



Western Power Distribution Stakeholder Workshop: Nottingham February 2019

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1 | INTRODUCTION

On 13 February 2019, Western Power Distribution (WPD) hosted the fifth 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 Trent Bridge, Nottingham. 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:

- Stakeholders' backgrounds varied, with local authorities (officers and elected members) best represented in Nottingham at 27%.
- DSO was at the forefront of people's minds: storage, flexibility, new energy markets and the aggregator landscape were all stated as focus areas.
- Delegates were keen to be involved in the consultation at key points, noting that early engagement allows them to feed WPD's plans into their own planning strategies.
- Attendees singled out workshops and face-to-face interactions as their preferred methods of engagement, as they allow for real-time discussion, networking and learning.

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

The second session of the morning was presented by Paul Branston, Regulatory and 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 whether they were aware of WPD's costs: 13% declared themselves 'not aware' while 7% claimed an 'excellent understanding'. The highest number, 22%, positioned their understanding at 7 out of 10 on the scale.
- Delegates felt that WPD's six strategy outcomes were still broadly appropriate, but it was noted that a sustainability outcome was not emphasised enough, and there was concern that a 'smart, flexible network' had the potential to be environmentally unsustainable.
- Attendees agreed that WPD should develop a pool of outputs and deliver the ones that don't fit under Ofgem's new categories as 'wider commitments'. This view could also be witnessed in the electronic voting, where 64% nominated this option as their preference.



SESSION 3: STAKEHOLDER PRIORITIES FOR RIIO-ED2

Eleanor Sturges, Planning and Regulation Specialist, introduced the third session of the morning. This session was aimed at identifying the priority areas that mattered most to stakeholders. Eleanor'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.

- The top priority in Nottingham was network reliability: this scored 8.5 out of 10 in the electronic voting session, and delegates suggested measures such as greater efficiency in the use of network supply and fault reduction to improve reliability further.
- The next three highest scoring priority areas for WPD to focus on were network resilience, cyber resilience and customer service, which all received an average score of 7.7 out of 10.
- To improve network resilience, stakeholders urged WPD to create a targeted resilience approach for storms, given the increased incidence of flooding and other extreme weather events.

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:

- Trust in WPD was high in Nottingham: when asked to vote, 11% of attendees declared that they trusted WPD 'extremely highly', with the majority – 64% – placing themselves at 7 or 8 on the scale (where 10 was 'extremely highly').
- Delegates wanted WPD's social contract to feature a commitment to a transparent return in profits and include a clear mandate to pay the appropriate, legal taxes, and to close the gender pay gap, as well as targets on a diverse workforce.
- Stakeholders were asked to vote on how the social contract should be presented, and the majority, 46%, wanted it to be presented as a separate section of the Business Plan.
- The imperative of policing and enforcing the contract was discussed, with some feeling that, if necessary, a 'community' charge or penalty would be appropriate and would support the concept and ambitions of the social contract itself.



SESSION 5: SMART FUTURE AND NEW POSSIBILITIES

Roger Hey, Future Networks Manager, introduced the final session of the day. Roger 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. Roger'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:

- When it comes to reporting on the transition to DSO, it was felt that WPD should publish newsletters and quarterly reports, communicating via email and by posting information on the website.
- Stakeholders were asked to vote on how likely they were to participate in flexibility services, and 46% declared themselves 'extremely likely' to participate on a domestic level, and 59% positioned themselves between 10 ('extremely likely') and 8 to participate at the organisational level.
- When asked to vote on which factors would affect their decisions to purchase an EV, 24% nominated the availability of charging points away from home and 22% voted for the speed of charging away from home, highlighting the anxiety around charging infrastructure outside of the domestic sphere.
- Delegates voiced frustration with the current EV charging system, pointing to broken units and confusion around the different chargers used for different vehicles.

AFTERNOON SURGERY 1: CONNECTIONS

The surgery on connections was hosted by Richard Allcock, Connections Policy Engineer.

- Network capacity allocation and reservation was voted as the top connections priority.
- Stakeholders wanted the ability to work out the percentage of unused network capacity in a given town or city, which could inform industrial strategies and help local authorities build economic arguments.
- Stakeholders argued for granularity in terms of the WPD data portal and GIS, a faster refresh rate for the capacity map and more real-time information, with more information on a micro and macro level to enable strategic networks.

AFTERNOON SURGERY 2: EVS AND WIDER INNOVATION

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

- Stakeholders discussed the implications of the Carbon Plan, and, given the varied sources of electricity generation, wanted to know whether the decarbonisation percentage gain would be meaningful.
- Attendees were interested in suppliers providing electricity solely for EVs, such as Agile Octopus, and wanted to know whether WPD would work with Ofgem to encourage similar services.
- Representatives from local authorities were keen for engagement on EVs to involve their planning departments to enable greater collaboration on planning and building EV charging infrastructure.

AFTERNOON SURGERY 3: NETWORK CHARGING

The network charging surgery was hosted by Roger Hey, Future Networks Manager.

- Network charging did not have any attendees in Nottingham.

AFTERNOON SURGERY 4: CONSUMER VULNERABILITY

Nicki Johnson, Stakeholder Engagement Officer, hosted the consumer vulnerability surgery.

- Stakeholders were positive about both the innovation fund launch and fuel poverty schemes and agreed that WPD should stretch targets in order to achieve even more.
- Delegates wanted to see WPD concretely address problems with smart meter compatibility. Actionable suggestions included getting local communities involved and taking the learning into primary schools.
- Delegates were asked to nominate their social obligations priority areas: working with others to understand vulnerable customers' needs, improving Priority Services Register (PSR) data, raising awareness of the PSR and improving availability of crisis packs in the event of a power cut were the most popular.
- Only one priority – co-ordinating meetings with suppliers to agree criteria for vulnerability – received a vote to remove, while no priorities received a vote for a reduction.

WRITTEN FEEDBACK

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

- 61% of attendees reported that they found the workshop 'very interesting', with 39% opting for 'interesting'.
- All stakeholders 'agreed' or 'strongly agreed' that they had the opportunity to make their points and ask questions.
- 84% 'agreed' or 'strongly agreed' that the right topics were covered for them on the day, and 52% thought the workshop venue was 'very good'.
- 61% thought EQ Communications' facilitation was 'very good', with 35% opting for 'good'.
- 72% of stakeholders indicated that they would be interested in participating in WPD's RIIO-ED2 consultation at key points in the process. Of these, 35% favoured face-to-face workshops, with a second preference for online surveys at 18%. Least popular were written consultations and digital panels, each favoured by 9%.

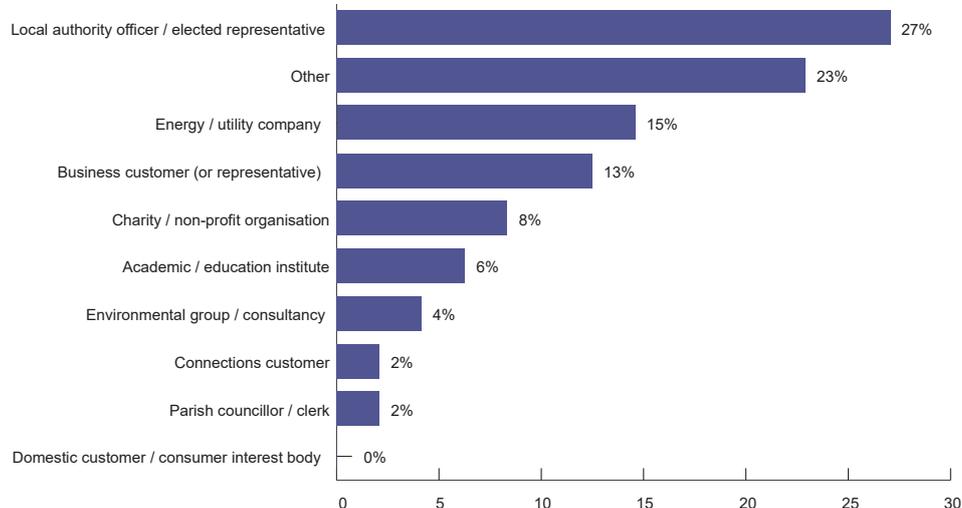


3 | ATTENDEES

A total of 56 stakeholders attended the workshop, representing 44 organisations. The organisations represented on the day are shown below:

- ABB
- Amey
- Anglian Water
- Ashfield District Council
- Bassetlaw District Council
- Bolsover District Council
- Boston Borough Council
- Canal and River Trust
- Citizens Advice Derbyshire Districts
- Costock Parish Council
- Coventry City Council
- Distribution Cable Jointing Ltd
- E.ON UK
- Eaton
- Engage Consulting
- Federation of Small Businesses
- Freedom Group
- Freedom Power Solutions
- Gedling Borough Council
- Geldards
- Groundline Engineering
- HE Translations
- Keele University
- Lincolnshire County Council
- Loundthorpe & Harrowby Without Parish Council
- NIE Networks
- Northern Ireland Electricity Networks
- Nosdivad
- Nottingham City Council
- Nottingham Energy Partnership
- Nottinghamshire County Council
- Pascon
- Pearlstone Energy Ltd
- Severn Trent Water
- Sia Partners
- Smart Grid Consultancy
- The Coal Authority
- TNEI Services
- UK Power Reserve
- University of Nottingham
- West Midlands Combined Authority
- Wilson Power Solutions
- Wiltshire Council
- YES Energy Solutions

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



ENERGY AFFORDABILITY BUILDING A SMART NETWORK

We are investing £125 million
to transition to a Distribution
System Operator

delivering cost-effective, efficient
solutions for customers

converting the existing network
to be smarter and more flexible

re-engineered networks for
embedded generation

network traditionally designed
for demand

to connect electric
generating and

cost

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 attended from a variety of backgrounds. Most well represented were local authorities (officers and elected members) with 27% of attendees, followed by energy / utility company representatives with 15% and business representatives with 13%. Delegates in Nottingham had a particularly strong interest in the DSO transition; storage, flexibility, new energy markets and the aggregator landscape were all put forward as focus areas. Others expressed an interest in improving connections, learning more about vulnerability, the Priority Services Register (PSR), and ways in which fuel-poor customers could benefit from a flexible network. Stakeholders were mostly positive about being involved in the consultation at key points, pointing out that early engagement allows them to feed WPD's plans into their own planning processes. Some gave the caveat that being sent a consultation document after decisions have been made leads to feelings of disenfranchisement, stressing that participation is key.

Delegates discussed which methods of engagement suit them best. There was divided opinion over webinars and surveys, which work well for some, but others expressed a preference for face-to-face interactions. Some were keen to see WPD hold more localised, specialised workshops, so that they could learn more about specific issues that are pertinent to them. Stakeholders felt that WPD should be involving more domestic and business customers in the workshops, as they stood to gain the most from learning how the energy system works and is changing. Some wanted WPD to work more closely with universities and their innovation and research departments. Other suggestions involved looking into the emerging field of social finance investors, who are currently investing in community energy projects and EVs. On this theme, delegates mentioned community energy groups WPD might be unaware of, such as Heart of England Community Energy.



