



Consumer Value Proposition for the RIIO-ED2 price control period

CVP-5: Offer 1.2 million Priority Services Register (PSR) customers a bespoke smart energy action plan every two years

Version Control

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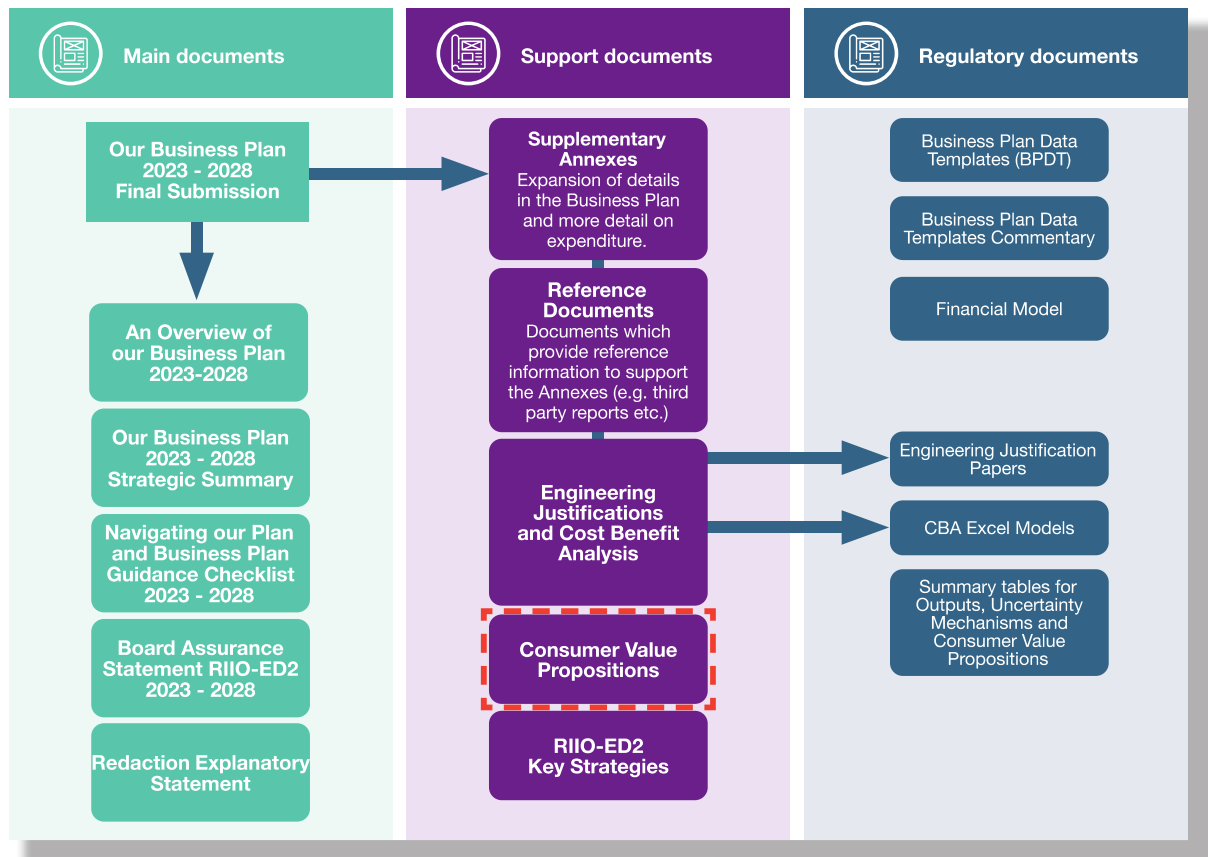
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Navigating our plan

This document is a Consumer Value Proposition which is part of our final submission Business Plan in December 2021 to Ofgem.

The full structure of our submission to Ofgem is shown below.



1. Summary

**Support
1.2 million
vulnerable
customers**

to take advantage of
new technologies
through smart energy
plans

**Talk with
600,000 PSR
customers
every year**

to help them unlock
£14 in annual savings
by using smart
technologies

CVP-5

Offer 1.2 million PSR
customers a bespoke
smart energy action
plan every two years

**Actively
engage**

with vulnerable
customers to make
sure no one is left
behind in the energy
system transition

**£4.8 million of
net benefits**

across RIIO-ED2,
resulting from
financial and societal
impacts

2. Introduction

- 2.1.** In this document we highlight one of the areas where our transformative Business Plan goes above and beyond in order to deliver outstanding services for our customers and/or the environment. The proposal outlined here forms part of our Consumer Value Propositions (CVPs). Our core Business Plan is highly ambitious, comprehensive and stretching and via our CVP proposals we demonstrate where WPD is raising the bar even further for the benefit of our customers.
- 2.2.** Our CVP proposals span a wide spectrum of projects covering many areas of our business: from committing to becoming a net zero company by 2028 to helping our customers reduce their carbon emissions and ensuring that no customers are left behind in accessing the opportunities of the energy system transition.
- 2.3.** While each of our CVP proposals detail stand-alone commitments, they are intrinsically linked and inter-dependent - part of our business wide objectives to deliver excellent customer service, harness the benefits of a smart future, drive industry leading sustainability plans, and prioritise digitalisation and innovation. Our commitments encompass:

 1. Sustainability Lead the drive to net zero as early as possible.	 2. Connectability Customers can easily connect their electric vehicles, heat pumps and renewable generation.
 3. Vulnerability First class vulnerable customer support programme where everyone benefits in a smart future.	 4. Affordability Maintain excellent customer service, safety and network performance and transform the energy grid for future generations, while keeping bills broadly flat.

