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Serving the Midlands, South West and Wales

AGENDA - WPD Customer Panel Meeting

9.30 am arrival, 10.00am start. Wednesday 20 June 2018
Stoke Depot, 234 Victoria Road, Fenton, Stoke on Trent, ST4 2JA

09.30 – 10.00	**Closed member session***	Optional
10.00 – 10.05	**Welcome & introductions**	All
10.05 – 11.15	**WPD Performance update**	Alison Sleightholm
	Strategic Priority: Keeping the lights on – reports on the recent storms	
11.15 – 12.00	**Penetration testing and cyber security**	John Sherriff
12.00 – 12.10	**Actions from the February meeting**	Nicki Johnson
12:10 – 13.00	**Extending the power of the Customer Panel**	Alex Wilkes
13.00 – 14.00	**Lunch**	

14.00 – 15.00   Split session. Choice of the following:

A: Connections
- Connections Improvement Plan 2018/19 — Alison Sleightholm

B: Social Obligations
- The cost benefit of fuel poverty projects — Karen McCalman/
- Future proposals — Nicki Johnson
- Crisis Pack update

*The 'Closed member session' is an opportunity for all Panel members to meet in advance of the main agenda and discuss any points they wish. In some cases, Panel members may want to ask for other points of view regarding the agenda items or further clarification on the topic. All are welcome, though there is no obligation to attend and there is no formal agenda, but any points forwarded to Duncan McCombie in advance will be raised.

2018 meeting dates:

Thursday 27 September 2018   - Derby
Thursday 13 December 2018   - Worcester

WPD Customer Panel

Stoke Depot

Wednesday 20 June 2018

Today

10.05   Update on our performance
Alison Sleightholm (Resources and External Affairs Director)

Strategic Priority: Keeping the lights on
Alison Sleightholm (Resources and External Affairs Director)

11.15   Penetration testing and cyber security
Jon Sheriff (WPD, Information Resources)

12.00   Actions from last meeting & future agenda items
Nicki Johnson (Stakeholder Engagement Officer)

12.10   Extending the power of the Customer Panel
Alex Wilkes (Stakeholder Engagement Manager)

13.00   Lunch

14.00   Split session:
- A: Connections & business customers
- B: Social obligations
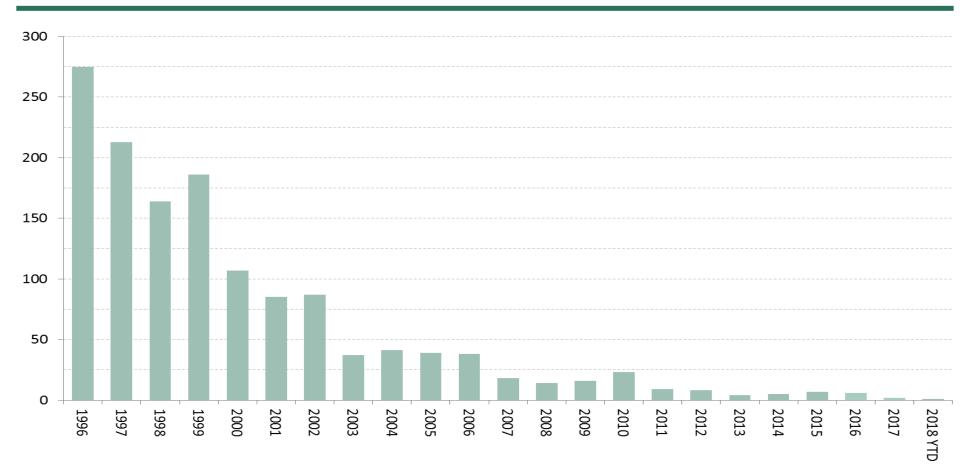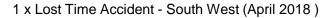
Performance Update

Wednesday 20 June 2018

Alison Sleightholm

Resources and External Affairs Director
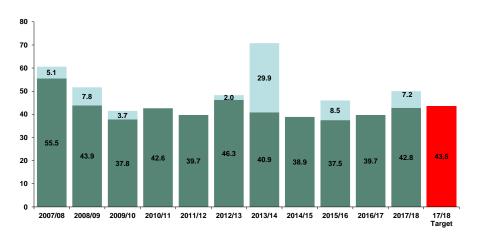
Safety – lost time accidents

No. of accidents

1 x Lost Time Accident - South West (April 2018)

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Operational performance - CMLs

Customer Minutes Lost – WPD South West

Customer Minutes Lost – WPD South Wales

Customer Minutes Lost – WPD East Midlands

Customer Minutes Lost – WPD West Midlands

Storm data only available from 2011/12 for Midlands

Excluded events

5

Operational performance - CIs

Customer Interruptions – WPD South West

Customer Interruptions– WPD South Wales

Customer Interruptions – WPD East Midlands

Customer Interruptions – WPD West Midlands

Storm data only available from 2011/12 for Midlands

Excluded events

6

IIS outturn 2017/18

	WPD South West		WPD South Wales		WPD East Midlands		WPD West Midlands	
	CI	CML	CI	CML	CI	CML	CI	CML
Ofgem IIS Target 2017/18	58.5	43.5	53.3	33.4	51.4	38.8	85.4	53.0
IIS Outturn 2017/18	62.0	42.8	48.5	28.5	46.4	23.5	55.6	31.0
% Out Performance	-6.0%	1.6%	9.0%	14.8%	9.6%	39.4%	34.8%	41.5%
IIS reward (£m)**	-0.41		2.79		16.59		19.84	

**Subject to Ofgem audit
   Excludes Exceptional Events
   At 2017/18 prices

Reliability – 'Target 60'

1 Hour Restoration Rate	WPD Company	West & Wales	Midlands
Year ended 31 March 1999		51.9%	47.6%
Year ended 31 March 2001		57.6%	38.3%
Year ended 31 March 2002		74.9%	39.2%
Year ended 31 March 2004		82.0%	47.9%
Year ended 31 March 2006		85.8%	59.1%
Year ended 31 March 2007		84.6%	54.9%
Year ended 31 March 2008		85.5%	61.9%
Year ended 31 March 2009		86.3%	61.9%
Year ended 31 March 2010		85.7%	65.8%
Year ended 31 March 2011		86.9%	62.6%
Year ended 31 March 2012	80.7%	86.6%	78.8%
Year ended 31 March 2013	86.7%	85.7%	87.1%
Year ended 31 March 2014	88.7%	83.6%	90.7%
Year ended 31 March 2015	89.6%	86.1%	91.3%
Year ended 31 March 2016	89.2%	85.9%	90.7%
Year ended 31 March 2017	89.2%	86.2%	90.6%
Year ended 31 March 2018	88.5%	86.2%	89.8%
Year to date (May 2018)	**87.6%**	**86.0%**	**88.0%**

