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SUPPORTING FUEL POOR AND VULNERABLE CUSTOMERS IN THE TRANSITION TO A ZERO CARBON FUTURE

29th September 2020

Welcome

Today's Format

- A quick overview of WPD
- Three sessions
- Each following a consistent format:

Presentation → Break out session → Electronic voting

Housekeeping

- WPD will present to the group as a whole
- Facilitated discussions in smaller breakout rooms
 - These will start automatically
 - Your comments will be noted (anonymously)
- Attendees to automatically return from breakout rooms to main presentation to vote electronically (and repeat)
- Please mute yourself when you are not talking
- Please turn your camera on during the discussion
- NB. There will be a break halfway through for you to stretch your legs and make a cup of tea

Electronic voting

- Visit: **slido.com**
- Where it says, 'enter code here' please key in **WPD** and click the green arrow
- Please vote when the polls go live
- Importantly, after you have voted hit 'send'.
- See the votes come in!

Objectives of today

Tell you about WPD and share our ideas on some key topic areas. Gather your feedback, and use that to help refine and prioritise our business activities

- Priorities and commitments as we look ahead to the next Business Plan period (2023 – 2028)
- Our approach to ensuring that no customers are left behind or disadvantaged as we transition to the UK's goal for zero carbon emissions
 - What does this mean for customers - in particular, those in vulnerable situations?

Agenda

- **10.35-11.15** Session one – Introduction and our current programme
- **11.15-11.50** Session two – Our next business plan
- **11.50-12.05** Coffee break
- **12.05-12.55** Session three – A smart and fair future

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VOTING

Introduction and our current programme

Karen McCalman – Social Obligations Officer

Who we are

- We operate the local electricity network, distributing power to nearly 8 million homes & businesses (+20 million users)
- Covering the East and West Midlands, South Wales and South West England
- 2.1 million customer contacts a year

Network assets	
Cables and overhead lines	225,000 km
Poles and towers	1,389,000
Transformers	188,000



What we do



Keep the lights on

by operating our network assets effectively



Maintain equipment

so that the network remains reliable



Fix the network

if equipment gets damaged or is faulty



Connect customers

by upgrading existing networks or building new ones



Operate a smart system

by managing two-way power flows and flexibility services



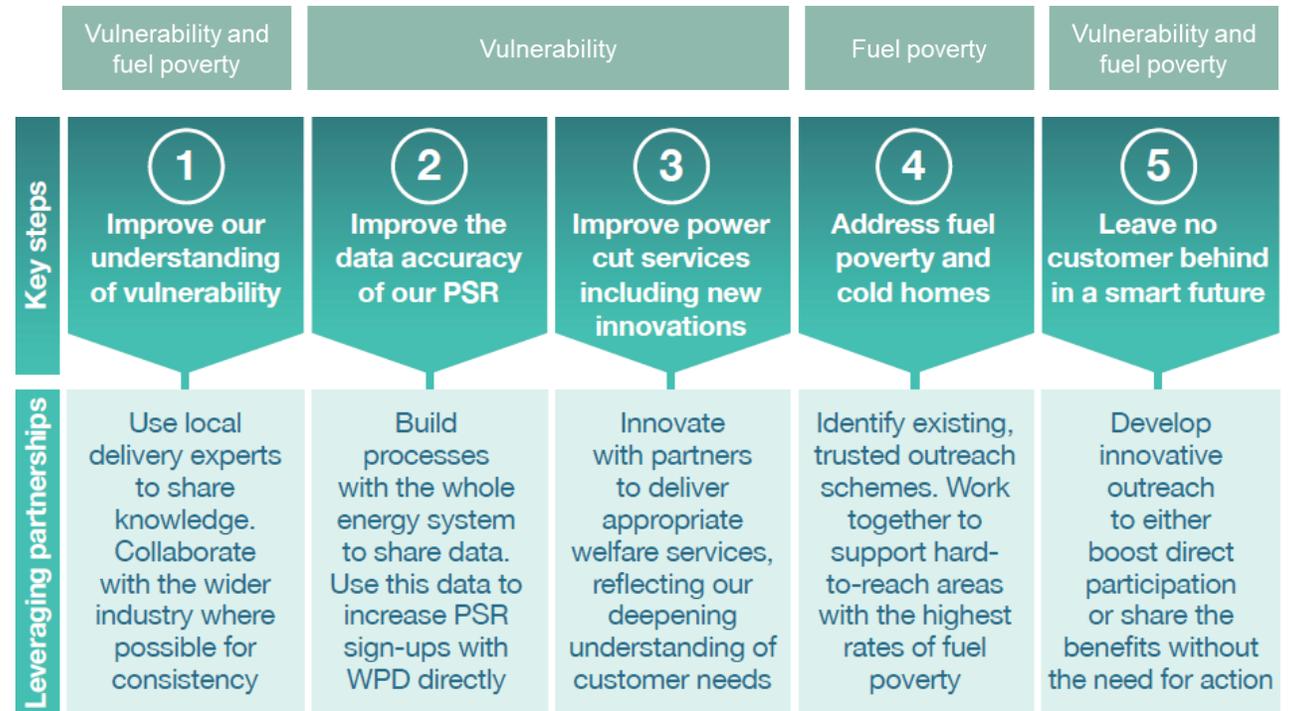
Consumer Vulnerability Strategy

WPD's Priority Services Register (PSR)

- Engagement with stakeholders is essential in helping to build our strategy
- Stakeholders tell us our primary focus must always be to support customers in vulnerable situations during power cuts
- The Consumer Vulnerability Strategy therefore is centred around our PSR - a free, confidential register of customers in vulnerable situations who require assistance during power cuts
- Reasons for being on the register may include age, disability, medical dependencies on electricity or temporary/transient vulnerability
- WPD's PSR currently contains 1.9 million customers

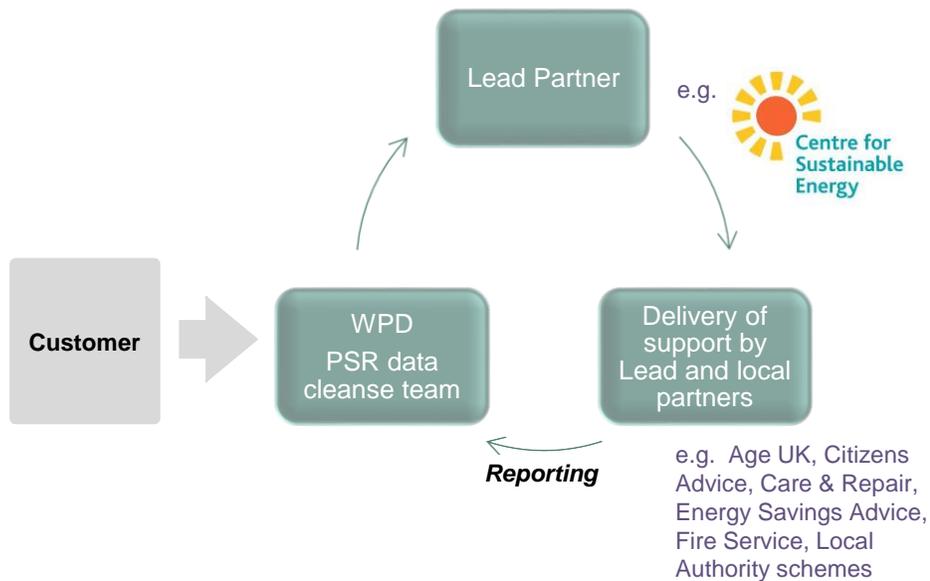
Consumer Vulnerability Strategy

- **Partnerships and collaboration underpin our strategy:**
 - Utilise expert knowledge and trusted services of others as a gateway to engage
 - Combine efforts, resources and messages across utilities to make it simpler for customers
 - The factors impacting vulnerability can be varied and complex
 - Our partners help our understanding of the full spectrum of vulnerable situations facing customers, and helps us to target support to where it is needed most

