

WPD CUSTOMER COLLABORATION PANEL



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| Last revised : 18.10.19 | Meeting Minutes | Notes by: Nicki Johnson |
|-------------------------|------------------------|-------------------------|

| | | |
|------------------|---|--|
| Date/time | 26 September 2019 - 10.00-15.00 | |
| Venue | WPD Stoke Depot | |
| Attendees | <p>DP - Daksha Piparia, Independent consultant (Chair) KC - Katherine Curley, British Red Cross RH - Richard Hellen, The Schumacher Institute IK - Ian King, Warwickshire Police RL - Ron Loveland, Welsh Government PM - Pauline Mahon, customer representative GM - Gabby Mallett, National Energy Foundation EP - Eddie Proffitt, MEUC BR - Bob Radford, Kirklington Parish Council MR - Mike Rowe, Institute of Engineering & Technology JS - Jacob Shell, Coventry Citizen’s Advice AS - Alex Spreadbury, B&Q</p> | <p>WPD: PS - Phil Swift AW - Alex Wilkes PJ - Paul Jewell NJ - Nicki Johnson KM - Karen McCalman RA - Richard Allcock (part) VB - Vanessa Buxton (part)</p> |

WPD Performance Update

| | |
|-------------------|---|
| Discussion | <p>PS gave the group an update on WPD’s latest performance.</p> <p>The group talked about WPD accidents, near miss analysis and anonymous reporting and PS explained we are encouraging people to talk to safety representatives. PS also talked about WPD’s annual safety conferences (we ask staff for ideas). The CCP members are welcome to attend a safety conference.</p> <p>PS talked about WPD’s Safety Climate Survey and DP asked if the panel can see the headlines.</p> <p>PS talked about high impact presentations at safety conferences (e.g. a presenter who had fallen off a roof and who was in a wheelchair.) IK suggested impact on emergency services is another way you can present safety issues. PM noted the impact on colleagues is also immense and powerful.</p> <p>RH noted a good app called “what three words” and PS said it was briefed out at SHE meeting yesterday.</p> <p>RH asked if performance relating to electric vehicles is going to appear on Ofgem’s Broad Measure survey. PS explained we would encourage this. We are trying to facilitate net zero.</p> |
| Actions | <p>1. CCP to receive a presentation detailing the results of the Climate Change Survey</p> <p>2. WPD to invite panel members to the next Safety Conference</p> |

Strategic Priority – Government & Legislation

| | |
|-------------------|--|
| Discussion | PS gave the group an update on the latest impacts of Brexit. |
|-------------------|--|

| | |
|--|--|
| | <p>RH asked if WPD is collaborating with other DNOs about larger plant and critical assets they could run out of? PS explained we always carry additional critical stock (e.g. items that don't deteriorate over time). We also lend assets to other companies and for certain items subscribe to National Grid stock.</p> <p>The group discussed cyber security, importing electricity from the EU, potential renationalisation and National Grid's issue on August 9th.</p> |
|--|--|

Strategic Priority – RIIO update

| | |
|-------------------|--|
| Discussion | <p>PS gave the group a RIIO-ED2 update. RH noted the uncertainties around low carbon technology, e.g. EV chargers and asked what would happen if WPD sets incentives wrong. PS explained the importance of getting them right. We aim to allow a core of certainty.</p> <p>The group talked about EV charging, energy storage and PV and wind. PS explained there is predictability around solar and wind which can be forecast but of course we need enough renewables and storage.</p> <p>RL asked if WPD will come under pressure to invest and move quickly in big cities - thus leaving rural communities behind. PS noted this is a discussion between us, BEIS and National Grid.</p> |
|-------------------|--|

Electric Vehicles – a strategy update

| | |
|-------------------|---|
| Discussion | <p>PJ updated the group on WPD's EV work and strategy to date.</p> <p>PM talked about a local issue where there were only two charging points in a car park and a queue of five vehicles. RH noted our guidance note is useful but co-ordination between LAs in the patch could help. PJ agreed the local government association could do this and there does need to be joined up thinking.</p> <p>The members talked about the fuel poor, using cars as mobile batteries, battery explosions, harmonics analysis and supermarket/station car parks getting charging units, smart charging and charge anxiety.</p> <p>AS noted a nervousness re supermarkets and large multi-site spaces between energy managers. They are concerned about sinking too much capital into charging points in hundreds of locations when the risk is high and technology is moving so fast it could become obsolete.</p> |
| Actions | 3. PJ to return next year and update the group again |

Customer Engagement Group – an update

| | |
|-------------------|---|
| Discussion | <p>AW updated the group on the RIIO engagement and the new Customer Engagement Group. This included an updated on challenges to date and in particular challenge '02', relating to our preliminary RIIO-ED2 engagement, which is now closed.</p> <p>The group talked about engagement methods and the framework WPD will work to and AW explained how 'Willingness to Pay' research helped.</p> |
| Decisions | WPD should share challenges with the Panel. |
| Actions | <p>4. AW to share the latest challenges with the group</p> <p>5. Results of the preliminary engagement will be reported at the December meeting</p> |

Social Obligations – afternoon surgery

| | |
|-------------------|---|
| Discussion | <p>The members interested in social obligations:</p> <ul style="list-style-type: none">• shaped the forthcoming Social Obligations workshops, e.g.:<ul style="list-style-type: none">○ suggested representation from Ethnic Minorities, church leaders, people with vulnerabilities and carers○ suggested a person-centred approach• consulted on the second stage of web changes after WPD listened to their previous feedback, and received an update on the new Power Up branding after sub-groups met previously. |
| Actions | <p>6. Surgeries will be early and first at the next meeting 7. WPD will source a mental health representative to present at the workshops 8. WPD will make changes to the format/content of workshops following useful feedback 9. Members to send comments on the proposed new PSR web pages to NJ/KM</p> |

Connections and Business Customers – afternoon surgery

| | |
|-------------------|---|
| Discussion | <p>VB presented on the changes proposed for the connections pages within the WPD website under our Incentive for Connections Engagement (ICE) improvements. The changes are aimed at improving navigation and improving the content within pages for connection related information.</p> <p>Members were broadly in agreement with the changes but highlighted some minor amendments, including some of the terminology used to ensure clarity for users. Examples included “Making a new connection” which leads to demand connection processes but could also be selected by users requiring a generation connection, and the “Find out more” links which lead to processes, such as application forms, rather than further information.</p> <p>Members also highlighted the importance of accessing Legal Permissions and Consents information irrespective of whether you were enquiring about a specific service or for further information.</p> <p>In addition, it was suggested there should be some other method to get to the right page, either image driven or a site map.</p> |
| Actions | <p>10. WPD to review and amend terminology on links 11. WPD to signpost Legal Permissions & Consents from both the Services and Information connections pages 12. WPD to provide access within the website to a Site Map</p> |

Future meetings

Thursday 5 December 2019 - Derby

2020 - please note amended September date

Thursday 19 March - Birmingham

Thursday 11 June - Alfreton

Thursday 3 September - Hinckley

Wednesday 16 December - Pegasus



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WPD Customer Collaboration Panel

