

Stakeholder engagement incentive submission 2017-2018





Cadent

Your Gas Network



Part one

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CEO of Cadent

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Introduction by our CEO, Chris Train

Welcome to our Stakeholder engagement incentive submission 2017/18.

We have continued with our relentless ambition to improve year on year in the way we engage and deliver the right outcomes. In Part one of our submission we have highlighted the work we have undertaken to update our stakeholder engagement strategy and safeguarding strategy. Both have been built upon best practice and our stakeholder feedback.

We have tested our new strategies and approach along the way and we are able to demonstrate the rigour and discipline we have in ensuring our engagement has a clear purpose, that we listen and act on the feedback we receive and how we deliver value for money services and outcomes for our customers and stakeholders. Throughout the year, we have undertaken broad engagement and consulted our stakeholders every step of the way. We have identified our stakeholders' priorities and have successfully delivered outcomes based on those key priorities.

We introduced our four company values in last year's submission, Community, Commitment, Courage and Curiosity. We have strongly demonstrated all of these values by delivering far reaching benefits to our communities. We are being courageous deploying best practice and new methods, creating and using new tools and trying out new initiatives. We are pushing new boundaries and our stakeholders are supporting us on our journey.

I am particularly proud of the work we have been doing on safeguarding our customers. A customer in a vulnerable situation now only has to register once on a priority services register to have their data safely and appropriately shared across the whole energy industry from energy suppliers, distribution network operators

and gas distribution networks, with the water industry committing to sharing data by 2020. For us to have led industry change on this scale is a staggering achievement. Customers across the whole of the UK can now benefit from the priority services we all provide.

We have been curious about ensuring our engagement is leading edge and we have worked with external experts to help us highlight what we are doing well and where we should improve. We are being courageous with our ambitions to lead industry change and spearhead protecting customers in vulnerable situations; our stakeholders have told us it's the right thing to do.

We said last year that a key part of our future engagement plan was to have more regional focus. We have delivered on our promise and have hosted four bespoke regional workshops. We received valuable insights into the most important issues for our stakeholders, what we can do to improve, what we should keep doing and what new outcomes we should deliver.

We have made sure our colleagues from across the company have been involved in our engagement. Operational managers, office teams and executive leadership have all witnessed and heard first-hand what our stakeholders have to say about us. These powerful insights are shaping the way we think, act and do business today and for future generations and are vital to us in building our business plans.

We are proud to be a Gas Distribution Company serving four of the eight UK Gas Distribution Networks. Our role is to keep the gas flowing safely and reliably, minimising disruption to 10.9 million customers in our networks. Our stakeholders remain clear that they want us to actively care about the



communities we serve, looking after those that are most vulnerable, and to maintain and diversify our network for future generations – enabling a lower carbon and affordable network. We remain committed and relentless in our focus on delivering these outcomes for our communities and stakeholders.

Chris Train
CEO Cadent

Our RIIO GD1 priorities

At the start of the RIIO GD1 regulatory period, we agreed with our customers and stakeholders four key priorities. These were:



We keep our communities safe and warm



We provide value for money



We safeguard future generations



We are easy to do business with

These priorities are still very much relevant today. Based on extensive engagement with our customers and stakeholders during 2017/18, we have been focusing our efforts on delivering five key themes. Part 2 of our submission includes outcomes we have delivered against these themes:

- 1 Delivering a valued service to customers
- 2 Safeguarding our customers
- 3 Minimising disruption to customers
- 4 Providing a network for future generations
- 5 Collaborating across the industry

Throughout our submission you will see how our efforts this year link back to the five key outcomes and RIIO priorities and demonstrate our continuing focus on what matters for our customers and stakeholders.

Our year at a glance – Stakeholder Highlights

- **4,262 PSR registrations.**
- **277 locking cooker valves fitted.**
- **3,360 family members reached through our Safety Seymour campaign.**
- **4 regional workshops, with 127 stakeholders representing around 85 organisations.**
- **More than 257,000 stakeholders reached through our engagement initiatives.**

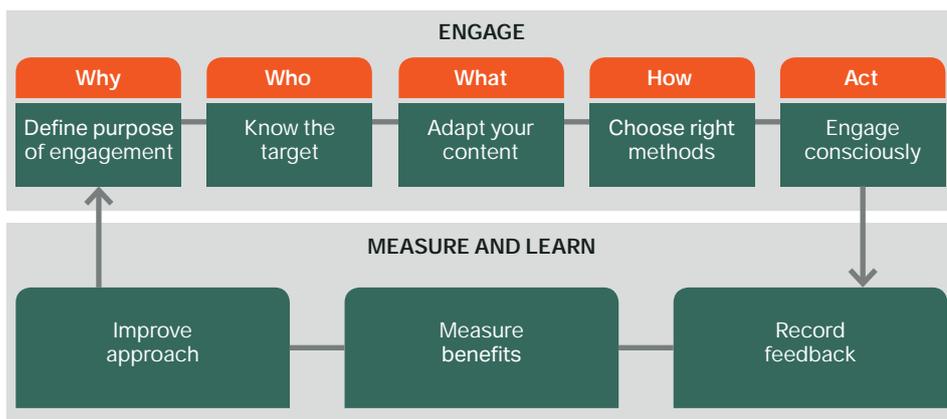
Enhancing our customer and stakeholder engagement strategy

We have seized the opportunity as a new business to further enhance our customer, stakeholder and safeguarding engagement strategies with the key objective to achieve our stakeholder outcomes. We commissioned an independent review of our stakeholder performance to demonstrate what was working well and areas we needed to improve upon. We have enhanced our approach using the external review, industry best practice, customer and stakeholder insights, and previous submission feedback. Utilising the knowledge gained from our engagement, we have shaped our stakeholder ambition:



We will understand and act upon the needs of our stakeholders and customers through a continually improving, tailored approach that gets the best outcome from our engagement. Our passion is to work hand-in-hand with our customers and stakeholders to make sure our business plans are fit for present, and future generations.

Our strategy has eight key elements:

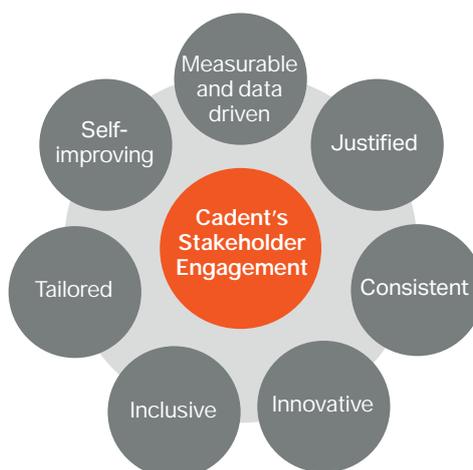


Our enhanced stakeholder engagement strategy allows us to engage in a tailored and effective way with a range of stakeholders and provides a structure to gather, understand and embed positive change making our services accessible to all. It provides more tools, processes and structure to the way we engage to get informed opinions in the most efficient way allowing us to improve current outcomes and future business plans.

As part of evolving our strategy we have identified seven principles to drive every engagement action.

- We aspire to engage in a way that is **driven by data**, which leads us to clear and reasoned choices.
- Our engagement should be **tailored** to a wide and **inclusive** group of stakeholders.
- We want our strategy to be **innovative** – beyond business as usual.
- We can do that by establishing a **cycle of self-improvement**, which is rooted in stakeholder feedback with the aim to deliver real, **measurable** and **justified** outcomes for our customers and stakeholders.

Our strategy has already allowed us to make a positive impact this year which gives us confidence that we will deliver on our ambition.



OUR STRATEGY IN ACTION

We have been using the tools and processes from our enhanced strategy, and this year's submission demonstrates its delivery in practice. In the following pages we will present each of the eight areas of the strategy and give examples of outputs delivered this year. We will show how this new approach is proving instrumental to: facilitate effective and meaningful two way engagement, to engage a vast and relevant group of stakeholders while constantly staying up to date with who they are, to adapt the content and method of our engagement. Our aim is to get valuable feedback that allows us to adapt our service delivery providing value for money outcomes in line with our RIIO priorities and our customer and stakeholder wants and needs.

How was this strategy developed and tested?

We developed this strategy in response to feedback that engagement needed to be more tailored, measured and effective. Each year we carry out a formal evaluation of our stakeholder strategy. This year we have worked with an expert management consultancy who carried out an independent evaluation and gap analysis of our engagement approach and compared it to both gas and electricity distribution networks in the UK and across the world. Understanding best practice has helped shape our new approach.

Testing our strategy with expert stakeholders was crucial to its acceptance. An early version of the strategy was shared with our Stakeholder Advisory Panel resulting in a strengthened ambition.

EXPLORING THE STRATEGY

It starts with a clear purpose of engagement

Our strategy starts with a clear 'why'. Defining the purpose of any inbound (our stakeholders telling us something) or outbound (our communication with our stakeholders) engagement is crucial to the success of our strategy.

We engage with a wide range of stakeholders on numerous issues over a year; this includes both our 'business as usual' engagement, for example, mains replacement, as well as that carried out to support the success of specific projects like hydrogen innovation.

Having a clear purpose allows us to deliver truly tailored and meaningful engagement by framing the objective that needs to be pursued through other steps of our strategy; it sets a target outcome to aim for.

To enable us to clearly define our purpose we have established engagement briefs and document templates that ensure a consistent approach. We identified a clear purpose before organising our regional workshops and are using this tool to shape our multi-faceted engagement plan to develop our next price control business plan.

Why

Define purpose of engagement

A Purpose for Regional Workshops

For the regional workshops held in November we had two clear purposes – to understand future stakeholder needs in relation to the future role of gas and safeguarding our customers, and to understand what changes our stakeholders want us to make now. These insights were vital to help shape our business plans for the next price control, as well as delivering change now.



We recognise that the energy industry is changing at a faster pace than ever before and we need to be up-to-date with the individuals and organisations our actions are impacting on."

KNOWING WHO OUR STAKEHOLDERS ARE

A detailed understanding of our stakeholders allows us to get the most out of each engagement activity. First of all, we need to know who our stakeholders are, and then we need to understand what their interests, wants and needs are.

We recognise that the energy industry is changing at a faster pace than ever before and we need to be up-to-date with the individuals and organisations our actions are impacting on. We have been engaging with a wide range of stakeholders over the past few years, for example local councils, highways authorities and third party organisations. This year we have further expanded our understanding of who our stakeholders are.

Early in 2017 we worked with Renuma, experts in relationship analytics, on a 360-degree relationship scan to understand the strength of our relationship with a broad range of our stakeholders (introduced in last year's submission). This research provided us with an up-to-date list of our stakeholders and our reach with each group.

We have incorporated this feedback into our processes, for example Independent Gas Transporter (IGT) / Utility Infrastructure Provider (UIP) increasing our frequency of contact detailed on page 11 of Part 2.

We also expanded our efforts to identify key segments of stakeholders based on their level of knowledge of seven key engagement topics:

- Safety
- Reliability
- Customer service
- Regulatory
- Social obligations
- Connections
- Innovation

The aim of this exercise was to get a complete a picture of our stakeholder knowledge. While we know who they are, we need to understand what we are best placed to engage with them about. To achieve this, we have developed our bespoke stakeholder segmentation tool.

The stakeholder segmentation tool is developed from our existing stakeholder database. The tool allows us to award a 'level of knowledge' to each one of our stakeholders. Along with this we also expanded our stakeholder base this year to 1,700 (a 62% increase from last year).

Our stakeholders are divided into 33 subgroups based on the type of organisation they represent across engagement topics.

Starting from a purpose of engagement, we can now arrange engagement events that are tailored to relevant stakeholders for each topic across knowledge levels and geographical areas.

It also allows us to identify gaps in our stakeholder groups to make sure we continue to grow our stakeholder database and that all of our stakeholder groups are represented.

Who

Know the target

A NEW APPROACH TO CREATING CONTENT

Our new approach is to tailor the content of messages we send to different

groups of stakeholders when we engage with them. We have a detailed understanding of the level of knowledge the different groups have on defined categories of engagement, which enables us to tailor our communications.

We developed this approach in response to consultation feedback we have received over the last two years, which told us we needed to "continue to inform" but also to "communicate more effectively".

Using our segmentation tool, we can group stakeholders with similar understanding and knowledge and send them the material appropriate to their interests. We have started to use this process and expect that it will generate more quality feedback, as we refine our understanding of who our stakeholders are and their knowledge of key topics on which we want to engage with them.

What

Adapt your content

Tailoring content for our advisory panel

Our Stakeholder Advisory Panel (SAP) is a group of expert customers and stakeholders with whom we regularly engage to receive feedback on our plans, and to help shape our strategy and our approach to stakeholder engagement.

Our new process for content creation has led to us to adjust the presentations, print material and questions we provide to the SAP members reflecting their deep understanding of our business and the services we offer.

Expanding what we know about our stakeholders

Thanks to the stakeholder segmentation tool we can analyse our stakeholder database in ways that weren't possible before. We have increased our stakeholder database from 643 to 1,700 and increased the information we hold to include area of representation and level of knowledge on our seven topics of engagement. We can now arrange engagement events that are tailored to relevant stakeholders for each topic across knowledge levels and geographical areas. We have also taken the opportunity in line with the new GDPR19 measures coming into place to update our stakeholder records.

