

We hope you've found this report useful and informative. If you require any further information, please contact us using the details below.

Get in touch

General enquiries – 8.30am to 5pm – Monday to Friday
Central Networks East and West – 0800 096 3080

Emergency loss of supply – 24 hours a day, 365 days a year
Central Networks East – 0800 056 8090
Central Networks West – 0800 328 1111

You can also get in touch via our website:
eon-uk.com/distribution

Or by writing to:
Customer Liaison, Central Networks, Herald Way,
Pegasus Business Park, Castle Donington, Derbyshire DE74 2TU

For customers who are hard of hearing

We're able to accept calls that use the Text Relay (formally Typetalk) telephone service. It's a system that helps deaf, deafblind, deafened, hard of hearing and speech-impaired people to communicate with us using a textphone.

Simply dial us direct using the 18001 prefix before any of our numbers. A Text Relay operator will then join the line to relay the conversation.

For customers who don't speak English

Customers who don't speak English can contact us using our usual numbers and inform our call handling agent of their native language. We have a special language line staffed by multilingual operators, proficient in over 100 languages, who are able to help.



Keeping the lights on

Our performance in 2009/10

Central Networks

Registered Office: Westwood Way Westwood Business Park Coventry CV4 8LG

Registered in England and Wales: Central Networks East Plc No. 2366923

Central Networks West Plc No. 3600574 Central Networks Services Limited No. 3600545

eon-uk.com/distribution



Welcome

to Central Networks

Central Networks is part of E.ON, one of the world's largest investor-owned power and gas companies. We run a large distribution network, bringing power to nearly 10 million people across central England.

Under the Central Networks name, we distribute electricity through 133,000km of overhead lines and underground cables, via almost 94,000 substations. It's a huge responsibility to operate the network safely and ensure its reliability - and we take this very seriously. We're committed to delivering a consistently high standard of service that puts our customers at the heart of everything we do.

Where we work

From the Peak District in the north to parts of Bristol in the south, and from the Welsh borders to the Lincolnshire coast, we maintain the electricity network of a large and diverse area of the country.

Our Quality of Supply Report

This report shows we're committed to providing a reliable energy supply to our customers' properties, delivered through a high quality electricity distribution network.





Rising to the challenges we face

We all need a reliable electricity supply for our homes and businesses. We're committed to providing just that, and our engineers work around the clock, all year round to keep the lights on whatever the weather. Our commitment has paid off and last year, electricity was available for our customers 99.98% of the time. Of course, this means a small number of customers did experience disruption so we'll keep looking for innovative ways to improve our performance.

The challenges and solutions

The British weather has always presented us with challenges - notably in January 2007, when unusually high winds caused widespread damage to our network and left 143,000 customers without electricity in just one day.

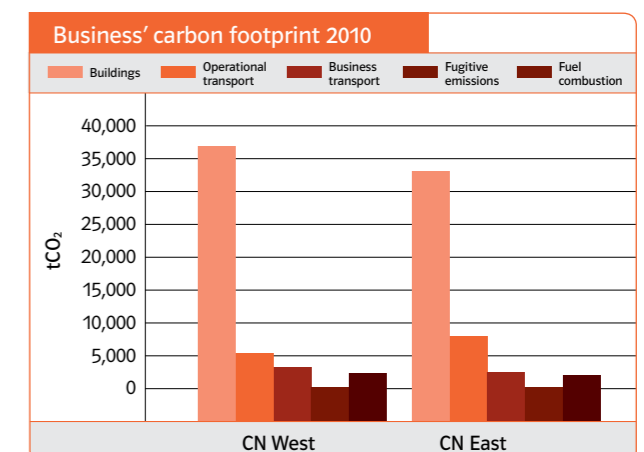
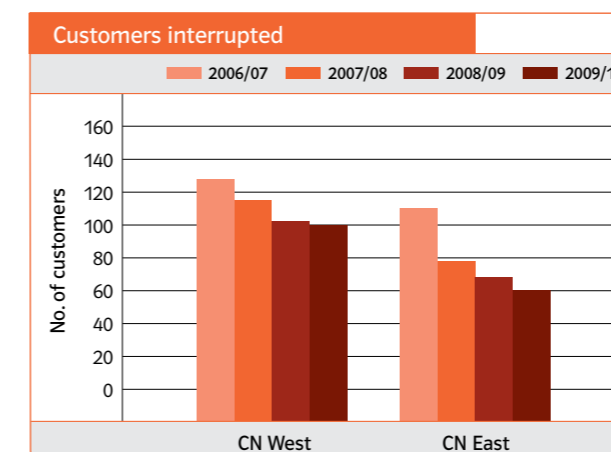
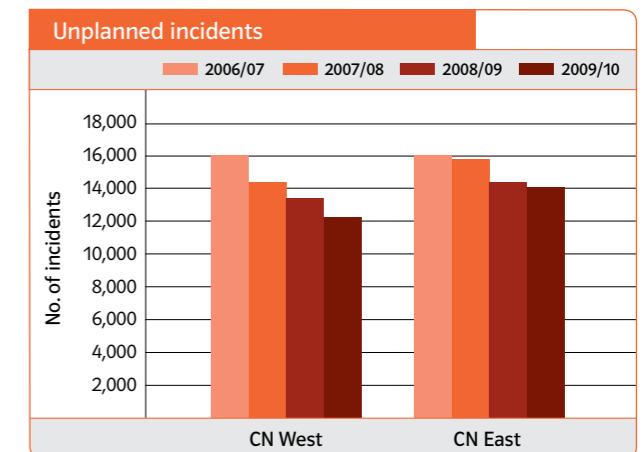
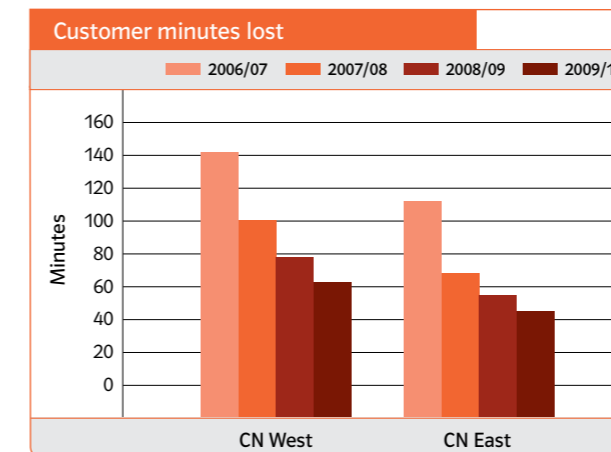
As with any network emergency, our engineers worked tirelessly to restore supplies. However, they were faced with hundreds of faults to repair and we had to coordinate a massive team effort to restore supplies as quickly as possible, whilst making sure that members of the public were kept safe.

