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The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Attachment DIV 7-49-121
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Gas Business Enablement

Steering Group Pack



Johnny Johnston

19 January 2017 @ 1200 EST, Res Woods Board Room

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Agenda

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|--|-------------|------------------|
| Opening Remarks Meeting Objectives Action Item Follow Up | 5 min | JJ/KC |
| Executive Committee Materials | 15 min | JJ |
| Regulatory Strategy Update | 10 min | PV |
| Program Cost Reduction Options | 10 min | JJ |
| Phase 2 Procurement Plan | 10 min | NR |
| Program Update | 5 min | KC |
| Meeting Close & Feedback | 5 min | JJ |

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Meeting Objectives

1. Obtain feedback on the draft deck and questions for the February Group Executive Committee
2. Update on regulatory strategy and discuss options to enhance recovery
3. Discuss options available to reduce program costs
4. Gain endorsement of our approach on procurement activities for the next phase

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Action Item Follow Up

| | Action | Owner | Assigned | Due | Comment | Complete? |
|----|---|-------|----------|--------|---|-----------|
| 12 | Provide a summary of actions taken / planned to address Business Assurance Partner observations | JJ | 2 Dec | 20 Dec | <ul style="list-style-type: none">Plan to be reviewed during 12/20 Steering Group meeting | Complete |

For complete list see Appendix A

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Executive Committee Materials

- ¾ GBE has been asked to present at the February 16, Group Executive Committee
- ¾ Slides 7 – 30 in this pack are the draft story slides taking the feedback from the December Steering Group (Not planning on going through at Steering Group)
- ¾ We are currently drafting the Group Exec paper to answer the following questions:
 1. What is Gas Enablement and why is it needed now?
 2. What is your approach to the solution and are we doing anything unique?
 3. What is the investment, are there opportunities to reduce or defer it?
 4. What are the anticipated benefits and business case for this investment?
 5. What visibility/controls do we have to ensure the program does not go off track?
 6. What are the key risks to the program and how are you mitigating them?

Steering Group Discussion/Questions

- ¾ Any further feedback on the slide story, articulation and ask for Gas Business Enablement
- ¾ Do the questions above cover the key points or are there any other points that need to be answered?

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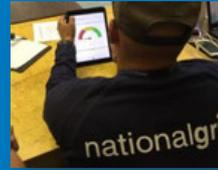
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Gas Business Enablement Program

Draft Presentation to the Group Executive Committee



February 16, 2017

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The US Gas Business is facing significant challenges that are putting our future growth at risk

We hold an unsustainable level of operational risk

- § 90% of our 'front office' systems will have reached end of life within 2 years, making it increasingly more challenging to maintain reliability of critical operational systems.
- § **Aging, disparate, and duplicative systems** impede a 'single version of the truth' making it difficult to demonstrate compliance, manage performance, and lack the flexibility to address a changing regulatory & customer environment.
- § **\$40M in gas safety compliance penalties** received or in negotiation over the last 3 years, the majority of which could have been avoided with modern systems.
- § **Gas safety compliance challenges** stem from not only systems gaps but also insufficient technical training and complicated work methods and procedures.

We need a step change in operational performance

- § Our capital plan has tripled over recent years to \$2B a year and our **systems and Op Model need to be updated** to secure delivery.
- § We **lack standard processes, performance metrics, and tools** to clearly understand current performance, report consistently to our regulators and support future regulatory frameworks.
- § Our **customer are expecting more** (e.g., proactiveness) and **~%50 prefer web & mobile interactions** which we currently can't deliver.
- § We **lack the resource capacity** to deliver the growth in capital spend as well as a **standard platform** to drive inorganic growth.
- § A **culture of "make due"** and **diffuse accountability** for operating performance is the norm.

Our market framework is changing dramatically

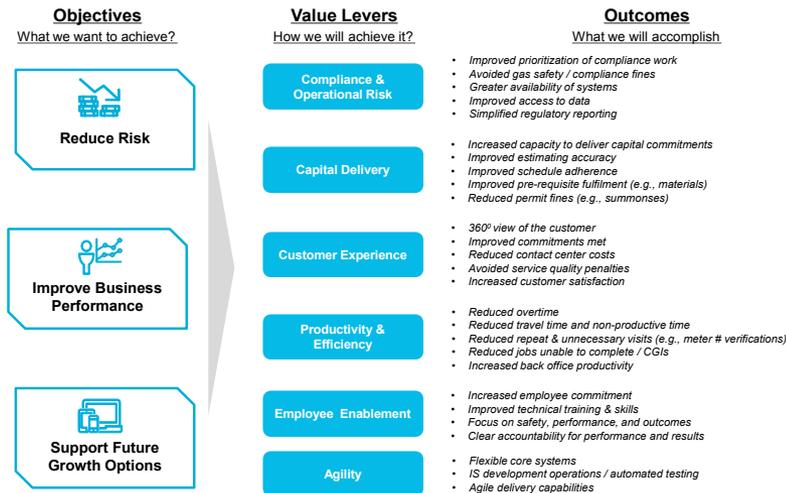
- § Incidents resulting in significant cost to gas utilities are **increasing regulator scrutiny and requirements** (e.g., AP11173).
- § **Public sentiment** on gas is changing (e.g., environmental).
- § **Competition and opportunities** from alternative energy sources continue to evolve and become economically viable.
- § The **impact of digital on energy system** is transforming how utilities go to market and operate.

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The program is designed to deliver on three primary objectives to address these challenges



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To meet these objectives, a holistic transformation program is required to modernize systems, standardize & align processes, and build the capabilities of our people

Gas Enablement Program Areas of Focus



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To ensure the success of the program, we will leverage innovative approaches, modern delivery methods, and robust governance

| | |
|--|--|
| <p>Innovative release approaches  that segment the program into manageable scope elements.</p> | <ul style="list-style-type: none"> § Standardize processes and roles ahead of systems to reduce complexity § Segment implementation by work type (e.g., Corrosion, I&R) to reduce risk & impact to the business & our customers § Regionalize implementation leveraging RI as a “test bed concept” to demonstrate successful implementation and bundle proven capabilities for scale rollout to other jurisdictions to avoid regressing of capabilities |
| <p>Modern delivery methods  to improve the likelihood of success and avoid stranding assets.</p> | <ul style="list-style-type: none"> § Agile development where appropriate, starting with and building out minimally viable products to reduce complexity and increase speed to value § Cloud and software as a service (SaaS) solutions where possible to minimize the need to stand up and maintain expensive and complex infrastructure |
| <p>Robust governance mechanisms  to ensure the program remains on track.</p> | <ul style="list-style-type: none"> § Critical success factors to measure and monitor progress § Annual sanction process to provide optionality throughout program § Formal stage gates to manage deployment risk to jurisdictions § Focus on realizing value |

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Four options were assessed, the value-oriented program that optimizes scope, value and risk is recommended

| <u>Option</u> | <u>Characteristics</u> | <u>Disposition</u> |
|--|---|---|
| <p>1</p> <p>Tech Stabilization Only</p> | <ul style="list-style-type: none"> • Focus on stabilizing current systems to reduce risk profile • Postpones required core work and asset platform replacement • No foundation for the future | <ul style="list-style-type: none"> • Not sufficient to deliver strategic ambition • Not further detailed analysis required |
| <p>2</p> <p>Backbone Only</p> <p><i>FY18 Spend: \$100M</i></p> | <ul style="list-style-type: none"> • Scope limited to what is required to mitigate key risks • Focused on replacing core work and asset platforms • Simplifies, reduces implementation and risk • Limited foundation for the future | <ul style="list-style-type: none"> • Focused on operational risk only • Not sufficient to deliver our broader strategic ambition • Represents a "fall back" option to option #3, with reduced value/benefits |
| <p>3</p> <p>Value Oriented</p> <p><i>FY18 Spend: \$134M</i></p> | <ul style="list-style-type: none"> • Backbone plus enhanced capabilities to meet objectives • Prioritized investment over 5 years to deliver value • Initial focus on risk reduction • Annual decisions points to create optionality • Addresses risk and desired business performance | <ul style="list-style-type: none"> • Addresses operational risk • Sufficient to deliver strategic ambition • Optimized scope, value, and risk • Recommended for approval |
| <p>4</p> <p>"Big Bang" Approach</p> | <ul style="list-style-type: none"> • Comprehensive platform & capability scope in 3 years • Minimized deployment time creates delivery risk • Risk that desired performance improvements aren't achieved • Challenges our capability to deliver | <ul style="list-style-type: none"> • Although sufficient to deliver strategic ambition, approach not aligned with future direction (e.g., agile, reduce delivery risk, etc.) • Not further detailed analysis required |

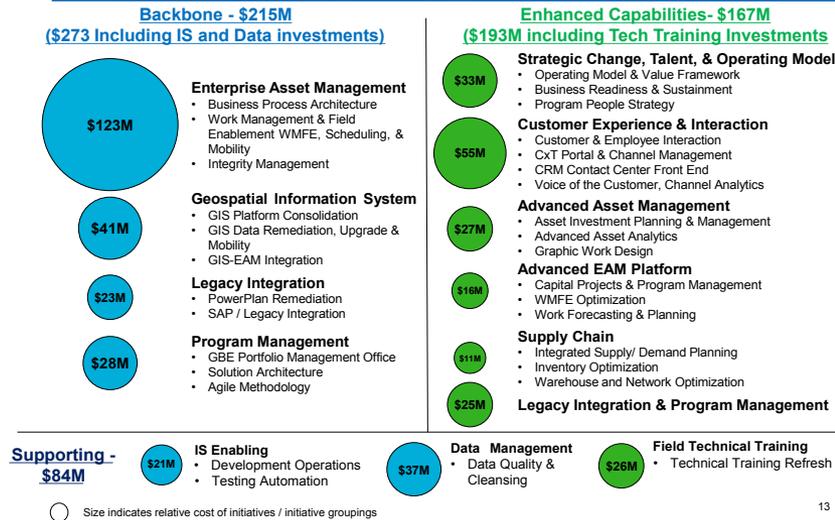
Options deemed not viable

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The value-oriented approach includes the required 'backbone' investment supplemented by enhanced and supporting capabilities

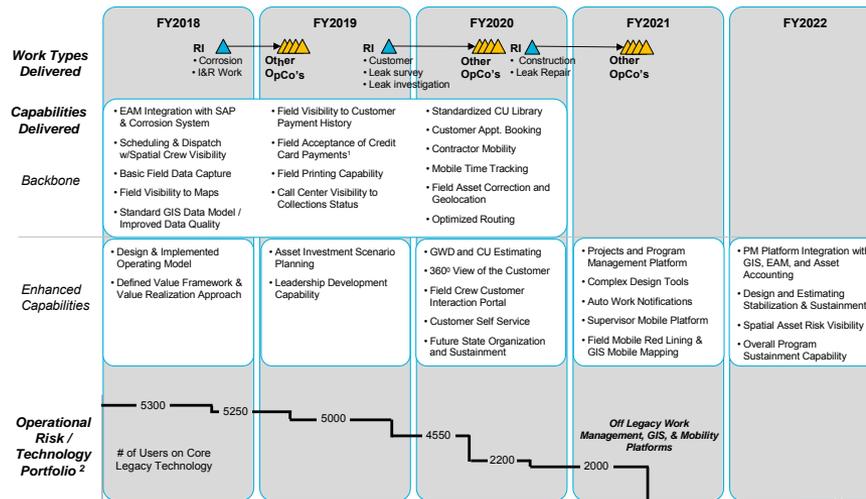


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This program will deliver the backbone over three years, prioritized to reduce operational risk and deliver enhanced capabilities over five years



¹ Pending Regulatory Approval
² Legacy backbone applications estimated to go from 42 out of 117 total applications currently to 6 out of 22 post implementation

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This program delivers a broad range of benefits to address the challenges of today while positioning the Gas Business for the future

| | Stabilize the Core | Step Change in Core | Grow our Core | Future Proof our Business |
|---------------------------------|---|---|---|--|
| Program Investment Scope | | | | |
| Benefits | <ul style="list-style-type: none"> • Reduced technical & operational risk • Improved pipeline safety & compliance • Greater availability / reliability of systems • Improved access to information • Simplified regulatory reporting | <ul style="list-style-type: none"> • Enhanced safety performance • Enhanced pipeline safety & compliance (e.g. eliminating fines) • Improved regulatory relationships • Enhanced efficiency • Improved customer experience and satisfaction • Improved employee technical training & skills • Performance-oriented culture | <ul style="list-style-type: none"> • Deliver future capital growth • Support new customer acquisitions and conversions • Merger and acquisition platform | <ul style="list-style-type: none"> • Flexible core systems • IS development operations • Automated testing • Agile development capabilities • Data management capabilities • Advanced work and asset analytics capabilities • Customer engagement platform • Platform for electric |

- Backbone Investments
- Performance Investments

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The investment in enhanced capabilities necessary to enable a step change in the core will create significant benefit opportunities

| Enhanced Capabilities | Value Drivers | Example Metrics ¹ | Aspirational Ann. Benefit (Ms) Threshold |
|---|---|---|---|
| Strategic Change, Talent, & Operating Model | <ul style="list-style-type: none"> Process efficiency Improved performance mgmt. Performance culture | <ul style="list-style-type: none"> Supervisor time in the field Quality of coaching conversations | N/A ² |
| Customer Experience & Interactions | <ul style="list-style-type: none"> Self-service New service growth Increased customer satisfaction | <ul style="list-style-type: none"> Services initiated via self-service Move requests completed via self-service Status updates received via self-service Service quality penalties Contact center call volume Average time per contact center call | \$2.4 |
| Asset Management | <ul style="list-style-type: none"> Reduced material spend Reduced opex spend reduction Capex effectiveness | <ul style="list-style-type: none"> Estimating accuracy Mapping cycle time Opex spend Risk reduced / \$ spent | \$4.1 |
| EAM / Work Management Platform | <ul style="list-style-type: none"> Appointments met / kept Increase Supervisor time in field Route optimization Reduced overtime Reduced contractor spend Back office productivity Improved operational data | <ul style="list-style-type: none"> Unable to complete rate Schedule adherence Jobs scheduled / dispatched automatically # / rate of jobs bundled Travel time Available / idle time Pre-requisite fulfillment rate Summonses / other penalties | \$16.7 |
| Supply Chain | <ul style="list-style-type: none"> Reduced capex project delays Reduced material spend Reduced inventory carrying costs | <ul style="list-style-type: none"> Material stock-outs Rate of jobs requiring expedite Inventory turnover Inventory carrying cost | N/A |
| Field Technical Training | <ul style="list-style-type: none"> Reduced compliance violations Reduced compliance penalties | <ul style="list-style-type: none"> # / type compliance violations Penalties incurred | \$13.5 |
| | | | \$36.7 |

¹ Performance metrics to be defined as part of value framework in Q1 2017
² Capabilities increase likelihood of program success and enhance the probability of delivering program benefits.

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INTERNAL DRAFT ONLY – ANALYSIS ON-GOING



Regulatory recovery is the core funding mechanism; strategy being developed to minimize regulatory lag

The investments identified in GBE are investments to support core delivery for our customers and so would be traditionally funded by customers through rate agreements. There are a number of issues that make 100% funding a challenge for GBE:

- GBE is currently not in any rate cases so 2017 Opex would not be recoverable
- The next KEDNY/LI rate year is 2020 and so any Opex or depreciation expense before then will be a challenge to recover
- Massachusetts only has backward looking rate cases which will make Opex recovery beyond the test year challenging to recover

4 options main options are being assessed identify optimal recovery strategy:

| | | | |
|---|---|---|---|
| <p>1. Traditional Recovery</p> <ul style="list-style-type: none"> ¾ High probability of delivery ¾ Anticipated recovery: ~75% total costs | <p>2. Program Delay/Slow Down – better aligns costs with future rate cases</p> <ul style="list-style-type: none"> ¾ High probability of delivery ¾ Business impact due to being on failing legacy systems for longer ¾ Anticipated recovery: ~80+% total costs | <p>3. Enhanced Regulatory Recovery (secure forward looking MA rate case & incremental recovery for KEDNY/LI)</p> <ul style="list-style-type: none"> ¾ Low probability of delivery ¾ Anticipated recovery: ~90+% total costs | <p>4. Bankers Lease financing – fund program costs through a bankers lease arrangement – allowing better alignment of lease repayments to rate cases</p> <ul style="list-style-type: none"> ¾ High probability of delivery ¾ Anticipated recovery: ~90+% total costs ¾ Any under recovery better aligns to when broader benefits are being delivered |
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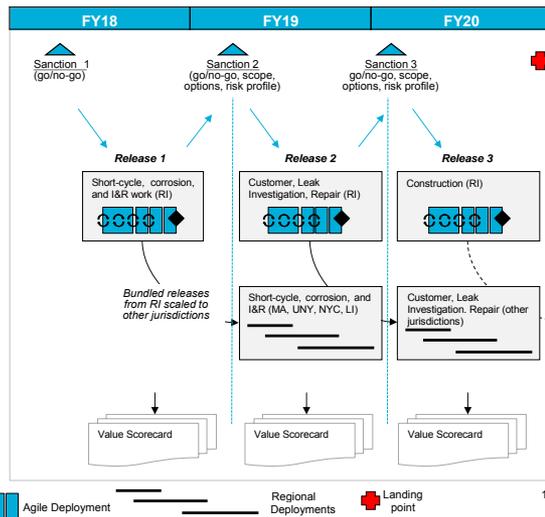
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Governance mechanisms and deployment approaches provide optionality to adjust scope and funding over time

Governance Mechanisms

- Annual sanctioning with scope decisions provides options to course correct
- Formal stage gates manage deployment risk to jurisdictions
 - Using Rhode Island as test bed allows for validation of performance as input into stage gate decisions
 - Agile deployment delivering minimal viable products allows for proof of concept as input into stage gate decisions
- Performance framework defines measurable results of releases and waves
 - Using value scorecards allows for value to be achieved as input into stage gate / sanctioning decisions



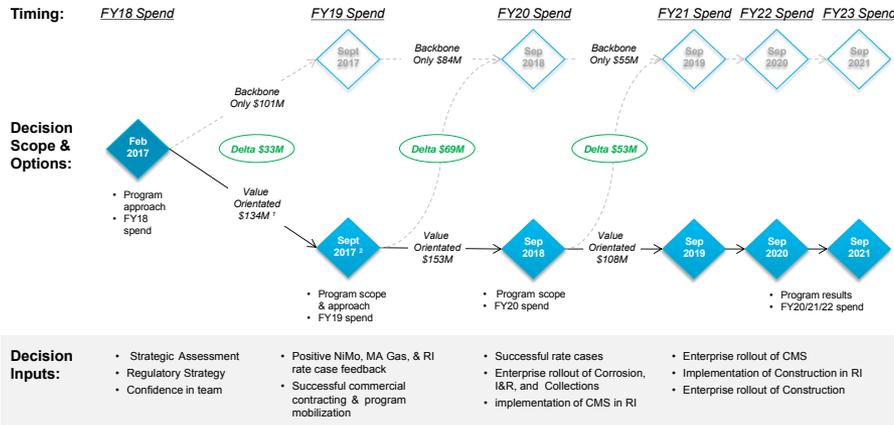
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Annual sanctions give clear visibility to incremental investment decisions beyond the backbone

The key decision now involves an incremental \$33M to support the value-oriented option, pending further clarification of initial results and commercial approach.



