

Cadent

Your Gas Network

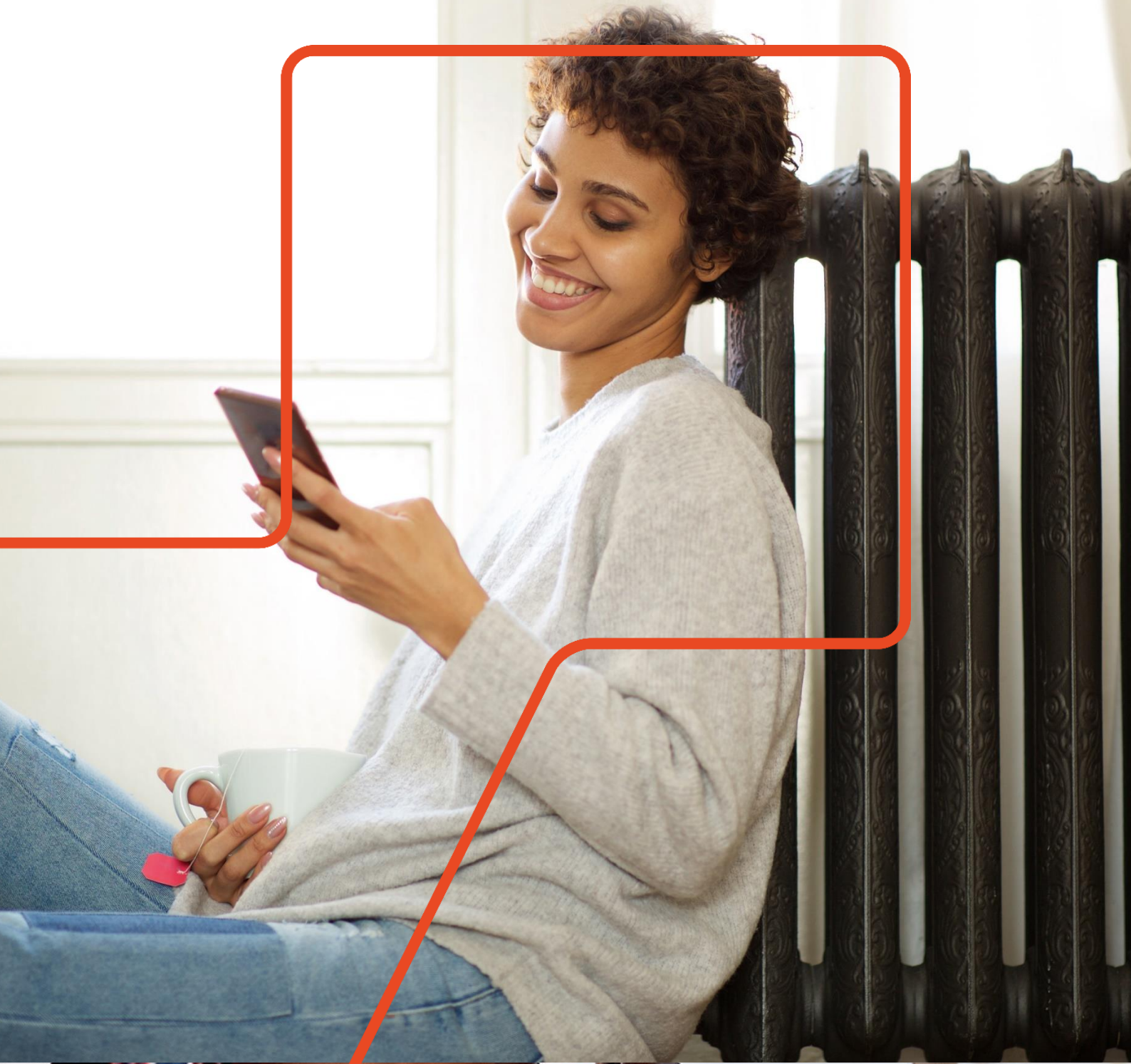
Strategic
Performance
Overview

July 2021

Our performance in RIIO GD1

Transforming experiences

Keeping people warm whilst protecting the planet



Contents

1	Strategic Summary	3
1.1	CEO Update	4
1.2	Chairman's Update	7
1.3	COVID-19 Statement	9
2	Our Performance	12
2.1	2020/21	13
2.2	RIIO-GD1	15
2.3	Supporting our customers and communities	18
2.4	Breakdown of Customer Bill	20

You can read further information on our performance in RIIO-GD1 in the full version of our **Strategic Performance Overview**

A photograph of a man and a woman sitting on a light-colored sofa. The man is holding a small white dog. In the background, a fireplace with a warm fire is visible. A large orange number '1' is overlaid on the left side of the image.

1

Strategic

Summary

We provide the energy our customers need to stay safe, warm and connected.

Our responsibility is to look after the gas pipes so they can continue to deliver safe, reliable and low carbon energy for years to come.

We are continually finding smarter and more sustainable ways to develop our networks and work closely with local communities to deliver a high quality service that our 11 million customers expect.

We are proud to keep the energy flowing.

1.1 CEO Update

Putting our customers at the heart of everything we do, helping them to stay safe, warm and connected to the essential services and products we deliver every day and making a positive and lasting difference to communities.

Welcome to our 2021 Strategic Performance Review which describes our performance during a hugely challenging and encouraging year, as well as summarising our performance for customers over the whole of the eight year RIIO-GD1 period.

"I would like to begin by extending my heartfelt sympathies to all those affected by the pandemic, particularly those who lost family members and friends. We were extremely sad to lose two valued colleagues and we hold them in our thoughts as we journey to a new normal.

The way our people have pulled together during a difficult year has been outstanding. We have demonstrated our commitment by putting our customers at the heart of everything we do, achieving operational efficiencies and making a positive and lasting difference to communities.

We strive to be the number one gas distribution business in everything we do, and we are committed to a cleaner greener future. We will work with all our stakeholders to achieve this ambition and shape a sustainable future for generations to come."



Steve Fraser
Chief Executive Officer

Delivering for customers

Despite the significant challenges during the year, we met most operational targets and those which we didn't meet were solely down to the impact of the pandemic. Through RIIO-GD1 we have transformed the customer service experience, made significant strides in becoming a force for good, and invested to improve the safety and reliability of our network whilst reducing customer bills. It's fair to say that in 2020/21 we had our best year of operational performance and I am extremely pleased with how our colleagues delivered this impressive outcome, while maintaining our industry-leading safety performance.

We also delivered significant improvements in customer service and emergency repair, with the implementation of better systems. This led to greater efficiencies and improvements in every element of customer performance that we are measured upon. Our steps to renew the supply chain and decisions to move to a much more geographic and localised supplier base is already showing impressive results.

Being a force for good

We want our customers and stakeholders to see us as a force for good and our sustainability agenda is part of our strategy to achieve this. Our ambition is to fuel a thriving world, which means we thrive in everything we do; in our teams and communities, for industry, the environment and the planet.

Along with our environmental commitments, we are investing in our communities to support those living in fuel poverty and provide a range of additional products and services to help customers in vulnerable situations. We are committed to making things easier, fairer and greener whilst continuing to deliver an essential public service.

