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# Strategic Stakeholder Advisory Panel

Thursday 12 July

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Mobile phones



Breaks



Fire alarms



Voting buttons and Q&A

# What we'd like to cover today



Welcome  
9.30 – 9.40am



Business  
Commitments  
9.40– 10.45am



Break  
10.45 – 11.00am



Shaping how we  
deliver future  
priorities  
11.00– 11.45am



Structuring our  
engagement  
11:45 – 12:45pm

Lunch/networking 12.45 – 1.30pm

Affordability Advisory  
Panel  
1.30 – 3.30pm

Customer Vulnerability  
Advisory Panel  
1.30 – 3.30pm

Reliability Advisory  
Panel  
1.30 – 3.30pm

Sustainability Advisory  
Panel  
1.30 – 3.30pm

# How we'd like to discuss issues today



We'll present some thoughts and ideas






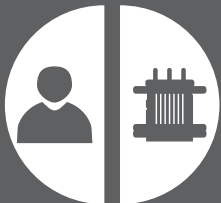

Table discussions to get your response



Electronic voting to capture feedback

# A bit about us - our story 1948 - 2010



	NORWEB				
1948	1990	1995	2000	2007	2010
Nationalisation	Privatisation	Takeover	Sale	Takeover	Acquisition
		North West Water takeover of Norweb	Norweb supply business sold	United Utilities Electricity sold to private investors	United Utilities Electricity Services acquired
North West Electricity Board	Norweb	United Utilities	United Utilities	United Utilities Electricity Services	Electricity North West

# Who we serve



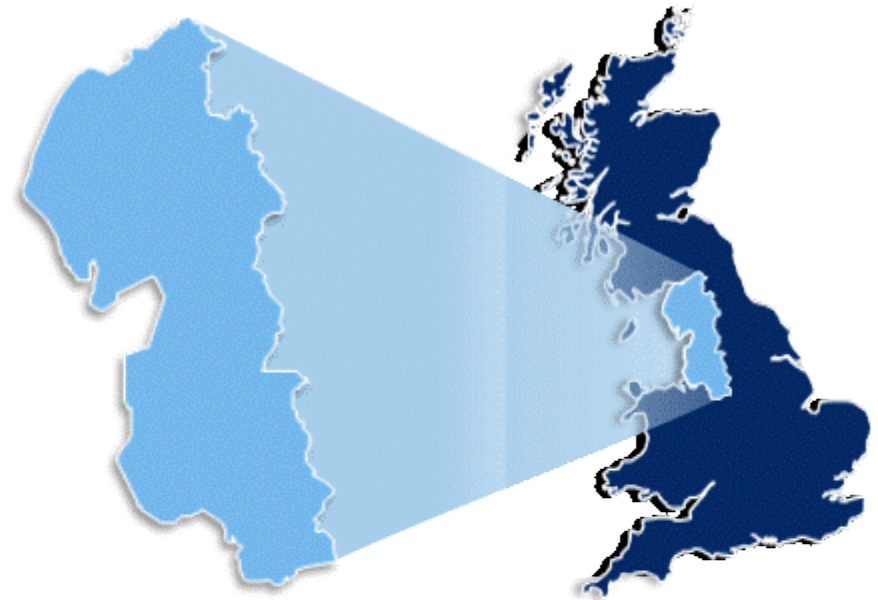
4.9 million



2.4 million



25 terawatt  
hours



£12 billion of network assets

56 000 km of network ● 96 bulk supply substations  
363 primary substations ● 33 000 transformers

# Why engagement is important to us



Provides us with a fuller understanding of our operating environment

Helps us identify and address emerging and changing needs

Gives our stakeholders and customers the opportunity to hold us to account

Gives us a chance to share our learning and best practice

Ensures our activity is always relevant to and valued by our stakeholders

We commit to respond to all of the issues you raise



# How we've responded to your feedback



## Strategic Stakeholder Advisory Panel

- Engaged on our business plan commitments
- Six business plan commitments have been changed and a new one introduced
- We'll be updating you on progress today

## Distribution System Operator Conference

- Produced our strategy document 'Powering the North West'
- Participated in Open Networks – ensuring your voices are heard in national policy debate
- Developed capacity services offering

## Community and Local Energy Consultation

- Consulted with wide range of community and local energy groups
- Used input to shape our strategy
- Strategy commits us to look for locations where community and local energy can deliver network benefits

## Vulnerable Customer Strategy

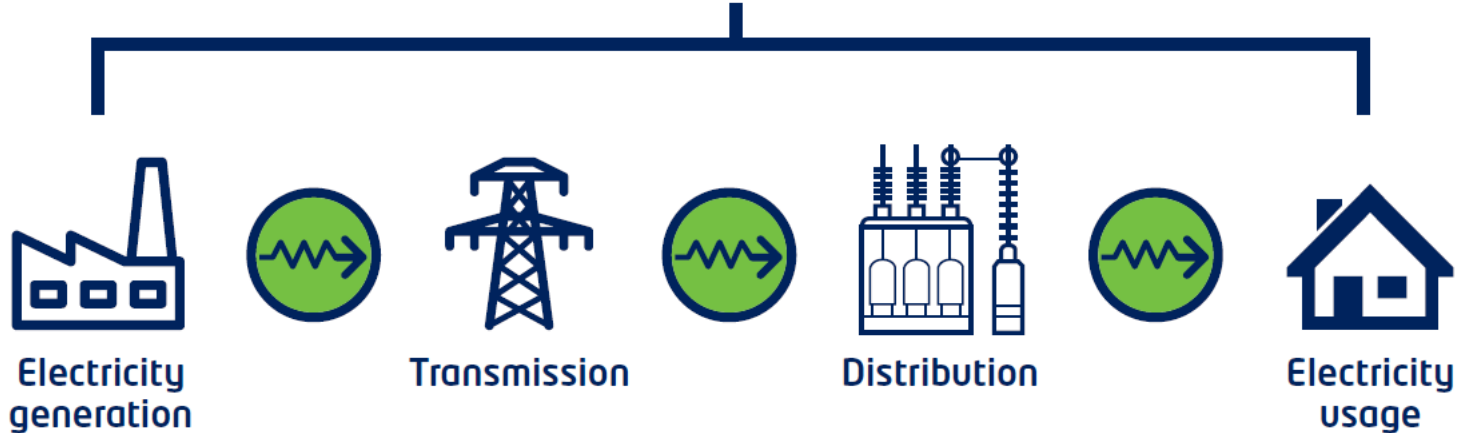
- Created three partnerships to provide support to fuel poor customers
- Identified over £350k of benefits for customers
- Working with GMCA LEAP, Citizens; Advice and the Energy Saving Trust



Our role is changing ...



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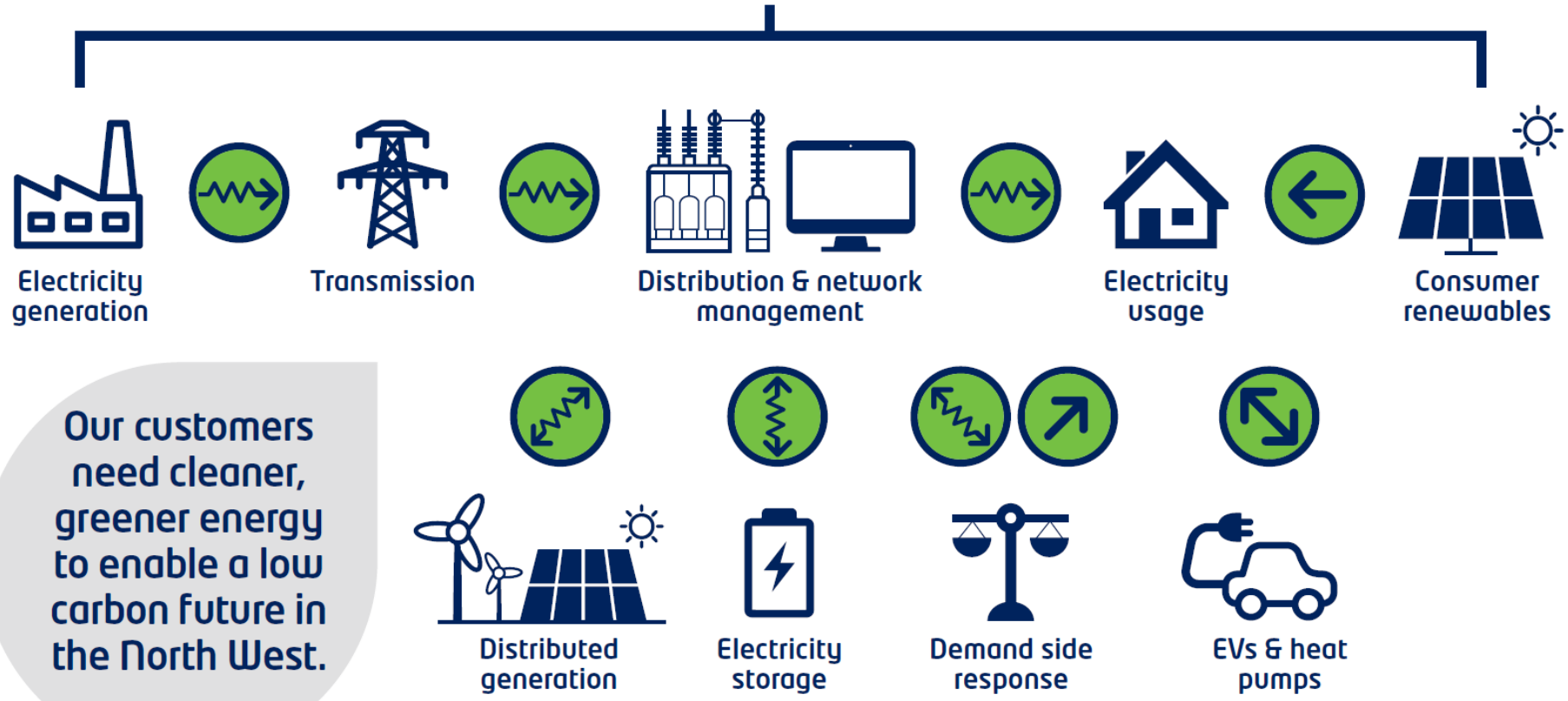


**We kept the  
lights on for our  
customers.**

# Our role is changing ...



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Our customers need cleaner, greener energy to enable a low carbon future in the North West.