¹ See appendix for first year breakdown
² Due to program start up timing, opportunity for further checkpoint March 2018 with further inputs on rate case and updates on program delivery

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Program risks will be actively monitored and mitigation plans developed and executed

| Risk | Definition | Mitigations |
|--------------------------------------|---|---|
| Business disruption | The program causes performance of the business to be reduced because of disruptions to operations | <ul style="list-style-type: none"> § Disciplined release planning anticipates complications § Change Office reinforces disciplined role and change planning |
| Market context | Capabilities delivered lose relevance because of dramatic changes in market and or regulatory environment | <ul style="list-style-type: none"> § Waves revisits context of each investment § Agile approaches improve relevance of solution approach |
| Change in strategic priorities | Business priorities change over time and reduce priority for further program investments | <ul style="list-style-type: none"> § Sanction schedule provides for regular investments § Input from US leadership and Group Executive § Ongoing input from GBE steering group |
| Sustainment of performance and value | Program fails to realize sustainable improvement in the performance of the business | <ul style="list-style-type: none"> § Value framework identifies specific performance parameters for every initiative § Operating Model strengthens accountability framework for the business |
| Capacity for change | Organizational inertia and culture prevents program from achieving required pace of change | <ul style="list-style-type: none"> § Change office and ongoing organizational health metrics to diagnose organizational state § GBE manages change portfolio for gas business |
| Scope creep | Scope and cost of program increases because of failure to stay focused on objectives | <ul style="list-style-type: none"> § Value framework helps manage scope/value tradeoffs § Agile approaches help identify most relevant solutions § Sanctioning waves allow total costs to be reevaluated |
| Data quality | Cost and complexity of data conversion and cleansing is much greater than anticipated | <ul style="list-style-type: none"> § Data discovery allows bottom up profiling of data and data quality |
| Resources / Capabilities | Business is unable to provide adequate resources and delivery capabilities to successfully manage the program | <ul style="list-style-type: none"> § Resource plan has manageable rampup § Robust commercial process to find partners with desired capability at the right price |

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The Group Executive Committee are asked to:

- | | |
|---|---|
| 1. Approval | <ul style="list-style-type: none"> • Approve a budget of \$134M (+\$16M contingency) for FY18 to start the Value Oriented Roadmap and proposed regulatory recovery strategy • Note that the program will be asking for approval for FY19 in September 2018 and that there will be a three-year funding commitment to complete the backbone |
| 2. Gas Business Enablement Roadmap | <ul style="list-style-type: none"> • Endorse the proposed Value Orientated Gas Business Enablement roadmap and business case. Noting that this is a risk-prioritized asset replacement program costing \$466M (\$527M including contingency) over 5 years made up of \$277M to replace the backbone systems and \$189M for enhanced capabilities. Note the threshold aspirational annual benefits of \$36M a year. |
| 3. Sanctioning Approach | <ul style="list-style-type: none"> • Endorse the proposed sanctioning approach of annual requests for funding to ensure the program is being appropriately delivered and prioritized to continue to meet business, regulatory, and customer requirements |
| 4. Governance | <ul style="list-style-type: none"> • Delegate Authority to the GBE Steering Group (Dean Seavers, Rich Adduci, Peggy Smyth, Vivienne Bracken, John Bruckner, Keith Hutchinson & Lorraine Lynch) to continue oversight of the GBE program |

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Key initiatives

| Workstreams | Initiatives | | | | | |
|------------------------------|---|--|--|-------------------------------|------------------------|----------------------------------|
| GBE Portfolio Office | | | | | | |
| Business Enablement | Program Level People Strategy | Operating Model & Value Framework | Program Business Readiness & Sustainment | Leadership Capability | | |
| Work Management | Process Architecture | Work Management and Field Enablement | Work Management Analytics | Projects & Program Management | | |
| Asset Management | Engineering, Design, Estimating & Mobility | Asset Investment Planning and Management | Integrity Management | Asset - Advanced Analytics | | |
| Regulatory/ Compliance | Standards Operating Procedure Documentation | Document Management | Technical Training | | | |
| Customer Engagement | Customer Interaction | Customer Employee Journey | CRM / Contact Center | Channel Analytics | | |
| Data Management | Data Management | Data Quality & Cleansing | Remediation & Integration | | | |
| Supply Chain | SC Process Architecture | Integrated Supply & Demand Planning | Capability Building | SC Master Data Improvements | Inventory Optimization | Warehouse & Network Optimization |
| Information Systems Enabling | | | | | | |

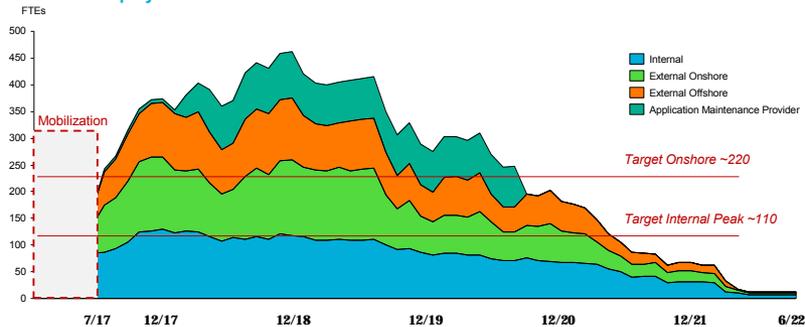
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Resource plan

Resource Map by Month¹



Internal Resource Requirements

| | % of Total | Target on 9/2017 | Current on 12/2016 |
|--------------|-------------|------------------|--------------------|
| Business | 45% | 50 | 24 |
| IS | 36% | 40 | 9 |
| PM | 19% | 20 | 7 |
| Total | 100% | 110 | 40 |

¹Source: GBE Master Resource Plan V17 12/14/16

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Total investment breakdown: \$446M (Capex \$251M, Opex \$215M), \$527M including contingency

| Initiative Category | Backbone \$Ms | Performance \$Ms | Supporting Investments \$Ms | Total Cost \$Ms ^{1, 2} | % of Total Investment |
|---|---------------|------------------|-----------------------------|---------------------------------|-----------------------|
| Advanced Asset Management | | \$27 | | \$27 | 6% |
| Advanced EAM Platform | | \$16 | | \$16 | 3% |
| Core EAM Platform | \$123 | | | \$123 | 26% |
| Customer Experience & Interactions | | \$55 | | \$55 | 12% |
| Data Management | | | \$37 | \$37 | 8% |
| Field Technical Training | | | \$26 | \$26 | 6% |
| GIS | \$41 | | | \$41 | 9% |
| IS Enabling | | | \$21 | \$21 | 5% |
| Legacy Integration | \$23 | \$11 | | \$34 | 7% |
| Program Management | \$28 | \$15 | | \$43 | 9% |
| Strategic Change, Talent, & Operating Model | | \$33 | | \$33 | 7% |
| Supply Chain | | \$11 | | \$11 | 2% |
| Total before Contingency | \$215 | \$167 | \$84 | \$466 | |
| % of Total | 46% | 36% | 18% | | |
| Contingency | | | | \$61 | |
| Total | | | | \$527 | |

¹ Costs include expenses (17% external, onshore labor cost; 10% internal labor costs); cost includes HW/SW
² Average Daily Rates: NG - \$845; External - \$1,001 (External Onshore - \$1,711; External Offshore - \$326)
³ Contingency equals 20% applied to labor cost only; not applied to support (RTB) costs

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**Year one investment breakdown: \$134M (Capex \$77M, Opex \$57M),
\$149M including contingency**

| Initiative Category | Backbone \$Ms | Performance \$Ms | Supporting Investments \$Ms | First Year Cost \$Ms ^{1, 2} |
|---|---------------|------------------|-----------------------------|--------------------------------------|
| Advanced Asset Management | | \$2.6 | | \$2.6 |
| Advanced EAM Platform | | \$0.2 | | \$0.2 |
| Core EAM Platform | \$44.5 | | | \$44.5 |
| Customer Experience & Interactions | | \$2.1 | | \$2.1 |
| Data Management | | | \$13.2 | \$13.2 |
| Field Technical Training | | | \$3.2 | \$3.2 |
| GIS | \$15.6 | | | \$15.6 |
| IS Enabling | | | \$7.5 | \$7.5 |
| Legacy Integration | \$11.7 | \$6.6 | | \$18.3 |
| Program Management | \$7.9 | \$4.2 | | \$12.1 |
| Strategic Change, Talent, & Operating Model | | \$11.3 | | \$11.3 |
| Supply Chain | | \$3.1 | | \$3.1 |
| Total before Contingency | \$79.7 | \$30.1 | \$23.9 | \$133.7 |
| % of First Year Cost | 60% | 23% | 18% | |
| Contingency | | | | \$15.7 |
| Total | | | | \$149.4 |

¹ Costs include expenses (17% external, onshore labor cost; 10% internal labor costs); cost includes HW/SW

² Average Daily Rates: NG - \$845; External - \$1,001 (External Onshore - \$1,711; External Offshore - \$326)

³ Contingency equals 20% applied to labor cost only; not applied to support (RTB) costs

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Investment by OpCo by FY by CapEx and Opex

CapEx Allocated to OpCo's by FY

| OpCo | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Total |
|----------------------------|-------------------|-------------------|-------------------|-------------------|------------------|----------------|--------------------|
| Boston Gas | (\$17,800) | (\$18,216) | (\$14,750) | (\$6,343) | (\$1,411) | (\$54) | (\$58,574) |
| Brooklyn Union Gas (KEDNY) | (\$23,005) | (\$23,542) | (\$19,063) | (\$8,198) | (\$1,823) | (\$70) | (\$75,701) |
| Colonial Gas | (\$3,982) | (\$4,075) | (\$3,300) | (\$1,419) | (\$316) | (\$12) | (\$13,103) |
| Keyspan Gas East (KEDLI) | (\$16,470) | (\$16,855) | (\$13,648) | (\$5,869) | (\$1,305) | (\$50) | (\$54,198) |
| Narragansett Gas | (\$5,663) | (\$5,796) | (\$4,693) | (\$2,018) | (\$449) | (\$17) | (\$18,636) |
| NiagaraMohawk Gas | (\$9,508) | (\$9,730) | (\$7,879) | (\$3,388) | (\$754) | (\$29) | (\$31,286) |
| Total CapEx | (\$76,427) | (\$78,212) | (\$63,334) | (\$27,235) | (\$6,058) | (\$234) | (\$251,499) |

Opex Allocated to OpCo's by FY

| OpCo | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Total |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|--------------------|
| Boston Gas | (\$13,336) | (\$17,471) | (\$10,334) | (\$8,241) | (\$2,417) | (\$189) | (\$49,989) |
| Brooklyn Union Gas (KEDNY) | (\$17,236) | (\$22,580) | (\$13,356) | (\$8,065) | (\$3,124) | (\$245) | (\$64,606) |
| Colonial Gas | (\$2,983) | (\$3,908) | (\$2,312) | (\$1,396) | (\$541) | (\$42) | (\$11,183) |
| Keyspan Gas East (KEDLI) | (\$12,340) | (\$16,166) | (\$9,362) | (\$5,774) | (\$2,237) | (\$175) | (\$46,254) |
| Narragansett Gas | (\$4,243) | (\$5,559) | (\$3,288) | (\$1,985) | (\$769) | (\$60) | (\$15,905) |
| NiagaraMohawk Gas | (\$7,123) | (\$9,332) | (\$5,320) | (\$3,333) | (\$1,291) | (\$101) | (\$26,701) |
| Total Opex | (\$57,262) | (\$75,015) | (\$44,373) | (\$26,795) | (\$10,380) | (\$813) | (\$214,637) |

Total CapEx and Opex Allocated to OpCo's by FY

| OpCo | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | Total |
|----------------------------|--------------------|--------------------|--------------------|-------------------|-------------------|------------------|--------------------|
| Boston Gas | (\$31,136) | (\$35,687) | (\$25,085) | (\$12,584) | (\$3,828) | (\$244) | (\$108,563) |
| Brooklyn Union Gas (KEDNY) | (\$40,240) | (\$46,121) | (\$32,420) | (\$16,263) | (\$4,948) | (\$315) | (\$140,307) |
| Colonial Gas | (\$6,965) | (\$7,983) | (\$5,612) | (\$2,815) | (\$856) | (\$55) | (\$24,286) |
| Keyspan Gas East (KEDLI) | (\$28,810) | (\$33,020) | (\$23,211) | (\$11,643) | (\$3,542) | (\$226) | (\$100,452) |
| Narragansett Gas | (\$9,906) | (\$11,354) | (\$7,981) | (\$4,004) | (\$1,218) | (\$78) | (\$34,541) |
| NiagaraMohawk Gas | (\$16,631) | (\$19,061) | (\$13,399) | (\$6,721) | (\$2,045) | (\$130) | (\$57,987) |
| Total | (\$133,689) | (\$153,227) | (\$107,706) | (\$54,030) | (\$16,437) | (\$1,047) | (\$466,136) |

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Aspirational Annual Benefits by Category by Capex / Opex and by Type¹

| Area | Threshold Benefit |
|------------------------------------|---------------------|
| Customer Experience & Interactions | Total \$2.4 |
| | CapEx: \$0.0 |
| | Opex: \$2.4 |
| | Type 1: \$0.9 |
| | Type 2: \$1.5 |
| Asset Management | Total \$4.1 |
| | CapEx: \$0.9 |
| | Opex: \$3.2 |
| | Type 1: \$2.0 |
| | Type 2: \$2.1 |
| EAM / Work Management Platform | Total \$16.7 |
| | CapEx: \$7.3 |
| | Opex: \$9.4 |
| | Type 1: \$2.0 |
| | Type 2: \$14.7 |
| Supply Chain | Total \$0.0 |
| | CapEx: \$0.0 |
| | Opex: \$0.0 |
| | Type 1: \$0.0 |
| | Type 2: \$0.0 |
| Field Technical Training | Total \$13.5 |
| | CapEx: \$0.0 |
| | Opex: \$13.5 |
| | Type 1: \$0.0 |
| | Type 2: \$13.5 |
| Totals | Total \$36.7 |
| | CapEx: \$8.2 |
| | Opex: \$28.5 |
| | Type 1: \$4.9 |
| | Type 2: \$31.8 |

¹Type 1 benefits have a direct and certain impact on the bottom line and a clear cause and effect relationship between the project and benefit; direct P&L impact
Type 2 benefits do not have a direct and immediate bottom line impact; they consist of expenses re-assigned, resources freed up, or future cost avoidance

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Example customer experience benefits



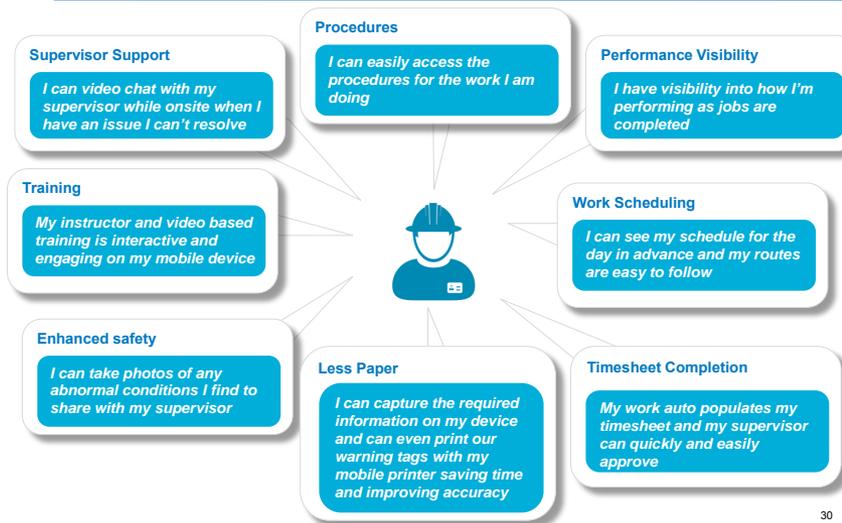
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Example employee experience benefits



30

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Agenda

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|--|-------------|------------------|
| Opening Remarks Meeting Objectives Action Item Follow Up | 5 min | JJ/KC |
| Executive Committee Materials | 15 min | JJ |
| Regulatory Strategy Update | 10 min | PV |
| Program Cost Reduction Options | 10 min | JJ |
| Phase 2 Procurement Plan | 10 min | NR |
| Program Update | 5 min | KC |
| Meeting Close & Feedback | 5 min | JJ |

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Regulatory Strategy Update

¾ Materials to be provided at the meeting

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Agenda

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|--|-------------|------------------|
| Opening Remarks Meeting Objectives Action Item Follow Up | 5 min | JJ/KC |
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**Through the SOF calls there has been an ask for GBE to
reduce its FY18 opex**

The current opex forecast for FY18 is \$57M. The following high level opportunities have been identified:

1. Relook at accounting splits to see if more opex can be turned to capex
2. Leverage procurement process to reduce costs
3. De-scope functionality – reduce costs and associated benefits
4. De-scope geography – e.g. remove KEDNY/LI until next rate case
5. Slow program down to desired cost - more costs likely to be in rate cases, slower delivery
6. Alternative financing – e.g. bankers lease

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Agenda

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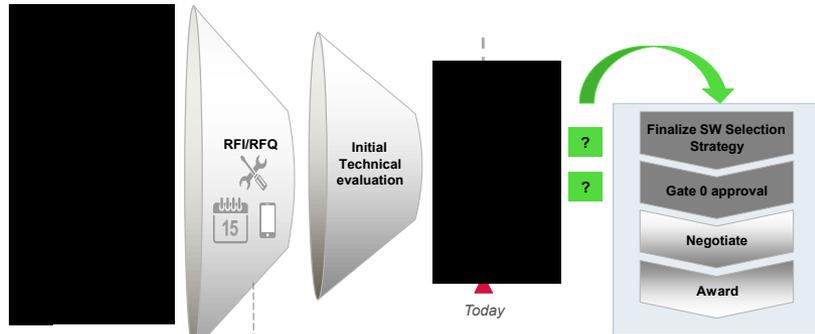
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The software selection process presented on 2 December remains on track

Software selection for EAM, Mobility and Resource Management



- Issued request for information (RFI) to obtain technical solution capabilities / software alignment and fit.
- Indicative Pricing (RFQ) also received to formulate business case

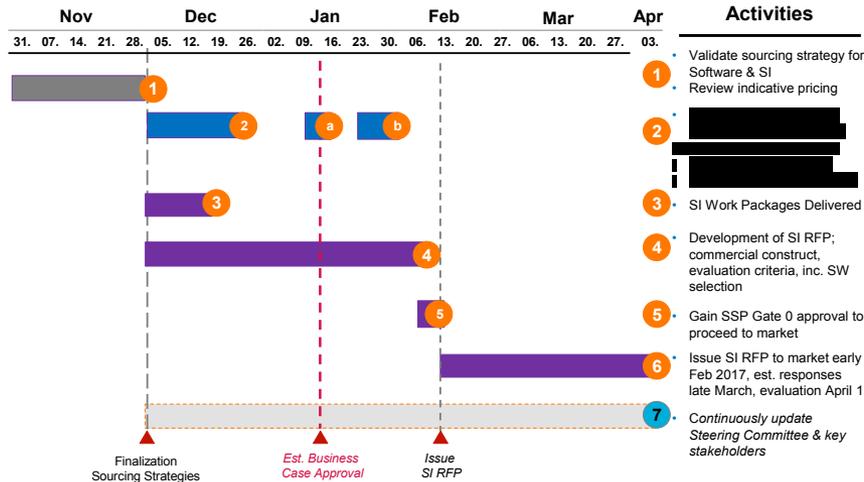
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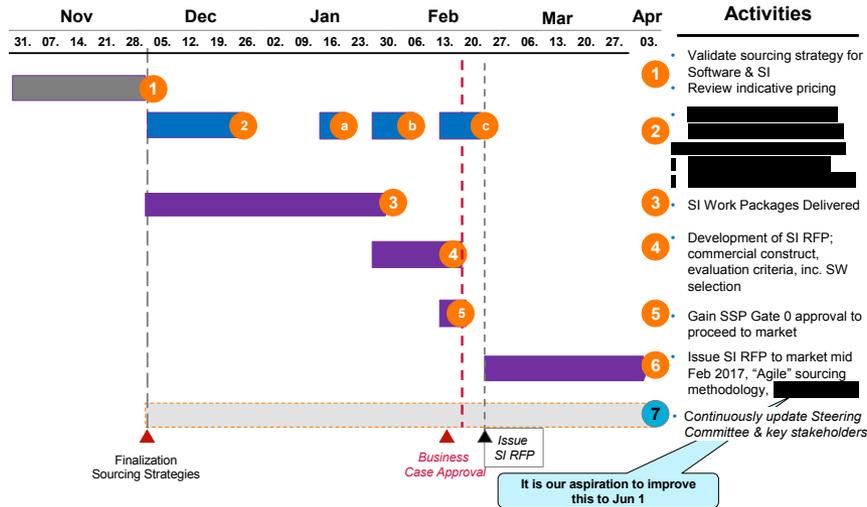
The procurement schedule developed in Nov 2016 was aggressive and assumed an early January sanction



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This schedule has been updated to reflect a mid February
sanction and further analysis of the complexities involved



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3 Procurement options were considered to identify the SI partner(s) for the next phase:

| | |
|--|--------------------------------|
| A | [REDACTED] |
| Risks/Challenges: [REDACTED] | Benefits: [REDACTED] |
| B | [REDACTED] |
| Risks/Challenges: [REDACTED] | Benefits: [REDACTED] |
| [REDACTED] | |

REDACTED



3 Procurement options were considered to identify the SI partner(s) for the next phase:

| | |
|--|--------------------------------|
| c [REDACTED] | [REDACTED] |
| Risks/challenges: [REDACTED] | Benefits: [REDACTED] |

[REDACTED]

REDACTED



Recommendation and next steps:

Recommendation:

- ¾ ■ ■ [REDACTED] priorities of:
 - ¾ Getting a competitive price for delivery – good for NG, customers and regulatory recovery
 - ¾ Providing flexibility to best structure the contract around a complex program with many moving parts
 - ¾ Enables an efficient and effective transition to Phase 2

Next steps:

- ¾ [REDACTED] During this phase it will be identified what resourcing and any incremental support that may be needed through the process
- ¾ [REDACTED]
- ¾ Engage external legal support, to support negotiations and contracting
- ¾ Return to Steering Group with plan prior to releasing the RFPs in late February

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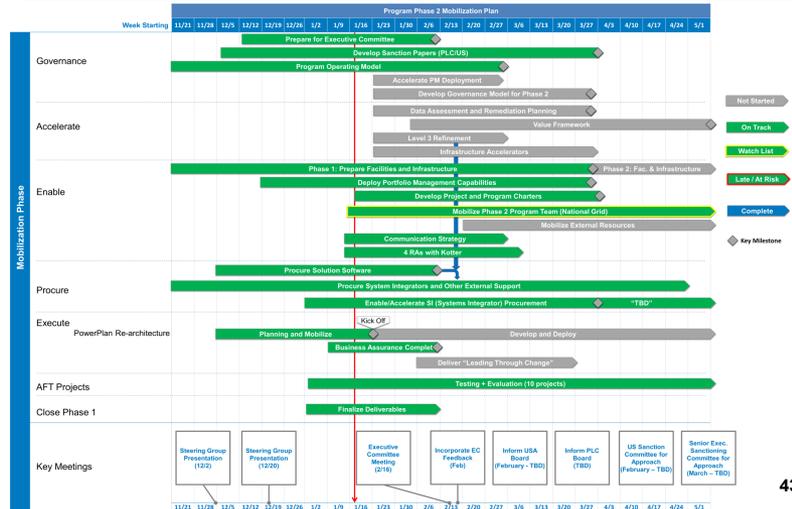
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The Program has begun preparation for Phase 2 mobilization



