



Workshop Three - Strategic Priorities: Affordability
WPD Planned Actions

ACTIVITY	MORE	ABOUT RIGHT	LESS
Develop a new 'Power Up' referral scheme for the East Midlands	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introduce monthly satisfaction research with supported customers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expand the existing 'Affordable Warmth' project in West Midlands	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop new 'Affordable Warmth' projects (e.g. x3 E. Midls, S. Wales, S. West)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Develop a competition for existing schemes to bid for partnership funding - E.g. Innovative projects in areas of network constraint and high fuel poverty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

WESTERN POWER DISTRIBUTION

Part 2 submission:

Stakeholder engagement outcomes

Ofgem Stakeholder Engagement & Consumer Vulnerability Incentive

2015/16



CONTENTS

This is Western Power Distribution's **Part Two submission** to Ofgem's Stakeholder Engagement & Consumer Vulnerability (SECV) Incentive for the regulatory year 2015/16.

Western Power Distribution (WPD) is the Distribution Network Operator (DNO) responsible for delivering electricity to 7.8 million customers across the East and West Midlands, South West England and South Wales.

Ofgem's SECV Incentive is an annual scheme, which encourages network companies to engage proactively with stakeholders in order to anticipate their needs and deliver a consumer focussed, socially responsible and sustainable energy service. WPD's submission to this incentive is divided into three parts:

- Part 1: WPD's stakeholder engagement & consumer vulnerability strategy and key evidence (Demonstrating that we meet Ofgem's minimum requirements).
- Part 2: Key outcomes resulting from WPD's stakeholder engagement activities.
- Part 3: Key outcomes resulting from WPD's consumer vulnerability activities.

1 INTRODUCTION PAGE 1

2 STRATEGY & CORE ENGAGEMENT PAGE 2

3 ADDRESSING LONG-TERM STRATEGIC PRIORITIES PAGE 4

4 NEW AREAS OF ENGAGEMENT PAGE 8

5 COLLABORATION & BEST PRACTICE PAGE 9

6 MEASURING VALUE FOR MONEY PAGE 10

1. INTRODUCTION

Welcome

Stakeholder engagement is vital to the operation of any top performing company. We provide an essential service – keeping the lights on for 7.8 million customers. The impact of our actions and decisions is significant. That’s why we engage stakeholders; to make sure they influence our decision-making, drive us to continually improve and hold us to account for our performance.

Our culture – “engagement is everyone’s responsibility”

Engagement is not something we do simply in the run-up to a Business Plan submission, nor is it an activity that can be outsourced or ring-fenced centrally. It is embedded in our culture and I expect all of my managers to be involved. I make it a priority that Distribution Managers responsible for WPD’s local network facilitate all our core stakeholder workshops, and local Network Planners attend our bespoke surgeries to address specific interests such as community energy and distributed generation.

Our approach – “ensuring our actions have legitimacy”

We regularly review **who** our stakeholders are to ensure we are inclusive of emerging groups, **how** we tailor our approach to best suit the audience and **what** we do to build and maintain enduring relationships. Key to this is taking action as a result of feedback. Where this isn’t possible, we clearly communicate the reasons and work with stakeholders to consider alternatives.

Leading by example – “CEO personal involvement”

I review our updated stakeholder and consumer vulnerability strategies every year. I then monitor performance against the objectives, timescales and budgets, via monthly reports. Our strategies also undergo critical external evaluation as part of the Customer Service Excellence and British Standards Institute Standard annual assessments.

I personally lead every Customer Panel and Connections Steering Group. This year I met with 40 MPs and key stakeholders at WPD’s first ever parliamentary reception. To ensure legitimacy, these activities are only worthwhile if they help us to improve. For example, our expert Customer Panel have helped us to develop 5 new strategies and policies in 2015/16; whilst our engagement with MPs, to help promote the Priority Service Register (PSR), led to an 138% increase in direct sign-ups.

Specifically introducing our Part 2 submission

Now that our Business Plan for 2015-2023 is agreed, we’ve shifted the focus of our engagement to ensure stakeholders can still influence change. The key drivers for our core stakeholder engagement in 2015/16 have been:

- ▶ **Delivering what we promised** – ensuring stakeholders hold us to account for performance delivery.
- ▶ **Identifying WPD’s long-term strategic priorities** – to develop our understanding and identify actions we can take immediately.
- ▶ **Building networks of the future** – leading us into new areas of engagement and extending our stakeholders’ scope of influence.
- ▶ **Working in collaboration** – our considerable efforts to share best practice and co-deliver outputs for customers.

Far from a random collection of initiatives, our submission is structured around these strategic themes. To evidence the legitimacy of our approach we start by explaining the stakeholder feedback behind each initiative, our objectives before we engaged and a brief description of our activities. We then focus for the majority of the submission on the most important thing – the positive outputs engagement has led to.