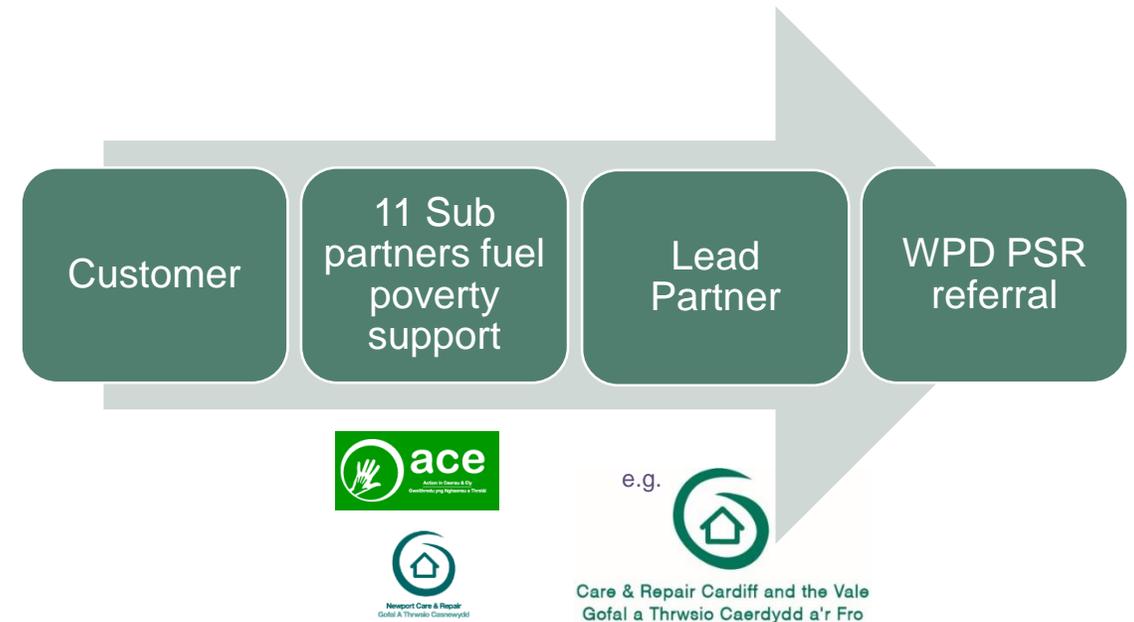


Our delivery models

Approach 1: “Power Up” schemes



Approach 2: Affordable Warmth & other collaborations



We have 19 schemes in place – independent support services for people in fuel poverty

- Every project must be capable of delivering seven interventions
 1. Income maximisation
 2. Tariffs
 3. Energy efficiency measures
 4. Boiler replacements and heating technologies
 5. Behavioural changes
 6. Health & wellbeing
 7. Managed referrals to water company social

- ❑ **Operate cost effectively**
 - So we can cost benefit the outputs

- ❑ **Follow the same delivery model**
 - Work with one lead partner
 - Number of 'local services/schemes' to support delivery

Fuel Poverty results 2019/20



18,652
fuel poor customers
supported by WPD's 19
schemes



£10.7m
directly saved by customers
annually

	Partnership	Customers	Savings
Power up			
1	CA Coventry (W: Mids)	1030	£303,813
2	Auriga (E Mids)	1429	£511,160
3	CSE (S West)	2944	£660,299
4	EST (S Wales)	1799	£420,726
5	CA Derbyshire (Smart)	458	£501,954
6	NEP (Health)	1012	£243,635
Affordable Warmth			
7	NEP (E Mids)	1591	£1,113,349
8	Marches (W Mids)	1448	£761,358
9	PEC (S West)	1522	£640,546
10	Care & Repair (S Wales)	3414	£4,561,328
Energy Affordability Fund			
11	ACE	256	£51,332
12	Act on Energy	97	£130,470
13	Birmingham DRC	80	£653
14	Exeter Community Energy Ltd (ECO E)	668	£329,705
15	North Warwickshire Citizens Advice	194	£77,777
16	South Hams Citizens Advice Bureau	107	£33,951
Other projects			
17	Scotia Gas/NEF	471	£85,657
18	Mental Health (CA South Somerset)	78	£203,274
19	GP energy MOT (CA Derbyshire)	54	£31,282

PSR Customers
known to WPD

Unknown hard to
reach customers in
vulnerable situations

Working with our partners

- WPD contacted all partners to assure them funding was still available and could be topped up and 'Energy Affordability Fund' innovation schemes were extended
- New support services to offer access to food, prescriptions, online shopping, loneliness and isolation support arranged via befriending schemes
- Standalone WPD App developed allowing field staff who come in to contact with customers who need support to immediately refer them to a community partner

In This Together – Community Matters

Fund overview

- £750,000 made available to local good causes, supporting communities affected by the coronavirus pandemic
 - **Phase 1 - £500,000 awarded**
 - Launched early April
 - Charities, community groups and charities invited to apply for up to £10k funding. 586 applications received in three weeks
 - All applications reviewed by WPD and members of WPD's CCP
 - 300 organisations funded, directly benefitting 400,000+ people
 - **Phase 2 - £250,000 awarded**
 - Launched in June
 - MPs invited to nominate local support services - £1,500 per constituency
 - 92 MPs nominated 135 organisations
 - Remaining funds awarded to some of the organisations that missed out on funding in Phase 1



WESTERN POWER DISTRIBUTION
Serving the Midlands, South West and Wales

‘In This Together - Community Matters Fund’

**POWER CUT?
CALL 105**

Our £750k fund has supported local charities, community groups and councils to deliver vital services and support to communities affected by coronavirus.

500,000+
People benefiting from funding

463
Organisations funded

www.westernpower.co.uk



Feedback session

Questions for breakout room discussion

Do you currently work with WPD on their consumer vulnerability programme – if so, how do you think they are doing?

Does our strategy still seem fit for purpose?

BREAKOUT DISCUSSIONS

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Building our next business plan

Richard Allcock – Stakeholder Engagement Manager

The Business Planning process

You are a WPD customer if you live or work in our region:

- **Ofgem:** Regulates how much revenue we can earn and what we must deliver, seeks to protect consumers and mimic competition to ensure high performance standards
- **Price controls:** Set by Ofgem to determine how much we can spend and what customers will receive as a result (after they have scrutinised Business Plans)
- **2015-2023:** The current process is called 'RIIO-ED1' and
- **2023-2028:** The next period will run for 5 years and is called "RIIO-ED2"
- **Business Plan:** Setting out, in detail, our commitments to stakeholders, performance targets and planned investment and expenditure during the specified period



“RIIO-ED2”:

Revenue = Incentives + Innovation +
Outputs (Electricity Distribution 2)



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

Co-creating our Business Plan with you

Engagement with our stakeholders is essential at every stage

We will:

- Build our plans with you from scratch – “a blank sheet of paper” starting from your priorities
- Deliver a Business Plan that’s created with stakeholders, not just amended following their feedback

OTHERS

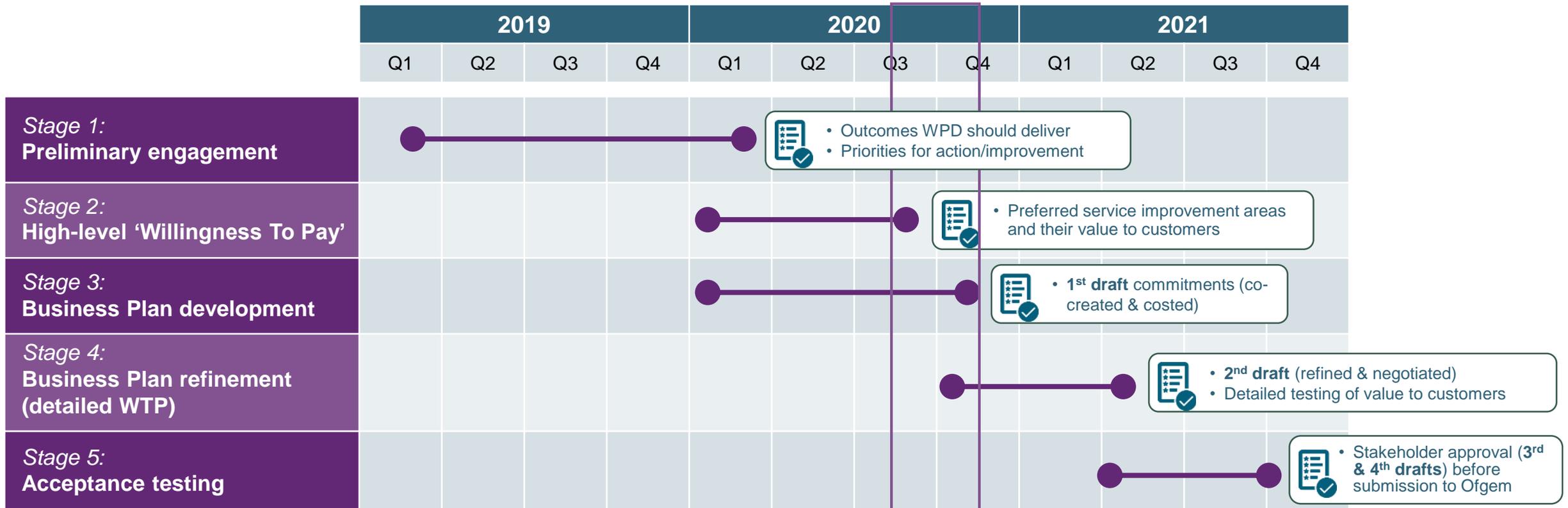


Inform	Consult	Involve	Co-create/collaborate	Negotiate
<p>“tell you about plans or proposals”</p> <p>Opportunities to make comments on pre-written commitments, without the opportunity to shape these from scratch</p>	<p>“inform, work with you to acknowledge concerns, be open to your influence, and should feed back on how input has influenced outcome”</p>	<p>“inform, ensure that your concerns are directly reflected in alternatives developed and will provide feedback on how input has influenced outcome”</p>	<p>“We will look to you for advice and innovation in formulating solutions. We will incorporate your advice into the decision-making process to the maximum extent possible”</p>	<p>“We will implement what you decide”</p>

