

Western Power Distribution Customer Panel
Spotlight report 2017-18
(written by the members)

1. Exec summary

“The Customer Panel ensures customers’ views remain at the heart of decision making at WPD. We are an independent, permanent group of 41 members representing a range of customer areas, including: connections; community energy; business and domestic customers; smart networks; fuel poverty, local and national government and the third sector.

Through the expertise of members, we advise, critically evaluate and co-create solutions with WPD to achieve better outcomes for customers.

We have had full and detailed sight of WPD’s performance throughout 2017/18, including the key areas reported in the Business Plan Commitments summary report. We independently scrutinised performance, raised challenges on behalf of consumers and met with the Chief Executive and senior managers responsible for key output areas.

The panel believe meaningful engagement must lead to action. Over the past year we have discussed and debated various topics at length and influenced 26 actions and improvements.

Challenge	Impact:
WPD’s vulnerable customer support programme should avoid ‘reinventing the wheel’ by collaborating with existing schemes wherever possible	<ul style="list-style-type: none"> • WPD updated their social indicator mapping data (to identify areas of highest potential power cut vulnerability and/or fuel poverty) and published this for other agencies to use. • WPD introduced a new strategy for their fuel poverty outreach schemes (called ‘Affordable Warmth’) using this data to target areas of highest need. This led to an increase in savings made by fuel poor customers. • The Panel reviewed WPD’s new Priority Service Register (PSR) partner referral document and made changes to better engage a wider range of organisations. Resulting in 29 new PSR referral partners being identified and a 24% increase in new PSR registrations direct to WPD.
Need for better local engagement about WPD’s overall £7.1bn expenditure in the period 2015-2023 and WPD should do more to explain its local network investment plans	<ul style="list-style-type: none"> • WPD created local network investment brochures and held workshops in all local depots, enabling stakeholders to meet the WPD’s Distribution Managers and Network Planners. • Over 170 stakeholders, including local authorities and developers, engaged on WPD’s investment plans. • An interactive investment map launched online, detailing a range of local schemes to improve services and visibility for customers.
WPD should do more to explain its charges to customers	<ul style="list-style-type: none"> • WPD launched a new ‘Distribution Charging Overview’ guide, which was reviewed and approved by The Panel.

More detail on the way in which we work with WPD is included in a detailed report we have prepared for 2017/2018. The report can be found at this link: www.westernpower.co.uk/About-us/Stakeholder-information/Customer-Panel

Overall, we are confident WPD have acted on our challenges and comments with a sense of urgency and openness, working collaboratively with us to deliver appropriate solutions. There remains much more for us to impact, enhance and refine in the years ahead and we remain confident we will continue to find opportunities to influence WPD’s decisions at every stage”.

2. Introduction

2.1. Purpose and terms of reference of The Panel

The Panel is a group of senior, expert stakeholders that have been selected to represent WPD's diverse customer-base. They scrutinise WPD's performance and plans for the future, to ensure customers are placed at the heart of WPD's decision-making and their interests are protected and accounted for. In short, Panel members are asked to act as "arbiters" for customers. Therefore, members use their position to critically evaluate WPD's actions and suggest improvements. Where possible members are asked to then move beyond 'challenge' in order to use their expertise to advise and collaborate with WPD on appropriate action plans and solutions, but always with a sense of absolute independence and to avoid 'capture'.

Members wish to embed consumer centric decision making in all aspects of the service WPD delivers to 17.5 million people through their 7.9 million connections (domestic and business) across the Midlands, South West and South Wales. However, WPD have a large mix of consumers with different needs and expectations. These range from: commercial to domestic; developers with regular engagement to those who only ever engage once; local distributed generators or SME consumers; those who just want to know more, to vulnerable customers who are made more so if the lights go out. The Panel approach is through co-production, constructive dialogue and considered feedback with WPD to support all these groupings, keeping both those less able to express themselves, and those with loud voices, considered in WPD's strategic and tactical plans.

We want to acknowledge the positive working relationship, support and access, we have across WPD. This ranges from interactions with front line staff, through to department specialists, to the consistent and focused engagement of the Board through the regular attendance of WPD's Chief Executive at meetings. The importance of The Panel to WPD continues to be seen in their responsiveness to specific requests, immediately responding or arranging to have the relevant person there to respond to any query.

The depth and breadth of the engagement, and the feedback (and visibility) we received on the impacts of our input, provided The Panel with the confidence that our challenges led to sustained action. Our scrutiny helped focus the continual improvement approach of the Company in considering diverse customer groups and their requirements, as well as supporting culture change within the business to better understand and meet those customers' needs.

We have discussed some broad topics and some specific items, all of which have turned the spotlight on the monopoly business, with the sole intent of enhancing how WPD balances the needs of customers and assets.

