Savanta:

Gas Network Operators Stakeholder Research 2024

A report by Savanta, commissioned by the Energy Networks Association on behalf of:

Cadent Your Gas Network | national gas | Northern Gas Networks | SGN Your gas. Our network. | WALES&WEST UTILITIES

Contents

Research objectives:

Under RIIO-3, the gas network operators are required to submit a business plan to Ofgem setting out how they will meet the RIIO framework objectives.

This research is designed to allow stakeholders to inform the operators’ future business plans through achieving the following research objectives:

- Understand key national stakeholders' priorities and focus for the gas network of the future
- Explore why these priorities and focus areas are important to them now and in the future
- Understand on which issues they believe the gas network operators should engage further with them
- Explore which communication and engagement methods are preferred

Summary of research methodology

Method

In-depth interviews with the national stakeholders of all gas network operators in Great Britain

All interviews were held through MS Teams

Fieldwork was conducted between 7th June 2024 until 24th July 2024

Sample

28 stakeholders took part in total for the research. These are spread across the engagement areas and between the network operators as lead contacts.

A breakdown of those who took part is shown right:

Charity - Environment	3
Charity - Social strategy & vulnerability	7
Gas generation organisation	5
Industrial partner	1
Public Body	1
Safety organisation	2
Trade Association and Membership organisations - Industry	3
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Executive summary

Overall, most stakeholders scored the GNOs well on reputation. Stakeholders particularly praised the GNOs' performance on managing the networks and their protection of vulnerable customers, and generally perceived them as trusted organisations.

However, there were some stakeholders who had negative feedback on the GNOs' reputation. Their concerns focussed on the impact of their approach to integrating hydrogen into the network. Stakeholders feel it has not been successful so far, and as a result is damaging the GNOs' credibility in the sector.

Stakeholders have broadly positive perceptions about their evolving relationships with GNOs, appreciating the comprehensive network of expertise and regular engagement, despite the occasional complexity of engaging with multiple contacts. Stakeholders praise GNOs (and their main contacts) for their ability to engage collaboratively across a range of areas. This praise is often mentioned in the context of regular and structured meetings whereby stakeholder concerns and project matters are deliberated.

Most stakeholders felt that the sector as a whole, and individual GNOs, perform very well on network resilience. Stakeholders particularly cited the reactions to the Russia-Ukraine war and the 'Beast from the East' as key examples of how the operators perform well at ensuring resilience despite significant pressures on the network.

Stakeholders feel the gas network has a vital role in the UK's transition to Net-Zero. Adapting the network to distribute low carbon alternatives like biomethane and hydrogen is seen as a crucial part of the transition the networks need to do. Stakeholders do acknowledge there needs to be clear leadership from the government on the path to transition and the role of the gas network. However, some stakeholders want to see the gas network operators work closer with the electricity network operators to take greater leadership on this.

Stakeholders had a broadly positive perception of GNOs in their ability to deliver value for customers, generally trusting that the regulatory environment ensures GNOs deliver good value. However, transparency and customer education were cited as key areas of improvement regarding customer value.

There are two areas where stakeholders made specific mentions of SGN – both are positive.

Leadership on the transition to net zero – stakeholders praise SGN's R&D

Some stakeholders cited SGN as being one of the leading GNOs when it came to planning for the future of the gas network in the UK.

In particular, some stakeholders cited the H100 project to inform the potential role hydrogen can play in home heating, particularly they praised how SGN had been open in breaking down the problems being faced and laying out their plans to research how to address them.

One also suggested, unlike other GNOs, that SGN is also leading in starting the conversation of the role the gas network infrastructure can play in the future.

"SGN seem to have recently… my perception is they're actually starting to evolve their strategy to consider how do we play a role in provisioning energy for future purposes… is there a role for them to play within a heat network sector, or using infrastructure for different purposes, or, you know, kind of expanding their work clause."
Public Body

Praise for SGN's engagement with stakeholders, often cited as being one of the best of the GNOs

Most commonly, SGN was quoted as being one of the best GNOs for their stakeholder engagement, sometimes directly comparing them to the other operators and infrastructure companies favourably.

