



# Have your say

WPD's first draft Business Plan  
for 2023-2028

Consultation for stakeholders - January 2021

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# Setting the scene

## Purpose of this document

It is vital that our plans for the future reflect the priorities, needs and expectations of our stakeholders. In January 2021 Western Power Distribution (WPD) published its first draft Business Plan for the regulatory price review period called 'RIIO-ED2', covering 2023-2028. [www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021](http://www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021)

This document is an accompanying consultation to our Plan, in which we are seeking your views in a number of key areas.

It summarises the **67 core commitments** we have created following engagement with more than 4,500 stakeholders over the last two years, specifically on our plans for RIIO-ED2. This consultation will also provide context and current performance in a number of areas to enable you to understand our core proposals.

We would like you to influence our Business Plan before we submit it to the industry regulator, Ofgem, in December 2021. **WPD's proposals are not set in stone – we are publishing them as early as possible to invite as many views and insights as we can.** Views received as part of this consultation will help to refine our proposals ahead of a further publication to stakeholders in March 2021.

On pages 6, 7 and 8 we set out a number of specific questions that we want to explore with you. **Our overarching goal is to understand your priorities and ensure the commitments we are proposing deliver the core outcomes and appropriate scale of ambition that you want to see from WPD.**

We have engaged extensively with stakeholders about RIIO-ED2 since 2018. Within the priority areas that have been identified so far, this document presents:

- **Options for investment and the costs.**
- **The service improvement each investment option would deliver.**
- **The impact on the average domestic electricity bill.**

In relation to the 67 core commitments we are asking you to indicate areas where you would like us to go further than our current proposed baseline, as well as to suggest entirely new commitments. We hope you will take this opportunity to help shape our investment plans for the future.

## How to respond to this consultation

You can submit your responses to this consultation online. If you want to respond only about WPD's core commitments, you can use our online tool to provide feedback on each of the specific core commitments. Alternatively you can download a response form and email or post this to us.



**Visit:** [www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021](http://www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021)



**Email:** [yourpowerfuture@westernpower.co.uk](mailto:yourpowerfuture@westernpower.co.uk)



**Write to us at:** Stakeholder Team,  
Western Power Distribution, Herald Way,  
Castle Donington, DE74 2TU



**This consultation closes on 28th February 2021.**



## About Western Power Distribution

**WPD distributes power to 7.9 million homes and businesses across the Midlands, South West England and South Wales.**

We do so through a network of more than 188,000 substations, over 225,000 kilometres of underground cables and overhead lines, nearly 1.4 million poles and towers, spanning 55,000 square kilometres.

Our network covers densely populated residential areas and widely dispersed rural communities. We operate from the Lincolnshire coast in the East Midlands, through to Gloucestershire in the West Midlands, to Cardiff and Swansea in South Wales, and down into the South West to the counties of Somerset, Devon and Cornwall.

**We are responsible for delivering 5 core tasks. We:**



### 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

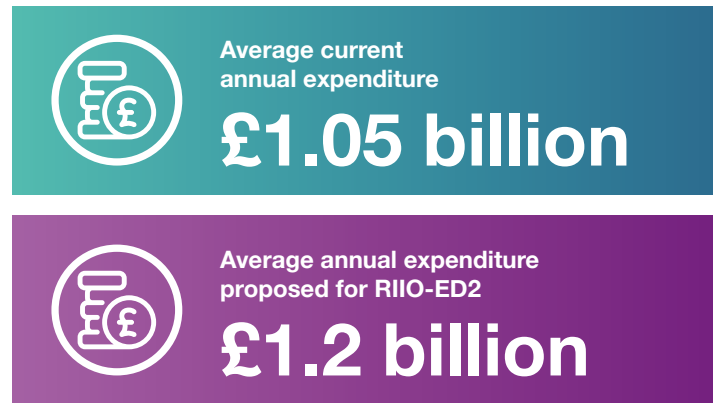
# Expenditure

WPD’s first draft Business Plan is based on our current view, which has been co-created with our stakeholders via an extensive and ongoing engagement programme. We expect overall expenditure to increase in order to deliver the priorities of our stakeholders and the outcomes they value, which have directly resulted in the 67 core commitments contained in this document. However, due to our efficiencies and the way we can finance this expenditure, we expect to keep customer bills broadly flat and in-line with present day levels.

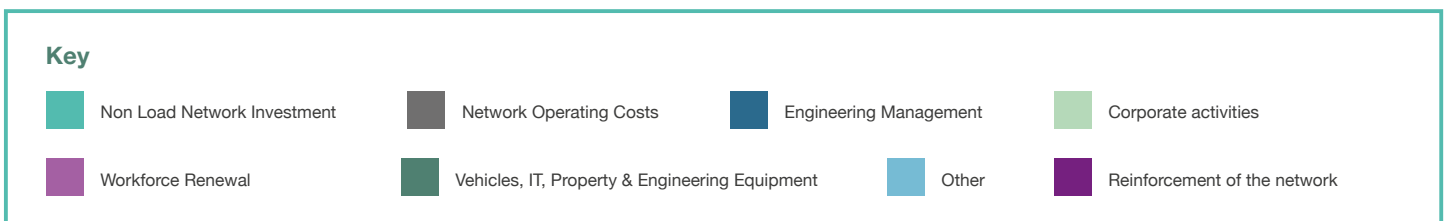
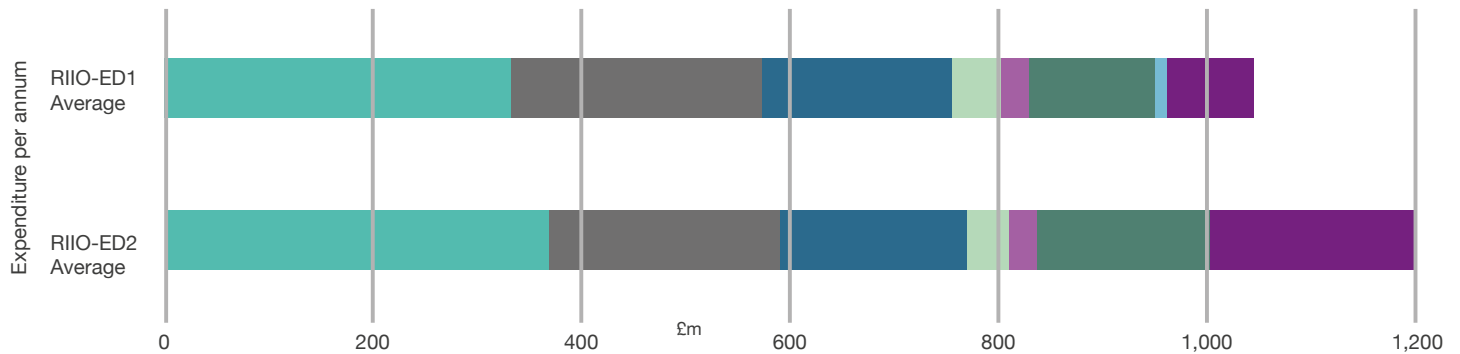
We propose to invest around £6 billion in the network across the period 2023-2028 to deliver WPD’s current view.

This is an increase in overall expenditure of around £1 billion from current levels (or an average of +£0.15 billion per year). This will deliver significant benefits to customers and move us towards the achievement of Net Zero carbon emissions in the UK.

The following chart compares our average annual spend in RIIO-ED1 to our current forecast for RIIO-ED2. Our total annual spend is forecast to increase, driven primarily by an increase in reinforcement of the network – which is absolutely essential to facilitate the move to Net Zero carbon zero emissions.



## Average annual expenditure (RIIO-ED1 vs RIIO-ED2)



# Customer bills

**WPD’s customers currently pay around £96 a year for the WPD portion of the average domestic electricity bill. We expect this to remain broadly flat, at the same level in RIIO-ED2.**

Customers pay their electricity bill to their chosen supplier and a portion of that bill comes to us for the operation of the distribution network, which for an average domestic customer is currently 17% (around £96 per year).

Ofgem regulates WPD’s allowances through the price control process. This sets our allowances to fund our operations and also undertake required additional investment. The figures shown in this consultation give an indication of the likely scale of impact on customer bills of the various options under consideration.

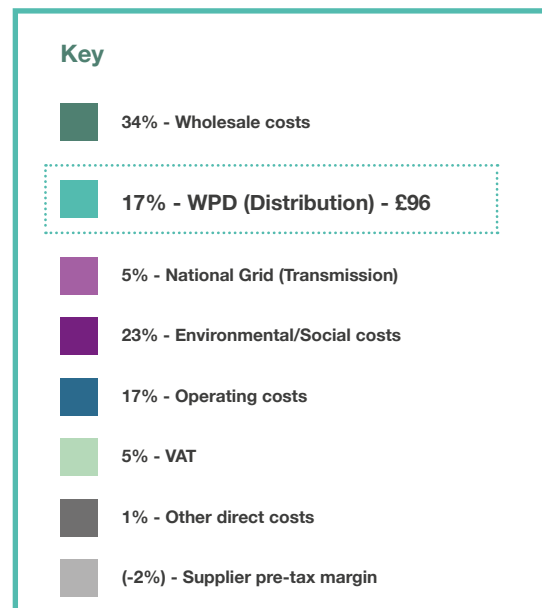
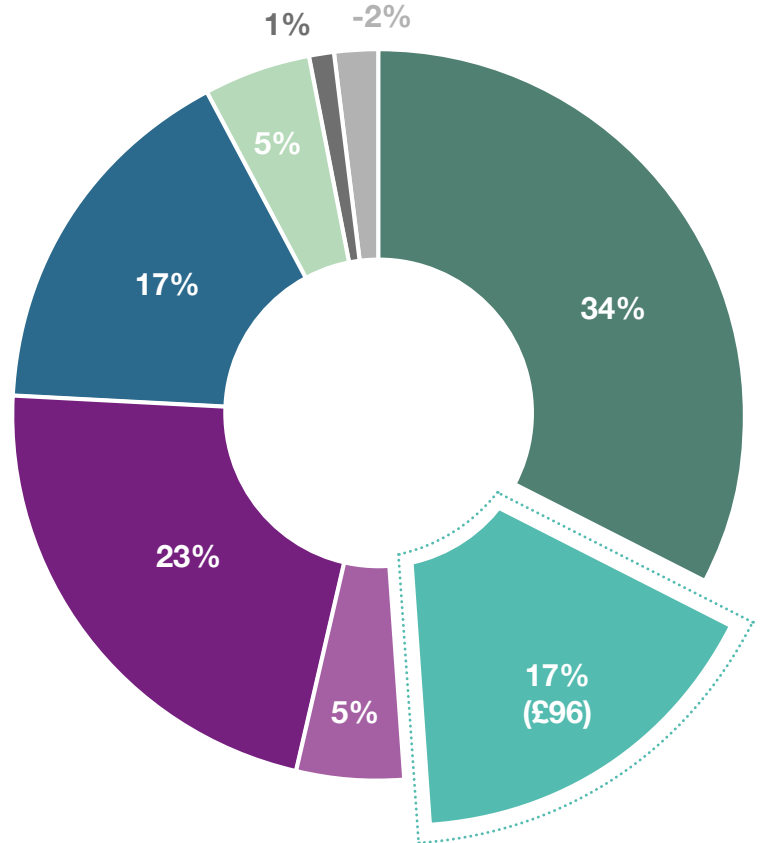
The impact on customer bills is driven by a number of factors including the overall expenditure we are proposing (as shown on the previous page), the efficiency measures we implement, as well as the allowed finance package and inflation rates. As clarity is provided from Ofgem about the RIIO-ED2 regulatory process, particularly about the financing package, this may change. This clarity should be published by Ofgem around March 2021. Any impact of these decisions on expenditure and customer bills will be clearly explained in future published drafts of WPD’s Business Plan, as and when we receive the relevant updates from Ofgem.

Our current calculations estimate that the impact of the increased expenditure above would result in an approximate £1.50 increase on the average domestic bill if all other elements of the price control were unchanged. However, it is likely that that this will be more than offset by changes to the financing parameters and other aspects of the RIIO-ED2 price control process. At present the combination of these changes mean that we intend to keep bills broadly flat across the five year period 2023-2028.

