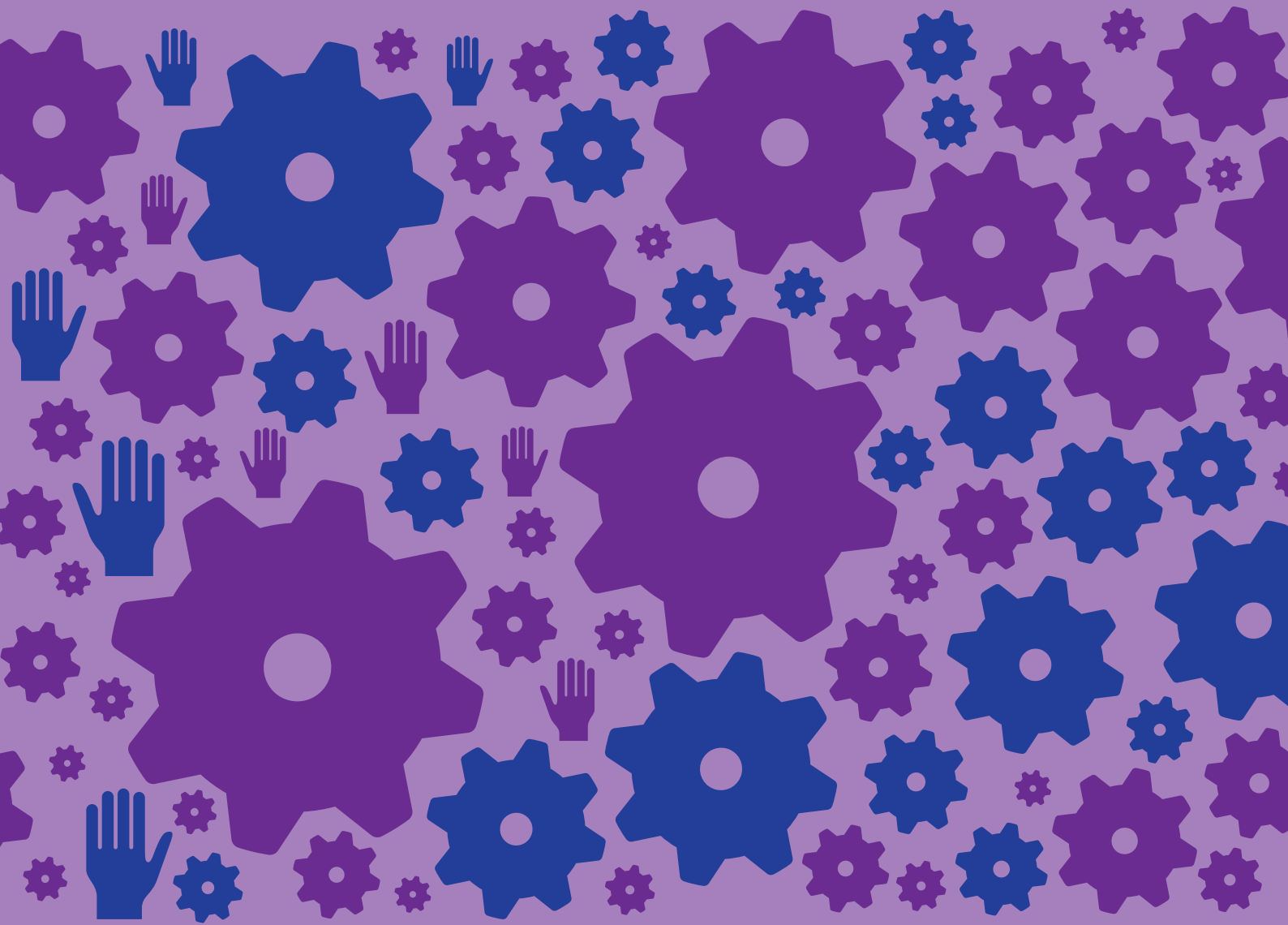


nationalgrid

COMMITTING TO YOU FOR 2013



*UK Gas Distribution
April 2013*

Contents

P01 Welcome to National Grid Gas Distribution



“Thank you for taking the time to respond to our recent consultation. We were delighted to get over 40 responses as well as receiving customers’ views through a number of dedicated focus groups.