TAILORED METHODS TO REACH A VAST STAKEHOLDER BASE

How
Choose right methods

A stakeholder's understanding of a given topic drives our decision on the type of content to provide and the best method of engagement, for example physical or digital channels. This allows us to fully tailor our engagement to a broad and inclusive range of stakeholders.

We can further segment engagement methods by activity, such as surveys, consultation or one-to-one workshops.

We have reviewed and benchmarked all of the methods we use to communicate, identifying any we were missing.

We identified areas where we are strong, such as our use of social media to communicate with end-customers during outages, and new opportunities to engage, such as the regional workshops we've run over the past year.

The review has enabled us to focus our efforts in 2017/18 to expand our reach with 13 tailored methods of engagement.

- 1 Reactive calls
- 2 Customer panels
- 3 Stakeholder panels
- 4 Proactive calls
- 5 Roadshows/leaflets
- 6 Social media posts
- 7 Stakeholder workshops
- 8 Consultation
- 9 Newsletter
- 10 Publication
- 11 Public exhibition
- 12 Survey/research
- 13 Ad campaigns

This variety allows us to adapt our approach to each stakeholder we are trying to reach and it supports our

commitment to engage with 'hard-to-reach' stakeholders.

We developed a standard 'engagement prioritisation tool' to help us identify the best engagement method from the different options. This tool uses a scoring methodology which compares the cost of each engagement option with utilising proxies for 'engagement value'. The score is based on the number of participants and their level of knowledge, the quality of the feedback that can be extracted and the potential to inform. By consistently comparing cost with engagement value for each option, we can make an informed decision about which option works best.

We have already made use of this new approach to select methods of engagement. In February 2018 we needed to engage with an expert group of 40 stakeholders from all the

communities we serve, who were already familiar with what we have been doing to support our customers in vulnerable situations.

By applying our new strategy, we identified that an online survey was the best option. The survey was a success – we were able to get 100% response rate and fully test our new definition of vulnerability.

SOCIAL MEDIA

-  Facebook – LCV campaign reaching 19,000 stakeholders
-  Twitter – Gas safety week reaching 11,991 stakeholders

The figure below shows an example of how we apply this tailored engagement approach described in the commentary above

		Low → Stakeholder knowledge and interest → High			
		No knowledge	Some knowledge	Good knowledge	Expert
Profile		Those that will be impacted in the future by decisions today, and end-customers	Those impacted by our company but who have little knowledge about us and our activities	Those who interact regularly with us and have a good knowledge of our products, services, and activities	Our close partners as well as those who have expertise in a field impact or deal with regularly
Recommended engagement methods	High volume	<ul style="list-style-type: none"> • Ad campaign • Online consultation • Research • Roadshow/leaflets • Social media post • Website 	<ul style="list-style-type: none"> • Ad campaign • Newsletter • Online consultation • Public exhibition • Survey/research • Website 	<ul style="list-style-type: none"> • Newsletter • Online consultation • Public exhibition • Survey 	<ul style="list-style-type: none"> • Consultation • Stakeholder workshop • Survey
	Low volume	<ul style="list-style-type: none"> • Customer panel • Proactive calls/texts/ letters • Reactive calls/texts 	<ul style="list-style-type: none"> • Consultation • Proactive calls/texts/ letters • Stakeholder/ customer workshop 	<ul style="list-style-type: none"> • Consultation • Stakeholder workshop 	<ul style="list-style-type: none"> • Consultation • Proactive calls • Stakeholder and customer panels
Example stakeholders*		<ul style="list-style-type: none"> • Media • End-customers 	<ul style="list-style-type: none"> • Health companies • Politicians 	<ul style="list-style-type: none"> • Local authorities • Emergency response 	<ul style="list-style-type: none"> • IGTs • DNOs
Example outcomes		<ul style="list-style-type: none"> • Increased awareness of Cadent and the role of a GDN 	<ul style="list-style-type: none"> • Grow knowledge on specific issues, MPs promoting PSR to their constituents 	<ul style="list-style-type: none"> • Design new service • Design ad campaign 	<ul style="list-style-type: none"> • Obtain feedback on activity plans and endorse strategy • Selection, prioritisation of initiatives

ENGAGING ON HYDROGEN

During 2017/18 we engaged widely on the potential future role of gas, tailoring our engagement for different stakeholder groups:

- A webinar with the Department for International Trade reaching potential stakeholders in China.
- Hy-Deploy project launch event at Westminster with stakeholders from government, industry and academia.
- Media engagement for our innovations projects in The Energyst magazine, Energy Live News, City a.m., Network magazine, Gas International and Utility Week.
- Renewable gas potential report commissioned by us.
- Low carbon gas forum (knowledge sharing hub) attended by EUA members, key trade associations/organisations, ENA, IGEM, Energy UK, trade unions, and standing invites to BEIS and Ofgem.

EXPANDING OUR EXPERIENCE TO INTRODUCE BEST IN CLASS FACILITATION

Act
Engage consciously

Having established the right stakeholders to engage with and the right method, it is crucial that we also focus on facilitating our engagement and stakeholder events in the best possible way. In order to get quality engagement we recognise there are times when we are not best placed to conduct it ourselves. A good example of this was our regional workshops (see page 6), where we engaged with an expert stakeholder event organisation to lead the facilitation. Using experts meant the event utilised best-in-class techniques, and allowed for quantitative and

qualitative feedback to be captured independently.

We have commenced a programme of work to improve our end-to-end approach to event organisation.

We focused on three areas:

- We conducted a gap analysis on our current approach to arrange and manage events in line with the stakeholder AA1000SES standard. Through our 'tailored content' element of the strategy we already outperform on some aspects of the

standard, such as the requirement to brief stakeholders. We have identified improvements to proactively prepare for engagement risks, using best practice to ensure we get the largest possible number of target stakeholders to attend our events.

- In order to engage effectively we need to tailor the event's location to the target stakeholder. We are currently trialling a new functionality of the stakeholder segmentation tool. Based on the postcodes we hold for each stakeholder we can map 'hotspots' where engagement events

can be conveniently reached by the majority.

- We strongly believe that stakeholder engagement is a natural extension of what we do. We have worked hard to increase colleague involvement across all teams. We utilise opportunities to engage with our communities and understand how we can better adapt our services to minimise the impact on our customers and deliver value for money services they want and need.

CLOSING THE CYCLE – EMBEDDING CHANGE TO CONTINUOUSLY IMPROVE DELIVERY

Improving our approach is the last element of our enhanced stakeholder engagement strategy. While gathering feedback in an efficient way gives us the opportunity to take action, nothing will happen if the right processes are not in place.

To make sure action is taken we have developed a new process to capture feedback and review and monitor the action taken.

Our process includes the expected timeframe of the following steps:

- Detailed record of feedback after every engagement event
- Event appraisal
- Identify actions
- Gain business ownership
- Communication back to stakeholders on actions being taken

Record feedback

Embedding our enhanced strategy

We are committed to embedding our enhanced strategy throughout the business in 2018/19. Our enhanced approach has been written in line with the industry standard AA1000SES. This gives us confidence that, while we continue to embed and sustain the change in our business, we are working in line with the standard.

Embedding change

An example of where we have implemented change based on feedback is our annual consultation. We received feedback that the questions were not relevant to all stakeholders. We have carried out a segmentation exercise on our stakeholder database to ensure we know the level of knowledge and interest of each of our stakeholders. Now we know this we can tailor our annual consultation to ensure all stakeholders have the right knowledge and interest to contribute to the questions they are being asked.

MEASURING BENEFITS – THE KEY TO DELIVERING JUSTIFIED VALUE FOR MONEY

We always strive to deliver value for money services to our customers that they want and need – this is one of our RIIO priorities and is at the heart of everything we do as a business. Being able to do this depends on our ability to measure the benefits (i.e. value) of the outputs we have committed to deliver.

Drawing on experience through our 'willingness to pay' research and the need to demonstrate value for money, we have worked hard to consider different ways of improving our approach. Our benchmarking has led us to evolve our cost benefit analysis model to consider the Social Return On Investment (SROI).

We are particularly excited about the development of our SROI tool. We believe that it will allow us to deliver accurately measured and justified benefits for our customers. We expect that the SROI tool will enable us to further prioritise our initiatives and will determine how we address a particular issue in a way that is most valuable, taking into account the costs and the wider social benefits it delivers.

Measure benefits

Our innovative approach explained

The SROI tool we developed, to measure quantitative and qualitative benefits is an approach first proposed by the UK Cabinet Office; it expands on the more traditional cost benefit analysis model to capture the positive, indirect external benefits of initiatives.

So far, in 2017/18 we have used this tool to measure the benefits to society of some of our key initiatives including Safety Seymour, Locking Cooker Valves and Dementia Diaries.

While the SROI has given us the ability to measure benefits and identify improvements retrospectively, it is an invaluable tool to enable us to prioritise the most valuable initiatives before embarking on them. We will be able to check along the way that the initiatives are delivering the expected benefits, enabling us to learn from all that we do.

FROM ENGAGEMENT TO ACTION

The ultimate objective of stakeholder engagement is to get feedback we can act on to make improvements to our service delivery and society. Our yearly engagement programme is vast and diverse. In order to capture all of the engagement feedback, we have created a standardised and structured process, supported by a user-friendly tool that allows us to record the outcome of each engagement initiative.

Our new approach allows us to gather feedback consistently, regardless of the method which was used to collect it.

This is now crucial for us as we continue to expand the different engagement methods used

Storing detailed feedback in a central repository enables us to have a data-driven approach to feedback, prioritising and tracking the actions and outcomes of each engagement initiative.

We also record feedback on the quality of facilitation and engagement. This provides insight into how we can improve our approach to tailoring content, as well as ideas on how to best facilitate different events.

Our central repository will provide instant visibility allowing us to project manage and prioritise what our stakeholders need most.

Improve approach

Acting on Street Works feedback

From our annual consultation we received feedback around coordinating utilities to minimise disruption to the general public. We are acting on it by seconding our Street Works Manager two days a week to work on the Street Works Manager project with the Department for Transport (see page 15). This will increase the visibility and coordination of works across the utilities sector.

ACCREDITATIONS AND AWARDS

- ISO55001 re-accreditation for asset management and stakeholder engagement.
- Continued membership of the Institute of Customer Service working towards accreditation.
- We were finalists for three categories at the Utility Awards 2017 and won the environmental award for CNG.
- Capital Project Management Award – London medium pressure gas mains replacement scheme (finalists).
- Environment award – CNG Leyland (Winner).
 - Health and Safety initiative of the year – Safety Seymour (finalist).
- Winners in the Street Works UK awards with tRIIO, in the 'Street Works Future Projects' category for the initiative to replace steel driveway boards with Oxford Plastic lightweight, slip resistant boards.
- Winners in the Energy Institute Technology Award for SNG using revolutionary technology to make BioSNG (bio-substitute natural gas) from household waste.
- Winners at the Pipeline Industries Guild West Midlands branch award for young professionals in the pipelines sector and progressed to National awards.
- Transform Europe Awards 2018 for our brand rollout
 - Silver Award for 'best visual identity in the energy and utilities sector'.
 - Silver Award for 'best internal communications during a brand development project'.
 - Highly commended Award for 'best corporate re-brand following a merger or an acquisition'.
- NJUG Award Categories 2017 for Sensit Finalists for IGEM / EUA gas industry leadership of the year award.
- A highly commended gold award from the City of London Considerate Contractor Streetworks Scheme (CCSS).
- The Utility Project of the Year award from The Pipeline Industries Guild.

Our Core Engagement in action

REGIONAL WORKSHOPS

This year we identified the need to engage in our regions on a bigger scale. In November we held regional workshops in all four of our networks engaging with 127 stakeholders representing 85 organisations in Birmingham, London, Manchester and Norwich. The topics discussed were who we are, our performance, safeguarding services, future role of our networks and the next price control.

Working with a specialist organisation to facilitate each event, we created bespoke material relevant to each region. Their expert knowledge on stakeholder engagement made sure we got the most out of each event and allowed for quantitative and qualitative feedback to be captured independently. We used a variety of engagement methods such as subject matter expert presentations, roundtable discussions, surgeries, electronic voting and Q&A. We captured data using tablets, and verbatim feedback through scribes on each table.



Our commitment to ensuring our teams understand stakeholder views led us to include representatives from our executive, office and operational teams in all workshops. This provided opportunities to discuss and hear what matters most to our stakeholders now and into the future.

The insights from these workshops were vital to deliver change now and to help shape our business plans for the future. There were 23 outputs identified with six key themes:

- 1 Promote who we are and the services we provide.
- 2 Deliver safeguarding services for customers in vulnerable situations.
- 3 The role our gas networks play in the whole energy system.
- 4 Customer outcomes and value for money in the next price control.
- 5 Making it easy for customers to connect to our network.
- 6 Minimising disruption in our networks.

Stakeholder Advisory Panel

Our stakeholder advisory panel is important to us with our independent advisor Mike Foster, CEO of EUA continuing to chair. With this support our panel provides us with expert experience, insight and challenge. We have 22 members on the panel representing seven stakeholder groups, eleven stakeholder sub-groups and contributing expert knowledge in seven key areas: safety, reliability, customer service, innovation, social obligations, environment and regulatory. It is important that we constantly evolve the panel membership when required and this year again we have welcomed new members.