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’m specifically looking at flexibility and those new markets that the DSOs may or may not bring about.”
Energy / utilities representative

“I’m an energy management officer at the council. The main thing I’m interested in is capacity for storage. We’re looking at using local storage and have made one application for a quote for a connection.”
Local authority representative

“I’m an aggregator for demand-side response. I want to understand what the DSO is doing about the landscape, where the constraints are and how we can support our customers.”
Connections representative

“I’m from an energy consultancy. We have some customers who want to connect in the WPD area. I’m interested in how WPD is dealing with the transition to DSO and the new price control.”
Infrastructure / engineering representative

“I work with managing, designing and implementing the smart energy network on campus at the university. We are at the moment applying for large-scale wind and energy power.” **Academic**

“I work for Citizens Advice and cover four districts within my county. My specific role lies in the energy sector, so I do engage with lots of vulnerable clients. I’m interested to see what we can do for them.”
Business representative

“I work for a climate change charity and I’m here for two reasons. Firstly, we provide renewables and battery storage for domestic customers. Secondly, we’re involved in promoting the Priority Services Register.” **Business representative**

“I want to create educational links with WPD because I’m concerned about the pronouncements about climate change and that there isn’t enough information coming from energy companies about potential solutions.” **Environmental group representative**

“I would like to see consultation when the plan is being developed, so that I can take it back to my organisation and we can work on our products with WPD’s systems in mind.”
Infrastructure / engineering representative

“We think it’s important to be more engaged as the last Business Plan wasn’t ambitious enough compared to our own plans. There’s a disconnect, we weren’t sufficiently engaged with RIIO-ED1 in terms of development. Even if things are just conceptual at this stage, they need to be captured.”
Local authority representative

“The earlier, the better. Local authorities shape what WPD is looking at, we do play a big role in almost everything. Currently with EV charging, WPD is playing a huge part. I have had excellent experience with WPD, they’ve been very engaging and flexible.”
Local authority representative

“It’s creating awareness, so if there’s somewhere online that you can track what’s going on with the option to get involved at various points, that would be good. You don’t want to be involved in every discussion. Something that’s annoying is being sent a consultation document after all the decisions have been made. So to have somewhere where you can see where the process is, that would be good.”
Parish council representative



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

Verbatim comments:

“Events like today are good, but wouldn’t want this three, four, five times a year. A webinar from WPD was useful, and some emails after that.”
Infrastructure / engineering representative

“I think this is perfect because it puts you face to face with people. As well as networking, you get to hear the views of everybody else. For me that’s better than seeing something written online.”
Infrastructure / engineering representative

“I have no problems with filling in a survey, but it’s easier to engage people using webinars because you can actually get contact with WPD.”
Infrastructure / engineering representative

“Surveys are good, as you can be flexible about when you fill them in and they generally don’t take too long.”
Infrastructure / engineering representative

“It depends on who your audience is. A survey is good for a more general audience, but it can create problems if you’re less tech savvy.”
Business representative

“I haven’t got time to do surveys and prefer face-to-face contact.” **Local authority representative**

“I find that these workshops are quite high level, but it’s the local level that I need to deal with. I understand that you need to have workshops that go over everything, but if you could focus on more specific, local areas at some point, that would be great for me.”
Energy / utilities representative

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

Verbatim comments:

“You need to be engaging with even more stakeholders. Universities, innovation projects.”
Connections representative

“I’m surprised there are so few domestic consumers here. Businesses are important, but I imagine it’s the domestic consumers that give you the most grief. I wonder if some of these consumers, vulnerable ones in particular, would find this sort of gathering intimidating. There should be an opportunity for both a separate gathering for them and to attend this one.”
Business representative

“I think businesses, energy intensive ones in particular, are a bit under-represented. They don’t understand connections, especially due to capacity and the inability to invest. We are very interested in this, including how to get round this and recognising you are constrained by the regulator.”
Local authority representative

“There doesn’t seem to be a very broad range of representation here. You should try and get people who work with people in fuel poverty to attend so that their opinions can be heard too. Maybe get charities or community organisations to attend.”
Parish council representative

“As the market changes, for example, the evolving conversation around electric vehicles, we have had approaches from a lot of social finance investors. That’s a bit of a change because the corporate role and responsibility has increased.”
Local authority representative

“We’ve got Heart of England Community Energy, I’m sure they’re engaged in some way as they’re proactive with getting hold of people. In our area a lot of work is done through the local enterprise partnership (LEP), they’re the best starting point for groups such as community energy groups and have a good grasp of business growth.” **Business representative**

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 and 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.

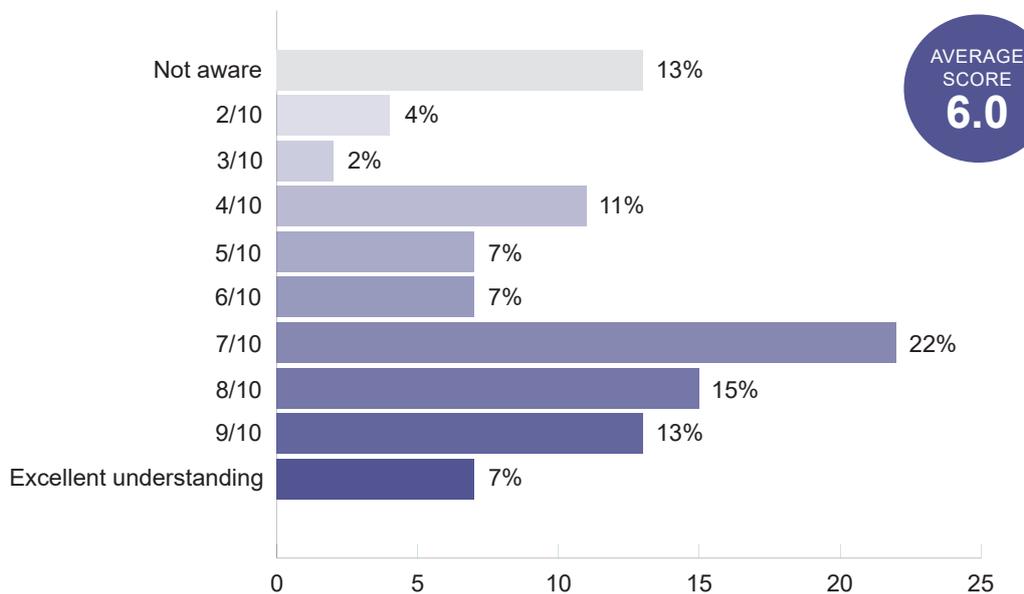
There was a mixed response when stakeholders were asked whether they were aware of WPD's costs, and this was reflected in the electronic voting, where 13% declared themselves 'not aware' and 7% felt they had an 'excellent understanding'. The highest number, 22%, positioned themselves at 7 out of 10 on the scale. Delegates urged WPD to make themselves better known to their customers and demonstrate their costs to consumers by putting a visual graphic on their bill, as councils do with tax. Others felt value could be communicated by benchmarking against other energy distributors. While it was felt that WPD provide good value for money for domestic consumers, representatives from academia and connections felt that those metrics were different for large consumers, and that WPD did not always provide good value in those sectors. Stakeholders suggested WPD could counter negative press attention by celebrating their good work with fuel poverty and their work to reduce carbon by integrating renewables on to the network.

Delegates discussed whether WPD's six strategy outcomes were still appropriate. While some agreed they were still broadly effective, many felt that a sustainability outcome was not emphasised enough and worried that a 'smart, flexible network' had the potential to be environmentally unsustainable. They also wanted to see an outcome focused on future customers and investment for the future, as well as a procurement and business outcome. Stakeholders felt that WPD had been constrained by Ofgem's new categories. They felt affordability was missing from Ofgem's categories and that 'smart, flexible interconnected network' did not easily fit under the environment category and would need to be expanded across the three. Delegates with business, connections and environment backgrounds felt that their needs as customers were not adequately represented by Ofgem's new categories and questioned why they could not have more of a consultative role in determining this new structure.

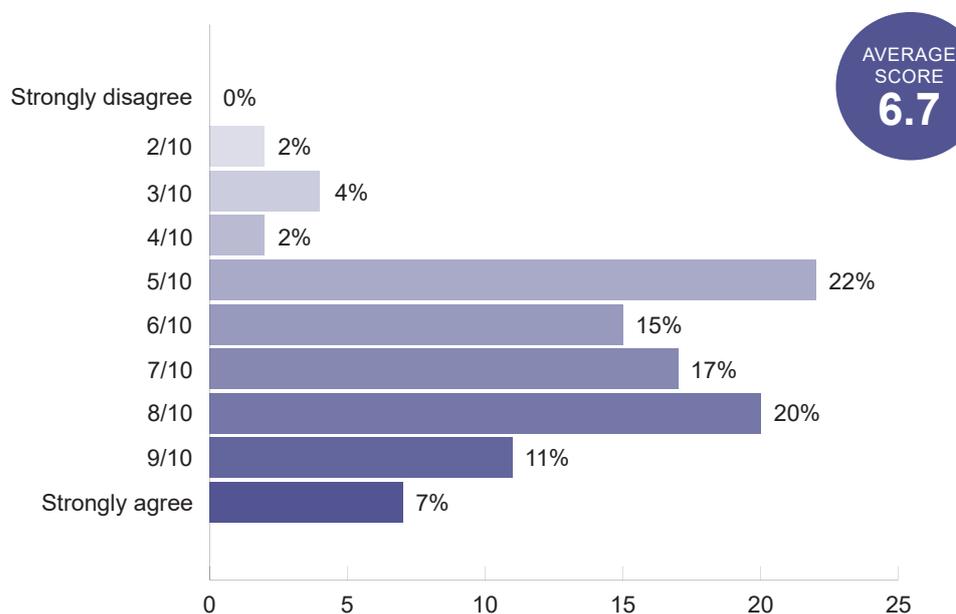
There was consensus that WPD should develop a pool of outputs and deliver the ones that don't fit under Ofgem's new categories as 'wider commitments'. This was reflected in the electronic voting, where 64% nominated this as their preferred option. Stakeholders had questions over who would enforce the delivery of the 'wider commitments' but recognised that having the widest scope of outputs allowed for more flexibility moving forward, particularly as the energy system is subject to such flux and change. Others felt that WPD's unique selling point lies in going above and beyond and that removing any of the 76 outputs would go against the grain of who WPD are and the service they try to provide.

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 that 27p a day is great value, as the lights never go out.” **Local authority representative**

“Last year, a Facebook group I followed said ‘who are WPD?’ in reference to a tree felling incident. It was that which brought people to awareness about who you were.” **Business representative**

“I feel as a consumer that you are quite good value for money on a domestic level. A problem I have is that our electricity bill as a university is significant.” **Academic**

“I feel that all the information about costs relates to the domestic customer rather than the business customer. It’s probably a headline figure which serves as a useful marketing tool, but is it really useful for commercial customers?” **Environmental group representative**

“On my council tax statement there’s a pie chart there that shows where the funds are spent. I always look at it.” **Local authority representative**

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

Verbatim comments:

“When I see ‘environmentally sustainable’ network, obviously there are going to be people who want to make money selling energy to the grid. Will WPD know how much is coming from a renewable source and how much is coming from a diesel generator? I’m thinking WPD do have to accept some responsibility for where the energy is coming from that is going into your network.” **Local authority representative**

“It’s down to the interpretation of the outcomes. Broadly they’re still appropriate, but it depends on what the concepts actually mean. As developers we get confused as connections might not be ready for development projects. Perhaps they’re only answering questions being asked rather than being proactive.” **Local authority representative**

“I think that ‘a smart, flexible and interconnected network which is future proof’ is appropriate.” **Infrastructure / engineering representative**

“I think you do need some sort of specific outcome to do with businesses.” **Local authority representative**

“I agree with that, particularly when you think about connections charges and exporting or importing energy. It’s very expensive to connect, takes too long and it’s just problematic.” **Connections representative**

“Personally, I think that you need to make the metrics clear against other power distributors. This would make you more comfortable about the charge that you’re paying per day.” **Infrastructure / engineering representative**

“It’s good to see the support of fuel poor customers. That is something that doesn’t get put out enough. You’re spending good money on that. You should be looking more at the environmental side of things, the whole business carbon footprint but also where there are trenches that they are put back.” **Local authority representative**

“It’d be nice to get some comparison as to how much it costs to keep other stuff running, the roads, the railways, just as a point of reference.” **Parish council representative**

“I think that ‘a smart, flexible and interconnected network which is future proof’ needs an additional word to make it more proactive. It suggests that WPD won’t be actively looking for more renewable energy resources in its current form.” **Environmental group representative**

“It’s quite difficult to pick out gaps, but if you look at delivering an environmentally sustainable network, a smart integrated network is not necessarily environmentally sustainable. You can build a smart flexible network that is future-proof but is not environmentally sustainable, so I guess there needs to be something in there that captures the sustainability aspect.” **Infrastructure / engineering representative**

“Your procurement should be in there too. Are you actually working in the most environmentally sustainable way?” **Infrastructure / engineering representative**

“Future investment is an interesting one. On the one hand, WPD might be investing in the wrong thing and wasting customers’ money, but on the other, it could prove invaluable.” **Business representative**

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

Verbatim comments:

"You are constrained to a degree by what Ofgem have said. So unless you have a Venn diagram, it starts to get a bit complicated."