WPD’s proposals have been scoped out in detail, including very specific outcomes, based on extensive discussions with stakeholders. If we did not deliver on these priorities and expenditure remained at today’s levels (£1.05bn per year), based on the financing assumptions we expect for RIIO-ED2, bills could be reduced.

However, the additional expenditure proposed for RIIO-ED2 is to deliver the commitments stakeholders have told us are essential. Stakeholders will benefit from an array of tangible benefits and positive outcomes, as set out in this document, which will further improve WPD’s performance from the existing industry-leading levels we have achieved for customers in RIIO-ED1. In addition, this expenditure will see WPD deliver against key government policy goals, by delivering our responsibility to drive the UK’s achievement of net zero carbon emissions.

**Average annual domestic electricity bill:**





# Thirteen questions we'd like you to answer

## Questions 1-5, based on this consultation: Core commitments

We would like feedback on both our draft Business Plan and our core commitments as set out in this consultation. If you are not able to review the full Business Plan document, it is possible to review and respond to this consultation document alone. Across the following pages you will find a detailed overview of the 67 core commitments WPD's Business Plan will deliver. These are grouped under the three categories set by Ofgem:

**1** Meeting the needs of consumers and network users

**2** Maintaining a safe and resilient network

**3** Delivering an environmentally sustainable network

In all areas we have provided an overview of the stakeholder views we have heard so far, as well as a summary of WPD's current performance and key information required to understand our proposals.

Stakeholder feedback has been obtained from a wide range of engagement and research activities. It includes tailored events with bill paying customers and businesses of all sizes, as well as stakeholders from a wide range of organisations, local authorities, charities and consumer bodies with a detailed knowledge of WPD's operations and responsibilities.

For all of the proposed core commitments we provide WPD's 'current view' proposal, as can be found in the first draft Business Plan.

We believe these commitments accurately reflect the feedback we have received from stakeholders to date.

As we now seek to refine these commitments and set specific targets, we have therefore offered a range of options for you to consider for scale of ambition for each core commitment.

### The questions we would like you to consider based on the information contained in this consultation document, are:

- In terms of what we have heard from stakeholders so far, do you disagree with any of the feedback or do you consider any key priorities to be missing?
- Has there been any change in priorities, or emerging issues, for example as a result of Covid-19?
- For each core commitment, is this an area of focus you want to be included in the draft Business Plan?
- What option level would you prefer for each core commitment?
  - Option 1** Less than our current view (and at a lower cost). This may still offer an improvement on current performance however, as stakeholders have been clear they will not accept any deterioration in service levels.
  - Option 2** WPD's current view
  - Option 3** Further ambition
  - Option 4** Considerably greater ambition
- Are there alternative core commitments you would suggest?

The options you select will impact customer bills from the £96 per year baseline to fund the current view. For example, if you were to select lower ambition on every category bills would reduce by 65p (£95.35); whereas if you were to selected the greatest level of ambition for every commitments bills could increase by £2.62 (£98.62):

	Lower ambition	Current view	Further ambition	Even greater ambition
	Performance similar to today, with some incremental improvement	Significant improvement on present day performance in the majority of areas	Much greater improvement on present day performance in all areas	Even greater improvement on present day performance in all areas
<b>Bill impact:</b>	-£0.65	-	+£1.31	+£2.62



### Core commitments:

See page 14 onwards



## Questions 6-13, based on WPD's first draft Business Plan: [www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021](http://www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021)

### Presentation and accessibility of the Plan

6. What are your views on the layout and structure of WPD's draft Business Plan? How easy is it to understand and what would you change to make it clearer?

### Overall acceptability of the Plan


7. What are your views on the content of the draft Business Plan document? Is anything missing?
8. What are your views on WPD's overall package of proposals for RIIO-ED2 as currently set out? - Are there aspects you: Strongly support? Would like to see change? Consider to be missing?
9. Our aim is to keep bills as low as possible, but some of our commitments will incur additional costs that can't be fully offset by our efficiency savings. What are your views on the current impact of WPD's current view on customer bills?

### Delivering a low carbon future

Our Distribution Future Energy Scenarios (DFES) use the nationally produced future energy scenarios, alongside local authority data and WPD connections information, to forecast where and when Low Carbon Technologies will connect. The 'WPD best view' forecast is our most likely expected outcome. It has been built following extensive engagement with local authorities and local enterprise partnerships within our service area, sharing our projections for their areas, as well as reviewing and supporting their bespoke decarbonisation strategies. As a result we have aligned each local authority area with a specific DFES scenario and used these to build up a 'WPD best view' for each licence area. More details on WPD's DFES can be found at: [www.westernpower.co.uk/smarter-networks/network-strategy/distribution-future-energy-scenarios](http://www.westernpower.co.uk/smarter-networks/network-strategy/distribution-future-energy-scenarios)

10. What are your views on the process WPD has followed to determine the 'WPD best view'? e.g. Are there any other stakeholders we should be engaging with, or datasets we should be using, to improve our approach?
11. Do you agree that WPD's best view for Low Carbon Technology uptake represents a likely and credible outcome?
12. In relation to 'investing for a low carbon energy future', what are your views on WPD's current view proposals and the level of expenditure currently proposed?

The options you select will impact customer bills from the £96 baseline to fund the 'current view'. For example:

	Lower ambition	Current view	Higher ambition
 <p><b>Investing for a low carbon energy future:</b></p> <p>See page 119 of WPD's full Business Plan</p> <p><a href="http://www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021">www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021</a></p>	<p>Between 2023 and 2028, facilitate the connection of:</p> <ul style="list-style-type: none"> <li>• 900,000 electric vehicles</li> <li>• 55,000 heat pumps.</li> </ul> <p>Reduction of <b>-£320m</b> in general reinforcement costs in RIIO-ED2 relative to WPD's current view (making the total overall expenditure average per year £62m)</p>	<p>Between 2023 and 2028, facilitate the connection of:</p> <ul style="list-style-type: none"> <li>• 1.5 million electric vehicles</li> <li>• 600,000 heat pumps.</li> </ul> <p>This is the basis of general reinforcement costs of <b>£630m</b> in the current view in RIIO-ED2 (£126m annual average per year)</p>	<p>Between 2023 and 2028, facilitate the connection of:</p> <ul style="list-style-type: none"> <li>• 2.1 million electric vehicles</li> <li>• 1.1 million heat pumps</li> </ul> <p>Additional <b>£270m</b> of general reinforcement costs in RIIO-ED2 relative to WPD's current view, (making the total overall expenditure average per year: £180m)</p>
<b>Bill impact:</b>	-£1.79	-	£1.51



13. In relation to ‘building a smarter, secure, digitalised energy network’, what are your views on WPD’s current view proposal and the level of expenditure currently proposed?

The options you select will impact customer bills from the £96 baseline to fund the ‘current view’. For example:

**Building a smarter, secure, digitalised electricity network:**

See page 134 of WPD’s full Business Plan  
[www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021](http://www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021)

	Lower ambition	Current view	Higher ambition
	WPD’s current view includes actions to replace and upgrade remote telemetry at every primary substation by 2028. It is possible to deliver this programme at a slower pace, to be completed 5 years later by 2033, which would reduce total expenditure from WPD’s current view by <b>-£5m</b> per year. This would however carry some risk of older telemetry being at greater risk from cyber-attacks which could cause disruption to the system	WPD is proposing to spend an extra <b>£103m</b> each year to develop our IT systems and business processes to manage the network in the most efficient way, deliver DSO services, protect the network from cyber threats and digitalise our assets, data and information. This will aid the development of smarter energy networks including real-time network management, as well as making it easier for third parties to access in order to develop new services and innovations	WPD’s current view will replace and upgrade remote telemetry at every primary substation by 2028 and make substantial progress towards installing remote telemetry at all distribution substations by 2038. This will focus on the most critical equipment first, which will enable data to be modelled and predicted for other substations until real-time telemetry is installed. It is possible to accelerate this programme to achieve full coverage 5 years earlier, by 2033, by increasing expenditure in RIIO-ED2 from WPD’s current view by <b>+£9m</b> per year
<b>Bill impact:</b>	-£0.14	-	+£0.25

## How to respond to this consultation

You can submit your responses to any of these questions online. If you want to respond only about WPD’s core commitments, you can use our online tool to provide feedback on each of the specific core commitments. Alternatively you can download a response form and email or post this to us.



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**Email:** [yourpowerfuture@westernpower.co.uk](mailto:yourpowerfuture@westernpower.co.uk)



**Write to us at:** Stakeholder Team, Western Power Distribution, Herald Way, Castle Donington, DE74 2TU



**This consultation closes on 28th February 2021.**





# Engaging with you

## How we've arrived at this point

**Our aim is to co-create a business plan with you, so that it meets the different, wide ranging needs and expectations of our stakeholders. We are seeking to collaborate with you at every stage to develop the specific commitments and targets we must deliver and ensure our plans address your priorities.**

WPD considers a stakeholder to be anyone affected by or interested in our operations. This therefore includes bill paying customers, businesses, local authorities, charities, utilities and energy suppliers, and wider organisations impacted by our services.

We have a long track record of engaging with stakeholders. We host annual workshops to set our strategy and priorities, as well as conducting research, surveys, conferences and bilateral meetings.

In addition to the 4,500 we have engaged specifically on our Business Plan, in the last year we have engaged over 40,000 stakeholders overall across a wide range of channels to help us improve our services. This enables us to identify new and emerging priorities, reflecting shifts in wider society and stakeholder expectations.



## Starting from a “blank page”

**This is an exciting time for the future of energy in the UK. WPD’s first draft Business Plan sets out an ambitious programme of work to drive key changes, including the decarbonisation of transport and heat, the widespread adoption of energy flexibility services and supporting the ambitious, bespoke energy plans in the local communities we serve.**

As a result of our longstanding approach to stakeholder engagement, we have built a strong understanding of the needs of our stakeholders. In addition, there are key environmental and regulatory obligations and government policy decisions that we must deliver. For example, WPD has a fundamental responsibility to help to drive the Government’s target for net zero carbon emissions by 2050.

When we began the process of planning for RIIO-ED2, there were a number of key focus areas we therefore anticipated being included in our Business Plan.

For example, the shift to build and operate a smarter, more flexible energy network; as well as facilitating the connection of increasing volumes of electric vehicles and other low carbon technologies, were all highly likely to feature. Our expertise in running the electricity network for many generations means we have built a considerable knowledge to anticipate some of the needs of our customers. However, we are always mindful never to assume.

In a number of areas stakeholders may want us to build on our track record of delivery and achieve incremental improvement, but in others they may want to propose entirely new ways of operating outside of the perceived ‘status quo’. It is vital that we therefore ask open, non-leading questions to understand your requirements of WPD. Customers pay for everything we do, so they have a right to influence every aspect of our delivery.

In 2018, before starting our RIIO-ED2 engagement programme, we asked stakeholders to start afresh, working from a ‘blank sheet of paper’ to tell us the high-level outcomes they wanted WPD to achieve for customers in our next Business Plan. We sought only to provide essential context and information on our current baseline performance.

We have since built our Business Plan in stages – collaborating with stakeholders throughout, in a process of ‘co-creation’.