Contact Centre performance – 2017/18

2017/18 regulatory year

Inbound

Service	Total calls
No supply & general enquiries	1,066,224

Average speed of response 1.53 seconds

Outbound – Proactive

	Total call backs
All customers	479,661
Vulnerable customers	170,254
Proactive text messages	623,348

Priority Service Register data cleanse

	Total contacts
Vulnerable customers proactively contacted	955,664
Success rate (at each round of contact)	34%
Onward referrals – Fuel poverty – Fire service	 15,229 6,094

Bar chart – PSR data cleanse / In power cuts:
- 2013/14: 131,805
- 2014/15: 259,350
- 2015/16: 543,401
- 2016/17: 691,499
- 2017/18: 955,664

Legend: ■ PSR data cleanse   ■ In power cuts

2017/18 Customer Service

Overall Combined

WPD SWAL	9.03
WPD WMID	8.91
WPD EMID	8.90
WPD SWEST	8.90
SSEH	8.85
UKPN (LPN)	8.75
SP Man	8.75
UKPN (SPN)	8.74
UKPN (EPN)	8.73
NPG (NEDL)	8.72
SP Dist	8.70
NPG (YEDL)	8.56
ENWL	8.47
SSES	8.34

Interruptions

Max reward — Break even — Max penalty

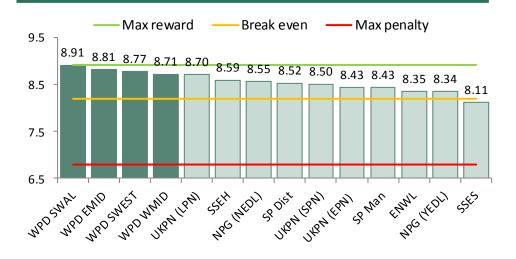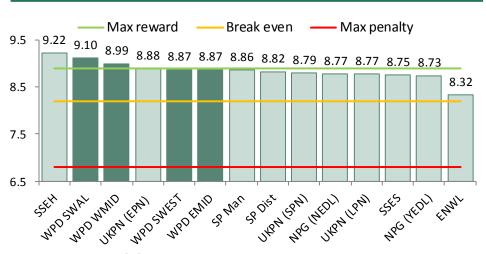|	
SSEH	9.22
WPD SWAL	9.10
WPD WMID	8.99
UKPN (EPN)	8.88
WPD SWEST	8.87
WPD EMID	8.87
SP Man	8.86
SP Dist	8.82
UKPN (SPN)	8.79
NPG (NEDL)	8.77
UKPN (LPN)	8.77
SSES	8.75
NPG (YEDL)	8.73
ENWL	8.32

Connections

Max reward — Break even — Max penalty

WPD SWAL	8.91
WPD EMID	8.81
WPD SWEST	8.77
WPD WMID	8.71
UKPN (LPN)	8.70
SSEH	8.59
NPG (NEDL)	8.55
SP Dist	8.52
UKPN (SPN)	8.50
UKPN (EPN)	8.43
SP Man	8.43
ENWL	8.35
NPG (YEDL)	8.34
SSES	8.11

General Enquiries

Max reward — Break even — Max penalty

SP Man	9.39
WPD SWEST	9.29
WPD WMID	9.27
UKPN (SPN)	9.25
UKPN (EPN)	9.23
WPD SWAL	9.21
WPD EMID	9.19
NPG (NEDL)	9.05
ENWL	8.98
SSEH	8.96
SP Dist	8.95
UKPN (LPN)	8.84
NPG (YEDL)	8.84
SSES	8.32

Note: Ofgem's incentive only considers individual performance in the 3 categories. An overall score is generated for summary purposes, using Ofgem's weightings of : 30% Interruptions; 50% Connections; 20% General Enquiries

2017/18 revenues

By licence

	Total reward/penalty		Breakdown			
	Amount	**% of maximum**	**Power cuts***	***Including the following* unsuccessful calls penalty**	**Connections**	**General Enquiries**
WPD South Wales	**£2.13**	**100%**	**£0.67**	**-£0.02**	**£1.01**	**£0.45**
WPD East Midlands	**£4.04**	**90%**	**£1.23**	**-£0.02**	**£1.91**	**£0.90**
WPD South West	**£2.81**	**90%**	**£0.87**	**-£0.03**	**£1.27**	**£0.67**
WPD West Midlands	**£3.91**	**87%**	**£1.35**	**-£0.03**	**£1.67**	**£0.90**
UK Power Networks plc (LPN)	£2.64	78%	£0.80	-£0.01	£1.22	£0.62
SSE Hydro	£1.73	77%	£0.67	-£0.04	£0.61	£0.45
Northern Powergrid Northeast	£1.75	68%	£0.54	-£0.08	£0.65	£0.56
SP Distribution	£2.34	67%	£0.87	-£0.06	£0.80	£0.67
UK Power Networks plc (SPN)	£2.29	66%	£0.86	-£0.02	£0.76	£0.67
UK Power Networks plc (EPN)	£3.36	65%	£1.50	-£0.02	£0.85	£1.01
SP Manweb	£2.37	62%	£0.99	-£0.06	£0.60	£0.78
Northern Powergrid Yorkshire	£1.69	49%	£0.70	-£0.09	£0.35	£0.64
Electricity North West	£1.10	32%	£0.06	-£0.12	£0.37	£0.67
SSE Southern	£1.05	22%	£1.04	-£0.06	-£0.15	£0.16

