Business Plan Commitments

Delivering on our promises to the communities we serve

To 31 March 2018

Electricity North West Limited
Registered number 02366949

electricity north west

Bringing energy to your door

Welcome

Our performance against our commitments to you

In the first three years of our current price control, which runs from 2015 to 2023, we have continued to focus on meeting our commitments to our customers, working with our stakeholders to ensure those commitments remain relevant in the fast changing environment in which we are operating. In 2017/18 we have made real progress in improving our performance in the key areas of customer service, safety and reliability as well as lowering our costs to customers. These improvements provide us with a strong foundation to build momentum going into 2018/19.

Our performance

During the year, we have continued to focus on our safety and customer service performance, two areas which involve everyone either employed by or working with the business.

We embarked on a company-wide initiative to create an enhanced safety culture. Specifically, we have taken steps to strengthen the safety engagement of our employees and contractors supported by several major initiatives. We have achieved a demonstrable reduction in injury rates with the annual lost time injury frequency rate reducing from 0.10 the previous year to 0.036 (per 100,000 hours worked), a new record for the business. We will strengthen and broaden this work to continuously improve the safety of our network, to protect our colleagues, our contractors, our customers and our communities.

Our customer satisfaction performance has improved with the overall measure increasing to 84.7% for the year, up from 83.2% in the previous year. Encouragingly, the performance in the second half of the year was 86.2% which provides a clear indicator of our rate of progress. We have plans in place to continue this progress and secure further improvements next year.

The reliability of the network remains a priority for our customers and investment in both operational and technological improvement has helped us to maintain our UK-leading customer interruptions performance. In July 2017, we committed to fund a £19m project to secure further improvements in this important area. The project is now well under way and will secure a quality and resilience of supply that is amongst the best in the UK for our customers here in the North West.

We remain conscious of the impact of our costs on customer bills and are committed to delivering our service efficiently, with a particular focus on innovation to lower costs to customers. This is essential in our region with high levels of fuel poverty and where the nature of such poverty is varied. To respond to this we have created three Fuel Poverty Referral Networks designed to directly meet these varying needs and the networks have already delivered £357,000 of benefit to the customers assisted.

Sustainability and carbon reduction run through every element of our business. We continue to outperform targets set for carbon emission reductions at the beginning of the current price control (2015-2023). In collaboration with regional and national stakeholders, we are also embracing new challenges by developing solutions through network design and operation, which will form the foundation to enable the transition to a low carbon economy.

Transitioning to a low carbon economy

The UK has embarked on a journey to decarbonise its economy through major changes in the way electricity is generated, stored, transported and traded.

The traditional passive 'top down' model, where electricity flows from large power plants, via the national transmission system, to our distribution network and on to homes and businesses, is being redefined.

The scale of the challenge is put in to context by the UK's climate change obligations, to achieve an 80% reduction in carbon emissions by 2050, relative to 1990 levels.

We are now seeing the emergence of an active decentralised model, in which energy is generated locally from renewable sources and supplied directly to communities. Increasing amounts of electricity consumed in the UK are being generated from low carbon sources, much of it being produced locally.

We have a key role to play in enabling a low carbon economy and we need to do this in a way which ensures bills continue to remain affordable for our customers and that the transition ensures electricity supplies remain reliable.

The evolution from the role of passive network operator to a proactive distribution system operator (DSO) is an exciting and challenging proposition. We have started to work closely with our customers and community groups to facilitate local and renewable energy production. The role of the DSO will require electricity distributors to play a more sophisticated role in managing networks and supporting producers and consumers as UK energy production moves to a more flexible and localised model.

"We remain focused to reduce our impact on customer bills and to support our customers in fuel poverty"

Ensuring our business plan commitments continue to reflect stakeholder needs

Our business plan commitments were agreed in 2014. Since then our industry has evolved at pace and continues to do so; from regulation and legislative changes to new technologies and the influence of the low carbon economy. As a consequence of this, after stakeholder engagement in 2017/18, we updated seven commitments and introduced one new commitment. You can read the updates on these commitments from page 11 in the report.

It is important to ensure our commitments remain relevant. At our July 2018 stakeholder engagement forum, we took the opportunity to share our progress, talk through where we are performing well, explain areas of challenge where we have plans in place to improve, and to discuss some of the commitments in more detail.

New commitments for 2018/19

On the back of this discussion, we have agreed an additional four commitments, along with updated targets for two of our existing reliability commitments. The new commitments include one addition to the safety section, with the other three making up a new 'low carbon' section. The introduction of the low carbon economy commitments ensures our business plan commitments remain aligned with the company's future challenges.

Further detail in relation to these new commitments is included from page seven in this report. We will report on them fully in next year's report. We welcome your feedback on the changes we have made. Contact details can be found at the back of the report.

Peter Emery
Chief Executive Officer

Performance snapshot

Our network

Number of customers **2.4m**

Overhead lines	Underground cables	Submarine cables
12,670km	44,630km	24km

Total network length **57,324km**

TOTEX	£227m	£224m	101%
	Total expenditure*	RIIO-ED1 allowance*	of allowance (before adjustment for delayed expenditure)

£70 Our part of a typical household bill*

*The price base for all values is 2012/13

Electricity North West received on average £79 from each home in 2017/18, around 15% of the typical electricity bill. This is equivalent to the £70 above which has been adjusted for the impact of inflation, per Ofgem Business Plan Reporting Guidance.

How we're performing

Reliability

CI 36.7	CML 38.7
Customer interruptions (Including exceptional events)	Customer minutes lost (Including exceptional events)
CI 32.8	CML 34.4
Customer interruptions (Excluding exceptional events)	Customer minutes lost (Excluding exceptional events)

Subject to agreement with Ofgem for the exceptional events

Connections

Time to quote	Time to connect
4 Days	32 Days

Our customer commitments

Customer satisfaction

84.7%

Social obligations

Stakeholder engagement	BITC Index
Scored 5.75 Pass	92%

Incentive on connections engagement (ICE)

Penalties incurred under the ICE scheme

NONE

Operating responsibilities

Safety

Licensee safety performance and compliance with Health and Safety Executive (HSE) legislation

Lost time injuries	Lost time injury frequency rate
Reduction in lost time injuries	0.036*

*Number of lost time injuries per 100,000 hours worked

Carbon emissions	Undergrounding for visual amenity
20,599 tCO_2e	4.9km

www.enwl.co.uk/innovation

Our performance in 2017/18

electricity north west
Bringing energy to your door

★ Performance significantly better than target ✓ Met target ● On track ● Behind schedule ✕ Missed target

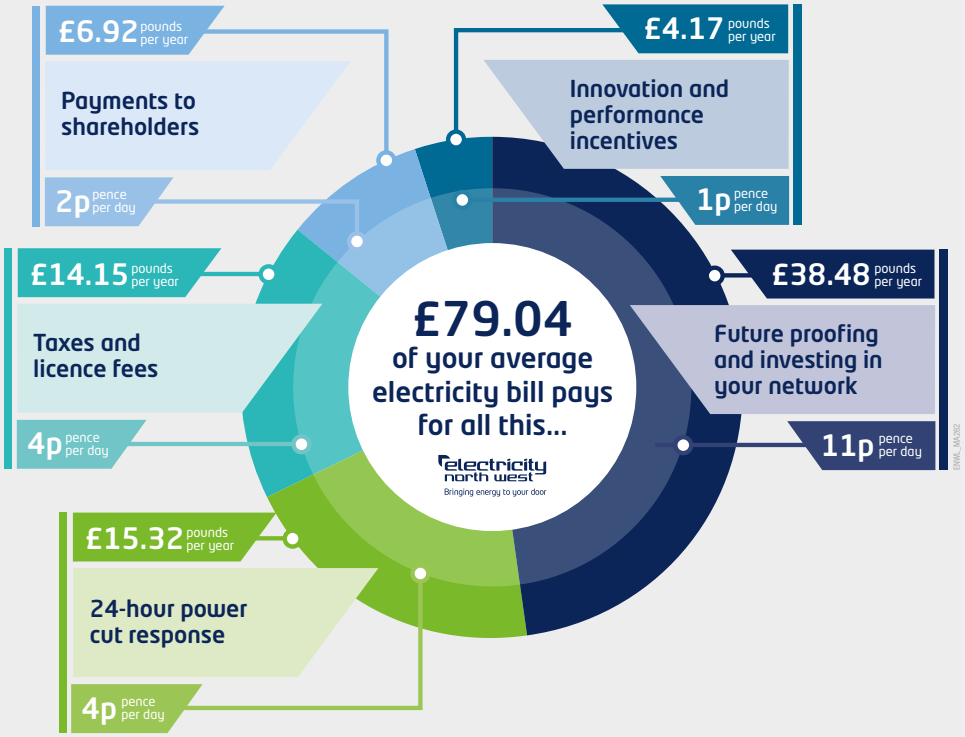
Safety	#1. Site security	★	P13
	#2. Safe climbing	●	P13
	#3. Asbestos management – Updated for 2017/18	●	P14
	#41. Management of the risk of link box failures – New for 2017/18	●	P14
Social	#4. Enhanced Priority Service Register service	●	P15
	#5. Improve services for vulnerable and Priority Service Register customers – services provided	●	P15
	#6. Improve services for vulnerable and Priority Service Register customers – staff training	●	P16
	#7. Improve services for vulnerable and Priority Service Register customers – support provided	●	P16
	#8. Responsible organisation	✓	P17
	#9. Resilient supplies to vulnerable locations	✓	P17
	#10. Mitigate fuel poverty	●	P18
Reliability	#11. Improve overall reliability	★	P19
	#12. Improve overall availability	★	P19
	#13. Complete flood protection programme to all major sites – Updated for 2017/18	●	P20
	#14. Network health – overall risk index	★	P20
	#15. Network health – fault rate	★	P21
	#16. Strategic site security – Updated for 2017/18	●	P21
	#17. Ensure all major substations have appropriate backup battery capacity – Updated for 2017/18	●	P22
	#18. Reconfigure the network, where appropriate, to ensure redundancy in event of major incident	●	P22
	#19. Improve performance for worst-served customers (WSC)	●	P23
	#20. Ensure that the loading risk of the network is appropriately managed – overloaded substations	★	P23
	#21. Ensure that the loading risk of the network is appropriately managed – larger transformers – Updated for 2017/18	●	P24
	#22. Ensure that network constraints to the connection of distributed generation are removed	●	P24
Customer	#23. Customer survey – composite score	●	P25
	#24. Complaints – 1 day – Updated for 2017/18	✓	P26
	#25. Complaints – average days to close – Updated for 2017/18	✓	P26
	#26. Stakeholder engagement	✓	P27
	#27. Guaranteed Standards	✓	P27
	#28. Storms	✓	P28
Connections	#29. Connection quotation – single domestic connections	★	P29
	#30. Connection quotation – up to four domestic connections	★	P29
	#31. Connection quotation – all other connections	★	P30
	#32. Connection completion – single domestic connections	✕	P30
	#33. Connection completion – up to four domestic connections	★	P31
	#34. Connection completion – all other connections below extra high voltage	✓	P31
	#35. Engagement – Incentive on connections engagement	✓	P32
	#36. Guaranteed Standards of performance	✓	P32
Environment	#37. Reduce carbon footprint	★	P33
	#38. Reduce losses	●	P33
	#39. Reduce oil lost from cables	●	P34
	#40. Undergrounding overhead lines	●	P34

Our focus to reduce customer bills

We charge our customers through their electricity suppliers in the case of domestic and small customers, or directly for larger customers. The prices that we charge our customers for distributing electricity are regulated by the Gas and Electricity Markets Authority which operates through Ofgem.