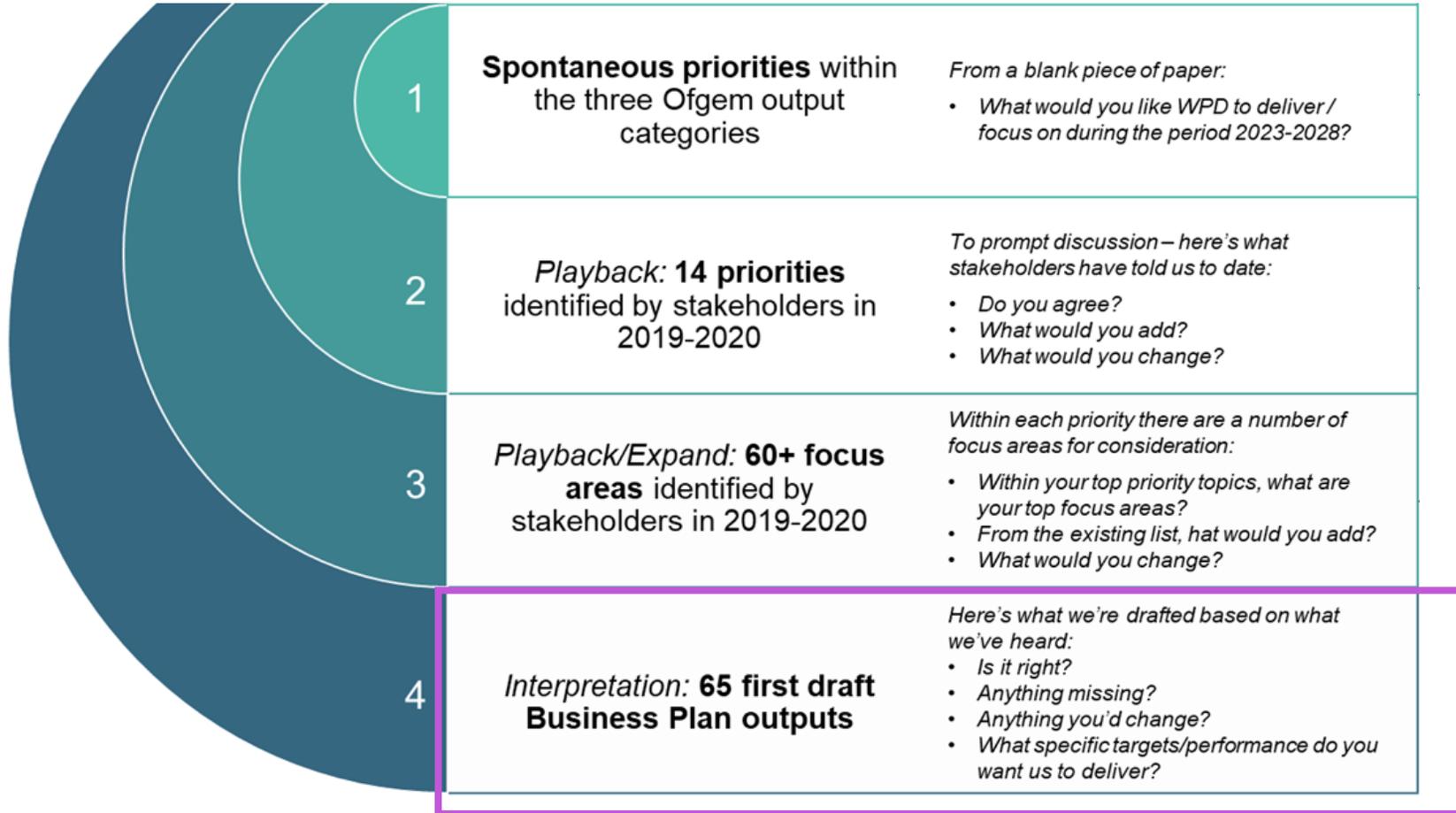


Our engagement timetable

We will build our plan with stakeholders, from scratch, via 5 stages



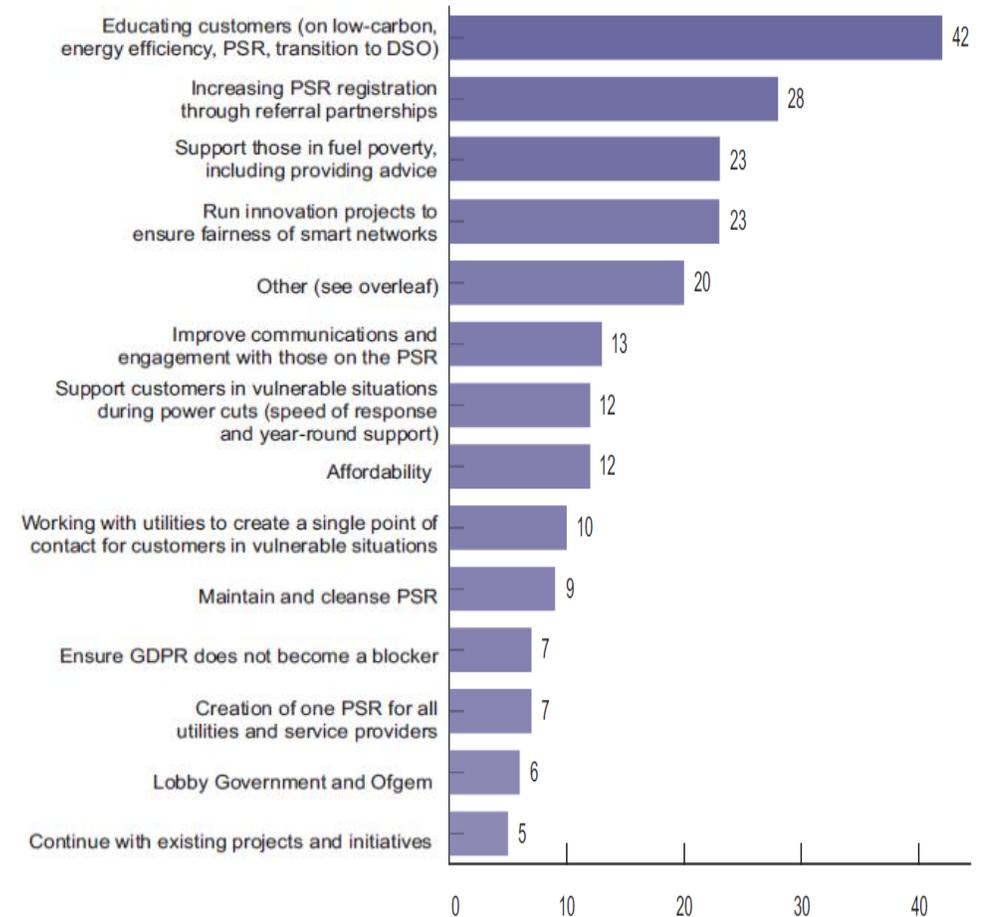
Business Plan engagement process



What you told us last time

Your priorities for our plan at our conference last year:

- Stakeholders were asked to identify what their priorities were for the next Business Plan and were given 5 votes to place
- Many priorities were based on continuing with activities WPD already does
- Emerging priorities or increased emphasis around the transition to a smart, low carbon network
- Much greater emphasis on educating customers these emerging issues and on the PSR



Ofgem's Methodology Consultation

How Ofgem are approaching vulnerability in RII0-ED2

Licence obligations

Set the minimum standard, failure leads to enforcement action

- Retain: maintain a PSR and provide support in a supply interruption
- **NEW:** DNOs to treat their customers fairly, including those in vulnerable situations, throughout their operations

Baseline standards

Standards of performance and activities DNOs should be performing, failure may lead to penalty

- Baseline expectations of established good practice and key principles to support customers in vulnerable situations

Elements we must do

Vulnerability Strategy

- Vulnerability to a loss of supply
- Being in, or at risk of, fuel poverty
- Risk of being left behind by the energy system transition towards Net Zero.