- 2.4.** We have followed a robust and transparent approach in identifying and testing our CVP proposals with our stakeholders. This is set out in more detail in Supplementary Annex SA-02: Our commitments. We have co-created everything in our Business Plan with our stakeholders, responding to the most pressing issues and demands of all our customers. We have engaged with more stakeholders than ever during the course of drafting three versions of our plan, and have harnessed stakeholder insight to build and refine our proposals.
- 2.5.** We have sought to cover a range of the categories that Ofgem has indicated as focus areas and have put forward the proposals within these categories that offer the best value to our customers. Our proposals will provide tangible benefits, that we have quantified using a robust methodology. Taken together, our proposals will deliver a combined benefit to customers worth in excess of £75 million, with every proposal delivering a benefit worth at least £3 million.

- 2.6.** The CVP forms part of Ofgem's Business Plan Incentive (BPI). The CVPs set out in our Business Plan represent important commitments to our customers that we will deliver within RIIO-ED2, subject to the approval of efficient cost allowances by Ofgem (except where shareholder funding is part of the commitment). Delivery of these proposals is not contingent on receiving a reward under Ofgem's Business Plan Incentive, the objective of which is not to fund specific DNO activities but instead to encourage DNOs to develop high quality and stretching Business Plans and to make rewards available where the relevant criteria are met. We believe that we have risen to this challenge, proposing a package of schemes across a range of areas of activity that demonstrate where we will go 'above and beyond' on behalf of our customers.
- 2.7.** Below, we set out the detail of one of our CVP proposals: ***CVP-5: Offer 1.2 million PSR customers a bespoke smart energy action plan every two years.***

What this Consumer Value Proposition includes

- 2.8.** Supporting vulnerable customers is a key priority in our Business Plan. We are in a unique position to be able to provide our customers with the knowledge and tools to enable them to benefit from Low Carbon Technologies (LCTs). At the same time, we want to make sure no one is left behind by the energy transition. This document explains how this proposal goes beyond our Business Plan commitments relating to customers in vulnerable situations and the environment.
- 2.9.** Reflecting the feedback we received on our Business Plan first submission in July 2021, we have updated our proposal in the following ways:
- We have set out clearly why we believe WPD is best-placed to deliver the initiative.
 - We have clarified the ways in which the proposal delivers beyond 'Business as Usual' (BAU) and Ofgem's baseline expectations.
 - We have updated the way we have calculated the benefits that will arise from delivery of the proposal and how we will track the delivery of benefits during RIIO-ED2 (these updates are described in more detail in Section 4).
 - We have reflected the latest stakeholder views on our proposal.
 - We have clarified how the proposal fits into the wider business plan and made readability improvements.
- 2.10.** The rest of the document is structured in the following sections:
- **Section 3. Our proposal:** describing what this CVP is about, explaining how it complies with Ofgem's criteria and setting out why WPD is best placed to deliver it.
 - **Section 4. Benefits generated by our proposal:** setting out how we have calculated the additional value that our proposal will deliver to customers.
 - **Section Error! Reference source not found.. Error! Reference source not found.:** explaining how this initiative addresses priorities raised by our customers.
 - **Section Error! Reference source not found.. Error! Reference source not found.:** defining what the key outputs are and what WPD proposes if outputs are not delivered.
 - **Section Error! Reference source not found.. Error! Reference source not found.:** confirming how this CVP addresses Ofgem's CVP eligibility criteria.
 - **Section 8. Appendix: Joint Social Value Framework:** setting out how we, together with the other DNOs, have agreed a framework to quantify the benefits delivered by CVP proposals.

3. Our proposal

3.1. In this section, we will explain the following aspects of the proposal:

- Background to this initiative.
- What we are proposing.
- How our proposal delivers beyond expectations.
- Our delivery plan.

Background

- 3.2. We are driven by our commitment to develop a smarter energy system, supported by changes resulting from digitalisation and the use of smart technology. We are clear that in doing so, we have a responsibility to ensure the transition to a smart network and net zero carbon economy is just and fair.
- 3.3. As a part of this, we must ensure that vulnerable customers are able to navigate this rapidly changing energy landscape. This proposal sets out one of the ways that we will help our customers to transition towards a greener, more sustainable energy system, ensuring that all customers can benefit from the opportunities this brings.
- 3.4. We are proposing an innovative customer support service targeted at vulnerable customers on our Priority Services Register (PSR). Making sure that support is offered to these vulnerable customers is within our baseline expectations, but this proposal goes beyond: actively engaging with them to provide bespoke advice on smart energy services, ensuring they receive support that meets their personal needs and preferences. Our stakeholders strongly support our robust and ambitious plan which ensures those who are vulnerable or living in fuel poverty are not disadvantaged, and are able to access the opportunities presented by the energy system transition.

