



An Overview of our Business Plan 2023 - 2028 Final Submission

December 2021

WPD Chief Executive Phil Swift: “Our commitment to customers for RIIO-ED2”

A transformed energy network to drive net zero by as early as 2028 across our region. This is what WPD’s highly ambitious Business Plan for 2023-2028 (RIIO-ED2) will deliver. It has been co-created with more than 25,000 stakeholders and future customers and has received significant levels of acceptability from wider consumers.

The energy sector is undergoing a significant and exciting period of change as the UK works towards a net zero carbon future. This RIIO-ED2 Business Plan will place WPD at the heart of this movement. Net zero cannot happen without us and our leadership will directly impact the pace and efficiency with which it is achieved. At WPD we take this responsibility very seriously; we are determined to achieve a sustainable energy future by delivering a dynamic, innovative and high functioning energy grid that stands ready to serve many generations to come.

We are revolutionising the electricity network - not simply tweaking or evolving what we do. Change is already well underway, with unprecedented levels of flexibility, efficiency and new distribution system operator capabilities already in place. In RIIO-ED2 we will dramatically accelerate the rate of this change, placing customers at the heart of a swift and effective transition to a smart, decarbonised energy future.

We will lead and actively drive the nation’s move to decarbonisation. Through targeted green investment, the widespread rollout of flexibility services and the development of entirely new products, services and digitalised solutions we will unlock the network capacity our customers need in order to adopt low carbon technologies at scale. We will also collaborate with our regional stakeholders to enable them to achieve their aspirations, building transformational local area energy plans that maximise ambitions.

What our customers will see

Customers pay for everything we do. That is why our Business Plan was created with them and is created for them. It contains 42 ambitious core commitments and more than 400 wider commitments, all designed to achieve four crucial outcomes for customers:

Sustainability: We will lead the industry in the charge towards net zero, driving crucial changes in energy usage and customer green behaviour. We will set the benchmark by achieving net zero in our own operations by 2028, and we will ensure the network is ready to enable local authorities to achieve similar ambitions in their regions.

Connectability: We will ensure that the network can cater for at least 1.5 million additional electric vehicles, 600,000 heat pumps and a significant increase in renewable generation over the next five years. A lack of network capacity should not be a barrier for our customers.

Vulnerability: We will deliver a first class programme of inclusive support. This will include offering 600,000 smart energy action plans for vulnerable customers each year, ensuring no one is left behind in a smart future. We will also more than double our ground breaking fuel poverty support, to deliver over £60 million of savings direct to customers.

Affordability: We will continue to deliver the highest standards of safety, reliability and customer service that customers have come to expect from us. Power cuts will be at their lowest ever levels and customer satisfaction will be at its highest at over 93%. Crucially we will achieve all of this while keeping our portion of the average domestic customer bill broadly flat, around the current average level of less than 28p a day.

How we will achieve this

We will always utilise innovative and digitalised solutions to enhance our operations. We will instil a culture across our business that maximises every opportunity to innovate and work smarter for our customers. We have already embedded £723 million of efficiency savings into our Business Plan thanks to our proven track record of innovation development and rollout. Without this, required investment in RIIO-ED2 would have been £7.4 billion, which would have resulted in increases to customer bills. Instead, by working smarter and embracing a culture of continual innovation, we will deliver our RIIO-ED2 commitments with a budget of £6.7 billion and keep bills broadly flat.

In addition, we will deliver an extra £95 million of efficiency savings over RIIO-ED2. A clear indication of our efficiency is the fact that we anticipate a 108% increase in the level of load related schemes with only an 8% increase in engineering management and support. And by adopting a ‘flexibility first’ approach to all load related investment decisions, we have committed that by 2028 we will avoid over £94 million of network reinforcement by operating the existing primary and secondary networks more flexibly.

How we built our Business Plan

I am proud that our Business Plan has been co-created with stakeholders. Our largest ever stakeholder consultation process with the broadest range of representatives, has delivered unprecedented levels of scrutiny and collaboration. It has resulted in a pioneering set of well justified proposals to serve our customers both today and also in the future. Never consulting on pre-determined proposals, we enabled stakeholders to start from a blank sheet of paper and have shared decision making power with them.

We have also delivered unparalleled transparency during our planning process. Prior to this final submission, we published three drafts of our Business Plan for consultation – more than any other network operator – to maximise the opportunities for stakeholders to have their say.

This has resulted in a highly refined and effective plan, with stretching targets, clear outcomes and only 4% of customers did not find our plan fully acceptable.

Our Business Plan fully reflects the ambitious and changing priorities of the people we serve. We are already moving towards a low carbon future and you can be confident we will deliver it.



Phil Swift
WPD Chief Executive





About Western Power Distribution (WPD)

WPD is the largest electricity distribution company in the UK serving 8 million homes and businesses across the Midlands, South West England and South Wales.

We do this through a network of more than 188,000 substations, over 225,000 kilometres of underground cables and overhead lines and nearly 1.4 million poles and towers, spanning 55,000 square kilometres.

Our network covers densely populated residential areas and widely dispersed rural communities. We operate from the Lincolnshire coast in the East Midlands, through to Gloucestershire in the West Midlands, to Cardiff and Swansea in South Wales, and down into the South West to the counties of Somerset, Devon and Cornwall.

We are responsible for performing five core tasks. These are to:



Keep the power flowing

by operating and protecting our assets



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



What is included in this document - An ambitious vision for the future

The future of energy has never been more exciting. WPD is leading an energy revolution; delivering a smart, digitalised electricity grid by 2028. By doing so we will drive the nation's achievement of net zero carbon emissions, accelerate the shift to electric vehicles and rollout flexibility services to always maximise the efficiency of the existing network before we need to build more infrastructure.

The more than 25,000 stakeholders that have helped us to co-create our vision for 2023-2028 have stretched our ambitions, made us think differently and helped us to develop a range of challenging commitments. Every one of these commitments will deliver outcomes of huge social value, all at an affordable cost.

Our approach has been driven by five overarching principles, to build a Business Plan that is:

Transparent: We are the only company to have published three full versions of our Business Plan for stakeholders to scrutinise, challenge and refine. When we say 25,000 stakeholders engaged, this was via detailed, direct and involved consultation giving them opportunities to influence every aspect of our plan. In addition we have analysed and considered feedback from over 70,000 customer interactions.

Believable: Our commitments are stretching proposals that are realistic and achievable. We have been the number one performer in our sector for customer service, network reliability and vulnerable customer support for many years and have already spearheaded the UK's largest rollout of flexibility services. This provides an exceptional platform to build from.

Deliverable: Our RIIO-ED2 plan proposes significant uplifts in ambition but is credible and deliverable. We have a clear plan for how we will deliver and have an unrivalled track record that gives confidence to customers that we can be trusted to do so.

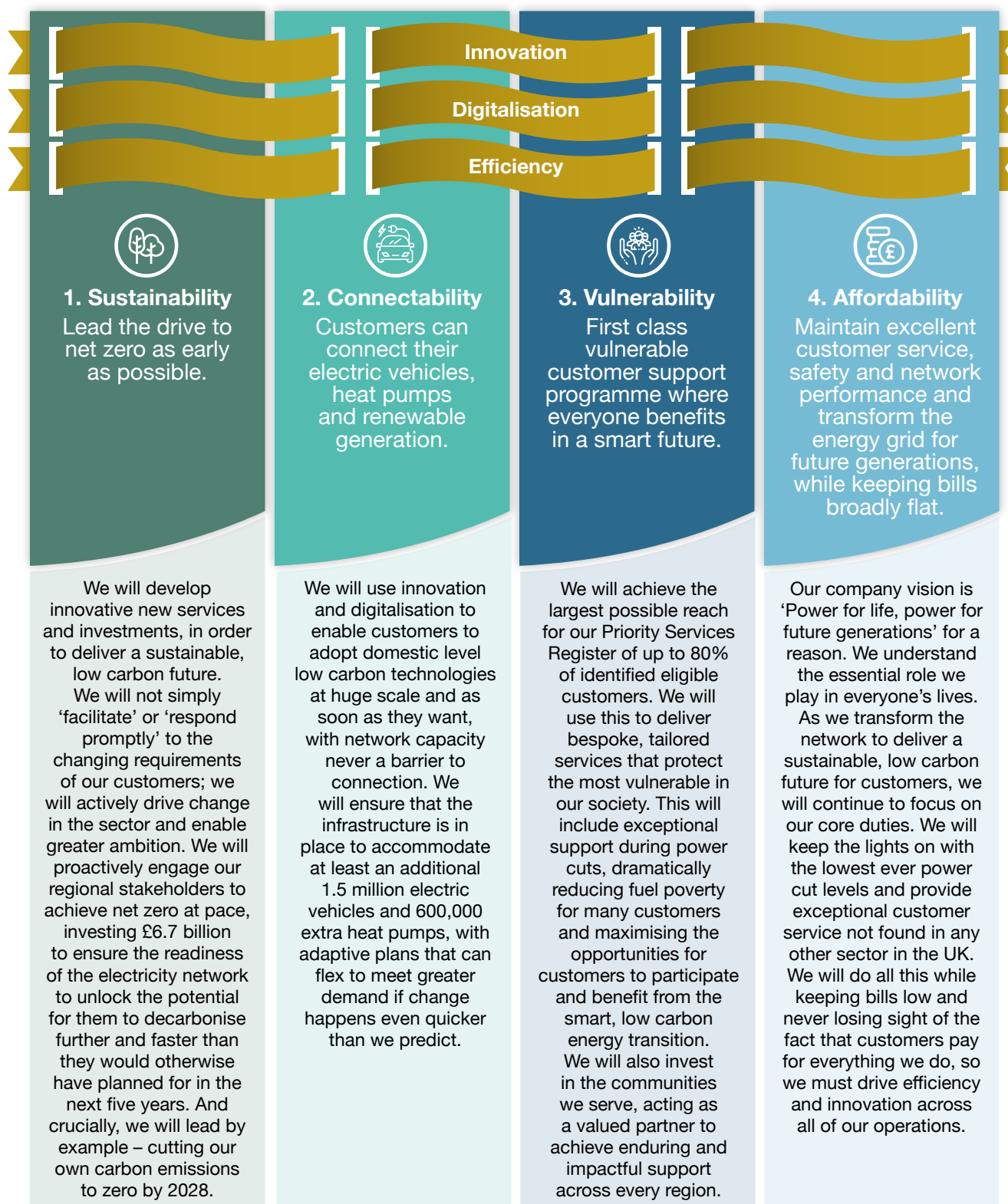
Highly ambitious: As the largest Distribution Network Operator (DNO) in the UK we are determined to lead. We are delivering a step change in all areas of our performance despite already being the industry leader. We are proposing the most stretching targets to deliver net zero. We are also driving efficiency in all we do to ensure we deliver exceptional social value for our customers while keeping bills low.