The legitimacy of the returns made in the energy sector is currently an area of focus. We support clear and transparent reporting of returns and are working with Ofgem, other network operators and consumer groups to develop the regulatory reporting regime to present fair and comparable views of regulatory returns across the sector.

For a standard domestic customer, our average current price control charges will be 16% lower than those of the previous price review.



Electricity North West received on average £79 from each home in 2017/18, around 15% of the typical electricity bill. This is equivalent to the £70 in our performance snapshot on page three of this report which has been adjusted for the impact of inflation, in line with Ofgem Business Plan Reporting Guidance.

Case study

Mrs O from Salford was referred from Electricity North West due to our contact centre advisor's concerns about draughts at her property making her extremely cold and worried for her health and wellbeing. A LEAP visit was arranged – this highlighted areas where energy could be saved, for example, by effectively using her Economy 7 tariff. The outcome was the installation of radiator reflector panels, a door brush (which has stopped draughts immensely) as well as new low energy bulbs, which Mrs O said "are superb and are much brighter". Overall, Mrs O is extremely grateful for the help and advice. Mrs O no longer feels worried about her property being cold or her health.

LEAP
Local Energy Advice Programme

Our focus to support customers in fuel poverty

We transport energy to some of the most socially and economically deprived communities in the UK. It is a key part of our purpose to support the North West community and in particular those customers who become more vulnerable to a loss of electricity. We have worked with a range of partner organisations to set up three new Fuel Poverty Referral Networks – creating a varied and region-wide support structure that will help those of our customers who are more dependent on electricity, both now, and in the future.

Total

528 customers supported

£357k benefit to customers

Working in urban areas

250 customers supported

£237k** benefit to customers

In partnership with the Greater Manchester Combined Authority (GMCA) we are providing dedicated support for fuel poor customers in Greater Manchester through the Local Energy Advice Programme (LEAP).

Colleagues from Electricity North West identify customers potentially facing fuel poverty (either on the phone, or face-to-face in local communities) and then refer these customers to LEAP. Experts from LEAP carry out home visits to assess circumstances and provide a range of support, including home insulation, benefits checks, debt advice, energy switching and grant applications for higher cost measures such as new boilers.

We also connected Certas (heating oil supplier) with the GMCA and they also now support the LEAP programme for vulnerable customers who aren't connected to the gas network.

As well as making direct referrals to LEAP, we have also funded 250 referral 'credits' to be used by local authorities in the Greater Manchester area. These credits help enable 'hard to reach' customers in deprived communities to benefit from our investment.

Targeting deprived communities

200 customers supported

£48k* benefit to customers

In partnership with North Lancashire Citizens Advice, targeted support is provided to some of the UK's most vulnerable customers. We first started working with this organisation following the devastation caused by Storm Desmond in 2015. In October 2017 we forged a more formal, long-term partnership to help alleviate fuel poverty and associated vulnerability in North Lancashire, who have the highest number of winter deaths in the UK. This issue is a priority for all organisations.

North Lancashire Citizens Advice provide a weekly energy drop-in service where an advisor will provide appropriate face-to-face advice and support including energy saving tips, switching suppliers and if appropriate welfare and debt advice. We fund this weekly energy drop in service and also support outreach work undertaken by the charity.

Additional support for Priority Service Register customers

78 customers supported

£72k* benefit to customers

Our call centre colleagues are trained to identify customers potentially living in fuel poverty and now have the ability to refer these customers to Energy Saving Trust, who operate across our entire region. Advisors from Energy Saving Trust contact customers to provide appropriate advice including installation of simple energy measures, how to switch suppliers and energy saving tips. If appropriate the advisor will refer a customer to welfare and debt advice services.

** Calculation based on 10 year savings
* Calculation based on savings over two years

Ensuring our business plan commitments continue to reflect stakeholders' needs

At our July 2018 strategic stakeholder advisory panel, we continued the discussion about our business plan commitments. Using electronic voting we collected feedback on our approach to keeping our commitments relevant, potential new commitments and enhanced targets for two of our existing commitments.

- 91% endorsed our approach of engaging with our advisory panels and stakeholders to agree any required changes to our business plan commitments to ensure that they remain relevant to our stakeholders.
- 58% highlighted low carbon enablers as an area they would like us to focus on this year when we review and develop our business plan commitments.
- 89% understood the potential new commitments and enhanced targets to two of our existing commitments.

Further details of the feedback we collected at the panel can be found on our website www.enwl.co.uk/globalassets/stakeholder-engagement/documents/advisory-panels/2018_aug_feedback-report-final.pdf

New commitments – low carbon

We agreed a new 'low carbon' section with the panel which comprises three new commitments. We will begin reporting on the new commitments in 2018/19. The details in relation to measurements, targets and completion dates are in the table below with background information on the opposite page.

Issue	Proposed commitment	Target	Customer benefit
Driving transition to Distribution System Operator (DSO) Addressing the challenges faced in the evolution from passive network operator to a proactive DSO	Deployment of Active Network Management (ANM)	Deployment of ANM across all of our high voltage network, by 2023	Increased range of lower cost connection offers for customers to choose from
Electric vehicles (EV) Facilitating expansion of EV	Working with strategic partners to identify network capacity requirements to facilitate EV connections at key sites / locations	Swiftly facilitate all connections of low carbon technologies, by 2023	Ability to connect low carbon technologies to the network e.g. EV charging
	Removal of domestic limitations to connection of EV charging or low carbon technologies	Capability for domestic properties to connect low carbon technologies (>100 amp fuse), by 2023	
Enabling our communities to take part in the low carbon energy transition	Supporting the development and delivery of community and local energy in our region through our community and local energy strategy	Identify locations on our network where community and local energy can be deployed for the benefit of the network and reporting back on viability of approach / identification of viable sites, by 2019	Benefits for community and local energy groups include the possible identification of additional support for projects in certain areas and help to identify suitable locations. It could also support the delivery of some community and local energy group aspirations that are more difficult to deliver such as energy efficiency or helping people out of fuel poverty

Enabling a low carbon economy

New

The challenges faced by the transition to a low carbon economy and the UK's ongoing decarbonisation of electricity, heat and transport are significant and greater than that faced by previous generations. Finding affordable, low carbon solutions is important, not just for our customers, but for the environment and the sustainability of our business and community.

Whilst our customers and community groups are becoming energy producers, renewable energy sources such as solar and wind are intermittent and they will need flexible grid top-up. This will require us to actively manage the network in new ways. At the same time, increasing demand for electricity for heat and transport will require us, as the network operator, to be even more innovative in our use of the existing network, to ensure capacity is available when customers need it.

Case study: Transitioning to a distribution system operator

The way households and businesses use electricity, and the way it is generated, transported and traded is changing rapidly.

These changes will have profound implications for electricity network operators, requiring a more proactive role in network management and the development of new types of relationships with our customers and participants in the energy markets.

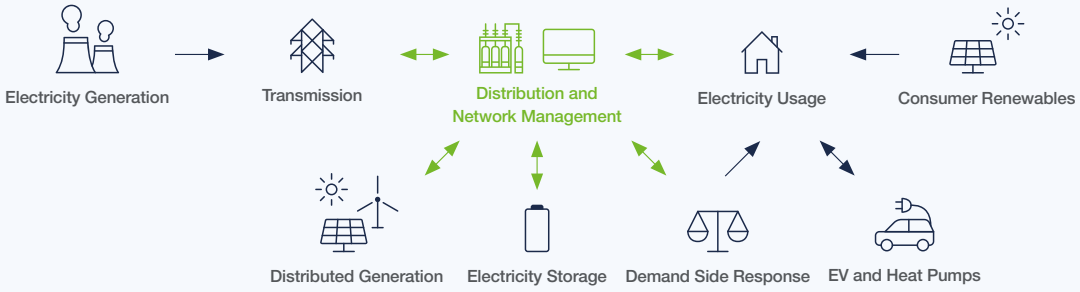
For the first time all customers will be able to take an active part in this energy future through new devices such as smart meters, smart vehicle chargers and online services which control home appliances and heating.

The end of one-way travel

The traditional electricity distribution model is built around the one-way flow of energy to the consumer. This model is already starting to be turned on its head, as local green energy producers emerge with the ability to power homes and businesses, and supply energy back to the grid. Managing an electricity grid powered by multiple, local energy sources, is a complex and demanding task, requiring new technical and commercial solutions.

This has big implications for our role in the system - what used to be relatively simple...

....is becoming far more complex and multi-directional



New commitment – Safety

We agreed a new safety commitment. We will begin reporting on the new commitment in 2018/19. The details in relation to measurements, targets and completion dates are in the table below with background information on the opposite page.

Issue	Proposed commitment	Target	Customer benefit
Rising and Lateral Mains (RLM) RLM refer to the electrical system in multi-occupancy properties which, if not properly maintained can present a public safety risk	Fitting of innovative vacuum circuit breakers (Weezaps) to allow monitoring of higher risk premises and carrying out remedial work where required	Deployment of Weezap protection at all sites deemed to have a higher risk due to age, height or condition, by 2023	Safety risk reduced. Weezaps have the capability to detect early stage electrical faults and allow remote shutdown to the electrical supply to minimise the likelihood of fire

Enhanced targets

We agreed enhanced targets for two of our existing reliability commitments. We will begin reporting on the enhanced targets in 2018/19. The details in relation to measurements, targets and completion dates are in the table below with background information on the opposite page.

Original business plan commitment	Rationale for change	Change	Customer benefit
Improve overall reliability Customer interruptions	Our original commitment to reduce interruptions by 20% from 2012 levels by 2019 has already been met. Actual reliability levels have been improved by 29% (2012 to 2018)	An extension of our existing business plan commitment to improve reliability from 20% to 35% (compared to 2012 levels), by 2023	Enhanced reliability of supply achieved by targeted investment in the network, both limiting the number of faults and also the number of customers affected by those faults that do occur
Improve overall availability Customer minutes lost			

Enhanced Priority Service Register (PSR) service – under review

Our current commitment is to contact every PSR customer every two years to ensure the data we hold is up to date and accurate.

The number of our customers on our PSR register has grown rapidly over recent years, with almost three times the number of customers on the register now compared to in 2014. We discussed the ongoing cost of meeting this commitment with our vulnerable customer advisory panel and whether this provided value for money for our customers.

The consensus was that the money could be invested with a greater impact and further discussion will take place during our October Panel to agree an appropriate commitment. We will begin reporting on the updated commitment in 2018/19.

Existing commitments – updated

We also collected feedback on three of our existing commitments.

- 79% understood why we need to change our risk index commitment measurement and target.
- 74% agreed that we should keep our two complaints commitments targets unchanged.