Our panel feedback and contribution continues to shape the way we run our business. Our panel has supported us with key deliverables this year, they have had full access to shape the agenda and have themselves presented to the group on areas of best practice. They have been involved in workshops, contributing to our enhanced customer and stakeholder engagement strategy

and have helped us to develop our engagement plan and approach for the next price control.

Our panel members along with other expert stakeholders in this field took part in our safeguarding consultation resulting in a fresh approach to our safeguarding strategy. Our engagement approach allows us to take into account the interests, aspirations and concerns of stakeholders and customers. Our CEO attends every panel, along with our leadership team and subject matter experts. Ensuring they hear the feedback first hand allows us to consider and prioritise the panel outcomes.

Our panel feedback and contribution continues to shape the way we run our business."

Our panel impact

- Updated vision of our enhanced customer and stakeholder engagement strategy.
- Supported the need for the next phase of our connections transformation project.
- Water industry PR19 best practice shared and incorporated into our next price control business plan proposals, e.g. Customer Challenge Group best practice.
- Supporting a move from outputs to outcomes giving more flexibility for change, delivering for our customers.
- Clarifying the purpose of our regional workshops, and reviewing with us the outcomes and actions.
- Sharing of best practice around the benefits of personal local ownership as the key to increasing customer satisfaction.
- End-customer segmentation strategy developed to ensure we are providing the right services to meet their needs.

ANNUAL CONSULTATION

Our annual consultation allows us to identify what is working well and areas where we need to improve. Sending out the consultation in August has allowed us to consider feedback and include in our business plans. In 2017 we saw the greatest number of responses to date at 239 with broad representation across our stakeholder segments.

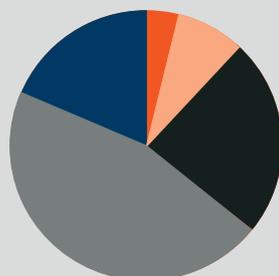
This is the third consecutive year that our responses have risen, with stakeholder segmentation work taking place this year to ensure a further rise next year. We continue to be ambitious and having reviewed our stakeholder database recognised we wanted to increase representation further. We have carried out a segmentation exercise capturing stakeholder levels of knowledge and areas of interest. We have improved the number of stakeholders we work with and now have 1,700 stakeholders on our database compared to 643 last year, seeing a 62% increase. This will allow us to really target and tailor the content and questions we use in our next consultation.

High level consultation results:

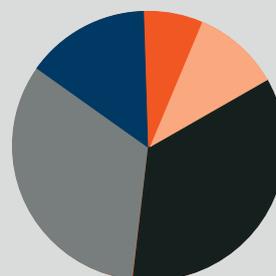
We consulted on 6 key areas. We received 505 qualitative, and 2,832 quantitative insights. There were five clear themes which emerged from the consultation:

- delivering a valued service to customers
- safeguarding our customers
- minimising disruption to customers
- providing a network for future generations
- collaborating across the industry

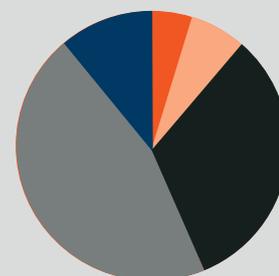
How would you rate the overall quality of our engagement with you?



How well have we acted on your feedback?



How would you rate the quality of our relationship with you?



- Very Poor
- Poor
- Fair
- Good
- Excellent

Safeguarding our customers

We are proud of the safeguarding services we deliver and we recognise that our service is essential to our customers. Keeping homes warm and safe by providing a constant gas supply has a direct impact on the communities we serve. We know our customers and stakeholders value our role.

Our safeguarding strategy underpins our mission to safeguard customers and all who live or work in the communities we serve – and is in line with our customers' RIIO priorities. We are often best placed to identify customers who find themselves in situations of vulnerability and may need extra support.

This year we have built on our existing capabilities to create a new safeguarding strategy that focuses on three distinct areas:

- Supporting customers in vulnerable situations
- Protecting our customers from the dangers of carbon monoxide poisoning
- Alleviating our customers in fuel poverty

We have updated our strategy and reviewed and tested it with our stakeholders. Our strategy is a two-tiered approach including what core capabilities we need and what actions we need to take.

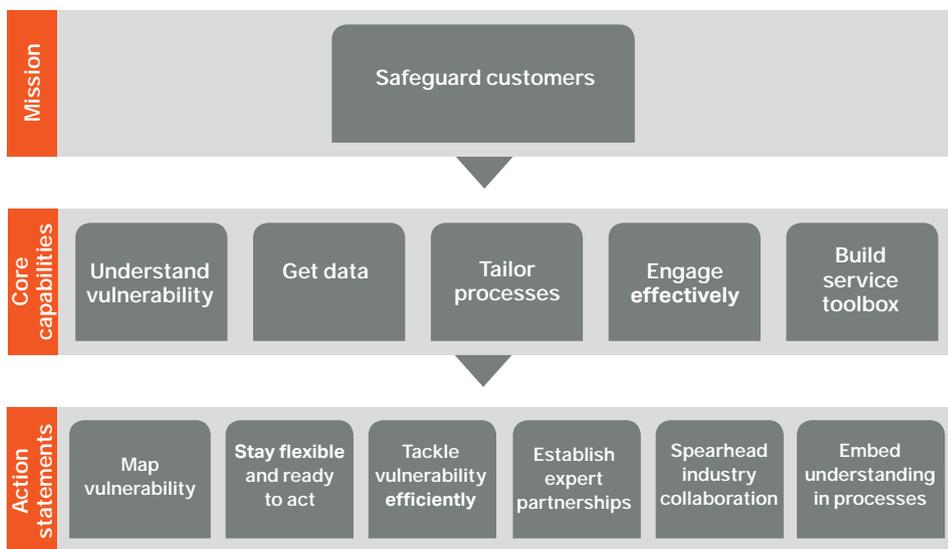
Having a two-tiered safeguarding strategy allows us to deliver value for money services and the ability to test, review and improve the outputs we deliver for our customers. We have an annual review cycle in place ensuring we constantly improve the services we provide.

Our definition of vulnerability

We have engaged with our Stakeholder Advisory Panel and other key stakeholders who have expertise in dealing with customers affected by situations of vulnerability. With these stakeholders we have defined a clear definition of vulnerability.



Vulnerability describes a situation, be it transient or permanent, that can impact a customer at some point during their life. Vulnerability can arise through changes that happen both inside and outside the energy industry. Those customers who find themselves in a vulnerable situation are more affected by Cadent's action or inaction than other customers."



SHAPING OUR UNDERSTANDING OF VULNERABILITY

We engaged with nearly 40 expert stakeholders over the definitions of vulnerability and action statements. This was done by online survey as this method came out on top after using the

engagement selection tool to identify the most efficient engagement method. While most stakeholders agreed with our initial definition, we have adapted our final version of the definition to reflect their comments.

Safeguarding outputs: our six action statements

The six action statements below are the priority outputs we are delivering to safeguard our customers. They have been reviewed and enhanced by our Stakeholder Advisory Panel and expert stakeholders including charities, consumer organisations, support groups and other industry bodies.

1 Understand vulnerability

We will work proactively to understand the numerous and varied situations that can cause vulnerability across the communities we serve. This will include a data-driven needs analysis and engagement with our customers and expert partners on specific situations.

We are currently working on a needs analysis mapping tool with the Centre for Sustainable Energy. This tool incorporates publicly available data, purchased data and our own data to map the concentration of people affected by situations of vulnerability.

By mapping vulnerability across our network, we can adjust the services we offer and the partnerships we enter into. We can also organise events to engage a particular group of customers directly or through other trusted parties.

Using data to act

To enable us to target our awareness campaigns at high-risk areas, we have combined several data sets to identify potential CO hotspots in our networks.

2 Stay flexible and ready to act

We will continuously train our customer-facing colleagues to identify and respond to vulnerability and to develop a flexible approach to making a positive impact on specific customer circumstances.

We understand that no two situations are the same – vulnerability affects people in different ways. To make sure we can respond to individual circumstances we equip our customer-facing call centre staff and our front-line engineers with an understanding of what vulnerability is and the type of help they can offer. They acquire a set of skills that allows them to spot signs of vulnerability and handle the situation appropriately.

Our vulnerability training

This year we have trained 1,097 front-line staff on the Priority Services Register. This has been done through our training facility and other communication vehicles such as team meetings, allowing frontline staff to recall aspects of their training at ease outside of the classroom.

3 Tackle vulnerability efficiently

We will provide tailored services either through our workforce or our partners. These value for money services will be designed to tackle situations that aggravate vulnerability.

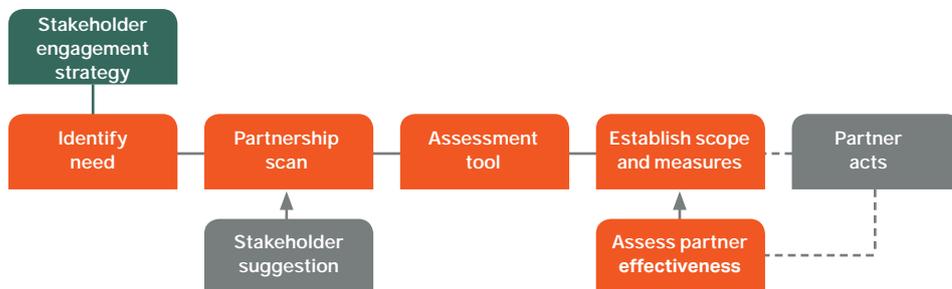
To support customers in the most efficient way we have joined our individual efforts with those of partner organisations that are best placed to support us under a joined service strategy. For example, we achieved a step change this year in the number of lockable cooker valves fitted through choosing safeguarding organisations and fire and rescue service partners that have the appropriate reach to help identify those most in need of this service.

4 Establish expert partnerships

Our network of partners will allow us to better understand situations that cause vulnerability and give us the capability to tailor our response to these situations across our networks.

Our partnerships are an agreement between ourselves and a third-party organisation to deliver a service that we are not best placed to deliver by ourselves. This includes partners who are able to share information about the services we offer to their contacts who we would not ordinarily have access to, and partners who deliver support such as energy saving advice or befriending services.

In 2017/18 we developed a new partnership strategy to help us review our existing partnerships and to shape our future ones (see figure below). This strategy follows the overarching principles that drive the overall stakeholder engagement strategy. We have built in a feedback loop that allows us to measure outputs delivered by our partners against the agreed expectations. This feedback loop enables us to continuously improve the partnerships that are delivering good results and to amend or stop the ones that are not.



6 Embed our understanding of vulnerability in business processes

We will strive to provide all with equal access to our services.

Accessibility to our services is critical when we interact with customers affected by temporary or permanent situations of vulnerability. When we know a customer is in a vulnerable situation we are usually able to help them by directing them to a service that will meet their needs.

While testing our approach to vulnerability with our expert stakeholders we were asked: what happens when someone affected by a situation of vulnerability interacts with you and you don't know they are in such a situation?

This challenge gives us the confidence that we should continue to ensure our processes are fully accessible to all, regardless of whether they are on the Priority Services Register, or not.

Selecting the right partners is critical to the success of our delivery. We have developed, tested and implemented a standardised scoring guideline to select potential partners identified through our new partnership scan, or from stakeholder suggestions to ensure we select the most effective partners.

Choosing the right partner

Over 2017/2018 we have used our partner selection tool to identify the right organisation to help us spread the word in specific locations on our locking cooker valve programme. While we are best placed to install cooker valves for those customers who may benefit from them, we need help in finding who these customers are. The outputs delivered as part of last year's effort on this programme were unsatisfactory due to the number of customers reached.

We identified several partners in Derbyshire who have reach to the audience we were looking for. To pick the right one our CO manager used the selection tool to inform his decision as to which of these was best placed to help us. We settled on Derbyshire Fire and Rescue, which has increased our reach to high risk customers.

CO alarms

By partnering with the fire and rescue services in the areas most impacted by incidents of CO poisoning we have been able to reach 6,600 high risk customers and distribute CO alarms to them. Targeting our safeguarding partnerships in this way ensures we are having the biggest impact with the best value for money.

5 Spearhead industry collaboration

We will bring together the energy industry under a unified approach to tackle vulnerability. This will be achieved by continued collaboration and tested by arranging proof of concepts before rolling out services across the UK.

Our experience in working to safeguard customers has shown us that there is a significant amount of duplication of efforts among regulated utilities and other energy industry participants.

We have set out to lead the industry towards a unified approach in tackling vulnerability. As part of this we envisage sharing the cost and efforts and introducing standardised guidelines that will help us collaborate with our colleagues and our partners towards one goal: making a positive impact in the communities we serve.

This is a challenging and ambitious target but the potential benefit for society is significant – duplication of efforts leads to increased and wasted costs at a time when the industry is working to decrease them. In line with our values of courage and community focus, we have started the groundwork that is leading the industry towards a unified approach to tackling vulnerability.