REDACTED



Gas Enablement Program Status

| Scope Status And Impacts | | | | Schedule Highlights | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--------------------|-----------|------------------------|---|--------------------|-------|--|--|------------|-------|--|--|---|--|--|--|--|--------------------------|---|---|---|----------------------------------|---|---|---|---------------------|---|---|---|---|--|--|--|---------------------------|--|--|--|------|-------|--------|-------------------|---|-----|-----------|------------------------|--|-----|------|------------------------|--|-----------|------|------------------------|
| 1) Scope Status: • For Q4, there are no planned changes. Phase 2 is dependent on PLC approvals 2) Approved changes since last update: • Q4 Accelerators (by Steering Group) 3) Next Scope "Infection Point": • PLC Executive Committee guidance on February 16 4) Delivery Approach: • The high level Program delivery approach has been defined. Agile methodology training is being planned for end of January 5) Customization KPI: To be developed in Phase 2 Mobilization | | | | 1) Key Milestones and Deliverables: • We are establishing detailed milestones and deliverables for Q4 mobilization • All remaining Phase 1 deliverable finalizations (including Business Assurance Partner reports) will complete before 10 Feb 2) Activities completed • Approval for Q4 activities and contingency funds released 3) Upcoming activities: • Complete preparation of Executive Committee and Sanction Papers • Complete Phase 2 detailed mobilization planning • Build Project Management Framework and FY18 detailed plan • Prepare detailed procurement plans for phase 2 Systems Integration 4) Overall Schedule Status: Tracking to plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resources | | | | Risk | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Staffing Plan</th> <th>Actual In-progress</th> <th>Trend</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>Wave 1/2/3</td> <td>45/22</td> <td></td> <td></td> <td>●</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="4">Finance / Budget Activity Status Trend</th> </tr> </thead> <tbody> <tr> <td>Program Budget Submitted</td> <td>●</td> <td>●</td> <td>●</td> </tr> <tr> <td>Forecasted spend against targets</td> <td>●</td> <td>●</td> <td>●</td> </tr> <tr> <td>Financial Reporting</td> <td>●</td> <td>●</td> <td>●</td> </tr> </tbody> </table> <p style="text-align: right;">nt planne work is no</p> | | | | Staffing Plan | Actual In-progress | Trend | | | Wave 1/2/3 | 45/22 | | | ● | Finance / Budget Activity Status Trend | | | | Program Budget Submitted | ● | ● | ● | Forecasted spend against targets | ● | ● | ● | Financial Reporting | ● | ● | ● | <table border="1"> <thead> <tr> <th colspan="4">Top Three Risks (Phase 2)</th> </tr> <tr> <th>Risk</th> <th>Prob.</th> <th>Impact</th> <th>Mitigation Status</th> </tr> </thead> <tbody> <tr> <td>Timely funding of Phase 2 Mobilization (delays in work start)</td> <td>Low</td> <td>Very High</td> <td>Plan under development</td> </tr> <tr> <td>Timely completion of Phase 2 Mobilization (delays in work start)</td> <td>Med</td> <td>High</td> <td>Plan under development</td> </tr> <tr> <td>Delays in 30 Procurement processes will delay start of critical Phase 2 projects</td> <td>Very High</td> <td>High</td> <td>Plan under development</td> </tr> </tbody> </table> January | | | | Top Three Risks (Phase 2) | | | | Risk | Prob. | Impact | Mitigation Status | Timely funding of Phase 2 Mobilization (delays in work start) | Low | Very High | Plan under development | Timely completion of Phase 2 Mobilization (delays in work start) | Med | High | Plan under development | Delays in 30 Procurement processes will delay start of critical Phase 2 projects | Very High | High | Plan under development |
| Staffing Plan | Actual In-progress | Trend | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wave 1/2/3 | 45/22 | | | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finance / Budget Activity Status Trend | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Program Budget Submitted | ● | ● | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Forecasted spend against targets | ● | ● | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Reporting | ● | ● | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Top Three Risks (Phase 2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk | Prob. | Impact | Mitigation Status | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Timely funding of Phase 2 Mobilization (delays in work start) | Low | Very High | Plan under development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Timely completion of Phase 2 Mobilization (delays in work start) | Med | High | Plan under development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Delays in 30 Procurement processes will delay start of critical Phase 2 projects | Very High | High | Plan under development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| forecast | | | | 44 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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Meeting close

- ¾ AOB
- ¾ New Action Item Summary
- ¾ Leadership Pulse Check and Closing Remarks

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Steering Group Action Item List (complete)

| | Action | Owner | Assigned | Due | Comment | Complete? |
|---|---|-------|-----------|----------|---|-----------|
| 1 | Ensure that Enablement is added to the QPR agenda | PS | 10 Mar 16 | 1 Apr 16 | | Yes |
| 2 | To provide visibility of the expect impact of Gas Business enablement on the ability to run the business due to a potential talent drain. | JJ | 10 Mar 16 | 1 May 16 | Phase 1 key roles have been filled with Business Leadership engagement and support. Subsequent staffing requirements will be reviewed regularly with the Design Authority | Aug 16 |
| 3 | To identify the appropriate approach to ensure that the SG has visibility to the level of customization being undertaken by the project. | JJ | 10 Mar 16 | 1 Oct 16 | Phase 1: <ul style="list-style-type: none"> Formalize the design principle to minimize, customizations Provide a view of where customizations might be required in Phase 2 based on what we know. Phase 2: <ul style="list-style-type: none"> All customizations will be approved by Chris Murphy and Johnny Johnston and formally reported to the Steering Group. | Oct 24 |
| 4 | To share the rate case strategy and ensure that any appropriate costs are included in the MA Gas rate case. | JJ | 10 Mar 16 | 1 Jul 16 | Action Plan: 1) Engaging with NY rate case team 2) Coordinating with MA to include GE costs in the MA Gas case 3) Will work with Finance to deploy effective tools and processes to capture and report rate case data 4) Insure GE business case is rate case enabling | Aug 16 |

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Action Items - continued

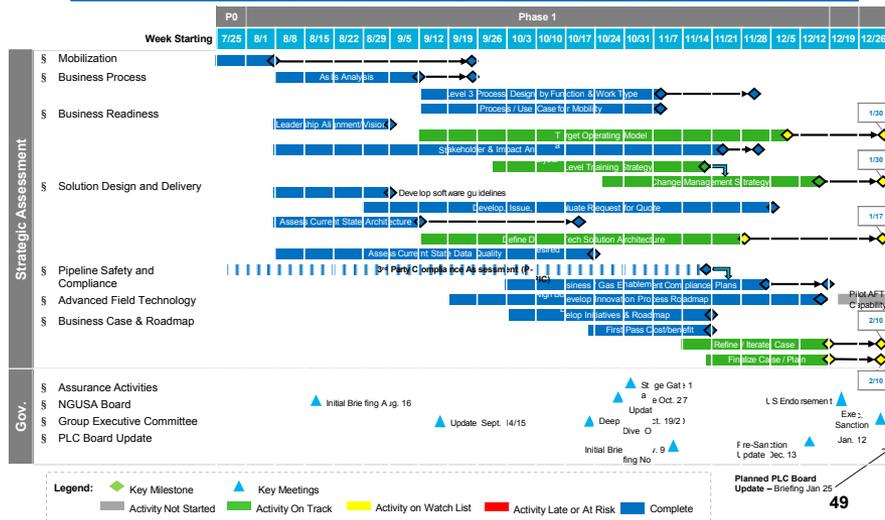
| | Action | Owner | Assigned | Due | Comment | Complete? |
|----|---|-------|------------|-----------|---|-----------|
| 5 | Advise SG on PowerPlan solution options impacting the Program | JJ | 5 May 16 | Nov 16 | GE, in partnership with Finance, to sponsor study to identify plan, timings and costs to re-architect the integration of SAP / PowerPlan / Front Office | Oct 24 |
| 6 | Review GBE Scope with Finance Remediation | KH | 5 May 16 | June 16 | Rescheduled by Fin – working with RQ for new date | Sept 14 |
| 7 | Add controls development to design phase success criteria | KH | 5 May 16 | June 16 | | Yes |
| 8 | Update the SG on proposal detail and procurement process status and selection criteria | JJ | 5 May 16 | June 16 | | Yes |
| 9 | Align CWIP and GE programs and incorporate into GE program risk matrix as appropriate | KC | 24 June 16 | Aug 16 | Complete | Yes |
| 10 | Invite Internal Assurance to participate in vendor oral presentations and proposal review | KC | 24 June 16 | July 16 | Complete – Input received | Yes |
| 11 | Provide a follow-up on staffing progress and plans | JJ | 1 Aug 16 | 23 Aug 16 | Complete | Aug 23 |
| 12 | Provide a summary of actions taken / planned to address Business Assurance Partner observations | JJ | 2 Dec | 20 Dec | Plan to be reviewed during 12/20 Steering Group meeting | Pending |

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Phase 1 Deliverables



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Phase 2 Mobilization Project Details

| Name | Description | Timeframe |
|---|--|--------------------|
| Program Operating Model | Develop program operating model | Nov. 22 – Feb. 28 |
| Deploy Portfolio Management Capabilities | | Dec. 19 – March 3 |
| Prepare Facilities and Infrastructure | Create Office of the Future work environment | Nov. 22 – March 3 |
| Prepare for Executive Committee | Present Business Case and Roadmap to Executive Committee | Dec. 19 – Jan. 18 |
| Develop Governance Model for Phase 2 | | Jan. 9 – March 27 |
| Develop Sanction Papers (PLC/US) | | Dec. 1 – Jan. 31 |
| PowerPlan Re-Architecture | Re-architect the Front Office - SAP - PowerPlan solution | Jan. 5 – Jan. 23 |
| Develop Project and Program Charters | Description of business purpose and operating structure | Jan. 2 – March 31 |
| Plan Mobilization Activities | | Jan. 2 – March 31 |
| Mobilize Phase 2 Program Team (National Grid) | Continue recruitment and office structuring | Jan. 9 – TBD |
| Mobilize External Resources | | March 1 – March 31 |
| Procure Solution Software | Procure software to replace current systems | Nov. 28 - Feb. 6 |
| Procure System Integrators and Other External Support | Ensure systems are integrated for smooth transition | Nov. 7 - TBD |

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Phase 2 Mobilization Accelerator Activities

| Name | Description | Timeframe | Cost | Support |
|--|---|-----------------|---------|-----------|
| Accelerate PM Deployment | <ul style="list-style-type: none"> Accelerate deployment of robust Phase 2 governance and management capabilities Value: Reduce overall time/cost to deploy CSF driven capabilities | Jan 9 – Mar 3 | \$244K | PWC |
| Data Assessment and Remediation Planning | <ul style="list-style-type: none"> Determine current state of data, establish quality baseline, plan data clean up Value: Mitigate critical program risk, accelerate Phase 2 mobilization | Jan 2- Mar 31 | \$1000K | PWC |
| Next Level Operating Model / Mobility Journey Design | <ul style="list-style-type: none"> Support project chartering, begin operating model, mobility and program change office foundational activities Value: Reduce program delivery risk | Jan 2- Mar 31 | \$1,800 | Accenture |
| Business Assurance Completion | <ul style="list-style-type: none"> Support completion of final deliverable reviews Value: Enhances the quality detailed planning activities | Jan 9 – Feb 3 | \$100K | PwC |
| Level 3 Process Refinement | <ul style="list-style-type: none"> Expand on high level design deliverables Value: Improve effectiveness of procurement processes and detailed planning for Phase 2 | Jan 9 - Feb 24 | \$430K | PwC |
| Infrastructure Accelerators | <ul style="list-style-type: none"> Begin planning and capability building for Phase 2 infrastructure related activities Value: Reduce program delivery risk | Jan 2 – Mar 31 | \$600K | TBD |
| Enable/Accelerate SI Procurement | <ul style="list-style-type: none"> Provide additional legal and procurement support for timely and effective procurement of software and services Value: Reduce risk of delaying start of Phase 2 | Jan. 2 – Mar 31 | \$500K | TBD |
| Facilities / infrastructure expansion | <ul style="list-style-type: none"> Enable ramp up of resources and facilities to support Phase 2 mobilization Value: Reduce risk of delaying start of Phase 2 | Jan 2 – Mar 31 | \$200K | Various |

Note: Total does not include already approved activities (e.g., PowerPlan and ACC Software Procurement)

Total: \$3,075,800

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Risk Registry (complete)

| ID | Risk | Description & Potential Impact | Probability | Impact | Impacted Item | Category | Assigned to | Status | Next Update | Mitigation Date |
|----|---|---|-------------|--------|---------------|----------|---------------------|-------------------|-------------|-----------------|
| 4 | P1 Single solutions to each software category may not be possible | The desired end state is one software solution for each software category. If this is not possible, it will raise the level of complexity of our future state design and increase costs and lengthen timelines in both Phase 1 and Phase 2. | M | H | HLD | Program | Houchins, Granville | Monitoring | 11/18/16 | 11/18/16 |
| 5 | P2 Failure to account for significant ongoing external initiatives | Not accounting for the impacts/integration points/scope overlaps between CE and other programs could create scope overlaps and/or conflicts. This could result in increased costs or delays in schedules. | M | H | HLD | Program | Watkins, Wayne S. | Monitoring | 12/22/16 | |
| 6 | Data Quality Data Analysis | Gaps in our understanding of current state data quality and completeness, as well as over-reliance on anecdotal evidence could have negative impacts on our roadmap and business case. - Bad assumptions, unanticipated risks etc. | H | H | HLD | Program | Raad, Nicolas | Solution Proposed | 12/2/16 | 12/2/16 |
| 7 | Program staffing resiliency | Does the program have the sufficient team depth to overcome the effects of unplanned departures | M | M | HLD | Program | DeRamos, JWynn | Monitoring | 12/22/16 | |
| 14 | Failure to meet our staffing targets will impact our ability to initiate Phase 2 in a timely manner | If we don't complete our staffing process by our target date will mean that we have insufficient resources to effectively plan and charter Phase 2 projects. This could result in delays, increased costs. | M | H | PM | Staffing | DeRamos, JWynn | Monitoring | 12/22/16 | |

REDACTED



Risk Registry (continued)

| ID | Risk | Description & Potential Impact | Probability | Impact | Impacted Item | Category | Assigned to | Status | Next Update | Mitigation Date |
|----|---|---|-------------|--------|---------------|--------------------|--|-------------------|-------------|-----------------|
| 15 | Mis-alignment / lack of integration and coordination between programs | Potentially a risk around enablement keeping joined up with other initiatives - eg Supervisor Enablement and strategic workforce planning | M | M | HLD | Workforce Planning | Irani-Famili, Reihaneh; DeRamos, JWynn | Monitoring | 12/22/16 | |
| 16 | Missing Expectations on progress due to SL start or late Phase 1 Completion | Delays in starting the program in a timely manner will impact long term timelines. Failure to complete Phase 1 deliverables in a timely manner could delay the sanctioning process and further delay kick off of deployment work. | M | VH | HLD | Delivery | Healy III, Kenneth | Solution Proposed | 12/22/16 | |
| 17 | Unsuccessful delivery due to scope creep | Unplanned/unapproved changes to scope can drive program costs, impact timely delivery or compromise the quality of program outcomes | M | VH | HLD | Delivery | Healy III, Kenneth | Solution Proposed | 12/22/16 | |
| 18 | Risk to Delivery Due to IS and Business capacity limitations | The program is dependent on multiple services and SMEs provided by the Functions, Business. Support delays and SME unavailability could impact timelines | H | H | HLD | Delivery | Connolly, Christopher; Murphy, Chris-US IT; Irani-Famili, Reihaneh; Healy III, Kenneth | Solution Proposed | 12/22/16 | |
| 19 | Delays in Labor Union Engagement Could Impact workshop participation | Failure to engage represented employees in the as is/ to be design process could mean that critical information, observations and expert inputs are missing from the HLD process | M | M | HLD | Quality | Connolly, Christopher | Closed | 10/21/16 | |

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Risk Registry (continued)

| ID | Risk | Description & Potential Impact | Probability | Impact | Impacted Item | Category | Assigned to | Status | Next Update | Mitigation Date |
|----|--|---|-------------|--------|---------------|--------------------------|---------------------|-------------|-------------|-----------------|
| 20 | Short term required compliance mitigation activities could negatively impact long term deployment activities | A disproportionate emphasis on short compliance fixes could consume the time, resources and expertise required to launch and sustain longer term fixes | M | H | Comp. | Delivery | McNamara, Daniel F. | Closed | 12/22/16 | 10/20/16 |
| 21 | Impact Analysis Deliverable Timeline | Impact Analysis milestone date misalignment may impact the downstream delivery of other CM deliverables. | L | L | BDR | BR/CM | Poyant, Ellen L. | Closed | 10/3/16 | 10/7/16 |
| 22 | Unplanned outages during implementation | Implementation and subsequent RTB (Run the Business) activities for U.S. Gas Enablement core platforms and products will be impacted by unplanned outages . Program Increments, or releases may be delayed due to resource availability or lack of testing. | H | M | SDD | Schedule | Krantz, Ronald D. | In Progress | 2/1/17 | |
| 23 | Powerplan Disintegration | Implementation Roadmap and removing Powerplan integration from work order creation and work execution processes may impact business/implementation roadmap and cost of program. | H | H | SDD | Budget and Schedule Risk | Geer, William J. | Monitoring | 12/22/16 | |
| 24 | Inappropriate use of Agile Delivery Methods | Applying Agile delivery methods against current application platforms and reporting & analytics environments may be inappropriate. Causing project delays. | H | M | SDD | Scope | Krantz, Ronald D. | In Progress | 12/22/16 | |

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Risk Registry (continued)

| ID | Risk | Description & Potential Impact | Probability | Impact | Impacted Item | Category | Assigned to | Status | Next Update | Mitigation Date |
|----|--|--|-------------|--------|---------------|--|---|-------------------|-------------|-----------------|
| 26 | Constrained Benefits by lack of SCM Implementation | ERP Supply Chain and Materials Management capabilities are not fully deployed. Assumed benefits may be at risk of being attainable. | M | H | PM | Benefits | Connolly, Christopher, Healy III, Kenneth | In Progress | 12/2/16 | |
| 27 | Network Bandwidth | Pain point indicated that wifi availability was not present in barns. Mobile/Disconnected mobility may require increased network bandwidth. | M | M | SDD | IS Solution Architecture | Krantz, Ronald | Solution Proposed | 12/22/16 | 5/1/17 |
| 28 | ECM and HPLM remaining capabilities not mapped | The remaining capabilities (back office, customer, etc) that are not mapped between NG Enterprise Capability Model and the Accenture Utility Model need to be mapped to ensure process/capability connectivity and in support of future impact analysis. | M | L | HLD | Enterprise Business Architecture/ Solution | Lyba, Svetlana | Solution Proposed | 1/12/17 | 3/31/17 |
| 29 | Data Accessibility | Data is often not accessible, and when it is the spreadsheets are often too large to work with. Data summary documents provided by data managers are often more useful than the data itself. | H | H | PM | Program | Del Santo, Edward | New | 11/30/16 | |
| 30 | Auto dialing or texting wrong Customer number | There is a TPCA compliance change that puts us at risk when we auto dial or text customers and their phone number is not correct. Need data cleansed and controlled to ensure we are not being fined. | H | M | Comp. | Quality | Raad, Nick, Piccarreto, Megan | New | 5/1/2017 | |

REDACTED



Risk Registry (continued)

| ID | Risk | Description & Potential Impact | Probability | Impact | Impacted Item | Category | Assigned to | Status | Next Update | Mitigation Date |
|----|---|--|-------------|--------|---------------|----------|--|--------|-------------|-----------------|
| 31 | Benefits Identification | Benefits may not be as high / significant for a program / organization of this size and with respect to the starting point (e.g., 4th quartile in O&M/customer, Capital Unit Cost) | H | VH | | PM | Del Santo, Edward; Connolly, Christopher | New | 12/2/2016 | |
| 32 | Benefits Buy In | Gas business leadership may not buy into take ownership of identified benefits | H | VH | | Delivery | Del Santo, Edward; Jones, Sandra; Johnston, Johnny | New | 12/16/2016 | |
| 33 | Risk of insufficient alignment between GBE and SOF | Risk that Supply Chain and overall GBE teams are not fully aligned with Shaping Our Future teams. There may be potential scope overlap/gap, critical dependencies, or even valuable inputs between GBE and SOF. | M | H | PM | SCM | Lynch, Joel | New | 1/31/2017 | |
| 34 | Customer Lens Impact during design and roll out | What mitigation/controls can we put in place to ensure that the customer focus is included in anything involving customer facing | M | M | BDR | Customer | Piccarreto, Megan; Connolly, Christopher | New | 1/31/2017 | |
| 35 | Support organizations (Call Center, AMO, Collections) will be required to use CIS and CRM | Full information is not being converted/visible into CRM for undetermined amount of time. This means the support groups will have to use 2 systems to get additional information/take action any time the field is involved. (ex. Make an appointment) | H | M | BDR | Customer | Piccarreto, Megan; Connolly, Christopher | New | 1/31/2017 | |

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Risk Registry (continued)

| ID | Risk | Description & Potential Impact | Probability | Impact | Impacted Item | Category | Assigned to | Status | Next Update | Mitigation Date |
|----|--|---|-------------|--------|---------------|-----------|------------------------|--------|-------------|-----------------|
| 36 | Delays in the SI procurement process will delay the start of critical Phase 2 projects and programs | There is a risk that delays in the selection and onboarding of the Phase 2 Systems Integrator(s) will delay the start of major elements of the GE phase 2 roadmap. This will have a negative budget impact and could disrupt non GE programs which have key dependencies on GE activities | H | VH | HLD | Portfolio | KC Healy; Nicola Rigby | New | 1/20/2017 | |
| 37 | Delays in completion of key Q4 Enabler initiatives will compromise the quality and timeliness of Phase 2 kickoff | Risk that the GE program team is not ready to effectively support Phase 2 activities in a timely and effective manner | H | M | HLD | Portfolio | KC Healy | New | 1/18/2017 | |

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Gas Business Enablement

Steering Group Pack



Johnny Johnston

6 February 2017

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Note to File...

The objective of this special session of the Steering Group was to gather feedback on a draft of the paper to be presented on 16 Feb 2017 to the Group Executive for executive level sanction of the GBE Program. There was no presentation deck for this SG meeting.