Adaptive to change: While our Business Plan is built on our most accurate and granular forecasts of the future needs of our customers, including huge anticipated volumes of low carbon technologies (LCTs), our plans will be agile and adaptive. We have a delivery model that ensures we are able to flex and ramp-up quickly if LCT volumes exceed our expectations and we have built an innovative uncertainty mechanism that will enable us to finance activities at these enhanced levels.

Four key strategic outcomes we will deliver for our customers: Sustainability, Connectability, Vulnerability, and Affordability

Our 8 million customers are the reason we exist. In the period 2023-2028 we will deliver stretching, ambitious outcomes that they have told us they want and highly value. Every commitment in WPD's Business Plan is driven to achieve these outcomes. As we deliver them - innovation, digitalisation and efficiency will be 'golden threads' that run through everything we do.





The structure of this document

In this overview document, we lay out:

The key deliverables we will achieve, via our core commitments, in relation to four overarching strategic outcomes:



- How our Business Plan impacts on customer bills.
- How our Business Plan was built via co-creation with stakeholders.
- Why our track record in RIIO-ED1 will drive RIIO-ED2 success.
- A strong social commitment to the communities we serve.
- A game changing approach to innovation.

Our commitments in a nutshell

Our Business Plan contains 42 core commitments and more than 400 wider commitments that we will deliver in RIIO-ED2 while keeping bills broadly flat.

Each one contributes to the achievement of the four ambitious outcomes our stakeholders have identified for WPD. Our success will be measured by the extent to which we deliver and surpass these stretching targets, all while continually innovating and adapting quickly to change as it happens.

Key examples of our core commitments for 2023-2028 are:





How our Business Plan impacts on customer bills

We plan to invest around £6.7 billion in the network across the period 2023-2028 to deliver our commitments and provide the level of service our customers expect. This is an increase in overall expenditure of around £1.4 billion from current levels. This will deliver significant benefits to customers, show leadership to move towards net zero and create a robust cyber secure network. We will do all this while ensuring that customer bills remain broadly the same as present day levels.



Our customers currently pay around £98 a year for the WPD portion of an average domestic electricity bill. We expect this to remain broadly at the same level in RIIO-ED2.

Customers do not pay their bills directly to WPD; instead they pay their chosen supplier. A portion of that bill then comes to us which, for an average domestic customer, is currently 17% (around £98 per year). Ofgem regulates WPD's allowances through the price control process. We use these to fund our operations and to undertake required additional investment.

The impact on customer bills is driven by a number of factors including the overall expenditure we are proposing, the efficiency measures we implement, the allowed finance package and inflation rates.

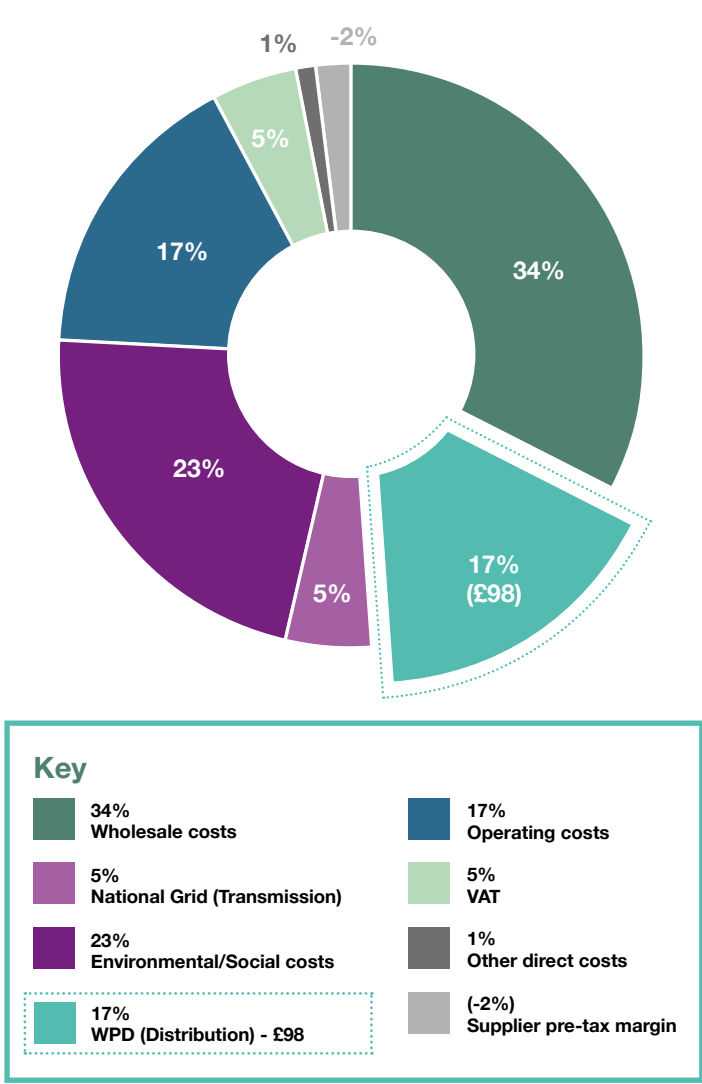
Our current calculations estimate that the impact of the increased expenditure in RIIO-ED2, from that in RIIO-ED1, would result in an approximate £3.37 increase on the average domestic bill.

However, we intend to offset this by our efficiencies, changes to the financing parameters and other aspects of the RIIO-ED2 framework. At present, the combination of these changes means that we intend to keep our portion of bills broadly flat across the five year period 2023-2028, with no anticipated increase.

Were expenditure levels not to increase as proposed, and they remained at the levels they are today (£1.05 billion per year), based on the financing assumptions, RIIO-ED2 bills could be reduced.

However, we are proposing to spend more money each year than in RIIO-ED1 in order to deliver the commitments contained in this document, as well as to deliver against key government policy such as the transition to a net zero carbon future.

Average annual domestic electricity bill





Our commitments in detail: Sustainability

Lead the drive to net zero as early as possible

WPD is leading an energy revolution, delivering a smart, digitalised electricity network to enable net zero by as early as 2028 across our regions. We are driving the shift towards a low carbon future for our customers and work is already well underway to transform the energy grid to achieve this.

Over the five year period 2023-2028 we will turbo charge the pace of that change in order to meet the energy needs of our customers today and create a sustainable future for generations to come. We will not simply 'facilitate' or 'respond promptly' to the changing requirements of our customers; we will actively drive change in the sector and enable greater ambition to achieve net zero across our regions as early as possible.

We will proactively engage our regional stakeholders, investing £6.7 billion to ensure the readiness of the electricity network to unlock the potential for them to decarbonise further and faster than they would otherwise planned for in the next five years. And crucially, we will lead by example – cutting our own carbon emissions to zero by 2028.

Net zero cannot happen across our regions without WPD. We take this responsibility very seriously and are determined to be highly ambitious, adaptive and efficient in everything we do. This in turn will ensure that the route to net zero is quick, effective and seamless for our customers. Above all, the smart future must be inclusive for all, so we will ensure no one is left behind in the shift to adopt and benefit from LCTs.

The way our customers generate and consume energy is changing rapidly and significantly. The work we will undertake to deliver a smart and flexible network will have a transformative impact on our entire business. As well as supporting the needs of end user domestic customers, we are ready to deliver an energy network and a suite of innovative services to support private and social landlords, community groups, multi-premise businesses, energy service providers, energy suppliers, electric vehicle (EV) charge point developers, car dealers, local authorities and many more.

We will harness digitalisation and innovative solutions at every opportunity to improve our service provision for customers, develop entirely new ways of operating and enhance our overall efficiency.

Our Destination: Net Zero - Business Innovation and Efficiency Strategy (see www.westernpower.co.uk/RIIO-ED2/innovation-efficiency-strategy) sets out our commitment to this transformational change in greater detail.

It is supported by a range of dynamic major strategies including Digitalisation, Innovation, Whole Systems and Distribution System Operator (see www.westernpower.co.uk/RIIO-ED2) which are all interdependent and have extensive, cross business impact.

In a process of co-creation with our stakeholders we have identified essential building blocks to achieve this ambitious commitment to **Sustainability**.

To drive this we will deliver a wide range of outcomes that our customers highly value. These include:

- **A smart and flexible electricity network.**
- **Industry leading Distribution System Operator (DSO) capability.**
- **'Flexibility first' approach.**
- **Environmental leadership.**
- **Innovation at every opportunity.**



Business Plan
Core Commitment 10

**WPD will be a
net zero business
by 2028**

cutting our own business
carbon footprint



A smart and flexible network

Our stakeholders have been clear that they want to see net zero achieved much earlier than 2050, with some local authorities stating ambitious targets of 2028. To drive this, we have already transformed our network to connect high volumes of LCTs and low carbon generation, and in the next five years our focus will shift from large scale renewable generation connections to huge volumes of smaller LCT connections, including EVs and heat pumps. The task is significant; government figures forecast the connection of 600,000 heat pumps a year in the UK by the end of RIIO-ED2. What is more, all new cars will be electric from 2030, leading to around a million new EV connections every year. WPD serves over a quarter of the UK, which means we are likely to see more than 400,000 new connections every year – the equivalent of 1,600 connections every working day – to provide power for an additional 1.5 million EVs and 600,000 heat pumps specifically in our region.