A groundbreaking cross-energy industry approach to sharing PSR data

Building upon the work already completed through the SCWG, our Customer Safeguarding Manager and chair, Jo Giles, has continued to progress an industry-wide approach helping to ensure that consistency in service is a key driver when supporting customers in vulnerable situations.

Through our collaborative approach, we have implemented a large industry-wide two-way data flow. Our approach is leading the way for collaboration and our blueprint is being used to enable data flow changes to be delivered in 2018.

This has made it quicker and easier for customers to sign up to the PSR.

Through our cross-industry collaboration we have delivered many benefits for our PSR customers:

- 27 consistent needs codes
- Privacy impact assessment
- Verbal consent principles
- PSR promise
- PSR frequently asked questions
- Power of attorney process for PSR
- Data transfer assurance

We will strive to provide all with equal access to our services."

We are committed to continue to work to identify those services that can have a large impact upon customers in vulnerable situations to understand how they can be best adapted to improve their accessibility and drive positive and equal outcomes.

Website accessibility

In 2017/18 we made further progress on accessibility to our website. In partnership with the Royal National Institute of Blind People, it was redesigned to promote accessibility. Through the Safeguarding Customers Working Group chaired by us we developed sign language videos showing what to do if you smell gas, lose power or want to join the PSR.

Delivering broad engagement – costs and benefits 2017/18

	Source	Event	Cost	Actions	Benefit
Delivering a valued service to our customers	Customer contact	Proactive Customer Contact	£25,316	15,841 proactive texts sent to customers 1,619 proactive calls made after work complete	17,461 customers reached with 3,717 responses and 3,221 customers scoring 10/10 Early identification of service improvement
	Customer contact	Automated Customer Insights Solution	£110,340	New text solution implemented to provide real-time insights from our customers	Reduced feedback lag from two-six weeks with current postal survey to real time – 1,010 stakeholder responses so far
	Stakeholder panel	Stakeholder Advisory Panel	£2,000	Four panels held this year attended by 22 members representing seven stakeholder groups and 11 stakeholder sub-groups	Key insights gained on launch of company brand, priority service register, referral networks, R10 2 engagement plan, enhanced customer and stakeholder engagement plan, tackling fuel poverty
	Survey	Annual Consultation	Negligible	Key stakeholders surveyed to gain key insights to help shape our 2018/19 business plans	239 stakeholders responded to the survey identifying five key themes for prioritisation
	Independent audit	Stakeholder engagement benchmarking	£62,750	In depth independent review and audit over 6 weeks providing recommendations for enhanced stakeholder engagement	Gap analysis carried out to further inform our stakeholder strategy, ensuring effective engagement to influence our business plans
	Independent scoping and action planning	Stakeholder strategy, tools and processes	£194,350	Establishing new stakeholder strategy, tools and processes such as social return on investment model, central feedback repository and partnership tool	An enhanced stakeholder engagement strategy delivering tailored engagement, choosing value for money services, the right partners and focused project management

	Source	Event	Cost	Actions	Benefit
Safeguarding our customers	Workshop	Safeguarding customer working group	£ 80,000	Collaborative partnerships creating cross industry referrals Referral schemes added to our mapping and database systems which can be replicated across any geographical area	Providing customers access to referral schemes in their region App developed to enable the ease of referral for our front-line staff with 82 referral schemes
	Workshop	Safeguarding customer working group	£656,000	System enhancement for greater PSR functionality allowing for cross industry two way data flows	Quick referrals to DNO's allowing shared information Instant access for our front line staff to provide tailored services for PSR customers
	Conference	Emergency Service Conference	£747	Cadent attended the conference with a stand for locking cooker valves and priority service register	Reach of 7,599 emergency service stakeholders at the 2017 event
	Campaign/promotion	Age UK advert	Negligible	Advertising locking cooker valves to a high-risk stakeholder group	Increased reach in the Derbyshire area engaging on locking locker valves to a high-risk group. Has also led to conversations with Age UK head office for a national article
	Customer contact	Parliamentary Rural Vulnerability Day	Negligible	Hosted a joint stand with UKPN and Northern Powergrid	Encouraged discussion among rural MPs on how our safeguarding initiatives can help their constituents
	Partnership	Dementia Diary	£1,225	500 people living with dementia reached	Safety advice on fire, carbon monoxide, LCV and PSR given to our customers in vulnerable situations
	Conference	IGEM Annual Conference	Negligible	We presented on behalf of all GDNs on Safety Seymour, Codebreakers, social media campaigns, CO charity funds, CO school competition	Our CO messages reached 62 key stakeholders 95% of stakeholders rated the event as excellent or very good with our presentation ranked within the top three

	Source	Event	Cost	Actions	Benefit
Minimising disruption in our networks	Customer contact	London mains replacement engagement	£58,200	Print, postage, exhibitions, communication material, dedicated phone line and customer contact email address to update stakeholders throughout the mains replacement projects	30,000 stakeholders reached through our mains replacement engagement for the Chelsea Embankment, London project
	Customer contact	London mains replacement engagement	£30,462	Print, postage, exhibitions, communication material, dedicated phone line and customer contact email address to update stakeholders throughout the mains replacement project	25,000 stakeholders reached through our mains replacement engagement for the Fulham Road, London project
	Customer contact	North West mains replacement engagement	£9,850	Print, postage, exhibitions, communication material to update stakeholders throughout the mains replacement project	12,000 stakeholders reached through our mains replacement engagement this year for the Rudheath, King Street, North West project
	Collaboration/best practice	Lane Rental Review report	Negligible	We produced a report for the DfT showcasing the analysis carried out of Streetworks costs in relation to lane rental costs since implementation in 2011	We are in a unique position able to play a critical role in utilities, highways authorities and future codes of practice working hand in hand with other Utilities, Highways Authorities and the Department for Transport
	Customer contact	3D images sharing proposed impacts of mains replacement	£55,000	3D images are being created and shown at our high profile mains replacement drop-in session for North London	Customers and stakeholders can review and comment on impacts of our works allowing us to adjust our programme
	Collaboration/best practice	Cross utility group for the Street Manager project	Negligible	Product owner shaping the street manager project for the utility industry	Improving how we coordinate Street Works across utilities. Group attended by Kier, Balfour Beatty, Street Works UK, Virgin Media, Western Power Distribution, Openreach, Anglian Water, SGN and UKPN

	Source	Event	Cost	Action	Benefit
Providing a network for future generations	Forum	Sustainable Resources Forum	Negligible	Presented to stakeholders from the waste industry on the use of the Swindon demonstration plant	Improved awareness on the role waste can play in the energy mix
	Summit	Lincolnshire LEPs utility summit	Negligible	Presented to 60 stakeholders from local authorities, businesses, academics, MPs, regulators and utilities on how the gas network will continue to drive economic growth	Regional representation looking at options such as obligated reinforcement to ensure the gas network is not a barrier to growth
	Collaboration/ best practice	Cheshire and Warrington LEP Infrastructure Group	Negligible	Provide regional representation for Cadent within the North West group	Engagement and collaboration with 25 industrial stakeholders who speak as a collective about how they want to decarbonise industry
	Conference	ADBA Bio-Methane Conferences	£2,080	Cadent exhibited at both exhibitions on bio-methane and CNG Following the conferences we now sit on the ADBA advisory group	350 stakeholders reached increasing understanding on industry thinking about the use of bio-methane fuelling transport After the conferences we saw an increase in the number of fuelling station enquiries
	Collaboration/ best practice	Gas and Transport Industry Group	Negligible	We have helped to shape and create this group and have taken ownership of one of the four working groups	Key questions for gas and transport are being explored and answered through this group e.g. what does the Government need? Where does the infrastructure need to be built? How do we bring together plans for national collaboration?
	Campaign/ promotion	Low Carbon gas consultative forum	Negligible	We sit on this forum to engage with the energy industry on developments around low carbon gas	Stakeholder reach of EUA members, ENA, IGEM, Energy UK, trade unions along with standing invites to BEIS and Ofgem to observe
	Project	Leyland	£612	Element Energy report commissioned. Film and infographic produced	Film and infographic used to further engage on our CNG strategy for heavy goods vehicles
	Campaign/ promotion	Overall Future of Gas Film	£18,000	Brought together all our works including the footage shot for Leyland and Bio-SNG	Film and infographic used to further engage on the future role of gas strategy
	Project	Hy-Net (NW hydrogen clusters)	£5,194	Web pages for Liverpool and Manchester created	Wider engagement and promotion of benefits of hydrogen to decarbonise industry
	External report	Renewable Gas Potential Report	£73,500	Cost effective and practical options for the decarbonisation of heat explored	The report findings indicate that with the right policies and support, renewable gas production could grow substantially over the next 30 years. The potential contribution of Bio-SNG – gas from household waste – is highlighted
	Webinar	Department for International Trade Webinar	Negligible	Director of Safety and Network Strategy recorded a webinar used multiple times across the continent	Used internationally to develop further investment for the UK future energy infrastructure
	Campaign/ promotion	Industry and Parliamentary Trust	Negligible	We gave a keynote speech of activities (in particular Hy-Net, Hy-Deploy & CNG), our vision for the future role of gas, the challenges of decarbonising heat and transport and the need for a whole system approach	Parliamentarians and peers across the political spectrum engaged through this keynote speech
	External report	Energy Systems Catapult	Negligible	We have supported and provided demand and capacity data for the study which includes detailed modelling for the options of alternative heating in Berry	We have supported this work by ensuring hydrogen and disruption are included in the energy scenario modelling tool
Project	HyDeploy	£61,496	Initial safety checks on domestic appliances carried out A project launch event was held in London February attended by 100 stakeholders, including 33 from government, academia and in industry Three customer drop in sessions held reaching 30 stakeholders	To provide evidence to our stakeholders on the level of hydrogen which can be used safely in the gas network without making any disruptive changes to customers' appliances	

	Source	Event	Cost	Actions	Benefit
Collaborating across the industry	Workshop	RIIO 2 Regional Workshop Engagement	£150,067	Key insights gained around the priorities of our stakeholders now and in the future	Reach of 127 stakeholders representing 85 organisations
	Customer contact	Bilateral meeting with smart suppliers every 3-4 months	Negligible	Intervention reports produced within 24 hours to speed up industry learning for installers	10 suppliers receiving this report on a daily basis seeing the 1.2% of unnecessary interventions reduce to 0.88%
	Collaboration/ best practice	Monthly smart GDN meeting	Negligible	We established and host this meeting to facilitate best practice sharing	GR1 document reviewed each year and updated for continuous improvement
	Collaboration/ best practice	ICS Membership	£10,000	Membership with the ICS to ensure we can benchmark customer service performance and gain best practice outside of the industry	Early involvement with the ICS on the Connections process transformation and GD RIIO 2 customer engagement
	Collaboration/ best practice	UNC work group legal fees	£19,639	We worked with Shippers to put the legal text in place for three UNC proposals	Our collaboration with the Shipper community this year has led to process improvements to deliver reduced volatility of charges
	National Political engagement	Party Conferences	£42,067	Party conference sponsorship and associated expenses	Enabled us to meet a wider range of key stakeholders with the opportunity to discuss decarbonisation of heat and transport, as well as our valuable social initiatives

Part two

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**Delivering a valued service to
our customers**

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Safeguarding our customers

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**Collaborating across
the industry**



This year we have made a step change in our stakeholder engagement performance, underpinned by our enhanced customer and stakeholder engagement strategy. We have increased our reach of engagement with regional workshops, consultations and our Stakeholder Advisory Panel providing us with key insights that are shaping our business. In Part 2 of our submission we have showcased the priority customer outcomes we have delivered aligned to five key themes: delivering a valued service to customers, safeguarding our customers, minimising disruption, providing a network for future generations, and collaborating across the industry.

Delivering a valued service to our customers

Caring about the impact we have on the lives of our customers is vital to our success. It is paramount that we tailor our services to the different needs of the 10.9 million customers in our communities. Over this last year we have challenged ourselves to improve and further develop our strategy. We've created a step-by-step approach to ensure tailored and meaningful engagement. The feedback we have received has enabled us to deliver significant benefits for our customers and stakeholders.

What our stakeholders say about us delivering a valued service:

Consultation feedback

- "Contract management is excellent"
- "What can be done to speed up the reinforcement process?"
- "Have a customer-centric approach"
- "I am really pleased with the first steps taken on the Cadent journey: well done to all involved"
- "Agile and local arrangements to deliver output commitments to customers and communities"

Stakeholder Advisory Panel feedback

- "Increasing impact of social media is increasing the expectation of response time"
- "For CSAT any score of five or below should be treated as a complaint"
- "The best place to start is by mapping the customer journey"
- "Increasing impact of social media is increasing the expectation of response time"

Regional workshop feedback

- "There is now a greater concentration on customer service, which has gone down well"
- "Customers' main concern is speed and cost"
- "Our experience is that the people are excellent. But the systems and red tape, from a commercial side, when you're looking to make connection fast, timescales can be a difficulty"
- "Our relationship with Cadent is really positive. There's a lot of trust"

Highlights

■ Joint CSAT survey for IGT/UIP customers live

■ Implemented automated insight system to ensure timely feedback

■ £1.5 million recovered for end-consumers from our theft of gas process

OUR TARGETED ENGAGEMENT WITH UIPS AND IGTS CONTINUES



Our engagement programme with Utility Infrastructure Providers (UIPs) and Independent Gas Transporters (IGTs) continues to mature, and we now offer multiple ways for them to engage with us:

Quarterly meetings – Through our quarterly engagement groups, we have recently included specific subject matter experts depending on the customers' needs. This has resulted in our customers discussing service improvements with experts, allowing for a clearer understanding of business priorities and enabling faster resolution.

