

Keeping the conversation flowing

for current and future customers

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Purpose of the document

Over the last 18 months we have been actively engaging with our customers and stakeholders to understand their needs, priorities and expectations from Cadent. We've spoken to over 20,000 customers across all of our operational regions using over 50 different engagement techniques. We have also considered feedback from more than 1m interactions with customers and others impacted by our work over the last three years. We are using this rich and insightful information to shape our business plan for RIIO-2 (April 2021 to March 2026), especially when determining the customer commitments we intend to make.

The intention of this document is to 'play back' what we have heard from you to date and provide you with a preview of the highlights of our forthcoming Business Plan. This is an opportunity for us to demonstrate we are listening but also, equally important, to test directly with you that our plan addresses the key areas you have told us about. Your feedback will allow us to refine our plans and undertake more targeted engagement. We will test various options with you and others so that when we issue our final plan in December we can be confident that it directly reflects your priorities.

Our engagement programme is far from complete – indeed it will never be complete, as we firmly believe the only way to deliver outstanding customer experiences is to continually talk to our customers and stakeholders, gathering greater insights that enable us to improve.



■ Working
together
to create a
better future

Who we have engaged with

We have engaged with a wide variety of customer and stakeholder segments to understand their specific needs.



Partners and Stakeholders

- Politicians and Local Authorities, from our four networks
- Industry bodies
- Renewable industry players, shippers, Independent Gas Transporters ('IGTs')
- Safeguarding and affordability customers and professionals
- Local Enterprise Partnerships ('LEPs')

Industrial customers

- Small, medium and large scale businesses in our operational footprint



Domestic customers

- Residents of multi-occupancy buildings
- Customers in vulnerable situations
- Fuel poor customers
- Hard to reach, seldom heard customers
- Low energy efficiency households
- Non-gas users
- Future generation customers



Employees

- Office based
- Field force

How we have engaged

Our vision is **to set standards that all of our customers love and others aspire to**. We recognise that this is an ambitious vision, but one we are committed to. In order to deliver these standards, it is critical that we have engaged with our customers and stakeholders to ensure we understand your needs and expectations.

Engaging with customers about Cadent's services and responsibilities isn't straightforward. We have taken into account issues that customers may not be aware of, and factors that have multi decade implications. It is not a simple task to develop research and insight tools that enable the gathering of an authentic view of customer priorities, allow genuine two way discussion and provide an opportunity to solve challenges and create new plans together.

To reflect these issues, we have developed a framework which embraces this complexity, but at the same time is able to provide clarity and coherence to a wide variety of issues, audiences and potential solutions that are covered across the whole business plan preparation. The work has enabled a programme of insight that gets to the heart of what matters to customers.

The framework is built around the simple concept that not all customer needs are equal. For example, it is not possible to ask customers to prioritise safety or the resilience of future gas supply with questions around supporting customers in vulnerable circumstances or issues about environment improvement. These issues may all be important to the same customer, but they are very clearly different in kind. As such, the understanding that not all customer needs are equal sits at the heart of our research framework.

Our categorisation of customer needs has its roots in established psychological theory – Maslow's hierarchy – drawing on three levels:

- Delivering functional needs (core, basic services, e.g. security of supply, regulatory obligations and safety).
- Meeting psychological needs (customer service, customer engagement and empowerment).
- Creating opportunities for self-fulfilment (broader societal contribution).

■ **To set standards that all of our customers love and others aspire to**

Customer interactions

1,000,000

Customers engaged

20,000

Engagement events

100

Engagement techniques

50



Our view of the hierarchy, as it relates to gas infrastructure providers, is based on:

- Targeted initial exploratory research to uncover the issues, priorities and needs that are important in people’s lives (including those not directly tied to issues of energy supply, so as to provide broader context).
- Validation of the core themes through survey data, focus groups, a review of historical research (ours and published sources), engagement with Cadent staff and an extensive range of stakeholders, as well as importantly data from customer interactions (e.g. complaints and feedback through social media).

Using this framework we have analysed over 1m customer data points and linked these with results from more than 100 separate customer, stakeholder and employee engagement events across our operational footprint, involving over 20,000 individuals and businesses, using over 50 different engagement techniques.