Stakeholders praised SGN for being open, collaborative and supportive in their engagement with them. So too, there was praise across a range of formats in which stakeholders had engaged with them including regular emails, engagement sessions in person and social media.

There was also praise for stakeholders having access to plenty of contacts and the speed of response to their queries.

"SGN, their engagement sessions are very good."
Trade/Membership Association – Environment

"SGN and Wales & West tend to ask and be more supportive and try to understand and interact."
Trade/Membership Association – Environment

Overall perceptions of the GNOs

Overall, half of stakeholders scored the GNOs well on reputation

The most common score stakeholders gave the GNOs was 4 out of 5 for their reputation, the second most common was 3. The average score was 3.4 a breakdown of this by group is provided later, The positive feedback focussed on three areas…

Strong performance on running the networks

I think they actually have a very good reputation when it comes to service reliability, safety, looking after customers - that side of things. I think they are seen as a very reliable piece of our countries infrastructure

Trade/Membership Association - Future of network and workforce

Very strong reputation for vulnerable customers

Very good within the area that I work in around vulnerability and vulnerable care.

Charity - Social strategy & Vulnerability

I think messages that come out of GDNs are more likely to be trusted than interactions with suppliers... I think that gives them quite a useful advantage in supporting vulnerable customers

Charity - Environment

Overall, the operators are trusted organisations

I think they're quite highly regarded, responsible, reliable, predictable, so quite high within the sector.

Charity - Environment

I suppose I would say 5, they're very clear about what their remits are and what their challenges are and quite good at sharing how they look to overcome some of those challenges."

Safety organisation

However, a majority of stakeholders had some level of constructive criticism on the GNOs' reputation

Feedback was shared by stakeholders across types and engagement topics (including those who gave a good score for reputation). However, when aggregating scores, Gas Generation and Industrial Partners gave the lowest scores for reputation.

Their concerns for the network operator's reputations are focussed on the **impact of their approach towards hydrogen and its role in the future of the network.**

In particular, they feel this may have **lost the operators some credibility with those in the energy sector.**

> *I think one of the things that's damaged their reputation is the pursuit of absolutism in hydrogen techniques, essentially. That's been the most damaging factor.*

Public Body

> *There will be quite a lot of people who rate them a 1 and the reason being that there are lots of people in the sector who are I think quite unhappy about the prospect of hydrogen and feel that actually gas networks have - in their lobbying for hydrogen - have maybe hindered the climate movement.*

Charity - Environment

> *Well, I think they've all backed hydrogen and that's just not been very successful. They didn't do it very well… Energy professionals wouldn't be thinking they've done a great job the last couple, few years.*

Gas generation organisation

Stakeholders had a mixed view on the operators' engagement with them

With just under half of stakeholders the operators scored very well on engagement. However for the rest, the experience was poor or mixed (scoring 3 or less)…

Stakeholders - good engagement

Many stakeholders were happy with their communication from the operators, citing the quality and regularity of the communications.

As a stakeholder probably 5. It's just slick operation. They know what they're doing, they communicate very well. It's very clear what they need from me as a stakeholder.

Charity - Social strategy & Vulnerability

Stakeholders - bad engagement

Some stakeholders felt that the operators' communication was inconsistent in quality depending on topic. Some cited that where there was variation in quality between the operators too. Inconsistency here leads to bad engagement for stakeholders with the sector. Areas to improve engagement are covered later.

It depends on the topic. On certain topics they're much more engaged. On the topic of vulnerability they're much more engaged with us.

Charity - Social strategy & Vulnerability

Customers - bad engagement

Wherever raised by stakeholders, their view on the operators' communication with customers is perceived as poor or non-existent. A lack of or no communication here leads to an information vacuum and overall bad engagement. Consumers may feel the GNOs do not care or it can also lead to misinformation spreading too.