**Whilst in many cases the priorities and actions suggested by stakeholders have not come as a surprise, starting from a blank sheet of paper was an intentional approach to:**

**1**

**Refine, challenge and update our understanding of stakeholder priorities**

**2**

**Identify significant changes in expectations**

**3**

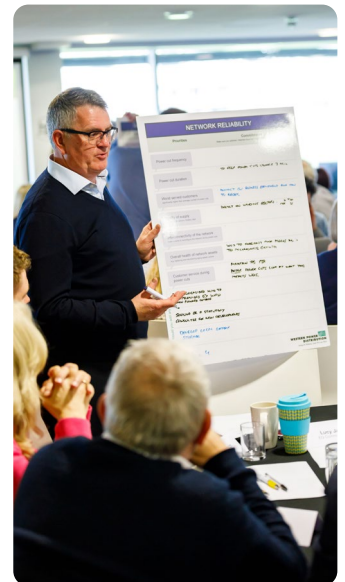
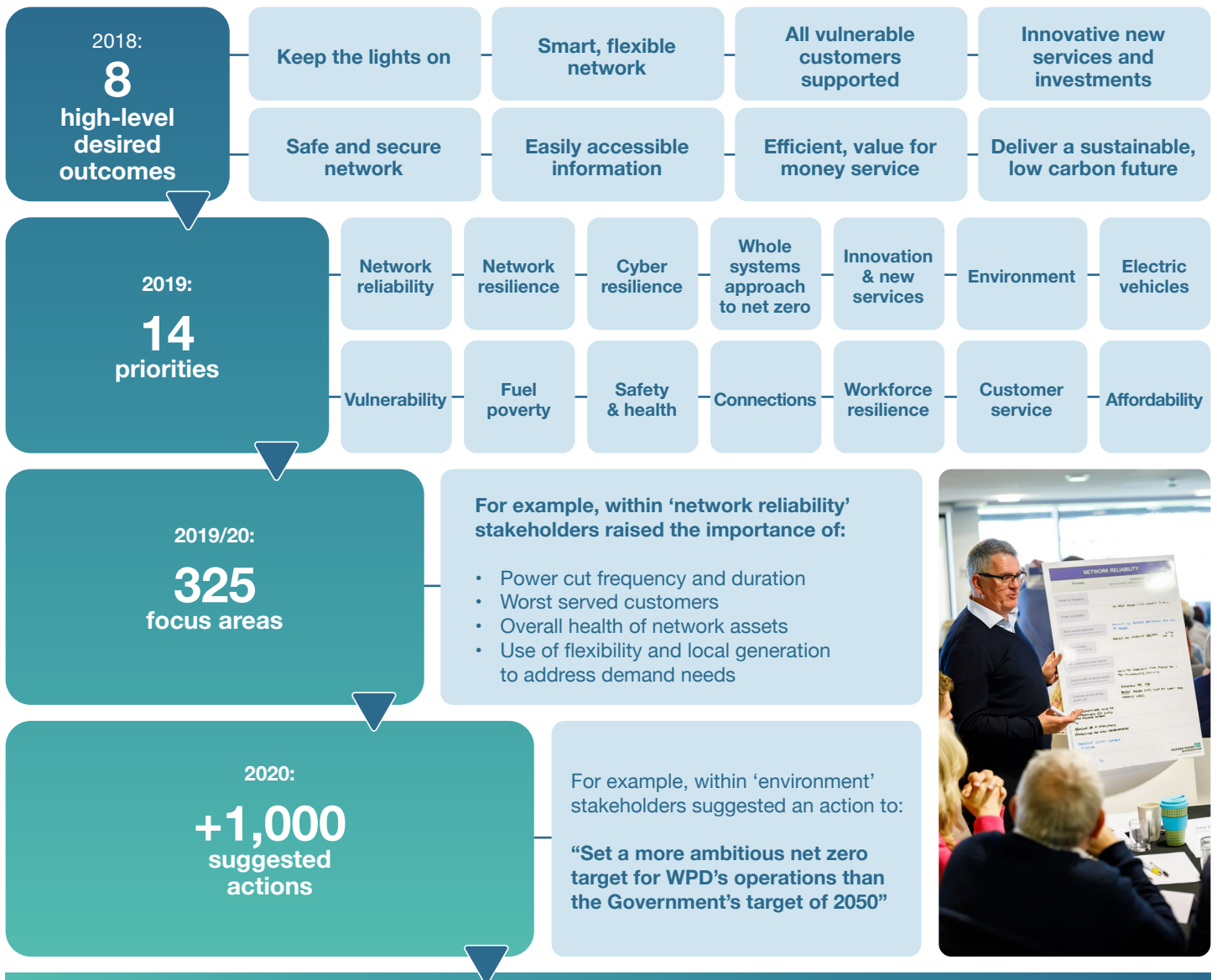
**Invite suggestions for how we can improve, change or evolve our operations.**

# What we mean by “co-creation”

WPD has so far engaged over 4,500 stakeholders at around 50 engagement events, specifically on the creation of our first draft Business Plan. We have sought to include our widest range of stakeholders ever – from those with detailed understanding of our activities, to end users and future customers who may have less initial knowledge of our business. In all cases it has been essential to tailor our approach to suit the audience, with the goal of achieving the widest range of participation ever.

WPD’s co-creation process has built our Plan in stages, culminating in the publication of this first draft Business Plan for stakeholders – 10 months ahead of its final submission to Ofgem, with further publication of draft plans planned throughout 2021.

## Starting from a ‘blank sheet of paper’ your feedback has helped us to identify:



2021:

## First draft Business Plan

Many of these suggestions are included in the ‘wider’ commitments contained in WPD’s full first draft Business Plan. Of these, we have identified some key overarching commitments that address areas of greatest stakeholder priority. It is a result of this process that **we have arrived at a set of initial proposals for 67 core commitments**, as set out in this consultation.



# Refining our Business Plan

## WPD's co-creation approach with stakeholders has culminated in the first draft Business Plan we are publishing alongside this consultation.

This has included extensive research with customers and bill payers, as well as wider stakeholders. We will continue to assess the acceptability of our Plan with a wide range of stakeholders, including explaining the impact of it on customer bills, up to final submission of the Plan to Ofgem.



The commitments that WPD's first draft Business Plan contains are therefore formed entirely in response to the priorities and needs of bill payers and wider stakeholders. WPD's independent Customer Engagement Group will continue to scrutinise this process throughout 2021 to ensure:

- a) All proposed commitments are in direct response to stakeholder views.
- b) All key stakeholder priorities have been addressed and nothing has been missed.

Over the coming months we will also continue to factor in key regulatory considerations (e.g. Ofgem's Business Plan Guidance and Sector Specific Methodology Decision) and Government policy (e.g. the Energy White paper and the 'Ten Point Plan' to a green economic recovery from Covid-19). We will then publish an updated Plan in March, refining our proposals in order to achieve the broadest stakeholder endorsement possible.

We will be voluntarily publishing two draft versions of our Business Plan ahead of the first submission to Ofgem in July 2021 and we will be consulting again ahead of our final submission to Ofgem in December 2021 to maximise the opportunity for stakeholder input. Your feedback to this consultation document will help to shape our plan. Bespoke research, events and consultations with stakeholders will help to refine and finalise the plan throughout.

After December 2021, a process of Ofgem determination and opportunities for further public scrutiny will take place. Once the Business Plan is agreed, it will come into effect on 1st April 2023.

Jan 2021	 <b>Business Plan 1</b> Published for stakeholders
Feb	<b>Consultation &amp; research</b>
Mar	 <b>Business Plan 2</b> Published for stakeholders
Apr	<b>Consultation &amp; acceptance testing</b>
May	
Jun	
Jul	 <b>Business Plan 3</b> First submission to Ofgem & published for stakeholders
Aug	<b>Consultation &amp; refinement</b>
Sep	
Oct	
Nov	
Dec 2021	 <b>Business Plan 4</b> Final submission to Ofgem & published for stakeholders



# Feedback on WPD's core commitments

Across the following pages you will find the 67 core commitments WPD is proposing in its first draft Business Plan.

We first set out a summary of the customer stakeholder feedback we have received to date, which has led us to propose commitments in this area.

Alongside that, we then provide some important context information to help you to understand the core commitments being proposed. This includes defining any technical terms used and summarising WPD's current baseline performance, to allow for comparison with our plans for the future.

We then present a summary of:

- **The high-level outcomes and ambitions WPD is seeking to deliver in response to stakeholder feedback**
- **Our current proposed commitment and options to go further**
  - Where it is possible to offer levels of greater ambition we have done so.
  - For core commitments that are currently of a binary (do/don't do) nature, you are invited to either express support or suggest alternatives.
- **The positive impact each core commitment is intended to deliver**
- **A request for you to suggest changes to our commitments. For example:**
  - An alternative measure for the commitment proposed
  - A different range of ambition than currently offered
  - An entirely new commitment relating to this area of focus.

In all cases WPD's measure of success in RIIO-ED2 will be whether the commitment target has been fully met or surpassed.



**A “core commitment” is a key priority that stakeholders have asked us to deliver.**

These core commitments define the most important outcomes we will deliver across all aspects of our Business Plan. These proposals therefore include:

- **Outcomes stakeholders have told us they highly value**
- **Key regulatory or legislative obligations.**

In addition to these overall core commitments, WPD's Business Plan contains over a hundred supplementary, “wider commitments”.

**These cover all of our deliverables and promises in response to stakeholder feedback and regulatory obligations. In many cases these are key actions that contribute to the overall achievement of the 67 headline, “core commitments”.**

## What we're asking you to do:

In response to the 67 core commitments outlined across the following pages, we would like to know:

- For each core commitment, is this an area of focus you want to be included in the business plan?
- What option level would you prefer for each core commitment?
- Are there alternative core commitments you would suggest?

To respond, visit [www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021](http://www.westernpower.co.uk/RIIO-ED2-Business-Plan-Jan2021). You can submit your responses to the questions online (and use our tool to provide feedback on each of the specific core commitments). Alternatively you can download a response form and email this to us at: [yourpowerfuture@westernpower.co.uk](mailto:yourpowerfuture@westernpower.co.uk)





# 1

## Meeting the need of consumers and network users





## Package 1.1 - Customer Service



### What we've heard from stakeholders so far:

#### Customer Satisfaction

Stakeholders have told us that customer service during power cuts is very important and remains one of their top priorities. However, stakeholders consider WPD's existing performance to be very good, so they would like us to focus on maintaining current high levels of service and seek incremental improvements where possible.

Stakeholders therefore want WPD to set targets to ensure we continue to deliver industry-leading performance.

#### Communication

Timely, clear communication is considered vital for customers, especially during power cuts. Whilst a dramatic improvement on current performance levels is not deemed necessary by stakeholders, they will not accept any regression. They would therefore like to see targets that aim for further improvement wherever possible.

Stakeholders want WPD to offer a wide range of communication channels to suit the preferences of different customers.

WPD must ensure it maintains the same quality of performance regardless of the method of contact a customer chooses.

Improving information provided during planned power cuts, as well as unplanned incidents, is also very important to stakeholders. This should always include the estimated length of time the power will be off.



### Essential context and information:

Over 20,000 WPD customers are randomly selected for survey each year, following a power cut (planned or unplanned), connection (quotation or completed work) or general enquiry. Surveys are conducted by a specialist, independent research agency that carries out surveys for all distribution network operators. WPD's average satisfaction last year was 8.9/10.

WPD operates regionally based, in-house Contact Centres. Last year we handled over 1 million inbound calls with an average speed of answer of between 2 and 4 seconds.

In addition, customers can currently communicate with us via Twitter, Facebook, WPD smart device app, WPD Power Cut Reporter app, text message, website, email, WhatsApp and Webchat.

Occasionally things can go wrong. Last year we resolved 89% of complaints within one day and 98.6% within 31 days.

External accreditation standards provide external assessment of how WPD performs in relation to accessibility and customer service. This is used to identify service improvements and innovations.



## Package 1.1 - Customer Service



### Core commitments we're proposing:

#### Overarching strategic intent:

- Deliver exceptional levels of customer satisfaction across a wide range of service areas
- Ensure continual improvement, including providing a wide range of communication channels that keep pace with new developments and changing customer expectations and preferences
- Provide clear and timely information in the format customers want it
- When issues occur provide a swift resolution that meets the customer's satisfaction

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
1 Maintain a high standard customer satisfaction score across all key services areas	>89%		90%	91%	92%	Excellent and improved service across all key service areas, including power cuts, connections and general enquiries.	?
	Bill impact:		-	+24p	+48p		
2 Achieve full compliance with the Customer Service Excellence Standard every year	Full compliance		✓			Independent scrutiny of WPD's customer service processes and delivery. This includes benchmarking to other sectors to identify the latest best practice and new improvements WPD could adopt to enhance its services.	?
3 Answer calls within an average of four seconds and maintain an abandoned call rate of less than 1%, within our UK-based in-region Contact Centres	2-4 seconds		✓			Customers virtually get straight through to speak to a call agent on the telephone.	?
4 Respond to social media enquiries and power cut reports quickly	6-7 minutes		5 minutes	4 minutes	3 minutes	Customers contacting us for a response on Twitter, Facebook and WhatsApp received a swift response.	?
	Bill impact:		-	+0.5p	+1p		
5 Provide greater insight on the planned work activity and interruptions on the network by creating an online viewer for our customers and stakeholders	New		✓			Enable customers access information online via a 'self-service' function, rather than needing to call us, if that is their preference.	?
6 Achieve full compliance with the British Standard for Inclusive Service Provision every year	Full compliance		✓			Independent scrutiny of the accessibility and range of WPD's customer service, including communications channels, to help identify improvements.	?
7 Resolve at least 90% of complaints within one day & resolve 99% of complaints within 31 days	90%		✓			Complaints resolved to the customer's full satisfaction very quickly.	?