Working together for a greener future

In November, I was very pleased to be invited by the Prime Minister to join a small group of industry leaders at a meeting for the launch of his ten point plan for the UK's green recovery. The Government is committed to hitting its zero emissions target and, as the largest gas distribution company in the UK, we have a crucial role in shaping and delivering plans to decarbonise the economy.

We continue to lead the way to a cleaner, green future by planning and collaborating with industry and key stakeholders to meet our net zero targets. This can be demonstrated through our environmental commitments with our supply chain partners, the launch of our green fleet and our role to ensure our networks are ready to transport greener gases. We can already see great progress as we inject biomethane into our network and

trailing hydrogen blending at scale. By working closely with key industries and leaders in the UK economy we have been able to drive this progress and have already seen positive outcomes. Examples include the HyNet project which will bring low carbon hydrogen from Ellesmere port into Liverpool and Greater Manchester and our trial with BEIS and Northern Gas Network (NGN) to build the UK's first homes with household appliances fuelled entirely by hydrogen in Low Thornley, Gateshead.

Transforming the business and building agile teams

I am particularly pleased with the progress we made in transforming the business over the last twelve months. We have a first-class leadership team strengthened by bringing new people into the business and promoting our talented leaders. The addition of Diane Bennett, Ranjit Blythe, Dr Kate Jones, Martin Rimmer and Dr Tony Ballance, has transformed the leadership team.

But you do not change a large company like ours overnight and we have stabilised the business and laid a solid foundation for the future.

We can already see the benefits and impact we have achieved by operating as a local business for our communities. Our depot centric model gives us the capability to drive further improvements in our performance and take us closer to our ambitions.

As we now move into a new regulatory period, we need to ensure we have the right organisation to help us deliver on the commitments we have made. It is important that we can do this in the most effective and efficient way possible. In May 2021, we reviewed how we structure ourselves more broadly as an organisation.

We have taken the time to review our current organisational design to ensure we are set up for success. Following this review, we have established a new 'People Framework' that will rebalance and redefine roles. This means applying a consistent approach with clear, common definitions of roles at each organisational level and consistent job profiles across our functions. Our proposals include changes to our structure, to reshape and build a stronger, simpler and more agile business. We carried out a meaningful and fair consultation in relation to this proposal which ended on the 4 July and our new organisation will be in place on the 1 September.

I would like to thank everyone for their outstanding commitment and determination during the year. We really stepped up to the challenge during unprecedented times through hard work and determination whilst delivering for our customers and keeping people safe. I am sure it is clear to our people the efforts that we made to support everyone across our business. We adopted new

flexible ways of working, maintained fair pay across the whole company, and supported our colleagues to help balance responsibilities at home and work. I would also like to thank our Chairman, Board of Directors and shareholders for their support to enable us to navigate the pandemic and come through as a much stronger and resilient company. We know that we have delivered the very best outcomes for our customers and colleagues in what has been a difficult year.

I am particularly grateful to front line colleagues who continued to enter customers' homes and businesses when required, potentially putting themselves at risk to ensure our customers could stay safe, warm and connected to the essential service we deliver every day. It is easy to forget how challenging this must have been, especially at the height of great uncertainty.

We allowed our colleagues greater flexibility to help the lives of our customers especially those who find themselves in the most vulnerable circumstances. The memories that spring to mind are the much-coveted grocery visits for those most in need, funded by the company. We also purchased 40,000 meals through FareShare by joining the nationwide

effort to stop vulnerable children and families going hungry. These are just a couple of examples of how we grasped the difficulties of the last twelve months and turned them into a positive. It makes me so proud to work for a company that demonstrates this compassion and impact on the communities we serve.

The significant IT systems upgrade we undertook in 2019, ensured we had the technical capabilities to support our office-based staff to work from home and enable the business to operate as usual.

At the same time, we learned new and better ways of doing things, which we will harness going forward. The experience has shown that we can be more productive by working creatively and we will look to maintain more flexible ways of working in the future.

Looking ahead, I want us to meet the needs of our customers first time, every time. With the right level of investment and development of our systems and processes, combined with the support and engagement of our people, I believe this is entirely possible.



1.2 Chairman's Update

“This has been an unprecedented year for all of us. I am proud of the outcomes we have achieved during this challenging period. Our people have shown what is possible when we pull together to maintain essential services and put the needs of our customers front and centre.”

COVID-19 has dominated the past year and impacted in ways none of us could have imagined.

I would like to begin by expressing my sympathies to all those affected – including our people, customers and the local communities where we live and work.

Like every business, when the pandemic first emerged, we faced uncertainties around how we would manage the business and what we would be able to deliver. We provide an essential service at the leading edge of public utilities, and it was critical that we continued to operate and maintain standards to keep our people safe and meet the needs of our customers.



Sir Adrian Montague CBE,
Chairman

Resilience during unprecedented times

Our people needed to continue going into customers' homes and businesses, taking immense care to do this safely and following strict Government guidance. We immediately introduced new ways of working and these became easier as the year progressed, however not without ongoing challenges throughout the various restrictions.

We paused our mains replacement programme temporarily in March and it was restarted in June 2020. Our delivery has remained strong throughout the rest of the year.

In many ways, we succeeded in maintaining business as usual and this is testament to the resilience of the business and its people.

Our teams responded brilliantly to the extremely challenging situation. We took an early decision that we would continue to pay everyone throughout, including if they were unwell or unable to work due to COVID-19. We wanted to ensure that the financial wellbeing of our colleagues gave them the security they needed and removed the additional pressure of dealing with the pandemic.

The relationship with our people has been admirable and there have been many stories of people going the extra mile to support local communities and those in vulnerable situations.

Transforming the customer experience

I am hugely proud of the improvements we have delivered for customers and the commitment to continue this momentum to be one of the best gas companies in the UK. To achieve it, we will be taking more direct responsibility for customer relationships. As we evolve our strategic partnerships, we will be working closely with our four new Construction Management Organisations and local supply chain partners to manage and improve customer engagement.

This change represents a very important moment for the business, driving local decision making closer to the customers and into the communities that we serve. As we grow and evolve to meet the needs of our customers, people and stakeholders, we must continue to strengthen our position to become a more diverse business.

Equality, diversity and inclusion is a fundamental part of the business, and this is something I will be focusing on in the months ahead.

Leading the future of gas

The Board is looking purposefully ahead to a new era involving hydrogen. Five years ago, the widespread expectation was that the UK's future would be almost entirely electric. However, the challenges in establishing the right amount of electrical generation capacity and upgrading the distribution system have become increasingly apparent. Renewable energy will be crucial for developing the cities of the future and new homes will be powered with electricity. The UK only replaces around 2-3% of its housing stock every year and gas currently heats around 80% of homes.

Clean gas has a vital role to play in the future energy mix of the UK as we transition towards a low-carbon future. Continuing to make use of existing gas infrastructure to support domestic and industrial heating alongside electric energy will provide long-term value for consumers and the country as a whole.

As the UK's largest gas distribution network, we are a leading voice for the industry on the future potential of hydrogen. We are actively engaging with the Government and regulators to build awareness of the opportunities offered by clean gas in the journey towards net zero. As we look ahead to the 26th UN Climate Change Conference of the Parties (COP26) in November, we will be interacting with Government and other stakeholders to promote hydrogen as part of the solution for a low carbon future.