I would say it's a 2. I'm thinking as a consumer as well because I'm within one of the networks... I get very little communication directly to me to my household.

Charity - Environment

The tables on the right show the average scores for reputation and communication by stakeholder group

Reputation average: 3.4

2 stakeholders gave a score of 5 with no negative feedback for GNO's reputation.

Communication average: 3.4

4 stakeholders gave a score of 5 with no negative feedback for GNO's communication.

Stakeholder groups	Average Reputation Score
Safety organisation	4.5
Trade/Membership Association - Industry	4.0
Charity - Environment	3.7
Trade/Membership Association - Future of network and workforce	3.7
Charity - Social strategy & Vulnerability	3.6
Trade/Membership Assocation - Environment	3.3
Gas generation organisation	2.6
Industrial partner	2.0
Public Body*	2.0

Stakeholder groups	Average Communication Score
Safety organisation	4.5
Industrial partner	4.0
Public Body*	4.0
Trade/Membership Association - Future of network and workforce	3.7
Charity - Social strategy & Vulnerability	3.4
Charity - Environment	3.3
Trade/Membership Association - Environment	3.3
Trade/Membership Association - Industry	3.3
Gas generation organisation	2.5

* Score for Public Bodies is only based on 1 respondent

GNOs compare favourably to other utility companies

Where stakeholders had other experience with utility companies, the **GNOs generally compared better**. Their reputation is generally perceived as being higher than others.

They are seen as more **open and collaborative** than the electric network operators, and **more trusted** than water companies.

A minority of stakeholders suggested that the energy networks may be slightly better here.

> *In terms of engagement and value delivery, I think they rate as anyone else. In terms of how the gas networks work to help the most vulnerable customers, I think they're top of the pack.*

Charity - Environment

> *I think the way that the gas networks and the Gas Goes Green programme have been going about trying to systematically look at stuff is arguably much better than the electricity networks. They're much more joined up.*

Trade/Membership Association - Industry

> *I don't think it's as good as the electricity distribution companies not withstanding that they have to do with serious outages associated with storm damage, I still think there's a sense that the future lies with them.*

Charity - Environment

Stakeholder Engagement

GNOs are praised for their broadly positive relationship with stakeholders

Stakeholders have broadly positive perceptions about their evolving relationships with GNOs, appreciating the comprehensive network of expertise and regular engagement, despite the occasional complexity of engaging with multiple contacts.

Navigating Complexity

Multiple stakeholders report having more than one main contact, leading to a complex network of relationships with various roles and responsibilities. The departure of key contacts can disrupt existing communication networks and delay project work. However, GNO contacts are praised for their ability to engage with a wide variety of topics, from contractual to operational issues.

> *I've got a main contact and then also we know the team members of that contact as well, so we have relationships with their manager [...] so we've got a good cross relationship.*

Charity - Social Strategy & Vulnerability

Collaborative Culture

Stakeholders praise GNOs (and their main contacts) for their ability to engage collaboratively across a range of areas. This praise is often mentioned in the context of regular and structured meetings whereby stakeholder concerns and project matters are deliberated. Generally, the sector is seen as prioritising long-term relationships over transactions, fostering a positive culture with stakeholders as a result.

> *We predominantly deal with SGN who do a lot of the work for us across the other networks [...] in terms of the communication and the application we only have to go through one and I think that's been really useful for us.*

Charity - Social Strategy & Vulnerability

Some stakeholders raise concerns around wanting a more open and constructive relationship with GNOs

While stakeholder relationships are broadly positive, some respondents do indicate a need for greater flexibility, transparency and proactiveness in how GNOs engage with their partners. This is particularly important in the context of engaging with stakeholders in strategic thinking and long-term planning.