During supply interruptions, some areas can be without electricity for several hours and it's essential to consider the needs of our most vulnerable customers. During these events, our relationships with the local media help remind everyone to look out for people that may be distressed or struggling to cope without electricity.

Interruptions in supply often happen when our equipment is damaged, either by third parties or by bad weather. Last year we stepped up our efforts to reduce these incidents by working closely with local constabularies and Crimestoppers, to help stamp out copper theft from substations. This work is ongoing as we're still experiencing frequent copper thefts, largely due to the high wholesale price of copper. To help reduce third party damages and minimise the disruption these cause, our dedicated Cablesafe and Proximity Teams visit our sites to advise contractors and members of the public on how to work safely around our underground cables and overhead lines.

The performance of our network

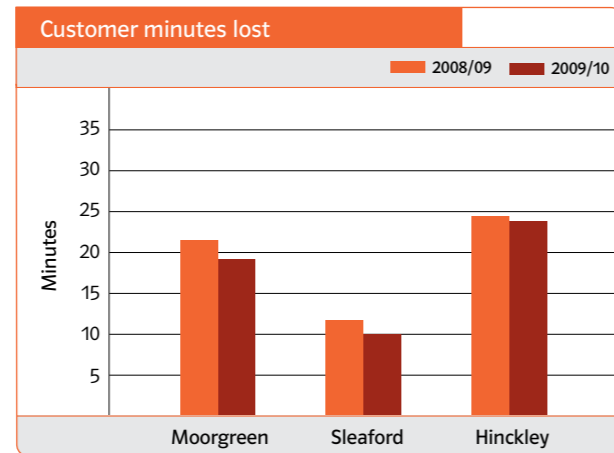
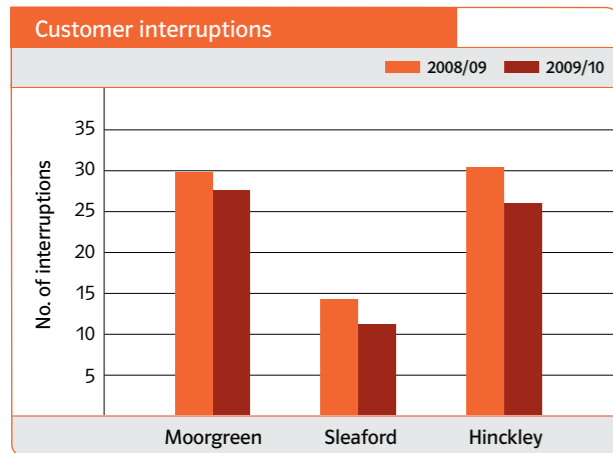
Overall, our network performance is improving year on year. It's our priority to keep monitoring, assessing and improving our quality of supply. The following tables show the year on year improvements of how our network has been performing. The information for customer interruptions and customer minutes lost is shown for all unplanned incidents. The final table below outlines our business' carbon footprint in 2010, going forward we'll monitor, record and share these figures each year.



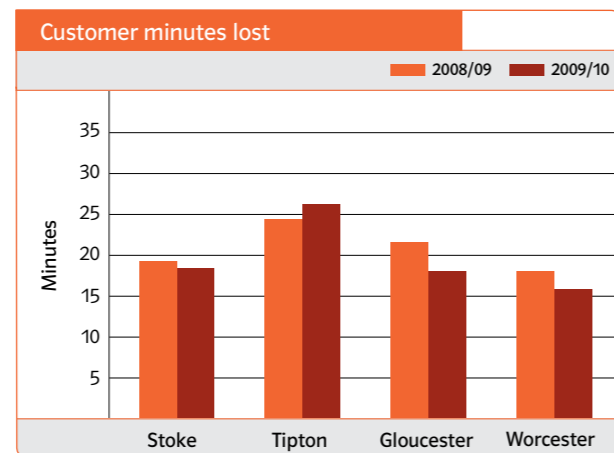
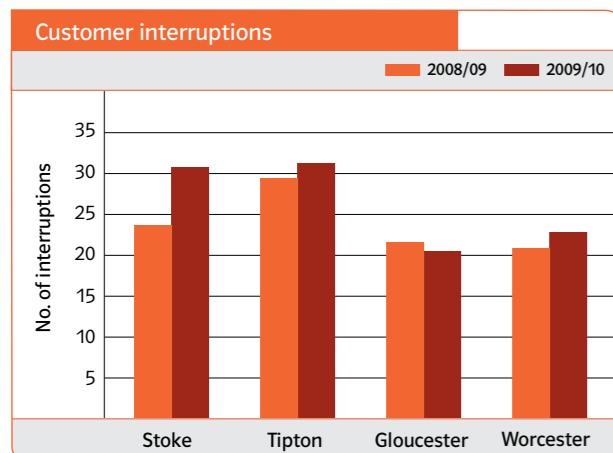
Please note: tCO₂ - tonnes of CO₂ emissions