Enhanced baselines

Output Delivery Incentive

- Evaluating DNO performance against strategy
- Penalties where baselines not met
- Potential rewards for exceeding baselines

Opportunity to exceed

We will work with our stakeholders to develop our most ambitious Vulnerability Strategy ever

Refining our Business Plan with you

We are seeking your help to refine our plans

- Playback what we heard from stakeholders and present back our draft commitments based on consolidated stakeholder feedback, did we interpret it right and what's missing?
- What are the specific targets, measures and performance levels required?
- Does the impact of Covid-19 have any impact on these outputs or create new areas of focus?

Your feedback will be used to provide further refinement of our outputs and our overarching vulnerability strategy

Draft business plan outputs

We heard from stakeholders:

- The factors/circumstances causing vulnerability can be complex and changing
 - WPD therefore needs to keep its PSR up-to-date
 - Its not just about data quality - also provide advice and support
 - Ofgem requirement for 24 month contact
 - Vulnerability is transient so PSR data needs to be reviewed frequently, with enduring relationships built with customers, tracking those on the register
-
- Vulnerable customers should not be expected to register multiple times with multiple companies (WPD, their supplier, gas company and water company)
 - WPD should collaborate with other agencies to share PSR data (where we have consent to do so)
 - A move towards a national PSR should be supported

So the output we've proposed:

1. Proactively contact 1 million Priority Service Register customers each year to provide advice and update their records
2. Achieve a 'one-stop-shop' service for vulnerable customers joining the PSR so that they only have to register with WPD once and give their consent to be registered automatically with their energy supplier, water company and gas distributor.

Draft business plan outputs (2)

We heard from stakeholders:

- Vulnerability isn't always obvious and customers won't necessarily "self identify"
 - WPD should proactively identify and reach out to customers that may need additional support - particularly the "hard-to-reach" (maybe disengaged with energy)
 - Target areas where data tells us the need might be greatest
 - When we say 'vulnerability' it is multi-dimensional
 - Vulnerability is not limited to domestic customers. Small businesses may also be classed as vulnerable for example.
-
- WPD must continually test and refresh its understanding of vulnerability
 - We must come up with new and innovative ways to recognise and respond to vulnerability (supporting our customers)
 - Continuous training for front line staff is very important

So the output we've proposed:

3. Identify and engage over 30,000 hard-to-reach vulnerable customers each year to join the PSR

4. Work with expert stakeholders, including our Customer Collaboration Panel and referral partners, to annually refresh our understanding of 'vulnerability' and co-create an ambitious annual action plan (incl. staff training)

Draft business plan outputs (3)

We heard from stakeholders:

- For some customers there is a correlation in power cut vulnerability and fuel poverty
 - Protecting fuel poor households is a WPD obligation
 - Education and awareness programme are important so people know what services are available and how to access
 - Some customers may not seek out support, so we need to be proactive to identify and engage those needing support
 - Work with a range of partners and existing outreach schemes
 - Help community energy schemes that may help counteract fuel poverty (e.g. local energy generation, insulation schemes etc)
-
- It's crucial that the vulnerable are not left behind in the transition to a smart and flexible energy system
 - Vulnerability comes in many forms, it is important to understand how customer needs differ so that services can be provided in a range of different ways.
 - We should identify those who might not be able to access new services and why, to ensure they are not left behind or adversely affected
 - Fuel poor customers may benefit most from new services and low carbon technology

So the output we've proposed:

5. Support over 15,000 fuel poor customers a year to directly save on average £8.25m per year

6. Develop a model to identify the capabilities of vulnerable customers to participate in a smart, low carbon future. Use this to maximise participation, remove barriers to entry and encourage collaborate with the wider industry

Draft business plan outputs (4)

We heard from stakeholders:

- WPD should harness innovation to find ways of using new technologies to help improve resilience of those vulnerable to power cuts
- Use innovation to understand how new technologies and services could have positive impacts for the fuel poor

-
- It is important to communicate the opportunities and benefits of a smart network to help customers in vulnerable circumstances to be able to participate.
 - Education for vulnerable customer will be important to ensure they are able to understand and participate in new services and technologies

So the output we've proposed:

7. Develop innovation trials to improve the resilience of customers in vulnerable situations, utilising the positive impacts of new technologies such as smart networks and low carbon technologies

8. Provide vulnerable and fuel poor customers with specific support and education in relation to the smart energy transition

Additional feedback for review

Additional areas raised by stakeholders:

- When analysing the draft outputs back against the full range of synthesised feedback, there were elements which did not have a direct link to any of the high level outputs.
- Many of these elements will be addressed in the wider commitments within our Business Plan

Smart Meters - Encourage vulnerable customers onto smart meters because of the problems around pre-paid and pay-as-you-go meters. Need to help vulnerable customers accept the meters as they are the most likely group to fear smart meters through education and awareness campaigns

Contingency fund for stakeholders

Countering loneliness

Electricity awareness and understanding

Should any of these elements be raised to higher level outputs?

Questions for breakout room discussion

- Do you still agree with the proposed consumer vulnerability priorities as suggested last year?
- In terms of the eight draft outputs, have we interpreted stakeholder feedback correctly and what's missing?
- What are the specific targets, measures and performance levels required?
- With the impact of Covid-19, has there been any change in priorities or emerging issues which will need to be addressed?

BREAKOUT DISCUSSIONS

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COFFEE BREAK

smart and fair?

Exploring social justice in the future energy system

A research programme led by:



With funding from:



Background

- We need the energy system to become much smarter and more flexible so that it can cut its carbon emissions to virtually zero.
- We also need the transition to a smarter system to be ‘fair and inclusive’ if it is to retain public support (and therefore political backing).
- ‘Smart’ without ‘fair’ is not socially acceptable or politically sustainable.
- The changes towards a smarter, zero carbon system bring with them completely new ways to generate unfairness (in terms of the distribution of system costs and benefits) and to leave people behind (in terms of the complexity and costs of participating).

How can we understand what's changing?

- Explore what new smart energy offers and services require of participating consumers – what's involved in 'keeping up'?
- Detail all the capabilities, characteristics and attributes of consumers which are being required across the smarter system.
- Analyse how these capabilities and attributes distribute across the population – to reveal who's likely to 'keep up' and who's likely to be 'left behind'. How do these relate to existing vulnerabilities?
- Think about interventions that could help more people 'keep up' and reduce the likelihood and impact of being left behind.