Openness and Transparency

Stakeholders have expressed a need for clearer, more transparent communication regarding goals and strategic thinking. This includes updating stakeholders more regularly to alleviate concerns, with intermittent quietness causing unease for some respondents. Some stakeholders encourage GNOs to be open to explore projects and relationships beyond their usual remit.

I think there's times where they probably could have updated us on their strategic thinking a bit quicker. But I also understand in companies you know things that take quite a while to keep us in the loop of things.

Charity - Social Strategy & Vulnerability

Addressing the Future of Gas Networks

Stakeholders are concerned about the future of gas networks, especially with a potentially shrinking customer base. They seek engagement on long-term pathways and how the industry will adapt to changing realities, including the implications for end users. This includes working collectively (ahead of government strategy) to challenge the existing barriers to low-carbon gases.

I think there's generally a reluctance from the investors, the GDNs, to engage with a potential reality that their customer base is going to shrink in the next 20 years […], that's really the bit where I would really value some engagement.

Charity - Environment

The role of the gas network in the future:

Resilience

Performance is judged by most stakeholders through the resilience of the network

Where stakeholders are able to determine which business plan area is the priority, **resilience is the most commonly cited key objective for the network operators**.

Ensuring the resilience of the gas network is **seen as the primary role of the network operators for most stakeholders**. This is the core service which they must deliver.

This means that for most stakeholders, the network operators are judged on their performance by how resilient the gas network is. Stakeholders view this as the fundamental service the operators must deliver on.

Resilience of the gas network absolutely top priority, because that's safety and I think if anything happens on the safety front then it's bad for the networks.

Trade/Membership Association - Future of network and workforce

Very very important. People need to stay warm, older people also have equipment and things that need to have a reliable supply. That is really important to us.

Charity - Social strategy & Vulnerability

The GNOs perform very highly at ensuring resilience

Most stakeholders felt that **the sector as a whole, and individual GNOs, perform very well on network resilience**.

Stakeholders particularly cited the reactions to the **Russia-Ukraine war and the 'Beast from the East'** as key examples of how the **operators perform well at ensuring resilience despite significant pressures on the network**.

> *My perception is that the gas network's very resilient.. there are very few circumstances where I think it fails and when gas isn't flowing, it tends to be planned... I would rate resilience really highly and when it ends up not being resilient it is fixed very quickly.*

Charity - Environment

> *When it comes to extreme weather, we can all look back at 1st March 2018, the Beast from the East, as a really good test of the system that delivered very, very well and some areas were close. In fact, some more local areas within gas networks, were above a 1 in 20 winter and it delivered.*

Trade/Membership Association - Industry

> *But I'd say in general, again, because I think they're not only regulated by Ofgem, they're regulated by the HSE, you know, they've got other standards they have to meet [on resilience and safety of the network].*

Safety organisation

But some stakeholders have concerns for the future…

In particular, stakeholders more au-fait with the logistics of the gas network (Industrial partners, Gas generation organisations and Trade/Membership Associations – Industry) are most likely to raise concerns about the resilience of the network going forward. Wider stakeholders do not have these concerns.

Some stakeholders feel that the next 12 months are going to provide a significant amount of uncertainty for the networks, driven by further geopolitical and weather conditions, but more importantly the legislative changes brought forward by the new government.

Uncertainty over the future role of the gas network in the transition to net-zero is driving these concerns.

Some stakeholders perceive **a lack of understanding from those in regulatory and policy roles of the need for the gas networks** in facilitating the transition. As part of this, some stakeholders feel that the **networks are not providing enough leadership and communication** on this issue.

Another instance is that **stakeholders in the gas generation industry feel that by not speeding up the adaptation to biomethane and hydrogen, the operators are harming the networks' resilience going forward**.