These have included online surveys, interviews, deliberative workshops, regional stakeholder working sessions, willingness to pay assessments and targeted activities to reach the diverse segments of our customer and stakeholder base.

What you and other stakeholders have told us



Safe and resilient network

- 80% of customers rank safety as the number one priority they want us to focus on.
- Our customers accept that we have critical maintenance and replacement work to do, but believe we could do it better – impacting your lives less.



Quality customer experience

- Our industry is fragmented and this often means we only provide part of the solution to a problem our customers report (eg we will always make you safe, but another organisation must then fix a problem or appliance). Our customers want us to work to change this.
- Our customers most common areas of complaint relate to the quality and timeliness of reinstatement and our communication.
- Most of our customers do not know they are customers of Cadent or what we do – our customers have told us that our customers want to know more, especially in relation to the safety critical services we provide.
- We have a role to play in supporting customers to come out of fuel poverty.
- Our customers support the work we do to help customers in vulnerable situations but our customers would like us to do more.



Improving the environment

- The environment is important to our customers – not just now but for future generations.
- Our customers expect us to operate efficiently and ethically and play a prominent role in supporting the transition to a more sustainable energy solution.



Trusted to act responsibly for society

- We have a role to play in supporting our local communities, going beyond traditional corporate responsibility schemes.
- Expectation levels are changing for big businesses, especially monopolies such as ourselves – our customers expect far more transparency over how we operate and more opportunities to influence how we work.

Based on this feedback, we have identified four clear customer outcomes that we must deliver in RIIO-2. The diagram opposite shows these and how we have captured our customers' priorities underneath them.

Safety is the clear priority for our customers

80%

The outcomes customers and stakeholders need us to deliver

Outcomes	Delivering a resilient network to keep the energy flowing safely and reliably	Providing a quality experience to all of our customers, stakeholders and communities	Improving the environment and supporting the transition to a sustainable energy system	Trusted to act for society
Priorities	Managing network asset risk for now and the future	Setting standards that all of our customers and stakeholders love	Becoming a carbon neutral business	Making a positive difference to our communities
	Facilitating flexible capacity on the network and delivering whole system outcomes	Creating accessible and inclusive services	Demonstrating decarbonisation at scale	Transparency in how we operate
		Minimising the disruption from our works		Sustainable engagement to drive customer outcomes
		Supporting customers in vulnerable situations		
		Tackling affordability and fuel poverty		
		Improving the experience for customers living in multi occupancy buildings		



Our four customer outcome areas



We will deliver a resilient network to keep the energy flowing safely and reliably.

What we've heard

You've told us the safety of our network, our customers and our employees is paramount and also that network resilience is critical.

What we've heard

You understand the compulsory nature of our ongoing pipeline replacement programme that targets the highest risk assets for replacement or remediation, but you want us to consider how we deliver this work; in particular, how we phase the work and minimise disruption through improved communication. The speed in which we can finish work – especially that impacting individual properties – has been a key theme in the feedback you have provided us.

What we will do

Greater risk reduction: Our plan will include firm commitments to deliver the level of asset investment that we have in previous years, but to remove even greater risk from our asset base through enhanced risk modelling and asset data profiling. We will invest over £500m over the five years of the regulatory period on improving the health of our assets.

What we will do

Faster reinstatement: We are also proposing to commit to completing all private reinstatement within one day of the engineering work being completed – directly acting on the feedback we've received.

Better communication: We are also considering how we minimise disruption through greater information provision to customers before and during our works. We will invest to establish a multi channel communication approach, providing real time updates on our website and through social media. These will build on our on site personal presence during work, letters and text updates we currently provide to customers impacted by our work.



We will provide a quality experience to all of our customers, stakeholders and communities.

What we've heard

The majority of our customers need to deal with us directly only very rarely – on average once every 40 years. You have provided valuable feedback about how you want to deal with us when you have course to do so.

What we've heard

You feel the current regulatory framework is heavily biased towards domestic customers and only three of the many services that we and other gas distribution networks provide.

What we will do

We'll make it far easier for you to provide us with feedback on our service by expanding the channels we use to seek this, way beyond the regulatory mandated postal based surveys that each GDN uses today.