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Gas Business Enablement

Steering Group Pack



Johnny Johnston

23 February 2017 @ 1500 EST, Reservoir Woods, Volta Conference Room and VC

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Agenda

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|---|-------------|------------------|
| Opening Remarks • Meeting Objectives • Action Item Follow Ups | 5 min | JJ/KC |
| Executive Meeting Debrief and Follow Ups | 15 min | JJ |
| Procurement Updates • Systems Integrator • Software | 30 min | JJ / NRW |
| Program Update | 5 min | KC |
| Meeting Close & Feedback | 5 min | JJ |

REDACTED



Meeting Objectives

1. Gain approval of our recommended vendor sourcing strategy, selection process and timeline
2. Gain your delegation of authority to down-select vendors through the RFI process
3. Provide an update on PLC Executive Committee follow up actions
4. Provide an update on software procurement activities

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Action Item Follow Up

| Action | Owner | Assigned | Due | Comment | Complete? |
|---------------------|-------|----------|-----|---------|-----------|
| No new action items | | | | | |

For complete list see Appendix A

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| Meeting Close & Feedback | 5 min | JJ |

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PLC Executive Meeting Highlights

- ¾ On Feb 16, 2017 the Group Executive Committee endorsed the rate case aligned 5 year roadmap and approved an FY18 budget of \$84M including \$30M Opex.
- ¾ The Group Exec asked for GBE to confirm the metrics that will track/demonstrate delivery of the benefits
- ¾ The Group Exec asked for an assurance partner to ensure the program is being agile enough
- ¾ There was an action to work with regulatory on Recovery & double checking that OpCo solutions are not the way to go

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| Meeting Close & Feedback | 5 min | JJ |

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Context for discussion today

Recap of SI selection context

Decided on agile SI selection approach

- § Increased speed
- § Increased transparency
- § Reduced risk in delivery
- § Improved commercials and risk sharing

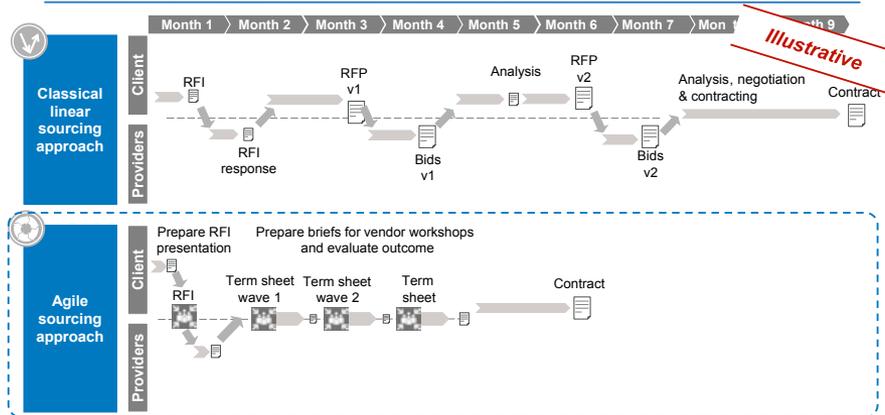
Completed preparation for agile vendor selection

- § Sourcing strategy
- § RFI document
- § Detailed workplan for all waves

REDACTED



Agile sourcing approach delivers a better solution faster



Key advantages of agile sourcing are accelerated process and more effective solution

workshops
 Short document
 Medium document
 Large document

1. Preparing transition in parallel to contracting may not be viable in all situations
NG Gas Enablement Steering Group 2.23, v4.2.pptx

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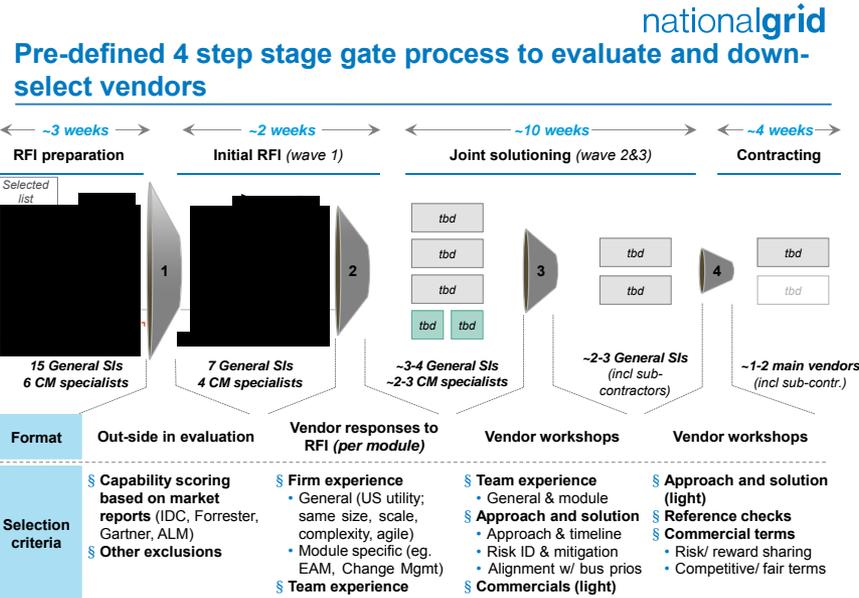
Strategic sourcing decisions are made along key dimensions

| | |
|------------------------------------|---|
| Scope of contract(s) | <ul style="list-style-type: none"> § RFI to be structured along 11 modules, including § Portfolio office § Systems integration (EAM, GIS, WFME) § Enabling functions (eg. change management, operating model design, customer engagement) § Value assurance |
| Vendor response process | <ul style="list-style-type: none"> § Vendors initially bid on modules separately § Bundling will occur as process progress and more information becomes available § Might ask for partnerships with specialist vendors to close capability gaps |
| Potential contract bundling | <ul style="list-style-type: none"> § Primary SI to be selected – might be asked to partner with specialists to ensure right skills are available (suggested by either NG or SI) § Might provide SI work to other (secondary) SI if deemed beneficial § Will hire independent value assurance provider |

Strategy based on guidelines derived from USFP experience

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7 general SIs and 4 specialist vendors were prioritized following step 1



| Prioritization rules | | Prioritization of vendors | | | |
|-------------------------|--|--|--------------------------------------|----------------------------------|--------------------|
| | | Vendor | Sample relevant clients ¹ | Business evaluation ³ | Selection comments |
| General SIs | Two step process 1.Exclude for "other reasons" 2.Key capabilities scoring based on market reports | | | | |
| | Minimum points required | | | | |
| | | <i>See backup for full list of evaluated vendors</i> | | | |
| Change mgmt specialists | Two step process 1.External report evaluation (ALM) 2.Included based on past NG experience | | | | |
| | | | | | |
| | | <i>See backup for full list of evaluated vendors</i> | | | |

1. Clients found through BCG research from various sources 2. Based on categorization along multiple dimensions from independent market reports 3. ALM Kennedy Change Management Consulting, 2016. Scores are specifically the "Stakeholder Management" subscore
 Source: BCG analysis; Gartner IT Services Marketshare, Q1 2016; IDC MarketScape, ALM
 NG Gas Enablement Steering Group 2.23, v4 2.pptx

Draft—for discussion only 12

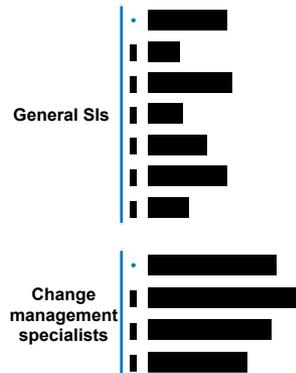
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Vendors will bid on 11 RFI modules

Vendors to approach on RFI (General SIs and CM specialists)



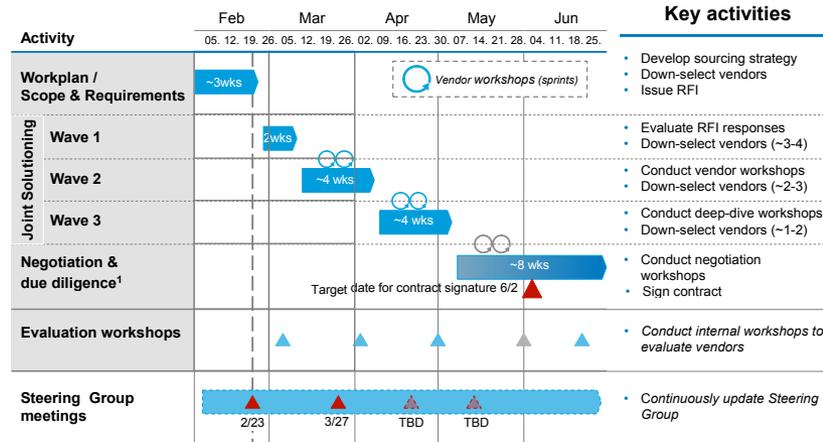
11 RFI modules

1. Portfolio Office
2. Value Assurance (*new*)
3. Bus Enablement & Change Mgmt
4. Operating Model Design
5. Work Management
6. Asset Management
7. GIS (*new*)
8. Customer Engagement
9. Supply Chain
10. Data Management
11. Information Systems Enabling

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Steering Group meetings aligned with vendor selection plan through June

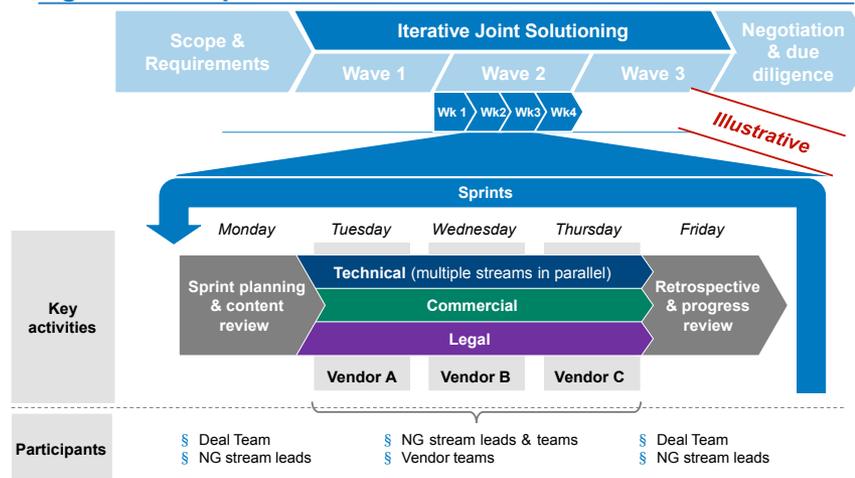


1. Including contingency for potential wave 4 of solutioning workshops, if required
 NG Gas Enablement Steering Group 2.23, v4.2.pptx

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 Our next step will be to conduct technical, commercial and legal workshops with vendors



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Recommendation and next steps

Recommendation:

- 3/4 Approve sourcing strategy
- 3/4 Approve issuance of RFI to selected vendors (7 general SIs and 4 Change Management specialists)
- 3/4 Delegate authority to Program Sponsor to make decision on down-selection of vendors based on RFI responses after evaluation workshop on 3/10
- 3/4 Steering Group to receive down-select confirmation and formal Procurement Stage Gate 0 approval request to proceed to RFP/Wave 2 activities via email on 3/13

Next steps:

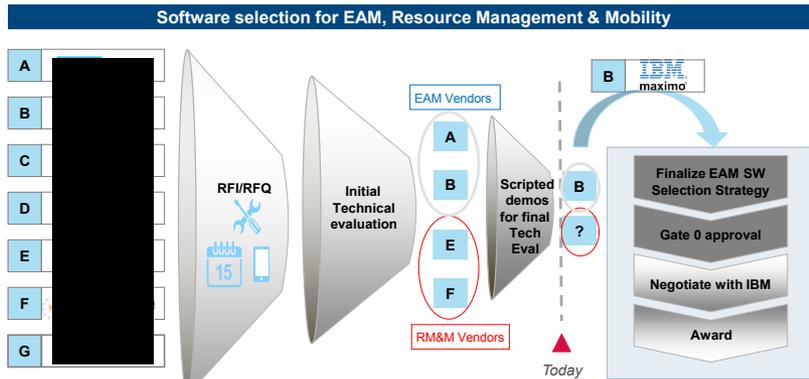
- 3/4 Issue RFI to vendors
- 3/4 Review and evaluate vendor responses
- 3/4 Prepare vendor workshops (detailed topics per session, negotiation positions, etc.)

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The software selection process presented in January 17 revised to re-focus EAM versus Resource Mgmt/Mobility



- EAM Vendors were down selected to [REDACTED]
- M&RM Vendors were down selected to [REDACTED] through further vendor technical demonstrations, the decision was made to include this SW requirement as part of the larger SI RFX process to enable full leverage via the SI Partners
- Today the request is to formally proceed with only EAM vendor negotiations and proceed with [REDACTED] enter into best and final position to enable award in parallel with the SI RFX process.

REDACTED



4 vendors down selected for next stage

Context

Four vendors were down-selected to participate in the software demonstrations.

| Enterprise Asset Management (EAM) | Resource Management & Mobility |
|-----------------------------------|--------------------------------|
| [REDACTED] | [REDACTED] |

Demonstration scripts were created and shared with the vendors to ensure a fair comparison of the solutions based on common criteria.

A detailed pricing sheet was completed by each vendor to provide a high level pricing summary.

Objective

To select an EAM solution and a Resource Management & Mobility solution that will align with the National Grid's Gas Business Enablement vision and business case.

REDACTED



Recommendation Summary

Recommends [REDACTED] for Enterprise Asset Management.
Further analysis is required prior to recommending a Resource Management & Mobility Solution, this will be undertaken via the SI RFX process

| Enterprise Asset Management (EAM) | Resource Management & Mobility |
|--|--|
| <ul style="list-style-type: none"> Recommend using [REDACTED] for National Grid's work and asset management solution. 86% of the audience at the vendor demonstration preferred [REDACTED] [REDACTED] user interface is more [REDACTED] Customization is reduced due to the Maximo Utilities Industry solution and application configurability. Similar effort to build the interfaces between [REDACTED] | <ul style="list-style-type: none"> [REDACTED] base capabilities have gaps for field services that can be overcome but must be bounded through commercial means [REDACTED] has good functionality out of the box for field services but has significant Customer Interaction gaps that may not be overcome in their product Final decision is required based on which solutions better fit. If the focus is on customer interaction and mobile app development then [REDACTED] with commercial bounding will fit better. If the focus is on out of the box field services capabilities and less on customer interaction then [REDACTED] is a better fit. |

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Recommendation & Next steps

Recommendation

- ¾ **Enterprise Asset Management (EAM)**
 - Ø Receive Gate 0 approval to proceed with a sole source negotiation strategy with the primary EAM vendor (REDACTED)
- ¾ **Resource Management & Mobility**
 - Ø Proceed with the revised strategy to include the provision of the RM&M solution (either REDACTED via the competitive SI RFX process.

Next Steps

- ¾ Start the negotiations with the vendors
- ¾ Confirm National Grid vision to define if the focus is on customer interactions or "out of the box" solutions and which level of risk National Grid is willing to accept.

REDACTED



Agenda

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Program Phase Two mobilization activities are underway

| Activity | Representative Tasks | Time Line |
|---------------------------------------|--|---------------------|
| Prepare the Team | <ul style="list-style-type: none"> Change Mgt Training Agile Training | January – March |
| Ready the Organization | <ul style="list-style-type: none"> Refresh Program operating model Develop and deploy PM Framework | December - March |
| Prepare to Execute | <ul style="list-style-type: none"> Detailed planning and chartering Value Framework | January - May |
| Procure Software and Services | <ul style="list-style-type: none"> Procure EAM and Resource Mgt System Integrators | November - June |
| Power Plan | <ul style="list-style-type: none"> Work Order Lifecycle Redesign | January - September |
| Data Assessment and Remediation | <ul style="list-style-type: none"> Assess integrity and quality of data (selected) Develop remediation plan(s) | January - April |
| Initiate Advanced Field Tech projects | <ul style="list-style-type: none"> e.g. CISBOT Testing e.g. Evaluate Kleiss product | January - November |

REDACTED



Gas Enablement Program Status

| Scope Status And Impacts | Schedule Highlights | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|-------------|-------------------|--------|--|------------|-----|--|--|---|------------------|----------|--------|-------|--|--------------------------|--|--|--|-----|---------------------|--|--|--|-----|--|---------------------------|--|--|--|--|------|-------|--------|------------|--------|--|------|------|-------------------|--|--|------|------|-------------------|--|--|------|------|-------------------|--|
| 1) Scope Status: • No additional scope changes planned for remainder of FY17 • Program roadmap and business case approved by PLC Executive 02/16 2) Approved changes since last update: • None 3) Next Scope "Infection Point": • Procurement of Solution Software and System Integrators 4) Delivery Approach: • The high level Program delivery approach has been defined. Agile methodology training is being held and will be completed by end of February 5) Customization KPI: To be developed in Phase 2 Mobilization | 1) Key Milestones and Deliverables: • Q4 mobilization deliverable milestones have been defined • Phase 1 Deliverables are complete with exception of reformatting of business case 2) Activities completed • Approval to proceed with GBE received on Feb. 16 • Kicked off all planned Q4 projects and initiatives 3) Upcoming activities: • Agile procurement in progress • Complete Phase 2 detailed mobilization planning and activities • Build Project Management Framework and FY18 detailed plan 4) Overall Schedule Status: Tracking to plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resources | Risk | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th>Staffing Plan</th> <th>Actual</th> <th>In-progress</th> <th>Trend</th> <th></th> </tr> </thead> <tbody> <tr> <td>None (0/0)</td> <td>0/0</td> <td></td> <td></td> <td>●</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Finance / Budget</th> <th>Activity</th> <th>Status</th> <th>Trend</th> <th></th> </tr> </thead> <tbody> <tr> <td>Program Budget Submitted</td> <td></td> <td></td> <td></td> <td>● ●</td> </tr> <tr> <td>Financial Reporting</td> <td></td> <td></td> <td></td> <td>● ●</td> </tr> </tbody> </table> <p>nt planne work is no</p> <p>forecast</p> | Staffing Plan | Actual | In-progress | Trend | | None (0/0) | 0/0 | | | ● | Finance / Budget | Activity | Status | Trend | | Program Budget Submitted | | | | ● ● | Financial Reporting | | | | ● ● | <table border="1"> <thead> <tr> <th colspan="5">Top Three Risks (Phase 2)</th> </tr> <tr> <th>Risk</th> <th>Prob.</th> <th>Impact</th> <th>Mitigation</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Delayed completion of Phase 2 Mobilization</td> <td>High</td> <td>High</td> <td>Review management</td> <td></td> </tr> <tr> <td>Delayed completion of Phase 2 Mobilization</td> <td>High</td> <td>High</td> <td>Review management</td> <td></td> </tr> <tr> <td>Delayed completion of Phase 2 Mobilization</td> <td>High</td> <td>High</td> <td>Review management</td> <td></td> </tr> </tbody> </table> <p>scheduled for March</p> | Top Three Risks (Phase 2) | | | | | Risk | Prob. | Impact | Mitigation | Status | Delayed completion of Phase 2 Mobilization | High | High | Review management | | Delayed completion of Phase 2 Mobilization | High | High | Review management | | Delayed completion of Phase 2 Mobilization | High | High | Review management | |
| Staffing Plan | Actual | In-progress | Trend | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| None (0/0) | 0/0 | | | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finance / Budget | Activity | Status | Trend | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Program Budget Submitted | | | | ● ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Reporting | | | | ● ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Top Three Risks (Phase 2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk | Prob. | Impact | Mitigation | Status | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Delayed completion of Phase 2 Mobilization | High | High | Review management | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Delayed completion of Phase 2 Mobilization | High | High | Review management | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Delayed completion of Phase 2 Mobilization | High | High | Review management | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

NG Gas Enablement Steering Group 2.23 v3.pptx

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23

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The Narragansett Electric Company
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RIPUC Docket No. 4770
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Boston Gas Company and Colonial Gas Company
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Meeting close

- ¾ AOB
- ¾ New Action Item Summary
- ¾ Leadership Pulse Check and Closing Remarks

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Appendix

1. SI Procurement Support Materials
2. Mobilization Activities
3. Action Item Log
4. Risk Register

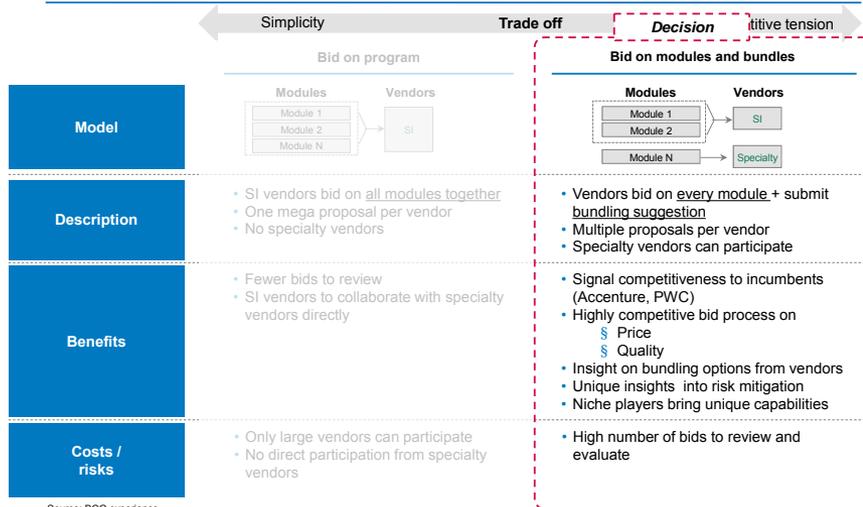
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Sourcing Strategy – Vendor approach

Backup

nationalgrid

Decision made to ask vendors to bid on individual modules and submit proposals for potential bundles



Source: BCG experience
 NG Gas Enablement Steering Group 2.23, v4.2.pptx

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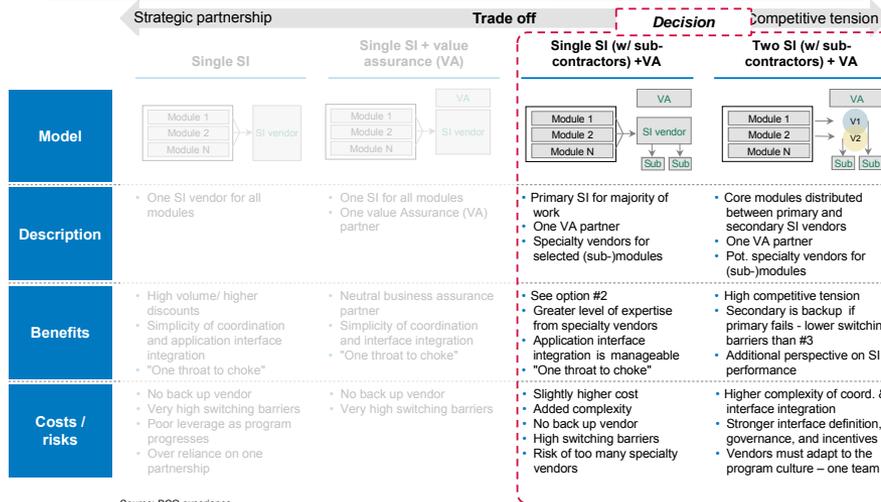
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Sourcing Strategy – Module bundling

Backup

nationalgrid

Selected either options #3 or #4 – final decision to be made after receiving RFI responses



Source: BCG experience

NG Gas Enablement Steering Group 2.23_v4.2.pptx

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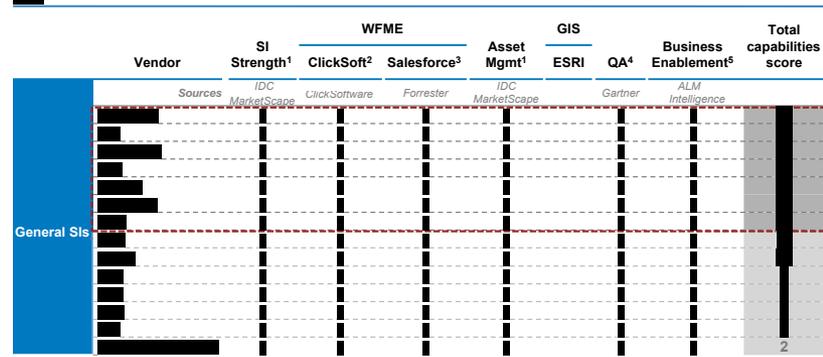
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Sourcing Strategy – Vendor evaluation

