

Western Power Distribution - the Customer Panel's view

Executive Summary

The Customer Panel is a permanent group of 34 expert members representing WPD's key stakeholder groups. Members range from large businesses, to domestic customers, vulnerable customer representatives to local authority officers and elected representatives to volunteers. Members represent a wide variety of interests including: connections; community energy; network charging; smart networks; emergency resilience; vulnerability; fuel poverty and government policy. The Panel's core purpose is to ensure customers are placed at the heart of WPD's decisions.

The Customer Panel meets quarterly to critically review WPD's performance and future plans. This enables members to provide strategic steer, raise issues of stakeholder concern, highlight key priorities for action and make informed decisions about WPD's current activities and future targets. Sessions are hosted by WPD's Chief Executive.

Since its inception, the Customer Panel has raised levels of customer representation to the heart of the decision making process across a wide area of the WPD business.

We focus on the 7.8 million customers (domestic and business) WPD serve across the Midlands, South West and South Wales, seeking to influence continual improvements to the services they receive: day to day; in times of emergency and what will be required in the future. We do so through constructive dialogue, partnership and by providing considered feedback. It is in the interest of the whole energy sector to better engage with customers and use this as a key influencing factor for decisions at local, regional and board level.

The Customer Panel feel our challenges have both raised consideration of differing customer groups and their requirements by WPD, as well as supporting behaviour change within the business to better meet those customers' needs.

Our role in 2016/17

We welcome the open and collaborative way WPD has engaged with us over the past year, embracing our advice and responding to our questions. We can say with confidence WPD's engagement with its stakeholders in relation to delivery of its RIIO-ED1 Business Plan commitments in the past year has been very robust and thorough. We hope to ensure that the Business Plan, including the development of its successor for RIIO-ED2, will continue to focus on further service improvements over the coming years and even greater levels of customer engagement.

WPD provide the Customer Panel with full transparency regarding its performance. This has enabled us to evaluate their delivery against all of their 76 output commitments, raise questions and explore performance in greater detail with WPD's Chief Executive, Directors and senior managers.

Key actions resulting from the Customer Panel's feedback

In addition to reviewing WPD's Business Plan commitments, in 2016/17 we have influenced further improvement actions including:

- Development of new social indicator mapping to better help WPD identify and support those most vulnerable to power cuts and impacted by fuel poverty.
- The creation of a new £90,000 Local action Fund to find innovative ways for not-for-profit organisations to support vulnerable customers, following a review of WPD's social obligations strategy.
- WPD's data cleansing of the Priority Service Register has been expanded, resulting in 691,499 vulnerable customers proactively contacted in 2016/17.
- New storm bulletins have been created for stakeholders that are sent before, during and after severe weather events.
- Improvements have been made to the use of social media including the launch of WPD's new smartphone application.
- WPD's innovation strategy, connections improvement plan and connections engagement processes have all been reviewed and amended.
- A new policy has been introduced to make Key Account Managers available as points of contact for major connections customers in their region.

Our future role

In 2016 WPD commissioned independent research with members to review the Panel's form, function and format of meetings, such is their commitment to ensure the Panel remains fit-for-purpose, relevant and best placed to

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influence WPD in the long term. As a result, an independent Panel Leader has been appointed, with member-only pre-meetings and occasional closed sessions introduced to ensure the Panel's continued independence to shape meeting agendas and areas of scrutiny. This has helped to coordinate member feedback on key issues in order to continue to constructively challenge WPD in the most effective way, while seeking to deliver constant improvement and ensure service standards remain extremely high. All of this is in the interests of the wider consumers we represent.

We know we have more to do. Energy networks face a time of unprecedented change as they adapt to support a low carbon, smart future. However, as a result of WPD's transparency, the access they provide to their Executive and senior managers and the continued collaborative approach between Panel members and the wider WPD teams, the Customer Panel remains confident we will continue to contribute effectively and ensure WPD meet the needs of current and future customers.

Introduction

The vast majority of the British population have their electricity delivered to their properties by one of the 14 licenced distribution network operators. Four of which, serving just short of eight million customers, are owned by Western Power Distribution (WPD): covering East Midlands; West Midlands; South West and South Wales. These customers have little choice about whose wires supply them. To ensure the customer's voice, in all its guises, is fully represented in the strategic and tactical decision making which directly impacts them, WPD instigated a Customer Panel (the Panel).

The Panel ensures a strong voice for customers on the daily service delivery but also specifically in the strategic decisions taken in the lead up to and following the regulatory price setting periods. Over the last year the Panel has been witnessing the impact of the Panel contribution to decisions WPD took at the outset of RII0-ED1, seen how the business has delivered on its commitments to customers and realised the effects of the broadening stakeholder engagement.