2.2. The industry context

The United Kingdom has set ambitious decarbonisation targets, including a reduction in CO2 emissions by 50% by 2025. The energy system is changing as a result, with increasing levels of distributed generation (e.g. solar panels) and changes in the way customers use energy (e.g. electric vehicles). To enable a greater volume of demand, generation and storage to be connected more efficiently and cost-effectively, the electricity network must become smarter and more flexible/active. The requirement for WPD to change from a Distribution Network Operator (DNO) that traditionally provides a passive network sized to support times of maximum demand and/or generation output, to a Distribution System Operator (DSO) capable of managing real-time energy flows and making optimal use of capacity, is essential. It will enable WPD to drive performance and efficiency from the network and ensure it can meet the future energy demands of all customers.

The future changes for the wider energy sector and WPD's impending evolution from DNO to DSO will favour those businesses which are: innovative; culturally flexible and have a strong history of engagement across the breadth and depth of their customer (and stakeholder) base, i.e. those who know what their customers want. The Panel's activities over the past year have focused primarily on supporting and driving ever increasing engagement required to firmly set WPD as a business able to deliver an active system for the entirety of their 7.9 million connections.

High investment costs and driving efficiency on operating costs will be an essential balance to achieve the changes required, while still ensuring customers, with their individual circumstances, are not disadvantaged in the transition to deliver a smart electricity network. This will mean maintaining value for money while not sacrificing the delivery of a quality service.

3. Key outputs and areas of influence by The Panel in 2017-18

3.1. Supporting customers in vulnerable situations

Our engagement in the process to deliver innovation, making the network smarter, has also provided greater granularity allowing input into the services to support those who are vulnerable, either because of an affordability issue or their circumstances.

3.1.1. VULNERABILITY IN RELATION TO POWER CUTS

WPD has distributed crisis packs for several years, containing handy items to help customers to cope during a power cut (such as a torch, gloves, hand warmer, etc). The Panel conducted a review this year, and in doing so sought to solve a problem WPD had been grappling with for a while – providing contact details which would be readily available when needed. Feedback from customers revealed that leaflets and fridge magnets can frequently end up in drawers or not accessible when the customer needs them most. The Panel suggestion was to print the contact information on a credit card sized RFID block card which had the double benefit of preventing unauthorised access to contactless banking cards and having the required information readily to hand, in a purse or wallet. Simple solutions are often the best and we wait for the implementation and the learning to be shared with other organisations improving digital security in the home.

Householders' resilience to periods without power has been raised by The Panel with WPD. We felt everyone should be better prepared to deal with a potential power cut before it happens, and this builds on the work WPD have already undertaken in the support of customers on the Priority Services Register and those who receive the newly refreshed crisis pack. In the event of a power cut, WPD utilise organisations, such as the British Red Cross, to actively support domestic householders and vulnerable customers in their communities. The Panel also encouraged WPD to consider including small and medium enterprises in their engagement as evidence shows these small local businesses often overlook a power cut in their resilience planning. This collaborative approach between The Panel and WPD to enhance an existing service to better serve the population, is testament to the collaborative working relationship.

3.1.2. TACKLING FUEL POVERTY

The support programmes WPD provide to fuel poor customers has now been underway for several years. We have asked WPD to review the cost benefit of the support programmes they delivered, including any regional variances, and building the learnings into ongoing activity. This activity is currently underway and will report back to The Panel in early 2019.

Using data more efficiently and not reinventing the wheel was a concern of The Panel in the support WPD deliver through their PowerUp partners. Utilising the significant range of established networks was a better way to roll out support and engagement. WPD revisited their "Who's on our wires" research, identifying over 159 charities and local authorities running outreach projects who could assist WPD in getting to their priority customers. Our review of the work encouraged WPD to repeat the research more frequently and crucially to make the output more widely available to facilitate greater co-production and collaboration, in projects such as: National Energy Foundation "Energy Envoys"; Duke of Edinburgh project; other third sector organisations; etc., to enhance their delivery.

To maintain the relevance of this information WPD agreed to re-run the research exercise at least bi-annually to capture changes and new providers. Following our engagement, data from the research was made available to a range of other organisations offering support to communities or households. The data also allowed WPD to create a highly useful by-product, a 'vulnerability score' for each sub-station. This score highlighted the impact of a sub-station outage on the surrounding population, better refining any response.

3.2. Emerging areas of consumer concern

In this age of decarbonisation, digitalisation and decentralisation, utility businesses need to react far quicker. For WPD this will be: supporting an improved supply/demand balance; responding to renewable generation penetration and utilising new technologies, at the right time. Network problems will involve the customer (business and domestic) even more in balancing the economics of energy delivery and flexibility of use with the right tools and the right resources. The Panel reviewed two elements regarding these topics, workforce and cyber security.