Transforming the business

I would like to recognise the great progress Steve Fraser has made in delivering the transformation process. Since joining Cadent in September 2019,

this significant achievement is enormously encouraging and a credit to Steve and the entire senior leadership team. The changes Steve has made to the Cadent leadership team have made us stronger and we have seen great people join the business.

Another key decision during the year was to split the existing Safety & Sustainability Committee to create two dedicated committees. It had become increasingly clear that the two areas require and deserve dedicated focus and leadership. Sustainability will determine the future of our business and the new Sustainability Committee with its expert members will report to the Board to shape future strategy. The Safety Committee will allow for a stronger focus on data and overview of safety challenges and improvements. Both committees were established in November and held their first meetings in December. I look forward to seeing them in action during the coming year.

Committed to a better future: Cadent Foundation

In May 2019, we announced the Board's decision to commit 1.25% of after tax profits to a £20 million community fund which supports communities and customers in vulnerable situations. As Chair of the Cadent Foundation Advisory Board, I have seen the positive outcomes it has delivered in its first year. In response to COVID-19, we recognised the need to support those in vulnerable situations and committed an emergency grant to the Trussell Trust in March 2020 of £240,000. A further grant was allocated to the Royal Voluntary Service in April of £100,000. We also committed up to £125,000 in small grants to charities and groups delivering to those most vulnerable in their local communities. The Foundation has made great progress in a relatively short time to make a positive and lasting impact. We want to engage and encourage charities that address the root causes and consequences of complex social issues, to contribute ideas so they can make a real difference to our communities.

I would like to finish by acknowledging our people and senior leadership team who have worked so hard to deliver throughout the year. I have been unable to get out and meet as many of them as I would have liked, and I look forward to more face-to-face contact over the coming year as we support efforts to rebuild and recover from the impacts of COVID-19.

1.3 COVID-19 Statement

As COVID-19 remains a significant part of our daily lives, we are proud that all our colleagues continue to deliver a critical service, ensuring our customers have a safe and reliable gas supply.

Since the start of the COVID-19 restrictions in March 2020, we have taken steps to make sure the safety and wellbeing of our colleagues was a priority. This has allowed us to continue to provide an outstanding service to customers including the most vulnerable, in this difficult period.

Working together

We made our depots, sites and offices COVID-19 secure in line with Government guidelines and worked closely with BEIS, Ofgem and the HSE to follow the necessary risk assessments to allow us to carry out our critical work. We are particularly grateful for the support of the HSE and Ofgem in helping us to do the right thing for our customers throughout the pandemic.

For those colleagues who found themselves working from home we made sure equipment, DSE guidance and services were available to allow them to do so safely and comfortably. Since March 2020, we have been clear that all colleagues would be supported in whatever circumstances they find themselves, whether they are looking after children, living with family who are shielding or any other situation. The key to this support was centred around understanding individual circumstances, flexibility and working together to help prioritise and manage a positive work/life balance. All clinically extremely vulnerable colleagues were offered individual risk assessments including a consultation with occupational health. Additional support was provided to all colleagues including access to our Employee Assistance programme and virtual mental, physical health and wellbeing classes. Home schooling laptops were provided to those who needed support and our internal Coronavirus Hub provided convenient online access to the latest news, advice and reassurances to help navigate our way through the challenges we faced.

Supporting our Communities

Colleagues from across the business have taken advantage of our enhanced volunteering package to support local communities which saw them help with the delivery of much needed food and medicine. Through our enhanced matched giving support, colleagues have used new ways to raise vital funds for charities in their own communities. Across our networks, we have demonstrated the

proactive steps to go beyond business as usual and we have seen a huge response to support those in need. Notably, we donated £240,000 to the Trussell

Trust to assist with the increased demand at food banks and over 30 of our engineers in the West Midlands helped equip the Birmingham Nightingale Hospital with vital infrastructure for oxygen supplies. Beyond this, across our networks we prioritised customers in vulnerable situations and vital services such as hospitals for gas connections and supplies.

Clear and concise information for our customers and colleagues continued through a range of communication channels which has been essential throughout the last twelve months, continuing our radio and social campaigns to provide reassurance as we carry out essential emergency and mains replacement work. As restrictions ease and our work continues, we regularly meet with Ofgem, HSE and BEIS to make sure we maintain an effective response across the industry. The safety of all our colleagues, customers and stakeholders remains at the heart of the decisions we make and whilst we follow Government guidance, our own enhanced safety measures will remain in place for some time yet. We are planning for the future and continuously monitoring our business continuity plans and working practices to make sure our people stay safe to keep the energy flowing for our 11 million customers.

Supporting the competitive gas market

Early in the pandemic we led engagement with Ofgem with the other gas transporters to help protect shippers and suppliers by developing the 'COVID-19 Liquidity Relief Scheme' during 2020/21. This involved deferring network charge payments for those qualifying shippers who were facing cash flow challenges. As part of the scheme we provided a £50m facility, being around half of the funds available from the gas transporter community. A significant number of shippers utilised the scheme and of these only one subsequently entered administration before repayment was due, although another shipper who did not participate also failed early in 2021.

Our support to the gas market, which also included modifications to the Uniform Network Code to ease some of the commercial strain on our shipper customers, helped to maintain stability in the gas market when it was most needed and hopefully

contributed to helping gas customers overall in unprecedented times.

Working with our supply chain

Not only did we have to react and anticipate our PPE and essential pipe, fittings and material requirements as a consequence of COVID-19, but also ensure we had sufficient supplies in the event that a “no deal” Brexit occurred. Even with a deal, there remained considerable risks around disruption to logistics and the supply chain.

Working closely with our supply chain partners and providing them with some certainty and support, we were able to secure sufficient PPE to ensure the safety of our colleagues and customers as well as increasing our material inventories such that we had sufficient supplies to maintain a safe gas network for an extended period in the event of major disruption to supplies arising through Brexit.

We continue to work with our partners as the impact of COVID-19 continues to affect the supply chain as global trade resumes and inevitable problems arise due to virus outbreaks and manufacturing shortages affecting all businesses and countries across the world.

Mains Replacement, Connections, Multi-Occupancy Buildings and Emergency work.

The primary impact on our operations was felt during the first lockdown between March and July 2020 with the stay at home requirement introduced by Government. For an essential service such as ours, this presented some difficult challenges, although our response was to work on the basis of what we could do rather than what we couldn't.

To support our contractor and supply chain colleagues such that they were able to retain the capability to recommence work and maintain supplies after the first lockdown, we continued to provide funding throughout. This approach enabled us to re-mobilise much faster than others in the sector and deliver the services our customers deserved despite the restrictions in place.

Mains replacement

We had developed an ambitious but deliverable mains replacement plan for 2020/21 with significant additional resources to achieve it and this was effectively curtailed in the first quarter of the year. Nevertheless, we did not cease activity altogether, balancing the need to keep our customers and colleagues safe we resumed limited work where Highway Authorities agreed, that didn't involve entering homes. The same applied to capital works, where for example, we were able to continue work on Above Ground Installations and governors throughout the year.

In June, working with the HSE and by carrying out extensive engagement with affected customers we

began piloting a resumption of urban mains replacement. We were the first gas network to do this and following development of quantified risk assessments approved by the HSE and subsequently adopted by other networks, the first to fully re-mobilise our operations. This was still difficult as customer and Highway Authority support was vital even with the enhanced COVID-19 safety and communication measures undertaken and not unnaturally we encountered some resistance in some locations. Nevertheless, after the first lockdown we were able to achieve mains replacement rates typically ranging from 30-40km per week, which was extraordinary in the circumstances.