To reflect this, today we'd like to discuss



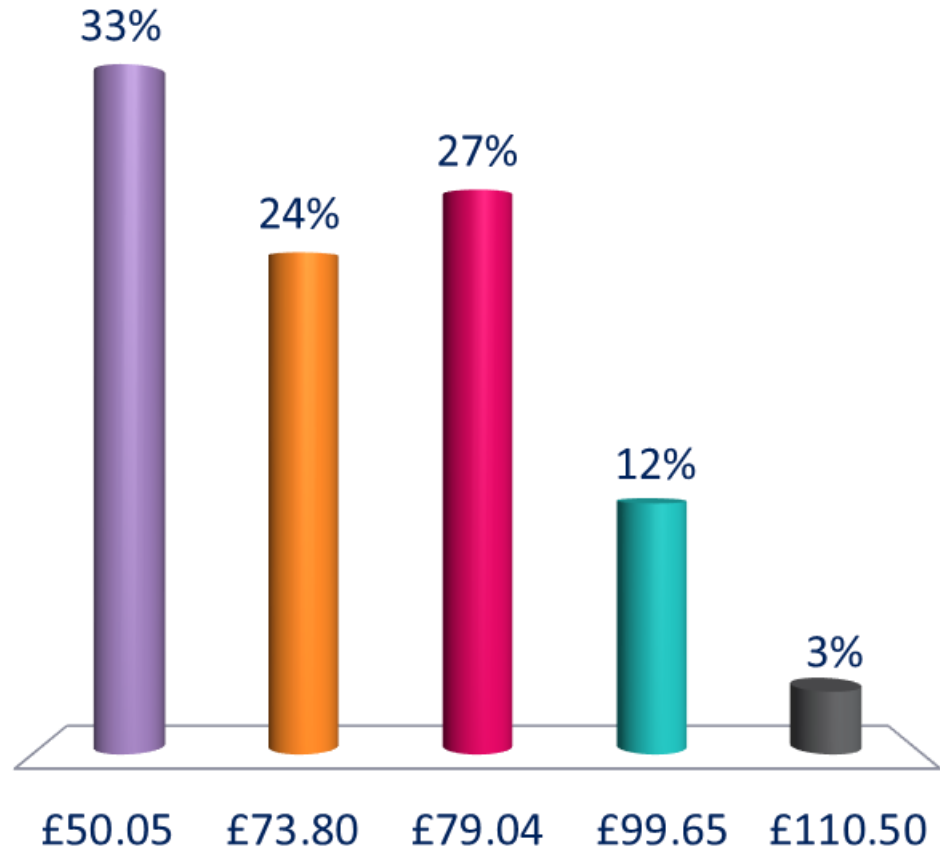
Our current  
business  
performance  
including our  
business plan  
commitments

Preparing for the  
future – our  
priorities and  
how we engage

# From the average electricity bill, how much will come to Electricity North West?



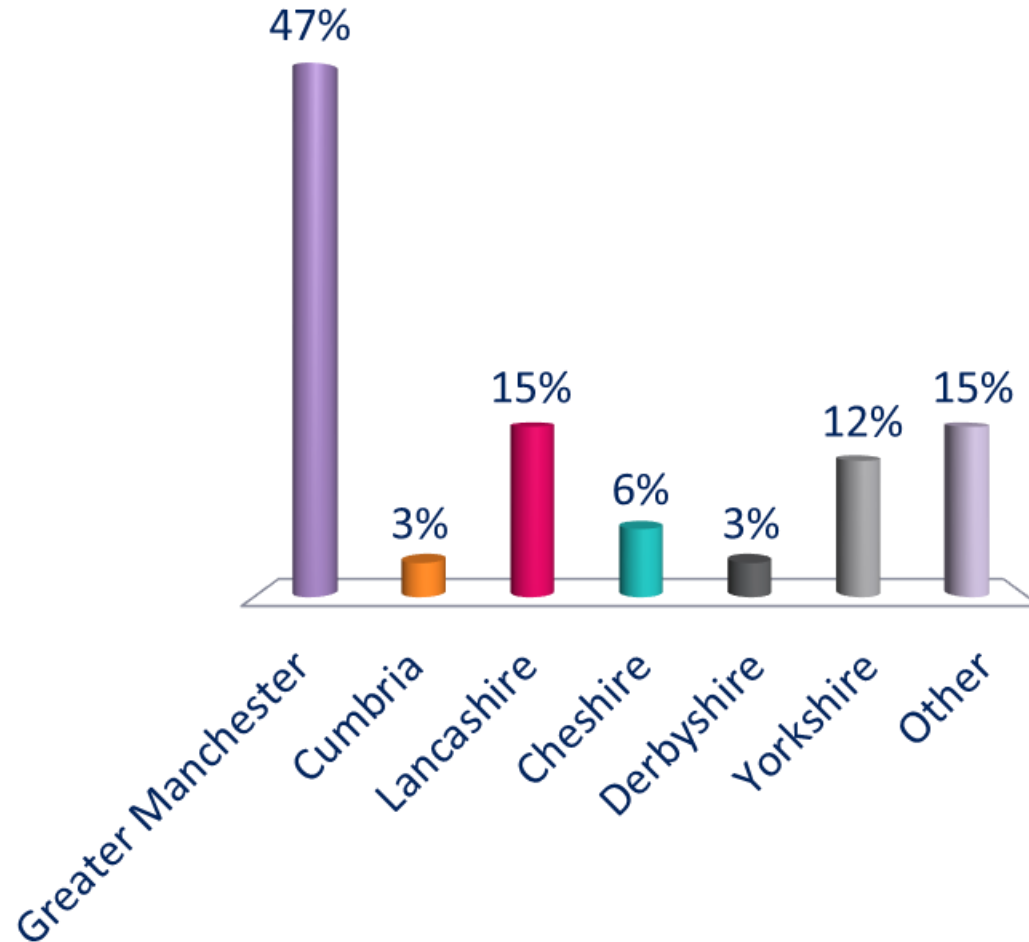
1. £50.05
2. £73.80
3. £79.04
4. £99.65
5. £110.50



# Where did you come from today?



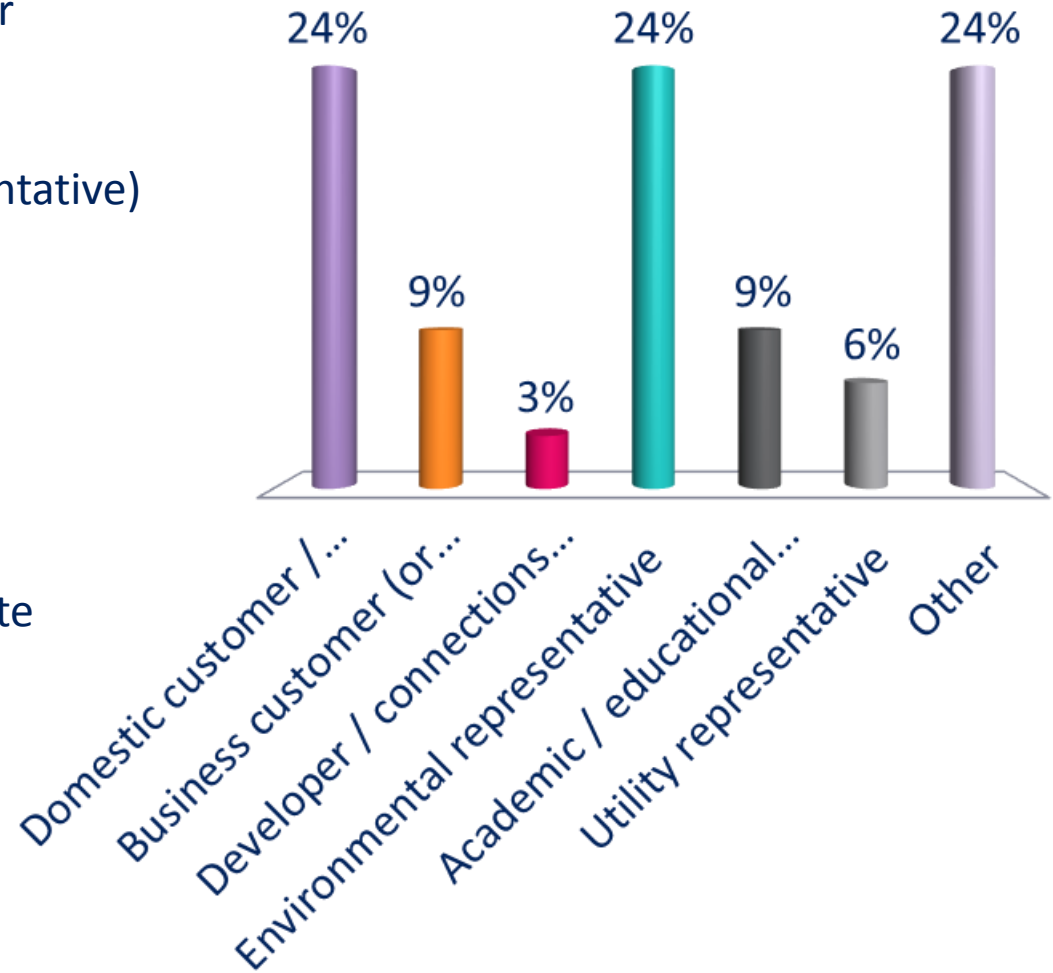
1. Greater Manchester
2. Cumbria
3. Lancashire
4. Cheshire
5. Derbyshire
6. Yorkshire
7. Other



# What type of stakeholder are you?



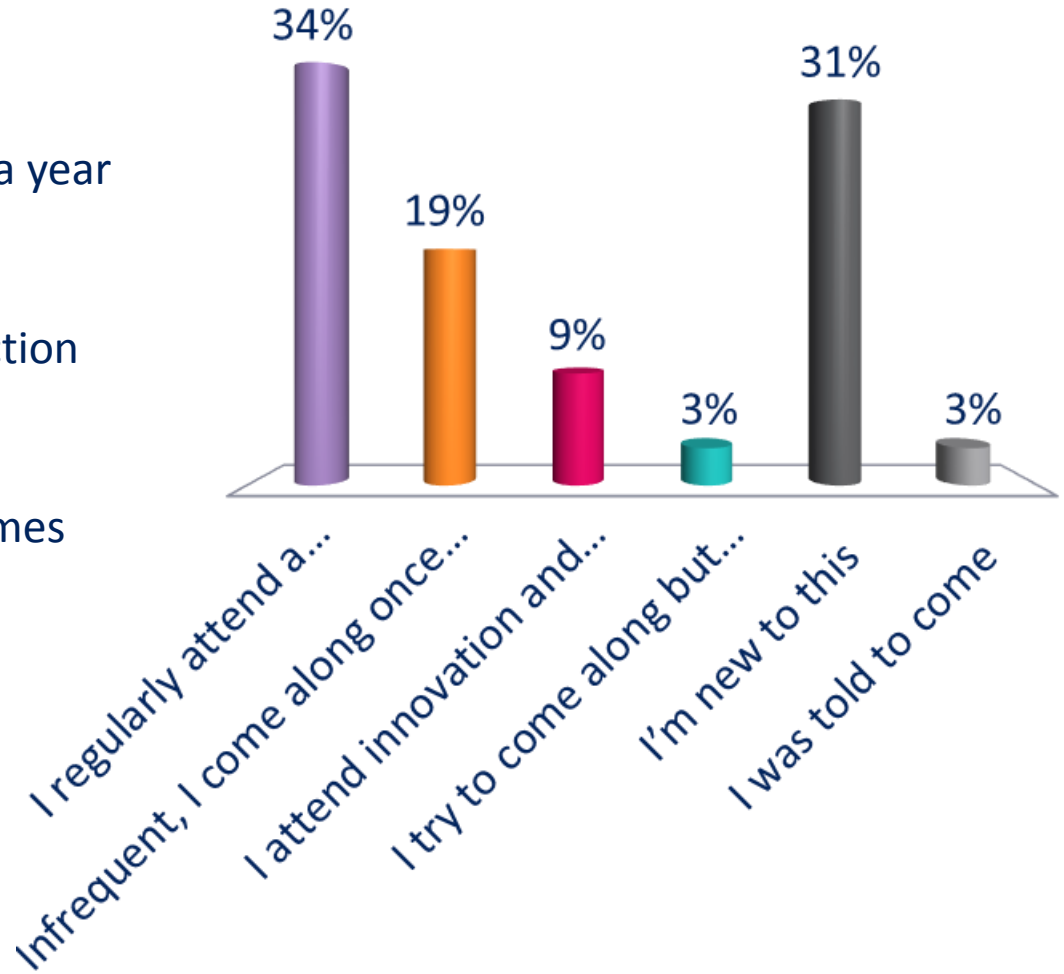
1. Domestic customer / consumer interest group
2. Business customer (or representative)
3. Developer / connections representative
4. Environmental representative
5. Academic / educational institute
6. Utility representative
7. Other



