Electricity North West

Business Plan

Key facts about our network

Electricity North West Limited is a private limited company. We are owned by a consortium of funds managed by Colonial First State and JPMorgan Asset Management Infrastructure Investments Group.

We distribute electricity to the North West of England. As a rough guide, about 55% of our customers live in Greater Manchester, 30% in Lancashire and 10% in Cumbria, with the remainder in parts of Cheshire, Derbyshire and North Yorkshire.

A map of our area can be found at http://www.enwl.co.uk/about-us/where-does-electricity-north-west-operate-

Some key facts

Number of customers	2,368,572
Length of underground cables (km)	44,396
Length of overground cables (km)	10,695
Total units distributed annually (GWh)	23,484
Number of employees (FTEs)	1,698
Area covered (square km)	12,500
Peak demand (MVA)	4,250

Our full business plan can be found at http://www.enwl.co.uk/business-plan/WJBPhome

What we plan to do

Our plan is based on stakeholder engagement and our stakeholder and customer priorities of reliability, affordability and sustainability. We will improve quality of supply performance by 20% and maintain a steady investment profile which manages network risk whilst enabling full support for the transition to a low carbon future. We will reduce average prices by 19.1% compared to DPCR5 and kick-start RIIO-ED1 with a price reduction of 24.7% in 2015/16.

We have made a number of changes to our plan to respond to feedback from customers, stakeholders and Ofgem. We have undertaken substantial work to ensure that our plan is efficient. Our changes address areas where our plan appeared to be slightly expensive, reflect the latest available information and improve the clarity and structure of our plan. Our plan includes further efficiency improvements of £38m and further revenue reductions of £76m over the period. Our financing plan has been significantly updated to ensure we maintain stable credit ratings and remain financeable.

For RIIO-ED1, we are are continuing to deliver significant performance improvements and cost reductions whilst maintaining network investment with current levels and increasing our outputs at improved delivery costs. Controllable repair, maintenance and business support costs will, in aggregate, reduce by 14% from DPCR5 levels.

Our outputs are broadly unchanged from our original business plan. We will deliver extra support to our vulnerable customers when they require it; we will reduce network losses through investment in low loss transformers; we will underground a further 80km of overhead lines in National Parks and Areas of Outstanding Natural Beauty; we will continue our ambitious programme of technical and process innovation with a Network Innovation Allowance of £28 million and use innovation to mitigate reinforcement costs; we are reducing the time to process and complete connections; we will invest £21 million in network resilience, improving protection from floods and other extreme weather, malicious attack and 'pinch points' on our network; wherever possible we will continue to pay compensation after 18 hours during storms, and by 2023 we will have no customers who meet Ofgem's definition of 'Worst Served'.

We will deliver all of this with an exceptional level of safety compliance and customer service excellence.

How much we propose to spend and how it will be financed

Cost of Equity	6.3%	Notional Gearing	65%

All amounts in 12/13 prices	Total spend £m over the course of the price control	Annual average Percentage change from DPCR5
Network Investment	£960.25	-7.5%
Operating Costs***	£921.60	-9.1%

How this will impact domestic customer bills

Distribution charges make up 16% of the average overall domestic bill*

All amounts in 12/13 prices	2014/15**	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Percentage change in distribution costs	n/a	-24.7%	2.6%	-2.6%	-0.6%	-0.7%	-0.8%	0.6%	-0.2%
Annual change in £s	n/a	-£25.25	£2.01	-£2.08	-£0.43	-£0.53	-£0.63	£0.43	-£0.14
Total distribution charge	£102.04	£76.79	£78.80	£76.72	£76.29	£75.76	£75.13	£75.55	£75.42