#### Overall package:

Additional expenditure per year:	-	-	+£8.71m	+£17.33m
Bill impact:	-	-	+24.5p	+49p



## Package 1.2 – Customers in vulnerable situations



### What we've heard from stakeholders so far:

#### Power cut vulnerability

Stakeholders have been clear that the causes of vulnerability can be complex and changing. As a result they expect WPD to keep its Priority Services Register (PSR) up-to-date. But they are not just concerned about data quality, it is important this information is then used to deliver tailored advice and support to customers, particularly during emergencies.

Vulnerability can be temporary so PSR data needs to be reviewed frequently, with enduring relationships built with customers, tracking those on the register.

Stakeholders have told us that vulnerable customers should not be expected to register multiple times with multiple companies (for example, with WPD, their supplier, gas company and water company). WPD should therefore collaborate with other agencies to share PSR data (where we have consent to do so) and a move towards a national PSR should be supported.

#### Fuel poverty

Stakeholders view protecting fuel poor households as a WPD obligation because there is a direct correlation between power cut vulnerability and fuel poverty. This has increased in importance as a result of the Covid-19 pandemic.

Many customers living in cold homes are unlikely to seek out this support so WPD should proactively identify and engage those requiring support, utilising a wide range of partners and existing community outreach programmes.

Stakeholders have told WPD to ensure our interventions treat the causes of fuel poverty and achieve lasting improvements for customers, rather than just treating the symptoms via short-term fixes, like hardship funds. For example, WPD should help community energy schemes that may be able to help to combat fuel poverty in their communities.

#### Smart future

It is crucial that vulnerable customers are not left behind in the transition to a smart and flexible energy system. WPD must first understand the needs of vulnerable customers in a low carbon energy future and identify those who may not be able to access new services and the reasons why, in order to devise solutions to avoid them being adversely affected.

WPD should harness innovation to find ways of using new technologies and services to have positive impacts for the fuel poor.



### Essential context and information:

The Priority Services Register (PSR) is a free and confidential register of customers in vulnerable situations who require priority assistance during power cuts. Reasons may include age, disability, medical dependencies on electricity, or temporary/transient vulnerability. WPD's PSR currently contains over 1.9m customers. For the last 6 years WPD has been contacting customers every 2 years, via a dedicated PSR team in our Contact Centre to update their records and deliver tailored advice. The frequency of these calls was set by stakeholders on WPD's Customer Collaboration Panel as it was considered an appropriate duration of time over which a customer's circumstances may have changed.

A customer can register directly with WPD, or via their energy supplier. Automated data-flows are in place to notify each company when a new registration occurs. We currently have manual data-sharing agreements in place with the majority of gas and water companies in our region to share data where the customer gives permission to do so.

WPD currently works with a network of over 100 partner agencies to identify customers via their frontline services that may be eligible for the PSR. These agencies include charities, local authorities, utility companies and health services.

In England a household is said to be fuel poor if "it has above-average energy costs, and if paying those costs would push it below the poverty line as far as its remaining income is concerned." At WPD we apply a wider definition of any customer that indicates that they are not able to afford to adequately heat their home and may therefore benefit from our assistance.

We currently operate a range of fuel poverty schemes, where we work with a number of community partner groups, including for example, Citizens Advice Coventry, Citizens Advice Derbyshire, Energy Savings Trust and Centre for Sustainable Energy.

The schemes offer direct support ranging from helping customer to switch energy tariffs through to access to energy efficiency installations. Over the last 5 years we have supported over 70,000 fuel poor customers to save over £27 million.



## Package 1.2 – Customers in vulnerable situations



### Core commitments we're proposing:

#### Overarching strategic intent:

- Build relationships with customers most vulnerable to a power cut, to ensure our understanding of their needs is accurate and up-to-date, enabling the delivery of targeted, tailored support services
- Proactively reach out to customers in areas known to have high rates of deprivation and vulnerability with mechanisms to identify and support the 'hard-to-reach' (including registering them on the Priority Services Register)
- Deliver an extensive programme of fuel poverty support in every WPD region
- Ensure no vulnerable customer is left behind in a smart future

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives	
8	Proactively contact over 2 million Priority Service Register customers once every two years to remind them of the services we provide and update their records	30% via direct telephone call; 70% by letter/email	30% via direct telephone call	<b>40% via direct telephone call</b>	60% via direct telephone call	80% via direct telephone call	Regular contact to keep vital data on the needs of our most vulnerable customers accurate and up to date. Ensure WPD's PSR is representative of the needs of vulnerable customers with appropriate representation from high deprivation areas. More 'in person' contact enables bespoke advice to be delivered to meet that individual's needs.	?
	<b>Bill impact:</b>	-1p	-	+2p	+4p			
9	Achieve a 'one-stop-shop' service for vulnerable customers joining the Priority Services Register so that they only have to register with WPD once to be registered automatically with their energy supplier, water company and gas distributor	Manual data shares with 80% of water companies	✓				Customers no longer have to register multiple times with each individual utility company in order to receive priority support.	?
10	Identify and engage hard-to-reach vulnerable customers each year to join the Priority Services Register within RIIO-ED2	20,000 a year	20,000 customers	<b>30,000 customers</b>	40,000 customers	50,000 customers	Customers with the most serious vulnerabilities are proactively identified and offered support.	?
	<b>Bill impact:</b>	-0.5p	-	+0.5p	+1p			
11	Work with expert stakeholders, including our Customer Panel and referral partners, to annually refresh our understanding of 'vulnerability' and co-create an ambitious annual action plan	As per commitment	✓				We will seek to continually improve our services for vulnerable customers and respond quickly to changes in expectations or requirements.	?
12	Support fuel poor customers to make savings on energy bills over RIIO-ED2	70,000 customers saved £27m in the last 5 years	56,000 customers to save £30m	<b>75,000 customers to save £40m</b>	94,000 customers to save £50m	113,000 customers to save £60m	Customers living in cold homes and/or struggling to afford their energy bills received tailored support to make long term changes to improve their ability to afford to heat their home.	?
	<b>Bill impact:</b>	-1.5p	-	+1.5p	+3p			
13	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 collaboration with the wider industry	New	✓				Understand the abilities of vulnerable customers to take part in a smart energy future so we can develop targeted initiatives to support them.	?
14	Provide vulnerable and fuel poor customers with specific support and education in relation to the smart energy transition	New	Support 15% of PSR per year	<b>Support 20% of PSR per year</b>	Support 30% of PSR per year	Support 40% of PSR per year	Targeted advice and support for vulnerable customers in relation to low carbon technologies, smart meters, and flexible energy services for example.	?
	<b>Bill impact:</b>	-0.5p	-	+0.5p	+1p			
15	Take a leading role in initiating collaboration 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	New	✓				Share best practice with other network operators and initiate collaboration where it will lead to better outcomes for customers than if we had acted alone.	?
<b>Overall package:</b>								
	<b>Additional expenditure per year:</b>	-£1.15m	-	+£1.53m	+£2.85m			
	<b>Bill impact:</b>	-3.5p	-	+4.5p	+9p			

## Package 1.3 – Connections



### What we've heard from stakeholders so far:

#### Provide accurate, comprehensive and user-friendly information

Stakeholders want to see a continual focus on improving the availability of information for connections customers, ensuring it is easily accessible and clearly communicated. This should include helping customers to interpret data, particularly first time connection customers who may not have a detailed knowledge of the connections process.

In particular stakeholders want more support to help customers navigate new and complex information around connecting low carbon technologies.

They believe WPD should extend the range of flexible connection options for customers, as an alternative to conventional reinforcement, to provide the network capacity required. This should include helping to develop connections consortiums to share costs and capacity.

#### Simple and transparent connections process

Stakeholders want to see the processes between WPD and Independent Distribution Network Operators developed to ensure smooth interactions across contestable connections activities. They have also requested greater engagement with independent connection providers to share best practice, including for non-contestable works.

WPD should provide a named point of contact to help to guide customers through the connections process. The process and language used needs to be further simplified to help customers with less technical knowledge to apply for a quotation.

Local authorities in particular would like to be able to access the contact details of WPD local network planners, in order to better engage on planning applications ahead of submission.

#### Deliver timely connections

Local authorities would welcome regular and early engagement with WPD at a strategic planning level, to try to avoid the risk of network constraints at an early stage. To aid this, stakeholders feel that WPD should continue to allocate capacity for a limited period of time, and to make this available again if it is not utilised in a reasonable amount of time.



### Essential context and information:

Each year WPD provides around 70,000 budget estimates and quotations for customers, leading to the delivery of around 30,000 new or upgraded connections to the network.

The scale of connection schemes is wide, ranging from single new house builds to, large housing developments, from commercial developments to large generation schemes such as wind farms.

Connection customers can request a connection from WPD or an Independent Connection Provider (ICP) and can also engage an Independent Distribution Network Operator (IDNO) to build, own and operate the new network providing their connections.

Through the expansion of Competition in Connections, ICP and IDNOs are able to design and construct works to be connected to the network and in some cases, determine the point on the network where to connect to. WPD facilitates this through the provision of information and supporting services.

WPD's connection customers are surveyed by independent specialist research agencies in three satisfaction surveys, with over 17,000 customers surveyed last year. In the Ofgem survey focussed on small connection schemes, WPD's average satisfaction was 8.99/10. Customer seeking to connect generation to the network gave an average score of 9.44/10 last year. Customers seeking to connect larger schemes gave WPD 8.73/10. In addition, last year WPD held 241 connection surgeries to support customers seeking a connection.

Guaranteed standards of performance set minimum standards of connections service timescales for quotes and connections. So far in RIIO-ED1, we have issued over 350,000 budget estimates and quotations and made over 150,000 connections with only six failures. WPD has outperformed Ofgem's time to quote and time to connect targets for small connection schemes, with quotes taking on average less than 4 days and connections taking less than 35 days last year.

The significant increase in the requirements to connect new generation and energy storage to the network has driven the development of flexible connections, where customers agree to flexibility in their capacity requirements (during times of network constraint) to enable quicker or cheaper connections to the existing network without the need to build new assets.

## Package 1.3 – Connections



### Core commitments we're proposing:

#### Overarching strategic intent:

- Deliver excellent customer service throughout the connections process
- Ensure customers have access to timely, simple and affordable electricity connections, which in turn will make it as easy as possible to connect electric vehicles, heat pumps and other emerging low carbon technologies.
- Support customers throughout the connections process, providing clear information and a wide range of online services.
- Ensure customers have a choice in who provides their connections service and infrastructure

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
16	We will develop our connections process and improve availability of information so that customers wishing to connect can easily comprehend the process and follow a simple set of rules to apply for a connection	New	✓			The connections process is easy for customers to understand from the outset. Before applying customers know exactly what to expect and what information will be required.	?
17	Maintain a high standard average customer satisfaction for connections	>89%	90%	91%	92%	Excellent and improved service across all aspects of the connections process including quotations and completed works.	?
	<b>Bill impact:</b>		-	+18.5p	+37p		
18	Improve our performance against Time To Quote (TTQ) and Time To Connect (TTC) for LCTs from RIIO-ED1 Level	Measure to be introduced (current response time to LCT enquiries = 4 days)	1% Improvement	2% Improvement	3% Improvement	Customers receive quick and timely service for quotations and completed connection works	?
	<b>Bill impact:</b>		-	+0.5p	+1p		
19	Engage with 130 local authorities and local enterprise partnerships to understand their requirements for strategic investment in terms of changes in demand or network use	Meetings on ad hoc basis	Once every five years	Once every two years	Once every year	Ensure the local energy requirements in each of our regions are fully understood and feed into our long-term strategic planning in a timely and effective way.	?
	<b>Bill impact:</b>	-1p	-	+0.5p	+1p		
20	Improve cross border working practices between WPD, Independent Distribution Network Operators, National Grid Transmission and the Energy System Operator. Also promote competition in connections	New	✓			Ensure that customers are able to obtain efficient and effective response to their connection requirements regardless of where multiple parties are involved, including where customers choose to proceed with a competitive connections provider.	?