On-site meetings – Our account managers meet with existing and new customers at their place of business to listen, discuss and act upon issues important to them. We also meet bi-monthly with our customers who have the largest reinforcement projects.

Collaborative customer satisfaction survey – We were the first GDN to set up customer satisfaction surveys for UIPs and IGTs and have been gaining insights from them for several years. Last year we invited other GDNs to collaborate with us on a joint customer satisfaction survey so we could share best practice and learnings.

So far Wales & West Utilities and Northern Gas Networks have taken us up on our offer and have been working collaboratively with us to shape the survey questions.

The first quarterly online survey was issued in April 2018. The online platform makes it easy for customers to complete and makes analysis of results straightforward. The survey is in two parts: general industry questions and bespoke GDN questions.

Responses gained from our Cadent-only UIP/IGT surveys have helped us prioritise where improvements are needed and make sure feedback is acted upon.

Acting on engagement feedback

We have improved our land enquiry process after listening to feedback from UIPs and IGTs who told us it was unnecessarily complicated.

The procedure to apply for new connections to our network for new developments used to require a separate land enquiry for each connection point and load requested. Our developers can now request up to three connections and loads on one enquiry in the same five-day turnaround window.

Developers can see the options available to them straight away, for example, whether a fast track connection can be done or if reinforcement is needed, without having to submit multiple enquiries. Reinforcement is the extra work that sometimes needs to be carried out to the existing pipeline network before a new connection can be made. The whole process is now much quicker and cheaper for the developers.

We received feedback saying that our reinforcement process was too long, resulting in us changing the way we deliver reinforcements. We now have a dedicated customer service team providing a single point of contact for housing and commercial developers.

Thinking creatively about how we could further shorten lead times, we looked for innovative solutions. One successful idea we have implemented is providing a partial gas supply in advance of the whole site installation to provide gas to show homes.

Working with our customers to find alternatives to reinforcement has delivered positive outcomes. We have reduced the overall amount of reinforcement needing to be carried out avoiding unnecessary cost and disruption.

UNDERSTANDING THE NEEDS OF CUSTOMERS IN MULTI-OCCUPANCY BUILDINGS



We know interrupting our customers' gas supply has a big impact on our customers and their lives. Due to the complexity of works to restore the gas supply in a multi-occupancy building, sometimes our customers can be off for longer than we would like. Our priority is to get these customers back on gas as quickly as we can whilst recognising if they are off for long periods of time we need to support them further.

We wanted to find out directly from those affected how we could increase our support. We undertook a four week study conducting face to face surveys in January and February. We contacted customers from 19 different multi-occupancy buildings with ages ranging from 16 to 64 years.

Customers had experienced gas off times from 1-2 weeks or in the worst case over 7 weeks. We asked questions around not having cooking, heating or hot water during these periods.

We identified in the majority of cases that regular communication and information on what was happening with their reconnection was a priority.

Customers told us the temporary heating and cooking facilities we provide are generally sufficient for shorter term interruptions. Once a customer has been off for over 4 week being provided with oil filled radiators and gas ovens/grills became more of a priority. Regardless of length of interruption the provision of hot water was seen as a key requirement.

Due to the time of year the surveys were taken our customers also viewed the provision of thermal blankets, electric bed blankets and heated seat covers as a priority.

We have acted on the feedback received with the findings and the recommendations being fully supported by our executive team with our operational teams being given the support needed to deploy additional provisions in these no gas circumstances.

TIMELY CUSTOMER FEEDBACK SHAPES THE WAY WE WORK



Improving our 'end-customer experience' is vital to our success and to do that we identified we needed to respond more quickly to customer needs.

Under the current regulatory customer satisfaction process, it can be several weeks after a job has been completed before we receive customer satisfaction insights. We recognised that engaging with our customers immediately after work had been done could lead to a step change in customer satisfaction.

To test our approach we set up a trial which began in the Leicester area of our East of England network and quickly moved to other areas of the network. We chose areas receiving the highest volumes of complaints or lowest customer satisfaction scores.

Checking our customers' satisfaction levels earlier allowed our operational teams to take ownership of any concerns and resolve them quickly before the situation escalated to a complaint.

The data we gathered allowed us to identify areas for improvement. Our supervisors also provided coaching and feedback sessions to make sure both positive and improvement learning was shared across the business:

- Between June 2017 - March 2018 we sent 15,841 texts and received 3,717 responses with a response rate of 23%
- Of those that responded 3,221 scored us 10/10, 274 scored us a 9, and 222 scored an 8 or below
- Operational teams taking early ownership of dissatisfied customers resulted in no complaints being raised for jobs where we had taken follow-up action
- Customer satisfaction scores in East of England for our emergency process went from 9.41 in 2016/17 to 9.44 in 2017/18

The trial gave us confidence and the evidence that early intervention in the lifecycle of work improves customer satisfaction.

Due to our success in East of England, we are fast tracking implementation into our other networks and have implemented an automated texting solution.

LEADING THE WAY ON TACKLING THEFT OF GAS



Our customers have told us delivering gas safely at an affordable price is a key priority for them. Theft of gas from our network has an impact on bills and costs customers money. This year our relentless focus on investing and stopping theft of gas has resulted in the highest amount ever recovered.

£1.5 million was recovered this year which was nearly a 50% increase on the record year of 2015/16. We are leading the way for the industry, being the frontier performer discussing our findings and sharing our approach with the other Gas Distribution Networks.

A RELENTLESS FOCUS ON IMPROVING OUR CONNECTIONS PROCESS



Back in 2015 we implemented a Connections transformation programme, streamlining the process and reducing customer 'touch points' from 24 down to seven. We've been monitoring progress since and, using feedback from our daily contact with customers together with regional workshops and consultation insights, we have designed the next phase of continuous improvement.

This year we have brought all of our Connections business under one function and we have defined the next phase of service improvement, working with customers to test and fine-tune it along the way.

Customer feedback told us that our end-to-end process is not agile enough for their specific needs. We are now further developing our services in line with our customers' needs, taking advantage of technical innovations.



Early intervention in the lifecycle of work improves customer satisfaction"

AUTOMATED CUSTOMER INSIGHTS SOLUTION



Building on the success of the manual East of England customer text trial and working with customer experience experts we have taken the learning and implemented an automated text solution for real time customer feedback. The automated system has trigger points on work orders enabling us to extend our reach in a cost effective way.

We ask two qualitative questions on a scale of 1 (dissatisfied) to 10 (satisfied):

- How satisfied were you with the service provided by Cadent?
- How satisfied were you with the Engineer that visited your home?

So far we have received 1,010 responses on the 1st question scoring an average of 9.72 and 887 responses on the second question scoring an average of 9.85.

Safeguarding our customers

We are proud of the safeguarding services we deliver and recognise how essential our services are. Due to our frequent contact with customers, we often find we are best placed to identify those who may need extra support.

Feedback we have received on safeguarding:

Consultation feedback

- "Ensuring that support for vulnerable, low income customers is routinely incorporated into plans and strategies"
- "Make your initiatives relating to vulnerable customers more visible"
- "Keep working hard to make sure information is accessible to deaf people – great work so far"
- "Signposting communication opportunities to vulnerable groups"

Stakeholder Advisory Panel feedback

- "Partnership across electricity and gas"
- "Use of big data is an effective way to drive value. You need to understand what you can do with consumers' data"
- "Develop your service around an extreme user"
- "Language of communication is important. You need to use the language that everybody will understand"

Regional workshop feedback

- "Work with 3rd parties such as Age UK"
- "I am happy with Cadent, and I am glad to hear they're dealing with fuel poverty"
- "Try to define vulnerability rather than just asking whether a customer wants to be on a PSR"
- "People's perception of vulnerable is extremely broad and varied"
- "We need to shift away from using the word vulnerable"

Highlights

- 100% response rate on our definition of vulnerability survey
- 4,262 customers in our networks added to the PSR
- 116,439 CO surveys completed this year and 20,575 CO alarms distributed to high risk customers
- 5,841 fuel poor gas connections to qualifying homes and through our partners we have secured £7.5 million for new gas heating systems

This year we have updated our safeguarding strategy which focuses on three distinct areas: carbon monoxide poisoning prevention, supporting customers in vulnerable situations and alleviating fuel poverty.

DRIVING INDUSTRY CHANGE FOR OUR PRIORITY SERVICE CUSTOMERS



For the last five years we have been the driving force behind the introduction of a joined-up Priority Services Register (PSR) for all energy companies. Now a customer in a vulnerable situation only has to register once to allow their shipper, supplier, gas and/or electricity network distributor to be aware of their vulnerable situation.

Through the Safeguarding Customer Working Group, established and chaired by us, we brought together all energy companies to agree a consistent set of Needs Codes which made a single PSR registration possible. If one company signs up a customer to the PSR, their details are safely stored and shared by all energy companies with customer consent.

We have trained 1,097 front-line staff to identify customers who could benefit from being on the PSR, and we have introduced a PSR toolkit to support our engineers when dealing with customers in vulnerable situations. All operational new starters now receive safeguarding awareness training where real-life case studies are used to bring to life scenarios they might find behind any door.

Over the past year our efforts have resulted in 4,262 customers in our networks being added to the PSR.

Our employees encounter some customers with conditions that may impact on their capacity to make decisions for themselves, such as Alzheimer's. This year, on behalf of the gas and electricity industry, we sought agreement and implemented a Power of Attorney process with the Office of the Public Guardian. This means customers unable to make their own decisions can still register with the PSR with the appropriate consent.

Referral schemes link customers to essential support and advice

Our front-line teams visit customers in their homes on a daily basis. They are often in a unique position to identify if a customer would benefit from advice or help from care agencies or support groups.

We have built up contacts with 82 referral schemes throughout our networks for our colleagues on the front-line to connect customers with. They provide a simple, consistent and inclusive referral service to support and safeguard our customers by connecting them to the services they need that we are not best placed to provide.

This year we have continued to work with industry partners such as Western Power Distribution, local

and national organisations such as Citizens Advice and Age UK. Through these relationships we are working to ensure we are up-to-date with all the services that may be available to customers to help support and safeguard them.

We have completed desktop searches to ensure good coverage across all our networks and we have learned lessons from dealing with a range of situations our front-line employees have encountered and reported back on.

We are proud of our implementation of an innovative application we have developed allowing instant access to referral scheme information. Our new application provides our front-line employees with links to help them identify the services that are available and how to access them. All that is needed is a postcode to determine the schemes is available for customers in any particular area, allowing our employees to help customers on the doorstep access a wider support network.

Keeping Independent Gas Transporters up-to-date with our PSR approach

Our consultation feedback highlighted the need for us to tailor the way we communicate with our stakeholders. We recognised that it can be hard for Independent Gas Transporters (IGTs) to keep up-to-date with developments in the PSR. For smaller companies, attending different meetings held across the country can be a challenge and result in 'stakeholder fatigue' and an ineffective use of their time.

We have introduced two new approaches to keeping them updated. We attend their existing forums to cut down on the number of meetings they need to attend and, via the Association of Independent Gas Transporters, we presented our PSR approach by teleconference. We are proud that our efforts have resulted in the IGT community committing to support a consistent PSR approach.

EXTENDING OUR PSR APPROACH TO THE WATER INDUSTRY



Our Customer Safeguarding Manager, Jo Giles, has been pivotal in gaining commitment from the water industry to join the energy industry's approach to sharing PSR data by 2020. We have been working extensively with the water industry to share our PSR approach and to support their delivery model.

The ambition is for the energy and water industries to have shared PSR data so that customers are able to easily register and access safeguarding services across both energy and water industries.

Recognition of best practice by the UK Regulators Network (UKRN)

Our approach has been supported by the UKRN. They produced a report this year on the benefits of data sharing using our energy industry experience to create a single PSR registration process. The report recommended that our energy industry approach could be used by the water industry as a model for the way it deals with customers in vulnerable situations.

RAISING AWARENESS OF CARBON MONOXIDE (CO), THE SILENT KILLER



We have continued our relentless focus on educating customers and spreading the message about the dangers of carbon monoxide poisoning and how to prevent it.

To enable us to target our awareness campaigns at high-risk areas, we have combined several data sets to identify potential CO hotspots in our networks. We have produced heat maps to identify areas where people are most at risk. This has allowed us to effectively target our resources where they will have the most benefit.

This year we have sought out and built strong strategic partnerships with safeguarding and care organisations to help us reach those most at risk. We have developed and used cost benefit analysis and social return on investment tools to validate the initiatives and events where we can make the most impact.

Our partnerships

From our data-driven approach, we recognised the elderly as being one of our high-risk groups, and have partnered with Age UK to help deliver our CO awareness messages. The messages we convey are on the importance of having your boiler serviced and installing a CO alarm.

