



Western Power Distribution Stakeholder Workshop:

Bodmin February 2019

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1 | INTRODUCTION

On 7 February 2019, Western Power Distribution (WPD) hosted the third in a series of six stakeholder workshops aimed at gathering feedback from its stakeholders on the following topics: WPD's RIIO-ED2 engagement plan; the RIIO-ED2 framework and stakeholder expectations of the company; stakeholder priorities for RIIO-ED2; being a responsible business and building a 'social contract'; and smart future and the transition to Distribution System Operator (DSO). In addition, specific surgeries were hosted on the subject of: connections; consumer vulnerability; electric vehicles and wider innovation; and network charging.

The workshop took place at The Royal Cornwall Showground, Wadebridge. The event consisted of five presentations given by WPD representatives, each followed by round table discussions and electronic voting.

WPD instructed EQ Communications, a specialist stakeholder engagement consultancy, to independently facilitate the workshops and take notes of the comments made by stakeholders.

Every effort has been made to faithfully record the feedback given. In order to encourage candour and open debate, comments have not been ascribed to individuals. Instead, notes have been made of the type of organisation that each stakeholder represents.

The full presentation can be found at <https://www.westernpower.co.uk/downloads-view/29722>, with the agenda for the day on slide 4.



2 | EXECUTIVE SUMMARY

The workshop began with an introductory presentation from Alex Wilkes, Stakeholder Engagement Manager. Alex explained WPD's role distributing power to 7.9 million homes and businesses across its network area. He then explained how the company's role as a Distribution Network Operator (DNO) would evolve to become a Distribution System Operator (DSO).

SESSION 1: HOW WE ENGAGE WITH STAKEHOLDERS

Alex Wilkes introduced the opening workshop session, talking stakeholders through the business planning process and WPD's engagement timeline for RIIO-ED2. Alex's presentation can be found at <https://www.westernpower.co.uk/downloads-view/29722>, on slides 8–17. The key findings from the workshop were as follows:

- The most well-represented group at the event were local authority officers/elected representatives (representing 22.73% of stakeholders), followed by environmental groups (15.91%) and charity/non-profit organisations (13.64%). Delegates were particularly keen to discuss and learn more about WPD's role in the environment and renewables, and this interest tended to cut across all stakeholder types.
- Many of the attendees represented green technologies, such as wind, solar and wave power, and were focused on collaborating with WPD to improve capacity, reliability and connections to enable Cornwall to become a net exporter of renewable energy.
- Delegates were enthusiastic about being involved in future consultations with WPD. Although some recognised the benefits of online communications, there was consensus that the workshops were highly valued as they gave stakeholders the chance to network with like-minded people.
- It was felt that WPD should engage more with participants involved in financial and technical methods for the market, suppliers, and battery storage innovators, as well as community energy groups.

SESSION 2: THE RIIO-ED2 FRAMEWORK AND STAKEHOLDERS' EXPECTATIONS OF WPD

The second session of the morning was presented by Paul Branston, Regulatory & Government Affairs Manager. Paul explained the key features of the current Business Plan period and outlined Ofgem's proposed changes for RIIO-ED2. Paul's presentation can be found at <https://www.westernpower.co.uk/downloads-view/29722>, on slides 18–31. The key points raised by stakeholders were as follows:

- Stakeholders were asked to vote on whether they were aware of WPD's costs and the level of services delivered: 43% sat between 1 and 5 (where 1 is not aware) on the scale, with the remaining 58% falling between 6 and 10. Only 4% voted 10, an 'excellent understanding', showing more work was needed in this area.
- Stakeholders saw that increased understanding could be achieved with early education and clearer, more digestible information on customer bills, and by promoting the benefits of future plans. Others felt that value could be demonstrated by communicating about reductions in power cuts and WPD's commitment to resilience.
- There was general consensus that WPD's six strategic outcomes were still appropriate, but many wanted more clarity on the terms of delivering an environmentally sustainable network, as well as a commitment to defining 'future proofing' more concretely and a 'zero carbon' outcome.
- The majority wanted WPD to develop a pool of outputs, promising to deliver any that don't fit as 'wider commitments', with 61% voting for this as their preferred method.
- Delegates felt it was critical for WPD to keep the 76 outputs as targets, despite Ofgem's directive, and urged WPD to challenge and lead the regulator in this regard.

SESSION 3: STAKEHOLDER PRIORITIES FOR RIIO-ED2

Andrzej Michalowski, Planning and Regulation Special Projects Manager, introduced the third session of the morning. This session was aimed at identifying the priority areas that mattered most to stakeholders. Andrzej's presentation can be found at <https://www.westernpower.co.uk/downloads-view/29722>, on slides 35–45. The key points raised by stakeholders are shown below.

- Delegates mostly agreed that the right priority areas had been identified, but many wanted to see an additional education priority, a community engagement priority, and, in line with the predominant concern in Cornwall, a zero carbon priority.
- Network reliability, network resilience and cyber resilience were seen as very high priorities. This was reflected in the electronic voting, where stakeholders were asked to vote for their top priorities, and these areas garnered 8.15, 7.92 and 7.26 out of 10 respectively.
- There was a strong environmental concern in Cornwall, but stakeholders recognised that this priority area specified only WPD's environmental impact. Many therefore advocated putting environment in the middle or low category, viewing smart networks and innovation as key to enabling a greater reduction in carbon.
- Stakeholders wanted to see WPD take a leading role in enacting a whole systems approach, seeing that greater collaboration could have an impact on other priorities, such as innovation and cyber resilience.
- Suggesting wider actions in the area of the environment, many wanted WPD to commit to zero carbon emissions by 2030, and on cyber resilience, delegates encouraged WPD to create a set of industry-leading guidelines to demonstrate how they are tackling the threat.

SESSION 4: BEING A RESPONSIBLE BUSINESS: BUILDING A SOCIAL CONTRACT

Alex Wilkes, Stakeholder Engagement Manager, introduced the next session of the day. He explained the concept of a social contract and stakeholders were asked to consider what should be included in this. Alex's presentation can be found at <https://www.westernpower.co.uk/downloads-view/29722> on slides 47–59. The key points raised by stakeholders are shown below:

- Delegates reported a high level of trust in WPD. This was reflected in the electronic voting, where, when asked how much they trusted WPD, 82% of delegates declared themselves between 7 and 10 on a scale where 1 is 'not at all', and 10 is 'extremely highly'.
- There was a strong feeling that WPD's social contract should contain commitments to education, the environment and transparency regarding shareholders, capitalisation and taxation.
- There was consensus that the social contract should be presented as a discrete part of the Business Plan.
- Many stated that having the contract as a stand-alone section of the Business Plan would allow it to inform the plan as a whole and that if it was a separate document, it could be more easily dismissed or watered down.
- Stakeholders argued for the development of a range of social contract KPIs, which could then be measured and scrutinised by WPD's Customer Engagement Group.

SESSION 5: SMART FUTURE AND NEW POSSIBILITIES

Ben Godfrey, Network Strategy Team Manager, introduced the final session of the day. Ben talked stakeholders through WPD's DSO strategy and the changes that need to be made to the network to support electric vehicles (EVs) and the electrification of heat. Ben's presentation can be found at <https://www.westernpower.co.uk/downloads-view/29722> on slides 62–75. The key points raised by stakeholders are shown below:

- Stakeholders were enthusiastic about the idea of flexibility services; this could be witnessed in the electronic voting, where 52% declared themselves 'extremely likely' to participate as a domestic consumer.
- For most attendees, the benefit was seen to be financial, but many saw that flexibility might stimulate a behavioural change in energy use, and this societal, environmental consideration was more important to them than the potential financial benefits.
- There was some anxiety around charging EVs away from home, and this was borne out in the electronic voting; when stakeholders were asked which factors would make them more likely to consider EV ownership, speed of charging and access to charging points won 20% and 24% of the vote respectively.
- Delegates were more confident about the future of EVs in the workplace, with 47% of attendees confirming that plans to electrify their vehicles at their organisations were already underway.
- Stakeholders were divided over heat pumps, and this was reflected in the electronic voting, where 25% said they would never electrify their heat, and 25% said they would likely change to a heat pump in the next five years.



AFTERNOON SURGERY 1: CONNECTIONS

The surgery on connections was hosted by Tim Hughes, Connection Policy Manager.

- Stakeholders expressed frustration about spare capacity on the grid being hoarded and unused.
- This was clear from the discussion around the connections priority areas, where network capacity allocation and reservation was seen as the top priority.
- Delegates were keen to connect more renewables and many pointed out that better investment was needed from government to create more capacity, urging WPD to lobby government on this issue.

AFTERNOON SURGERY 2: EVS AND WIDER INNOVATION

The surgery on EVs and wider innovation was hosted by Paul Jewell, Policy Manager.

- Stakeholders felt frustrated with the policy of maximum capacity for the network, arguing for more flexibility, particularly when combining wind power with PV.
- Delegates were keen to know whether WPD were planning to work with housing developers to install three-phase cabling for future estates.
- Participants agreed that three-phase cabling would be an incentive when buying a new home.

AFTERNOON SURGERY 3: NETWORK CHARGING

The network charging surgery was hosted by Ben Godfrey, Network Strategy Team Manager.

- Delegates suggested that when determining network charges, there should be a minimum amount of units that are free or low price which could then increase, creating a fairer system for low users.
- Stakeholders wanted network charging to take into account how responsible each household is in their carbon production.
- Many felt that network charging was not fully transparent for consumers.

AFTERNOON SURGERY 4: CONSUMER VULNERABILITY

Alex Wilkes, Stakeholder Engagement Manager, hosted the consumer vulnerability surgery.

- The strategic goals for the 2019 action plan were broadly agreed with, although one stakeholder was of the view that efforts on developing local outreach services to help customers who are facing fuel poverty should be reduced.
- WPD was urged to increase collaboration, with delegates wanting WPD to work with others to increase understanding of vulnerability and to develop joint information with partners to combat fuel poverty.
- Stakeholders felt that encouraging the use of smart meters to combat vulnerability should be a priority.
- Delegates suggested ways to improve partner projects: piloting consumer vulnerability schemes to extend the vulnerability networks over the entire year rather than seasonally would ease pressure on collaboration and produce meaningful results.

WRITTEN FEEDBACK

After the workshop, stakeholders were asked to complete a short feedback form. Some of the key findings are shown below:

- 69% of attendees reported that they found the workshop 'very interesting', with 31% opting for 'interesting'.
- 98% 'agreed' or 'strongly agreed' that they had the opportunity to make their points and ask questions.
- 88% 'agreed' or 'strongly agreed' that the right topics were covered for them on the day, and 98% thought the workshop venue was 'good' or 'very good'.
- 62% thought EQ Communications' facilitation was 'very good', with 31% opting for 'good'.
- 81% of stakeholders indicated they would be interested in participating in WPD's RIIO-ED2 consultation at key points in the process. Of these, 27% favoured face-to-face workshops, with a second preference for focus groups at 22%. Least popular were webinars and written consultations, favoured by 9% and 10% respectively.

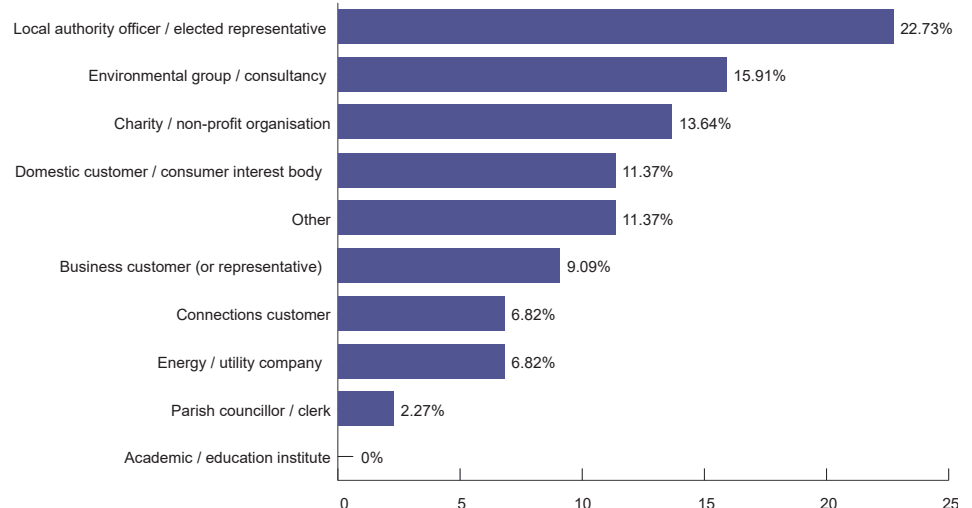


3 | ATTENDEES

A total of 54 stakeholders attended the workshop, representing 38 organisations. The organisations represented on the day are shown below:

- 361 Energy CIC
- All Wind UK Ltd
- Atlantic Energy
- BG Renewables
- BRE National Solar Centre
- Budock Parish Council
- Carley's of Cornwall Ltd
- Chacewater Energy Group
- Chacewater Parish Council
- Community Energy Plus
- Cornwall Council
- Cornwall Green Party
- Upcott House
- Energy Saving Trust
- Fieldpower Ltd
- Final Straw Cornwall
- Happy Energy Solutions Ltd
- Kensa Contracting
- Kier
- Lanteglos-by-Fowey Parish Council
- Mr. Electric
- Michelmores LLP
- Naked Solar
- National Energy Action
- Plymouth City Council
- Plymouth Energy Community
- PRP
- South West Water
- St Just-in-Roseland Parish Council
- Stithians Energy Group
- South West Energy Hub
- TEE Ltd
- Transition Network
- Totnes Renewable Energy Society
- Wave Hub Limited
- Westward Housing
- William Andrews RE Consultant
- Wadebridge Renewable Energy Network

Stakeholders were asked to vote electronically to identify their stakeholder type. The results were as follows:



4 | SESSION 1: HOW WE ENGAGE WITH STAKEHOLDERS

Summary of the discussion

The first discussion session was introduced by Alex Wilkes, Stakeholder Engagement Manager. Alex explained how WPD's role as a Distribution Network Operator (DNO), distributing power to 7.9 million homes and businesses, was changing to that of a Distribution System Operator (DSO) as a result of the increase in generation and storage connecting to the network.