Due to the large and diverse area we operate in, our operations are divided across seven Delivery Centers in the Midlands. There are three Delivery Centres in the east - Moorgreen, Sleaford and Hinckley, and four in the west - Stoke, Gloucester, Worcester and Tipton. The tables below show how our network has been performing in terms of customer minutes lost and customer interruptions across the different regions, for all unplanned incidents and planned work.

East



West



Whilst the customer interruptions and customer minutes lost for unplanned incidents has reduced year on year, our planned activity does vary between areas which in turn impacts upon the customer interruptions and customer minutes lost attributed to planned work.





Our big investment for the future

During 2009, we invested around £144 million on improving the network's performance across all voltages. £53 million of this went on our primary 132,000 volt distribution network. We're still working to improve the network around the Kitts Green area, with another £6.7 million spent this year. This work will provide a more secure supply for people and businesses in the east Birmingham area.

The two largest investment schemes on the primary network were at Whitfield in Northamptonshire and Boughton Road in Rugby, where we laid extensive new cabling and installed new transformers.

We've also spent £91 million improving our high voltage and low voltage distribution networks. Major projects included renewing 8.5km of overhead lines at Epwell, Oxfordshire and 4km of underground cables at Sun Valley, Hereford.

Investment figures by Delivery Centre

As discussed on Page 6, our activities are divided across seven Delivery Centres. The breakdown of capital work expenditure for each Delivery Centre is given below:

Moorgreen - the north-east of our region, including Nottinghamshire and Derbyshire.
£14,287,937

Sleaford - the far eastern reaches of our region, including Lincolnshire.
£9,304,157

Hinckley - the south-east of our region, including Leicestershire, Coventry, Northamptonshire and Milton Keynes.
£9,140,033

Stoke - the north-west of our region, including Stoke and Shropshire.
£8,295,218

Gloucester - the south-west of our region, including Gloucester and northern parts of Bristol.
£7,796,644

Worcester - the south mid-west of our region, including Worcestershire and Herefordshire.
£9,849,394

Tipton - the central area of our west region, including Birmingham and the Black Country.
£7,203,021

Investing in our engineering future

We're continuously investing in the next generation of electrical engineers through the Institute of Engineering and Technology's Power Academy. We recruit around 50 apprentices a year. Each April, we run assessment centres, after which we'll make offers to successful apprentices at the end of April/early May. This year, we wanted to increase our diversity by recruiting more female apprentices, so we held two 'Women into Engineering' events in Tipton and Nottingham to raise awareness of engineering as a career option for women. Our efforts proved successful and we recruited four female apprentices within our 2010 intake - a 100% increase from 2009.

We now also have a Central Networks Direct Entry Engineering Programme (CNDEEP). We recruit scholars for the programme through the Power Academy. The scholars are sponsored for up to four years, depending on which university they're attending and when they joined the scheme. In 2010, we had 23 Power Academy scholars on CNDEEP placements.



Investment in technology

We've recently invested in technology to improve the flow of information from engineers repairing faults on site to our customer communication channels. We're also expanding the use of handheld devices to automatically update our incident management systems. The information can then be passed straight to our customers by telephone, web chat, website or text.



Power On Fusion

During 2009, we worked with our suppliers to develop the next generation of Network and Incident Management systems, called Power On Fusion. The system went live in April 2010 and will use the latest technology to deliver network performance improvements for all Central Networks customers, helping to support our Customer Charter.

Sequence switching

As part of our network performance improvement programme, we've installed remote control switches on our high voltage overhead and underground networks. These enable us to quickly identify which section of the network has failed, and to then reconfigure the network to take power from other sources so we can restore customer supplies.

During 2009, we introduced an automated sequence switching scheme which scans the network when there's a supply interruption. It receives information from the remote control switches, enabling it to identify where the problem is and then automatically reconfigures the network to restore supplies to as many customers as possible.

The scheme was developed and implemented by our Network Control Systems Team. Thanks to our innovative approach it doesn't need any extra resources to maintain, unlike traditional logic type schemes. On average, the scheme is restoring customers' supplies within two minutes - a massive improvement on the time it would take for us to travel to site and manually restore supplies.

Working in new and innovative ways

Our customers' feedback is important to us because we use it to change and improve the way we work. One of the changes we've made to improve our customer experience is the formation of our Alliances.

What are The Alliances?

The Alliances are a new way of working for Central Networks Infrastructure Services and New Connections activity that has been designed with our customers in mind. In short, we'll be working with our chosen partners to improve the way we carry out planned work on the electricity network. As well as helping ensure we can keep the lights on, The Alliances will deliver value to our customers as we'll be investing their money wisely.

In the east of our region we'll be working with Morgan Sindall, and in the west, with Enterprise. Morrison Utility Services will be supporting New Connections activity across both our east and west regions.