As a consequence, the HSE has formally recognised that had COVID-19 not occurred we would have met our mains replacement commitments. Despite the difficulties encountered in unprecedented circumstances the mains replacement length we achieved during 2020/21 was 1743Km, which compares with an annual average length of 1691Km over the preceding 7 years of the price control.

Connections

In relation to gas connections, the first lockdown meant that for the most part, with the exception of priority customers such as hospitals or customers in vulnerable circumstances, activity ceased, largely due to customer deferral. Where we could do so safely, we continued to offer services, although at a much-reduced level. Following this lockdown, economic activity picked up again very quickly with increased demand for new connections as well as the need to fulfil those earlier deferrals. This pattern continued with subsequent lockdowns, although to a lesser extent.

The same pattern was not observed with Fuel Poor Network Extensions, where support from Housing Association, Local Authority and other partners was withdrawn in most cases, meaning that a significant number of fuel poor connections were cancelled and have not yet resumed at a pre-pandemic level. Despite these circumstances, we delivered 4,291 fuel poor connections across all our networks. This is more than double the amount we delivered in 2019/20 and represents our 3rd highest year across the 8 years of RIIO-GD1.

Multi-Occupancy Buildings

The various lockdowns effectively halted our full survey programme for the majority of the year as the number of COVID-19 cases in most urban areas exceeded our quantified risk assessment thresholds and customers were naturally reluctant to grant access to premises. We did however, continue with an abated inspection programme where external assets could be viewed, to minimise any safety risk to customers.

Where gas escapes were reported or identified, our new processes and innovations to maintain supplies rather than turn them off ensured comparatively few MOB customers experienced an unplanned interruption. Those that unfortunately did, faced much shorter periods without gas as our restoration work is significantly more efficient, with MOB customers in London now typically resuming supply within a median period of 13 days. We fully recognise the disruption this can cause to customers, particularly during the pandemic, and have comprehensive support packages tailored to individual needs that go beyond alternative heating and cooking appliances in each case.

Emergency

Throughout the pandemic we have maintained vital gas supplies to our customers and provided an uninterrupted emergency service, dealing with reports of gas escapes and carbon monoxide emissions to keep our customers safe and warm. As part of this service, the national gas emergency helpline, which we operate on behalf of all GB gas networks continued to meet standards of service where our trained operators answer more than 90% of calls within 30 seconds, despite the difficulties of doing so within a COVID-19 safe operating environment. The gas emergency service is often referred to as the 4th Emergency Service and we are rightly proud of our reputation for protecting our customers and UK citizens despite such challenging circumstances.

Financial impact

Although the COVID-19 pandemic has had a significant impact on society and our customers, we have responded to the operational challenges throughout. As a result of self-isolation and shielding guidelines we experienced increased levels of staff absence, but this did not impact our ability to maintain high standards of customer service.

Our performance relative to allowances for the final year of RIIO-GD1 is largely consistent with the forecast provided last year at a Cadent level. Whilst last year's totex forecast excluded any potential COVID-19 related impacts (as agreed with Ofgem) given the uncertainty surrounding COVID-19 at the time, our actual reported totex spend for the final year of RIIO-GD1 reflects the consequential impact that the pandemic has had upon our operational activities and costs.

We have incurred direct COVID-19 costs of £5m for items such as PPE and equipment to enable our colleagues to continue working both in the field and from home and as a result of adapting our in-house training courses to ensure social distancing can be maintained whilst delivering safety critical training to our workforce. We estimate that £3.5m of indirect costs were incurred as a result of large sections of

our workforce being unable to complete normal work activities as planned during the early stages of the lockdown. Our most significant cost has been incurred through loss of productivity in our replacement programme due primarily to the effects of the first lockdown and subsequent gradual re-mobilisation during July and August. During this period and subsequently we have taken a range of measures to both protect and support our customers affected by replacement activities. This being a factor in reducing productivity and the pace at which we planned to complete the 2020/21 replacement programme.

We continued to pay all our colleagues normally and did not utilise the Government furlough scheme. Between March and June 2020 we took advantage of the VAT deferral scheme deferring a total of £69m, enabling us to increase our liquidity to a level which allowed us to support other market participants who were facing liquidity issues due to COVID-19. This was subsequently repaid early to HMRC in December 2020. Aside from this, we have not participated in any other Government support schemes.

Outlook

The pandemic has continued into 2021/22 and despite lower hospitalisation and death rates, case numbers are rising again even as the current lockdown remains in place. We have therefore maintained our approach to supporting our colleagues such that we can deliver the services our customers need however circumstances evolve during this first year of RIIO-GD2. We will continue to work closely with BEIS, Ofgem and the HSE in order to achieve our regulatory commitments and maintain a safe and secure network delivering vital energy supplies for Great Britain.



2

Output

Summary

How we've performed in 2020/21, our RIIO-GD1 journey and our ambition for RIIO-GD2

2.1 2020/21



Safety

Controlled Gas Escapes			
Eastern	Lon	NW	WM
Uncontrolled Gas Escapes			
Eastern	Lon	NW	WM
Repair Duration (GSMR) – % Prevented in 12 Hours			
Eastern	Lon	NW	WM
Programmed Escape Repair Risk			
Eastern	Lon	NW	WM

Mains Risk Removed (Tier 1-3 Combined)			
Eastern	Lon	NW	WM
Length of Main Off Risk			
Eastern	Lon	NW	WM
*	*	*	*
Total Number of Sub Deducts Outstanding			
Eastern	Lon	NW	WM
	*	*	*

Key Measures

Year 8, 20/21 view

32 mins

Average arrival time to emergency gas escapes

c.265,000GWh

Gas flow in our network



1,743KM

Mains replaced

< 0.5%

Of our customers have their gas supply disrupted by an unplanned interruption

Number of Planned Interruptions			
Eastern	Lon	NW	WM
Duration of Planned Interruptions			
Eastern	Lon	NW	WM
Number of Unplanned Interruptions			
Eastern	Lon	NW	WM
Duration of Unplanned Interruptions			
Eastern	Lon	NW	WM

Offtake Meter Accuracy			
Eastern	Lon	NW	WM
Telemetered Fault Response			
Eastern	Lon	NW	WM
Pressure System Safety Regulation Faults Response			
Eastern	Lon	NW	WM
			*
1 in 20 Planning Standard			
By annually demonstrating booking in sufficient capacity to meet customer demand on a peak day			



Reliability

* Excludes impact of COVID-19.