Local authority representative

"The categorisation is quite awkward. I'd put information accessible across all three and put keeping the lights on under needs of consumers."

Infrastructure / engineering representative

"We think Ofgem have missed something: they've not explicitly put affordability in those three categories, which it was in ED-1. It's implicit, but it should be more explicit." **Energy / utilities representative**

"I think it's interesting that, a couple of years ago at this event, no one in the room was very interested in the environment. Ofgem have now come and thrown a spanner in the works with their categories because they don't seem to fit any more."

Local authority representative

"That mirrors my thoughts. I don't really see that 'a smart and flexible network' should be under the environmental heading. This needs to be much more obvious." **Connections representative**

"For me, the outcome regarding the smart and flexible network has to grow, otherwise it's not going to work. I also think it could easily go under the other two categories." **Connections representative**

"There's a danger of categorising customers in your mind as purely domestic customers sat at home drinking tea and watching TV, but a couple of us here today are customers who are developing smart networks and storage. Some of the challenges we've experienced relate to connections. Surely we fall under the customer category too, and that needs to be recognised here somehow."

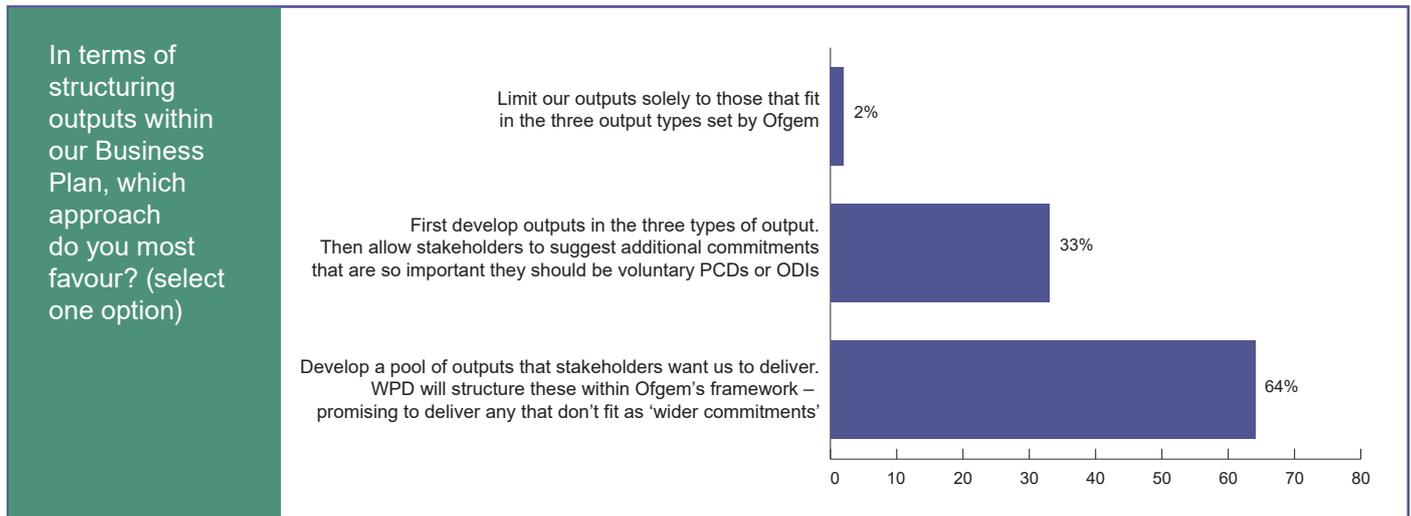
Environmental group representative

"It looks a bit heavy on one side and not the other, so you may want to look to balance it out. You could amalgamate some to give you a slicker viewpoint. Not everyone makes the distinction between those three areas. You do, but not all stakeholders do. Looking at smart networks, perhaps you need a different set of criteria for the customer side and the business side. Businesses may have a really particular power supply requirement." **Local authority representative**

"Shouldn't these outputs be suggested by the people that the service is actually being provided to, not Ofgem?" **Business representative**



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



Verbatim comments:

“Developing a pool of outputs stakeholders want us to deliver’ gives you greater flexibility as things change. Thinking about Ofgem’s perspective, they want to see you in those three headings and it might be difficult for them to see outside of those boxes. So ‘developing a pool of outputs stakeholders want us to deliver’ seems the right way to go for future flexibility.”

Business representative

“Particularly if you have innovation as one of your key objectives. Everything might change in five years’ time. A lot of innovation funding seems to want you to know what you’re going to find out before you’ve done it.”

Local authority representative

“My question about option C would be who is holding you to account for the wider commitments?”

Energy / utilities representative

“I don’t agree with Ofgem telling WPD what they can and can’t do. It’s the customer who pays the supplier and network operator. It’s not Ofgem’s role to say that the customer can or can’t have something.”

Business representative

“WPD has always been good at going above and beyond its standard commitments, so I would be worried if you restricted your thinking to these types of output.”

Business representative

“The headline categories are really very broad, I’d be surprised if you couldn’t put one of the 76 under the three categories in some way. Meeting the needs of consumers captures vulnerable people straight away, for example. Incentives are another thing, delivering exceptional customer service should be mandatory across all DNOs. I think that’s Ofgem’s role in this personally, but I suppose it also has to come back from the stakeholders, that we appreciate these commitments and think they should be replicated nationally.”

Business representative

“The questions of outcomes and outputs are probably best asked to stakeholders and customers respectively. The incentives in place need to ensure WPD deliver in the best way. It’s probably best thought of as two types of conversation with different sets of people.”

Business representative

“One way to look at it is that you want all the DNOs to be comparable, which is probably a more business-led way of looking at it than a holistic way. If you can’t find places for those other things to fit, in it’s quite difficult. Try and squeeze as many into those categories, or try to change or tweak them to fit in. The goal from Ofgem’s perspective is to try to measure you against other DNOs.”

Infrastructure / engineering representative

6 | SESSION 3: STAKEHOLDER PRIORITIES FOR RIIO-ED2

Summary of the discussion

The third workshop was introduced by Eleanor Sturges, Planning and Regulation Specialist. Eleanor 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.

Eleanor 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.

Stakeholders were generally of the view that WPD had identified the right priority areas, although some wanted a storage priority, while others wanted to see efficiency more clearly addressed. In line with the views expressed at the other workshops, delegates also wanted WPD to prioritise a commitment to energy education.

The top priority for stakeholders in Nottingham was network reliability, and this scored 8.5 out of 10 in the electronic voting session. Activities suggested under this priority area included fault reduction and ensuring greater efficiency in the use of network supply. The next three most popular were network resilience, cyber resilience and customer service, which all scored an average of 7.7 out of 10. Stakeholders wanted to see WPD focus on a targeted storm incidence resilience approach, given the implications of climate change and more frequent extreme weather events. Suggested actions on cyber resilience involved a renewed commitment to protecting personal customer data, in line with GDPR guidelines.

Stakeholders felt that good customer service should underpin all priority areas, and that network reliability and resilience were the fundamentals of WPD's business and therefore had to be high priorities. Delegates felt that electric vehicles (EVs) should be of medium priority, but believed that this would shift as more people exchange petrol and diesel cars for electric and as capacity and constraint on the network become more pronounced. Many saw cyber resilience as critical, especially with the advent of smart meters and a smart network more reliant on data and new technologies. Some saw the interconnected nature of smart networks, fuel poverty and vulnerable customers, and hoped that a smart network could bring costs down for vulnerable and fuel-poor customers. While environment was important to delegates, it was noted that it only covered WPD's carbon emissions, so most felt it was of medium to low priority, seeing smart networks and innovation as more conducive to reducing emissions for the general population. Many called for innovation to be placed in the high category, seeing that it could increase reliability, improve affordability and feed into smart networks. Delegates from business and connections argued for connections as a high priority, with many stating that if customers cannot connect, WPD have failed at one of their core mandates. Others felt that WPD were already doing well at connections, and therefore other priority areas deserved more weight.

Stakeholders discussed how WPD could action the priorities they had identified. On connections, it was felt that a time-related commitment and a dedicated account manager would be useful. Representatives from local authorities also wanted to see WPD being more proactive about spare capacity by approaching authorities with suitable sites and locations for development and connection. For smart networks, delegates wanted WPD to invest in creating a national flexibility market as well as in education and incentives to encourage large industrial companies to participate. Attendees felt that effort on EVs would be best spent focusing on the capacity of EVs to act as reciprocal energy storage with the grid.

Greater leadership and investment in storage were mooted as actions under several priorities: smart networks, environmental, connections and reliability. On innovation, stakeholders wanted to see more research and collaboration with universities involving SMEs, with a clear commitment to a number of trials and a path to any successful outcomes becoming business as usual. It was noted that this could provide a further benefit, with commercialisation investment an option alongside academic investment. Undergrounding was suggested as an action for resilience, reliability and environment.

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

Verbatim comments:

“Electric vehicles link to storage. So maybe storage should be a new priority area.”

Local authority representative

“One of the things missing is efficiency. We use power in a tremendously inefficient way.”

Local authority representative

“Another thing missing is social engagement and education.”

Infrastructure / engineering representative

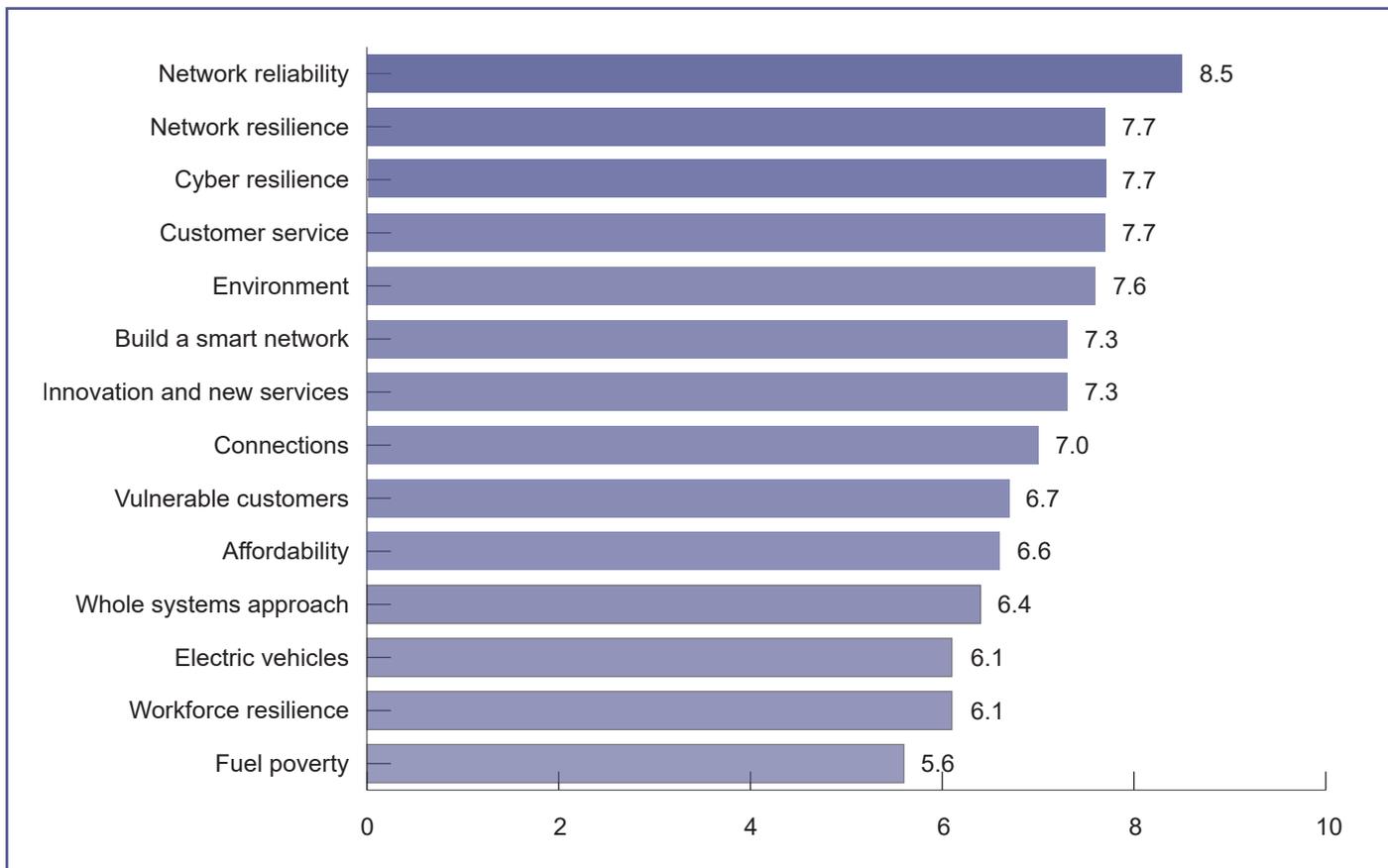
“To me that’s more interesting than seeing what’s on our bill, because we have to pay it anyway. It’s education that everyone should have. If we all reduce our energy usage, it will help the environment.”