What we will do

We are proposing a commitment to measure all of the services that we offer, publishing our performance levels and promising to improve against each measure over the course of the next regulatory cycle.

What we've heard

We recognise, and you have agreed, that, whilst we strive to provide outstanding service levels to all of our customers, there are some customers for whom it is critical we go even further, especially those in vulnerable situations. You have been very clear with us that, whilst you can see the great value we have added during the current regulatory period in providing free gas connections to customers in fuel poverty, there is a far greater role we could play in coordinating a 'whole system' solution involving players across the energy sector.

What we will do

There are lots of great examples of how organisations in other sectors have enhanced their services to identify vulnerability and provide additional support to these customers, and we have worked with a number of these organisations to shape our thinking.

We are leading an initiative for a proposed 'Priority Services Register' ('PSR'), so that operators across relevant industries can identify vulnerable customers. We are also working with professionals and organisations associated with various vulnerabilities to identify ways to support a greater number of customers to register on the PSR in ways most suitable for them, through a combination of raising awareness and improving accessibility.

We recognise that being without gas can leave anyone vulnerable in certain situations. So we are looking into options to never leave a customer vulnerable without gas. We are proposing to introduce additional safety checks to reduce the likelihood of a gas interruption. Additionally we are developing new ways of working so we can reduce the average duration of gas interruptions by 20% against our performance in RIIO-1.

On top of this, we will offer enhanced welfare services, including portable electric showers and alternative means for cooking, to support customers during a gas interruption.

To support fuel-poor customers beyond providing free gas connections, we want to play a role in coordinating industry players for customers to be able to access, for example, advice on more efficient appliances, tariffs, insulated walls, and use of alternative fuels for different appliances.

What we've heard

Your feedback has told us that we must be more flexible in our operation when planning and delivering work around your busy lives. You like the facilities parcel delivery and other companies offering that allows you to track the status of orders.

What we will do

We are investing in technology that will enable us to offer appointment slots for the services you've told us would be most valuable, such as restoration of supply following a supply interruption. We are developing our own online portal to allow our customers to track the status of the services we provide, including far greater visibility of our planned replacement activities.

Our four customer outcome areas continued



We will improve the environment and support the transition to a sustainable energy system.

What we've heard

The environment is very important to you and you expect it to be to us.

What we've heard

It is not just yourselves and today's customers that you care about – it is future customers too. Given our size and our role within the industry, you expect us to be leading the thinking on future energy scenarios, supporting the government and other relevant parties in developing plans for a transition away from traditional sources of energy and heat to greener and more sustainable alternatives.

What we will do

Our sustainability strategy will see us become operationally carbon neutral before 2026 as we embed new ways of working. Initiatives will include replacing the fleet of diesel vans used by our First Line Operatives with electric vehicles, purchasing green gas and electricity for all of our operational sites and offsetting any additional carbon through tree planting and other measures. In addition, we are committing to operate with zero waste to landfill.

What we will do

We are taking on this challenge and, along with continuing to lead on the future role of gas, we will invest over £200m to demonstrate the use of hydrogen at scale in the North West of England.



We will be trusted to act in the best interests of society.

What we've heard

Your expectations of Cadent and similar organisations are increasing and, in many ways, you're more suspicious about how we operate and ultimately spend your money. We want you to love the standards we set and you've told us you can't do this unless you trust us to act responsibly for society.

What we will do

We will become far more transparent as an organisation; we will publish details of how we are performing against our commitments, as well as our profits, taxation, executive pay and rewards structure. We will actively link the pay of our employees to our performance against our customer commitments and we'll set up a community fund to give over 1% of our annual profits back to the communities we serve.

We believe we are a responsible business today through the volunteering work that we do in communities, our charitable contributions, through ethical procurement and the environment we create for our employees. But we will seek independent assurance through a recognised standard and publish the results of this on our website each year.

Finally, we recognise that engagement with customers and stakeholders is not a one off exercise to help us to develop our Business Plan. It is essential to continue the dialogue so that we can respond to changing requirements and priorities and continually seek to improve. To this end, we have already created an Insights Forum, which collates all of our customer and stakeholder insights and sits at the heart of our operational performance governance model, ensuring

that insights directly drive actions. In order to continue to receive insights we will turn the enhanced engagement activities established for the purposes of developing our RIIO-2 Business Plan into business as usual, including extending our Customer Engagement Group throughout the period.