Connections

GSOP 4: Provision of Standard Quotations

Eastern	Lon	NW	WM

GSOP 5: Provision of Non-Standard Quotations

Eastern	Lon	NW	WM

GSOP 6: Provision of Non-Standard Quotations

Eastern	Lon	NW	WM

GSOP 8: Responses to Land Enquiries

Eastern	Lon	NW	WM

GSOP 9 & 10 Combined: Provision of SC Dates

Eastern	Lon	NW	WM
*			*

GSOP 11: Substantial Completion by Agreed Date

Eastern	Lon	NW	WM

Introduce Distributed Gas Connections

Supporting customers to be connected to our networks

Key Measures

Year 8, 20/21 view

4,291

Fuel poor connections

Further 4%

Reduction in leakage from 19/20



15,797

New service connections

8.81

Aggregate combined CSAT



Social Obligations

Fuel Poor Connection Volumes

Eastern	Lon	NW	WM
	*	*	*

Carbon Monoxide Surveys Completed

Eastern	Lon	NW	WM



Environmental

Leakage Volumes (GWH)

Eastern	Lon	NW	WM

Capacity of Biomethane Connected

The capacity of Biomethane entries connected to our networks



Customer Service

Planned Work Satisfaction Survey

Eastern	Lon	NW	WM

Connection Satisfaction Survey

Eastern	Lon	NW	WM

Emergency Response & Repair Satisfaction Survey

Eastern	Lon	NW	WM

Complaints (Combined)

Eastern	Lon	NW	WM

Stakeholder Engagement

By annually demonstrating a commitment to our stakeholders through engagement activities

2.2 RIIO-GD1

Transforming the customer service experience

8.81 Aggregate CSAT score across all 3 core processes in 2020/21.

+0.56 from 2019/20

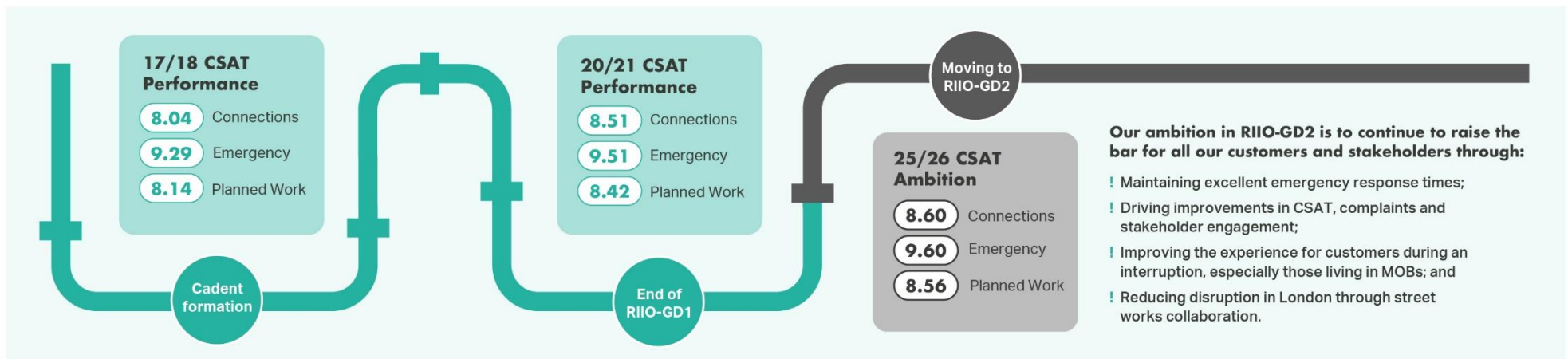


In 19/20, we achieved a Stakeholder Engagement Incentive Submission Score of **6.93**

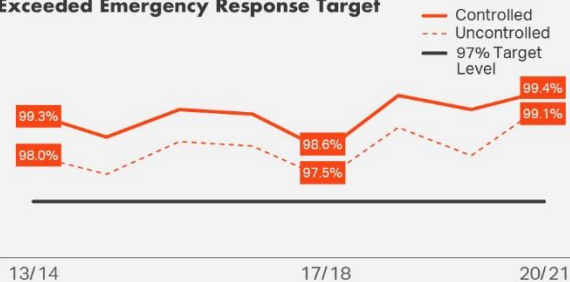


In 2020/21, we achieved **>90%** in **ALL 8** of the Connections GSOP minimum standards

*Our 20/21 score will be available in August 2021



Exceeded Emergency Response Target

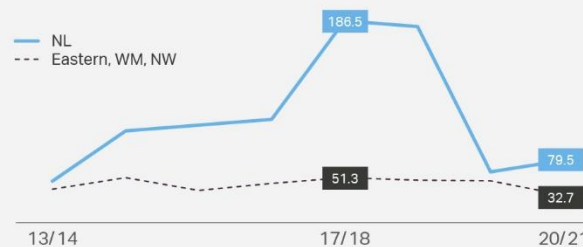


Answered **15 million** emergency calls over RIIO-GD1, **93%** within **30 seconds**



32 mins Average arrival time in 20/21

Reduced Unplanned Interruptions Average Duration (Hours)



57% Reduction for London from 18/19 to 20/21

Reduced Complaints Metric (Cadent Average)



In 20/21 **over 80%** of our complaints were closed within 24 hours

Making significant strides in becoming a force for good

Over RIIO-GD1, we completed 34,674 Fuel Poor Connections

CO Awareness – RIIO-GD1 Highlights



97,138
CO alarms distributed



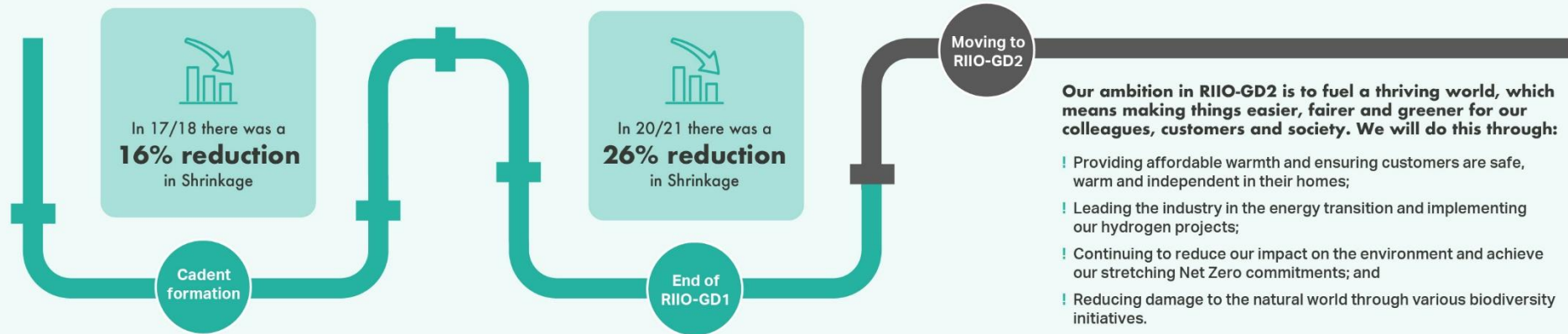
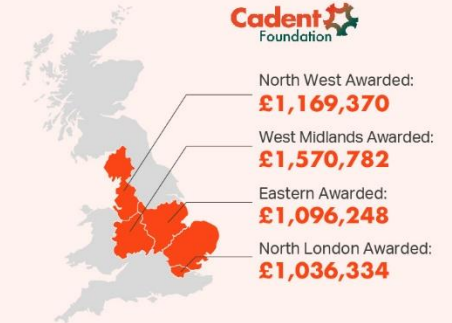
74,388
Families educated



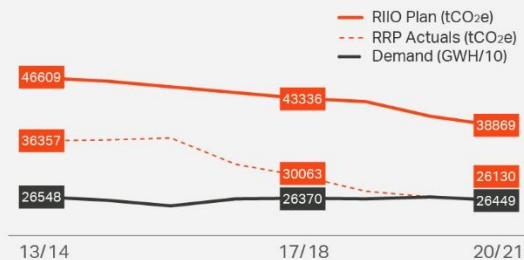
410,231
Reached via our social media CO Awareness campaign