# How often do we work with you?



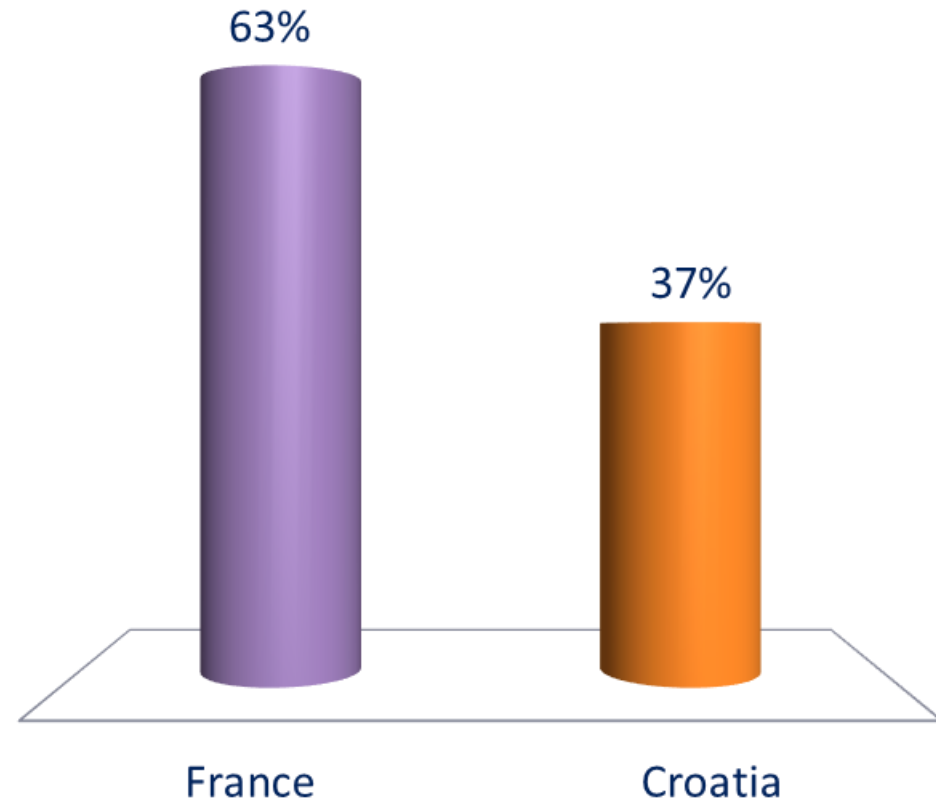
1. I regularly attend a Stakeholder Advisory Panel
2. Infrequent, I come along once a year to this event
3. I attend innovation and connection workshops
4. I try to come along but sometimes meetings are inconvenient
5. I'm new to this
6. I was told to come



# Who's going to win the World Cup?



1. France
2. Croatia





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# Business Plan Commitments

Thursday 12 July 2018

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## Agenda

1 Update on progress against our business plan commitments

2 Focus on costs to customers:

- How do we spend your money?
- Shareholder returns

3 Keeping our commitments relevant

- Feedback from last year
- Proposed new commitments for 2018/19

# Background to the Business Plan Commitments



We made 40 promises to our customers when we agreed our plan for RIIO-ED1, created through consultation with stakeholders

We added one new promise in 2017/18, bringing the total to 41

These are called our Business Plan Commitments and they are based on 6 areas that you told us were important to you



Safety

Social Obligations



Customer

Reliability & Availability



Connections

Environment



# Draft performance snapshot 2017/18



Safety		Social Obligations		Reliability & Availability		Customer		Connections		Environment	
Site security	✓	PSR register	✗	Customer Interruptions	★	CSAT	●	Time to Quote (TTQ) – single domestic connection	★	Reduce losses	●
Safe climbing	●	Vulnerable/PSR customers – Services	●	Customer minutes Lost	★	Complaints – 1 day resolution	✓	TTQ – up to 4 domestic connections	★	Reduce carbon footprint	★
Asbestos	●	Vulnerable/PSR customers – Staff Training	●	Flooding	●	Complaints – average days to close	✓	TTQ – all other connections	★	Reduce oil lost from cables	✗
Link Boxes	●	Vulnerable/PSR customers – Support	●	Risk index	★	Stakeholder Engagement	✓	Time to Connect (TTC) - single domestic	✗	Undergrounding overhead lines	●
		Responsible organisation	✓	Fault rate	★	Guaranteed Standards	✓	TTC – up to 4 domestic connections	★		
		Vulnerable locations	✓	CNI	●	Storms	✓	TTC – all other connections below extra high voltage	TBC		
		Mitigate fuel poverty	●	Black start	●			Engagement	TBC		
				Pinch points	●			Guaranteed Standards of Performance	✓		
				Worst-served customers	●						
				Loading risk	✓						
				Larger transformers	●						
				Distributed generation constraints	●						

★ Performance significantly better than target    ✓ Met target    ● On track    ● Behind schedule    ✗ Challenges    TBC Awaiting external grading/data validation

# Our overall performance has improved since last year



34 out of 41 commitments are either on track or significantly ahead of target (2017: 32)

- Commitments behind schedule have reduced from this time last year

Status		2017/18	2016/17
Performance significantly better than target	★	9	9
Met target or on track to meet target	✓ / ●	25	23
Behind schedule	●	2	1
Challenges	✘	3	7
Awaiting external grading	TBC	2	
<b>Total</b>		<b>41</b>	<b>40</b>

# Areas of challenge and how we are addressing these



## Oil lost from cables

- One off leak in Lancaster occurred whilst flood resilience works were being undertaken. This was the main driver for unusually high leakage in 2017/18 and is now resolved
- Performance can vary year on year as leakage is hard to predict
- In 2018/19 we will replace 23.9km of oil filled cables

## Enhanced Priority Services Register (PSR)

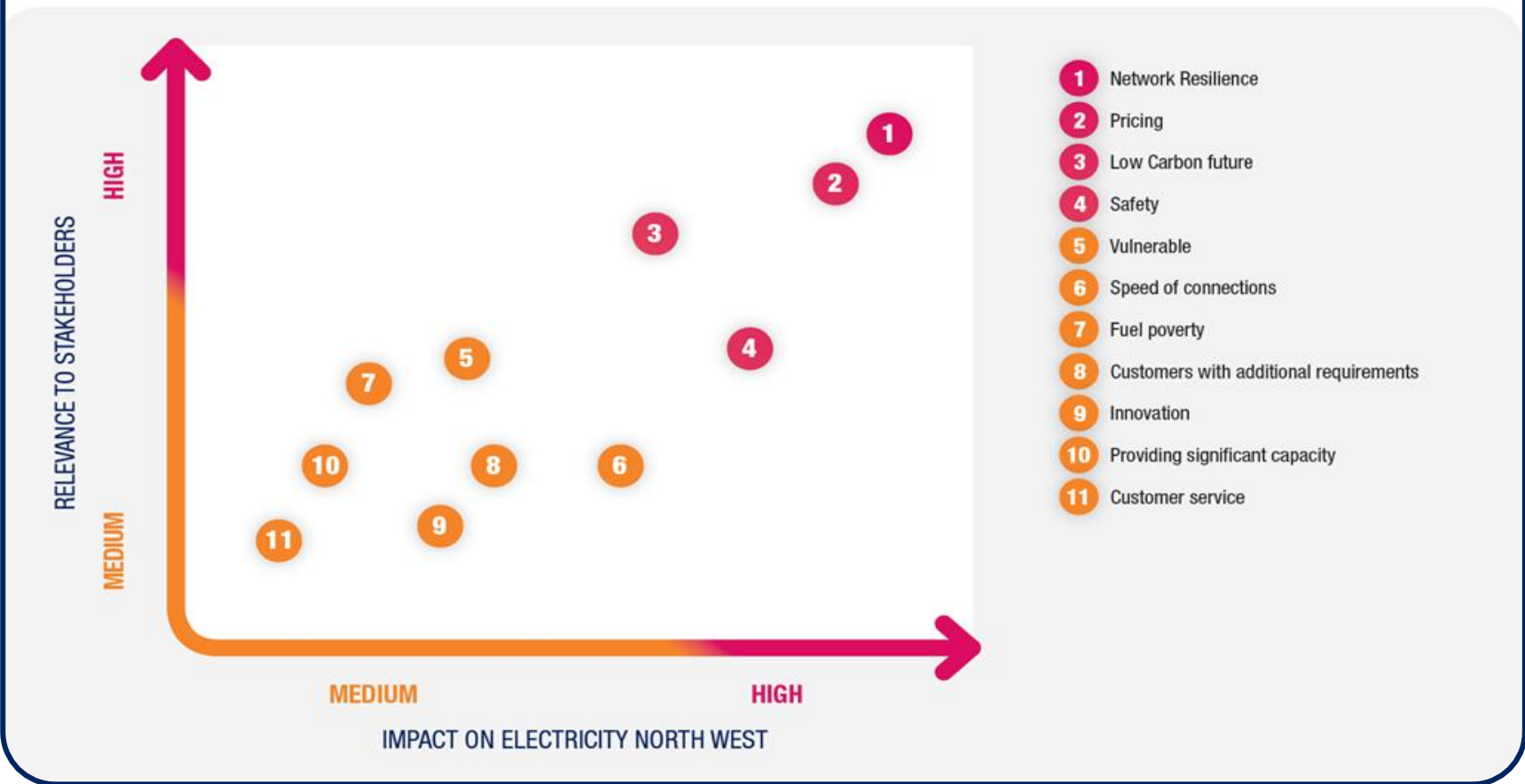
- Significant growth in the size of the PSR register (it is now over two times bigger than in 2014, containing 603,000 customers at the end of 2017/18)
- Our focus is to make contact with those customers with the most need e.g. Medically dependant customers
- We will review the basis of this commitment with our vulnerable customer panel later today to balance the cost of meeting the commitment and better supporting those who most need it

## Time to Connect - single domestic connections

- We are a top performing DNO in this area, achieving upper quartile performance in the first two years of the price control
- 2017/18 performance of 32 working days exceeded Ofgem's performance target
- Our Business Plan commitments target is 30 working days and we continue to look for ways to reduce the time it takes to complete connections



In 2016 our stakeholders helped us identify views that were important to them – our Materiality Matrix



# Areas highest on the materiality matrix are performing well



The materiality matrix shows Network Resilience, Pricing and Low Carbon Future as being the most important areas to our stakeholders

## Network reliability

Reliability has improved by 29% from 2012, exceeding the target of a 20% reduction by 2019



## Pricing

Reduction in standard domestic tariff of 19% from DPCR5 average (2010-2015)



## Low Carbon Future

15% reduction in carbon footprint from 2015 emissions level



## Significant areas of improvement this year

Customer Satisfaction

Guaranteed Standards of Performance (GSoP)

Complaints resolution

Responsible organisation







## Media Focus

- Although we are exceeding our Business Plan Commitment on pricing, we recognise the strength of media focus on the legitimacy of returns in our sector

## Fuel Poverty

- This is very important to us, especially in the light of the high levels and diversity of fuel poverty in our region