Alex then outlined the business planning process, explaining that distribution networks are regional monopolies regulated by Ofgem, which sets price controls determining how much each network operator can spend.

He went on to talk stakeholders through WPD's timeline for engagement for the next price control period, RIIO-ED2, which runs for five years, beginning in 2023. Stakeholders were then asked to state their reasons for attending the workshop and outline how they would like to be involved in this programme of engagement.

Stakeholders came to Cornwall with a wide range of interests, with a particular slant on the environment and renewables. Many delegates represented newer and emerging green technologies, such as wind, solar and wave, and were keen to work with WPD to improve capacity, reliability and connections, and for WPD to put pressure on government to make these technologies financially attractive investments. Other interests included housing developments, heat pump manufacturing and the capacity for them on the network, fuel poverty, and community energy.

Delegates were very keen to be involved in future consultations with WPD, stressing the critical importance of maintaining a close dialogue as the energy network changes in fundamental ways. Others wanted to have a consultative role in steering WPD towards carbon neutrality, in line with the Intergovernmental Panel on Climate Change (IPCC) recommendation of total decarbonisation by 2030. Stakeholders expressed a willingness to be directly involved in WPD's engagement processes across a range of platforms, including face-to-face sessions and online communications, but highlighted the importance of having detailed, qualitative information to read and consider before attending. Some expressed frustration with email, and highlighted how valuable it is to meet and talk to like-minded people during the workshops. Others pointed to the need for more targeted, specialist workshops populated by experts in their field, while still more said that the post-workshop reports and follow-up make stakeholders feel listened to and valued.

Attendees suggested several key stakeholder groups that WPD should engage. Those representing business called for contact with participants involved in financial and technical methods for the market, with a view to spurring innovation. Some suggested involving big users like supermarkets, while others wanted to see suppliers, battery storage companies and electrical contractors better engaged. Delegates also put forward several community energy groups, such as Stithians and Community Power Cornwall.



1. WHY HAVE YOU ATTENDED TODAY, WHAT IS YOUR PARTICULAR AREA OF INTEREST AND WOULD YOU LIKE TO BE INVOLVED IN OUR CONSULTATION AT KEY POINTS?

Verbatim comments:

"I represent a community energy group. We're involved in helping people with fuel poverty, and apart from that, our general interest is to push community renewables and we want a grid that can support that."

Environmental group representative

"I'm a wind energy consultant. As you know, the industry has suffered in the last few years. I'm looking for WPD to put pressure on government to change its stance. I want to see how we can connect, so my main interests are connections and renewables."

Connections representative

"We're mainly a farming business, helping farms with renewables, and we also coordinate a number of groups to do with renewable energy. My main purpose here is to ensure we inject into the discussion the IPCC recommendations and reports that were recently issued, which require us to be entirely decarbonised by 2030, which seems to harmonise well with your Business Plan. So I'd like to see how you're doing with that."

Connections representative

"I'm also a member of Extinction Rebellion, which is a group that has recently been set up to ensure that the government changes direction by the end of this year. We've already been working on it, and have had meetings in London."

Connections representative

"I'm from Cornwall Council, and I'm here with two hats on. I work for a renewable energy business too. Cornwall Council has declared a climate emergency for Cornwall, so we are all in a state of urgency. We want to talk on a strategic level to see what we can do to help WPD. It is a critical partnership for what we can deliver for our citizens. We acknowledge Cornwall has a lot of natural resources in terms of renewable energy."

Local authority representative

"I work at a wave energy test centre, it's a very small team. Our focus is switching away from wave energy to floating offshore wind turbines, which means we have to increase our export capacity. I'm interested in connections."

Infrastructure / engineering representative

"We'd be happy to engage with anyone who will help us in our goal to reduce carbon. Having a local touch to the consultations would be great."

Energy / utilities representative

"My company produces heat pumps. We're the largest UK manufacturer of ground source heat pumps. The new SAP 10 is coming in, with building regulations including decarbonisation of electricity and electrification of heat. Our concern is whether the DNOs will be able to cope with heat pumps in everyone's houses."

Business representative

"I'm here to get Cornwall a zero carbon footprint very quickly – if we don't do that, we're putting ourselves and our children in danger because of climate change. Cornwall Council has just declared a climate emergency."

Parish council representative

"We were trying to connect into the network recently, we know that you've got a reinforcement plan coming up which involves different levels of connection. There are layers that go across 11kV and 33kV, but there's no vertical layer. You need that vertical communication. I'm not necessarily talking about a one-stop stop, but easier communication. It's almost like there's hierarchical team communication that is sideways, not up and down."

Connections representative

"I'm an electric car driver in the hospitality sector. I'm interested to see where WPD are going. Heat pumps and solar PV are of particular interest to me, and it would be great to see a range of flexible options in the future."

Connections representative

"Any involvement is good for my sector. It's about making sure our clients understand what's going on, particularly with regard to connections and the development of the DSO and smart grid solutions. An understanding of how that works is vital, so any involvement is a good thing."

Business representative

"Yes, definitely. From my point of view, it's about how we can prepare enough for the future. There is a rapidly changing landscape in departments like batteries and things that weren't even there a couple of years ago. It's about making sure WPD understand this. Investors are putting money into these generation projects, wanting the flexibility to connect. It's about making sure the network is fit for purpose."

Connections representative

2. WHAT METHODS OF ENGAGEMENT BEST SUIT YOU AND THE WIDER STAKEHOLDERS / CUSTOMERS THAT YOU REPRESENT?

Verbatim comments:

“Monthly progress updates on Business Plan developments would be good.”

Infrastructure / engineering representative

“Events are good, but value comes from knowing the details beforehand and involving people throughout the process. With this, you don’t need such frequent meetings.”

Infrastructure / engineering representative

“Face-to-face meetings allow for people to be in the moment and discuss views, which you don’t get with emails. There have to be opportunities to hear other people’s views.” **Energy / utilities representative**

“This kind of workshop is lovely, perhaps once a year. Online I could do more often.”

Parish council representative

“This workshop is good because it’s nice to meet people. You can pass out business cards. Webinars are fine if you’ve met a few times already.”

Connections representative

“Getting the information after these sessions makes it feel like we’ve really been listened to and considered.”

Infrastructure / engineering representative

“There are so many different elements of work that we cover – social obligations and EV, for example – so breaking them down to the individual elements with true experts at a workshop as opposed to a mixed room like this would be good.”

Connections representative

“I rely on face-to-face contact in that regard. There is nothing more frustrating than sending an email off into the ether and never knowing if that person has received your request. Sessions like this alleviate that concern a great deal.” **Business representative**

“I agree. But web-based communication can also be useful, provided that if you don’t get a satisfactory answer, there is a person you can contact too.”

Local authority representative

“My immediate input from a stakeholder engagement point of view is that this works for me. When it comes to costs and project-specific topics, getting in under the radar with you and your team is the best way to make things work.” **Connections representative**

3. ARE THERE ANY KEY STAKEHOLDER GROUPS THAT YOU FEEL IT IS VITAL TO INVOLVE?

Verbatim comments:

“I think in the future, participants who are going to be involved in financial and technical methods for the market. Anyone who is involved in that will be interesting to hear from, and it would help spur innovation and get people thinking about the future landscape.” **Business representative**

“Do WPD involve the industry people, the ones with the big demands? The big power drainers like supermarkets. Could you get them involved? They use a lot of energy in the day and not much at night, so it could be useful to get them involved.”

Infrastructure / engineering representative

“How about suppliers?”

Connections representative

“I think the council needs to be engaged in a smarter way. We’ve got new teams in the council that are more focused on green issues. It would be good to engage these new roles within the council.”

Connections representative

“Stithians is a local group that we feel has gone undiscovered by you.”

Energy / utilities representative

“Community Power Cornwall has been missed by you, I think.” **Business representative**

“My company provides advice about energy projects to SMEs. Electric vehicles are an issue. Maybe there are some battery-storage bodies that you may have missed?” **Connections representative**

“WPD should engage more with the relevant electrical contractors, as they are the ones experiencing problems with connections.”

Local authority representative



4

Your priorities - outputs for us to deliver

Innovation & New Services

Fuel Poverty

Customer Service

Affordability

Resilience

Network Resilience

Connections

Whole Systems Approach

Workforce Resilience

Build a Smart Network

Vulnerable Customers



WEST

5 | SESSION 2: THE RIIO-ED2 FRAMEWORK AND STAKEHOLDERS' EXPECTATIONS OF WPD

Summary of the discussion

The second discussion session was introduced by Paul Branston, Regulatory & Government Affairs Manager. Paul talked stakeholders through the key features of the current RIIO-ED1 Business Plan. He explained how stakeholders had identified six strategic outcomes that they expect WPD to deliver and how Ofgem is proposing to consolidate outcomes for RIIO-ED2 into three broader categories: 'Meet the needs of consumers and network users'; 'Maintain a safe and resilient network'; and 'Deliver an environmentally sustainable network'. Stakeholders were asked to consider whether WPD's six strategic outcomes are still appropriate and how they would propose to structure these under Ofgem's new categories.

Paul then talked stakeholders through Ofgem's Business Plan framework and how, within the three categories, there are three defined output types: License Obligations (LOs); Price Control Deliverables (PCDs); and Output Delivery Incentives (ODIs). He explained how this presented a challenge in terms of structuring and implementing the Business Plan in RIIO-ED2.

Paul concluded his presentation by talking attendees through what consumers get from WPD in return for the average £98 per annum they pay as part of their electricity bill, asking them to consider whether they thought this was good value for money.

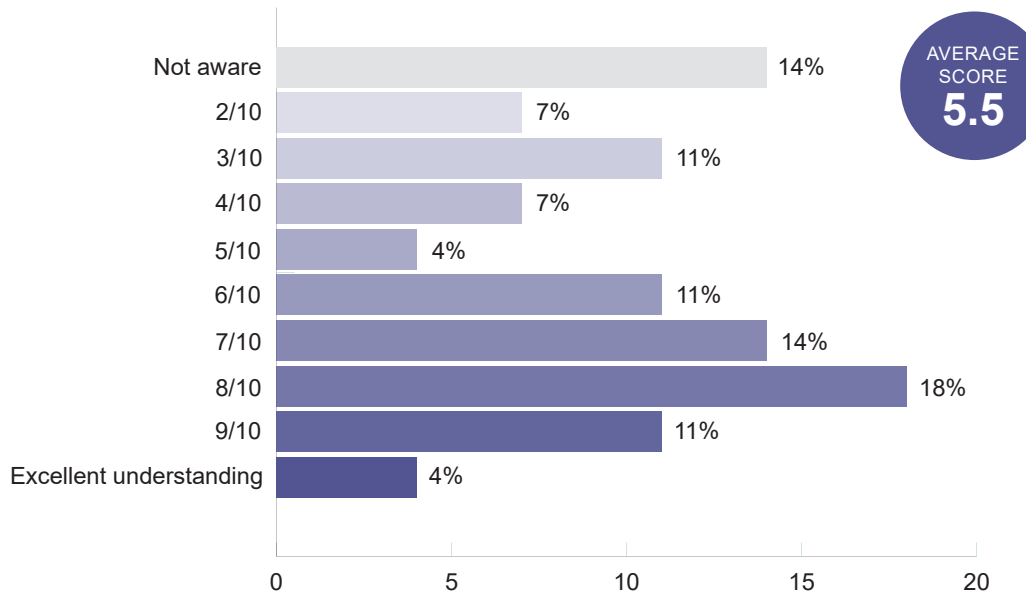
It was clear from the discussion that the room had varying levels of awareness of WPD's costs and the level of services delivered. This was reflected in the electronic voting, where 43% sat between 1 and 5 (where 1 is not aware) on the scale, with the remaining 58% lying between 6 and 10. Only 4% declared an 'excellent understanding', showing more work is needed in this area. Stakeholders agreed that increasing understanding of the energy network and distribution in particular was a challenge, but not an insurmountable one. They suggested early education and clearer, more digestible information on customer bills, and called on WPD to promote the benefits of future plans. Others saw that the picture is complex, particularly with more investment needed to increase capacity, and wanted WPD to commit to presenting a nuanced, honest view that accounts for this complexity when communicating with their end users. Others felt that value could be communicated to consumers by demonstrating a reduction in power cuts and highlighting the company's commitment to resilience.