The Capability Lens

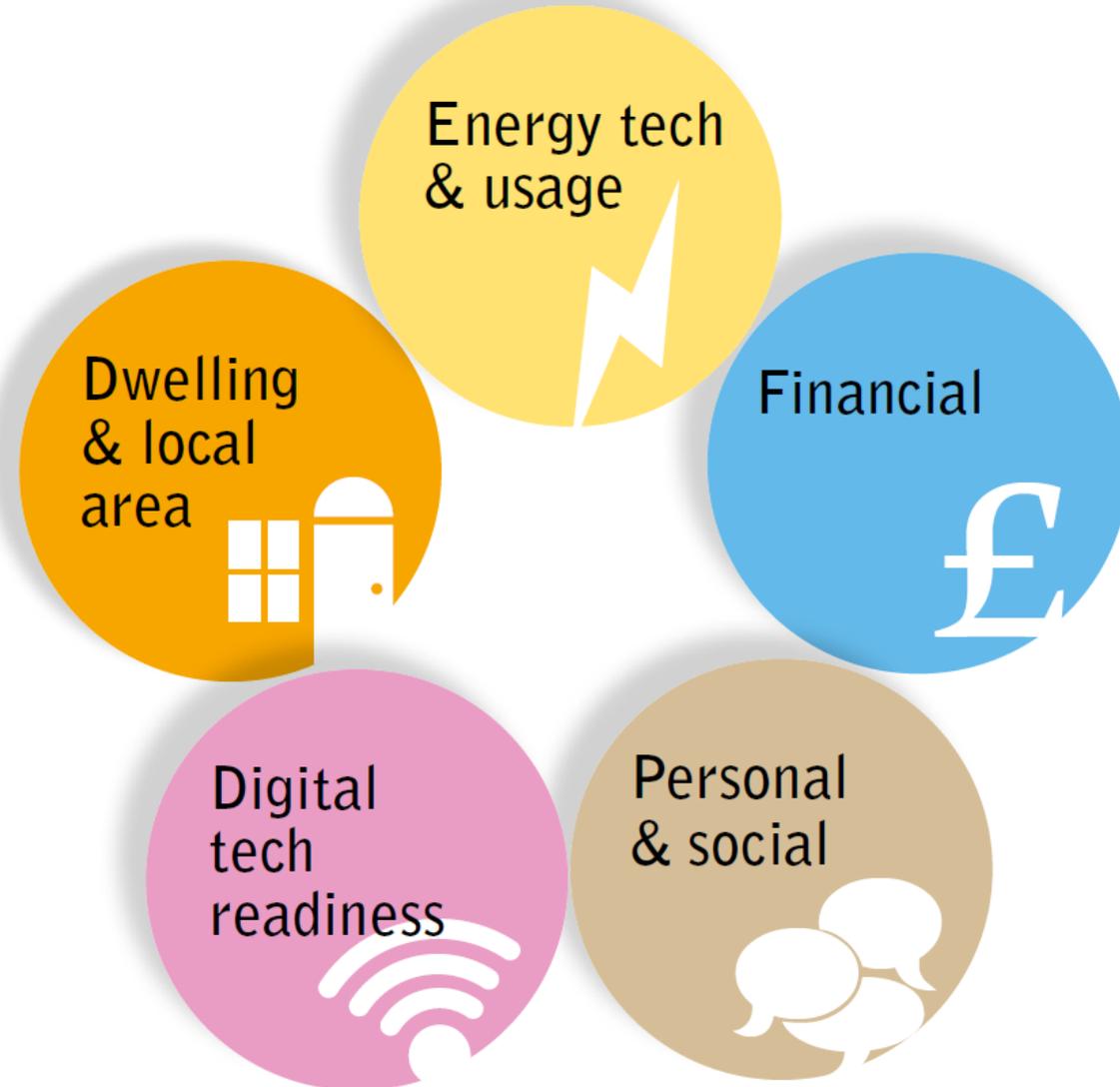


Figure 2: Capability Lens as a mind map

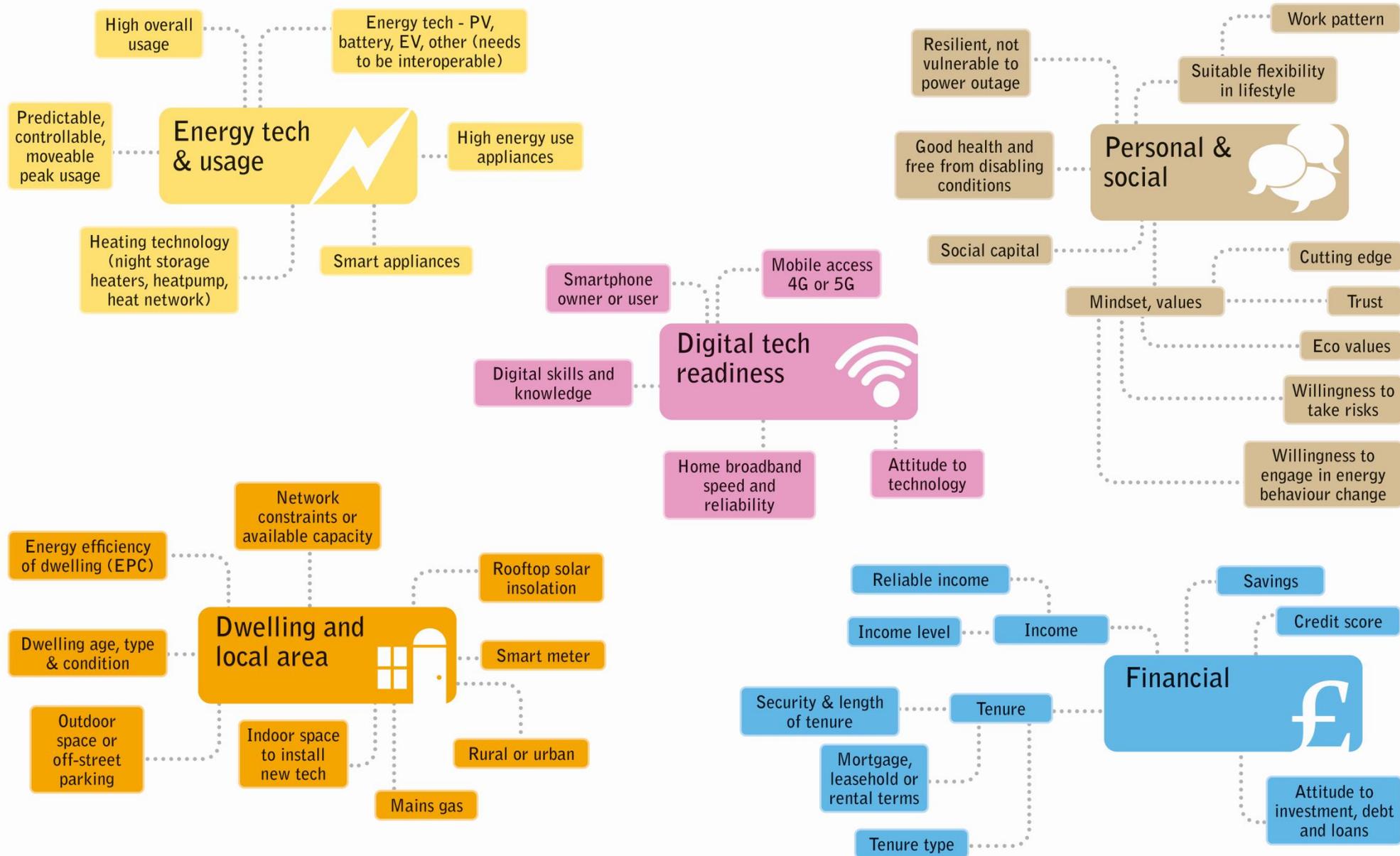