Local authority 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

- “I would put resilience as high because it affects the network’s basic functionality.” **Business representative**
- “Resilience is high priority because the service is something which most people either take for granted or you have to be able to guarantee as much as possible that the service will be delivered.” **Local authority representative**

NETWORK RELIABILITY

- “Reliability should be high priority because keeping the lights on remains your reason to exist.” **Academic**

CUSTOMER SERVICE

- “For me, customer service is high priority because if you’ve got no customer service, then you’re not helping anyone with anything, are you?” **Infrastructure / engineering representative**
- “Customer service is important, and it’s not just about answering the phone, it’s the information you get if the lights go out, it’s about business customers, radio broadcasts, just being kept in the loop as a customer.” **Infrastructure / engineering representative**
- “Customer service shouldn’t be on the board, it’s an underlying value.” **Local authority representative**

CYBER RESILIENCE

- “Cyber resilience and data management will be really high priority with the installation of smart meters. With what GDPR and access are doing.” **Local authority representative**
- “I think cyber resilience is an important consideration in terms of smarter networks. WPD need to make everything safer.” **Connections representative**
- “I agree. A lack of cyber resilience is one of those hidden disasters waiting to happen.” **Environmental group representative**

WORKFORCE RESILIENCE

- “Workforce resilience should be high, you have to get young engineers involved.” **Infrastructure / engineering representative**

VULNERABLE CUSTOMERS

- “Within the category of vulnerable customers, you have elderly people and poorer people. Energy is an area in which those people can really be helped. Helping those people to save money on their energy bills would make a massive difference to their lives. WPD are already in contact with vulnerable customers via the Priority Services Register, so they could use that opportunity to educate people on how they can save money.” **Business representative**
- “It’s important to improve the smart network in order to bring down costs for vulnerable customers in future.” **Environmental group representative**

ELECTRIC VEHICLES

- “In terms of electric vehicles, they are not high priority but they are going to be an increasing issue for society and your business.” **Business representative**
- “There’s a lot of work required to prepare for EVs, but I don’t think it’s a high priority currently.” **Business representative**
- “Electric vehicles are low priority because they’re up and coming, so you’ve got time to develop it. The uptake isn’t as quick as we thought, so we can slowly build for it.” **Infrastructure / engineering representative**

ENVIRONMENT

- “The environment covers a smaller area, so maybe it could be relegated to medium.” **Environmental group representative**

AFFORDABILITY

- “I would have affordability ahead of vulnerable customers. It sounds like you’re already going over and above there.” **Energy / utilities representative**

FUEL POVERTY

- “Fuel poverty is a social obligation, surely that’s a government job.” **Consumer group representative**
- “I used to be a teacher in one of the most deprived areas of Nottingham, some children couldn’t do homework at night because they had no electricity, so fuel poverty is absolutely key from my perspective.” **Local authority representative**



CONNECTIONS

- “Investment in new connections and smart systems is allowing us to address fuel poverty, as there’s more of a commercial incentive to help people.”
Environmental group representative
- “Connections depends on what you mean in terms of timescales, from a council point of view, we’re under pressure to build houses and get them connected; delays in connection are a big issue for us.”
Local authority representative

BUILD A SMART NETWORK

- “There’s more than one way of connecting a building, the challenge is how you go to businesses and explain to them that they don’t need a bigger connection but a better-used connection. 2023–2028 should see a smarter network.” **Local authority representative**



INNOVATION AND NEW SERVICES

- “For me innovation has got to be high. WPD have probably nailed the others from the stats we’ve seen, but innovation is going to drive the others. With innovation, you can increase reliability, bring down costs, all sorts of things.”
Local authority representative
- “Innovation also feeds into smart networks.”
Business representative
- “You need to take innovation seriously and see where we’re going to go. No one can predict what might come up in the future, so you need to be future-proof, including a whole systems approach. If you don’t have the flexibility to deliver what customers want in the future, then you’re flummoxed. We also need to think about the fact that EVs and charging cars is really just a staging post.”
Local authority representative

WHOLE SYSTEMS APPROACH

- “I wonder whether there’s an argument around gain. For example, if you do more around the whole systems approach as opposed to network reliability, do you get more of a gain from doing that?”
Infrastructure / engineering representative
- “I think you’ve got a hierarchy of things here. For example, whole systems approach and building a smart network would be tier one, then you’ve got some in tier two and so on. You shouldn’t be comparing them like by like because you need to achieve the tier one category to achieve the rest.”
Infrastructure / engineering 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 below 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 facilitation prop used to for this exercise is included in Appendix 2 of this document.

	Security of supply	Efficiency in use of network supply	Design	Cyber resilience	Reduction in time of power cuts	Fault reduction
NETWORK RELIABILITY						
NETWORK RESILIENCE	Targeted storm incident resilience approach	New supply approach for increased weather incidents				
CYBER RESILIENCE	Process data security (GDPR)	Need to be better at protective actions	Consideration for future networks, EV, etc.	Protecting assets	Personal / customer data protection	Safe network Safety of the PSR
CUSTOMER SERVICE	Best beyond class – eq. against John Lewis	Year-on-year improvement	Reduce connection time (for calls)	Speed of response	Quality of information provided for connections	Doing what you say Increase awareness of WPD in the event of a power cut
ENVIRONMENT	Undergrounding	Procurement around sustainable parties	Lower WPD's impact on the environment	Climate change	Impact of assets on biodiversity	
BUILD A SMART NETWORK	Bringing forward a nationally consistent flexibility programme		Publicity and education	Open data on capacity	Improving technology for battery storage	Reliability – being flexible Managing system capacity Policies to manage future need Regular information updates R&D
INNOVATION AND NEW SERVICES	Projects with universities, higher education and SMEs	Increasing number of projects / trials	Environmental benefits delivered	Efficient service, flexible	Timely links to new services	Time to install
CONNECTIONS	Service level agreements	Timelines	Accessibility of information	Capacity maps	Speed of reply	Speed of connections Flexible Innovative
VULNERABLE CUSTOMERS	PSR	Those dependent on electricity				
AFFORDABILITY	Correct scope on projects	Whole life costs	Investment	Rebalance development schemes		
WHOLE SYSTEMS APPROACH	Storage	Work with landowners	Address cost barriers	Better liaison with gas		
ELECTRIC VEHICLES	Vehicle to grid	Focus on home charging	Work with local authorities on street charging			
FUEL POVERTY	Links to other authorities					

Verbatim comments:

“Time-related commitment for connections.”
Energy / utilities representative

“On connections, I’d like to see a service-level agreement and an account manager.”
Connections representative

“If WPD approached us about land and spare capacity rather than us going to them, that would be good. Councils are risk averse, and costs are a barrier.”
Local authority representative

“We have land, the barriers are connection prices and poor availability. It would be good if WPD approached us.” **Business representative**

“With smart networks, it’s about getting a nationally consistent flexibility market that integrates as seamlessly as it can with balancing mechanisms and other ancillary services.”
Energy / utilities representative

“There’s a huge thing about education. You’ve got big companies whose main focus is getting water around the country, it’s not making money by selling back services. We need to make it as easy as possible for large industrial companies to take part.”
Energy / utilities representative

“Tackle innovation through universities but also involve local SMEs. The trouble is that the universities have a big chunk of money, and the SME doesn’t get anything. The universities don’t have all the skillsets. You should have a commitment on the number of trials. The universities need to look outside the box more.” **Connections representative**

“There’s a frustration among suppliers that you’ve had this innovation funding for a long time, and we’re not sure that successes from that innovation are making their way through to business as usual quickly enough.” **Energy / utilities representative**

“If you want to connect storage, which would help the whole system, should you go to the front of the queue?” **Energy / utilities representative**

“You have a fund available but one of the biggest issues around innovation is that a lot of good ideas get through the first stage but then there isn’t a lot of support to develop them. How much can you be involved in commercialising some of the innovation rather than just funding the initial work?”
Local authority representative

“Given the increasing incidence of storm events, is it sensible to start looking at undergrounding more? It’s more expensive but designs could be changed.”
Local authority representative

“Undergrounding could go under the environment priority too.” **Local authority representative**

“I would say that using battery storage across DNOs is a huge issue for us because we’re trying to use a lot of renewable sources and want to make sure that the technology keeps up.” **Business representative**

“Could you not plan in battery storage for housing developments? That needs to be included within the scope of the flexibility of the operation.”
Environmental group representative

“I think it’s part of the conundrum of balancing the system. A lot of renewables are wasted in the summer months, so it’s looking at how to store that energy. That sort of thought process needs leadership because it’s a risky business for investors and politicians, so you should take the lead. It’s about the flexibility of the system.”
Local authority representative

“EVs are storage on wheels.”
Energy / utilities representative

“I’d ramp up the vehicle-to-grid stuff. Rather than EVs being the problem, they could be the solution.”
Local authority 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 to enable customers and stakeholders to influence the company's decisions.