Stoke Depot

Thursday 26 September 2019

Today

- 09.30 Closed member session – optional for all members
- 10.05 Update on our performance
ED2 Business Planning and Government & Legislation
Phil Swift (Chief Executive)
- 11.30 Electric Vehicle charging – an update on WPD’s strategy
Paul Jewell (DSO Development Manager)
- 12.15 Actions from the June meeting
Nicki Johnson (Stakeholder Engagement Officer)
- 12.25 RIIO Engagement – Customer Engagement Group
Alex Wilkes (External Affairs Manager)
- 13.00 Lunch
- 13.30 Split session:
- A: Connections & business customers
 - B: Social obligations

Today's afternoon surgeries

Connections & business customers, to include:

- Co-creation of new/improved connections web pages

Social obligations to include:

- WPD's social obligations workshops – collaboration on the plans
- Co-creation of Power Up branding
- New vulnerability hub
 - Seeking further thoughts on proposed new web pages



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Chief Executive's update

Phil Swift

Chief Executive

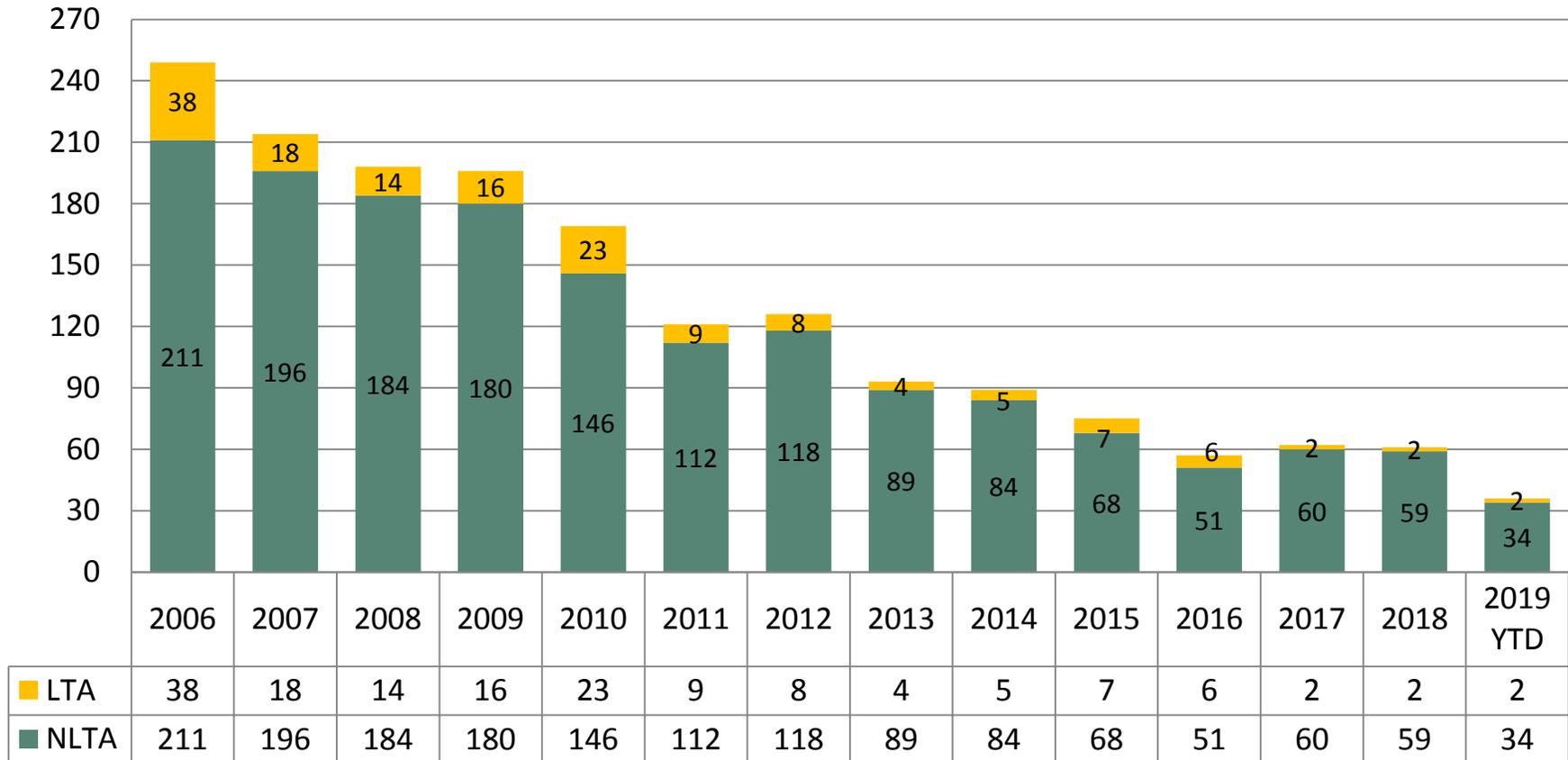
Customer Collaboration Panel September 2019

Contents

- Performance update
- Brexit & UK political update
- Distribution System Operator (DSO) update
- Regulation and the upcoming RIIO-ED2 price control review

