

## NIA Project Registration and PEA Document

### Date of Submission

Jul 2023

### Project Reference Number

NIA\_NGT0215

## Project Registration

### Project Title

National Gas Customer Centricity

### Project Reference Number

NIA\_NGT0215

### Project Licensee(s)

National Gas Transmission PLC

### Project Start

July 2023

### Project Duration

0 years and 1 month

### Nominated Project Contact(s)

David Hardman, box.GT.innovation@nationalgas.com

### Project Budget

£153,333.00

## Summary

In the midst of unprecedented transformation, National Gas finds itself at a cross-roads with continued regulatory pressure. Within this context, simply doing better than what was done yesterday, will be insufficient to ensure ongoing business success. National Gas has a critical role in the UK's energy transition with the expansion of hydrogen in the energy mix. It is for this reason that National Gas is undertaking a study into how customer centric it is today, based on other similar organisations and potential options on how the business can improve its customer centricity.

## Third Party Collaborators

Capgemini

## Nominated Contact Email Address(es)

Box.GT.Innovation@nationalgrid.com

## Problem Being Solved

It is often the case that well established businesses such as National Gas Transmission do not regularly 'step back' from the day to day running of the business to consider how customer centric they are and what the business case might be in a regulated environment. Without this check the business will continue to operate without listening and adapting to the customer or understanding the wider implications of our business on customers and consumers.

## Method(s)

This project will be delivered in a three stage, six week feasibility study by industry experts in customer experience (CX):

- Stage 1 – Assessment
- Stage 2 – Benchmarking and Strategy
- Stage 3 – Roadmap creation and validation

The team will have regular weekly touch points with the National Gas Transmission business and deliver the outputs throughout, culminating in the final delivery and recommendations for future adaptations and changes that National Gas Transmission can implement together with the business case behind it.

#### Measurement Quality Statement

The measurement approach used to meet Data Quality objectives will be through the identification of high calibre project partners who are experts in their given field. The methodology used in this project will be subject to our supplier's own ISO 9001 certified quality assurance regime and the source of data, measurement process and equipment as well as data processing will be clearly documented and verifiable. The measurements, designs and economic assessments will also be clearly documented in the relevant deliverables and final project report and made available for review.

#### Data Quality Statement (DQS)

The project will be delivered under the NIA framework in line with the agreed Energy Networks Innovation Process document and National Gas' internal policies. Data produced as part of this project will be subject to quality assurance to ensure that the information produced with each deliverable is accurate to the best of our knowledge and sources of information are appropriately documented. All deliverables and project outputs will be stored on our internal SharePoint platform ensuring backup and version management. Relevant project documentation and reports will also be made available on the ENA Smarter Networks Portal and dissemination material will be shared with the relevant stakeholders.

### Scope

The work will be completed in three stages:

- Stage 1 – Assessment

During the assessment phase we will determine where National Gas Transmissions customer strategy is, using a recognised CX maturity assessment against the core customer operating model dimensions. We will undertake a maturity assessment across customer experience operating model dimensions plus recommendations for target models. Key activities include:

- o Leveraging existing data and models to conduct focused data analysis
- o Stakeholder interviews (e.g. value stream leads, data & analytics)
- o Visualising the landscape
- o Document/collateral review

- Stage 2 – Benchmarking and Strategy

During stage 2, we will utilise our CX maturity scale which illustrates the scope for choice in how companies can meet their customers' service needs. Customers are increasingly seeking more timely, personalised and sophisticated services. Obligations for service provision under a regulatory framework means regulated utilities must continue to focus on prudent and efficient decision making. Our benchmarking suggests that strong customer results can be achieved with a ROI positive strategy. Understanding customer' needs and having sophisticated discussions with customers on the choices the business needs to make are key in setting a strategy that focusses on value for customers with commercially sound decisions. Our opinion is that National Gas Transmissions customer strategy should match their long-term vision for the business and future of the Gas NTS

Given National Gas Transmissions vision and purpose into the future, the customer strategy should be focused on stronger customer outcomes, while remaining prudent and efficient. Key activities include:

- o Validate As is findings against internal assessment criteria
- o Detailed external brand comparison
- o Future vision & KPI workshop
- o Validation of opportunities & ideas that will improve customer experience

· Stage 3 – Roadmap creation & validation

Translate the findings and outputs from the Assessment and Benchmark phases, to create a

structure that outlines the activation plan and roadmap. Collaboration is a critical success factor for delivering an actionable plan, by:

- o From the output from the prior two phases, pull together the areas that CX can work on prioritizing and establish a direction of travel for the business
- o Validating the components and principles of a customer centric strategy
- o Assessing priority order, based on reach and impact
- o Demonstrating value across all aspects of the roadmap, with benefits case linked to consumers, customers and the shareholder
- o Documenting the quick wins vs. longer term strategic change

This will be delivered by the following key activities:

- A view of recommendations with benefit & business case development
- Quick win identification for immediate execution
- Specification of enablers (tech, organisation, etc.)
- Roadmap development (maturity steps, initiatives & enablers)
- Goal measurement and reporting
- Way forward / handover

## Objective(s)

1. To align with strategic priorities across value streams, to discern customer centricity needs, goals and pain points
2. To explore and model National Gas Transmissions customer principles in order to benchmark internal Directorates and teams, as well as external organisations
3. To outline the approach and benefits case of embedding customer-centric thinking and activity in to the organisation

## Consumer Vulnerability Impact Assessment (RIIO-2 Projects Only)

An assessment of distributional impacts (technical, financial and wellbeing related) for this project has been carried out using a bespoke assessment tool, which assesses the project as having a positive, negative or neutral effect on consumers in vulnerable situations. To help inform the assessment, this tool considers the categories of consumers identified in the Priority Services Register. This project has been assessed as having a neutral impact on customers in vulnerable situations. This is because it is a transmission project. With that said, it is hoped this project, for the first time will articulate the value of customer centricity to all of our consumers.

## Success Criteria

Success will be defined by the delivery of the three outputs:

Stage 1 - Maturity assessment using Capgemini's CX operating model framework to determine National Gas's current customer strategy position

Stage 2 - Validated benchmarking and socialisation with executive team. Validation of opportunities & ideas that will improve customer experience

Stage 3 - Practical roadmap which will include costs and clear view of areas of activity

## Project Partners and External Funding

Cap Gemini will deliver the project under their Customer Transformation department – Frog.

Capgemini is a leading and strategic partner for energy and utility transformation, working with organizations around the world to chart a course toward the future they want. The suppliers were chosen through the process of a mini tender and have been selected based on their proposal.

## Potential for New Learning

The new learning that is foreseen to be developed from this project but not limited to is:

1. How customer centric is National gas Transmission, relative to external benchmarks inside and outside regulatory sector?
2. What is the business case for being customer centric in a regulated environment? In particular what value does it deliver for consumers and our shareholder?
3. With that in mind, how customer centric should National Gas Transmission be?
4. What is the roadmap to deliver the business case for customers, consumers and our shareholder? Dissemination will be through a final report which will be made available on the Smarter Networks Portal and discussed with the other gas networks of the UK to help in their customer transformation journeys.

## Scale of Project

The scale of the project is quite small recognising a 6 week initial study into customer centricity at National Gas Transmission. This will complete the assessment, benchmarking and roadmap stages at which recommendations for the next steps will be given where larger projects might be generated from.

## Technology Readiness at Start

TRL2 Invention and Research

## Technology Readiness at End

TRL3 Proof of Concept

## Geographical Area

The project covers National Gas Transmission as a complete business – GB wide.

## Revenue Allowed for the RIIO Settlement

N/A

## Indicative Total NIA Project Expenditure

The total project costs across all partners and internal National Gas costs is £153,333

## Project Eligibility Assessment Part 1

There are slightly differing requirements for RII0-1 and RII0-2 NIA projects. This is noted in each case, with the requirement numbers listed for both where they differ (shown as RII0-2 / RII0-1).