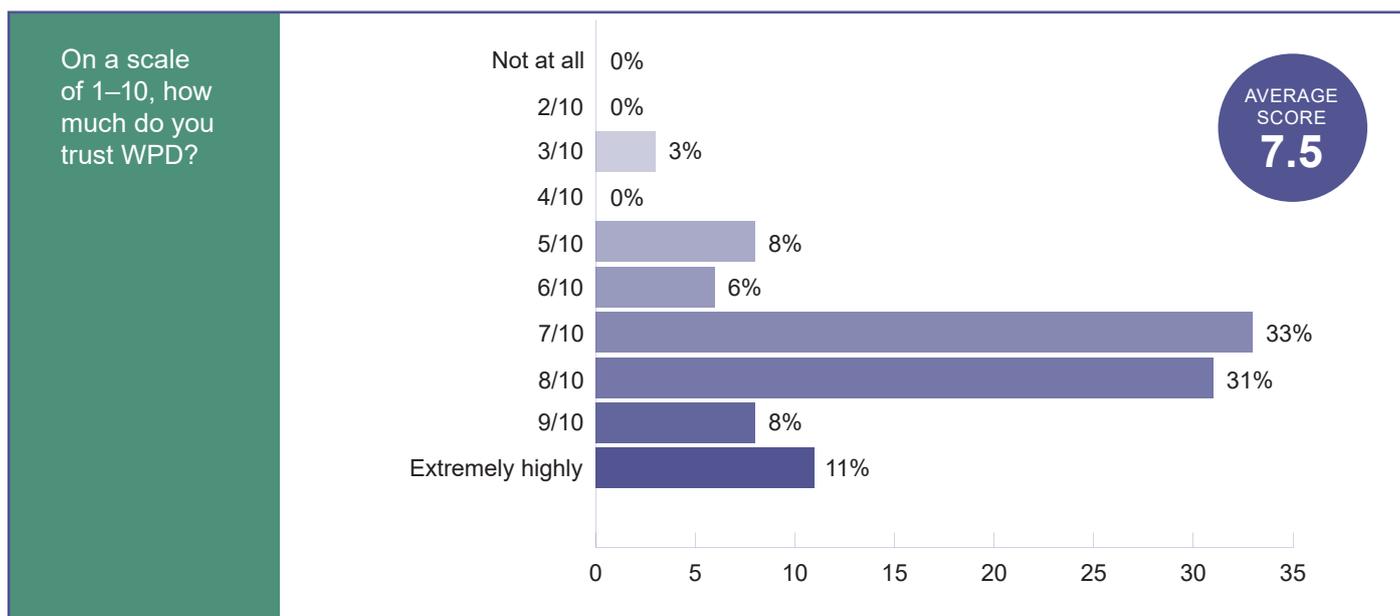
Alex then went on to explain Ofgem's requirements for 'enhanced engagement' and the role that WPD's Customer Engagement Group would have in the delivery of this, giving customers a stronger voice in the next Business Plan period. He then talked stakeholders through WPD's proposals for how the social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

When asked to vote electronically, 11% of attendees declared that they trusted WPD 'extremely highly', with the majority – 64% – placing themselves at 7 or 8 on the scale (where 10 was 'extremely highly'). Delegates were keen for WPD's social contract to contain a commitment to fair prices, a transparent return in profits, and given the recent revelations about large companies' tax affairs, a clear mandate to paying the appropriate amount of taxes. Others wanted to see a firm mandate to close the gender pay gap and targets on a diverse workforce, given the huge diversity of their customer base. On the social side, delegates wanted to see a commitment to local community investment and improving education. Suggestions were made to include a set number of community volunteer days for WPD's workforce every year, which could build and strengthen existing community relations.

Stakeholders were asked to vote on how the social contract should be presented, and the majority, 46%, opted for it to be presented as a separate section of the Business Plan. On the whole, this view was upheld in the discussions. Many felt that the contract should be an intrinsic part of the Business Plan, informing the document in its entirety as a 'golden thread'. Those who disagreed and wanted it as a stand-alone document felt it would be clearer and more forcefully upheld as a separate manifesto, while others felt that the Business Plan affected shareholders and the social contract affected customers, so they should be kept separate.

Delegates discussed how WPD should demonstrate they were delivering the social contract, and when asked to vote on this question, 25% felt it should be scrutinised and monitored by the Customer Engagement Group, and 21% stated it should be reported annually against a set of agreed commitments. The question of policing and enforcing the contract was raised in the discussions, with some suggesting a 'naming and shaming' policy might be effective, while others felt that a 'community' charge or penalty would be appropriate and would feed back into the goals and ambitions of the social contract itself. There was a general consensus that external audits were too expensive to invest in at this stage of the social contract's evolution.





1. WHAT SHOULD WPD'S SOCIAL CONTRACT CONTAIN?

Verbatim comments:

"I think people will mostly be invested in fair prices and returns on profits, as well as tax affairs where people seem to be dodging their responsibilities."

Energy / utilities representative

"Transparency is the main thing. With all issues – tax, pay, responsibility – if the customers and staff can see they are treated fairly and money is invested for the right reasons, that's the key."

Business representative

"Gender pay is missing. I remember a Department for Business, Energy and Industrial Strategy select committee and SSE were asked that question and stumbled over it."

Energy / utilities representative

"I think what's missing here is an emphasis on communication. If I hadn't attended the session last year, I wouldn't have been aware of all the initiatives going on. There's a lot of good work going on which isn't being communicated to the wider community."

Business representative

"I feel that local community investment is something that is very important and makes people aware that WPD exists and is trying to be a good company in their neighbourhood. I would hope that extends to things like education, involvement of all types of people within the community."

Business representative

"Is a diverse workforce encouraged, given your customer base is so diverse? This is in terms of the gender pay gap. I think that should be added to the list."

Local authority representative

"There's nothing about workforce reflecting the community it serves. How they recruit people. Inclusive and balanced."

Local authority representative

"I think in terms of customer satisfaction, it's important that you can speak to someone in your first language, and gender or race splits. These groups can bring in new skills, intelligence."

Local authority representative

"A lot of organisations commit their staff to do work in the community. That could be a good initiative. These are concrete actions, not just words."

Local authority representative

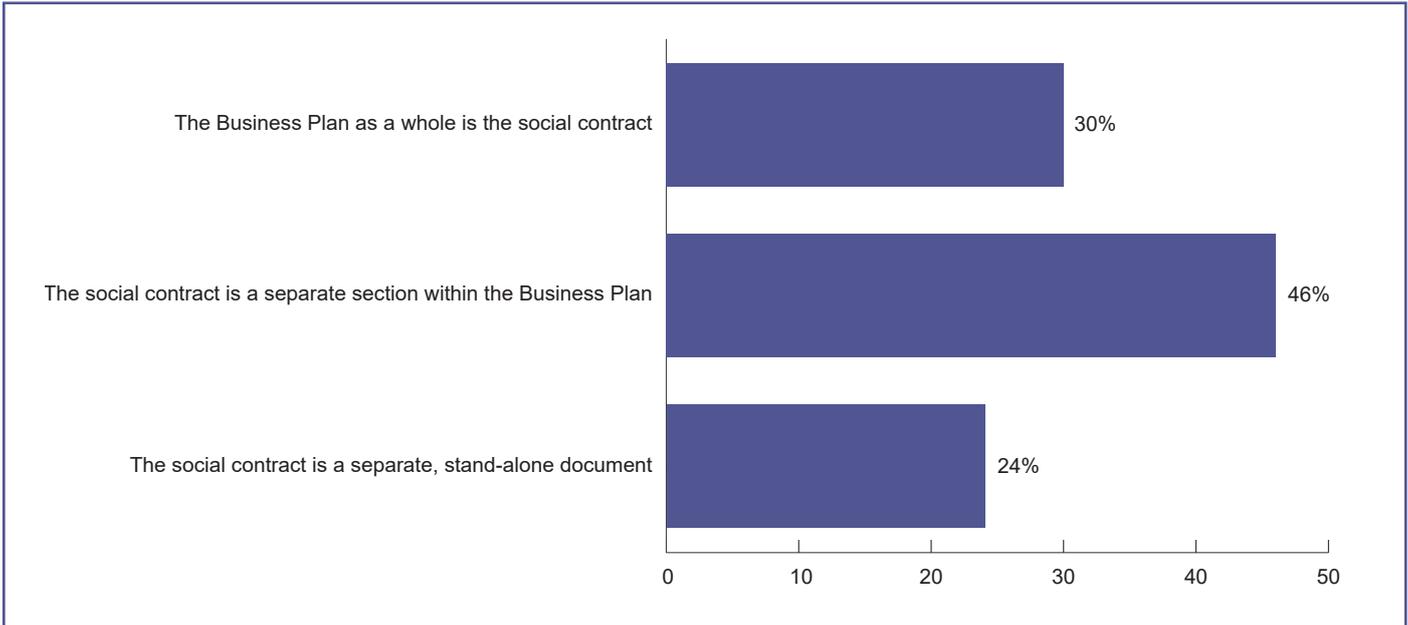
"Working in the community would enable staff to see the real impact of local issues, such as fuel poverty. It would expose them to how people really live."

Environmental group representative

"You could use local people to tell you how detrimental or not each impact would be in the local area, which would streamline the process. When you've determined what you want to do and how you want to do it, it ties local people into the process."

Local authority representative

2. HOW SHOULD WPD PRESENT THEIR SOCIAL CONTRACT?



Verbatim comments:

“It should be intrinsically linked to the Business Plan. With some bits, it’s nicer to have that need to sit separately. But most of your main streams should have the social side attached to it.”

Business representative

“It has to be integrated, but it also has to be presented in a way that you can read a summary of the information. The information has to be linked or it becomes disadvantaged. It depends on how senior management decide whether it serves the best interests of the company.” **Business representative**

“The danger of it being a golden thread is that it gets ignored or pushed to one side as something that you’re already doing. Having it as a separate section puts it as more of a visible commitment.”

Business representative

“As an engineer I prefer something that is in black and white and can be used as a guideline. Almost a manifesto, something that is not open to interpretation. You can state your exact intentions. I would go with it being a separate document.”

Infrastructure / engineering representative

“I think you should have them as separate documents, purely because the Business Plan affects shareholders, whereas the social contract affects customers.” **Business representative**

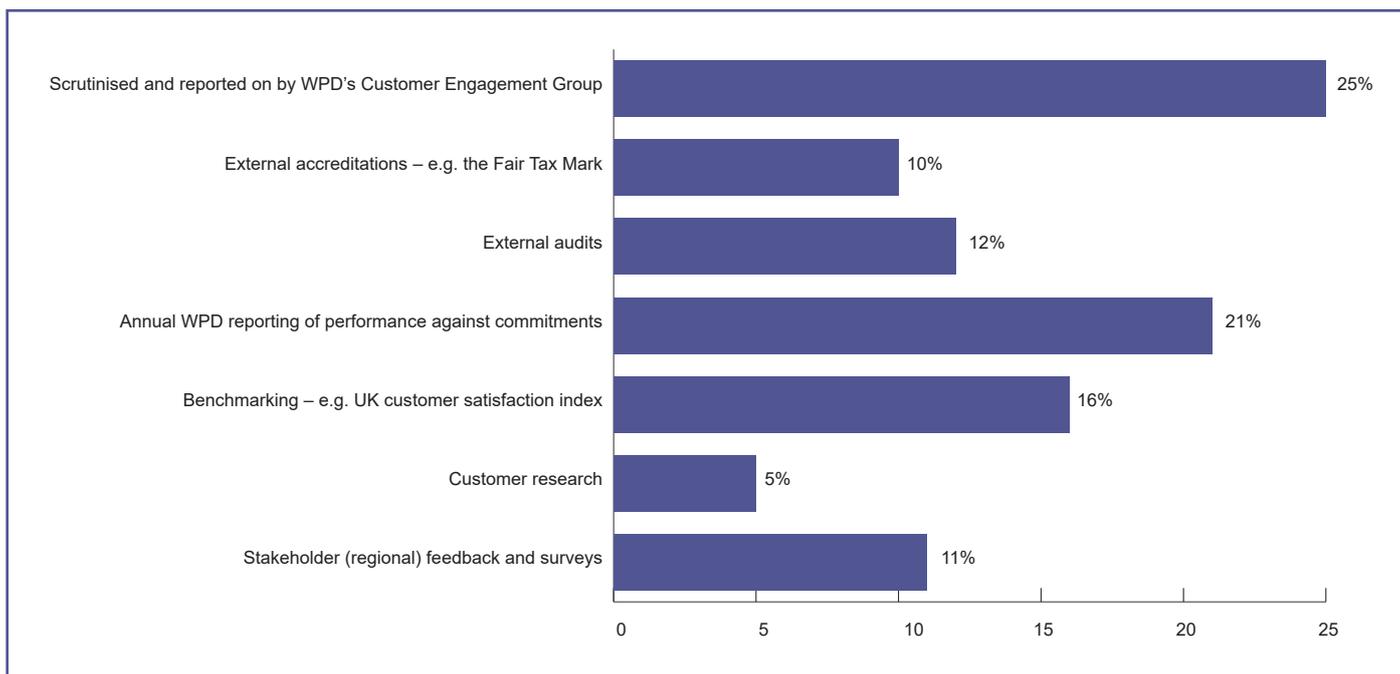
“If you want to raise its importance, it should be a stand-alone document, i.e. something that can be published and consulted.”

Connections representative

“I would prefer to see it as a golden thread that runs through the Plan.” **Local authority representative**



3. HOW SHOULD WPD DEMONSTRATE THEY ARE DELIVERING IT?



Verbatim comments:

“You need to know about the credibility of the Customer Engagement Group, in the same way, you need to know the credibility of the accreditation.”

Academic

“I don't think it should be externally audited as that just adds to the costs. Customer engagement groups would be better.”

