

Delivering **on our promises**







Performance Snapshots
2016-17



Our performance in the year¹

This is our performance snapshot for the year. In providing it, our aim is to respond to the requests from our stakeholders for greater transparency and simplicity in how all network companies report their performance.



Network 		Performance		Actual 2016-17		Trend²		
		Number of customers		3.9m		▲		
		Total DNO network length		95,598km		▲		
Reliability & Availability  36.3 Minutes Target achieved for average minutes lost		Performance		Actual 2016-17	Target 2016-17³	Status	Trend²	
		Customer interruptions⁴	Northeast	Inc. exceptional events	54.6		▲	
				Exc. exceptional events	50.3	58.9	✓ Achieved	▲
			Yorkshire	Inc. exceptional events	47.4			▲
				Exc. exceptional events	47.4	65.7	✓ Achieved	▲
		Customer minutes lost⁴	Northeast	Inc. exceptional events	39.3			▲
				Exc. exceptional events	37.6	53.7	✓ Achieved	▲
			Yorkshire	Inc. exceptional events	35.0			▲
				Exc. exceptional events	35.0	56.3	✓ Achieved	▲
IIS – Incentive performance reward/(penalty)⁵		£m	Reward £23.1m					
		£/customer bill	Bill Impact £2.72					
Customer Satisfaction Our customers scored us 8.6/10 		Performance		Actual 2016-17	Target 2016-17³	Status	Trend²	
		Overall Broad Measure of Customer Satisfaction <i>score out of ten (rank out of six)⁶</i>		8.63 (4th)	8.2	✓ Achieved	▲	
		BMCS – Incentive performance reward/(penalty)⁷	£m	Reward £3.1m				
			£/customer bill	Bill Impact £0.37				
Connections  5.5 days Target achieved for time-to-quote days		Performance		Actual 2016-17	Target 2016-17³	Status	Trend²	
		Time-to-quote (days)⁸		5.5	8.2	✓ Achieved	▲	
		Time-to-connect (days)⁸		48.5	42.1	✗ Missed	▼	
		Incentive performance reward/(penalty) – connections lead time	£m	Reward £1.0m				
			£/customer bill	Bill Impact £0.12				
		ICE – Incentive on Connections	£m	Reward £0.0m				
	Engagement penalty (if applicable)	£/customer bill	Bill Impact £0.0					
Social Obligations 		Performance		Actual 2016-17				
		Stakeholder Engagement and Consumer Vulnerability (SECV) score out of ten (rank out of six)		6.5 (3rd)				
		SECV – Incentive reward	£m	Reward £1.4m				
			£/customer bill	Bill Impact £0.16				
Financials  £377.1 million Overall total expenditure for 2016-17		Performance		Northeast	Yorkshire	Overall		
		Unrestricted domestic tariff charge		£89.71	£73.77			
		Total expenditure	£m	£174.1m	£202.9m	£377.1m		
			% of cost allowances	98%	90%	93%		
			% of allowed revenue	66%	60%	63%		
		Dividends paid⁹		£21.8m	£28.7m	£50.5m		
		Gearing¹⁰		49.3%	48.4%	61.8%		
		Credit rating¹¹		A3/A/A-	A3/A/A-	Baa1/A/BBB+		
		RORE (vs Ofgem assumption of 6%)¹²		8.6%	8.5%	8.5%		

Innovation

In 2016-17, we successfully launched 6 new projects to help us deploy smart grids and address issues of affordability and environmental protection.

Safety

We achieved our Occupational Safety and Health Administration (OSHA) accident rate target (0.34 against a target of 0.36) but narrowly missed our RIDDOR target (0.20 against 0.1). We also maintained compliance with the Health and Safety Executive (HSE) legislation.

Environmental Impact


Protecting the environment remains a priority for us. We achieved our oil/fluid loss targets in the year and were ahead of target on undergrounding overhead lines in areas of natural beauty. Whilst we also achieved our Northern Powergrid carbon footprint reduction targets, our total footprint (including that of our contractors) missed target due to fuel used for mobile generators to keep our customers on supply. We are exploring solutions that will enable us to meet both our customer service and environmental targets.