Delegates mostly agreed that WPD's six strategic outcomes were still appropriate, but many wanted more clarity on how delivering an environmentally sustainable network could interact with deeper stakeholder engagement, and called on the company to define 'future proofing' more concretely. Others wanted to see a specific 'zero carbon' metric in the six outcomes and a clearer focus on investing in capacity in Cornwall, allowing greater export of renewable energy to the rest of the country. There was a clear appetite for WPD to use its power to lobby government to better support renewable alternatives, investment and generation. Still more felt that 'delivering an environmentally sustainable network' should arch over the remaining five outcomes as the top priority.

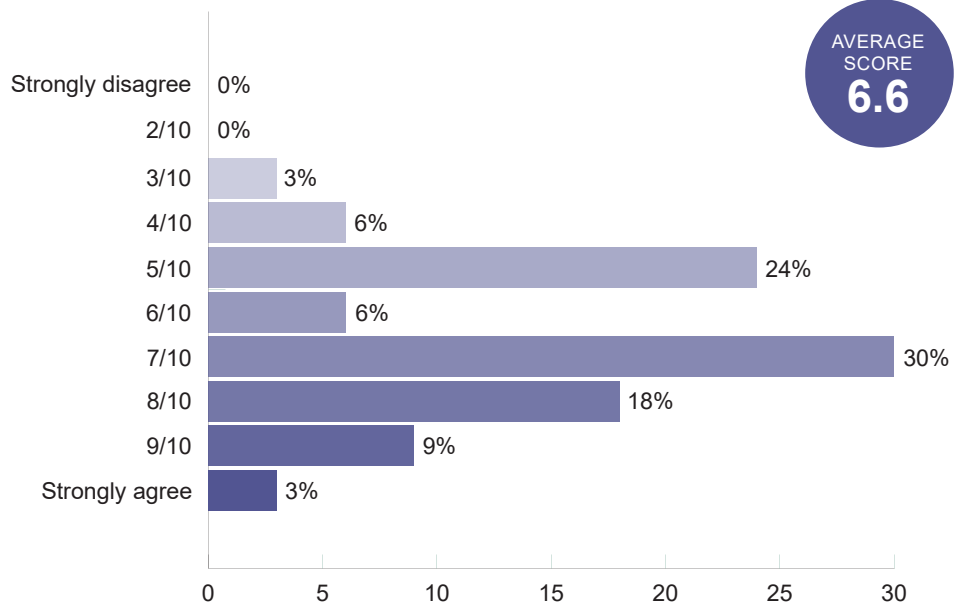
While some delegates agreed with the way in which WPD had set out their outcomes underneath Ofgem's new structure, others felt that deep structural change was needed to tackle the problems of climate and growth, and as such, none of the current structures were fit for purpose. Others felt that the 'future proofing' outcome needed to be placed under network resilience and environment and sustainability. The majority wanted WPD to develop a pool of outputs, promising to deliver any that don't fit as 'wider commitments'. This can be witnessed in the electronic voting, where 61% nominated this option (C) as their preferred method. Delegates argued that option C would enable WPD to set their own objectives for preparing for decarbonisation. Others felt it was incumbent on WPD and their stakeholders to keep the 76 outputs alive in conversation and action, even if Ofgem did not deem them important, and urged WPD to challenge and lead the regulator and also to act as a trendsetter, enabling other DNOs to achieve more.

1. WERE YOU AWARE OF WPD'S COSTS AND THE LEVELS OF SERVICES WE DELIVER? HOW CAN WE MAKE OUR COSTS CLEARER TO CUSTOMERS AND DEMONSTRATE WHAT OUR NETWORK DELIVERS?

On a scale of 1–10, how aware were you of WPD's costs and the levels of services we deliver?



On a scale of 1–10, how do you feel about the following statement?: 'WPD delivers good value for money'



Verbatim comments:

"I think a lot of it is to do with education, the average person doesn't understand how distribution works in terms of the network as a whole and what they're billed for."

Infrastructure / engineering representative

"The information needs to be presented in a way that non-specialists can understand."

Infrastructure / engineering representative

"I think it's difficult for customers, particularly consumers, to take part in that wheel of the different things. They look at the bill holistically, and are not going to look at a small part of it, so it's difficult to communicate. It might be worth working with the suppliers and the National Grid and coming up with a holistic view of how the bill works. It may be more effective to communicate like that with them. Each category there is a bit opaque, such as system costs. It would be better to do it in plain English, taking into account different tiers." **Business representative**

"I was aware. These days I'm more aware of how we are rapidly getting to capacity on the grid, and how you're going to improve on that obviously costs money. But with the government promising cheaper fuel bills, how is that going to equate into you having to spend that money? They are saying 'it's going to be cheaper', but on the other hand, you won't be able to afford it without increased prices. You need to be more honest with the public and stop promising that things will always get cheaper. They need to be made aware of how much we need to upgrade."

Connections representative

"I'm aware of WPD's costs but from a slightly different position from the average consumer because of the role I play. You need to revolutionise what you do. You are proactive in doing that, but that has real costs. It is a nuanced and complicated proposal you are trying to put forward, and you can't dumb it down, but the communication needs to be attempted as best you can." **Local authority representative**

"You need to be pushing the benefits of future plans as well. If there's a lack of electricity in certain areas, what are you going to do about it? I don't know much about the costs, but for me, I would rather know that for the next 10–20 years you will have enough power to do what we need, even if the bill goes up. I think if you educate people, they would get on board."

Local authority representative

"Value for money would be shown by reducing power cuts. If the power is constantly going down in some areas, it's about whether they invest in those areas. A lot of money is spent on upgrading networks for supermarkets, but it's about resilience for everyone."

Infrastructure / engineering representative

"I think the figures you've created are value for money, but I wasn't aware of them. I don't know how you engage with people on that level. I didn't know anything about WPD before these workshops."

Charity representative



2. ARE WPD'S SIX STRATEGY OUTCOMES STILL APPROPRIATE – ARE THERE ANY MISSING?

Verbatim comments:

"I would think all of these are still important key aspects of the overall picture. What's missing in 'delivering an environmentally sustainable network' could be interacting with stakeholders, in particular community groups. But also big businesses and power users and how they can help the grid be more flexible. They can use technology in their business or community that might save them money and also help the grid with flexibility. It's expensive to transition to a DSO, so things like that can be done on a micro-grid level and it can take some strain off the system."

Business representative

"Defining what 'future proof' means. That's what we are all trying to do. We are trying to create a scenario that helps you meet future requirements, with the effects of climate change and the decarbonisation of the economy, and obviously the grid supply system is integral to that goal." **Local authority representative**

"One is the capability of the network. I believe Cornwall is already at capacity, so I think a lot of work should be done in trying to speed up the reinforcement of the F-route. Lots of people want to export from Cornwall."

Environmental group representative

"I don't see carbon as a specific metric in these strategic outcomes. It would be good to see more emphasis on that. Would it not make sense to have some reflection about that and look to highlight renewables more?" **Local authority representative**

"Long term, we should be trying to make sure that we get a zero carbon footprint. It's possible with what you've got and what we have around the table – solar, wind, wave – is it feasible, and if not, why not? Wouldn't it be great as a top priority! We need to provide what people need, but long term, we need to be leading the way. I'd suggest 'zero carbon' as an output." **Parish council representative**

"You've got such power – now is the time to use it really wisely and selflessly. I know you're a business, but actually we're a society."

Parish council representative

"I completely agree with that: you are in such a beautifully powerful position to lobby the government. Of course you need to engage, but it all needs to be under the umbrella of reducing carbon. On the slides about vehicles, the environment commitment had something about replacing the fleet. Is that all WPD's distribution goals are? Can we not do something better that affects all customers? For example, investing in smarter technologies, lobbying the government and telling them that you have more capacity for embedded generation, and making renewables more socially acceptable. The difference from the last stakeholder group a year ago is that significant reports have come out since then. The dynamic needs to be change – customers do need reliability and affordability, you have an amazing record, but now is the time to raise the bar."

Connections representative

"Those policy changes will only happen in central government, which is why you're in such a powerful position. Make them see it's a social challenge and apolitical in nature." **Connections representative**

"We desperately need a feed-in tariff to make wave energy work."

Infrastructure / engineering representative

"I would say that delivering an environmentally sustainable network needs to span over the entire structure." **Connections representative**



3. DO YOU AGREE WITH HOW WE HAVE PROPOSED TO SET OUT OUR STRATEGIC OUTCOMES UNDER OFGEM'S NEW CATEGORIES?

Verbatim comments:

"You've got to pigeonhole it somehow to give it structure. It's as good as any."

Local authority representative

"It's quite clear and easy to understand."

Business representative

"The thing that troubles me is that we need deep systemic change. How we've structured things in the past is not how we're going to survive the future. So with the growth of distributed energy, and with energy coming in at all different points, I'm not sure how those three boxes fit into this. The nature of a rebellion and a revolution is that you're going to get the unexpected." **Connections representative**

"One observation is about the term 'future proof'. It's surprising that it's only captured under the environment and sustainability section. I feel like this should also be under the network resilience section as well, it's an idea relevant across the board."

Connections representative

"I think future proofing also pushes over into the network users category. A massive investment in the infrastructure is needed so that you don't have to ask people to change their habits."

Connections representative

"The overriding message from the start has to be reducing carbon use. This needs to have an overarching focus over the way that you set out your strategic outcomes." **Local authority representative**

"I think a 'smart, flexible & interconnected network' could go under 'maintain a safe and resilient network'."

Connections representative

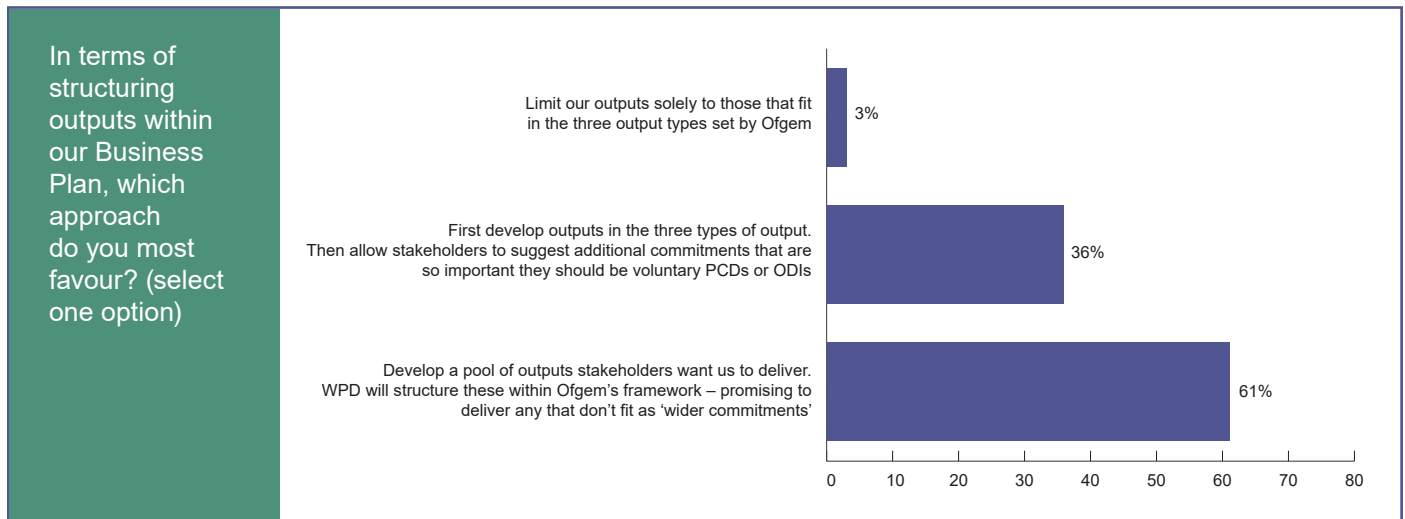
"I think it could even go under any of those three categories, because without a smart, flexible and interconnected network, how can WPD ensure the other outcomes are met?" **Business representative**

"So there is no scope to have an environmentally sustainable network to span all three of the strategic outcomes of the proposed structure for the next Business Plan? It's fairly fundamental."

Local authority representative



4. OFGEM HAVE THREE TYPES OF OUTPUT. HOW SHOULD WE PRESENT THE COMMITMENTS WE MAKE TO YOU AS STAKEHOLDERS?



Verbatim comments:

"I'd go for option C, as Ofgem doesn't seem to prioritise the necessary developments to make the network stable after decarbonisation, and if they don't do that, then following option A wouldn't achieve that. So we need to go for option C, to set your own objectives for preparing for decarbonisation."

Connections representative

"I would go for option C. It needs the whole industry to change and we need decarbonisation. That should be a priority across the board, but for the next generation, it's something we've really got to move forward with. Without WPD being at the forefront, I don't think it is achievable." **Connections representative**

"I would say C. It's important to keep some issues that aren't important in Ofgem's view in the conversation. It's all very well narrowing down to a small amount of topics, but stakeholders' needs are larger than that."

Business representative

"I think as the market leader that you are, WPD should be pushing Ofgem forwards. I don't think they'll do it on their own with the government behind them. I think it's for the industry to lead the regulator rather than the other way around." **Connections representative**

"Being a trendsetter would be a great role for you to play. The government is subsumed with other matters at the moment, so it's down to citizens to provide a good, stable future for the next generation, and you guys are at the forefront of that, so be leaders rather than waiting to be driven by regulators. Set the benchmark. That should be the mindset. Look over the horizon and try to be leaders for the future."

Local authority representative

"In terms of the ABC question, I think it's important to understand what's beyond Ofgem's vision. Stakeholders aren't necessarily experts, so how seriously you take stakeholders' feedback should be seriously considered."