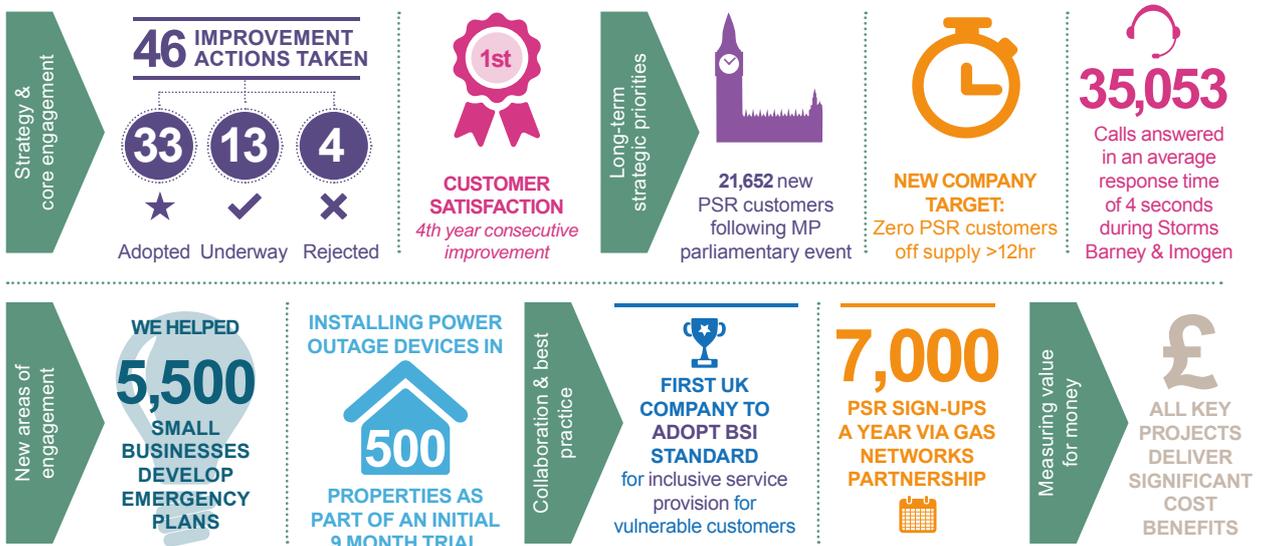


Robert Symons, WPD Chief Executive



Key outputs in this submission

★ = Flagship or stand-out initiative



2. STRATEGY & CORE ENGAGEMENT

Key outputs this has led to:



2.1 Our strategy in brief

Our strategy hinges on **identifying and regularly reviewing** who our stakeholders are. This enables us to ensure we are **inclusive and responsive** to emerging groups and concerns, **tailoring** our methods to best suit their knowledge and interest, and crucially that our activities always lead to **measurable outputs**.

WPD's approach:

We strive to be the best DNO in the UK. Stakeholder feedback is embedded in our decision-making across the business. Our CEO leads from the front by reviewing the strategy every year. He approves an action plan containing milestones, budgets and owners, personally leads a number of engagement forums and monitors progress monthly via management reports and KPIs.

Our driver is to ensure our **engagement has legitimacy**, by:

1. Avoiding "talking shops"

We engage before we act, consult during implementation and then use stakeholders to evaluate the effectiveness of our actions after.

2. Guaranteeing stakeholders the chance to affect change

Our long-standing principle is that "engagement leads to action". We are transparent about how we respond to feedback.

3. Ensuring engagement is everyone's responsibility

This is why 25 operational Distribution Managers facilitate our stakeholder workshops every year and events such as our community energy sessions involve local Network Planners.

Refreshing our strategy in 2015/16:

Even a well-established approach (developed in 2007) must be regularly reviewed to ensure it remains effective. In 2015/16, we worked with our expert Customer Panel to update our strategy, before consulting with wider stakeholders at our annual workshops. It then underwent critical, external evaluation via the Customer Service Excellence Standard.

Now that our Business Plan for 2015-2023 is agreed with stakeholders, in order to maintain the relationships we have built over many years, we have now shifted our focus to engage on:



In 2014/15 stakeholder engagement helped us to identify long-term strategic priorities for WPD. In 2015/16 our focus was to further develop our understanding of these and begin to take action to address them. The remainder of this document is therefore structured around these priorities and demonstrates how engagement has driven our initiatives and improvements.

2.2 Customer Panel

This is a permanent group of 30 expert members who meet quarterly. Every session is hosted by our CEO at a different operational depot, to enable members to meet local engineering staff and develop their understanding of our activities.

Objective: To bring together expert representatives from every major stakeholder group and entrust them with full transparency about our performance and future plans. This enables them to provide strategic steer, make informed decisions about our activities and critically evaluate our performance. **The Customer Panel helped to develop WPD's engagement strategy for 2015/16 and the format of every meeting is shaped by this:**

CEO session 1: Review WPD's current performance against the Business Plan commitments.

CEO session 2: Focus on a different strategic priority – explaining WPD's current performance, challenges, proposals for further engagement and likely actions. This year we have reviewed:

- Government legislation & policy.
- Fuel poverty.
- Customer awareness.
- Smart networks.



Ensuring legitimacy:

- We annually review membership to ensure the Panel remains representative. A gas distributor (National Grid), supplier (British Gas) and Government representative joined in 2015.
- Average membership is now 4 years; enabling issues to be explored in-depth with well-informed challenge and opinions.

- ▶ In 2015 we undertook a best practice review against Water Council Consumer Challenge Groups, including mapping our terms of reference against those recommended by Ofwat.
 - Members rejected introducing an independent chair, praising the continued accountability of WPD's CEO and immediacy of action as a result of the current format.
 - We introduced a budget for members to commission research and test proposed new initiatives.
 - We will invite health sector representatives following the Panel's review of membership representatives.

20 OUTPUTS For example:

- ✓ Updated WPD stakeholder engagement strategy.
- ✓ New WPD Priority Service Register (PSR) policy.
- ✓ New indicator to track PSR customers off-supply >12hrs.
- ✓ Action plan to address small business vulnerability.
- ✓ New type of 'smart' connection offer following suggestion to use export capping to mitigate the impact of constraints.
- ✓ Attendance at WPD staff roadshow to review effectiveness.

2.3 Stakeholder workshops

WPD's annual events this year welcomed the highest number of stakeholders ever, at six locations from Plymouth to Lincoln. Implementing our 2015/16 engagement strategy, each workshop included four sessions, each with clear objectives:

- 1. WPD's Business Plan and performance so far**
 - ▶ Present WPD's year one performance and consult on a proposed 3-tier approach to annual reporting.
 - ▶ Identify the key outputs to include in a summary report.
- 2. Review of WPD's long-term priorities**
 - ▶ Rank their importance to check if any have changed.
 - ▶ Identify new priorities, or emerging factors to consider.
 - ▶ Identify actions WPD can take to begin to address them.
- 3. Spotlight on: 'Smart Networks' & 'Affordability'**
 - ▶ Develop WPD's understanding of these strategic priorities.
 - ▶ Review our proposed actions and identify new ones.
- 4. Choice of three specific surgeries**
 - ▶ Consult on action plans for: 'Social obligations', 'Connections' and 'Becoming a Distribution System Operator' (DSO).

Ensuring legitimacy:

- ▶ 259 stakeholders attended, with representatives from all key segments, to enable balanced consideration of different interests. This included local authorities, domestic customers, consumer bodies, businesses, developers, utilities and DNOs.
- ▶ 41% had previously attended a WPD event. They stated events are worthwhile because WPD clearly act on feedback.
- ▶ For the 3rd year running 100% rated the events relevant, and stated that their views were sufficiently taken account of.