Our initiatives

It has been another busy and successful year for our safety bear. Safety Seymour has attended 64 classes, reaching 1,920 children with the potential to reach a further 3,360 family members and friends. We are delighted that our innovative approach to CO education has, with support and training from us, resulted in all GDNs delivering the workshops in their own areas.

Our targeted approach this year has resulted in us supporting and sharing our CO awareness message at stakeholder events with the emergency services, local authorities, care organisations and charities to speak on the dangers of CO, how to spot the symptoms and how to prevent it.

Over the last year we have integrated our CO doorstep surveys into our key customer facing services. This has resulted in us conducting 116,439 CO surveys and giving out 20,575 free CO alarms to those that need them most.

HELPING RURAL COMMUNITIES



We have been working collaboratively with rural communities as a member of the Rural Supporters Network (RSN) and we have been advising them on energy safeguarding services.

Our Customer Safeguarding Manager, Jo Giles, was a keynote speaker at the Parliamentary Rural Vulnerability Day, held at Portcullis House at Westminster. We also co-hosted, along with other members of the Safeguarding Customer Working Group (SCWG), a stand at this event on the energy industry safeguarding services we provide.

The event presented a great opportunity for us to showcase to MPs the safeguarding initiatives we have implemented, which could help their constituents who live in isolated rural locations and find it hard to access services.



The way you used drama and games to bring the learning to life really helped to reinforce the messages. Who could have thought that learning about carbon monoxide could be so much fun!"

Derbyshire school teacher

BIG DATA HELPS US IDENTIFY THOSE IN NEED



For many years the industry has been challenged on how to efficiently target resources to address fuel poverty and up until recently organisations have relied on inefficient and costly home visits to obtain the necessary level of assurance that a household would be eligible for support.

In response to this challenge and with our partner Affordable Warmth Solutions, The Sustainable Home Survey Company and leading behavioural economists The Behaviouralist, we have funded the research and development of a new predictive model which uses publicly available data to give a far more accurate (75-80%) indication of whether a home is likely to be Fuel Poor.

The data from the model (based on machine learning technology) can also be cross-referenced against available funding programmes, enabling government funds and subsidies to have the greatest impact.

Initial thoughts are if adopted by local authorities, energy suppliers etc. it has the potential to save tens of £millions when evaluated against expensive home visits. The model has the flexibility to assimilate local authority data as a further stage of validation, providing even more effective identification of areas of fuel poverty to target.

ENGAGING WITH STAKEHOLDERS TO TACKLE FUEL POVERTY



Many people are trapped in fuel poverty because they are on low incomes and live in poor housing with inefficient heating systems. Our Cadent-led partner organisation, Affordable Warmth Solutions (AWS), continued with its relentless focus on helping those in fuel poverty. The experience and expertise gathered over recent years has led to AWS establishing and effectively managing the application of the National Grid warm homes fund.

Across our networks, AWS has provided direct support to stakeholders and supported them in their applications for funding. Delivering direct support to over 30 organisations and working collaboratively with them and their local partners to identify around 2,500 new gas connections to Fuel Poor Homes.

The main purpose of the fund is to address fuel poverty by providing essential funding for the installation of affordable heating solutions in households that do not use gas as their primary heating fuel.

AWS works with local partners and supports their strategic plans across three broad categories:

- 1 Urban homes and communities** – this generally involves new gas heating systems to provide space heating and hot water and can also involve networked heating solutions.
- 2 Rural homes and communities** – some of the most severely fuel-poor households are those in the countryside without a mains gas connection. Here the focus is on non-gas solutions such as air source heat pumps, oil and LPG.
- 3 Energy efficient/health related solutions** – this involves national or regional engagement which brings together organisations and charities that deliver and promote energy efficiency and health related solutions to address fuel poverty.

LOCKING COOKER VALVE INTEGRATED INTO OUR OPERATING MODEL



The introduction of our social return on investment model has helped us to understand the social value a locking cooker valve has for our customers and for society as a whole. For each valve fitted for £167 the potential social saving of the customer being able to stay in their home is tens of thousands of pounds per year.

We have established new strategic partnerships enabling us to reach even more

customers who would benefit from the service, resulting in us fitting 277 valves this year alone. This means 277 customers and their families are now safer in their homes. It is our privilege to be able to help our communities in this way.

We have also shared the success of our operating model and partnership approach with the other GDNs to help them broaden their reach and increase installations of valves across the UK.

Minimising disruption

We recognise the impact our works can have on our customers. They have told us that keeping disruption to a minimum on both roads and to gas supplies must continue to be a high priority for us. We are focusing our efforts on improving the way we work, making sure we remain agile in adopting innovative, best in class approaches.

What our stakeholders have said about disruption:

Consultation feedback

- "Invest in minimising the impact of your works"
- "Try and see the situation/ problem from the perspective of your customers/external communities"
- "Consider innovations that save time on site"
- "Minimise impact on the road network"
- "Liaise with public for streetworks"
- "Drive down disruption to highway users"
- "Work with local authorities to deliver programmes"

Stakeholder Advisory Panel feedback

- "Reduce the length of time in the road / driveway is open"
- "Innovate to keep the gas on"
- "Practical consideration around decarbonisation – impact of scenarios on streetworks"
- "Work on your main themes for customers' dissatisfaction
 1. Uncertainty of when the work will be complete.
 2. Length of time from start to reinstatement"

Regional workshop feedback

- "Cadent should make their plans more flexible and adaptable to change"
- "Road closure and trenching is a problem"
- "Co-ordination of streetworks with other utilities"
- "Cadent know their network well and they're knowledgeable"
- "If you've got to do streetworks, it would be better if gas/electricity and water could get in there and fix the problems at the same time, as it causes less disruption"

Highlights

- 55,000 letters sent to stakeholders for the Chelsea and Fulham mains replacement programmes
- Gold award from the City of London for Considerate Contractor Street Works Scheme
- First phase of the Street Works Manager project complete February 2018

OUR DEDICATION TO TRANSFORMING STREET WORKS



The Street Manager project is being run by the Department for Transport (DfT). Its purpose is to transform the planning, management and communication of street and road works through the use of open data and intelligent services. This project will enable all utilities and authorities to better coordinate their works much more effectively, minimising congestion, reducing disruption and improving journeys for road users.

Our Strategic Street Works Manager, Paul Gerrard, has played a vital leading role in the Alpha phase of the project representing all utilities. The nomination, sponsorship and appointment of Paul reflect the importance, experience and expertise that we were able to bring to this critical project and demonstrated the trust we have gained with our key stakeholders.

The key role undertaken over a four-month period was to communicate, engage and interact with other key utility representatives including the

chairmanship of a bi-weekly group meeting composed of stakeholders from Kier, Balfour Beatty, Street Works UK, Virgin Media, Western Power Distribution, Openreach, Anglian Water, Southern Gas Networks, and UKPN. The meetings were held to update and gain feedback on progress and to ensure that fellow utility companies had their views recognised and they were updated on progress and were able to positively influence the outcomes.

The Alpha phase successfully met its objective in defining a MVP (minimum viable product) that could successfully be taken through to the Beta stage. In April 2018 the MVP also met the standard of the GDS (Government Digital Service) requirements enabling progression through to the Beta stage. The Beta phase is due to commence in May 2018 and we are committed to supporting this initiative that will make a step change in Street Works administration, improved collaboration and coordination, bringing service delivery into the digital age.

3D MAPPING BRINGS OUR ROADWORKS TO LIFE



Our mains replacement roadworks often pass in close proximity to buildings and landmarks, placing pressure on the engineers planning and carrying out the work. Our stakeholders have told us it's crucial disruption is kept to a minimum. We have trialled a new innovative approach in our London network to help us overcome this.

The approach is to cross-reference data from Google Earth with our own engineering drawings and combine that with local engineering knowledge to create a virtual 3D map. This is an aid to planning and something we can share with the public and other stakeholders to help them understand in advance the size, scale and impact of our roadworks.

The 3D site map allows engineers to identify core elements of a project in unrivalled clarity. They are able to pinpoint key isolation points, locations of where pipes will be inserted and received, obstructions, areas that need traffic management and special engineering difficulties.

In the trial, the highway authorities were able to model and adjust their traffic management plans accordingly and local businesses could assess the impact and make alternative parking arrangements for delivery vehicles.

From this approach we are also seeing the added environmental benefit through lower carbon emissions, due to the reduction in the number of holes we need to dig.

WEKO SEAL PROBLEM CRACKED



We continue to look for innovative ways to solve problems and prevent disruption for our customers.

One problem we were trying to tackle was to speed up the time taken to check and replace Weko seals. Weko seals are proprietary seals that sit inside large diameter metal pipes to provide extra protection against leaks.

The seals need to be checked, maintained and replaced. The method for doing this used to be to dig a number of trial holes, locate the joint, expose it and send operatives into the pipe to manually check it. This is a lengthy process, costly, and causes disruption to road users.

We were determined to find an effective solution. Our first solution was to put a wheel clamp into the pipe to locate the seals. After findings showed the configuration and depth of the pipe made the solution ineffective, we stopped the trial.

The next option was to use a camera specially designed for use inside live gas mains fitted with Weko seals. It has been tested in three high-profile locations in central London with excellent results. The camera can travel up to 300m including around bends and over Weko seals.

The camera gives an exact location of where we need to dig down so we know which customers we need to engage with before we start. We no longer have to dig trial holes so the job can be completed much faster, with less time spent working in the roadway.

COMMUNICATION IS VITAL FOR MAINS REPLACEMENT



Engaging local authorities on mains replacement

Our London network covers the most highly-populated city in the UK and is hampered by traffic congestion, sometimes made worse by roadworks.

For the second year running we have held a targeted stakeholder event in London to help us understand our performance through the eyes of the local and highway authorities. Based on last year's feedback, we also wanted to provide early notice of our upcoming projects to allow our stakeholders' requirements to shape the programme.

Two main themes came out of the event: one was around how we plan and manage our programme of work; and the other was around more regular engagement and communication.

Although our stakeholders recognised that our plans change, they asked for a stable programme with fewer changes. Where we do need to bring work forward or work overruns they asked to be informed as soon as possible. They were also keen to receive performance and general updates more regularly as well as have more regular collaboration meetings.

We also asked for feedback on how we performed on our commitments from last year:

- **Programme and planning:** 81% say we have either completed or are making good progress on our commitments
- **Collaboration and co-ordination:** 56% say we have either completed or are making good progress on our commitments
- **Peer-to-peer communications:** 50% of our stakeholders have experienced an improvement in our communications
- **Wider customer and stakeholder communications:** 75% say we have improved or are making good progress on our communications.

We have already refreshed our commitments following the event and following our stakeholders' feedback we will hold another event next year. We have also held similar engagement sessions in Manchester for our North West and West Midlands networks.

Chelsea Embankment mains replacement

The densely populated nature of London makes any mains replacement a challenge. Keeping the traffic moving and minimising disruption to homes, businesses and members of the public is our priority for our stakeholders. Our approach is to provide good communications before and during a project to understand the impact of our work and to help maintain positive relationships.

In the current phase of the three-year Chelsea Embankment mains replacement programme, Transport for London (TfL) agreed to a four-month closure of the westbound carriageway. This positive move demonstrates the trust TfL have in us to deliver on our promises and reflects the strong relationship we've built up with them over this RIIO period.

Before the work started we held a public exhibition in November at the National Army Museum and sent 30,000 letters to residents and businesses affected, with a follow-up postcard advertising the exhibition. Newsletters were produced for the exhibition describing the project and explaining why mains replacement work is necessary.

The project management team, including representatives from the Royal Borough of Kensington and Chelsea (RBKC) and TfL, were on hand at the exhibition to answer questions from members of the public.

A Community Liaison Group was established during the project which held regular meetings to discuss progress of the work and deal with any problems that cropped up, helping to maintain a continuous dialogue with the local community. We also engaged with local MPs to keep them updated.

Responding to feedback from residents, we arranged for a temporary shuttle bus service and bus stops. We placed 'Residents Access Only' signs in streets around the King's Road to stop them being used by others.

We coordinated our programme with work carried out by the Thames Tideway Tunnel Project on the Chelsea Embankment. Both projects were able to take advantage of the westbound carriageway closure, considerably

reducing the potential disruption for those living and working in the area. It was a perfect example of how working together can help reduce disruption.

Fulham Road Phase 3

A similar pre-work communications programme was planned for Phase 3 of the Fulham Road project with an exhibition held in February in Hume Hall at Chelsea Methodist Church on the King's Road. Letters were sent to 25,000 residents and businesses.

The traffic management plan was shared and we ran films showing a virtual representation of the streetworks. Using our experience of the Chelsea Embankment we arranged temporary traffic lights and bus stops in agreement with the local authorities.

Cheshire mains replacement

This year we undertook the biggest replacement project in the North West for many years in Cheshire replacing 3km of pipe including 18inch cast iron mains at key strategic points. The main supplied 15,000 residents and businesses. Ensuring minimal disruption to our customers was paramount to us. Meticulous planning was undertaken with colleagues from construction, planning, design, customer operations, temporary works, engagement and media teams all joining forces to ensure the project went smoothly and that all stakeholders were kept informed at all times.