Safety – lost time accidents

No. of accidents to end August 2019



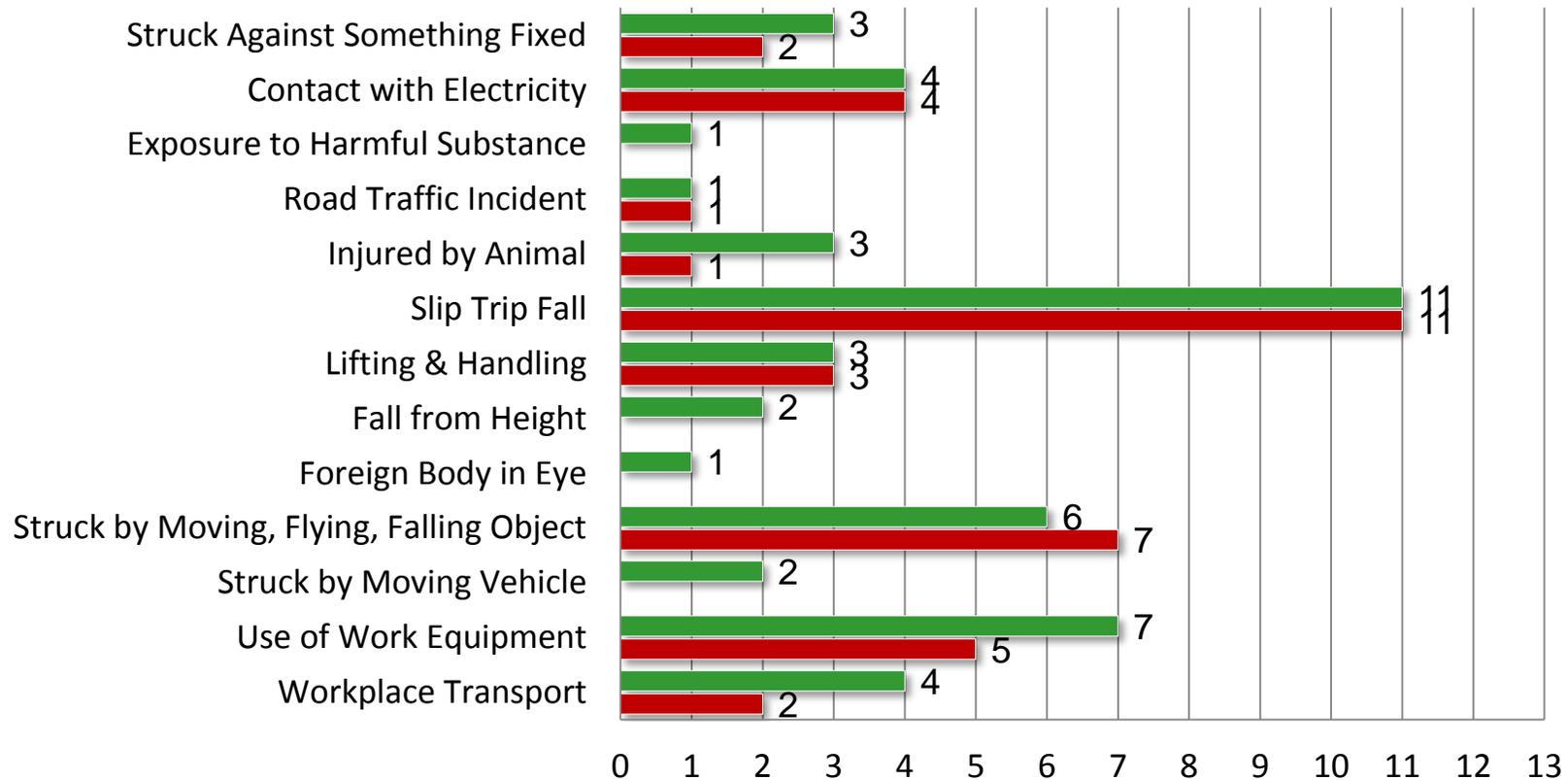
- In addition there have been 32 near misses year to date

2018 v 2019 - Causes of accidents (All WPD)

Staff Accidents - By Type

■ 2018

■ 2019 YTD



IIS outturn 2019/20

| | WPD West Midlands | | WPD East Midlands | | WPD South Wales | | WPD South West | |
|--------------------------|-------------------|-------|-------------------|-------|-----------------|-------|----------------|-------|
| | CI | CML | CI | CML | CI | CML | CI | CML |
| Ofgem IIS Target 2019/20 | 82.5 | 52.3 | 50.8 | 37.2 | 52.7 | 33.2 | 58.4 | 43.9 |
| IIS Outturn 2019/20 | 46.4 | 30.6 | 33.8 | 20.9 | 49.5 | 24.8 | 43.6 | 37.8 |
| % Out Performance | 43.7% | 41.4% | 33.5% | 43.9% | 6.1% | 25.3% | 25.3% | 13.8% |
| *Potential reward (£m†) | 21.2 | | 20.5 | | 4.2 | | 7.4 | |

As at 31st August 2019
***Subject to Ofgem audit**
†At 2019/20 prices

IIS: Interruption and Incentive Scheme

CML: Customer Minutes Lost (average number of minutes lost per customer, per year)

CI: Customer Interruptions (number of customers whose supplies have been interrupted per 100 customers per year over all incidents)

Contact Centre performance

August 2019 - regulatory year to date

Inbound

| Service | Total calls | Average speed of response - Calls 1.33 seconds |
|--------------------------------------|-------------|---|
| General enquiries | 68,112 | Average speed of response - Twitter 3mins 58 secs |
| No supply | 328,093 | Average speed of response - Webchat 44 seconds |
| Calls to 105 (included above) | | 145,046 (44%) |

Outbound – Proactive

| | Total call backs | Total to vulnerable customers |
|--|------------------|-------------------------------|
| During fault | 31,451 | 27,253 |
| When ETR changes (Estimated Time of Restoration) | 27,562 | 8,229 |
| Post fault | 119,941 | 41,353 |
| Total | 178,954 | 76,835 |
| Total proactive text messages sent | | 445,509 |

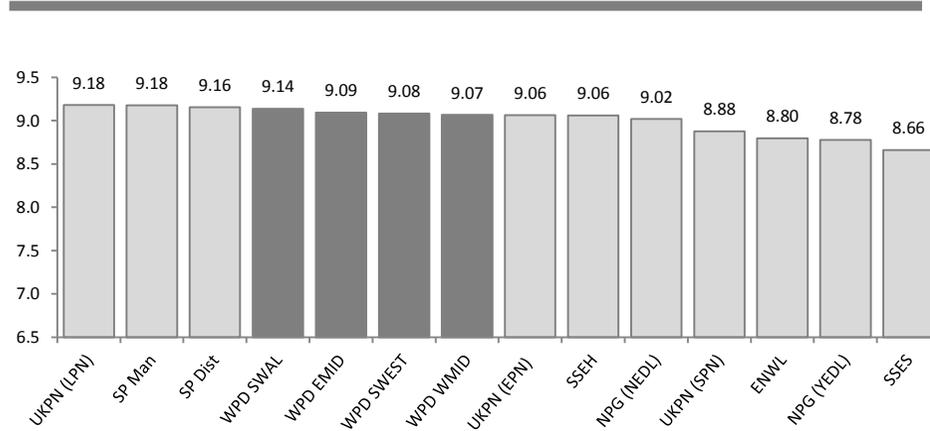
Priority Service Register data cleanse

| | Total contacts |
|---|---|
| Customers attempted to contact | 224,768 |
| Success rate | 55% |
| Onward referrals made (e.g. for fuel poverty support) | 6,364 (including 3,277 referrals to fire service) |

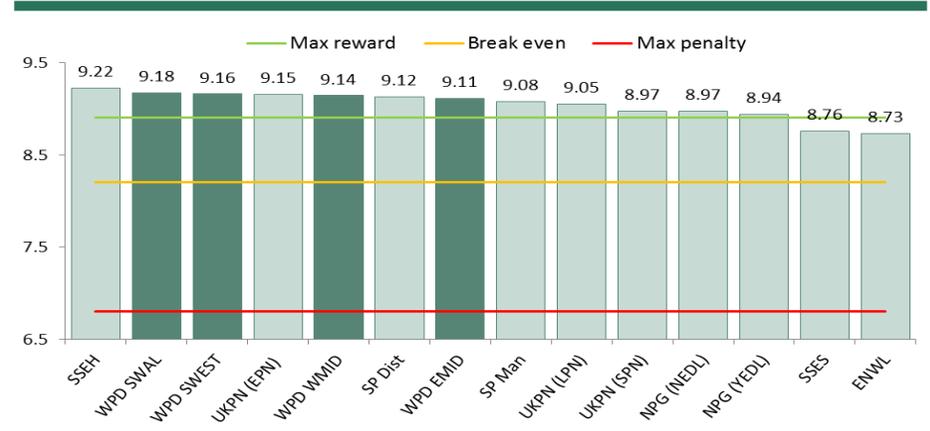
Customer Service performance

2019/20 - regulatory year to date (to August)