246,078
CO awareness surveys completed



Reduced Business Carbon Footprint (exc. Shrinkage)



Reduced Shrinkage & Leakage (GWh)



Hynet North West will reduce CO₂ emissions by up to **1 million tonnes** every year, equivalent of taking **600,000** cars off the roads



Over RIIO-GD1, we connected **36** new biomethane producing plants

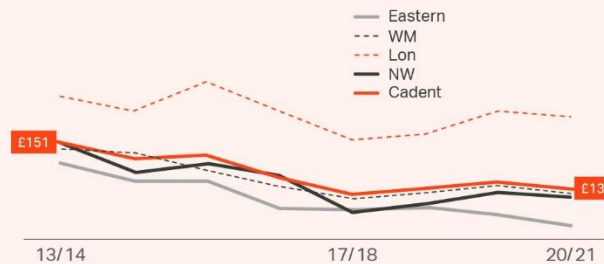


Our **Hydrogen Fuel Cell Project** will prevent an estimated **22 tonnes** of CO₂ emissions over 24 weeks

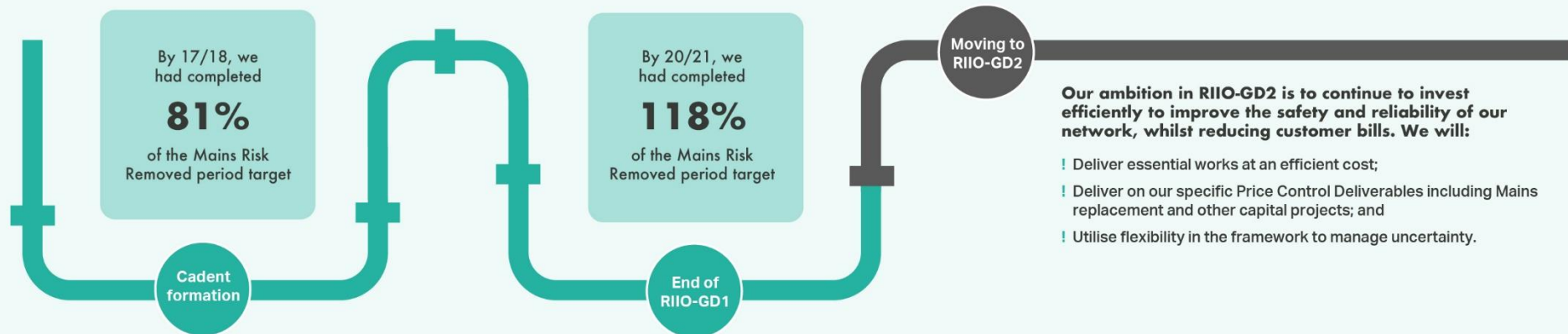
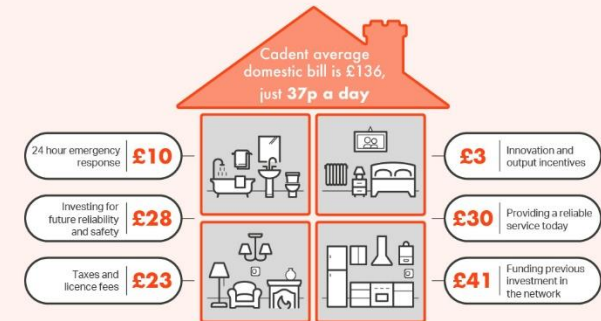
Investing in our network whilst reducing customer bills

Over RIIO-GD1 the average domestic bill has reduced by 10% which is a reduction of £16 p.a. in real terms

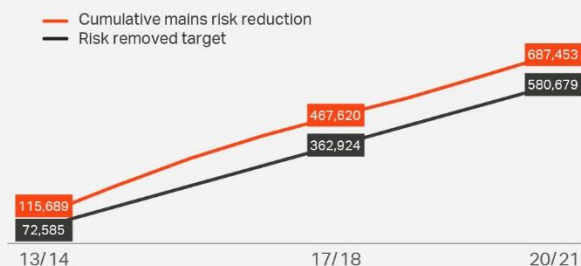
Average Domestic Bill



Cadent Customer Bill Breakdown 2020/21



Exceeded Mains Risk Removed Target



14,001km Mains replaced over RIIO-GD1



8% Reduction in fractures and failures since start of RIIO-GD1



40% Reduction in Gas in Buildings occurrences since the start of RIIO-GD1

Making mains replacement easier



CISBOT innovation - (Cast Iron Sealing Robot)

2.3 Supporting our customers and communities

In addition to delivering our commitments we would like to highlight other areas where we have delivered real benefits for our customers and the communities we serve as well as our contribution to the future energy debate.

Supporting our communities

Promoting equality, diversity and inclusion and ensuring that our services are as accessible as possible has continued to be a priority for us, and we have gone further to **make things fairer for the people we serve**.

Our engineers often encounter customers who could benefit from additional support. We launched the **Support Service Selection app**, that was co-created with multiple expert stakeholders. The app puts all the data held within the PSR at an engineer's fingertips and considers key external data, such as weather forecasts, individual customer needs and how long the customer is likely to be without gas. This recognises that vulnerability is transient, and anyone can become vulnerable in different circumstances, and identifies the most appropriate support solutions for that customer.

Following a successful trial in two of our networks, we have partnered with National Energy Action (NEA) to use their independence and expertise for a truly joined up customer service and launched the **One Number Referral Scheme**. Colleagues or delivery partners can now refer customers by calling a dedicated number, managed by NEA's experienced team, to access a range of support services including energy advice, wellbeing support, income maximisation services, financial support with appliance repairs and various additional safeguarding services.

Supporting our people

We have made significant strides in delivering our commitments to **equality, diversity and inclusion (EDI)** through our independently chaired focus groups.



Embrace



Women in Cadent



Cadent Military Community



Pride at Work



Thrive

In response to feedback from colleagues we have implemented the following initiatives:

- **Language and communications** – We have developed a dedicated EDI communications team to deliver internal and external campaigns.
- **Supporting people with disabilities** – We launched Thrive our fifth EDI community, supporting colleagues with visible and invisible disabilities.
- **Extending EmployAbility services** – One of our biggest successes during lockdown was continuing to run our EmployAbility internship, which offers work placements for 16-18 year olds with special educational needs and disabilities. Whilst other organisations were unable to maintain their schemes, we created new ways of working, adapting our approach to keep our interns safe and working whilst adhering to COVID-19 restrictions.
- **Sharing best practice in EDI** – We work with our industry to shape EDI in the sector. We have long been signatories to the Energy & Utilities Inclusion Pledge, Skills Strategy, Armed Forces Covenant, The Social Mobility Pledge and we are a Disability Confident Employer. This year we signed the Race at Work Charter and Employers Domestic Abuse Covenant, at the request of colleagues.

