

RIIO-ED2 Draft Business Plan

Webinar Q&A - Wednesday 3 February

Question	Answer(s)
<p>I have heard that in order to have capacity for the anticipated energy from Hinckley, Western Power is unable to support small scale renewable energy providers to connect to the grid- you are therefore preventing the creation of renewable energy supplies in Somerset. Please comment.</p>	<p>We continue to look at offering flexibility and alternative network management solutions to connect Distributed Generation (DG) quicker and more affordably where possible. Under the RIIO-ED2 plan we have made a commitment to delivering long term development statements and network development plans annually to further inform you of our future investments.</p>
<p>What customer engagement have you undertaken and how did they feed into what your commitments should be?</p>	<p>We have undertaken an extensive programme of stakeholder engagement, with over 4,500 stakeholders being involved in the last two years. We've held a large number of stakeholder engagement workshops and met with specific groups ranging from community energy to local authorities. But it doesn't stop there. That's why we have opened this online consultation and would encourage more feedback.</p>
<p>You are aiming for the Government target of net zero by 2050. There is lots of evidence that that is too late and we should aim for 2030. Can you increase your ambition please?</p>	<p>This is exactly the reason why we want to hear from more stakeholders to feed back their thoughts on the plan. In our consultation, we have set our current view position but have a number of different ambition levels which we have calculated bill impact, so if you do feel that we need to be more ambitious, tell us and this will be considered as part of the final business plan submission.</p>
<p>How do get to £96 pounds bill? I live in a standard 4 bed house with oil heating & mine is £1200 pounds per year?</p>	<p>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).</p>

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<p>How do you reconcile running diesel vehicles after the Govt. embargo with the 2043 target?</p>	<p>We don't. Transitioning to electric vehicles is only part of the solution and our plan clearly is to follow government rules. Our current view regarding becoming a net zero business by 2043 is based on changing all vehicles which reach the end of their useful life with EVs. For a more ambitious net zero by 2028 projection, then we would change all of our small vehicle fleet (79% of the fleet) for non-carbon vehicles by 2028. However, we would encourage anyone who feels that we are not ambitious enough to complete our consultation and share these views so we can take them into account.</p>
<p>Will WPD take into account the WG commissioned energy strategies their priority focus areas, objectives etc for each of the regions in investment decisions moving forward?</p>	<p>Yes, WPD has considered national and regional government strategies, alongside local area energy strategies to inform our ED2 investment plan.</p>
<p>Does the Business Plan address the move from DNO to DSO and whether these two areas need to be retained under one company or separated like NGET and NGESO</p>	<p>In the business plan we have a DSO Strategy which shows how we propose to operate a DSO function within WPD. Hence we believe it more cost effective and also efficient to have a DNO function and a separate DSO function within the same business. In the business plan we have a DSO Strategy which shows how we propose to operate distribution system operations within WPD. Activities under distribution system operations will be completed by WPD as a system operator and network owner, and some functions will be enabled by WPD but completed by third parties or the market. Due to the volume of decisions and scale of interactions between network owner and system operator for distribution, it is most efficient through close co-operation. We have structured these operations to have independent reporting lines up to director level and we will demonstrate economic actions are being taken being transparent in both processes and decisions.</p>

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Will you send a link for the consultation comment?	To have your say on the consultation, go to: https://yourpowerfuture.westernpower.co.uk/have-your-say/riioed2-business-plan-consultation
Decarbonisation comes with lots of caution (reliability, brownouts, power quality, cost etc concerns) and improving the scenario analysis along with transition strategy. Would you be able to plan for earlier target, say 2035?	Absolutely, if there is clear evidence that stakeholders want us to do this, we will change our plan. The purpose of publishing the draft plan and running the consultation is to gauge views and amend our plan based on updated stakeholder priorities. We have also forecasted the bill impact to meet these ambitions should we receive strong support for earlier net zero targets.
How do you factor in planned growth in local authority Development Plans?	Under our annual distribution future energy scenarios process, we seek out information from local authorities on the grass roots implementation plans to enable decarbonisation and feed these into what capacity our network needs to accommodate in the future. You can find out more at www.westernpower.co.uk
If stakeholders overwhelmingly call for higher targets across all or many of the 13 core commitments, which will result in higher bill costs - can you explain in a bit more detail how WPD will balance this and make a final decision on what will be submitted to Ofgem. Does Ofgem set a cap on the potential investment level.	In the consultation we have outlined precisely what the bill impact be should we increase our ambitions, so if the feedback told us that stakeholders wanted to see us take considerably higher ambitions in all core commitment areas, our calculations would state that this would potentially result in a £2.62 increase in bills as things currently stand - however we are awaiting further guidance from Ofgem on financing and this will affect the potential bill impact. Ofgem is responsible for ultimately setting the level of revenue we can have in RIIO-ED2 as per the RIIO-ED2 price control.