Our consultation provided you with the opportunity to let us know how we are doing, if and how you would like to engage with us in the future and the areas you would like us to focus on over the next 12 months.

Through this document you can see how we have listened to your feedback, and we have made a number of commitments which we will deliver over the coming year.

Your views continue to be important to us and will help shape the way we do business with you and make industry changes, so please continue to share your views and feedback with us.”



JOHN PETTIGREW
UK Chief Operating Officer



We are committed to making changes as a result of your feedback

Working together

Our Vision: **Connecting you to your energy today, trusted to help you meet your energy needs tomorrow**

Our five priorities

We will:

- keep you safe
- be reliable
- safeguard future generations
- deliver a quality service to all
- provide value for money.

Our stakeholder vision

We are dedicated to being a stakeholder-centric organisation, working together to find solutions to shared challenges.

Our stakeholders will desire to work with us to deliver a safe, reliable and sustainable energy network, creating opportunities to continuously improve the services customers want both now and in the future.

We will be passionate about listening and acting on our stakeholders’, customers’ and communities’ views and being challenged to go the extra mile delivering value for money in everything we do.

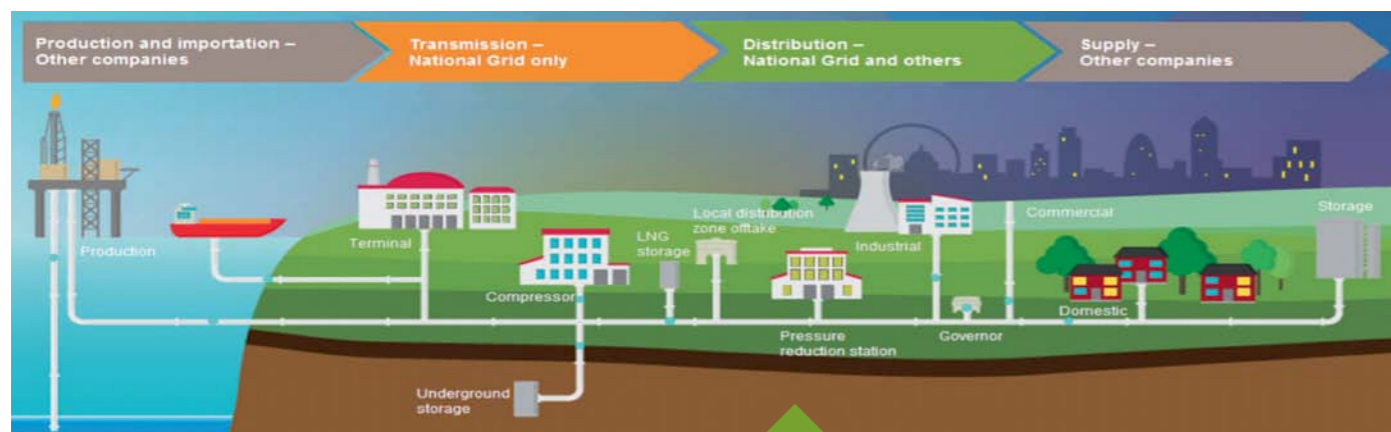
Our stakeholder strategy

We will:

- identify our stakeholders
- engage using numerous methods
- understand and discuss needs
- act on ideas
- keep them informed
- monitor review and improve.

P02 About us

P03 Our commitment Snapshot from your feedback



Who we are

At National Grid our job is to connect people to the energy they use – whether that’s to heat and light homes, or to keep factories, shops and businesses going. We all rely on having energy at our fingertips: our society is built on it.

That puts us at the heart of one of the greatest challenges the UK faces – how the country will meet its ambitious low carbon energy targets and connect that new energy supply to communities.

Our Gas Distribution business sits within the National Grid group and we own and operate four networks – East of England, North London, North West and West Midlands – distributing gas to around 11 million businesses, schools and homes and supplying the largest cities in England.