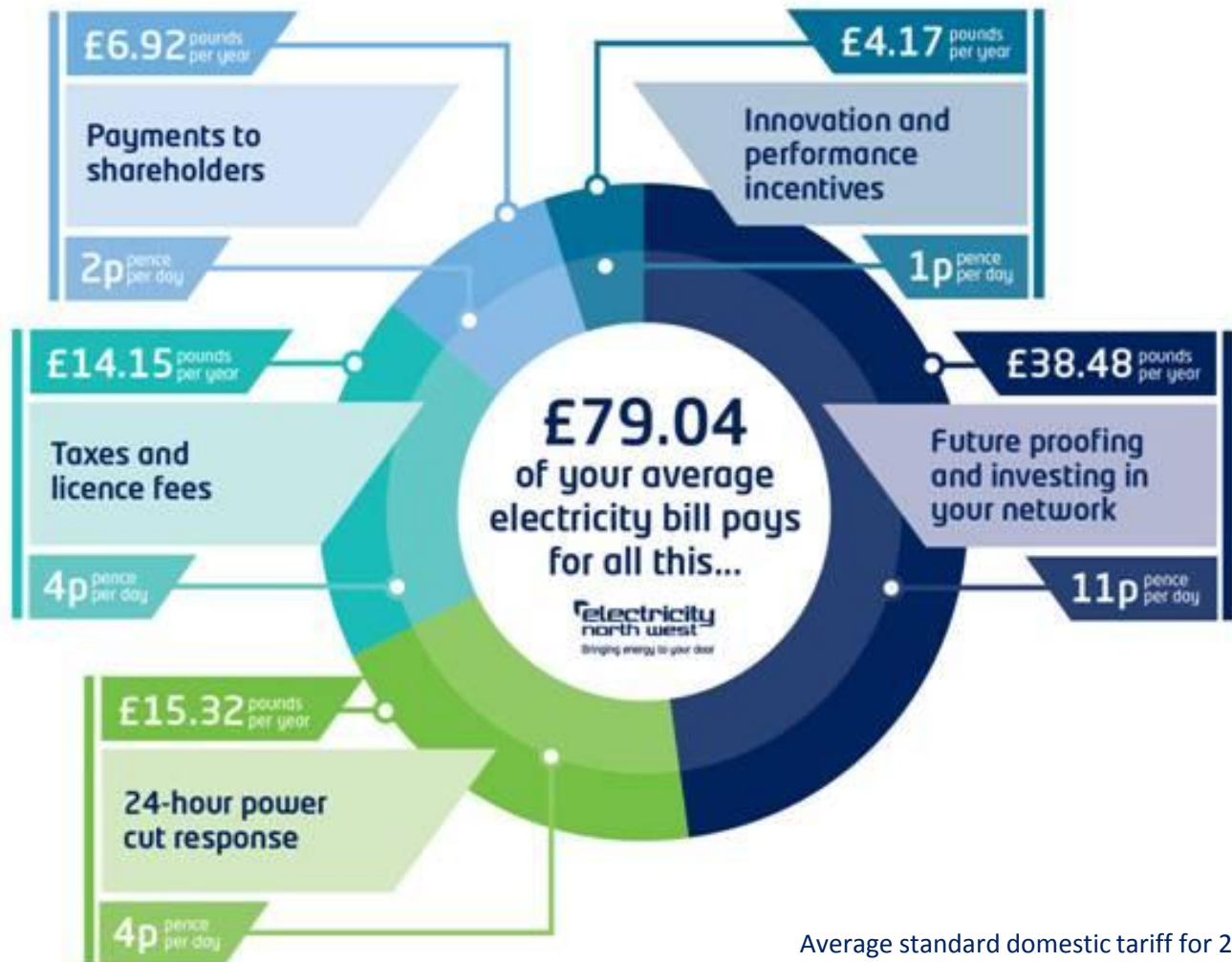
## Transparency

- We would like to take this opportunity to share with you the make up of the average customer electricity bill, along with transparency of our returns to our shareholders

From the average electricity bill, £79 per year comes to Electricity North West



## What was that money used for?

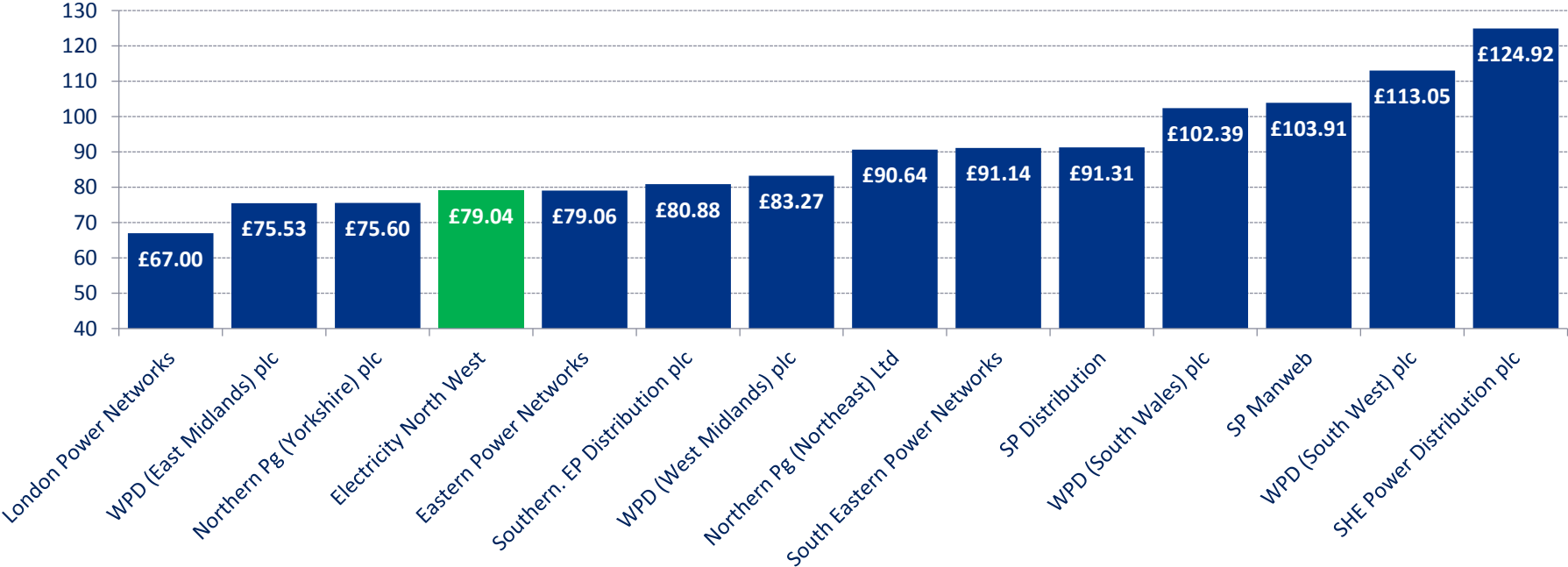


Average standard domestic tariff for 2017/18 £79.04

# How we compare to DNOs



## Typical 2017/18 annual charge for a domestic customer

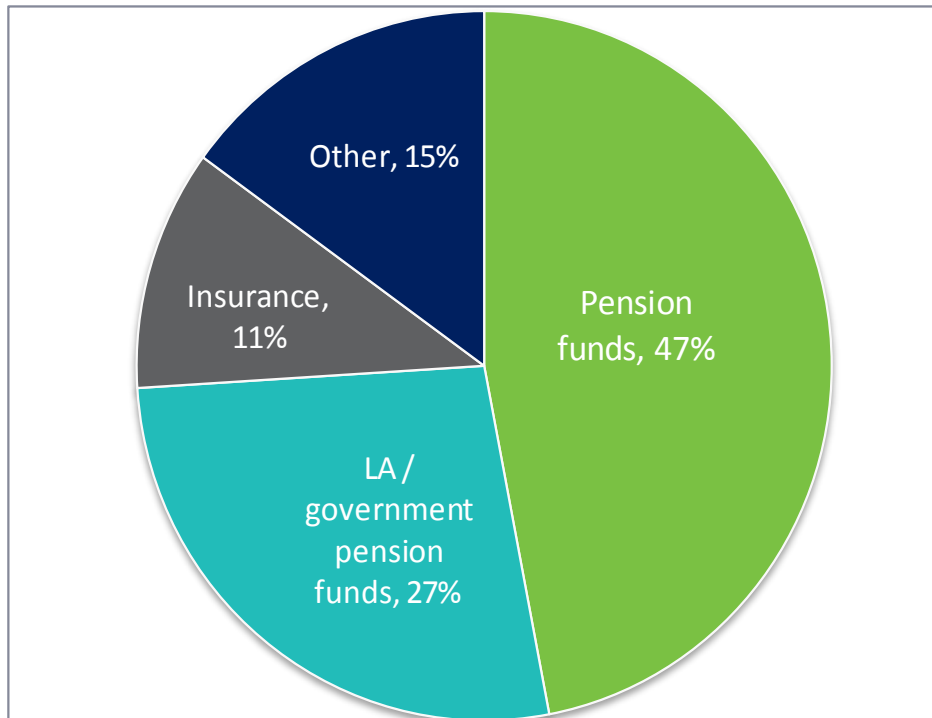


# Shareholder returns and where they go



## Our Shareholders

Investors:



Managed by:

**J.P.Morgan**  
Asset Management

**First State**  
Investments

## Current levels of shareholder return

Average ED1 return to 2017/18	Return %
Allowed equity return	6.0%
Totex Incentive	0.9%
Incentive Earnings	2.6%
Tax performance	(0.3%)
Debt under performance	(2.6%)
Impact of actual vs notional equity	(1.1%)
<b>Return on Equity (post financing)</b>	<b>5.5%</b>

**5.5%** real regulated return to shareholders for first 3 years of ED1



Changing regulations



Industry evolving at pace



Providing cost effective solutions



Promoting the use of innovation



Keeping aligned with customer expectations

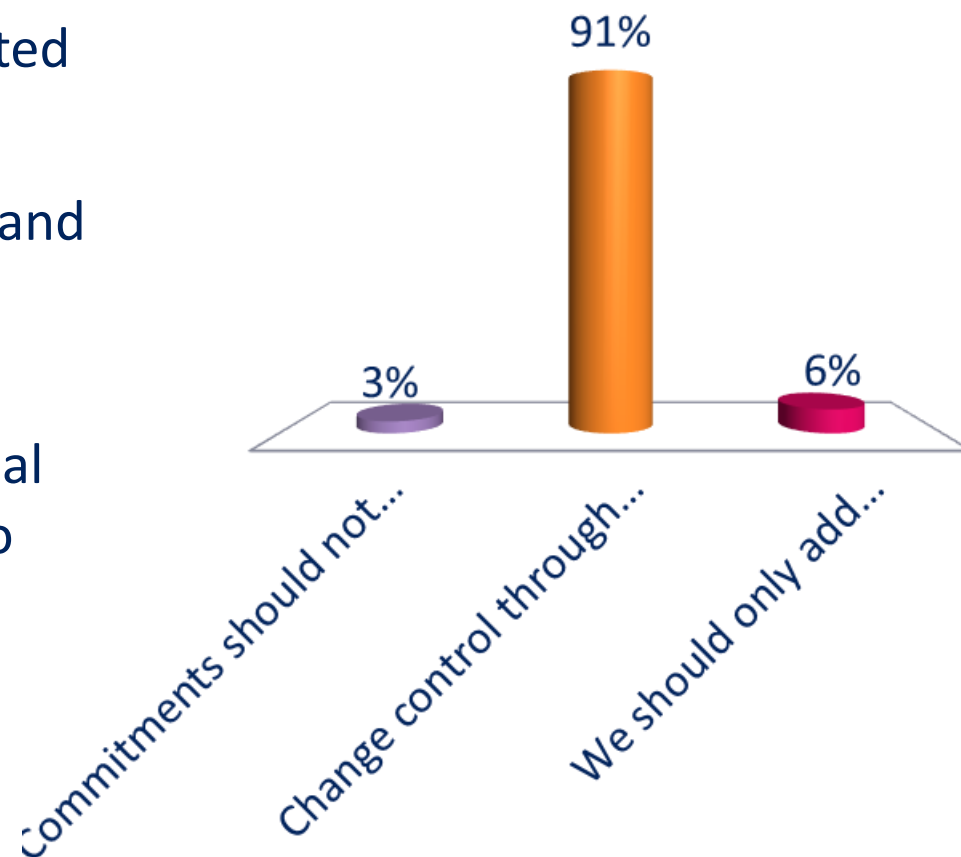


We are the most active  
Distribution Network Operator in  
refreshing our commitments

# Looking to future years, which of the following do you agree with?



1. Commitments should not be changed from those committed to in 2013
2. Change control through this and other stakeholder panels is appropriate
3. We should only add additional commitments, as opposed to modifying details of original commitments



# Areas to review this year



## Feedback from last year's session

- Complaints measures

## Changes proposed this year

- Risk points
- Enhanced PSR service (to be discussed further in the vulnerable customer panel)

## Possible new commitments

- Enabling the low carbon economy
- Public safety
- Reliability and resilience



For the two complaints commitments below, we promised to review the new targets if they were achieved

**Complaints – resolved within one day**

- Last year the target was changed from 90% to 80%, recognising change in assessment of resolved complaints
- 2017/18 performance: **82%**

**Complaints – average days to close**

- Commitment changed to average days to close with a target of **< 4 days**
- 2017/18 performance: **3.8 days**

