



2015-2023

RIIO-ED1 BUSINESS PLAN

SA-01 Supplementary Annex - Stakeholder Engagement

June 2013 (updated April 2014)

SA-01 Stakeholder Engagement Contents

1	Introduction	3
	Structure of this document	3
2	Introduction to stakeholder engagement in WPD	4
	What sets our stakeholder engagement programme apart	4
3	Summary of key findings	6
	Network reliability and availability	6
	Safety	7
	Environment	7
	Connections	9
	Customer satisfaction	9
	Social obligations	10
4	Our stakeholder engagement strategy	11
	Our stakeholder groups	13
	Our methods of engagement:	14
5	Our stakeholder engagement process for RIIO-ED1	19
	Engagement timetable	20
	Phase One – Identifying our priorities	21
	Phase Two – Willingness to pay	22
	Phase Three – Business Plan consultation	24
6	Key findings in detail	26
	Network reliability and availability – Power cuts	26
	Network reliability and availability – Resilience to severe weather	29
	Environment – Low carbon innovation scenarios	32
	Environment – Network environmental impact	34
	Environment – Business carbon footprint	37
	Connections	38
	Customer satisfaction	41
	Social Obligations	44
7	Appendices	47
	A01: May 2011 Stakeholder workshops – Findings report	47
	A02: February 2012 Stakeholder workshops – Findings report	48
	A03: March – June 2012 Willingness to Pay – Testing attributes	49
	A04: March – June 2012 Willingness to Pay – Findings report	51
	A05: November 2012 Stakeholder workshops – Findings report	52
	A06: February 2013 Future bill payers workshops – Findings report	53
	A07: February 2013 Social Obligations workshops – Findings report	54
	A08: February 2013 ‘Power for Life’ newsletter to customers	55
	A09: February 2013 ‘Have your say’ consultation	56
	A10: February 2013 Have your say’ - Summary of responses	57
	A11: March 2013 WPD draft Business Plan	59
	A12: April 2013 WPD draft Business Plan – Summary for stakeholders	60
	A13: April 2013 Stakeholder workshops – Findings report	61

1 Introduction

- 1.1 This document is a supplementary annex to the Western Power Distribution (WPD) Business Plan for the eight year period from 1st April 2015 to 31st March 2023.
- 1.2 It describes WPD's stakeholder engagement processes and their results.
- 1.3 The stakeholder engagement that is described is relevant to all four WPD distribution licences of West Midlands, East Midlands, South Wales and South West.
- 1.4 The eight year period aligns with the next regulatory price control review period, known as RIIO-ED1; the first for electricity distribution to be determined using Ofgem's Revenue = Incentives, Innovation and Outputs framework. The Business Plan, supplementary annexes, detailed cost tables and financial models form the submission under RIIO-ED1 to the regulator Ofgem (Office for Gas and Electricity Markets), who will use the information to determine allowed revenues.

Structure of this document

- 1.5 We appreciate that the readers of the WPD Business Plan suite of documents will range from regulatory experts and well-informed stakeholders through to new customers who may have had little previous knowledge of WPD.
- 1.6 This document is aimed at readers who require a more detailed understanding of WPD's stakeholder engagement programme. A less detailed description can be found in the main Business Plan Overview document.
- 1.7 This document is subdivided into the following sections:

Chapter	Title	Content
2	Introduction to stakeholder engagement in WPD	A description of what sets WPD's stakeholder engagement apart.
3	Summary of key findings	An overview of the findings and summary of the WPD response.
4	WPD's stakeholder engagement strategy	A description of how we identify stakeholders and the approach used for engagement with different types of stakeholders.
5	Stakeholder engagement process used for RIIO-ED1	A description of the stages of stakeholder engagement used in the preparation of the WPD RIIO-ED1 Business Plan.
6	Key findings in detail	A more detailed description of the findings.
7	Supplementary appendices	A range of reports and documents that illustrate the process and outcomes from the stakeholder engagement process.

2 Introduction to stakeholder engagement in WPD

- 2.1 WPD regularly engages with stakeholders. We have always had a clear commitment to working closely with our stakeholders to give them opportunities to provide feedback on our services and shape our plans for the future.
- 2.2 Improvement in customer service, network performance and business efficiency must come from understanding the areas where we can do better. WPD's stakeholder consultation programme in preparation for RIIO-ED1 is a natural development of our well-established engagement activities.
- 2.3 Stakeholder feedback directly influences our overall business strategy. We use stakeholder feedback to challenge our performance and develop action plans to address stakeholder concerns and priorities.
- 2.4 For RIIO-ED1, our stakeholders have been more involved than ever before in our consultation activities.
- 2.5 The remainder of this annex will outline our strategy and approach to stakeholder engagement, the detailed feedback we have received from our different stakeholder groups and, most importantly, explain the actions we have taken as a result.

What sets our stakeholder engagement programme apart

- 2.6 **Breadth and quality:** We have engaged with over 4,200 stakeholders on our RIIO-ED1 Business Plan. Many different stakeholders have been involved throughout the process and have become more knowledgeable about our business. This has enabled stakeholders to evaluate our plans critically and in considerable and increasing detail. We place a strong emphasis on talking directly to stakeholders face-to-face at events co-facilitated by WPD staff.
- 2.7 **Business-led:** Stakeholder engagement is not separate to our day-to-day activities. Members of the WPD senior management team, including local Distribution Managers, who will be responsible for operationally delivering the work, have facilitated our stakeholder workshops so they can learn from our customers first hand.
- 2.8 **Transparent:** After every stakeholder event we publish an independent report of the findings, followed by a WPD response including an action plan for how we will act on our stakeholders' feedback.
- 2.9 **Innovative:** We use a wide range of engagement methods and are innovative in our approach. WPD's fourth annual customer awareness campaign began in February 2013 with the unveiling of a brand new TV advert - a bold and novel approach to engagement with millions of customers who have little prior knowledge of WPD. The month-long 'Power for life' campaign, including the screening of the TV advert, also included local newspaper advertising and a four-page leaflet delivered to every home and business in our region, which invited customers to participate in our stakeholder workshops.
- 2.10 **Inclusive:** We have given 'future bill payers' the opportunity to have a say in our plans, through bespoke university events. We also recognise WPD staff as key stakeholders. WPD's Chief Executive personally conducts 50 staff road shows each year, seeing all 6,100 staff, to communicate the key aspects of our Business Plan and the role staff will play in delivering our promises to customers.
- 2.11 **Valued by stakeholders:** Our stakeholder workshops have received 99.7% satisfaction ratings from the participants for usefulness and value.

2.12 A phased approach: Stakeholders have influenced and helped to shape all aspects of our Business Plan. We have used a phased approach with our stakeholders to build our Business Plan. We began by identifying broad stakeholder priority areas and then developed these into specific proposals for service level improvements. We then gave stakeholders multiple options for investment before finally consulting on our draft Business Plan in full, including all proposed outputs.

3 Summary of key findings

- 3.1 WPD has carried out an extensive programme of stakeholder engagement, seeking feedback on a range of different options for future services and network investments. The following provides a high level summary of the key findings along with a description of WPD's response to stakeholder views.

Network reliability and availability

During normal weather conditions

- 3.2 **STAKEHOLDER FEEDBACK:** Network reliability (during normal weather conditions) is the number one priority for our stakeholders and they are not willing to see any deterioration in service.
- 3.3 Stakeholders would like to see at least a 10% reduction in both power cut frequency and duration from 2011/12 levels. Initial stakeholder engagement, indicating that improvements were expected, was reinforced during our Business Plan discussions where two thirds of stakeholders stated that reducing the number and average duration of power cuts should be a high priority. Over half agreed with WPD's proposals to reduce average frequency and duration of power cuts and a further 30% wanted even greater reductions.
- 3.4 **WPD RESPONSE:** We proposed to improve network performance so that on average customers will have 13% fewer power cuts (moving from 7 in 10 years, to 6 in 10 years) and have their electricity supplies restored 20% quicker (moving from an average duration of 48 minutes to 38 minutes) based on 2011/12 underlying performance. The final tougher targets agreed with Ofgem will lead to improvements of 16% for power cuts and 23% for the duration.

Worst served customers

- 3.5 **STAKEHOLDER FEEDBACK:** There should be increased investment to improve network reliability for worst served customers. Stakeholders support Ofgem's decision to change the definition from 15 power cuts in 3 years (lasting 3 minutes or more), to 12 power cuts in 3 years.
- 3.6 Stakeholders recognise that living in remote areas can make power cuts more likely and they support investment where it improves performance for customers receiving the poorest service. Using the present definition (15 higher voltage power cuts in 3 years), stakeholders would like to see the number of worst served customers reduced by 20%, from 10,000 to 8,000 customers. When WPD proposed to go further (improve by 40%) stakeholders told us to scale-back our plans to, what they felt was, a more reasonable cost per benefitting customer.
- 3.7 Ofgem have since indicated that the definition of a worst served customer will change. WPD tested improvements against this new definition via 'willingness to pay' research and qualitative workshop discussions. Stakeholders overwhelmingly supported WPD's proposals to apply the same level of improvement previously agreed with stakeholders (20% reduction), to the new definition, therefore reducing the number of worst served customers from around 20,000 to 16,000. A significant proportion of stakeholders (40%) favoured a 20% improvement in network reliability for those 4,000 benefitting customers, at a maximum expenditure per customer of £800.
- 3.8 **WPD RESPONSE:** We recognise the inconvenience of frequent power cuts and will reduce by 20% the number of customers classified as worst served.

Resilience to severe weather

- 3.9 STAKEHOLDER FEEDBACK:** The importance of network resilience to severe weather and flooding is an issue that has increased significantly for stakeholders over the last 18 months, and is now viewed as one of WPD's top three priorities.
- 3.10** A number of high profile floods during 2012 made stakeholders more aware of the disturbance flooding can cause and 95% would like to see our flood mitigation measures extended to protect more substations.
- 3.11** Tree clearance to reduce the impact of storms on the electricity network was strongly supported, with half of our stakeholders endorsing WPD's existing tree clearance programme and over 40% wanting the programme to be accelerated.
- 3.12 WPD RESPONSE:** We will accelerate the rate of resilience tree trimming by 40%, to complete the programme five years earlier than suggested by Government guidelines (accelerate from 25 years to 20 years), clearing 700km of overhead line each year. We will apply flood defences to an additional 75 substations, reducing the risk of damage to equipment and power cuts due to flooding.

Safety

- 3.13 STAKEHOLDER FEEDBACK:** Stakeholders regard safety as a 'given' requirement. It therefore remains a high priority for the way that work is carried out by WPD staff and contractors and how WPD interacts with customers, landowners and other parties.
- 3.14 WPD RESPONSE:** Safety is at the heart of everything we do and we will continue to target improvements in our overall safety performance. Our safety outputs include 100% compliance with health and safety law, reducing accidents, enhancing security measures at substations and educating the public; including providing safety information to over 400,000 school children.

Environment

Oil and gas leaks from equipment

- 3.15 STAKEHOLDER FEEDBACK:** Minimising WPD's environmental impact by reducing oil and SF₆ gas leaks from equipment is seen as a key issue, although it is viewed as a 'medium' priority when placed in context with other areas for investment.
- 3.16** Stakeholders would like to see continued improvements to reduce oil leaks through targeted investment, but do not support significantly increased investment. In relation to SF₆ gas leaks, the majority (55%) favoured the removal of the worst 1% of leaking switchgear, because this balanced addressing the assets with the highest leak rates and value for money.
- 3.17 WPD RESPONSE:** We will reduce by 75% the volume of oil lost through leaks from oil filled cables through targeted investment to roll out a chemical tracer tagging system that will speed up the location of leaks. There are no alternatives to SF₆ gas at some voltage levels and so we will reduce the volume of SF₆ gas lost by 17%, by replacing 1% of switchgear with the highest leak rates.

Improving visual amenity

- 3.18 STAKEHOLDER FEEDBACK:** Undergrounding overhead lines in National Parks and Areas of Outstanding Natural Beauty (AONBs) remains a priority area for stakeholders but this is a polarising issue for many stakeholders and our proposals have received a mixed response.
- 3.19** During initial engagement stakeholders placed a high priority on increasing this activity. We therefore consulted stakeholders on our plan to increase the number of overhead lines to be undergrounded from 40km to 70km in 8 years. Stakeholders' priorities had changed and 64% asked WPD to scale-back their plans to present levels, or less. In our final round of stakeholder workshops, and in response to WPD's updated proposal to maintain undergrounding at present levels this remained a divisive issue, with 28% stating that WPD should do more than proposed, but with 20% stating WPD should remain at 40km or do even less.
- 3.20 WPD RESPONSE:** We will underground 55km of overhead lines by 2023, (presenting an increase of nearly 2km per year on present average levels), working with National Parks and AONB representatives to determine the lines that provide greatest visual amenity benefit. This is in line with majority significant proportion of stakeholders who sought an increase but does not go as far as 70km previously proposed, in recognition of the 64% of customers that did not support large increases.

Low Carbon Technologies (LCTs)

- 3.21 STAKEHOLDER FEEDBACK:** Future-proofing the network is a high priority, but stakeholders are very conscious of the uncertainty surrounding the timing and uptake of low carbon technologies. They would like WPD to strike a balance in RIIO-ED1; increasing investment where there is confidence the need exists, but not to go too far ahead of need.
- 3.22** Stakeholders generally believe that there will be an increase in LCTs that will have an impact on the networks and that WPD will need to accommodate LCTs in a cost effective manner. The majority were of the view that WPD's initial LCT projections were too high, particularly regarding the uptake of electric vehicles and heat pumps.
- 3.23 WPD RESPONSE:** We have undertaken a detailed forecasting exercise with the Centre for Sustainable Energy (CSE) to ensure that our 'best view' scenario is evidenced and can be supported. In RIIO-ED1 we will provide a faster response (20% improvement) to customers wanting to connect LCTs, identify potential LCT hotspots and target network investment in these areas using smart interventions and traditional reinforcement.

Connections

Time to connect

- 3.24 STAKEHOLDER FEEDBACK:** Stakeholders are very clear that this is an area where we can still do better, despite WPD having the highest satisfaction rating in the industry for our connections service. Stakeholders believe we should shorten the overall time it takes to provide a quotation, and once the quotation is accepted, the time it takes for the connection to be completed.
- 3.25** 43% of business customers and 40% of developers/connections customers wanted improvements to the overall time to connect. The option to improve the overall time to connect by 20% gained most support amongst these customers who have first-hand experience of applying for a connection.
- 3.26 WPD RESPONSE:** We will improve the overall time to deliver a connection by 20%. We will do so for all market segments, not just smaller developments.