Stakeholders identified nine priorities and ranked their importance. Our stakeholder engagement will focus on these in the coming years. As this submission shows, we are already well underway.



Rank	2015	Category	2016
1	(1)	Keeping the lights on	9.20/10
2	(2)	Smart networks	7.46
3	New	Environment & sustainability	6.85
4	(3)	Workforce renewal, skills & training	6.65
5	(5)	Vulnerability	6.64
6	(4)	Government legislation/policy	6.21
7	(6)	Affordability	6.00
8	(7)	Customer information and data	5.90
9	(8)	Customer awareness	4.08

26 OUTPUTS For example:

- ✓ Develop an interactive website to report Business Plan performance.
- ✓ Add short YouTube videos to summarise each output area.
- ✓ Publish an updated smart networks/DSO strategy and make 'energy storage' a priority area.
- ✓ Publish a smart networks engagement plan.
- ✓ Develop a 'Power Up' fuel poverty scheme in the East Midlands.
- ✓ Update our fuel poverty hotspot mapping every two years.
- ✓ Develop referral partnerships where agencies gain informed consent to sign-up customers directly to the PSR.

2.4 Research & bespoke events

Our overall approach to engagement, where stakeholders are involved in every step of our decision-making, applies to the creation of our strategy itself. Stakeholders work with us to develop the strategy (Customer Panel), are consulted during implementation (flagship stakeholder workshops) and are then asked to help us monitor the impact.

To ensure our approach has legitimacy, it is not enough to simply take action as a result of feedback – it is essential that we test that we are taking the *correct* actions. We therefore ask stakeholders to identify mechanisms to monitor that our outputs are having a positive impact and improving customer service.

As a result, in the last year we have introduced new satisfaction research for:

- ▶ 'Major' connections customers (monthly).
- ▶ Fuel poor customers supported (monthly).
- ▶ Distributed Generation (annual).

We have also held bespoke workshops on topics including:

- ▶ Community energy.
- ▶ Distributed Generation.
- ▶ Fuel poverty and vulnerability.
- ▶ Small business concerns.
- ▶ Future energy scenarios.
- ▶ Network losses.



FEEDBACK FROM
3,500
STAKEHOLDERS
HAS EVALUATED
THE IMPACT OF
OUR OUTPUTS

3. LONG-TERM STRATEGIC PRIORITIES

Key outputs this has led to:



New company target:
zero PSR customers off supply >12hr



types of **SMART CONNECTIONS OFFER** now as standard



21,652
new PSR customers.
Up 138% following MP parliamentary event



6,359 fuel poor customers supported to save **£1.4 million**



PSR advice via **25,000** home fire safety checks

3.1 Keeping the lights on

Stakeholders said: Highest priority (9.20/10). Year-on-year improvement in power cut levels is expected. As well as traditional factors such as severe weather, we must address network constraints and build more flexible, smart networks without compromising reliability.

Objective of our engagement: To steer our initiatives relating to power cut prevention and response. This core focus must underpin our actions to address all WPD's other strategic priorities.

We did:

Reducing power cut duration

- Our Customer Panel directly challenged our CEO to annually reduce the number of customers off supply >12 hours. This directly led to changes in our policy for activating generators and the purchase of 30 new units, 18 of which are portable 'wheel-barrow' units.

Outputs:

- ★ Introduced a new company-wide target that no PSR customer will be off supply >12 hours in normal weather.
- 59 customers off >12 hours, an 88% improvement since 2013.
- Direct feedback to WPD's Plymouth Distribution Manager at our workshops led to a new initiative to improve restoration times in hard-to-reach areas, by plotting staff home post codes into our mapping system to help identify authorised network switchers who live closest to remote areas like Dartmouth.
- Increase from 82% to 88% customers restored within 1 hour.

Collaboration to improve emergency response

- Demonstrating how engagement is embedded in WPD's culture, WPD's Helicopter Unit Manager attended our workshops to hear first-hand feedback about how we can improve our power cut support for vulnerable customers in remote access areas during snow or flooding. This included extending help to other DNOs. As a result we have identified key capabilities for our Helicopter Unit, which were put into action in 2015/16:
 - Delivery of provisions to remote off-supply customers.
 - Customer evacuation.
 - Delivery of high volume pumps & generation.
- In 2015 targeted engagement led to special dispensation from the Civil Aviation Authority enabling us to fly generators complete with fuel. This was first put into action to support ENWL during the Cumbrian floods in December.
- Extensive engagement with Local Resilience Forums (LRFs) and emergency services has led to:
 - 7 formal agreements in place with LRFs for secure, two-way vulnerable customer data sharing in major incidents.
 - Staff undergoing boat training with Devon and Somerset Fire and Rescue, enabling us to be self-sufficient and respond to faults quicker during flooding.



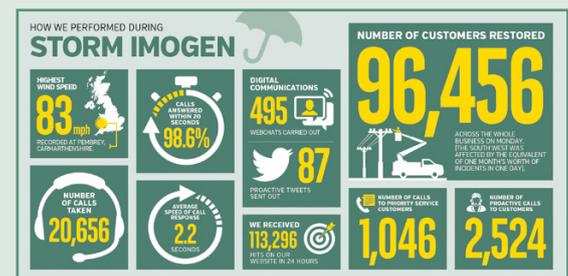
WPD helicopter airlifts emergency generators & fuel tanks in Tewkesbury

- Engagement with the Welsh Assembly Government, led to a new partnership with the South Wales Fire & Rescue Service (SWFRS) to identify vulnerable customers, share data and combine services:
 - We've developed new incident impact reports and information sharing agreements for emergency services. This will enable mapping of vulnerable customers to help target resilience advice and first response in emergencies.
 - ★ SWFRS now gain informed consent to add customers to the PSR via their 25,000 annual home fire safety checks.
 - WPD now refer PSR customers identified via our data cleansing activity to SWFRS for home fire safety checks.