The updated commitments have been reported on in 2017/18. The details in relation to measurements, targets and completion dates are in the table below.

Original Business Plan commitment	Rationale for change	Change	Customer benefit
Network health – Overall risk index Maintain risk index within 3% of 2015 position	Ofgem have introduced a new industry-wide standardised approach for risk calculation	New target of a reduction of 11.5 million risk points by 2023, aligned to the target we have agreed with Ofgem to manage network risk	Investment is targeted at assets with a higher risk or consequence of failure; efficient and focused investment contributes to lower customer bills
Complaints (two commitments) 80% of complaints resolved within one day (further review if target achieved) On average, less than four days to close complaints (further review if target achieved)	After stakeholder engagement in 2017/18 the targets of these two commitments were updated, recognising the change in assessment of resolved complaints. The targets have been marginally achieved in 2017/18	We will continue to report against the existing targets and remain committed to providing an enhanced complaints resolution performance	The targets provide value for money for customers and allow for escalation to the ombudsman where necessary

Safety focus – Rising and lateral mains

New

Following the Grenfell Tower catastrophe, attention has focused on the fire risk in multi-storey buildings, particularly those with large numbers of residential customers. Rising and lateral mains refers to the electrical system in multi-occupancy properties which, if not properly maintained can present a public safety risk.

Electricity North West has a proactive programme of replacing the highest risk rising and lateral Main (RLM) installations, in conjunction with the building owners; however this is likely to take many years to complete. To reduce the risk, we are utilising newly developed low voltage (LV) device technology to install 24/7 electrical monitoring of the highest risk installations.

Fitting of innovative technologies on the network allows us to monitor network performance and identify abnormalities at these high risk premises.

Weezaps have the capability to detect early stage electrical faults and allow an operator to remotely shutdown the electrical supply to minimise the likelihood of fire. They provide far more sensitive protection than standard fuses, again reducing the risk of fire. The devices also provide measurement data that gives an indication as to the condition of the RLM and hence feed in to the prioritisation of installations for replacement.

Additional investment to improve network reliability

Enhanced

The reliability of the network remains a priority for our customers and we continue to focus on improvements in this area – we have committed a further £19m to increase the level of automation and thereby reliability of the network.

An enhanced reliability of supply is achieved by targeted investment in the network which both limits the number of faults and also the number of customers affected by those faults that do occur.

Working with existing and new partners, the additional investment is focused on improving network performance through enhancing our Automatic Restoration System (ARS) and innovative fault detection equipment. Improvement in these areas will enable us to minimise the frequency and time that our customers are off supply.

The equipment will provide an increased coverage across our network to complete switching operations and power restoration without a site visit being required; and to automatically reconfigure the network to switch to alternative supplies without the intervention of a control engineer.

Equipment can be either ground-mounted or installed on our overhead network. Some of the more innovative equipment is new to the industry and has been specifically developed to bring greater accuracy in fault detection. This will help our engineers to significantly narrow down the location of a fault, resulting in improved restoration performance.

Our performance
in 2017/18

Delivering on our promises to the communities we serve

#1. Site security

We'll protect our major substations and overhead lines from metal theft and vandalism

Background

Metal theft and vandalism pose a risk to the reliability of our network and the safety of our employees. Due to the geographic dispersion of our network it's not practical to protect every site, so we identify high risk sites and install the additional security measures that are required.

Measurement	Target	Completion date
Number of sites with additional measures installed	800	2023

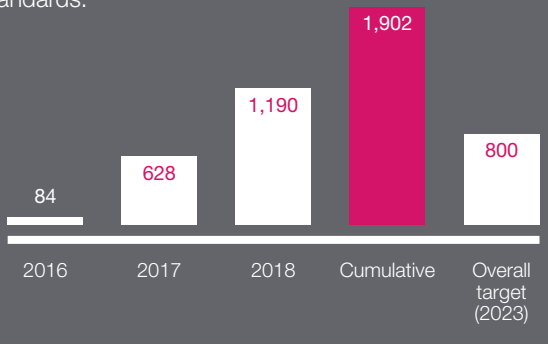
Performance ★

This commitment is now complete.

In 2017/18 security enhancements were installed at 1,190 sites, taking the total current price control period (2015-23) progress to 1,902 sites; exceeding the target of 800.

Approximately 90% of the total enhancements are metal marking assets. Metal marking is a quick and cost effective way of ensuring visible copper within distribution substations is marked to show it belongs to Electricity North West. This method not only reduces thefts from sites due to the work that would be required to remove the marks before scrapping, it also helps prove ownership should some be found at scrap yards.

Physical enhancements have been made to 36 sites, which were either deemed high risk or had suffered damage, to bring these sites in-line with industry standards.



#2. Safe climbing

We'll improve operational safety for climbing and working at height on our steel towers (pylons)

Background

Steel towers support our 132kV overhead lines and stand around 27m tall – the equivalent of six double decker buses stacked one on top of the other. Our employees work on these towers all year round in all weather conditions.

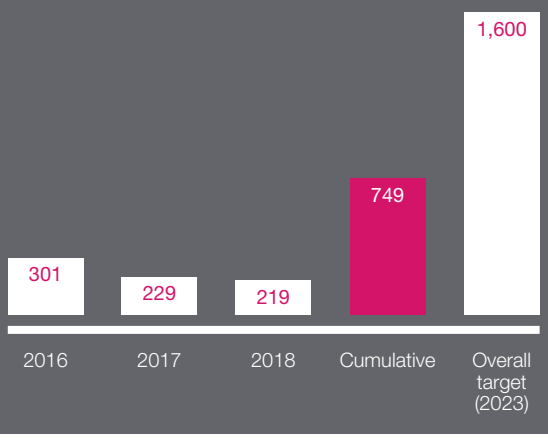
We are installing 'latchway' systems on all of our steel towers. These are permanently fixed to the structure and enable safer climbing through the provision of additional fall arrest protection.

Measurement	Target	Completion date
Number of towers with latchway installed	1,600	2023

Performance ●

In 2017/18 we installed 219 latchway systems, taking the total current price control period (2015-23) progress to 749.

The programme is 47% complete after three years of the eight-year period and is ahead of the run rate required to meet the target.



#3. Asbestos management (Updated for 2017/18)

We'll make sure asbestos in our substations is safely managed

Background

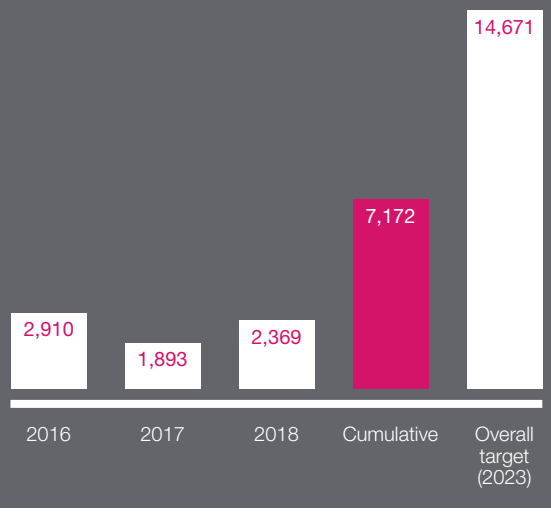
The majority or our network assets were installed in the 1950s and 1960s. At that time, the dangers of asbestos were not understood and this material was used widely in construction and insulation, including use in our substations.

Measurement	Target	Completion date
Inspect and remediate, to make all of our substations safe	14,671 inspections and sites made safe where required	2023

Performance

In 2017/18 we completed 2,369 inspections, which resulted in 96 remediations. This takes the total current price control period (2015-23) progress to 7,172 inspections. The total number of remediations is 616.

The programme is 49% complete after three years of the eight-year period and is ahead of the run rate required to meet the target.



#41. Management of the risk of link box failures (New for 2017/18)

We'll put in place additional measures to mitigate the potential risk of link box failures

Background

Disruptive failures of underground link boxes, which are where we connect underground cables are rare, but there has been an increase in failures reported across the UK over the last six years.

Their location in public areas poses a public safety risk if not appropriately managed.

Measurement	Target	Completion date
Inspect and intervene, to make all our link boxes safe	Over 18,000 inspections and interventions where required	2023

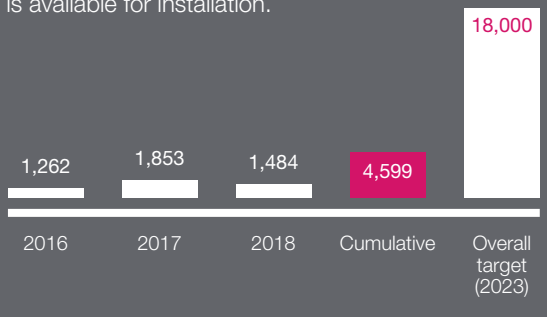
Performance

In 2017/18 we completed 1,484 inspections, which resulted in 1,388 interventions. This takes the total current price control period (2015-23) progress to 4,599 inspections. The total number of interventions is 2,778.

Inspections assess the risk. Depending on the risk an intervention may be required, either blast mitigation protection or replacement or removal of the link box. The type of intervention depends on the magnitude of the risk.

In 2018/19 the blast mitigation protection used will be a blast bag rather than traditional fire blanket. This has been designed to provide increased blast mitigation protection and at lower cost to customers.

The programme is 26% complete after three years of the eight-year period and we expect to complete the remaining work by 2023. The speed of roll out will increase over the coming years now the blast bag is available for installation.



#4. Enhanced Priority Service Register (PSR) service

We'll keep an up-to-date and accurate PSR

Background

We maintain a PSR to identify those customers who are most dependent on our services. We contact customers on our register to ensure the details we are holding are correct. This helps us to develop tailored support to assist customers, for example those who are medically dependent on electricity, to ensure we are offering the right level of support at the right time.

Measurement	Target	Completion date
Up-to-date and accurate information	To contact every PSR customer every two years	Ongoing

Performance

We have managed to reach out to over 187,000 priority service customers in 2017/18, taking the number of contacts in the last two years to 264,588. This number of contacts exceeds the total number of customers on our PSR in 2014 (235,000) when we originally made the commitment. We have been focusing on the growth of our PSR through targeted campaigns and improving the customer experience when signing up. We now have over 700,000 customers on our PSR.

Our main initiatives this year include a data sharing trial with United Utilities which has seen both companies sign a data-sharing agreement to provide each other with new PSR customer data over a 12-week period. The partnership which aims to create a simpler, more streamlined customer experience, adds to our existing partnership with Cadent, the North West gas network operator and builds on our aim of moving towards a single, shared PSR database.

Other examples of our work in 2017/18 include having our logo and contact numbers put on the pharmacy bags at 250 chemists across the North West and advertising in 'All Together Now', a free health and disability magazine that can be picked up from GP surgeries, mobility shops and hospitals.

#5. Improve services for vulnerable and Priority Service Register customers – services provided

We'll improve our services to provide better support to PSR customers

Background

The services we can provide are only as good as the data we hold. Our data analysis allows us to determine how many PSR customers we have, what their circumstances are and where they reside. We combine this with feedback from stakeholders to ensure that what we do reflects genuine need.