Notes:


- All financial figures are in 2012-13 prices and refer to Northern Powergrid overall unless otherwise stated. The performance of each licensee is shown in the Annex to this report.
- Trend ▲ getting better ▼ getting worse since 2015-16.
- Ofgem target (see sections in the main body of the report for performance against our own targets).
- Unweighted figures. Indicative figures as at July 2017, final figures still to be confirmed by Ofgem.
- Excluding guaranteed standards payments.
- Broad Measure of Customer Satisfaction (BMCS) rank indicative only based on monthly data. Final ranking to be confirmed by Ofgem.
- Does not include SECV reward.
- LVSSA (single minor connections).
- Dividends paid figure for Northeast, Yorkshire and Overall relate to dividends from the licensee companies in the year.
- Gearing figures for Northeast and Yorkshire relate to gearing of the licensee companies. Overall gearing relates to the Northern Powergrid group and includes debt over and above the licensee companies that was utilised to fund the distribution business.
- Credit ratings for Northeast and Yorkshire relate to scores for three credit rating agencies (Moody's/Standard and Poor's/Fitch) for the licensee companies. Overall relates to Northern Powergrid Holdings Company.
- In setting the price control Ofgem assumed a base RORE of 6% with the opportunity for companies to exceed or fall below this depending upon performance.


Our performance Northeast


Network	Performance		Actual 2016-17		Trend ²	
	Number of customers		1.6m		▲	
	Total DNO network length		41,503km		▲	

Reliability & Availability	Performance		Actual 2016-17		Target 2016-17 ³		Status		Trend ²	
 37.6 Minutes Target achieved for average minutes lost	Customer interruptions ⁴	Incl. exceptional events	54.6						▲	
		Excl. exceptional events	50.3		58.9		✓ Achieved		▲	
	Customer minutes lost ⁴	Incl. exceptional events	39.3						▲	
		Excl. exceptional events	37.6		53.7		✓ Achieved		▲	
	IIS – Incentive performance reward/(penalty) ⁵		£m	£9.6m						
			£/customer bill	£2.85						

Customer Satisfaction	Performance		Actual 2016-17		Target 2016-17 ³		Status		Trend ²	
 Our customers scored us 8.7/10	Overall Broad Measure of Customer Satisfaction out of ten (rank out of fourteen) ⁶		8.68 (8th)		8.20		✓ Achieved		▲	
	BMCS – Incentive performance reward/(penalty) ⁷	£m	£1.5m							
		£/customer bill	£0.43							

Connections	Performance		Actual 2016-17		Target 2016-17 ³		Status		Trend ²	
 5.6 days Target achieved for time-to-quote days	Time-to-quote (days) ⁸		5.6		8.2		✓ Achieved		▲	
	Time-to-connect (days) ⁸		50.6		42.1		✗ Missed		▼	
	Incentive performance reward/(penalty) – connections lead time	£m	£0.40m							
		£/customer bill	£0.12							
	Incentive on Connections Engagement (ICE) (penalty)		£m	Nil						
			£/customer bill	Nil						

Social Obligations	Performance		Actual 2016-17			
	Stakeholder Engagement and Consumer Vulnerability (SECV) score out of ten (rank out of six)		6.5 (3rd)			
	SECV – Incentive reward	£m	£0.6m			
		£/customer bill	£0.16			

Financials	Performance				Total	
 £174.1 million Overall total expenditure for 2016-17	Unrestricted domestic tariff charge				£89.71	
	Total expenditure	£m			£174.1m	
		% of cost allowances			98%	
		% of allowed revenue			66%	
	Dividends paid ⁹				£21.8m	
	Gearing ¹⁰				49.3%	
	Credit rating ¹¹				A3/A/A-	
	RORE (vs Ofgem assumption of 6%) ¹²				8.6%	

Innovation

In 2016-17, we successfully launched 6 new projects to help us deploy smart grids and address issues of affordability and environmental protection.

Safety

We achieved our Occupational Safety and Health Administration (OSHA) accident rate target (0.34 against a target of 0.36) but narrowly missed our RIDDOR target (0.2 against 0.1). We also maintained compliance with the Health and Safety Executive (HSE) legislation.

Environmental Impact

Protecting the environment remains a priority for us. We achieved our oil/fluid loss targets in the year and were ahead of target on undergrounding overhead lines in areas of natural beauty. Whilst we also achieved our Northern Powergrid carbon footprint reduction targets, our total footprint (including that of our contractors) missed target due to fuel used for mobile generators to keep our customers on supply. We are exploring solutions that will enable us to meet both our customer service and environmental targets.