Communication

- 3.27 STAKEHOLDER FEEDBACK:** The connections process should be made easier by providing more frequent, timely communication and alternative methods by which customers can access information.
- 3.28** Stakeholders overwhelmingly supported the introduction of an online self-service system for enquiries, applications, payments and progress tracking. Stakeholders largely dismissed the provision of a single local point of contact, suggesting that it would introduce an additional person in the chain, delaying communication between the customer and the appropriate WPD contact.
- 3.29 WPD RESPONSE:** We will develop online connections processing and progress tracking. We will host quarterly 'surgeries' for connections customers to help them better understand the process and to help us to understand the evolving needs of our customers.

Customer satisfaction

Customer Communication

- 3.30 STAKEHOLDER FEEDBACK:** Stakeholders recognise that WPD currently has the highest overall customer satisfaction rating of any DNO group and want this to continue. They have told us that the telephone remains their preferred method of communication; however they would like a choice of communication methods to use, such as social media and real-time power cut information on our website.
- 3.31 WPD RESPONSE:** We will continue to be the number one performing DNO group across all elements of the industry's Broad Measure of Customer Satisfaction. We will continue to answer calls within 2 seconds and we will provide on demand messaging via text and social media for customers who want to be kept informed by means other than the telephone. We have already introduced live power cut updates on our website.

Guaranteed Standard of Performance (GSOP) payments

- 3.32 STAKEHOLDER FEEDBACK:** Although GSOP payments were never intended to cover consequential loss, and this position remains unchanged, stakeholders have informed WPD that they believe that the value of GSOP payments are too low to cover the impact of the failures.
- 3.33 WPD RESPONSE:** Because customers find that they have been inconvenienced when failures occur, WPD proposes to voluntarily double the value of the payments made.

Social obligations

Priority Service Customers

- 3.34 STAKEHOLDER FEEDBACK:** WPD has a key responsibility to continue to support vulnerable people, by providing practical support during power cuts and proactive preparation advice and information in advance of an interruption. Stakeholders strongly supported expanding our current support services and increasing the amount of information provided to customers.
- 3.35 WPD RESPONSE:** We will ensure the quality of data on our Priority Services Register by contacting all registered customers at least once every two years. We will contact all medically dependent customers every three hours during power cuts, continue to provide practical support via the Royal Voluntary Service (RVS) and British Red Cross, and make 10,000 crisis packs available.

Fuel Poverty

- 3.36 STAKEHOLDER FEEDBACK:** There is a role for WPD in tackling wider social issues such as fuel poverty. Stakeholders believe WPD are uniquely placed to support customers due to the interaction we have with them and also the fact that we do not directly bill customers. However, we must not duplicate the responsibilities of other agencies, or deviate too far from our core responsibility to support people during power cuts.
- 3.37 WPD RESPONSE:** Building on our existing successful partnership relationships, we will extend our partnership networks, so that we can refer customers to them for assistance. We will also provide bespoke fuel poverty awareness training to WPD frontline staff. By working with partners we will also continue to support initiatives and community-outreach projects specifically to address the causes of fuel poverty.

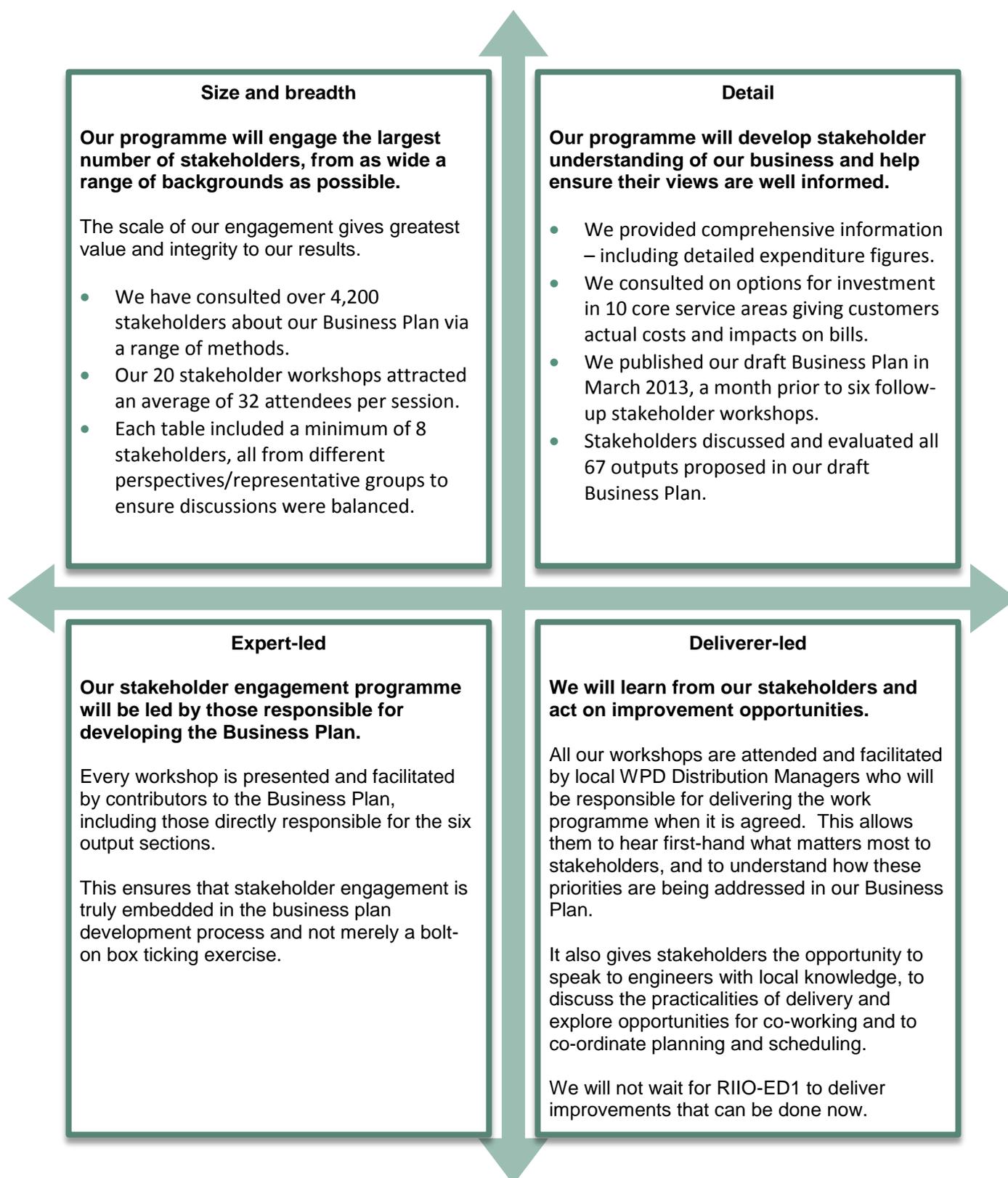
4 Our stakeholder engagement strategy

4.1 We have a six-stage stakeholder engagement strategy and have been hosting stakeholder workshops since 2008. Our Chief Executive reviews and approves our strategy and action plan annually. The strategy is to:



Additions to our strategy in the light of RIIO-ED1

4.2 When devising our RIIO-ED1 stakeholder engagement programme we chose to extend our core engagement approach to provide the additional information that would be required to help us shape our long term investment priorities and plans. To ensure our consultation programme was of the highest quality, scope and effectiveness, our stakeholder workshops and events have been underpinned by 4 key goals:



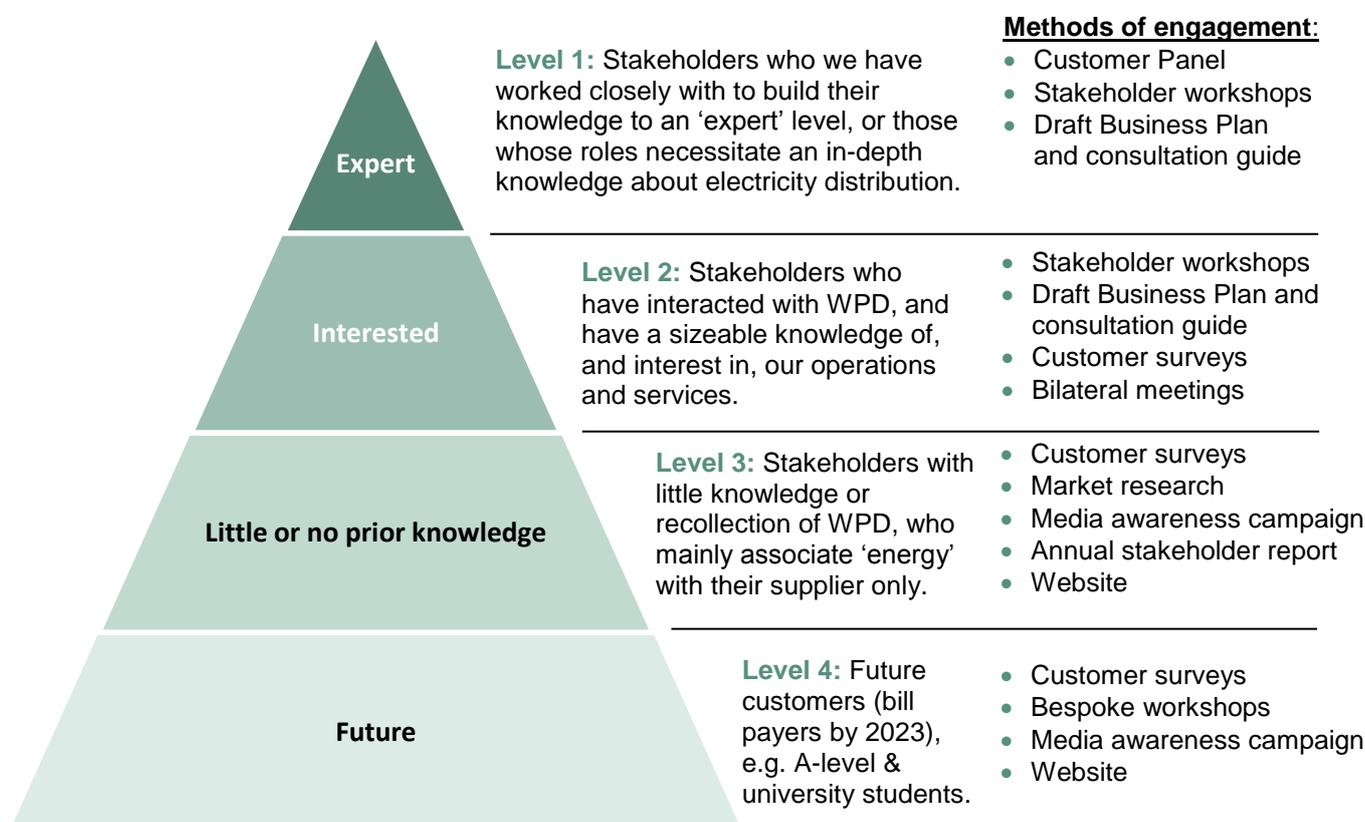
Our stakeholder groups

4.3 All our stakeholders are important to us. We update our stakeholder database annually and it currently contains over 4,500 active stakeholder contacts.

4.4 On an on-going basis we undertake a wide range of engagement activities with different stakeholders including:

- domestic and business customers;
- major energy users and suppliers;
- local authorities;
- parish councils;
- other DNOs;
- other utilities (including electricity suppliers);
- environmental groups;
- regulatory bodies;
- vulnerable customer representatives;
- emergency planners;
- educational institutions;
- connections customers;
- distributed generation customers and developers;
- future customers;
- all WPD staff.

4.5 Our stakeholders have a wide range of knowledge and interest levels in what we do. To ensure our stakeholder engagement activities are comprehensive and inclusive, we tailor our approach so we have an appropriate method of engagement depending on their interest:



Our methods of engagement:

Building our RIIO-ED1 Business Plan with stakeholders

- 4.6** Since 2010, we have engaged with over 4,200 external stakeholders specifically on our plans for RIIO-ED1, via:
- 20 stakeholder workshops (with a wide cross-section of stakeholders);
 - 2 ‘future customers’ workshops (with university students)
 - 2 ‘social obligations’ workshops (with vulnerable customers, representatives and agencies)
 - 7 Customer Panel meetings (with “expert” stakeholders);
 - 8 focus groups (with domestic customers);
 - 1,208 ‘willingness to pay stated preference’ interviews (with domestic customers);
 - 426 ‘willingness to pay stated preference’ interviews (with business customers);
 - 6 connections and distributed generation surgeries;
 - 774 distributed generation customer interviews;
 - 408 vulnerable customer surveys (with customers on the Priority Service Register);
 - 2 energy supplier forums;
 - 50 staff roadshows.
- 4.7** Following stakeholder workshops, Customer Panel meetings and willingness to pay research, we publish reports on our website detailing all of the feedback received, as well as a WPD response outlining the conclusions we have reached and how this will impact on our plans.
- 4.8** Engagement carried out with stakeholders in each of the four stakeholder knowledge and interest levels, is never carried out in isolation. We share the feedback from each of these fora with stakeholders in the other levels, and use the feedback gained to inform the content of our future engagement.
- 4.9** Examples of our engagement methods, per stakeholder knowledge and interest level, include:

Level One – Expert:

WPD Customer Panel

- 4.10** We have established a permanent Customer Panel that gives a broad range of stakeholders the chance to shape our thinking and future priorities at a strategic, highly informed level.
- 4.11** The Customer Panel is attended by WPD’s Chief Executive and members meet quarterly to voice their opinions, concerns and ideas in an open forum.
- 4.12** The Customer Panel has been in place since 2009.
- 4.13** Through their expert knowledge the Customer Panel is able to shape our broader strategic thinking and offer expert analysis and refinement of our Business Plan as a whole. Outputs from all meetings are published on our website including detailed minutes and actions formally recorded.
- 4.14** Each Customer Panel member represents one of our stakeholder segments. The Customer Panel’s membership is therefore regularly evolving to ensure it continues to be representative



of our diverse customer base. Growing from 11 original attendees, there are now 20 permanent members from regional and national groups including: the British Red Cross, Major Energy Users' Council, B&Q, Energy Saving Trust, the Co-Operative, RVS, Warwickshire Police, Severn Trent Water, West Coast Energy, Clearwell Parish Council and Lincoln University.