> *Saying right, OK, we [GNOs] will play a leading role. We will be a leading voice to ensure that your needs are then met. So, I think they've got to play a really important role because there are big stakeholders in this.*

Industrial partner

> *We need a plan. We need a plan based on good data. And it is really, really important that the gas networks take that seriously because they provide resilience and security of supply to heat and electricity demand… And there is the possibility that the constraint on achieving a net zero electricity system is lack of CO2 infrastructure and lack of hydrogen infrastructure.*

Trade/Membership Association - Industry

The role of the gas network in the future:

Transition to Net Zero

Stakeholders view the operators as key to the transition:

The role of the gas networks and therefore the operators is very important to the transition, understanding the role they will play will be crucial to achieving the net zero targets and ensuring reliability of energy provision in the UK.

Internally – Progress with the blending of gas

So, from a biogas point of view, they really need to make sure that we can grow and develop future projects based on that. After that, it's only for biogas, they will need probably also to push for hydrogen to see how we can mix hydrogen with gas in the network, which proportion of hydrogen we can inject.

Gas generation organisation

Externally – educate customers on energy usage

I think some of it is about education as well, of customers, and that's why I think they use partners like ourselves and NEA. So, we do energy efficiency advice about how to use things in a more energy-efficient way, which will help carbon emissions.

Charity - Social strategy & Vulnerability

Externally – Work with govt and wider sector

But I think it needs government policy… I think, there's agendas, unfortunately, being thrown around… other people are doing it, maybe they should do the same.

Safety organisation

A major role. I think they have an opportunity to really lead in a positive way and make changes and I think that they should utilise their platforms as much as possible to help with that transtition.

Charity - Social strategy & Vulnerability

Stakeholders cited the adaptation of the network as the operator’s key role

Adapting the network to distribute low carbon alternatives like **biomethane and hydrogen is seen as a crucial part of the transition** the networks need to do.

Another major adaptation stakeholders feel the networks will need to undertake is to the **changing demand patterns which will come through the transition** to net zero and the gas networks’ role in it.

Crucially, whilst adapting, stakeholders want the operators to continue to **ensure the resilience of the network** throughout this change in demands and role.

> *So, I'm convinced given the right support that all of the networks could provide hydrogen or whatever the choice of gas is. From an industrial point of view, a lot of our members are critical to gas - they don't see that they can convert to electricity, hence all the talk about gas hubs around the country - hydrogen hubs that is.*

Trade/Membership Association - Industry

> *Enabling more and more renewable generation to come on, so the gas network standing behind flexible generation, whose capacity is increasing and increasing to be able to cope with the loss of generation on wind and solar, so that demand can still get its supply.*

Trade/Membership Association - Industry

> *I think that that word adapt is going to be key for them. I don't think they need to accept that they can't just continue as they are.*

Charity - Social strategy & Vulnerability

Gas generation and industry stakeholders:

Adaptations to the network and ways of working are needed to support the transition of the network

As part of this, stakeholders raised that the operators need to undertake some changes to their technical processes. One of these is the use of **reverse compression** to ensure the pressure on the grid.

Another is greater **flexibility in the calorific value** to allow for **more blending of the gas supply**. At present this lack of flexibility is driving off investment in biomethane and hydrogen in the UK. Stakeholders also flagged that they felt the UK was behind other EU countries on this.

Other stakeholders, particularly from the gas generation sector, would like to see the operators adapt to be more flexible in how they work with them.

> *Pressure on a grid is also a challenge, but the solution is reverse compression, so calorific value is [a problem]… I would recommend an adaptation period of saying… 'for the next 6 months this plant is going to run on this range'… the range is key to give flexibility.*

Trade/Membership Association - Environment

> *I think, they [GNOs] need to invest in their network to allow the flexibility, previous compression, things like that, which can help the biogas industry a lot to increase their volume and to reach the net-zero target. And, they [GNOs] need to be more lean and they are too heavy, they need to be more agile to make things happen.*

Gas generation organisation

Stakeholders feel there is a lack of clarity for the long-term plan for the network

At the time of interviewing, **stakeholders were not aware of what the long-term plan** will be for the gas network and the role of operators in the transition.