In 2017/18 the new targets have been marginally achieved for both commitments

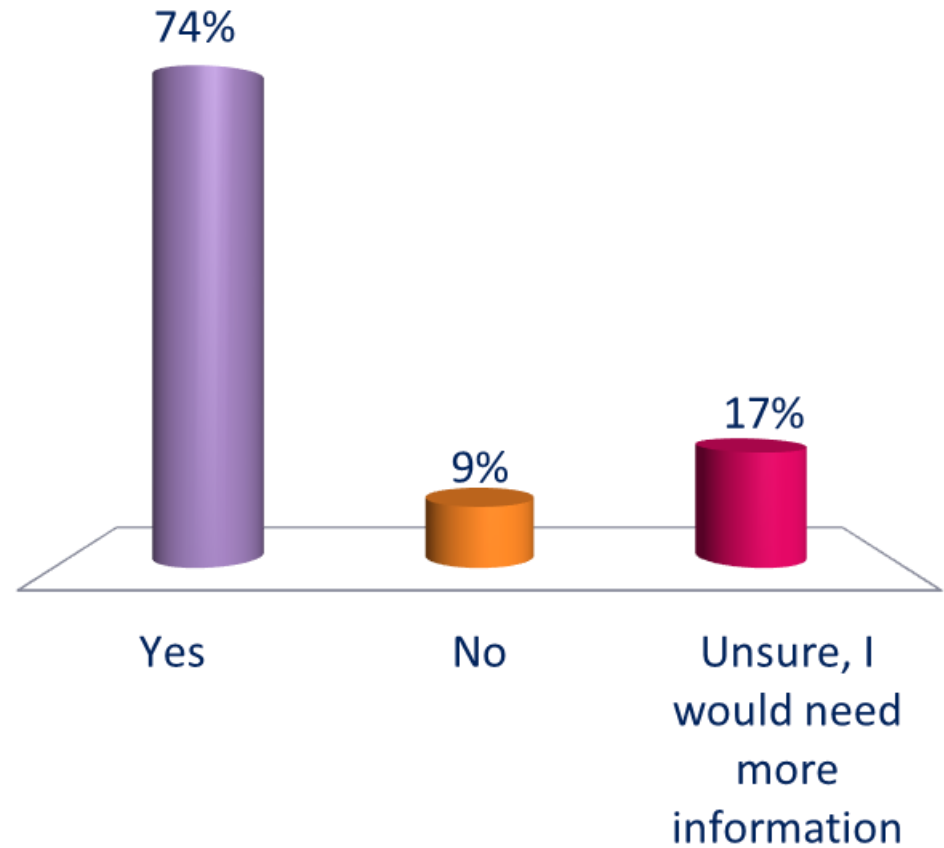
We will continue to report against these target levels and remain committed to providing an enhanced complaints resolution performance



# Do you agree with our decision to keep the current targets unchanged?



1. Yes
2. No
3. Unsure, I would need more information





## **Commitment**

Maintain risk index within 3% of 2015 position

## **What does it mean?**

- Method of managing failure on our network
- Ensures the asset risk of the network does not deteriorate significantly

## **Why change it?**

New Ofgem approach standardised across industry

## **Proposed new target**

- Reduction of 11.5 million risk points
- This target is aligned to the target we have agreed with Ofgem to manage network risk

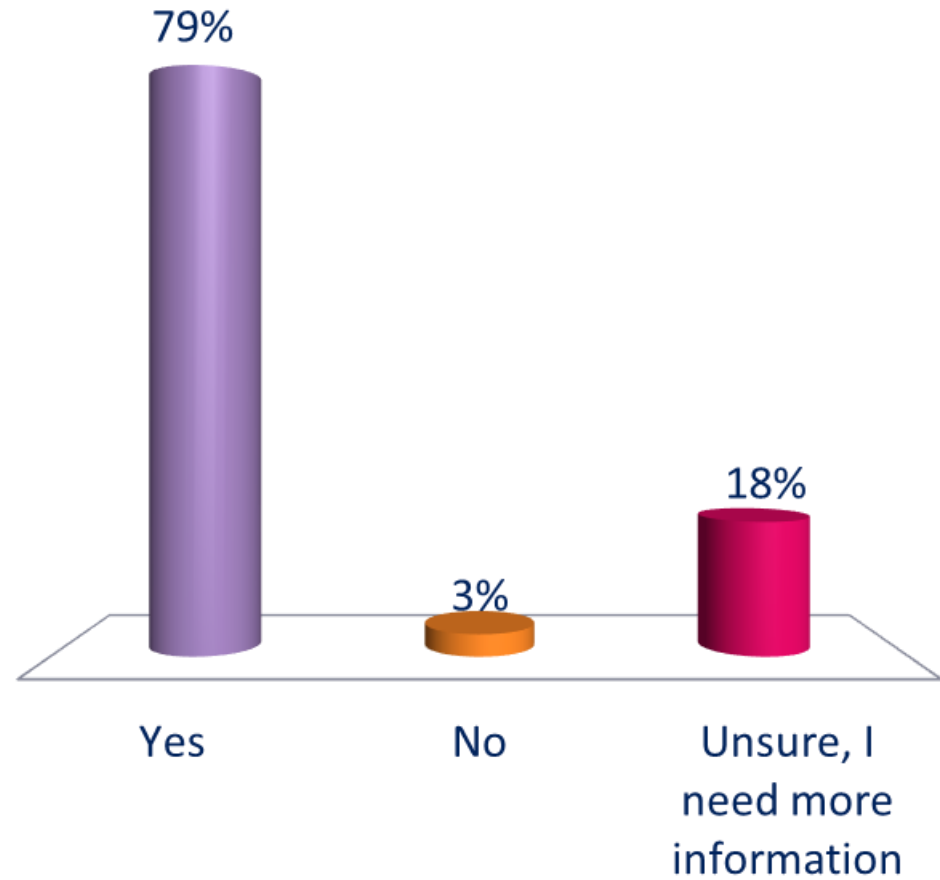
## **Impact on customers**

- Investment is targeted at assets with a higher risk or consequence of failure; efficient and focused investment contributes to lower customer bills
- Customer interruptions are down 20% in three years

# Do you understand why we are changing the way we measure this commitment?



1. Yes
2. No
3. Unsure, I need more information





## Improving network reliability and resilience

### Reliability

Reliability of the network remains our customers priority

### Commitment met

Original commitment to reduce interruptions by 20% from 2012 levels by 2019 already met. Actual reliability levels reduced by 29%

### Further customer benefits

Investment programme will improve reliability levels further

Driver	Proposed Commitment	Measure	Investment
<b>Network Reliability and resilience</b>	We will improve network reliability for Customer Interruptions (CIs) and Customer Minutes Lost (CMLs) by 10% from 2017/18 levels	Reduce Customer Interruptions performance (CI and CMLs) by a further 10% from 2018 levels by 2023	£19m

# Other proposed commitments: Low carbon



## Enabling a low carbon economy is important to us



Driver	Proposed Commitment	Measure	Investment
<b>Driving transition to Distribution System Operator (DSO)</b>	We will deploy Active Network Management (ANM) by 2023 to enable a wider range of lower cost connection offers for customers to choose from	Available across all of our EHV and HV network	£10m
<b>Facilitating expansion of electric vehicles</b>	<ol style="list-style-type: none"> <li>1. We will work with strategic partners to identify network capacity requirements to facilitate EV connections at key sites / locations</li> <li>2. We will remove domestic limitations to connection of EV charging or low carbon technologies</li> </ol>	<ol style="list-style-type: none"> <li>1. We will swiftly facilitate all connections of low carbon technologies</li> <li>2. Capability for domestic properties to connect low carbon technologies (&gt;100 amp fuse)</li> </ol>	£50m (mixture of traditional and smart investment)
<b>Enabling our communities to take part in the low carbon energy transition</b>	Supporting the development and delivery of community and local energy in our region through our community and local energy strategy	<p>Identification of locations on our network where community and local energy can be deployed for the benefit of the network.</p> <p>Reporting back on viability of approach by March 2019. With identification of sites to start, if viable from March 2019.</p>	£0.25m per annum



## Improving public safety

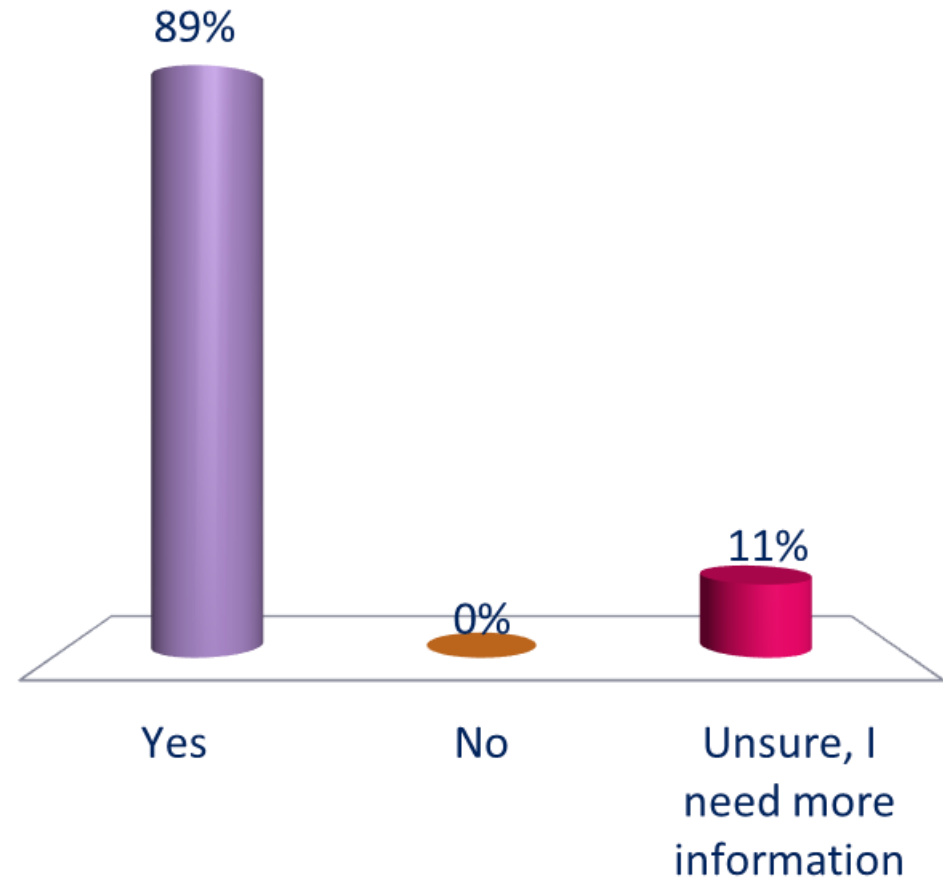
Rising and lateral mains	Innovative solution	Monitor and identify abnormalities	Weezap protection	Improve safety
Electrical system in multi occupancy properties. If not maintained can present safety risk	Monitors network performance and abnormalities on these higher consequence properties	Innovative technologies allows us to determine if further remedial action is required	Weezaps protect the network by opening the circuit breaker in overload or fault conditions	Traditional remediation methods such as rewiring can then be targeted, improving public safety

Driver	Proposed Commitment	Measure	Investment
<b>Public safety: Rising and lateral mains</b>	We will fit innovative vacuum circuit breakers (Weezaps) to allow monitoring of higher risk premises and will carry out remedial work where required	We will deploy Weezap protection on sites deemed to have a higher than normal risk due to height, age or condition Target date: 2023	£15m

Do you understand the changes we are making to our new business plan commitments?