This fast increasing level of demand will mean that we will employ an automated approach to the connections application and acceptance process to ensure a consistent, quality service for our customers. Our market leading automated approach will not only deliver consistent and reliable service to the customers we serve, it will also be used to manage flexibility on our domestic networks.

To implement innovative new solutions we will collect and analyse increasingly diverse and comprehensive network data. As modelling based on maximum demand is superseded by energy volume modelling, our smart network will harness digital technology, including monitoring equipment, communication networks and automated remote control, to analyse the network and optimise its operation.

Industry leading Distribution System Operator (DSO) capability

To enable a greater volume of demand, generation and storage to be connected, our networks are already becoming smarter and more active. This will rapidly accelerate in RIIO-ED2. Creating a more efficient and flexible system will benefit all customers and empower them to be at the centre of the energy revolution.

We recognise that change is essential to drive performance and efficiency from our network and to ensure it can meet the future energy demands of all our customers.

In addition we must coordinate transmission and distribution services at a local level with other network and system operators. A more flexible network operation which embraces DSO functions and whole systems thinking is therefore essential. The enhanced capabilities we are developing will enable new markets to emerge to give our customers the freedom to access other opportunities within the wider energy system.

WPD is already well on the way to demonstrating the complete independence of DSO and DNO decision making within our overall business and this will be further developed in RIIO-ED2.

We have proposed independent audit and scrutiny processes, backed by clear licence requirements. We have created a DSO department which is segregated from the DNO to ensure independence and to negate perceived conflicts of interest.

This creates separation while avoiding incurring the costs of duplicating large parts of our overhead costs, including IT costs, which would not deliver value for our customers and would introduce unacceptable delays in the face of the urgent and pressing need to achieve net zero as effectively and efficiently as possible.



Business Plan
Core Commitment 1

Lead the way to net zero across our regions sooner than 2050

(some areas as early as 2028),
by ensuring network capacity
is available



Business Plan
Core Commitment 6

Unlock capacity from the existing grid and therefore avoid the need for reinforcement, by stimulating the development of flexibility markets

and implementing simple, fair and transparent rules for procuring flexibility services, with a six monthly tender and exceptional customer satisfaction for flexibility services.



'Flexibility first' approach

Flexibility services are contractual arrangements where customers with controllable demand or generation can provide services to help us manage the capacity of the network. They are used as a lower cost alternative to reinforcing the network and are procured by our DSO through flexibility markets.

In RIIO-ED2 we will oversee a network wide deployment of flexibility, avoiding £94 million of conventional reinforcement by maximising the use of the existing grid.

We will offer a suite of flexibility products, funding customers to provide import and export capping at key times of network constraint as an alternative to conventional solutions. We will only reinforce the networks when these solutions cannot deliver what is required.

We will allow all customers to gain fair access to our networks and systems and will provide advanced sight and greater certainty of WPD's flexibility requirements so that providers can better plan ahead and make longer term investments.

When connecting to the grid, more customers will be able to choose between a conventional reinforcement solution and a cheaper and quicker flexible solution.



Business Plan
Core Commitment 5

Keep bills as low as possible and minimise the requirement for load related reinforcement by adopting a 'flexibility first' approach in order to maximise the utilisation of the existing network.

Environmental leadership

We embrace our social responsibility to respect and protect the environment and will be a role model in RIIO-ED2, inspiring others to follow our example. In the pursuit of net zero we will therefore lead – cutting our own carbon emissions to zero by 2028. It is very important to our stakeholders that we not only avoid our operations having a negative impact on the environment, but we achieve a net positive impact overall. We will therefore reduce waste, enhance biodiversity, reduce leaks from network equipment, share best practice and work collaboratively with other DNOs and organisations.

We will become a net zero carbon organisation 22 years ahead of the UK and Welsh governments' 2050 target, by:

- **Reducing our operational business carbon footprint (BCF) to zero:** addressing emissions from our operational transport fleet, our energy use and releases of SF₆ (sulphur hexafluoride): a greenhouse gas used as an insulator by manufacturers of electrical switchgear.
- **Setting Science Based Targets (SBTs):** A carbon emissions target is defined as Science Based if it is in line with reductions needed to keep the global temperature increase below 2°C above pre-industrial temperatures. We have set our plans against a significantly more ambitious target of 1.5°C.
- **Measuring embodied carbon:** Embodied carbon is the carbon footprint of a material or a product and takes into account how much greenhouse gas (GHG) is released throughout the supply chain. We will measure the embodied carbon associated with our major projects as well as a number of our key operational activities.
- **Reducing our network losses:** Alongside our own operational BCF, we will also address the carbon emissions associated with our network losses.

We also plan to maintain our leading position in the ESG (Environmental, Social, Governance) Corporate Rating, an independent assessment that covers more than 5,000 international and national companies. WPD is currently the highest ranked of any electricity Distribution Network Operator in the UK and in the top 15% of utility companies globally.



Business Plan
Core Commitment 15

Achieve a 10% net gain in biodiversity (in line with nationally recognised assessment tools) for new major projects and for selected primary and grid substation sites.



Innovation at every opportunity

Our DSO, Innovation, Digitalisation, Whole Systems and Net Zero Communities Strategies cover in detail the actions we will take to revolutionise the network to deliver a smarter grid, maximise utilisation of existing assets and unlock additional capacity before further reinforcement is needed. The impact of these strategies stretches to every corner of our business and underpins our culture. They will influence the development and deployment of entirely new ways of working and innovative new services for customers that will drive efficiency in all we do. Our approaches are never siloed – our teams work together to collaborate and achieve holistic change across our business, seizing every opportunity to enhance our service offering for customers.

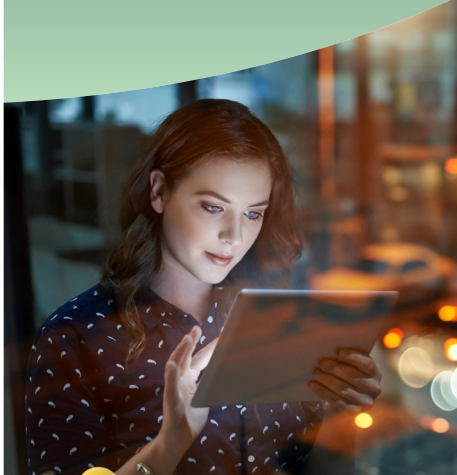
We will dramatically increase our innovation activities in the RIIO-ED2 period by delivering two innovation programmes:

Business Innovation Programme	<p>We are rising to the challenge of enhancing our business culture, so that innovation is celebrated, rewarded and embedded within every strand of our business. This will ensure that we identify and act on opportunities to work smarter in every service area, empowering our teams to think differently and to trial new solutions that challenge and evolve existing processes.</p> <p>As part of this, we will focus on the rollout of previously proven innovation and projects that can enable our business to operate more cost efficiently and deliver new and enhanced services to customers on an enduring basis.</p> <p>We will also create an Innovation Coordination Rollout Team with dedicated resources to drive ambitious business wide change.</p>
Innovation programme	<p>This will focus on projects to revolutionise the network to deliver a smart, low carbon energy transition. It will be funded through a number of mechanisms including external streams such as NIA and SIF. This will include additional WPD funded research and development, separate to Ofgem funded schemes. This demonstrates significant WPD leadership, as no other DNOs do so outside of Ofgem’s schemes.</p>



Business Plan
Core Commitment 17

Enhance access to data that is tailored to the individual needs of our customers, by making 60% of WPD’s network data available via an interactive Application Programming Interface.





Our commitments in detail: **Connectability**

Customers can easily connect their EVs, heat pumps and renewable generation, to power a low carbon future where nobody is left behind.

We are a highly adaptive and innovative business. Since 2015 we have been transforming our network, and it is already able to connect more than 31GW of distributed, local and green generation on a network conventionally designed for 14GW of demand. But that is just the start. RIIO-ED2 presents an opportunity to deliver unprecedented digitalisation and innovation to build a smart network that is adaptive to the rapidly changing needs of our customers in a zero carbon future. In the period ahead, we will ensure that the network can cater for at least 1.5 million additional EVs, 600,000 heat pumps and a significant increase in renewable generation. This represents a 279% increase from RIIO-ED1.

We will provide quicker and cheaper connections options for customers by increasing the number of flexible connection offers made, while also maintaining exceptional customer service. We also promise to deliver a same day connections response for LCTs via an innovative online self-assessment tool.

In a process of co-creation with our stakeholders we have identified essential building blocks to achieve this ambitious commitment to **Connectability**. Top of the agenda is the commitment to use innovation and digitalisation to enable customers to adopt domestic level LCTs at huge scale and as soon as they want, with network capacity never a barrier to connection. To drive this we will deliver a wide range of outcomes that our customers highly value. These include:

- **Huge uplifts in community energy.**
- **Innovative uncertainty mechanisms ensure our plan is highly adaptive.**
- **Whole systems approach drives best outcomes for customers.**
- **Local authority engagement drives high quality forecasting.**

Huge uplifts in community energy

Community led renewable energy projects and energy demand reduction services have an essential role to play in the nation's efforts to tackle climate change. These projects deliver social, environmental and economic benefits to the local community helping to reduce fuel poverty, encourage engagement with energy issues, and generate community funds from renewable energy projects. We will ensure that the network can connect new community owned generation at scale.

Community groups with less knowledge and expertise of the connections process will receive tailored support to develop their schemes. We will hold 60 community energy surgeries per year and provide four dedicated WPD community energy engineers to assist with connection and flexibility offers. This will increase their confidence and understanding of our processes, so that they find it easier to gain access to our network, significantly increasing the amount of green energy generation connected to the system. We will build their capabilities to enable local communities to participate in, and benefit from, flexibility markets to help unlock additional capacity in each region.