Where we work

Our gas distribution network is the largest and most diverse in the UK, covering densely populated residential neighbourhoods and widely dispersed rural communities.

We operate the four networks in the heart of the country, with other companies operating the remaining four networks.

These networks are natural monopolies regulated by Ofgem (Office of the gas and electricity markets). 1st April 2013 marks the start of our price control known as RIIO-GD1, and will last for eight years.

- National Grid Gas Distribution
- Scotia Gas Networks
- Northern Gas Networks
- Wales and West Utilities

What we do

We transport gas through our network of pipes on behalf of our Business to Business (B2B) customers, known as gas shippers. Our role is to ensure that the infrastructure we all rely upon every day delivers gas to homes and businesses whenever it is needed.



Priority	Your feedback and our commitment	Further detail
<p>We will keep you safe</p> 	<p>Continue to provide a safe and secure network, keep the general public informed how they can be safe around the use of gas, the dangers of carbon monoxide and consider consumer safety as the smart metering programme rolls out.</p> <p>We will:</p> <ol style="list-style-type: none"> 1) review and refresh our education and safety campaigns 2) work with key stakeholders in the roll-out of smart metering 3) improve public awareness of carbon monoxide 4) publish our safety commitments and report annually 	<p>Go to: <i>Page 06</i></p>
<p>We will be reliable</p> 	<p>Maintain the integrity of the system, manage the mains replacement programme, minimise disruption and provide effective engagement together with accurate and timely data. Security and resilience of supply from third-party interference is also a consideration.</p> <p>We will:</p> <ol style="list-style-type: none"> 5/6/9) work collaboratively with Highway and Local Authorities 7) review our planning process with Land & Development 8/10) work with others focusing on innovative solutions and techniques and move seamlessly from existing to new ways of working 11) enhance the security of sites against the threat of terrorist activity and general theft 	<p>Go to: <i>Page 06</i></p>
<p>We will safeguard future generations</p> 	<p>Take a role in the transition to a low carbon economy, educate and continue to include future consumers in the energy debate. Focus on the impacts of smart technology as well as supporting vulnerable and fuel poor consumers.</p> <p>We will:</p> <ol style="list-style-type: none"> 12) explore how we make decisions using data from smart technology in the future 13) facilitate fuel poor connections, work with key stakeholders to influence the framework 14) develop partnerships and support networks in relation to vulnerable customers 15) help educate stakeholder and take a lead in exploring the future role of gas 16) work with others to remove barriers for biomethane connections and other technologies 	<p>Go to: <i>Page 07</i></p>
<p>We will deliver a quality service to all</p> 	<p>Maintain and improve working relationships, ensuring we increase our profile in the industry and provide a timely and cost-effective service. Lead in some areas of industry frameworks, such as theft of gas, supporting changes in the industry and sharing best practice.</p> <p>We will:</p> <ol style="list-style-type: none"> 17) continue our programme of stakeholder engagement, reporting annually 18/22) consider establishing a Consumer challenge group and Industry Forums 19) improve brand awareness 20/24) share and learn from best practice, lead and support industry change 21) involve customers when upgrading our website and also ensure information is timely and relevant 23) review our IT methods of communications with stakeholders 	<p>Go to: <i>Page 08</i></p>
<p>We will provide value for money</p> 	<p>Focus on transparency of price changes as well as ensuring that we are delivering value for money. Consider energy costs and drive an efficient and innovative organisation with minimal waste and providing an understanding how we charge and how bills are made up.</p> <p>We will:</p> <ol style="list-style-type: none"> 25) consider the use of a collaboration forum and web-based innovation portal 26) drive innovation to maximise value for customers 27) publish a scorecard of our outputs, demonstrating how we are delivering and performing 28) publish our model for charging, refining charging data and show how our distribution charges are derived 29) continue to publish spend information and investigate how we can publish this more widely 	<p>Go to: <i>Page 08</i></p>

P04 Your feedback How are we doing?

The first section of our consultation centered on 'How we are doing'. We had over 40 responses from a very broad range of stakeholders including customer groups, Business to Business, Local Authorities, consumer groups, shareholders, supply chain partners and others.