As part of our agreement with Ofgem, we're committed to spending a lot more money on the electricity network over the next five years. The Alliance will help us deliver this extra work in a way that's both efficient and offers the best value for money for our customers.

How will it work?

Alliancing is a long-term business strategy that links clients, ie Central Networks, with contractors, ie Enterprise, Morgan Sindall and Morrison utility services. By working closely together, we can plan and deliver work cost effectively and promptly.

We're expecting our work volumes to increase by 30% during the Ofgem review period 2010-2015 (DR5). At the same time, the availability of skilled staff is limited. That's why The Alliances are key to helping us 'work smarter' and deliver our customer promises - ultimately, to keep the lights on, during this period.

What will be different?

Customers will notice that our vehicles and operatives will display both companies' logos to show we're now partners, but the main difference will be behind the scenes. We'll be able to plan our maintenance work more efficiently and invest more in improving the network's infrastructure.

Listening to our customers

All our customers are individuals, and we're keen to understand all their views and expectations, however different these may be. By asking for feedback on the impact of our activities and listening to what our customers have to say, we've cut the number of written complaints we receive by 32% since 2008.

Customers contact Central Networks for a variety of reasons, ranging from reporting a power cut or a football being thrown into a substation, to finding out which energy company supplies their property. In last year's performance report, we said we wanted to make it easier for our customers to get in touch. In February 2010, we successfully introduced a new telephone system, which will help us provide excellent service, as well as giving customers a better choice of ways to contact us.

The new system, known as CIM (Customer Interaction Management), is the first multi-channel communication system in E.ON UK. Our customers can send us e-mails, text messages, talk to us on the phone or by web chat. Using the CIM telephone system, our staff can now manage all these communication channels on a single screen, making the contact process easier for them as well as our customers.

Customer Panel

In March 2009, we became the first Distribution Network Operator (DNO) to set up a permanent Customer Panel to help us understand and meet our customers' needs. The panel members are drawn from our customer base and from groups that are affected by our activities, including the police, local authorities, the Major Energy Users Council, the Environment Agency, Consumer Focus and the Royal National Institute for Deaf People (RNID).

The panel is chaired by our Managing Director, John Crackett. It's a great example of our commitment to finding out what our customers really think about us and to ask their opinion on our future plans. We set up the panel to give us feedback on how effective we are at dealing with customer issues and to tell us about any concerns with our work. The panel's input will help shape our plans and make it easier for us to work alongside consumer groups.

During 2009, the panel discussed a wide range of topics, including how we tell customers about planned interruptions, our price control negotiations with Ofgem, the new connections process and how we look after vulnerable customers.

Fulfilling our social responsibilities

We believe in being environmentally responsible and working closely with the communities we operate in. We work with schools, local councils, police and charities to share our expertise and benefit people and organisations across all areas of our region.

Public safety and education

We've recently made significant changes to our Power Discovery programme which visits schools to teach children about electrical safety, as part of our plugin2engineering initiative. After reviewing our activities, we decided to take a more 'hands-on' approach and work with smaller groups of children in a bid to ensure our educational activities remain appealing.

Educating our customers, especially young people, about our network and how to stay safe around electrical equipment, is the cornerstone of our community activities.

In 2009, our Power Discovery programme delivered vital safety messages to over 14,000 pupils. We target 9-11 year olds (Key Stage 2) as it's particularly important that they know how to stay safe when out without adult supervision.

Children can put themselves in danger by climbing into substations to retrieve footballs, or by flying kites or fishing too close to overhead power lines. We now use a decommissioned substation with pyrotechnics to show what can happen if someone interferes with our equipment, sending a powerful message to both children and adults.

These developments have brought our educational activities firmly into the 21st century, and they're now making a much greater impact on our audience.

Substation Watch

In 2009, we teamed up with Derbyshire Police and Neighbourhood Watch to launch Substation Watch, a new initiative to target criminals that steal copper from our substations. We launched the scheme in Swadlincote and have now rolled it out across the county. Substations are often a draw for vandals and thieves but can also be a tempting destination for curious children.

Substation Watch encourages people that live near a substation to keep an eye on it and report any problems that occur. Each scheme member is given a card with our emergency contact number, which they're asked to keep by the phone. We also work closely with Crimestoppers and offer a £1,000 reward for information leading to the successful prosecution and conviction of anyone responsible for theft or vandalism at one of our substations.

We can all help keep our communities safe by noticing when something's wrong with a substation and taking the right action. With over 94,000 substations across central England, this is an issue we take extremely seriously and our customers can help by acting as our eyes and ears.



Our key safety messages

- Make sure children can identify the yellow "Danger of Death" signs.
- Call Central Networks for help if you lose something in a substation.
- Check first. Is it a place to fly kites or go fishing?



Priority customer care

Dedicated contact for priority customers

We know power cuts can be extremely worrying for our most vulnerable customers, especially if they rely on electricity for medical reasons or are otherwise at risk when their supply is interrupted. Our Priority Service Register (PSR) lists the details of our most vulnerable customers so we can take extra care to meet their needs.

In 2009, we set up two dedicated telephone numbers for these customers to use during a power cut, one for the East region and one for the West. These freephone numbers allow PSR customers to contact us quickly so our trained advisers can offer them the extra practical help, advice and support they need, at any time of the day or night.

Once a PSR customer has registered with us, we confirm they're on the register and send them a leaflet containing practical advice about how they can be better prepared for a power cut. We also include a bold, eye-catching telephone sticker showing the Priority Service telephone number, which the customer can stick to their telephone handset or medical equipment for safekeeping.