What we are proposing

- 3.5. This initiative aims to offer 1.2 million PSR customers a bespoke smart energy action plan every two years.
- 3.6. The proposed bespoke smart energy action plan will provide PSR customers with the following services:
- Access to domestic flexibility and/or aggregated services:
 - Enabling customers to make direct savings on their energy bills by joining community-level flexibility tariffs where they can reduce their energy costs by adjusting the timing of their energy use.
 - Connection aid and advice for adoption of Electric Vehicles (EVs) and LCTs, potentially in collaboration with local authorities:
 - Providing specialist advice and referrals to key partner agencies to provide vulnerable customers with the support required to navigate the process of taking up LCTs and EVs, accelerating the shift towards these technologies as a result of WPD's support.
 - Linking customers to relevant community energy schemes based on customer location:
 - Enabling customers to access lower-cost energy produced locally via community energy schemes in their region.

- Energy savings and energy efficiency measures:
 - Promoting a range of interventions to ensure customers are on the most appropriate energy tariff for them, supporting their applications to energy efficiency schemes and installation of smart meters - all intended to give our customers greater control over their energy use, resulting in direct savings.

3.7. According to the criteria set out by Ofgem in relation to the submission of Consumer value proposition (CVP) initiatives, *this initiative would sit within the categories of “Proposals that demonstrate approaches to providing services to vulnerable consumers that clearly go beyond the baseline expectations” and “Proposals that exceed the baseline expectations set out for Environmental Action Plans”.*

Why WPD is best placed to deliver this proposal

3.8. We believe that WPD is the party best placed to deliver this proposal as:

- We are already leading the way in developing innovative interventions that maximise customer participation in a smart energy future. Our knowledge of the industry and services available to customers will ensure that our advice is accurate and up-to-date, underpinned by comprehensive research and engagement.
- Our Contact Centre teams have a proven track record of delivering extensive and impactful power cut resilience advice, and signposting the broader PSR and fuel poverty support available through our partnership schemes. This service will provide a blueprint for us to diversify and expand upon our support to customers, leveraging our experience to provide bespoke smart energy advice.
- Moreover, we have demonstrated an exceptional past performance of delivering outstanding levels of customer engagement, which will ensure we deliver this initiative to a high standard and achieve positive outcomes for customers. We have received recognition of this from external bodies, for example, at the December 2020 International Engage Awards, we received awards for our outstanding customer service, including a gold award for having the best customer service team. We have recently been shortlisted in several categories for the 2021 edition of the awards. Additionally, in RIIO-ED1, we are the industry’s top performing DNO for overall customer satisfaction with an average score of nearly 90%.
- Stakeholders have urged us to build on our strong track record of coordinating a range of expertise, to ensure vulnerable customers receive trusted and impartial advice tailored to their specific circumstances and needs. As set out in Section 5 below, 77% of the stakeholders at a recent engagement event agreed that WPD was best placed to deliver this proposal.

How our proposal delivers beyond expectations

How WPD is doing something different to BAU activities

- 3.9.** WPD’s current activities in this space are focused on providing relevant support and information to vulnerable and fuel poor customers through a network of referral partner agencies.
- 3.10.** This proposal goes beyond our current offering by proactively engaging with PSR customers to develop bespoke smart energy action plans, bringing together a range of expertise to ensure they are supported to participate in the energy system transition. While this builds on our experience of providing fuel poverty support, it is not an activity we have undertaken before.

How WPD will go beyond RIIO-ED2 baseline expectations

- 3.11.** Baseline expectations for the delivery of services to vulnerable customers are set out in the RIIO-ED2 Business Plan Guidance.
- 3.12.** Within this guidance there are baseline expectations relating to the identification of blockers to participating in a smart, flexible energy system. These baseline expectations are that we will:
- Have an extensive network of partnerships with a range of organisation types, from multiple sectors including other utilities.
 - Make use of referral channels and signposting support for customers.
 - Be involved in two-way flow partnerships supporting vulnerable customers, in line with the companies' understanding of social issues in their region.
 - Have a clear process for identifying which partnerships are likely to be most effective at delivering benefits through co-operative working.
- 3.13.** The Business Plan guidance also sets out baseline expectations in relation to Environmental Action Plans. This initiative provides additional environmental benefits beyond those covered by WPD's Environmental Action Plan and will support the overall energy transition by allowing PSR customers to best take advantage of the opportunities available to them via LCTs.
- 3.14.** This CVP initiative goes beyond these baseline expectations as:
- Baseline expectations around the delivery of services to vulnerable customers require us to make sure that we use referral channels and provide signposting support to ensure that vulnerable customers are not left behind in the energy system transition. WPD will exceed these baseline expectations, as this initiative entails proactively engaging with vulnerable customers to guarantee they receive appropriate, tailored advice. WPD would also follow up with customers to assist with the adoption of this advice.
 - Baseline expectations refer to providing support to vulnerable customers without specifying any specific minimum targets. Through this initiative, WPD is making a tangible commitment to reaching out to 60% of customers on the PSR. This represents a significant increase in ambition to support these customers.
 - Adoption of LCTs by our customers does not contribute directly to the reduction of our Business Carbon Footprint (BCF). Hence, any actions supporting the reduction of customers' carbon footprints go beyond baseline expectations for EAPs, in support of the wider decarbonisation agenda.