Infrastructure / engineering representative

"We don't want WPD to strip the commitments right back. We want to emphasise the sense of urgency that we're feeling about reducing carbon use and climate change." **Energy / utilities representative**

"One of the things I often find in these projects is that the connections to Ofgem are the bottleneck to achieving the ambition. What you define here needs to be flexible and with targets, without stopping the opportunities as they come. Ofgem are not helping at the moment. WPD needs to challenge what Ofgem demands of them in a much more ambitious way. Some of what I see here is quite constraining. You need to be able to push back on Ofgem."

Connections representative

6 | SESSION 3: STAKEHOLDER PRIORITIES FOR RIIO-ED2

Summary of the discussion

The third workshop was introduced by Andrzej Michalowski, Planning and Regulation Special Projects Manager. Andrzej began by explaining that although feedback from stakeholders has shaped WPD's priority areas in the current Business Plan period, these areas change over time as new priorities emerge. Cyber security and electric vehicles were given as examples of priorities that had gained prominence in recent years.

Andrzej then talked stakeholders through each of WPD's 14 priority areas and the activities that are included as part of these. After the presentation, stakeholders were asked which areas they considered to be low, medium and high priority, giving the reasons for their decisions. They were then asked to come up with some proposed activities pertaining to the five 'highest scoring' priority areas.

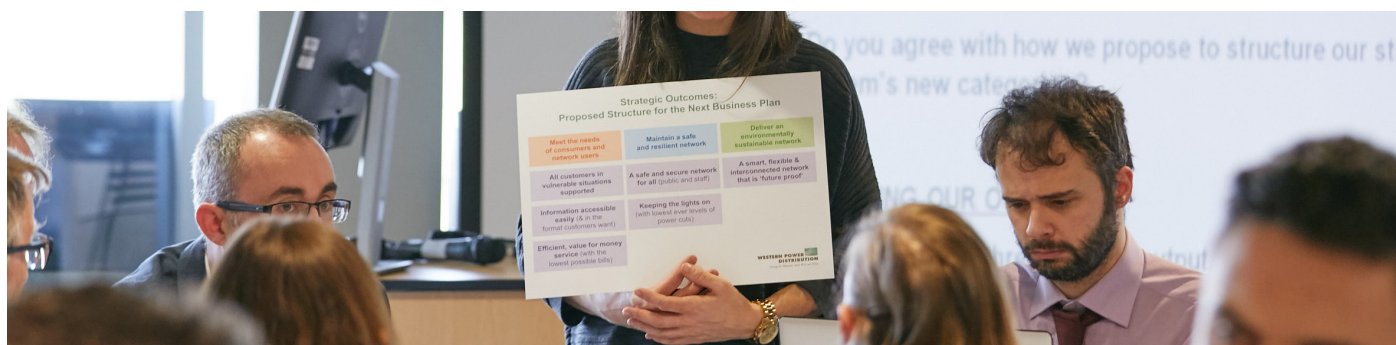
Although there was broad consensus that the right priority areas had been identified, many delegates wanted to see an education priority, with a mandate to educating and informing future generations of energy users. Following on from this, others wanted to see a community engagement priority and, in keeping with the overarching concern in Cornwall, a zero carbon priority.

Stakeholders discussed their top priority areas. Network reliability, connections and building a smart network were seen as very high priorities. This was reflected in the electronic voting, where they garnered an average of 8.15, 8.09 and 7.97 out of 10 respectively. The sorts of activities that stakeholders wanted to see under network reliability were unsurprisingly in relation to reducing planned and unplanned outages. For connections, stakeholders wanted to see WPD focus on the delivery of capacity to facilitate growth, keeping costs competitive and improving the process, as it was felt ensuring ease and speed of connections would enable more take up of renewables. For building a smart network, a lot of activities were suggested, including flexibility contracts and active network management.

Network resilience was voted fourth, with stakeholders wanting to see WPD focus on weather protection as well as more collaboration with other utilities and the supply chain. Whilst electric vehicles were voted fifth, they did not come higher because it was felt they were only starting to come on to the system and other areas needed more focus immediately, such as smart networks and network resilience. On EVs, delegates wanted to see every new home fitted with EV charging capability and a greater focus on vehicle-to-grid storage.

Given the strong concern over the environment in Cornwall, stakeholders recognised that this area specifically related to the business's environmental impact and not the wider picture. As such, many advocated putting environment in the middle and suggested that prioritising smart networks and innovation instead would enable a greater reduction in carbon. On environment, many wanted WPD to commit to zero carbon emissions by 2030, in line with the Intergovernmental Panel on Climate Change recommendations.

Fuel poverty was voted the lowest priority in the electronic voting. While it was seen as important, it was also felt to be a government issue, and delegates expressed concern that funding for this was being drawn away from other issues.



1. HAVE WE IDENTIFIED THE RIGHT PRIORITY AREAS? ARE ANY MISSING?

Verbatim comments:

"It seems pretty comprehensive."

Connections representative

"There's more there than I thought you'd be considering, which is great."

Connections representative

"Education around behavioural change, as prevention is better than cure. Education should occur from an earlier stage."

Infrastructure / engineering representative

"If you educate children from an early age, that will impact how households are run."

Infrastructure / engineering representative

"I think community integration and community involvement. It's about getting them to contribute and gaining that two-way flow there."

Business representative

"I think we're missing enabling zero carbon. It's a serious issue that WPD needs to focus on and as such, it needs to be more visible."

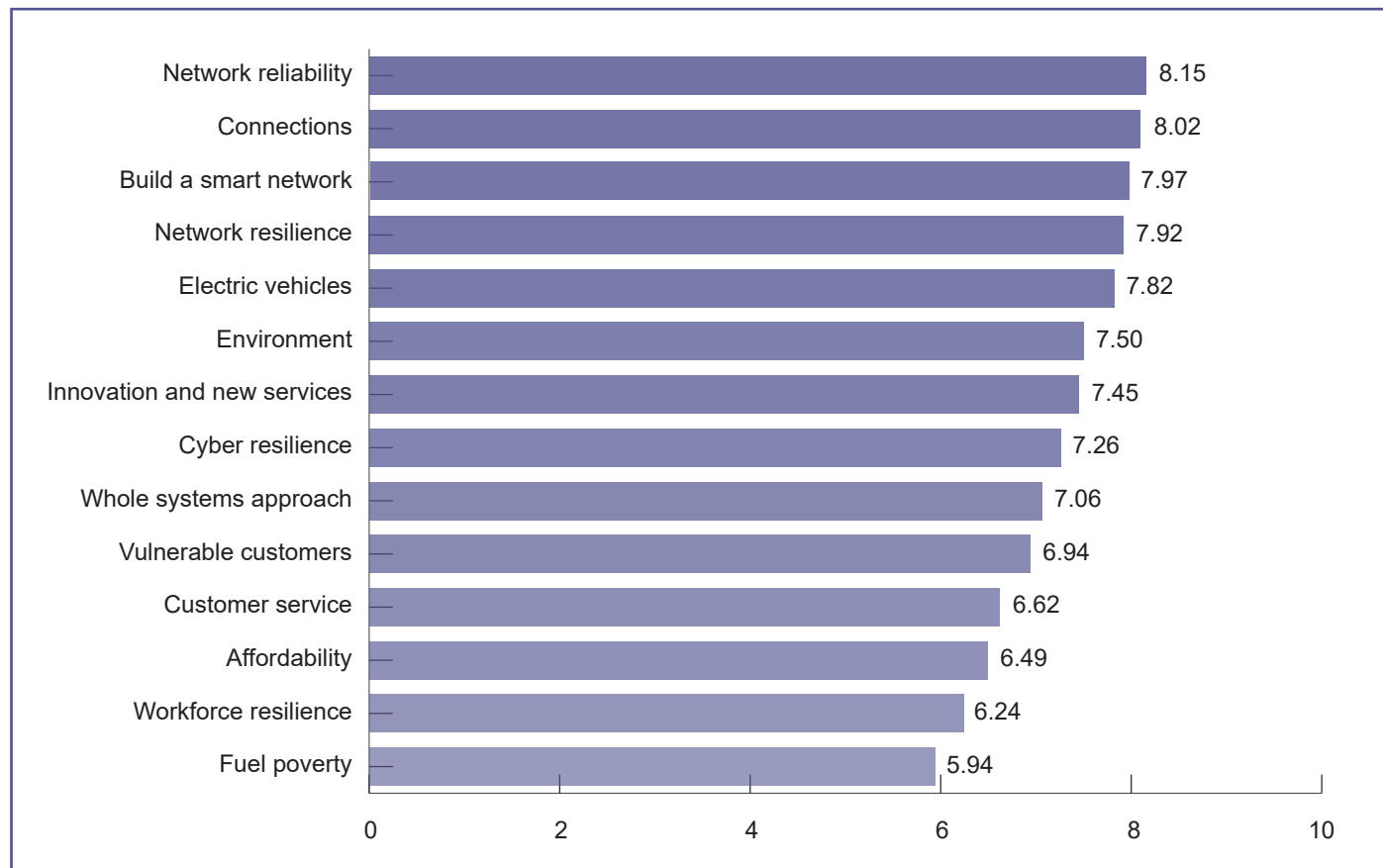
Connections representative

"Decarbonisation, separate from environment, which is a catch-all." **Environmental group representative**



2. WHICH PRIORITY AREAS ARE MOST IMPORTANT TO YOU?

Stakeholders were asked to review each of WPD's 14 priority areas and rank them according to whether they considered them to be high, medium or low priority, giving their reasons for doing so. The facilitation prop used to elicit feedback is included in Appendix 1 of this document.



Verbatim comments:

"Network resilience is key."

Infrastructure / engineering representative

"Building a smart network has got to be a high one. If you build a smart network, everything would improve. You'd improve resilience and environmental outcomes."

Infrastructure / engineering representative

"EVs are medium, as they're happening, and the network can handle them for the time being. You need to sort out the other stuff before prioritising that."

Infrastructure / engineering representative

"I think connections is handled very well already. You obviously need some better automation and a technological update on the process, but as you've done such a good job, it should be low."

Connections representative

"You're enabling the uptake of low carbon technologies in general already. By diverting funds away from something like connections, you'll be hindering people setting up low carbon generation."

Connections representative

"Whole systems approach is a prerequisite moving forward; I can't see how we can add connections in 10 years with EVs if the whole system isn't being considered."

Infrastructure / engineering representative

"A whole system approach is the only way forward here in Cornwall. If you're building a smart network, this needs to go along with it."

Environmental group representative

"It's important to note that innovation perhaps stems from other companies as opposed to the regional distributor, so this shouldn't be a direct priority for WPD. The same goes for cyber security: this ought to be an industry-wide development rather than the sole responsibility of WPD."

Connections representative

“Cyber resilience should be the top priority. You can have the best connected low carbon smartest grid in the world, but if it goes down, that doesn’t matter.”

Connections representative

“Cyber resilience should be built into the smart network.” **Local authority representative**

“WPD shouldn’t spend so much money on fuel poverty. I say that even though I work in that area.”

Environmental group representative

“I don’t think it’s WPD’s role to affect vulnerable customers that much, it’s central government’s role, although it’s great that you offer it as an addition.”

Connections representative

“As a facilitator, in trying to tackle fuel poverty, you’ll be taking funds away from the users, so addressing it is counter intuitive.” **Connections representative**

“I disagree. This idea of enabling low carbon shouldn’t be top priority. Surely developing a whole systems approach is more important to ensure that there is maximum efficiency and accessibility. The system has to be properly connected, otherwise low carbon is completely irrelevant.”

Local authority representative

“I disagree. environment is the most important thing.”

Connections representative

“If you build a smart network, then hopefully that would decrease fuel poverty.”

Connections representative

“I really struggle with the notion that fuel poverty and vulnerability are low priority. That sucks. I would put fuel poverty as high.” **Local authority representative**

“I think WPD have a limited role to play in ‘environment’ because they’re not generating the power. I do think that the environment is the biggest issue facing everyone now, but WPD’s part of it is maintaining the grid, not the generation, which is where the pollution comes from.”

Business representative

“I wouldn’t have environment as the highest priority when I think about what the specific role of WPD is. It’s important but isn’t your responsibility.”

Connections representative

“It’s interesting what we’re categorising as environment. Surely environmental issues should be inherent in the business in general.”

Infrastructure / engineering representative

“We need to prioritise low carbon emissions above all else. Civilisation is doomed if we don’t take immediate action.” **Connections representative**



3. TAKING YOUR HIGHEST PRIORITY AREAS, WHAT ACTIVITIES DO YOU WANT US TO FOCUS ON?

For this question, each table picked some of the areas that they had prioritised highest and suggested specific activities for each one. The table on page 25 shows activities suggested by stakeholders at the event under each of the chosen priority areas.

The priority areas are shown in order according to how highly stakeholders ranked them when they were asked to vote on which they deemed the most important. If a priority area is missing, it means it was not discussed in detail as part of this exercise at any of the tables. The priorities highlighted in yellow at the bottom are the new priority areas that were suggested during the previous exercise. The facilitation prop used to for this exercise is included in Appendix 2 of this document.