Benefiting customers when it matters most:

In a year of unprecedented storms, the improvements led by stakeholders paid dividends. WPD were worst impacted by **Storms Barney (November) & Imogen (February)**, with wind gusts of 83mph leaving a combined **239,397 customers without power**. Despite this, we delivered best-in-class performance:

- Restored 99% of customers within 12 hours.
- Handled 35,053 calls. Average speed of response 4 seconds.
- Zero Guaranteed Standards failures.
- Rated number 1 for customer satisfaction in the UK in the months affected (8.90/10 November; 8.98/10 February).
- New infographic performance summaries published on our website (adopted best practice from ENWL). For example:



3.2 Smart networks

What is a smart network? As we de-carbonise our energy system, more intermittent renewables are connecting to the distribution network. This is known as Distributed Generation (DG). WPD is developing the network to efficiently facilitate this without compromising security of supply. A smart network is more integrated and flexible, enabling real-time balancing of demand and generation. Over time our role will change from passive network operator (DNO) to active system operator (DSO).

What is a smart connections offer? If the network becomes "full" (constrained) to avoid expensive reinforcement we can allow generators to connect quicker and at a lower cost, but only if they agree to cut their output at certain times. We can offer customers a number of ways to do this using different innovative techniques.

Stakeholders said: High priority (7.46/10). There is a pressing need for smart networks. WPD should develop a clear strategy, re-forecast our low carbon technology scenarios and work with key stakeholders to design new processes and initiatives to tackle network constraints.

Objective of our engagement: Assess future energy scenarios in partnership with National Grid and Department of Energy & Climate Change (DECC), develop our understanding of the role of a Distribution System Operator (DSO) and provide targeted support for increasing numbers of community energy schemes.

We did:

★ Updating our future network scenarios

A rapid increase in DG (unpredicted by DECC, Ofgem or industry) is leading to wide-spread network constraints, delays in further connections and national uncertainty over future growth levels. In response:

- We have consulted 350 stakeholders at six events, about our proposed methodology to address potential growth of DG, DECC, National Grid (NGET), Regen (renewable energy trade association), developers and energy storage experts are helping WPD to build a series of energy scenarios.
- ✓ We are linking with NGET by basing our approach on their four Future Energy Scenarios. The study will show potential growth by DG type, the location and timings of demand changes and the types of constraints caused. The aim is to recommend options for 'low regret' investment in the network and opportunities for demand side response and/or smart connection offers.

Developing our understanding of the role of a DSO

- In March 2016 we shared a platform with Ofgem, DECC, NGET and Wales & West Utilities at a 'Smart Energy Marketplace' event attended by 150 stakeholders.
- ✓ We consulted on our DSO strategy to adapt to greater decentralised energy and opportunities for new business models created by actively managed power networks.



WPD Connections Policy Engineer hosting discussions at a community energy event

★ Engaging with Non-traditional Business Models (NTBM)

The last two years have seen a significant increase in Community Energy (CE) schemes, where stakeholders often have little prior experience of WPD or the connections process. In response:

- We hosted eight bespoke workshops, for the second consecutive year, attended by local CE groups, CE England, CE Wales and DECC. We tailor our approach, prioritising round-table discussion to help attendees feel comfortable asking questions and adding a new facility for one-to-one sessions with local Network Planners. 100% rated our events good or very good.

In 2014 we focussed on introductory topics such as how to apply for a connection and subsequently published a helpful CE guide and FAQs. As stakeholders' knowledge has increased we've responded to feedback and developed our approach. For example, stakeholders rejected the offer to introduce seed funds, stating that they were not appropriate for our network (given the levels of constraints). Instead, in 2015 we have broadened the agenda to include details on smart connection offers to help address this. We've also focussed on NTBMs, exploring innovative ways of helping CE groups to assess the challenges and opportunities brought about by recent changes to Government subsidies.

Outputs:

- ✓ Launched a long-term strategic study (to 2030) for the South West, where WPD has the most network constraints.
- ✓ Committed to follow-up studies for East & West Midlands and South Wales.
- ✓ Introduced a new policy to now make smart connections offers as standard for all customers. 254 offers in 2015/16 representing 635MW of additional capacity offered.
- ✓ Launched a new 'Export Limiting' smart connections offer.
- ✓ Provided ongoing support to 593 CE stakeholders.

Collaborated with all DNOs:

- ✓ Developed a UK community energy guide available via the ENA.
- ✓ Agreed to hold a joint DNO workshop focussing on identifying best practice engagement with CE groups.

"Ofgem is challenging local electricity grid owners to follow WPD's lead by squeezing more capacity out of their grids to connect renewables... We want DNOs to take creative approaches to speeding up renewable connections. They can do this firstly by making best use of their existing grids, as WPD has done."

3.3 Environment & sustainability

Stakeholders said: High priority (6.85/10) Reducing landfill waste & vehicle emissions is key, with clear performance reporting.

Objective of our engagement: We see this as part of our core business as usual responsibility as a DNO. Therefore whilst engagement is not driving the activity itself, it has a vital role in shaping our innovative approaches. For example:

We did:

In 2015 we built on successful office-based schemes to reduce waste sent to landfill by trialling an initiative with our operational field staff.

- Company vans have been issued with separate bags for general and recyclable waste generated in the field, to increase recycling of items such as cardboard packaging, plastics and shrink wrap that would previously have been sent to waste.

In an effort to lower company vehicle emissions we have:

- Commenced a trial of hydrogen diesel vans for field teams.



Two WPD linesmen with the new waste recycling van bags

Outputs:

- ✓ Increase from 28.5% to 53.76% in total WPD waste recycled.
- We voluntarily consulted on our new Environment and Network Losses Reports. Since our workshops, we have also committed to:**
- ✓ Publish an environment improvement plan.
 - ✓ Consult on WPD's annual environment performance report.

3.4 Workforce renewal

Stakeholders said: **High priority (6.65/10).** Building smart networks relies on new skills and a long-term approach to attracting new engineers.

Objective of our engagement: This is also a business as usual responsibility, but engagement can help us to be innovative. For example:

We did:

As part of our recruitment of 100 apprentices a year, we:

- Posted videos of WPD apprentices introducing different roles, on Facebook, Twitter and YouTube. We also introduced an innovative #apprenticehour where potential applicants tweeted live questions to current apprentices. The aim was to increase overall applications, and use location specific posts to target the South West in particular where applications are historically lower.



WPD first year apprentices at our Tipton Training School

Outputs:

- ✓ 1,700 applications – a 23% increase overall (68% in South West).
- ✓ 80,000 school children engaged about careers in energy after our school's education programme was expanded.