Nearly half of all community energy groups in the UK are located in WPD's region. We have already helped more than 100 community energy schemes connect to the network during RIIO-ED1, amounting to 100MW of distributed generation. Building on this excellent platform, in RIIO-ED2 we are committing to go significantly further and connect at least a further 150 community energy schemes across the five year period. We will hold 60 Community Energy Surgeries a year, with at least two in each local distribution area, led by our local WPD teams who are experts in the local network. This represents a 150% increase from RIIO-ED1 – and will allow us to engage more closely with groups at the start of their journey and provide guidance on how best to connect to the network and operate efficiently and effectively.



Business Plan
Core Commitment 2

Ensure customers are able to connect low carbon technologies quickly and easily, with the network being ready to support at least an additional 1.5 million electric vehicles and 600,000 heat pumps by 2028.



Business Plan
Core Commitment 8

Actively support the expansion of green, renewable energy generation and help local communities to decarbonise and lower their bills, by connecting at least 30 community energy groups to the network each year.

Innovative uncertainty mechanisms ensure our plan is highly adaptive

Within RIIO-ED2, we expect there to be a wide range in the potential load related reinforcement scenarios, driven by customer uptake of LCTs and government policy decisions. Our Best View of the most likely scenario for the future is driven by significant and extensive stakeholder engagement, resulting in a plan with high levels of certainty that will deliver net zero.

We have committed to provide capacity to customers to enable their net zero ambitions at whatever speed they require, but we also recognise that our detailed forecasts may change through the price control as a result of other indeterminate factors, such as the outcomes of network access and forward looking charges reviews, market provision of flexibility, the role of hydrogen in decarbonisation and the speed of technology advancement. These factors, and others, may cause required load related reinforcement to lead or lag our forecasts.

We have therefore proposed a series of comprehensive load related uncertainty mechanisms which enhance the deliverability of our plan and protect both customers and companies from risk. Our uncertainty mechanisms will ensure that we can remain agile and deliver capacity based on the magnitude and timing of customer need, while optimising the balance of risks, costs and regulatory requirements.

A full range of uncertainty mechanisms are detailed in Chapter 7 of our final submission Business Plan, and are to be applied to funding across the following four investment categories:

- **Primary load related expenditure.**
- **Secondary load related expenditure.**
- **Flexibility allowance.**
- **Service unlooping.**



Business Plan
Core Commitment 4

Deliver a network to meet the evolving needs of our customers by aligning our future energy forecasts with the plans of local regions and the Electricity System Operator, and updating WPD's Distribution Future Energy Scenarios every 12 months.

Whole systems approach drives best outcomes for customers

Delivering net zero in the most efficient way for our customers and wider communities requires innovative thinking and extensive collaboration across a range of vectors, including heat and transport.

We will explore a wide range of options when developing our network to make sure we deliver the outcome with the greatest social value to match our customers' energy requirements. Where there are opportunities for solutions to be delivered by other organisations, our early competition decision making processes will ensure that the most cost effective solution for the customer is prioritised. Whole systems will be considered prior to the design phases of any large projects.

Our whole systems approach is detailed within our Whole Systems Strategy. We recognise that to achieve net zero a whole systems approach is vital and we have therefore established a new whole systems management team. This team will provide a dedicated focus to ensure that we respond to and influence changes in technology, markets, customer behaviours and regulatory policies across all relevant vectors and sectors.

The whole systems approach will be embedded within our organisational culture to ensure that whole systems thinking is always an automatic consideration in our planning approach and interactions with stakeholders. We will undertake training with relevant teams to enable individuals to better understand and implement whole systems thinking and techniques into their work.



Business Plan
Core Commitment 7

Deliver solutions that achieve the greatest social benefit to customers by utilising a whole system approach for major reinforcement to improve network efficiency.

We will undertake three regional collaboration trial schemes by 2025 involving gas, electricity, water, waste, transport and heating sectors.

Local authority engagement drives high quality forecasting

It is critical that we are able to free up network capacity in the right areas so our customers can be confident that, when they wish to connect LCTs, an affordable connection will be available in a timely manner. Engagement with local authorities on their Local Area Energy Plans (LAEPs) is an essential part of delivering on this commitment, by helping us to develop a range of compelling future energy forecasts and identify strategic investment options.

We will hold discussions with all 130 of the local authorities in our region and also with local enterprise partnerships to ensure we understand their requirements for strategic investment to support the green recovery and achieve net zero. This will also allow us to provide them with capacity information and further advice to help them develop ambitious LAEPs.

The varying experience and resources among these stakeholders means that different local authorities are progressing at different rates in the development of their LAEPs. Some therefore need more help and interaction from us to understand where developments can take place, what constraints may arise from their proposals and how their strategies may impact the network. To help them with their plans, we will hold dedicated surgeries where more detailed discussions can take place with relevant WPD local network staff who will lead the engagement. We will also recruit four dedicated Local Authority Engagement Engineers to support this commitment.



Business Plan
Core Commitment 3

Make it easy for customers to adopt low carbon technologies and achieve net zero in their region much sooner than 2050, by driving the delivery of ambitious Local Area Energy Plans and proactively engaging all 130 local authorities each year via 90 local energy surgeries.





Our commitments in detail: **Vulnerability**

A first class vulnerable customer support programme where everyone benefits in a smart future.

For customers in vulnerable situations, the availability of power could be a matter of life or death. We currently support around 1.5 million vulnerable customers a year by providing proactive power cut information and advice, innovative and far reaching fuel poverty support and identifying and engaging hard-to-reach customers to join the Priority Services Register (PSR) for the first time. Our stakeholders consistently tell us this remains a crucial priority.

Vulnerable customers often face additional challenges including difficulties meeting the costs of household utility bills. In RIIO-ED1, we have significantly expanded the support we provide and by working with trusted partners, have been able to deliver significant savings of £37 million for over 92,000 customers since 2015. Building on this unrivalled tracked record in our industry, in RIIO-ED2, we will now go significantly further.

We will ensure the smart energy transition is just and fair, that no customer is left behind and that everyone benefits from a smarter future. Our social obligations, digitalisation and innovation teams will work together to develop new services for vulnerable customers; for example, offering voice activated apps (Alexa) that combat loneliness and help customers access energy efficiency advice, additional support and services. We will also work with a range of external agencies to improve the data we hold on our vulnerable customers to ensure that we are able to offer them tailored services and additional support.

Our Customer Vulnerability Strategy is updated annually and is subjected to rigorous external assessment and scrutiny. This has led to significant additions to our action plan, including a greater emphasis on addressing fuel poverty and protecting the interests of vulnerable customers during the smart energy transition.

In a process of co-creation with our stakeholders we have identified essential building blocks to achieve this ambitious commitment to **Vulnerability**. To drive this we will deliver a wide range of outcomes that our customers highly value. These include:

- **Ensuring everyone benefits from a smart future.**
- **Industry leading fuel poverty support.**
- **Extensive reach to support more customers during power cuts.**
- **An ambitious Social Contract delivering huge value to customers.**



Business Plan
Core Commitment 18

Ensure customers are not left behind in the smart energy transition by offering at least 600,000 Priority Services Register customers a bespoke smart energy action plan each year.



Ensuring everyone benefits from a smart future

In the transition to a low carbon future and net zero carbon economy, we promise that nobody will be left behind. Taking that further, we will ensure vulnerable customers benefit from the smart energy transition, by removing barriers to participation. We will build a consumer classification model to identify the various capabilities of vulnerable customers and use these to drive new bespoke support services and to update our existing partner outreach schemes to provide more holistic support. We will expand the scope of our contact with PSR customers every two years, of which 60% will be attempted over the telephone. We will offer customers the opportunity to develop a smart energy plan tailored to their circumstances and to be referred to a range of expert partner agencies delivering long lasting support to enable them to participate in smart services, including flexibility markets.

We will deliver extensive and accessible education for customers and stakeholders to encourage everyone to embrace the opportunities offered by the low carbon economy, harnessing digital tools where appropriate. We will also design innovation schemes to enable communities and the fuel poor to benefit from smart systems and LCTs. As part of this we must ensure that all communities are supported to navigate this rapidly changing landscape. To achieve this, we will support schools in areas of high economic deprivation within our region to adopt solar PV at their locations, allowing them to harness renewable energy to reduce their bills. Alongside the provision of solar panels, we will leverage touchpoints with schools to deliver science, technology, engineering and mathematics education and outreach, promote our Priority Services Register and fuel poverty services and identify further social and environmental benefits to maximise the value of our interactions with local communities.



Business Plan
Core Commitment 25

Build decarbonised communities and local energy schemes by providing £540,000 shareholder funded support per year to install solar PV on schools in areas of high economic deprivation.

Industry leading fuel poverty support

Our 'one stop shop' model for providing customers with fuel poverty support draws together a huge range of partner agencies with a wide range of expertise. Our fuel poverty schemes work in a 'hub' model to deliver comprehensive support, with an appointed 'lead partner agency' in each of our four licence areas that assesses the individual needs of each customer. After identifying their bespoke requirements, the lead agency works with a pool of more than 120 sub-partner agencies with specific expertise across the range of factors impacting fuel poverty. Everything is coordinated through the lead agency to avoid hand-offs and confusion for customers. To ensure comprehensive support, every one of our projects must be capable of delivering nine core interventions to assist customers:



Income maximisation



Health and wellbeing measures



Tariffs



Managed referrals to water company social tariffs



Energy efficiency measures



Befriending services



Boiler replacements and heating technologies



Managed Fuel Poor Network Extension Scheme applications and carbon monoxide monitors



Behavioural changes

We will develop a range of tools to increase our understanding of fuel poverty and to identify customers impacted, enabling us to target our outreach services more effectively. Critical to achieving this will be expanding the reach of our PSR to at least 75% of total eligible customers and 80% of customers with critical medical dependencies to ensure those in greatest need receive targeted support services. This will include registering at least 50,000 additional 'hard-to-reach' customers each year.



Business Plan
Core Commitment 19

Support at least 113,000 fuel poor customers to save £60 million on their energy bills over RIIO-ED2.