12,000 customer communications were distributed to every property in the vicinity of our works and four Village Hall engagement opportunities were taken up by more than 250 people, with representatives from businesses and residents speaking with gas engineers and members of the project team to discuss any issues and ask questions about the scheme.

We worked closely with Cheshire West and Chester Council and also liaised with Cheshire Police, M6 North West England, Kier (working in behalf of Smart Motorways) on timing and traffic management as we kept disruption to a minimum.

MODEL FOR SUPPORTING OUR STAKEHOLDERS TO DELIVER MAJOR INFRASTRUCTURE PROJECTS



We have developed a model for supporting our stakeholders for major infrastructure projects such as HS2, Heathrow Runway 3 and Crossrail 2 to make sure we can complete the necessary engineering work that these projects will require.

The high-speed rail HS2 project will have the biggest impact on our networks. The significant impact to our communities requires broad and deep stakeholder engagement. The projects mean we need to complete over 100 pipeline diversions along the approved route.

To ensure we engage effectively and manage this work accordingly, we have created a dedicated team providing a single point of contact for all enquiries, including engineering and planning. We have engagement and engineering plans in place, with work due to start in the summer of this year.

Using this proven successful HS2 project model as a blueprint, we have committed to establish teams for upcoming major projects Crossrail 2, Heathrow Runway 3 and Thames Tideway to ensure the needs of our stakeholders are met.

KEEPING THE ENERGY FLOWING FOR OUR CUSTOMERS



Our customers have told us that keeping the energy flowing to their homes and businesses is a high priority. Insights gained from the 'willingness to pay' research carried out and reported in last year's submission also told us that security of supply is a top priority.

Our job is to keep the gas flowing but there are rare occasions when we lose a supply to customers. It is therefore a priority for us to look at new ways to get gas supplies restored sooner following a loss of gas incident. Using the experience gained from previous incidents, we have been able to identify the actions that we need to take to speed up the process.

The Ampthill incident, in which 6,000 of our customers lost their gas supply, demonstrated that improvements in our processes and procedures significantly reduced the time our customers were without gas. We delivered a 50% reduction in the overall restoration time and have implemented these improvements in to our incident procedures.

Providing a network for future generations

Meeting the UK's 80% carbon emission reduction target for 2050 will require domestic emissions to be reduced by at least 3% per year. Our position is clear; gas has a critical role to play in the future energy mix. Both the long and short-term role of gas must be considered if we are to meet the demands of the energy trilemma – security, affordability and sustainability.

Our stakeholders are looking for us to take a lead:

Consultation feedback

- "Ensure the value created for all is sustainable"
- "Engagement/lobbying with government and regulators to achieve better deals for customers"
- "Take the lead in low-carbon distribution network innovation for a low-carbon future"
- "Continue to demonstrate options for the future of gas"
- "Continue to provide the industry with good information"

Stakeholder Advisory Panel feedback

- "If you really want to understand regional issues you need to understand political regional issues"
- "22 million homes using gas as well as business. We need to make sure the early adoption areas do not unduly bear the cost of decarbonisation"
- "Hydrogen is starting to gather pace round the world"
- "Solve waste / landfill challenges"
- "Demonstrate to be able to change policy"

Regional workshop feedback

- "People will put up with cost/disruption/change as long as they can foresee a tangible benefit"
- "The target on HGVs is where you can have a lot of benefit, if you look at the emissions it's only 1.5% of the vehicles, but you'll have a massive impact"
- "It's not just individual disruption that's the issue, but community disruption too"
- "One size doesn't fit all"
- "The transparency of what's being delivered is vital"

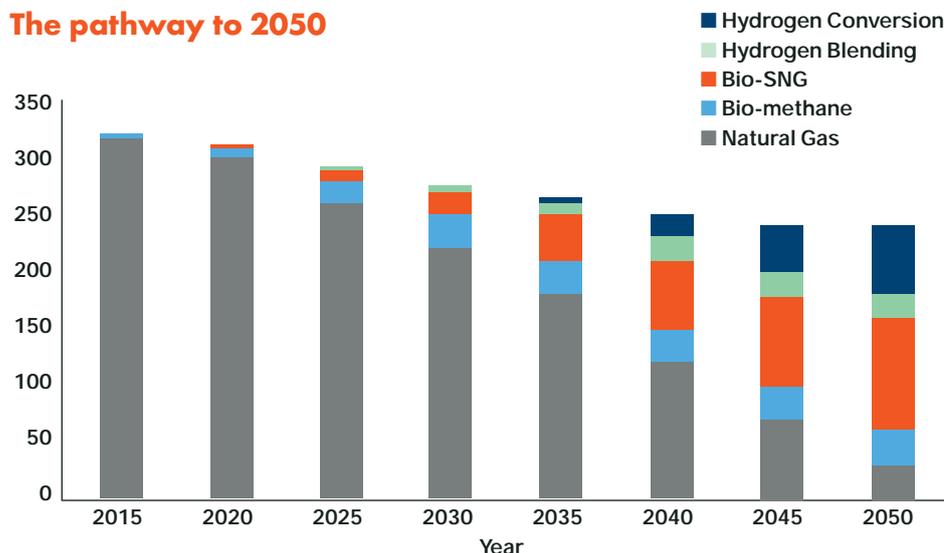
Highlights

- 29 bio-methane connections with a maximum capacity to supply 191,000 homes
- Bio-SNG has the potential to meet one-third of the predicted 2050 heat demand
- 84% savings on CO₂ emissions can be achieved through using CNG as an alternative to diesel

We have identified that one solution may not be the best outcome for all of our networks. This year we have continued to explore multiple options with our stakeholders, taking regional differences into account. We are considering all innovative solutions, while still recognising our network needs to be flexible to allow different types of gas to flow.

The potential change in the mix of gas in our network up to 2050 is significant.

The pathway to 2050



Our customers have told us they would continue to use gas if it presented the lowest cost option available that causes the least disruption to their homes and business. The KPMG report highlighted that utilising the gas networks provided the lowest cost and least disruptive pathway to decarbonising heat. This year we have continued to inform the debate and support our customers and stakeholders so they are fully aware of the options available, making sure their needs and priorities shape our future strategy.

We are at the forefront of collaborating and trialling innovative solutions that will fully support a decarbonised energy mix in the UK. Our submission this year demonstrates some of the large-scale projects we are undertaking, measuring both the technical and social impacts.

We also recognise we have a significant role to play in actively supporting the right energy mix. We are working with electricity networks to make sure a holistic approach is taken. For example, one of the areas we have been collaborating on is the potential impact mass electrification of vehicles could have on the electricity grid and how gas has the potential to alleviate that pressure. We are now working in partnership across the gas and electricity networks on energy system scenario modelling for heat and transport.

BIO-SNG: REDUCES LANDFILL, CUTS CARBON EMISSIONS AND HEATS YOUR HOME



As we first highlighted in our 2015/16 submission, together with our project partners, we are at the forefront of the green gas revolution, backing game-changing gasification technology which makes low carbon substitute natural gas (Bio-SNG) out of household and wood waste.

The Swindon Commercial Demonstration plant, which is due to deliver renewable gas into the local gas network later this year, has the capacity to convert 10,000 tonnes of waste per year into grid quality gas, enough to heat 1,500 homes or power 75 HGVs. This project is NIC funded and supported financially, by us in the form of commercial loans to developers. Over the last year we have focused our stakeholder engagement on promoting the role of renewable gas in the future energy mix as a practical alternative for customers, emphasising its flexibility to provide energy for heat and transport. We've hosted and attended a range of events and meetings with industry and government agencies to promote the plant and the technology behind it.

Once the technology matures, it is expected to be able to deliver green gas at a cost approaching that of natural gas, with minimal disruption to end-consumers. Studies have indicated that there is a potential for renewable gas to meet one-third of predicted 2050 domestic heat demand, or to power all of the UK's HGV fleet. Our Bio-SNG partnership won the 2017 Energy Institute Technology Award for the successful pilot plant at Swindon.

INCREASING OUR BIO-METHANE CONNECTIONS



Bio-methane is a renewable gas made from biodegradable matter such as food waste, sewage or energy crops. It has a key role to play in a low-carbon economy. Our commitment has continued this year to focus our efforts on making it as simple as possible for bio-methane producers to connect to our network.

We have now successfully connected 29 bio-methane plants to our network, able to supply gas to 176,289 homes working at maximum output.

Our stakeholders told us it was difficult to know where we have available capacity on the network for bio-methane connections. We looked at options to make it clearer, leading us to create capacity hotspot maps for potential producers.

These maps show where we have capacity to connect, making the process simpler and providing our stakeholders with the information they need upfront. It saves producers time and effort and reduces the overall process by 15 days.

Making life simpler for bio-methane producers

Our customers want us to deliver value for money services. We have identified two further areas of potential for cost savings in our processes – gas quality risk assessment and annual equipment checks.

For each bio-methane connection the plant owners are required to verify the quality of the gas before it goes into the network through a gas quality risk assessment. We have successfully implemented a new, simpler and cheaper gas quality test which allows for off-line gas sampling reducing downtime for maintenance.

We recognised that this safe, simplified and cost-effective approach was industry-leading and needed to be shared as best practice. To communicate it across the industry we have shared it through the Energy Networks Association and organised a series of Operators' Days with at least six operators attending each event.

By providing producers with a consistent process for carrying out annual equipment checks, we've also reduced the time it takes to complete annual maintenance, which in turn reduces the plant downtime and lowers costs.

Raising awareness of bio-methane to fuel transport

With our targeted engagement strategy we decided to exhibit at the Anaerobic Digestion and Bio-resources Association (ADBA) conferences in September and December 2017 which attract industry bodies, local authorities and prospective developers. We saw that there was a lack of awareness in the industry on the use of bio-methane for fuelling transport. Since then we have seen an increase in the number of fuelling station enquiries with two stations in detailed design and a further 10 enquiries to connect to our network.

In order to hear stakeholder's views and represent our customer's interests we applied to be a member of the ADBA Advisory Board and were delighted to be accepted and represent all gas networks.

DE-CARBONISING TRANSPORT



In our 2015/16 submission we shared news of the first commercial installation of a high-pressure Compressed Natural Gas (CNG) refuelling station, connected to the local transmission system at Leyland in Lancashire. The John Lewis Partnership is the main customer for the station and fuels its fleet of HGVs based at its nearby regional distribution centre.

This year we commissioned an independent report by consultants Element Energy. It showed that connecting directly to the high-pressure gas system has increased environmental benefits as less energy is needed to compress the gas to make it usable as fuel.

Key highlights from the report are:

- 84% savings on CO₂ emissions when compared to existing HGV operation ('oil well to motion' figures).
- Bio-methane CNG dispensed from Leyland is 35-40% cheaper than diesel.
- New Waitrose CNG trucks save 100 tonnes of CO₂ a year per truck.
- A refuelling station on the high-pressure system emits 79% less CO₂ than stations on the medium-pressure system.

Decarbonising HGV transport is more challenging than for smaller vehicles due to the energy needed to power them. We believe the success of Leyland, demonstrated in the Element Energy report, needs to be shared.

In order to broaden our stakeholder reach, we used a multi-channel approach to communicate the benefits and wider application of CNG filling stations across the country.

We have hosted stakeholder visits to site, made use of our website and social media, produced videos, sent targeted press releases and been keynote speakers at various conference presentations to highlight the benefits of CNG for HGVs. This has also provided us with the opportunity to gain feedback which is shaping our future strategy.

We are now working with industry partners to increase our CNG infrastructure using the findings from Leyland to produce feasibility studies for other sites across our networks. The next plants are likely to be in Birmingham and Northampton, which are in prime positions close to major transport routes.

Our CNG facility at Leyland won the Utility Week 2017 award in the Environment category. The judges were impressed with the 84% drop in emissions compared with diesel trucks.

HY-DEPLOY PROJECT PUTS HYDROGEN IN THE MIX



We are leading a three-year ground-breaking project, Hy-Deploy, that will provide evidence of the level of hydrogen which can be used safely in the gas network without making any disruptive changes to customers' appliances. Hydrogen does not produce any CO₂ when it burns – just steam and heat – and its widespread use blended with natural gas has the potential to reduce carbon emissions by as much as 6m tonnes a year.

Initial safety checks on domestic appliances at the Keele University campus began in January 2018 and ran until March. The safety checks included testing three types of bottled gas through the meter: zero hydrogen, 20% hydrogen and 28% hydrogen.

The evidence from in-situ trials, as well as laboratory tests, has gone to the HSE to obtain an exemption to go ahead to a live trial to start in Summer 2019. The live trial will test how hydrogen blend with natural gas compares to natural gas in daily use, for example how appliances perform and how the network operates.

A project launch event was held in February in London and was attended by 100 stakeholders, including 33 from government, academia and industry. Stakeholders were particularly interested in technical aspects of using hydrogen as a domestic gas fuel. Press coverage from The Energyst magazine, Energy Live News, City A.M., Network magazine and further increased our customer and stakeholder reach.

The Hy-Deploy project is also helping to build up a hydrogen supply chain by encouraging manufacturers to develop flexible home appliances able to burn hydrogen.

HYDROGEN IN INDUSTRY



In partnership with Progressive Energy we have been looking at innovative solutions to aid decarbonisation in the industrial sector.