By DNO group

WPD	**£12.89**	**91%**
UKPN	£8.29	69%
SP	£4.71	65%
NPG	£3.44	57%
SSE	£2.78	40%
ENW	£1.10	32%

In 2017/18 prices
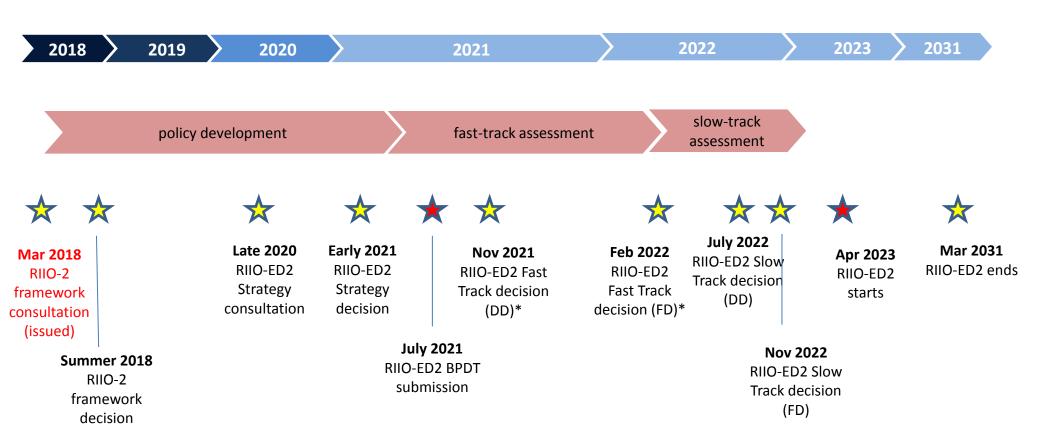
RIIO - ED1 Update

- **Rail Electrification**

  - On 18th April WPD published our decision to voluntarily return £77m associated with the UK Government's cancellation of rail electrification schemes within our licence areas

  - Ofgem is currently amending our licence

- **RIIO - ED1 Mid Period Review – No MPR**

  - On 30th April Ofgem published it's decision not to proceed with a MPR for RIIO-ED1

  - The consultation process demonstrated that issues which had been identified by Ofgem within the current scope of MPR can be managed through other mechanisms within the price control

RIIO-ED2 Indicative Timetable

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2031 |

| policy development | fast-track assessment | slow-track assessment |

Mar 2018
RIIO-2 framework consultation (issued)

Summer 2018
RIIO-2 framework decision

Late 2020
RIIO-ED2 Strategy consultation

Early 2021
RIIO-ED2 Strategy decision

July 2021
RIIO-ED2 BPDT submission

Nov 2021
RIIO-ED2 Fast Track decision (DD)*

Feb 2022
RIIO-ED2 Fast Track decision (FD)*

July 2022
RIIO-ED2 Slow Track decision (DD)

Nov 2022
RIIO-ED2 Slow Track decision (FD)

Apr 2023
RIIO-ED2 starts

Mar 2031
RIIO-ED2 ends

*if applicable

RIIO - 2 Update

- **Ofgem consultation on RIIO - 2 Framework Consultation closed on 2 May**
  - Ofgem received over 90 responses to the consultation
  - Ofgem will make their decision in summer 2018.
  - Decision expected before end of July (parliamentary recess starts 24 July)

- **RIIO - 2 framework decisions expected in July**
  - Length of price control – default position likely to be 5 years

  - Alignment of RIIO-2 price controls - No
    - New SO price control expected
    - Other sectors expected to stay as planned: T2/GD2 – 2021, ED2 – 2023

  - Enhanced customer engagement in business plan development
    - Each DNO will be required to set up a Customer Engagement Group, which will provide assurance that plans address the needs and preferences of local users
    - Each transmission company will set up a User Group to provide input and challenge to their business plans Ofgem will also have its own independent RIIO-2 Challenge Group
    - Where these groups disagree with a company's proposals, Ofgem proposes to hold open hearings to hear the parties' points of view

Political Issues

- **Brexit**
  - June is expected to be the most unpredictable month in the Brexit negotiations so far
    - EU Withdrawal Bill due to return to the House of Commons
    - EU Council meeting set to take place at the end of the month
  - International energy leaders have increased pressure on the UK Government to clarify its Brexit position

- **Infrastructure renationalisation?**
  - With the East Coast rail line temporarily returning to state control this month, public ownership of utilities remains high on the UK political agenda
  - Various options being considered across a wide range of sectors.
  - Some policy makers are favouring cooperative and partnership models as an alternative to full renationalisation

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Focus on a Strategic Priority:

Keeping the lights on

Alison Sleightholm

Resources and External Affairs Director

Recent storm performance

	TOTAL 17 days	5-6 Jun (Gales)	16-Oct Storm Ophelia	10-12 Dec Storm Caroline	26-27 Dec (snow)	2-3 Jan Storm Eleanor	17-18 Jan Storm Fionn	1–5 Mar Storm Emma
Customers restored	614,918	52,830	33,455	123,484	99,990	43,984	53,856	207,319
Calls taken	128,633	14,693	5,994	31,674	17,144	8,353	10,095	40,680
Answer time (sec)	4.81	2.35	1.99	9.06	6.71	1.57	2.79	3.16
Proactive calls (total)	42,129	5,587	2,325	8,147	4,420	4,712	4,618	12,320
Proactive calls (PSR)	14,194	1,799	934	2,357	1,332	1,551	1,522	4,699
Texts & webchats	40,590	5,048	6,144	1,874	4,790	1,740	4,365	16,629
Customer Satisfaction	8.93/10	8.85/10	8.88/10	8.88/10		9.02/10		8.99/10

Responding to severe weather – standard ramp-up preparations

- Non essential EHV and planned maintenance work cancelled

- Additional Control and Contact Centre operatives available and on stand-by to respond to any network issues and to help customers with their enquiries

- Flooding teams and emergency response vehicles placed on stand-by

- Generators widely dispatched to provide temporary restoration

- Helicopter unit available for line patrol to hasten repairs

- Offices opened early or over-night as required

- Contract in place with Nationwide Caterers

- Memorandum of Understanding in place allowing British Red Cross to provide welfare support
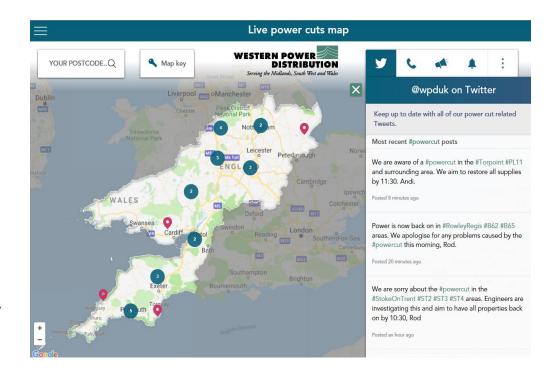
Responding to severe weather - communication

- Email to BEIS detailing network status, number of customers affected/restored, etc.

- Updates provided to key stakeholders such as LRFs, Ofgem, Welsh Assembly, etc.