As our PSR customers' circumstances can change quickly, it's important to keep the information on our register up to date. We've recently written to over 184,000 PSR customers to offer them our advice leaflet and let them know about the new dedicated telephone numbers. The detailed information we're receiving back is helping to keep our records accurate and current.

Analogue phones for customers with critical electrical dependencies

We advise all our customers to keep an analogue, corded telephone in their home because digital telephones won't work during a power cut and mobile telephones can't be charged without power. In 2009, we purchased 4,000 analogue phones with our Priority Service contact number printed on the handset. We've sent the phones to customers with the most critical medical dependencies, such as those using a kidney dialysis machine, heart and lung machines, ventilators or nebulisers.

This means our most vulnerable customers can contact us quickly and easily whenever they need to, as well as being able to keep their worried friends and relatives updated on their wellbeing.

PSR customers – proactive contact during a power cut

We understand that customers with priority needs may be distressed by a power cut and that we can help reassure them through quick and proactive contact. Every day, we receive an hourly report that tells us which priority customers are affected by a known supply interruption. Our dedicated team of advisers then call each person listed on the report to make sure they're OK, reassure them we're aware of the problem and provide the latest information to help them make any necessary decisions or important arrangements. We'll keep phoning them back regularly until the power's back on.

Promoting the PSR – making it easier to register

We've increased the number of people listed on our PSR, but we know there are many more people in the Central Networks region that should be listed. So we've made it easier for customers to register directly with the PSR and are doing more to promote the service.

As well as registering by telephone, in writing or online, customers can now fill in an easy-to-complete application form included in our new leaflet about the PSR. Customers simply enter their details onto a prepaid card and return it to us free of charge.

The new leaflet, which explains the benefits of PSR and who should register, also includes information and the dedicated telephone number in Braille on the front cover, to make it accessible to all our customers. We're now distributing the leaflets through hospitals and GP surgeries across our region.

Advertising our PSR where it matters

Since 2007, we've been promoting the PSR service through Talking Newspapers in our region, and we're continuing to build on these successful partnerships. The short recordings explain who we are, promote the PSR and how to register, and offer some basic advice on what to do in a power cut. These vital messages reached over 1,300 blind and visually impaired customers in 2008. And we also promote the PSR on hospital radio stations, with 30-60 second recordings aimed at customers with electrically-dependent medical needs.

Through these partnerships, our advertisements play every day of the year in hospitals and Talking Newspapers throughout the Central Networks area – potentially reaching hundreds of thousands of our customers.

Preventing doorstep crime – 'There's no such thing as the electricity board'

We launched our campaign to fight doorstep crime in 2007, and it's gone from strength to strength ever since. Most of our customers never need to contact us and when they do, we don't usually need to enter their homes. That said, we have a duty of care to protect our customers from the threat of bogus callers posing as utility workers.

Our "There's no such thing as the electricity board" campaign raises awareness that the electricity board no longer exists, and tells our customers to be suspicious of anyone claiming to work for the electricity board. As active members of the Lincolnshire, Leicestershire, Derbyshire and Nottinghamshire Doorstep Crime Prevention Partnerships, we've created an information leaflet and distinctive door sticker promoting safety awareness. This has been a big success, with nearly 20,000 leaflets and stickers requested and distributed in the last three years.

We're also still running a Password Protection Scheme, where customers contacting us about a fault can set up a password which a Central Networks employee must then quote if they need to visit the customer's home. For extra security, the password expires when the fault in question has been fixed.

Meeting our customers' needs

RNID's – 'Louder Than Words' Charter Mark

We're the only DNO – and the only energy company – to be awarded the Royal National Institute of Deaf People (RNID) 'Louder Than Words' deaf awareness Charter Mark for the second year running. We're constantly working to maintain and develop our services for deaf and hard of hearing customers. For example, we continue to deliver refresher training to our customer-facing staff and ensure that each of our Customer Support Vehicles (CSV) carries portable hearing loops.

RNIB and Mencap training

We take a holistic approach to customer service to make sure we can meet the needs of all our customers. All our customer-facing staff, including managers, have attended bespoke training courses delivered by the Royal National Institute for Blind People (RNIB). Working closely with the RNIB, we produced a training package to increase awareness of visual impairment and the issues faced by blind and partially sighted customers, as well as offering practical tips to help staff handle telephone and face-to-face communications.

Our customer-facing staff have also received a bespoke training course in written communications, designed with and delivered by Mencap. Building on training delivered last year, the course placed particular emphasis on the importance of writing in plain English and always producing clear and simple materials for our customers.

Our CSVs

Our pioneering fleet of Customer Support Vehicles CSVs is now into its seventh year of operation. We use the CSVs to provide valuable face-to-face support to customers during longer power cuts, offering a warm drink, a winter warmer pack, up to date information and a friendly face. In 2009, we used the CSVs 58 times to provide essential support to 4,595 customers.

Past event information – online information tools

After a power cut, our customers are increasingly asking us what caused the fault. Rather than writing to thousands of customers individually, we've decided to save paper and make this information available online. In March 2009, we became the first (and remain the only) DNO to launch two online 'power cut history' search tools.

These allow customers to access details about past supply interruptions in their area, as well as the overall supply quality in their county, city or postcode area. They can find this information in two ways: through an interactive map of our region or by entering their postcode at eon-uk.com/distribution/powercuthistorymap.aspx. Both tools have full history search filters to enable customers to look at specific information from the last couple of days, a week, or longer periods such as one, three or six months.