Extensive reach to support customers during power cuts

The Priority Services Register (PSR) is crucial to our work to provide additional, bespoke support to customers in vulnerable situations during power cuts. It is also the basis for our initiatives to help increase customers' resilience to power cuts and address any problems they may have with energy affordability. The effectiveness of our PSR depends on its accuracy. WPD currently have more than 1.9 million customers registered on the PSR. It is vital that the accuracy of these records are maintained so that support can be provided to customers when they need it most. We will therefore proactively contact customers at least once every two years to update their records, including 60% by direct phone call to maximise our opportunities to offer further advice and support and reach the digitally excluded. These calls not only serve to maintain an accurate vulnerability database, they provide opportunities to deliver tailored advice and support to enhance the resilience of our customers and also raise awareness of the 105 power cut phone number.

In RIIO-ED2 we will also establish customer vulnerability champions in our local offices to ensure that we provide an effective and consistent service to our customers and to act as an expert point of contact. We will also continue to develop cross-referrals with partner agencies to ensure PSR customers only need to register with one utility company to benefit from the services of multiple agencies. Thanks to a network of more than 150 referral partner agencies and other utilities, we will be able to increase data sharing and achieve a 'one-stop-shop' service for vulnerable customers wishing to join the PSR while ensuring all General Data Protection Regulations (GDPR) requirements are met.

We will also significantly expand the number of vulnerable customers we identify and engage. We have developed a robust methodology, utilising WPD's extensive social indicator mapping data, to determine that currently around 59% of customers who are eligible for the PSR are currently registered with WPD. In RIIO-ED2 we will expand our PSR coverage to include 75% of all total eligible customers, and 80% of customers with critical medical dependencies by the end of RIIO-ED2, to ensure those in greatest need receive targeted support services.



Business Plan
Core Commitment 20

Expand the reach of our PSR to at least 75% of total eligible customers and 80% of customers with critical medical dependencies

to ensure those in greatest need receive targeted support services. This will include registering at least 50,000 additional 'hard-to-reach' customers each year.

An ambitious Social Contract delivering huge value to customers

As the largest DNO in the UK, it is vital we connect with the local communities we serve, building and maintaining trust in our service and the way it is delivered. That is why we were the first DNO to publish a Social Contract.

It contains additional actions to be delivered as part of our Business Plan and highlights our commitment to making a positive social impact (see www.westernpower.co.uk/R110-ED2/social-contract).

Our stakeholders want us to provide a reliable electricity supply at an affordable price but they are also taking a greater interest in where their money is going and want to see us contribute to society and protect the environment. We are therefore making clear commitments to do so, going beyond the basic requirements set by regulation and legislation.

We began consulting with stakeholders to co-create an impactful Social Contract in February 2019 and have engaged extensively with our stakeholders and expert bodies, including Citizens Advice and Sustainability First. They identified key aspects to be included, with measurable targets wherever possible, and placed significant importance on external reviews and transparent reporting as important ways of demonstrating delivery.

There are a number of key focus areas within our Social Contract including: Legitimacy for the future, being a diverse, responsible employer, transparent reporting and supporting local communities.



Business Plan
Core Commitment 23

Support and add significant value to our local communities via a 'Community Matters' social initiative associated with the smart energy transition, vulnerability, environment and sustainability. This will include a shareholder funded annual £1 million community support fund and 1,000 volunteer days per year for WPD staff to support local causes.



Our commitments in detail: **Affordability**

Maintain excellent customer service, safety and network performance and transform the energy grid for future generations, while keeping bills broadly flat.

Delivering affordability and value for our customers are crucial priorities that have underpinned our approach to building our Business Plan for RIIO-ED2. We will deliver a highly ambitious plan that drives us towards net zero and achieves exceptional performance standards in every area of our business, while keeping customer bills broadly similar to present day levels. We will achieve this by delivering a range of ambitious efficiencies across our operations.

In RIIO-ED2 we will always utilise innovative and digitalised solutions to deliver excellent value for money and maintain affordability for our customers. We have already embedded £723 million of efficiency savings into our Business Plan thanks to our proven track record of innovation development and rollout. Without this, required investment in RIIO-ED2 would have been £7.4 billion, which would have resulted in increases to customer bills. Instead, by working smarter and embracing a culture of continual innovation, we will deliver our RIIO-ED2 commitments with a budget of £6.7 billion and keep bills broadly flat.

Our company vision is 'Power for life, power for future generations' for a reason. We understand the essential role we play in everyone's lives. As we transform the network to deliver a sustainable, low carbon future for customers, we will continue to focus on our core duties. We will keep the lights on with the lowest ever power cut levels and provide exceptional customer service not found in any other sector in the UK.

In a process of co-creation with our stakeholders we have identified essential building blocks to achieve this ambitious commitment to **Affordability**. To drive this we will deliver a wide range of outcomes that our customers highly value. These include:

- **Exceptional customer service.**
- **Ensuring the safety of our customers and staff.**
- **Lowest ever power cut levels.**
- **Unprecedented levels of efficiency, achieving exceptional value for money.**



Business Plan
Core Commitment 16

Keep bills for customers low by delivering an additional stretch efficiency saving of £95 million through RIIO-ED2 (on top of £723m of efficiencies already included in the plan)

by utilising innovation to improve our processes and show a positive carbon impact.

Exceptional customer service

Our customers have told us they value the excellent levels of customer service we consistently deliver. We will build on this success and adapt to their evolving needs. For example, we will connect EV chargers as customers embrace LCTs in significant volumes, offer better access to our data and ensure our service remains affordable and reliable.

Despite the significant changes we are seeing as energy use shifts away from traditional models, we have set the ambitious target of achieving an average customer satisfaction rate of at least an overall 9.3 out of 10 by the end of RIIO-ED2. This will include entirely new services that we anticipate will emerge as a result of the shift to a net zero future.

We will continue to utilise innovation wherever possible to improve the efficiency and effectiveness of existing customer service channels and to also develop entirely new offerings that keep pace with customers' evolving expectations. Every customer facing process will have a fully digital pathway option by the end of RIIO-ED2; however for customers who prefer to maintain in person contact this will remain easily accessible. By the end of RIIO-ED2 we will also use machine learning and analytics to predict why customers are contacting us and move them to the most appropriate channel immediately.

In addition, we will ensure we answer calls into our call centre within an average of four seconds, we will respond to social media enquiries within 5 minutes and on the rare occasions that things go wrong, we will resolve at least 90% of complaints within one day and 99% within 25 days.



Business Plan
Core Commitment 26

Deliver exceptional service levels by achieving an overall average customer satisfaction of 93% or higher by the end of RIIO-ED2, with separate reporting for emerging technology customers.

Ensuring the safety of our customers and staff

Safety is of paramount importance and is intrinsic to how we operate. We therefore have numerous ambitious safety initiatives planned for RIIO-ED2. For example, we will divert, underground or fully insulate overhead lines crossing school playing areas and although we have never had any reported incidents of harm, we are committed to taking proactive action to significantly reduce risk and keep our young children safe.

We will also send electrical safety education packs to every primary school in WPD's region and educate at least 80,000 children per year via direct learning.

More broadly, we carry out regular activities to ensure the network is safe for our staff and the public. Our inspection programmes identify defects with potential safety implications allowing these to be resolved quickly. We also carry out improvement work including upgrading security at substations and, as part of our proposed RIIO-ED2 programme, we will reduce the risk of overhead lines in school playing areas.

We are working on innovations that use machine learning to achieve proactive and preventative fault identification before power cuts occur. Using insights from LiDAR technology we will also reduce faults from vegetation coming into contact with our network.

Staff training will remain a critical priority, to ensure that everyone working for WPD is safe while carrying out their duties



Business Plan
Core Commitment 37

Increase the safety of around 200,000 children by delivering 780 schemes to underground, insulate or divert overhead lines that cross school playing areas.

Lowest ever power cut levels

During RIIO-ED2, we commit to improved network reliability where on average power cuts are better than one interruption every two years lasting less than 22 minutes (12% reduction in customer interruptions (frequency) and 16% reduction in customer minutes lost (duration)), utilising vulnerable customer data to prioritise network improvement schemes.

As part of this, we will reduce the risk of unplanned power cuts by improving the reliability of our network by replacing equipment in the poorest condition.

A clear management focus on speedy restoration of electricity supplies, regardless of whether the fault affects a single customer or thousands of customers, has also led to significant improvements in restoration times.

Our internal 'Target 60' initiative measures the percentage of customers restored within one hour when a high voltage (HV) fault occurs. For RIIO-ED2, we will improve on our performance (currently 85%) by striving to restore supplies linked to a HV fault for 87% of customers (who are not automatically restored) within one hour. What's more, we will improve the service for at least 8,260 Worst Served Customers by undertaking 70 schemes specifically targeted at this group.



Business Plan
Core Commitment 33

Deliver improved network reliability where on average power cuts are better than one interruption every two years lasting less than 22 minutes

(12% reduction in customer interruptions (frequency) and 16% reduction in customer minutes lost (duration)).

Unprecedented levels of efficiency, achieving exceptional value for money

Innovative thinking and digitalised solutions will run through everything we do, enabling smarter ways of working and entirely new services to be established to match the changing expectations of our customers. This will drive significant levels of efficiency across our business.

This Business Plan includes £723 million of embedded efficiencies, which means the total expenditure we require is £6.7 billion rather than £7.4 billion. As a result of these efficiencies the average domestic customer bill will remain broadly flat rather than increasing. On top of that, we are challenging ourselves to go even further in RIIO-ED2.

We will utilise innovation and digitalisation to achieve a further £95 million of ongoing efficiencies. Moreover, our commitment to always maximise the efficiency of the existing network, via flexibility services before new assets are built, will save money for customers by avoiding around £94 million in conventional reinforcement.



Key headline:

A clear indication of our efficiency is the fact that we anticipate a 108% increase in the level of load related schemes with only an 8% increase in engineering management and support.