#### Overall package:

Additional expenditure per year:	-£0.31m	-	+£6.99m	+£13.82m
Bill impact:	-1p	-	+19.5p	+39p



## Package 1.4 – Social contract



### What we've heard from stakeholders so far:

Stakeholders have made it clear that they expect more from WPD than a reliable supply of electricity at a reasonable price – this is viewed as a basic expectation. As WPD delivers an essential public service for a population of over 20 million people, stakeholders state that it must demonstrate its legitimacy, both as an excellent service provider, and as a good corporate citizen more widely.

As the largest DNO, stakeholders indicated that it is vital that WPD connects with the local communities it serves and builds trust in the services it provides and the way it operates. They believe we are accountable for contributing to wider societal wellbeing (including environmental and economic benefits).

Our stakeholders suggested a social contract as a way to outline the commitments to our customers that go above and beyond WPD's regulatory requirements and generate additional social value. Stakeholders therefore suggested that a social contract should be a standalone and enduring document, not just for a business plan period. They suggested 15 key aspects that the standalone social contract should contain – ranging from transparency about how customers' money is being spent (both in terms of shareholder dividends and tax affairs), to protections for customers in vulnerable situations, to explicit initiatives to ensure WPD delivers a positive contribution to society and the environment.

However, given that WPD's Business Plan must also cover actions in a number of similar areas (e.g. vulnerability and environment), stakeholders feel that the social contract must inform the social responsibilities and overall behaviours that will underpin the Business Plan itself.

Of particular importance to stakeholders is that we report our performance in a transparent way, so that we can be held to account for our performance, particularly for the actions we take in relation to our social responsibility. Wherever possible this should include robust, independent assessment of our performance so that stakeholders can have faith in the validity of our reporting.

In terms of the initiatives WPD should deliver, stakeholders want to see substantial support for the social needs of the local communities WPD serves. This has risen significantly as a stakeholder priority throughout 2020 in light of the Covid-19 pandemic with stakeholders seeing a clear role for WPD to partner with local community groups to help those who are most isolated and deprived in society.



### Essential context and information:

A social contract is a framework for the delivery of our stakeholders' priorities, through social and environmental initiatives that go above and beyond our business plan strategy. In simplified terms, the Business Plan covers what we will deliver for customers; the costs; and the justifications from the perspective of stakeholder requirements, cost considerations and regulatory requirements. By contrast, the social contract sets out why our role is essential to our social purpose and how we operate on a local level in order to have the most benefit in our communities (today and in the future).

To date, WPD has undertaken extensive benchmarking research to establish best practice with regards to Environmental, Social and Governance (ESG) activities from a wide range of companies across UK plc. This has enabled us to gauge how we are currently performing and to identify areas for innovation and improvement. In 2020 WPD achieved a 'B' rating as part an external ESG assessment, which places WPD in the top 15% of utility companies assessed globally.

WPD has also been a key contributor to a collaboration project alongside a range of other utility companies, led by Sustainability First. The 'Fair for the Future' project seeks to frame a 'sustainable licence to operate' and it has heavily influenced the development of WPD's social contract. WPD will use this framework to set criteria against which we will annually assess our actions in relation to delivering the social contract.

In response to the Covid-19 pandemic, within 2 weeks of the first UK-wide lockdown in March 2020, we launched a brand new 'In This Together – Community Matters' Fund, specifically to support customers and local communities negatively impacted by the pandemic. In the last 9 months we have awarded £1 million, to fund 871 charities and community organisations, which has resulted in direct support to over 560,000 people in vulnerable situations.



# Package 1.4 – Social contract



## Core commitments we're proposing:

### Overarching strategic intent:

- Deliver positive outcomes for the communities we serve that go beyond simply providing a reliable supply of electricity
- Formally consider the social, economic and environmental responsibility of the decisions and actions we take at every level of our company
- Build trust by acting on our promises and delivering social value. Fulfil the company's culture to always 'do the right thing', by defining what 'the right thing' means to us, and setting out how we will go about achieving it and in particular support local communities in all the regions we serve

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
21 Publish annual reports in a simple, easy to understand format, setting out WPD's total expenditure, the impact on customer bills and actual regulatory returns	New		✓			Provide customers with transparent information to enable them to understand our performance and financial returns and hold us to account for our delivery.	?
22 We will, as a minimum, maintain our prime Environmental, Social and Governance (ESG) rating from a recognised agency	'Prime' status (Threshold = C+ rating; Actual = B rating)		✓			Independent scrutiny of WPD's environmental, social and corporate governance initiatives to provide stakeholders with a view of WPD's performance relative to wider UK businesses and to identify improvements.	?
23 Support local people in our communities via an annual 'Community Matters' Fund	New	£0.5m	£1m	£1.5m	£2m	Act as a socially responsible business that will support the needs of the local communities we serve – delivering key corporate social responsibility initiatives to help people in vulnerable situations.	?
	<b>Bill impact:</b>	-1.5p	-	+1.5p	+3p		
24 Provide staff with paid leave to volunteer to support local community initiatives associated with vulnerability and environmental initiatives	New	No volunteer days per annum	1,000 volunteer days per year	2,000 volunteer days per year	3,000 volunteer days per year	Expand the impact, scope and reach of community and charity initiatives across WPD's regions, to deliver for the wider social good of people living in WPD's service territory.	?
	<b>Bill impact:</b>	-1p	-	+1p	+1.5p		
<b>Overall package:</b>							
	<b>Additional expenditure per year:</b>	-£0.75m	-	+£0.75m	+£1.5m		
	<b>Bill impact:</b>	-2.5p	-	+2.5p	+4.5p		





# 2

## Maintaining a Safe and Resilient Network





## Package 2.1 – Network resilience



### What we've heard from stakeholders so far:

#### Network Performance

Stakeholders continue to value network reliability as a top priority. In particular, keeping the lights on and providing quick restoration during power cuts is critical.

Stakeholders feel WPD service levels are currently very good, with the number of customers affected and duration of power cuts at their lowest ever levels. However, stakeholders have stated that WPD should seek continual improvement, aiming for further power cut reductions and reducing power cut duration.

#### Tree Management

Overhead lines carrying power can be affected by the proximity of trees. To ensure the future resilience of the network, tree management is carried out to prevent the trees damaging the lines and causing power cuts. Stakeholders would like to see WPD carry out tree cutting only where absolutely necessary and in the most cost-effective way possible.

#### Flood Defences

Flooding can affect network assets and stakeholders want coordination and collaboration with the Environment Agency to share knowledge and get involved in scenario planning and strategy development.

#### Targeting Investment

Stakeholders recognise that investments need to be prioritised to get the greatest benefit. They support that WPD must maintain a data-driven approach, using high-quality asset data to make informed decisions.

#### Safe Networks

Stakeholders expect us to operate a safe network, so they would like us to continue our extensive programme of inspections, and maintenance to ensure equipment is safe and does not pose a hazard to customers.



### Essential context and information:

WPD's network is made up of a huge number of overhead lines, underground cable and substations, many of which were installed during the 1950s and 1960s. To ensure this equipment remains safe and effective, we carry out a programme to replace assets according to their condition. In addition, we identify safety issues and prevent faults through routine inspection and maintenance.

LiDAR (Light Detection and Ranging) is a new innovation we are rolling out across our helicopter fleet to improve the accuracy and targeting our tree clearance activities. It is a remote sensing method that uses lasers to measure distance more accurately and quickly than if we despatched staff on the ground.

Network performance is measured primarily by Customers Interrupted (CIs) and Customer Minutes Lost (CMLs).

For RIIO-ED1, we proposed targets that were more ambitious than those put forward by Ofgem, and indeed, outperformed these targets across all four network areas.

An internal initiative called 'Target 60' measures the percentage of customers restored within one hour when a high voltage (HV) fault occurs. During RIIO-ED1, WPD pledged to achieve a Target 60 performance above 85% and successfully exceeded this aim. Since 2012/13, we have reduced the average duration of power cuts by 50%, with 40% less customers affected by power cuts.

During severe weather, the network must withstand more extreme conditions. We therefore we carry out measures such as resilience tree clearance (of which we have already completed 65% of our RIIO-ED1 target) to prevent vegetation falling into and damaging network assets. We have also installed flood protection at 72 major substations to reduce the impact of flooding on consumer supplies.

Worst served customers are defined as those who experience 12 or more, higher voltage interruptions over a three year period, with a minimum of three in each year. In 2019/20, there were 6,870 worst served customers across the four WPD areas.





## Package 2.1 – Network resilience



### Core commitments we're proposing:

#### Overarching strategic intent:

- To further reduce the risk of disruption and inconvenience caused by power cuts
- Strive for continual improvement, even in areas where our performance is industry-leading
- Mitigate against the risk of power cuts as a result of extreme weather

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
25 On average fewer and shorter power cuts in RIIO-ED2 than RIIO-ED1	On average customer experience 1 power cut every 2 years, lasting 24 minutes		✓			Customers receive a highly reliable supply of electricity, delivering our lowest ever power cut levels with an average duration of less than 24 minutes per year.	?
26 Reduction of tree related faults on HV and EHV overhead network due to use of LIDAR in RIIO-ED2 thus reducing the impact on the customer	New		✓			Provide quicker and more accurate information about tree growth so we can better target our tree trimming to reduce the risk of power cuts.	?
27 Continue to have focus on restoring HV supplies quickly (that are not automatically restored) within one hour	>85%	85%	86%	87%	88%	Minimising the disruption and inconvenience to customers, by restoring power as quickly as possible.	?
<b>Bill impact:</b>		-1p	-	+0.5p	+1p		
28 We will aim to restore customer supplies in RIIO-ED2 within 12 hours under normal weather conditions	70 customers over 12 hours		✓			Minimising the disruption and inconvenience to customers, by restoring power as quickly as possible.	?
29 Carry out work that improves network reliability for our worst served customers (those experiencing 12 or more higher voltage power cuts over a 3 year period)	48 schemes	40 schemes (benefitting approx. 4,720 customers)	50 schemes (benefitting approx. 5,900 customers)	60 schemes (benefitting approx. 7,080 customers)	70 schemes (benefitting approx. 8,260 customers)	Significantly improved supply reliability for customers that have experienced a significantly poorer service (higher volumes of power cuts) than the average. Improvements will result in less inconvenience and disruption for customers.	?
<b>Bill impact:</b>		-0.5p	-	+0.5p	+1p		
30 Invest to improve the overall health of the network and develop a measure of overall asset health. Report annually to stakeholders the impact of our investments	£180m per annum	Maintain current health levels: £181m per annum	Incrementally improve asset health: £190m per annum	Proactive advancement + 5% £200m per annum	Proactive advancement + 10% £209m per annum	Reducing the risk of unplanned power cuts by improving the reliability of our network by replacing equipment in the poorest condition.	?
<b>Bill impact:</b>		-27p	-	+27p	+54p		
31 We will continue to install further flood defences to reflect updated data from the Environment Agency	Flood defences at 72 substations	80 Schemes	95 Schemes to be done in RIIO-ED2	110 Schemes	125 Schemes	Improve the resilience of the network to severe flood, therefore reducing the risk of power cuts and disruption to customers.	?
<b>Bill impact:</b>		-1.5p	-	+1.5p	+3p		
<b>Overall package:</b>							
<b>Additional expenditure per year:</b>		-£10.47m	-	+£10.26m	+£20.52m		
<b>Bill impact:</b>		-30p	-	+29.5p	+59p		



## Package 2.2 – Business IT Security and Cyber Resilience



### What we've heard from stakeholders so far:

#### Enhancing Cyber Security

The risk of disruption due to hackers and the need for robust cyber protection has risen considerably in importance for stakeholders over the last three years. In particular stakeholders have flagged the importance of ensuring the continuity of electricity supplies and to protect customer data, with the latter raised as the higher priority of the two.

Stakeholders were clear that WPD should build maximum resilience to cyber-attacks, encouraging collaboration between companies to share best practice and stay ahead of hacking technology.