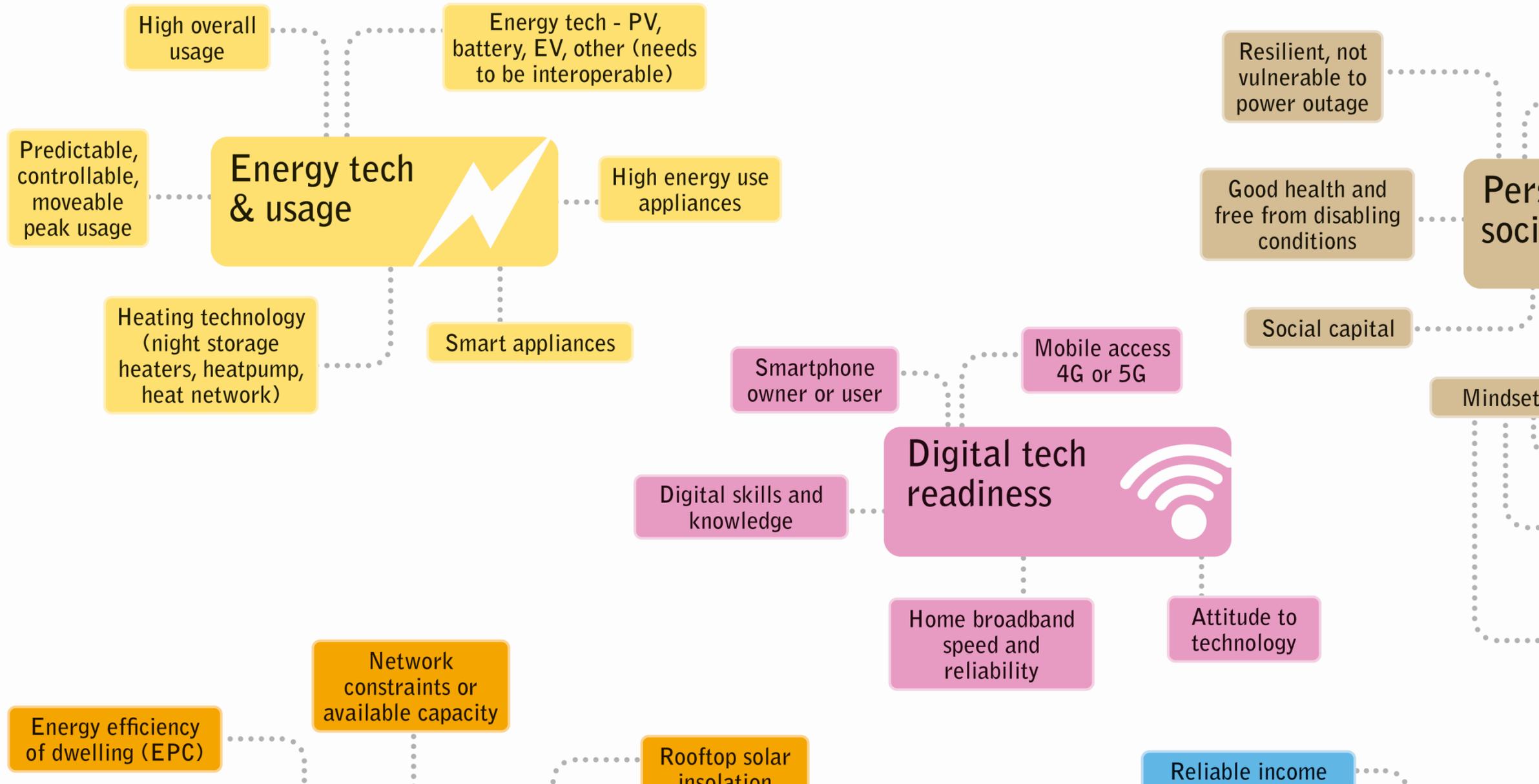
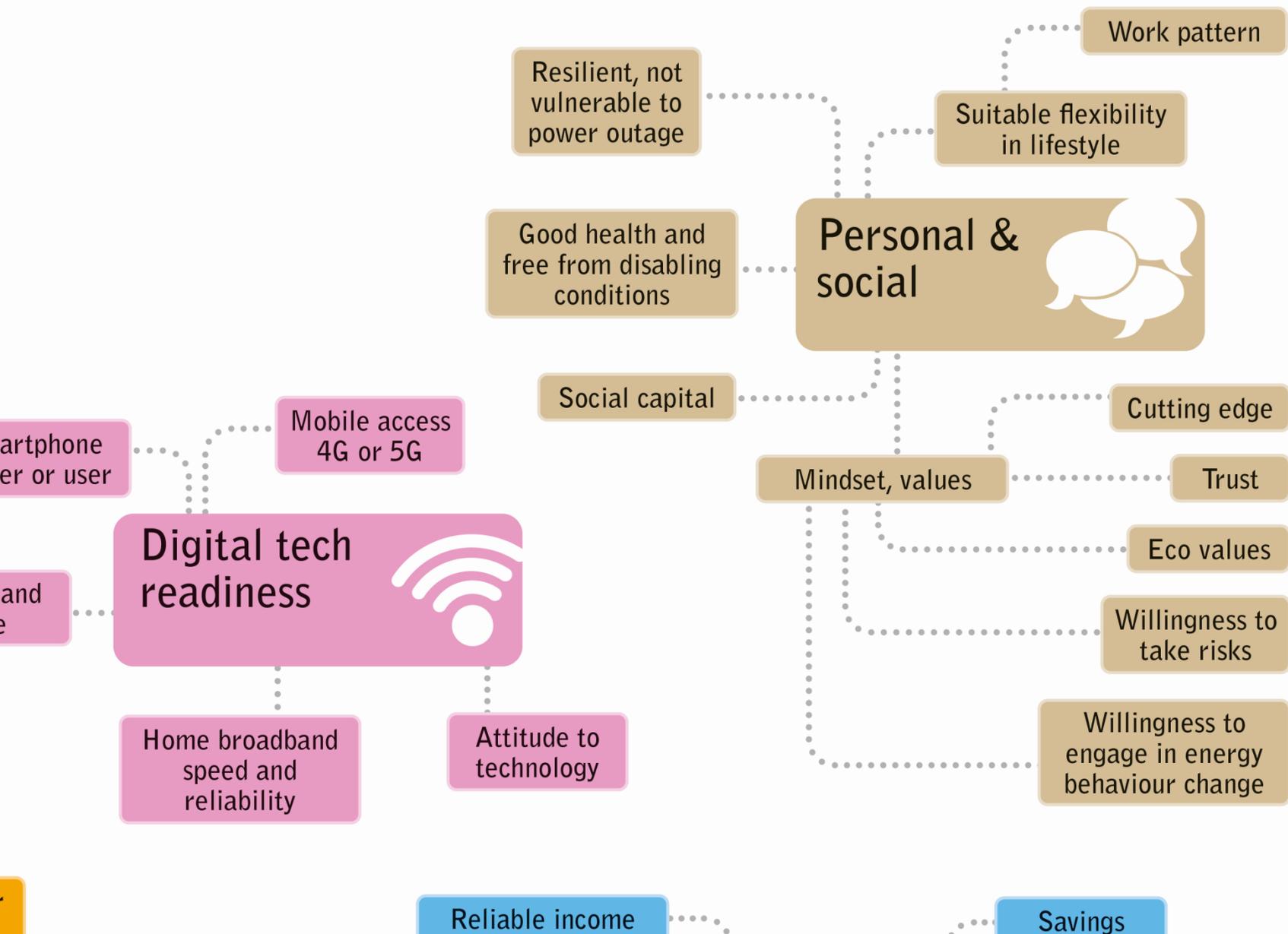
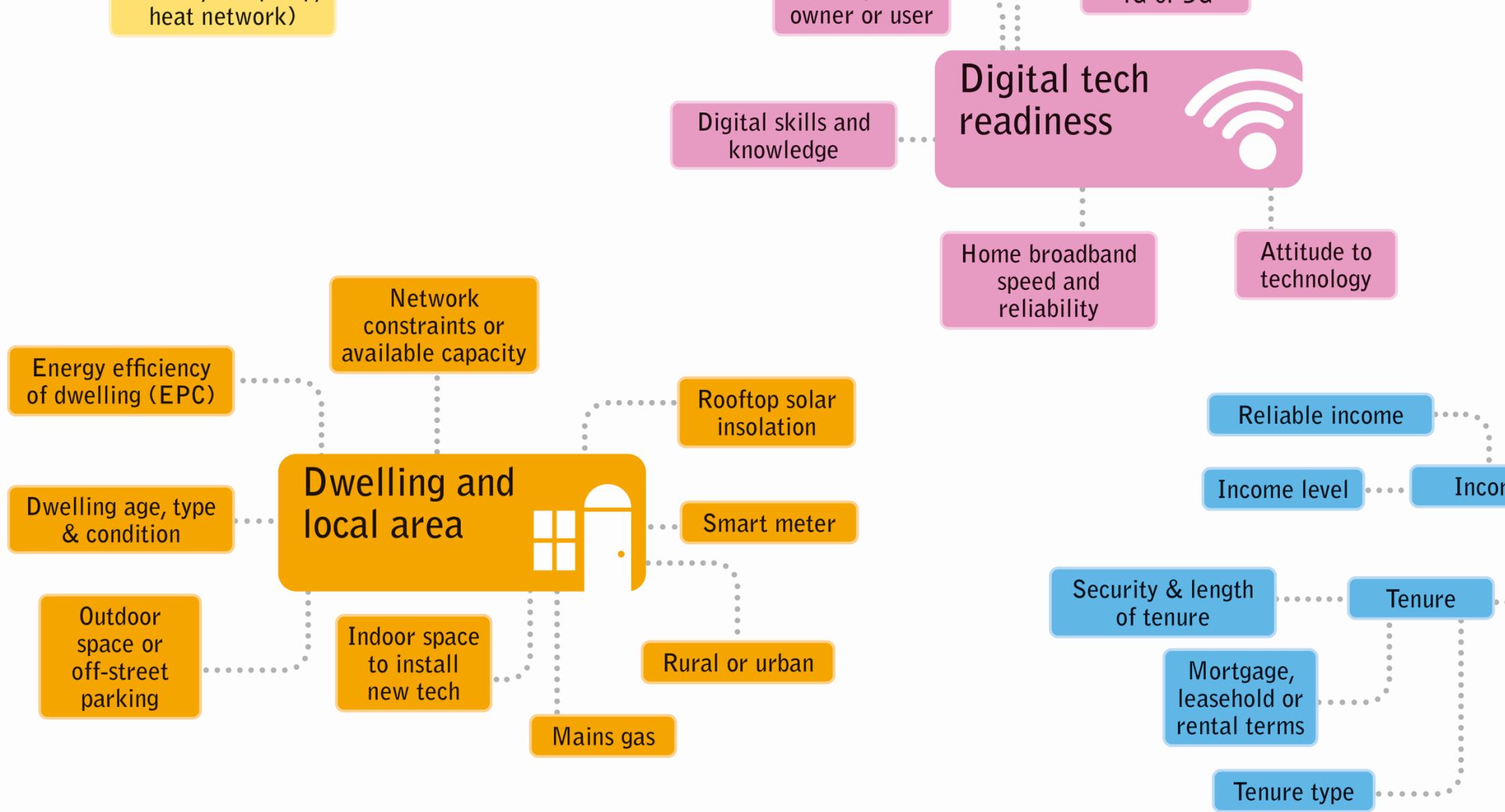
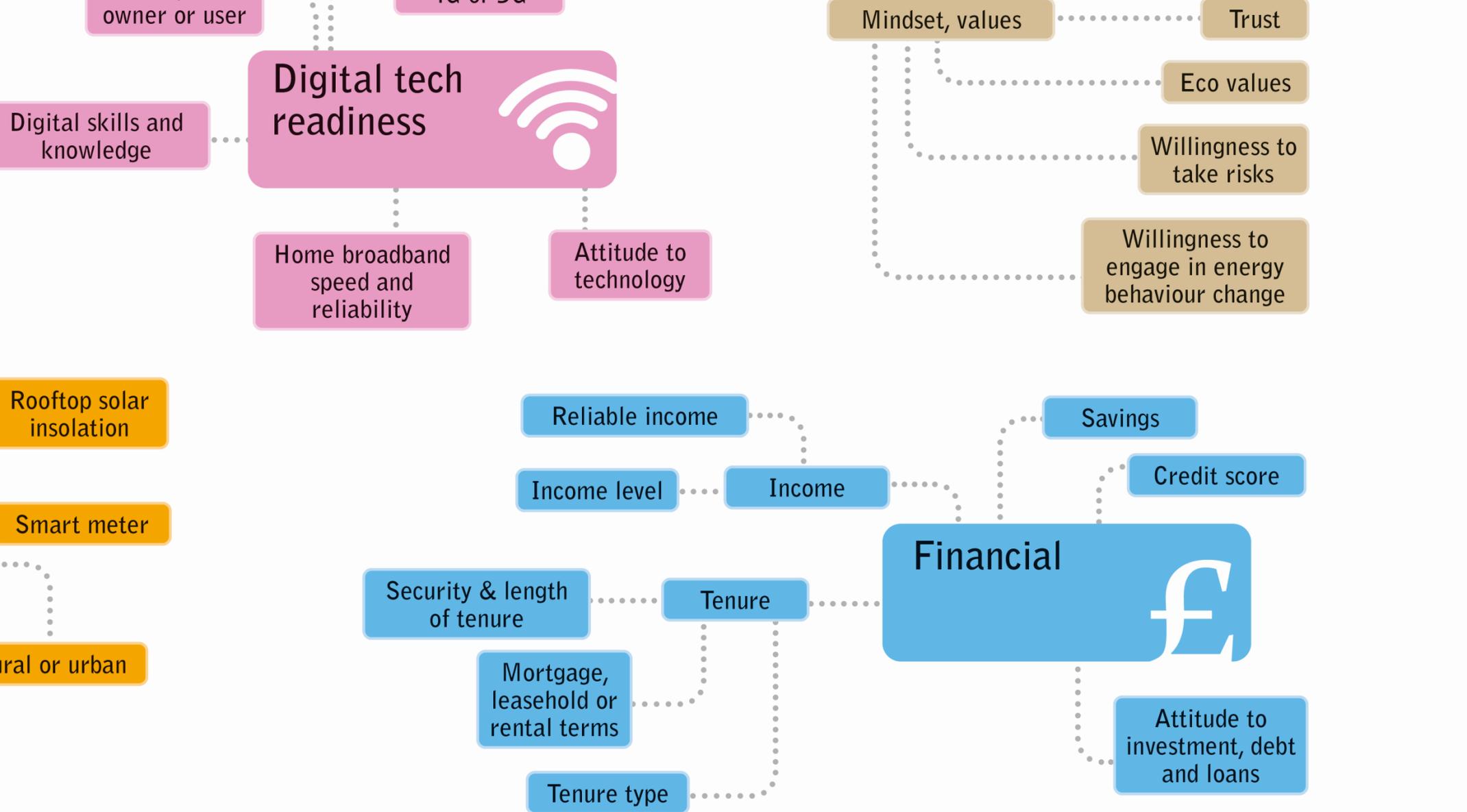