All the respondents to our consultation had engaged with us previously, many on several occasions. Some even on a daily or weekly basis, depending on the nature of their role.

Engagement has taken place at various events, including our AGM, through our stakeholder website 'Talking Networks', dedicated workshops and at industry meetings involving many different parts of our business.

The majority of stakeholders believe that engaging with us is worthwhile and increased their level of knowledge. A small number of stakeholders, primarily at a local network level, felt it was not always easy to gain access to us and that sometimes there was a gap in explanation of specific decisions being made and follow-up actions. We will follow up with stakeholders on how we can address these points and build an ongoing dialogue.

Virtually all stakeholders believed that they were listened to and had a chance to have their say. Many stakeholders felt that their concerns and observations were taken on board and that on many occasions the engagement was a two-way dialogue. Engagement was seen as well facilitated and a positive experience.

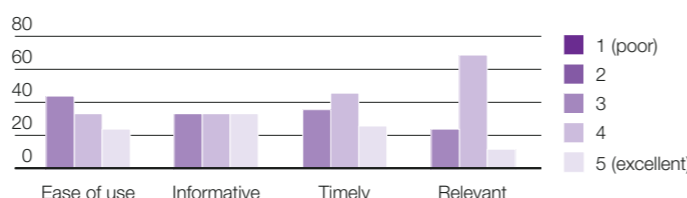
The engagement was very good and positive.



They present to our members approximately twice a year and these have always proved very worthwhile.

Our website had over 8,500 visits during 2012 with stakeholders believing it was a good way of communicating and disseminating information, in an easy to understand way.

How you rated our 'Talking Networks' website (% age)



Generally stakeholders stated that relationships with us were very good, and knowledge and experience of those attending meetings is very high. We will continue to monitor how we do in this area, with specific attention to those respondents who wanted to interact more fully with us.

Your Opinion matters!

We asked you how you thought we were doing. Your views came flooding in and we've put the results together. The feedback was overwhelmingly positive, but where individuals have issues with us and we have the details we will make contact individually to see where we can improve.

Time
97% of respondents felt our engagement was a good use of their time.



Listen/Discuss
97% felt they had been listened to and had a chance to have their say.



Act
67% felt we had acted on feedback, or if not, explained why not and some respondents felt it was too early to say (30%).

P05 Your feedback How do you want to engage with us?

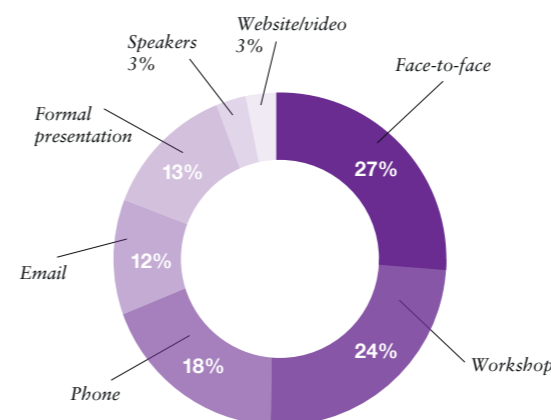
The second part of our consultation was to understand if, and how, you wanted to engage with us. Responses were very positive with stakeholders wanting to develop or build on existing relationships.

There was a very broad range of responses around preferred method of engagement depending on the reason for the contact, and many respondents listed a number of different preferences. Over half of those that responded, however, included face-to-face, workshops, or group sessions as one of their preferred methods of engagement, particularly when information is to be shared. An advantage of which, was the opportunity of preparing beforehand.

For day-to-day issues, many stakeholders continued to prefer electronic communication.

We will take into account preferences, as we engage with you.

How do you want to engage with us?



The general consensus from respondents is that our pre-read material is useful, can reduce time at meetings, helps to prepare for the engagement and construct questions.

Stakeholders were mindful that the information needs to be kept relevant to work areas and not be too detailed – sometimes an outline brief is all that is needed.

Prior to dedicated workshops it is always worthwhile receiving background information so that one can be better informed.



We look forward to continuing the current good working relationship with your company.