- Storm Bulletins to wider stakeholders detailing what we are doing before/during/after (email and online)

- Social media used for weather warnings, incident updates and performance statistics after the event

- Bespoke information available for the media on request

- Air Liquide contacted to provide support where necessary to customers using oxygen apparatus

- *NEW* - eight ramp-up centres opened (utilising non-operational staff) to take inbound calls for longer hours allowing Contact Centres to focus on proactive calling and prioritising vulnerable customers

- *NEW* – helicopter unit available for food/supply drops in rural areas for Local Resilience Forums

- Customers can report incidents online and refer to our outage map for updates

Outage map

- April 2018 we launched a new power cut map – powercuts@westernpower.co.uk

- Accounts for 40% of our website traffic (70% of this via a mobile)

- Must be robust during bad weather and cope with high customer demand
  - Installed top of the line, high availability hosting infrastructure (technically hosted as a separate stand-alone website)
  - Can handle 20 times our busiest day in recent years

- Key new features e.g.:
  - Integration of latest Twitter updates
  - County summary data table (key for media outlets)
  - Countdown timer informing customers of when the most recent outage data we have will be available
  - Grouped together pinned incidents at a zoomed out level to avoid screen clutter
  - 'Mobile first' focus - Easier interaction (e.g. zooming and selecting data per pin)

Penetration Testing and Cyber Security

Jon Sherriff

WPD Information Resources

Penetration Testing and Cyber Security

What we'll cover today....

- What is Cyber Security

- Evolution of Cyber Security

- WPD's Key Cyber Security Principles

- Best Practices and Compliance
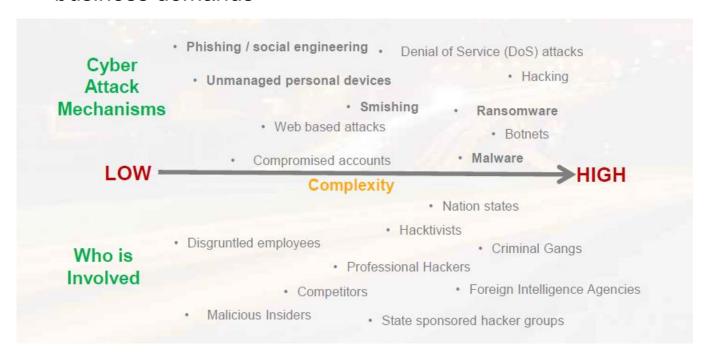
- WPD Cyber Initiatives

What is Cyber Security ?

- Cyber security is the body of technologies, processes and practices designed to protect networks, computers, programmes and data from attack, theft, damage or unauthorised access

- Typically attackers want to ...
  - Steal your data
  - Disrupt/destroy your systems
  - Cause reputational damage

- Motivation for attacks...
  - Financial gain
  - Political, patriotic or ideological beliefs

Evolution of Cyber Security

- Attacks are increasing in complexity (but don't forget the simple stuff)
- Many sophisticated hacking tools freely available
- The way companies do business is changing...
  - Mobile, Cloud, Social, Multi-platform
- A moving target - new vulnerabilities and attacks every day
- For WPD, maintaining an isolated network is increasingly difficult because of business demands

Cyber Attack Mechanisms

- Phishing / social engineering
- Denial of Service (DoS) attacks
- Unmanaged personal devices
- Hacking
- Smishing
- Ransomware
- Web based attacks
- Botnets
- Compromised accounts
- Malware

LOW → **Complexity** → HIGH

Who is Involved

- Nation states
- Hacktivists
- Disgruntled employees
- Criminal Gangs
- Professional Hackers
- Competitors
- Foreign Intelligence Agencies
- Malicious Insiders
- State sponsored hacker groups
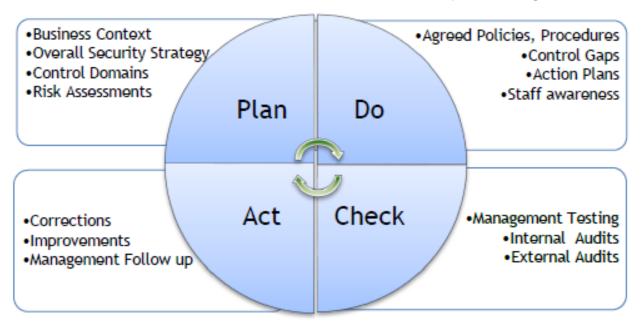
WPD's key cyber principles

Some fundamental principles...

- No internet access to/from desktops/internal systems
- No direct connected cloud
- No bring your own device
- Remote/home working via VPN with dedicated hardware
- Externally hosted website
- Business to business applications accessed from registered IP addresses only
- Dedicated secure connections for Smart Metering & Data Transfer Network
- Mobile device connections via dedicated 3rd party solution
- A defence in depth approach

Best practices and compliance

- We manage compliance against these frameworks...
  - Sarbanes Oxley – financial focus, but establishes a base set of security best practices.
  - SANS Top 20, OWASP Top 10
  - NEW - Smart Energy Code (Smart Metering)
  - NEW – Networks and Information Systems (NIS) Directive
  - NEW – NIST Cybersecurity Framework (US)

- Our approach to all information security management is...

- Business Context
- Overall Security Strategy
- Control Domains
- Risk Assessments

Plan

- Agreed Policies, Procedures
- Control Gaps
- Action Plans
- Staff awareness

Do

- Corrections
- Improvements
- Management Follow up

Act

Check

- Management Testing
- Internal Audits
- External Audits

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WPD initiatives #1

- **Network security**
  - Network segmentation
  - Use of Firewalls, Web Application Firewalls, Demilitarised Zones (DMZ)
  - MAC Authentication Bypass – prevents unauthorised devices from being connected to the network
  - Active monitoring technologies on operational networks

- **Malware prevention**
  - Antivirus
  - Whitelisting/blacklisting
  - Macro blocking
  - NB – lack of internet connection means Phishing is stopped in its tracks
  - Email – Symantec.cloud, blocking attachments

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WPD initiatives #2

- **Penetration testing vs vulnerability scans**
  - Vulnerability scans look for known issues
  - Penetration tests typically human security experts attacking a system
- **Vulnerability scans...**
  - Use of tools within WPD IR to undertake regular vulnerability scans of key systems
  - Also normally run by 3rd party penetration testers
- **Penetration testing**
  - Contracts with 3 different CREST accredited companies to perform penetration tests
  - Focused on critical systems or those with external interfaces – typically annual or after a significant upgrade
  - Everything we learn is put back into WPD build standards for all systems
  - All significant issues reviewed, prioritised and resolved as soon as possible and re-test completed to confirm
  - Test early in the development/implementation process, before system goes live

