



Performance snapshot

2018-19

Performance snapshot – Northeast¹

Network		Actual 2018–19	
Number of customers		1.6m	
Total DNO network length		41,839km	

Reliability & Availability		Actual 2018–19	Target 2018–19 ³	Status	Trend ²
Customer Interruptions (CI) ⁴	Inc. exceptional events	57.9			▼
	Exc. exceptional events	52.4	58.3	✓ Achieved	▼
Customer Minutes Lost (CML) ⁴	Inc. exceptional events	53.1			▼
	Exc. exceptional events	43.4	51.7	✓ Achieved	▼
Incentive performance reward/(penalty) – IIS ⁵	£m	£5.8m			
	£/customer bill	£1.79			

Customer Satisfaction		Actual 2018–19	Target 2018–19 ³	Status	Trend ²
Overall Broad Measure of Customer Satisfaction score out of ten (rank out of six) ⁶		8.74 (10th)	8.2	✓ Achieved	▶▶
Incentive performance reward/(penalty) – BMCS ⁷	£m	£1.6m			
	£/customer bill	£0.48			

Connections		Actual 2018–19	Target 2018–19 ³	Status	Trend ²
Time-to-quote (days) ⁸		6.3	8.2	✓ Achieved	▲
Time-to-connect (days) ⁸		41.2	42.1	✓ Achieved	▲
Incentive performance reward/(penalty) – connections lead time	£m	£0.3m			
	£/customer bill	£0.09			
Incentive on Connections Engagement penalty – ICE (if applicable)	£m	Nil			
	£/customer bill	Nil			

Social Obligations		Actual 2018–19	Target 2018–19 ³	Status	Trend ²
Individual Stakeholder Engagement and Consumer Vulnerability (SECV) score out of ten (rank out of 14 network companies)		7.01 (3rd)	8.50 (2nd)	✗ Missed	▼
Incentive reward	£m	£0.7m			
	£/customer bill	£0.20			

Innovation

In 2018–19 we spent £1.6m across 30 innovation projects in our Northeast licence area, funded by our Network Innovation Allowance. Our diverse portfolio spans our four innovation priorities for ED1: developing our smart grid, delivering smart meter benefits, developing our digital services and improving affordability.

Safety

Our long-term safety performance is strong and places us in the leading pack among our peers. We achieved our annual headline safety target for Northern Powergrid as a whole in 2018–19, measured by the Occupational Safety and Health Administration (OSHA) rate – 0.31 against a target of 0.31 – representing seven reportable incidents in a workforce of around 2,700.

Environment

We achieved our oil leakage and business carbon footprint targets for 2018–19. We are also ahead of our target in putting overhead lines underground in areas of natural beauty in the ED1 period to date.

Financials		Northeast	
Unrestricted domestic tariff charge		£75.91	
Total expenditure	£m	£161.5m	
	% of cost allowances	98%	
	% of cost allowances (ED1 to date)	96%	
	% of allowed revenue	63%	
Dividends paid ⁹		£20.5m	
Gearing ¹⁰		50%	
Credit rating ¹¹		A3/A/A-	
RORE		8.5%	

Notes:
 1 All financial figures 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.
 2 Trend ▲ getting better ▼ getting worse ▶▶ staying the same since 2017–18.
 3 Ofgem target (see sections in the main body of the report for performance against our own targets).
 4 Unplanned & unweighted figures. Indicative figures as at July 2019, figures still to be confirmed by Ofgem.
 5 Excluding Guaranteed Standards payments.

6 Broad Measure of Customer Satisfaction (BMCS) rank indicative only based on monthly data. Final ranking to be confirmed by Ofgem.
 7 Does not include SECV reward.
 8 LVSSA (single minor connections).
 9 Dividends paid figures for Northeast, Yorkshire and Overall relate to dividends from the licensee companies in the year.
 10 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.

11 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.

Performance snapshot – Yorkshire¹

Network		Actual 2018–19	
Number of customers		2.3m	
Total DNO network length		54,655km	

Reliability & Availability		Actual 2018–19	Target 2018–19 ³	Status	Trend ²
Customer Interruptions (CI) ⁴	Inc. exceptional events	48.3			▲
	Exc. exceptional events	48.3	63.7	✓ Achieved	▼
Customer Minutes Lost (CML) ⁴	Inc. exceptional events	36.4			▲
	Exc. exceptional events	36.4	54.1	✓ Achieved	▼
Incentive performance reward/(penalty) – IIS ⁵	£m	£13.5m			
	£/customer bill	£2.79			

Customer Satisfaction		Actual 2018–19	Target 2018–19 ³	Status	Trend ²
Overall Broad Measure of Customer Satisfaction score out of ten (rank out of six) ⁶		8.62 (13th)	8.2	✓ Achieved	▶▶
Incentive performance reward/(penalty) – BMCS ⁷	£m	£1.7m			
	£/customer bill	£0.36			

Connections		Actual 2018–19	Target 2018–19 ³	Status	Trend ²
Time-to-quote (days) ⁸		6.8	8.2	✓ Achieved	▲
Time-to-connect (days) ⁸		41.4	42.1	✓ Achieved	▲
Incentive performance reward/(penalty) – connections lead time	£m	£0.4m			
	£/customer bill	£0.07			
Incentive on Connections Engagement penalty – ICE (if applicable)	£m	Nil			
	£/customer bill	Nil			

Social Obligations		Actual 2018–19	Target 2018–19 ³	Status	Trend ²
Individual Stakeholder Engagement and Consumer Vulnerability (SECV) score out of ten (rank out of 14 network companies)		7.01 (3rd)	8.50 (2nd)	✗ Missed	▼
Incentive reward	£m	£1.0m			
	£/customer bill	£0.20			

Innovation

In 2018–19 we spent £2.1m across 30 innovation projects in our Yorkshire licence area, funded by our Network Innovation Allowance. Our diverse portfolio spans our four innovation priorities for ED1: developing our smart grid, delivering smart meter benefits, developing our digital services and improving affordability.

Safety

Our long-term safety performance is strong and places us in the leading pack among our peers. We achieved our annual headline safety target for Northern Powergrid as a whole in 2018–19, measured by the Occupational Safety and Health Administration (OSHA) rate – 0.31 against a target of 0.31 – representing seven reportable incidents in a workforce of around 2,700.

Environment

We achieved our oil leakage and business carbon footprint targets for 2018–19. We are also ahead of our target in putting overhead lines underground in areas of natural beauty in the ED1 period to date.

Financials		Yorkshire	
Unrestricted domestic tariff charge		£64.65	
Total expenditure	£m	£206.9m	
	% of cost allowances	92%	
	% of cost allowances (ED1 to date)	92%	
	% of allowed revenue	62%	
Dividends paid ⁹		£26.9m	
Gearing ¹⁰		47%	
Credit rating ¹¹		A3/A/A-	
RORE		7.7%	

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 3 Ofgem target (see sections in the main body of the report for performance against our own targets).
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 10 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.

11 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.

Glossary

Our performance snapshots on the inside front cover and on pages 52 and 53, set out one-page summaries of our key measures of performance in the year.

At the request of our stakeholders we have continued to go further than the minimum requirements in our disclosure and presentation of information in the report to rise to the challenge of greater transparency. For example, in addition to reporting our actual performance against targets, we have included our relative ranking position among the other 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.

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 2020–21.
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 2020–21.
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 2020–21.
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 2020–21.
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 2020–21.
Unrestricted domestic tariff charge (for a typical domestic customer)		The distribution element of the bill for an average domestic consumer in 2018–19, 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