Overall, they felt it has been left up in the air over whether there will be change in the role that the gas network has, and whether this will this be over the short/medium term or for the long-term.

The impact of this on the stakeholder is that they **do not know what the milestones are** for the operators, which they can judge them against as part of the transition of the network.

Stakeholders did acknowledge there **needs to be clear leadership from the government** to dictate this.

> *The gas network's role at the same time also is to run a safe and secure gas network so there is a kind of difficult balance there - to try and be a leader while at the same time accepting it's not for the gas networks to actually decide how the energy system should run or policy decisions about which technologies to support... I think it is for the gas network to provide as much insights and research and analysis to help good evidence-based decisions to be made.*

Trade/Membership Association - Future of network and workforce

> *It's very confusing because there isn't a clear steer from any government… the potential Labour government if they get power are still talking about all energy being carbon free by 2030. You can only do that if you have carbon capture built on some gas fire power stations or you start putting hydrogen into those power stations rather than gas.*

Trade/Membership Association - Industry

Work with the wider energy sector for a national strategy

Whilst stakeholders think the impetus for the vision of the gas network in the transition will require government and regulator leadership, **some stakeholders want to see the gas network operators work closer with the electricity network operators to take greater leadership in this**.

These stakeholders would like to see more collaboration with the electricity organisations and other relevant stakeholders to make clear the practical and pragmatic changes which need to happen. The gas and electricity networks cannot work independently towards a solution.

Some stakeholders also highlighted the potential need for **local solutions** where needed depending on which low-carbon solution would work best.

> *The issue is the business model. How does it change if as gas networks are reduced, because I'm sure they will be, you know, they've got to have a business model that still works, that is still sustainable when you're transporting less gas… How much are the networks going to reduce? How much is electrification going to happen? What is actually feasible? … So, I think, that's the challenge for them and it's not up to them to, you know, they can support that, but that ultimately comes down policy.*

Safety organisation

> *For instance, some of the dense urban environments which don't have any industrial clusters or high grade heat requirements, there's a very weak case for having hydrogen for heating, whereas around the industrial clusters in other parts of the country, or where there's geographic opportunities for large scale hydrogen storage and things like that or biomethane injection, actually there is quite a good argument.*

Public Body

Stakeholders want to see innovation in the data available to monitor demand

This is particularly relevant to **Gas Generation or Industry stakeholders**, and related mostly to the understanding of demand for gas in the system.

Some stakeholders are **not aware of what data GNOs have** which they could share with them.

Some raised specific **concerns about the quality of the data on demand for energy** to understand the needs of the gas system in the transition to net zero. This was particularly the case for the **demands of industry** over domestic demands.

> *I mean, I think one of my frustrations is they probably have got a whole heap of data already, but how are they using it? … Because with the nature of the businesses, we've got so much data available to us, but it's getting that smart relationship, smart outputs from it.*

Gas generation organisation

> *Our data's crap. The gas networks don't have a good idea what the demand is, especially, like say, industrial demand… They [gas and electric industry] haven't engaged with industry, they don't know what industry want or need, and the answers they're getting look quite wrong compared to what we have gathered from doing stakeholder engagement.*

Trade/Membership Association - Industry

The role of the gas network in the future:

Customer Value

Stakeholders have positive perceptions of GNOs in their ability to deliver value for customers

Overall sentiment here is positive, with most stakeholders rating the GNOs' value delivery either a 3 or 4 out of 5.

Stakeholders generally trust that the **regulatory environment** ensures GNOs deliver good value. The regulation of GNOs and their resulting inability to overcharge provides reassurance here.

Some stakeholders praise the **efficient usage** of Vulnerable Customer and Medical Assistance (**VCMA**) funding, with services such as the **gas emergency helpline** being highly appreciated too.