WPD Customer Panel – Joint statement of endorsement from members

“Western Power Distribution (WPD) was the first DNO to adopt open and enduring stakeholder engagement, long before RIIO-ED1. They have led the way by giving stakeholders a clear say and involvement in strategic decisions for the future of the business.

WPD’s Customer Panel was the first of its kind and currently enables us to regularly meet the senior company managers, see the company at work and learn more about what WPD is doing, where and when. The transparent and open approach affords us (the customer panel) the opportunity to comment on policy and feedback concerns and suggestions to management and key decision makers directly.

WPD proactively engage our group at an early stage with first sight of new policies, strategies and investment proposals to provide appropriate constructive challenge to recommendations and support before they are more widely consulted on at stakeholder workshops.

Collectively the professional experience and knowledge of the invited members have enabled consideration of the outputs proposed by WPD for RIIO-ED1 in order to submit a plan that would be most beneficial for stakeholders and customers. WPD respect both positive and negative responses and address issues accordingly.

WPD’s approach to engagement is transparent, genuine and well thought out, using a wide range of methods. Meetings are a worthwhile use of our time as we see our suggestions implemented to ensure customers continue to receive the best possible overall customer service.”

Level Two – Interested:

Stakeholder workshops

4.15 We have held 20 stakeholder workshops since 2010 in relation to our RIIO-ED1 Business Plan.

4.16 The events focussed in detail on various aspects of our business that stakeholders had indicated were important to them. The events allowed WPD to identify stakeholder priorities and suggestions for improvements to services and processes. We were able to test and refine our proposals, identify areas for further consultation and, where required by stakeholders, provide additional detail.



4.17 The events have attracted 650 stakeholders representing a broad cross-section of customer groups. Stakeholders included large customers, suppliers, manufacturers, local authorities, emergency planners, environmental groups, vulnerable customer representatives, parish councils, health trusts and universities. Each table featured an average of 8 stakeholders, all from a different stakeholder interest groups, that allowed for fair and balanced discussions from a wide range of perspectives.

4.18 Sessions were held in urban and rural locations across WPD’s regions to ensure a representative view. Events were held in Nottingham, Birmingham, Cheltenham, Gloucester, Exeter, Cardiff and Bristol.

- 4.19 All round-table discussions were run by independent facilitators to stimulate conversation and to ensure workshop reports were independent and unbiased.
- 4.20 All tables included a senior manager from WPD to provide context and to answer stakeholder questions.
- 4.21 The full-day sessions involved presentations from WPD to give an overview of the company and our activities and to provide important context to the topics for discussion, including current WPD performance and a detailed explanation of our future plans.
- 4.22 Stakeholders then participated in facilitated, qualitative round-table discussions followed by quantitative electronic voting in order to give stakeholders an instant overview of the consensus amongst those in attendance. In the afternoon there were optional sessions where stakeholders could discuss topics of specific interest with a relevant “expert” from WPD who is operationally responsible for that service area.
- 4.23 For example, our six stakeholder workshops in November 2012 were structured as follows:
 - We presented:
 - various options for investment and costs;
 - the corresponding service improvement each option would deliver;
 - the maximum impact on the average domestic electricity bill; with respect to:

Workshop 1:	Workshop 2:
Reducing power cuts	Improving service for remote (“worst served”) customers
Improving network resilience to severe weather	Undergrounding overhead lines in National Parks and Areas of Outstanding Natural Beauty
Protecting equipment from flooding risk	Improving service for new connections customers (process speed and communications)
Reducing oil and gas leaks from equipment	Innovating customer communication methods

- A separate session was held in the afternoon specifically on low carbon investment scenarios, led by our Design and Development Manager.

Level Three – No prior knowledge:

‘Power for life’ media awareness campaign

- 4.24 Stakeholder feedback, in particular from vulnerable customers, students and young people, is that raising awareness of WPD should be a high priority.
- 4.25 We therefore run a month long ‘Power for life’ awareness campaign every year where we send a newsletter to every customer and run a series of television adverts.
- 4.26 The purpose of the campaign is to:



- raise awareness of who we are and what we do;
- report on our current performance and what we are doing to improve our service;
- invite customers to have an input in our stakeholder engagement programme and help shape our future investment plans.

- 4.27 WPD's fourth annual awareness campaign began in February 2013 with the unveiling of a brand new television advert - a bold and novel approach to engagement with millions of customers who have little knowledge of WPD.
- 4.28 The month-long campaign, could be viewed on all ITV regions serving our operational area, as well as on S4C in Wales and the 'On Demand' services for ITV and Channel 4. The advert and a range of other information about the campaign are also featured on the WPD website.
- 4.29 In addition, a four-page information leaflet was delivered to every home and business (7.8 million) in our region, whilst advertising appeared in every regional daily and evening newspaper and included contact information for people wishing to get in touch.
- 4.30 The 'Power for life' newsletter included an overview of our stakeholder engagement programme, our plans for RIIO-ED1 and an invitation for customers to participate in our consultation process. See appendix A08.
- 4.31 This ensured that customers with little or no prior knowledge of WPD were given the opportunity to understand our business and have their say on our future plans. In 2012, respondents to our media campaign took part in our 'willingness to pay' research, one month later. Several have also attended Business Plan workshops.
- 4.32 Over 2,000 customers from 20 major towns and cities across our region took part in face-to-face opinion research, pre and post campaign. This was designed to gauge awareness levels, identify what information customers would most like to receive from us and their preferred method of receiving it.
- 4.33 Following the 2013 campaign there was a considerable increase in awareness of WPD – 56% amongst those who recalled the campaign – compared with 28% of those who could not.
- 4.34 Customers also endorsed the methods used by WPD, by highlighting newsletters, TV and radio, and the WPD website as their preferred methods of receiving information from us.



Level Four – Future:

Future customers workshops

- 4.35 Given that WPD's Business Plan covers the period up to 2023, we have identified a new stakeholder segment for specific consultation. In 2013 we ran a series of workshops with university students to give future electricity bill payers the opportunity to influence and feedback on our plans.
- 4.36 The sessions at Nottingham University and Bristol University were attended by a number of interested students.
- 4.37 Every effort was made to engage with as broad a range of students as possible. At Nottingham University we used the university's own database of 209 societies and sent invitations by email. At Bristol University, we placed a number of posters at locations around the Students' Union building and also emailed students directly, using a specialist student marketing company.



4.38 Following an introductory presentation from WPD we held facilitated, qualitative round-table discussions about WPD's future plans with respect to:

- reducing power cuts;
- customer communication methods and the use of social media;
- climate change mitigation and protecting the network from severe weather;
- smart networks and low carbon technology.

4.39 Students echoed the views of wider stakeholders in their support of investment to deliver a more reliable network and fewer power cuts. The consensus was that any power cut lasting more than one hour was extremely inconvenient. They therefore supported investment plans to further reduce the average duration of power cuts for WPD customers and to lower the guaranteed standard threshold.

4.40 Although students can see a role for social media to provide updates during power cuts, most would prefer information via text messages and via our website.

4.41 They felt it was important that WPD try to raise our profile and therefore supported on-going customer awareness campaigns.

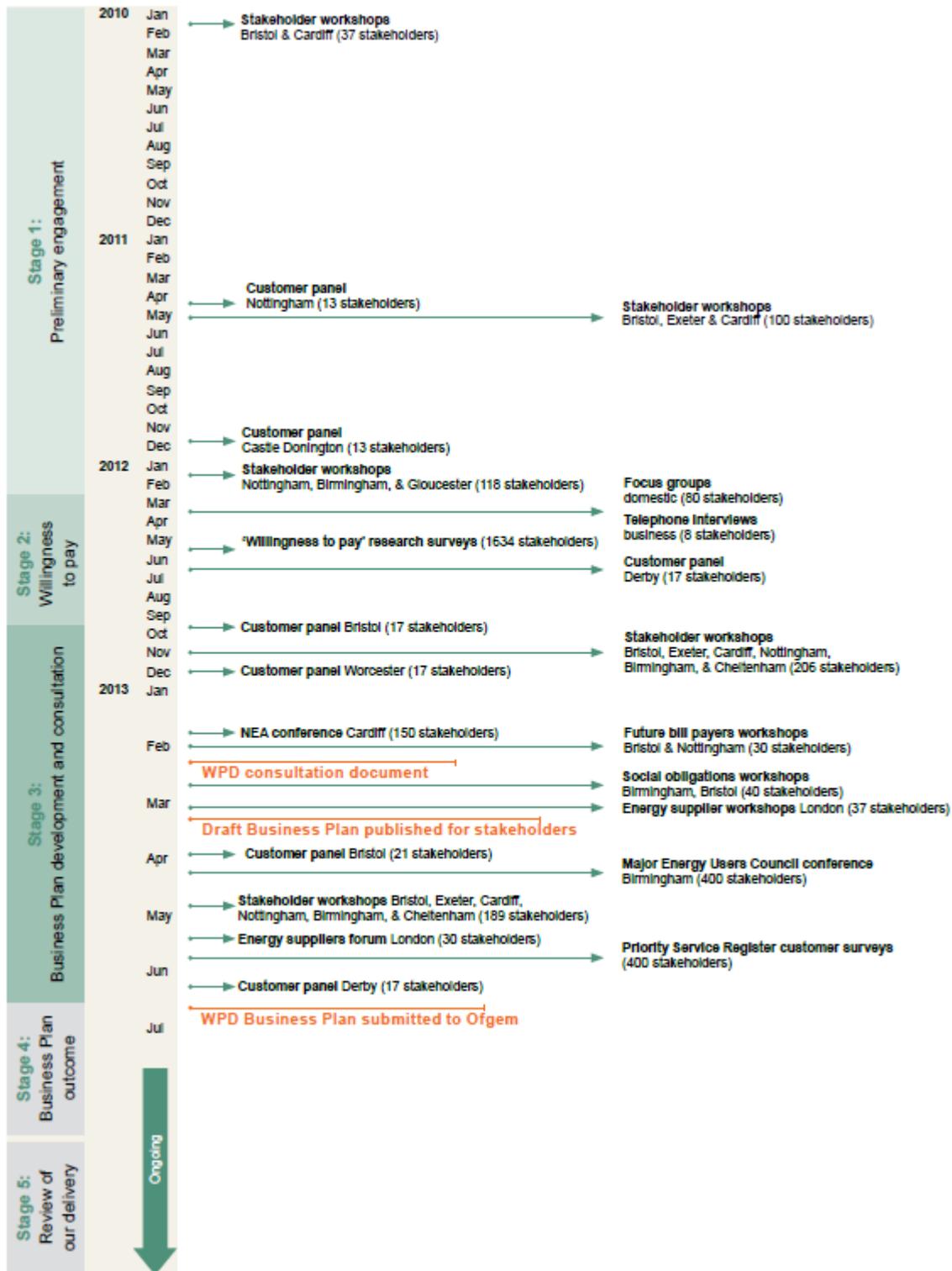
4.42 For the full findings reports from these workshops, see Appendix A06.

5 Our stakeholder engagement process for RIIO-ED1

5.1 Our RIIO-ED1 engagement programme has five phases:

Phase	Timing	Objective
1 - Preliminary engagement	January 2010 – December 2011	To ensure all stakeholder interest areas have been recognised and suitable representatives identified. We also sought to understand their preferred method of communication and to hear first-hand the issues that most concern them.
2 - Willingness to pay research	January 2012 – August 2012	To group stakeholders' priorities into common areas for focus within the Business Plan, to identify specific levels of service improvement achievable under each priority area and to understand customers' 'willingness to pay' for improved performance.
3 - Business Plan development and consultation	September 2012 – July 2013	To provide stakeholders with the opportunity to shape the WPD Business Plan by presenting stakeholders with options for network investment, the level of service improvement each option would deliver, the overall costs and the impact on the average electricity bill.
4 - Business Plan outcomes	July 2013 – Ofgem decision (February 2014)	To communicate how we incorporated stakeholder feedback into our Business Plan, highlight any significant changes from our previous proposals, and to identify the key performance measures stakeholders would like us to use to monitor our progress and enable them to hold us to account for delivering on our promises.
5 – Business Plan delivery/performance review	April 2015 onwards	To provide an update on our progress in delivering the investment plans, our performance against key output measures and to identify areas of emerging stakeholder interest or concern.

Engagement timetable



Phase One – Identifying our priorities

Overview

5.2 Stakeholders were predominantly engaged via qualitative discussion workshops. WPD held events in Bristol, Exeter and Cardiff in May 2011, the findings from which can be found in Appendix A01, and in Nottingham, Birmingham and Gloucester in February 2012, the findings from which can be found in Appendix A02.

5.3 Stakeholders were asked to identify and discuss their priorities for short (next 5 years) and long term investment using traffic light indicator boards, with respect to:

- customer service;
- network performance;
- environmental performance;
- innovation (to facilitate a low carbon future).

Summary of stakeholder feedback

Rank	Stakeholder priorities identified	May 2011			Feb 2012			
		Exeter	Bristol	Cardiff	Nottingham	Birmingham	Gloucester	
	<i>Number of stakeholders</i>	37	32	31	34	50	34	
HIGH PRIORITY	1	Maintain current service levels	Highest (Top 3)					
	2	Low carbon innovation ¹	Highest (Top 3)	High	High	Highest (Top 3)	High	High
	3	Flood (and climate change) mitigation	High	Highest (Top 3)	Highest (Top 3)	Med/low	Highest (Top 3)	Highest (Top 3)
	4	Future proofing asset replacement	High	High	High	High	High	High
	5	Network resilience to severe weather and emergencies	High	High/med	Highest (Top 3)	Medium	Highest (Top 3)	High
	6	Reducing power cuts	Medium	Medium	Medium	Highest (Top 3)	High	Highest (Top 3)
MEDIUM PRIORITY	7	Oil/gas leaks from equipment	Highest (Top 3)	Highest (Top 3)	Medium	Medium	Med/low	Med/low
	8	Customer communication	Med/low	Med/low	Medium	Medium	High/med	High
	9	Remote ('worst served') customers	Medium	High/med	Medium	Med/low	Medium	Medium
	10	Improving the new connections service	Med/low	Low	Low	High	High/med	High
11	Undergrounding in National Parks and AONBs	Medium	Medium	High	Low	Medium	Med/low	
LOWER PRIORITY	12	Reducing business carbon footprint*	Med/low	Med/low	High/med	-	-	-
	13	Metal theft prevention*	-	-	-	Med/low	High/med	Low
	14	Reducing dips (short interruptions)*	Med/low	High/med	Low	-	-	-
	15	Protecting habitats and species	Med/low	High/med	Medium	Low	Med/low	Low

*Any workshops where feedback is denoted by a dash, indicates that the topic was not discussed at that event.