We consulted with a wide range of stakeholders, with over 400 having an opportunity to participate. To ensure that we were engaging with both a wide but relevant range of stakeholders we asked for views on the stakeholder groups we identified.

All stakeholders agreed that we should be consulting with the groups indicated below. One specifically mentioned Health and Safety Groups – we had originally identified these within the category of regulators and industry bodies but have now made this more explicit.

One stakeholder also expressed concern that the general public may be too broad a group to engage with. We will continue to hold consumer focus groups to solicit the views of customers and the general public.

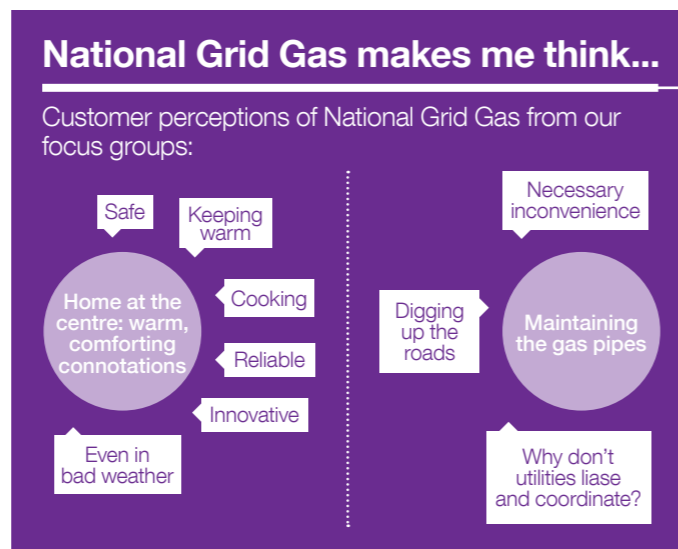
Customers and Communities	Consumer Groups	Trade Unions
National, Regional and Local Government	Business to Business Customers	Supply Chain Partners
Fuel Poverty Groups	Trade Bodies	Skills and Education
Environment (incl. Sustainability and Renewables)	Regulators and Industry Bodies (incl. Health & Safety)	Service Providers
Energy Groups	NGOs and Think Tanks	General Public
Shareholders	Employees	Other Networks

P06 Your feedback

We will keep you safe and be reliable

Safety and reliability continue to be focus areas, so that we carry on providing a safe, secure and resilient network.

Stakeholders recognise that to provide a safe and reliable supply, upgrading the network is necessary, but we need to ensure that we do this as efficiently as possible with minimum disruption. The provision of traffic information, so that travel can be planned to avoid areas of work, is also important. Feedback also tells us that Local Authorities would like improved relationships with us around infrastructure planning, when they are planning major new developments, and we are committed to working more collaboratively with Local Authorities in this area. We look forward to working with stakeholders on the commitments we propose below, over the next 12 months.



You've said	We will:
Explain how the general public can be safe around the use of gas	1) continue to review and refresh our education and safety campaigns and utilise different media to target specific groups
Focus on consumer safety during smart meter roll-out	2) develop the distribution networks' role in the roll-out of smart metering with key stakeholders
Ensure that customers are aware of the dangers of carbon monoxide	3) improve awareness of carbon monoxide through individual contacts with consumers and the provision of carbon monoxide alarms to 'at risk' individuals
Focus on safety	4) publish our safety commitments and report annually how we are doing
Give a higher priority and develop a more formalised consultation process for infrastructure planning in relation to future developments	5) review the process and service we provide to Local Authorities in terms of their strategic planning requirements
Focus on mains replacement and streetworks impacts, engaging with internal departments, Local and Highways Authorities at the earliest opportunity providing more information and effective communication	6) we will continue to work with Local Authorities and Highways Authorities so that we can provide longer-term and more meaningful information (c/f from last year) 7) review our planning process in conjunction with Land & Development to identify and make improvements, where required
Focus on the end-to-end process of streetworks, including asset data, noticing and reinstatement, taking account of traffic sensitive times and routes, reducing the time openings in the highway are left open. Public education and traffic information was also key.	8) continue to look for innovative solution and techniques and roll out throughout our networks 9) work with Local Authorities and Highways Authorities to reduce customer disruption and manage streetworks issues, in conjunction with giving the public visibility of where we are working
Ensure that change from the Alliance / Coalition way of working is managed as efficiently as possible and partnerships are strengthened	10) ensure a seamless transfer from existing to new ways of working
Ensure resilience of our network against attack and sustaining reliability and security of supply	11) enhance the security of our key critical sites against the threat of terrorist activity and general theft.

