



Consumer Value Proposition for the RII0-ED2 price control period

CVP-3: Establish Community Energy Engineers to support the development and delivery of community-based energy schemes to drive the UK's achievement of net zero

Version Control

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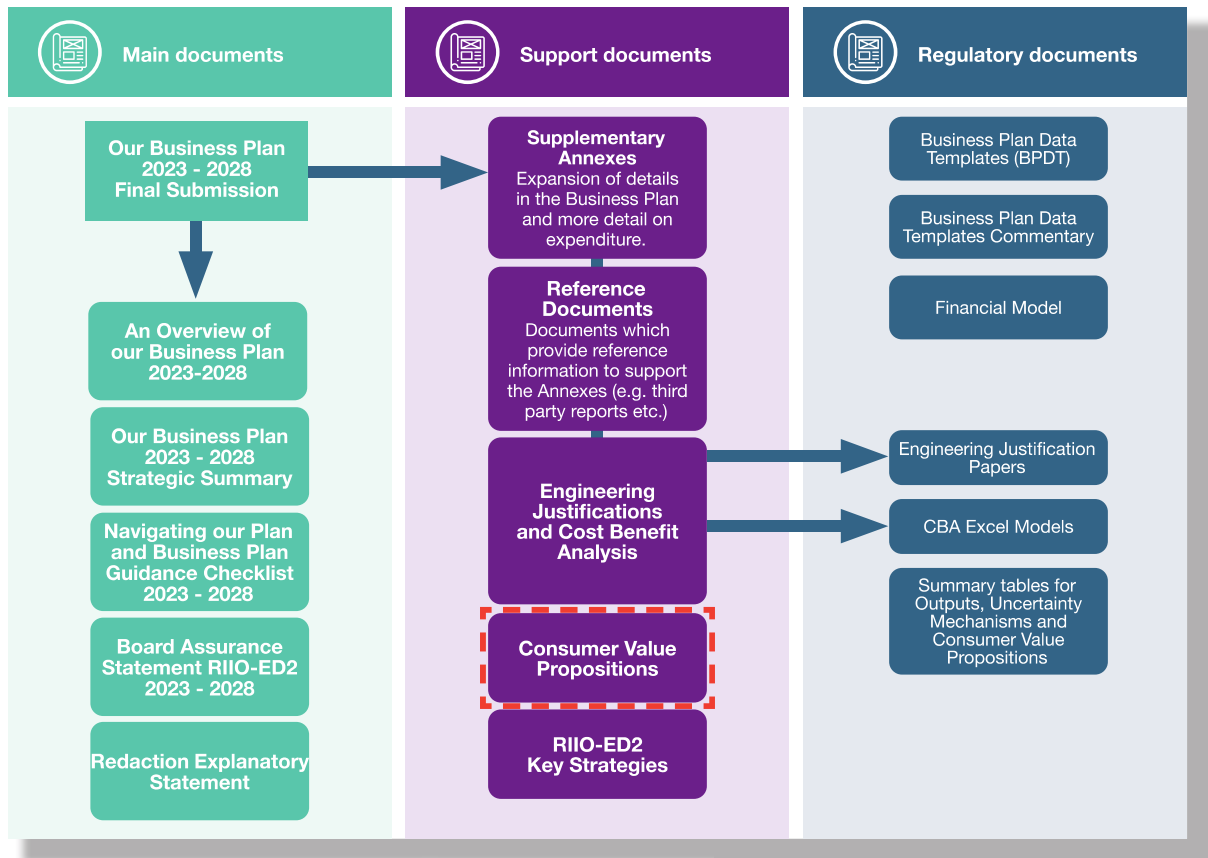
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Navigating our plan

This document is a Consumer Value Proposition which is part of our final submission Business Plan in December 2021 to Ofgem.

The full structure of our submission to Ofgem is shown below:



1. Summary

4 Energy Engineers

A full time Energy Engineer in each licensed area, advising community energy groups

At least 60 Community Surgeries

held annually across our areas

CVP-3

Establish Community Energy Engineers to support the development and delivery of community-based energy schemes to drive the UK's achievement of net zero.

