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#WPD

**POWER CUT?
CALL 105**

Stakeholder engagement workshops

Our draft Business
Plan outputs

2023-2028

November 2020

Introduction

Alison Sleightholm
Resources & External Affairs Director

Who we are

- We operate the local electricity network, distributing power to 7.9 million homes & businesses
- Covering the East and West Midlands, South Wales and South West England

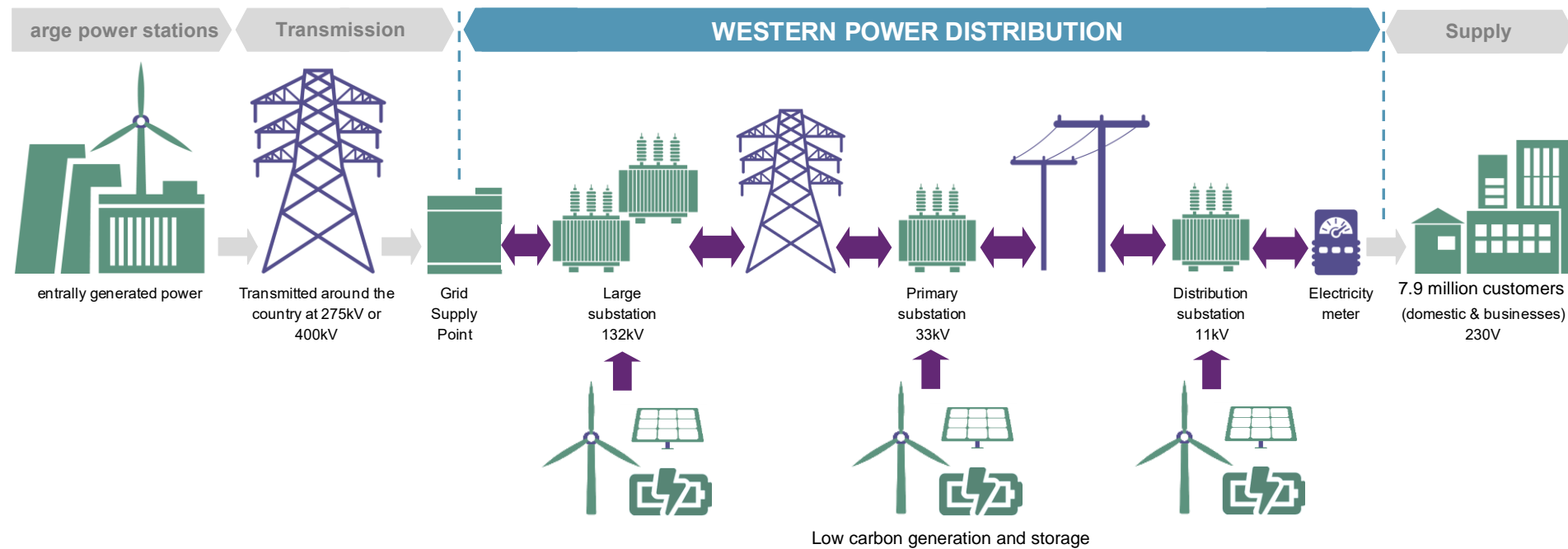
Network assets

Cables and overhead lines	225,000 km
Poles and towers	1,389,000
Transformers	188,000



Who we are

- A Distribution Network Operator (DNO) including a Distribution System Operator (DSO)



What we do



Keep the lights on

by operating our network assets effectively



Maintain equipment

so that the network remains reliable



Fix the network

if equipment gets damaged or is faulty



Connect customers

by upgrading existing networks or building new ones



Operate a smart system

by managing two-way power flows and flexibility services



Business planning process

You are a WPD customer if you live or work in our region:

- **Ofgem:** Regulates how much revenue we can earn and what we must deliver
- **Price controls:** Set by Ofgem to determine how much we can spend and what customers will receive as a result
- **2023-2028:** The next period will run for 5 years and is called “RIIO-ED2”
- **Business Plan:** Setting out, in detail, our commitments to stakeholders, performance targets and planned investment and expenditure



“RIIO-ED2”:
Revenue = Incentives + Innovation + Outputs
(Electricity Distribution 2)