Our delivery plan

- 3.15.** WPD has a clear understanding of what success will look like under this initiative and a robust plan to measure success which will be assessed against the following performance measures:
- Number of customers contacted in relation to the bespoke smart energy action plan: **600,000 PSR customers every year, contacted by telephone.**
 - Number of follow-up referrals (in relation to telephone-contacted customers): **5% during first two years, 10% from year 3 onwards**, i.e. 30,000 and 60,000 referrals, respectively.
 - Financial savings to customers resulting from the advice taken vs baseline, i.e. baseline being scenario where no advice is provided: **£14 per customer per year.**
 - Customer satisfaction ratings: **overall score in line with or better than WPD's results in Ofgem's Broad Measure of Customer Satisfaction.**
- 3.16.** We would dedicate a **£1 million** annual budget for this initiative.

- 3.17.** This initiative would start from year one of the next Price Control period (i.e. from 2023) as a pilot scheme and it would be extended in full across the following four years within this period.
- 3.18.** An extensive training package will be provided to our current Contact Centre teams to enable them to assist our PSR customers in relation to this initiative. This will require approximately 35 additional staff members, creating a team of around 55-60 members supporting customers to develop their smart energy action plans.
- 3.19.** In order to monitor the effectiveness of the delivery of this scheme and to track the delivery of benefits as we move through RIIO-ED2, we will use our existing channels for gathering customer feedback to seek the view of PSR customers who have received a bespoke smart energy action plan.

4. Benefits generated by our proposal

Results of quantification

5 and 10-year results

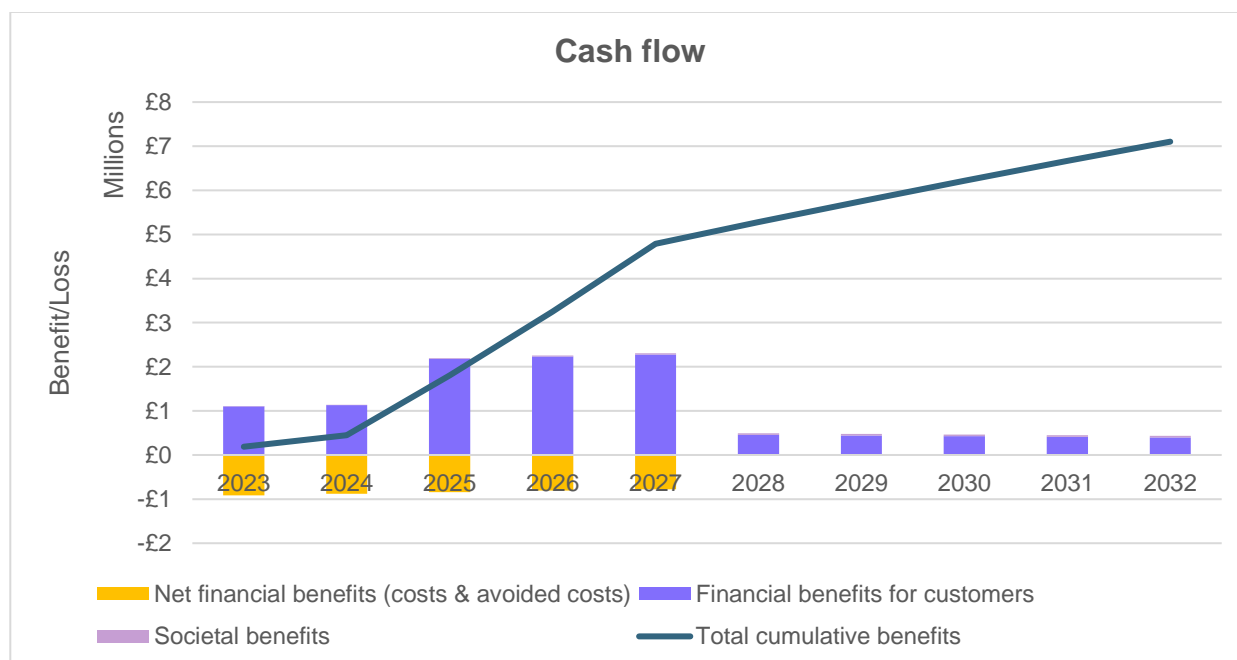
4.1. In line with the joint social value framework, agreed with the five other DNOs and shared with Ofgem in 2020, we have modelled the benefits of this CVP over both a 5 and 10-year appraisal period. More detail on the joint social value framework can be found in Section 8.

4.2. The table below provides the following results from our analysis:

- **Total cost:** The total cost of the proposal, in 2020/21 prices (in line with Ofgem's CBA templates).¹
- **Total gross present value:** The total value generated by the proposal across financial, environmental, and societal benefits – discounted to present values.
- **NPV – Net present value:** The total value generated by the proposal, net of all costs – again discounted to present values.
- **SROI – Social return on investment:** The £s of benefit achieved for every £ spent.

	5-years	10-years
Total cost	£4,225,250.62	£4,225,250.62
Total gross present value	£9,012,790.80	£11,327,698.30
NPV	£4,787,540.18	£7,102,447.68
SROI	£1.13	£1.68

Benefits Profile



Breakdown of Benefits

¹ As per the discounting applied to all costs and benefits, this figure shows the present value of costs in 2020/21 prices. The values described in the costs section below are expressed in nominal values, i.e. the actual £ prices. For this CVP, the total undiscounted cost is £5 million.