Consistent Support

Each Community Energy Engineer will be dedicated to local community energy groups, acting as the point of contact

£3 million of benefits

across RIIO-ED2

2. Introduction

- 2.1.** In this document we highlight one of the areas where our transformative Business Plan goes above and beyond in order to deliver outstanding services for our customers and/or the environment. The proposal outlined here forms part of our Consumer Value Propositions (CVPs). Our core Business Plan is highly ambitious, comprehensive and stretching and via our CVP proposals we demonstrate where WPD is raising the bar even further for the benefit of our customers.
- 2.2.** Our CVP proposals span a wide spectrum of projects covering many areas of our business: from committing to becoming a net zero company by 2028 to helping our customers reduce their carbon emissions and ensuring that no customers are left behind in accessing the opportunities of the energy system transition.
- 2.3.** While each of our CVP proposals detail stand-alone commitments, they are intrinsically linked and inter-dependent - part of our business wide objectives to deliver excellent customer service, harness the benefits of a smart future, drive industry leading sustainability plans, and prioritise digitalisation and innovation. Our commitments encompass:



- 2.4.** We have followed a robust and transparent approach in identifying and testing our CVP proposals with our stakeholders. This is set out in more detail in Supplementary Annex SA-02: Our commitments. We have co-created everything in our Business Plan with our stakeholders, responding to the most pressing issues and demands of all our customers. We have engaged with more stakeholders than ever during the course of drafting three versions of our plan, and have harnessed stakeholder insight to build and refine our proposals.
- 2.5.** We have sought to cover a range of the categories that Ofgem has indicated as focus areas and have put forward the proposals within these categories that offer the best value to our customers. Our proposals will provide tangible benefits, that we have quantified using a robust methodology. Taken together, our proposals will deliver a combined benefit to customers worth in excess of £75 million, with every proposal delivering a benefit worth at least £3 million.
- 2.6.** The CVP forms part of Ofgem's Business Plan Incentive (BPI). The CVPs set out in our Business Plan represent important commitments to our customers that we will deliver within RIIO-ED2, subject to the approval of efficient cost allowances by Ofgem (except where shareholder funding is part of the commitment). Delivery of these proposals is not contingent on receiving a reward under Ofgem's Business Plan Incentive, the objective of which is not to fund specific DNO activities but instead to encourage DNOs to develop high quality and stretching Business Plans and to make rewards available where the relevant criteria are met. We believe that we have risen to this challenge, proposing a package of schemes across a range of areas of activity that demonstrate where we will go 'above and beyond' on behalf of our customers.

- 2.7. Below, we set out the detail of one of our CVP proposals: ***CVP-3: Establish Community Energy Engineers to support the development and delivery of community-based energy schemes to drive the UK's achievement of net zero.***

What this Consumer Value Proposition includes

- 2.8. CVP-3 builds on the success of WPD's accessible guides, and responds to stakeholder engagement in proposing to:
- employ four full time Community Energy Engineers, each dedicated to a licensed area, and
 - significantly expand our provision of Community Energy Surgeries.
- 2.9. Reflecting the feedback we received on the draft Business Plan that we published in July, we have updated our proposal in the following ways:
- We have set out clearly why we believe WPD is best-placed to deliver the initiative.
 - We have clarified the ways in which the proposal delivers beyond Business as Usual and Ofgem's baseline expectations.
 - We have updated the way we have calculated the benefits that will arise from delivery of the proposal and how we will track the delivery of benefits during RIIO-ED2 (these updates are described in more detail in Section 4).
 - We have reflected the latest stakeholder views on our proposal.
 - We have clarified how the proposal fits into the wider Business Plan and made readability improvements.
- 2.10. The rest of the document is structured in the following sections:
- **3. Our proposal:** describing what this CVP is about, explaining how it complies with Ofgem's criteria and setting out why WPD is best placed to deliver it.
 - **4. Benefits generated by our proposal:** setting out how we have calculated the additional value that our proposal will deliver to customers.
 - **5. Stakeholder support:** explaining how this initiative addresses priorities raised by our customers.
 - Error! Reference source not found.. Error! Reference source not found.: defining what the key outputs are and what WPD proposes if outputs are not delivered.
 - Error! Reference source not found.. Error! Reference source not found.: confirming how this CVP addresses Ofgem's CVP eligibility criteria.
 - **8. Appendix: Joint Social Value Framework:** providing a structure through which the DNOs will deliver values that are consistent, comparable, and conservative

3. Our proposal

3.1. In this section, we will explain the following aspects of the proposal:

- Background to this initiative.
- What we are proposing.
- Why WPD is best placed to deliver this proposal.
- How our proposal delivers beyond expectations.
- Our delivery plan.

Background

3.2. We know that community led projects have a vital role to play in championing the connection of renewables, as well as demand reduction and flexibility schemes. Many such projects are wholly owned or controlled through energy community groups or through a partnership with commercial or public partners. Through community energy schemes, local communities can benefit from a range of social, environmental and economic benefits, including:

- Alleviating fuel poverty;
- Energy engagement and education;
- Community funds from renewable energy projects.