Live network information

Now into its fourth year, our unique live Network Information Map is still frequently used, especially during stormy weather. The online tool was used almost 90,000 times in the last year and it proved particularly useful during January 2010's snow storms, receiving over 12,500 hits. Our customers and their family and friends find it extremely valuable to be able to use this method to access live, up-to-the-minute information during a power failure.

In 2008, we extended this service when we became the first DNO to introduce a live text messaging service. If a customer thinks their power supply has been interrupted, they can check by texting 'Supply' and their postcode to 81222. We'll then text them back, free of charge, with the relevant information. If there's a loss of supply, our text message will include details of the areas and number of people affected and how long it might take to fix the problem. This means our customers can quickly and easily find out about power cuts in their area, wherever they happen to be at the time.

In another key innovation to help our customers, our website is now compatible with smart mobile telephones, making it even easier for customers to access the latest information if they're out and about, or if their power supply is off and they can't use their computer. Most people now use smart mobile telephones to access the internet, so it was the next logical step for customers to want to be able to access supply information while on the move. This initiative will help future-proof us for the next generation of customers.

Audio information

Although we've always made information about our services available in Braille, it's come to light that most blind or visually impaired customers aren't able to use Braille. So we now also offer information in audio format, which was identified as the preferred and most accessible communication method. We've therefore made audio versions of our customer information leaflets available online, as well as



MP newsletter

We produce a quarterly newsletter for all MPs and prospective Parliamentary candidates. This industry-leading initiative helps us build key relationships with MPs, as well as keeping them and their constituents informed about who we are, what we're doing, and how we can help them going forward. Newsletter topics have ranged from public safety advice, to doorstep crime and copper theft prevention, though to our future plans for the electricity network, including the role of distributed generation and smart grid technologies.

Engagement in action

In July 2007, Gloucestershire experienced extreme floods and our engineers worked non-stop for several days and nights to restore power to thousands of customers. Two years on, we invited the local MP to see how we've improved the network to avoid future disruption – our engineers have built the substation on 4.5m stilts, allowing water to flow underneath if another flood occurs.



Our environmental initiatives

Low Carbon Networks Fund (LCNF)

As part of DR5, Ofgem announced the creation of an LCNF. The £500m LCNF will enable DNOs to test new technology and commercial arrangements to find out which of these will enable them to provide the distribution services that can support a low carbon economy in the future.

Each DNO will be allocated about £80 million from the LCNF to use for small projects. The DNOs must also bid against each other for a share of the remaining £320 million. We submitted our initial bids in June 2010, with more detailed proposals sent in on 3 September 2010. We'll find out in early December whether we've been successful and this will be announced early next year.

Central Networks is making two LCNF funding bids, both for four year projects. If we're successful, we'll use this time to test, learn and explore how the network would need to change if these projects were to be rolled out. We'll also look at how we could manage these changes efficiently and at the lowest cost to our customers.

Bid 1. Milton Keynes Low Carbon Living Programme

Our first bid supports the implementation of a programme which would give us a great opportunity to work with Milton Keynes Council and our other partners to deliver the proposed "smart city" project.

We'll look at the current state of the electricity network in Milton Keynes and assess which problems we can expect in the future. We'll then identify and deliver the most cost-effective solutions to these problems, and share what we've learnt across the industry and with our customers to help promote best practice across the UK.

Bid 2. Creating a low carbon hub

Our second bid submission focuses on connecting more distributed energy generation to our network in Lincolnshire to create a low carbon hub - an important part of the Government's environmental agenda.

The hub would enable more locally-generated electricity from renewable sources to be connected to the distribution network, by designing and operating the network more efficiently.

The low carbon hub provides an excellent opportunity for us to work with developers to open up our network to the connection of more locally-generated power.

Tree and vegetation management

We work hard to manage tree and vegetation growth along our 50,000km of overhead lines, whilst taking care to limit our environmental impact. Our proactive tree and vegetation management programme prevents trees from causing unplanned interruptions to the electricity supply. The work involves pruning and removing trees that are close to the overhead network, and is done to the highest possible quality and safety standards. Highly qualified and experienced contractors carry out the cutting work on our behalf.

The programme ensures we only need to visit the same location once in each defined cutting cycle. Once the trees and vegetation have been cleared, we'll keep maintaining the area. Our tree cutting teams also respond to customer concerns about trees affecting overhead lines, as well as power cuts and other problems on the network that are caused by trees or vegetation.

We replace each tree that we have to remove with two new trees planted well away from the overhead network, choosing species that are unlikely to interfere with it in the future.

We're undertaking major research into how quickly trees grow so that we can determine the minimum amount of pruning that's needed to keep them clear of the conductors. We're also looking into the use of tree growth regulators. These are compounds that slow down a tree's growth rate after pruning, whilst also enhancing its health, enabling us to extend the time between prunings.

Our approach to tree and vegetation management is always responsible, prudent and sensitive. When planning our work, we take care to protect the environment and ensure we don't disturb nesting birds and other wildlife.

Working together

We're doing everything we can to meet our legal obligation to manage trees and vegetation. With the help and support of our customers and the general public we can reduce the risk of incidents on our overhead lines. We've produced a leaflet that gives advice on the best places to plant different species of trees and shrubs to save our customers time and trouble, make long-term maintenance easier and reduce future interference with the network.

Waste management

We've made good progress in reducing the amount of waste we produce. We're also collecting information on the types and amounts of waste we produce to help us to set waste reduction targets in future.