3.2.1. WORKFORCE RENEWAL AND SKILLS

Workforce requirements as WPD transitions to become a DSO (with greater digital needs), an increasingly aging workforce and the competition from other sectors (such as health and social care with aging populations increasing a pull on resources), prompted The Panel to ask WPD how they were preparing for their future workforce needs. Following the presentation and discussions, we concluded WPD still have some way to go in their preparation of an encompassing and comprehensively robust approach to meet their workforce needs for the coming decade of rapid change and evolution of the business.

3.2.2. CYBER SECURITY

While cyber security is not a core skill of any panel members it was raised at a 'closed member-only session' meeting as WPD could potentially devote an increasing proportion of their ED2 budget to ensuring cyber security, but this could have an impact on customer bills, or if it failed, on their lives. The Panel did not attempt to second guess the already existing structure to maintain security of the critical national infrastructure from any damage or unauthorised access, but we were keen to understand the investment required. The Panel were left reassured with the activity undertaken and the seriousness WPD take continual learning from others into their approach to protect their assets and to protect their customers.

3.3. Ensuring WPD delivers a 'value for money' service

Customers will begin to make decisions about what is right for them and investors are seeing the changes and starting to value utility companies differently. Big decisions still must be taken regarding how the grid can be managed economically for the short, medium and longer term, and how to drive greater engagement with businesses regarding demand side response.

3.3.1. EXPLAINING WPD'S CHARGES TO CUSTOMERS

Regulatory regime mechanisms involve a sharing of best practice, so staying on top is becoming harder for WPD as others adopt their leading approaches, but robust debate at the quarterly meetings allowed The Panel to provide further stimulus and input. This translated to WPD taking the pragmatic step of publishing RIIO Accounts for the past financial year in response to the challenge of The Panel to demonstrate comparability with their peers in the sector. We look forward to others following suit allowing a greater level of transparency of the cost in delivering network operations.

3.3.2. CONNECTIONS

Business stakeholders are an integral part of The Panel consideration with tenacious challenge regarding connection timescales and an improvement of the process for customers requiring multiple connections, such as Local Authorities. The Panel took up these requests and are checking progress with WPD regarding the delivery of the actions.

3.3.3. LOCAL ENGAGEMENT

The Panel identified a need for better local engagement regarding the WPD £7.1bn ED1 investment programme. In response, WPD instigated two changes. A website refresh initiated the start of regionally and locally focussed elements such as scheduled projects, allowing local communities and businesses to access information regarding their area through an interactive map.

Secondly, WPD introduced local depot workshop sessions between WPD managers and the local community. These face to face sessions supplement the website information bringing local groups and representative bodies into open workshops to discuss plans with local managers and planners, to better understand short and longer-term impacts and to expand the knowledge and understanding of all parties.

3.4. Improving WPD's current services to customers

To date, The Panel have seen WPD embracing the changes through the modernisation of their network and facilitation of different engagement with their customers and generators/storage providers. The annual WPD stakeholder engagement events are a prime example of this change, seeking to understand, from the grass roots, the local, regional and national concerns of customers and their representative bodies, and tracking these concerns

over time. The Panel have supported WPD to be more visible, to increase engagement and the annual 'tour' of their licence areas delivers and element of this.

3.4.1. WEBSITE

With the development of the WPD website, The Panel encouraged WPD to use the opportunity to consider a more rounded way to engage energy users in their activity, from the shift to a DSO to how the business is responding to the rise of the electric vehicle. WPD responded positively with the production of webinars on these two elements and will assess the uptake before undertaking further work along a similar vein. The Panel support this gradual approach to determine interest before further investment is committed.

The Panel also fed back the challenge for WPD to consider how they could enrich their Business Plan commitments documentation in an online format, to explain the technical elements more fully to users and to make the documents more accessible focused – larger font or 'read out' to users utilising software. This is still under consideration for the coming year publications.

3.4.2. SUSTAINABILITY

The Panel built on the feedback from the annual stakeholder workshops earlier in the year challenging WPD to be more ambitious in its timetable for the development of tailored energy saving action plans for their licence areas.

3.4.3. PERFORMANCE

Over the annual cycle of quarterly meetings, with agendas set by The Panel, we had a standard item on performance, which was presented by Robert Symons, WPD's Chief Executive. This permitted critical review of WPD's past performance and future plans to be fed directly to senior staff.

In the Performance Review section of the panel meetings, the Panel noted the high percentage of complaints dealt with in one working day, but asked WPD if it was not better to resolve the complaint in one contact? WPD explained it is unlikely to be multiple calls as staff are empowered to resolve complaints immediately and visit the customer where needed. The Panel then further discussed if the metric was right for the sector.