3.5 Government policy

Stakeholders said: **High priority (6.21/10).** WPD should take a more active role in shaping energy policies.

Objective of our engagement: To develop relationships with MPs, to enable us to eventually discuss specific priorities and legislation.

We did:

Stage 1: Bespoke MP newsletters to build awareness

In June 2015, post-election, we wrote to every MP in our region to introduce WPD and give details about our Business Plan and local network investment schemes benefiting constituents. We produced 27 unique newsletters sent from the WPD Distribution Manager for that area, inviting MPs to meet with us to discuss local issues as well as topics of wider energy policy. WPD South West, for example, as an area heavily affected by network constraints due to unprecedented volumes of DG, also saw the highest proportion of new MPs in our region. Several face-to-face meetings have taken place following our initiative. We discussed the local impact of constraints and how we are addressing this, as well as the impact of wider policies including rules relating to investment ahead of need and energy storage, the impact of energy subsidies and the need for more joined up energy scenario forecasting between WPD, National Grid and DECC.

★ Stage 2: WPD Parliamentary reception to develop relationships

Building on this awareness of WPD, in December 2015, we hosted a House of Commons event for MPs to meet local WPD staff and find out more about our strategic priorities. Hosted by James Heapey, MP for Wells, more than 40 MPs and key stakeholders from Ofgem and DECC attended, including the Chair of the Energy & Climate Change Select Committee.

In-line with WPD's intention to begin to move the conversation with MPs into specific areas of policy, the theme of our CEO's presentation was "cutting the risk to vulnerable customers". The event was timed to coincide with the run-up to winter, and had a clear purpose to ask MPs to help promote the PSR to constituents. We revealed the number of customers currently on the PSR versus those eligible, specific to each MP area. After the event, MPs were sent a bespoke press release to enable them to promote the ways to sign-up to their constituents.



Attendees listening to our CEO's address at WPD Parliamentary reception

Stage 3: Engagement on specific topic areas

Having laid these foundations in 2015, we will focus on more detailed, topic-specific engagement in 2016. For example:

- In January 2016 WPD presented at the Westminster Energy, Environment & Transport Forum on the challenges we are addressing to build a smart network.
- Targeted engagement is now underway with South West and East Midlands MPs on the causes of network constraints and WPD's development of innovative solutions in those areas.
- We will host a follow-up parliamentary reception on PSR customers and add a focus on the future of energy, and changes needed for WPD to transition from DNO to DSO.

Outputs:

- ✓ 204 MPs & MEPs informed about WPD's Business Plan and local network schemes.
- ✓ 45 in-depth contacts & meetings with MPs.
- ✓ 21,652 customers joined WPD's PSR directly in the 2 months after the MP event – an 138% increase.
- ✓ Assisting Welsh Assembly Government to develop resilient emergency comms systems after a review of WPD's best practice approach.

3.6 Customer information & data

Stakeholders said: **Medium priority (5.90/10).** Access to network information should be easier, to help customers considering new connections. Improving customer data is also essential to WPD providing quicker and more responsive communication during power cuts.

Objective of our engagement: Improve customer satisfaction by:

- 1) Developing self-service options to help customers more easily assess connections opportunities:
- 2) Enhancing the accuracy of customer contact records to enable targeted, proactive communication.



Network asset data displayed from WPD's new online data portal

We did:

Objective 1:

- To improve visibility of information on network capacity and available load we developed new online network capacity registers, showing data by different technology types, for connected and accepted Distributed Generation (DG). Following feedback at our connections surgeries we have added 'energy storage' and now update the registers monthly.
- We launched a new online data portal to grant access to view our network assets in packages like Google Earth. This helps customers undertaking design and evaluation studies, such as Independent Connections Providers (ICPs), developers and electrical design consultants.
- Engagement with ICPs has led us to publish online, a suite of useful guides, processes, policies and flow charts on achieving land rights for electricity connections in WPD.

Objective 2:

- We've developed an initiative with a data specialist to cross-reference 'deceased' datasets with our PSR records. This has removed 40,000 records, at a significant cost benefit to cleansing these in-house.

- We've also added data for 2.9m new mobile phone records and rolled out a new process to capture additional records via all inbound calls. Led by our Customer Panel, this has enabled us to change our policy and we now only text (SMS) message mobile numbers, to improve customer satisfaction.

Outputs:

"RES is very grateful for your work to make information available... WPD's availability and presentation of land rights data is now best practice across all GB DNOs."

- ✓ 62,916 customers accessed network information more easily via WPD's new self-service tools.
- ✓ Connections customer satisfaction improved to 8.74/10 (from 8.63).

As a result of improved customer records, we have:

- ✓ Added 2.9 million mobile phone records in 12 months increasing the percentage held from 9.6% to 46.7%.
- ✓ Sent 705,687 proactive text messages.
- ✓ Enabled us to proactively call 364,590 customers during power cuts.
- ✓ Overall customer satisfaction increased from 8.75 to 8.91.

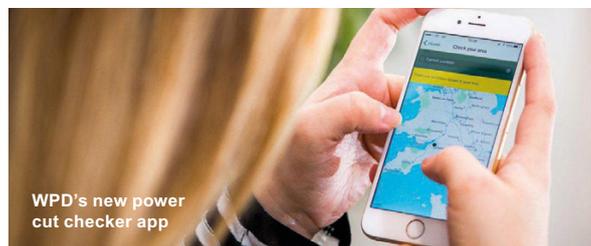
3.7 Customer awareness

Stakeholders said: **Medium priority (4.08/10).** WPD should not confuse customers by trying to communicate all our different services at once. First get basic awareness, then build on this to develop the new relationships required in a 'smart' future.

Objective of our engagement: For blanket awareness, focus on the core message of WPD's role in relation to power cuts and ensure our methods are best suited to the audience. Target vulnerable customers specifically for intensive power cut awareness raising.

We did:

- ★ We launched a free Power Cut Reporter app, to enable customers to report faults and access updates.
- ✓ Incorporating feedback from vulnerable customers, the app includes a feature to join the PSR. This helps partners such as Age UK and British Red Cross to gain informed consent and sign-up customers directly with WPD.
- ✓ We've also acted on feedback from small businesses to enable those with multiple sites to save multiple postcodes to check for updates simultaneously. This has the added benefit of allowing carers to check on patients.
- We developed a brand new TV advert, focussed on a linesman's role to restore power, as part of WPD's annual 'Power For Life' awareness campaign. Alongside radio and social media promotion, we also send a newsletter to all 7.8m customers. We have timed this year's campaign to publicise the launch of the new '105' national power cut number.