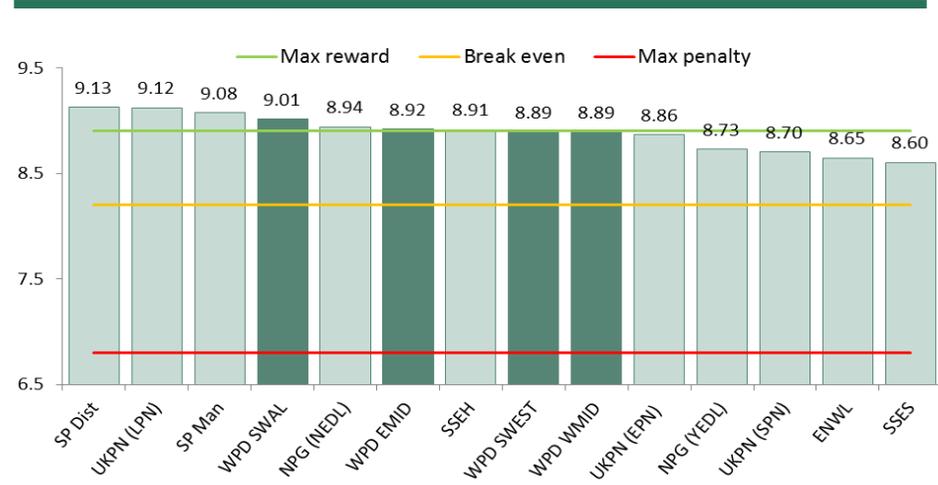
Overall Combined



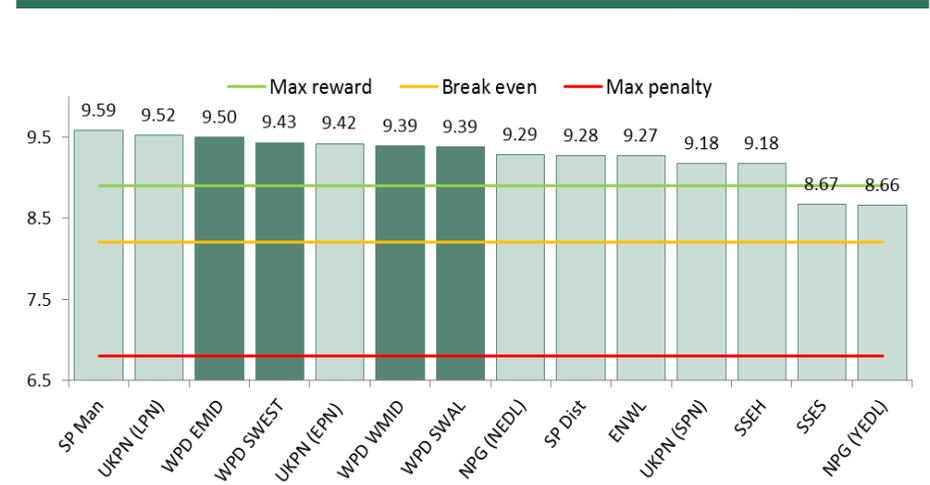
Interruptions



Connections

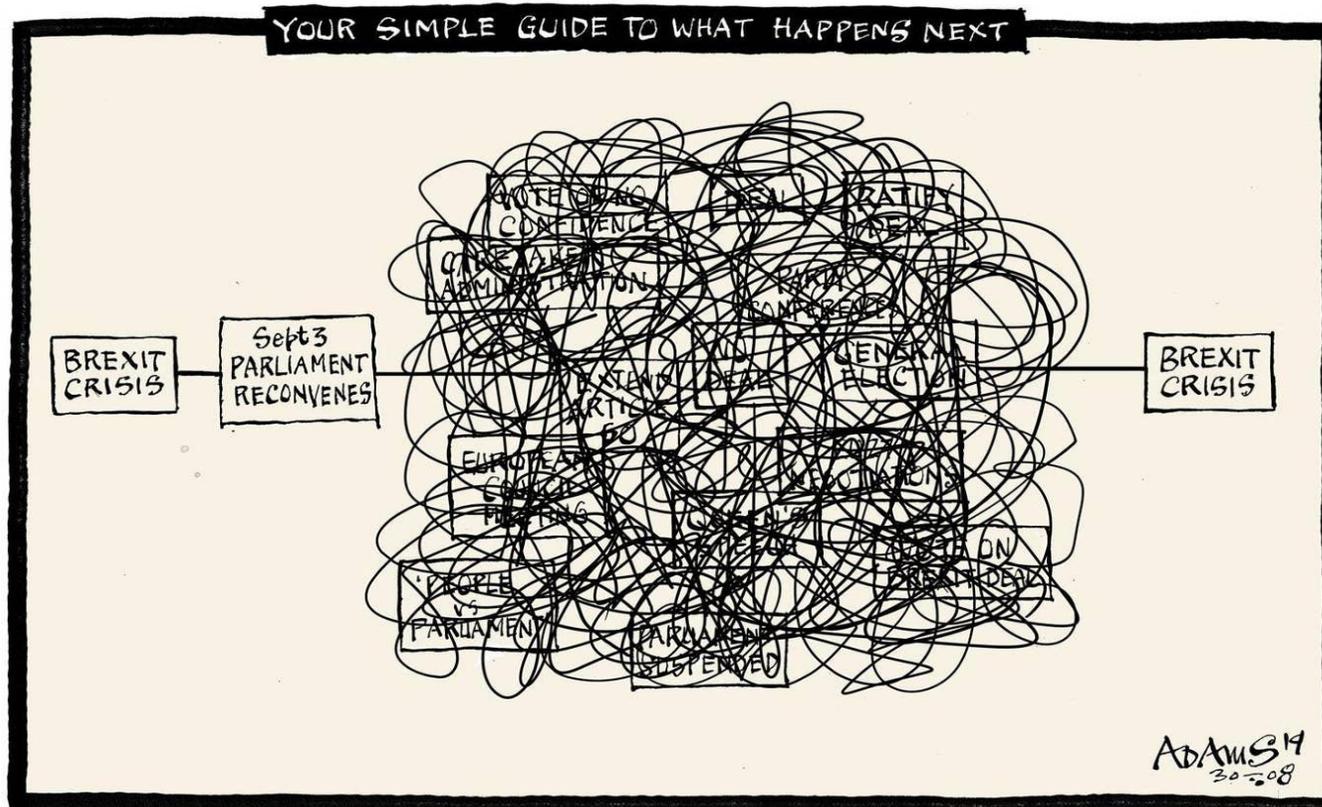


General Enquiries



Brexit

- Clearly the situation is chaotic, unpredictable and ever changing
- We are watching the situation closely, in particular regarding the risk of no-deal
- Our latest view:



Brexit – impact on WPD

- WPD's Directors have considered this thoroughly, and it has featured on the emerging risk register, for a long time
- Internal Audit conducted a 'no-deal' risk assessment for the original 29th March 2019 deadline. This included reviewing all the published government advice to UK businesses, assessing its relevance to WPD's business and following up with WPD process owners to ensure they were aware of the risk and had taken proportionate mitigating actions
- Three main areas of focus
 - Supply chain review by procurement team
 - Strategic stock levels enhanced (up to 12 weeks) by advance buying of equipment and kit as necessary
 - Status of settled EU workers – less than 1% of WPD workforce
- WPD is protected to a great extent by the RIIO-ED1 package agreed to 2023
- Internal Audit is revisiting WPD's 'no-deal' risk assessment to consider any new or changed government advice and to check whether mitigating actions have been rolled forward

Political update – renationalisation

- On 10th September the leader of the Labour Party, Jeremy Corbyn, outlined the Labour Party manifesto for the upcoming election
 - He re-stated his commitment to nationalising utility network providers and implementing a new model of public ownership
- At Labour’s recent party conference, a fringe event claimed that legislation covering renationalisation has already been drafted, ready for implementation if Labour came to power
- In a keynote speech at the Trades Union Congress Conference, he stated his desire to do so to ensure “the essential utilities that people rely on are run by and for the public, not just shareholders”
- However the situation is nuanced – whilst the union leaders have backed the motion within the party, there is a lack of support from union workers
 - Prospect – the only energy industry union to contribute to the debate – highlighted that while they were critical of energy company profits, only a third of their members supported full renationalisation
 - This strongly reinforces feedback from WPD’s own union leaders, suggesting only limited support from WPD workers for public ownership

Renationalisation – WPD’s position

- WPD has good relationships with local MPs and key policy makers based on an enduring annual programme that develops trust
- UK networks are acknowledged as performing well at a low cost to end users
- Transparent - WPD is the only Distribution Network Operator (DNO) to publish RIIO accounts, tackling erroneous claims regarding profit
- Jeremy Corbyn has focused on ‘democratic accountability’ as a reason for renationalisation – WPD is therefore continuing to spotlight the following areas as a way of countering Labour’s justification for renationalisation:
 - High levels of investment now and in the future
 - Responding to the smart future
 - Extensive community and customer engagement programmes
- We have identified three potential national energy policy holder union engagement targets who we will seek to engage with (with support from WPD’s senior union representatives)

WPD DSO progress update

- **Distribution Future Energy Scenarios (DFES)**
 - Second round of DFES reports for WPD's 4 licence areas, scenarios aligned to NG's FES with regional granularity applied (whole system analysis to 2032).
- **Flexible Power**
 - Already dispatched over 195MWh to actively manage demand on our network and defer reinforcement.
 - Signposting published for 5 years (greater detail derived from DFES on requirements)
 - Procurement now provides for up to 3 year contracts (supplier can price 1, 2 or 3 years)
 - Currently tendering for 184MW across 120 primary substations with 56.8MW of flexibility already contracted
- **Energy Data Hub**
 - Created a single page access 'Energy Data Hub' which is the first step to realising the recommendations of the Energy Data Task Force (aim is to simplify for DER providers)
 - The National Smart Systems Forum recently provided good feedback and commended WPD progress
- **Whole System Co-ordination via WPD/NG inter-control data link**
 - New link to allow visibility between DNO/ESO of network configuration, system headroom and ancillary service forecast and dispatch

RIIO-ED2 – timetable

- The next price control period will cover the five year period 2023-2028

Table 1: Indicative timeline for RIIO-ED2

| Date | Milestone |
|----------------|--|
| August 2019 | Open Letter and Framework Consultation |
| Quarter 4 2019 | Framework Decision |
| June 2020 | Sector Methodology Consultation |
| November 2020 | Sector Methodology Decision and Business Plan Data Templates issued |
| May 2021 | Business Plan initial submission to Ofgem and RIIO-2 Challenge Group |
| Dec 2021 | Business Plan final submission to Ofgem and RIIO-2 Challenge Group |
| Quarter 1 2022 | Open Hearings |
| June 2022 | Initial Determination |
| November 2022 | Final Determination Statutory consultation on RIIO-ED2 licence |
| February 2023 | Decision on RIIO-ED2 Licence |
| 1 April 2023 | Start of RIIO-ED2 |

RIIO-ED2 – Ofgem’s open letter

Key framework decisions made by Ofgem:

- Five year price control review
- “Enhanced Engagement” arrangements to give consumers a stronger voice
 - DNOs set up Customer Engagement Groups (CEG); Ofgem Consumer Challenge Group (CCG) and open hearings
- Three core output categories
 - I. Meet the needs of consumers and network users
 - II. Maintain a safe and resilient network
 - III. Deliver an environmentally sustainable network
- Outputs to cover three types: licence obligations; Output Delivery Incentives (ODIs); Price Control Deliverables (PCDs)
- Whole systems planning and supporting the transition to a smarter, more flexible, sustainable low carbon energy system is key
- Fast tracking option removed
- Will introduce a funding pot that targets future-facing strategic challenges and retain Network Innovation Allowance (NIA) funding
- Lower returns clearly signalled

RIIO-ED2 – Ofgem’s open letter - WPD’s response

- **Summary:** Ofgem is proposing a 40% reduction in cost of equity for RIIO-2 in a period of significant change and uncertainty as noted by Ofgem
 - Visibility on the overall balance of risks, rewards and incentives and their interaction is required early in the process
 - Important that the overall package is assessed, rather than looking at component parts in a piecemeal way, to ensure adverse unintended consequences do not arise
- **Strategic approach:** DNOs will play a vital role in facilitating decarbonisation of transport and heating by providing infrastructure to distribute power to where it is needed
 - Licensees should therefore be incentivised on the areas of activity that they are responsible for in delivering this facilitation of decarbonisation
 - Linking DNO revenues to outcomes influenced by third parties significantly increases the risks for licensees, because our revenues are no longer solely under our own control
- **2050 Net Zero:** DNOs are key to supporting the delivery of ‘Net Zero’ at least cost to consumers. Business Plans for RIIO-ED2 must explain how they will ‘flex’ to support this
 - Use of ‘Uncertainty Mechanisms’ or ‘Volume Drivers’ must be balanced with on-going use of ex-ante allowances
- **Outputs:** The changes to the proposed output categories (from 6 to 3) provides less clarity for stakeholders

RIIO-ED2 – Ofgem’s open letter - WPD’s response (cont’d)

- **Engagement:** WPD supports the role of the Customer Engagement Group (CEG)
 - We have already established a regularly convening WPD CEG

- **Vulnerability:** Should continue with an incentive that recognises the delivery of real outcomes for vulnerable customers

- **Distribution System Operator:** WPD welcomes Ofgem’s principles on DSO, and the evolving position
 - There is a lack of focus on outputs on DNO/DSO activities
 - WPD disagrees with having a separate DSO
 - The revenues of a DSO and a DNO are linked. Whenever DSO flexibility provides an economic solution this has either deferred or avoided a DNO conventional reinforcement
 - Splitting a DNO and DSO will create duplication of costs
 - WPD is already investing in data systems and assets to facilitate DSO activities

Strategy issues requiring clarity:

- Details around the incentive package proposals and how the individual elements will combine
- Clarification on Ofgem’s position for ‘early competition’ in ED
- There is no evidence to support Ofgem’s ongoing proposal for “allowed” vs “expected” returns adjustment

Ask me anything...