We have also sought greater granularity on the specific feedback from stakeholders on a regional basis and how these have been addressed in the investment planning, such as the impact of high winds on the network in the South West. Addressing the points of local concern is a key focus of The Panel to allow a greater level of engagement from customers on wider elements of the network once the local issue has been addressed.

Business customers also have a strong voice in The Panel, from users of single large connections, or those who are planning infrastructure projects needing multiple connections. WPD activity on the Incentive on Connections Engagement (ICE) also led to a review of the connection application forms and engagement with Local Authorities. The latter was linked to the local workshop sessions while the former was an invitation to The Panel to review the revised documentation, acting as returning connectors or those picking up the document for the first time. Our robust and detailed feedback resulted in several changes to the process and documentation, making them more customer focussed.

3.4.4. SEVERE WEATHER

The weather extremes at the start of 2018 highlighted WPD had robust resilience measures in place. However, it is only in reality when processes can be fully tested. The prolonged cold spell resulted in communities being cut off, further raising existing vulnerabilities due to lack of communication and access to basic staples such as food and medical supplies. In response WPD used its helicopter unit to deliver items. The Panel was pleased to see this evolution is now a consideration in all future severe weather events.

The severe weather also highlighted the need for innovative and forward focussed planning. The severe storm known as 'The Beast from the East' was forecast well in advance and WPD drafted in four-wheel drive vehicles to ensure both operational staff who were resolving problems on the network and customer service staff who were responding to customers calls throughout the event, were able to get to where they were needed, down a rural track or into one of their offices to take customer calls. This 'live voice at the end of the line' was in stark contrast to the energy retail businesses who closed their contact centres and left recorded messages for

customers to find support elsewhere. The Panel feels this is a demonstration of putting the customer at the heart of decision making.

4. Next steps

While we challenged WPD to move with the times, we also evolved to maintain our effectiveness, governance and robust debate.

4.1. Ensuring continued independence of members

Last year The Panel implemented a significant change in the way it operated, seeking to overcome the fact we only congregate at the quarterly meetings, through the introduction of both improvements to the governance elements of the meetings and a pre-meeting 'closed session'. The latter providing The Panel an opportunity to meet without WPD, allowing free and open discussion on the forthcoming agenda, as well as presenting considered opinion on activity or more 'leftfield' comments to be heard and to be factored into current and future panel work. WPD supported the former with a section on their website for all panel meeting presentations and minutes. As a panel we will be considering other ways of collaborating between meetings through digital solutions.

4.2. WPD's next price control review (called RIIO-ED2)

The creation of a Customer Engagement Group (CEG) ahead of the next price review, as required by the energy regulator Ofgem will be a key part of WPD's business planning process. This has been discussed with The Panel from an early stage, to gauge how this new body would interact with The Panel. As the CEG creation is in the early stages we have requested WPD keep us informed of their discussions and the decisions of the Regulator. In the interim, The Panel will continue to provide challenge and contributions regarding the evolution of customer engagement at WPD.

4.3. The changing role of energy networks

The future has some key focus points for The Panel in the shape of the grid cost parity and solar storage systems; the tipping point of EV cost reaching cost parity with their fossil fuelled equivalents and where the cost of electricity transportation exceeds the cost of generating and storing locally. Energy use is evolving with increasing power 'behind the meter', changes in the way transmission and distribution charges can be levied will mean the financial and business models of all DNOs will potentially need to be reinvented to manage costs of this large part of the electricity bill.

The next challenges for The Panel, apart from the DNO to DSO transformation, will be e-mobility (EV and charging); microgrids and intelligent services in a business where power and information will flow, in much greater volumes, in both directions. Interest from oil companies in EV businesses and the uncertainty between charging domestically or local ultra-fast charging centres will be one element of ambiguity for asset investment decisions. This is even before domestic customers demonstrate their impact, if they call for convenient charging at a property level.

These elements will feed into our future Panel debates and discussions as well as potentially some of the agenda of the new CEG.

5. Conclusion

Over the past year, we saw WPD act on our challenges and comments and, with a sense of urgency, deliver appropriate solutions. Members continued to be rewarded for our input by seeing an agile business deliver tangible action embedded across the whole business. WPD have also been rewarded through their continued position as the leader within the sector, particularly as recognised by Ofgem for their stakeholder engagement and consumer vulnerability delivery. While significant work was done for customers, there will be much more for The Panel to influence, enhance and refine in the years ahead as the Company plans for ED2 and the evolution to a DSO.

With the committed engagement from their Board members and senior team we have continued to see WPD business and culture evolve to focus on both assets and customers, with the support of the extensive input and time of a diverse group of committed individuals who make up the highly effective Panel.

THE PANEL