Backup



Vendor scoring: 7 SIs are over the minimum overall score of



Legend Box color corresponds to the following designation from the sources at the top of each column.

| | | | |
|---|--|-----|--|
| 4 | SI / Asset mgmt, Salesforce, or QA Leader, ClickSoftware Strategic Partner, Very Strong Stakeholder Management. | 2 | Salesforce Contender, QA Niche, Moderate Stakeholder Management. |
| 3 | SI/Asset Mgmt Major Player; ClickSoftware Experienced SI; Salesforce Strong Performer; QA Visionary or Challenger; Strong Stakeholder Management | n/a | No data available |

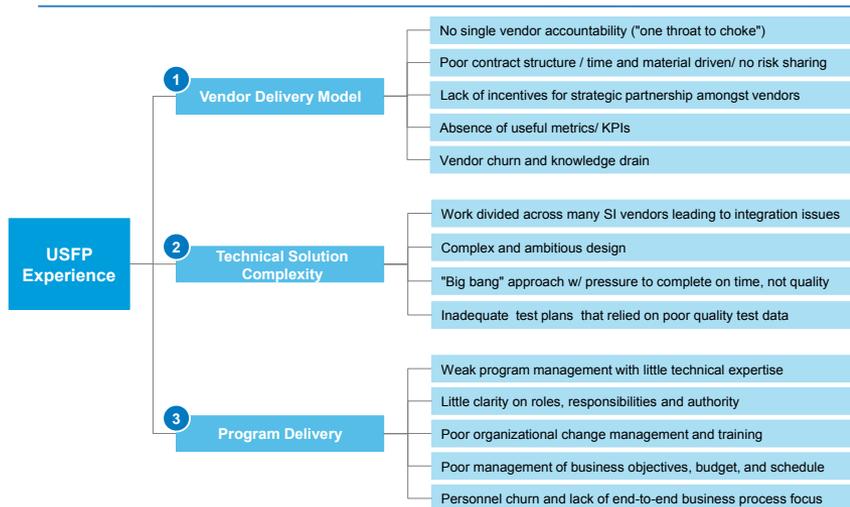
1. Based on strength of capabilities and strategies, classified from high to low as Leaders, Major players, Contenders, Participants.
 2. Experienced is for firms who are official System Integrators from ClickSoftware. Strategic partner implies a more robust relationship, including extensive Systems Integration experience.
 3. Based on strength of alliance with Salesforce.com and current offering, where rank from high to low is Leader, Strong performer, Contender and Risky bet.
 4. A 2x2 categorization where the axes are "Ability to Execute", and "Completeness of Vision". Leaders have high score in both dimensions. Visionaries have high completeness of vision with low ability to execute. Challengers have high ability to execute and low completeness of vision. Niche players score low in both dimensions.
 5. Specialty looks at the "Stakeholder Management" subscore. Source: BCG analysis, IDC MarketScape, Forrester Wave, ALM Key Play

Draft – for discussion only 29

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Agree on lessons learned from USFP experience



NG Gas Enablement Steering Group 2.23, v4.2.pptx

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Vendor selection guidelines and constraints

1 Vendor delivery model

- § Simpler vendor landscape
- § Clear accountability "one throat to choke"
- § Align incentives between NG and vendor (risk and opportunity sharing)
- § Align incentives among vendors to ensure collaboration
- § Highlight risks early and include in reporting
- § Track and monitor vendor performance against contract

2 Program delivery

- § Implement strong/ technical PMO with authority; clearly defined roles and responsibilities
- § Include value assurance to closely monitor vendor performance
- § Ensure right skills for change management and training
- § Implement and track effective valuable metrics for delivery, readiness and business outcomes
- § Deeply engage jurisdictions in the process managing change implications
- § Ensure insight and analytics capabilities for leadership

3 Technical solution complexity

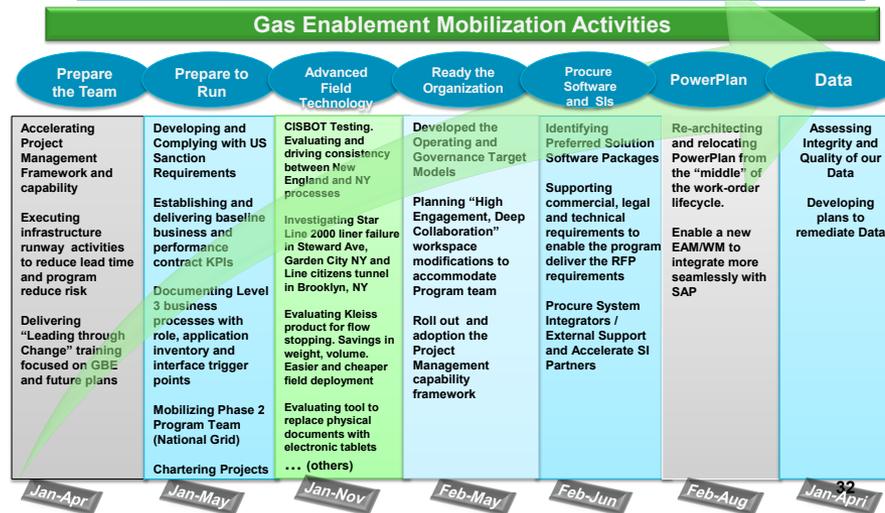
- § Avoid "big bang" approach – follow agile methodology where appropriate
- § Standardize processes across jurisdictions – adapt pre-configured industry solution
- § Utilize simpler solution architecture that supports cloud and cross-module integration
- § Ensure robust testing process and test data

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Program mobilization activities are underway



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Steering Group Action Item List (complete)

| | Action | Owner | Assigned | Due | Comment | Complete? |
|---|---|-------|-----------|----------|---|-----------|
| 1 | Ensure that Enablement is added to the QPR agenda | PS | 10 Mar 16 | 1 Apr 16 | | Yes |
| 2 | To provide visibility of the expect impact of Gas Business enablement on the ability to run the business due to a potential talent drain. | JJ | 10 Mar 16 | 1 May 16 | Phase 1 key roles have been filled with Business Leadership engagement and support. Subsequent staffing requirements will be reviewed regularly with the Design Authority | Aug 16 |
| 3 | To identify the appropriate approach to ensure that the SG has visibility to the level of customization being undertaken by the project. | JJ | 10 Mar 16 | 1 Oct 16 | Phase 1: <ul style="list-style-type: none"> Formalize the design principle to minimize, customizations Provide a view of where customizations might be required in Phase 2 based on what we know. Phase 2: <ul style="list-style-type: none"> All customizations will be approved by Chris Murphy and Johnny Johnston and formally reported to the Steering Group. | Oct 24 |
| 4 | To share the rate case strategy and ensure that any appropriate costs are included in the MA Gas rate case. | JJ | 10 Mar 16 | 1 Jul 16 | Action Plan: 1) Engaging with NY rate case team 2) Coordinating with MA to include GE costs in the MA Gas case 3) Will work with Finance to deploy effective tools and processes to capture and report rate case data 4) Insure GE business case is rate case enabling | Aug 16 |

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Action Items - continued

| | Action | Owner | Assigned | Due | Comment | Complete? |
|----|---|-------|------------|-----------|---|-----------|
| 5 | Advise SG on PowerPlan solution options impacting the Program | JJ | 5 May 16 | Nov 16 | GE, in partnership with Finance, to sponsor study to identify plan, timings and costs to re-architect the integration of SAP / PowerPlan / Front Office | Oct 24 |
| 6 | Review GBE Scope with Finance Remediation | KH | 5 May 16 | June 16 | Rescheduled by Fin – working with RQ for new date | Sept 14 |
| 7 | Add controls development to design phase success criteria | KH | 5 May 16 | June 16 | | Yes |
| 8 | Update the SG on proposal detail and procurement process status and selection criteria | JJ | 5 May 16 | June 16 | | Yes |
| 9 | Align CWIP and GE programs and incorporate into GE program risk matrix as appropriate | KC | 24 June 16 | Aug 16 | Complete | Yes |
| 10 | Invite Internal Assurance to participate in vendor oral presentations and proposal review | KC | 24 June 16 | July 16 | Complete – Input received | Yes |
| 11 | Provide a follow-up on staffing progress and plans | JJ | 1 Aug 16 | 23 Aug 16 | Complete | Aug 23 |
| 12 | Provide a summary of actions taken / planned to address Business Assurance Partner observations | JJ | 2 Dec | 20 Dec | Plan to be reviewed during 12/20 Steering Group meeting | Yes |
| | | | | | | |

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The Narragansett Electric Company
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Risk Registry – Available On Request

REDACTED



Gas Business Enablement

Steering Group Meeting

3 April, 0800 EST, Reservoir Woods Conference Room Volta, W3-835



April 3, 2017



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Agenda 
GAS BUSINESS ENABLEMENT

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|---|-------------|------------------|
| Opening Remarks • Meeting Objectives • Action Item Follow Ups | 10 min | JJ/KC |
| Regulatory Strategy Update | 25 min | PV |
| Systems Integrator Procurement Update | 15 min | JJ |
| Program Update | 5 min | KC |
| Meeting Close & Feedback | 5 min | JJ |



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Meeting Objectives



GAS BUSINESS ENABLEMENT

1. Share progress on regulatory analysis and discuss options and agree next steps
2. Gain your delegation of authority to down-select vendors to advance to Agile Procurement Wave 3 –Joint Solutioning
3. Provide an update on procurement activities for Systems Integrator(s)



REDACTED

Action items



| Action | Owner | Assigned | Due | Comment | Complete? |
|---------------------|-------|----------|-----|---------|-----------|
| No new action items | | | | | |



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Agenda 
GAS BUSINESS ENABLEMENT

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7 Scenarios were identified and evaluated for qualitative and quantitative value



| Qualitative Analysis Summary | | | | | |
|--|-----------------------|-----------------------|--------------|------------------------------|---|
| Scenario | Regulatory Complexity | Accounting Complexity | Future Proof | Regulatory Reputational Risk | % Recovery |
| 1. Traditional – Assumes traditional Service Company accounting. Disproportionate amount of the backbone system costs would need to be allocated to 1 st OpCo implementing functionality | Low | Low | Medium | Low | 76.8% |
| 2. Traditional with Modified Accounting – Assumes OpCo's are allocated their proportionate fair share of the backbone costs as they implement their portion of functionality | Low | Low | Medium | Low | 77.6% |
| 3. Enhanced Recovery - Leverages option 2 but identifies additional regulatory recovery approaches (i.e., forward looking case in MA, interim filings for KEDNY/LI) | High | Low | Medium | High | 82.4% |
| 4. 3rd party financing - Ownership of GBE assets by third party financier | Medium | High | High | Medium | 90.3% No Return |
| 5. Regional Approach - Separate and distinct GBE systems would be designed and built for each gas operating company and aligned with existing rate case cadence | Low | Low | High | High | 90.3% Costs High OPS Impacts High |
| 6. ServCo Licensing – Assumes that backbone sits at service company and is allocated to OpCo's as functionality is deployed. Functionality specific to an OpCo sit on that company's books | Medium | Medium | Medium | Low | 77.7% |
| 7. Modified accounting electric - include allocations to the electric companies | Medium | Low | Medium | Medium | 78.4% Elec. adds complex |

REDACTED

Financial Summary (including Group Financing Costs)
Quantitative Scenario Evaluation **nationalgrid**

Financial Summary of Scenarios Presented

| | Return | Depreciation | O&M | O&M (Interest) | OpCo Project Cost | Rev Requirement | Recovery of Costs | Recovery |
|-------------|-----------|--------------|-----------|----------------|-------------------|-----------------|-------------------|----------|
| Scenario 1 | \$84,509 | \$293,596 | \$164,546 | n/a | \$542,650 | \$542,650 | \$416,631 | 76.8% |
| Scenario 2 | \$84,509 | \$293,596 | \$164,546 | n/a | \$542,650 | \$542,650 | \$421,179 | 77.6% |
| Scenario 3 | \$84,509 | \$293,596 | \$164,546 | n/a | \$542,650 | \$542,650 | \$447,305 | 82.4% |
| Scenario 4 | n/a | n/a | \$458,141 | \$84,509 | \$542,650 | \$542,650 | \$490,264 | 90.3% |
| Scenario 4a | n/a | n/a | \$458,141 | \$84,509 | \$542,650 | \$542,650 | \$490,264 | 90.3% |
| Scenario 5 | \$140,124 | \$485,339 | \$209,258 | n/a | \$834,721 | \$834,721 | \$751,743 | 90.1% |
| Scenario 6 | \$89,097 | \$293,596 | \$164,546 | n/a | \$547,239 | \$547,239 | \$425,422 | 77.7% |
| Scenario 7 | \$84,509 | \$293,596 | \$155,882 | n/a | \$533,986 | \$533,986 | \$425,384 | 79.7% |

| | Unrecovered Costs | ServiceCo Return | Group support for facility | Group Financing Cost | Upfront fee | Group project cost | Net Present Cost | Cost of Facility ¹ |
|-------------|-------------------|------------------|----------------------------|----------------------|-------------|--------------------|------------------|-------------------------------|
| Scenario 1 | \$126,019 | (\$84,432) | n/a | \$111,430 | n/a | \$153,016 | (\$98,535) | 3.87% |
| Scenario 2 | \$121,471 | (\$84,509) | n/a | \$108,482 | n/a | \$145,445 | (\$90,146) | 4.08% |
| Scenario 3 | \$95,345 | (\$84,509) | n/a | \$91,717 | n/a | \$102,553 | (\$68,625) | 4.08% |
| Scenario 4 | \$52,386 | n/a | n/a | \$27,725 | \$2,500 | \$82,612 | (\$45,049) | 3.9% Variable ² |
| Scenario 4a | \$52,386 | n/a | \$18,388 | \$34,945 | \$2,500 | \$108,220 | (\$57,695) | 4.7% Fixed ³ |
| Scenario 5 | \$82,978 | (\$140,124) | n/a | \$125,165 | n/a | \$68,019 | (\$61,022) | 3.73% |
| Scenario 6 | \$121,816 | (\$89,097) | n/a | \$113,031 | n/a | \$145,750 | (\$94,212) | 3.97% |
| Scenario 7 | \$108,602 | (\$84,509) | n/a | \$108,939 | n/a | \$133,033 | (\$87,509) | 3.99% |

1. Average weighted interest cost over outstanding period
2. Group financing average cost of 3.7%
3. Group financing average cost of 4.0%

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Recommendation



- Propose considering Option 2 as the base case and pursue alternative service company accounting that better aligns costs with recovery
- Pursue Option 4 as an alternative to Option 2 (Base Case) to maximize recovery
- To the extent Option 4 cannot be advanced Option 3 would be pursued as the back stop.
- Treat Option 5 as a base line for comparison purposes against the other options to prove value of cross jurisdictional roll out

REDACTED

Recommended Next Steps

nationalgrid

- Create a cross function team lead by Treasury to pursue option 4. This team would include representatives from accounting, regulatory, legal, and gas business enablement.
- The team would be tasked by May 25th to come back to the Steering Committee with a detailed proposal on how to advance Option 4 or a definitive reason why it cannot be advanced.
- To the extent Option 4 cannot be advanced Option 3 would be pursued as the back stop.

REDACTED

**Base Case : Traditional approach
w/modified accounting**



Summary of structure

- Seeks to align, without impacting operational risk, operating company implementation with rate case schedule
- Modifies traditional Service Company accounting and assumes action is taken to create an accounting structure that would ensure that operating companies would only incur their proportionate fair share of the backbone costs as they implement the associated functionality specific to the operating company
- Costs would be charged to the P&L (and capex) as they are incurred
- Individual operating companies would file for recovery in line with the cadence of rate cases
- Charges would hit both the IFRS and GAAP income statements

Pros:

- Does not propose any changes to our current frameworks
- NG retains ownership of GBE, and control over all design decisions
- Provides mechanism to align backbone costs with functionality

Cons:

- Based on the most recent estimated in-service dates and current rate case filing schedule, we estimate recovery at .77.6% of the full revenue requirement, or a loss of c.\$121m
- The upfront opex would hit the IFRS P&L as incurred
- Non-traditional service company accounting treatment that would need to be worked through with auditors and would likely need regulatory filing, and potentially, approval
- ROE impact is expected to be []



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Seek alternative regulatory treatment to enhance Value in Base Case nationalgrid

Summary of structure

- This option is a combination of the traditional recovery approach described in Option 2 plus in addition seeks to mitigate the loss identified in Option 2 through additional alternative regulatory treatment.
- This would include exploring our ability to request separate deferrals or trackers, use the KEDNY and KEDLI negative revenue adjustments (NRAs) from gas safety metrics (to offset upfront O&M), propose forward looking test year in MA, or other regulatory mechanisms

Pros:

- If successful, creates greater regulatory recoveries than option 1
- NG retains ownership of GBE, and control over all design decisions

Cons:

- The probability of successfully mitigating a substantial portion of the loss for all operating companies in each jurisdiction is limited (less than 50%).
- Unlikely to achieve additional regulatory recovery at KEDNY and KEDLI unless companies are earning below their allowed ROE.
- It is difficult to estimate an amount we could mitigate through this option, but considering the risk and complexity, we could potentially improve recoveries by approx. (educated guess) one third of loss identified in option 2 .
- The upfront opex would still hit the IFRS P&L as incurred
- ROE impact is expected to be []

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Continue to Pursue Integrated Third Party Ownership 

Summary of structure

- Ownership of GBE assets by third party financier
- NG controls investment and retains rights to intellectual property
- Contractually licenses the systems/software to the operating companies
- The bank assumes responsibility for all costs (guaranteed by NGUSA) for the GBE project (including O&M) and the bank owns the asset (at least during construction)
- Levelizes management of the capex investment and addresses O&M costs
- A description of the proposed structure is provided on the next slide
- Based on indicative pricing assumptions, assuming the same in-service dates as Option 1 and a levelized 10 year amortization period, that this option could:
 - Match the project cost at the OpCo level of Option 1
 - Improved recovery to c.90% at the Opco level

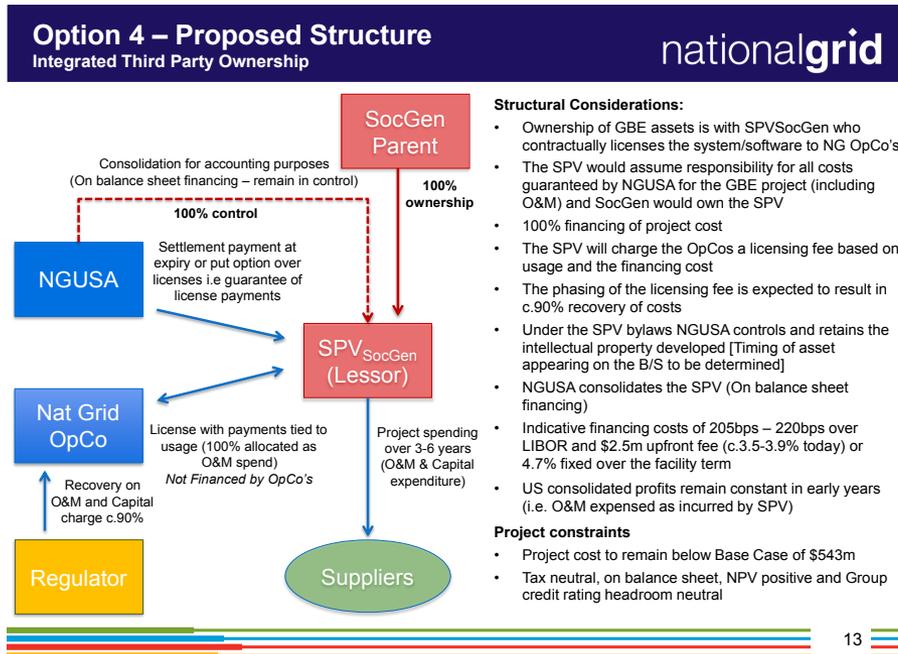
Pros:

- Improves recovery to c.90%
- On balance sheet financing

Cons/Risks to achieve:

- Complex structure to execute, which has not been tested in the Market
- Atypical structure to be explained to investors, regulators etc.
- Account treatment to be confirmed to validate the viability of the structure
- Further consideration from tax, legal, treasury and regulatory teams
- Product offer and pricing to be confirmed by the bank
- Likely set precedent for future large IT investment
- Group credit rating impact to be tested on a standalone and portfolio spend

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Comparable: Independent OpCo Solutions nationalgrid

Summary of structure

- Separate and distinct GBE systems would be designed and built for each gas operating company (no shared costs between operating companies).
- These assets would be owned and operating by the individual operating company
- Costs would be charged to the operating company P&L (and capex) as they are incurred
- The individual operating companies would file for recovery in line with their cadence of rate cases. Would seek to align, without impacting operational risk, implementation with rate case schedule of individual operating company.
- Charges would hit both the IFRS and GAAP income statements

Pros:

- Align operating company implementation timelines with rate case cadence to maximize recovery.
- Asset resides on the operating company financials avoids service company accounting and cost allocation issues.
- Separate systems will facilitate any future OpCo disposals

Cons/Risks to achieve:

- Multiple systems doing the same thing; loss of efficiencies; anticipated greater total cost
- User complexity. Single user (in central teams) needing to access multiple systems.
- Limited capacity within the organizations to run 4 programs of this scale in parallel
- Different areas will drive different solutions likely providing inconsistent performance and regulatory reporting
- Aligning to rate cases will mean a significant delay for KEDNY/LI which will leave operations with increasing risk of system failure

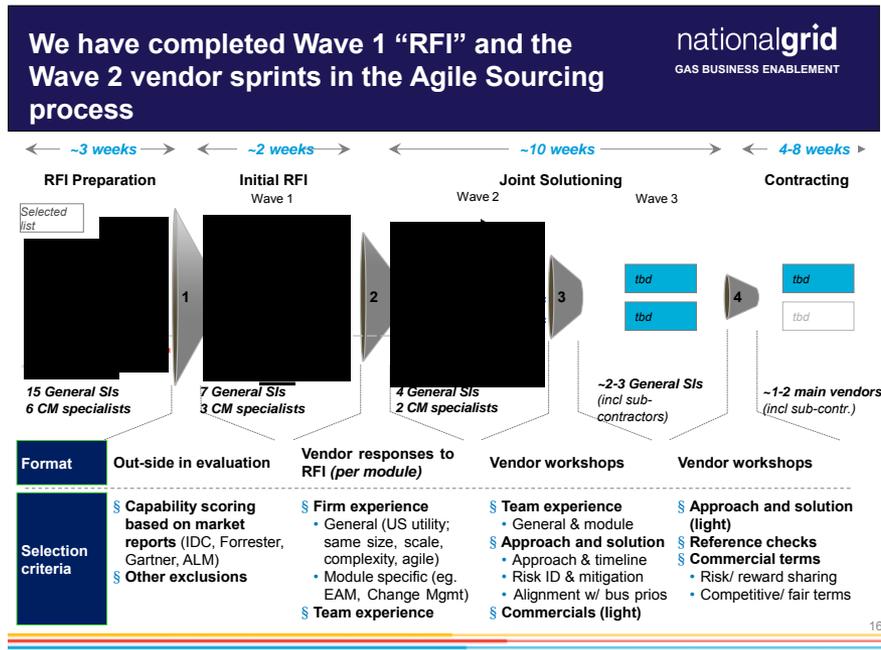
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Agenda 
GAS BUSINESS ENABLEMENT