### Requirement 1

Facilitate the energy system transition and/or benefit consumers in vulnerable situations (Please complete sections 3.1.1 and 3.1.2 for RII0-2 projects only)

Please answer **at least one** of the following:

#### How the Project has the potential to facilitate the energy system transition:

National Gas Transmission has a critical role in the UK's energy transition with the potential introduction of hydrogen into the energy mix, it is at this time that simply doing better than what was done yesterday will not be enough. In order to facilitate the energy transition, not only for ourselves, but all of our customers we must drive to become more customer centric and focused on their needs during this unprecedented change.

#### How the Project has potential to benefit consumer in vulnerable situations:

Whilst not strictly relating to customer vulnerability this project will highlight the value to consumers as well as customers, ensuring everything we do will benefit and deliver value to consumers as we transition the energy system.

### Requirement 2 / 2b

Has the potential to deliver net benefits to consumers

Project must have the potential to deliver a Solution that delivers a net benefit to consumers of the Gas Transporter and/or Electricity Transmission or Electricity Distribution licensee, as the context requires. This could include delivering a Solution at a lower cost than the most efficient Method currently in use on the GB Gas Transportation System, the Gas Transporter's and/or Electricity Transmission or Electricity Distribution licensee's network, or wider benefits, such as social or environmental.

#### Please provide an estimate of the saving if the Problem is solved (RII0-1 projects only)

N/A

#### Please provide a calculation of the expected benefits the Solution

This is a research project into customer centricity at National Gas Transmission and so there will be no direct benefits derived from the 6 week study. The below value tracking is therefore:

| Value tracking   | Data Point                      |
|------------------|---------------------------------|
|                  |                                 |
|                  |                                 |
| Maturity         | TRL 2-3                         |
| Opportunity      | 100% and multiple asset classes |
| Deployment costs | £0                              |
| Innovation cost  | £153,333                        |
| Financial Saving | £0                              |
| Safety           | N/A                             |
| Environment      | 0                               |

|                       |                                    |
|-----------------------|------------------------------------|
| Compliance            | Supports compliance                |
| Skills & Competencies | Business Wide                      |
| Future proof          | Indicated in the business strategy |

### Please provide an estimate of how replicable the Method is across GB

This methodology will review National Gas Transmission business in its entirety.

### Please provide an outline of the costs of rolling out the Method across GB.

Stage 3 of this project will provide a list of findings and outputs to create a roadmap of future projects and change, it is only at this point that an estimation on roll out costs and business case across National Gas Transmission can be made.

### Requirement 3 / 1

Involve Research, Development or Demonstration

A RIIO-1 NIA Project must have the potential to have a Direct Impact on a Network Licensee's network or the operations of the System Operator and involve the Research, Development, or Demonstration of at least one of the following (please tick which applies):

- ☐ A specific piece of new (i.e. unproven in GB, or where a method has been trialled outside GB the Network Licensee must justify repeating it as part of a project) equipment (including control and communications system software).
- ☐ A specific novel arrangement or application of existing licensee equipment (including control and/or communications systems and/or software)
- ☐ A specific novel operational practice directly related to the operation of the Network Licensees system
- ☐ A specific novel commercial arrangement

RIIO-2 Projects

- ☐ A specific piece of new equipment (including monitoring, control and communications systems and software)
- ☐ A specific piece of new technology (including analysis and modelling systems or software), in relation to which the Method is unproven
- ☒ A new methodology (including the identification of specific new procedures or techniques used to identify, select, process, and analyse information)
- ☐ A specific novel arrangement or application of existing gas transportation, electricity transmission or electricity distribution equipment, technology or methodology
- ☐ A specific novel operational practice directly related to the operation of the GB Gas Transportation System, electricity transmission or electricity distribution
- ☐ A specific novel commercial arrangement

### Specific Requirements 4 / 2a

#### Please explain how the learning that will be generated could be used by the relevant Network Licensees

As this is a business wide review of how customer centric National Gas Transmission is compared to other benchmarked companies in a similar position and assessment of the business case of customer centricity in a regulated industry, the output could be very replicable across the other network licensees. The project will recognise the nuances of the energy networks work in a regulated business and offer strategies to suit that unique position.