During the first COVID-19 lockdown, we saw a decline in our colleagues' fundraising efforts. Our strategic partner Alzheimer's Society explained that this was a consistent theme across the country and helped us to co-create a range of fundraising ideas for our colleagues. Following colleague feedback, our Senior Leadership Team also launched a **quadruple Matched Giving campaign** to re-energise colleagues into fundraising during the final quarter of 2020. This included an additional competition where charities could receive up to ten times the usual Matched Giving allowance. The campaign was a huge success, and Matched Giving applications

more than doubled in comparison to the first six months of 2020/21. In total, **we contributed £87,473 in Matched Giving during the campaign, which was an increase of 809% compared to the same period in 2019.** As a result, we were selected as finalists for the **'Employee engagement initiative of the year'** at the Business Charity Awards 2021.

We also doubled the volunteering allowance for colleagues to two days a year. To support this, we launched a new partnership with Neighbourly, providing colleagues with the ability to self-serve using an award-winning online volunteering platform. **In the last year our colleagues supported communities with 1,085 hours of volunteering in total.**

Supporting the energy transition

We are leading the way in ensuring that the UK's gas network plays its role in securing **zero carbon energy which is reliable, flexible and convenient for customers to use.**

Our External Affairs team, together with senior leaders, have spoken at **over 300 virtual events** over the past year. This has included speaking at political and industry conferences, leading webinars, chairing cross-sector meetings and facilitating collaborative workshops. We have used these platforms to share our research and the learnings from our hydrogen trials, in support of the case for including hydrogen in the UK's energy plans. Our multi-layered approach has been very successful, and it is now largely accepted that **hydrogen will play a key role in the UK's future energy plans.**

This year, we have moved forward at pace with our flagship hydrogen projects, **HyNet North West (NW)** and **HyDeploy**, providing policy makers with much-needed evidence of hydrogen's potential to realise the UK's net zero ambitions in homes and industry.

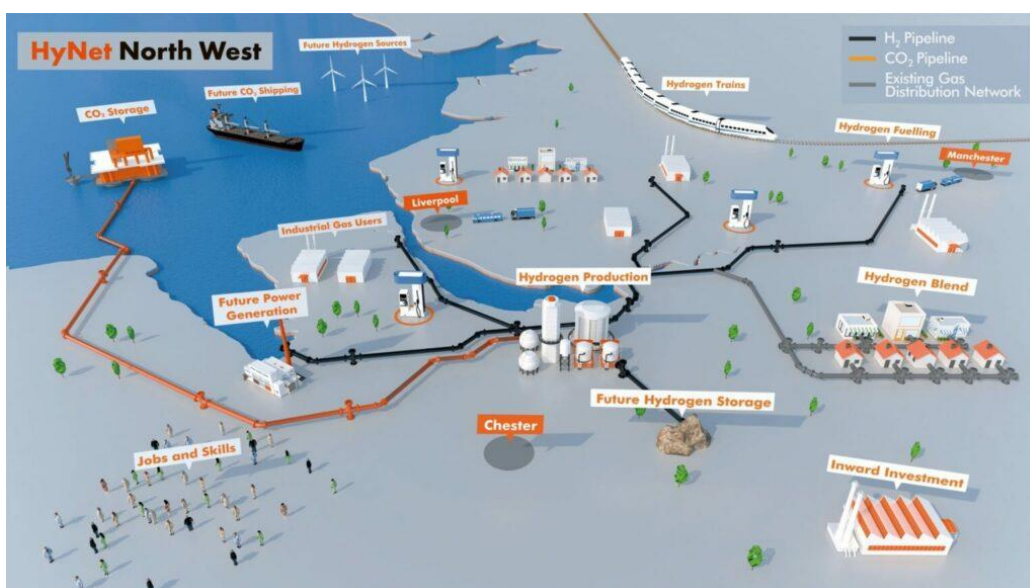
Through HyNet NW, we will reduce regional carbon dioxide emissions by **up to 1 million tonnes every year, which is the equivalent of taking 600,000 cars**

off the road. This is one of the most impactful projects across the whole of the UK.

HyDeploy has completed its work demonstrating the blending of hydrogen into the private gas network at Keele University. We have proven that the use of the blended gas requires no change to appliances, and customers do not notice any difference to their gas supply. Such was the success of our trial, our stakeholders asked us to scale up our ambitions and we, alongside NGN, will take the next major step by **blending hydrogen into over 600 homes in the first public network later in 2021.**



Working with BEIS and NGN, we have recently launched the first ever hydrogen home to allow customers to experience a home fuelled by hydrogen and see how the appliances compare to existing ones.