Local authority representative

“Naming and shaming, I think that might be more than enough for WPD, if they slack off.”

Local authority representative

“A financial penalty, even nominal, is tangible. No one wants that on their books. It's more powerful than a press release.”

Energy / utilities representative

“I think that a community charge would be good, investors wouldn't want to invest if they've got a bad name.”

Local authority representative

“Maybe something along the lines of an explicit penalty, a contribution to a charity, local community, not just to the community but the area.”

Infrastructure / engineering representative

“You need transparent goals. Smart benchmarking against yourselves and other organisations would help here.”

Infrastructure / engineering representative

“How it is being demonstrated depends on who you are demonstrating it to. What you show a university will be different to what you show a customer. There needs to be a mix and match approach so you can pull out what individual groups need to know.”

Business representative

“A moral conscience is great to have, but someone's got to police it. The first thing to go in any business is the moral conscience. If you say it's part of it, you can't walk away from it.”

Connections representative

“It's important for you to acknowledge that you've failed to comply with the social contract, as you're a trusted organisation.”

Infrastructure / engineering representative

“Is there scope to work alongside consumer bodies like Citizens Advice? You can publish your social contract, but people will say you tweaked the numbers or set them yourself. You need Martin Lewis or someone to stand up and say you're doing a good job.”

Energy / utilities representative

“The social contract needs to be measurable, it can then appear in annual statements, etc. Annual reporting at BP has started to include environmental impacts and incidents, for example. They'd never reported their good work previously. Something bad could unexpectedly happen, if you only start to do the PR then, it's difficult, whereas if you build up the PR beforehand, it's far less work.”

Business representative

8 | SESSION 5: SMART FUTURE AND NEW POSSIBILITIES

Summary of the discussion

The final workshop session was introduced by Roger Hey, Future Networks Manager. Roger 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.

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

Roger 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 wanted WPD to report progress against the transition to DSO, and they cited newsletters, quarterly reports, email and information on the website as the most helpful methods. Representatives from local authorities confirmed they would find regular cabinet or full council briefings useful. There was consensus that WPD had got the areas of reporting correct, although some wanted WPD to be more transparent about possible failures in the transition process.

The majority of stakeholders were enthusiastic about flexibility services, with 46% declaring themselves 'extremely likely' to participate on a domestic level and 59% placing themselves between 10 ('extremely likely') and 8 when rating how likely they were to participate at the organisational level. For most, the incentive was financial, and many pointed out that as homes become more automated, a level of perceived complication would be removed from participating in flexible services. Stakeholders pointed out that affordability needed to be considered given the problem of upfront capital costs for the vulnerable and less affluent, and also more generally. Some argued that if WPD or a local authority could match investment, the prospect would be more attractive.

When asked to vote on the factors that would affect their decisions to purchase an EV, 24% nominated availability of charging points away from home and 22% voted for the speed of charging away from home, highlighting the anxiety around charging infrastructure outside of the domestic sphere. This was borne out in the discussions, where delegates expressed frustration with charging points not working and confusion around which different charge points would work with their car. Another pressing concern was around the cost of the vehicles and the cost to install a charging point at home. This hesitation around EVs was reflected in the electronic voting, where the majority – 36% – said they would likely wait 5–10 years before purchasing one. Delegates whose organisations were likely to move to EVs in the next five years confirmed that greater financial incentives were needed to precipitate the change. For representatives from local authorities, the question related more pertinently to the creation of ultra-low-emission zones and the electrification of transport.

Delegates were asked to vote on the likelihood of replacing their boiler for electric heating in the near future, and the room was split: although 24% said they would in the next five years, 22% responded 'never'. Stakeholders were worried about upfront cost and uncertainty over government subsidies, incentives and the technology itself. Attendees representing business were careful to point out that the average domestic consumer did not plan on replacing their boilers, stressing that investment was tricky to encourage when people move homes much more frequently now. Those who were planning on a replacement felt the environmental consideration was the major motivating factor, and those from local authorities urged a more collaborative, community-based approach to achieve, for example, a terrace of houses sharing a heat pump.

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

Verbatim comments:

“I feel that the areas being reported on are clear and logical. They make sense.”
Infrastructure / engineering representative

“A newsletter or quarterly release of information would be good.”
Infrastructure / engineering representative

“I think the Communities and Localism aspect of this looks good, especially publishing community consultations.” **Business representative**

“Presentations to cabinets or the full council would be useful for us as councillors.”
Local authority representative

“We regularly attend WPD meetings, so we have a lot of information about this transition. Keeping things the same would be ideal for us.”
Business representative

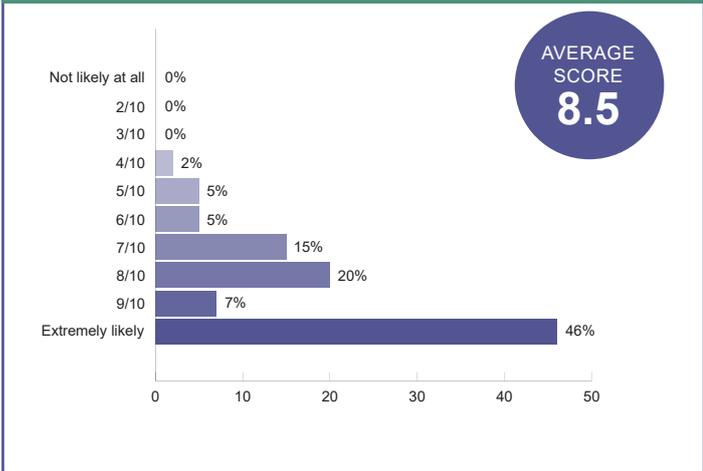
“I like being informed by email and local briefings.”
Infrastructure / engineering representative

“I see a lot of the information produced by WPD, it’s quite useful. The one thing missing is knowing why things fail when they do. It would be useful for WPD to publish when things don’t work.”
Local authority representative

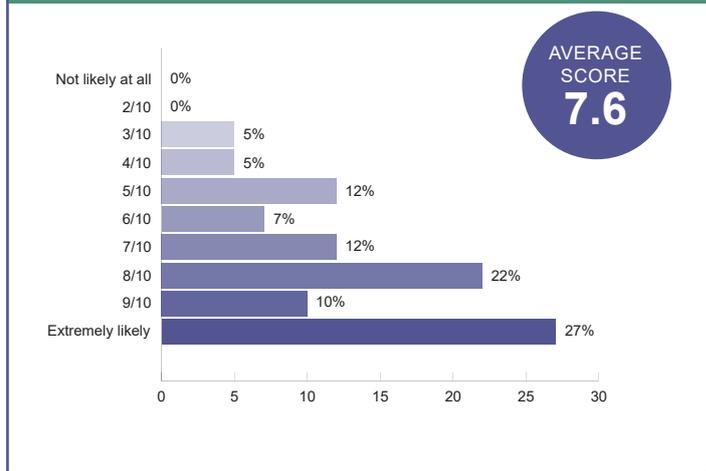


2. HOW LIKELY ARE YOU TO PARTICIPATE IN FLEXIBLE SERVICES? AS A DOMESTIC CUSTOMER AND FROM A WORK / BUSINESS PERSPECTIVE?

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:

“If there was a cost incentive, I would be interested in flexible services as a domestic customer.”

Infrastructure / engineering representative

“Smart houses where it will do it automatically for you, e.g. charging cars overnight.”

Infrastructure / engineering representative

“You can get a full smart appliance range from Samsung, and most of them have a delay function. I think it’s coming, it’s going to happen, you just have to pay more if you want to charge at peak.” **Academic**

“But that’s significant infrastructure investment. Not the individual, but someone is paying for it. That could be the local authority.”

Infrastructure / engineering representative



“It’s not just about the ongoing costs, it’s about the capital costs. There has to be cost-neutral capital costs for the consumer, and the promise of some saving. That can be quite modest. You may get that through better efficiency and equipment, but that has to be solved. If you could save on the maintenance bill even.” **Business representative**

“If there was some form of investment match from someone like WPD, where they pay a difference in the capital price.” **Academic**

“For our business it’s very important, but currently we don’t have the ability to participate. Universities in Coventry have surplus capacity that they cannot use flexibly. A flexible market framework for releasing surplus capacity back into the city would be huge.” **Local authority representative**

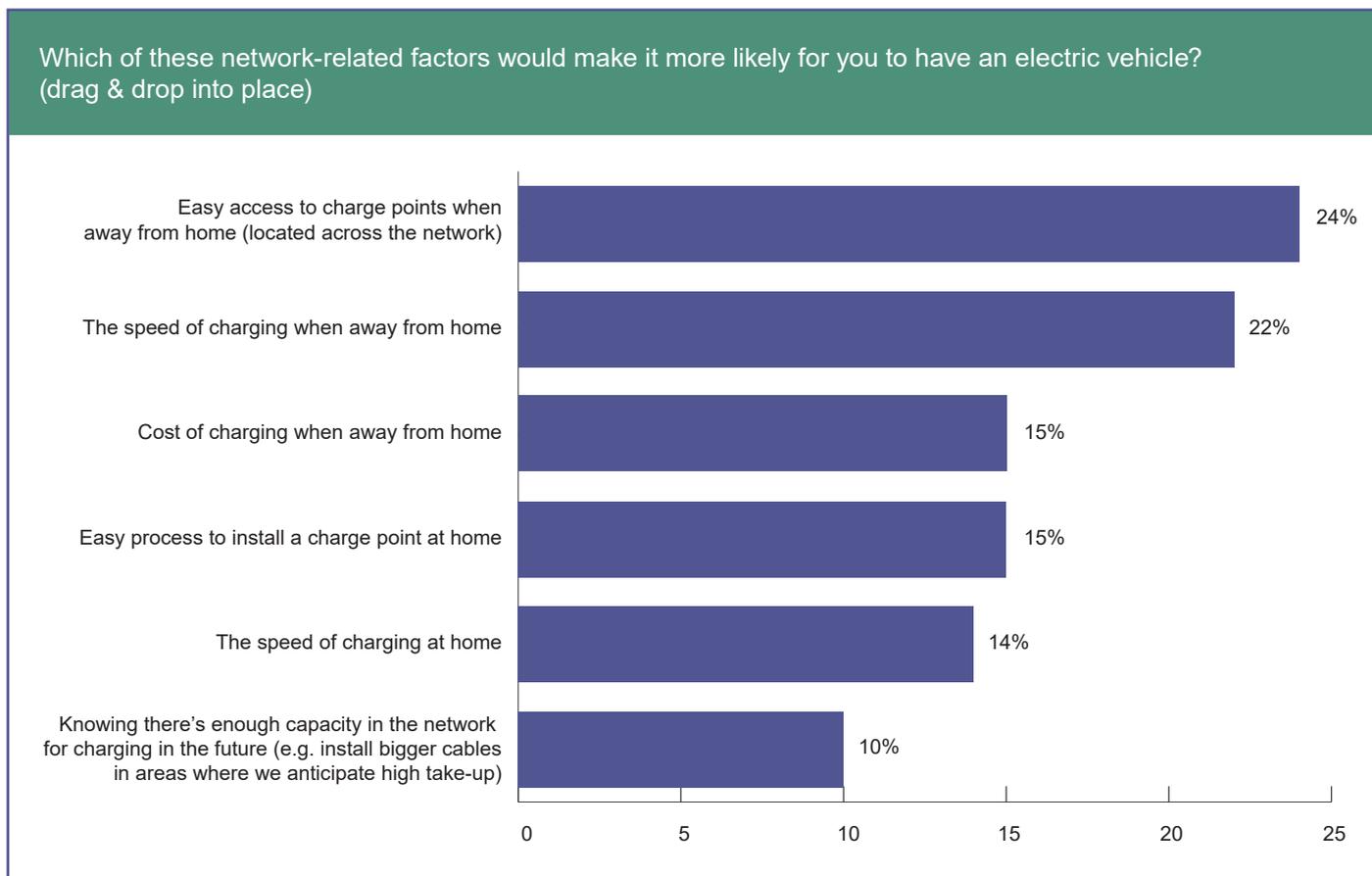
“Confidence in knowing the technology will work is important too.” **Local authority representative**

“We’ve got four housing developments, but in their planning submissions none of them have got anything about energy. I was wondering if you could engage with developers to incentivise to get them to be flexible.” **Local authority 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:

“Aside from the issues that are manufacturer led, it’s the location of the charging points which is important. You need to be able to feel certain you will get from A to B when you are away from home.”