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WPD initiatives #3

- **Patching**
  - Ensuring software is up-to-date with security patches is one of our biggest challenges...
    - ~1000 servers
    - Large number of 3rd party developed systems
    - Down time typically required to patch
    - Patches can cause issues –
    - Example - Wannacry
- **Logging**
  - Logging all security/audit events to our SIEM tool (Splunk) – single system to review and correlate all events.
  - Use of specialist Intrusion Detection via external military-grade specialist
- **Access management**
  - Strong password policies and good access control procedures, e.g. starters & leavers
  - Enhanced monitoring of highly privileged accounts
  - Use of 2FA in Windows 10

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WPD initiatives #4

- **Disaster Recovery**
  - Very mature backup and recovery procedures
  - Bi-annual Disaster recovery tests
- **Cyber Security Incident Response**
  - Bi-annual drill – currently paper based exercises to run through our response to a cyber incident
  - Contract with digital forensics company for post-incident analysis
- **Data Exfiltration Prevention**
  - USB blocked in most cases
  - Other perimeter monitoring (email, modems etc)
  - AV products used to log where it is enabled
  - Encryption used where data is exchanged with 3rd parties

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WPD initiatives #5

- **Cyber Security Awareness**
  - Annual training for IR staff
  - Online training for all staff with access to CNI systems - May 2017
  - Monthly Cyber & IT Security Newsletter to all staff
  - NEW: Powerlines magazine– security corner in every issue

- **Threat Intelligence, Information Sharing and Governance**
  - Cyber Security Information Sharing Partnership (CISP) membership (information exchange) – GCHQ/NCSC
  - We also work with BEIS and NCSC and other industry players to develop the energy industry's defence strategy and response to Cyber Attacks
  - Working with government agencies to respond to the new NIS Cyber Assessment Framework

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WPD initiatives #6

- **Other**
  - Physical site security, e.g. door access, CCTV
  - Security vetting of key staff
  - Change Management procedures

Conclusion

- We take Cyber Security very seriously

- Cyber initiatives are taking an increasing amount of time & resource

- We are not complacent - there is always more we can do

Any questions?

Actions from the February meeting

Nicki Johnson

Stakeholder Engagement Officer

Actions from February 2018 Customer Panel

Action	Update
1. WPD to examine crisis pack contents and ensure using local produce – sustainable purchasing and not from the far east	➢ Ongoing – NJ reviewing source of contents
2. WPD to look into branding the flask and providing a credit card protector fob instead of a key fob in the packs	✓ Final pack details covered in SO surgery today
3. WPD to include Cyber Security in a future panel session	✓ Included in today's agenda
4. The Panel asked if a graduate could attend the Panel and tell them about their work	➢ On the plan for future meeting
5. Customer Panel members tested WPD's new App Alarm facility	✓ New app function is live
6. Members to pick something from each meeting to feed into spotlight report as the meetings are held, e.g. black start, workforce renewal	➢ Ongoing - Members to email DM
7. Members needed to talk to CSE assessor during CSE audit	➢ Thank you! The assessor spoke to five members (closed calls)

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Future agenda items – Points from Panel

▪ Any changes to the proposed order of Strategic Priorities in the plan?

- September 2018 - Smart networks (DSO)
- December 2018 - Government legislation/policy
- March 2019 - Customer data and awareness

Strategic Priorities are:

➢ Keeping the lights on
➢ Smart networks (becoming a DSO)
➢ Environment & sustainability
➢ Workforce renewal skills and training
➢ Vulnerability (to power cuts)
➢ Government legislation/policy
➢ Affordability
➢ Customer information and data
➢ Customer awareness

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Future agenda items – Points from Panel

- Other agenda items planned

    - **WPD response to the Helm, Citizens Advice and other reports** including Ofgem consultations (e.g. Fair returns - Ofgem ED2 Consultation)
    - **ED2 – being prepared**. WPD thoughts on the big items and key decisions for ED2
    - **RIIO accounts** – getting out the benchmarking for the sector. What do they look like and what do they tell the Panel?
    - Anything else?

- 18 month plan has been updated – additions welcome

- Specifically need suggestions for the surgery sessions

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Extending the power of the Customer Panel

Alex Wilkes

Stakeholder Engagement Manager

RIIO2 – "Enhanced stakeholder engagement"

- Ofgem wants to give *"consumers a stronger voice in setting outputs, shaping and assessing business plans"*

- In March Ofgem issued their *"RIIO2 enhanced stakeholder engagement guidance document"*

- They are introducing a different model of stakeholder engagement, requiring network companies to establish Groups that will <u>challenge</u> their business plan:
  - Distribution: Customer Engagement Groups
  - Transmission: User Groups (who will provide direct input to elements of the plan)

- Plus, Ofgem will establish their own RIIO2 Challenge Group

- A key feature of this model is that all of these Groups are independent, both from the companies and Ofgem
  - In order to offer robust challenge to company proposals, and help Ofgem to understand the extent to which RIIO-2 Business Plans (BP) reflect/meet the needs of stakeholders

- Citizens Advice have also advocated delegating more power to Customer Panels we invited them to present to 250 stakeholders at our 6 stakeholder workshops in February 2018

Ofgem's guidance in more detail

- The words "challenge" and "review" appear repeatedly as the core functions of the Customer Engagement Group (CEG) – they should <u>never advise</u>

- Complete independence of members is expected

- New business models and changing relationships with customers (brought about by smart networks and LCTs) must be reflected on CEGs

- BPs must be provided to CEGs to allow plenty of time for review and challenge before submission to Ofgem
  - CEG's must have ability to discern between good "sales pitch" and BPs that genuinely reflect consumers' current and future needs

- Ofgem's goal is for CEGs to enable more flexible regulation with BPs increasingly reflecting "local context and priorities" (important in light of greater decentralised energy)

- After BP submission Ofgem will hold "open hearings"
  - Likely for all companies (but no criteria yet specified)
  - Purpose to publically hear arguments for and against company proposals
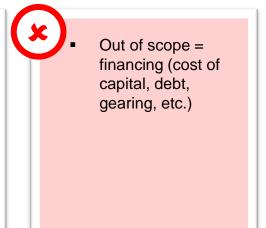
Remit of a Customer Engagement Group (CEG)

- It is the company's responsibility to:
  - Decide if they have a CEG per licence area or just one overall
  - Appoint an independent, paid Chair (independence and expertise/track-record is critical) and likely paid members
  - Provide independent secretariat
  - Ensure extensive Board engagement

- Focus of the CEG should be:

✓
- Overall company priorities
- Approach to sustainability, resilience and energy system transition (DSO)
- Proposed outputs and associated expenditure
  - *Enable members to comment on cost efficiency, by reviewing historic performance and industry comparison*
- Stakeholder engagement processes
- Support for vulnerable customers
- Company approach to innovation and roll-out of learning
- Future energy scenarios
- Alternative/flexible investment options considered
- Issues unique to local regions

✗
- Out of scope = financing (cost of capital, debt, gearing, etc.)