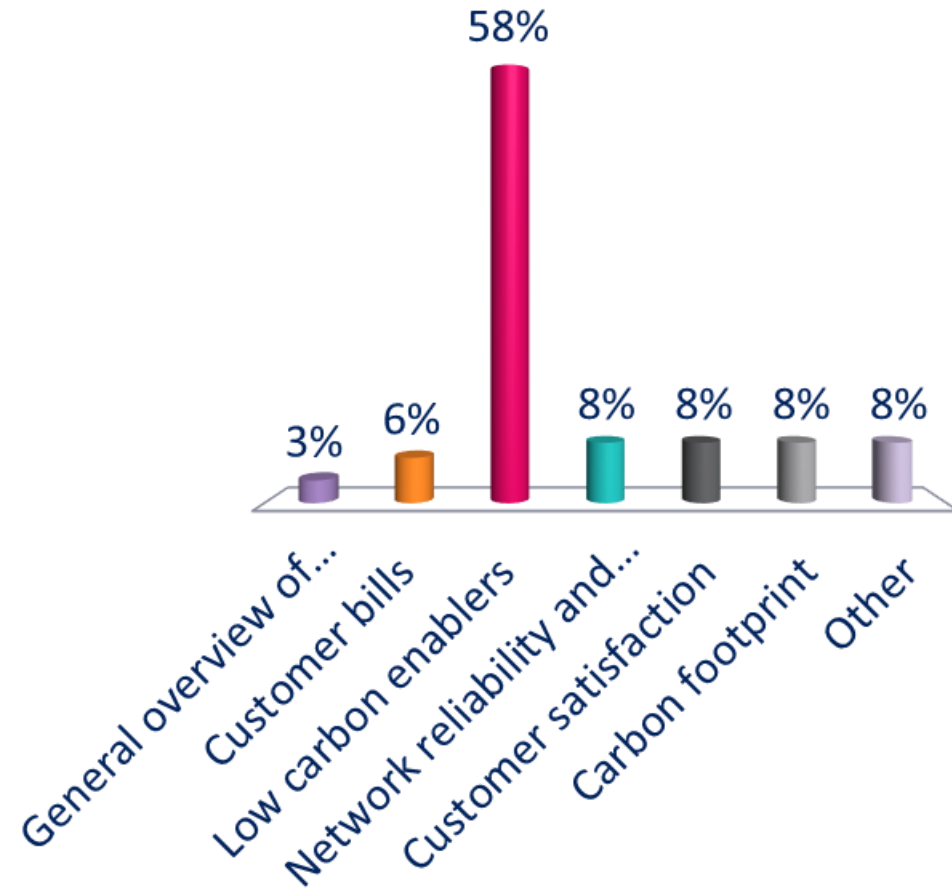
1. Yes
2. No
3. Unsure, I need more information



# Are there any particular areas you would like us to focus on next year?



1. General overview of progress
2. Customer bills
3. Low carbon enablers
4. Network reliability and resilience
5. Customer satisfaction
6. Carbon footprint
7. Other





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# BREAK



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the future**

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# What is a price control?



## Monopoly

It would be expensive and inefficient to have multiple sets of wires going to everyone's house



## No choice

Customers cannot choose their network company so can't change if they don't like a company's price or level of service



## A contract

A price control, set by Ofgem, sets out how much money we charge and what we should do for our customers and stakeholders. It's a contract between regulator and network company

# Introducing RIIO-ED2 – The next Price Control



Revenue = Incentives + Innovation + Outputs



For Electricity North West, this will run from 1 April 2023 and will be called RIIO-ED2

*ofgem*

Ofgem is currently thinking on what we need to consider in putting our plans together



We've talked this morning about how we need to change to meet your wants and needs

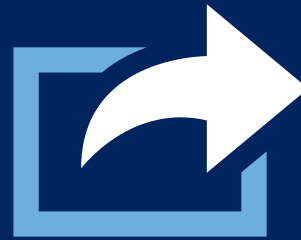


We want your help to shape our plans

We are starting to think about RIIO-ED2 so we'd like your input right from the start



2023 seems like a long time off but we want to start our thinking now so there is time for everyone to be involved that wants to be

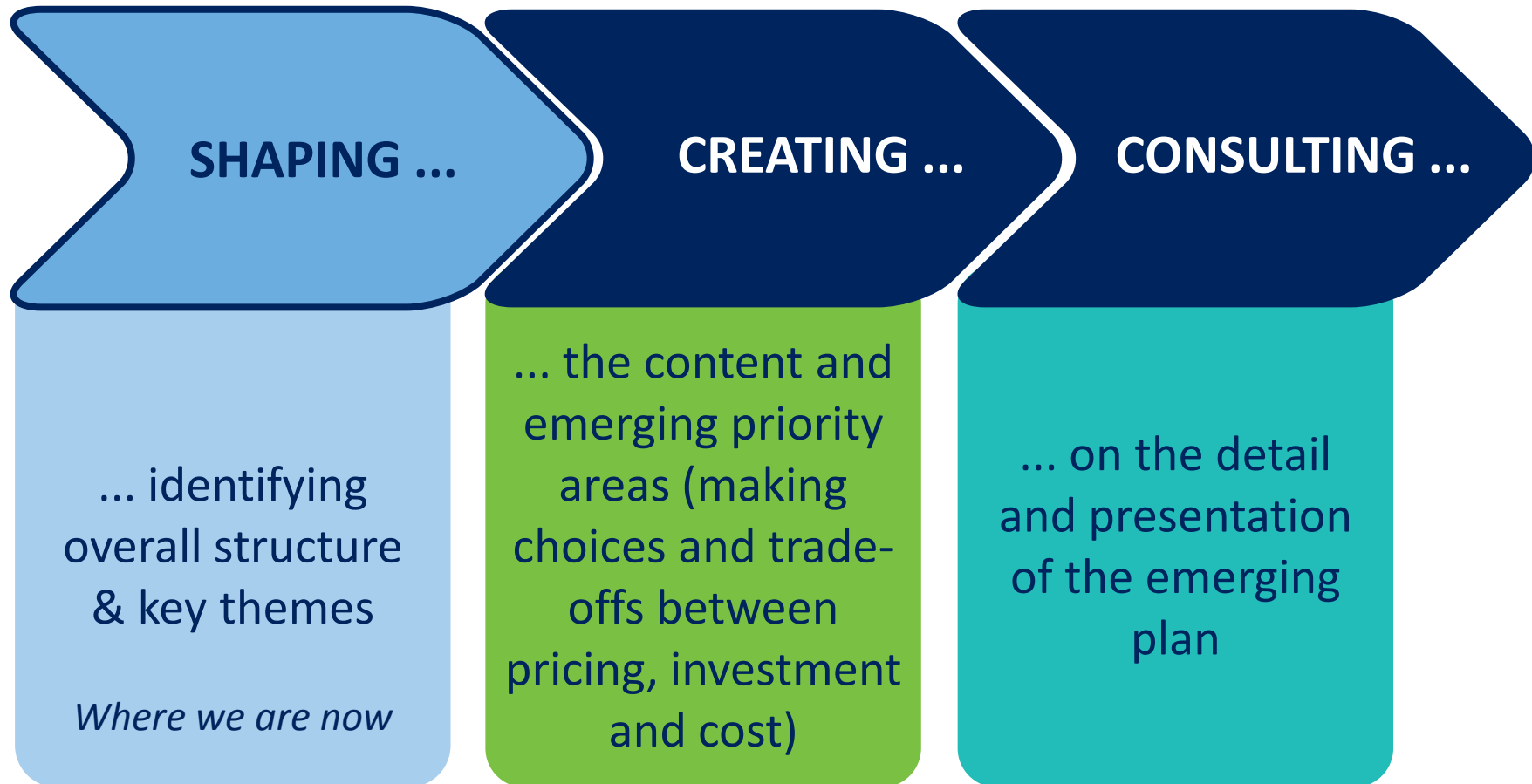


When we look ahead we see the potential for significant changes in what our stakeholders might need from us – such as electrification of transport.

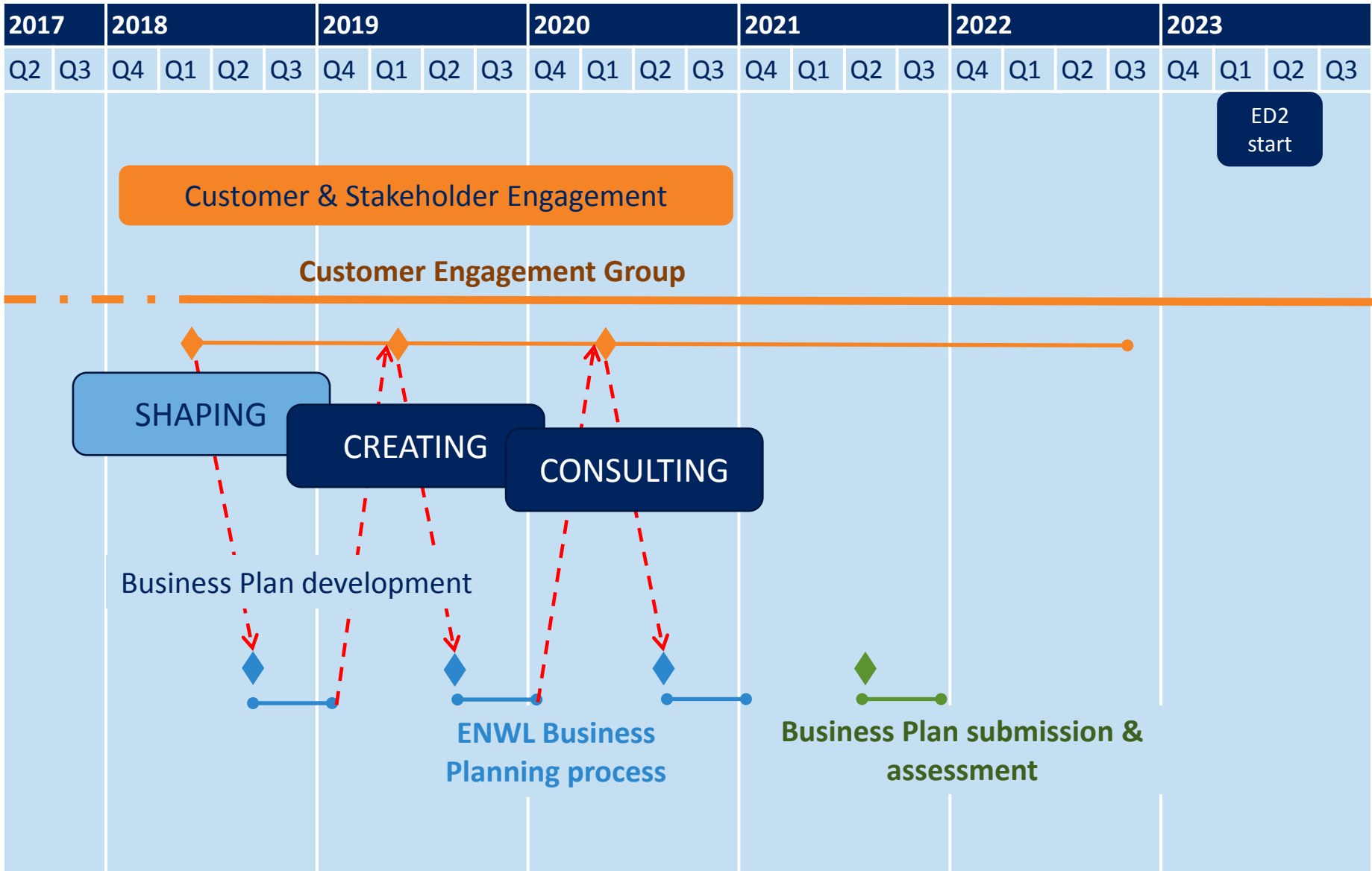


We want your views:  
Your priorities and key issues  
How we structure our approach (national/ regional/local)  
How you'd like to be involved

# We envisage three cycles



# RIIO-ED2 ENWL timelines





## We want to hear your views

- 1 
- 2 
- 3 



Your priorities

How we structure  
our approach  
(national/regional/  
local)

How you'd like to  
involved



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## Key priorities and areas to investigate