Our Business Plan timetable and process

- *Where are we now?*

Alison Sleightholm
Resources & External Affairs Director

Our objectives

To deliver a Business Plan that has been built with our stakeholders at every stage

- We started from “a blank sheet of paper” – only providing essential context and background information
- Sought your **priorities** and objectives for the future – in your own words



**WESTERN POWER
DISTRIBUTION**
Serving the Midlands, South West and Wales

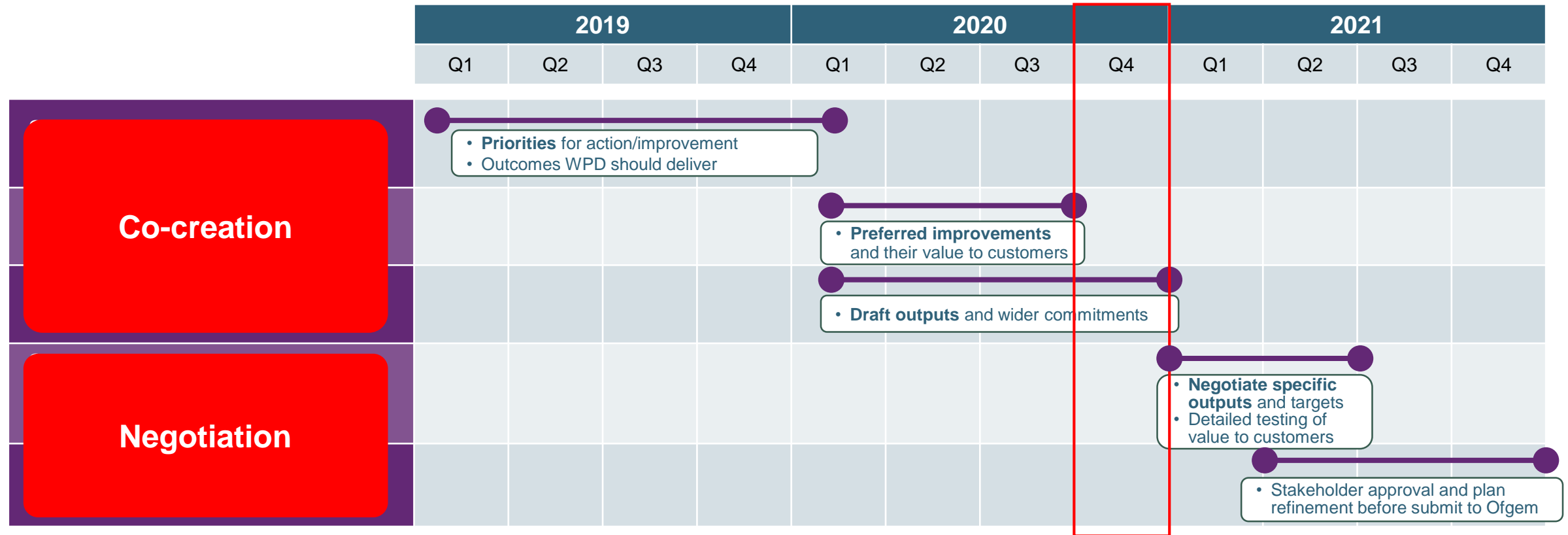
OTHERS

Inform	Consult	Involve	Co-create/collaborate	Negotiate
<i>“tell you about plans or proposals” opportunities to make comments on pre-written commitments, without the opportunity to shape these from scratch</i>	<i>“inform, work with you to acknowledge concerns, be open to your influence, and should feed back on how input has influenced outcome”</i>	<i>“inform, ensure that your concerns are directly reflected in alternatives developed and will provide feedback on how input has influenced outcome”</i>	<i>“We will look to you for advice and innovation in formulating solutions. We will incorporate your advice into the decision-making process to the maximum extent possible”</i>	<i>“We will be influenced by your proposals and implement what we agree”</i>



Our engagement timetable

We are building our plan with stakeholders, from scratch, via 5 stages:



So where are we right now?