- **Key output = CEG must provide an independent report to Ofgem alongside company BP**
  - **It must include areas of agreement/disagreement**

Make-up of a Customer Engagement Group (CEG)

- Chair and company must recruit members together

- Members must have, or have access to, sufficient skills and knowledge (e.g. non-traditional business models, innovation, fuel poverty, community energy, consumer research, etc.)

- If we recruit from existing engagement forums, CEG members must be aware they "lose their advocacy voice" and must now act in solely independent capacity

- Onus on company to create robust governance and provide Ofgem with a detailed report outlining arrangements, e.g.:
  - How members are recruited
  - Terms of reference
  - Frequency of meetings
  - Decision on member remuneration, etc.

- Ofgem will hold regular meetings with all CEG chairs

WPD's existing Customer Panel

- WPD's Customer Panel has been in place for 10 years and we now have a pool of 44 permanent members

- Members are considered to have "expert" level of understanding, including outside of their core focus areas

- Alongside critical evaluation, the considerable value of the Panel's advisory capacity and collaborative working should not be overlooked (and we are determined not to lose this)

- Most importantly the Panel drives real change – 26 outputs delivered in 2016/17 as a result:
  - *Policy for removal of 3+ year old PSR records; member-written business plan assurance report; 'Power Cut Energy Envoy' Duke of Edinburgh Award scheme, Distribution Charging Overview document reviewed; simpler new connections application forms; performance targets set for various partnership schemes, etc.*

- Stakeholders themselves highly endorse our current Customer Panel approach and scope of influence (e.g. February stakeholder workshops)

WPD's proposed way forward *(subject to your views!)*

- We will maintain our existing Panel and introduce a new CEG (one for the whole business, not per licence) in readiness for our RIIO2 Business Plan:

Customer *Collaboration* Panel	Customer Engagement Group (*challenge* panel)
▪ Existing WPD Panel and members ▪ Continued broad focus and scope of influence	▪ New, targeted recruitment against the interest areas required ▪ Focus exclusively on WPD Business Plan

- We will appoint Duncan McCombie as independent chair and ask him to lead both (as currently)

- Existing members will by default remain as part of the existing Customer Collaboration Panel. However, they will be given the opportunity to participate on the CEG instead if their interests are such
    - (If possible we will offer the opportunity to participate on both, but with controls over the very different roles on each e.g. challenge vs collaboration)

- We will appoint an independent secretariat – perhaps an external company (e.g. EQ Comms who facilitate WPD's annual stakeholder workshops)

WPD's proposed way forward (continued)

- There is likely to be a clamour for members with the required expertise to join a CEG, and rules over independence may restrict the ability of members to sit on more than one forum
  - Gas companies are creating their groups now as RIIO2 commences in 2021 for them, so business plans are being drafted now

- WPD propose to begin recruiting members for the CEG later this year through to early 2019

- However due to our RIIO2 timetable, our BP drafting has yet to begin

- We therefore propose to recruit members, but initially invite them to join WPD's existing Customer Panel in order to build up their knowledge and expertise
  - Members will then move to the CEG when our BP engagement process gets fully underway

- This does not mean that the Customer Collaboration Panel will not discuss/review/influence WPD's BP, but they will be able to advise/collaborate in a way that the CEG should not:
  - CEG will look far deeper into the finer details of WPD's Business Plan (e.g. proposed expenditure)

- We will work with the existing Customer Panel and these newly recruited members (for the CEG) to define the terms of reference over our coming meetings

Summary – The role of a CEG member

- Meetings 4-6 times a year (potentially more frequent as BP drafting ramps up)

- In-depth, granular review of WPD's BP and associated documents
    - "Homework" outside of meetings

- Review all areas you feel able to, but with a particular defined areas of expertise per member

- Contribution to Independent Report to be submitted to Ofgem alongside WPD's BP

- Wholly independent – a remit to challenge and review (not collaborate or advise)

Discussion

- **What are your views on WPD's current proposed way forward? In particular:**

  - Maintaining our existing Panel alongside a new CEG (exclusively RIIO2-focussed) but with a collaboration vs challenge distinction? Is this the right split?

  - Appointing an independent secretariat – external company or a fellow member?

  - Recruiting members immediately

  - Inviting members to join the existing panel initially

- **Other things to consider**
  - Should CEG members be paid to participate? - The demands on their time, requirements for work to be delivered (e.g. producing an extensive independent report) and attendance at *every* meeting, may be significant

  - What is the optimum size of a CEG – e.g. one member per key interest/specialist area (approx. 8-10 areas), or x2?

- **Any other comments/reflections and/or key issues to raise for future consideration?**

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Social Obligations Surgery

The cost benefit of fuel poverty projects

&

Future proposals

Karen McCalman

How we support PSR customers

Fuel poverty projects: 3 approaches, 15 schemes

All delivering six interventions:
1. Income maximisation
2. Tariffs
3. Energy efficiency measures
4. Boiler/heating solutions
5. Behavioural changes
6. Health & wellbeing

▪ *Customers known to WPD:* **'Power Up!' schemes**

  ➲ *Hubs of local partners to deliver fuel poverty solutions*
  1. **East Midlands Power Up (Northants CAB)**
  2. **West Midlands Power Up (Coventry CAB)**
  3. **South Wales Power Up (Energy Saving Trust)**
  4. **South West Power Up (CSE)**

▪ *Customers unknown to WPD*: **'Affordable Warmth'**

  ➲ Fund collaboration and expansion of existing community outreach programmes
  ➲ Refer customers in to WPD's PSR
  5. **East Midlands (Nottingham Energy Partnership)**
  6. **West Midlands (Warm Zones)**
  7. **South Wales (Care & Repair)**
  8. **South West (Plymouth Energy Community)**