- Is there anything you'd like to ask?
 - Based on what you've just heard
 - Any other topics more broadly



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Electric Vehicles – an update

**Paul Jewell,
DSO Development Manager**

Agenda

- Forecasts and the changing horizon
- WPD's Electric Vehicle Strategy document
- Stakeholder Engagement
- Changes to policy implemented over the past year
- Innovation Projects
- Targeted Commitments in 2019 and 2020

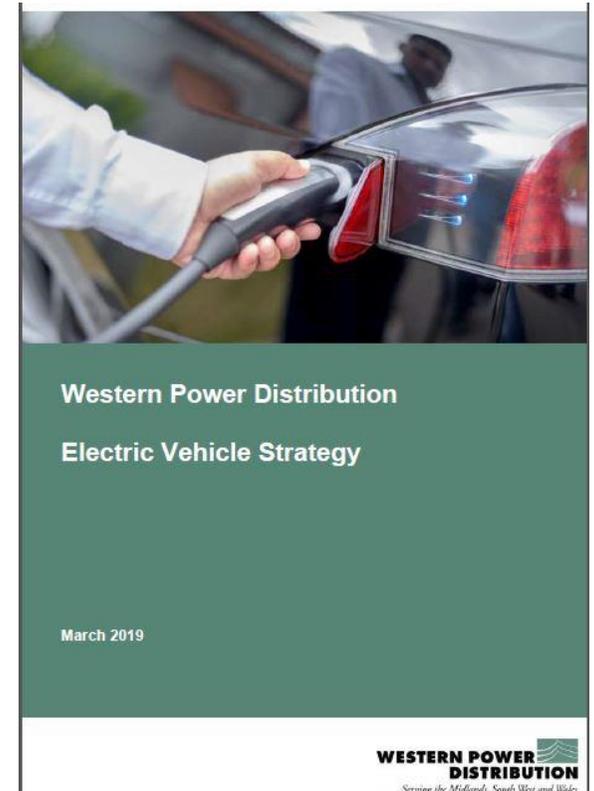
Forecasts and the changing horizon

- Our forecasts for Electric Vehicle adoption predict around 37,000 across our region now rising to 3,064,000 in 2030
- In simple terms, each Electric Vehicle uses the same kWhs of energy per year as a standard domestic home
- The What Car “Car of the Year” for 2019 being the Kia e-Niro and it being described as “sensibly priced” and will “fit into most people’s lives”
- We also predict price parity in 2021 or 2022 and a step change in car ownership



Electric Vehicle Strategy document

- Our first Electric Vehicle strategy document was issued in March 2019. It covers areas including;
 - Our forecasts and assumptions
 - Technical considerations
 - Stakeholder Engagement
 - Our plans to support connections
 - Innovation Projects
 - Transitioning to Business as Usual
- Throughout 2019 we will create shorter customer-specific documents for the different stakeholders involved with Electric Vehicles



Making use of existing capacity

- We predict that many of our local transformers would support one 35kWh charge every five days for each connected customer
- 35kWh equates to around 150 miles range in many EVs
- The DoT National Transport Survey 2017 sets average annual mileage for all cars at 7,800 miles (and dropping)
- We will continue to identify heavily loaded assets and hotspots, and uprate them through the normal reinforcement process
- We will publish a heat map showing our ability to support charging at a local transformer level



Engagement with Local Authorities

- During 2018 we saw an increase in interest from Local Authorities who were planning to support Electric Vehicle deployment. Government grants have become available to help them with infrastructure
- We held two Local Authority stakeholder Electric Vehicle events (Bristol & Birmingham) in November with 130 participants
- Since the Electric Vehicle event we have revised our guidance to LAs based on their feedback and comments
- We are planning innovation projects which will help LAs deliver charge points in an efficient way

Engagement with Government

- We are working with OLEV and have engaged with them following the EU changes to the Building Performance Regulations. We want to ensure that changes to the regulations accommodate all future LCTs
- Our “Superfast Electricity” projects have been developed with Welsh Government support
- We engage on the Electric Vehicle Energy Taskforce with Innovate UK and Catapult Energy Systems
- We are working with BEIS and BSI on Smart Device Standards

Engagement with Housing and Fuel Retailers

- The Renewable Energy Association have featured our plans to increase house service cable designs and are lobbying government and local authority planning
- We have developed our plans for fuel stations based on advice from the Petrol Retailers Association
- We have also engaged with Shell UK, an existing supplier of electrical oil to WPD

Accommodating EV demands

- At a domestic level we will use Electric Nation results and plan to install three phase services as a minimum standard
- On our low voltage network we expect to connect street-side chargers and also offer single high capacity charger connections at fuel stations
- Using bespoke transformers we will connect Hub charging for car parks, and also connect multiple high capacity chargers. We will also connect some depot charging installations
- Using HV connections we will connect larger charger installations and high capacity depot chargers, such as bus depots



Changes to Policy

- Technical considerations affect how Electric Vehicle chargers can be accommodated on our network. They include:
 - Harmonic effects (all locations)
 - Earthing (public locations)
- We have tested the harmonic effects of chargers through our “Electric Vehicle Emissions Testing” project. As a result we have changed policy to discount the harmonic effect of 7kW or 32A domestic chargers making their connection quicker and simpler
- We have recalculated the segregation with specific modelling for Electric Vehicle chargers and reduced the segregation to 0.3m (3 phase) or 3.6m (single phase). Our design policy reflects this distance

Innovation projects

- Back in 2009 we participated in the CABLED project, an early demonstrator of Electric Vehicle technology
- We started the Electric Boulevards project in 2013, charging buses through Inductive Power Transfer
- In 2016 we developed Electric Nation to understand how Electric Vehicle charging will affect our low voltage network and how this can be modelled and mitigated on our network
- In 2019 we are progressing our Superfast Electricity project which will show how future domestic electricity installations may change

Future innovation projects

- We are planning projects to cover a wide range of Electric Vehicle charge installations and use models
- Electric Vehicle filling stations will look at options to provide capacity at concentrated charging locations
- On street charging will work with local authorities to provide solutions on existing streets. This may include the provision of a dedicated EV charging mains cable in the street and triggers for reinforcement
- Smart Homes (Electric Vehicle and storage) will use data from homes in the Superfast Electricity trial and establish how overall grid use could be reduced by the combined effect of LCTs