Verbatim comments:

“For network reliability, I think keeping power cuts down.” **Business representative**

“When building a smart network, you need to be integrating storage into the network.”
Business representative

“I don’t think we can use the website for the size of connections we’re asking for. The online process could be improved.”
Infrastructure / engineering representative

“It’s about being more interactive.”
Connections representative

“When we have extreme weather, you hear news about how X number of customers are cut off supply, in terms of public engagement you need to deliver the positive story of how many people have stayed connected or been switched back on.”
Business representative

“For the network resilience category, do a review of generation processes. For example, the integration of wind, solar, tidal and marine, which in this area is something that has been looked into, but not properly.”
Connections representative

“For cyber resilience, develop a set of guidelines. Be industry leading. Say ‘this is what we are doing and this is how we do it’. Be that group at the forefront, like you are at moment with RIIO-ED1.”
Business representative

“Building interconnectors. If you’ve got a very sparse network, if you build an interconnector from one part to another, you can store that supply.”
Environmental group representative

“Could WPD not talk to customers more about EVs, their role and their technological requirements to ensure that the wider public is more aware of all of this?” **Energy / utilities representative**

“I’d like every new house to have an EV connection, standard three-phase. It’s a big ask, but it would be so we get a decent amount of PV, and we get the potential for EV and potential for heat pumps.”
Connections representative

“Regarding EV, we need to be able to accommodate more storage. One idea would be to sell all electric cars with in-built solar panels, for example, so that they have the renewables to charge them and don’t need to rely so heavily on charging points. This could be done via incentives, such as discounted PV if you invest in EV.” **Connections representative**

“Regarding the environment, according to what we discussed earlier, you should be heading for zero carbon output by 2030.”
Connections representative

“Could we go one step further and have negative carbon output, or positive carbon?” Business representative “When it comes to innovation, peer-to-peer training and increased collaboration in connections between energy providers would help. This would greatly simplify things.”
Connections representative

“With behavioural engagement, anti-smoking campaigns have been massively successful after 10 years. You need the same approach for avoiding fuel waste, reducing emissions. You need a high level of collaboration to send out that message.”
Infrastructure / engineering representative

“As customers, we’re not being kept informed. You should follow the lead of Amazon and the updates they give you on a package arriving.”
Connections representative

7 | SESSION 4: BEING A RESPONSIBLE BUSINESS: BUILDING A SOCIAL CONTRACT

Summary of the discussion

Alex Wilkes, Stakeholder Engagement Manager, introduced the fourth workshop session. Alex explained the concept of a social contract. He explained that it could provide a framework to enable customers and stakeholders to hold WPD to account. He then talked about some of the facets that might be included in this, such as clarity on tax affairs; excellent environmental performance; and transparent mechanisms that enable customers and stakeholders to influence the company's decisions.

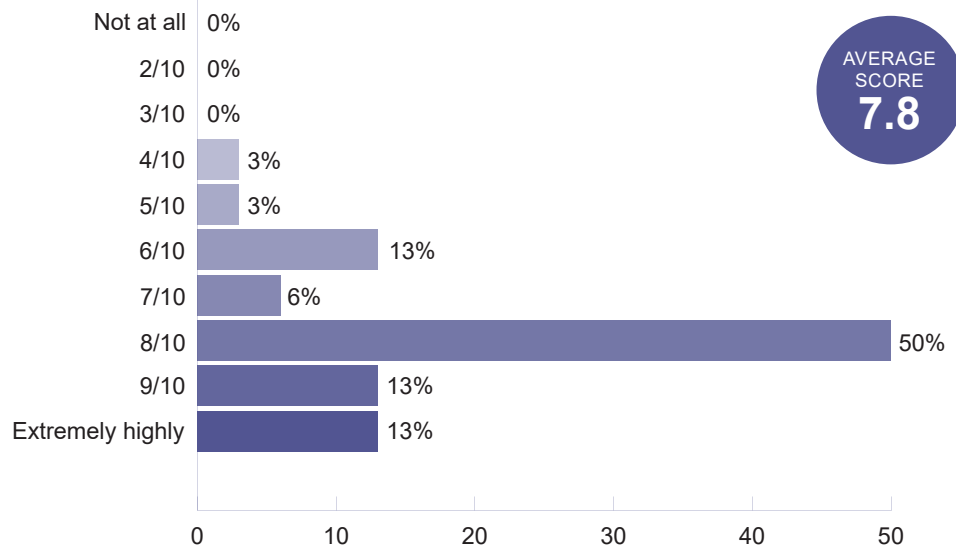
Alex then went on to explain Ofgem's requirements for 'enhanced engagement' and the role that WPD's Customer Engagement Group (CEG) would have in the delivery of this, giving customers a stronger voice in the next Business Plan period. He then talked stakeholders through WPD's proposals for how the social contract could be presented and how it should be scrutinised.

Delegates expressed a mostly high level of trust in WPD, and this was reflected in the electronic voting, where 82% of delegates declared themselves between 7 and 10 on a scale where 1 is not at all, and 10 is extremely highly. Many wanted to see WPD's social contract contain commitments to education and the environment. Others focused on transparency regarding shareholders, capitalisation and taxation, and a pledge to deliver the living wage for WPD's employees. Following on from this, some mooted a commitment to making the top echelon of management's salaries not exceed a proportion of the rest of WPD's workforce. The idea of being socially responsible was also on attendees' minds: addressing the climate emergency, carbon neutrality, local community investment and the use of local labour in any social contract were all seen as vital.

The majority of those present felt that the social contract should be presented as a discrete part of the Business Plan, and this option attracted 53% of the electronic votes. Many felt that having the contract within the Business Plan would allow it to inform the plan as a whole, being true to the idea of a 'golden thread'. There was concern that if it was a separate document, it could be hived off and forgotten. Stakeholders advocated developing a range of KPIs relating to the social contract, which could then be measured and scrutinised by WPD's CEG. Some put forward the possibility of a citizens' jury to externally monitor the fulfilment of the contract. Others felt that the central idea of building trust was more important than the added bureaucracy of external groups assessing WPD's work. The idea of external audits was discussed, and it was agreed that this process, if needed, should start after a period of time has elapsed. Some advocated having more customer representatives on WPD's board to hold them to account. Financial penalties were agreed to be complex, as WPD's income ultimately derives from its customer base: a donation to charity in the event that an element of the social contract was not upheld was presented as an alternative.



On a scale of 1–10, how much do you trust WPD?



1. WHAT SHOULD WPD'S SOCIAL CONTRACT CONTAIN?

Verbatim comments:

"Environmental benefits and education. Educating people's behaviours, giving them information about how WPD works." **Business representative**

"I think the social contract is reassuringly optimistic." **Local authority representative**

"Transparency is fundamental, not just for WPD but all DNOs and utility companies. Wales and West Utilities is owned by a Chinese company, and WPD is owned by an American company." **Business representative**

"Paying a living wage and good working conditions don't seem to be clearly outlined. Directors are the ones making the most money and are more inclined to act in short-term gain. Plus, WPD is an American-owned company and we all know how that type of business model functions. While I appreciate that regulation is present, there is a need for greater transparency." **Connections representative**

"I like the idea of local community investment. As a community, it would be nice to have some kind of statement that this is desirable. It would give people faith in the company to have a statement of intent." **Connections representative**

"I think the climate emergency fits in with your social responsibility. We all have a responsibility as citizens of the globe. So it's there, but maybe you should make it more explicit." **Local authority representative**

"Transparency is one of the biggest things. Amazon and Facebook have not been very transparent about tax affairs or other things, and that's when you lose trust. Also, with rail companies, you have no idea what goes on behind the scenes. I think transparency is really important." **Business representative**

"The fair wage accreditation has value as it's independent. Publishing the percentage paid to shareholders is also very important."

Infrastructure / engineering representative

"The golden thread should be carbon reduction. All the other things are perfectly valid, but I think that you may well be doing that already, so it feels less of a priority. Carbon neutrality is the flagship commitment to me." **Energy / utilities representative**

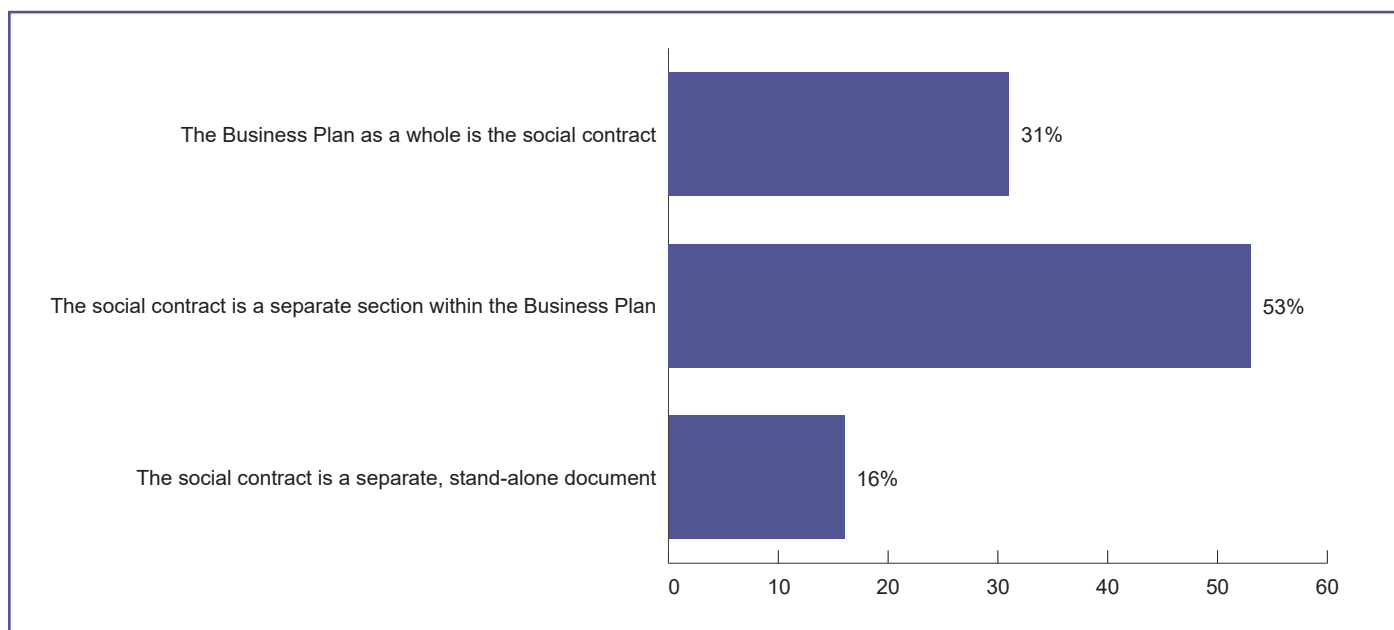
"One thing I'd like to know is where does WPD obtain its capital from? Because some companies, for instance water companies, are allowed to extract a levy capital from their customers. 29% of what we pay South West Water was money given for investment, and it particularly excited me that the regulator calculates their profits on the capital without asking where the capital came from, so we're paying interest on capital we've already paid for. So more transparency is needed, as well as clarity so that lay people can understand it. It needs to be accessible to everyone." **Connections representative**

"Maybe it should be proposed that the CEO's and board members' salaries should never exceed a certain percentage of the average worker's." **Connections representative**

"I think the idea of a social contract serves the community very well, for example, the idea of engaging with local communities and vulnerable people. That's exactly what I want to see." **Charity representative**

"Why not insist on the use of local labour? For example, WPD could insist on a minimum percentage of local people being employed in local contracts. In my industry, I often see contractors who have travelled across the country to work on a building project, whereas local people simply aren't being employed." **Connections representative**

2. HOW SHOULD WPD PRESENT THEIR SOCIAL CONTRACT?



Verbatim comments:

“It should be a key goal or strategic target of your business, overarching the Business Plan. I’m saying it should sit above it, and then be completely intertwined in every thought process.”

Local authority representative

“I think it should be embedded through everything you do, so when you do your Business Plan, it should be addressed in each question, it should inform every single decision. It should be at the top, showing how what you’re doing is affecting the future.”

Environmental group representative

“I like the phrase ‘runs through like a golden thread’, as the Business Plan is doing more than just the social contract, so the idea that the contract is informing the whole makes more sense to me.”

Connections representative

“You should be writing Business Plans with all these reasons in mind, referring in each section to how it fits in with the social contract and helps you achieve those goals. Have it separately, but also throughout the Business Plan, so that you have an overarching set of values.” **Business representative**

“If you separate it out and make it a stand-alone element, you lose the integration, and it can be hived off and forgotten. If it’s an integral part of the thinking, you can’t miss it.” **Local authority representative**

“In solar we work on a similar basis. If you have a positive moral foundation in place, you don’t need to script and justify your social responsibility at every turn.” **Connections representative**

“I find the term ‘social contract’ quite corporate. It doesn’t seem to sum up the aims of social responsibility and community engagement presented here. You should change the word ‘contract’ to ‘commitment’ or ‘obligation’.”

