure to ensure that we continue to be one of the most efficient Distribution Network Operators


Breakdown of your electricity bill

If you are a domestic customer the bill you receive from your energy supplier recovers the costs of all the parts of the electricity chain involved in getting electricity to your home.

Source: Ofgem 20th September 2013.







We are a subsidiary of Berkshire Hathaway Energy, which owns other energy companies – mainly in North America – totalling £43 billion of assets and serving 8.4 million electric and natural gas customers worldwide. Berkshire Hathaway Energy is itself a subsidiary of Warren Buffett's Berkshire Hathaway Inc. Mr Buffett is famous for his long-term approach to investing and for his relatively conservative approach to running businesses. That approach is well suited to a business like ours, which requires a lot of capital investment in assets that will last a long time.

Contact us

As an essential service, at Northern Powergrid we believe that our customers and other stakeholders are the best judges of our performance and we always want to hear your views and opinions on the services we provide and your ideas for what we could be doing. If you would like to comment, you can contact us in a number of ways:

By telephone

Stephen Smith, Stakeholder Manager
on 01977 605620

By email

Yourpowergrid@northernpowergrid.com

On twitter

[@northpowergrid](https://twitter.com/northpowergrid)

Via our online community

northern-powergrid.explainonline.co.uk

And online at:

www.northernpowergrid.com