Figure 2: Capability Lens as a mind map







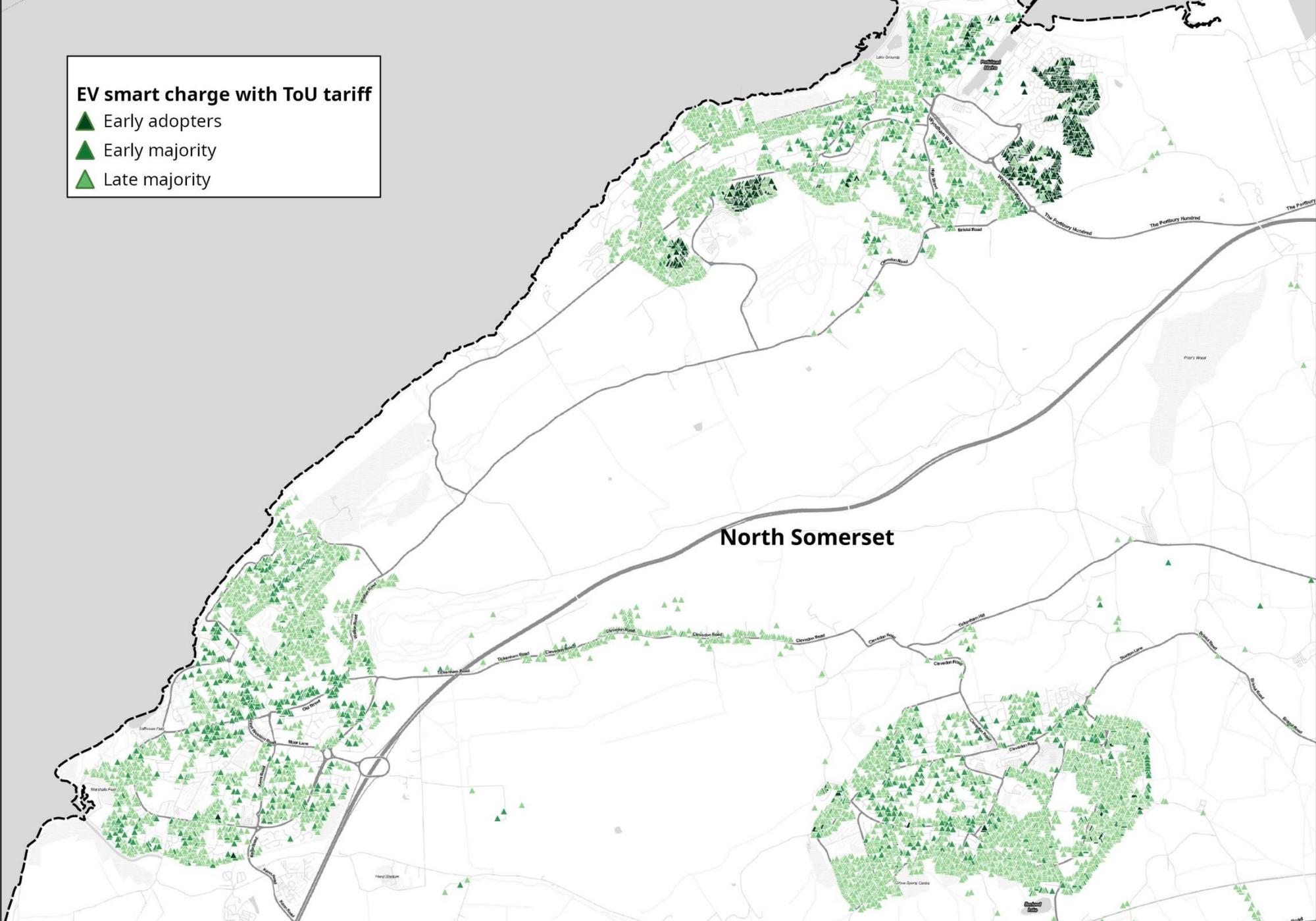


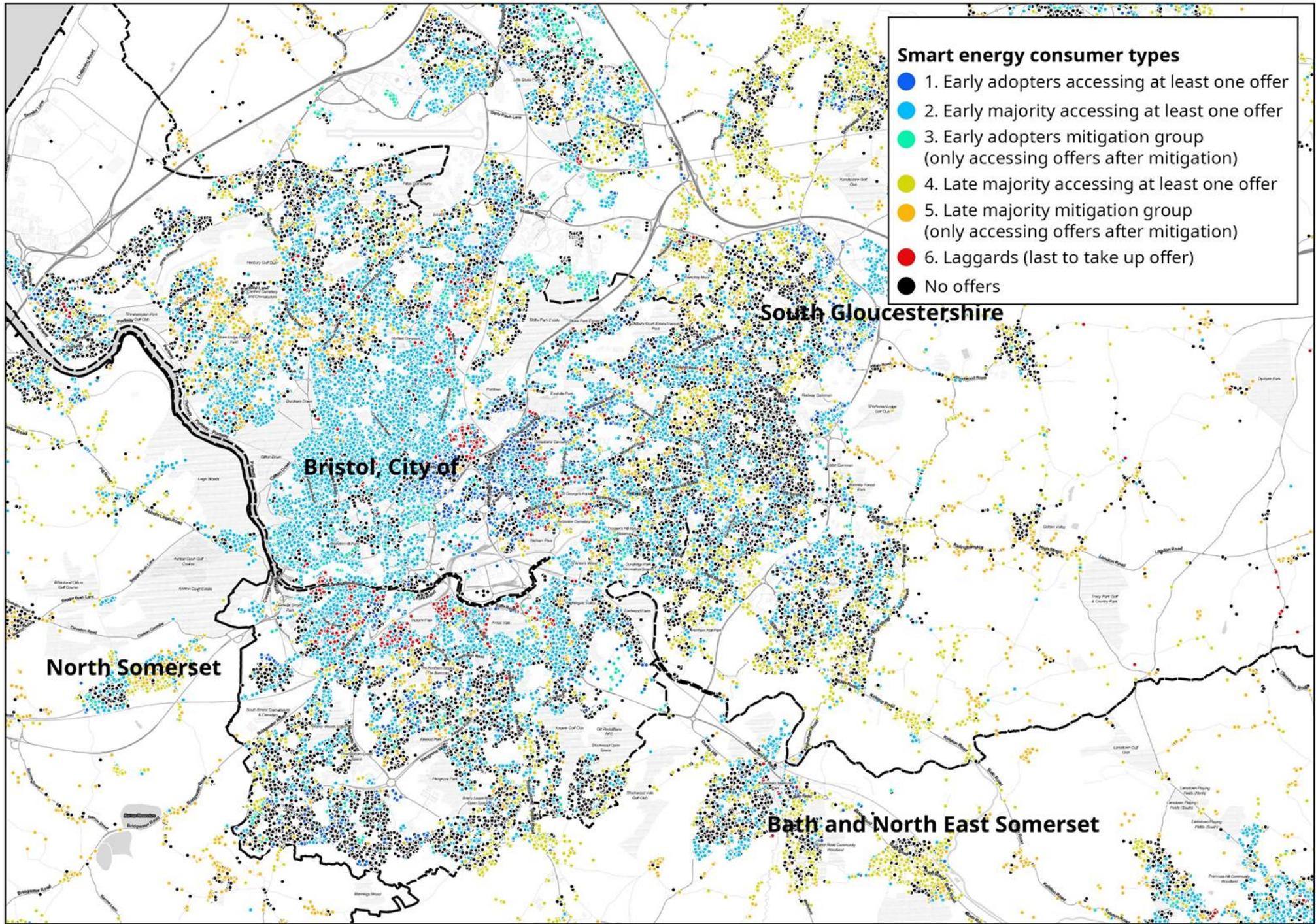
Key ‘capabilities’ (for many smart offers)