Unprecedented transparency and refinement has shaped our final plan

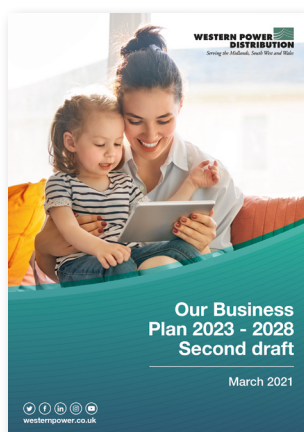
We are the only company to have published three versions of our Business Plan for stakeholders to review and challenge ahead of this final submission (in January, March and July 2021). As part of this, in January 2021 WPD became the first Distribution Network Operator to publish its Business Plan and an accompanying stakeholder consultation, ten months ahead of final submission to Ofgem. We did this to provide full transparency to stakeholders, and maximise the opportunities for them to input into our planning process.

We have fulfilled our strategic commitment to produce a Business Plan that is co-created with our stakeholders and has achieved a negotiated settlement with them to agree the precise commitments and targets it contains. It therefore fully reflects their priorities and expectations of an industry leading company.

This unrivalled level of stakeholder scrutiny and input has led to a significantly refined Business Plan, resulting in huge levels of customer acceptability, such that only 4% do not support the plan.

The highly ambitious and innovative commitments proposed in our Business Plan are the result of **input from more than 25,000 stakeholders** over the full consultation period. We have co-created every core commitment with them.

There are **42 core commitments in total**, and more than 400 wider commitments. Core commitments include actions funded by customers as well as actions funded by shareholders.





How our Business Plan was built via co-creation with stakeholders

Our commitments accurately reflect the priorities and expectations of our customers. More than 25,000 stakeholders have had their say (over 7,300 via direct, in person engagement) as part of a rigorous consultation programme that will continue beyond the submission of this final Business Plan.

Insights from more than 70,000 bill paying customers and their representatives have also informed our approach and proposed commitments for RIIO-ED2. This has allowed us to:

- Build a comprehensive understanding of the expectations of our broadest ever range of stakeholders, both today and for the long term.
- Deliver a first class, far reaching stakeholder engagement programme, in terms of:
 - Size and breadth of programme.
 - Scope of influence.
 - Engagement led by experts and those responsible for delivery within WPD (to ensure discussions are as productive and meaningful as possible).
 - Ensure a range of accessible channels to meet the customer's preference for engagement – including in person sessions, online forums, social media, webinars and surveys.
- Ensure every decision in the Business Plan is well justified and plans are entirely co-created with stakeholders.
- Demonstrate that engagement has influenced our decisions at every stage of the preparation, development and refinement of the Business Plan.
- Set new standards of transparency and accountability by sharing the full Business Plan for consultation on three occasions and promoting through all key channels.
- Deliver the most ambitious and efficient Business Plan possible, achieving exceptional outcomes for customers.

Further detail on our customer engagement is included in Supplementary Annex SA-05: Giving customers a stronger voice: Enhanced engagement.

We designed our engagement programme to maximise the opportunities to hear from stakeholders who are large in volume but who, due to lack of knowledge or awareness of WPD, may not historically have participated in our business planning processes. In particular, we included a significant number of current and future end user customers, including:

- Domestic customers, from a representative range of demographics, considering gender, age, location, geography and socio-economic status.
- Small and medium sized businesses.
- Industrial customers and major energy users.
- Future customers, including students, 'millennials' and/or non-bill payers aged 18-24.

Our stakeholder engagement approach has undergone extensive external scrutiny - including benchmarking across a wide range of sectors - to ensure it is as effective and innovative as possible (as part of assessments via the British Standards Institute and Customer Service Excellence Standard). It has also been subject to rigorous scrutiny from the Customer Engagement Group. This has included more than 130 topic specific sub-group meetings, designed to deep-dive into specific stakeholder insights and resulting WPD proposals in granular detail across a wide range of Business Plan areas.



473 future customers and more than 12,000 domestic and business end user customers have been engaged (as well as representatives of these groups at our wider stakeholder events), with customer input present in 19 of WPD's 26 engagement methods.

Highlights of our engagements with stakeholders:



More than 25,000

stakeholders engaged at more than 280 events



First DNO

to establish a Customer Engagement Group with 166 meetings and 72 challenges.



87% - 97%

stakeholder acceptability of WPD's core commitments



Only 4%

of customers find the overall plan unacceptable



More than 1,000

initial actions co-created with our stakeholders

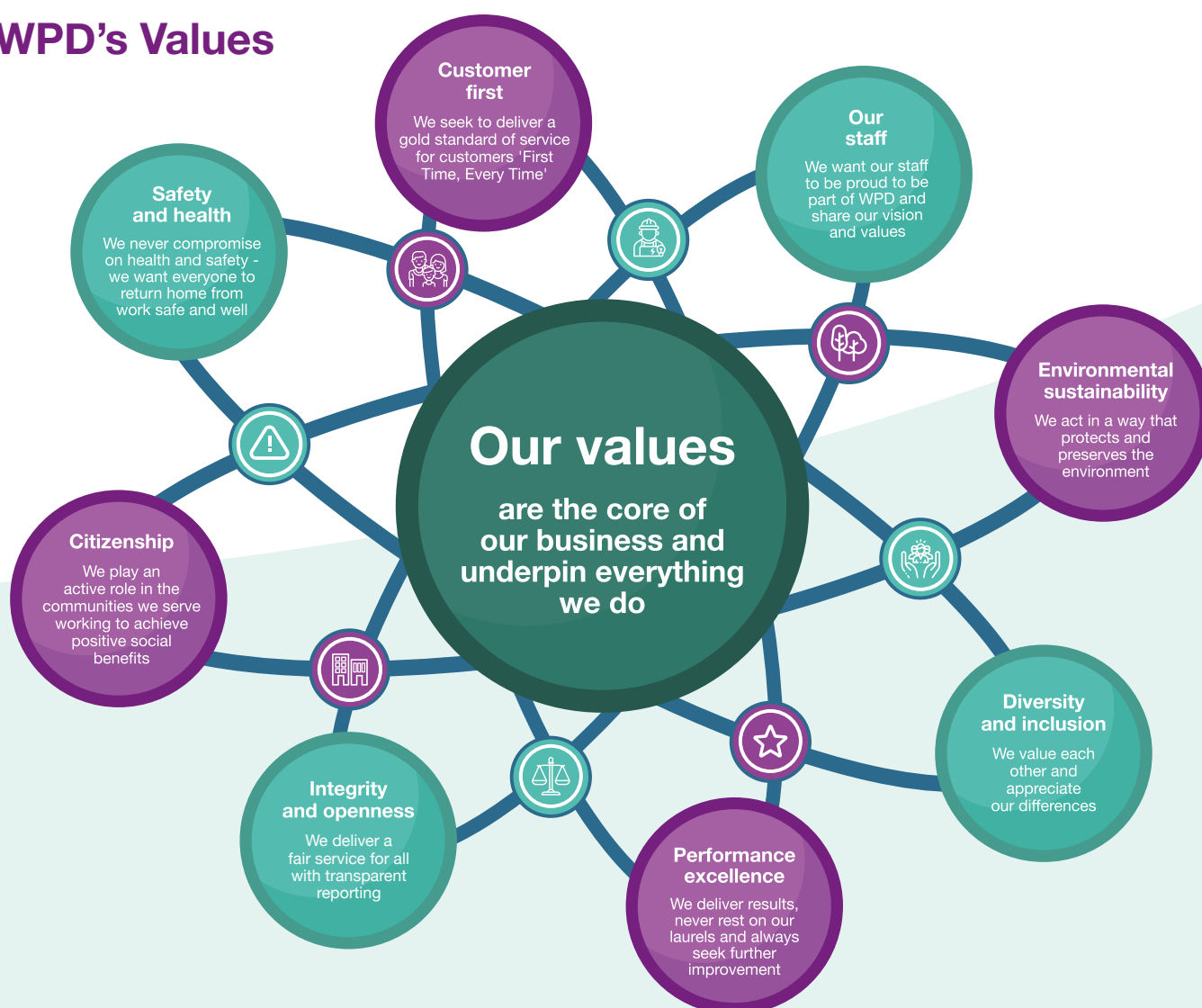


WPD's Purpose

Our purpose is to deliver exceptional service and support environmental and social well being for the communities we serve, through our commitment to deliver: **'Power for life, Power for future generations'**.

We consistently deliver a safe and reliable electricity supply at an affordable cost for all our customers, using local staff to deliver a local service. We achieve this by following our values which are at the core of our business and underpin everything we do.

WPD's Values



Power for life, Power for future generations



Why our track record in RIIO-ED1 will ensure RIIO-ED2 success

WPD has an enviable record of delivering on its commitments. For the current price control period, RIIO-ED1, we were the only DNO to be fast tracked by the regulator. This means that our Business Plan covering all four licence areas was judged by Ofgem to be of a sufficiently high standard and well justified to be accepted in full.

Ofgem recognised WPD as the leading company for customer service and for our ability to reduce costs and operate efficiently. Throughout RIIO-ED1, we have continued to focus on fulfilling our commitments. We have also delivered significantly over and above our original commitments by becoming the first DNO to set up a Distribution System Operator capability, speeding up the move to local generation and flexible services.

In RIIO-ED1 we have delivered exceptional performance in the areas of our core, traditional responsibilities as a Distribution Network Operator (DNO) and we were the only DNO to be fast tracked by Ofgem. We have proven that we keep our promises to customers and deliver on our commitments. We have worked tirelessly to supply safe, reliable and affordable power for our customers, led the way in net zero, and protected the most vulnerable in our communities and helping to tackle fuel poverty. In this period, we have:



Over 90%

Been rated the industry's top performing DNO for overall customer satisfaction since 2015, with an average score of over 90%.



Highest rated

Been the highest rated utility company in Ofgem's Stakeholder Engagement and Consumer Vulnerability incentive for eight years.



Helped 92,000

fuel poor customers save more than £37 million on their energy bills since 2015.



38% Reduction

in power cuts and a 48% reduction in power cut duration.



36% Reduction

in our business carbon footprint.

At the same time, we have adapted rapidly in order to keep pace with the significant changes in the way power is generated and energy has been consumed over the last six years. We recognised the need to adapt and be flexible to the changing energy landscape. We therefore:



Spearheaded the UK's largest rollout

of flexibility services (709MW contracted since launch), not just in terms of contracts signed but with services being utilised and dispatched across our regions.