Measurement	Target	Completion date
Better targeted services using data that will become available over the course of RIIO-ED1	Enhancements identified by stakeholder engagement	Ongoing

Performance

In 2017/18, we have worked with a range of partner organisations to set up three new Fuel Poverty Referral Networks – creating varied and region-wide support:

Local Energy Advice Programme (LEAP): We have formed a partnership with the Greater Manchester Combined Authority on their LEAP initiative, which provides customers with advice on matters such as energy efficiency, income maximisation as well as providing other relevant services through the help of a referral system.

North Lancashire Citizens Advice (CA): A long-term partnership has been formed with CA to help alleviate fuel poverty and associated vulnerability in North Lancashire. Initiatives include weekly drop-in sessions providing advice and support on topics such as energy saving and switching suppliers.

Energy Saving Trust (EST): EST is delivering a Fuel Poverty Referral Network across our region, providing customers with advice on how to save energy, switch suppliers and access further support.

We have worked to make our communication platforms friendlier for priority service customers, including improving our website and introducing both inbound text communications which allow customers to register a fault by text and overnight text alerts allowing customers to opt to receive outage updates.

#6. Improve services for vulnerable and Priority Service Register customers – staff training

We'll improve our colleagues' capabilities to provide better support to PSR customers

Background

Our customer-facing staff are our primary means of contact with our priority service customers. It is important that they are fully trained to both recognise potential PSR customers and, where this is the case, provide a proactive registration and service.

Measurement	Target	Completion date
Enhanced training for all customer-facing front-line people	Improved identification of and advice to vulnerable customers	Ongoing

Performance

Our colleagues come into contact with customers in a number of different ways; they are uniquely placed to help deliver support.

Over the past year, we have worked hard to enhance the skills and experience of our dedicated welfare team, improve leadership and expand the knowledge and confidence of our wider teams of customer call handlers and frontline colleagues.

Scenario-based training: It's essential that colleagues are comfortable discussing customer problems so that they can help customers feel at ease. To achieve this, our welfare team has undergone scenario-based training with actors playing the role of customers. We are now in the process of rolling out the training to our 80-strong contact centre, and will then make it available to frontline colleagues.

Dementia Friends training: In October 2017 each member of the welfare team attended an information session to become a Dementia Champion. This in turn allowed them to carry out training to the rest of the contact centre. We are in the process of extending this training to frontline operational teams.

Our welfare team are also being specifically trained to recognise and confidently identify signs of vulnerability, utilising specific skills to identify triggers, such as a word in a conversation or a hint about loss of job or earnings.

#7. Improve services for vulnerable and Priority Service Register customers – support provided

We'll improve our support services during interruptions for PSR customers

Background

Some of our customers are more dependent on electricity than others and are therefore more severely affected by planned or unplanned interruptions. These customers receive enhanced support during power cuts or planned interruptions.

Measurement	Target	Completion date
Welfare package support and temporary power supplies	Deliver services during planned or unplanned power interruptions	2015-2023

Performance

In the event of a severe weather warning, we endeavour to contact all our PSR customers in the affected area, via text, email or telephone. Also, when we plan to turn off supply to complete essential maintenance, we contact customers beforehand to arrange for any required additional support.

We have worked hard to improve the frontline support for priority services customers, examples include:

Highly trained welfare support staff: Working side by side with our operational teams, to support the customers by offering face-to-face support, hot drinks, simple support tools and advice which we know makes a real difference to our customer journey.

Planned supply interruptions (PSIs): We've reviewed our approach to PSIs to better manage the impact on priority services customers. Our PSR dashboard now allows us to build PSR considerations into our plans and gives our colleagues the ability to tailor onsite support to customers' needs.

Joint working: Our welfare team now base themselves in operational depots at least once a week to enhance colleagues' understanding of vulnerability issues and available support. Improvements in operational response and incident response for priority services customers have been realised as a result.

#8. Responsible Organisation

We'll develop an effective Corporate Social Responsibility (CSR) strategy

Background

We are working with Business in the Community (BITC) to develop an effective CSR strategy, tailored for the needs of our customers and communities.

As a national charity dedicated to transforming business and communities, BITC can objectively assess our approach based on best practice. BITC provides robust feedback and guidance on our CSR initiatives which allows us to maximise the positive impact the initiatives have.

Measurement	Target	Completion date
Business In The Community Index	Gold – 90%	2018

Performance

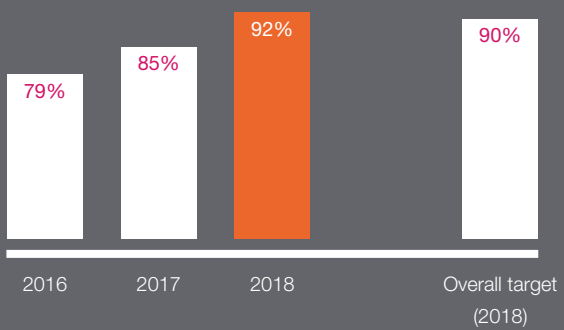
This commitment is now complete.

In 2017/18 we achieved 92% against the target of 90%.

This is a seven percentage point improvement compared to last year. We have continued to consolidate good environmental management, particularly around business carbon reduction and have seen improvements across supply engagement and social impact, particularly around diversity management and wellbeing.

Since starting to work with BITC in 2013, an improvement of 38 percentage points has been made.

Although the commitment is now complete, work in this area will continue. In 2018/19 the BITC Corporate responsibility Index will be replaced by a Responsible Business Framework, which we will use to understand performance and put in place initiatives.



#9. Resilient supplies to vulnerable locations

We'll improve network reliability in areas where there are high concentrations of vulnerable customers

Background

Many of our customers depend upon the continued availability of electricity for health reasons. In such instances these customers are particularly vulnerable to network faults. Hospitals are one example of vulnerable customers but there are others and many of these people live at home. Owing to our continued investment in the networks, faults are thankfully rare. However, as an additional commitment to these vulnerable customers we aim to increase reliability even further. We identified 56 hospitals connected to our high voltage (HV) network and 87 distribution substations, each providing power to 50 or more vulnerable customers.

In addition to network reconfiguration, we plan to fit remote control and automation equipment to all of them to significantly reduce the likelihood and the duration of supply outages.

Measurement	Target	Completion date
Upgrade network reliability for 56 hospitals and 87 distribution substations	Complete network automation investment	2017

Performance

This commitment is now complete.

Customers at each of the 56 hospitals and 87 distribution substations have seen their HV networks enhanced to reach the target standard of performance reliability.

In the rare event of a fault on the network causing loss of supply to these customers, electrical supplies will immediately transfer to alternative supply points, thus reducing the duration of any supply disruptions to just a handful of seconds. These enhancements have been achieved by installation of the latest automation technology alongside several local network reconfigurations.

#10. Mitigate fuel poverty

We'll reduce our prices

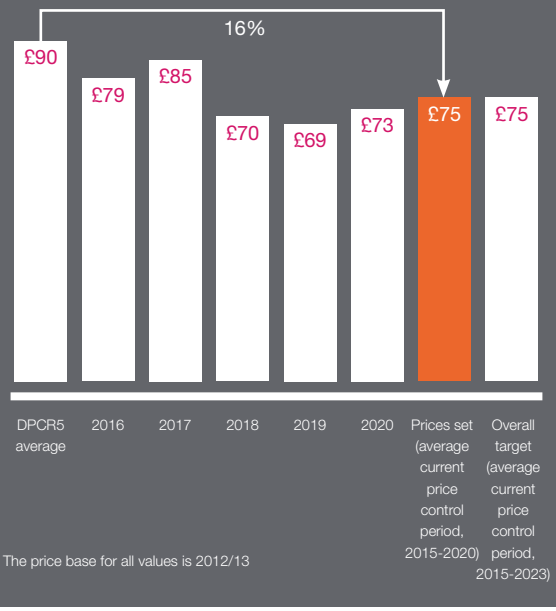
Background

Fuel poverty is affecting an increasing percentage of the population. We aim to keep current price control period (2015-23) prices lower than those of the previous price review (2010-2015) to help work against this growing issue. The RIIO incentive mechanisms ensure our customers share the benefits of our improved performance. The cost efficiencies that we generate result in lower prices in the current price control period.

Measurement	Target	Completion date
Reduce average RIIO-ED1 prices compared to DPCR5	16%	2015-2023

Performance

For a standard domestic customer, our average current price control period charges will be 16% lower than those of the previous price review. We expect to deliver this commitment through the prices we will set for the remainder of the current price control period (2020/21 to 2022/23). Our prices for 2019/20 will be 19% lower than the previous price review average (prices are set two years in advance).



The price base for all values is 2012/13

We'll continue to improve our support services during interruptions for Priority Service Register customers

#11. Improve overall reliability

We'll reduce the number of interruptions our customers experience

Background

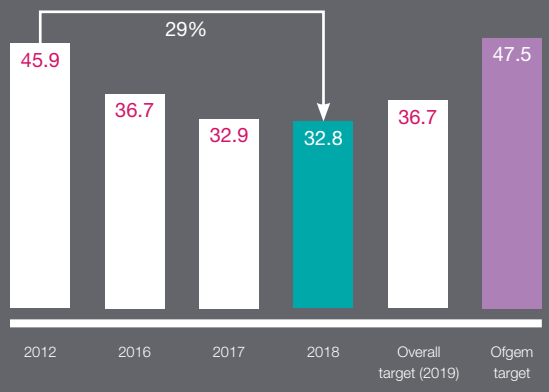
Our customers have told us that reliability is one of their top priorities and we work to reduce the amount of times our customers lose supply. We measure our performance against this using the customer interruptions metric.

Measurement	Target	Completion date
Customer interuptions per 100 customers	36.7	2019

Performance ★

In 2017/18, the number of interruptions our customers experienced was 29% lower than 2012.

The reliability of the network has been sustained though proactive investment in the use of network automation and innovative solutions, and an ongoing focus on operational response when incidents do occur.



Our Ofgem target has been included to give context of the target set by the regulator.

Customer interruptions represent the number of interruptions our customers experience, measured through interruptions per 100 customers. It is calculated by taking the total number of customer interruptions, divided by the total number of customers connected to the network, multiplied by 100. It is adjusted to exclude exceptional events.

#12. Improve overall availability

We'll reduce the time our customers are without power in the event of an interruption

Background

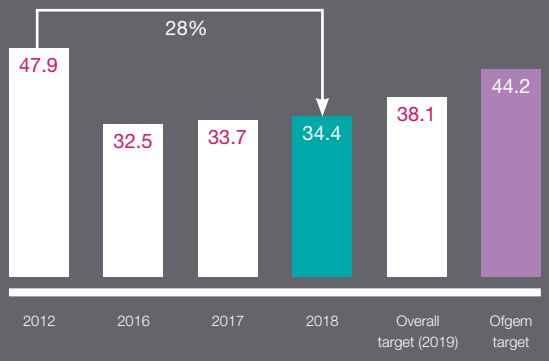
During a fault it is important that restore power as soon as possible. To track our performance against this we use the customer minutes lost metric.