3.3. To help unlock these critical benefits, we have already provided support to communities and their representatives through accessible guides which have proved an invaluable aid for our local customers. For example, our 'Connecting Community Energy' guide contains useful information for local energy groups looking to develop their own renewable energy projects and connect to our network. Additionally, WPD developed 'Community Energy Surgeries', through which we offer support to community energy groups who may have relatively low levels of resource.

3.4. Separately, through our stakeholder engagement workshops, we have received feedback from community energy groups, highlighting the pressing requirement for a dedicated resource (outside of the innovation team) to support them.

What we are proposing

3.5. We are building on and extending an already impressive track record in response to the outcomes of our stakeholder engagement, propose to:

- employ four full time **Community Energy Engineers(CEEs)**, each dedicated to one of our license areas, and
- significantly expand our provision of **Community Energy Surgeries**.

3.6. Community Energy Engineers (CEE) will act as the single point of contact for a licensed area, bringing deep local knowledge and energy expertise and delivering our support at grass roots. CEEs will be responsible for:

- Holding personalised one-to-one sessions with community energy groups.
- Providing advice and guidance on relevant topics including new connections (e.g. sustainable energy use, insulation grants).
- Helping mobilise and getting schemes 'off the ground'.

- Acting as a consistent source of support for community energy groups, introducing or liaising with relevant additional contacts as necessary.
- Holding webinars and community energy festivals to raise awareness on topics such as low carbon technologies and renewable connections.
- Publicising case studies of community energy groups.
- Providing relevant training.
- Updating guides.
- Monitoring performance of community energy surgeries.
- Developing ideas for innovation proposals.
- Providing WPD responses to regulatory changes affecting community energy groups.
- Reporting on community energy group engagement.

3.7. With our dedicated CEEs, WPD will expand the number of Community Energy Surgeries and Net Zero Surgeries. These are sessions where we will meet with local community energy groups and other stakeholders on demand, to help facilitate progress towards decarbonisation via delivery of small-scale energy projects. We aim to investigate and arrange surgeries within two working days of a request placed via our CROWN system, delivering a speedy and responsive service.

3.8. According to the criteria set out by Ofgem in relation to the submission of Consumer Value Proposition (CVP) initiatives, this initiative sits within the category of “Proposals that exceed the baseline expectations set out for Environmental Action Plans”.

Why WPD is best placed to deliver this proposal

3.9. WPD is uniquely placed to deliver this proposal, in support of community energy groups in our regions as:

- We have the in-depth technical expertise to help realise the ambitions of community energy groups, which will play a crucial role in helping groups to navigate industry processes. For example, we can ensure groups are able to connect to our network in as efficient and timely a way as possible.
- We have an unrivalled track record of working with community energy groups in RIIO-ED1 and can build upon these foundations as we move forward into the next price control period.
- One example of this is our work on the OpenLV project, where we trialled and demonstrated an open, flexible platform that may eventually be deployed in every low voltage (LV) substation in the UK, facilitating monitoring and control of the LV network. The work we have undertaken on this project has allowed community energy groups such as Bath & West Community Energy to access data on electricity demand. Demand was monitored at the substation level and was made available to local residents on a software ‘app’. The data was used as the basis to encourage local residents to reduce their collective demand through behavioural approaches.
- We have the proven commitment and the willingness to deliver on our promises. We passionately believe in the aims of this proposal and will make sure that it is a success.

3.10. As we set out in Section 5 below, more than two thirds of stakeholders that attended a recent WPD event agreed that WPD was best placed to deliver this CVP. We believe that this strong support is an important factor in considering whether WPD is best placed to deliver the proposal as part of the price control.

3.11. Additionally, we note that Citizens Advice has said that DNOs should be encouraged to be proactive in engaging with stakeholders such as community energy groups to help them

participate in flexibility markets.¹ We believe that this proposal aligns well with this recommendation and represents an appropriate use of price control funding.

How our proposal delivers beyond expectations

How WPD is doing something different to BAU activities

- 3.12.** A small number of Community Energy Surgeries have taken place to date. However, with the introduction of dedicated Community Energy Engineers and the delivery of at least 60 Community Energy Surgeries annually, providing advice and consistent support to various community groups, this proposal represents a significant step up in our activity in this area.