There is a strong appreciation for GNOs' focus on long-term investment in **network infrastructure** and the emphasis on **safety and resilience**. Stakeholders also value the infrastructure work and emergency response services provided by GNOs.

Things like the gas emergency helpline that is provided... and the VCMA funding, there does seem to be a genuine effort on behalf of the networks to support their customers, even though they're not competing for their business.

Charity - Environment

For what they do they deliver a good value for money once you consider the need to invest in networks over a long period of time and the primacy which is around safety and resilience rather than value, and the fact that this is mediated through an Ofgem regulated price control process. I think it's pretty good value for customers.

Charity - Environment

Transparency and customer education are cited as key areas of customer value where improvement is desired

Many stakeholders observe a lack of customer awareness regarding **the role of GNOs** and how they influence their energy bills. There is a need for better **transparency and communication** with the public about the broad role of GNOs (especially in the context of rising energy bills during the **cost-of-living** crisis).

"It's not a one-size-fits-all approach. It's actually understanding what people's needs are and working with them to support them."

Trade Association and Membership Orgs.
Future of network and workforce

While stakeholders recognise the importance of transitioning to net zero, there are concerns about the cost implications. GNOs need to balance their **long-term sustainability goals** with the immediate financial impact on customers.

I think balancing the long-term impact of not transitioning to net zero or transitioning, and getting the price right... is going to be important."

Trade Association and Membership Orgs.
Future of network and workforce

Stakeholders feel that more can be done to **educate customers to be energy-aware** (including ways to reduce their energy costs). This will likely remain an issue in the future, with the **net-zero transition** affecting the way in which the public engage with energy usage.

As a population we're going to have to make significant changes.. that change is always quite difficult particularly for people facing lots of vulnerabilities so I think that sort of education and demonstration could be a really helpful role that the networks could play."

Charity - Environment

Stakeholders praise GNOs for their work supporting vulnerable customers, but see room for taking this a stage further

Stakeholders praise GNOs for their effective work with vulnerable customers (e.g., utilising VCMA funds and collaborating with non-GNO organisations such as charities).

However, stakeholders also emphasise the need for GNOs to **train engineers to identify vulnerable customers** and **raise awareness about the increasing demand for support** due to rising living costs.

Some stakeholders direct **criticism at Ofgem for not adequately assisting GNOs** in their efforts to support vulnerable customers.

"I think the way that they are working with organisations who have those contacts is smart, so many organisations try and do these things themselves and actually that's not effective... the way that they are partnering with organisations who deal with vulnerable customers like ourselves... they are doing great work in terms of doing that."

Charity – Social Strategy & Vulnerability

"Originally Ofgem said that the sole responsibility for vulnerable customers rested with the supplier, not with the transporter... the people who should be responsible for it are the transporters... most of them are doing it in some form or other, but could be doing more but with the correct financing through Ofgem."

Trade Association and Membership Organisations - Industry

Innovation, especially regarding the net-zero transition, is seen as an essential aspect of delivering value for customers

There is a broad consensus on the necessity to innovate for **future needs**, including to reduce reliance on international energy sources and to transition to cleaner energy options like hydrogen. **Collaboration and sharing** best practice within the sector are mentioned as areas needing improvement for the sake of better performance and innovation.

“If they [the GNOs] don't innovate, it is a dying energy source for us as a nation… So [innovation is] what is the network going to be and driving that efficiency and lowering emissions.“

Trade Association and Membership Orgs. Industry

In the context of leveraging data and digitisation in the work of GNOs, Stakeholders have mixed levels of awareness regarding how GNOs currently use data, but recognise its potential. Some stakeholders are particularly interested in the role of data in understanding **future network plans and demand patterns**.