- Following engagement with Action on Hearing Loss, we launched a new text power cut reporting service and wrote directly with details to 98,000 deaf and hard of hearing customers. It allows customers not just to report faults, but to have two-way conversations with us via text, 24 hours a day.

Outputs:

- ✓ Overall customer awareness increased from 47% to 54%.
- ✓ Acted on stakeholder feedback to reduce TV advert budget and reallocate this to design WPD's new smartphone app.
- ✓ 754 downloads of WPD's Power Cut Checker app in the first month.
- ✓ 98,000 deaf customers contacted to publicise new text message contact service, combined with data cleanse of PSR details. 25% response rate, 23,950 records updated.

3.8 Vulnerability & Affordability

High priority (6.64/10)

Medium priority (6.00/10)

This is a key priority area, ranked as one of the highest priorities for domestic customers, consumer bodies and local authorities.

We have a comprehensive and embedded programme, driven by stakeholders, that is delivering huge benefits. It has been externally assessed as industry leading. See our Part 3 submission for full details, but our key outputs are:

Outputs:

- ✓ 543,401 PSR customers contacted to update their records and receive resilience advice.
- ✓ Over £1.4 million savings for fuel poor customers in the last 12 months as a result of our referral schemes.
- ✓ 6,359 fuel poor customers supported.
- ✓ Innovative PSR referral partnerships with 23 different agencies, gaining informed consent to sign-up customers.
- ✓ BSI vulnerable customer standard held for 3 years.

4. NEW AREAS OF ENGAGEMENT

Ahead of RIIO-ED1 we significantly broadened our stakeholders' scope of influence, to the extent that they reviewed and amended all 76 Business Plan outputs. This was only possible through enduring relationships, developing the knowledge of our stakeholders to enable them to meaningfully feedback on a wide range of topics. Looking ahead to ED2 it is essential we challenge ourselves to extend the boundaries of responsibility between DNOs and Ofgem for well justifying areas of our future Business Plans and seek out new forms of engagement to make this happen.

4.1 Identifying long-term issues of public interest

WPD are actively involved in Sustainability First's New-Pin (New Energy & Water Public Interest Network) project that brings together public interest advocates, companies, regulators and government departments to develop:

- A clearer understanding of the long term public interest in energy.
- The capacity and expertise so stakeholder views are represented in regulated businesses for longer-term and/or complex issues.

This is a crucial new area of engagement for WPD and aligns with our strategy to focus on long-term strategic priorities. It will help us evolve our engagement to create the conditions so customer preferences can more clearly shape our future investment. The project will consider issues such as affordability, sustainability, innovation and resilience. Due to the complex and long-term nature of many of these issues, it is vital to start now to build the stakeholder relationships, knowledge and trust needed to broaden the range of topics they can meaningfully influence ahead of our next price review in 2023 (ED2).

Already, our participation has led to outputs including:

- ✓ New-Pin's focus on 'affordability' led us to hold our first ever workshops specifically on this topic, separate from vulnerability. We fed the findings back and they were included as a Sustainability First case study, to help others to plan their engagement on this topic.
- ✓ We have improved our understanding of engagement models employed in sectors including water (Ofwat) and aviation (CAA). A key differential is the role of Customer Panels within price reviews – e.g. the CAA use "constructive engagement" where the panel agrees targets with the company. To move towards this, we are strengthening the role of WPD's Panel by giving them the knowledge and tools to challenge our outputs and performance, and understand key strategic issues for ED2. Enhancing our engagement model (where stakeholders influence a broader range of Business Plan aspects) will extend the responsibility of DNOs to 'well justify' our plans without the burden solely on Ofgem to make judgements. This is why we are moving into new areas of engagement such as DSO, NTBMs and pensions (below).

4.2 Addressing vulnerability in small businesses

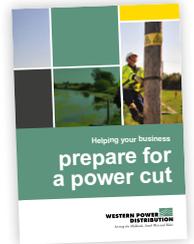
In 2015 stakeholders challenged us to broaden our traditional focus on the vulnerability of domestic customers, to include Small and Medium Enterprises (SMEs). They said that very few SMEs have a resilience plan for power cuts, but the impact on them can be disproportionately large. To identify the key factors impacting SME vulnerability we ran two bespoke workshops. Stakeholders requested emergency planning support, but advised us to engage via trusted industry bodies to avoid communication being missed.

In 2016, we teamed up with resilience specialist Continuity West, to develop an electricity resilience checklist and advice booklet

for SMEs. This was distributed via a new partnership with Somerset Chamber of Commerce (CC).

- ✓ We helped 5,500 SMEs to develop electricity emergency plans.
- ✓ We included details about WPD's new smartphone app, which has a feature (added following our SME workshops) for SMEs to register for power cut updates at multiple sites.

Follow-up research is underway to measure the impact. We intend to roll out the initiative across our region via various CC and Federations of Small Businesses.



4.3 Preparing for smart meters

At this stage of the roll-out process, the majority of our engagement is at industry level on data privacy issues and specifically the aggregation of consumption data for DNOs. Interest from WPD's wider stakeholders is largely limited to clarifying our role and the timescales for supplier roll-outs. They have however, told us we should identify opportunities brought by smart meters (SM) to improve services for vulnerable customers. In response we have:

- ✓ Developed an innovative trial to test how the power cut notification feature of SMs could be used to support vulnerable customers. As a precursor to SMs, we've designed an in-home plug-in device which notifies WPD that power is off and prompts an immediate proactive call to the customer.
- ✓ We've teamed up with a social housing agency, cross-referencing customers who have had 5 or more power cuts in the last 2 years.
- ✓ We're installing devices in 500 properties, via Housing Officers, as part of an initial 9 month trial.

If the wider SM rollout is to benefit vulnerable customers, accurate customer records will be key. Our engagement with British Gas (BG), has revealed opportunities to share and improve PSR data.