How WPD will go beyond RIIO-ED2 baseline expectations

- 3.13.** RIIO-ED2 Business Plan Guidance defines the baseline expectations for our **Environmental Action Plan** (EAP). Whilst the baseline expectations for EAP are robust they contain no requirements around the holding of community surgeries or the provision of a dedicated resource, which we propose in the form of our Community Energy Engineers.
- 3.14.** Providing support to stakeholders to progress local decarbonisation schemes goes beyond our commitments in relation to our own business carbon footprint. As such, we believe that any actions supporting the reduction of our users' carbon footprints go beyond baseline expectations for EAPs, whilst clearly supporting the wider decarbonisation agenda.

Our delivery plan

- 3.15.** We committed to delivering the following as part of this CVP:
- Providing a dedicated team of 4 Community Energy Engineers to act as the interface between WPD and community energy groups. These valuable staff will be allocated to the Operations division ultimately under the responsibility of the Operations Director.
 - Setting ourselves a challenging target of enabling 30 community energy groups to connect to our network or secure a flexibility offer within RIIO-ED2
 - A robust and comprehensive monitoring function, tracking progress against our targets throughout RIIO-ED2.
 - Starting the recruitment process to select the Community Energy Engineers prior to the start of RIIO-ED2. Once in place, these Engineers undertake an intense training programme including business awareness, and communication skills - ensuring they can immediately provide support and add value to community energy groups.
 - Delivering training through a mixture of internally delivered courses, internal briefings from existing staff who have an extensive knowledge of the community energy sector and using expert external providers to provide competency training.
 - Completing the training within a maximum period of 3 months in order to allow for at least 60 community energy surgeries to be achieved in year one of the price control period.
- 3.16.** In order to raise awareness of the Community Energy Engineers and surgeries among potentially interested community energy groups, we will embark on an extensive communications programme making use of local and trade media (for example, through use of a press release at launch with timely, regular updates as we move through RIIO-ED2). We will

¹ [Ofgem RIIO-ED2 Methodology consultation - Citizens Advice submission](#), page 63

also make full use of our social media presence (Facebook, Twitter and LinkedIn), for example by tagging potentially interested community groups and other relevant organisations.

4. Benefits generated by our proposal

Results of quantification

5 and 10-year results

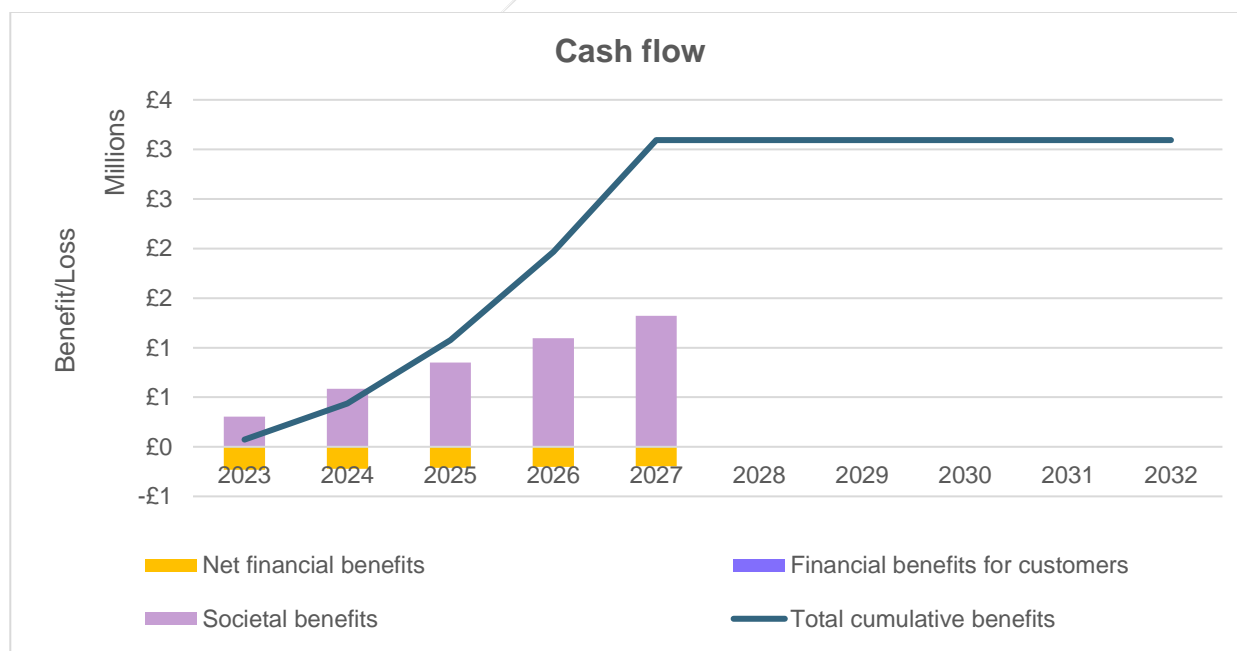
4.1. In line with the joint social value framework, agreed with the five other DNOs and shared with Ofgem in 2020, we have modelled the benefits of this CVP over both a 5 and 10-year appraisal period. More detail on the joint social value framework can be found in Section 8.