Created new platforms

to dispatch flexibility services that five of the six DNOs are now using to the benefit of all UK customers.



Investing an extra £59 million

to support the green recovery from Covid-19, increasing available network capacity for demand growth by 617MW – equivalent to connecting 171,000 heat pumps or 385,000 domestic electric vehicle chargers.

Going the extra mile

We have also demonstrated our credentials as a good corporate citizen by supporting thousands of local organisations through our £1 million 'Community Matters' fund – a lifeline for many during the Covid-19 pandemic. Following the success of this initiative, we will continue to donate £1 million a year during the life of our next Business Plan to causes in our communities which benefit the environment and support customers in vulnerable situations. On top of this, we are investing £59 million as part of the UK's green recovery, which will unlock green jobs and green growth across our region.

As we share our next Business Plan with you, we are confident we will build on our successes and deliver all of our commitments in the years ahead. We will provide an efficient, safe and forward looking energy system that leaves no one behind.



A strong social commitment to the communities we serve

A changing world means new priorities for stakeholders. Customers have made it clear they want WPD to continue to deliver exceptional and essential levels of service in RIIO-ED2 – but that is not enough. They also want us to take the lead in response to a changing energy landscape and the need to support existing and future stakeholders to achieve net zero carbon emissions by 2050.

Although net zero is a national target, we know that a regionally focused approach will be crucial to achieve it. Our enhanced, transparent stakeholder engagement processes to co-create our Business Plan therefore gave us unprecedented levels of insight into, and feedback from, the communities we serve. The process involved not only more engagement activities than ever before but more opportunities for stakeholders to review and collaborate on the draft plans.

During this extensive engagement programme, we held regular scrutiny meetings with the Customer Engagement Group (CEG) – which includes representatives from a wide range of backgrounds and interest groups.

This process has allowed us to form a regionally driven, community focused approach which ultimately received high levels of acceptability from our stakeholders. Examples of our community focused solutions include:

Community priorities and expectations	Our Plan
Support the creation of community energy projects across our region	We will step up and support the next generation of local decentralised generation. We will hold accessible community energy surgeries where customers can make appointments with our expert advisers to learn more about community energy and how to get their own schemes up and running.
Engage with local energy strategies (including LEPs) to: consider the impact of these strategies on its plans for network investment and services (e.g. flexibility services); and secondly to account for the variance in knowledge and engagement of these bodies.	130 local authorities actively partnered to deliver ambitious Local Area Energy Plans, with 90 local energy surgeries a year.
Stakeholders acknowledged that, due to technological limitations, offsetting carbon footprint will be required and is preferred to a less ambitious timeframe to achieve net zero.	Carbon offsetting will achieve excellent additional benefits for our local region – demonstrably lowering carbon in the atmosphere. It will see us invest in the localised area via tree planting and the creation of new carbon sinks (via peat bogs etc.) We will also fund the installation of solar PV to allow others to reduce their emissions. We will not purchase carbon credits but will invest in measures to benefit our local communities, via accredited schemes.

We are confident that our bottom up approach to co-creation with stakeholders has resulted in highly ambitious, far reaching and affordable commitments. They will enable us to meet the challenges of a fast changing energy future while meeting the needs and aspirations of the people who matter most – you.







A game changing approach to innovation

Leading the way

We are determined to be more ambitious than ever before, with plans for industry leading innovation, digitalisation, customer support, network performance and much more. Our Destination Net Zero: Business Innovation and Efficiency Strategy sets out our commitment to ensure that the delivery of a smart and flexible electricity network will have a transformative impact on our entire business. We will exceed our customer's expectations across all of our operations and key services.

Our pioneering innovation programmes, digitalisation solutions and DSO capabilities will play a vital role in facilitating our vision, which is heavily supported by our stakeholders. Extensive development across these key strategic threads, as outlined on page 6, is planned during the RIIO-ED2 period.

Examples of RIIO-ED2 developments:

	Innovation	Digitalisation	DSO
 Sustainability	Develop methodologies that evaluate the environmental impact of our activities and refine the way we run those activities to improve and continuously measure our environmental impact.	Develop environmentally considered construction and use data insights to ensure that we build a 'green supply chain' and share more data with suppliers to help to reduce overall carbon footprint.	Establish a DSO Energy Management Centre that will enable us to make short term flexibility products available to the DNO Control Room. This will enable the instantaneous dispatching of flexibility.
 Connectability	Implement a customer portal to provide an online facility to manage the end to end connections process.	Digitalise the customer connection journey, developing self-serve online tools to allow customers to self-assess their connection requirements prior to application, obtain a cost of connection, enter into connection offer agreements and track work scheduling.	Ensure that we widen the range of flexible connection alternatives to traditional reinforcement to facilitate quicker connections at a lower cost.
 Vulnerability	We will consider the impacts and opportunities for customers in vulnerable situations to participate and benefit from a smart energy future. We will assess every customer touchpoint to maximise the opportunities to provide enhanced and targeted services, signpost support for customers participating in trials and expand the range of referral channels available.	We will introduce new services for our vulnerable customers (e.g. offering voice activated apps that combat loneliness, aid access to energy efficiency advice and additional support. We will also improve the data we hold on our vulnerable customers to ensure that we offer tailored services and support.	Support vulnerable and fuel poor customers to develop the capabilities to provide flexibility. We will ensure that our flexibility products are designed with maximum inclusivity.
 Affordability	Rollout of previously proven innovation projects that will enable our business to operate more cost efficiently and deliver new and enhanced services to customers on an enduring basis.	Multiple projects will produce significant yearly savings. For example, artificial intelligence and machine learning applications will save an average of £4.56 million per year in network operational efficiency alone.	Develop a front-loaded payment mechanism to catalyse investment in energy efficiency measures, building on the revenue potential of flexibility. A specific energy efficiency proposition should deliver low risk, long term network utilisation reductions at an economic level.










A full list of our 42 core commitments

Our commitments are required to fit into a regulatory framework provided by Ofgem and are therefore grouped within the following specified output categories:

Delivering an environmentally sustainable network	Meet the needs of consumers and network users	Maintaining a safe and resilient network
WPD must manage the impact of its activities on the environment and enable the transition towards a smart, flexible, low cost and low carbon energy system for all consumers and network users.	WPD must deliver a high quality and reliable service to all network users and consumers, including those that are in vulnerable situations .	WPD must deliver a safe and resilient network that is efficient and responsive to change .

Our 42 core commitments are summarised below:

1. Delivering an environmentally sustainable network

1.1 A smart and flexible network			
Core commitment		Change from RII0-ED1	Positive impact for customers
1	Drive the achievement of net zero across our regions sooner than 2050 in line with stakeholder plans (some areas as early as 2028), by ensuring network capacity is available.	 New	Support the UK's net zero aspirations and the government's ten point plan and Net Zero Wales by ensuring the electricity network is capable of achieving this well ahead of the government's overall target of 2050 for those local authority regions that plan to do so.
2	Ensure customers are able to connect low carbon technologies quickly and easily, with the network being ready to support at least an additional 1.5 million electric vehicles and 600,000 heat pumps by 2028.	 New	Customers can easily connect low carbon technologies without delays due to a lack of available network capacity.
3	Make it easy for customers to adopt low carbon technologies and achieve net zero in their region much sooner than 2050, by driving the delivery of ambitious Local Area Energy Plans and proactively engaging all 130 local authorities each year via 90 local energy surgeries.	 New	Ensure the local energy requirements in each of our regions are fully understood and feed into our long term strategic planning in a timely and effective way.
4	Deliver a network to meet the evolving needs of our customers by aligning our future energy forecasts with the plans of local regions and the Electricity System Operator, by updating WPD's Distribution Future Energy Scenarios every 12 months.	 Increase from every 2 years	By creating more accurate, detailed scenarios with customer input we can deliver an efficient and economic network ready for the future needs of our customers.
5	Keep bills as low as possible and minimise the requirement for load related reinforcement by adopting a 'flexibility first' approach in order to maximise the utilisation of the existing network.	 New	Choosing the most effective option to provide required capacity will minimise network costs for all customers.
6	Unlock capacity from the existing grid and therefore avoid the need for reinforcement, by stimulating the development of flexibility markets and implementing simple, fair and transparent rules for procuring flexibility services, with a six monthly tender and exceptional customer satisfaction for flexibility services.	 Increase from annual tenders	Provide advanced sight and greater certainty of WPD's flexibility requirements so that providers can better plan ahead and make longer term investments to be able to provide these services.
7	Deliver solutions that achieve the greatest social benefit to customers by utilising a whole system approach for major reinforcement to improve network efficiency. We will undertake three regional collaboration trial schemes by 2025 involving gas, electricity, water, waste, transport and heating sectors.	 New	Looking across the wider energy system to provide capacity for the future needs of our customers in the most efficient way.



A full list of our 42 core commitments

1. Delivering an environmentally sustainable network

1.2 Community energy

	Core commitment	Change from RIIO-ED1	Positive impact for customers
8	Actively support the expansion of green, renewable energy generation and help local communities to decarbonise and lower their bills, by connecting at least 30 community energy groups to the network each year. We will hold 60 community energy surgeries per year and provide a dedicated WPD community energy representative to assist with connection and flexibility offers.	 150% increase in connected groups	Community groups with less knowledge and expertise of the connections process receive tailored support to develop their schemes and connect to the network. This will increase their confidence and understanding of our processes, so that they find it easier to gain access to our network.
9	Support a growth in community energy schemes by facilitating their access to available funding streams.	 New	Support community energy schemes with viable and ambitious low carbon schemes to secure funding to make them a reality.