- Attitude to technology / innovation / change
- Tenure type and term (*ability to install kit at property*)
- Access to capital (*to purchase kit*)
- Income (*to pay for service*)
- Flexibility of peak use (*flexibility services / Time of Use tariffs*)
- Decent broadband
- Off street parking / outdoor space (*EV charging / heat pumps*)
- Attitude to finances (*leasing, investments, debt, risk*)
- Network constraints (*increased need/value of flexibility*)

EV smart charge with ToU tariff

- ▲ Early adopters
- ▲ Early majority
- ▲ Late majority





Key findings (so far) from *Smart and Fair?*

- Innovation and smartness are not natural partners of ‘fairness’
- Without interventions, the benefits of a smarter energy market are likely to be more accessible to better off households living in urban areas. And most of those in the ‘left behind’ group would currently be categorised as vulnerable.
- Achieving ‘smart’ and ‘fair’ outcomes will require deliberate action to:
 - Design and implement interventions to support greater and wider participation
 - Establish effective consumer protection for a smarter energy market
 - Extend definition of vulnerability to reflect new understanding of what a consumer needs to be like and have access to if they are to participate in, and benefit from, the smarter energy market
- DNOs have key roles in supporting vulnerable households (and therefore in thinking through these changes) and, with Ofgem’s backing, designing and piloting interventions to create fairer outcomes in innovation projects and informing better practice in wider market.

For more information...

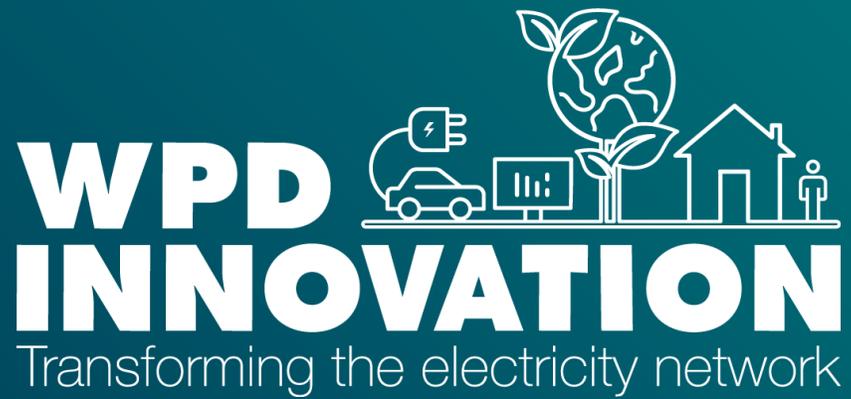
Go to www.cse.org.uk/smart-and-fair to find:

- Full report of Phase One of *Smart and Fair?* programme
- The **Offer Profiling Tool:**

Based on the Capability Lens, this enables you to explore which consumer capabilities and attributes are required by any smart energy offer (and consider what might need to be done to make it more inclusive)

To keep in touch with CSE's work, sign up for our e-news at

<https://www.cse.org.uk/contact/enews-sign-up>



Energy Transition – Leaving no one behind

Social Obligations Workshop
Matt Watson – WPD Innovation Engineer

29/09/2020



westernpower.co.uk/innovation

Outline

Energy Transition – Leaving no one behind

- Our New Innovation Strategy
- The Innovation Portfolio
- Our Key Challenges around Consumer Vulnerability
- The new call for Innovation projects
- Questions to discuss



WPD Innovation Team

Our Innovation Strategy and Values

We are a team of engineers dedicated to implementing our Innovation Strategy



Decarbonisation

Excellence

Value for Money

We identify problems, find solutions and trial them through our projects

We aim to be a main contributor to decarbonisation

We are passionate about using our innovation funding the best way possible and providing value for money

We want to be working with the best people to achieve excellence together



WPD Innovation Team

Our Commitments

We are committed to overcoming the barriers to the energy transition

We will continue to focus on finding novel ways of efficiently and effectively transforming our network

We will continue to develop new technologies, commercial solutions and standards to make the most out of our existing network

We will work with our communities to understand how best we can support our vulnerable customers and ensure that no one is disadvantaged

WPD Innovation Team

Our Priority Areas



**Decarbonisation and
Net Zero**



Heat



Transport



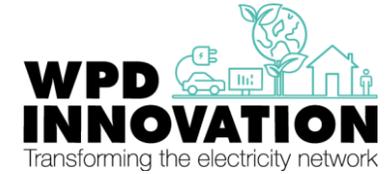
**Communities and customer
vulnerability**



Data



WPD Innovation Team



Our Innovation Programme

DC Share **Virtual Statcom** **Harmonic Mitigation**
PNPQA **Net Zero South Wales** **OpenLV** **Presumed Open Data**
PCB Sniffer **Virtual Monitoring Data** **Future Flex** **MADE**
OHL Power Pointer **Wildlife Protection**
EDGE-FCLi **Electric Nation - PoweredUp** **SHEDD**
Take Charge **LTE| Connecting Futures** **IntraFlex**
ARC Aid **Optimal Coordination of Active Network Management Schemes and Balancing Services Market** **EFFS** **ALARM**



Net Zero Communities

Energy Transition – Leaving no one behind



- Our Net Zero Communities Strategy was launched in April 2020.
- This sets out a number of actions across a range of topics, with a key focus on decarbonisation, community energy & also vulnerability.
- As a follow up we are looking to include a statement in our business plan:
 - **“We think that it is only by working with our communities that we can ensure that network opportunities and smart solutions are accessible to everyone, so that people engage in the energy transition and help achieve Net Zero”**

Key Challenges

Energy Transition – Leaving no one behind

Within the focus on Communities and Consumer Vulnerability we have identified the following key challenges:

1. How can we improve access to smart solutions for all of our customers? Can we develop new solutions to enable the fuel poor to directly benefit from smart technologies and network flexibility opportunities?
2. Can you help us better understand how the needs of our vulnerable customers will change in the future? What new processes or systems do we need to create to be able to continue offering excellent customer service to our vulnerable customers as their needs change?
3. Can we create novel ways of supporting our vulnerable customers through the transition to Net Zero and how can community groups play a role in that?



Call For Ideas

Energy Transition – Leaving no one behind

We will be launching our “Energy Transition - Leaving no one behind” call for ideas on these areas of challenge on the 12th of October

- The aim is to help develop projects that can be funded under the Network Innovation Allowance. The call will run till the 9th of November.
- We aim to support participants as much as possible.
- Slots will be available to book with relevant innovation engineers to work through ideas and discuss the requirements for new projects. These will be available from the 5th to the 30th of October.



Key Questions

Energy Transition – Leaving no one behind

We welcome
your feedback
on the following
questions:

1. Do you agree with the challenges highlighted as the priorities for innovation and are there any areas we have missed?
2. Are the Statements clearly articulated?
3. Can the process for the call for ideas be improved?
4. What do you think of the statement to be included in the business plan?

BREAKOUT DISCUSSION