P07 Your feedback

We will safeguard future generations

Safeguarding future generations and playing our part in delivering a low carbon economy remains a focus area for many.

Some key areas are around smart technologies and grids, our strategy and role regarding sustainable and other forms of energy, our role in fuel poverty and helping those in vulnerability, educating consumers around moving towards a low carbon economy, and demonstrating the importance of a low carbon world.

Our environmental education centres

We are committed to demonstrating our ambition of a low carbon world and as part of this, National Grid has opened a number of environmental education centres across the UK.

They are centres of excellence for environmental education and have been developed in partnership with local authorities and environmental charities, demonstrating how industry and the environment can co-exist to the benefit of all. The sites are geared to provide outdoor education for school children, as well as life-long learning and environmental training for local business.

You've said	We will:
You want to work with us in relation to smart grid technology and the roll-out of smart meters, as well as assessing the use of smart technology for better capacity planning and gas delivery	12) use data from smart technology to inform the decisions we make. We have also made a commitment – see commitment 2 on page 6 – to develop our smart strategy in collaboration with our stakeholders
We need to maintain a focus on connecting fuel poor homes to the gas network as well as looking for opportunities to improve the regulatory framework to enable additional support for customers. Our support networks need to be reviewed to provide appropriate support to vulnerable consumers.	13) facilitate 34,650 fuel poor connections over RIIO-GD1 in order to provide the most economic heating source for the consumer, and work with Government, Ofgem and other stakeholders to influence the framework 14) review our role in relation to vulnerable customers and work with industry to develop partnerships and support networks
Stakeholders would like us to focus on renewable and other sources of gas, such as shale, as well as understanding our strategy in this area, and the obstacles which need to be overcome.	15) help educate stakeholders and take a lead in exploring the role for gas to assist policy making and facilitate sustainable and new gas sources connected to our network
We have a role in educating the public and others around a low carbon economy, and to continue to include future consumers in the debate. We need to demonstrate the importance of a low carbon world.	16) work with others to remove barriers to biomethane connecting to our network and trialling new technologies (c/f from last year).

Helping shape the energy agenda

We are committed to working with the Government and others in helping to shape the UK's energy policy for the future.

Working alongside our electricity and gas transmission colleagues, we have developed and analysed a number of scenarios for the future.

We believe that gas will have a continuing role in the future and we are working with the industry to support renewable and other gas sources (such as shale gas) into the network.



P08 Your feedback

We will deliver a quality service to all and provide value for money

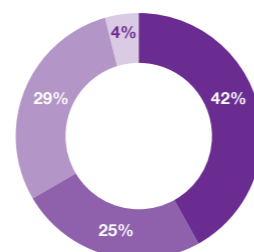
We are committed to improving the services we provide to you, as well as ensuring that everything we do provides value for money. You have told us this is a focus area.

As well as focusing on our UK Gas Distribution business some stakeholders have also provided comments from a wider National Grid group perspective, around future opportunities for growth in emerging markets, and for maintaining a focus on our US businesses, as well as understanding the breakdown of our portfolio of businesses.

At Group level our strategic actions include delivering on new growth areas, and this includes carbon capture and storage, interconnectors and offshore networks, as well as maintaining a focus on our US business and US growth opportunities.

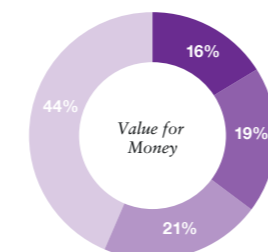
We are mindful that wherever we work we need to provide a quality service and provide value for money. In the UK, the gas distribution element of our customers' bills is around 18%. Our expenditure across our gas distribution key priorities is shown below on the right.