¹Priorities subsequently grouped under the category of 'innovation to facilitate a low carbon future':

5.4 Stakeholder views related to low a carbon future are detailed in the table below :

Rank	Stakeholder priorities identified	May 2011			Feb 2012			
		Exeter	Bristol	Cardiff	Nottingham	Birmingham	Gloucester	
	<i>Number of stakeholders</i>	37	32	31	34	50	34	
HIGH PRIORITY	1	Trial technologies and innovation to facilitate low carbon networks	High	High	High	High	High	High
	2	Making better use of current system capacity (e.g. substation monitoring and dynamic asset rating)*	-	-	-	High	High	High
	3	Installing a smart network (including installing equipment to enable real-time data exchanges)	High	Medium	High	High	High	High
	4	Facilitating connections of local renewable energy	High	Med/low	High	High/med	High	High
MEDIUM PRIORITY	5	Facilitating the Renewable Heat Incentive*	High	Med/low	High/med	-	-	-
LOWER PRIORITY	6	Electric vehicle charging	Low	Low	Low	Med/low	Med/low	Low

Phase Two – Willingness to pay

Overview

5.5 Working with the market research company ‘Accent’, we held focus groups with 90 domestic and business customers and undertook 1,634 in-depth telephone surveys (1,208 randomly-selected domestic customers, and 426 randomly-selected business customers). This was a statistical exercise in which customers made various choices relating to different levels of service improvement, from which an average ‘willingness to pay’ figure (as an additional to their current annual electricity bill) was derived. The full findings reports from these surveys can be found in Appendix A04.

5.6 We used the priority areas identified by stakeholders in Phase One to identify more specific service improvement options. For example, having identified that ‘reducing power cuts’ was a high stakeholder priority, we split this into power cut ‘frequency’ and ‘duration’. Similarly we divided ‘improving the new connections service’ into ‘speed of the process’ and ‘communication during the process’. We asked stakeholders whether they would like to see WPD maintain current service levels, deliver improved service in return for increased bills, or deliver lower levels of service in return for lower bills. The table below illustrates an example for average duration of power cuts:

Average duration of power cuts (over 3 mins)	65 minutes (increase to)
	60 minutes (<i>base - maintain</i>)
	55 minutes (reduce to)
	50 minutes (reduce to)

5.7 For the full list of testing levels surveyed, see Appendix A03.

Summary of stakeholder feedback

	Rank	Category	Willingness to pay for various improvement levels (additional to annual bill)
HIGH WILLINGNESS TO PAY	1	Improving service for worst served customers	£1.01 - £3.27
	2	Undergrounding in National Parks and AONBs	£2.37 - £2.98
	3	Reducing oil and gas leaks from equipment	£2.09 - £2.50
	4	Average duration of power cuts	£1.44 - £2.28
	5	Investment to support the connection of low carbon technologies	£1.71 - £2.13
MEDIUM WILLINGNESS TO PAY	6	Average frequency of power cuts	£1.51 - £1.84
	7	Guaranteed standard threshold for restoration of supply (time allowed to restore supply before compensation available)	£0.97 - £1.62
	8	Customer communication methods (all)	£1.00 - £1.61
	9	Customer communication methods (connections customers)	£0.92 - £1.56
LOWER WILLINGNESS TO PAY	10	Network resilience to severe weather	£1.29
	11	Time taken to receive a new connection	£1.15 - £1.23
	12	Network resilience to flooding	£0.38 - £0.97
	13	Guaranteed standard definition of a worst served customer (number of power cuts before compensation available)	£0.93

Levels of service improvement were tested against the DPCR5 definition (15 or more higher voltage power cuts (over 3 minutes) in 3 years) and subsequently a revised definition (12 or more power cuts (over 3 minutes) in 3 years), which has subsequently been agreed by Ofgem as the new definition for the RIIO-ED1 period.

How we used the willingness to pay results

- 5.8** The headline findings from the willingness to pay (WTP) research were somewhat surprising – despite the UK recession and economic downturn total WTP for domestic customers averaged at an additional £28.08. This increase was broadly similar to the levels indicated at the last price control period where average WTP by the end of DPCR5 was £27.23
- 5.9** We shared the WTP findings with our expert Customer Panel, who strongly rejected the idea of significant increases to customer bills.
- 5.10** The WTP survey is an important part of determining our programme, and we have used it to identify detailed customer priorities, but not simply as a blanket justification for increased expenditure.
- 5.11** Our analysis of costs and benefits has also considered other factors. For example, social considerations such as fuel poverty have led us to take into account the ability of low-income customers to afford higher bills. This has been reinforced by stakeholder feedback at our social obligations workshops, which stated that as part of WPD's plans to address fuel poverty we have a responsibility to continue to deliver improvements to customers without compromising affordability. We have also undertaken economic cost benefit analyses to justify the most appropriate levels of expenditure.
- 5.12** In order to derive customers' WTP, research is conducted with respondents being blind to the actual costs of delivering service improvements. Our next stage of consultation (Phase Three) therefore applied actual costs of delivery to the improvement levels given greatest priority by the WTP research. On the whole, we found that the costs of delivery were much lower than the derived WTP values. Where significantly greater improvements were deemed practically deliverable, but for a higher impact on bills closer to the WTP figures, we also presented these options.
- 5.13** Stakeholders overwhelmingly supported performance improvements offered at the lower costs.
- 5.14** For example, when discussing measures to reduce oil and gas leaks from equipment, research indicated a WTP ranging from £2.09 -£2.50 (£2.50 for the highest improvement level to replace

the worst 10% of equipment.) After applying actual costs of investment to these improvement levels, we presented stakeholders with the following options, for which the estimated maximum bill impact ranged from £0.10-£1.00:

	Percentage of equipment replaced with highest leakage rate	Total cost over 8 years	Maximum extra on domestic bill every year
Option 1: NOW	Worst 1% <i>Oil leaks 4% → 1%</i> <i>SF6 leaks 0.6% → 0.5%</i>	£14.0m	10p
Option 2	Worst 5% <i>Oil leaks 4% → 1%</i> <i>SF6 leaks 0.6% → 0.3%</i>	£65.0m	50p
Option 3	Worst 10% <i>Oil leaks 4% → 1%</i> <i>SF6 leaks 0.6% → 0.2%</i>	£132.0m	£1.00

5.15 Despite the biggest improvement option having a significantly lower impact on customer bills than the figures derived from WTP, the preferred option (by 55% of stakeholders) was for the option to tackle the worst 1% of equipment at a maximum bill impact of 10p. This trend was seen for all options presented at these workshops. This further reinforced the stakeholder view that significant increases to customer bills were not acceptable and justified WPD’s primary use of WTP to ensure our investment priorities align to customers’ preferences.

Phase Three – Business Plan consultation

Overview

- 5.16** We presented actual costs for investment and a series of detailed options for service improvement delivery, based on the improvement levels most favoured by stakeholders in Phase Two.
- 5.17** In November 2012 we presented our proposals with respect to ten priority areas, at a series of six workshops. Stakeholders were presented with options for investment and actual costs, the detailed service improvement each investment option would deliver and a view of the potential impact on the average domestic electricity bill. Stakeholders were asked to discuss and vote for their preferred investment option.
- 5.18** The findings report from these workshops can be found in Appendix A05.
- 5.19** Taking account of the stakeholder feedback received at these workshops, in February 2012 we published our ‘Business Plan consultation with stakeholders – Have your say’, which can be found in Appendix A09. This document detailed WPD’s updated ‘minded to’ position in each investment area, with a breakdown per WPD region, along with 14 consultation questions.
- 5.20** To ensure that as many stakeholders as possible were able to review and influence our plans, the consultation was published on our website and sent to all stakeholders who attended our November 2012 workshops. We received responses from a wide range of stakeholders including domestic customers, local authorities, energy suppliers, AONB groups and energy suppliers.
- 5.21** A summary of the consultation responses received can be found in Appendix A10.

5.22 The feedback received to this consultation helped to refine aspects our Business Plan. We published a full draft of our Business Plan in March 2013 (see Appendix A11), accompanied by a shorter Business Plan summary document (see Appendix A12).

5.23 We held six further stakeholder workshops in April 2013 to present all 67 outputs from our draft Business Plan. Stakeholders were asked to discuss “packages” of common outputs, as well as individual items they would like us to do more or less of. For example:

Reliability & Availability – Outputs package 1: Improving network performance		
OUTPUT	NOW	2023
1. On average customers will have 13% fewer power cuts and have their electricity supplies restored 20% quicker.	<i>7 in 10 years 48 mins</i>	<i>6 in 10 years 38 mins</i>
2. Ensure that a minimum of 85% of customers have their power restored within an hour on HV faults.	<i>80.78%</i>	<i>85%</i>
3. Reduce by 20% the number of customers classified as worst served.	<i>20,000</i>	<i>16,000</i>
4. Reduce by 20% the number of customers experiencing a power cut >12 hours.	<i>12,764</i>	<i>10,200</i>

5.24 Stakeholders were asked:

- Does the amount of information given (and the way it is presented) allow you to sufficiently understand WPD’s plans?
- Do you understand the outputs WPD plan to deliver as a result of their investment?
- Do you agree with WPD’s approach? Do you agree with their proposed outputs?
- Are there any areas where you want WPD to go further or do less?

5.25 The findings reports from these workshops can be found in Appendix A13.

5.26 WPD’s draft Business Plan was published online, along with 20 consultation questions. We welcomed final comments from stakeholders before the submission of the Business Plan to Ofgem.

Summary of stakeholder feedback

5.27 The executive summaries of the feedback received to our Business Plan consultation and associated stakeholder workshops can be found in Appendices A05, A10 and A13.

6 Key findings in detail

6.1 In this section we provide more details about the issues discussed within the different phases of stakeholder engagement, the options presented and the stated preferences from stakeholders. We also provide details of the WPD response following both Phase Two and Phase Three.

Network reliability and availability – Power cuts

6.2 In April 2013, 86% of stakeholders agreed with WPD's draft plans and outputs to improve network performance.

Phase 1– Preliminary engagement: Stakeholder feedback (May 2011-February 2012)

6.3 **Power cuts:** Although reducing power cuts was seen as a medium to high priority, maintaining the current levels of network performance (as a minimum) was consistently identified as the number one priority. Current WPD performance was deemed very good, with recognition that power cuts had decreased in recent years.

6.4 **Quality of supply:** Shorter interruptions ('dips') were deemed less significant to customers and a low priority.

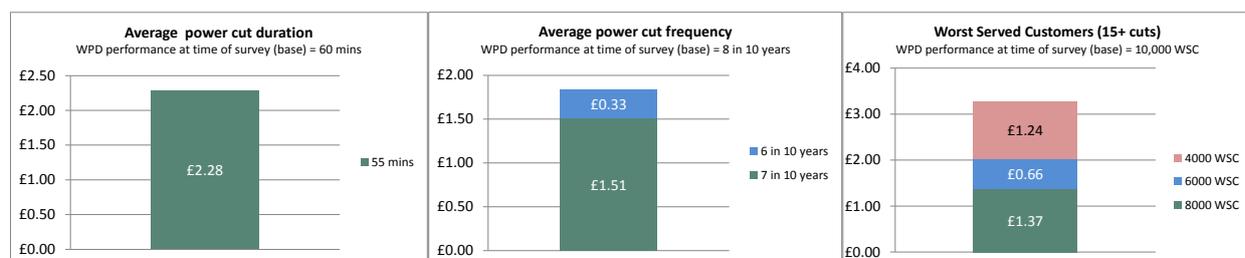
6.5 **Worst served customers:** Improving service for customers experiencing a much higher than average number of power cuts was generally considered a medium priority. Some stated that customers should accept a worse service if they live in rural or remote areas, though for others the point was made that they pay the same for their electricity as those in urban areas.

Phase 2 – Willingness to pay (WTP) research: Stakeholder feedback (March – August 2012)

6.6 **Power cut duration:** Stakeholders would most like to see a 10% improvement on current performance, with a WTP an additional £2.28 by 2023. There was no support for improvement beyond this scenario.

6.7 **Power cut frequency:** There was a maximum WTP of £1.84, but the most favoured option was a 13% improvement on current performance, with a WTP an additional £1.51 by 2023.

6.8 **Worst served customers:** There was a maximum WTP of £3.27 (the highest of any area) for a very dramatic reduction of 60% of the number of customers currently classified as 'worst served'. The most favoured option was a 20% improvement, with a WTP an additional £1.37 by 2023.



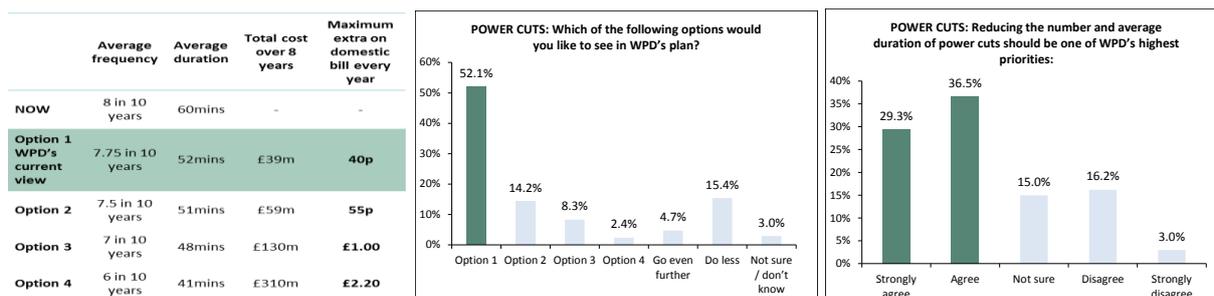
Phase 3 – Business Plan consultation (November 2012-March 2013)

Use of willingness to pay (WTP) research

6.9 Although WTP findings gave a wide range of values for various levels of improvement, the greatest proportion of the total WTP in each area was for a reduction in power cut duration of 5 minutes, average frequency to reduce to 7 power cuts in 10 years and the number of worst served customer to improve by 10%. The corresponding investment options and actual costs presented to customers in Phase Three, focused on achieving performance improvements either side of these preferred levels.