4.2. The table below provides the following results from our analysis:

- **Total cost:** The total cost of the proposal, in 2020/21 prices (in line with Ofgem's CBA templates).²
- **Total gross present value:** The total value generated by the proposal across financial, environmental, and societal benefits – discounted to present values.
- **NPV – Net present value:** The total value generated by the proposal, net of all costs – again discounted to present values.
- **SROI – Social return on investment:** The £s of benefit achieved for every £ spent

	5-years	10-years
Total cost	£1,060,378.76	£1,060,378.76
Total gross present value	£4,154,195.54	£4,154,195.54
NPV	£3,093,816.78	£3,093,816.78
SROI	£2.92	£2.92

Benefits Profile



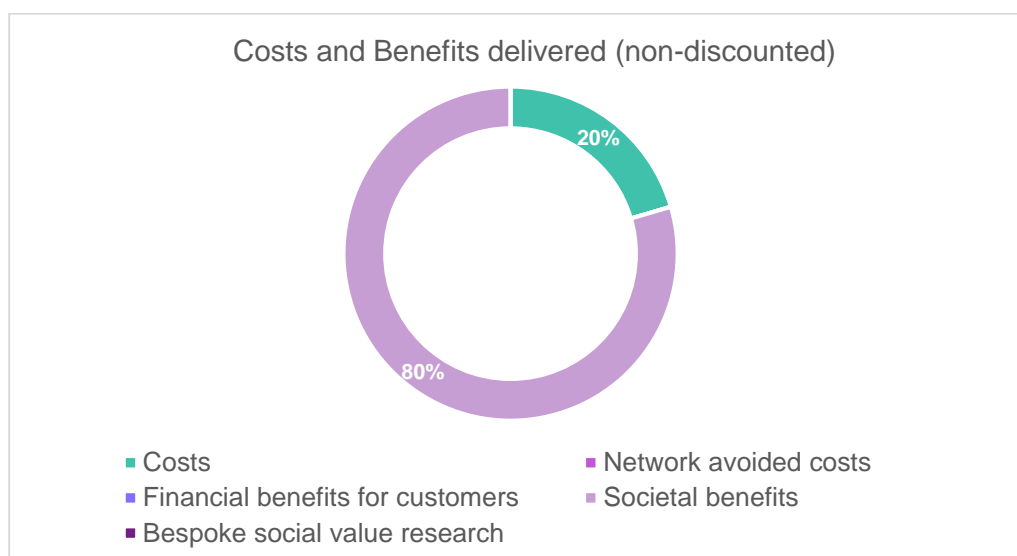
² As per the discounting applied to all costs and benefits, this figure shows the present value of costs in 2020/21 prices. The values described in the costs section below are expressed in nominal values, i.e. the actual £ prices. For this CVP, the total undiscounted cost is £1.26 million.

Breakdown of benefits

- 4.3. Societal Benefits. Based on the value to society delivered by community energy groups in the UK. These include community shares, community benefit expenditure and jobs created.

Distributional impact

- 4.4. In line with the breakdown above, this CVP delivers benefits for:
- WPD's communities, through the benefits achieved through the work of community energy groups in WPD's areas which are facilitated by having a connection.
- 4.5. The chart below visualises this distribution, demonstrating the scale of costs and benefits that fall in each category



Approach to quantifying

Costs

- 4.6. Costs include four Community Energy Engineers, with a cost of £251k per year.

Number of stakeholders

- 4.7. This represents the number of community energy groups which WPD will target to get connected and provide support to.
- 4.8. Based on our past connections data, and our experience working with community energy groups, we estimate that we can support 30 groups per year to get connected or secure a flexibility offer.

Approach to quantifying societal benefits

Calculations and assumptions

- According to Community Energy England, there were 424 organisations in the UK in 2020, which generated the following benefits:
 - £2.9m in reduced energy bills – Average of £6,840 per community energy group
 - £30.2m in community shares – Average of £71,226 per community energy group
 - £3.13M in community benefit expenditure – Average of £7,382 per community energy group
- In addition, there were 350 community energy groups in England, Wales and Northern Ireland, with 286 FTE, giving an average of 0.82 FTE per community energy group (Scotland data was excluded since they have a higher number of FTEs per community group).
- Considering the value of a new job is £36,611, this provides a benefit of £29,916 per community energy group.
- Of the benefits listed, we believe all except energy bill reduction are closely linked to the ability of a community energy group to get connected.
- This would lead to a yearly benefit of £108,525 per community energy group.