We'd love your feedback!

Our RIIO-2 Business Plan will be 200 pages long and supported by appendices spanning over 1,000 additional pages! We're still writing our first draft, which we will provide to Ofgem's Customer Challenge Group for their review on 1 July 2019. This document and the diagram below seek to summarise the highlights of our plan as it develops so that we can give our customers and stakeholders an early insight into it and the opportunity to let us know what you think.

We know that we have months of additional engagement to do, but we'd love your feedback now so that we can sense how close we are to establishing a plan that – once delivered – will meet your expectations.

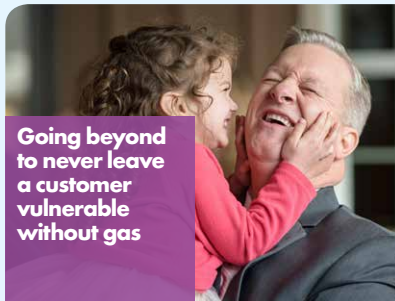
We really value your feedback and, only through ongoing engagement with customers and stakeholders, will we be able to develop a Business Plan that truly reflects your needs and requirements and enables us to head towards our vision – to set the standards that all of our customers love and others aspire to.

We'd love to know:

- Do you think our plan is ambitious enough?
- Do you think we are addressing the key areas of feedback we've received?
- Is there anything missing that you would hope/expect to see?
- Are we making commitments that you do not believe are particularly important?

Our commitments to customers

Our business plan sets the standard for the quality of service that we will deliver to **all of our customers, stakeholders and communities**, particularly those that find themselves in vulnerable situations.



Going beyond to never leave a customer vulnerable without gas



Pioneering how we address fuel poverty in England



Investing over 1% of profits into a community fund



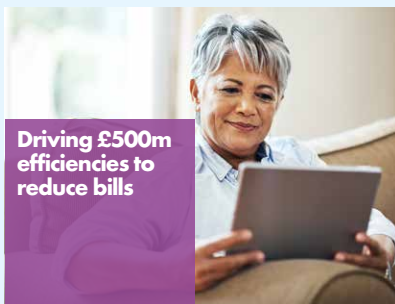
We'll establish new benchmarks to measure and improve all of our customer and stakeholder experiences



Becoming a carbon neutral business with zero waste to landfill



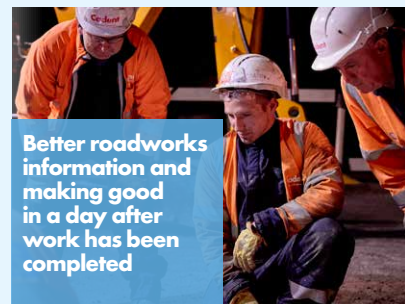
Taking urgent action on decarbonisation to demonstrate hydrogen at scale



Driving £500m efficiencies to reduce bills



Creating the most accessible and inclusive services to all



Better roadworks information and making good in a day after work has been completed



Creating an environment for our people to thrive



Modernising the network to continue to keep you safe and warm



Revolutionising our service for customers living in multi occupancy buildings



About Cadent

Our vision is to set standards that all of our customers love and others aspire to

Across our four networks we provide services to diverse customer and stakeholder groups.

50% of UK gas customers are served by our pipelines and we provide them with the energy they need to stay safe and warm, and protect them in an emergency.