The Panel does not replace the engagement WPD has directly with its customers - industrial or small business, householder or developer. However the Panel does ensure the views of those groups, and many more, are acted upon and WPD deliver real and tangible benefits to customers' everyday lives, either through: enhanced support; improved processes; better communication channels or faster response times if the lights do unfortunately go out.

First and foremost the Panel's role is to act as arbiters for customers. At every Panel meeting WPD present their performance for the year to date and across their four distinct licence areas, with comparison to prior year delivery. This allows members to scrutinise and critically evaluate performance, suggest improvements and understand the rationale for actions proposed. In the past the Panel challenged WPD to cut the target for guaranteed standard threshold for customers off supply from 18 hours to 12 hours. We've continued to press for improvements in performance and responsiveness from WPD as they have better information about their networks and as their processes become optimised. This ensures the benefits of a more effective and efficient business are seen by customers in the service and communications they receive.

Our role is not to second guess the regulator Ofgem or act as a super stakeholder, our role is to hold WPD to account on the promises it has made and ensure those actions are delivered in a way which improves service delivery for all customers.

The Panel are there to provide an external view to the business, from our various roles and diverse experience, probing and questioning, always focused on encouraging WPD be the best it can be for all its customers.

The Panel has regular and direct access to the decision makers at WPD through Panel meetings as well as to those across the business who are delivering the day to day operations. We discuss and debate activity as broad as innovation and local service delivery, or specifically on electric vehicle impacts and the response times to interruptions to supply, challenging the business to go a further where relevant. Every session takes place at a different operational depot to enable members to meet local engineering staff and senior managers, gaining a more thorough understanding of WPD activities.

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The positive and constructive working relationship with the company, across all aspects of their business, means we have been able to support WPD on its journey to becoming a company where customer views are established as a fundamental part of the businesses future decisions.

We have achieved a lot of progress in the past year (see below for domestic customers and business customers), but we know there is more to do, especially in the need to support vulnerable customers ensuring they know what and where help is available and that activity it targeted to the areas with greatest need. The sector is also evolving and those changes in the management of the infrastructure will be an opportunity to engage further with business customers to ensure the service WPD deliver is responsive to meet the needs of Britain's evolving business and industrial sectors as well as supporting a move to a lower carbon energy network.

The challenges of building a smarter network for the future, will see WPD evolve to a Distribution System Operator. The Panel is confident we will be kept updated and our involvement sought in the decision making processes along the way. We are keen to maintain the WPD ambition and reality of maintaining a high upper quartile delivery for the future.

We do not see the Panel just as a way to achieve a good outcome for the WPD Business Plan to 2023, but as a way to support the business to be truly focused on its customers (business and domestic) and stakeholders, now and for the future.

Our work and influence

A key task for the Panel is to set out the outline for future meeting agendas, setting the priorities for the business to present to the Panel over the year ahead. For the majority of each session we meet as a full Panel. We cover a wide range of topics and are asked to consider the interests of the customer groups we each represent. Recent topics have included: innovation and long range planning; capacity issues; vulnerable customers; severe weather; workforce; etc. The Panel tasks are many and varied and the eclectic composition of the Panel allow meaningful responses to the various elements brought to it by WPD.

The final section of each meeting, members split into two distinct groups: domestic (and vulnerable) customers and business customers. The following provided a brief overview of the specific activity of these groups over the prior year.

Domestic customers

A number of improvements have been instigated by the Panel in the past year.

- A. Use of social media to engage with different customers at different times has been a focus of the Panel. Responding to the challenges, WPD have initiated a number of initiatives to better communicate with customers. These include: short videos on the social media channels; storm updates through on line app and social media feeds; a power cut app with general resilience advice and an opportunity to sign up for the PSR.
- B. WPD have provided a research budget for the Customer Panel. Recently this was used to develop social indicator maps to identify high concentration areas of customer vulnerability (to power cuts) and fuel poverty. The Panel are now influencing the use of this data to better target WPD's partnership schemes to identify and support the most hard-to-reach customers.
- C. The Panel has shaped WPD's approach to ensuring the accuracy of data on their Priority Service Register and the creation of dedicated WPD data cleanse teams to proactively contact customers. The Panel helped to build the processes and staff training received, also reviewing all materials sent to customers. In the last year WPD have the refreshing approach of the 'right thing' overriding the 'existing process'. This was clearly demonstrated when challenged by the Panel on their approach to the data cleansing exercise on the Priority Service Register. Building on the existing approach the Panel supported the expansion of the PSR data cleansing which saw 691,499 customers contacted annually all of whom are offered onward support and advice relevant to them, from income maximisation to resilience packs.
- D. After reviewing WPD's vulnerable customer policy, the Panel shaped the creation of a new process to automatically remove out-of-date records where WPD has had no successful contact in three years. This

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has significantly improved the overall data quality of the Priority Service Register and therefore the targeted support provided by WPD.