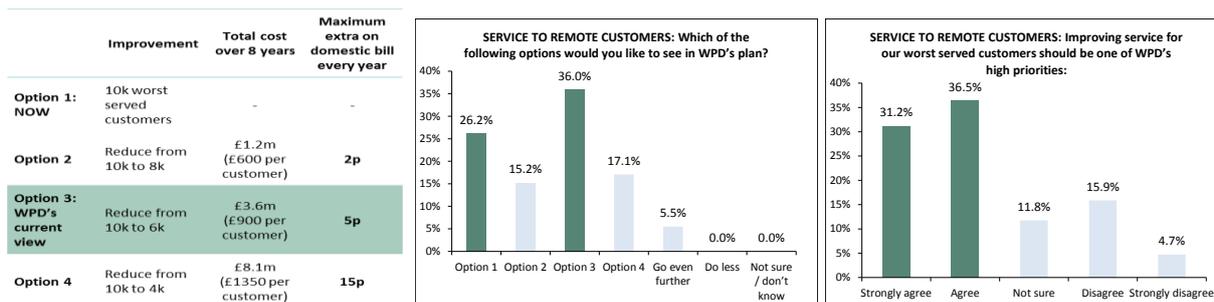
Options presented to stakeholders:

Stakeholder feedback:



Options presented to stakeholders:

Stakeholder feedback:



WPD RESPONSE:

Power cuts – frequency and duration

6.10 The investment options presented in November 2012 were based on average WPD performance at the time (8 in 10 years, and 60 minutes). Since then we have taken into account more recent performance data where improvements have been made, together with more challenging future targets indicated by Ofgem.

6.11 Applying the same rate of improvement previously requested by stakeholders to the new Ofgem performance targets, we will improve network performance so that on average customers will have 13% fewer power cuts (moving from 7 in 10 years, to 6 in 10 years) and have their electricity supplies restored 20% quicker (moving from an average duration of 48 minutes to 38 minutes).

Worst served customers

6.12 Previous engagement confirmed that a 20% reduction in the number of worst served customers was desirable. Following the change of definition from 15+, to 12+ power cuts (greater than 3 minutes) in 3 years, we have assumed the same level of improvement under the new definition.

6.13 Recognising the inconvenience of frequent power cuts, we will reduce by 20% the number of customers classified as worst served (moving from 20,000 to 16,000 customers).

Phase 3 – Business Plan consultation (April – June 2013)

- 6.14** 86% agreed with WPD's draft plans and outputs to improve network performance.
- 6.15** The majority of stakeholders (40%) would like worst served customers to see a 20% reduction in the number of power cuts experienced, at a maximum expenditure per benefitting customer of £800.
- 6.16** **WPD RESPONSE:** We will continue with the proposals for performance improvements. For worst served customers we will apply the 20% improvement previously agreed to the new definition of a worst served customer, benefitting 4,000 customers.

Network reliability and availability – Resilience to severe weather

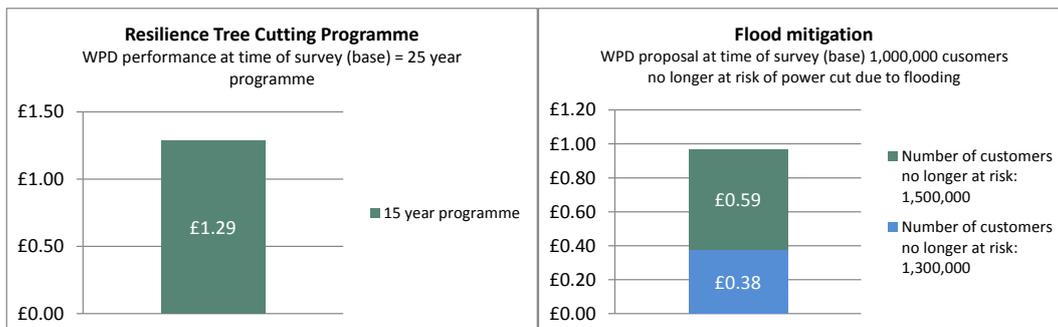
6.17 In April 2013, 91% of stakeholders agreed with WPD’s draft plans and outputs to enhance network resilience to severe weather.

Phase 1 – Preliminary engagement: Stakeholder feedback (May 2011-February 2012)

- 6.18 ‘Being prepared for emergencies’ including resilience tree cutting and flood mitigation measures, continued to increase in importance to stakeholders throughout our consultation process.
- 6.19 **Resilience tree cutting:** Stakeholders told us that the current programme is working and on the whole WPD has a good track record of restoring supplies quickly following severe weather.
- 6.20 **Flood mitigation:** This was generally deemed the most important environment-related issue discussed. A number of stakeholders had experienced the effects of severe flooding on the network and therefore told us that protecting major substations was a very high priority.

Phase 2 - Willingness to pay (WTP) research: Stakeholder feedback (March – August 2012)

- 6.21 **Resilience tree cutting:** Stakeholders indicated that they would most like to see an acceleration of the rate of resilience tree trimming, to complete the programme 10 years earlier than suggested by Government guidelines, with a WTP an additional £1.29 by 2023.
- 6.22 **Flood mitigation:** There was a maximum WTP of £0.97 for the preferred improvement option to protect 200 major substations that provide supplies to 1,500,000 customers.



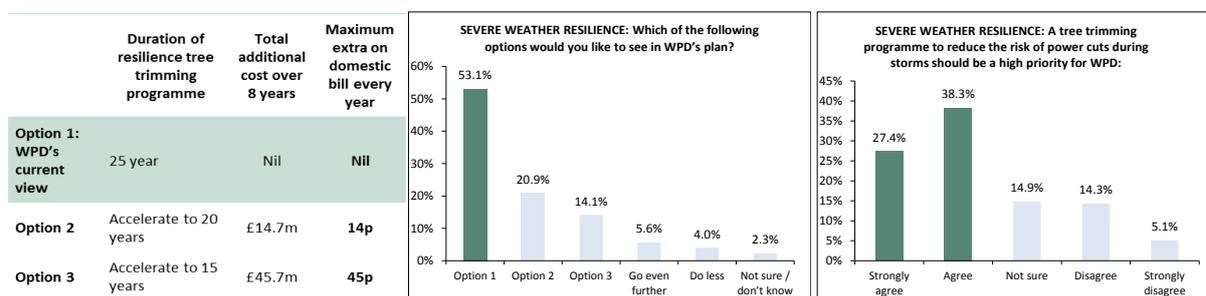
Phase 3 - Business Plan consultation (November 2012-March 2013)

Use of willingness to pay (WTP) research

6.23 For resilience tree cutting the only option supported by WTP was for the maximum level proposed, to accelerate the tree trimming programme to be completed in 15 years. The three investment options presented in Phase Three therefore built up to and included this level, but the actual costs were significantly less than the indicative values derived by WTP. For flood mitigation WTP findings gave a range of values, but the greatest proportion of the total WTP was for the maximum improvement proposed, to protect substations providing supplies to 1.5m customers (this accounted for £0.59 of the total £0.97 WTP indicated). The corresponding investment options presented in Phase Three, again built up to and included this improvement level, and at lower cost than the WTP values.

Options presented to stakeholders:

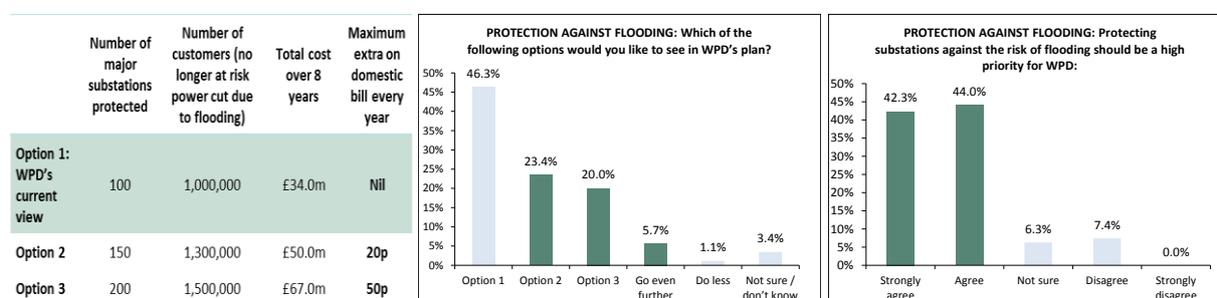
Stakeholder feedback:



6.24 Whilst the majority of stakeholders supported continuing with a 25 year programme, a significant proportion (41%) wanted to see some acceleration of the programme.

Options presented to stakeholders:

Stakeholder feedback:



6.25 Almost half of stakeholders (49%) wanted WPD to protect more major substations from flooding than proposed (100 sites).

WPD RESPONSE:

Resilience tree cutting

6.26 In line with stakeholder feedback that protecting the network from severe weather and storms is now a 'top 3' priority, coupled with a high proportion of stakeholders voting to accelerate our clearance programme, we proposed to accelerate the present rate of resilience tree trimming to complete the programme five years earlier than suggested by Government guidelines (accelerate from 25 years to 20 years), clearing 700km of overhead line per annum.

Flood mitigation

6.27 Given that protecting substations from flooding is such a high priority for stakeholders, we proposed to bring forward the number of flood mitigation measures installed and protect a higher number of sites in the DPCR5 period (2010-2015) than originally planned. This would see 120 major substations protected before 2015. We would then apply flood defences to an additional 75 substations by 2023. This would ensure that 195 substations would have been protected since 2010.

Phase 3 - Business Plan consultation (April – June 2013)

6.28 91% agreed with WPD's draft plans and outputs to enhance network resilience to severe weather.

6.29 Protecting substations from the risk of flooding remained an extremely high priority, with 21% requesting that WPD protect more than 75 major substations in the RIIO-ED1 period.

6.30 **WPD RESPONSE:** We will maintain our plans to protect a further 75 sites by 2023 as this, coupled with the increased number of sites protected in the DPCR5 period (2010-2015), will ensure that all major WPD substations identified as being at specific risk of flooding will be protected. Throughout RIIO-ED1 we will continue to monitor the risk posed by surface water, river and coastal flooding, and our investment programme will be reactive to new Environment Agency data.

Environment – Low carbon innovation scenarios

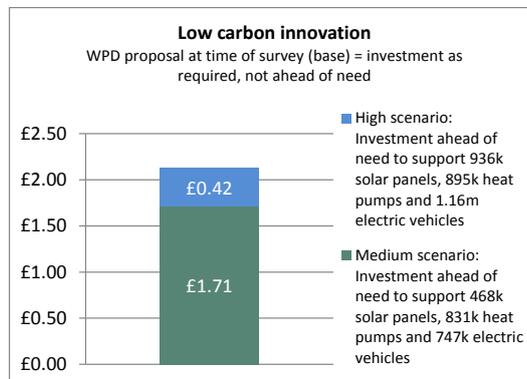
- 6.31 In April 2013, 74% of stakeholders agreed with WPD’s draft plans and outputs to facilitate increased volumes of Low Carbon Technologies (LCTs).

Phase 1 – Preliminary engagement: Stakeholder feedback (May 2011-February 2012)

- 6.32 Most stakeholders were of the view that ‘future proofing’ is essential but WPD should adopt an incremental approach to upgrading assets by increasing expenditure in areas where we have confidence the need exists, but not going too far ahead of need in case the uptake is slower than expected. Using innovation to support the existing network and ‘make better use of the current system capacity’ was seen as a higher priority.
- 6.33 For many stakeholders, facilitating the connection of renewable energy was one of the most pressing priorities for WPD. A number stated that this area presents a huge challenge for WPD over the next price control period and many questioned the viability of certain types of low carbon technologies. For example, WPD were encouraged to only adopt a watching brief with regards to facilitating electric vehicle charging infrastructure.

Phase 2 - Willingness to pay (WTP) research: Stakeholder feedback (March – August 2012)

- 6.34 Whilst there was a high overall WTP, at a maximum of £2.13, the most favoured option was to invest ahead of need to support the connection of a medium-level scenario of LCTs, for which there was a WTP an additional £1.71 by 2023.



- 6.35 **WPD RESPONSE:** Given the overall uncertainty voiced by stakeholders about the uptake of low carbon technologies, we undertook detailed work with the Centre for Sustainable Energy to develop a ‘best view’ of the future to plan for the impact of LCTs, providing a more detailed view of the likely volumes and way LCTs will cluster on the network.

Phase 3 - Business Plan consultation (November 2012-March 2013)

- 6.36 A number of stakeholders were of the view that WPD’s ‘best view’ projections were challenging. Of all the types of technology included, stakeholders stated that projections for the uptake of electric vehicles were the most optimistic, followed by renewable heat (heat pumps).
- 6.37 There was a good deal of support for the introduction of smart grid technologies, but stakeholders were clear that the levels of service to customers should not suffer as a result of their introduction.

- 6.38 WPD RESPONSE:** We scaled back our electric vehicles projection from 'medium' to 'low' and our renewable heat projection from 'high' to 'medium'.
- 6.39** We proposed to improve the time to provide a response to customers wanting to use LCTs by 20% and reduce costs for future customers by developing smart solutions for network management. We would use advanced network monitoring and smart meter data to identify LCT 'hotspots' (where high uptake levels and 'clusters' of LCTs are likely) so that reinforcement can be targeted at the parts of the network where it is most likely to be required.

Phase 3 - Business Plan consultation (April – June 2013)

- 6.40** 74% agreed with WPD's draft plans and outputs to facilitate increased volumes of Low Carbon Technologies (LCTs).
- 6.41** Keeping the cost of connection low and reducing the time taken to provide a response to customers remained a key priority for stakeholders. 27% wanted WPD to do more to reduce costs by developing smart solutions to network management, and 18% wanted WPD to deliver more than a 20% improvement in response times to customers.
- 6.42 WPD RESPONSE:** We will make reducing customer costs to connect LCTs a key focus of our low carbon innovation projects. We will benchmark the average time to provide a response to customers based on 2014/15 performance to better inform the improvement target (currently 20%) proposed.
- 6.43** 19% of stakeholders want WPD to do more to identify LCT hotspots to inform our decision making regarding network reinforcement.
- 6.44 WPD RESPONSE:** In line with previous stakeholder feedback, our plans will strike a balance to avoid investing too far ahead of need in case uptake is slower or different than expected. Present information from the Centre for Sustainable Energy forecasts a high take-up of LCTs on specific circuits that make up approximately 7% of our network. We will take the opportunity to increase transformer or cable capacity whilst carrying our asset replacement at these locations.