4.3. Financial Benefits. The provision of a bespoke smart energy action plan for customers is expected to provide significant financial savings. The various interventions offered will include:

- Smart meters – and the associated behavioural change savings (base level advice – benefits modelled as conservative proxy for all interventions).
- Uptake of flexibility tariffs – and the associated savings against standard tariffs.
- Connections for new LCTs (e.g. household solar generation, EVs) – to take advantage of associated savings.
- Accessing local community energy schemes – and the associated reduced tariff costs.

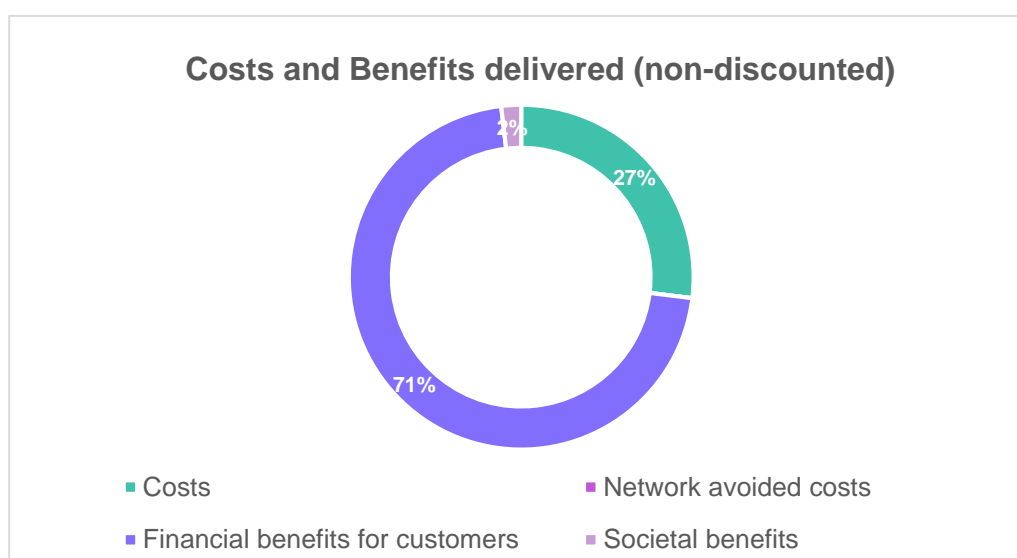
4.4. Societal Benefits. The reduced consumption of electricity modelled (as a result of the behaviour changes) will also translate to reduced carbon emissions (using the standard grid emissions factor), significantly powering our drive to a more sustainable future.

Distributional impact

4.5. In line with the breakdown above, this CVP delivers benefits for:

- Customers who are on WPD's PSR, who receive the smart energy action plan, and therefore the associated financial savings.
- All domestic customers in WPD's network, who benefit from the reduced carbon emissions from lower consumption levels.

4.6. The chart below visualises this distribution, demonstrating the scale of costs and benefits that fall in each category.



Approach to quantifying

Costs

4.7. This CVP will cost £1 million per year.

Number of stakeholders

4.8. WPD has 2 million PSR customers and will contact 1 million of them every year, 600,000 by telephone.

4.9. The 600,000 customers contacted directly by telephone will be offered a bespoke smart energy plan tailored to their needs, with a proportion of them being referred to an extended partner network that will track outcomes through to completion.

4.10. It is expected that this proportion will start at 5% for the first 2 years of RIIO-ED2, rising to 10% for the remainder of the period as the network of partners develops. This expectation is built on tested data from WPD's past programmes including 'Power Up' and is linked to the time required to set up a network of trusted partners.²

4.11. This translates to an estimate of 30,000 customers for the first two years, and 60,000 customers for years 3, 4 and 5.

Approach to quantifying financial benefits

Calculations and assumptions

4.12. Smart meters.

- Average % reduction in domestic consumption due to smart meter: 2.8% (based on BEIS literary review, including a UK study that collected data from 10,000 households).
- Typical annual consumption values from Ofgem (Profile Class 1 - Medium) = 2,900kWh.
- Average electricity cost UK = £0.174/kWh.
 $2.8\% \times 2,900 \text{ kWh} = 81.2 \text{ kWh}$
 $81.2 \text{ kWh} \times £0.174/\text{kWh} = £14 \text{ per customer per year}$
- For the success rate we are using the results from the Power Up Smart Trial. This trial reached out to 800 people, with 385 of them obtaining benefits related to behavioural changes.
 $385/800 = 48.1\% \text{ success rate for applying changes (installing a smart meter)}$
- Assumption that benefits last for 10 years.

4.13. Power Up trial benefits.

- The Power Up trial carried out by WPD included advice related to behavioural changes. In particular, it included advice on behavioural changes to improve the thermal comfort and living environment in the home, using the smart meter to help monitor changes in behaviour

² For further detail of Power Up, please see <https://www.westernpower.co.uk/customers-and-community/priority-services/power-up>

(such as control of mould and damp and to reduce household energy consumption where possible).