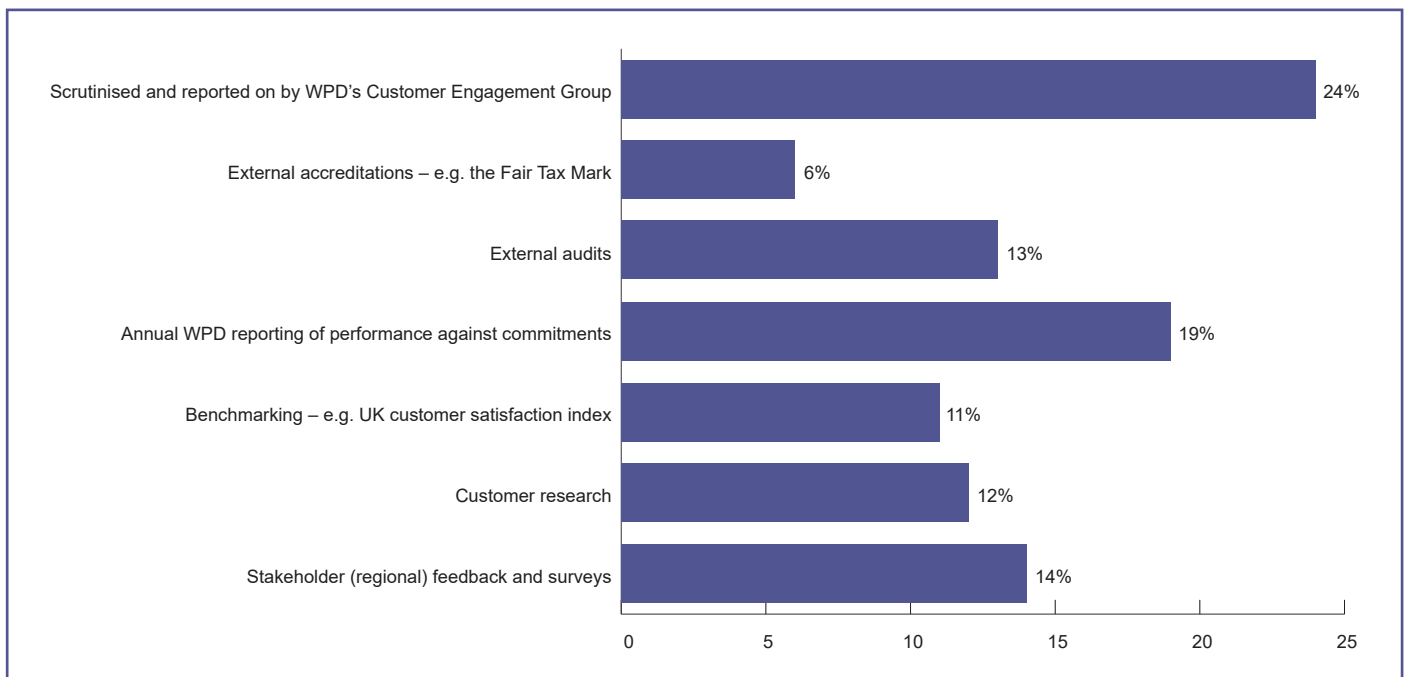
Infrastructure / engineering representative

“The fact that we’re sitting here talking to you shows that you’re a transparent company which values consumers’ opinions, so make sure that you translate that clarity into your report.”

Energy / utilities representative



3. HOW SHOULD WPD DEMONSTRATE THEY ARE DELIVERING IT?



Verbatim comments:

"You need a range of key performance indicators that show your compliance with these elements, and then you need scrutiny of that from a CEG to interrogate and question how the figures could be misleading. So I think that's where you need to have those KPIs, as part of the Business Plan, so we can assess your adherence to your social contract."

Local authority representative

"It's about how far down the rabbit hole you want to go. Obviously external accreditation or auditing involve costs and a knock-on effect of that is a bigger bill. So I think start simple and see how you progress."

Connections representative

"I think you need to have audited resistance to keep the data transparent. If there are question marks as to whether this is accurate, then you should bring in external auditors. I wouldn't go for a full audit process from day one, though, as it's slow and doesn't get results necessarily." **Local authority representative**

"I'm not sure how well customer engagement groups will be able to scrutinise your tax policy. You will need a wide range of external auditing. I guess the customer scrutiny of the organisation will be a similar group to who is here at the meeting today. They will need an understanding of what the social obligations are and of WPD's role." **Charity representative**

"The term 'corporate responsibility' is a nice thing to have, but in comparison, a contract does mean that if you don't deliver, there are penalties. So you need to say what you're going to do, and be upfront and say that if you don't do it, there are penalties. Otherwise it devalues it." **Connections representative**

"A citizens' jury would be a good solution for trying to measure whether WPD is keeping its promises. Even though it would cost a lot of money, the NHS has used it successfully with dealing with mental health cases."

Energy / utilities representative

"Building trust is more important to me than having an independent body to oversee compliance. You also don't want to create too many groups and muddy the waters."

Environmental group representative

"You said customers can hold WPD to account. My question is, how? If they commit an offence and they're fined, that fine goes into the treasury, but it doesn't go back to the customer who's been offended. It's not all about cost, but it's just working out how it's structured. Maybe the financial penalty should go back to the customer." **Connections representative**

"To add to the confusion, none of us pay a bill to WPD as a consumer. Then there's a responsibility for the energy supplier to pass on the saving, which they wouldn't. The compensation idea would be a nightmare to administer." **Connections representative**

"If the social contract is not followed, there should be an agreement that a certain amount would be donated to environmental or fuel poverty charities. The equivalent of a financial penalty." **Charity representative**

"Regarding governance, why not have more customer representatives on the board? If they aren't there, how are their views being represented? Of course, customers can attend customer engagement sessions, but they aren't actually on the board. If you aren't at the right level, your views aren't taken into account."

Connections representative



Karen McCalman
WPD

Karen McCalman
WPD

8 | SESSION 5: SMART FUTURE AND NEW POSSIBILITIES

Summary of the discussion

The final workshop session was introduced by Ben Godfrey, Network Strategy Team Manager. Ben told stakeholders that WPD has published its DSO strategy, detailing the additional roles the company would take on within the energy system, and explaining that the strategy had been produced further to consultation with stakeholders. He explained how scenario-based forecasting had informed this strategy, enabling the company to build a regional picture of demand, generation and storage uptake.

Ben then explained how flexibility, rather than conventional reinforcement, could be used to provide an economic and secure supply of electricity. Ben then talked stakeholders through the company's plans for flexibility in the coming year, and how flexibility across 79 primary substations would defer up to £40 million worth of load-related reinforcement.

Ben then talked stakeholders through the work that WPD is doing to facilitate both the adoption of electric vehicles (EVs) and the decarbonisation of heat, highlighting the importance of understanding likely consumer behaviour.

Delegates agreed that they would like regular updates on the transition to DSO, and were happy to find this information online. They wanted to see, in particular, reporting against flexibility services and electric vehicles. Stakeholders responded positively to the idea of flexibility services, and this was reflected in the electronic voting, where 52% declared themselves 'extremely likely' to participate as a domestic customer. For most attendees, the benefit was seen to be financial, and many saw increasing domestic automation as the primary way to persuade more homes to take up the opportunities offered by flexible services. Other delegates saw that flexibility could precipitate a behavioural change in energy use, and this societal, ethical consideration was more important to them than the monetary aspect. Some were resistant to participate until they felt their homes were 'smart' enough to really see the benefits, but many felt their businesses were ready for such a change. Delegates from the connections industry saw aggregators as a viable method for easing the transition to flexibility for both businesses and domestic customers.

Delegates discussed hypothetically owning EVs and what factors would be important to them when it comes to charging. There was most anxiety around charging the vehicles away from home, and this was borne out in the electronic voting, where speed of charging and access to charging points won 20% and 24% of the vote respectively. Many felt the technology was not there yet and could be subject to unforeseen changes, and this was keeping them back from investing in EVs. There was a geographical consideration in Cornwall, too, with many stating that the distances they had to travel were prohibitive to the current ranges of EVs. Others worried that the environmental cost of charging their EVs was too high. 47% of attendees confirmed that plans to electrify their vehicles at their organisations were already underway. Those who were hesitant expressed anxieties around access to charging points and upfront investment costs.

Opinion was split over heat pumps, and this was reflected in the electronic voting, where 25% said they would never electrify their heat and 25% said they would likely change to a heat pump in the next five years. Many saw the upfront costs as prohibitively expensive and worried about affordability in general. Others saw that a more general cultural shift was needed, as people are now used to having very warm homes and would feel anxious about any change to that norm. In this respect, more information, clarity and education around heat pumps was seen as vital.

1. HOW WOULD YOU LIKE WPD TO REPORT PROGRESS AGAINST THE TRANSITION TO DSO?

Verbatim comments:

"I think the way it's been done is quite good, especially compared to other DNOs. It's clear, so continuing to report in that format would be great."

Business representative

"No letters because of carbon, obviously. Emails and online information available to those who are interested would be best."

Connections representative

"The flexibility services would be an interesting one to be updated on regularly. It seems to feed into all of the other categories, it's a common theme between all of them."

Connections representative

"Looking at these eight areas, I think they're all as important as each other. Personally, I'd like to hear more about their involvement with EV."

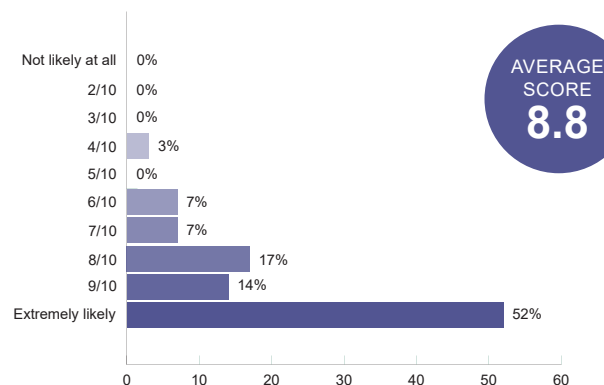
Business representative

"If it's on the website, then anyone can refer to it."

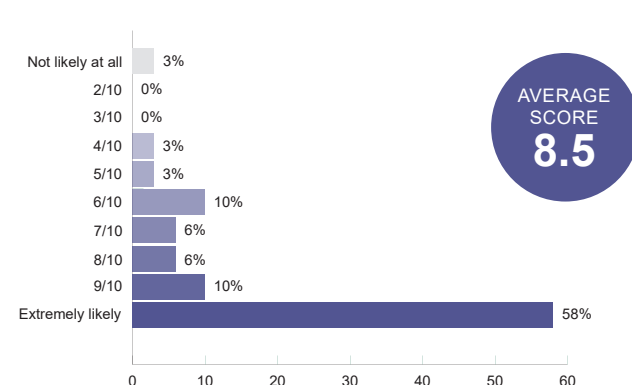
Charity representative

2. HOW LIKELY ARE YOU TO PARTICIPATE IN FLEXIBLE SERVICES – AS A DOMESTIC CUSTOMER AND FROM A WORK / BUSINESS PERSPECTIVE?

On a scale of 1 to 10, as a domestic customer, how likely are you to be flexible in terms of your energy use / generation in return for a financial saving?



On a scale of 1 to 10, how likely is your organisation to be flexible in terms of your energy use / generation in return for a financial saving?



Verbatim comments:

"Money off my bill would incentivise me."

Parish council representative

"Even though financial incentives are good, moving towards flexible services is more important for ethical reasons. We need to keep thinking about this as an exercise of getting people to change their behaviours."

Environmental group representative

"It seems to me that if your company can signal to the devices, such as the electric vehicle, fridge or whatever, that there is a peak or lull, then manufacturers will put in a device to detect that, and then you don't have to worry about it, it will happen automatically."

Connections representative

“Domestically, not until I have the right infrastructure in the house. I don’t have storage or generation, so there’s not much I can do, but it’s shifting. As a business, my firm I can’t speak for, but a lot of my clients already participate in flexible services. Demand generation is something they actively participate in.”

Business representative

“In terms of smart switching, my barrier at the moment is cyber confidence, and understanding that as being a robust system. I’m resistant to buying into that yet. On the business scale, in terms of flexibility and storage systems in my renewable energy business, it’s a very opaque system at the moment. The incentives are very hard to understand, and whether you can actually make something work on paper and in reality is the biggest barrier for me progressing anything in that area.”

Local authority representative

“If and when the smart meters get rolled out competently and we get time-of-use tariffs, that’ll make a huge difference to everyone because you simply move your usage to the tariff. Once again, it needs government intervention to get smart meters out.”

Environmental group representative

“I think for a flexible service system, the customers will want to immediately know how much they’re using and how much they can sell back to the grid. That immediacy will help people take it up.”