In particular, they asked for assurances that we would take the appropriate actions to mitigate and correct any identified network vulnerabilities, and create and maintain well-tested recovery plans. To identify threats, stakeholders want to see WPD collaborate and work with third party experts, including those in Government.

#### Disaster Recovery and Future Proofing

The impacts of cyber threats could be severe for customers. Therefore, stakeholders asked for a specific focus to be included on disaster recovery plans.

As the network becomes increasingly digitalised, new threats to cyber security will inevitably emerge. A priority for stakeholders is that WPD introduces mechanisms to keep pace with these changes and ensure continued resilience into the future. Stakeholders want to see planning that covers anticipated changes in future demand and structure as, for example, reliance on electricity in heat and transport becomes greater.



### Essential context and information:

WPD uses IT systems for business processes and to control power flow on the network. These rely upon data being collected from around the network and therefore there is a telecommunications network operated by WPD to provide the communication between devices on site and control centres.

Due to the changing use of the electricity network by our customers, traditional boundaries between Information Technology (IT – e.g. corporate systems), Operational Technology (OT – e.g. communications between systems and physical assets) and customer-owned devices are also changing to become more interconnected.

This has led to an increase in the number of end-points (PCs, smart meters, Remote Terminal Units that WPD has to keep secure. While traditionally, we have taken data from 1,800 primary substation sites, in future we may need to take data from circa 200,000 distribution sites.

As reliance on IT and OT systems and technology has increased, so unfortunately has the volume and sophistication of cyber-attacks. Processes need to be in place to prevent a significant network disruption and data loss. Currently we block over 120,000 malicious e-mails per month.

During RIIO-ED2, the cyber security challenge will be to continue to replace and upgrade IT and OT systems and ensure that all future systems and technologies are designed and implemented with the relevant level of cyber security controls.

# Package 2.2 – Business IT Security and Cyber Resilience



## Core commitments we're proposing:

### Overarching strategic intent:

- Prevent cyber-attacks by assessing where the network may be vulnerable to attack and take preventative action
- Ensure we continually refresh our understanding of cyber risks and our protections keep pace with the evolving threats we face

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
32 Continually assess emerging threats to enhance cyber security systems to ensure no loss of data or network interruption from a cyber attack	As per commitment (Additional expenditure in RIIO-ED2 is proposed to respond to increasing threats)		✓			Personal customer data will be protected and the risk of power cuts as a result of cyber-attacks will be kept to a minimum.	?
33 Enhance the resilience of our IT network security by upgrading our disaster recovery capability to ensure continuity of our operations	As per commitment (Additional expenditure in RIIO-ED2 is proposed to respond to increasing threats)		✓			We minimise the risk that we will not be able to operate the network and provide our typical service to customers because of disruption to our IT systems.	?



## Package 2.3 – Safety



### What we've heard from stakeholders so far:

#### Safety

Our engagement with stakeholders reinforced that maintaining a healthy, safe and motivated workforce is a critical priority. They want to see WPD continue to work collaboratively with stakeholders and legislators to co-develop and share the best possible health and safety practices.

Across the industry, communication has been identified as an issue and is particularly pertinent to ensuring the health and safety of our staff and customers. Addressing this is important to stakeholders, along with incident management, including debrief procedures, the provision of personal protective equipment to staff in dangerous environments and up-to-date health and safety training.

Likewise, stakeholders insist that WPD must continue to plan, install and maintain our existing assets to meet all legal obligations and ensure that they do not compromise health and safety. They would like WPD to extend existing health monitoring programmes and implement plans to minimise any areas that impact on the health of our staff, such as mental health and the safety implications of connecting new and emerging technologies to the network.

#### Customer Safety

The safety of our customers is vital, and remains an enduring priority for stakeholders. They want to see us continue to use our profile and industry expertise to raise awareness of the dangers of electricity to members of the public.

The way we approach our outreach is very important to customers. They feel that communication to increase awareness about WPD and the dangers of electricity should start at an early age to promote the greatest possible understanding of electrical safety.



### Essential context and information:

The hazards associated with operating the electricity network require strict controls to minimise the risks to those who work on it. The use of bespoke equipment must be complemented by appropriate information and training, which WPD is constantly looking to review and improve.

During RIIO-ED1, WPD has worked hard to maintain a safety performance which is among the best in the industry, leading the company to significantly outperform national workforce safety statistics.

The Labour Force Survey data shows that the national average incident rate for workplace industries is 1,830 per 100,000, compared with 732 per 100,000 employees at WPD in the last 12 months. Similarly, the national average for days lost per worker across all industries is 0.18, while at WPD, we recorded a much lower rate of 0.013.

In the current regulatory period we aimed to improve performance by 10%, but have exceeded our target with a reduction in accidents of nearly 63% to date.

WPD actively engages with staff on safety issues, carrying out a Safety Climate Survey in 2018 to understand the views of 1,800 employees and identify improvements.

The safety of members of the public is also of paramount importance. It is our aim that no-one involved with or affected by our activities comes to any harm. In RIIO-ED1 to date, we have distributed 540,000 'stay safe' documents to members of the public, and provided electrical safety information to nearly 377,000 school children through a total of 15,840 educational sessions.



# Package 2.3 – Safety



## Core commitments we're proposing:

### Overarching strategic intent:

- Achieve zero accidents and no adverse impact on the public, employees and contractors.
- Take positive steps to identify areas for improvement, identify and implement best practice, and encourage suggestions and innovations from others

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
34 Undertake an additional Staff Safety Climate Survey during RIIO-ED2	Once		✓			WPD will have a safe and healthy workforce to enable us to maintain our services for customers.	?
35 Distribute safety advice information to stakeholders	Target: 62,500 per year	100,000 per year	200,000 per year	300,000 per year	400,000 per year	Keep our customers safe – particularly those that need to work in close proximity to our equipment.	?
	Bill impact:	-0.5p	-	+0.5p	+1p		
36 Educate a minimum of children per year about avoiding danger from electricity	Target: 50,000 per year	50,000 children per year	60,000 children per year	70,000 children per year	80,000 children per year	Keep children safe around our electricity equipment and reducing the risk that they could come to harm.	?
	Bill impact:	-0.5p	-	+0.5p	+1p		
37 Underground, insulate or divert overhead lines that cross school or other playing areas	New	390 Schemes to be don in RIIO-ED2	780 Schemes to be done in RIIO-ED2	1560 Schemes to be done in RIIO-ED2	3120 Schemes to be done in RIIO-ED2	Reduce the risk of harm to the general public, in particular younger children.	?
	Bill impact:	-6.5p	-	+13p	+39p		
<b>Overall package:</b>							
	Additional expenditure per year:	-£2.35m	-	+£4.76m	+£14.12m		
	Bill impact:	-7.5p	-	+14p	+41p		





## Package 2.4 – Workforce resilience



### What we've heard from stakeholders so far:

#### Workforce Resilience

In terms of workforce resilience, a happy, healthy and motivated workforce where WPD is the employer of choice is the highest priority for stakeholders. They consider it especially important that employees feel appreciated in their jobs, and that WPD cultivates a culture of 'belonging' within its workforce.

To maintain the future resilience of our company and adapt to the changes that will result from the Net Zero transition, good planning is of critical importance for stakeholders, ensuring WPD anticipates future needs and remains well-resourced as an organisation. While they champion the personal development and retention of our employees, stakeholders have acknowledged that outside recruitment can provide a new perspective and a wider set of skills and experiences.

#### Diversity & Inclusion

As a traditional engineering employer, WPD is not as diverse as it could, or indeed should be. Stakeholders have recognised that there needs to be a conscious effort to reach a demographic outside the traditional white British male population, to diversify and increase the talent pool.

Stakeholders believe it is important for WPD to work with younger generations, offering a range of apprenticeship opportunities and promoting STEM (science, technology engineering, mathematics) subjects in schools.

They want to see diversity prioritised throughout recruitment, from apprenticeship schemes to senior management.

They have recommended ways to diversify WPD's talent pool by establishing unbiased recruiting processes, for example as well as working with a range of charities and partner organisations and tackling barriers to entry to aid social mobility. Stakeholders also stated that WPD must ensure its company culture is inclusive and fosters equal opportunities, with equal pay for equal skill and closing the gender pay gap, as a minimum.



### Essential context and information:

In 2019, WPD engaged with an external organisation (DNA) to assess our company culture and its suitability to future workforce resilience. DNA found: "a strong community culture... that has been nurtured by every employee over many years, lived, breathed and developed, not something handed down from upon high."

WPD promotes careers in energy in schools and colleges, at community events and through our careers. We must also ensure that our culture and business style remain attractive to new and existing employees from all communities, through recognised accreditations and inclusive communications.

WPD engages with employees through an employee satisfaction survey every 18 months. Based on the feedback from our most recent surveys, we have developed an action plan to be delivered in RIIO-ED2.

We have updated our Diversity, Inclusion and Equality, Safe-guarding and Anti-harassment policies and introduced the Respect Charter, confirming our commitment to a balanced and diverse workforce and our non-tolerance of discrimination and harassment in the workplace.

To remove unconscious bias in our recruitment process, we have introduced an online Applicant Tracking System (ATS), standardised our approach through a centralised recruitment team and reviewed the inclusive language of our job vacancy advertisements. We have appointed a Diversity Champion, established a number of networking groups and cultivated partnerships with numerous diversity-oriented organisations.

During RIIO-ED1, we began to collect data on the demographics of our workforce. Our most recent Gender Pay Gap (2019) was reported as 10.5%, however the number of female employees increased by 12% in RIIO-ED1. Similarly, the number of BAME (Black, Asian and minority ethnic) employees in our workforce increased by 22 (however it is voluntary for staff to disclose this information so this figure may be higher).



## Package 2.4 – Workforce resilience



### Core commitments we're proposing:

#### Overarching strategic intent:

- Build an inclusive, respectful and diverse workplace that rewards performance, enables professional development and encourages employee engagement
- Ensure we have an appropriately skilled workforce to deliver the RIIO-ED2 commitments

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
38 Demonstrate exceptional embedded employment practices by achieving accreditation with Investors in People by the end of RIIO-ED2	New	Standard Accreditation	<b>Silver (top 33% of UK companies)</b>	Gold (top 18% of UK companies)	Platinum (top 2% of UK companies)	Customers receive excellent service as a result of a motivated, highly-skilled and knowledgeable workforce.	?
	Bill impact:	-0.5p	-	+0.5p	+1p		
39 Publish annually our updated Diversity & Inclusion Action Plan & Performance	New		✓			Improve the quality and tailoring of our services by having a workforce that reflects the diversity of the communities we serve.	?

#### Overall package:

Additional expenditure per year:	-£0.02m	-	+£0.02m	+£0.04m
Bill impact:	-0.5p	-	+0.5p	+1p





# 3

## Delivering an Environmentally Sustainable Network







## Package 3.1 – Environment and Sustainability



### What we've heard from stakeholders so far:

#### Our Business Carbon Footprint

Stakeholders rightly want to see WPD leading by example in the Net Zero transition, with ambitious Science Based Targets (SBTs) that go above and beyond those set by the UK government. Key to achieving this will be the reduction of emissions from WPD's vehicle fleet and adopting electric vehicles, as well as reducing the number of miles travelled. As a priority, stakeholders expect WPD to increase the use of low-carbon energy at WPD properties and ensure buildings are carbon neutral ahead of government targets.

#### Operational Impact

Not only must our own carbon footprint be a priority, our stakeholders have articulated the importance of improving the environmental impact of our operations. In this area, stakeholders have made it clear they will not be satisfied with unambitious strategies; they want to see substantial commitments that surpass RIIO-ED1 levels, particularly in reducing harmful leaks from WPD's equipment. As a minimum, WPD must control gas leaks, as the potential impact is catastrophic, while eliminating the use of SF<sub>6</sub> is also a priority. To future-proof the sustainability of our operations, stakeholders want to see WPD predict leaks wherever possible and replace ageing infrastructure, particularly oil-filled cables.

#### Impact of our network

To reduce the environmental impact (including visual) of our network, the undergrounding of cables is a desired output. Stakeholders expect WPD to continue to invest in newer and more efficient equipment to reduce technical losses, and to address the amount of generated waste sent to landfill.