Measurement	Target	Completion date
Customer minutes lost per customer	38.1	2019

Performance ★

In 2017/18, the length of time our customers were without power in the event of an interruption was 28% lower than 2012. Performance was marginally behind the prior year, with a larger impact from planned supply interruptions to enable our capital investment programme to be delivered.

Our focus in 2017/18 has been to improve operational response by increasing local accountability for the dispatch and management of resources, and improving the skills of our first responders.



Our Ofgem target has been included to give context of the target set by the regulator.

Customer minutes lost represent the average time customers are without power per year, in the event of an interruption, measured as customer minutes lost per connected customers. It is calculated by taking the sum of the customer minutes lost for all restoration stages of all incidents, excluding exceptional events, and dividing by the number of connected customers as at 30 September each year.

#13. Complete flood protection programme to all major sites (Updated for 2017/18)

We'll reduce the risk of our major sites to flooding

Background

Our programme aims to protect our major substations identified as being at risk against a once in 100-year flooding risk.

To protect our customers and our network, we are spending money on flood defences in excess of the original business plan. In some cases this will improve the level of resilience to one in 1000-year forecast flood levels. Extensive works are being completed at Lancaster, Carlisle and Rochdale.

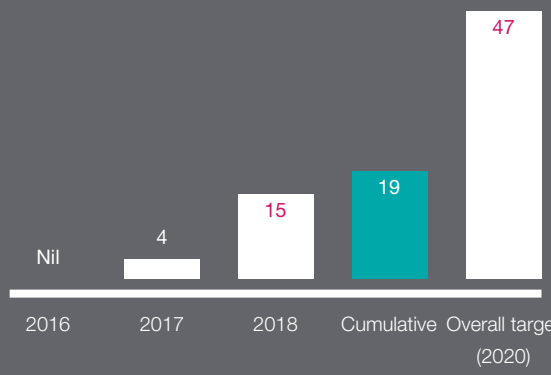
Measurement	Target	Completion date
Number of higher voltage substations protected against 1/100 year flooding	47	2020

Performance

In 2017/18 we have completed flood resilience work at 15 sites, taking the total current price control period (2015-23) progress to 19 sites.

The programme is 40% complete after three years of the five-year target. Work has already started at a further 16 sites and we expect to complete the stand alone projects by the 2020 deadline.

The works completed in 2017/18 included raising of plant and equipment at Willowholme substation, a flood defence wall at Carlisle 33kV substation and electrical interconnection at Tardy Gate and Culcheth substations.



#14. Network health – overall risk index

We'll deliver a reduction in the condition-related risk of our network through a targeted programme of replacement and refurbishment

Background

It is our responsibility to our customers to ensure that we both refurbish and replace our existing assets, to ensure the overall asset risk of the network does not deteriorate significantly.

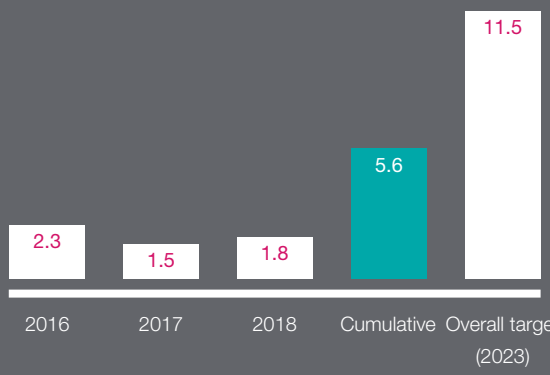
On an asset by asset basis our approach is to inspect the condition of the asset to estimate the probability of it failing and to assess the consequence should that asset fail. We are then able to prioritise our investment based on the assets that are more likely to fail and those that will have the greater impact on customers.

Measurement	Target	Completion date
Risk points	11.5m	2023

Performance

In 2017/18 we have delivered 1.8 million risk points, taking the total current price control period (2015-23) progress to 5.6 million.

We have now delivered 49% of the 11.5 million risk points after three years of the eight-year target and the programme is ahead of the run rate required to meet the target.



#15. Network health – fault rate

We'll ensure the overall fault rate of the network doesn't deteriorate significantly from the 2011 – 2013 average

Background

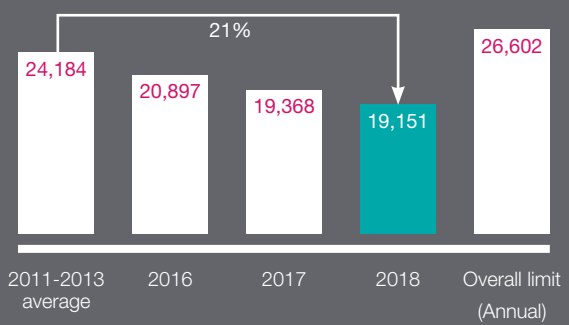
For some of our equipment, particularly buried assets such as cables, it is difficult to measure their condition accurately. For these assets, we are using the rate of faults to measure our network health. We calculate this fault rate as the number of faults we experience each year divided by the amount of equipment we have.

The fault rate method we use allocates weightings to each different type of fault to allow us to create an overall picture of how we have performed.

Measurement	Target	Completion date
Fault rate	Less than 110% of 2013 average	Ongoing

Performance ★

In 2017/18, the annual fault rate (excluding Exceptional Events) was 21% lower than the 2011 – 2013 average.



#16. Strategic site security (Updated for 2017/18)

We'll comply with security guidelines for Critical National Infrastructure (CNI)

Background

Critical National Infrastructure is the element of national infrastructure where loss or compromise would result in a major detrimental impact on essential services, with severe consequences. The Centre for the Protection of National Infrastructure (CPNI) provides guidance to us in relation to which parts of our infrastructure fall into this category.

Measurement	Target	Completion date
Number of sites with protection to approved CPNI standard	1	2020

Performance ●

The department for Business, Energy and Industrial strategy (BEIS) have provided an updated view of the list of CNI sites.

We have one site where work is required. The project is in its design phase and will complete by 2020.

#17. Ensure all major substations have appropriate backup battery capacity (Updated for 2017/18)

We'll ensure our network has 72 hour resilience to restart should the electricity system fail

Background

Black Start is the procedure to restart all or part of the electricity system in the event of a complete shutdown. National Grid controls this and, if required, would sequentially restart generators and parts of the transmission and distribution networks until the whole system was live once again.

Our role in this is to ensure our network has sufficient battery backup so that communications systems will work in the event of a complete mains power failure.

Measurement	Target	Completion date
Number of substations with 72 hour backup capability	287	December 2020

Performance

The strategy for our Black Start programme is now in place. The required pilot projects have been completed and the programme is planned for delivery over 2018/19 and 2019/20. Delivery has now commenced and we expect to complete all required work by the December 2020 deadline.

The solution is made up of a combination of two elements. In addition to the installation of 72 hour batteries, we are fitting additional equipment to existing batteries to increase their capacity.

#18. Reconfigure the network, where appropriate, to ensure redundancy in event of major incident

We'll modify the network, where appropriate, to ensure it isn't overly dependent on a single physical structure

Background

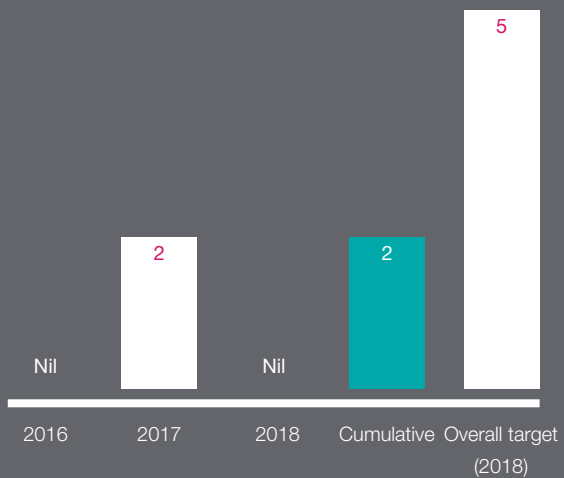
There are a small number of locations where strategically important electricity cables are vulnerable to malicious damage because they are installed in or on a single cable bridge.

Measurement	Target	Completion date
Number of sites completed	5	2018

Performance

This type of work requires lengthy negotiation to gain rights of way agreements to lay the required new cables. We are working to secure the necessary third party agreements at an efficient cost.

The total progress remains at two sites against the target of five.



#19. Improve performance for worst-served customers (WSC)

We'll work to ensure none of our customers are classified as 'worst-served'

Background

A WSC is defined by Ofgem as a customer who has experienced 12 or more high voltage interruptions in the last three years, with a minimum of three interruptions per year.

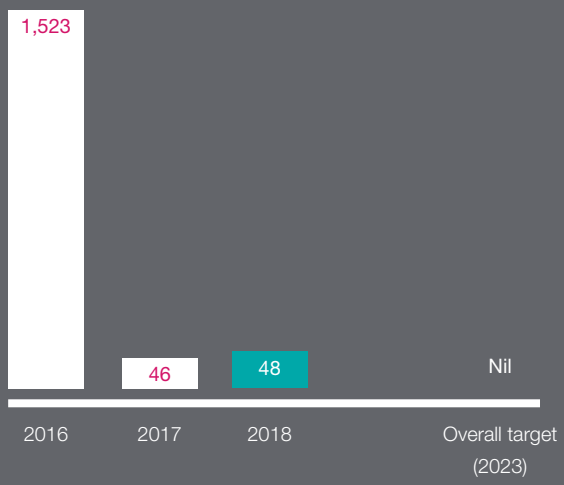
Analysis of WSCs has helped shape our investment programme. The solutions considered for improving performance are varied and include application of additional remote control and implementation of network automation among other solutions.

Measurement	Target	Completion date
Reduce the number of customers qualifying as worst-served	No WSC over 12 events	2023

Performance

The number of customers qualifying as worst-served at the end of 2017/18 was 48.

Projects have been identified to improve the circuits that serve customers who have been categorised as WSC. We will work hard to deliver improved service to the challenging few remaining customers, with the aim of having zero worst served customers at the end of the current price control.



#20. Ensure that the loading risk of the network is appropriately managed – overloaded substations

We'll manage the loading risk of our network

Background

If demand exceeds capacity for an extended period of time, there is an increased safety risk and a greater vulnerability to faults or an extended loss of supply for customers supplied by such equipment.

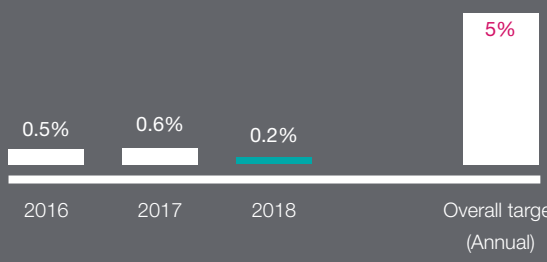
We measure asset loading using a load index on our higher voltage substations. This compares the maximum demand on a substation to its capacity. We balance utilisation with an appropriate amount of spare capacity to accommodate short-term increases in demand.

Measurement	Target	Completion date
Proportion of customers connected via overloaded substations	<5%	Ongoing

Performance

In 2017/18, of our 422 bulk supply point and primary substations, only three were running above their firm capacity, affecting approximately 4,000 customers out of our total customer base of 2.4 million.