Connections representative

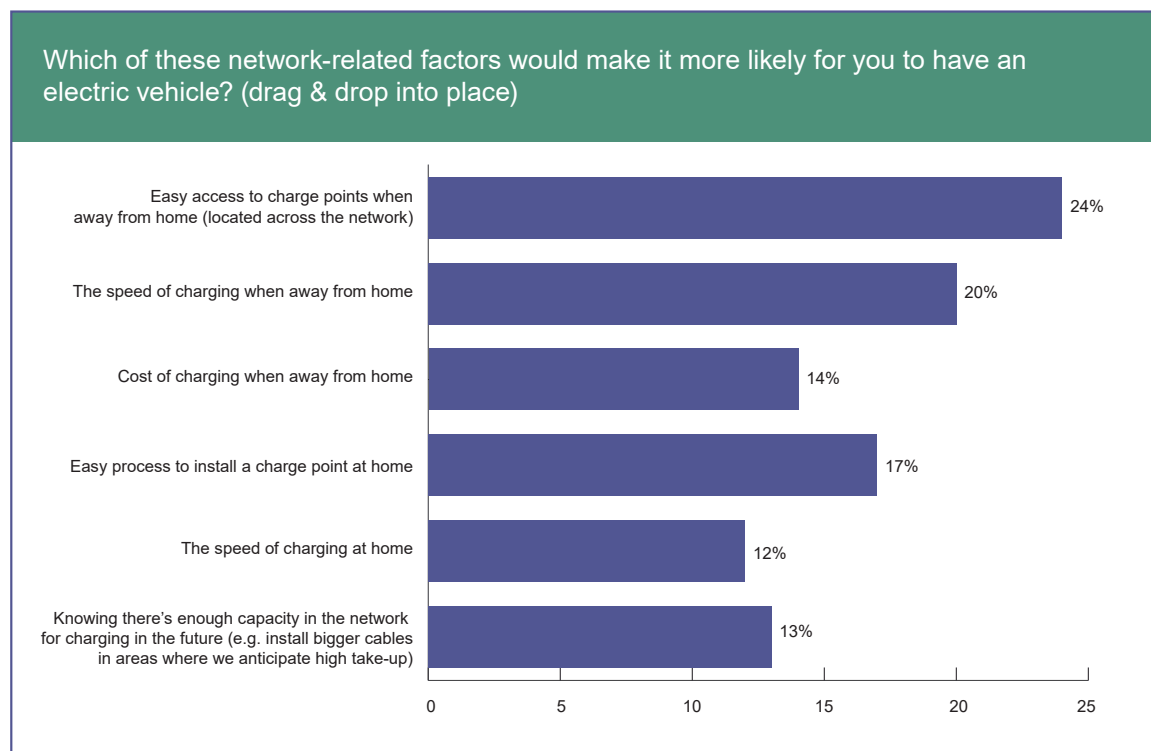
“We are looking at working with local energy markets and actually people signing up to this process is quite complicated as they don’t get the jargon of electricity. They just want to pay their bills. If you sign up to an aggregator who takes charge of the local area, they can take care of your special requirements to protect your personal needs. The incentive would be that if you sign up to a project, you get a payment for every megawatt hour per year that you save. At the moment it is being looked at with businesses with big loads, and that can set the scheme for homeowners.”

Connections representative

As a domestic customer, what proportion of WPD’s annual £98 charges would you expect to save to make it worth your while to provide this flexibility? (select one option)



3. WHAT FACTORS WOULD BE IMPORTANT TO YOU WHEN IT COMES TO CHARGING YOUR OWN (FUTURE) ELECTRIC VEHICLE?



Verbatim comments:

"I've gone back to a diesel, painfully, but it was all about range. It was a big limiting factor in my household. I work in Truro and live in St Austell, so to commute it was brilliant, exactly what I needed, but for getting out of the county, it was a big problem."

Connections representative

"From my point of view, time of charge is going to be really important. General domestic charge times are 8–10 hours. It's whether then after 3–4 hours, how useful is that? Can you keep enough to get to hospital if you need to?"

Business representative

"The number one reason that people aren't investing in EV is the lack of charging points."

Business representative

"I think electric vehicle chargers and all the rest are very young at the moment. I think the technology will take off soon. The amount of industry bodies coming into it now means that battery tech is taking off. Everything is going to change. Also, it might not be the case we have individual cars. Look at Uber or driverless cars. I think you are underestimating the way technology is going."

Connections representative

"I think everyone is scared of them at the moment."

Connections representative

"Another concern is that the range of these cars is growing so fast it's hard to discuss the future of electric vehicles based off of the current vehicles available."

Connections representative

"I don't feel like having control of whether I can choose when I charge my car is that important."

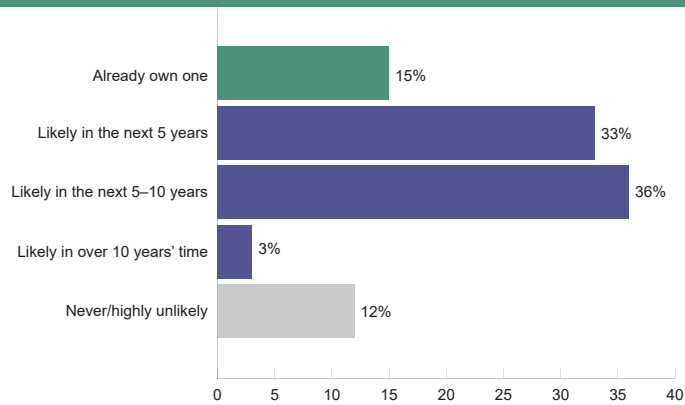
Connections representative

"I've been involved in renewables, so my big question mark is that if I'm going to use EVs, I don't want the electricity to come from a coal power station."

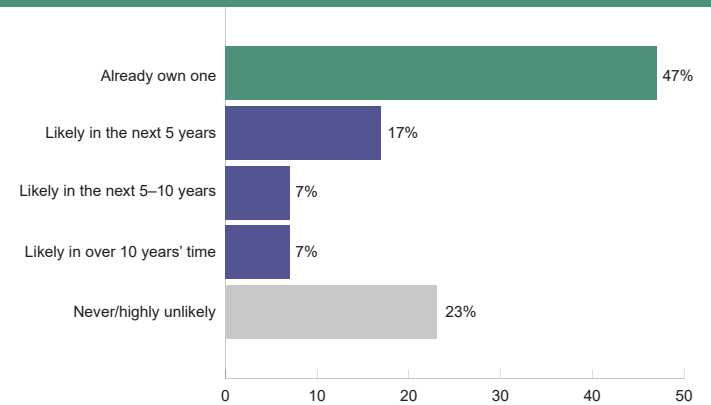
Connections representative

4. HOW LIKELY IS YOUR COMPANY TO MOVE TO ELECTRIC VEHICLES IN THE NEXT FIVE YEARS?

As a domestic customer, how likely are you to purchase an electric vehicle? (select one option)



How likely is your organisation to switch to electric vehicles? (select one option)



Verbatim comments:

“We are very supportive of the transition to electric vehicles. As an employer, we provide electric vehicle charging points at all of our offices. We’re keen to go that way.” **Local authority representative**

“Yes, the Council drove the EV programme a few years ago. It’s looking to roll it out further.”
Local authority representative

“Infrastructure’s not a huge issue for me. We have a fleet of electric vehicles that we charge overnight, it’s easy and so cheap I can’t believe people aren’t jumping on it.” **Connections representative**

“I’m looking at re-procuring the fleet. To my mind, there aren’t enough charging points at the moment. We cover all of Devon and Cornwall. There’s no way an electric vehicle could deal with that.”
Connections representative

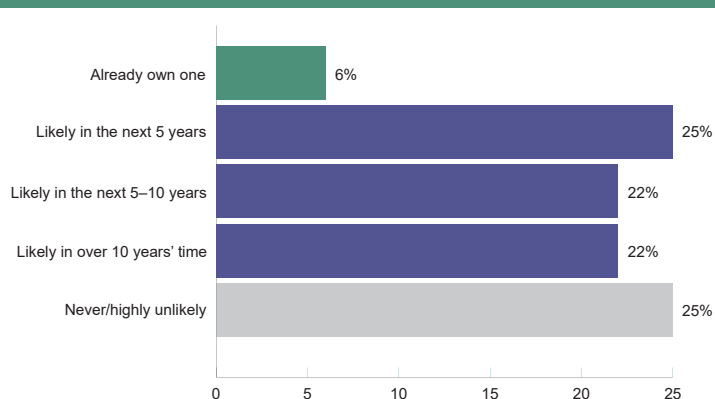
“It’s early days, but there are lower costs which can be an incentive, so eventually businesses will shift.”
Charity representative

“There’s no second-hand market for them at the moment, so cost is a problem at the moment.”
Connections representative



5. AS A DOMESTIC CUSTOMER, DO YOU EXPECT TO REPLACE YOUR BOILER, OR SUPPLEMENT IT, WITH AN ELECTRIC HEATING SYSTEM IN THE NEAR FUTURE?

As a domestic customer, how likely are you to replace your boiler with an electric renewable energy heating system (such as a heat pump)? (select one option)



Verbatim comments:

“We’ve got an affordable housing crisis but we’re putting the costs up by putting in heat pumps!”

Connections representative

“When the technology is right, I will consider getting one of these electric systems personally.”

Connections representative

“Why isn’t WPD trying to talk to consumers more to try and push the electrification of heaters along?”

Business representative

“The issue of how much the equipment may cost has a major bearing on this issue.”

Energy / utilities representative



“Another problem is achieving a social change involving moving from a really warm home to a just-about warm home. We need to get wider society to adopt a new mindset.”

Environmental group representative

“I’m older than all of you, I remember wrapping up when it was cold at home. People are living like kings now, and we think that’s how we should live. You need to educate people.”

Parish council representative

“Do people even know what these new heaters are? Government incentives are the key trigger.”

Environmental group representative





9 | AFTERNOON SURGERIES

CONNECTIONS

The surgery on connections was hosted by Tim Hughes, Connection Policy Manager. Tim explained the Incentive on Connections Engagement (ICE) Workplan, which sets out the actions that WPD will undertake each year in order to deliver the service improvements required by stakeholders in line with the priorities they have helped the company to identify. Stakeholders were then asked to consider whether the priority areas identified for 2019/20 were appropriate and which ones were most important to them.

- Stakeholders were concerned about spare capacity on the grid that is going unused.
- This was witnessed in the discussion around the connections priority areas, where network capacity allocation and reservation was seen as the top priority.
- There was a strong interest in renewable energy and many stakeholders were involved in community energy groups.
- Community energy was deemed the second most important connections priority.
- Stakeholders were keen to connect more renewables in Cornwall and were frustrated by the lack of capacity on the network. Many pointed out that investment was needed from government to allow renewables to connect, and urged WPD to lobby government on this issue.
- Stakeholders were concerned about the financial burden shouldered by those wanting to connect renewable energy, given the importance of renewables for the country.
- Delegates were keen to know whether the transition to DSO would give WPD more flexibility and power to make decisions on behalf of stakeholders.

Network capacity allocation and reservation	1
Community Energy	2
Low Carbon Technology, e.g. Electric Vehicles	3
Transition to DSO	4
Innovation *	4
Availability of Information	6
Assessment & Design fees	6
Competition in Connections	7

* added by stakeholders as a new priority



EVS AND WIDER INNOVATION

The surgery on EVs and wider innovation was hosted by Paul Jewell, Policy Manager. Paul explained that, as a result of the government's commitment to reduce carbon emissions in its Carbon Plan, energy used for heating and transport will shift to electricity produced by renewable sources. Paul then talked stakeholders through WPD's approach to accommodating this through the use of a range of innovative methods, explaining some of the company's current and future projects.

- Stakeholders expressed frustration with the policy of maximum capacity for the network, arguing for more flexibility, particularly when combining wind power with PV.
- Attendees wanted to know whether there was going to be any let-up with the need for limiters, given that battery storage is coming on in leaps and bounds in the move to make homes self-sufficient in terms of energy.
- Stakeholders shared examples of best practice from Europe, such as a successful high-rise scheme in Finland that charges EVs with surplus capacity and an EV charging model in Germany that functions like a mobile phone contract.
- Delegates wanted to know whether WPD were planning to work with housing developers to install three-phase cabling for future estates.

NETWORK CHARGING

The network charging surgery was hosted by Ben Godfrey, Network Strategy Team Manager. Ben explained that there is an opportunity to mitigate network constraints using flexibility. He then told stakeholders that there are different approaches to network charging for Transmission and Distribution and between demand and generation, which results in a risk that investment and operational decisions are being distorted, and that Ofgem is proposing to address this with two reviews: the Targeted Charging Review and the Significant Code Review.

- Stakeholders suggested that when setting the network charges, there should be a minimum amount of units that are free or low price, and then after a certain threshold, they should increase significantly.
- Delegates suggested that network charging needed to take into account the imbalance of a person living in a flat who can't charge an EV paying as much for their energy distribution as someone in a detached house charging an EV.
- It was asked whether the reviews discussed will take into account how responsible each household is in their carbon production and tax them accordingly.
- It was suggested that WPD could help vulnerable and fuel poor customers to move along the path of renewable generation, especially given that rural areas tend to be both poorer areas and places where the distribution infrastructure is not the best.
- Stakeholders criticised the excess supply policy of curtailing the last generator to come on to the network chronologically, rather than the least environmentally friendly source of energy. They felt it tends to end up with renewables being turned off first, leaving the older fossil fuel generators turned on.
- Many felt that network charging was not fully transparent for consumers.

CONSUMER VULNERABILITY

Alex Wilkes, Stakeholder Engagement Manager, hosted the consumer vulnerability surgery. Alex talked stakeholders through WPD's Consumer Vulnerability Strategy and its four strategic aims: improving the company's understanding of vulnerability; improving the accuracy of Priority Services Register (PSR) data; improving services during power cuts; and addressing fuel poverty. Alex then explained WPD's action plan for 2019 and its future priorities for RIIO-ED2, asking stakeholders for their feedback.