In this area, they would like to see WPD go further, considering all waste entering the business, with a target of zero waste by 2030. To achieve these objectives, stakeholders have asked for a collaborative approach; WPD should seek to consult with experts and local environmental intelligence to better understand the negative impact of our activities on the environment and biodiversity.



### Essential context and information:

WPD aims to be a leader in environmental sustainability, setting an industry-leading precedent and driving the decarbonisation of the UK. We will set Science Based Targets to monitor and ensure our progress towards this goal.

Our annual business carbon footprint takes into account the associated carbon emissions from a number of our business activities including the emissions from our operational transport fleet, the energy used in our buildings and electricity substations, releases of SF<sub>6</sub> (Sulphur hexafluoride) - a greenhouse gas used as an insulator by manufacturers of electrical switchgear - and the impact of company travel. We have already made strides to reduce our business carbon footprint, recording a 12% reduction in RIIO-ED1 compared to 2012/13. We have also made Electric Vehicle pool cars available at all depots, and reduced our operational vehicle emissions by 11% in 2019/20 compared with 2018/19.

In RIIO-ED1, we committed to improving the visual amenity in National Parks and Areas of Outstanding Natural Beauty by replacing 55km of overhead line with underground cable, which we are on target to achieve.

To reduce our operational impact, we have already removed 44.8km of Fluid Filled Cables and reduced fluid and gas leaks from electricity equipment with 75% fewer fluid filled cable (FFC) leaks and 17% fewer SF<sub>6</sub> gas leaks than our RIIO-ED1 target. The amount of energy used in the process of delivering power is known as a technical loss. Understanding and reducing these losses will also improve our environmental sustainability.

PCBs (polychlorinated biphenyl) are now known to be highly toxic industrial compounds and were found in the oil of some pre- 1989 transformers and a small range of other equipment.

In line with our zero waste ambitions, we have measured a 23% reduction in waste tonnage and a 26% reduction in tonnage sent to landfill in 2019/20 compared to 2018/19, with a total of 78% reduction in the tonnage of waste being sent to landfill in RIIO-ED1.



## Package 3.1 – Environment and Sustainability



### Core commitments we're proposing:

#### Overarching strategic intent:

- Protect and preserve the environment in our regions, minimising the impact of our operations
- Lower our Business Carbon Footprint.

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
40 Reduce internal Business Carbon Footprint to be Net Zero by following a verified Science Base Target to limit the climate impact of our activities.	New	Net Zero 2050	<b>Net Zero 2043</b>	Net Zero 2035	Net Zero 2028	Accelerate a reduction in carbon emissions to minimise our impact on climate change.	?
	<b>Bill impact:</b>	-1p	-	+1p	+1.5p		
41 Replace our transport fleet with non-carbon technology where practical	New		<b>Replace vehicle at end of life: 79% commercial van fleet to be non-carbon vehicles by 2028</b>	Accelerated programme: 89% commercial van fleet to be non-carbon vehicles by 2028	Accelerated programme: 100% commercial van fleet to be non-carbon vehicles by 2028	Accelerate a reduction in the carbon impact of our transport fleet in the areas where our customers live and work.	?
	<b>Bill impact:</b>		-	+9p	+19p		
42 Install renewable local generation at all suitable offices and depots	New		✓			Ensure the delivery of our operations and services for customers is carried out in an environmentally responsible way, with all WPD sites run on clean, green energy.	?
43 Reduce leaks from fluid filled cables	55% reduction to 20,213 litres lost per year	20% Reduction	<b>30% Reduction</b>	40% Reduction	50% Reduction	Significantly reduce the risk of harm to the local ecology and protect habitats and species in the regions we operate in.	?
	<b>Bill impact:</b>	-6p	-	+8p	+10p		
44 Replace the poorest performing Extra High Voltage fluid filled cables (FFC) on our network	44.8km	60km of FFC Replacement	<b>70km of FFC Replacement</b>	80km of FFC Replacement	90km of FFC Replacement	Significantly reduce the risk of harm to the local ecology and protect habitats and species in the regions we operate in.	?
	<b>Bill impact:</b>	-3.5p	-	+3.5p	+7p		
45 Reduce SF <sub>6</sub> losses from that in RIIO-ED1	Leakage rate of 0.2% of the total SF <sub>6</sub> on WPD's system	5% reduction in SF <sub>6</sub> losses	<b>10% reduction in SF<sub>6</sub> losses</b>	15% reduction in SF <sub>6</sub> losses	20% reduction in SF <sub>6</sub> losses	Improve WPD's carbon footprint by reducing the risk of leaks from environmentally harmful gases from WPD's equipment.	?
	<b>Bill impact:</b>	-6p	-	+8p	+10p		
46 All PCB contaminated equipment will be removed from the WPD network by 2025.	New		✓			Significantly reduce the risk of harm to the local ecology and protect habitats and species in the regions we operate in.	?
47 Reduce tonnage of waste per £ total business expenditure	3.2 tonnes of waste per £1m annual turnover	15% Reduction	<b>20% Reduction</b>	25% Reduction	30% Reduction	Ensure our service for customers are delivered in an environmentally responsible way, reducing the carbon impact of our operations.	?
	<b>Bill impact:</b>	-0.5p	-	+0.5p	+1p		
48 Reduce the volume of waste we send to landfill (excluding hazardous waste)	10-20%		<b>10% waste to landfill</b>	5% waste to landfill	Zero waste to landfill	Ensure our service for customers are delivered in an environmentally responsible way, reducing the carbon impact of our operations.	?
	<b>Bill impact:</b>		-	+0.5p	+1p		
49 We will remove targeted overhead lines in Areas of Outstanding Natural Beauty	29km	35km of overhead lines removed by 2028	<b>40km of overhead lines removed by 2028</b>	45km of overhead lines removed by 2028	50km of overhead lines removed by 2028	Improve the visual amenity of the landscape in beauty spots across our operating region.	?
	<b>Bill impact:</b>	-0.5p	-	+0.5p	+1p		
50 Where a low voltage mains cable is required it will be a minimum size of a 300mm <sup>2</sup> cable and for the smallest pole mounted transformer size to be 50kVA single phase to reduce technical losses	New		✓			Improving the efficiency of the network in order to save customers money by reducing the energy lost as part of the distribution process.	?
	<b>Overall package:</b>						
<b>Additional expenditure per year:</b>		-£5.87m	-	+£7.67m	+£17.44		
<b>Bill impact:</b>		-17.5p	-	+31p	+50.5p		



## Package 3.2 – A smart, flexible network



### What we've heard from stakeholders so far:

#### Flexibility Services

Flexibility is viewed by stakeholders as a key part of the provision of network capacity as load grows on the network. As flexibility is based upon contractual arrangements, stakeholders insist that rules and tariffs must be simple and standardised to ensure that it is easy to participate in the flexibility market.

Information should be clear and enable domestic, commercial and community customers to understand how they can participate in providing flexibility services. WPD must, therefore, work to facilitate network flexibility and educate end-customers.

#### Digitalisation

In order to best support our customers' planning and unlock innovative approaches to decarbonisation, stakeholders want us to provide clear, simple and easy access to high quality data. Therefore, as a priority, WPD should make as much data as possible open and easily available, in a format that customers can understand and use.

Stakeholders have expressed that sharing data could facilitate and encourage collaboration, for resulting in more efficient outcomes for customers.

#### Scenario Planning and Whole Systems

Collaboration with other utilities and companies within the energy industry is viewed as hugely important by stakeholders in order to arrive at the most effective and efficient solutions. They believe this will provide the necessary clarity about where the network has the capacity for more renewables.

Stakeholders expect WPD's collaboration, particularly with local authorities, to engage with local development proposals so that areas of growth can be accurately identified. Further, they would like to see WPD help more low carbon technologies to connect, in line with local net zero ambitions.

For stakeholders, providing the best possible outcomes for customers is crucial. They have proposed that WPD could improve the ease and cost for customer participation in flexibility services by acting as a facilitator to bring together the many parties involved in emerging energy service markets.



### Essential context and information:

The UK Government has set a target for net zero carbon emissions by 2050. WPD has a vital role to drive this shift to a low carbon energy future, in particular facilitating the use of low carbon technology such as adoption of electric vehicles (EV) to decarbonise transport and the adoption of heat pumps to decarbonise home heating systems.

In the current price control period we have already facilitated a significant growth in distributed generation and EVs. This growth has posed engineering challenges, which have led us to change the way we design and operate the network. We have developed flexible ways of connecting customers to the network that allows us control the amount of energy being imported/exported by a customer at times when the network is constrained.

This defers the need to install new equipment with larger capacity (referred to as 'conventional reinforcement'), which can take time and be more expensive.

We expect the growth in low carbon technology to increase loads on the network. Previously, network capacity would only be provided by conventional reinforcement, but we are now also making use of flexibility services, where customers change their usage in exchange for a payment to help us avoid the need for reinforcement. We have established flexibility markets and procured the highest amount of flexibility across all UK DNOs. Our flexibility first approach is shaping how we will provide network capacity in RIIO-ED2.

The increasing volumes of distributed generation, EVs, heat pumps as well as development in energy storage calls for the use of more sophisticated and smarter ways to manage power flows. This is commonly referred to as Distribution System Operator (DSO) services. A key component to making the network smarter is to use digital technologies. This will require the installation of sensors and control equipment to collect more information to control the network and develop new, innovative services.

Since 2017, WPD has been producing distribution future energy scenario (DFES) forecasts of the impact of low carbon technology growth and assessment of how these may lead to network constraints. These are based upon the ESO's Future Energy Scenarios and refined by engagement with local stakeholders and connections activity. This establishment of DFES analysis has allowed us to determine WPD's best view scenario for the future, upon which the draft Business Plan is based.

Data is core to all of these changes. We recognise that data should be presumed open unless proven otherwise for privacy, security, commercial or confidentiality reasons. We already share data via our online Energy Data Hub, but this could be enhanced further to allow customers to self-select data from more datasets and in the format of their choice.



## Package 3.2 – A smart, flexible network



### Core commitments we're proposing:

#### Overarching strategic intent:

- Develop and maintain an efficient, co-ordinated and economical system of electricity distribution
- Facilitate competition in electricity supply, electricity generation and flexibility services
- Improve the resilience and security of the electricity system at a local level
- Facilitate neutral markets for more efficient whole system outcomes
- Drive competition and efficiency across all aspects of the system
- Promote innovation, flexibility and non-network solutions.
- Digitalise WPD's data, presume this all to be open for use by customers, and ensure data is understandable and easy to access.