Local authority representative

“It’s not so much having them, it’s that they are working. The number of times you turn up at a charge point and it is not working, it means you have to worry and look for other nearer points. People with diesel engines or hybrids who park in charging points drive me mad.”

Local authority representative

“Recently I was most desperately trying to buy an electric vehicle but it is confusing about all the different charging points.”

Business representative

“Charging points need to be more reliable. I’ve been on a business trip and have had experience of charging points not working en route. It’s very problematic.”

Infrastructure / engineering representative

“I wouldn’t buy one at the moment because if I wanted to drive across the country, the charging points are not there yet.”

Infrastructure / engineering representative

“The costs in the technology would need to come down to get people more widely interested in electric vehicles.”

Business representative

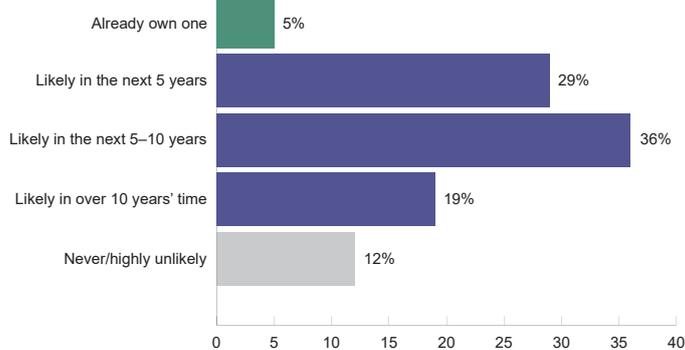
“There’s a big cost for purchasing the vehicle, then another big cost for installing the charger.”

Parish council representative

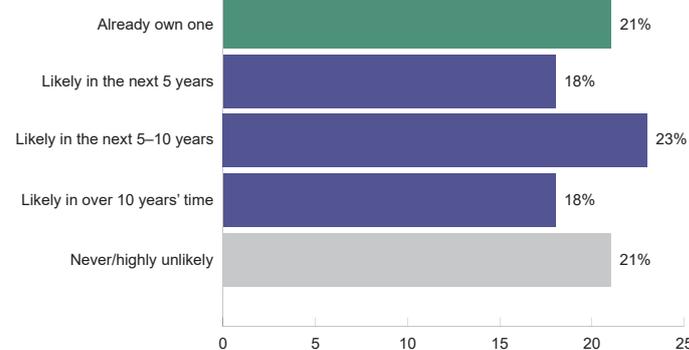


4. HOW LIKELY IS YOUR COMPANY TO MOVE TO ELECTRIC VEHICLES IN THE NEXT FIVE YEARS?

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:

“My office would probably pay for a charger. They’re talking about the fleet being electric. There are incentives for that.” **Business representative**

“Transport for West Midlands has put in electric charge points in the park and ride points and have a couple of electric vehicles. They are working on an ultra-low emission strategy. Birmingham is implementing a clean air zone to do with health, not just transport.” **Local authority representative**

“Coventry is looking at purchasing EVs in the next vehicle purchase, though we don’t have the charging infrastructure or capacity at present and we’re having to work on supply innovation, though EVs are getting forced because of carbon reduction targets.”

Local authority representative

“We have a couple of charging points but we are quite far out, so it’s difficult for people who go long distances. If something goes wrong, then they can’t get home.”

Infrastructure / engineering representative

“I’m sure there will be an appetite, we are looking at charging points for new housing developments and planning.” **Local authority representative**

“For me, it comes down to charging. I travel quite a lot to rural locations. At the end of the day, I just want to get home rather than spend an extra half an hour charging my car.”

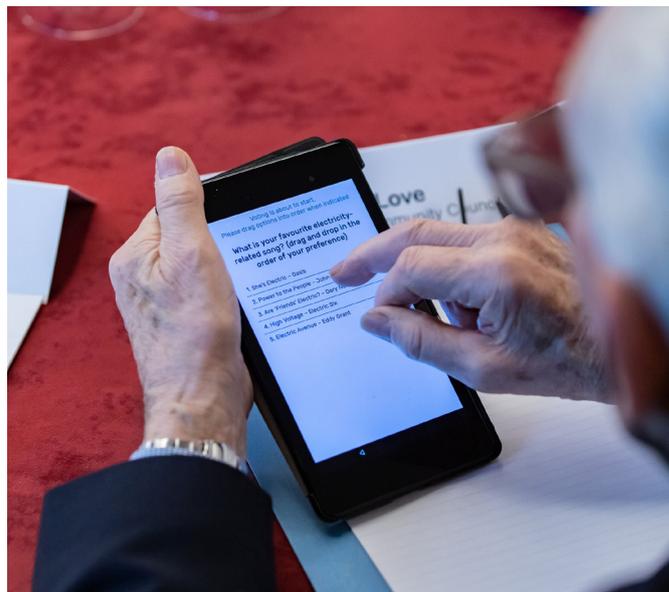
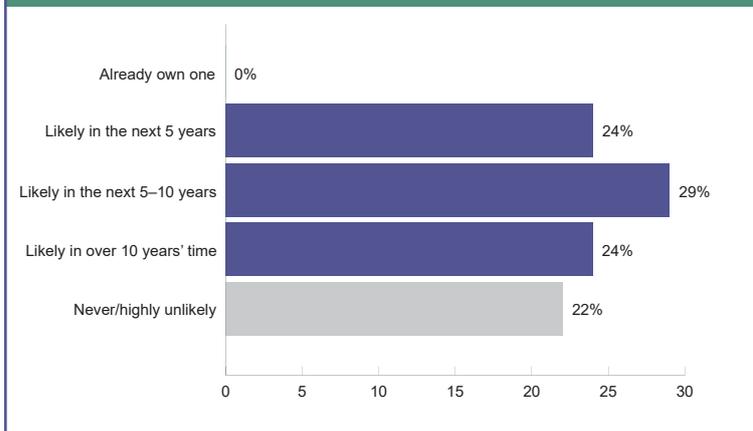
Environmental group representative

“Tax incentives will push EVs in that direction faster. Forty-three percent of cars on the road are company cars.” **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:

“It’s very expensive, I wouldn’t yet. Maybe when the costs come down.” **Energy / utilities representative**

“Direction has got to come from government. The problem is the government has an idea occasionally, like zero-carbon houses, but then the building industry objects and it’s gone, because they have the biggest voice.” **Local authority representative**

“I replaced mine two years ago, but the upfront cost of an electric system and the uncertainty of support meant I didn’t take that risk.” **Business representative**

“It’s important to note that you don’t usually plan to replace your boiler. It’s not something that people enjoy spending money on.” **Business representative**

“It’s not as easy to just do it, so that’s the issue. A boiler replacement is a distressed purchase. You’ve got to get it done now or at least a temporary solution. A heat pump is a bit of a longer planning process, it’s a longer installation process.” **Academic**

“I’d consider an efficient and sustainable solution.” **Local authority representative**

“Education is a big issue in this area. I’m not sure what the best way of addressing this is.” **Energy / utilities representative**

“The challenge with domestic users is to do with the longevity of ownership; the number of people owning the same house for 20 years has fallen. With rental there’s a disconnect between the owner and the operator of their asset in terms of interest.” **Local authority representative**

“As a local authority, we’re looking at planning changes, trying to ensure that gas isn’t burnt where we’re aiming to lower emissions, such as where children are growing up. The challenge is giving the consumer choice while trying to manage the system. Technically, it would be easy to go to terraced housing and install a heat pump to serve the whole street, but you can’t tie all the individual customers to the same system. Some of these electrified systems require a collective approach.” **Local authority representative**



9 | AFTERNOON SURGERIES

CONNECTIONS

The surgery on connections was hosted by Richard Allcock, Connections Policy Engineer. Richard 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 represented a range of interests, including renewables, new housing, connections customers and energy innovation zones.
- Delegates suggested time to connect, cost of connection, accuracy of costs, and innovation in connections as additional connections priorities.
- Network capacity allocation and reservation was nominated as the top connections priority.
- A critical issue is customers not understanding the connections process and infrastructure, especially with community energy groups: better advice and more information is needed from WPD. This could take the form of workshops or a dedicated section on the website.
- In terms of collaboration on planning and investment, stakeholders called on WPD to feed local conditions into its planning and investment, pointing out that an evidence-based approach allows them to make a better business case and leads to better value for money and sustainability.
- Stakeholders called for greater granularity in terms of the WPD data portal and GIS, particularly when thinking of transport overlays for planning EV charging hubs.
- It was noted that the capacity map needed a faster refresh rate and more real-time information, with more information on a micro and macro level to enable strategic networks.
- There were calls to improve the accessibility of technical information on the mapping system.
- Stakeholders were keen to know whether it would be possible to find out the percentage of unused network capacity in a given town or city, which would feed into industrial strategies and help local authorities build economic arguments.
- WPD could engage with community energy engagement groups built up by local authorities, as well as Community Energy England.

Network capacity allocation and reservation	1
Low Carbon Technology, e.g. Electric Vehicles	2
Transition to DSO	3
Lowering connection times and costs, and increasing accuracy	4
Availability of Information	
Assessment & Design fees	
Community Energy	
Competition in Connections	

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.

- Given the intentions of the Carbon Plan, stakeholders queried the varied sources of electricity generation and wanted to know the decarbonisation percentage gain.
- Stakeholders wanted to know how electric buses would be charged.
- Stakeholders felt that suppliers providing electricity solely for EVs, such as Agile Octopus, were a positive idea, and wanted to know whether WPD would work with Ofgem to encourage similar services.
- Attendees wanted to know whether the EV emissions testing report lists the different chargers used.
- Stakeholders were keen for engagement on EVs to involve local authority planning departments, so that greater collaboration on planning and building charging infrastructure could be enacted.
- Delegates wanted to know who was going to fund the roll out of three-phase wiring to homes.

NETWORK CHARGING

There were no attendees at the network charging surgery in Nottingham.



CONSUMER VULNERABILITY

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

- Stakeholder interests included humanitarian assistance, fuel and other points of poverty, links between fuel poverty and climate change, and whole-system solutions.
- Stakeholders mostly agreed that WPD is right to stretch targets for projects because they're essentially investing (spending customers' money in the process) and are expecting a return.
- Stakeholders worried about asking healthcare providers to fill in PSR forms, as they are already very stretched.
- Others were concerned that WPD was only engaging with professionals for PSR referrals, when it should also be engaging with ordinary people.
- Delegates felt that WPD needs to find a way to better engage with the general public about climate change issues and get information out about how to combat fuel poverty. The green festival in Nottinghamshire was suggested as a good place to capture people's attention.
- WPD's workshops are a good way to find people who can carry out the educational work that could help wider communities. There needs to be less of an affluent focus to increase community trust and engagement.
- Stakeholders responded positively to the innovation fund launch, particularly in the light of the DSO transition.
- Others said that fuel poverty schemes were very important and that fuel poverty is very far off the radar to people working in the power industry.
- Delegates suggested that WPD tackle problems with smart meter compatibility and help people get tech-savvy enough to use them.
- There was consensus on this as a grass-roots approach: getting local communities comfortable with smart meters would enable them to save money on their bills and trust WPD more.
- Others proposed educational initiatives involving primary schools: children love gadgets and would then talk to their grandparents about smart meters and how to use them.
- WPD's four social obligation strategic objectives were seen as broadly appropriate.
- Working with others to understand vulnerable customers' needs, improving PSR data, raising awareness of the PSR and improving the availability of crisis packs in the event of a power cut were the most popular priorities.
- Only one priority received votes to be removed: co-ordinating meetings with suppliers to agree criteria for vulnerability, while none received a vote for a reduction.
- Age Concern and Money Saving Expert were mooted as potential new partners.
- Delegates made proposals to give people in extreme poverty one hour of free electricity a day at 5pm. This would enable them to get hot water (for hot water bottles), make food and wash themselves.
- There was also discussion around a 'fuel bank', where you were given free fuel.
- The National Energy Efficiency Initiative was seen as a potentially useful avenue for helping vulnerable customers.