Environment – Network environmental impact

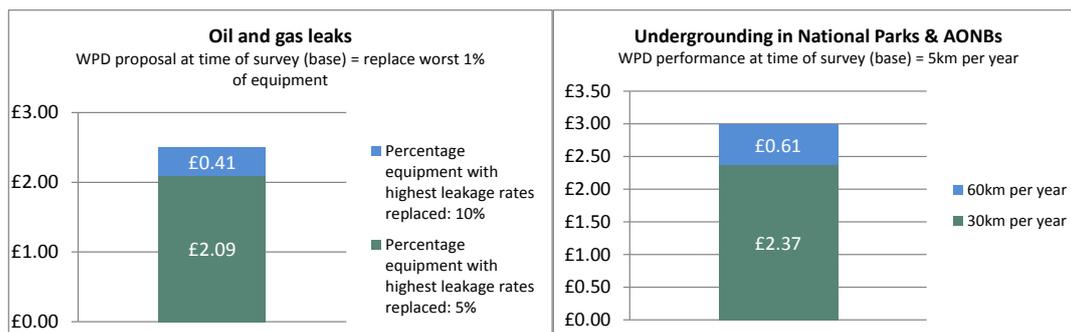
6.45 In April 2013, 82% of stakeholders agreed with WPD’s draft plans and outputs to reduce the environmental impact of the network.

Phase 1 – Preliminary engagement: Stakeholder feedback (May 2011-February 2012)

- 6.46 Oil and gas leaks from equipment:** Although many stakeholders were of the view that minimising leakage from fluid-filled cables and gas-filled switchgear was a serious issue, it was frequently deemed to be a medium priority. Most stakeholders felt that the threat was manageable and that WPD should monitor this and continue to drive improvements, but should not devote significant resource to upgrading assets to deal with this, unless replacement was deemed essential.
- 6.47 Undergrounding overhead lines in National Parks and AONBs:** This was an issue that a number of stakeholders felt very passionately about. Most agreed this was desirable in iconic sites but stakeholders as a whole generally viewed this as a medium priority when placed in context with the other topics discussed.

Phase 2 - Willingness to pay (WTP) research: Stakeholder feedback (March – August 2012)

- 6.48 Oil and gas leaks from equipment:** There was a very high overall WTP for improvements in this area, at a maximum of £2.50. However the most favoured option was to replace the worst 5% of equipment with the highest leakage rates, for which there was a WTP an additional £2.09 by 2023.
- 6.49 Undergrounding overhead lines in National Parks and AONBs:** There was a very high overall WTP for improvements in this area, at a maximum of £2.98. The most favoured option was to significantly increase the amount of undergrounding to 30km per year (six times higher than the current rate of 5km per annum), for which there was a WTP an additional £2.37 by 2023.



6.50 WPD RESPONSE: As a result of the willingness to pay results, WPD proposed to increase undergrounding levels by 75% from 40km in 8 years (5km per year) to 70km. Although this is an increase it did not go as far as WTP indicated because to go significantly further was not deemed practically deliverable, based on engagement with National Park and AONB representatives who stated that successful delivery depends on getting an approved programme with all relevant stakeholders.

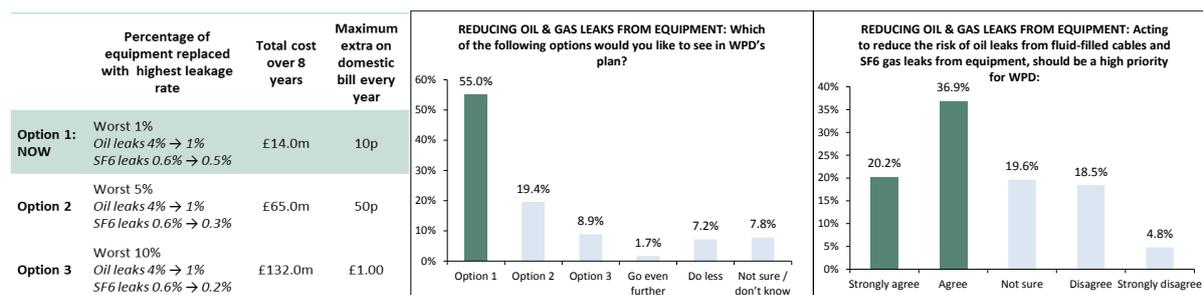
Phase 3 - Business Plan consultation (November 2012-March 2013)

Use of willingness to pay (WTP) research

6.51 Although WTP findings gave a range of values for various levels of improvement, the greatest proportion of the total WTP was to reduce oil and gas leaks from equipment by replacing the worst 5% of equipment (£2.09 of the total £2.60 WTP) and to underground 30km of overhead lines each year, meaning 240km in 8 years (£2.37 of the total £2.98 WTP). The corresponding investment options and actual costs presented to customers in Phase Three, focused on achieving performance improvements building up to and including these preferred levels.

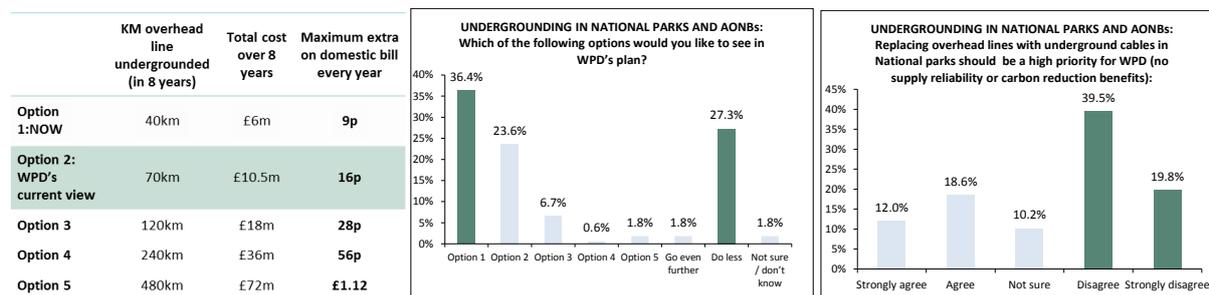
Options presented to stakeholders:

Stakeholder feedback:



6.52 The majority of stakeholders (55%) agreed with the level of investment and improvement proposed, whilst a further 7.2% favoured doing even less.

Options presented to stakeholders: Stakeholder feedback:



6.53 The majority of stakeholders (59%) disagreed with this being classified as a high priority for WPD. 64% voted for an option less than the proposed option to underground 70km in 8 years.

WPD RESPONSE:

Oil and gas leaks from equipment

6.54 We proposed to reduce by 75% the volume of oil lost through leaks from oil filled cables, by rolling out a chemical tracer tagging system that will speed up the location of leaks. There are no alternatives to use of SF₆ gas in switchgear and so we would reduce the volume of SF₆ gas lost through leakage by 17%, by replacing 1% of switchgear with the highest leak rates.

Undergrounding overhead lines in National Parks and AONBs

6.55 After initially proposing to increase the amount of cables undergrounded from 40km over 8 years to 70km, we updated our proposal to continue at current levels (40km) in response to stakeholders overwhelmingly asking us to scale-back our plans.

Phase 3 - Business Plan consultation (April - June 2013)

- 6.56** 82% agreed with WPD's draft plans and outputs to reduce the environmental impact of the network.
- 6.57** However, 25% of stakeholders wanted WPD to do more than reducing SF₆ gas leakage by 17%.
- 6.58** **WPD RESPONSE:** We will maintain our plans, as this will see leakage rates drop from 0.7% to under 0.6% of the total volume of SF₆ gas used within the network. Cost benefit analysis supports this and cannot justify going significantly further.
- 6.59** 28% of stakeholders wanted WPD to underground more than 40km of overhead lines in National Parks and AONBs in 8 years; although 20% wanted WPD to do less than proposed.
- 6.60** **WPD RESPONSE:** We will increase the amount of overhead lines being undergrounded to 55km in 8 years (6.9km per year). However, as a compromise this does not go as far as previously proposed (70km), in order to take into account that one in five customers did not want WPD to do more.

Environment – Business carbon footprint

- 6.61 In April 2013, 78% of stakeholders agreed with WPD's draft plans and outputs to reduce their carbon footprint.

Phase 1 – Preliminary engagement: Stakeholder feedback (May 2011-February 2012)

- 6.62 There was little agreement on the importance of this issue. Certain stakeholders felt that WPD should be leading the way on this issue but the majority felt that this is something that is expected of all companies in all sectors and WPD should be striving to similarly lower the impact of their business operations on the environment. In the context of other priorities for improvement, this was generally seen as a medium priority for the future.
- 6.63 It was stated that WPD should lower their carbon footprint through better efficiency, more recycling and improved ways of working, rather than through increased expenditure. This was therefore not carried forward as an area to be assessed by willingness to pay research.
- 6.64 **WPD RESPONSE:** We proposed to ensure all replacement vehicles have lower CO₂ emissions than those they replace, all new or substantially refurbished buildings meet, the 'excellent' standard under the Building Research Establishment Environmental Assessment Method (BREEAM) and reduce the amount of waste sent to landfill by 5% per annum.

Phase 3 - Business Plan consultation (April – June 2013)

- 6.65 78% agreed with WPD's draft plans and outputs to reduce their carbon footprint.
- 6.66 However, 44% of stakeholders wanted WPD to do more than reducing residual waste (in depots and offices) sent to landfill by 5% per annum.
- 6.67 **WPD RESPONSE:** We have increased and accelerated our reduction target. We will reduce waste sent to landfill by 20% by 2017 (year two of the RIIO-ED1 period) and will deliver a 5% reduction per annum thereafter.

Connections

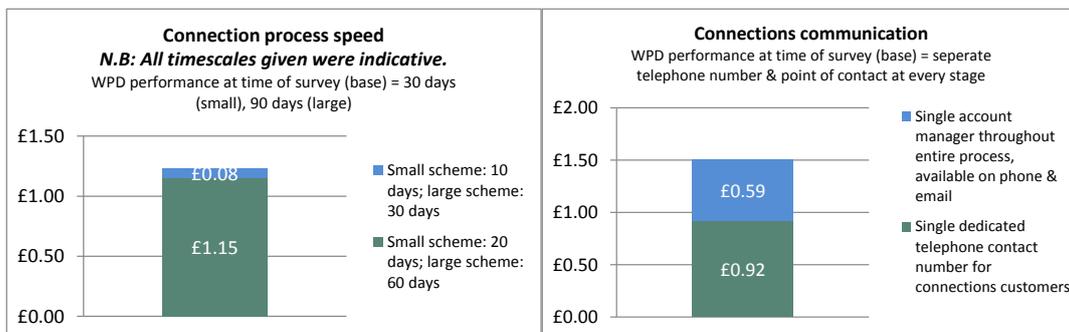
- 6.68 In April 2013, 86% of stakeholders agreed with WPD’s draft plans and outputs to make the connections service faster and more efficient.
- 6.69 94% agreed with WPD’s draft plans and outputs to improve communications during the connections process.
- 6.70 76% agreed with WPD’s draft plans and outputs to facilitate a competitive connections market.

Phase 1 – Preliminary engagement: Stakeholder feedback (May 2011-February 2012)

- 6.71 Overall, stakeholders felt that improving the service WPD offers for new connections should be a medium priority, although this topic has increased in importance to stakeholders over time.
- 6.72 It was widely felt that anything that could be done to make the process easier for people wanting to connect to the network would be a positive, and that working in partnership with local authorities and developers was one way that WPD could make this happen.

Phase 2 - Willingness to pay (WTP) research: Stakeholder feedback (March – August 2012)

- 6.73 **Process speed:** Stakeholders would most like to see an improvement of 33% in the time taken to provide a connection, with a WTP an additional £1.15 by 2023.
- 6.74 **Communication:** There was a maximum WTP of £1.56 for improvements in this area, but the preferred option was to provide a single dedicated telephone number for connections customers, with better expertise at first point of contact (to enable discussions about the customers’ specific requirements), for which there was a WTP an additional 92p by 2023.

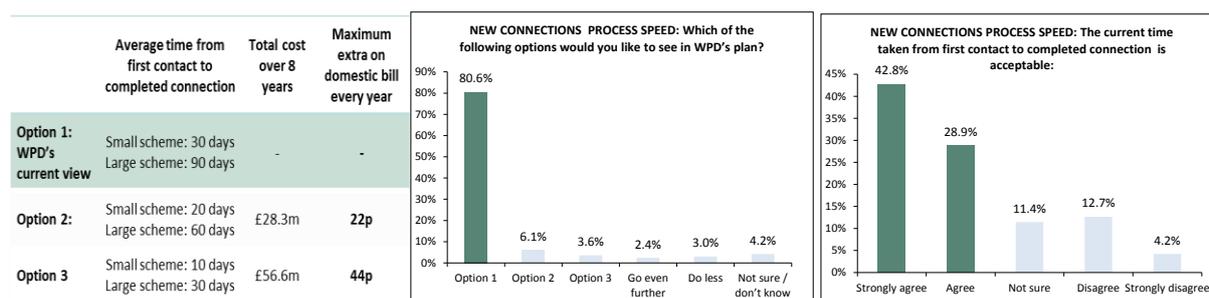


Phase 3 - Business Plan consultation (November 2012-March 2013)

6.75 In terms of process speed, although WTP findings gave a range of values for various levels of improvement, the greatest proportion of the total WTP was to improve the speed of connection to 20 days for small schemes and 60 days for large schemes. The corresponding investment options and actual costs presented to customers in Phase Three therefore focused on achieving performance improvements either side of this preferred level. With regards to communication the greatest proportion of WTP was to introduce a dedicated telephone contact number for connections customers and therefore the options presented in Phase Three gave actual costs for delivering this option, along with two additional options for improving communication, and a final choice to just continue as at present.

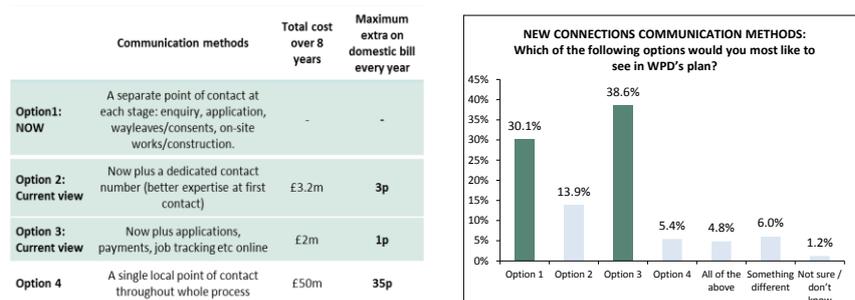
Options presented to stakeholders:

Stakeholder feedback:



Options presented to stakeholders:

Stakeholder feedback:



6.76 Aside from simply maintaining the current methods of communication (option 1), for which there was strong stakeholder support (30%), the greatest support was for the inclusion of online applications payments and job tracking for which 43% of stakeholders voted (38% voted for this options alone, plus 5% voted for all the options presented).

