

Stakeholder engagement workshops

Co-creating our Business Plan Commitments for 2023-2028

February & March 2020

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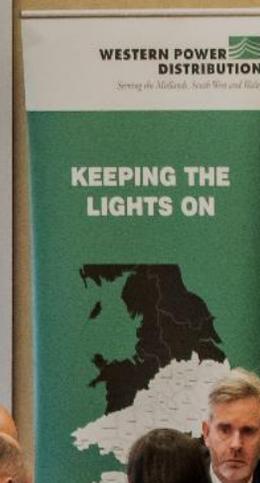
1. OUTCOMES: QUESTIONS

WPD needs to communicate in a way that helps stakeholders to understand what we commit to deliver:

- Are WPD's six strategic outcomes still appropriate – are there any missing?
- Do you agree with how we propose to structure our strategic outcomes under Ofgem's new categories?

| | | |
|---|---|---|
| Meet the needs of consumers and network users | Maintain a safe and resilient network | Deliver an environmentally sustainable network |
| All customers in vulnerable situations supported | A safe and secure network for all (public and staff) | A smart, flexible & interconnected network (that is future proof) |
| Information accessible easily (& in the format customers want) | Keeping the lights on (with lowest ever levels of power cuts) | |
| Efficient, value for money service (with the lowest possible bills) | | |

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The RII0-ED2 business planning process *- Outputs and commitments*

Making commitments that meet stakeholder needs

In the WPD ED2 Business Plan we will need to include:



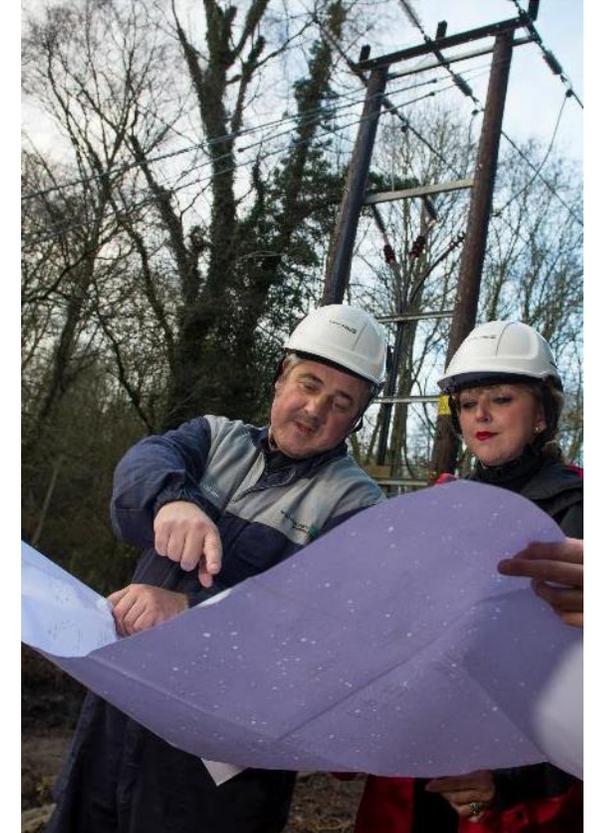
Service = What will be delivered for stakeholders (improvements, enhancements and new services)



Activity volumes = The amount and type of work that we will deliver

£m

Expenditure = How much we propose to spend



Ofgem's outcome categories

Ofgem has specified common outcomes across gas and electricity sectors

Meet the needs of consumers and network users

Network companies must deliver a high quality and reliable service to all network users and consumers, including those that are in vulnerable situations

Maintain a safe and resilient network

Network companies must deliver a safe and resilient network that is efficient and responsive to change

Deliver an environmentally sustainable network

Network companies must manage the impact of their activities on the environment and enable the transition towards a smart, flexible, low cost and low carbon energy system for all consumers and network users



Ofgem's framework for outputs and incentives

Eventually the commitments stakeholders help us to build will be structured as follows:

Common Elements (all DNOs)

Licence Obligation (LO)

- Must do
- Sets minimum standards
- Failure leads to enforcement

Output Delivery Incentive (ODI)

- Financial incentives
 - Penalties and/or rewards
- Reputational incentives
 - League tables

Price Control Deliverable (PCD)

- Consequences for non delivery of activity

Bespoke Elements (WPD only)

- Bespoke incentive for activity being carried out in WPD

- Bespoke PCD for a WPD work programme



The purpose of today

1) Review of what stakeholders have told us are priorities

- Tell us your priorities in each topic
- Review the 14 headline priority topics other stakeholders have told us

2) Begin to co-create our Business Plan commitments

- *“Make sure you address...”*
- *“Set a target for”*
- *“Maintain focus on...”*
- *“Improve the amount of...”*
- *“Can you work with...”*

By “commitment” we mean:

The things you want us to deliver



We will turn your input into proposals

Compilation

- Compile all of your draft commitments
- Add how we can address the requirements of these commitments
- Add in any other factors we must consider (e.g. Ofgem requirements)

Allocation

- We will take your feedback and align it to Ofgem's framework
- Conversion of feedback into LOs, ODIs, PCDs, Wider Commitments

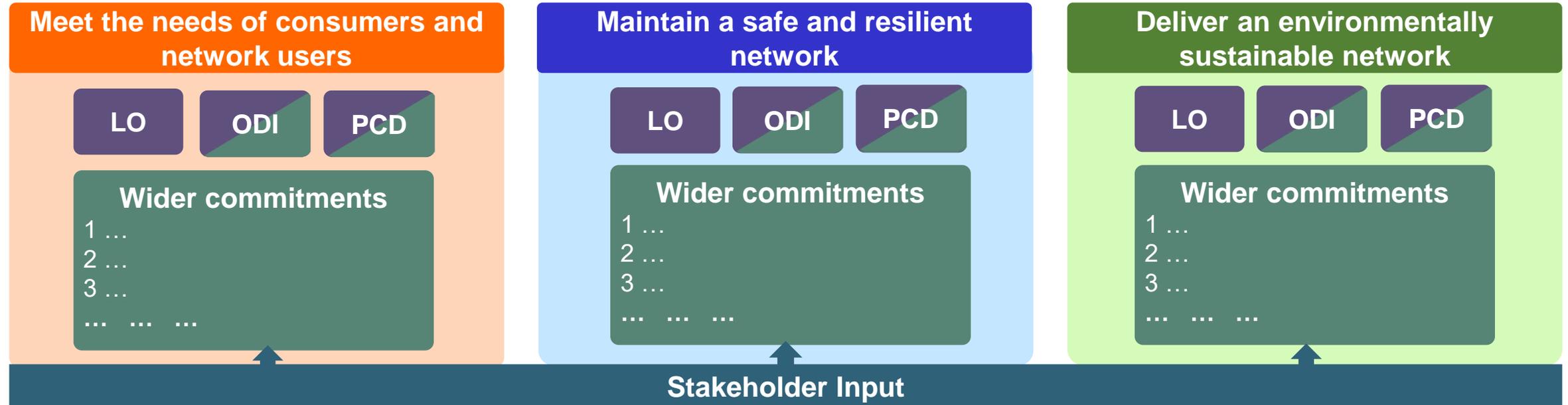


As a next step, we will:

Return to stakeholders in Q4 2020 to check if we've got it right



How we'll eventually structure the commitments



Social contract: *“Build trust, demonstrate we act in a socially responsible way and positively contribute to the communities we serve”*

- Aspects include: corporate governance, local engagement, community investment, shareholder returns, environmental performance etc
- Stakeholders are clear this must be a golden thread running through our whole business plan, including commitments beyond our core business requirements