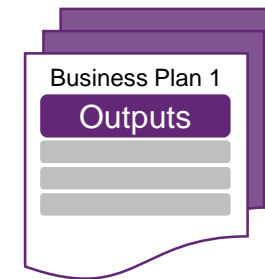
Key ingredient:

1.
Stakeholder
requirements

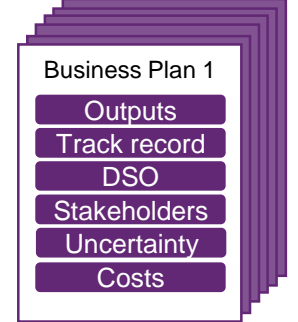
Today is about rounding off the “co-creation” stage

- *November 2020 (Today):* **Playback** what you have told us
Present our first draft outputs as a result, ahead of publication of a first draft plan in January 2021

November 2020



January 2021



Leading into the “negotiation” phase and consultations to come to agree specific output levels and targets

- *January 2021 onwards:* **Negotiate** specific output levels, performance targets and expenditure
Co-create key strategies to set out how we will deliver the outputs stakeholders want
- *March 2021 onwards:* **Refine and agree** specific output levels, performance targets and expenditure
Acceptance and value test the plan (including specific bill impact)

+

2.
Regulatory
considerations
(e.g. Ofgem
decision
document)

3.
External
factors
(e.g. govern't
policy, costs, bill
impact etc)



How we have arrived at today's outputs

Over 3,000 stakeholders have helped to co-create our Business Plan to date

- 'Golden thread' back to stakeholders for every output being proposed

Co-creation stage



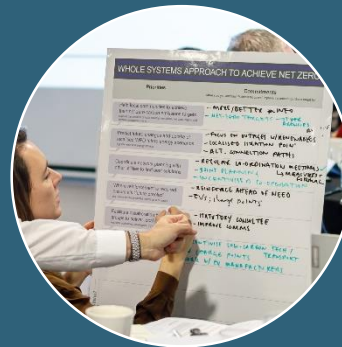
Blank sheet

- Sharing essential context and baseline performance only



Priorities

- 2,058 stakeholders
- 14 key priorities
- Via 15 unique engagement events: workshops, surveys, research events, online panels, focus groups and conferences



Commitments

- >1,000 stakeholders
- Over 800 commitment suggestions
- Via workshops, vulnerability conferences, local network investment surgeries, bilaterals

"We heard"...
"So we've proposed"...

Playback

- TODAY!



The structure of the Plan

You gave us your priorities, in your own words

- We've now structured them within the Ofgem framework (x3 output categories)
As we promised we'd do - we broadly heard: *"we'll tell you what we want, you worry about the structure of the plan to meet the regulator's needs"*
- The order may therefore look a little different, but nothing has been overlooked
- The independent Customer Engagement Group are scrutinising that:
 - a) Every output has a clear 'golden thread' back to stakeholders' feedback
 - b) No key stakeholder feedback has been ignored



Meet the needs of consumers and network users

Network companies must deliver a high quality and reliable service to all network users and consumers, including those that are in vulnerable situations

Maintain a safe and resilient network

Network companies must deliver a safe and resilient network that is efficient and responsive to change

Deliver an environmentally sustainable network

Network companies must manage the impact of their activities on the environment and enable the transition towards a smart, flexible, low cost and low carbon energy system for all consumers



72 outputs to test with you today

We have broadly ordered the outputs into 13 themes as follows:

- We will **cover everything with you today** – with an opportunity for you to comment on your priority areas
- To make it more manageable, some more **specialist topics will be discussed at the afternoon surgery sessions** (connections, digitalisation, workforce resilience, safety)

Meet the needs of consumers and network users

Customer service

Vulnerability

Connections

Maintain a safe and resilient network

Network resilience

Business IT Security & Cyber Resilience

Safety

Workforce resilience

Deliver an environmentally sustainable network

Environment and sustainability

Distribution System Operator

Innovation

Community energy

Digitalisation

Social contract



Output types – next steps after today

Today is solely about the outputs you want to see

- As this is a “**bottom-up**” approach to building the plan, for now we want to agree the outputs you want
- However, eventually we will have to allocate them to **different output types/categories** for Ofgem
- We will clearly signpost this within the Business Plan drafts we publish in 2021