Core commitment		Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
51	Create and implement simple, fair and transparent rules and processes for procuring DSO flexibility services and introduce a customer satisfaction monitor to measure the effectiveness of our actions	New		✓			Expand the roll out of flexibility services by making it as easy as possible to provide these services. This will help to maximise the efficiency of the existing network, avoiding the cost to customers of carrying out conventional network reinforcement.	?
52	Produce forecasts of potential flexibility requirements in order to undertake a flexibility tender every 6 months	Annual		✓			Provide advanced sight and greater certainty of WPD's flexibility requirements so that providers can better plan ahead and make longer-term investments to be able to provide these services .	?
53	Develop a standard to be measured against (using external scrutiny) to demonstrate that we act as a neutral market facilitator to enable accessibility to multiple markets	New		✓			We allow all customers in all markets (e.g. flexibility) to gain fair access to our networks and systems.	?
54	100% load related reinforcement (primary) decisions include an assessment of flexibility alternatives	New		✓			Choosing the most effective option to provide required capacity will minimise network costs for all customers.	
55	Ensure that connection offers with a reinforcement requirement are given option of a flexible alternative	New		<b>Threshold to offer flexible alternative: Reinforcement cost is &gt;£125k per MW and/or works will take more than two years to complete</b>	Threshold to offer flexible alternative: Reinforcement cost is >£100k per MW and/or works will take more than 18 months to complete	Threshold to offer flexible alternative: Reinforcement cost is >£75k per MW and/or works will take more than 12 months to complete	More customers can choose between a conventional reinforcement solution or a cheaper and quicker flexible solution.	?
		<b>Bill impact:</b>	-	-	+0.5p	+1p		
56	Increase the range of options for flexible connections	2 types available: (real-time Active Network Management; and pre-scheduled/ timed	2 types	3 types	4 types	5 types	More customer groups and a greater number of connection applications can benefit from flexible solutions.	?
		<b>Bill impact:</b>	-	-	+0.5p	+1p		
57	Make it as easy as possible for our customers to connect LCTs, such that WPD connects more than the national average connecting in the UK (prorated by our number of customers)	New	In line with national average LCT connection volumes (prorated by our number of customers)	<b>2% higher than national average of LCT connection volumes</b>	4% higher than national average of LCT connection volumes	6% higher than national average of LCT connection volumes	Customers can easily connect low carbon technologies without delays due to a lack of available network capacity.	?
		<b>Bill impact:</b>	-0.5p	-	+0.5p	+1p		



Core commitment		Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
58	Improve the volume of data available via an interactive, API (Application Programming Interface) relative to all data made available (e.g. via spreadsheets and fixed format reports)	0% of network data via an API	50%	60%	70%	80%	Easier automatic access to network data, with the ability to tailor data requests to the customer's specific requirements and in a format of their choosing.	?
		<b>Bill impact:</b>	-0.5p	-	+0.5p	+1p		
59	Introduce a customer satisfaction monitor to measure data availability, ease of access and usefulness, improving from the baseline throughout RIIO-ED2	New		✓			Ensure WPD has a better understanding of the effectiveness of our actions to provide access to network data in order to better identify service improvements for customers.	?
60	Using data from updated DFES and stakeholder insight to publish a Long Term Development Statement and a Network Development Plan annually	Annual		✓			Provide advanced sight and greater certainty of WPD's network capacity so that customers planning new connections can better plan ahead and make longer-term investments.	?
61	Engage with stakeholders and the Electricity System Operator to update WPD's Distribution Future Energy Scenarios for all four licence areas	Every 2 years		Every 2 years	Every 18 months	Every 12 months	By creating more accurate, detailed scenarios with customer input we can deliver an efficient and economic network ready for the future needs of our customers.	?
		<b>Bill impact:</b>		-	+0.5p	+1p		
62	Hold Local Energy Surgeries for local authorities, supporting them to develop their local energy plans	10 per year	15 per year	30 per year – one per WPD operating region per year	60 per year – two per WPD operating region per year	90 per year – three per WPD operating region per year	Helping local authorities and developer to create local energy plans that are achievable and help to deliver a network ready for the future.	?
		<b>Bill impact:</b>	-0.5p	-	+0.5p	+1p		
63	Undertake whole system collaboration schemes with other DNOs and the ESO	New	1 scheme by 2028	2 schemes by 2028	3 schemes by 2028	4 schemes by 2028	Looking across the wider energy system to provide capacity for the future needs of our customers in the most efficient way.	?
		<b>Bill impact:</b>	-0.5p	-	+0.5p	+1p		
<b>Overall package:</b>								
<b>Additional expenditure per year:</b>			-£0.55m	-	+£1.15m	+£1.90m		
<b>Bill impact:</b>			-2p	-	+3.5p	+7p		



## Package 3.3 – Innovation



### What we've heard from stakeholders so far:

Stakeholders believe that WPD is well-placed to lead the way with innovation, helping to facilitate change across the industry and drive the UK's decarbonisation. They were clear that WPD must act on stakeholder feedback and lobby for change in order to avoid the issues that have occurred in previous national projects e.g. the smart meter roll out.

While being an industry leader, WPD should not strive to work alone, but in collaboration with both the wider energy industry and other industries altogether. Stakeholders want to see us support companies and individuals to develop innovative projects, and to work with major energy users to develop intelligent solutions to reduce current demand.

Stakeholders have suggested that innovation research and case studies are a great vehicle to communicate opportunities for collaboration with partners. Therefore, WPD should prioritise publishing research and projects (both successes and failures) to foster a dialogue with potential partners.



### Essential context and information:

Innovation is the process of having new ideas, developing them into practical solutions and trialling them to investigate their effectiveness. It will provide more flexible solutions that are better, cheaper or quicker than the current ways of doing things.

The RIIO-ED1 Network Innovation Incentives and the UK's Net Zero targets have and will continue to bring huge change and significant opportunities to innovate.

Innovation does not have to be on a large scale; sometimes improvements can be achieved through evolutionary change, involving incremental improvement to existing methods.

WPD's innovation programme is targeted at all of our key delivery areas of safety cost efficiency, customer service, reliability and environment to drive improvements in our service for customers. It is also key to helping us to address the challenges brought about by the low carbon transition.

To date, our innovation project portfolio has enabled us to deliver significant learning to the wider business as well as other network operators. We have delivered more than 120 innovation projects over the last 10 years, which have enabled significant changes in how we operate our business, providing benefits to customers. A key example of this is the learning as part of our Low Carbon Networks Hub project that has enabled us to roll out Active Network Management (ANM) across each of our four licence areas.

Flexibility services now delivered through the Flexible Power brand were created as part of the a WPD Network Innovation Allowance project, which developed technical and commercial requirements to utilise flexibility as a service to avoid asset investment by better utilising the existing network and therefore keeping costs to customers lower than if we had to reinforce the network.

## Package 3.3 – Innovation



### Core commitments we're proposing:

#### Overarching strategic intent:

- Facilitate the connection of low carbon generation and the increased demand from electrification of heat and transport in the most efficient and effective way possible
- Maximise the efficiency of WPD's existing network and avoid the need for conventional reinforcement wherever possible, through the development of innovative ways of working
- Ensure successful innovation is rolled out as quickly and widely as possible across WPD's operations
- Ensure no one is left behind or disadvantaged by the changes brought about by the low carbon energy transition.

Core commitment	Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
64 For each innovation project we will undertake a cost benefit assessment and implement into business practice to improve efficiency and effectiveness of assets, operations and customer service	New		✓			Successful innovation is quickly rolled out across the business to improve day-to-day operations to improve WPD's efficiency and overall quality of service for customers.	?
65 Develop an interactive 'innovation ideas portal' aimed at stakeholders submitting ideas for new innovation projects	New		✓			Making the process of creating new projects and submitting ideas more accessible, will accelerate innovation. More projects will be created to facilitate the cost-effective transition to a low carbon future, delivering financial and environmental benefits to customers quicker.	?





## Package 3.4 – Community energy



### What we've heard from stakeholders so far:

Stakeholders identified supporting community energy projects as one of the highest priorities for WPD in relation to driving innovation and new services, given the large numbers of people in local communities it could benefit. They see a key role for community energy groups in the low carbon transition, both in terms of installing green, renewable generation but also for communities to increasingly flexibility services.

Community energy groups state they are often interested in developing low carbon technologies but tend to be slow to react to opportunities around flexibility, which stakeholders felt WPD should try and influence.

Stakeholders raised the importance of WPD providing education and support, as some groups may lack the knowledge and expertise in relation to the energy network, with some simplification and hand-holding throughout the connections process in particular. As well as improving the availability of network information, WPD needs to help with the interpretation of data for those that may not have the required understanding of the energy industry.

Stakeholders discussed the importance of community energy projects as a base for innovation extensively, especially as it was felt that this could benefit a lot of people which would also help to share knowledge and information. In particular stakeholders would like to see projects developed specifically to ensure community energy schemes benefit from Ofgem's Innovation funding mechanisms.

As well as supporting the low carbon transition, stakeholders can see a role for community energy schemes to help to address fuel poverty, with community energy champions able to advise their neighbours as they will be trusted and can build on the existing relationship.



### Essential context and information:

Community Energy is the delivery of community-led renewable energy, energy demand reduction and energy supply projects with the underlying objective of addressing climate change, whether they are wholly owned and/or controlled by communities, or in collaboration with commercial or public partners. These projects are a vehicle for wider social, economic and environmental benefits for the local community beyond the amount of megawatt-hours they generate.

WPD recognises that our local communities have a key role to play in achieving our net zero goals. We are committed to engaging with, and supporting our communities' bespoke climate and energy plans with 43% of the UK's community energy groups operating within WPD's network area. As a result, we currently support nearly 100 community energy organisations, comprising over 12,000 members, who collectively own 100MW of renewable capacity.

Most community energy organisations have under ten volunteers and no full-time staff. They generate locally-owned, clean energy, using profits to alleviate fuel poverty, deliver energy education and engagement initiatives, and help residents save money on their energy bills. However, they also face multiple barriers including the lack of viable business models, funding, finding sites with a grid connection and they are time- and resource-poor.

As many community energy groups are largely volunteer-based, some groups struggle to keep up with rapidly developing policy and changes to our energy system. Over recent years WPD has therefore produced a number of guides and resources for community energy groups to help them make the most of our expertise, including: several guides, case studies, podcasts, FAQs, a community energy engagement hub, animations and events information.

WPD's Net Zero Communities Strategy and action plan was published in April 2020:

[www.westernpower.co.uk/customers-and-community/community-energy/communities-strategy](http://www.westernpower.co.uk/customers-and-community/community-energy/communities-strategy)





## Package 3.4 – Community energy



### Core commitments we're proposing:

#### Overarching strategic intent:

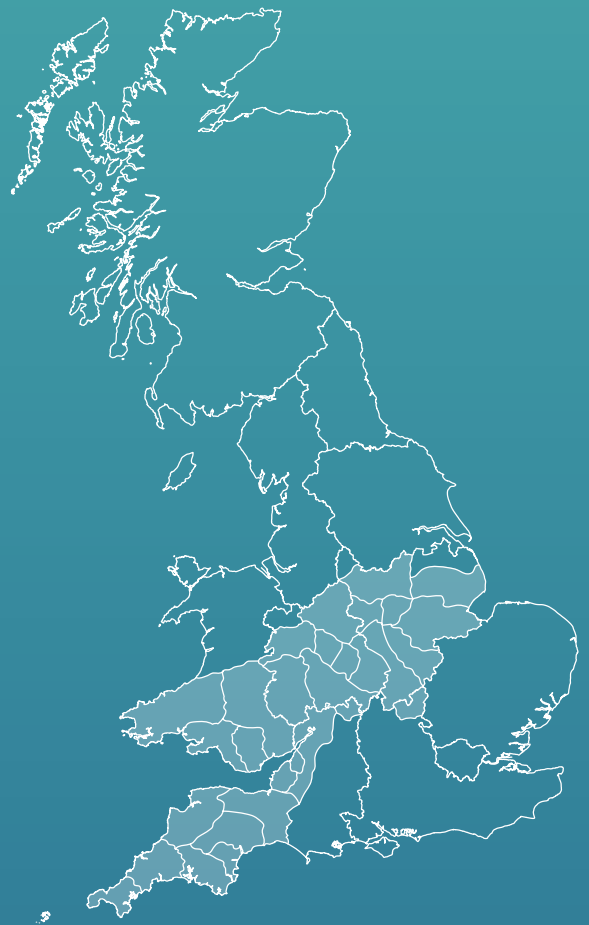
- Improve the understanding of the connections process amongst community energy groups and make it as easy as possible to make an application and connect to the network
- Build the knowledge and energy capabilities of community energy groups, and facilitate networking and collaboration between groups
- Unlock the potential of community groups to contribute to the achievement of Net Zero by 2050
- Build strong links between WPD and the wider communities we serve, to inform how we operate and co-create our plans for a smarter, more flexible electricity network for the future.

Core commitment		Current RIIO-ED1 performance	Option 1: Incremental improvement	Option 2: WPD current view	Option 3: Further ambition	Option 4: Considerably greater ambition	Positive impact for customers	Option 5: Your suggestion for alternatives
66	Hold Community Energy Surgeries for local Community Energy groups	New		30 per year – one per WPD operating region per year	60 per year – two per WPD operating region per year	90 per year – three per WPD operating region per year	Community groups with less knowledge and expertise of the connections process receive tailored support to develop their schemes and connect to the network. This will increase their confidence and understanding of our processes, so that they find it easier to gain access to our network.	?
		Bill impact:		-	+1p	+2p		
67	Establish dedicated innovation projects for Community Energy schemes	-		✓			WPD's support for community groups will extend beyond just helping them to connect to the network, by working in collaboration to help WPD to develop innovative, tailored solutions that benefit these types of connecting customer.	?
<b>Overall package:</b>								
		Additional expenditure per year:	-	-	+£0.31m	+£0.62m		
		Bill impact:	-	-	+1p	+2p		



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