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1

Identifying the **key priorities** that should underpin our plan

2

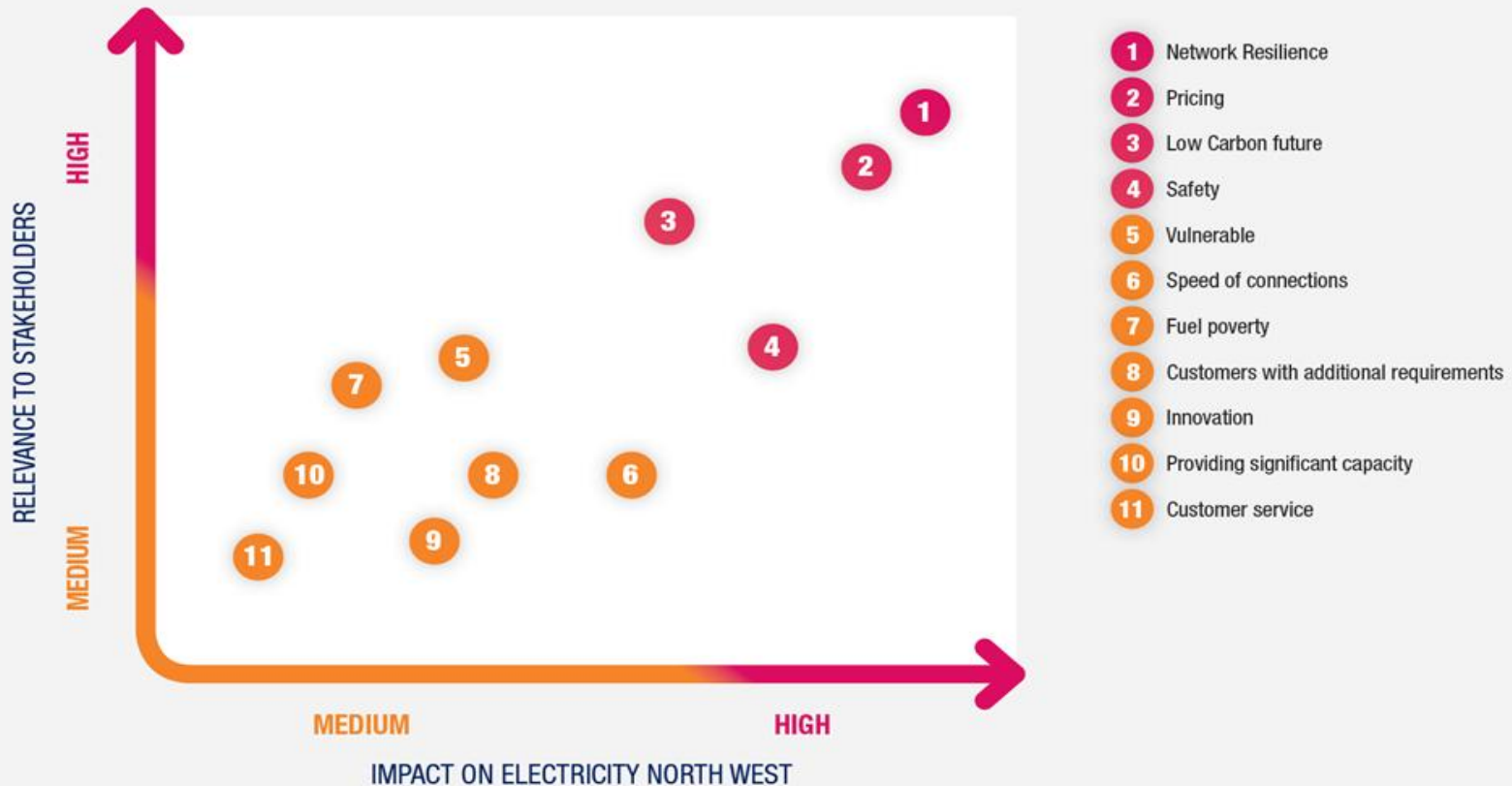
Identifying the **fundamental approach** to our plan development

3

Identifying **priority areas** for further development



As we look ahead to RIIO-2 we want to ensure that our plans reflect customer and stakeholder priorities



# Key priorities



- We keep your life running
- Support for vulnerable customers
- Enhancing customer service
- Deliver value for money on new or upgraded connections
- Help you keep bills to a minimum
- Minimise disruption
- Invest in the North West
- Reduce our environmental impact
- Develop flexible services markets
- Support transitioning to a low carbon economy
- Improve network resilience
- Improve public safety
- Deliver energy efficiency
- Address fuel poverty
- Drive innovation
- Other

Rank in order of priority

Rate on a scale of 1-5

1

Critically important – put me at the centre of your thinking

2

Very Important

3

Fairly important

4

Neither important nor unimportant

5

Unimportant

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## How we structure our approach

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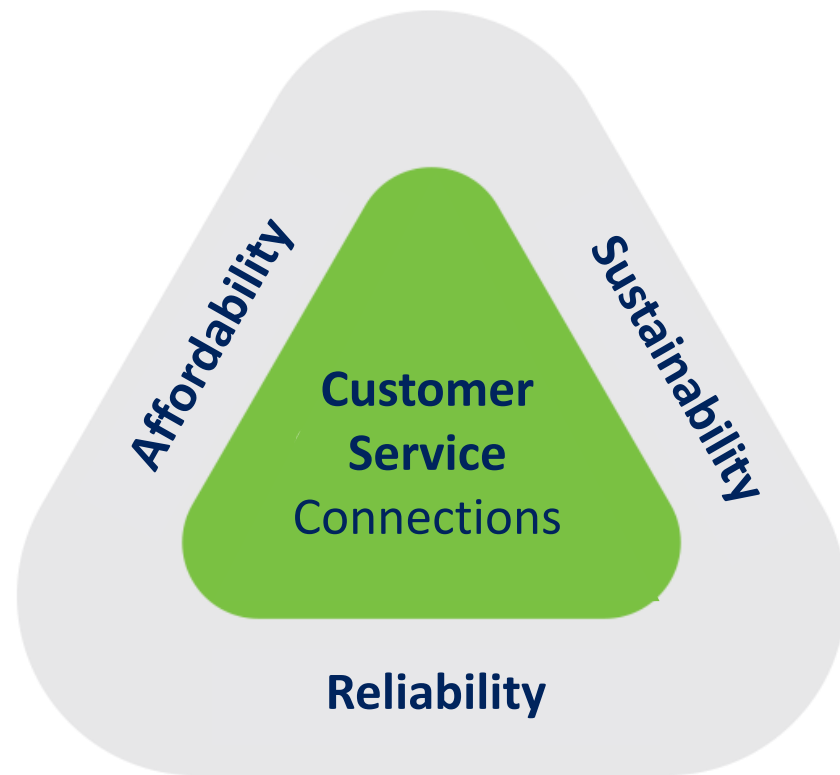
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We need to identify how to structure our plan

There are a number of different ways we could do this

Previously we used the 'trilemma' concept to explore simple trade-offs;



We see a much greater role for regional stakeholder involvement



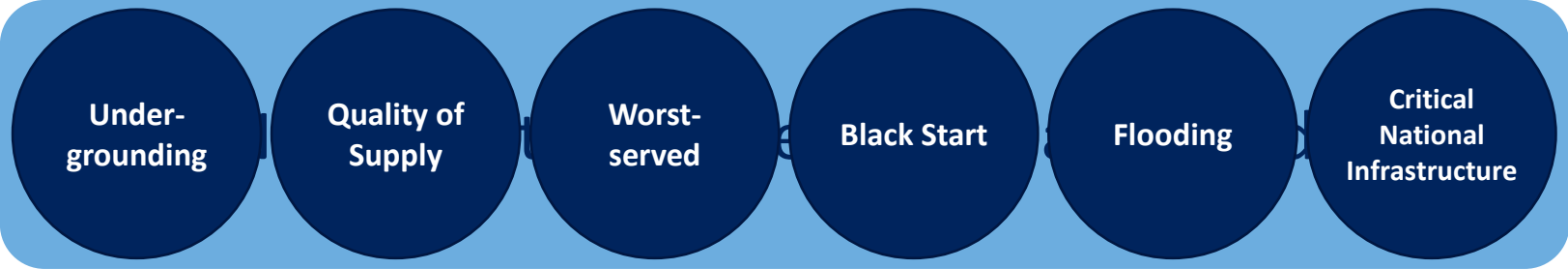
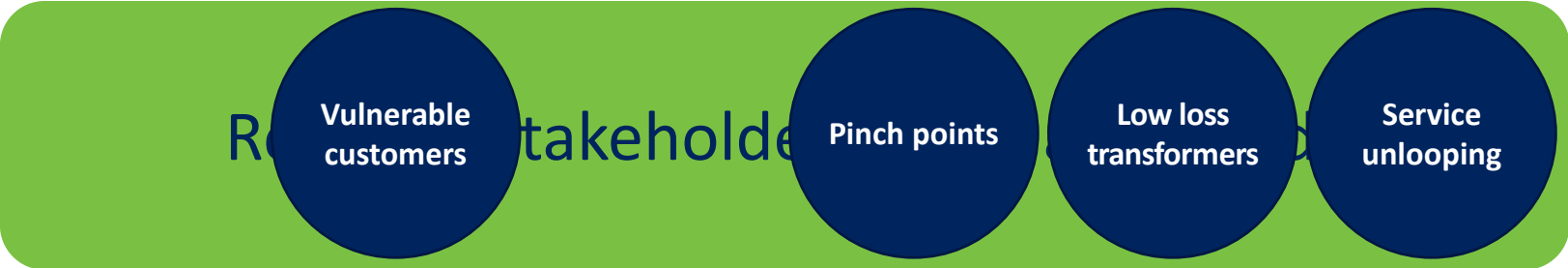
Local wants and needs

Regional stakeholder wants and needs

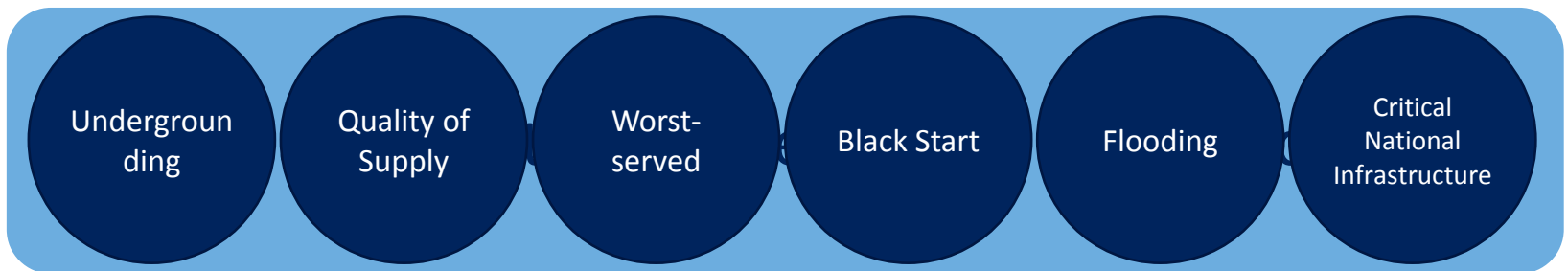
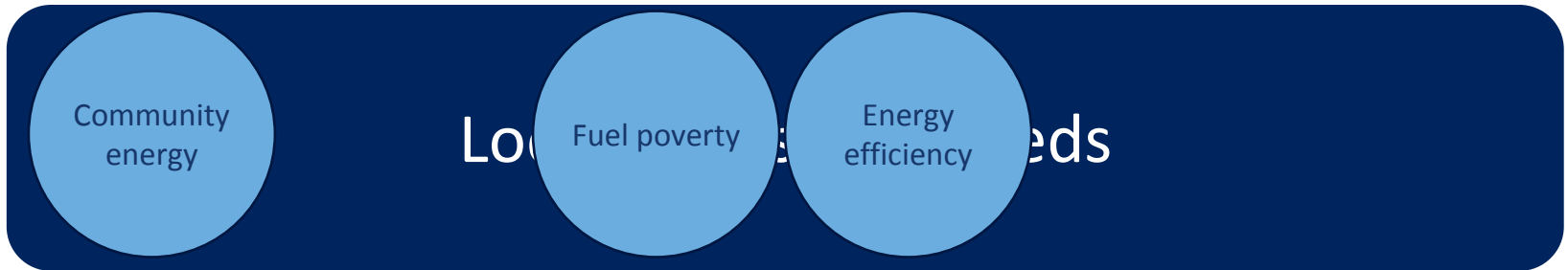
National stakeholder wants and needs