Calculation factors

- Success: 100%, assumed that the target of 30 community groups per year will be achieved.
- Drop off: 0%, assumed that connected community groups provide benefits for at least the 5 years of RIIO-ED2. This means that we will claim benefits for longer for those groups which get connected earlier in RIIO-ED2 than those that connect later. We believe this is a reasonable assumption given that we can provide support to groups post-connection during RIIO-ED2 to ensure these benefits are delivered, but we have no commitments yet for the following period and therefore we are not claiming benefits beyond RIIO-ED2.
- Attribution: 0%, since the initiative will be funded and delivered by WPD.
- Deadweight: 90%, community groups currently struggle to get connected, however WPD can't take credit for the full benefit since there is a possibility that it could have been achieved anyway without our intervention, which is why we are only claiming a conservative 10% of this benefit.
- Optimism Bias: 10%, as proxy is recent but it is country-wide and not specific to WPD areas.

Sources

- Community Energy Benefits: Community Energy England, Community Energy State of the Sector Report, 2021
- Value of FTE: DNO Proxy Bank

Changes from July's draft calculations

- 4.9.** The results shown in this document represent the best estimate of the benefits that will be achieved through this CVP with the information available at this time. To provide this, we have made a few changes from our previous submission which are detailed below:

- We have changed our approach for estimating the benefits, which, in the previous version, was based on willingness to pay values.
- To make this change, and to make the CVP even more delivery-focused, we set a target of community groups to get connected each year (30), based on previous experience with groups and expected impact of our engineers. Using data from Community Energy England we then estimated the benefits per community group to obtain an overall benefit for this CVP.
- This approach provides a better estimate of the value that this CVP can provide and will allow us to better compare this forecast with the actual benefits delivered as explained in the next section.
- Also, following the audit carried out for the DNO Social Value Framework, we have clarified the reasoning behind the optimism bias level we have chosen, this is 10% because the proxies used are recent, but they are a country-wide average rather than specific to groups in WPD's areas.
- Finally, there was also a recommendation related to the source of the attribution level we have chosen (90%, meaning we are attributing 10% of the benefits to WPD). Due to insufficient data, we have made what we believe is a reasonable assumption of how much of the benefits can be attributed to WPD. We will make sure to validate this with community groups during RIIO-ED2 as per the next section.

Monitoring Social Value during RIIO-ED2

4.10. The quantification work shown in this document will provide a structured approach for tracking the benefits we are delivering during RIIO-ED2 and help us compare the value to what we have forecasted. To monitor the delivery of benefits for this CVP, we will track the following:

- The number of community groups that WPD engages with each year.
- The number of community groups that apply for a connection per license area, including details of the type of connection and estimated generation where applicable.
- The number of community groups that successfully connect per license area, including details of the type of connection.
- Based on the type of connection and engagement with community groups, the estimated benefits from each connection. These will ideally be aligned to the benefit categories which we have identified in the quantification process but can also include additional benefits we have not considered as part of this evaluation.
- Based on engagement with community groups, we will also validate our assumptions regarding the attribution of benefits to WPD through targeted surveys.

4.11. We will use the information we collect to monitor how we are performing against the benefits we have calculated for each year. If there is a difference between benefits delivered and those forecasted, we will make it clear if this is because of a change in delivery or an update in the modelling approach (e.g., revised proxy values). This will ensure we are allowing for comparison of values in a like-for-like basis, while also keeping the modelling of benefits as accurate as possible.