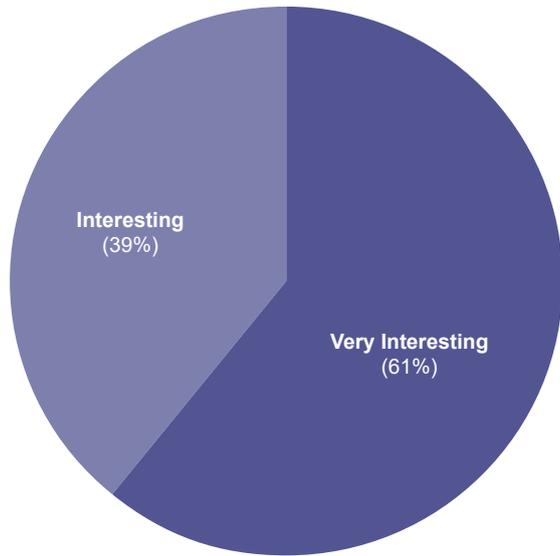
Stakeholders were asked to fill in a feedback form denoting which of WPD’s social obligations priorities they should remove, reduce, retain, or increase. The outcomes of this are shown below. Please note, some stakeholders did not vote on certain priorities. Working with others to understand vulnerable customers’ needs, improving PSR data, raising awareness for the PSR and improving availability of crisis packs in the event of a power cut were the most popular priorities. Only one priority received votes to remove, co-ordinating meetings with suppliers to agree criteria for vulnerability, while none received a vote for a reduction.

	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	1
Contact vulnerable customers at least once every two years to check their details			6	
Improve the quality of the data that we hold on our Priority Services Register			2	4
Co-ordinate meetings with suppliers to agree criteria for vulnerability	1		3	2
Raise awareness of the Priority Services Register			2	4
Make 10,000 crisis packs available to customers who need extra support in an power cut			2	4
Contact customers who rely on electricity for medical reasons every three hours during a power cut			5	1
Provide practical support during power cuts through organisations such as the British Red Cross			6	
Ask for feedback from customers in vulnerable circumstances to check they are happy with our service			5	1
Develop ways of sharing information with Local Resilience Forums			4	2
Build a database of regional agencies we can refer customers to for fuel poverty support			3	3
Work with partners to develop links to and from our website so information is easy to find			4	1
Develop joint information with partners we work with to help customers who are facing fuel poverty			3	2
Fuel poverty training for all staff who come into contact with members of the public			6	
Use data analysis to identify areas with a high concentration of vulnerable households			6	
Develop local outreach services to help customers who are facing fuel poverty			3	3

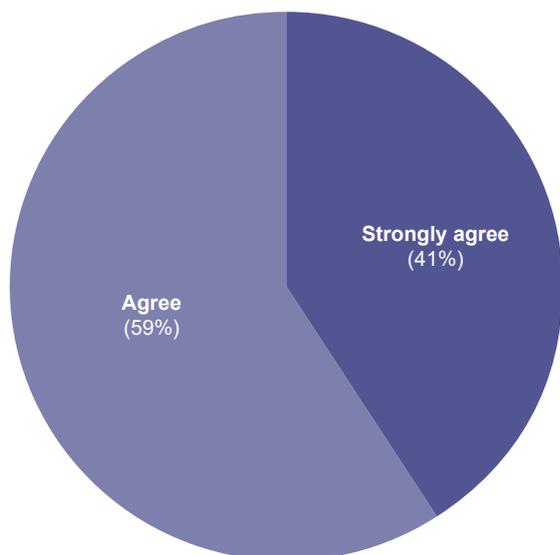
10 | WORKSHOP FEEDBACK

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

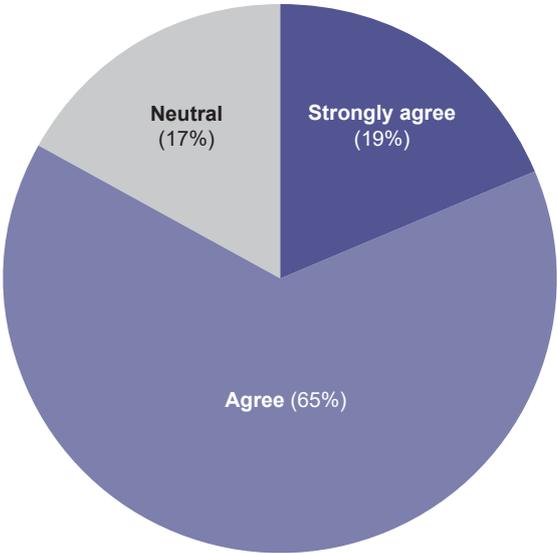
Overall, did you find this workshop to be:



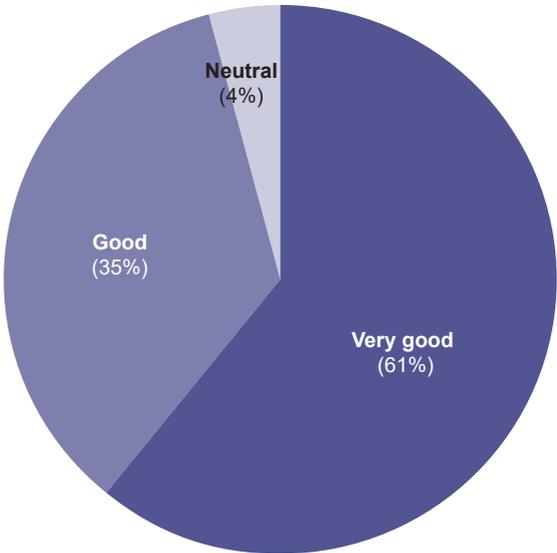
Did you feel that you had the opportunity to make your points and ask questions?



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

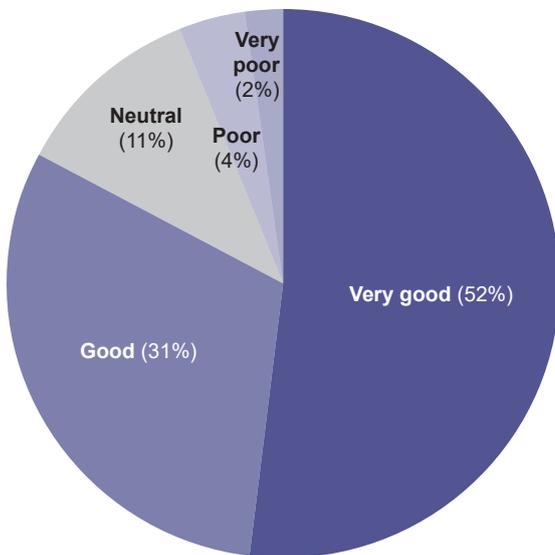


What did you think of the way the workshop was chaired by your facilitator?



“Really capable facilitator allowing an excellent group discussion.”
“Excellent.”

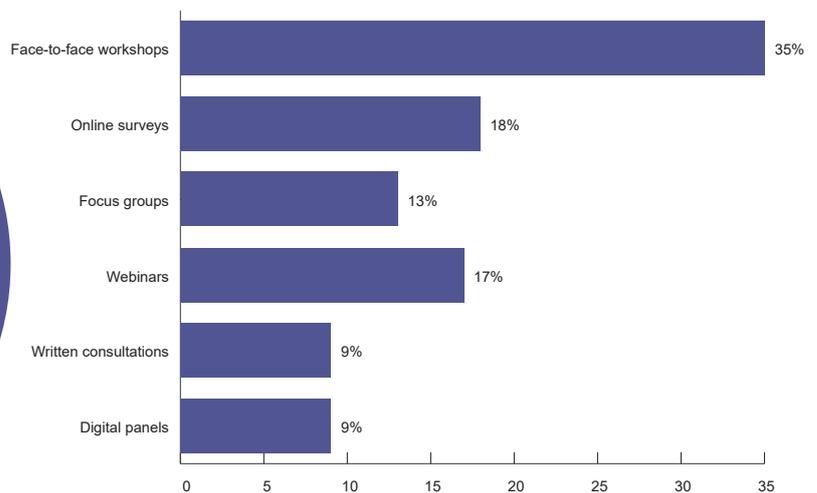
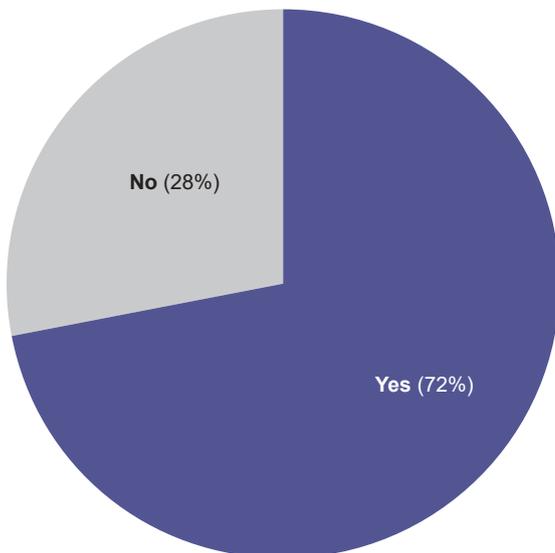
What did you think of the venue?



“Only drawback was lack of parking on-site.”

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?

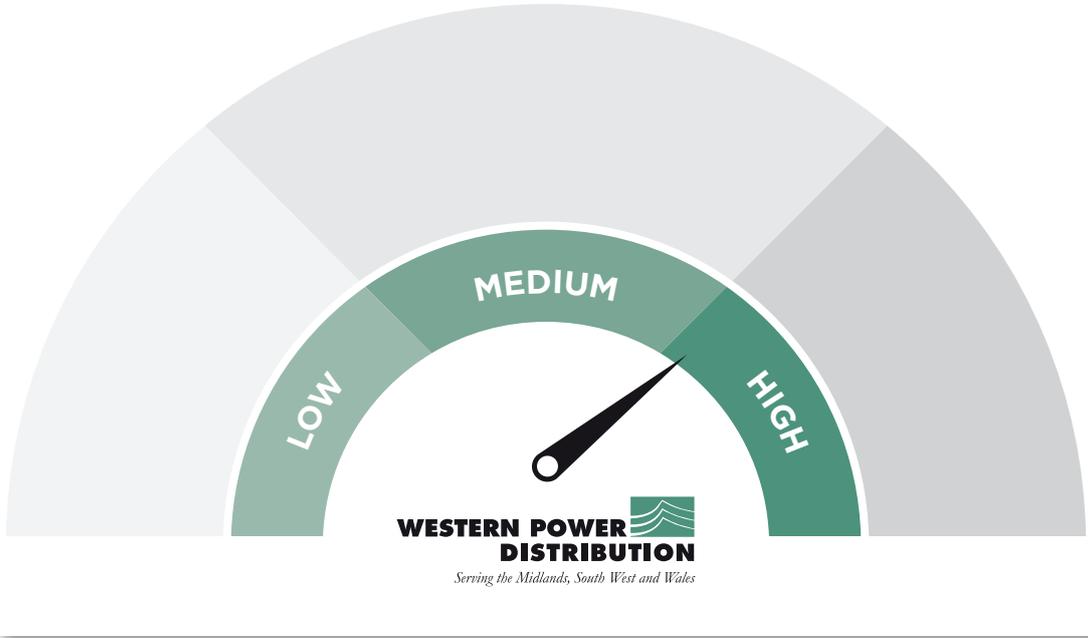
“This was my first time attending and I found the workshop really interesting and useful for networking.”

“Would be great to focus on opportunities for SMEs to support WPD.”

“An excellent and informative workshop.”

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.	