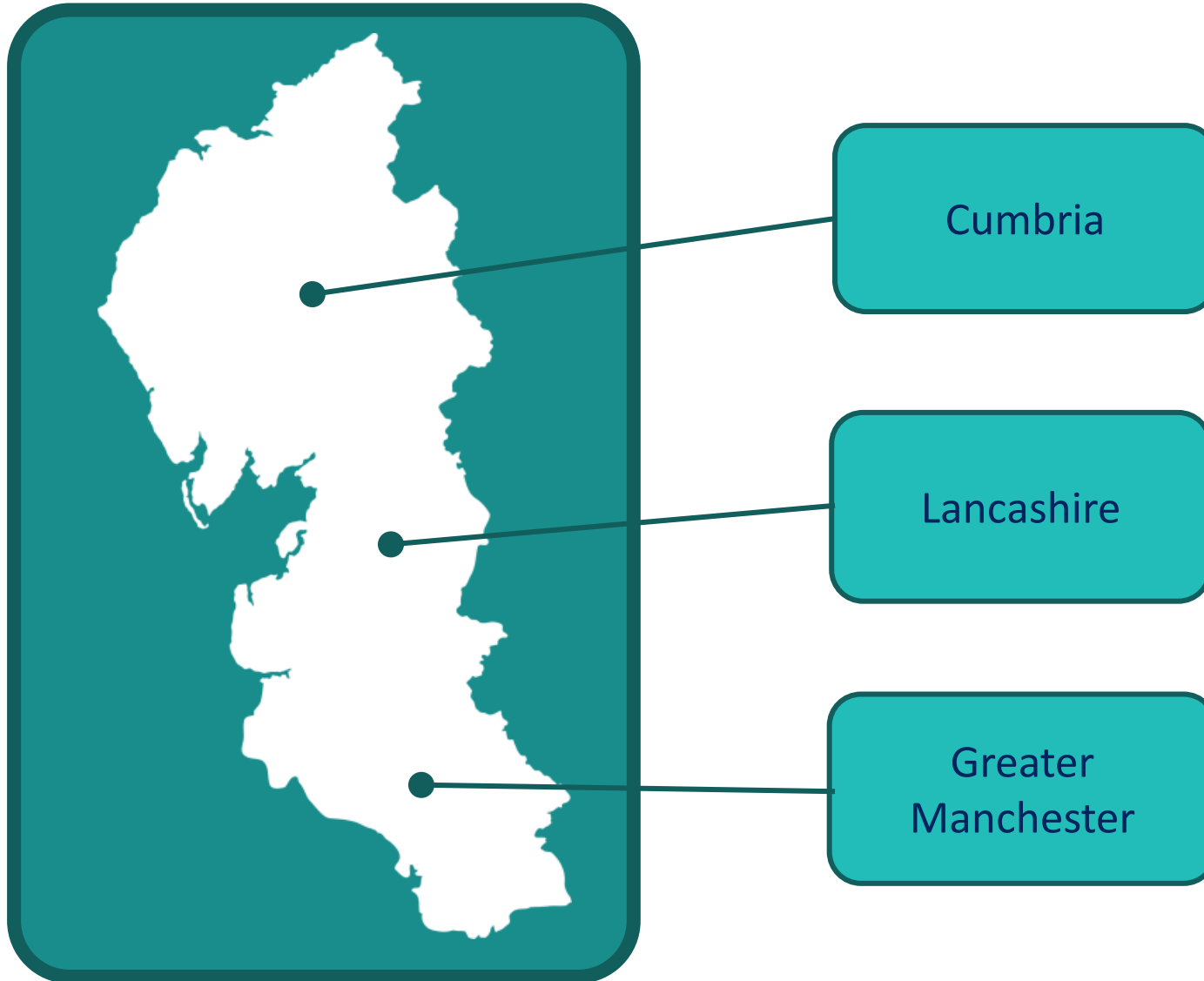
# Local wants and needs







# Our region has diverse needs



# Table discussion: Regional representation



Are we right to emphasise regional approaches?



Are you the voice of the region?



Which voices are missing?



Who do you work with at a regional level?



How should we include social diversity?

Roundtable discussion – up to 25 mins

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**Your view on how stakeholders  
want to engage with us?**

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## Recruiting for Customer Engagement Group



Independent from Electricity North West

Unique remit to challenge

How effectively we are listening to you?

Are our plans shaped by our customers and stakeholders?

Looking for members with a wide range of skills to take a broad stakeholder view

If you are interested in being involved, please contact us

Email: [Stakeholderengagement@enwl.co.uk](mailto:Stakeholderengagement@enwl.co.uk)

# How do you want us to engage?



Ofgem and other organisations are starting to set out their views on how we might engage over the next few years ... But ...

We want to ensure our approach works for you

This session is therefore focused on understanding how you want to engage with us

We are first asking some questions with voting buttons

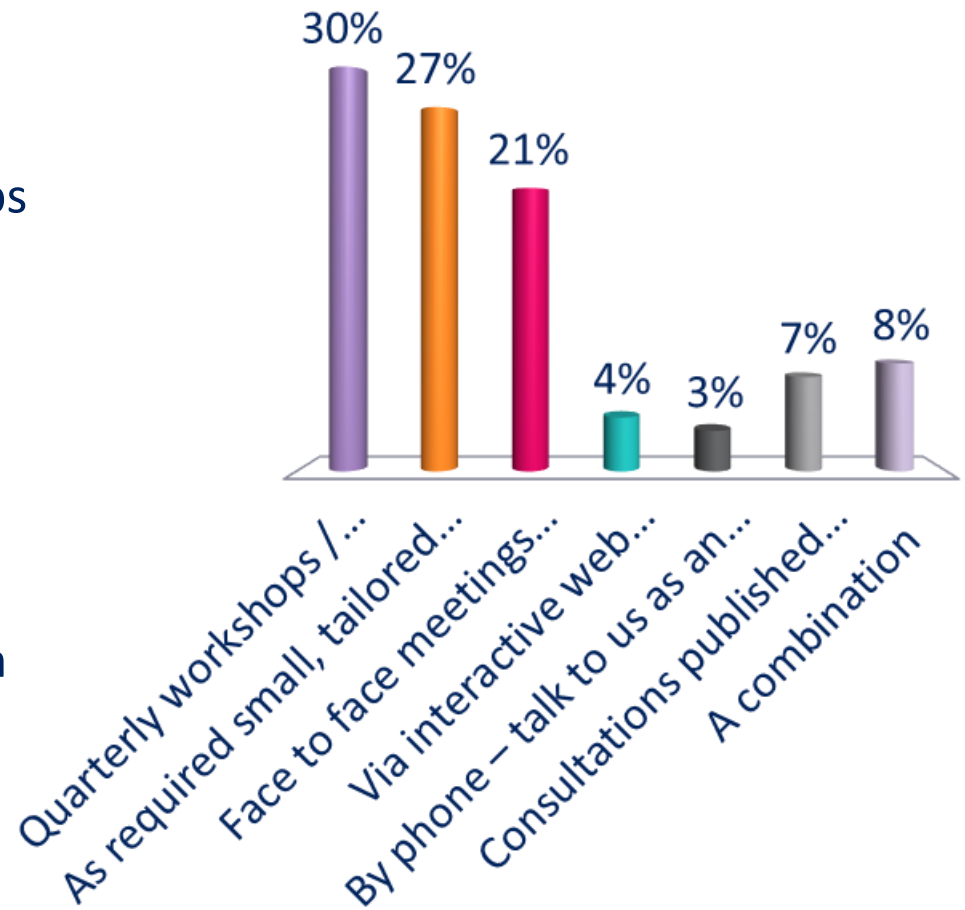
And then we'd like you to discuss this further on your tables

# How do you prefer to engage?



## List your top 3

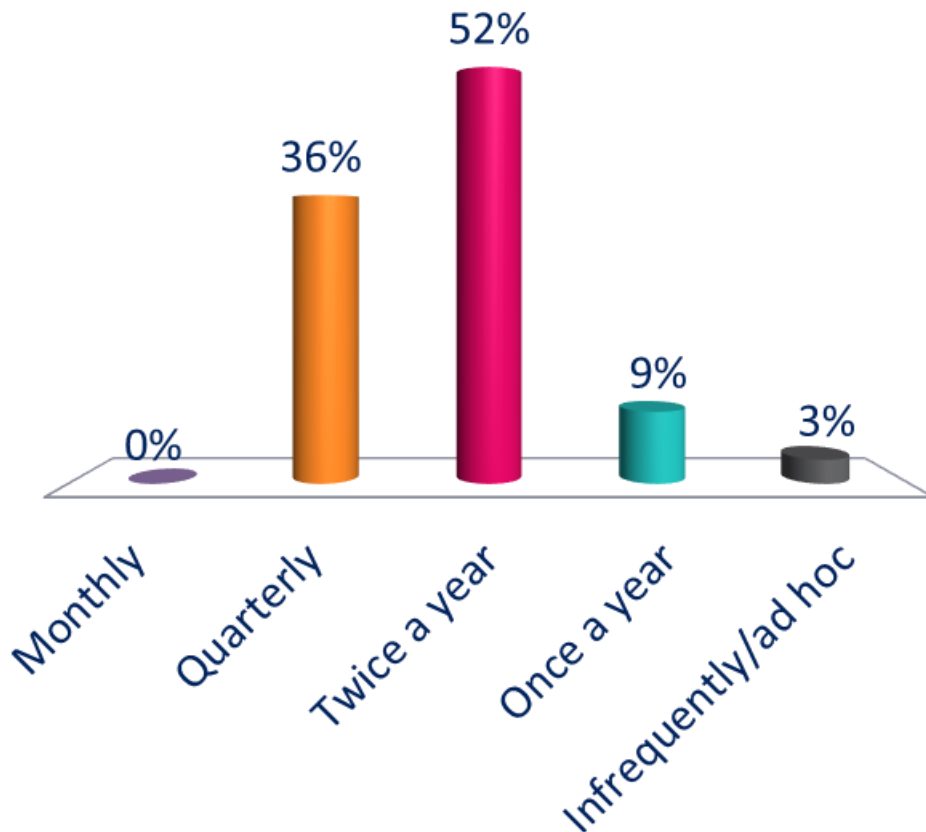
- A. Quarterly workshops / events / seminars like today
- B. As required small, tailored groups of invited stakeholders
- C. Face to face meetings (your organisation and us)
- D. Via interactive web conferences
- E. By phone – talk to us as an when
- F. Consultations published on our website for you to respond to
- G. A combination



# How often are you willing and able to engage?



1. Monthly
2. Quarterly
3. Twice a year
4. Once a year
5. Infrequently/ad hoc





# Roundtable discussion – how we involve and engage you



How can we help you to communicate your wants and needs to us?



Does your preference for how you engage depend on the topic?

Which topics for which approach?



Is it preferable to have longer sessions covering a range of themes or shorter sessions narrower in focus?

Does this impact on who gets involved?



Are we missing anything important you want to share on HOW we engage with you?

Roundtable discussion – up to 25 mins



## You have shared with us ...



Your priorities and key areas



How we structure our approach to our plan (national/regional/local)



How you'd like to be involved and engaged as a stakeholder

## What happens next



We will collate feedback and produce a feedback document by 7 September 2018 on our website



You are welcome to pick up the phone or contact us at any point on the topics we've talked about today



Our RIIO-ED2 preparation will use your input to shape our next steps through 2018/19

**electricity**  
**north west**

Bringing energy to your door



# QUESTIONS & ANSWERS

Stay connected...



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Our current  
business  
performance  
including our  
business plan  
commitments

Preparing for the  
future – our  
priorities and  
how we engage



**Thank you**

**Affordability Panel - Rise  
In this room**

**Sustainability Panel – Win  
Down corridor to right**

**Reliability Panel – Shine  
In this room**

**Vulnerable customer Panel – Evolve  
Down corridor to right**