Notes:

- All financial figures are in 2012-13 prices and refer to Northern Powergrid overall unless otherwise stated. The performance of each licensee is shown in the Annex to this report.
- Trend ▲ getting better ▼ getting worse since 2015-16.
- Ofgem target (see sections in the main body of the report for performance against our own targets).
- Unweighted figures. Indicative figures as at July 2017, final figures still to be confirmed by Ofgem.

- Excluding guaranteed standards payments.
- Broad Measure of Customer Satisfaction (BMCS) rank indicative only based on monthly data. Final ranking to be confirmed by Ofgem.
- Does not include SECV reward.
- LVSSA (single minor connections).
- Dividends paid figure for Northeast, Yorkshire and Overall relate to dividends from the licensee companies in the year.
- Gearing figures for Northeast and Yorkshire relate to gearing of the licensee companies. Overall gearing relates to the Northern Powergrid group and

- includes debt over and above the licensee companies that was utilised to fund the distribution business.
- Credit ratings for Northeast and Yorkshire relate to scores for three credit rating agencies (Moody's/Standard and Poor's/Fitch) for the licensee companies. Overall relates to Northern Powergrid Holdings Company.
 - In setting the price control Ofgem assumed a base RORE of 6% with the opportunity for companies to exceed or fall below this depending upon performance.

Our performance Yorkshire¹

Network 	Performance		Actual 2016-17		Trend²		
	Number of customers		2.3m		▲		
	Total DNO network length		54,095km		▲		
Reliability & Availability  Target achieved for average minutes lost	Performance		Actual 2016-17	Target 2016-17³	Status	Trend²	
	Customer interruptions ⁴	Incl. exceptional events	47.4				▲
		Excl. exceptional events	47.4	65.7	✓ Achieved	▲	
	Customer minutes lost ⁴	Incl. exceptional events	35.0				▲
		Excl. exceptional events	35.0	56.3	✓ Achieved	▲	
	IIS – Incentive performance reward/(penalty) ⁴	£m	£13.5m				
		£/customer bill	£2.62				
Customer Satisfaction  Our customers scored us 8.6/10	Performance		Actual 2016-17	Target 2016-17³	Status	Trend²	
	Overall Broad Measure of Customer Satisfaction <i>out of ten (rank out of fourteen)⁶</i>		8.59 (12th)	8.20	✓ Achieved	▲	
	BMCS – Incentive performance reward/(penalty) ⁷	£m	£1.6m				
		£/customer bill	£0.32				
Connections  Target achieved for time-to-quote days	Performance		Actual 2016-17	Target 2016-17³	Status	Trend²	
	Time-to-quote (days) ⁸		5.4	8.2	✓ Achieved	▲	
	Time-to-connect (days) ⁸		47.3	42.1	✗ Missed	▼	
	Incentive performance reward/(penalty) – connections lead time	£m	£0.60m				
		£/customer bill	£0.12				
	Incentive on Connections Engagement (ICE) (penalty)	£m	Nil				
		£/customer bill	Nil				
Social Obligations 	Performance		Actual 2016-17				
	Stakeholder Engagement and Consumer Vulnerability (SECV) <i>score out of ten (rank out of six)</i>		6.5 (3rd)				
	SECV – Incentive reward	£m	£0.80m				
		£/customer bill	£0.16				
Financials  Overall total expenditure for 2016-17	Performance				Total		
	Unrestricted domestic tariff charge				£73.77		
	Total expenditure	£m			£202.9m		
		% of cost allowances			90%		
		% of allowed revenue			60%		
	Dividends paid ⁹				£28.7m		
	Gearing ¹⁰				48.4%		
	Credit rating ¹¹				A3/A-		
RORE (vs Ofgem assumption of 6%) ¹²				8.5%			

Innovation



In 2016-17, we successfully launched 6 new projects to help us deploy smart grids and address issues of affordability and environmental protection.

Safety



We achieved our Occupational Safety and Health Administration (OSHA) accident rate target (0.34 against a target of 0.36) but narrowly missed our RIDDOR target (0.2 against 0.1). We also maintained compliance with the Health and Safety Executive (HSE) legislation.

Environmental Impact



Protecting the environment remains a priority for us. We achieved our oil/fluid loss targets in the year and were ahead of target on undergrounding overhead lines in areas of natural beauty. Whilst we also achieved our Northern Powergrid carbon footprint reduction targets, our total footprint (including that of our contractors) missed target due to fuel used for mobile generators to keep our customers on supply. We are exploring solutions that will enable us to meet both our customer service and environmental targets.