Future innovation projects

- Connect and Manage will take the development of an LCT load controller into BAU. It will provide an interim solution to allow EV charging whilst upgrades are completed on constrained networks
- Self Assessment is being delivered across the UK via the Energy Networks Association. It will help DNOs get pertinent service information from customers quickly and help speed up assessment
- Hub Charging will develop a transformer solution that can be deployed in areas where multiple chargers are planned, such as car parks

Targeted commitments in 2019 and 2020

- Coming out of the innovation projects we expect to see a range of changes to our design standards.
- By the end of 2019 we expect to;
 - Change the design minimum for service cables
 - Change our design capacity assumptions for housing
 - Network Capacity Indication
- During 2020 we expect to;
 - Develop a Hub solution to support multiple public charging points
 - Deliver Connect and Manage equipment for hotspots

Publications and advice

- Our Strategy and all related documents
 - <https://www.westernpower.co.uk/electric-vehicles>
- Guide on electric vehicle charging and DNO engagement for local authorities
 - https://www.westernpower.co.uk/local_authorities_guide
- Getting electric vehicles moving guide
 - https://www.westernpower.co.uk/getting_electric_vehicles_moving
- Electric Vehicle Emissions Testing report
 - <https://www.westernpower.co.uk/downloads/1957>

Any questions?



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Actions from the June meeting

Nicki Johnson

Stakeholder Engagement Officer

Actions from June 2019 (and previous)

| Action | Update |
|---|-----------------|
| WPD will share challenge log and CEG actions at each CCP meeting | ✓ Ongoing |
| WPD will add Future Energy Scenarios to the December meeting | ➤ To do |
| Going forward WPD will produce ONE shorter, simpler to understand, infographic based commitments report (The CCP will review and undertake a readability test) | ➤ Ongoing |
| DP to draft the panel's spotlight report (panel to review/approve) | ✓ Done |
| Desktop review of segment gaps and search for new panel members to be undertaken | ➤ To do |
| NJ to explore the option of inviting planners/LA members at Investment Workshops in September/October | ➤ Ongoing |
| WPD to host a workshop on CE webpages in August/September with a range of existing CE stakeholders | ✓ Ongoing |
| WPD to ensure website improvements are captured using both RH feedback and workshop outputs | ✓ Ongoing |
| A workshop for partners/interested Panel members to brainstorm and improve Power Up branding | ✓ Done |
| WPD agreed to update the current Power Up web pages ASAP with brief summaries of each project type | ✓ Done |
| Information about Power Up Health and Smart will be added to the WPD website | ✓ Done |
| The Digital Comms team will add the 105 number to more web pages | ✓ Done |
| The Digital Comms team will incorporate extensive ideas and comments from the Panel in to the first draft of the web pages and report back to the panel at the next stage of design | ✓ Round 2 today |



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RIO2 ED2 enhanced engagement Customer Engagement Group (CEG) Update

Alex Wilkes

External Affairs Manager

Customer Collaboration Panel September 2019

Recap/context

- Ofgem set out its expectations for “Enhanced Engagement” in their next price control period (called RIIO-ED2)
- This included a requirement for WPD to design, establish and resource a Customer Engagement Group (CEG) that will scrutinise and challenge their business plan and the quality of engagement undertaken to create it
- **Today’s slides will cover:**
 - Agendas and topics covered by CEG to date
 - How the challenge/clarification process works
 - The challenges/clarifications received to date
 - WPD’s paper on our ‘preliminary stage’ engagement in response to CEG challenge

2019/20 meeting dates and agendas

| <u>Date:</u> | <u>Location:</u> | <u>Agenda topics / items:</u> |
|---------------------|-------------------------|---|
| 06-Jun-19 | Avonbank | Challenge definition Who the CEG is representing Introduction to WPD research Overview of July consultation methodology Conflicts of Interest, Terms of Reference & admin |
| 15-Aug-19 | Birmingham | The wider context - PESTLE Future scenarios, demand assumptions and current benchmarking Stakeholder and customer research |
| 10-Oct-19 | Pegasus | Research – including subgroup feedback Open letter from Ofgem – post consultation Asset Health - Status of existing assets and planned investment |
| 12-Dec-19 | Avonbank | <i>Cyber Security</i> <i>Workforce planning</i> <i>Ofgem methodology – final decision</i> <i>Initial willingness to pay results (qual)</i> |
| 23-Jan-20 | Cardiff | <i>Final willingness to pay results (quant)</i> <i>Content for stakeholder workshops</i> |
| 12-Mar-20 | Pegasus | <i>SBP development plan and key dates (TBC)</i> <i>Closed session for a ‘future agenda item’</i> |
| 14-May-20 | Avonbank | <i>Stakeholder workshops feedback</i> <i>Closed session for a ‘future agenda item’</i> |

| Future agenda items |
|--------------------------------------|
| • Expenditure / bill impact |
| • Social Contract |
| • Resilience and storm planning |
| • Environment & climate change |
| • Ofgem's three output categories |
| • Incentives |
| • Social obligations / vulnerability |

CEG meetings – how they work

- Meetings are now taking on an open/closed format. Open sessions will include WPD representatives; closed sessions will be limited to CEG members and the Secretariat
- Agendas are set by the CEG and the appropriate WPD representation is formally requested in advance. Pre-read materials are provided ahead of the meetings, where necessary
- An invitation has/will be extended to Ofgem for every CEG meeting. They will be attending the next meeting on 10th October
- Sub-groups of the CEG may be convened to take on a more detailed look at specific topics
- Minutes from the first two meetings (June and August) have been published on the CEG's new website - <https://customerengagementgroup.westernpower.co.uk>

Challenges vs clarifications:

- Following the first CEG meeting in June, it was recognised that clarification actions as well as challenges would need to be formally raised with WPD

- Whilst broadly similar, 'clarifications' have been defined as;

when preliminary information is required in order to decide whether:

a) our approach is sufficient (and therefore no further action);

b) more clarification is needed again;

c) in light of the initial clarification a formal challenge will be logged

- The principles for defining a challenge have been developed, and were agreed by the CEG in June
- Both challenges and clarifications require a thorough, formal response from WPD

Challenges/clarifications – the process

Within 3 weeks of each CEG meeting, WPD will receive final minutes, challenges and actions/clarifications log

+2 weeks WPD will need to formally respond to the Chair, accepting (or rejecting) the challenges, requesting further clarity if needed and indicating the timescale in which the challenge will be addressed

- Timings will be a little flexible at first and may be shortened when the frequency of meetings increases in 2020
- The challenge log will not be published at this stage - not until challenges are formally accepted and action is well underway. The published minutes will however indicate when and within which area a challenge has been raised