We have developed a conceptual study funded through the NIA called Hy-Net which provides a practical and economic framework to introduce hydrogen into the gas network in the Liverpool-Manchester area covered by our North West network. Our North West network has the highest number of major industrial gas users out of our four networks.

The exciting Hy-Net proposal is to convert natural gas into clean-burning hydrogen. The process removes CO₂ from the gas, which is then captured using Carbon Capture Usage and Storage (CCUS) technology. The hydrogen would then be supplied to a core set of major industrial users and fed into the local gas distribution network as a blend with natural gas.

Our regional engagement in the North West has drummed up a great deal of support from industry, local government, Local Enterprise Partnerships, MPs, mayors and local energy hubs. It has allowed us to effectively share project knowledge and build a hydrogen hub of 25 industrial users. Following our engagement with the Progressive Policy Think Tank we have been asked to be part of the green summit vision for Manchester as a low-carbon city.

Steve Rotheram, the Mayor of the Liverpool City Region, Andy Burnham, Mayor of Greater Manchester, and the Cheshire and Warrington Local Enterprise Partnership sent a joint letter to Claire Perry, Minister of State at BEIS, expressing their support for our Hy-Net project and calling for the government to support both CCUS and the development of a regional hydrogen network.

ENGAGING WITH POLITICAL LEADERS TO MAKE THE CASE FOR GAS



Our stakeholders have told us we need to continue to engage broadly on the future role gas has to play in the decarbonisation of transport and heat. Our research programme, size, scale and reach puts us right at the heart of supporting the transition to a low carbon economy.

Our political engagement continues to demonstrate the vital role that gas networks play now and in delivering the low carbon energy system of the future. We have been engaging on five key areas:

- 1 Communicating the customer benefits of future energy solutions that incorporate gas: low cost, low emissions, low impact energy.
- 2 Moving the conversation from 'gas network' to a 'whole systems approach' reinforces the critical role that gas

networks will play in conjunction with other energy providers.

- 3 Demonstrating our vision to evolve the gas network to meet the 2050 decarbonisation target (80% emissions reductions based on 1990 levels) and make considerable contributions to interim carbon budgets for heat and transport.
- 4 Clarifying that there are 'multiple pathways' towards our shared objective: there are a range of different technologies and roadmaps towards decarbonisation targets, many of which will be region-specific approaches to energy and infrastructure.
- 5 Showing how we can implement solutions today that contribute to decarbonisation targets without impacting on our ability to make future network decisions.



NATIONAL POLITICAL ENGAGEMENT – PARTY CONFERENCES



In the autumn of 2017 we attended both the Labour and Conservative Party Conferences under our new brand, Cadent, and contributed to a number of discussions on energy, transport, waste, our social initiatives and the impact of devolution.

In October, we hosted a reception at the Conservative Party Conference. Around 100 delegates attended, including MPs, ministers, the Secretary of State for Business, Energy and Industrial Strategy (BEIS), Rt Hon Greg Clark MP, senior business leaders and councillors. Sponsoring a high-level reception at the conference enabled us to meet a wider range of key stakeholders, putting our new company at the heart of discussions on decarbonisation of heat and transport and allowed us to talk about our valuable social initiatives.

At the conference, we held several valuable discussions including a face-to-face meeting with Greg Clark and his special advisors, numerous MPs and key influencers in the Party.

We attended and contributed to a variety of fringe events at both conferences. We also met with Labour Party members of the Transport Select Committee, supplemented by briefings with the mayoral energy and environment leads for London, Greater Manchester, and the Liverpool City Region.

Our engagement has opened up further meetings with key policy-makers. We have been invited to help shape the energy and infrastructure vision for Greater Manchester, the Liverpool City Region and the West Midlands. Through our engagement we are making a valuable contribution to the regions where we live and work.

PARLIAMENTARY AND REGIONAL ENGAGEMENT



Our engagement needed to be broad and targeted this year. We have participated in a number of committee meetings with energy ministers and officials on specific issues to support important energy discussions. These include:

- A roundtable discussion led by the gas industry with the energy minister Richard Harrington MP and a number of BEIS officials in January where we stressed the need for government support for a carbon capture utilisation and storage (CCUS) demonstration project in the North West.
- A meeting with the Senior Clerk of the BEIS select committee to discuss the contribution that Cadent can make to the scope of future inquiries and key discussions on heat, energy efficiency and network costs.
- We gave a talk on clean energy and the role of gas at an Industry and Parliament Trust (IPT) breakfast reception. The IPT is an influential charity which brings parliamentarians and industry together to foster better understanding between the different sectors.

Regional political engagement

We were determined to increase our regional engagement this year. We have successfully engaged with mayors and MPs in our networks, seeking mutual understanding of both local and national needs, the desired outcomes for each region and how we can work collaboratively to deliver the right changes. We remain committed to working on regional solutions.

Greater Manchester

We met with Andy Burnham, Mayor of Greater Manchester, as part of a roundtable on his vision for the region as a centre for low-carbon technology and contributed to his flagship 'Green Summit' in March 2018.

Our CEO, Chris Train, received a personal invitation from the Mayor to comment on the Greater Manchester Infrastructure Strategy and we have indicated our support and willingness to be involved in infrastructure developments in the region.

Liverpool City Region

We have met with Steve Rotheram, Mayor

of the Liverpool City Region. Through our engagement with his broader team we participated in Mr. Rotheram's first energy roundtable during which we discussed the challenges of decarbonisation and regional solutions such as our HyNet project.

West Midlands

Along with a number of senior business leaders, our CEO Chris Train attended a breakfast business meeting with the Mayor of the West Midlands, Andy Street, in February to discuss the Mayor's plans to put business at the heart of the region's growth. This is an important avenue to develop and allows us to support and influence the region's growth and build a community of stakeholders we can use to develop our business plans.

We have also met with representatives of Coventry's City of Culture 2021 team. We are exploring ways in which we can jointly support Coventry's proposed programme of activities.

Transport for West Midlands

We met with the Transport and Infrastructure leads for TfWM to seek support for our proposals for an integrated waste and transport solution in the Tyseley area of Birmingham.

With the support of Mayor Andy Street, we engaged a wider stakeholder representation. This led to a meeting with key regional stakeholders in local government in which we sought their views on and support for the development of our proposals in Tyseley.

London

We attended our first meeting of London Mayor Sadiq Khan's High Level Infrastructure Group charged with bringing together development and infrastructure leaders to respond collectively to the challenges and opportunities presented by London's growth. Our contribution allows us to directly support and positively influence London's pattern of growth and ambition to be a zero-carbon city.

Chris Train also met with Jules Pipe, Deputy Mayor (Planning, Housing and Regeneration), who has responsibility for infrastructure development and convenes the High Level Infrastructure Group.

SPREADING OUR MESSAGES VIA GLOBAL ENGAGEMENT



Our Safety and Network Strategy Director led a webinar hosted by the Department for International Trade, (DIT), focusing on the role of the gas networks in the UK and the potential for the UK to become a global leader in the low-carbon energy sector. The webinar was focused on investors and the DIT in South Asia.

Collaborating across the industry

A consistent theme from all of our engagement this year is to continue our focus on collaborating across the industry, improving our service in the most cost-effective way. We have demonstrated throughout our submission our collaborative approach to customer service, safeguarding, minimising disruption and future role of gas. Our enhanced stakeholder engagement strategy demonstrates our commitment to identifying the most effective partnerships to gain the maximum benefit for our customers.

How our stakeholders would like to see us collaborating:

Consultation feedback	Stakeholder Advisory Panel feedback	Regional workshop feedback
<ul style="list-style-type: none"> ■ "More partnerships with other utilities" ■ "Work closely with other network operators to build consensus" ■ "Continue to seek opportunities to collaborate" ■ "Collaborating across all energy sectors" ■ "Collaboration with all GDNs" ■ "Ensure a culture of collaborative working is adopted by all employees" 	<ul style="list-style-type: none"> ■ "Closer relationships/partnerships with shippers and suppliers to understand customer satisfaction" ■ "Go external and look at different industries for best practice" ■ "Shipper/suppliers might see your customers as their customers" ■ "Partnership across electricity and gas" 	<ul style="list-style-type: none"> ■ "All our interactions have been positive. We have been given information readily when we have asked for it" ■ "I deal with a lot of utility organisations and Cadent is excellent, everybody seems very adaptable and open to flexibility" ■ "I deal with the same people all the time which is good as it is a built-up relationship" ■ "Cadent should continue collaboration with other groups"

Highlights		
■ 24-hour feedback mechanism to suppliers for feedback on SMART installations	■ Taking an industry lead in Uniform Network Code modifications for the GDNs	■ SMART preventable callouts reduced to 0.88% through industry education

GETTING SMART ON SUPPLIER FEEDBACK

Our stakeholders have told us we need to continue the programme to install SMART meters in every home by 2020, which is well under way. We are working hard to make sure this does not negatively impact our customers or the level of service they receive.

In delivering a 'right first time' customer service, we identified high numbers of preventable or unnecessary callouts to homes that had recently had a SMART meter fitted. Working collaboratively with gas suppliers, they told us it would be helpful to them if they had immediate feedback on which callouts were unnecessary. In response we developed a feedback mechanism to advise gas suppliers of our findings within 24 hours. Our proactive reporting approach was recognised by BEIS as industry-leading and we have shared our approach with all GDNs who are now all providing reports on request.

Our analysis suggested that by providing improved training and greater knowledge to meter installers,

a significant number of jobs could be dealt with in the first meter installation visit. Providing the timely reports to gas suppliers has allowed for direct feedback to installers, resulting in safer installations and freeing up engineers for other emergency works.

In September 2016, when we started direct feedback, preventable callouts were running at the rate of 1.2%, which equated to 550 visits per month. Throughout the year, thanks to our focused approach to educate gas suppliers, we have seen the rate drop to 0.88%. As the rollout of SMART meters has ramped up by an additional 30,000 per month since September 2016, our proactive feedback mechanism has prevented approximately 250 unnecessary visits per month.

This programme has been widely praised by gas suppliers who find the feedback provided invaluable which will lead to further service improvements.

MANAGING 'UNIDENTIFIED GAS' VOLATILITY



In supporting industry change, our approach is to work collaboratively with gas Shippers to deliver mutually agreed beneficial outcomes for gas customers. Our stakeholders have consistently told us they want us to continue to lead on industry change. Our efforts this year, working with the gas Shipper community, has led to process improvements to deliver reduced volatility of charges.

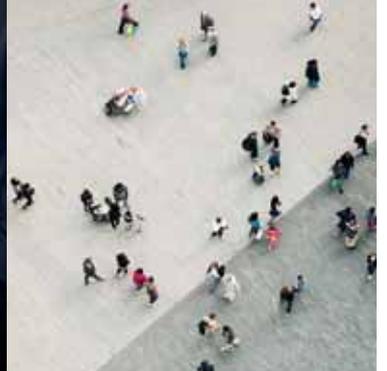
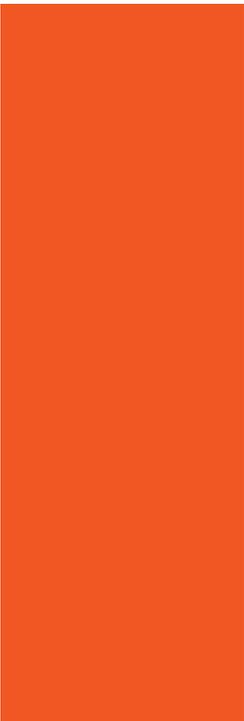
Through the industry Uniform Network Code (UNC) working group we responded on behalf of all GDNs urgently to three UNC Modification Proposals raised by Shippers to change the way Unidentified Gas (UIG) is treated during energy allocation and settlement. UIG can arise from many different sources, such as stolen gas or inaccurate predictions for energy allocations.

Since the implementation of Project Nexus, an unintended consequence of increasing the volatility of the 'unidentified gas' element of the charges has been identified. Some Shippers are reporting swings of as much as 20% per day, making it hard for them to predict how much gas they need to buy and at what price.

We have met with several parties including Shippers, lawyers and Xoserve to ensure the legal text required to support the Modifications has been drafted and approved by all parties. Ofgem is shortly expected to make a determination on the Modifications.

Key collaborative partnerships increasing our reach to deliver on our five key themes this year

Five Key Themes	Delivering a Valued Service to our Stakeholders	Safeguarding our Customers	Minimising Disruption to our Customers	Providing a Network for Future Generations	Collaborating Across the Industry
Other Gas Distribution Networks	●	●	●	●	●
Distribution Network Operators		●	●	●	●
Water Utilities		●	●		●
Vulnerable Support Groups	●	●	●		●
Social Obligations Groups	●	●		●	●
IGTs/UIPs	●		●	●	●
Gas shippers and Suppliers	●	●	●		●
Renewable Gas Suppliers	●		●	●	●
Innovation Organisations	●		●	●	●
Fire and Rescue Services		●			●
Local Authorities	●	●	●	●	●
Regional Government			●	●	●
Local Government		●	●	●	
HAUC/ Highway Authorities	●		●		●



Cadent

Your Gas Network

Cadent
Ashbrook Court
Central Boulevard
Coventry
CV7 8PE
www.cadentgas.com