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<p>The country is committed to net zero and this will require huge increase in power for people to be able to generate clean power / install heat pumps and charge their electric cars. this is happening now and will need to be done by millions of homes and business. How will you invest ahead of this need to make it possible and how does that tie into the current restrictive OFGEM rules.</p>	<p>Overall we have a good knowledge of what the local needs are for our network via our extensive engagement with our 130 local authorities and our knowledge of where we have capacity on our network and where demand may exceed the existing capacity. We will aim to be an enabler for Net Zero by ensuring the network has the available capacity to allow for the future local connect of low carbon technology across the whole of our region.</p>
<p>With an aging workforce and 35% of the talent pool in the field retiring within the next 5 how are you going to ensure you meet these targets?</p>	<p>We have developed a Workforce Resilience Strategy which will ensure that we match our resources to requirements in RII0-ED2. We currently have an extensive apprenticeship and training programme, mainly delivered through our in-house training centres, to ensure we refresh the workforce and cater for leavers. We also recognise as we are moving into a more digital era and that we will need to attract new talent with data handling and processing relates skills. We believe that we are seen as a good employer and can achieve the levels of recruitment required to match our business needs. We are also looking to obtain at least silver level recognition via IIP to support us in this recruitment.</p>
<p>What does the Business Plan say about WPD's view on anticipatory investment on the network i.e. investment now to tackle forecasted demand. How does flexibility fit into that view?</p>	<p>Overall we have a good knowledge of what the local needs are for our network via our extensive engagement with our 130 local authorities and our knowledge of where we have capacity on our network and where demand may outstrip, the existing capacity. We will aim to be an enabler for Net Zero by ensuring the network has the available capacity to allow for the future local connect of low carbon technology. Where there is an identified to increase network capacity we will look to deploy a flexible solution in the first instance and only opt for upgrading physical assets should a flexible solution not be practical.</p>
<p>Isn't it that the Developer pays for any additional capacity requirement for development? so looking at Heat pumps this will be a major cost to Developers i.e. looking at Congleton etc</p>	<p>Any customer connecting to our network may have to pay for upstream reinforcement charges. But we do look to minimise the cost of this by utilising all existing capacity and looking for lower costs flexible services when we can (i.e. contracting with local generation companies to offset a peak or using active network management) to enable affordable connections.</p>