#### Or, please describe what specific challenge identified in the Network Licensee's innovation strategy that is being addressed by the project (RIIO-1 only)

N/A

#### Is the default IPR position being applied?

- ☒ Yes

## Project Eligibility Assessment Part 2

## Not lead to unnecessary duplication

A Project must not lead to unnecessary duplication of any other Project, including but not limited to IFI, LCNF, NIA, NIC or SIF projects already registered, being carried out or completed.

## Please demonstrate below that no unnecessary duplication will occur as a result of the Project.

A customer centric study such as this has not been completed for National Gas Transmission before and so there is no risk of duplication. During the project the business will be benchmarked with other networks and companies of a similar size who have undertaken similar studies.

## If applicable, justify why you are undertaking a Project similar to those being carried out by any other Network Licensees.

N/A

## Additional Governance And Document Upload

### Please identify why the project is innovative and has not been tried before

A complete review of how the National Gas Transmission business is set up based on benchmarked companies (reg/non-reg, inside and outside sector) in terms of customer centricity has never been completed before. In particular due to our position in the value chain, an articulation of the value to consumers for transitioning to a customer centric business. The review will take a step back to view the business compared to market leaders and set that against the backdrop of the energy transition. This has not been attempted before at National Gas Transmission as historically we continue to make the business better and more streamlined but never regarding how the business could be redesigned to become more customer centric. Innovative ideas and concepts will be presented back to the business as part of Stage 3 – Road mapping which will offer insight into how the business could improve in their customer focus and the value each area will bring.

### Relevant Foreground IPR

Foreground IP will consist of the 3 deliverables; a CX assessment, benchmarking analysis and a customer strategy, no background IP will be needed to use the foreground IP.

### Data Access Details

Details on how network or consumption data arising in the course of an NIA funded project can be requested by interested parties, and the terms on which such data will be made available by National Gas can be found in our publicly available “Data sharing policy relating to NIA projects” at [www.nationalgas.com/gasinnovation](http://www.nationalgas.com/gasinnovation). National Gas data access is managed IAW provisions under 2.15-2.18 for the current NIA Governance Document.

National Gas already publishes much of the data arising from our NIA projects at [www.smarternetworks.org](http://www.smarternetworks.org). You may wish to check this website before making an application under this policy, in case the data which you are seeking has already been published.

### Data Quality Statement (DQS):

The project will be delivered under the NIA framework in line with the agreed Energy Networks Innovation Process document NGT internal policies. Data produced as part of this project will be subject to quality assurance to ensure that the information produced with each deliverable is accurate to the best of our knowledge and sources of information are appropriately documented. All deliverables and project outputs will be stored on our internal SharePoint platform ensuring backup and version management. Relevant project documentation and reports will also be made available on the ENA Smarter Networks Portal and dissemination material will be shared with the relevant stakeholders.

## Measurement Quality Statement (MQS):

The methodology used in this project will be subject to our supplier's own ISO 9001 certified quality assurance regime and the source of data, measurement process and equipment as well as data processing will be clearly documented and verifiable. The measurements, designs and economic assessments will also be clearly documented in the relevant deliverables and final project report and made available for review.

### **Please identify why the Network Licensees will not fund the project as apart of it's business and usual activities**

Business as usual activities are focusing on running the natural gas business today, as such no funding has been allocated to energy transition projects or reviewing how improvements could be made in customer centricity. It is at this point in time as the energy transition is starting that a study like this can have the biggest impact, changes in the way National Gas Transmission is run to make it more customer centric will have a beneficial impact on the transition, making it smoother and less challenging for our customers.

### **Please identify why the project can only be undertaken with the support of the NIA, including reference to the specific risks(e.g. commercial, technical, operational or regulatory) associated with the project**

The NIA framework offers a robust, open framework for this work to be conducted under and the results will be fully articulated to all stakeholders which will help them implement such concepts in the future. There is a risk in this work in that the recommendations and roadmap suggested by the project team cannot be implemented due to the regulated nature of National Gas Transmission as such the support of the NIA helps this type of study be completed so the outputs can be understood.

### **This project has been approved by a senior member of staff**

☒ Yes