The actual needs and requirements of the network depend on future load growth, which is uncertain and difficult to predict. Our investment programme is based on an annual review of forecasted maximum demand compared to the capacity for substations and demand groups.



#21. Ensure that the loading risk of the network is appropriately managed – larger transformers (Updated for 2017/18)

We'll manage the loading risk of our network

Background

Where new connections are added to the network, we may need to reinforce the network so that it can cope with the additional demand. Furthermore, we need to reinforce the network where the load from existing connections increases to the extent that assets become overloaded. New substations, larger transformers and additional interconnection are standard traditional reinforcement interventions to address current and forecast capacity shortfalls.

Measurement	Target	Completion date
Install larger capacity transformers and/or additional interconnection at our major substations	Where required in line with policy	2023

Performance

Preliminary design work is in progress for the installation of a third grid transformer at Stuart Street Bulk Supply Point in Manchester city centre. This is part of strategic reinforcement driven by the level of demand connections activity in Manchester City centre.

An Expression of Interest was published in April 2018 to gauge availability and pricing for Flexible Services as an alternative to conventional reinforcement of Stuart Street BSP. A tender will be issued in summer 2018 to ascertain whether it is an economically efficient alternative for our customers.

We also have three connections driven schemes in progress, which will result in the installation of five primary transformers in the Manchester city centre area. In these instances a customer has requested a supply which requires the installation of new transformers as the existing transformers are unable to provide the required capacity.

#22. Ensure that network constraints to the connection of distributed generation are removed

We'll remove network constraints that prevent the connection of distributed generation

Background

The equipment that forms the electricity distribution network has to be able to cope with the large amounts of electrical energy that flow when faults occur. The amount of energy that would flow in a particular part of the network under worst case conditions is known as the fault level. We have designed our network to limit the fault energy to be as low as possible in order to maintain safety margins, but this can constrain our ability to connect new sources of electrical energy such as distributed generation, as well as the widespread adoption of low carbon technologies, in a particular area.

Measurement	Target	Completion date
Replace switchgear at locations where its current rating is likely to prevent the extensive connection of distributed generation	295	2023

Performance

The traditional solution is to replace older switchgear with higher-rated equivalents and this was the basis of the target. So far we have completed ten switchgear replacements.

The programme delivery for this commitment will commence in 2018/19, starting with the rollout of the conventional reinforcement method which is expected to cover 241 distribution substations.

Type testing in relation to the innovative reinforcement technique for Long & Crawford (L & C) 6.6kV switchgear is now complete. Policies and procedures are now being put in place to roll out the required modifications in the coming year. This will cover the remainder of the volumes needed to achieve the target of 295.

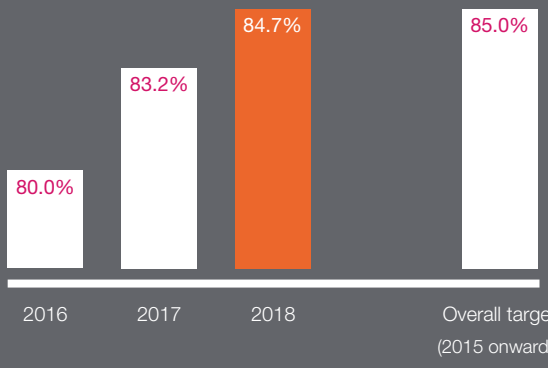
#23. Customer satisfaction – composite score

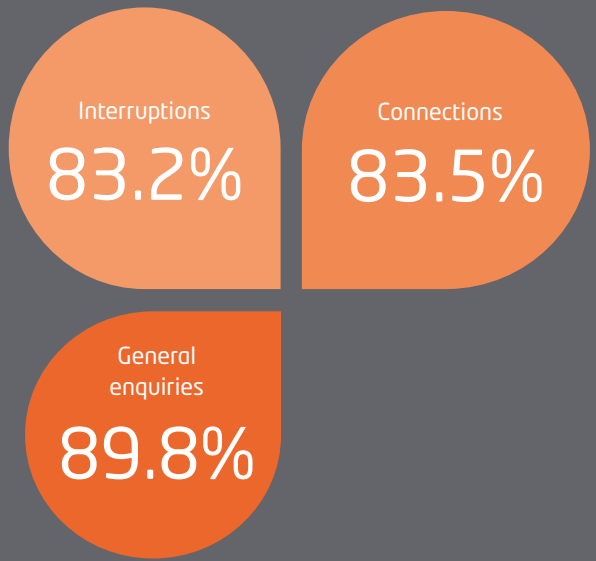
We'll improve our customer service performance

Background

Our composite score incorporates levels of customer satisfaction for interruptions, connections and general enquiries.

Measurement	Target	Completion date
Composite score	85%	2015 onwards





Performance

Customer satisfaction (CSAT) levels have improved during the year, achieving an overall score of 84.7% in 2017/18 against a 2016/17 performance of 83.2%. The improvements made are reflected in the score of 86.2% for the second half of the year which is much closer to our targeted levels. We are committed to further improve customer satisfaction levels, with clear actions in place focussing around simplification, compliance with our process that provides a positive customer journey when interacting with us, improvement in IT systems and resourcing strategies.

Interruptions

This makes up 30% of our CSAT metric, covering planned and unplanned supply interruptions.

For planned interruptions we provide our customers with planned supply interruption cards which provide an explanation for the power cut and related details. We focus on improving compliance against key delivery factors, which our customers have identified as being important to them.

For unplanned interruptions we keep our customers updated about our work to restore their power supply. We monitor compliance against the estimated restoration time that we provide them.

Connections

This makes up 50% of the CSAT metric, covering quotes that we provide to customers and where progressed, the delivery of them.

An increased focus to provide clear and simple communications to customers on cost breakdown for a connection quotation and what happens next has been a key factor in the improvements we have made. We also proactively contact customers to agree site-ready dates and monitor compliance against those dates.

General enquiries

This makes up 20% of the overall CSAT metric, covering a broad range of enquiries, for example the tidiness of our substations.

Improved collaboration between the contact centre and operational teams has led to new ways of working, data capture and increased communication with our customers.

#24. Complaints – 1 day (Updated for 2017/18)

We'll resolve 80% of our complaints within 1 day

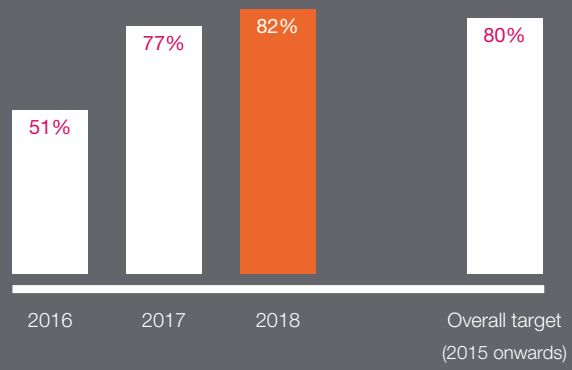
Background

In the instance that a customer feels the need to make a complaint, we endeavour to resolve the issue as efficiently as possible. We aim to resolve the majority of complaints within 24 hours.

Measurement	Target	Completion date
Measurement resolved within one day	80% (further review if target achieved)	2018 onwards

Performance

In 2017/18 we resolved 82% of complaints within 24 hours, exceeding the target of 80%. Performance has improved by five percentage points against 2016/17. Increased internal focus on our underlying processes and close monitoring of 24 hour complaint resolution has helped drive the improved performance.



#25. Complaints – average days to close (Updated for 2017/18)

We'll close all of our complaints, on average, within four days

Background

The majority of our complaints are resolved within the first 24 hours; however some complaints can be more complex than others and take longer to close.

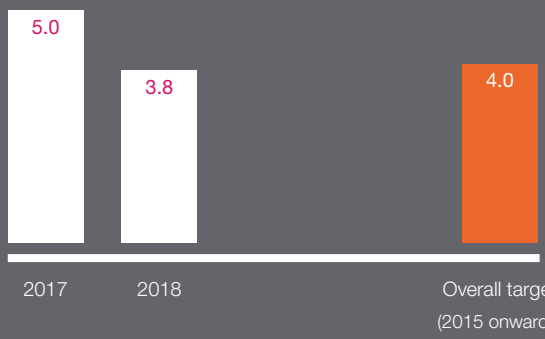
We appreciate the importance and need for continual focus on each and every one of our complaints and we therefore aim for an average resolution time for all complaints of less than four days.

Measurement	Target	Completion date
Average days to close	Average < four days (further review if target achieved)	2018 onwards

Performance

On average, complaints were closed within 3.8 days in 2017/18, hitting the target of four days and improving on the 2016/17 performance of five days. During the year we performed benchmarking analysis which highlighted the potential for improvement in complaints that remain outstanding for more than 31 days. As a result of this, a dedicated team has been established to specifically manage complaints over 20 days old, ensuring continual focus on the resolution of these cases.

The increased focus on older complaints, along with the strong performance of 24 hour complaint resolution have both helped to drive the improvement in performance for this commitment throughout 2017/18.



#26. Stakeholder engagement

We'll continuously improve our stakeholder engagement

Background

Stakeholder engagement is a cornerstone of our business and we will continue to make sure we respond to our stakeholders' changing needs.

To measure how we are progressing, we use Ofgem's evaluation of our annual stakeholder engagement submission.

Measurement	Target	Completion date
Ofgem's evaluation of annual stakeholder engagement submission	Pass part one submission	2015 onwards

Performance

We achieved a score of 5.75 for the 2017/18 assessment. A comprehensive review of performance is being undertaken and a plan developed to improve performance in 2018/19.

In response to feedback from the Ofgem panel, we are putting increasing efforts into quantifying the benefits of the activities within our stakeholder engagement programme, to ensure that our activity is linked with real, tangible customer benefits. To do this, we now include metrics for activities, together with an indication of the associated effort involved.

As part of our efforts to help customers to access affordable energy both now and in the future, we commissioned Energy Saving Trust to produce a comprehensive report into fuel poverty in the North West. We've used this to inform our partnership strategy and have created three referral networks which directly support priority services customers.

We also continue to formally engage through our five director-led dedicated stakeholder engagement panels – the annual strategic stakeholder advisory panel and our four advisory panels.

#27. Guaranteed Standards

We'll pay out the required Guaranteed Standard payments

Background

Guaranteed Standard payments compensate customers where our performance doesn't adhere to regulatory standards.

Measurement	Target	Completion date
Due compensation	100%	2015 onwards

Performance

In 2017/18 we have paid out 3,792 Guaranteed Standard payments, totalling £187,510. This is a significant reduction against our 2016/17 performance of 6,016 payments, totalling £280,350.

The improvement above is partly a result of an initiative at the start of 2017 to bring certain workstreams in-house. This has provided greater control from both a management and delivery perspective. The main contributor to the improvement has been in customer appointments for cutout services.

We will continue to proactively contact any customers who may be eligible for compensation.

In 2017/18, payments to customers on the Priority Services Register have been made automatically, as our processes now ensure that we are aware if, and for how long they have been interrupted.