- The trial reached out to 800 people, with 385 of them obtaining £32,736.50 in benefits related to behavioural changes.
$$£32,736.50/385 = £85.02 \text{ per person.}$$
- We assume that the reduction in consumption from smart meter installation is already included in this figure, so we will deduct it to avoid double counting:
$$£85.02 - £14 = £71.02 \text{ per person.}$$
- To calculate the probability of success we consider the number of people that implemented the changes versus the number of people that received the advice:
$$385/800 = 48.1\%$$
- Assumption that benefits last for 5 years.

Flexibility tariffs.

- Citizens Advice found that households could save £5 per year with flexibility tariffs. Given that advice on flexibility tariffs is not included in our Power Up Smart scheme, we have added this as a separate benefit.
- A Citizens Advice survey also shows that 20% of consumers would choose a time of use tariff, which is what we used as success rate. We assumed that customers sign up for one year and that 64% could have applied this tariff without our advice (deadweight), based on a survey from Energy Saving Trust and Citizens Advice.
- This gives a total benefit of £91k (non-discounted) over 5 years.

Calculation factors

Smart meters.

- Success: 48.1%, based on Power Up Smart Trial.
- Drop off: 0%, since we don't expect the benefits to reduce over time as they are related to hardware (a smart meter) rather than advice.
- Attribution: 0%, since the initiative will be funded and delivered by WPD.
- Deadweight: 64%, based on a Citizens Advice and Energy Saving Trust survey, 36% of households have not made changes to their energy usage at home in recent years. Therefore, we assume that 64% could have installed a smart meter without our advice.
- Optimism Bias: 10%, since proxy for smart meter reduction is from 2016.

Power Up Trial.

- Success: 48.1%, based on Power Up Smart Trial.
- Drop off: 100%, since we don't currently collect evidence on how long the benefits will last for, therefore we have taken a conservative approach and assumed that they only last for one year.
- Attribution: 0%, since the initiative will be funded and delivered by WPD.
- Deadweight: 0%, since the benefits wouldn't be achieved without WPD's activity.
- Optimism Bias: 0%, since proxy used is recent.

Flexibility Tariffs.

- Success: 20%, based on Citizens Advice research.
- Drop off: 100%, since we don't expect the benefits to extend further than one year.
- Attribution: 0%, since the initiative will be funded and delivered by WPD.
- Deadweight: 64%, based on a Citizens Advice and Energy Saving Trust survey, 36% of households have not made changes to their energy usage at home in recent years. Therefore, we assume that 64% could have applied this tariff without our advice.
- Optimism Bias: 5%, since date of research seems recent but is unclear.

Sources

- Savings per customer: Power Up Smart Trial WPD.
- % reduction in electricity consumption from smart meter use: DBEI, Smart Meter Rollout Cost-Benefit Analysis Part II - Technical annex (2016).
- Average consumption: Ofgem website, Typical Domestic Consumption Values (<https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values>).
- Average electricity cost: DBEI, Average variable unit costs and fixed costs for electricity for UK regions Annual Data 2020 (2021).
- % of people that have not made changes to energy usage: Citizens Advice and Energy Saving Trust Survey, 2020 (<https://www.gov.uk/government/news/over-a-third-of-british-households-miss-out-on-bill-savings-by-not-changing-home-energy-use>)
- Flexibility Tariffs: Citizens Advice Research (<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Citizens%20Advice%20summary%20of%20the%20value%20of%20time%20of%20use%20tariffs.pdf>)

Approach to quantifying societal benefits

Calculations and assumptions

- % reduction in domestic consumption due to smart meter: 2.8%.
- Typical annual consumption values from Ofgem (Profile Class 1 - Medium) = 2,900kWh.
- Average electricity cost UK = £0.174/kWh
 - $2.8\% \times 2,900 \text{ kWh} = 81.2 \text{ kWh}$.
- Carbon prices and electricity conversion factors taken from Ofgem CBA Template for each year.
- For the success rate we are using the results from the Power Up Smart Trial. This trial reached out to 800 people, with 385 of them obtaining benefits related to behavioural changes.
 $385/800 = 48.1\%$ success rate for applying changes (installing a smart meter)
- Benefits from carbon savings add up to £345k over 10 years (non-discounted).
- Assumption that benefits last for 10 years.

Calculation factors

- Success: 48.1%, based on Power Up Smart Trial.
- Drop off: 0%, since we don't expect the benefits to reduce over time.
- Attribution: 0%, since the initiative will be funded and delivered by WPD.
- Deadweight: 64%, based on a Citizens Advice and Energy Saving Trust survey, 36% of households have not made changes to their energy usage at home in recent years. Therefore we assume that 64% could have installed a smart meter without our advice.
- Optimism Bias: 10%, since proxy for smart meter reduction is from 2016.

Sources

- % reduction in electricity consumption from smart meter use: DBEI, Smart Meter Rollout Cost-Benefit Analysis Part II - Technical annex (2016).
- Average consumption: Ofgem website, Typical Domestic Consumption Values (<https://www.ofgem.gov.uk/gas/retail-market/monitoring-data-and-statistics/typical-domestic-consumption-values>).
- Average electricity cost: DBEI, Average variable unit costs and fixed costs for electricity for UK regions Annual Data 2020 (2021).
- % of people that have not made changes to energy usage: Citizens Advice and Energy Saving Trust Survey, 2020 (<https://www.gov.uk/government/news/over-a-third-of-british-households-miss-out-on-bill-savings-by-not-changing-home-energy-use>)
- Carbon prices and electricity conversion factors: Ofgem CBA Template v6.0.