5. Stakeholder support

Feedback from stakeholders

- 5.1** We have engaged closely with stakeholders throughout the development of our Business Plan to make sure their needs and preferences are reflected. When putting together our Business Plan for this regulatory period, we engaged more stakeholders than ever before – providing them with the opportunity to start with a 'blank sheet of paper' to define our plans from scratch. We set out in Supplementary Annex SA-05: Giving customers a stronger voice - Enhanced engagement and Supplementary Annex SA-02a: Our commitments – Justification analysis how we have engaged with stakeholders and how this has helped to shape the plan. The specific feedback we received from stakeholders that is relevant to this proposal is set out below.
- 5.2.** In September 2021, we sought feedback on this CVP at a stakeholder event, which was attended by customers and customer representative groups, local authorities, community energy groups and charities from across our four licence areas. Of those stakeholders at the event, 69% 'agreed' or 'strongly agreed' that WPD was best placed to deliver this proposal. An overwhelming majority of 90% of stakeholders at the event said that they 'agreed' or 'strongly agreed' that the proposal was acceptable, whereas only 8% of stakeholders said that the proposal was not acceptable.
- 5.3.** At earlier stages in the development of this Business Plan, 65% of stakeholders told us that they wanted to see greater ambition for WPD's community surgeries, with 49% supporting 90 surgeries per year. There was widespread support for WPD's aim to engage with local authorities, particularly given their community links, with WPD seen as having a key role in supporting local growth plans. There was widespread interest in closer collaboration with the company, with 89% of survey respondents indicating that they would be willing to engage more with WPD. It was felt that WPD should engage with a wide range of stakeholders, including those involved in the net zero agenda, with the aim of capturing varied and representative views. To this end, stakeholders suggested that WPD should extend these engagements to city authorities, the general public, community energy groups, landowners, planning committees, housing associations, schools and national parks.
- 5.4.** Stakeholders told us that trusted community energy groups are uniquely placed to engage people at scale helping drive the decarbonisation of the energy system, while ensuring no one is left behind by supporting the vulnerable and fuel poor in their areas. The community energy sector has matured and changed rapidly in the last three years and a number of well-established groups have developed ambitious energy capabilities. At the same time, as local authorities develop climate emergency plans, many identify community energy groups as a vital component, which will lead the sector to develop further. . This means that our support for community energy groups is likely to be crucial in driving the UK toward net zero.
- 5.5.** An overwhelming majority (97%) of stakeholders supported the introduction of local WPD Community Energy Engineers. Feedback specifically from community energy groups and their representatives highlighted they can face reinforcement costs that make their projects unviable. These issues arise because of the additional time and lack of ability to move projects to where there is available capacity. They therefore suggested that WPD should commit to working collaboratively with community and local energy stakeholders to develop tailored connection and flexibility offers that recognise the business case of the generation asset.
- 5.6.** Stakeholders felt that WPD should do even more in RII0-ED2 to support community energy, including prioritising local groups, engaging with and educating those involved in community energy projects and lobbying for policy change to tackle high connection costs. Greater support

from WPD is also important because community energy groups have the potential to play a key, expanding role in the smart energy transition.

- 5.7. It was agreed that community energy groups would benefit from the guidance and expertise of a community engineer. Stakeholders especially welcomed the idea of a Community Engineer who will advise and support people e.g. after installation of smart meters/charging points, helping people make greener or/and more energy efficient choices.
- 5.8. Stakeholders felt that community groups were held back by factors such as variable costs and limited understanding of complex issues, such as constraints. With this in mind, it was felt that WPD could play a vital role in supporting community energy groups by improving its communication, from demonstrating the potential of community projects to providing technical support and regulatory assistance further down the line. Some stakeholders, including charities, find it hard to keep track of the different WPD innovation projects and welcomed WPD hosting regular workshop so that people can hear about projects that are in the pipeline or put calls out at opportune times when the company is looking for partners. Future customers at the Youth Community Measures of Success Research thought that community energy projects have a significant role to play in a low carbon future, to facilitate community generation.

Table 1: Stakeholders' top priorities for community energy

Stakeholder top priorities	
1	Stakeholders wanted us to support community energy projects as one of the highest priorities for WPD in relation to driving innovation and new services
2	Community energy groups state they are often interested in developing low carbon technologies renewable connections but tend to be slow to react to opportunities around flexibility, which stakeholders felt WPD should try and influence
3	The importance of WPD providing education and support to stakeholders was raised as it was felt some groups may lack the knowledge and expertise in relation to the energy network
4	The importance of community energy projects as a base for innovation was discussed extensively, especially as it was felt that this could benefit a lot of people and would also help to share knowledge and information
5	In particular stakeholders would like to see projects developed specifically to ensure community energy schemes benefit from Ofgem's Innovation funding mechanisms
6	As well as supporting the low carbon transition, stakeholders can see a role for community energy schemes to help address fuel poverty, with community energy champions able to support their neighbours as trusted advisors

Supporting our Business Plan

- 5.9. This proposal is fully consistent with and contributes directly to the core commitments that WPD has put forward as part of this Business Plan. The plan sets out our commitment to **delivering an environmentally sustainable network** as one of the three high-level output categories for RIIO-ED2. Our overarching commitment in this category is to manage the impact of our 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.
- 5.10. This initiative relates to the following core Business Plan commitments, which set out at a more detailed level how we intend to deliver for our customers in RIIO-ED2. Further details on these commitments can be found in Supplementary Annex SA-02: Our commitments.