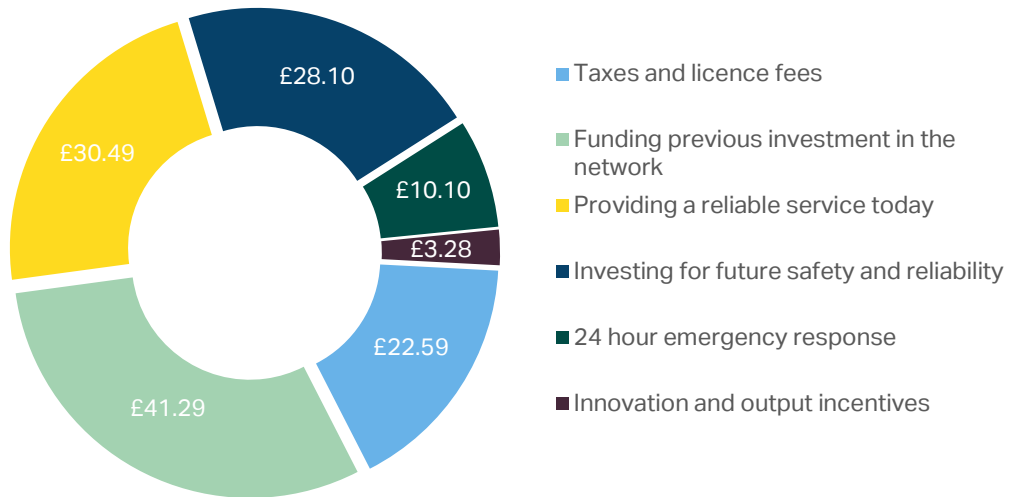


2.4 Breakdown of Customer Bill

2020/21 contribution to domestic energy bills

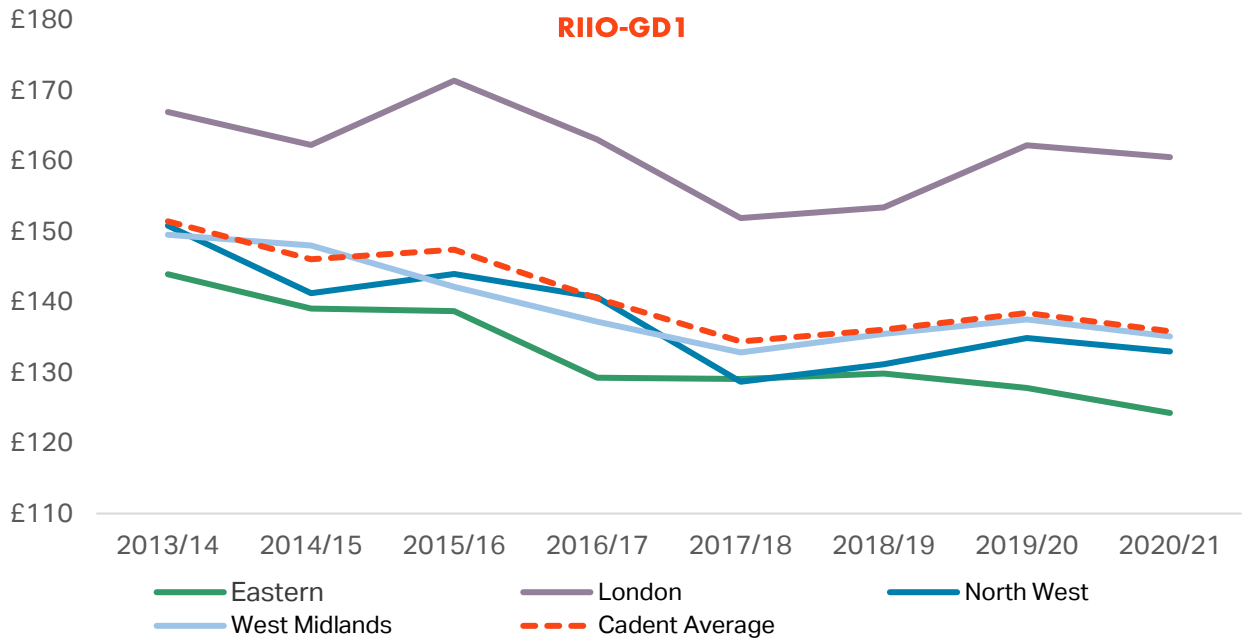
In support of our 2015/16 Annual Performance report, Cadent led on an initiative to develop a common methodology across GDNs for articulating domestic bill composition in a way that is meaningful for Customers. An updated position for 2020/21 is shown below:

Breakdown of Cadent average customer bill



Taxes and licence fees	Funding previous investment in the network	Providing a reliable service today	Investing for future safety and reliability	24 hour emergency response	Innovation and output incentives
Taxes and business rates paid to central and local Government. Also includes the licence fee for industry regulation	Repaying the costs of past investments to construct today's network, like a mortgage.	Operating and maintaining equipment to transport gas to you safely and reliably	Replacement of old assets and extensions to the network to meet future needs	Taking your calls, attending gas emergencies and making safe	Innovation and incentive reward for improving customer experience and reducing carbon

Overall, we have seen that our contribution to average domestic energy bills has reduced by £16 per annum (or 10%) in real terms across RIIO-GD1 (represents circa 20% of customers' total gas bill).



Cadent Customer Bill Breakdown 2020/21

Cadent Average domestic bill is £136, just **37p a day**

24 hour emergency response **£10**

Investing for future reliability and safety **£28**

Taxes and licence fees **£23**

£3 Innovation and output incentives

£30 Providing a reliable service today

£41 Funding previous investment in the network

Customer bill breakdown by network

Customer Bill Breakdown 2020/21 - Eastern



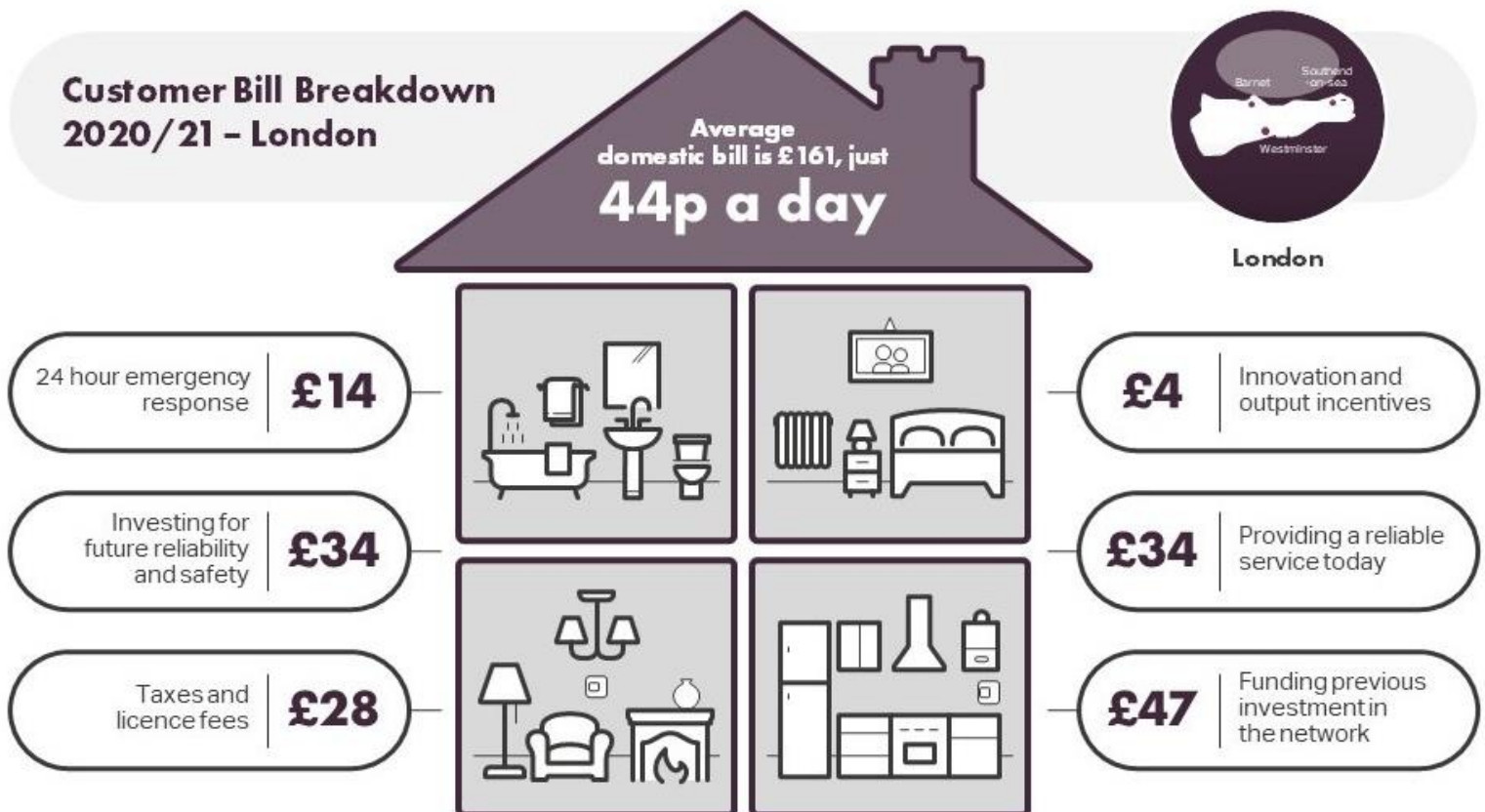
Eastern



Customer Bill Breakdown 2020/21 - London



London



Customer Bill Breakdown 2020/21 - North West



North West



24 hour emergency response | **£9**



£3 | Innovation and output incentives

Investing for future reliability and safety | **£28**

£30 | Providing a reliable service today

Taxes and licence fees | **£22**



£40 | Funding previous investment in the network

Customer Bill Breakdown 2020/21 - West Midlands



West Midlands



24 hour emergency response | **£8**



£2 | Innovation and output incentives

Investing for future reliability and safety | **£33**

£30 | Providing a reliable service today

Taxes and licence fees | **£22**



£40 | Funding previous investment in the network

You can read further information on our performance in RIIO-GD1 in the full version of our **Strategic Performance Overview**