National Grid's portfolio



UK Transmission
UK Distribution
US Regulated
Other activities

Gas Distribution's key priorities



Deliver quality service
Safeguard future generations
Be reliable
Keep people safe

You've said	We will:
Continue building on and developing good working relationships and continue to engage with customers using focus groups	17) continue our programme of stakeholder and customer engagement and will monitor and report annually how we are doing 18) investigate the possibility of establishing a consumer challenge group (c/f from last year)
We need to focus on our profile and ensure our image is enhanced through our branding	19) continue to roll out a new fleet of vehicles and signage to support visibility and awareness of our brand
Share our success stories so good practice emerges and can be used by all	20) share best practice through various industry forums and across our own networks
Report on how we are doing in easily understood form	21) review information to ensure it is timely and relevant and continue upgrading our website with our customers
Re-establish a gas industry customer forum to allow our customers to discuss current topics	22) re-establish an industry forum to discuss current topics
Our Business to Business (B2B) customers would like us to focus on areas linked to Project Nexus (an industry IT project) and the Uniform Network Code (UNC). We are seen as leaders in the area of Theft of Gas, and further developing and sharing our experience with other networks is key	23) review the use of our IT systems in relation to communication with our Business to Business Customers (c/f from last year) 24) continue to work with the industry to lead and support industry change and share and learn from best practice (including Theft of Gas). We will prioritise resources based around industry requirements
Ensure we deliver our outputs under our new price control (RIIO-GD1) as efficiently as possible, making best use of resources, minimising waste and understanding the external costs within our business model. Focusing on the longer term as well as the short to medium term is important	25) investigate the use of a collaboration forum and web-based innovation portal following publication of our innovation strategy (c/f from last year) 26) drive innovation to ensure value for customers, promote collaboration and partnering opportunities whilst maximising the innovation allowance opportunity 27) publish a scorecard demonstrating how we are delivering
Minimise costs to consumers giving visibility on how money is spent. Our B2B customers would like access to the model used to derive distribution charges	28) continue to refine the data we produce for charging purposes and will publish our model, for the next price control, showing how our distribution charges are derived (c/f from last year) 29) continue to publish spend on our website and investigate how we can publish this more widely (c/f from last year)

P09 Continuing your engagement

Our commitment to you

We are best able to deliver a quality service to you when we understand your needs and expectations. Your views help shape our business decisions and the services we provide.

Working with a wide range of stakeholders we developed 'Talking Networks', providing channels through which we will listen, discuss and act on what you tell us.

Talking Networks will:

- provide information to show how your views have influenced our business decisions
- where possible, use existing forums to engage with you rather than take up more of your time
- make us accessible for one-to-one discussions where an open forum is not appropriate.

Our Engagement Principles

Integrity – We will be open, honest and create an environment which enables you to discuss what is important to you.

Accountability – We will show you how we have taken your views into account. Where we have not, we will tell you why.

Transparency – We will ensure all relevant information is easy to access quickly.

Inclusive – We will be flexible enough to provide opportunities for everyone to be involved.



How to keep in touch

We would be delighted to hear from you if you have any questions, feedback or views on this document or any other part of our stakeholder engagement activities.

The best way to do this is to send an email to: talkingnetworks.distribution@nationalgrid.com

Alternatively you can write to us at the following address:
Tracy Hine, Stakeholder Engagement Manager, National Grid Gas, National Grid House, Warwick Technology House, Gallows Hill, Warwick, CV34 6DA

Or call us on: **01926 656923**

If you would like to be kept informed you can also register with our Talking Networks website. This will also enable you to receive automatic updates. www.talkingnetworksngd.com

If you have a general enquiry about our gas distribution business, you want to talk to someone or you have been unhappy with our service then please:

Call: **0845 835 1111**
Email: customersupport@nationalgrid.com
Write: **Customer Support Team, National Grid Gas, Brick Kiln Street, Hinckley, Leicestershire, LE10 0NA**

If you smell gas then please call the 24-hour Gas Emergency number: **0800 111 999***

*All calls are recorded and may be monitored for training purposes. Some mobile network operators may charge for the call.