1.3 Environment and sustainability

	Core commitment	Change from RIIO-ED1	Positive impact for customers
10	Achieve net zero in our internal business carbon footprint by 2028 (excluding network losses) and follow a verified Science Based Target of 1.5°C to limit the climate impact of our activities.	 New	Accelerate a reduction in carbon emissions to minimise our impact on climate change.
11	Avoid damage to the environment by reducing the volume of oil leaked from fluid filled cables by 50% by 2028 and replacing 90km of the worst leaking circuits with non-oil alternatives putting WPD on target to remove all oil-filled cables by 2060.	 Further increase	Significantly reduce the risk of harm to the local ecology and protect habitats and species in the regions we operate in.
12	Significantly reduce our impact on climate change by delivering a 20% reduction in SF ₆ losses and drive industry partners to develop technological alternatives to reduce overall volumes of SF ₆ on the system.	 Further increase	Improve WPD's business carbon footprint by reducing the risk of leaks from environmentally harmful gases from WPD's equipment.
13	Significantly reduce the environmental impact of our operations by achieving zero waste to landfill by 2028 (excluding hazardous waste) and delivering an overall 30% reduction in tonnage of waste produced.	 Reduce waste to land fill from 13% to zero	Ensure our services for customers are delivered in an environmentally responsible way, reducing the carbon impact of our operations.
14	Improve visual amenity by removing at least 50km of overhead lines in Areas of Outstanding Natural Beauty and National Parks.	 51% increase	Improve the visual amenity of the landscape in beauty spots across our operating region.
15	Achieve a 10% net gain in biodiversity (in line with nationally recognised assessment tools) for new major projects and for selected primary and grid substation sites.	 New	Ensuring we have a positive impact on our surroundings, enhancing local biodiversity (rather than just mitigating any negative impact), improving community wellbeing and overall air quality.

1.4 Innovation

	Core commitment	Change from RIIO-ED1	Positive impact for customers
16	Keep bills for customers low by delivering an additional stretch efficiency saving of £95m through RIIO-ED2 (on top of £723m of efficiencies already included in the plan) by utilising innovation to improve our processes and show a positive carbon impact.	 New	Successful innovation is quickly rolled out across the business to improve day-to-day operations to improve WPD's efficiency and overall quality of supply for customers.
17	Enhance access to data that is tailored to the individual needs of our customers, by making 60% of WPD's network data available via an interactive Application Programming Interface.	 New	Easier automatic access to network data, with the ability to tailor data requests to the customer's specific requirements and in a format of their choosing.



A full list of our 42 core commitments

2. Meeting the needs of our consumers and network users

2.1 Customers in vulnerable situations

	Core commitment	Change from RIIIO-ED1	Positive impact for customers
18	Ensure customers are not left behind in the smart energy transition by offering at least 600,000 Priority Services Register customers a bespoke smart energy action plan each year.	New	Targeted advice and support for vulnerable customers in relation to low carbon technologies, smart meters, and flexible energy services for example.
19	Support at least 113,000 fuel poor customers to save £60 million on their energy bills over RIIIO-ED2.	95% increase in savings	Customers living in cold homes and/or struggling to afford their energy bills receive tailored support to make long term changes to improve their ability to afford to heat their home.
20	Expand the reach of our Priority Services Register to at least 75% of total eligible customers and 80% of customers with critical medical dependencies to ensure those in greatest need receive targeted support services. This will include registering at least 50,000 additional 'hard-to-reach' customers each year.	Increase from 59% reach	Customers with the most serious vulnerabilities are proactively identified and offered support.
21	Achieve a 'one stop shop' service so that customers only have to join the Priority Services Register once to be registered automatically with their energy supplier, water company, gas distributor and telecommunications companies.	Improve from manual data shares with 80% of companies	Customers no longer have to register multiple times with each individual utility company in order to receive priority support.
22	Maintain high quality data to allow us to deliver bespoke support to customers in vulnerable situations by proactively contacting over two million Priority Services Register customers once every two years to remind them of our services and update their records (with 60% via direct telephone call).	New	Regular contact to keep vital data on the needs of our most vulnerable customers accurate and up to date. Ensure WPD's PSR is representative of the needs of vulnerable customers with appropriate representation from high deprivation areas. More 'in person' contact enables bespoke advice to be delivered to meet that individual's needs.

2.2 Social contract






	Core commitment	Change from RIIIO-ED1	Positive impact for customers
23	Support and add significant value to our local communities via a 'Community Matters' social initiative associated with the smart energy transition, vulnerability, environment and sustainability. This will include a shareholder funded annual £1 million community support fund and 1,000 volunteer days per year for WPD staff to support local causes.	New	Act as a socially responsible business that will support the needs of the local communities we serve – delivering key corporate social responsibility initiatives to help people in vulnerable situations.
24	Deliver enduring, long term support to our communities by publishing an updated WPD Social Contract and performance report every year and maintain our prime Environmental, Social and Governance rating.	New	Independent scrutiny of WPD's environmental, social and corporate governance initiatives to provide stakeholders with a view of WPD's performance relative to wider UK plc and to identify improvements.
25	Build decarbonised communities and local energy schemes by providing £540,000 shareholder funded support per year to install solar PV on schools in areas of high economic deprivation.	New	Establish community energy schemes enabling schools to reduce their carbon impact and lower their energy bills, enabling the redistribution of savings to spent elsewhere on education resources.





A full list of our 42 core commitments

2. Meeting the needs of our consumers and network users

2.3 Customer service

	Core commitment	Change from RIIO-ED1	Positive impact for customers
26	Deliver exceptional service levels by achieving an overall average customer satisfaction of 93% or higher by the end of RIIO-ED2, with separate reporting for emerging technology customers.	 4% increase	Excellent and improved service across all key service areas, including power cuts, connection and general enquiries.
27	Ensure a speedy telephone response to customers by answering calls within an average of four seconds and maintain an abandoned call rate of less than 1%, within our UK based, in-region Contact Centres.	 Maintain	Customers virtually get straight through to speak to a call agent on the telephone.
28	Ensure a speedy social media response to customers by replying to enquiries within an average of five minutes and Webchats in an average of less than a minute, 24 hours a day.	 2 minutes quicker	Customers contacting us for a response on Twitter, Facebook and WhatsApp receive a swift and comprehensive response.
29	Provide greater insight on our planned work activities and interruptions on our network by creating an online viewer.	 New	Enable customers to access information online via a 'self-service' function, rather than needing to call us, if that is their preference.
30	When things go wrong ensure we put things right very quickly, by resolving at least 90% of complaints within one day and 99% of complaints within 25 days.	 6 days quicker	Complaints resolved to the customer's full satisfaction very quickly.

2.4 Connections

	Core commitment	Change from RIIO-ED1	Positive impact for customers
31	Make it as easy as possible for customers to apply to connect individual domestic low carbon technologies by providing a same day connections response via an online self-assessment tool	 New	Enable customers to receive a rapid response to their connection applications for potentially high volume connection types.
32	Provide quicker and cheaper connections options for customers by increasing the number of flexible connection offers made, ensuring 100% of schemes receive a flexible alternative to reinforcement where the reinforcement cost is >£75k for LV, 11kV and 33kV connections and >£100k for 66kV or 132kV connections and/or where works will take more than 12 or 18 months respectively to complete.	 Significantly lowered threshold (from >£125k)	More customers can choose between a conventional reinforcement solution, or a cheaper and quicker flexible solution.



A full list of our 42 core commitments

3. Maintaining a safe and resilient network

3.1 Network resilience

	Core commitment	Change from RIIO-ED1	Positive impact for customers
33	Deliver improved network reliability where on average power cuts are better than one interruption every two years lasting less than 22 minutes (12% reduction in customer interruptions (frequency) and 16% reduction in customer minutes lost (duration)), utilising vulnerable customer data to prioritise network improvement schemes.	Further improve	Customers receive a highly reliable supply of electricity, delivering our lowest ever power cut levels with an average duration of less than 22 minutes per year.
34	Improve the service for at least 8,260 Worst Served Customers by undertaking 70 schemes.	46% increase in schemes	Significantly improved supply reliability for customers that have experienced a significantly poorer service (higher volumes of power cuts) than the average. Improvements will result in less inconvenience and disruption for customers.
35	Counteract deterioration of network assets through an investment of £216 million per annum, delivering a 22% change in risk to keep network risk at similar levels to the start of the price control period.	22% change	Reducing the risk of unplanned power cuts by improving the reliability of our network by replacing equipment in the poorest condition.
36	Reduce the flooding risk at key sites by undertaking 102 flood defence schemes and engage stakeholders to reduce the need for new assets in flood risk areas.	42% increase in schemes	Improve the resilience of the network to severe flooding, therefore reducing the risk of power cuts and disruption to customers.

3.2 Safety

	Core commitment	Change from RIIO-ED1	Positive impact for customers
37	Increase the safety of around 200,000 children by delivering 780 schemes to underground, insulate or divert overhead lines that cross school playing areas.	New	Reduce the risk of harm to the general public, in particular younger children.
38	Keep our children safe by sending electrical safety education packs to every primary school in WPD's region and educate at least 80,000 children per year via direct learning.	24% increase	Keep children safe around our electricity equipment and reduce the risk that they could come to harm.

3.3 Business IT Security and Cyber Resilience

	Core commitment	Change from RIIO-ED1	Positive impact for customers
39	Reduce the risk of data loss or network interruption from a cyber attack by continually assessing emerging threats in order to enhance our cyber security systems.	New	Personal customer data will be protected and the risk of power cuts as a result of cyber attacks will be kept to a minimum.
40	Reduce the risk of disruption to our operations and enhance the resilience of our IT network security as we deliver greater digitalisation, by increasing levels of threat monitoring, prevention and alerting systems, and upgrading our disaster recovery capability to ensure continuity of our operations.	New	We minimise the risk that we will not be able to operate the network and provide our typical service to customers because of disruption to our IT systems.

3.4 Workforce resilience

	Core commitment	Change from RIIO-ED1	Positive impact for customers
41	Demonstrate exceptional and embedded employment practices by achieving Gold accreditation with Investors in People by the end of RIIO-ED2.	New	Customers receive excellent service as a result of a motivated, highly-skilled and knowledgeable workforce.
42	Achieve year-on-year improvements to the levels of diversity within the business and publish an annually updated Diversity, Equity and Inclusion Action Plan	New	Improve the quality and tailoring of our services by having a workforce that reflects the diversity of the communities we serve.



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