Landfill

We want to reduce the amount of waste we send to landfill sites. At the moment, we're working with our service providers to find alternative ways to dispose of road spoil, including processing it for re-use. New technology is also allowing us to explore different excavation techniques.

Reducing our carbon footprint

As a distribution company, we're very aware of our contribution to carbon emissions, both from our vehicles and from the distribution network energy losses. We're actively exploring ways to raise awareness of our carbon emissions and reduce our levels across the business.

We're currently working with Global Action Plan, an environmental charity that's affiliated to the United Nations Environment Programme (UNEP).

The project looks for opportunities to reduce carbon emissions across all our sites and involves our colleagues volunteering to help produce innovative solutions under the guidance of Global Action Plan. When they've completed the project, our volunteers will receive a certificate from UNEP.

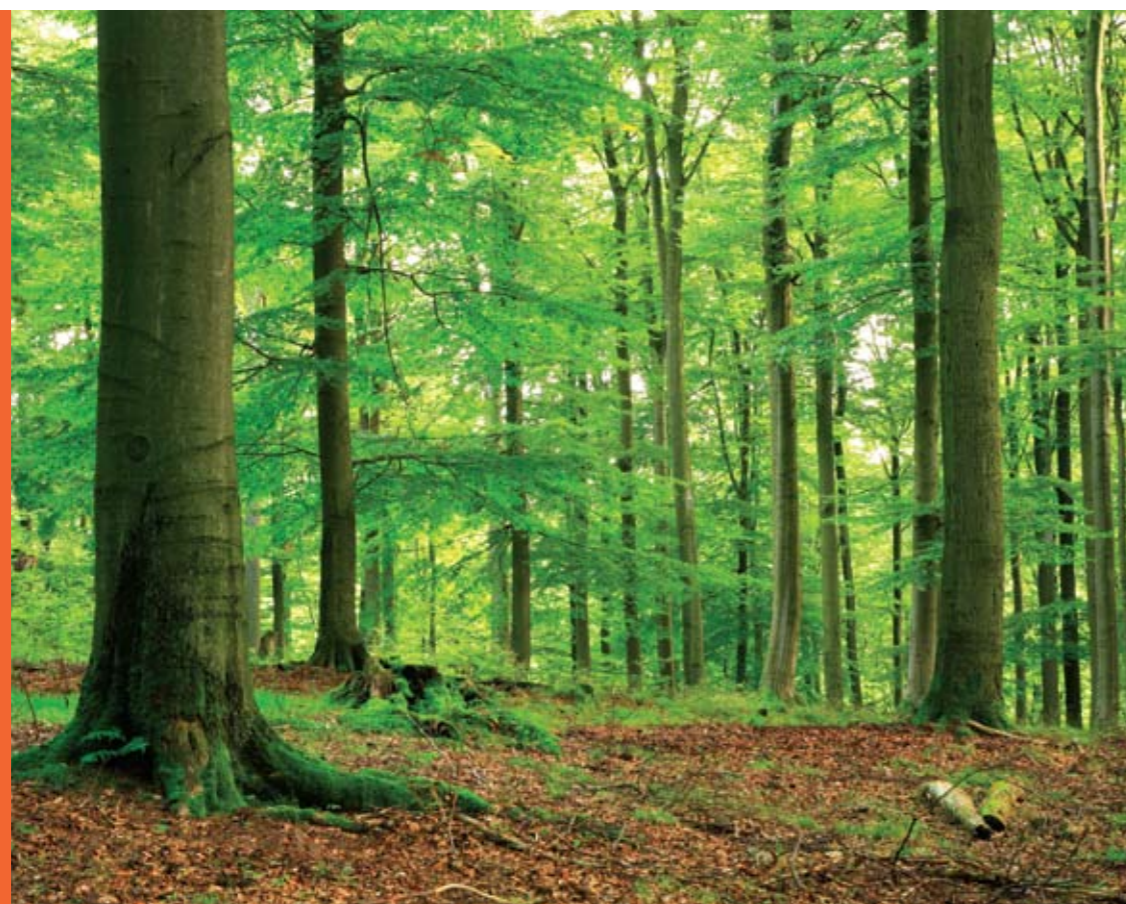
Environmental emergencies

Our environmental contingency plans are now even more robust. We've set up a business-wide contract with a major environmental emergency response contractor to make sure that any environmental incidents on our network can be addressed as effectively and quickly as possible. This helps us to minimise the potentially harmful effects on the environment.

Biodiversity

Although we're passionate about biodiversity, it's a big challenge as our sites are spread over a wide area and range from urban areas to rural settings and National Parks.

The sites are also different in size, so the scope for action on biodiversity varies greatly between them. However, we're working with biodiversity officers across our region to develop a strategy to work alongside and enhance our existing Biodiversity Action Plans.



We take protecting the environment very seriously and we support initiatives that aim to reduce our overall carbon footprint.



Our commitment to Ofgem

DR5

DR5 is the fifth Electricity Distribution Price Control Review (also called DPCR5). It's a cost control measure that determines the revenues for DNOs between 2010 and 2015. For Central Networks, this amount is around £3 billion over this period.

Ofgem's proposal for DR5 broadly focuses on environment, customers and networks. This fits closely with our own business strategy, which covers the key areas of safety, health and environment, network performance, customers, costs and sustainability.

We see DR5 as an ideal opportunity to both change energy within our own business and to influence the industry as a whole.

Networks

We'll keep investing in our network during DR5. Ofgem expects us to make secure and sustainable investment decisions and not sacrifice any long-term plans for short-term efficiency gains.