▪ **Innovative projects, e.g.**

  9. **Derby City Healthy Homes**
  10. **Derbyshire Healthy Homes**
  11. **Cornwall Rural Community**
  12. **Devon Rural Community**
  13. **Off Gas fuel poverty outreach collaboration with Cadent**
  14. **PODS (Power Outage Devices) Walsall Housing**
  15. **Power up Health**

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How we support PSR customers

Performance 2017/18

- 1.4 million customers on the PSR
  - **9.2/10 customer satisfaction**

- 7,975 Customers referred to Power Up!
  - **£2.1m saved for customers**

- 6,387 fuel poor customers helped by WPD Affordable Warmth partners
  - **1,810 customers added to PSR**
  - **£3m saved for customers**

	Annual Cost	Customers	Annual Saving	Cost Benefit per head	Average saving
Power Up	£515,253	7,975	£2,087,600	£197.16	£261.77
Affordable Warmth	£283,697	6,387	£2,985,656	£423.04	£467.46

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Cost Benefit of Power Up & Affordable Warmth projects

	Target Customers	Actual Customers	Savings	Cost Benefit per head	Average saving
Power Up W Mids	1500	1484	£355,000	£146	£240
Power Up E Mids	1300	1322	£897,000	£618	£679
Power Up S West	3000	2799	£409,500	£85	£146
Power Up S Wales	2252	2370	£425,000	£127	£180
Affordable Warmth E Mids	1250	1300	£722,	£498.	£555
Affordable Warmth W Mids	1250	1330	£669,000	£449	£503
Affordable Warmth S West	1250	1483	£137,000	£45	£93
Affordable Warmth S Wales	1250	2274	£1,475,000	£611	£641

Cost benefit of Affordable Warmth Health projects

	Target Customers	Actual Customers	Savings	Cost Benefit per head	Average saving
Affordable Warmth Health Derby	90	203	£46,444	£161	£229
Affordable Warmth Health Derbyshire	90	119	£112,813	£832	£948
Affordable Warmth Health Cornwall	40	43	£26,067	£162	£606
Affordable Warmth Health Devon	54	44	£7,605	**-£261**	£173

- These schemes have delivered some great results for customers
  - However the volume of customers is low and there is not scope to replicate them any further
  - Any replication will be patchwork (relying on pre existing local authority linkages) which does not fit with our wider strategy to target areas of greatest need revealed by our Social Indicator Data

Should we use the funding from these projects to trial new innovation rather than renew next winter?

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Social Obligations Strategy 2018/19

- A core message in Ofgem's feedback following the SECV incentive is that we must continue to strike a balance between embedding and expanding enduring successful initiatives, but at the same time develop brand new, innovative approaches

- The social indicator mapping and horizon scan research is now part of our enduring strategy and will be updated every two years

- The latest horizon scan was completed in Dec 2017
    - 159 charities and local authorities running outreach projects across our regions

- We want to engage the 159 organisations, seek to identify/create innovative approaches & target hotspot deprivation/vulnerability areas revealed by social indicator mapping

- BUT we can't work with everyone

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Social Obligations Strategy 2018/19

Proposed ideas:

- Host a conference inviting all organisations
  - Share/consult on WPD's existing programme
  - Share our social indicator data and invite new innovative approaches
  - Showcase/case study existing success (e.g. partner presentation)
  - Discuss/identify future priorities
  - Launch an innovation fund?

- Do you agree with this approach?
- Should this be another competition pot?
- If so how much should we spend?
- How many projects should we aim to award? (1 per licence area?)
- Shall we work with CSE again to administer and score the fund?

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Social Obligations Surgery

Crisis pack update

Nicki Johnson

Background

- Our current pack was created with panel members and reviewed by the panel two years ago

- It currently contains

    - Hat, gloves, socks
    - Flask
    - Reusable hand warmer (branded)
    - Torch and batteries
    - Foil blanket
    - Power cut advice leaflet

- The panel was consulted again in September 2017

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Final pack – total per pack £11.83

ITEM	COST	COMMENTS
Hat	£1.36	No longer branded
Gloves	£1.50	
Socks	£1.75	Thermal – discontinued - await update
Flask	£3.75	Adding phone number not cost effective
Torch	£1.37	Now wind up
Branded bag	£0.94	**NEW** - cotton
Credit card protector	£1.16	Doubles as an info card **NEW**

REMOVED ITEMS
Hand warmer
Foil blanket

WESTERN POWER DISTRIBUTION
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WPD CUSTOMER PANEL		**WESTERN POWER DISTRIBUTION** *Serving the Midlands, South West and Wales*	
Last revised : 26.06.18	**Meeting Minutes**	Notes by: Nicki Johnson	

Date	20.06.18	
Time	10.00-15.00	
Venue	WPD Stoke Depot	
Attendees	**HC** - Hugh Conway, MEV **CD** - Claire Differ, Coventry Citizens Advice **EG** - Elizabeth Goodchild, Cadent **RL** - Ron Loveland, Welsh Government **PM** - Pauline Mahon, vulnerable customer representative **GM** - Gabby Mallett, National Energy Foundation **DM** - Duncan McCombie, YES Energy Solutions **DPi** - Daksha Piparia, independent consultant **MR** - Michael Rowe, Institute of Engineering & Technology **ASp** - Alex Spreadbury, B&Q **JS** - Jim Spriggs, British Red Cross **CT** - Cathy Tibbles, Whitwick Parish Council **KT** - Kate Trenouth, Citizens Advice **MW** - Mike Whittingham, customer representative **DP** - David Penfold, Teal Hippo Ltd.	**WPD:** **AS** - Alison Sleightholm **AW** - Alex Wilkes **JS** - Jon Sherriff **KM** - Karen McCalman **NJ** - Nicki Johnson

1. Alison Sleightholm (AS) – Welcome

2. Alison Sleightholm (AS) – WPD Performance Update

Alison updated the group on the performance for the year ending 2017/18.

EG asked what is being done to share the story? EG also noted that severity is not shown on the slide. AS explained that this is a summary but a full investigation and a report is always undertaken internally and actions are taken to ensure no repeat occurrence, if possible. Then team brief covers the event to ensure all staff are aware and learn from accidents.

Safety conferences and 'safety week' take place annually. Safety Week focusses on a different theme every day – e.g. slips trips and falls. We also have behavioural, mental health and various safety training events.