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
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| Opening Remarks • Meeting Objectives • Action Item Follow Ups | 10 min | JJ/KC |
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| Systems Integrator Procurement Update | 15 min | JJ |
| Program Update | 5 min | KC |
| Meeting Close & Feedback | 5 min | JJ |



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Each SI vendor has completed two, one day sprints designed to develop mutual understanding of their ability to support GBE objectives and culture



Example Sprint Agenda

| Schedule | Daily Agenda | | | |
|------------------|--|--|--|--|
| 8:15 – 8:30 am | • Introduction, Overview, and Objectives | | | |
| 8:30 – 10:30 am | • Cross-Functional Discussion (BPR, PO, OM, BECM, ISDM) • All Participants • Topics to be discussed include Change Management, Portfolio Office, IS Enablement, and Agile Governance | | | |
| 10:30 – 11:30 am | • Portfolio Office (PO) | • Business Process & Requirements (BPR): WM, AM, GIS, CE | • IS Enablement (IS) | • Commercial and Risk Sharing (CRS) • Legal and Operational (L&O) |
| 11:30 – 12:00 pm | • Group Debrief (National Grid and Potential Partners) | | | |
| 12:00 – 12:30 pm | Lunch | | | |
| 12:30 – 2:30 pm | • Portfolio Office (PO) (Continued: 30 min) • Operating Model (OM) | • Business Process & Requirements (BPR): WM, AM, GIS, CE (continued) | • IS Enablement (IS) (Continued: 30 min) • Data Management (DM) | • Commercial and Risk Sharing (CRS) • Legal and Operational (L&O) (continued) |
| 2:30 – 3:30 pm | • Business Enablement and Change Management (BECM) | • Business Process & Requirements (BPR): SC | • Architecture | |
| 3:30 – 4:00 pm | • Group Debrief (National Grid and Potential Partners) | | | |
| 4:00 – 4:30 pm | • Group Debrief (National Grid only) | | | |

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Sprint in action...

nationalgrid
GAS BUSINESS ENABLEMENT



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Highly Confidential – not for further distribution

Based on these sprints we have ranked each vendor by module

nationalgrid
GAS BUSINESS ENABLEMENT

5-7 Strong 3-5 Medium 1-3 Low

| Module | Rank 1 | | Rank 2 | | Rank 3 | | Rank 4 | | Rank 5 | |
|----------------------|------------|-------|--------|-------|--------|-------|--------|-------|--------|-------|
| | Vendor | Score | Vendor | Score | Vendor | Score | Vendor | Score | Vendor | Score |
| Portfolio Mgmt. | [REDACTED] | | | | | | | | | |
| Biz. Enablement & CM | [REDACTED] | | | | | | | | | |
| Operating Model | [REDACTED] | | | | | | | | | |
| Work Mgmt. | [REDACTED] | | | | | | | | | |
| Asset Mgmt. | [REDACTED] | | | | | | | | | |
| GIS experience | [REDACTED] | | | | | | | | | |
| Customer Engagement | [REDACTED] | | | | | | | | | |
| Supply Chain | [REDACTED] | | | | | | | | | |
| Data Mgmt. | [REDACTED] | | | | | | | | | |
| IS Enablement | [REDACTED] | | | | | | | | | |

Note: Scores shown on this slide represent team normalized scores and are subject to further challenge are review by the team next week so should not be considered final

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Next Steps and Steering Group Request

Next steps:

- § Complete down select process – by April 7th
 - § Review and normalize at the Team and Program level
 - § Begin analyzing options for "bundling" of modules and vendors
 - § Down-select vendors to proceed to Wave 3 workshops
- § Prepare Wave 3 vendor workshops – starting April 17th
- § Develop and issue formal bid sheet
- § Begin commercial discussions with Kotter
- § Issue Value Assurance RFP

Request:

- § Steering Group delegate authority to Program Sponsor (Johnny Johnston) to approve down-selected vendors to proceed to Wave 3 – Joint Solutioning & Commercials



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REDACTED

Program Phase 2 mobilization activities are under way



| Activity | Representative Tasks | Timeline |
|---------------------------------------|---|------------------------|
| Prepare the Team | <ul style="list-style-type: none"> • Change Mgt Training • Agile Training | January - April |
| Prepare the Facility | <ul style="list-style-type: none"> • Select long term Program site • Prepare space utilization plans (interim/long) | March - July |
| Ready the Organization | <ul style="list-style-type: none"> • Refresh Program operating model • Deploy PM Framework | December - April |
| Prepare to Execute | <ul style="list-style-type: none"> • Detailed planning and chartering • Value Framework | January - May |
| Procure Software and Services | <ul style="list-style-type: none"> • Procure EAM and Resource Mgt • System Integrators | November - June |
| Power Plan | <ul style="list-style-type: none"> • Work Order Lifecycle Redesign | January - September |
| Data Assessment and Remediation | <ul style="list-style-type: none"> • Assess integrity and quality of data (selected) • Develop remediation plan(s) | January - April |
| Initiate Advanced Field Tech projects | <ul style="list-style-type: none"> • e.g. CISBOT Testing • e.g. Evaluate Kleiss product | January - December '18 |

22

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Program Phase 2 mobilization activities are continuing



GAS BUSINESS ENABLEMENT

| Scope Status And Impacts | | | | | Schedule Highlights | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--------|-----------|---|-------|---|--------|--------|--------------------------|-------|------------|---|----|----|---------------------|--|---|---|--|---------------------------|--|--|--|------|-------|--------|-------------------|---|-----|-----------|---|--|-----|------|------------------------|--|-----|-----------|------------------------|
| 1) Scope Status: • No additional scope changes pending or planned 2) Approved changes since last update: • None 3) Next Scope "Inflection Point": • Procurement of Solution Software and System Integrators. • Detailed planning to begin during SI mobilization – May – Jun 17 4) Delivery Approach: • Program will leverage three delivery methodologies: Agile, Hybrid Agile, Waterfall • Detailed definition to be completed during mobilization and detailed design phase 5) Customization KPIs: To be developed during Phase 2 Mobilization | | | | | 1) Key Milestones and Deliverables: • Phase 1 Deliverables are complete • Chartering, Level 3 Design, PM Framework activities complete 2) Activities completed • SI Procurement Wave 1 RFI down select complete • SI Procurement Wave 2 Sprints Complete • Project Management Framework complete • 2 Day Agile training course for program members complete 3) Upcoming activities: • Perform Wave 2 SI vendor down selection • Commence Wave 3 SI procurement process • Complete Phase 2 <i>detailed</i> mobilization planning and activities • Continue Software Procurement • Progress to next level FY18 detailed plan • Finalize program site selection and complete space and move plans 4) Overall Schedule Status: Tracking to plan | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resources | | | | | Risk | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse; font-size: 8px;"> <thead> <tr style="background-color: #0070c0; color: white;"> <th>Staffing</th> <th>Plan</th> <th>Actual</th> <th>In-progress</th> <th>Trend</th> </tr> </thead> <tbody> <tr> <td>wave 1/2/3</td> <td>73</td> <td>46</td> <td>54</td> <td style="text-align: center;">●</td> </tr> </tbody> </table> | | | | | Staffing | Plan | Actual | In-progress | Trend | wave 1/2/3 | 73 | 46 | 54 | ● | <table border="1" style="width: 100%; border-collapse: collapse; font-size: 8px;"> <thead> <tr style="background-color: #0070c0; color: white;"> <th colspan="4">Top Three Risks (Phase 2)</th> </tr> <tr style="background-color: #f2f2f2;"> <th>Risk</th> <th>Prob.</th> <th>Impact</th> <th>Mitigation Status</th> </tr> </thead> <tbody> <tr> <td style="font-size: 7px;">Unplanned/unapproved changes to scope can drive program costs, impact timely delivery or compromise the quality of program outcomes</td> <td style="text-align: center;">Med</td> <td style="text-align: center;">Very High</td> <td style="font-size: 7px;">Change Management plan included in PM Framework</td> </tr> <tr> <td style="font-size: 7px;">Timely completion of Phase 2 Mobilization (delays in work start)</td> <td style="text-align: center;">Med</td> <td style="text-align: center;">High</td> <td style="font-size: 7px;">Plan under development</td> </tr> <tr> <td style="font-size: 7px;">Delays in SI Procurement process will delay start of critical Phase 2 projects</td> <td style="text-align: center;">Med</td> <td style="text-align: center;">Very High</td> <td style="font-size: 7px;">Plan under development</td> </tr> </tbody> </table> | | | | Top Three Risks (Phase 2) | | | | Risk | Prob. | Impact | Mitigation Status | Unplanned/unapproved changes to scope can drive program costs, impact timely delivery or compromise the quality of program outcomes | Med | Very High | Change Management plan included in PM Framework | Timely completion of Phase 2 Mobilization (delays in work start) | Med | High | Plan under development | Delays in SI Procurement process will delay start of critical Phase 2 projects | Med | Very High | Plan under development |
| Staffing | Plan | Actual | In-progress | Trend | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| wave 1/2/3 | 73 | 46 | 54 | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Top Three Risks (Phase 2) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Risk | Prob. | Impact | Mitigation Status | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Finance / Budget Activity | Status | Trend | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Program Budget Submitted | ● | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| F ₀ recasted spend (against targets) | ● | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial Reporting | ● | ● | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
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Boston Gas Company and Colonial Gas Company
each d/b/a National Grid
D.P.U. 17-170
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Meeting close



- AOB
- New Action Item Summary
- Leadership Pulse Check and Closing Remarks



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Gas Business Enablement

Steering Group Meeting



April 28, 2017

NG Only

1

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Agenda 
GAS BUSINESS ENABLEMENT

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|-------------------------------------|-------------|---------------------------|
| Introductions | 10 min | JJ/Eric Stettler – ATK |
| Procurement Update | 15 min | JJ/Nicola Rigby- White |
| Process for reaching award decision | 15 min | JJ |
| Commercial approach | 15 min | JJ |
| Questions & close | 5 min | JJ |



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Objectives & Desired outcomes

Update SG on procurement process to date

Share scoring criteria for each of the modules & how vendors have done in Sprint 3

Share different award options & some pros and cons & direction team are heading around award

Share proposed next steps through to contract award

Share proposed commercial approach/risk sharing

Desired Outcomes:

- Confirm continued support for approach we are taking including scoring criteria
- Support for proposed next steps through to award – including proposal to delegate authority for negotiations & Steering Group touch points
- Support for proposed risk sharing approach and alignment to operational KPIs linked to the business case

3

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Agenda 
GAS BUSINESS ENABLEMENT

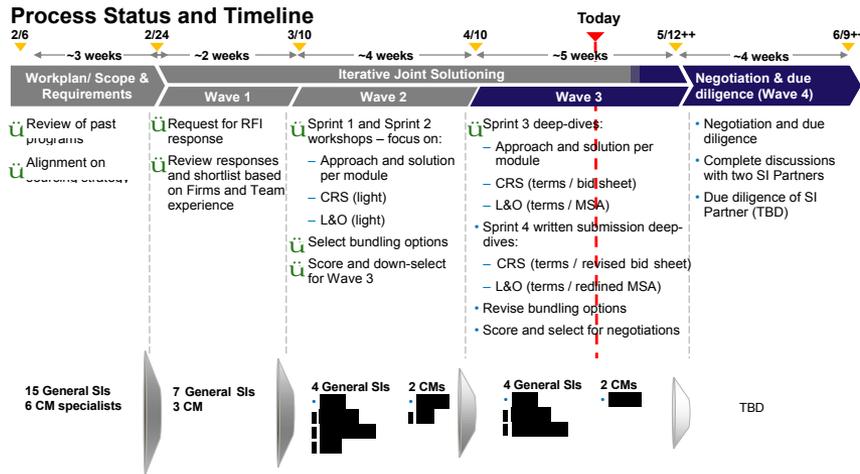
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We are in Wave 3 of the procurement process - down-selecting SI Partners for negotiations



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Based on Wave 2, modules were grouped into six distinct work bundles



For Discussion

Module Bundling Groupings

Rationale For Bundling Changes

| | |
|---|--|
| <p>Business Processes and Requirements A (BPR A) <small>(Work Management / Customer Engagement / Supply Chain)</small></p> | <ul style="list-style-type: none"> Business Processes and Requirements modules may be split into two groups: Work Management / Customer Engagement / Supply Chain and Asset Management / Geographical Information Systems |
| <p>Business Processes and Requirements B (BPR B) <small>(Asset Management / Geographical Information Systems)</small></p> | |
| <p>Portfolio Office (PO) Business Enablement and Change Management (BECM)</p> | <ul style="list-style-type: none"> Portfolio Office and Business Enablement and Change Management should be grouped due to program-wide nature of functions |
| <p>Operating Model (OM)</p> | <ul style="list-style-type: none"> Operating Model may be offered as a standalone module if necessary |
| <p>Information Systems Enablement (ISE)</p> | <ul style="list-style-type: none"> Information Systems Enablement will most likely align with Business Processes and Requirements (A) to facilitate technical integration with modules of large scope |
| <p>Data Management (DM)</p> | <ul style="list-style-type: none"> Data Management will most likely align with Business Processes and Requirements (B) due to cross module data requirements |

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Three SI Partners and one CM specialist were down-selected after Wave 2



Wave 2 Results

Selected for Wave 3 (Green) Eliminated (Red)

| | Accenture | PwC | Infosys | Kotter | IBM | Sia |
|-------------------|-----------|-----|---------|--------|-----|-----|
| BPR A (WM, CE, S) | | | | | | |
| BPR B (AM, GIS) | | | | | | |
| PO, BECM | | | | | | |
| OM | | | | | | |
| IS | | | | | | |
| DM | | | | | | |

Please see the appendix for details of SI Partners' scores across each bundle



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Strengths and weaknesses for each potential Partner have been evaluated at halfway mark in Wave 3

Summary of Strengths and Weaknesses

| Area | Accenture | PwC | Infosys | Kotter |
|---------------------|------------|-----|---------|--------|
| + Strengths | [REDACTED] | | | |
| - Weaknesses | | | | |

8

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 In Wave 3, SI Partners are evaluated on Functional, Commercial, and Legal dimensions
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Evaluation Dimensions



1. Refer appendix for details on evaluation criteria 2. ISE & DM also have a technical category 3. Commercial and Risk Sharing 9

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PwC has the highest Sprint 3 scores across most bundles followed by Accenture.
NOTE – scores anticipated to change materially post Sprint 4



| Scores | PwC | Accenture | Infosys |
|---|-----|-----------|---------|
| Bundle Groupings | | | |
| BPR A (WM / CE / SC) | | | |
| BPR B (AM / GIS) | | | |
| PO, BECM | | | |
| OM | | | |
| ISE | | | |
| DM | | | |
| Partner Total: Infosys module only: | | | |
| CRS¹ | | | |
| Consolidated s | | | |

1. Excludes Price and includes Leadership Experience, Gain and Risk Sharing, Business Value Creation, 2. Includes CRS scores 3. Infosys total excludes BPR A and OM 10

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 1, 2 and 3-Partner bundling option scenarios were developed to test sensitivity of scoring and price



Potential Award Options

| Bundle Groupings | One Partner | Two Partners | | Three Partners | | |
|--|----------------------|----------------------|------------------|----------------------|-----------|------------------|
| | PwC | PwC | Accenture | PwC | Accenture | Infosys |
| BPR A (WM / CE / SC) | BPR A (WM / CE / SC) | BPR A (WM / CE / SC) | | BPR A (WM / CE / SC) | | |
| BPR B (AM / GIS) | | | BPR B (AM / GIS) | | | BPR B (AM / GIS) |
| PO, BECM | PO, BECM | PO, BECM | | | PO, BECM | |
| OM | OM | OM | | | OM | |
| ISE | ISE | ISE | | ISE | | |
| DM | | | DM | | | DM |
| Partner Total¹: | [REDACTED] | | | | | |
| Consolidated Total¹: | [REDACTED] | | | | | |
| Total Cost (\$M) | [REDACTED] | | | | | |

1. Partner Total and Consolidated Total

REDACTED

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There are Pros and Cons for each of the bundling scenarios



Bundling Scenarios

| | 1 SI Partner | 2 SI Partners | 3 SI Partners |
|-------------|---|---|---|
| Pros | <ul style="list-style-type: none"> Streamlines decision-making processes across modules Reduces PMO and implementation complexity Provides clear accountability | <ul style="list-style-type: none"> Assigns bundles based on SI Partner strengths/costs Mitigates organization reliance on a single SI Partner Access to additional capability Increased diversity of thought Introduces competitive performance pressure between SI Partners | <ul style="list-style-type: none"> Provides enhanced resilience/optionality based on capability/costs Provides opportunities to extend supplier base Enforces competitive performance pressure among SI Partners |
| Cons | <ul style="list-style-type: none"> Creates dependency/delivery risk on a single SI Partner Provides no competitive pressure on performance Reduced commercial leverage for future scope changes/extensions | <ul style="list-style-type: none"> Increases PMO and vendor management complexity Creates potential accountability issues between SI Partners – that will required NG management Requires strong communication between SI Partners & NG | <ul style="list-style-type: none"> Requires stronger coordination among SI Partners Creates greater accountability issues |

Preliminary recommendation that a 2-SI scenario provides the best balance for National Grid in terms of risk mitigation, access to capability & complexity to manage. Note it will be important to clearly draw lines between SI accountabilities.

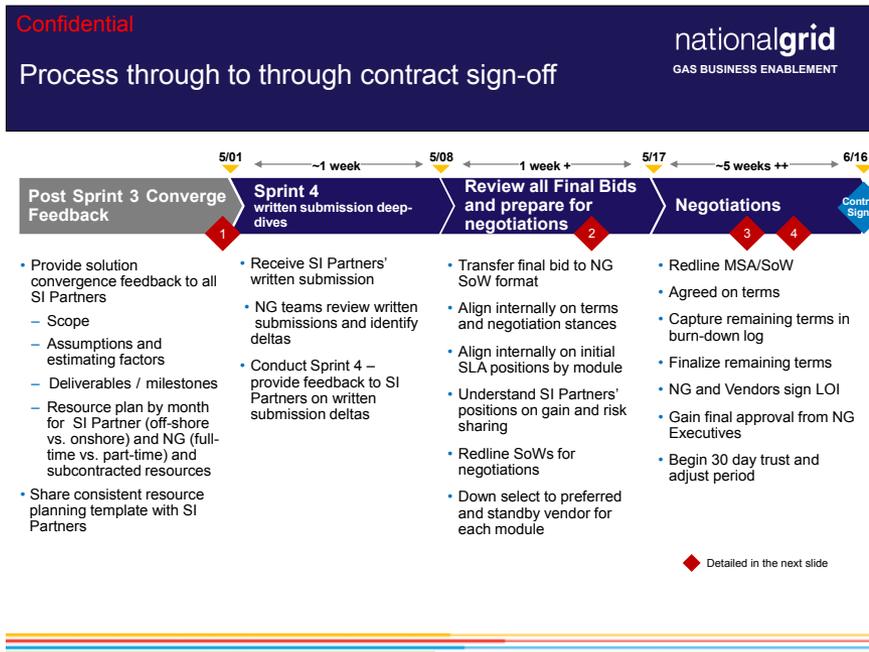
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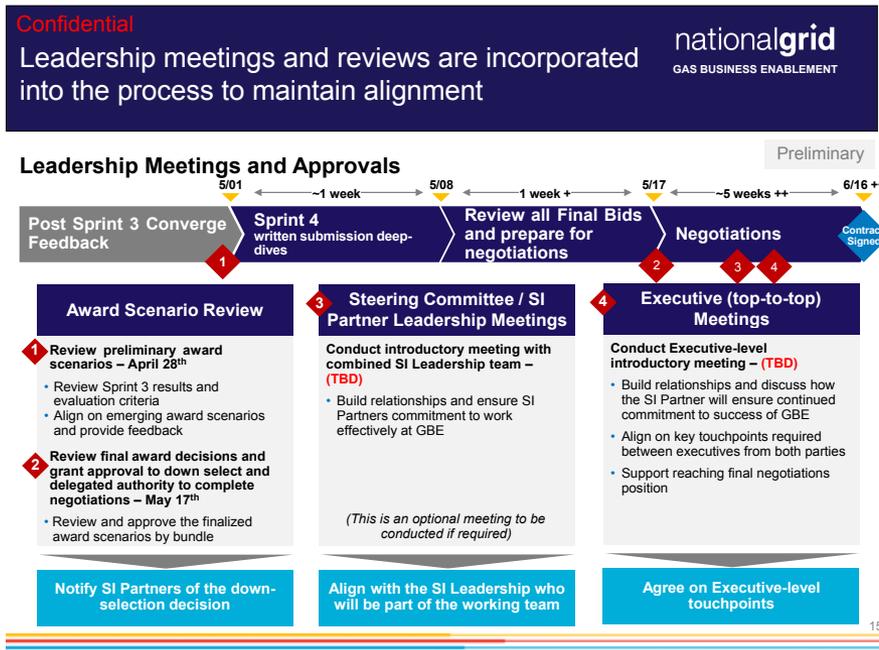
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Risk Sharing Objectives



- **Align** National Grid and all partners on achieving a set of common objectives:
 - Successful Solution / Technology Implementation
 - Achievement of Business Benefits and Objectives
 - Delivery on time and within budget
 - Fully mitigated risks and minimal to none business interruption
- **Incentivize** partners to not only deliver to the best of their abilities but also to demonstrate:
 - Collaboration (with other vendors)
 - Innovation and creativity to maximize value
- **Demonstrate** partner's commitment to a long term partnership with National Grid
- **Create** a win-win solution (environment)

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Proposed Commercial Structure

3 Main proposed elements:

- [REDACTED]
- [REDACTED]
- [REDACTED]

Levels to be negotiated subject to role in the program



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 Eight metrics (83% of business case) will be used the track tangible outcomes & calculate risk/gain sharing



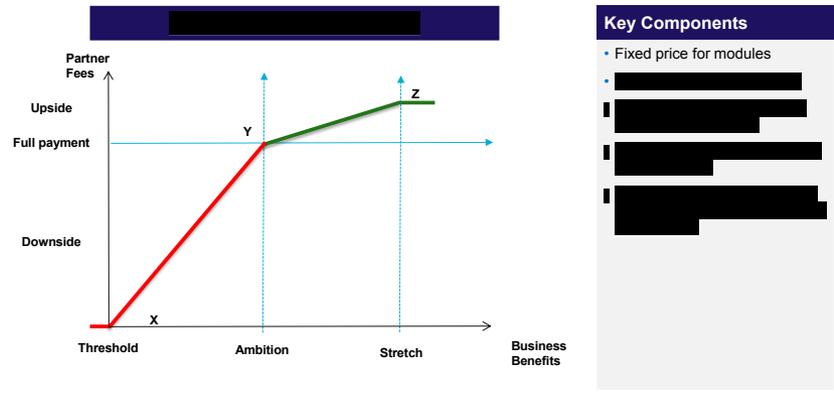
| Business Case/Control Area and Description | Key Output KPIs |
|--|---|
| Work Management <ul style="list-style-type: none"> Field productivity improvement in M&C and CMS through new technology platforms Reduction in UTCs and verification jobs with better customer / field data integration | 1. Avg. Unproductive Time / Day 2. Avg. no. of Completed Jobs per Worker / Day |
| Engineering & Back Office <ul style="list-style-type: none"> Improvement in back-office productivity in clerical work and manual mapping Increased engineering productivity and effectiveness | 3. Avg. no. of WOs Processed per Back-office FTE |
| Customer <ul style="list-style-type: none"> Reduction in call volumes through digital self-serve Reduction in CMS service quality penalties | 4. Total Call Volume 5. Customer Experience "Field" rating |
| Asset & Inventory Management <ul style="list-style-type: none"> Reduction in cost of construction work delayed by supply chain Redirection and optimization of project-related O&M spend | 6. No. Construction Projects Delayed due to Supply Chain 7. Inventory Value |
| Gas Safety & Compliance <ul style="list-style-type: none"> Elimination of gas safety and compliance penalties through technical training Reduction in the number of summonses for code violations | 8. Total Compliance Penalties and Violations |

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Potential Partner Risk Sharing Model

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PRELIMINARY



- ### Key Components
- Fixed price for modules
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

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Objectives & Desired outcomes

Update SG on procurement process to date

Share scoring criteria for each of the modules & how vendors have done in Sprint 3

Share different award options & some pros and cons & direction team are heading around award

Share proposed next steps through to contract award

Share proposed commercial approach/risk sharing

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Any other comments or questions?