Notes:

- All financial figures are in 2012-13 prices and refer to Northern Powergrid overall unless otherwise stated. The performance of each licensee is shown in the Annex to this report.
- Trend ▲ getting better ▼ getting worse since 2015-16.
- Ofgem target (see sections in the main body of the report for performance against our own targets).
- Unweighted figures. Indicative figures as at July 2017, final figures still to be confirmed by Ofgem.

- Excluding guaranteed standards payments.

- Broad Measure of Customer Satisfaction (BMCS) rank indicative only based on monthly data. Final ranking to be confirmed by Ofgem.
- Does not include SECV reward.
- LVSSA (single minor connections).
- Dividends paid figure for Northeast, Yorkshire and Overall relate to dividends from the licensee companies in the year.
- Gearing figures for Northeast and Yorkshire relate to gearing of the licensee companies. Overall gearing relates to the Northern Powergrid group and

- includes debt over and above the licensee companies that was utilised to fund the distribution business.
- Credit ratings for Northeast and Yorkshire relate to scores for three credit rating agencies (Moody's/Standard and Poor's/Fitch) for the licensee companies. Overall relates to Northern Powergrid Holdings Company.
- In setting the price control Ofgem assumed a base RORE of 6% with the opportunity for companies to exceed or fall below this depending upon performance.

Our performance measures explained

Our performance snapshots on the inside front cover and on pages 34 and 35, set out one-page summaries of our key measures of performance in the year.

Based on engagement with our stakeholders we have gone further than the minimum requirements in our disclosure and presentation of information to rise to the challenge of greater transparency in our performance reporting. For example, in addition to reporting our actual performance against targets, we have included our relative ranking position among the other British distribution network operators, our performance trends, the financial incentive rewards/penalties we have earned/incurred along with the impact of those incentives on an average domestic customer bill.

We hope you find what we've done useful. Below is a glossary explaining the meaning of each of the measures included in our performance snapshots.

Number of customers		Number of customers electricity is distributed to in Northern Powergrid's licensee areas: Northeast and Yorkshire.
Total DNO network length		The total kilometres of overhead lines, underground lines and subsea cables used to distribute electricity to Northern Powergrid customers in its two licensee areas: Northeast and Yorkshire.
Customer interruptions	Including exceptional events	The number of customers whose supplies have been interrupted per 100 customers per year over all incidents where an interruption of supply lasts for three minutes or longer, excluding reinterruptions to the supply of customers previously interrupted during the same incident, including any interruptions caused by exceptional events. An exceptional event is an event which is beyond the reasonable control of the licensee but does not include weather conditions which are reasonably expected to occur.
	Excluding exceptional events	As above, but excluding any interruptions caused by exceptional events.
Customer minutes lost	Including exceptional events	The duration of interruptions to supply (or the average customer minutes lost per customer per year) where an interruption of supply lasts for three minutes or longer. It includes any interruptions caused by exceptional events.
	Excluding exceptional events	As above, but excluding any interruptions caused by exceptional events.
IIS – Incentive performance reward/(penalty)	£	Electricity distribution companies are incentivised on the number and duration of network supply interruptions versus a target derived from benchmark industry performance. This figure represents the financial reward/(penalty) earned or measured on network interruptions in Ofgem's Interruption Incentive Scheme (IIS).
	£/domestic customer bill	How much the above incentive reward (or penalty) will add to (or take off) the bill for an average domestic consumer in 2018-19.
Overall Broad Measure of Customer Satisfaction Score		Northern Powergrid's Broad Measure of Customer Satisfaction (BMCS) score and rank on Ofgem's customer satisfaction measure. It is based on a customer satisfaction survey and is designed to drive improvements in the quality of the overall customer experience by capturing and measuring customers' experiences of contact with their electricity distribution company.
BMCS – Incentive performance reward/(penalty)	£	Value of the Ofgem Broad Measure of Customer Satisfaction (BMCS) reward/(penalty), a financial incentive on customer satisfaction, excluding stakeholder engagement rewards.
	£/domestic customer bill	How much the above incentive reward (or penalty) will add to (or take off) the bill for an average domestic consumer in 2018-19.
Time-to-quote (days)		The average number of days from a connection application being received to a connection quote being issued for single low-voltage minor connections (LVSSA).
Time-to-connect (days)		The average number of days from acceptance of a connection quote by a connectee to the completion of the necessary electrical works, to the point it would be possible to energise (subject to installation of an appropriate meter), for single low-voltage minor connections (LVSSA).
Incentive performance reward/(penalty) – connections lead time	£	Value of the time to connect financial incentive for single low-voltage minor connections (LVSSA) and two to four minor connections (LVSSB).
	£/domestic customer bill	How much the above incentive reward (or penalty) will add to (or take off) the bill for an average domestic consumer in 2018-19.