Changes from July's draft calculations

4.14. The results shown in this document represent the best estimate of the benefits that will be achieved through this CVP with the information available at this time. To achieve this, we have made a few changes from our previous submission which are detailed below:

- Based on the feedback provided by the Challenge Group, we have revised the success rate for the benefits associated with this CVP. On further examination, we reviewed past project data and found that 48.1% of people advised regarding behavioural changes took action following this advice. We have therefore replaced the previous 100% success rate with this percentage, resulting in a reduction of claimed benefit of over £12m in net present value.
- Following the recent audit carried out to evaluate how companies are applying the DNO Social Value Framework, we have decided to change the deadweight considered for the smart meter benefits. We have used research from Citizens Energy Advice and Energy Saving Trust to estimate the number of people that would install a smart meter without our advice, giving us a more accurate view of the potential benefits. We estimated a deadweight of 64% (compared to 0% in our last quantification), which led to a further reduction of over £2m in net present value.
- As recommended in the same audit, we have also clarified why we have used a 100% drop off for the Power Up benefits. Given that we don't currently collect any data on how long benefits last, we have decided to take a conservative approach and assumed they only last for one year.

- We also updated the traded carbon cost according to Ofgem's latest CBA template, which only resulted in a minor change in values.
- Finally, we included the benefit of uptake of flexibility tariffs which added approx. £80k in net present value, based on research we located from Citizens Advice and Energy Saving Trust.

Monitoring Social Value during RIIO-ED2

- 4.15.** The quantification work shown in this document will provide a structure to track the benefits we deliver during RIIO-ED2 and compare to the value we have forecasted. To monitor the delivery of benefits for this CVP, we will track the following:
- The number of customers referred to our partner network for a smart energy plan.
 - The advice provided to each customer.
 - The actions that customers took following the advice, including associated benefits.
 - Where possible, for how long customers received (or will receive) the benefits.
- 4.16.** We will use the information we collect to monitor how we are performing against the forecast for each year. Whenever there is a difference between benefits delivered and those forecasted, we will make it clear if this is because of a change in delivery or an update in the modelling approach (e.g., revised proxy values). This is to ensure that we are allowing for comparison of values in a like-for-like basis, while also keeping the modelling of benefits as accurate as possible.

5. Stakeholder support

Feedback from stakeholders

- 5.1. We have engaged closely with stakeholders throughout the development of our Business Plan to make sure their needs and preferences are reflected. When putting together our Business Plan for this regulatory period, we engaged more stakeholders than ever before – providing them with the opportunity to start with a ‘blank sheet of paper’ to define our plans from scratch. We set out in Supplementary Annex SA-05: Giving customers a stronger voice - Enhanced engagement and Supplementary Annex SA-02a: Our commitments – Justification analysis, how we have engaged with stakeholders and how this has helped to shape the plan. The specific feedback we received from stakeholders that is relevant to this proposal is set out below.
- 5.2. In September 2021, we sought feedback on this CVP at a stakeholder event, which was attended by customers and customer representative groups, local authorities, community energy groups and charities from across our four licence areas. Of those stakeholders at the event, 77% ‘agreed’ or ‘strongly agreed’ that WPD was best placed to deliver this proposal. 74% of stakeholders at the event also said that they ‘agreed’ or ‘strongly agreed’ that the proposal was acceptable whereas only 6% of stakeholders said that the proposal was not acceptable.
- 5.3. At an earlier stage in the development of this Business Plan, we asked stakeholders what they thought about our idea to proactively contact over 2 million PSR customers to remind them of the services we provide and update their records. Whilst 41% of stakeholders favoured achieving ‘40% via direct telephone calls’, the majority of stakeholders voted for WPD to go further. There was no consensus on the precise level so WPD selected the mid-point option of contacting 60% of customers.
- 5.4. There was almost unanimous support for the commitment to take a leading role in a coordinate approach with a range of industry participants to share best practice and co-deliver schemes to ensure vulnerable customers are not left behind by the smart energy transition, with 99% showing support for this idea. In addition, community energy stakeholders highlighted the opportunity to fund collaborations to specifically support vulnerable customers.
- 5.5. Furthermore, we asked for stakeholder views in relation to specifically reaching out 600,000 PSR customers and offering a bespoke smart energy action plan each year, as proposed in this initiative. Around 97% of stakeholders backed our idea of developing a model to identify the capabilities of vulnerable customers to participate in a smart, low carbon future and 47% also supported the commitment to offer 60% of PSR customers specific support and education.

Supporting our Business Plan

- 5.6. This proposal is fully consistent with and contributes directly to the core commitments that WPD has put forward as part of this Business Plan. The plan sets out our commitment to **meeting the needs of our customers and network users** as one of the three high-level output categories for RIIO-ED2. Our overarching commitment in this category is to deliver a high quality and reliable service to all network users and consumers, including those that are in vulnerable situations.
- 5.7. This initiative relates to the following core Business Plan commitments, which set out at a more detailed level how we intend to deliver for our customers in RIIO-ED2. Further details on these commitments can be found in Supplementary Annex SA-02: Our commitments.