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Boston Gas Company and Colonial Gas Company
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NG – Gas Business Enablement

Steering Group Meeting



NG Only

May 17, 2017

1

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Agenda 
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| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
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| Introductions | 5 min | JJ |
| Procurement update | 10 min | JJ / Nicola Rigby-White |
| Recommended Partner award options | 30 min | JJ / Nicola Rigby-White |
| Negotiations approach and timeline | 10 min | JJ / Nicola Rigby-White |
| Questions & close | 5 min | JJ |



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Meeting Objectives

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1. Update Steering Group on procurement process to date
2. Align on and approve preferred award scenarios and backups
3. Align on negotiation parameters for GBE team and delegate authority to Johnny Johnston to execute



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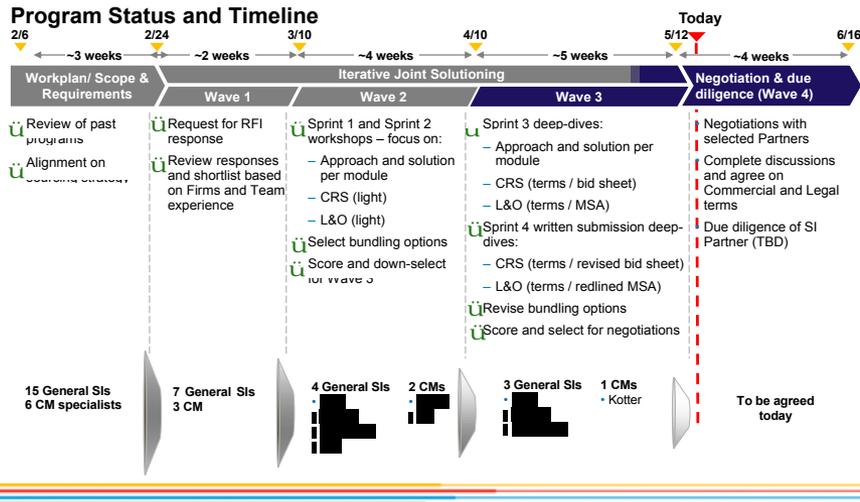
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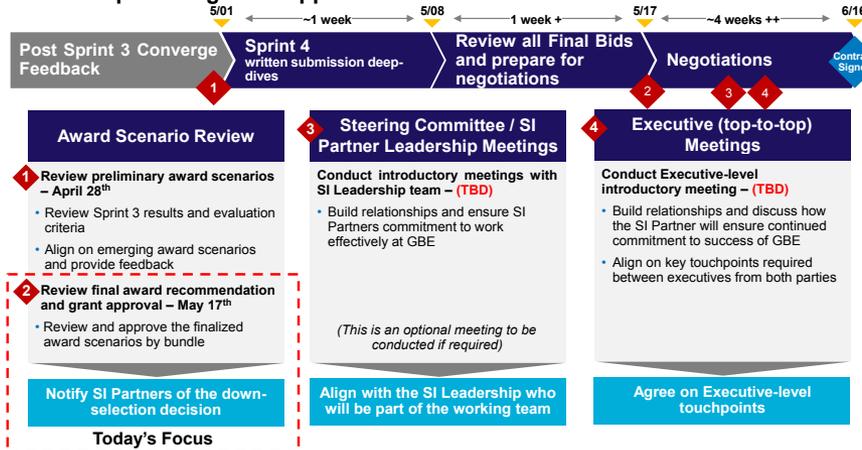
Having completed Wave 3, we are ready to make our award decision heading into negotiations



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Today's award decision will be critical to quickly define the negotiations strategy & approach

Leadership Meetings and Approvals



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| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
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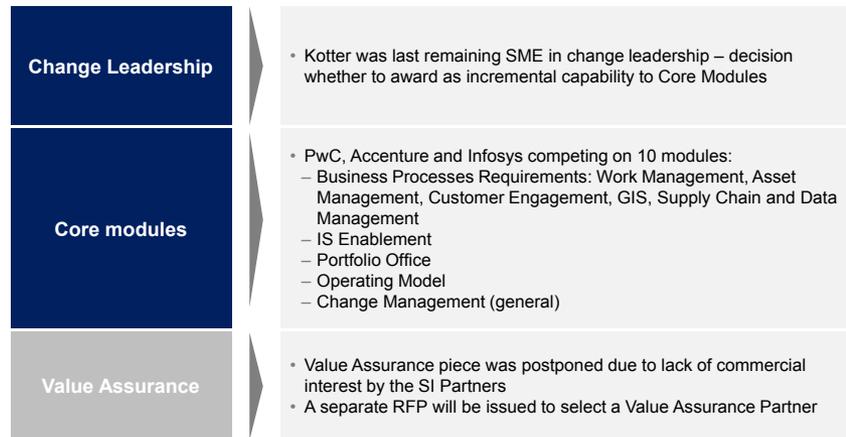
Three separate areas are part of the of the GBE Procurement process



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GBE Procurement Areas



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Change Leadership: Recommend awarding to
 Kotter International

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Final Aggregated Scores - Kotter

| Dimension | Categories | Weighted Module and Bundle Score | Key Takeaways |
|--|--|----------------------------------|---------------|
| | | Kotter | |
| Functional | BECM – Business Enablement and Change Management | [REDACTED] | [REDACTED] |
| Total – Functional | | [REDACTED] | |
| Commercial and Risk Sharing (CRS) | Leadership Experience | [REDACTED] | |
| | Gain and Risk Sharing | [REDACTED] | |
| | Business Value Creation | [REDACTED] | |
| Total – Commercial and Risk Sharing | | [REDACTED] | |
| Legal and Operational (L&O) | Flexibility on Terms | [REDACTED] | |
| | Operational Alignment | [REDACTED] | |
| Total – Legal and Operational | | [REDACTED] | |
| Total Consolidated Score | | [REDACTED] | |

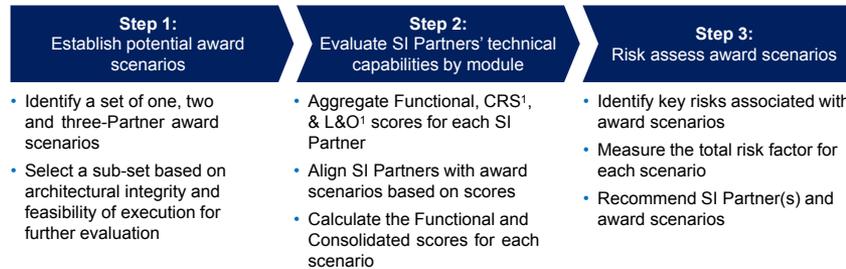
1. Kotter was functionally evaluated on scope, plan, resources, and alignment to NG principles

REDACTED

Core Modules: The approach to award scenarios follows a three-step process



Process to Award Scenarios



1. CRS: Commercial and Risk Sharing; L&O: Legal and Operational

REDACTED

A set of one and two-Partner award scenarios were identified by NG for further evaluation

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Award Scenarios

| Modules | |
|-------------|----------------------------------|
| WM | Work Management |
| CE | Customer Engagement |
| DM | Data Management |
| AM | Asset Management |
| GIS | Geographical Information Systems |
| DM | Data Management |
| SC | Supply Chain |
| PO | Portfolio Office |
| BECM | Business Enablement and Change |
| ISE | Information Systems Enablement |

One Partner

A All in One

| | | |
|----|----------|-----|
| WM | CE | OM |
| AM | GIS | DM |
| SC | PO, BECM | ISE |

• Limits implementation complexity and coordination

Two Partners

B Technically Aligned

| | | |
|----|----------|-----|
| WM | CE | OM |
| AM | GIS | DM |
| SC | PO, BECM | ISE |

• Awards different technical platforms to different SI Partners

C Functionally Aligned

| | | |
|----|----------|-----|
| WM | CE | OM |
| AM | GIS | DM |
| SC | PO, BECM | ISE |

• Consolidates all business process work with one SI Partner

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emerged as the top functional performer with a total score of across all modules



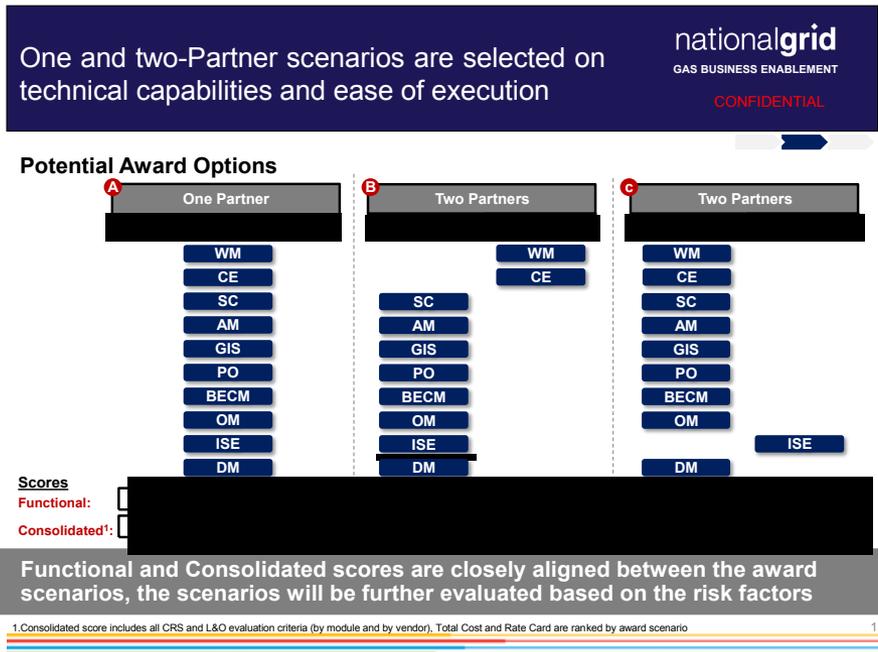
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Final Aggregated Scores – Functional

| Modules | Weighted Module and Bundle Score |
|--|----------------------------------|
| WM – Work Management | |
| CE – Customer Engagement | |
| SC – Supply Chain | |
| AM – Asset Management | |
| GIS – Geographical Information Systems | |
| PO – Portfolio Office | |
| BECM – Business Enablement and Change Management | |
| OM – Operating Model | |
| ISE – Information Systems Enablement | |
| DM – Data Management | |
| Total – All Modules | |
| Total – Minus WM, CE, SC and OM | |

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Boston Gas Company and Colonial Gas Company
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[REDACTED] scored highest in CRS, and [REDACTED] scored highest in L&O due to high flexibility on terms



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Final Aggregated Scores – CRS^{1,2}

| Dimension | Categories | Weighted Module and Bundle Score |
|--|-------------------------|----------------------------------|
| Commercial and Risk Sharing (CRS) | Leadership Experience | |
| | Gain and Risk Sharing | |
| | Business Value Creation | |
| Total – Commercial and Risk Sharing | | |

Final Aggregated Scores - L&O²

| Dimension | Categories | Weighted Module and Bundle Score |
|--------------------------------------|-----------------------|----------------------------------|
| Legal and Operational (L&O) | Flexibility on Terms | |
| | Operational Alignment | |
| Total – Legal and Operational | | |

1. Total Cost and Rate Cards are evaluated by award scenario; 2. CRS: Commercial and Risk Sharing; L&O: Legal and Operations

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Key risks and mitigations associated with award scenarios are identified



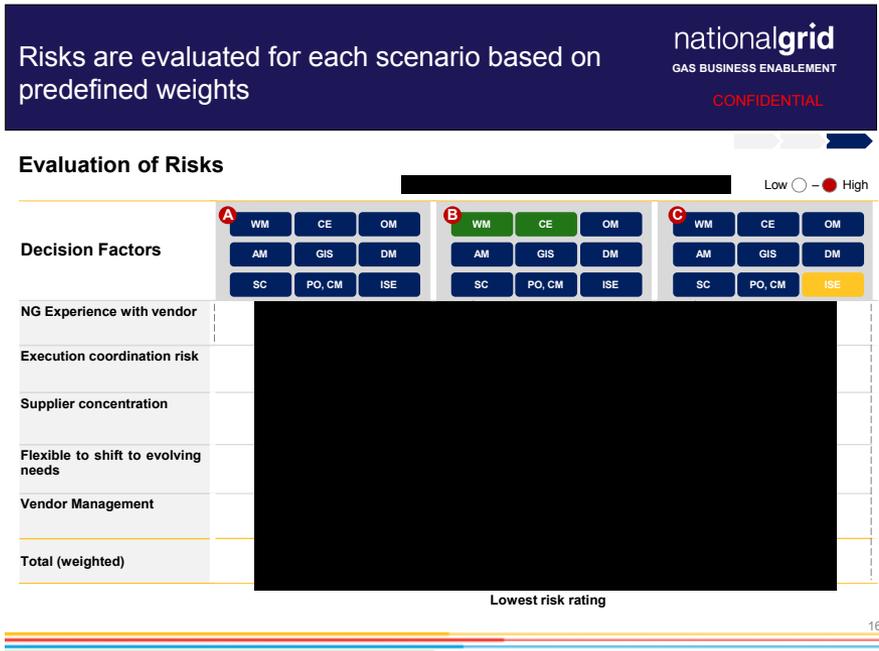
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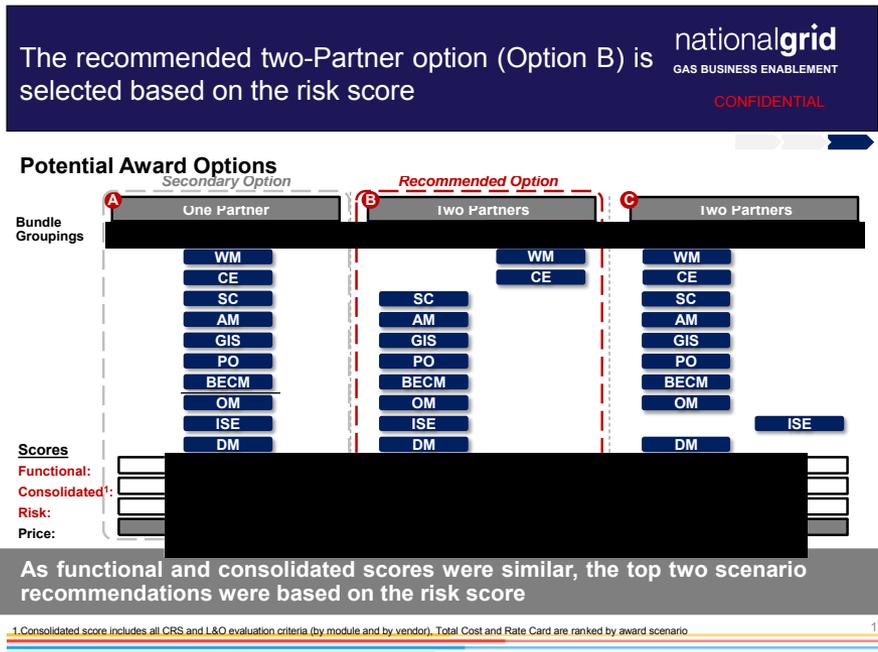
| Risk | Wt. | Description | Mitigation |
|------------------------------------|-----|---|---|
| NG Experience with Vendor | 15% | <ul style="list-style-type: none"> • Risks associated with suppliers being unfamiliar with NG's previous/current initiatives • NG's ability to select supplier resources based on previous experience | <ul style="list-style-type: none"> • Hold reference calls • Conduct Leadership level introductory meetings |
| Execution Coordination Risk | 40% | <ul style="list-style-type: none"> • Hand-offs risk between suppliers • Inconsistent roles / responsibilities execution between suppliers, creating execution gaps • Level of ownership risk in delivery of selected supplier(s) | <ul style="list-style-type: none"> • Limit number of suppliers • Clearly define scope • Establish robust NG PMO |
| Supplier Concentration Risk | 15% | <ul style="list-style-type: none"> • Dependency risk on one supplier • Feasibility of shifting workloads to an alternate supplier • Level of market competition on subsequent scopes of work | <ul style="list-style-type: none"> • Establish a champion / challenger supplier model • Maintain competitive tension |
| Flexibility to Meet Evolving Needs | 10% | <ul style="list-style-type: none"> • Flexibility / risk associated with having access to a broad bench of available skills at varying price points • NG's flexibility to adjust its delivery approach based on updated strategic needs | <ul style="list-style-type: none"> • Maintain access to a diversified mix of suppliers • Select supplier w/ deep bench |
| Vendor Management | 20% | <ul style="list-style-type: none"> • Complexity of managing multiple delivery partners • Internal capability to run a robust VMO • Handoffs / complexity of running a multi-party PMO | <ul style="list-style-type: none"> • Clearly define program governance structures • Ensure access to leading skills to fill experience gaps |

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REDACTED



REDACTED



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Preferred award scenario balances risks and has a total cost of ~\$ 200M

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Preferred Award Scenario

Two Partners

WM

CE

SC

AM

GIS

PO

BECM

OM

ISE

DM

Key Highlights of Solution

- Joint highest functional score
- Reduces dependency and portfolio risk
- Balances workload among SI Partners
- Aligns Partners with modules based on capabilities and proposed solution:
 - Technical solutions are balanced, i.e. [REDACTED]
- Scores:
 - Functional Score: [REDACTED]
 - Consolidated Score: [REDACTED]
 - Risk Score: [REDACTED]
- **SI Solution Cost: \$ 200M** (estimated initial price based price book – may vary with scope changes – e.g Accenture wanting PMO representation) **Note:** – higher cost than single supplier option, however reduced overall risk, increasing likelihood of successful delivery for National Grid and our customers

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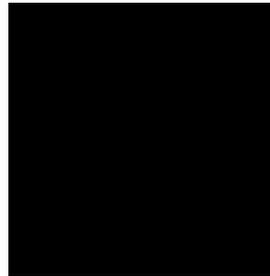
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Value Assurance Plan for award



- 3/4 Planning to release RFP w/c May 22 - post selection of preferred vendors
- 3/4 Plan to do a more traditional RFP approach as much smaller scope
- 3/4 Accelerated plan aims to award by early July

Proposed Firms:



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| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|------------------------------------|-------------|-------------------------|
| Introductions | 5 min | JJ |
| Procurement update | 10 min | JJ / Nicola Rigby-White |
| Recommended Partner award options | 30 min | JJ / Nicola Rigby-White |
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| Questions & close | 5 min | JJ |



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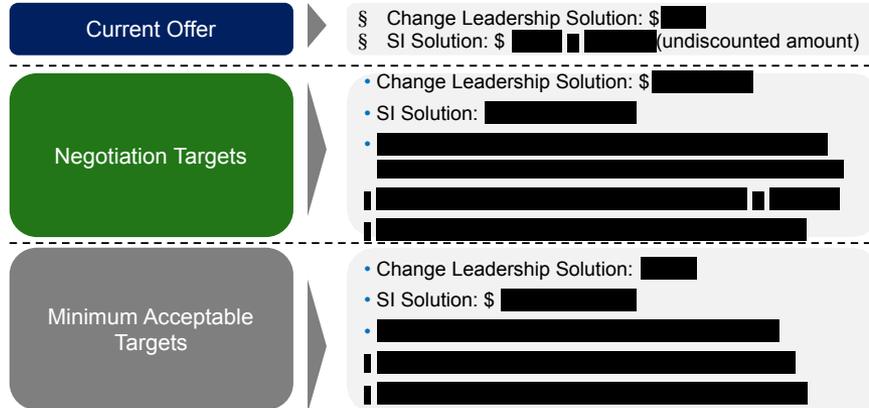
We are proposing key negotiations targets:



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Negotiations Strategy and Targets



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Negotiations will be conducted in three parallel workstreams over four weeks ambition to conclude by 16 June



Weekly Negotiations Outcome

| Negotiation weeks | Outcomes / Expectations / Deliverables (By End-Week) |
|-------------------|--|
| May 15 | <ul style="list-style-type: none"> § Detailed workshop plans § Notify Vendors of Award Scenario § Initial Issues and Positions Lists |
| May 22 | <ul style="list-style-type: none"> § 80% of Scope Divs., Dependencies, Milestones Agreed § Commercial Schedule Initial Draft § Contract Structure |
| May 29 | <ul style="list-style-type: none"> § 95% of Scope Divs., Dependencies, Milestones Agreed § Commercial and Legal Agreements § Remaining Issues |
| June 5 | <ul style="list-style-type: none"> § 100% of Scope Divs., Dependencies, Milestones Agreed § Commercial and Legal Agreements § Remaining Issues |
| June 12 | <ul style="list-style-type: none"> § All Issues Resolved § Negotiations Closed § Contracts Signed § Mobilization Commences |

Contract Signature – Aim to complete by June 16

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PWC has clarified that its near term independence requirements will not constrain them from beginning work immediately



“Until PwC completes the final US component audits (expected in September 2017), the firm will be subject to AICPA independence restrictions. As a result, we would deliver the GBE advisory services during the period between signing the master agreement in June 2017 and the completion of the US component audits in September 2017 using the seven step process that we used during our most recent project. We are also unable to finalize any contingent fee pricing during the AICPA restriction period. We can, however, commit to an overall fixed price for the project and modules. We can also work with National Grid to negotiate the scope and terms of the post-AICPA restriction work with the understanding that neither side is legally committed to such work and contingent pricing until such documents are executed by the parties.”