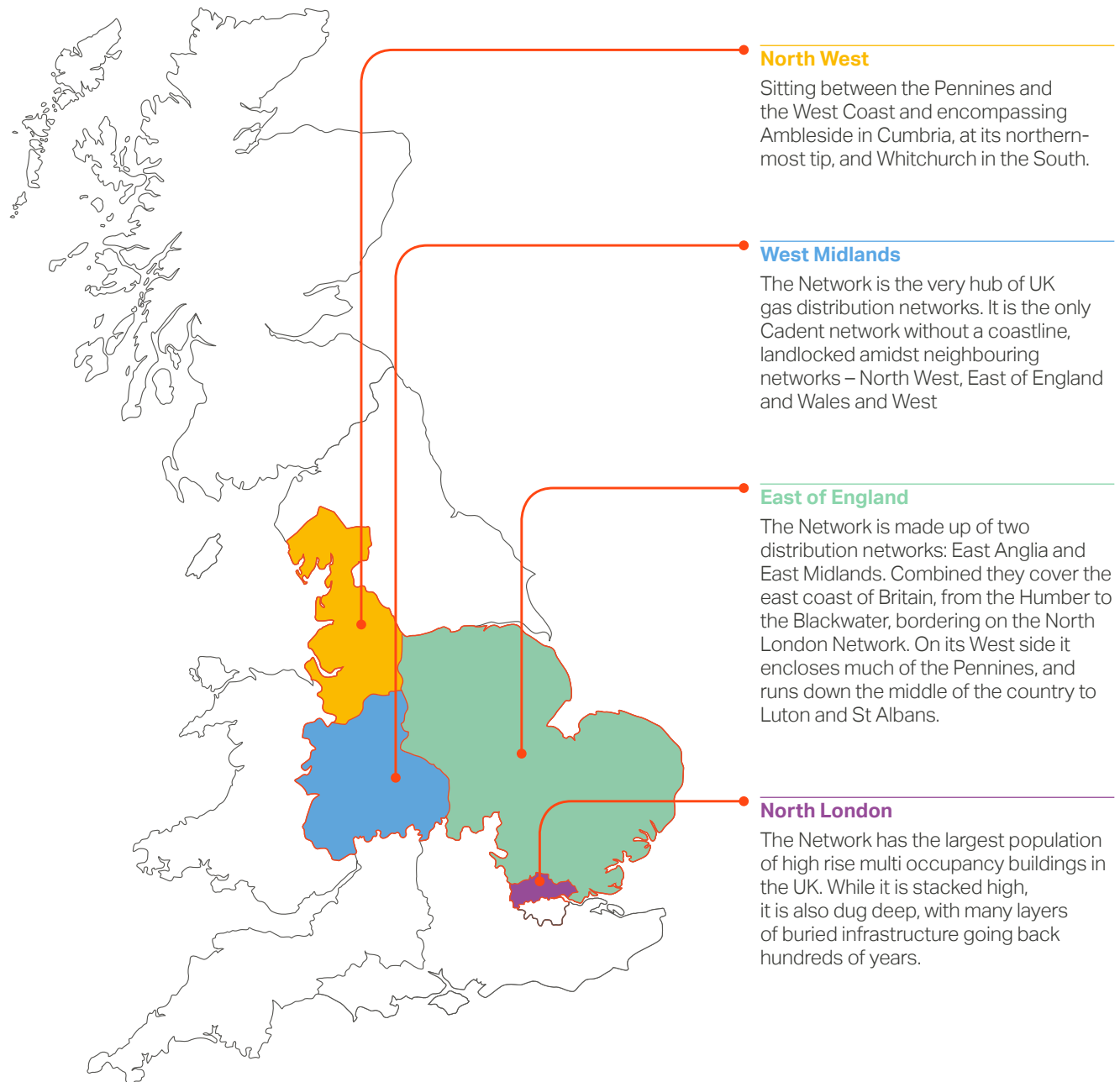
We are committed to improving the levels of service in our networks. We supply gas to 11m homes and businesses across our four networks. Each area has its own geographical and social requirements

We also manage the national gas emergency service free phone line, taking calls and giving safety advice on behalf of the UK gas industry.

Gas Emergency Number

0800 111 999

All calls are recorded and may be monitored





We are listening and would love your feedback

This document has set out our engagement journey so far and what you've said is important to you. If you want to add your thoughts and help shape our outcomes, there are a number of ways you can get involved.

We would love to hear from you:

#Cadentvoices

Facebook: Cadent

Twitter: @CadentgasLtd

Look out for more information on our social media channels throughout the summer months for events and updates across our networks.

**You can contact us through email: box.R110-2@cadentgas.com
or use our website: cadentgas.com/better-connected**

You can also write to us:

**Ashbrook Court, Prologis Park,
Central Boulevard, Coventry, CV7 8PE**



Cadent

Your Gas Network

Customer Engagement report

2018/19