Meeting the needs of our consumers and network users

Core Commitment 18	<i>Ensure customer are not left behind in the smart energy transition by offering at least 600,000 Priority Services Register customers a bespoke smart energy action plan each year.</i>
Core Commitment 19	<i>Support at least 113,000 fuel poor customers to save £60 million on their energy bills over RIIO-ED2.</i>
Wider commitment	<i>Take a leading role in a coordinated approach with a range of industry participants (including funding for collaborations with community energy stakeholders) to share best practice and co-deliver schemes to ensure vulnerable customers are not left behind by the smart energy transition</i>

6. Accountability for delivery

What happens outputs are not delivered

- 6.1.** We are committed to delivering this proposal for our PSR customers so the benefits set out above can be realised. We intend to make sure that the scheme is a success. We also commit to monitoring the success of the scheme by seeking feedback from customers that receive a bespoke smart energy action plan.
- 6.2.** If for any reason we are unable to deliver our commitment, we propose to:
- Return a proportionate amount of any associated CVP reward under the Business Plan incentive to ensure that consumers do not pay for something that they have not received; and
 - Help PSR and other vulnerable customers in other ways to ensure that they are best supported through the energy system transition.
- 6.3.** We intend to engage with Ofgem to discuss how this may best be implemented in RIIO-ED2.

7. Eligibility checklist

Item	Description
Relevant CVP area (as per <i>Ofgem's RIIO-ED2 Business Plan Guidance</i>)	<ul style="list-style-type: none"> Proposals that demonstrate approaches to providing services to vulnerable consumers that clearly go beyond the baseline expectations Proposals that exceed the baseline expectations set out for Environmental Action Plans.
Does this proposal entail new activities vs RIIO-ED1?	<p>✓ Yes – see section 3</p> <p>This is not an activity we have undertaken before.</p>
Does this proposal go beyond BAU activities?	<p>✓ Yes – see section 3</p> <p>Our current activities in this area are focused on providing relevant support and information to vulnerable and PSR customers through the appropriate channels, but do not include providing these customers with a bespoke advisory support service.</p>
Does this proposal exceed RIIO-ED2's baseline expectations?	<p>✓ Yes – see section 3</p> <ul style="list-style-type: none"> Baseline expectations for vulnerable customers require WPD to use referral channels and provide signposting to help customers access the support we have available. WPD would exceed baseline expectations for vulnerable customers, as this initiative entails proactively engaging with these vulnerable customers to guarantee they receive appropriate advice and would follow up with those customers on the adoption of this advice. Baseline expectations refer to providing support to vulnerable customers without specifying any specific minimum targets. Through this initiative, WPD is committing to reach out to 60% of the PSR customer base, which shows an extensive commitment across the whole PSR client base. Adoption of greener systems by our customers such as EVs and LCTs does not relate to our Business Carbon Footprint. Hence, any actions supporting the reduction of customers' carbon footprint represents activity beyond baseline expectations for EAPs.
What additional value does this proposal provide to customers?	<p>✓ Meets Ofgem's criteria – above £3 million threshold of net benefits.</p> <p>In particular, this CVP proposal brings £4.8 million of additional value to customers over the five years of RIIO-ED2 – see section 4 for full detailed explanation.</p>

8. Appendix: Joint Social Value Framework

- 8.1. During working groups in early 2020, all six DNOs, alongside Ofgem and key consumer groups discussed the (quantitative) measurement of social value, and the Consumer Value Proposition as part of the Business Plan incentive.
- 8.2. Under GD2, the four GDNs used different methodologies, values and reporting structures which led to results that are hard to compare. To prepare for the RIIO-ED2 CVP process, and for changes to the SECV incentive, DNOs decided to develop a common approach to measuring social value a consistent mechanism that would allow for straightforward assessment and comparison.
- 8.3. To meet the DNOs' and Ofgem's requirements, the common approach needed to:
- Provide robust, consistent measurement of all social benefits DNOs deliver through their services.
 - Deliver a framework for DNOs to measure their CVP values in 2021.
 - Act as an ongoing solution – a framework applicable for the full RIIO-ED2 period.
 - Drive innovation and ambition in the social value space.
- 8.4. To deliver against this need, the joint social value framework was created. In line with the Spackman approach and the Treasury's Green Book, the framework provides a structure through which the DNOs will deliver values that are consistent, comparable, and conservative. The framework includes:
- Standard values (from a DNO-specific proxy bank).
 - Data quality guidelines.
 - A set calculation template.
 - Common figures that should be reported (as seen in **Section 4**).
- 8.5. This framework was tested throughout its development, agreed with consumer bodies and shared with Ofgem in December 2020 – with the framework referenced in Ofgem's Business Plan guidance.
- 8.6. WPD has had the framework independently applied to each of their CVP proposals, ensuring that appropriate values and assumptions are applied. This provides confidence that the values presented in this document are a conservative estimate of the value generated.
- 8.7. In addition, an audit of the DNOs application of the joint Social Value Framework has been carried out in October 2021. The purpose of the audit is to ensure the rules and governance of the framework have been applied consistently across different DNOs.
- 8.8. This will make sure that values are consistent, comparable, and conservative, prior to Ofgem's review of the final Business Plan. This has led to some changes in the quantification of benefits that ensure we are aligned with other DNOs where we have calculated similar benefits. These changes are detailed in the benefits section of each CVP where appropriate.



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