HC mentioned he once worked for a company where the Manager in charge of the person involved in the accident had to talk to managers the very next day at 9am explaining what had happened, why and what would be done. AS explained it is very similar at WPD – accidents are reported in person to CEO within 24 hours.

KT asked about the CMLs targets and 16/17 performance. AS explained targets are not set annually and are governed by the price control period.

DM noted that WPD South West missed the Ofgem Customer Interruptions target last year and asked why? AS said analysis shows this is entirely weather related. Some events were not deemed as 'exceptional'.

HC asked how WPD returns the cash to customers. AS explained that when we set the tariffs (suppliers want two years notice) we amend them and suppliers pass this saving on to customers

DM asked what WPD is doing to make overhead lines more robust in the South West to improve performance? AS explained we reconductored all lines as they became due for replacement and removed aluminium and added thicker copper. We started on the coast where aluminium was deteriorating due to salt pollution.

MW noted that when you make improvements there is a cost benefit and asked if there is any benefit in controlling the rate of improvement? AS confirmed we would not do that, because it's the wrong thing to do.

EG asked if WPD can correlate with other services in the South West? And whether we tell Ofgem about other infrastructure organisation's issues that correlate? AS said we would use this to evidence the weather issues when we go through our analysis for having events classed as exceptional.

PM commended the contact centre figures and asked if WPD is 'coping' with the vast amount of calls the contact centre takes/makes. KT noted that increasing the (Priority Service Register) PSR inevitably means you need the resource. AW mentioned that we wrote to 350,000 customers we had not contacted for three years following the Panel's decision. About 250,000 customers didn't request to stay on the PSR so have been removed. AS noted customer satisfaction sits at 9.2/10 and we are discussing internally whether the contact centre needs further resource.

DM asked if the WPD app reduced no supply calls. AS said it is too early to tell but we are tracking it. Inbound calls are falling (various reasons including social media).

3. Strategic Priority – Keeping the lights on (AS)

The group talked about storm situations including the 'Beast from the East' and DM noted his energy provider closed their contact centre. AS explained we are licenced to run a 24/7 contact centre but suppliers have a different licence condition. We were taking calls from all supplier's customers about meter issues etc. that we could not sort. We escalated this through our CEO to the supplier CEOs and then wrote to Ofgem because there was no way of contacting suppliers.

DM noted WPD doesn't publish any videos on social media – e.g helicopter pilots and field staff could take short videos during storms, etc.

Action – WPD to consider (NJ to follow up with the web team)

4. Penetration Testing & Cyber Security – Jon Sherriff

Jon Sheriff, WPD Information Resources, gave the Panel an update on Cyber Security and the WPD initiatives in place with respect to keeping our data and systems secure.

HC asked if depots have Wi-Fi? JR explained Field engineers have Wi-Fi but it is isolated from the normal network and dedicated to those members of staff who need it. Staff have no internet access at their desks but instead have dedicated isolated 'internet machines' in each office.

HC asked how WPD maintains and updates its website during storms. JS confirmed we have interfaces allowing data to be transferred every ten minutes – links are tightly controlled and we are looking at the option of the website being almost live.

GM noted that with the use of electric vehicles, for example, there could be lots of things plugging into the grid on sophisticated software and wondered if that would present a problem? JS confirmed not because it's a separate system.

GM noted WPD cover external threats but asked what stops someone coming along and plugging something in? JS covered access management (USB access to machines is blocked) and analysis for suspicious activity.

5. Nicki Johnson (NJ) - actions from February meeting

Nicki covered the actions from February 2018 and asked the panel to consider the 18 month plan and send in any suggestions for inclusion.

WPD will be engaging on the Business Plan and drafting from summer 2019.

Action – Panel members to email DM or NJ with any suggestions for agenda or surgery items.

6. Proposals for a Customer Engagement Group (CEG)

AW presented on extending Panel powers in line with Ofgem requirements.

The group discussed whether Panel members would/could be part of the CEG too or whether the CEG would be made up of ex-industry members. Questions included whether having an industry pension would be a conflict and whether members must be customers.

AS and AW explained WPD would like to preserve the current Panel. KT agreed that keeping this group means WPD still get advice. AW noted we can make the two Panels interface and having leadership and commonality would help.

GM asked how much of this is mandated and whether the Panel could be the CEG. AS explained we will be seeing Ofgem again at the end of July. AW explained some of Ofgem's views:

- CEG focus is to be the DNO's Business Plan.
- The CEG must not collaborate or advise.
- CEG to have totally different level of perspective – not bill payers who can talk about experiences but a higher level group of people – at strategic board level. (GM noted one is strategic and one is operational/tactical.)
- Ofgem to meet the chair on regular basis.
- Panel role would be to advise but CEG would challenge.
- CEG will need Ofgem's help to do the required work.

DP asked about liability if they are paid members? And queried whether CEG panel members would be publically named. AS explained Ofgem propose lots of transparency about the chair but further detail is to be agreed.

Decisions taken so far:

WPD should retain the existing Customer Panel and run it along-side a CEG.

WPD should try to recruit immediately. New CEG members to attend current Panel to build their capacity and knowledge.

There should be an independent secretariat who keeps the panel in line and takes the notes.

The Panel endorsed the proposal for Duncan McCombie to be the Chair of the CEG

Still for consideration:

- Time and cost impact - should WPD go external or look within panel expertise?
- Should we pay CEG members?
- If paid should it be subject to attendance?
- What is the optimum size of a CEG?
- Are members named (online?)
- Can you still challenge if you're on the Panel and not the CEG?
- Can some members attend both?
- Next steps include developing Terms of Reference and further meetings with Ofgem.

MW asked if Ofgem would still recognise the Panel? AW said absolutely yes Ofgem has incentivised us for engagement for the last 6 years under the SECV incentive.

KT noted that Citizen's Advice wrote the report and recommended THREE types of engagement – this includes a CEG and a Panel. ASp felt some people have read Ofgem's guidance and understood from it that Ofgem just want companies to formalise their existing panels.

ACTION - NJ to circulate Ofgem's "RIIO2 enhanced stakeholder engagement guidance document".

ACTION - NJ to send material or link to materials from today's Low Carbon Networks conference to the Panel.

ACTION - NJ to send the WPD Privacy Statement to the Panel and ensure members are happy for WPD to continue sending emails to all members in a way that means members can see each other's email addresses.

ACTION - interested members to review Social Obligations surgery slides and confirm

1. Whether WPD should hold a horizon scan conference and
2. Do the Panel endorse the decision not to renew Affordable Warmth health