



APPENDIX A2

STATEMENT FROM ISG CHAIR

12th November 2024

Independent Stakeholder Group (ISG) Chair's Statement for NGN's RIIO-3 BP

12 Nov 2024

The ISG is a continuation of the CEG established in 2018 to scrutinise NGN's GD2 business plan (BP). The ISG Terms of Reference (available on the ISG dedicated website) have changed since then to reflect our enduring monitoring and scrutiny role and Ofgem's most recent RIIO-3 guidance. Membership has been refreshed and is now more diverse and made up of experienced professionals able to challenge the company in all areas of activity. The Group also includes 2 former members of NGN's Young Innovators Council who over the past 2 years have brought a fresh perspective and challenge from a future customer's perspective.

The ISG has had the opportunity to scrutinise all elements of the BP since the detailed planning phase started around 12 months ago, commenting on 3 drafts and the accompanying strategy documents and annexes, plus a sample of engineering justification papers. This has involved regular direct dialogue with the business leads to ensure their proposals deliver meaningful outcomes and benefits for customers, and with shareholders and board members to seek assurance that customer interests have been balanced with returns to investors. Our challenges and feedback are all documented and NGN has addressed our comments and has responded positively throughout to requests for additional evidence, and benchmarking of their performance where possible. In particular we welcome NGN's response to our challenges around costs to deliver the business plan, and the bill implications for current and future customers, given that affordability is a key concern for so many households in NGN's region.

NGN has carried out inclusive and comprehensive stakeholder engagement to shape the plan. Members of the ISG observed most of the engagement sessions to ensure the company focussed on the priorities and preferences of its diverse range of stakeholders, and that these are reflected in the BP. We reviewed, and are satisfied with NGN's engagement methodologies and analysis, which have enabled the breadth of NGN's consumers' views, including more marginalised voices, to be heard. We have also encouraged, and have observed, how those insights inform governance arrangements for decision making processes and the allocation of funding for VCMA projects.

Our enduring role since GD2 has ensured a depth of understanding of the business and the needs of its customers on which our views are based.

Despite policy uncertainty about the future of gas and the UK Government's Net Zero targets, NGN has set out a plan that embraces the energy transition whilst seeking to keep bills as low as possible, and is working efficiently to deliver high standards of safety and reliability, reduce environmental impact, and provide extra support to customers in vulnerable situations and the diverse communities NGN serves.

The ISG will work with NGN over the coming year to monitor how the company's current commitments are delivered and how it engages stakeholders in preparing for the start of GD3 where its plans require further development - in particular its proposals around data and digitalisation, innovation, workforce, and regional planning.

Jenny Saunders CBE, DCL
Chair NGN ISG