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<p>What impact does Ofgem's recent announcement on the Access Significant Code Review being delayed until after the RIIO-ED2 plan submission have on WPD's plans for ED2? How will WPD be ensuring that the plan is flexible enough to permit investment ahead of need to ensure that networks are facilitating net zero?</p>	<p>The delay in having the outcome in the Significant Code Review does mean there is uncertainty about future charging for connections. However, we have built our plan based on the current arrangements and will adapt as and when new guidance becomes available. We believe it is essential to invest in the network ahead of need, but the key is ensuring that the capacity is utilised at the earliest time after the upgrade. Our engagement with the local authorities and our production of distribution future energy scenarios assist us to ensure that this investment is targeted and based on accurate need.</p>
<p>Have you not undertaken direct engagement with domestic and business customers and not just part of your wider stakeholder engagement?</p>	<p>Yes we have. A number of domestic and business customers are regular participants to our workshops and we have a number of customer and vulnerable customer representatives from our customer panel groups. We would always encourage more, and the current consultation is open to all customers to share their views with us - something we welcome.</p>
<p>Mark - you mention ev and heat pumps. What about connecting new RE generation to the grid? And do you have any future electricity consumption figures?</p>	<p>In the presentation we did focus on electric vehicles and heat pumps, but you are quite right the connection of distributed generation is important to network operation. Especially as distributed generation assists to support the demand. It can also be used to provide a flexible service where generation can be used to offset peak demands on the network and negate or defer the need for physically upgrading our network.</p>
<p>Have you engaged with IDNO's on ADMD loading for EV and Heat pumps?</p>	<p>We have shared our data on heat pump and EV profiles from our innovation projects such as Electric Nation and Freedom. These are both publically available to download from our website. Our technical policies for what we use as ADMDs are available from our partners website for iDNOs. For ICPs and adoptable networks, WPD specifies the network design parameters, but for IDNOs this is outside of WPD's control.</p>
<p>What is the date you can say that all Smart Meters are reliable & can change supplier easily</p>	<p>We have updated our ADMDs based on research projects including Electric Nation. This saw us reduce our ADMD assumptions for EV charging. As we gain more operational experience of Hat Pumps we expect the ADMD information for them to be revised. Our design standards and ADMDs need to strike a balance between what we see now and what we might expect in a Net Zero future. Setting ADMDs too high can lead to unused capacity in our networks, setting them too low can lead to weaknesses at times of peak load. We have shared all our ADMD information and changes with ICPs, our documentation is available on our website, and share our views with other DNOs and IDNOs via the ENA. The decision on the ADMDs to use is, of course, a decision for individual DNOs or IDNOs based on their wider design policies.</p>

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<p>What would WPD need (from partners/govt etc) to hit net zero significantly earlier? Is 2030 theoretically doable and what do you need to get there?</p>	<p>In order to be able to support net zero effectively we need the support of Ofgem to ensure that there is adequate funding available for us to invest in our network to make it able to meet the low carbon technology take up. This means ideally we want to invest once in the network and future proof it for the next 30 years.</p>
<p>So with Bristol's ambition do they therefore attract more funding, and so less for other Local Authorities with less ambition? And how do we help LAs to raise that ambition?</p>	<p>No this is not the case. We need to understand the ambition in each of our local authorities in order to assess the potential requirements against the existing capacity. We will ensure that our network is ready to meet the demand in every one of our areas and will invest accordingly. RIIO-ED2 is only one price control period so if an area is looking to push forward to hit net zero drive well after 2028 then we will be asking for the funding to meet this need in future price control periods. Ultimately all of our network will need to be enabled to meet the net zero take up so it's really just a question of phasing the money to ensure we match the local area requirements.</p>
<p>What is the level of efficiency you built into your plan so far (both ongoing and embedded efficiency)?</p>	<p>The forecast expenditure in the plan includes an element of efficiency improvements and ongoing productivity which, in some areas, is partly offset by forecast real price effects. We will continue to review all of our assumptions ahead of our formal business plan submission in which we will clearly set out our assumptions.</p>
<p>Do you feel most customers (consumers and business) understand enough about heat pumps and their role with decarbonisation?</p>	<p>Heat pumps are becoming more mainstream now but it's fair to say that there hasn't been mass adoption at this point. Heat pumps is one of a number of solutions that can help to support decarbonisation. Our key focus is to ensure that the network is not a blocker to heat pump installations, and our plan does that.</p>
<p>No wind, no sun, how do propose to meet demand, when you will have to deliver 10-15 times the amount of electricity to each customer. Wood burning is inefficient and poisonous why is this pushed as "Green"</p>	<p>It will be important that we use a range of methods to ensure that power continues to be safe, reliable and meet the consumers needs while being environmentally sustainable. Renewable generation is part of the solution, but flexibility and energy storage will also have a major role to play, so that supply can meet demand.</p>
<p>What is the impact of flexible (traditional) solutions in offsetting the need for traditional wire solution?</p>	<p>To date WPD has procured 440MW of flexibility services and during 2019/20 deferred/avoided £26.4m of conventional reinforcement. WPD will continue to use flexibility, innovative solutions and other non-traditional approaches to reduce the cost to bill payers, where economic.</p>