#28. Storms

We'll pay out Guaranteed Standards even in storm conditions, retaining discretion for extreme events to balance the impact on customer bills

Background

Following the devastating winter storms of December 2013 and February 2014 we consulted with stakeholders on the regulatory approach to making guaranteed standard payments to customers affected by power outages in exceptional weather events. Together we agreed that it was appropriate to make such payments even in storm conditions and this is in addition to the regulatory requirements.

Stakeholders also recognised the need to balance guaranteed standard payments against the costs incurred by other customers to fund this commitment. We therefore agreed that the company would retain discretion with regard to the application of this commitment to ensure that all customers are protected from the impact of significant payments in the event of an extreme event.

Measurement	Target	Completion date
Pay out guaranteed standards even in storm conditions	100%	2014-15 onwards

Performance

In 2017/18 we have proactively contacted customers who fall into this category. We will make payment to 100% of customers who respond.

#29. Connection quotation – single domestic connections

We'll provide a quotation after receipt of the customer's initial application on average within six working days

Background

Connecting customers efficiently and economically is an important part of our business and a crucial service for our customers. It is a service that facilitates economic growth and allows us to support delivery of our stakeholder priorities.

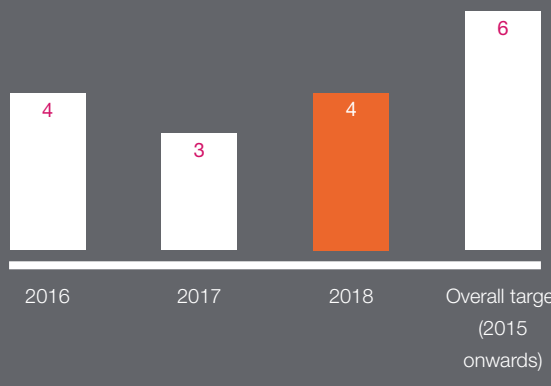
To allow efficient connection timescales, it is important that we provide customers with quotations in a timely manner following their initial application.

Measurement	Target	Completion date
Single domestic connections	Six working days	2015 onwards

Performance ★

We continue to outperform this commitment – our performance in 2017/18 was four days.

During the year we produced 2,311 quotes within this sector.



#30. Connection quotation – up to four domestic connections

We'll provide a quotation after receipt of the customer's initial application on average within 10 working days

Background

Connecting customers efficiently and economically is an important part of our business and a crucial service for our customers. It is a service that facilitates economic growth and allows us to support delivery of our stakeholder priorities.

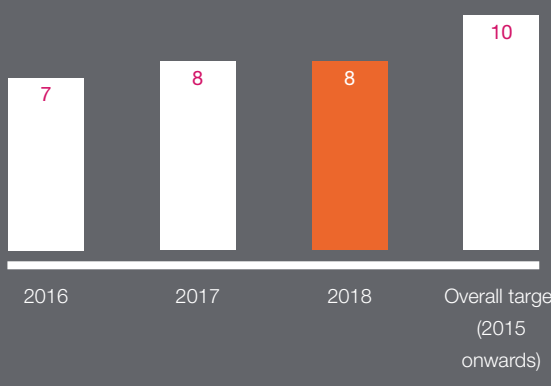
To allow efficient connection timescales, it is important that we provide customers with quotations in a timely manner following their initial application.

Measurement	Target	Completion date
Up to four domestic connections	10 working days	2015 onwards

Performance ★

We continue to outperform this commitment – our performance in 2017/18 was eight days.

During the year we produced 2,044 quotes within this sector.



#31. Connection quotation – all other connections

We'll provide a quotation after receipt of the customer's initial application on average within 25 working days

Background

Connecting customers efficiently and economically is an important part of our business and a crucial service for our customers. It is a service that facilitates economic growth and allows us to support delivery of our stakeholder priorities.

To allow efficient connection timescales, it is important that we provide customers with quotations in a timely manner following their initial application.

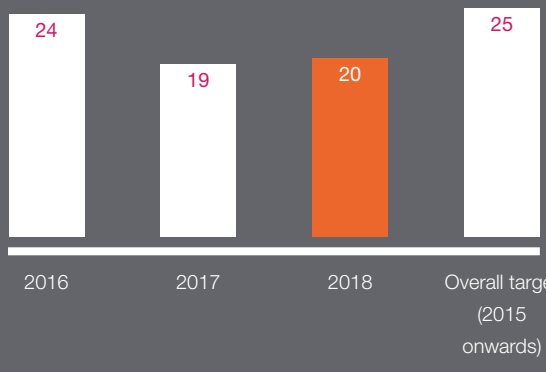
Measurement	Target	Completion date
All other connections	25 working days	2015 onwards

Performance ☆

We continue to outperform this commitment – our performance in 2017/18 was 20 days.

During the year we produced 8,369 quotes within this sector.

We are still seeing a high volume of distributed generation quotes that continues to put pressure on our bid and design teams, however plans are in place to increase resources.



#32. Connection completion – single domestic connections

We'll complete the connection after agreeing terms with the customer on average within 30 working days

Background

Connecting customers efficiently and economically is an important part of our business and a crucial service for our customers. It is a service that facilitates economic growth and allows us to support delivery of our stakeholder priorities.

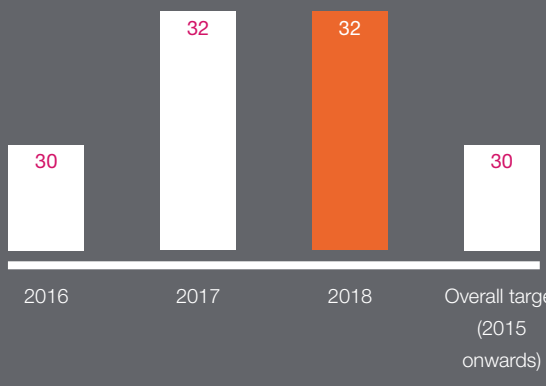
After agreeing terms with a customer, it is important that we provide a completed connection as efficiently as possible.

Measurement	Target	Completion date
Single domestic connections	30 working days	2015 onwards

Performance ✖

Our performance in 2017/18 was 32 days. We are one of the leading DNOs in this area but have not quite managed to meet our stretching commitment target. We will continue to identify actions to further reduce the time it takes to complete connections, including customer communication and work bank management.

During the year we completed 952 connections within this sector.



#33. Connection completion – up to four domestic connections

We'll complete the connection after agreeing terms with the customer on average within 40 working days

Background

Connecting customers efficiently and economically is an important part of our business and a crucial service for our customers. It is a service that facilitates economic growth and allows us to support delivery of our stakeholder priorities.

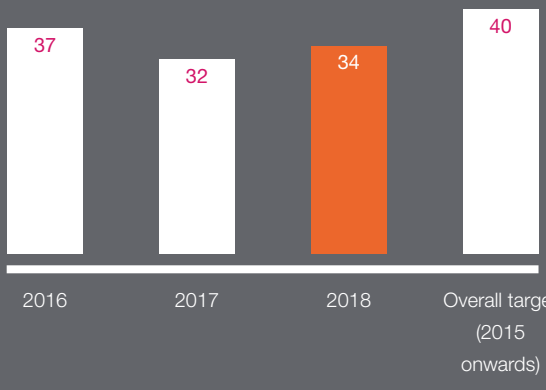
After agreeing terms with a customer, it is important that we provide a completed connection as efficiently as possible.

Measurement	Target	Completion date
Up to four domestic connections	40 working days	2015 onwards

Performance ★

We continue to outperform this commitment – our performance in 2017/18 was 34 days.

During the year we completed 737 connections within this sector.



#34. Connection completion – all other connections below extra high voltage

We'll complete the connection after agreeing terms with the customer on average within 50 working days (from when the customer is ready)

Background

Connecting customers efficiently and economically is an important part of our business and a crucial service for our customers. It is a service that facilitates economic growth and allows us to support delivery of our stakeholder priorities.

After agreeing terms with a customer, it is important that we provide a completed connection as efficiently as possible.

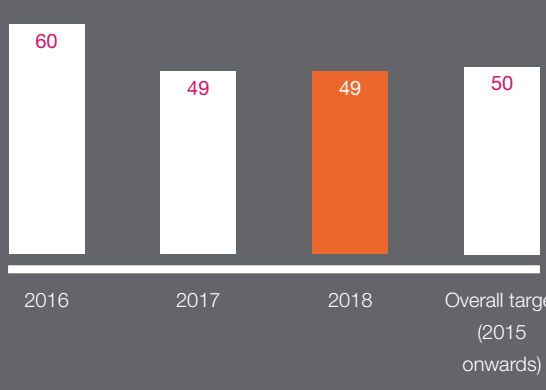
Measurement	Target	Completion date
All other connections below extra high voltage	50 working days (from when the customer is ready)	2015 onwards

Performance ✓

We continue to outperform this commitment – our performance in 2017/18 was 49 days.

During the year we completed 148 connections within this sector.

As a business we have shared our workbank with our delivery partners. This allows delivery partners to programme in line with customers and correctly resource to allow sufficient float in the programme to cover the peaks and troughs experienced when working to customer's expectations.



#35. Engagement – Incentive on connections engagement

We'll continuously improve our stakeholder engagement for connections customers

Background

The Incentive on Connections Engagement is a penalty only incentive that requires us to engage with our stakeholders and make commitments to address their issues and deliver against those commitments. It is assessed annually by Ofgem.

Measurement	Target	Completion date
Incentive on Connections Engagement	No penalty	2015 onwards

Performance

Overall, we have worked hard to deliver this commitment and we are pleased to report a result of 'no penalty' for 2017/18.

Engagement this year has been successful with 97% of stakeholders rating our events as "useful" or "very useful".

We have completed all but one action against our 2017/18 workplans. The one action we haven't fully succeeded on was achieving 85% customer satisfaction on delivering distributed generation connections. We achieved 84% satisfaction.

2018/19 workplans are available on our website for stakeholders to view via the link below:

Click here

#36. Guaranteed Standards of performance

We'll meet the regulatory standards of performance

Background

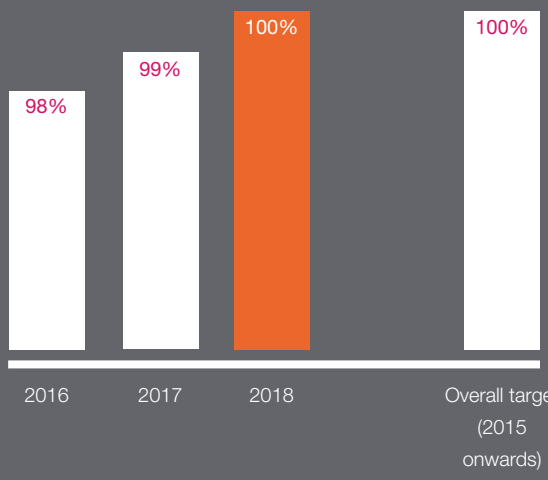
There are a number of guaranteed standards of performance that cover our providing quotes, contacting customers, commencing and completing work on site. If we fail to meet these standards we pay the customer affected.

Measurement	Target	Completion date
Guaranteed Standards of performance	100%	2015 onwards

Performance

Guaranteed Standards of Performance continues to be an important focus and an area where we have delivered a significant improvement.