- WPD was urged to increase its collaboration; to work with others to foster greater understanding of vulnerability; and to develop joint information with partners to combat fuel poverty.
- Stakeholders felt that encouraging the use of smart meters to combat vulnerability was a missing priority, as there was quite a lot of resistance among customers. It was felt that if there were more data available, vulnerable people could be helped to change their habits.
- Others saw that accessibility of information on smart meters was a big problem among vulnerable customers.
- There was consensus that smart meters had the potential to increase anxiety and cause people to lower their energy use.
- Delegates suggested piloting consumer vulnerability schemes to extend the vulnerability networks over the entire year rather than seasonally, which would make things less stretched and simplify things for partners.
- It was suggested WPD would see better results with Winter Warmth networks in Cornwall than by trying something new with 'Power Up Health' schemes, as local authorities already have the infrastructure in place to make the Winter Warmth networks work.
- A greater link needs to be drawn between mental health issues and fuel poverty. Poor advice is currently being given because it's harder to pick up on mental health issues than physical health issues.
- It was suggested that WPD work with regional hubs that have information on people with mental health problems, Alzheimer's or dementia. A good example in Cornwall is Memory Cafes.
- Stakeholders were enthusiastic about the crisis packs and also felt that if there were pens and other items advertising the PSR, people would engage.
- Isolation was seen to be an issue: it is hard to find people who may be vulnerable. The most vulnerable are not going to go and find the information that they may need online.



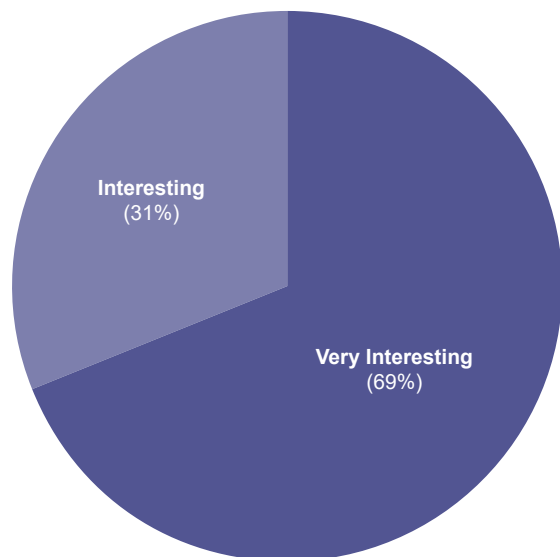
Stakeholders were asked to fill in a feedback form, denoting which of WPD's social obligations priorities they should remove, reduce, retain, or increase. The outcomes of this are shown below. Please note, some stakeholders did not vote on certain priorities. Working with others to improve our understanding of the needs of vulnerable customers was the most popular priority, followed by developing joint information with partners we work with to help customers who are facing fuel poverty. One stakeholder was of the view that efforts on developing local outreach services to help customers who are facing fuel poverty should be reduced.

	Remove	Reduce	Retain	Increase
Work with others to improve our understanding of the needs of vulnerable customers			2	4
Train staff to recognise the signs of customer vulnerability			5	
Contact vulnerable customers at least once every two years to check their details			4	1
Improve the quality of the data that we hold on our Priority Services Register			4	1
Co-ordinate meetings with suppliers to agree criteria for vulnerability			4	1
Raise awareness of the Priority Services Register			2	3
Make 10,000 crisis packs available to customers who need extra support in a power cut			3	2
Contact customers who rely on electricity for medical reasons every three hours during a power cut			5	
Provide practical support during power cuts through organisations such as the British Red Cross			4	1
Ask for feedback from customers in vulnerable circumstances to check they are happy with our service			5	
Develop ways of sharing information with Local Resilience Forums			3	2
Build a database of regional agencies we can refer customers to for fuel poverty support			2	3
Work with partners to develop links to and from our website so information is easy to find			5	
Develop joint information with partners we work with to help customers who are facing fuel poverty			1	4
Fuel poverty training for all staff who come into contact with members of the public			4	1
Use data analysis to identify areas with a high concentration of vulnerable households			3	2
Develop local outreach services to help customers who are facing fuel poverty	1		2	2

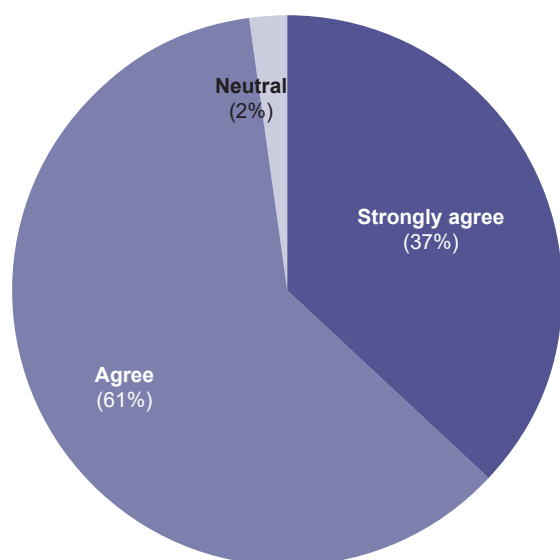
10 | WORKSHOP FEEDBACK

After the workshop, stakeholders were asked to complete a short feedback form. The feedback was as follows:

Overall, did you find this workshop to be:



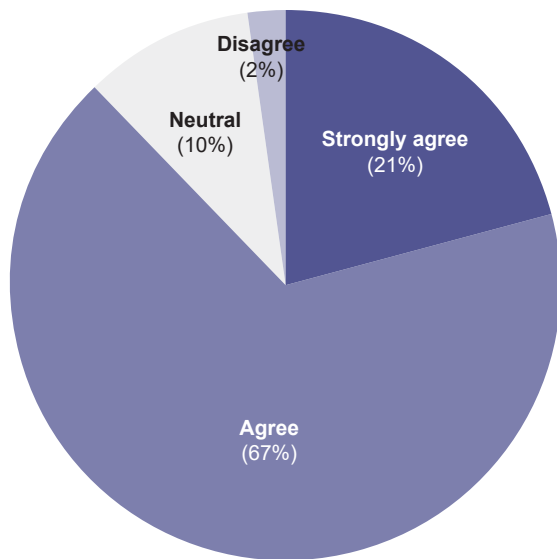
Did you feel that you had the opportunity to make your points and ask questions?



“A little rushed but [that is] a sign of good debate!”

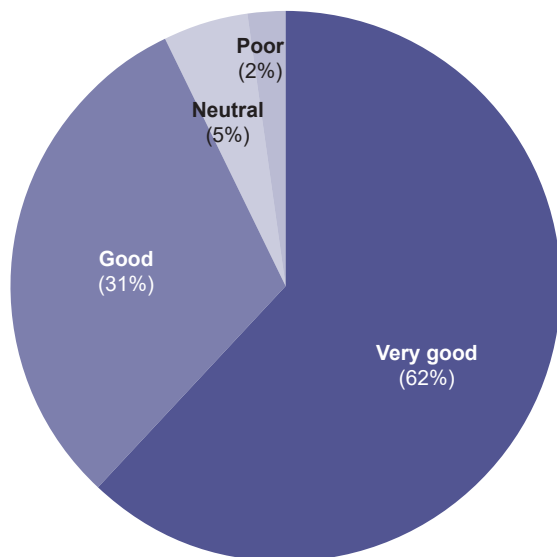
“Very well moderated.”

Did we cover the right topics for you on the day?

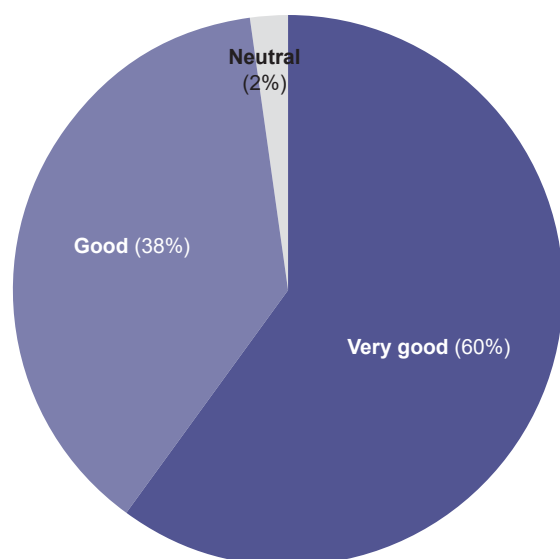


“Would have liked more about connections and load capacity upgrades for rural properties.”

What did you think of the way the workshop was chaired by your facilitator?

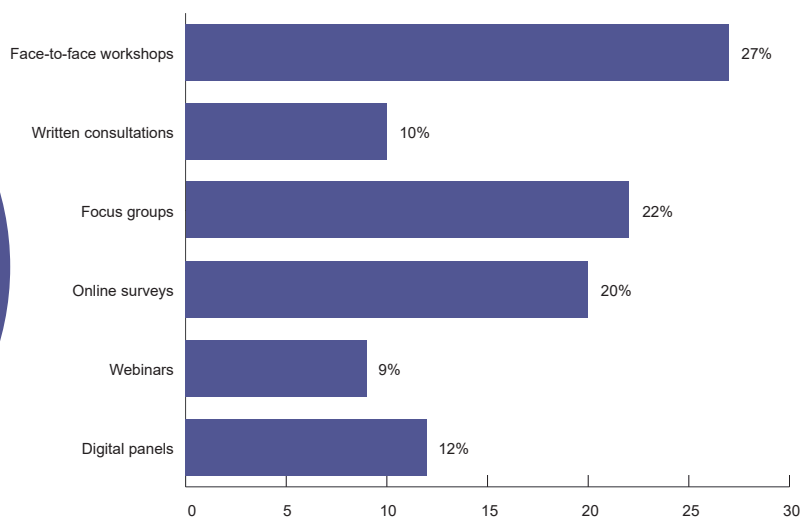
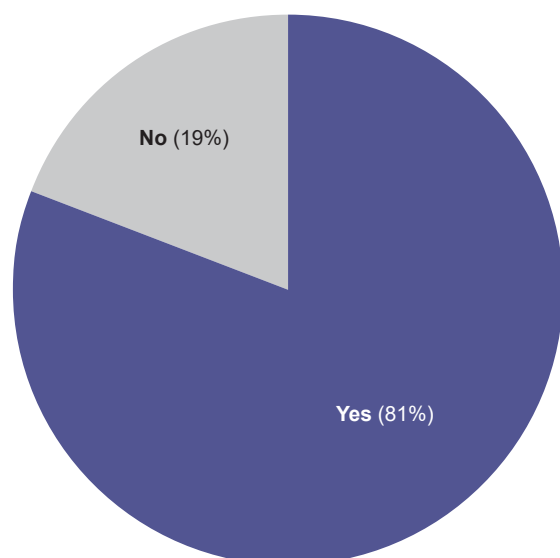


What did you think of the venue?



Would you be interested in participating in our RIIO-ED2 consultation at key points in the process?

If so, how would you like to participate?



ANY OTHER COMMENTS?

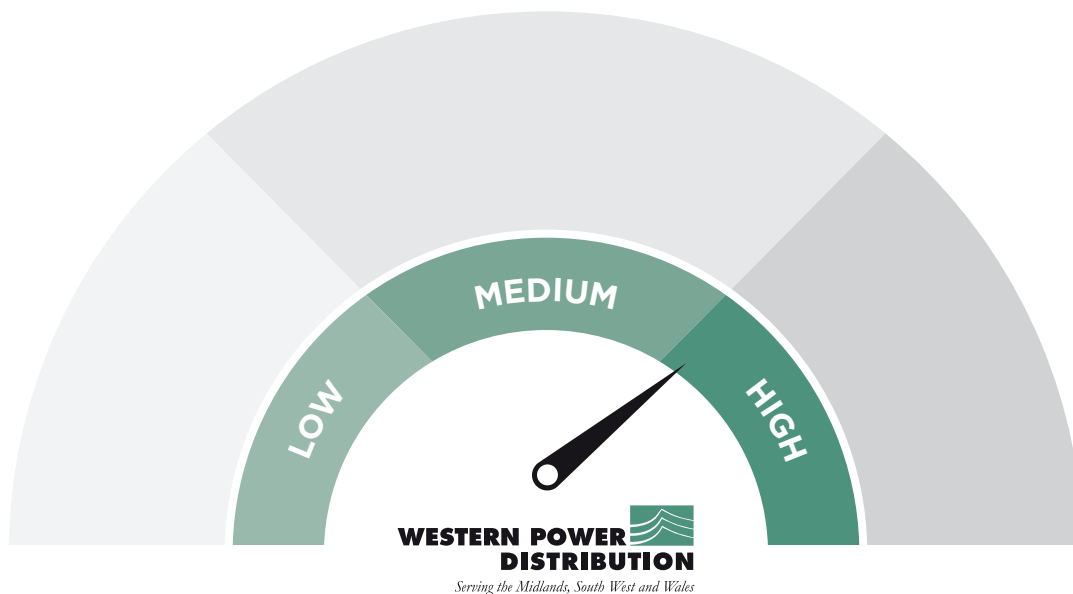
“Very good consultation event [...] as usual.”

“Very interesting event.”

“Focused on [...] poverty and your engagement with community energy groups.”

11 | APPENDIX 1: WPD'S PRIORITY AREAS FACILITATION PROP

Your priorities – outputs for us to deliver



12 | APPENDIX 2: STAKEHOLDERS' TOP PRIORITIES FACILITATION PROP

Your top priorities – what do you want us to focus on?

Priority One:	
1.	
2.	
3.	
4.	
5.	

Priority Two:	
1.	
2.	
3.	
4.	
5.	

Priority Three:	
1.	
2.	
3.	
4.	
5.	

Priority Four:	
1.	
2.	
3.	
4.	
5.	

Priority Five:	
1.	
2.	
3.	
4.	
5.	

