

**Independent Customer
Engagement Group
(CEG):
High Level Minutes**

Wednesday 10th April 2019

Attendees:

CEG Chair: Zoe McLeod

CEG Members: Rish Chandarana
Tony Diccio
Helen Fleming
Mike Foster
Simon Griew
Dr Kerry Mashford
Victoria Pelka
Ian Rowson
Martin Silcock
Leslie Sopp
Janet Wood

Apologies: John Kolm-Murray

Cadent Staff: Mark Belmega (Director of Customer Strategy)
Dave Moon (Director of RII02)
Debbie Mitchell (Stakeholder Engagement Manager)

Technical Secretary:

Gemma Norton (Stakeholder Engagement Manager)
Simon Hames (CEG Interface Manager)

Cadent staff supporting specific agenda items:

Adrian Swift (Regulatory Revenue, Cost and Reporting Manager)
Claire Widd (Internal Communications Manager)

Cadent Board: Howard Forster (Chief Operating Officer)
Howard Higgins (Shareholder Appointed Director – Macquarie)

**CEG
Report Writer:** Alison Ward

Secretary: Anne-Marie Clarke

These high level minutes provide an overview of the seventh session held on the 10th April 2019 (the **Meeting**).

The use of the word Cadent and Company are used interchangeably and refer to Cadent Gas Limited.

Welcome, declaration of interest and independence statement

The Meeting began with the Chair, Zoe McLeod, setting out the purpose of the Meeting.

ZM reconfirmed to the CEG members that the CEG was formed of independent experts acting in an independent capacity, the CEG operated in a fair and balanced manner and behaved in a transparent way.

There were no additional or changed declarations of interests made by CEG members.

Cadent staff left the Meeting to allow ZM to hold a private session with CEG members to prepare for the next agenda item.

Introduction and welcome to Howard Forster and Howard Higgins

Cadent staff re-joined the Meeting and the Chair welcomed to the Meeting Howard Forster, Chief Operating Officer and Howard Higgins, shareholder appointed director from Macquarie. Introductions were made before the Meeting started the first question and answer session.

Historic performance/track record

The Chair welcome Adrian Swift, Regulatory Revenue, Cost and Reporting Manager to the Meeting.

On behalf of the CEG, Ian Rowson led the questioning on seven challenge themes that had been identified from the questions raised by the CEG members on the material presented by the Company.

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: areas not covered in the paper for the RIIO-2 CCG, customer outcomes, understanding RIIO-1 performance and lessons for RIIO-2, benchmarking Cadent's performance, contracting strategy, implications of work phasing and regional variations.

Key questions related to: does the cost focus meet CCG expectations, will Cadent be developing equivalent material for other dimensions of performance, what are the implications for your RIIO-1 performance for customers, is there a compelling narrative, what are the drivers of performance and what are the implications for RIIO2, what role does benchmarking play, what are other gas distribution networks doing differently, what is the evidence to support your contracting strategy conclusions and what is the clear narrative on this, what are the implications of the way in which REPEX has been phased in RIIO-1 for costs in RIIO-2 and what are the regional variations and how far are Ofgem driving you to report regionally?

The Chair thanked Adrian Swift who, together with the Cadent staff, then left the Meeting.

ZM held a private session with CEG members to review the previous agenda item and prepare for the next two agenda items.

Vision and ambition

Cadent staff re-joined the Meeting and the Chair welcomed to the Meeting Claire Widd, Internal Communications Manager.

On behalf of the CEG, Helen Fleming led the questioning on four content themes that had been identified from the questions raised by the CEG members on the material presented by the Company.

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: the overall vision, ambition level and measuring success, engagement and stakeholder views and embedding/operationalising the vision.

Key questions related to: how will the vision in society and customer experience be different to what it has been in the past, what are customers trying to achieve with the energy you give them, is your approach future proofed, what language and measures are you using to measure success, how are you combining the views of different stakeholders and how do you embed the vision throughout the Company and through to contractors.

The Chair thanked Claire Widd who then left the Meeting.

Responsible business strategy

On behalf of the CEG, Victoria Pelka led the questioning on this item based on three key questions followed by a focus on engagement, questions that had been identified from the questions raised by the CEG members on the material presented by the Company.

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: who, what and how.

Key questions related to: who are you writing this vision for, elaborate on how shareholders will trust you, what do you do to be a responsible business, how are you equipped to take on board public opinion, how would the proposed community fund be managed transparently, are you a trusted company, how will Cadent implement their ambitions on transparency and benchmarking, how do you make your narrative credible and engagement is the golden thread, how quickly and how far can you go with this work.

The Chair thanked Cadent staff who then left the Meeting.

ZM held a private session with CEG members to review the previous two agenda items.

Board reflections on this session

Howard Forster and Howard Higgins provided their reflections on the sessions held today and then held a question and answer session, including but not limited to, around: the role of the network going into RIIO-3 and what are fair returns.

ZM thanked Howard Higgins and Howard Forster who then left the Meeting.

Governance, Chair and Member Updates

Governance matters were considered including approval of the prior meeting minutes and a review of the status of actions and challenges recorded on the relevant logs.

The Chairs update had been covered in the private session and there were no member updates.

Outputs: Approved minutes and status of actions and challenges.

Meeting review and next meeting

The CEG members discussed the effectiveness of the Meeting to identify further improvements.

The Chair confirmed the next meeting would be held on 9th and 10th May and declared the Meeting closed.