Incentive on Connections Engagement (ICE) penalty (if applicable)	£	Value of the Ofgem ICE penalty: a connections engagement financial incentive for major connections customers (metered demand connections, metered distributed generation and unmetered connections).
	£/domestic customer bill	How much the above incentive penalty will take off the bill for an average domestic consumer in 2018-19.
Stakeholder Engagement and Consumer Vulnerability (SECV)		Northern Powergrid's Stakeholder Engagement and Consumer Vulnerability (SECV) score and rank as part of Ofgem's customer satisfaction measure.
Incentive reward (SECV)	£	Value of the Ofgem SECV reward, a stakeholder engagement financial incentive.
	£/domestic customer bill	How much the above incentive reward will add to the bill for an average domestic consumer in 2018-19.
Unrestricted domestic tariff charge (for a typical domestic customer)		The distribution element of the bill for an average domestic consumer in 2016-17, excluding the cost of a special rebate given by some electricity distribution companies in 2014 and 2015 (in accordance with the government 2013 Autumn statement) to help reduce energy bills. The average domestic consumer is assumed to use 3,100kWh per annum. The calculation assumes 365 days in a year.
Total expenditure	£	This is Ofgem's regulatory total expenditure (or 'totex') measure, which includes many of the costs incurred by electricity distribution companies, but excludes costs over which companies have no control, and which also nets off proceeds from the sale of assets. This measure is used as the basis for calculating how much the company has spent on operating and investing in its distribution business, and companies are incentivised to minimise it while at the same time delivering all the required outputs.
	% of cost allowances	How much the company has spent of its totex allowances for the year. If the percentage is lower, a company has either been successful in reducing how much it costs to deliver its outputs, or has not delivered some of its outputs (which would lead to a reduction in its future allowed revenues).
	% of allowed revenue	How much of its allowed revenues a company used to fund its totex expenditure, before covering other day-to-day costs that are excluded from totex and repayments of previous investments.
Dividends paid		Dividends paid in the year.
Gearing		A ratio measuring the extent to which a company is financed through borrowing. Ofgem calculates gearing as the percentage of net debt relative to the Regulatory Asset Value (RAV).
Credit rating		An evaluation of a potential borrower's ability to repay debt. Credit ratings are calculated from financial records including and current assets and liabilities. There are three major credit rating agencies (Standard & Poor's, Fitch and Moody's) who use broadly similar credit rating scales, with D being the lowest rating (highest risk) and AAA being the highest rating (lowest risk). The companies regulated by Ofgem typically have a credit rating of BBB, BBB+, A- or A.
Actual Return On Regulatory Equity – RORE (vs Ofgem assumption of 6%)		The return on regulated equity (RORE) measures how much a company has earned on previous investments in its regulatory assets (RAV) that have been funded by shareholders in the regulatory settlement. This starts with the base return which Ofgem allowed, to reflect the cost of equity in capital markets, and is adjusted for the value earned via any incentive schemes to reflect performance, and any difference between how much the company's debt finance cost compared to Ofgem's assumption. Ofgem's calculation of this figure assumes a notional gearing of 65% (which is above our actual gearing level). It is stated in real terms, i.e. before inflation is added.
OSHA rate		In the USA the Occupational Safety and Health Administration (OSHA) accident rate records reportable work-related accidents including major incidents leading to absence from work and also less severe injuries where employees may experience restricted work duties or have prescription drugs issued as treatment or therapy. The OSHA rate is presented as reportable cases per 200,000 man hours. See www.osha.gov
RIDDOR rate		A UK accident rate that measures the number of accidents that are reportable under the UK's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR). These accidents are reportable to the HSE and include fatal, major injury and lost-time accidents resulting in over seven days absence from work. See http://www.hse.gov.uk/riddor