WPD RESPONSE:

Connections process speed

6.77 We proposed to shorten the overall time taken to provide a connection by 20%.

Communication

6.78 We proposed to enhance online connections processing and progress tracking in 2013 (in advance of the RIIO-ED1 period). In addition, we would host quarterly 'surgeries' for customers to better understand our processes, ensure information provided in documentation and online is effective and work with major customers to identify where processes can be improved.

Facilitating a competitive market

6.79 We will continue to improve customer awareness of third party connection providers and work with these providers to extend the scope of contestable work to HV and reinforcement work.

Phase 3 - Business Plan consultation (April – June 2013)

- 6.80** 86% agreed with WPD's draft plans and outputs to make the connections service faster and more efficient.
- 6.81** However, 27% want WPD to do more than improve the overall time to connect by 20%.
- 6.82** **WPD RESPONSE:** We will deliver the 20% improvement quicker than previously proposed, achieving it by 2019 (half way through the RIIO-ED1 period). We will then carry out a review to suggest further improvements that can be made.
- 6.83** 94% agreed with WPD's draft plans and outputs to improve communications during the connections process.
- 6.84** 76% agreed with WPD's draft plans and outputs to facilitate a competitive connections market.
- 6.85** However, of those in agreement 21% want WPD to do more to improve awareness of third party connection providers.
- 6.86** **WPD RESPONSE:** In advance of 2015 and the introduction of the Incentive on Connections Engagement (ICE), we will set up an engagement working group for major connections customers. We will work with them to improve multiple aspects of the connections process, including specifically how to raise awareness of third party connections providers amongst all customers. We will monitor awareness levels through annual surveys and track the impact of improvements

Customer satisfaction

6.87 In April 2013, 96% of stakeholders agreed with WPD’s draft plans and outputs relating to customer service and complaints.

6.88 94% agreed with WPD’s draft plans and outputs relating to customer communication.

Phase 1 – Preliminary engagement: Stakeholder feedback (May 2011-February 2012)

6.89 It was widely recognised that WPD currently delivers very high levels of customer satisfaction. This is reflected across all elements of the Broad Measure of Customer Satisfaction, in which WPD ranks as the number one performing DNO group.

6.90 Stakeholders stated that their preferred method of communication is still the telephone. This is especially true of elderly customers.

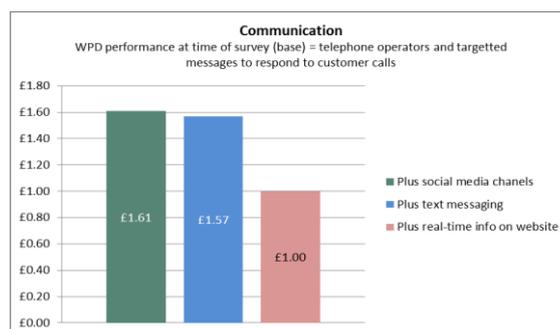
6.91 The introduction of new and innovative methods of customer communication was widely seen as a medium to low priority for the future; however, customers have told WPD that they would welcome more of a choice and more control over the service they receive.

6.92 Customers would like WPD to include options for self-service such as providing easy access to key information during power cuts, via the internet. Most felt that WPD could do more to utilise new technology such as smartphones in order to keep customers informed in real-time.

Phase 2 - Willingness to pay (WTP) research: Stakeholder feedback (March – August 2012)

6.93 Overall there was medium WTP for the introduction of new communication channels. The options presented were not inter-dependent and there is therefore a separate WTP figure for each. The most popular options were the introduction of social media channels, for which there was a WTP an additional £1.61 by 2023; and enabling customers to and receive information via SMS text messaging, for which there was a WTP an additional £1.57 by 2023.

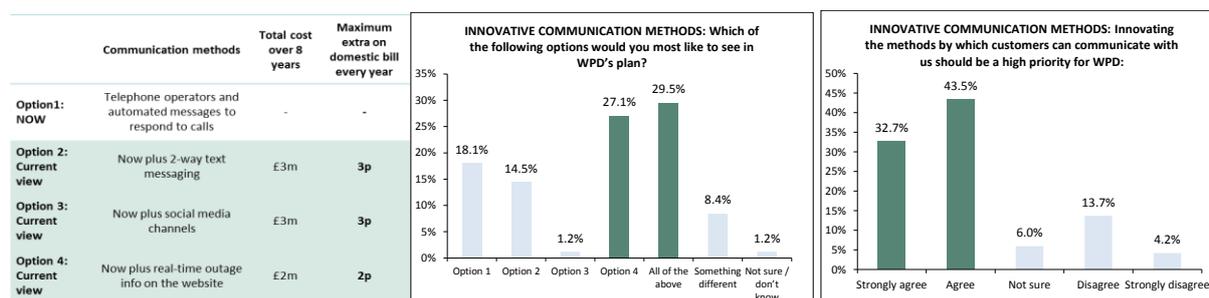
6.94 There was no WTP to receive a call-back every hour during a power cut.



Phase 3 - Business Plan consultation (November 2012-March 2013)

Options presented to stakeholders:

Stakeholder feedback:



6.95 Real time outage information on WPD's website was the most popular option (57% voted for this option, or 'all of the above'), whilst 48% also supported text messaging during power cuts. Although social media channels on their own were not popular, almost one third of stakeholders, voted for 'all of the above'.

6.96 For stakeholders the key priority during a power cut is having access to useful and accurate information, especially an estimated time of restoration and a proactive call-back should this information dramatically change.

6.97 Stakeholders continue to see considerable value in our stakeholder engagement events. In November 2012, 99% of stakeholders stated that they found the workshops useful and that they had sufficient opportunity to express and discuss their views.

WPD RESPONSE:

Customer service & complaints

6.98 We proposed to continue to be the number one performing company across all elements of the Broad Measure of Customer Satisfaction and maintain certification to the Customer Service Excellence Standard. We would resolve at least 65% of complaints within one day and continue to have the lowest number of complaints where the Ombudsman has to get involved.

Customer communication

6.99 We would continue to respond to customer telephone calls within 2 seconds, have a low abandoned call rate of less than 1% and always provide an option to talk to a WPD call handler.

6.100 We would provide a restoration time for every power cut and will call back all customers who have been in contact about a fault.

6.101 We would introduce real-time power cut information on our website in 2013 (in advance of the RIIO-ED1 period) and also provide messaging via text and social media.

Stakeholder engagement

6.102 We proposed to continue to host a Customer Panel four times a year, host stakeholder workshops in a minimum of six locations per year and continue to produce an annual stakeholder report detailing actions taken as a result of engagement.

Phase 3 - Business Plan consultation (April – June 2013)

6.103 96% agreed with WPD's draft plans and outputs relating to customer service and complaints performance.

6.104 However of those in agreement, 19% want WPD to go further and resolve more complaints within one day that the 65% proposed.

6.105 WPD RESPONSE: We will resolve at least 70% of complaints within one day.

6.106 94% agreed with WPD's draft plans and outputs relating to customer communication.

6.107 90% agreed with WPD's draft plans and outputs relating to stakeholder engagement.

6.108 WPD RESPONSE: We will adopt all the proposals in the draft Business Plan.

Social Obligations

Phase 1 – Preliminary engagement: Stakeholder feedback (May 2011-February 2012)

6.109 The topic of customer vulnerability was not raised by stakeholders as an area of significant concern or high priority for improvement in the future. WPD’s overall power cut response and the support provided to customers, including the vulnerable, was widely recognised as very good. This was therefore not carried forward as an area to be assessed by willingness to pay research. However, we have subsequently carried out extensive engagement with customers and experts in this area to ensure that our social obligations proposals are well justified.

WPD’s approach to engagement

6.110 Our Customer Panel provided views on how WPD should address our social obligations and we worked closely with one particular member from the British Red Cross to develop a delivery strategy. They agreed that WPD should have a role in supporting vulnerable customers and told us that we should:

- develop new ways to maintain up-to-date Priority Service Register (PSR) records;
- focus on enhancing our existing core services in conjunction with partner organisations (such as the British Red Cross, RVS and Local Resilience Forums) and embed them further into routine business operations;
- engage with customers, where the opportunity arises, to provide access to information and advice about energy affordability issues;
- avoid duplicating assistance available from other organisations by building referral networks with community organisations.

6.111 WPD RESPONSE: We developed our Vulnerable Customer Strategy and specific actions proposed for RIIO-ED1, based on these priorities. We shared our draft proposals at the National Energy Action Conference in Cardiff in January 2013, gaining strong support.

6.112 Given that this topic did not register as a high priority area for stakeholders at our broader stakeholder workshops, the decision was taken to host two separate workshops specifically on WPD’s social obligations proposals.

6.113 Following an introductory presentation from WPD, we held facilitated, qualitative round-table discussions about WPD’s future plans with respect to:

- Improving the data held on WPD’s Priority Service Register (PSR);
- Improving the power cut support services provided for vulnerable customers;
- Addressing fuel poverty and cold homes.

6.114 The workshops took place in February 2013 at Birmingham and Bristol and were attended by 41 stakeholders.

6.115 Participants represented a wide range of organisations including



charities, parish councils, housing associations, humanitarian support agencies, energy advisory services, emergency services and energy suppliers. The organisations represented included:

- British Red Cross
- Shelter
- Citizens Advice Bureau
- Energy Saving Trust
- National Energy Action
- Stratford-upon-Avon District Council
- N Power
- E.ON
- EDF
- Wales and West Utilities
- Advice Network
- Consumer Focus
- Action with Communities in Rural England (ACRE)
- Centre for Sustainable Energy

6.116 The full findings reports from these workshops can be found in Appendix A07.

Phase 3 - Business Plan consultation: Stakeholder feedback

Improving the data held on WPD's Priority Service Register (PSR)

6.117 Stakeholders stated that more work should be undertaken to raise the profile of the Priority Services Register and it was agreed that data on vulnerable customers should be updated regularly. A number of stakeholders were of the view that contact with vulnerable customers to update information should be more frequent than every two years.

6.118 WPD RESPONSE: To ensure that PSR records are regularly checked, WPD will set up a dedicated team of staff trained to contact customers once every two years to validate their details. We will pilot this in advance to ensure that we develop the most effective and efficient approach. With such a large number of customers currently registered (over 715,000) we will maintain our target to contact customers every two years, but will review the suitability of this on an on-going basis.

6.119 The general consensus was that WPD ought to work more effectively in partnership with other organisations to share data and that this should be a two-way activity.

6.120 WPD RESPONSE: We will continue to work with a range of partners to distribute our information leaflets, publicise the PSR and WPD's emergency telephone numbers. Where data protection allows WPD will work with other public service centred organisations such as utilities, local authorities, housing associations and the health service to identify additional customers that should be on the PSR, and where possible to share and improve data.

Improving the power cut support services provided for vulnerable customers

6.121 Stakeholders agreed that when there is a power cut, good communication is key. Contacting vulnerable customers as soon as possible to let them know that WPD is aware of the problem was seen as vitally important.

6.122 WPD RESPONSE: We will continue to help vulnerable customers prepare for power cuts and provide practical support during power cuts via partner agencies such as the RVS and British Red Cross.

- 6.123** It was felt that four hours without power was a very long time for certain vulnerable customers and that regular updates ought to be given.
- 6.124 WPD RESPONSE:** We will use PSR data to contact medically dependent customers within the first 3 hours of a prolonged power cut (during the hours of 8am to 8pm) to provide updates on power restoration times and identify if additional support or further contact is required.
- 6.125** There was a good deal of praise for the crisis packs that WPD offers for vulnerable customers, although it was noted that it was important that these are distributed to those vulnerable customers who need them most.
- 6.126 WPD RESPONSE:** In addition to providing advice on how customers can be prepared for power interruptions, we will offer more direct assistance by distributing 10,000 crisis packs (including items such as an analogue phone, torch, gloves, gel hand-warmer, blanket and information leaflets) via our own staff and our partners.

Addressing fuel poverty and cold homes

- 6.127** Stakeholders were clear that WPD should avoid duplicating the good work that is already being carried out by organisations whose sole purpose is dealing with issues relating to fuel poverty.
- 6.128 WPD RESPONSE:** We will work with new and existing partners to develop a referral framework of regional agencies such as local authorities, Citizens Advice, voluntary agencies and energy charities that can be contacted for assistance on fuel poverty issues.
- 6.129** There is a certain stigma attached to fuel poverty and this presents a challenge for WPD. Contact Centre staff will need to be sensitive when asking questions to identify whether or not a customer would benefit from assistance.
- 6.130 WPD RESPONSE:** We will work with partners to develop bespoke communication and listening skills training for front line Contact Centre staff to enable them to identify the key warning signs of fuel poverty and refer customers to appropriate organisations that can help.