BG have c.600k PSR customers out of 11m (5%), whilst WPD have 1.3m out of 7.8m (15%). We have added 550,000 customers in the last 3 years alone, with good data accuracy following our proactive cleansing. We have therefore:

- ✓ Initiated a data cross-check exercise to identify BG customers that are not on both of our PSRs. We are then investigating options to gain informed consent to share this data automatically, or to write jointly to customers to update the record and offer resilience and affordability advice.

We are working with the Energy Networks Association (ENA) to clarify use of Half Hourly SM data. Consumer bodies have expressed concerns that this data must be anonymised, but this may impact the benefits for DNOs to use data to improve services.

- ✓ In parallel to this, we are working with the Information Commissioner to undertake our own Privacy Impact Assessment to ensure adequate controls are put in place to protect the information, whilst enabling the full benefits to be achieved.



4.4 Pensions & investors

To widen the influence of stakeholders into non-traditional areas, in 2015 we voluntarily undertook:

- A three day "non-deal" investor roadshow with key bond investors and key ratings agencies to update them on WPD's operational performance. The sessions had the sole purpose of increasing stakeholder knowledge so they can better influence our outputs in the future. They were not linked to any request to raise funds –

historically the reason DNOs engage with this group. An immediate output has been to increase the amount of published information for investors on our website.

- Ofgem have challenged DNOs to place consumers at the heart of our pension scheme governance. We have commenced an engagement exercise to better understand customer views in this area, as well as key stakeholders such as trustees and the pensions regulator, so they can provide input into the future funding of pension schemes.

5. COLLABORATION & BEST PRACTICE

Our stakeholders tell us that we should share best practice with other network companies, as some initiatives could be rolled out nationally (e.g. our approach to annual stakeholder events, BSI vulnerability standard and our fuel poverty referrals); whilst other projects require national, industry-wide collaboration to achieve them (e.g. agreeing common PSR needs codes and improving the dataflow processes). We therefore work hard to share best practice and are transparent about our approach, costs and planned next steps.

5.1 Sharing best practice

WPD have hosted a number of face-to-face visits with industry stakeholders in 2015/16, and the vast majority have participated at our stakeholder workshops to help influence WPD's plans for the future. A summary of the key topics we have engaged on is shown in the table below. Crucially these meetings have led to positive outputs for customers. Examples have included:

- ✓ National Grid and British Gas have joined WPD's Customer Panel, to enable enduring engagement on topics of shared interest, particularly around improving data held on the PSR.
- ✓ A new PSR data comparison exercise is underway with British Gas to improve the accuracy of our respective records.

Topics covered:	National Grid Trans.	WWU	National Grid Gas Dist.	Northern Gas Networks	Scottish Gas Networks	British Gas	E.ON	EDF	npower	SSE	Northern Ireland Electric	Gas Networks Ireland	Electricity North West	SSE Power Distribution	Northern PowerGrid	UK Power Networks	Anglian Water	Severn Trent Water
CSE accreditation	✓																	
BSI standard			✓															✓
Customer Panels	✓		✓			✓												
Stakeholder workshops	✓		✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PSR services/approach	✓		✓			✓					✓	✓	✓	✓	✓	✓	✓	✓
PSR co-delivery		✓	✓			✓							✓	✓	✓	✓	✓	✓
Joint research			✓															
Customer service & stakeholder approach			✓	✓	✓						✓	✓	✓	✓	✓	✓	✓	✓
Fuel poverty approach	✓	✓	✓	✓	✓		✓				✓	✓	✓	✓	✓	✓	✓	✓
Emergency resilience	✓	✓	✓	✓	✓						✓	✓	✓	✓	✓	✓	✓	✓
Future role of networks	✓	✓							✓	✓								

- ✓ WPD were the first company in the UK to adopt the BSI standard for 'inclusive service provision' for vulnerable customers (BS18477). We have since maintained full compliance for 3 years. We held a workshop for every DNO, gas distribution and transmission company, to share the learnings, including a talk from the BSI's Director of Professional Services. In the last year we hosted a number of follow-up meetings to share details about the process, timescales, costs and criteria, the outcomes from our latest assessments and improvement areas we are now working on. A number of networks have subsequently undertaken benchmark assessments with BSI in 2015.
- ✓ Several network companies have been considering how to effectively evaluate the cost benefit of stakeholder-led improvements. Following a meeting with National Grid Gas (NGGD) to discuss our respective approaches, we carried out a joint research project in 2015 to identify the values placed by UK consumers on various possible service improvements. The aim was to use this to identify priority areas for more targeted engagement with stakeholders and to assess the benefit of potential actions before they were taken. (see page 10 for full details).
- ✓ WPD have run stakeholder workshops annually since 2008, following a consistent format. Companies from across the energy industry have been regular attendees and we have subsequently hosted a number of one-on-one meetings to share our approach. An example output is that in 2016, Wales and West Utilities (WWU) replicated our model – hosting a series of roundtable sessions focussing on Business Plan reporting and identifying long-term strategic priorities, along with a series of specific surgeries on topics including social commitments, connections and the future role of networks.

5.2 Examples of co-delivery

We are involved in a number of essential industry collaborations ranging from delivery of the new '105' national single emergency number, to the launch of a new joint Codes of Practice website to aid competition in connections, to common-format winter preparedness briefings for MPs, Ofgem & DECC. Below are examples of some of the "over-and-above" initiatives we are also currently co-delivering to benefit customers:

PSR informed consent trials with GDNs

We have joined forces with NGGD and WWU, who share our geographic foot-print, to trial gaining informed customer consent to add them to WPD's PSR, directly via gas field works.

During an initial 3 month trial in Cardiff, Torquay and Gloucester, gas engineers trialled various methods to collect data. We have since refined our approach – focusing on direct mobile website sign-ups after learning that leaflet conversion rates were very low. From 1st April 2016 the agreement with WWU was rolled out as business as usual across our entire shared regions.

- ✓ 613 PSR customers registered to date.
- ✓ Now on track for 7,000 a year.



Joint Community Energy engagement with DNOs

DNOs meet quarterly via a formal ENA group, to share best practice on all areas covered by the Ofgem incentive, identify best initiatives that can be rolled out UK-wide and new joint initiatives in shared interest areas. A key focus for 2015 was the emergence of Community Energy (CE). Working together, we identified the common challenges to engage this emerging group of stakeholders, who often have limited experience of DNOs.