Our stakeholder engagement strategy will be tailored to consider our stakeholders' feedback when we make any investment proposals.

We'll be expected to break down our investment plans into manageable 'building blocks' that Ofgem will examine. These building blocks will form the basis of our negotiations with Ofgem when we're agreeing outputs.

Environment

Ofgem is under increasing pressure from the UK government and EU targets to do more for the environment. We take protecting the environment very seriously and support initiatives that aim to reduce our overall carbon footprint. Broadly speaking, we can categorise our carbon footprint reduction in two ways - as being direct or indirect.

- Direct reduction accounts for 98% of our carbon footprint. It's where we've reduced our network losses through vehicle fleet emissions, etc.
- Indirect reduction happens where we've encouraged the connection of low carbon Distributed Generation (DG) to the electricity network, which can offset network reinforcement.

Throughout the energy industry as a whole, DG has not been taken up as widely as Ofgem predicted in DR4 (the predecessor to DR5). Ofgem now intends to examine our behaviour and what we're doing to enable the connection of DG during the DR5 process.

Business Carbon Footprint (BCF) reporting

Under new Ofgem regulations, we're now required to gather data and report on our Business Carbon Footprint (BCF) every year. The BCF scheme, which is part of DR5, has been introduced to encourage DNOs to reduce their carbon footprint. The first two years of BCF reporting, 2008 and 2009, will be test years (2010 figures are displayed on Page 5). After that, our reported emissions in 2010 will be used as a baseline for future years, when our results will feature in an annual league table showing the reductions achieved by each DNO.

Our BCF calculations include carbon dioxide (CO₂) emissions from the following:

- Business car fleet
- 'Grey fleet' (occasional business use of private vehicles)
- Operational vehicles fleet
- Non-operational buildings, ie office buildings
- Substation losses
- SF6 losses and top-ups
- Emergency generator losses
- External service providers - building and vehicle emissions resulting from work done for us by external contractors.

We're committed to supporting this initiative by actively working to reduce CO₂ emissions across all areas of our business.

Customers

Ofgem believes that our customer service processes are working well in their current format. In addition, our own customer surveys also show that we provide a level of service that meets our customers' requirements.

For the next five years, Ofgem wants us to focus on the most poorly-served customers - those affected by the most high voltage outages. We'll be working to improve the service they receive and the quality of communications between us and these customers, during power losses and the new connections process. We've already made progress in these areas, for example, introducing a live Network Information Map on our website and launching a text message service where customers can contact us and request fault information for their postcode area.



Quality of Telephony Response

Each month, Ofgem conducts a survey of customers from all DNO regions to find out which DNO offers the best telephone response to their customers. It offers incentives to provide good service by rewarding DNOs that perform well and fining those that perform less well.

All customers calling the Emergency Numbers in Central Networks' East and West licence areas are asked three questions about our performance:

- How polite was the member of staff?
- How useful was the information you received?
- How would you rate the speed of response?

Both our East and West areas achieved very good scores, which earned us a £300,000 reward from Ofgem. We finished fourth and joint sixth out of Great Britain's 14 DNOs, which was especially pleasing as we've invested a great deal of time in improving the quality of our customer service. We're proud of our achievements, whilst recognising there's still room for improvement.

Speed of Telephony Response

The monthly Ofgem survey also covers how quickly we respond on the telephone from the customer's viewpoint. We measure our response speeds internally as well, and these averaged 20.3 seconds in the East area and 22.5 seconds in the West.

It's very important to us that we provide a fast response to our customers and this is a key area of focus. To help us maintain our response levels, we've trained over 300 of our colleagues to assist the Contact Centre by taking calls at very busy times.

Customer Reward Scheme

All DNOs can bid for a slice of Ofgem's £1 million Customer Service Reward each year. A total of £1 million is available and DNOs can submit entries into two categories:

- Corporate Social Responsibility
- Wider Communications Strategy.

We do a great deal of work across both categories as part of our normal business activities and we were delighted to be awarded £175,000 for our outstanding Wider Communications Strategy.

The activities within the strategy that helped us gain the award include:

Engaging with our most vulnerable customers

We work hard to ensure all vulnerable customers in our region are included on our Priority Service Register (PSR) and their details kept up to date. This means we can provide a more sensitive approach, as well as the extra care and tailored communications that they need.

Providing power cut information on the move

We're now giving our customers a choice of ways to receive power cut information from us. Our new application allows friends, family and customers at work to access the latest information. However, because we know most computers can't be used in a power cut, we've gone a step further and become the first DNO to launch live power cut information for our customers.

Opening up new communication channels

It's good to talk – and to text, email or web chat! In February 2010, we launched a new multi-channel telephone system that gives our customers a wider choice of ways to communicate with us. This makes life easier for them as they can access information in their preferred format whatever they're contacting us about.

Proactive PSR call-backs during power cuts

Last year we proactively contacted 6,000 PSR customers who were experiencing power loss. We increased this activity during the snowy weather in December 2009 and January 2010 and contacted 1,579 customers in these two months alone.

More customer call-backs

We've asked our customers how we can make their lives easier, especially during a power cut. They told us they want timely, accurate and useful information. We responded by offering all our customers (not just PSR customers) the opportunity to receive a call-back with updated information. In 2009, we made 118,526 call-backs – a big increase on the 25,334 made in 2008.

Helping facilitate a low carbon society

Both regionally and nationally, we're playing a central role in helping engage customers in striving towards a low carbon society. As well as delivering sustainable energy projects, we're also focusing on how these projects impact our customers and how they benefit the communities they serve.