7 Appendices

A01: May 2011 Stakeholder workshops – Findings report

- 7.1 WPD held 3 stakeholder workshops in May 2011 in Bristol, Exeter and Cardiff, to begin our consultations for the RIIO-ED1 period. The aim of the workshops was to ask stakeholders for views on which of WPD's current investment priorities should continue after 2015 and to identify priorities for the longer term future. Stakeholders were asked to take part in two separate workshop sessions to discuss priorities under the themes of delivering a low carbon sustainable future, themed "environment", "network performance" and "customer service".
- 7.2 The executive summary of findings from these workshops can be found at: <http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/May-2011-stakeholder-workshops-executive-summary.aspx>
- 7.3 The full findings report can be found at: <http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/May-2011-stakeholder-workshops-findings-report.aspx>

A02: February 2012 Stakeholder workshops – Findings report

- 7.4 WPD held 3 stakeholder workshops in February 2012 in Nottingham, Birmingham and Gloucester, following the acquisition of the electricity networks in the East and West Midlands. The sessions were intended to gauge the views of stakeholders in the newly acquired network areas and to bring the company's programme of engagement ahead of RIIO-ED1 into line with the rest of the WPD regions where initial workshops had already taken place. As per the workshops held in May 2011, it was our intention to engage with a broad cross-section of stakeholders to identify priorities for investment over the upcoming price control review period. Whilst following a similar format and topics as those discussed in May 2011, in response to emerging stakeholder interest we added an explicit section on "innovation".
- 7.5 The executive summary of findings from these workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2012-stakeholder-workshops-executive-summ.aspx>
- 7.6 The full findings report from the Nottingham workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2012-stakeholder-workshop-Nottingham.aspx>
- 7.7 The full findings report from the Birmingham workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2012-stakeholder-workshop-Birmingham.aspx>
- 7.8 The full findings report from the Gloucester workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2012-stakeholder-workshop-Gloucester.aspx>

A03: March – June 2012 Willingness to Pay – Testing attributes

Attribute		Levels to test
1	Frequency of power cuts (over 3 mins)	10 in 10 years
		9 in 10 years
		8 in 10 years (base)
		7 in 10 years
		6 in 10 years
2	Average duration of power cuts (over 3 mins)	65 minutes
		60 minutes (base)
		55 minutes
		50 minutes
3	Restoration of supply- time allowed to restore supply before compensation available:	18 hours (base)
		12 hours
		6 hours
4	Worst served customers: Number of customers experiencing 15 cuts or more in 3 years:	10,000 (base)
		8,000
		6,000
		4,000
5	Worst served customers: Number of customers experiencing 12-14 cuts in 3 years	35,000 (base)
		28,000
		21,000
		14,000
6	Definition of worst served customers- number of cuts defining a worst served customer:	15 (base)
		12
7	Network resilience to major storms - programme duration to reduce likelihood that trees fall into strategically important overhead lines during severe weather	25 years (base)
		20 years
		15 years
8	Network resilience to flooding- number of customers no longer at risk	1,000,000 (base)
		1,300,000
		1,500,000
9	Reducing oil and gas leaks from equipment - percentage equipment with highest leakage rates replaced:	1% (base)
		5%
		10%
10	Undergrounding overhead lines in areas of outstanding natural beauty - Km undergrounded per year:	5km per year (base)
		15km per year
		30km per year
		60km per year
11	Innovation to facilitate a low carbon economy (and meet UK carbon reduction targets) - low carbon technology investment:	As and when required; not ahead of need (base)
		Ahead of need to support 104k solar panels, 184k heat pumps and 430k electric vehicles
		Ahead of need to support 468k solar panels, 831k heat pumps and 747k electric vehicles
		Ahead of need to support 936k solar panels, 895k heat pumps and 1.16m electric vehicles
12	New connections (1) - time taken from first contact to completed connection	Small scheme: 30 days; large scheme: 90 days (base)
		Small scheme: 20 days; large scheme: 60 days
		Small scheme: 10 days; large scheme: 30 days
13	New connections (2) - communication channels for new connections:	Separate telephone number and point of contact at each stage
		A single dedicated telephone contact number for connections customers
		A single account manager, available by phone, through the entire process
		A single account manager through the entire process, available by phone or by email if preferred
		A single account manager through the entire process, available by phone or by email if preferred, with all information available online (applications, payments, job tracking etc on our website)
14	Communication improvements & innovation - methods of contact	Automated messages or telephone operators to respond to customer calls (base)
		Automated messages or telephone operators to respond to customer calls, plus call backs every hour to provide information updates
		Automated messages or telephone operators to respond to customer calls, plus text messages to provide information updates

		Automated messages or telephone operators to respond to customer calls, plus social media channels (e.g. twitter) to provide information
		Automated messages or telephone operators to respond to customer calls, plus real-time information on our website (e.g. live network information / power cut checking and reporting)
		(Business only) Automated messages or telephone operators to respond to customer calls, plus a dedicated helpline for business customers

A04: March – June 2012 Willingness to Pay – Findings report

Qualitative workshops:

- 7.9** To inform our future investment strategy we undertook research to derive customers' priorities for investment and willingness to pay to deliver these. As a precursor to the full quantitative willingness to pay interviews, we conducted face-to-face engagement via 8 focus groups (with domestic customers) and 8 in-depth telephone interviews (with business customers). These workshops aimed to:
- Capture qualitative comments from stakeholders about what they believe should be WPD's top priorities for the future.
 - Check stakeholder understanding of the key issues to be surveyed.
 - Identify where further explanation/context is needed in order to enable meaningful responses.
 - Finalise the attributes and levels to be tested in the quantitative interviews.
 - Amend the wording of the questions, to ensure we are using the most appropriate language, avoiding jargon and technical terms.
- 7.10** The full qualitative findings report can be found at: <http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/March-to-June-2012-willingness-to-pay-qualitative.aspx>

Quantitative workshops:

- 7.11** We undertook around 1208 domestic and 426 business telephone interviews between 2 May and 11 June 2012 to derive customers' willingness to pay for improvements in fourteen different areas of service provision. Customer willingness to pay was established through choice experiments (carried out for us by specialist market research company, Accent) with customers offered choices between different service levels and bills.
- 7.12** The full quantitative findings report can be found at: <http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/March-to-June-2012-willingness-to-pay-quantitative.aspx>

A05: November 2012 Stakeholder workshops – Findings report

- 7.13** WPD held six stakeholder workshops in November 2012, to support the development of our Business Plan. The events took place in Nottingham, Birmingham, Cheltenham, Exeter, Cardiff and Bristol. The following documents detail the methodology used and the feedback given by WPD's stakeholders at each of these events.
- 7.14** Having identified stakeholder's overall priorities and interest areas at previous events (in the South West in May 2011 and in the Midlands in February 2012), at the workshops in November stakeholders were asked to discuss a range of improvement options in each priority area. As well as recording all qualitative discussions, we used electronic voting to capture quantitative feedback from stakeholders.
- 7.15** The executive summary of findings from these workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/November-2012-stakeholder-workshops-executive-summ.aspx>
- 7.16** The full findings report from the Nottingham workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/November-2012-stakeholder-workshops-Nottingham.aspx>
- 7.17** The full findings report from the Birmingham workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/November-2012-stakeholder-workshops-Birmingham.aspx>
- 7.18** The full findings report from the Cheltenham workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/November-2012-stakeholder-workshops-Cheltenham.aspx>
- 7.19** The full findings report from the Exeter workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/November-2012-stakeholder-workshops-Exeter.aspx>
- 7.20** The full findings report from the Cardiff workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/November-2012-stakeholder-workshops-Cardiff.aspx>
- 7.21** The full findings report from the Bristol workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/November-2012-stakeholder-workshops-Bristol.aspx>

A06: February 2013 Future bill payers workshops – Findings report

- 7.22** In the interest of engaging young people and giving them a say on our future plans, especially as many are likely to be bill payers by 2023, we held two workshops at the University of Nottingham and the University of Bristol. The sessions gave students the opportunity to influence and feedback on our plans and proposed Business Plan outputs, in respect to reducing power cuts, customer communication (including social media), protecting the network from severe weather and helping to facilitate smart networks.
- 7.23** The executive summary of findings from these workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2013-future-bill-payers-executive-summary.aspx>
- 7.24** The full findings report from both workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2013-future-bill-payers-findings-report.aspx>

A07: February 2013 Social Obligations workshops – Findings report

- 7.25** Having developed a new vulnerable customer strategy for WPD, we presented these proposals and the corresponding outputs from our Business Plan, to a range of interested stakeholders at two workshops specifically focusing on WPD's social obligations. The workshops took place in February 2013 at Birmingham and Bristol.
- 7.26** The executive summary of findings from these workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2013-Social-Obligations-workshops-executi.aspx>
- 7.27** The full findings report from the Bristol workshop can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2013-Social-Obligations-workshop-Bristol.aspx>
- 7.28** The full findings report from the Birmingham workshop can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2013-Social-Obligations-workshop-Birmingham.aspx>

A08: February 2013 'Power for Life' newsletter to customers

- 7.29** As part of WPD's annual media awareness campaign, alongside TV and regional newspaper advertising, the following four-page information newsletter was sent to every WPD customer (7.8 million).
- 7.30** WPD's 'Power for life' newsletter for 2013 can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2013-Power-For-Life-newsletter.aspx>

A09: February 2013 ‘Have your say’ consultation

- 7.31** Following the series of stakeholder workshops held in November 2012, WPD launched the following consultation document for wider stakeholders. It presented stakeholders with options for investment including actual costs and the service improvement each option would deliver in relation to areas of WPD’s service provision, identified as priorities by stakeholders. It included all changes to WPD’s proposals in the light of the feedback received in the November workshops. There were 14 consultation questions posed. The document was published online and sent to 2,000 contacts on our stakeholder database.
- 7.32** WPD’s ‘Have Your Say’ consultation document can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/February-2013-Have-Your-Say-consultation.aspx>

A10: February 2013 'Have your say' - Summary of responses

Q1 Do you agree that WPD's investment programme should, as a minimum, aim to maintain its current levels of service until 2023?

50% of respondents felt that WPD's investment programme should aim to maintain its current levels of service, whilst 40% of respondents felt that WPD should improve service levels "to ensure there are fewer supply failures." E.g. one electricity supplier stated that the current network resilience targets are at the right level and should not be outperformed.

Q2 Are our assumptions about the uptake of low carbon technologies reasonable for our current 'best view' scenario? Which of the scenarios do you think is most likely?

40% of respondents replied to this question and they all agreed our assumptions were reasonable. Half of these respondents opted for scenario one (high emissions reductions due to low carbon heat) and half thought scenario three (high emissions reductions due to low carbon heat and transport) most likely.

Q3 Are you satisfied with the current reliability of your electricity supply?

Of the respondents who answered this question (some were not responding as customers but as stakeholders) 33% were satisfied with their current reliability and 67% were not.

Q4 Do you agree WPD should focus on reducing the overall level of power cuts and do you support the investment options proposed?

80% of respondents agreed that WPD should focus on reducing the overall level of power cuts and supported the proposed investment options.

Q5 Do you agree WPD should increase investment in tree trimming to improve the networks' resilience to severe weather? Which of the investment options do you support?

75% of the respondents who answered this question agreed that WPD should increase investment in tree trimming to improve the networks' resilience to severe weather. Of these respondents 67% opted for option 3 (15 year programme). Some respondents did not choose an option and one said 15 years was still too long.

Q6 Do you agree WPD should invest more on flood defences for substations? Which of the investment options do you support?

100% of the respondents who answered this question agreed that WPD should invest more on flood defences. Of these respondents 67% opted for option 2 (protect 150 substations) and 33% chose option 3 (protect 200 substations).

Q7. Do you agree WPD should reduce the risk of oil and SF₆ gas leaks from equipment? Which of the investment options do you support?

100% of the respondents who answered this question agreed that WPD should reduce the risk of oil and SF₆ gas leaks from equipment with option 1 (WPD's proposal to replace the worst 1% of equipment) being the favoured option.

Q8. Do you agree WPD should invest to improve service to our most remote customers? Which of the investment options do you support?

100% of the respondents who answered this question agreed that WPD should improve service to our most remote customers with option 2 (reduction of 4,000 worst served customers) being the favoured option and option 3 (reduction of 6,000 worst served customers) receiving some support.

Q9. If you have had experience of working with WPD to deliver a scheme, how did you find the experience?

No comments.

Q10. Do you agree WPD should continue to invest at the current rate? Which of the investment options do you support?

Of the respondents who answered this question, 50% said WPD should continue to invest at the current rate and 50% thought WPD should do more. One respondent (a preservation association) responded only about this question and urged WPD to invest more.

Q11. What aspects of the new connections process would you most like WPD to focus on improving?

There was some support for improvement in the connection arena including support for WPD focusing on the completed connections process.

Q12. Overall time to connect: Which improvement option do you support?

100% of those who responded to this question opted for option 1 (WPD's current view, a 20% improvement on the average time to connect).

Q13. Communication methods: Which improvement option do you support?

The majority of those who responded to this question opted for option 2 (web based self service) with some support for option 1 (a dedicated number and better expertise at first point of contact).

Q14. How can we make it easier for our customers to communicate with us? Which of the improvement options do you support?

Respondents suggested retaining a UK based contact centre, local numbers to call from mobiles to ensure it's free to the user and information online. No support for social media such as twitter was evident. 100% of those who selected a preferred option chose option 2 (sending and receiving information via text message).

Additional comments:

Increase in customer bills

An electricity supplier expressed concern about the increase in investment spend above DPCR5 levels. They would like to understand what asset replacement has already been completed and the impact of it on customer service.

They sought clarification on whether WPD's assumptions account for a likely reduction in demand due to smart meters. They felt that the £14m per annum to accommodate the connection of Low Carbon Technologies, alongside £68m per annum for general reinforcement is overstated. They expressed the view that WPD can improve service without increasing costs to customers by utilising smart meter data and established technology such as smart phones and social media.

A11: March 2013 WPD draft Business Plan

7.33 In advance of our stakeholder workshops in April 2013, to consult on WPD's draft Business Plan and all outputs, the Plan was published online in March 2013. Details were sent to all contacts on WPD's stakeholder database.

7.34 A copy of the draft Business Plan can be found at: <http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/March-2013-WPD-draft-Business-Plan.aspx>

A12: April 2013 WPD draft Business Plan – Summary for stakeholders

- 7.35** To accompany our stakeholder workshops in April 2013, WPD produced a simplified summary document to capture the key points of the plan and to outline all of the outputs proposed. This document was presented to stakeholders at these workshops, prior to the discussion sessions.
- 7.36** The summary of WPD's draft Business Plan can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/April-2013-draft-WPD-Business-Plan-summary-for-sta.aspx>

A13: April 2013 Stakeholder workshops – Findings report

- 7.37** In order to communicate the key aspects of our draft Business Plan WPD hosted six workshops in Nottingham, Birmingham, Cheltenham, Exeter, Cardiff and Bristol. The sessions included a wide range of stakeholders, and gave them the opportunity to qualitatively discuss all the outputs proposed within the Plan and to quantitatively vote on the appropriateness of our proposals as a whole, as well as to highlight any aspects they would like WPD to amend.
- 7.38** The executive summary of findings from these workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/April-2013-Stakeholder-workshop-executive-summary.aspx>
- 7.39** The full findings report from the Nottingham workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/April-2013-stakeholder-workshop-report-Nottingham.aspx>
- 7.40** The full findings report from the Birmingham workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/April-2013-stakeholder-workshop-report-Birmingham.aspx>
- 7.41** The full findings report from the Cheltenham workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/April-2013-stakeholder-workshop-report-Cheltenham.aspx>
- 7.42** The full findings report from the Exeter workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/April-2013-stakeholder-workshop-report-Exeter.aspx>
- 7.43** The full findings report from the Cardiff workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/April-2013-stakeholder-workshop-report-Cardiff.aspx>
- 7.44** The full findings report from the Bristol workshops can be found at:
<http://www.westernpower.co.uk/docs/About-us/Stakeholder-information/Our-future-business-plan/Supporting-Stakeholder-information/April-2013-stakeholder-workshop-report-Bristol.aspx>