- E. The Panel reviewed the contents of WPD's crisis packs and challenged WPD to make more of these available. As a result, a further 1,500 were prepared for use in the year, distributed via a range of organisations supporting vulnerable customers across the WPD network.
- F. The Panel oversaw the creation of a new £90,000 Local Action Fund to find innovative ways for not-for-profit organisations to support vulnerable customers, following a review of WPD's social obligations strategy.
- G. Following panel feedback, new storm bulletins have been created for stakeholders that are sent before, during and after severe weather events, providing vital and timely information.
- H. Panel members have been influential in the setting of the structure for the WPD annual reports, working with the business to develop a tiered approach to the reporting from the Executive Summary level through the summary details to the full regulatory reporting data and commentary.
- I. The Panel attend and contribute to the WPD annual stakeholder engagement workshops spread over the full extent of their licence areas. This provides the Panel the opportunity to hear directly from stakeholders their concerns, thoughts and needs, providing a check point as the condensed information from these expansive sessions is represented to the Panel for decisions on further activity or funding.

Business customers

Business customers have some similar but also very different needs and expectations of WPD. The business group always provides a useful forum to engage with senior management. It allows us to hear a network perspective on a wide range of regulatory and operational issues that WPD is dealing with, in the short and longer term, providing useful insight for the Panel members to take to their own wider network of stakeholders.

- A. Long term strategic subjects continue to be explored, like DSO transition with WPD sharing information about their network and engagement process. This more strategic focus provides essential detail to allow industry and business customers an early insight for their necessary longer term strategic planning horizons.
- B. Through discussion we've explored live consultations and provided our perspective into topics like the BEIS / Ofgem Smart Energy Call for Evidence and separation of National Grid. WPD take note of our comments and we hope take them into account when finalising their more rounded and inclusive contribution.
- C. We've also heard WPD's perspective on recent Distribution Code changes that affect customers. Given the volume of change in the industry these conversations can act as a useful prompt in case we're not aware. They also providing insight into how WPD participate in the national forums that produce the changes. The Panel will be working to get information regarding these conversations at an earlier point in the cycle of discussions to allow some influence, so not to be presented with the final conclusions.
- D. WPD also undertake their own consultation exercises which are discussed and shared with the Panel in advance. In the case of WPD's consultation on their transition to a DSO, the Business group had the opportunity to contribute through a collaborative and output focused engagement with WPD, framing and tailoring the final consultation to more fully achieve its objectives.
- E. On a regular basis members had the opportunity to review and discuss WPD plans and review progress with their Incentive for Customer Engagement (ICE) activity in respect to connections. This is one activity where WPD have drawn together a broader Connections stakeholder working group, both as a response to the impact of the issue on a wide customer base, but also the need to involve the relevant affected groups in the design of any solutions. The Panel have the opportunity to comment and discuss the long term plan of this group and also influence the policy to make Key Account Managers available as points of contact for major connections customers.

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- F. As with any large business, there are complexities in operation and delivery. WPD have engaged with the Panel through their legal team in seeking feedback for the review of wayleave and easement processes.

Conclusions

We welcome the genuine, open and collaborative way WPD has engaged with us over the past year. They have been receptive to our suggestions and feedback, responding suitably and following up on agreed actions and requests. WPD delivered improvements and change at a pace which was appropriate and with a demonstration of thorough implementation. We can say with confidence WPD's engagement with its stakeholders, in relation to delivery of its RIIO-ED1 Business Plan commitments in the past year, has been very good. We hope to ensure the Business Plan, including the development of its successor for RIIO-ED2, will continue to focus on further service improvements over the coming years and even greater levels of customer engagement. Our role is to ensure that customer interests remain at the forefront of WPD's decision making processes.

Our challenge as a Panel is to get WPD to set the benchmark for other DNO businesses to achieve, through engagement across the sector and beyond. Over the past year alone 27 industry organisations (e.g. electricity, gas and water companies) have contacted WPD to discuss the work they are doing regarding: vulnerable customers; new connections; customer and stakeholder engagement; resilience support and the Panel arrangements. This goes some way to demonstrate the success of our approach with WPD.

The key challenge facing WPD now is to maintain the level and scale of improvements, continuing to meet the expectations of customers and stakeholders as engagement is continuous and not a set piece. This will ultimately rest upon the ability of the senior team to drive forward the culture change programme to create a truly customer centric company, with the help of the Panel.

THE PANEL