We have reduced the number of failures from 338 in 2015/16, to 179 in 2016/17, and to 59 in 2017/18. The 59 failures compared to the 19,960 services delivered forms the basis of our performance rating.



#37. Reduce carbon footprint

We'll reduce our carbon footprint

Background

Carbon footprint measures the impact of our business operations on the environment and is calculated excluding the electrical losses; the difference between energy entering the network (generation) and energy exiting the network (demand).

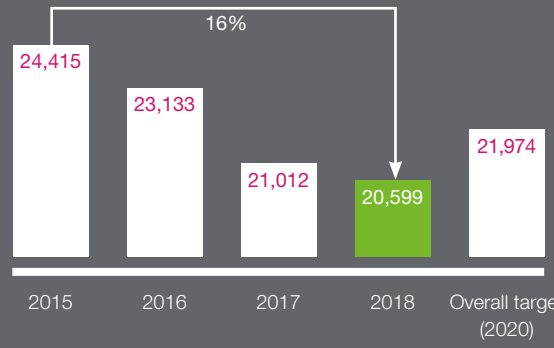
Measurement	Target	Completion date
Tonnes of carbon dioxide equivalent (tCO2e)	10% reduction on 2015	2020

Performance ★

In 2017/18 our carbon footprint was 20,599 tCO2e against a target of 21,974 tCO2e. This outperforms the 2015 level by 16%.

Buildings energy has driven our improved performance, along with energy reduction behaviour from colleagues and improved vehicle efficiencies. Further investment in our offices and depots has increased fuel efficiency, including replacement of inefficient lighting with LED lighting, introduction of energy efficient heaters and time-limited light switches, and installation of passive infrared sensors.

Portable generators are sometimes used to maintain supplies when customers go off supply, either due to a fault, or a planned supply interruption. The fuel used by these generators contributes to the business carbon footprint. To minimise customer disruption and to better support those who are vulnerable, our policy on the provision of generation has been updated to increase their usage. This will put upward pressure on our carbon footprint and we will do everything we can to offset this increase.



#38. Reduce losses

We'll reduce electrical losses resulting from the operation of our network

Background

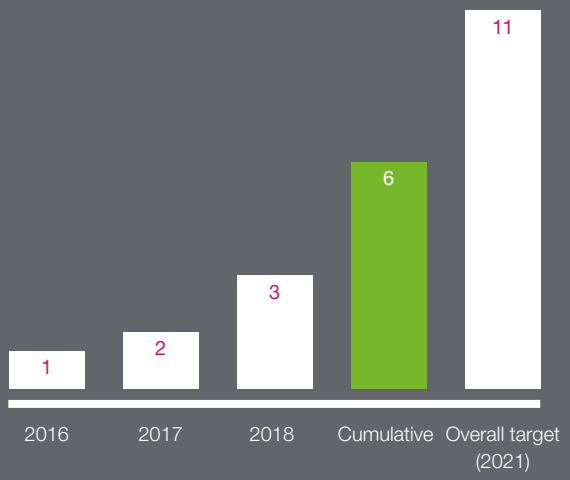
We lose some of the electricity we distribute as it flows through our network. Whilst we can't eliminate these electrical losses entirely, we can take steps to reduce them. This is achieved by installing more efficient equipment on our network to replace older, less efficient equivalents. This commitment is based on a programme that will replace some of our transformers with lower loss models.

Measurement	Target	Completion date
Annual gigawatt hours (GWh) saved	11	2021

Performance ●

In 2017/18 168 transformers were replaced with lower loss models, taking the total progress to 320, which will create an annual saving of 5.9GWh from 2018/19.

The programme is 54% complete after three years of the six year target and is in line with the run rate required to meet the target.



#39. Reduce oil lost from cables

We'll reduce the amount of fluid lost from cables

Background

Fluid filled cables have been used since the 1960s, the fluid acts as an electrical insulator. Leaks from fluid filled cables can occur and whilst only a small percentage develop leaks it can present an environmental risk particularly if it is adjacent to a water course. The use of modern replacement fluid mitigates this risk.

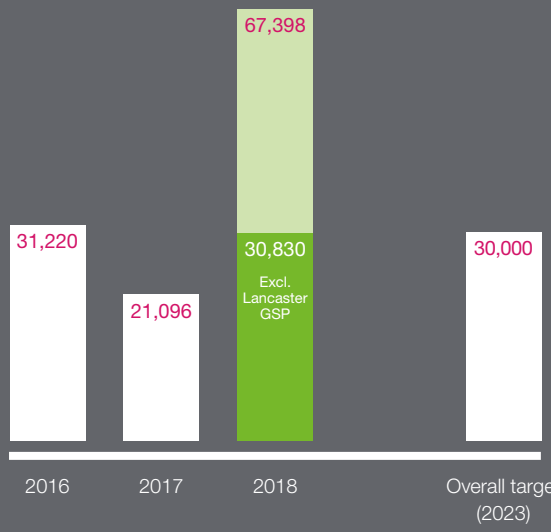
We currently have approximately 410km of legacy fluid filled cable on our network. We're addressing fluid leakage from fluid filled cables by replacing them with alternative modern oil-free cabling. Where we do have leaks, we replace the fluid with biodegradable fluid.

Measurement	Target	Completion date
Litres lost	<30,000 litres/ annum	2023

Performance

In 2017/18 our cable fluid leakage was 67,398 litres against the target of 30,000 litres per annum.

The main driver for the significant increase in leakage in 2017/18 was an issue at our Lancaster GSP - Broadway circuit, which reached 36,568 litres leakage in the year. This circuit needed to remain operational in order to retain the required network resilience due to ongoing flood defence work following the storms in 2015, which prevented the leakage being stopped earlier. The issue has now been resolved.



#40. Undergrounding overhead lines

We'll remove overhead lines in National Parks and Areas of Outstanding Natural Beauty

Background

There are three National Parks and four Areas of Outstanding Natural Beauty in our region and the overhead lines that run through them can be visually intrusive.

We are working with the relevant authorities and other stakeholders who identify and prioritise potential undergrounding schemes.

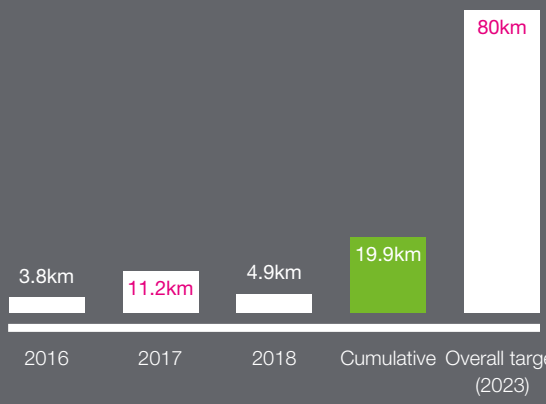
Measurement	Target	Completion date
km removed	80km	2023

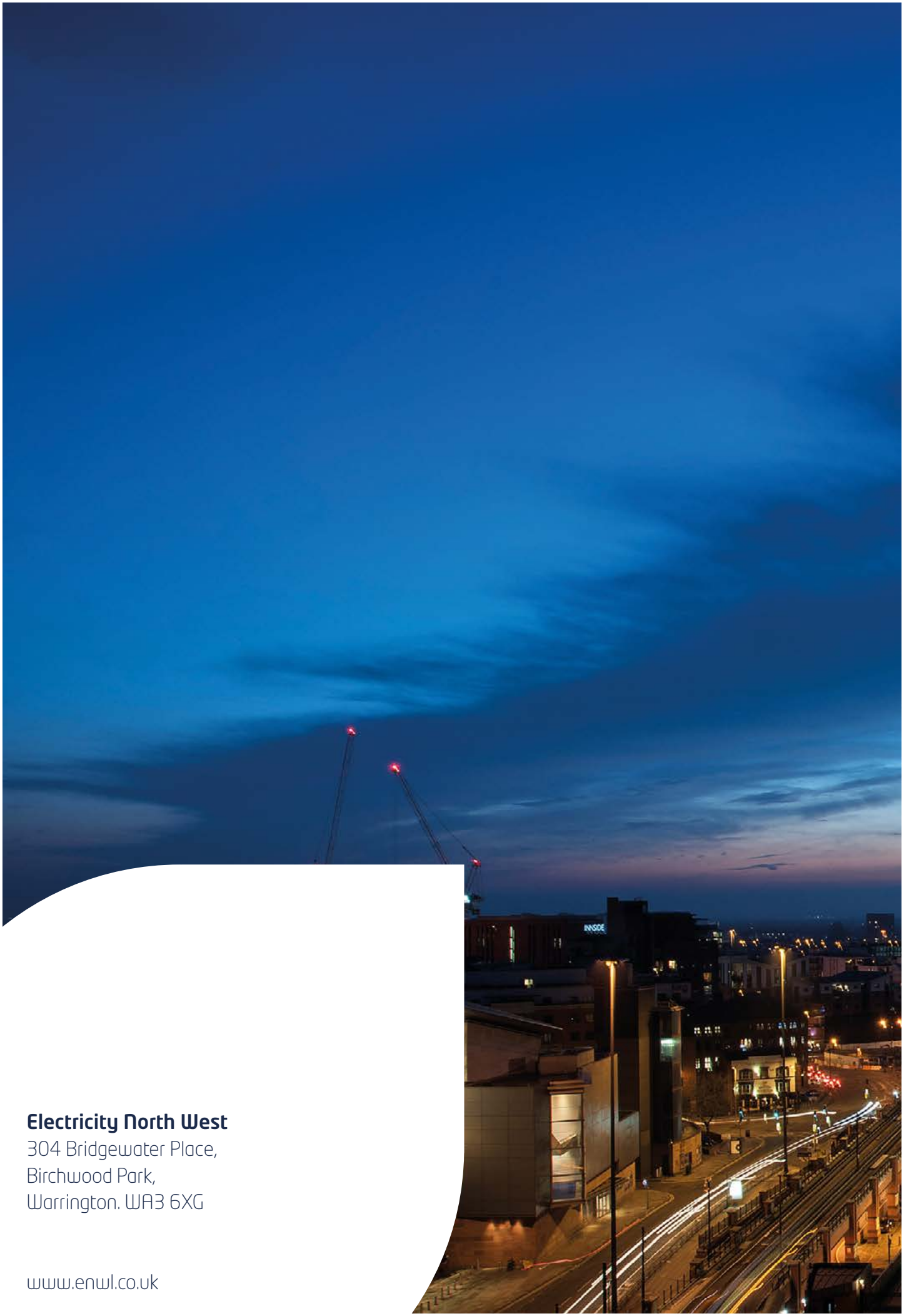
Performance

In 2017/18 we have undergrounded 4.9km of overhead line, taking the total progress to 19.9km. The total progress equates to 25% of the 80km target.

We have continued our work with the National Parks and Areas of Outstanding Natural Beauty throughout the year and have removed overhead lines from areas within the Forest of Bowland, the Peak District and the Lake District.

Although we are behind target in terms of run rate, we have developed the workbank for the remaining five years and are confident of meeting our target.





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