Challenges to date

There were two formal challenges and six clarification actions accepted from the first meeting :

| Challenge or clarification | |
|----------------------------|--|
| Challenge | We challenge WPD to clarify how it will effectively engage with national (Welsh), regional, and local energy strategies (including LEPs) to: firstly ensure it considers the impact of these strategies on its plans for network investment and services (e.g. flexibility services); and secondly to account for the variance in knowledge and engagement of these bodies. |
| Challenge | What factors informed WPD's approach to consulting with stakeholders at this stage of the business plan process? |
| Clarification | – Request to see the alternative methodologies considered to the 'blank piece of paper' |
| Clarification | – Request for clarity on the definition and distinction between different levels of engagement: co-create, negotiate etc. |
| Clarification | Ask WPD to set out the strategic position of the business as it enters into the ED2 process e.g. the asset status and resilience, to accurately demonstrate the 'starting point' on which it will be building |
| Clarification | – Request for an analysis from WPD of nil-returns against network performance in that area |
| Clarification | To request a paper from WPD setting out its current understanding of consumer interests |
| Clarification | Ask WPD to explain its understanding of the socio-political context (PESTLE) in which it will be developing and then delivering the ED1 settlement. This will help the Group have the greater understanding of the context under which WPD will be developing its Strategic Business Plan |

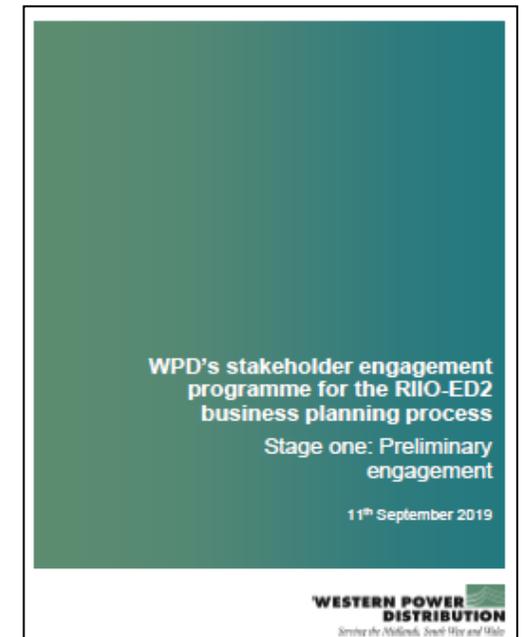
A further four clarification actions were raised following the August 2019 meeting:

| Challenge or clarification | |
|----------------------------|--|
| Clarification | To understand the full context of where Ofgem is with its development of a strategic investment framework and any proposed solutions. To understand what is under Ofgem's remit, what is for Government and what responsibilities lie with WPD. For WPD to provide clarity of what they have from Ofgem in this area. To then ask Ofgem the remit question when they attend the CEG, or through an open letter to them. |
| Clarification | WPD to provide the CEG with a better understanding of a local authority that has declared a climate emergency. Identifying the challenges WPD would face and how investments would be funded under the current regulatory framework as well as proposing some ideas for how the process could work better. The same point to be raised to Ofgem to ask how they would attribute the cost and delivery of a regionally specific solution, with potentially external funding |
| Clarification | WPD to justify some of their current thinking in relation to their approach to RIIO-ED2. In particular: the reason for identifying 'efficient costs' as a key driver; why innovation has not been included as a category for evaluation; and their thoughts behind including DSO and DNO in one single Business Plan |
| Clarification | WPD to set out what the company wants from the CEG and its preferred methods of working |

More about Challenge C02.00

| Ref | Item | Challenge or clarification | Status (from WPD) |
|--------|-----------|---|-------------------|
| C02.00 | Challenge | What factors informed WPD's approach to consulting with stakeholders at the 'preliminary stage' of the business plan process? | Accepted |

- Raised at the first CEG meeting on 6th June
- Has led WPD to review our approach to preliminary stage consulting - including conducting a range of additional benchmarking of engagement carried out by other associated companies
- As a direct result of the CEG challenge, WPD is now planning a significantly larger, more robust and wide ranging programme of engagement at this initial stage of our ED2 programme
- The results have been presented in a paper for the CEG research sub-group



Overview of the paper

- As a first step WPD commissioned a benchmarking exercise via an independent, research expert to “**horizon scan**” **the best practice approaches** adopted by a range of companies within the wider utilities industry and beyond
- Building on their recommendations, WPD **set out proposals for a significantly expanded preliminary stage engagement programme**, encompassing 15 core activities
- The majority of these events are entirely new for the purposes of discussing priorities for WPD’s RIIO-ED2 Business Plan
- In some cases the engagement mechanisms are established ones (e.g. local network investment events) but their use for RIIO-ED2 planning and the inclusion of questions relating to this are entirely new. These have been proposed where there is an opportunity to gather robust, valuable feedback in a cost-efficient way
- The results from this first, preliminary stage will be consolidated, triangulated and summarised and will directly feed into the activities and content used for the next stage of engagement

Core preliminary stage engagement activities

| Engagement method | Description |
|---|---|
| Collaboration Panel | Workshops with WPD's permanent panel of expert stakeholders |
| Annual workshops | Six qualitative workshops with 330 stakeholders in a roundtable format |
| Online engagement portal | Replicated WPD's face-to-face workshops online, with the presentations filmed, followed by a range of multiple choice and free-format questions. Promoted via Twitter, LinkedIn and invites sent to 6,000 registered stakeholders |
| *new* Online Panel | Permanent online community with representatives spanning a range of customer demographics, age, gender and location |
| *new* Quantitative surveys - vulnerable customers | Telephony surveys with randomly selected customers as part of well-established satisfaction surveys following a day-to-day contact with WPD regarding the Priority Services Register |
| *new* Quantitative surveys - Major connections | Telephony surveys with randomly selected customers following a day-to-day contact with WPD regarding major connections applications (+4 homes and above) |
| *new* Quantitative research surveys - DG customers | Telephony surveys with randomly selected customers following a day-to-day contact with WPD regarding DG connections |
| *new* Power cut follow-up | Text message sent to every WPD customer as part of power cut follow-up |
| *new* Social media | Surveys and consultation questions posed via Twitter, Facebook and LinkedIn |
| *new* Multi-phase qualitative focus groups | Research focused on both short and long term customer requirements |
| *new* Citizen Panels | A permanent panel(s) or representative end user customers that will undertake deliberative exercises on a wide range of topics |
| Power for Life | Newsletter sent directly to all 7.9 million WPD customers inviting them to participate in WPD's stakeholder engagement programme |
| Local network investment workshops | 11 sessions hosted at local depots for key stakeholders with a regional planning focus (e.g. local authorities, Local Enterprise Partnerships, developers etc.) |
| ICP/IDNOs conference | Workshop aimed at a connections customer audience, specifically: ICPs; IDNOs; local authorities; LEPs; DG customers; developers and major users |
| Social obligations conferences | Two conferences aimed at vulnerable customer representatives to discuss WPD's social obligations strategy and programme delivery |

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LUNCH

Afternoon sessions 13.30-15.00

Nicki Johnson/Karen McCalman - Social Obligations

Richard Allcock - Connections and Business Customers