Delivering an environmentally sustainable network

Core Commitment 8	<i>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 who will assist to with connection and flexibility offers.</i>
Core Commitment 9	<i>Support a growth in community energy schemes by facilitating their access to available funding streams.</i>

6. Accountability for delivery

What happens if outputs are not delivered

- 6.1. We are committed to delivering this proposal to assist local community energy groups to help facilitate progress towards decarbonisation via delivery of small-scale energy projects.
- 6.2. If for any reason we are unable to deliver our commitment, we would:
 - Return a proportionate amount of any associated CVP reward under the Business Plan incentive to ensure that consumers do not pay for something that they have not received; and
 - Undertake initiatives to minimise our environmental impact in other areas to ensure that WPD is well placed to help facilitate net zero, unlock environmental and societal benefits and add value to our local communities.
- 6.3. We intend to engage with Ofgem to discuss how this may best be implemented in RIIO-ED2.

7. Eligibility checklist

Item	Description
Relevant CVP area (as per Ofgem's RIIO-ED2 Business Plan Guidance)	<ul style="list-style-type: none"> Proposals that exceed the baseline expectations that we have set out for EAPs
Does this proposal entail new activities vs RIIO-ED1?	<p>✓ Yes – see section 3</p> <p>This is not an activity we have undertaken before.</p>
Does this proposal go beyond BAU activities?	<p>✓ Yes – see section 3</p> <p>Whilst we have held a small number of community energy surgeries to date, we will significantly increase this number to at least 60 surgeries annually. We will employ four dedicated Community Energy Engineers to advise and support our local communities, which we have never done before.</p>
Does this proposal exceed RIIO-ED2's baseline expectations?	<p>✓ Yes – see section 3</p> <p>CVP-3 exceeds baseline expectations for EAP by advising and supporting local energy communities through holding community energy surgeries and employing full-time Community Energy Engineers. These are above and beyond the stated EAP baseline expectations</p>
What additional value does this proposal provide to customers?	<p>✓ Meets Ofgem's criteria – above £3 million threshold of net benefits.</p> <p>In particular, this CVP proposal brings £3 million of additional value to customers in RIIO-ED2 – see section 4 for a detailed explanation.</p>

8. Appendix: Joint Social Value Framework

- 8.1. During working groups in early 2020, all six DNOs, alongside Ofgem and key consumer groups discussed the (quantitative) measurement of social value, and the Consumer Value Proposition as part of the Business Plan incentive.
- 8.2. Under GD2, the four GDNs used different methodologies, values and reporting structures which led to results that are hard to compare. To prepare for the ED2 CVP process, and for changes to the SECV incentive, DNOs decided to develop a common approach to measuring social value, a consistent mechanism that would allow for straightforward assessment and comparison.
- 8.3. To meet the DNOs' and Ofgem's requirements, the common approach needed to:
 - Provide robust, consistent measurement of all social benefits DNOs deliver through their services.
 - Deliver a framework for DNOs to measure their CVP values in 2021.
 - Act as an ongoing solution – a framework applicable for the full RIIO-ED2 period.
 - Drive innovation and ambition in the social value space.
- 8.4. To deliver against this need, the joint social value framework was created. In line with the Spackman approach and the Treasury's Green Book, the framework provides a structure through which the DNOs will deliver values that are consistent, comparable, and conservative. The framework includes:
 - Standard values (from a DNO-specific proxy bank).
 - Data quality guidelines.
 - A set calculation template.
 - Common figures that should be reported (as seen in **Section 4**).
- 8.5. This framework was tested throughout its development, agreed with consumer bodies and shared with Ofgem in December 2020 – with the framework referenced in Ofgem's Business Plan guidance.
- 8.6. WPD has had the framework independently applied to each of their CVP proposals, ensuring that appropriate values and assumptions are applied. This provides confidence that the values presented in this document are a conservative estimate of the value generated.
- 8.7. In addition, an audit of the DNOs' application of the joint Social Value Framework has been carried out in October 2021. The purpose of the audit is to ensure the rules and governance of the framework have been applied consistently across different DNOs.
- 8.8. This will make sure that values that are consistent, comparable, and conservative, prior to Ofgem's review of the final Business Plan. This has led to some changes in the quantification of benefits that ensure we are aligned with other DNOs where we have calculated similar benefits. These changes are detailed in the benefits section of each CVP where appropriate.



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