- PWC Final Overview Proposal submitted 9 May 2017



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Confirm Meeting Objectives

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1. Update Steering Group on procurement process to date
2. Align on and approve preferred award scenarios and backups
3. Align on negotiation parameters for GBE team and delegate authority to Johnny Johnston to execute



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Next steps & Close

- Inform preferred vendors
- Launch Value Assurance RFP
- Meet to align on scope & pricing
- Arrange CEO meetings
- Arrange Steering Group meetings
- Finalize Negotiations
- Award & Mobilize



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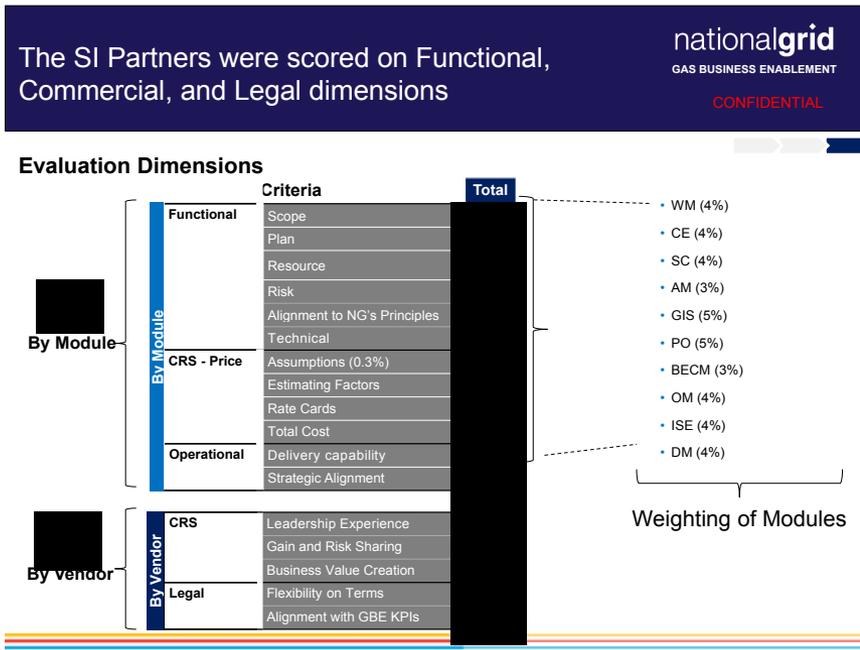
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Appendix



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Overall, the last round of discussions have crystalized our view of Partner's strength's & weaknesses

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Summary of Strengths and Weaknesses

| Area | PwC | Accenture | Infosys | Kotter |
|--------------|------------|-----------|---------|--------|
| + Strengths | [REDACTED] | | | |
| - Weaknesses | | | | |

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Supplier offerings have normalized in the last spring
- all suppliers offered value sharing offers

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Overall Offer

| | PwC | Accenture | Infosys |
|--|---|-----------|----------------------------|
| Modules | All | | PO, BECM, AM, GIS, DM, ISE |
| Fee Structure | Fixed Price | | |
| Total Cost (\$M) |  | | |
| Total Cost (\$M), with bundles and synergies | | | |
| Value Sharing Framework | | | |
| Supplier Investments | | | |

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Infosys offers lowest cost solution; PwC and Accenture similarly priced



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Low Mid High

Cost and Resource Estimates by Module

| # | Module Name | Total Cost (\$M) | | | # of Resource Days | | | Total Cost / # of Resource Days (\$) | | |
|-------------------------------|-------------|------------------|-----------|---------|--------------------|-----------|---------|--------------------------------------|-----------|---------|
| | | PwC | Accenture | Infosys | PwC | Accenture | Infosys | PwC | Accenture | Infosys |
| 1 | PO | | | | | | | | | |
| 2a | BECM | | | | | | | | | |
| 2b | OM | | | | | | | | | |
| 3 | WM | | | | | | | | | |
| 4 | AM | | | | | | | | | |
| 5 | GIS* | | | | | | | | | |
| 6 | CE | | | | | | | | | |
| 7 | DM | | | | | | | | | |
| 8 | SC | | | | | | | | | |
| 9 | ISE | | | | | | | | | |
| Total | | | | | | | | | | |
| Total (with discounts) | | | | | | | | | | |
| Total (Infosys module) | | | | | | | | | | |

Note: Accenture GIS resource days not included in this table.
 Infosys not down-selected for OM, WM, CE, and SC.
 Total Cost / # of Resource days reflects total cost of the module (including expenses and other costs) divided by number of resource days.
 Total (with discounts) assumed maximum award. This would include bundle synergies and volume discounts.

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Cost per Resource Day by Job Function and Location

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Low Mid High

| Location | Job Function | Total Cost / # of Resource Days (\$) | | |
|----------------|---------------------|--------------------------------------|-----------|---------|
| | | PwC | Accenture | Infosys |
| Local US | Business/Functional | | | |
| | Change Management | | | |
| | Development | | | |
| | Testing/Training | | | |
| | Total | | | |
| Offshore India | Business/Functional | | | |
| | Change Management | | | |
| | Development | | | |
| | Testing/Training | | | |
| | Total | | | |

Note: Total Cost / # of Resource days reflects total cost (including expenses and other costs) divided by number of resource days (i.e. weighted).
 Total (with discounts) assumes maximum award. This would include bundle synergies and volume discounts.

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SI Reference Calls confirm many of our observations

| | PwC (PG&E, Spire Energy, PNM) | Accenture (Duke Energy, Xcel Energy, Portland General Electric) | Infosys (Eversource, Southern Co. Gas, Arizona PS) |
|-------------|---|---|--|
| Pros | [REDACTED] | | |
| Cons | | | |

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| Key Business Metrics – that we are asking vendors to put fees at risk against | |  GAS BUSINESS ENABLEMENT CONFIDENTIAL |
|---|---|--|
| | Business Case Area and Benefit Description | Executive KPIs |
| Benefit | Work Management <ul style="list-style-type: none"> Field productivity improvement in M&C and CMS through new technology platforms and performance management Reduction in UTCs and verification jobs with better customer / field data integration | 1. Avg. Unproductive Time / Day 2. Avg. no. of Completed Jobs per Worker / Day |
| | Engineering & Back Office <ul style="list-style-type: none"> Improvement in back-office productivity in clerical work and manual mapping Increased engineering productivity and effectiveness | 3. Avg. no. of WOs Processed per Back-office FTE |
| | Customer <ul style="list-style-type: none"> Reduction in call volumes through digital self-serve Reduction in CMS service quality penalties | 4. Total Call Volume 5. Customer Effort (Field) rating |
| | Asset & Inventory Management <ul style="list-style-type: none"> Reduction in cost of construction work delayed by supply chain Redirection and optimization of project-related O&M spend | 6. No. of Construction Projects Delayed due to Supply Chain 7. Inventory Turnover |
| | Gas Safety & Compliance <ul style="list-style-type: none"> Elimination of gas safety and compliance penalties through technical training Reduction in the number of summonses for code violations | 8. Total Compliance Penalties and Violations |
| Control | Employee Safety <ul style="list-style-type: none"> Safety is of utmost importance at National Grid, it is critical we ensure the GBE solution and its implementation supports National Grid's safety journey | 9. Safety Composite (LTI, OSHA & RTC) |
| | Employee Engagement <ul style="list-style-type: none"> National Grid's employees are at the hear of our business and we believe we need to maintain and enhance their engagement to successfully deliver this value case | 10. Employee Engagement Score |

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Gas Business Enablement

Steering Group Meeting



May 31st, 2017

1

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Agenda 
GAS BUSINESS ENABLEMENT

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|----------------------------------|-------------|------------------|
| Meeting Open | 5 Min | JJ |
| Consulting Partner Introductions | | |
| • PWC | 10 min | Chris Fynn |
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| Q & A | 15 min | All |
| National Grid Internal AOB | 10 min | PS |



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Meeting Objective



- ¾ Provide an opportunity for GBE’s prospective Consulting Partners to introduce themselves to Steering Group members
- ¾ Provide an open forum for discussion of mutual opportunities, risks and alignment



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GAS BUSINESS ENABLEMENT

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PwC GBE team – with you today



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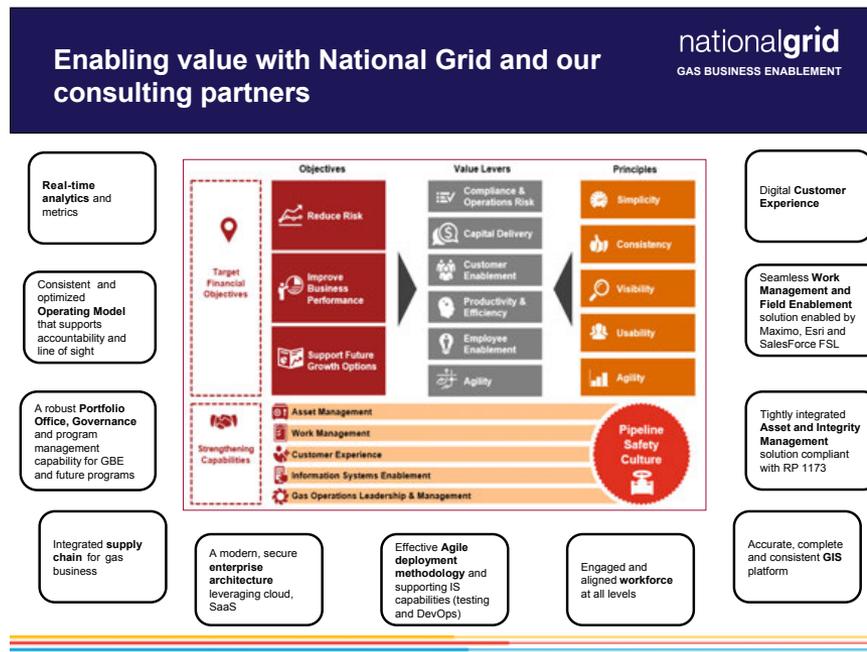
- ¾ David Etheridge
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 - ¾ Engagement Partner for WM (Maximo), AM, SC



REDACTED



REDACTED



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How we will work together

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- ¾ A “one badge” team focused on driving the business outcomes
- ¾ Clarity on our roles, responsibilities and interface points
- ¾ One roadmap and one agile methodology
- ¾ Sound governance and frequent communication
- ¾ A highly integrated program
- ¾ Leadership



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Introduction of the Accenture Team

We have a team of professionals on the ground and a network of support across Accenture

| | |
|---|--|
|  <p>Cass Houchins Accenture GBE Engagement Lead</p> |  <p>Jack Azagury North American Resources Lead</p> |
|  <p>Eva Burén CE Leader and Solution Architect</p> |  <p>Casey Wells Accenture Resources Lead Northeast</p> |
|  <p>Hemal Badiani Scheduling & Mobility Delivery Lead</p> |  <p>Amol Sabnis Accenture Utilities Business Lead Northeast</p> |
|  <p>Daron Gunn Customer Engagement Delivery Lead</p> |  <p>Yale Pats Quality Assurance Director</p> |
|  <p>Eric Schoenfeld Program SA / Salesforce Delivery Lead</p> | |
|  <p>Simar Akhtar Change Management Lead</p> | |

10

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Focus on Outcomes and Value

Accenture's scope drives at the core of GBE value and financial benefits



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Shared Risks and Incentives



Our outcomes and incentives are aligned with our partners and National Grid



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Partner Collaboration



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The partners collaborate across all levels – Governance and Delivery Methodologies



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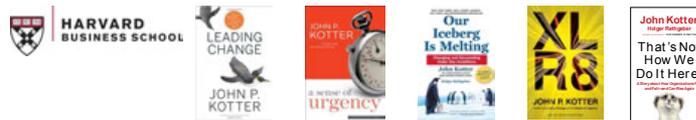
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| National Grid Internal AOB | 10 min | PS |



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- q Large-scale cultural and organizational transformation is anchored not only on a proven methodology, but more importantly on the basis of a new mindset – inspired and brought to life through a belief in what is possible if we act now.
- q A relentless focus on achieving and delivering business outcomes with the passion and energy of the full organization is the major differentiator between initiatives that are incremental and those that are truly transformational.

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Gas Business Enablement

Steering Group Meeting
31 May 2017 , Reservoir Woods



April 28, 2017

1

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Agenda 
GAS BUSINESS ENABLEMENT

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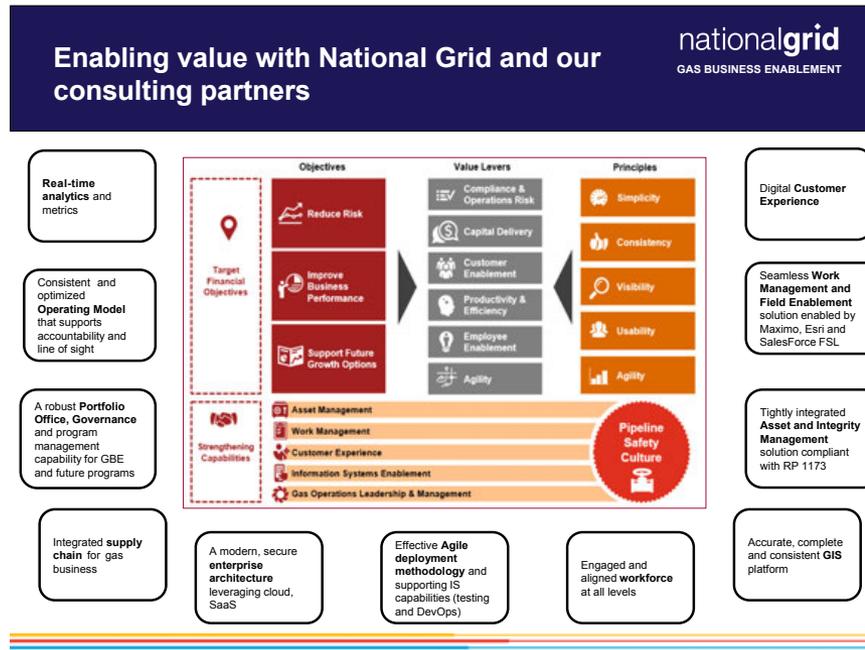
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REDACTED



REDACTED



REDACTED

How we will work together



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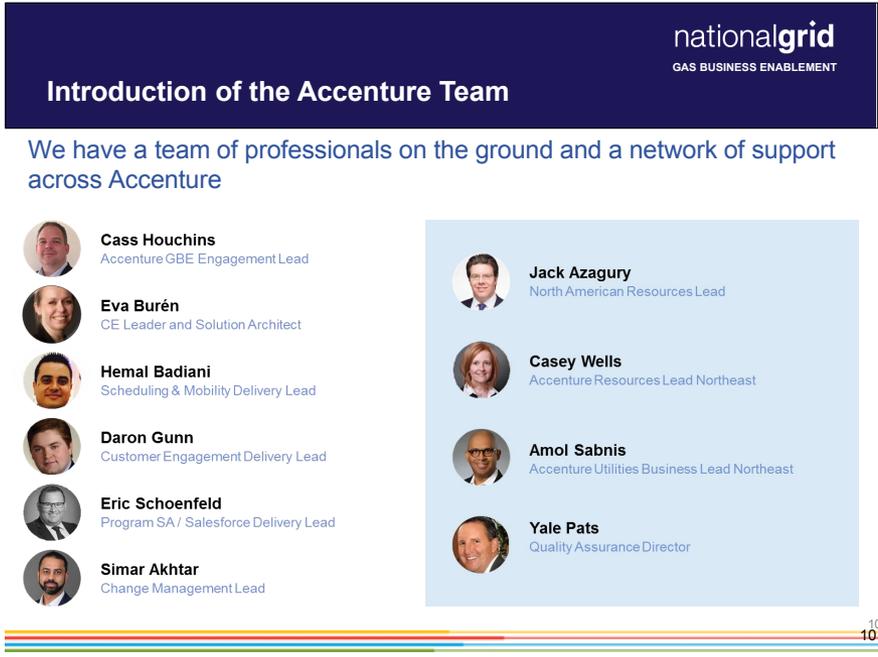
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The slide features a dark blue header with the 'nationalgrid' logo and the text 'GAS BUSINESS ENABLEMENT'. Below the header, the title 'Introduction of the Accenture Team' is displayed. A central paragraph states: 'We have a team of professionals on the ground and a network of support across Accenture'. The team members are presented in two columns. The left column lists six individuals: Cass Houchins (Accenture GBE Engagement Lead), Eva Burén (CE Leader and Solution Architect), Hemal Badiani (Scheduling & Mobility Delivery Lead), Daron Gunn (Customer Engagement Delivery Lead), Eric Schoenfeld (Program SA / Salesforce Delivery Lead), and Simar Akhtar (Change Management Lead). The right column, enclosed in a light blue box, lists four individuals: Jack Azagury (North American Resources Lead), Casey Wells (Accenture Resources Lead Northeast), Amol Sabnis (Accenture Utilities Business Lead Northeast), and Yale Pats (Quality Assurance Director). At the bottom of the slide, there are horizontal lines in blue, orange, and green, with a small '10' icon on the right.

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Introduction of the Accenture Team

We have a team of professionals on the ground and a network of support across Accenture

- Cass Houchins**
Accenture GBE Engagement Lead
- Eva Burén**
CE Leader and Solution Architect
- Hemal Badiani**
Scheduling & Mobility Delivery Lead
- Daron Gunn**
Customer Engagement Delivery Lead
- Eric Schoenfeld**
Program SA / Salesforce Delivery Lead
- Simar Akhtar**
Change Management Lead
- Jack Azagury**
North American Resources Lead
- Casey Wells**
Accenture Resources Lead Northeast
- Amol Sabnis**
Accenture Utilities Business Lead Northeast
- Yale Pats**
Quality Assurance Director

10

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Focus on Outcomes and Value

Accenture's scope drives at the core of GBE value and financial benefits



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Shared Risks and Incentives



Our outcomes and incentives are aligned with our partners and National Grid



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Partner Collaboration



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The partners collaborate across all levels – Governance and Delivery Methodologies



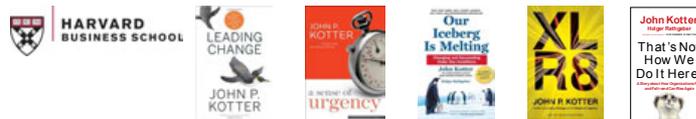
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Agenda 
GAS BUSINESS ENABLEMENT

| <u>Topic</u> | <u>Time</u> | <u>Presenter</u> |
|----------------------------------|-------------|------------------|
| Meeting Open | 5 Min | JJ |
| Consulting Partner Introductions | | |
| • PWC | 10 min | Chris Fynn |
| • Accenture | 10 min | Cass Houchins |
| • Kotter International | 10 min | Kathy Gersch |
| Q & A | 15 min | All |
| National Grid Internal AOB | 10 min | PS |



REDACTED



- q Large-scale cultural and organizational transformation is anchored not only on a proven methodology, but more importantly on the basis of a new mindset – inspired and brought to life through a belief in what is possible if we act now.
- q A relentless focus on achieving and delivering business outcomes with the passion and energy of the full organization is the major differentiator between initiatives that are incremental and those that are truly transformational.

REDACTED

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**GBE STEERING GROUP
CASCADE OF DELEGATIONS**

The members of the GBE Steering Group (the "Group") unanimously approved the following vote at a meeting held on May 31, 2017:

Cascade of Delegations of Authority for Gas Business Enablement ("GBE")

VOTED: That the Group hereby delegates to the Senior Executive Sanctioning Committee the Group's full sanctioning authority with respect to the GBE programme as delegated to the Group by the National Grid plc Executive Committee at its February 16, 2017 meeting and as further described in the minutes attached hereto as Exhibit A.

Dean L. Seavers
Chair, GBE Steering Group
Dated: _____



REDACTED

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 4770
Attachment DIV 7-49-121
Page 210 of 425

Boston Gas Company and Colonial Gas Company
each d/b/a National Grid
D.P.U. 17-170
Attachment AG 24-3-2 - Redacted
Page 210 of 425

REDACTED



Gas Business Enablement

Steering Group Meeting



Johnny Johnston
June 28th, 2017 @ 1100, Reservoir Woods, Boardroom & Video Conference



REDACTED

Agenda 
GAS BUSINESS ENABLEMENT

| Topic | Time | Presenter |
|--------------------------|--------|---------------|
| Opening Remarks | 2 min | JJ |
| Procurement Updates | 15 min | JJ / NRW / EB |
| Regulatory Update | 20 min | PV / CD |
| Value Framework | 20 min | RIF |
| Meeting Close & Feedback | 3 min | JJ |



REDACTED

Meeting Objectives



1. Provide an update on procurement activities and gain your endorsement of our recommended next steps
2. Provide an overview of the Third Party Financing option – confirm plan for NiMO case and next steps
3. Provide an overview of our Value Framework