"Data that I'm keen to understand is future, so their future network plans. How big is the network grid going to look like in terms of steel requirements? How confident are they about their plans? Because that impacts our business case for future growth…”

Industrial Partner

Some stakeholders suggest that GNOs should explore new purposes for their infrastructure, such as in the **heat network sector,** and leverage their skilled workforce in areas. Here, innovation is seen as essential in maintaining the viability of GNOs in the face of **declining traditional energy sources**. Partnerships with other organisations are deemed crucial for technological innovation and boosting efficiency in the context of **intermittent energy sources**.

“[The GNOs have] 10s of thousands of very capable people, who are very knowledgeable about the energy sector, and we should be leveraging them, particularly in an environment where everybody's saying we've got skills and capabilities shortage.”

Public Body

Conclusions and Recommendations

Findings Summary: Perceptions of the GNOs

Overall Perceptions

Overall, half of stakeholders scored the GNOs well on reputation. The average score given for the operators was 3.4, with stakeholders praising them for their strong performance on network management, support for vulnerable customers and overall being trusted organisations.

However, a majority of stakeholders had some level of constructive criticism on the GNOs' reputation when aggregating scores. Gas Generation stakeholders and Industrial Partners gave the lowest scores for reputation. Their concerns for the network operators' reputations are focussed on the impact of their approach towards hydrogen and its role in the future of the network. Stakeholders feel this may have lost the operators some credibility with those in the energy sector.

Stakeholder engagement

Stakeholders have generally positive perceptions of their evolving relationships with GNOs, valuing their expertise and regular engagement. Although some stakeholders raise concern around the complexity of managing multiple contacts, they widely appreciate the ability of GNO contacts to engage on a wide range of topics, including innovation and the transition to net-zero.

Clearer, more regular communication is raised as a key area of improvement here, particularly in the context of alleviating concerns around the uncertainty of the future of gas networks and the need to adapt to changing realities within the sector (e.g., the usage of low-carbon gases).

Findings Summary: The future of the gas network

Resilience

Where stakeholders are able to determine which business plan area is the priority, resilience is the most commonly cited key objective for the network operators.

Most stakeholders felt that the sector as a whole, and individual GNOs, perform very well on network resilience. The Russia-Ukraine war and the 'Beast from the East' as key examples of how the operators perform well at ensuring resilience.

However, some stakeholders (industrial stakeholders) are most likely to raise concerns about the resilience of the network going forward.

Transition to Net-Zero

Stakeholders view the operators as key to the transition to net-zero. Adapting the network to distribute low carbon alternatives and changing demand patterns are seen as a crucial parts of the transition the networks need to do.

At the time of interviewing, stakeholders were not aware of what the long-term plan will be for the gas network and the role of operators in the transition. Stakeholders felt there needs to be clear leadership from the government. However, some stakeholders want to see the GNOs work closer with the electricity network operators to take greater leadership on guiding the transition plan.

Customer Value

Stakeholders express broad trust in GNOs and the regulatory environment in which they operate to deliver value for customers. Stakeholders are also broadly satisfied with the public-facing services provided by the GNOs, such as the gas emergency helpline and engaging with vulnerable customers.

However, stakeholders emphasise the need for greater GNO openness and transparency in the context of communication. This will be particularly important in guiding the public through developments in innovation and the transition to net-zero.

Recommendations

Openness and transparency

Stakeholders want clearer, more transparent communication regarding the goals and strategic thinking of the GNOs.

Engage on the future of the network

Stakeholders are concerned about the future of gas networks; They want engagement on the plans for how the industry will adapt to the transition and the implications for customers.

Take leadership on the transition

Stakeholders want to see the GNOs work with the electricity networks to take greater leadership in the transition where they feel government or regulator leadership is lacking.

Greater support for vulnerable customers

Stakeholders want greater support for vulnerable customers through some specific initiatives but also greater engagement with and pressure on Ofgem to support the GNOs in this.

Thank you!

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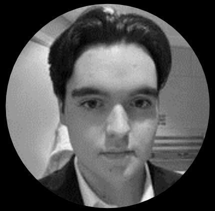

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