- ✓ Using WPD's guide as a basis, we worked collaboratively with expert trade body Regen, to develop a joint best practice guide for CE schemes, introducing the role of DNO's, the processes to follow to



connect different generation types and who to contact. This has been published on the ENA website, and used by each DNO respectively to engage local stakeholders, to ensure consistency in our communication.

- ✓ Plans are agreed for two CE workshops in Manchester and Oxford, co-hosted by all DNOs. Stakeholders including Ofgem, DECC and DNOs have identified the key role CE groups can play in network innovation. The events will help to identify and address any potential barriers CE groups face when engaging with DNOs about credible schemes. The aim is to bring together DNO's, CE groups, local authorities, Ofgem and other stakeholders who are involved or interested in involving communities in network innovation initiatives to learn lessons from current projects and stimulate new ideas for innovative approaches and partnerships.

5. MEASURING VALUE FOR MONEY

It is extremely important to our stakeholders that we demonstrate that we are delivering value for money.

Joint research to determine the value of qualitative outputs

Many of the actions we take as a result of stakeholder feedback are qualitative. Where there is an immediate financial benefit, a cost benefit analysis is relatively straightforward – for example, for our Citizens Advice fuel poverty scheme we ensure the cost per referral is under £120, in the knowledge that the savings are likely to significantly exceed this amount (£333 per customers). Where the outcomes are narrative however, for example an increase in customer awareness as a result of WPD's annual campaign, whilst the recorded outcomes are robust it can be difficult to demonstrate if the expenditure to achieve them was justified.

What we did

In 2015, we joined forces with National Grid Gas Distribution, who are tackling the same challenge, to commission joint "willingness to pay" research. The objective was to:

- Establish customer priorities between a range of service improvements WPD and NNGD can influence.
- Identify notional monetary values customers place on these levels of improvement.

We are not actually asking customers to pay more, the figures show what they would be hypothetically willing to pay extra per year to see the proposed improvements achieved. This then enables us to judge whether the cost of the actions to deliver improvements, can be achieved for less than the values customers place on them. We explained our current performance and various possible improvement levels (e.g. from 5%-20%), for eight industry-wide topics, listed in the table on the right.

How we did it

The research used a stated preference methodology, conducted by market research experts 'Accent' with a robust number of 500 domestic and business customers. The main results were obtained from a number of choice experiments, where different improvement levels in different service areas were combined into "packages" to understand how customers trade off different improvements and to obtain robust estimates of customer's willingness to pay for these. In summary, the results found:

Category	Preferred improvement level (for WPD only)	Value to customers
Customer satisfaction	5% improvement to 9.2/10 overall	95p
Connections satisfaction	7% improvement to 8.8/10	70p
Business carbon footprint	Deliver a 10% overall reduction	£2
Customer awareness	Increase to above 50% overall	£1.40
Safety	50,000 people educated a year	£1.50
Vulnerable customers	75,000 supported in emergencies	£3.30
Fuel poverty	12,500 customers supported	55p
Emergency resilience	Emergency response partnerships in place in 20% of communities	£1.75

For context the actual cost of the total 112 outputs WPD achieved in 2015/16 (see Part 1, page 6-7) is £3.7m – this is an average of 47p per customer.

Evidencing the cost benefit of key actions

The flagship initiatives outlined in our Part Two and Part Three submissions have made a very positive difference for stakeholders. We have reinvested the financial rewards achieved in the 2014/15 stakeholder reward scheme and more, to deliver significant benefits to customers. The table below summarises the value of some of these key actions:

Category	Example actions as a result of engagement	Total cost	Value to customers research to inform expenditure levels	Outcomes/benefits		Total value	Cost benefit
				Customer satisfaction	Service impact		
Customer satisfaction	Significantly improved accuracy of customer data (e.g. 2.9m mobile numbers added), led to 365k proactive calls and 706k proactive text messages	£215k £18k (text costs)	95p per WPD customer	✓ £850k Improved satisfaction with power cut service 8.96/10 (from 8.84) and general enquiries 9.24 (from 8.83) (Ofgem Broad Measure) 94.2% satisfaction with webchat service Huge messaging reach e.g. one tweet in Storm Imogen 8/2/2016 viewed by 53,597 customers	✓ £89k Reduced inbound calls by 35,909 Quick access to information in range of formats. Giving customers more choice (E.g. 666,323 online power cut map views; 23,897 webchats; 34,446 tweets)	£1.07 per WPD customer	✓ £1 per WPD customer
	New WPD smartphone app launched	£43k					
	Website redesign	£33k					
	Webchat launched & expanded social media	£5k					
	Six stakeholder workshops leading to 26 improvement actions (e.g. performance reporting, power cut support, WPD's approach to delivering smart networks etc)	£221k					
Connections satisfaction	Multiple engagement events and 1-2-1 sessions, for Distributed Generation (DG) and community energy (CE) customers	£79k	70p per WPD customer	✓ £1m Improved satisfaction with connections service 8.74/10 – highest in industry (Ofgem Broad Measure) 8.67 for DG and 8.52 for major connections (versus 8.34 industry average for all connections)	✓ £4.5m Total savings for all WPD customers of avoided reinforcement after 254 'smart' connections offers, released 635MW of capacity DG connection restrictions in South West to be lifted in 2017 following strategic network planning exercise Joint-DNO CE guide produced	£1.07 per WPD customer	✓ £1.36 per WPD customer
	DG research and new 'major' connections satisfaction survey to drive improvements	£52k					
	New policy for 'smart' connection offers as standard and new offer type launched	–					
	Improvements to self-service tools (e.g. capacity maps more frequently updated). Plus a best practice review of others	£14k					
	Strategic study future energy scenarios study	£180k					
Emergency response	Formal agreements with Local Resilience Forums and Nationwide Caterers Association	£40k	£1.75 per WPD customer	Improved emergency resilience/preparedness for customers. Particularly targeting the hard-to-reach via a range of partners	✓ £5.2m Value to customers reduced 12 hour faults and average power cut duration reduced by two seconds	£2.42 per WPD customer	✓ £2.33 per WPD customer
	30 new generators purchased	£644k					
	S.Wales Fire Service partnership – resilience support via 25,000 home fire safety checks	–					

NOTE: For vulnerable customer and fuel poverty cost benefit summaries, see Part 3 submission, page 10.

