

Key facts



Headlines

- WPD is **leading an energy revolution to enable net zero for our stakeholders by as early as 2028**, by delivering a smart, digitalised electricity
- We will **deliver 42 ambitious core commitments** and more than 400 wider commitments for our customers
- We will **invest £6.7 billion** (around a 30% increase from RIIO-ED1)
- Customer **bills will remain broadly flat**, as a result of £723 million of embedded efficiencies in our Business Plan
- Innovation and digitalisation will drive a further **£95 million of ongoing efficiencies** during RIIO-ED2, applying innovation and digitalisation solutions across our entire business
- Our **flexibility services will save customers £94 million** in avoided conventional reinforcement
- Our plan was **co-created with more than 25,000 stakeholders** – our most extensive engagement ever
- The plan has received **huge levels of acceptability** – only 4% do not find the plan highly acceptable
- We will deliver an **industry leading DSO capability** with clear decision making - independent and separate from the DNO.



Delivering for our customers

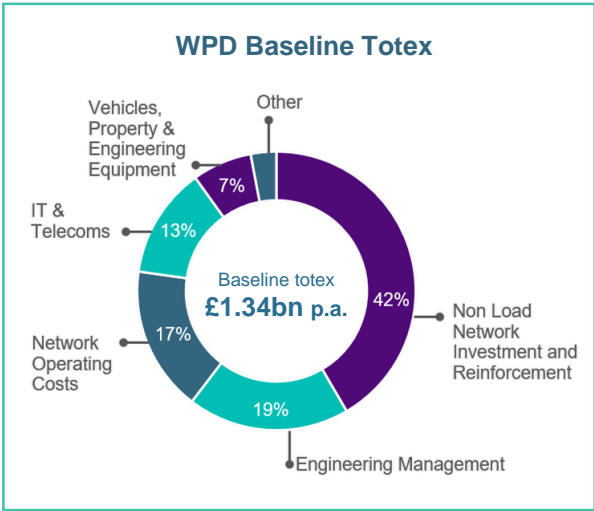
Our core commitments will all contribute to the delivery of four stretching and ambitious outcomes our stakeholders have identified for WPD, and include:

1. SUSTAINABILITY: Lead the drive to net zero as early as possible		
We will enable stakeholders in our regions to achieve net zero by as early as 2028	WPD will be net zero by 2028 for our own business carbon footprint	
2. CONNECTABILITY: Customers can connect their electric vehicles (EV) and heat pumps when they want to		
Ready for 1.5 million additional EVs & 600k heat pumps with a same day response to LCT connection enquiries	30 community energy schemes connected per year supporting the expansion of green, renewable energy generation	
3. VULNERABILITY: First class vulnerable customer support programme where everyone benefits in a smart future		
600,000 smart energy action plans will be offered to vulnerable customers each year	£60 million saved by 113,000 fuel poor customers as a result of WPD's support schemes	
4. AFFORDABILITY: Maintain excellent customer service, safety and network performance, while keeping bills broadly flat		
93% overall customer satisfaction or higher by the end of RIIO-ED2	Lowest ever power cut levels average for customers of one power cut every two years, lasting less than 22 minutes	£818 million of efficiency savings including £723 million of embedded efficiencies and £95 million of ongoing efficiencies



Financing the plan and the impact 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 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 overall customer bills remain broadly flat**
- Increased expenditure of £1.4 billion** from RIIO-ED1 would have resulted in a £3.37 increase on WPD's average domestic customer bill, but we will be more than offset by our efficiencies and changes to the financing package, lower costs of borrowing and lower returns.



WPD's proposed financial metrics	
Cost of equity	4.96%
Cost of debt	2.217%
Notional gearing	60%
Target ratings	BBB+/Baa1
Capitalisation rates	75%
Depreciation rates	45 years for all new assets

Changes to our plan from first to final submission

Since our first draft submission to Ofgem and the Challenge Group on 1st July 2021 (the third time WPD published its plan for stakeholder consultation) we have received feedback from a wide range of sources. Responses from Ofgem, Ofgem's Challenge Group, the Customer Engagement Group, Welsh government, Citizens Advice, wider stakeholders at six workshops and extensive customer research, led us to identify a number of improvement opportunities that have been addressed via substantive changes to this final Business Plan. We have also considered all other published DNO plans and incorporated best practice approaches.

All of the changes this has led to are set out in Chapter 5 of our Business Plan.

In summary the changes we have made fall into six key categories, to:

- Ensure WPD's plan is based on our Best View of the future take up of low carbon technologies.
- Specify clearer outcomes and strategic drivers for all areas of our plan.
- Enhance the justifications for all core commitments and areas of significant spend, including setting out the full range of options considered.
- Clarify how innovation and digitalisation is embedded in all we do and quantify the efficiencies it has led to.
- Update the financing parameters and assumptions to reflect very latest modelling.
- Further enhance the overall scope and quality of our strategies in relation to whole systems, innovation, digitalisation and DSO.



Crib sheet of key facts

Our purpose is to provide: **“power for life, power for future generations”**

We will deliver four key strategic outcomes: **Sustainability, Connectability, Vulnerability, Affordability**

8 million customers – covering a quarter of the UK. We are the largest DNO in the UK.

More than **25,000 stakeholders engaged** over 280 events (7,300 via direct, in person engagement) in a detailed process of co-creation

Only company to publish three versions of our plan for stakeholder consultation ahead of final submission

Investing £6.7 billion – an increase of £1.4 billion on current levels

Our plan includes **£723 million of embedded efficiencies** (spend would have been £7.4 billion, rather than £6.7 billion). With £95 million of ongoing efficiencies and changes to the financial package, lower costs of borrowing and lower returns

Overall bills will remain broadly flat. Increased investment has a potential bill impact of £3.37 but this has been absorbed due to efficiencies and financing

Portion of bill is ~17% = **less than 28p per day for the average domestic customer**

Network to cater for **an additional 1.5 million EVs and 600,000 heat in pumps by 2028** (taking the total to 2.1m EVs and 900,000 heat pumps)

Flexibility saving **£94 million in avoided/deferred conventional reinforcement** in the RIIO-ED2 period

Flexibility: **Re-engineered our network to be capable of connecting 31GW** of renewable generation, on a network designed for 14GW of demand

Flexibility: 709MW already contracted (highest in UK) saving £40 million

Green Recovery £59 million investment (£44m in RIIO-ED1 and £15m in RIIO-ED2) - increasing available network capacity for demand growth by 617MW (equivalent to 171,000 heat pumps or 385,000 domestic EV chargers)

Priority Services Register (PSR) = **1.9 million PSR customers currently**

PSR: Around **150 outreach partnerships** (e.g. local authorities, Citizens Advice, British Red Cross, MIND, fire services etc)

Fuel poverty: largest programme in UK. **In RIIO-ED1 we have supported 92,000 customers to save £37 million**

Fuel poverty: in RIIO-ED2 will support more than **113,000 customers to save £60 million**

Fuel poverty: 24 lead partner organisations, managing a network of around **120 partner agencies**

Power cuts: on average **one power cut every two years lasting less than 22 mins** (12% CI reduction; 16% CML reduction) – the current RIIO-ED1 average is 24 mins

Worst Served Customer definition in RIIO-ED2 is **12 or more HV or higher interruptions over three years** with minimum of two in any one year

Will improve service for **8,260 Worst Served Customers via 70 schemes** in RIIO-ED2

193 Engineering Justification Papers (EJPs) and 139 Cost Benefit Analyses (CBAs), justifying £3.1 billion of expenditure

108% increase in load related investment with only an 8% increase in business support costs

We have a vast network that would cost £42.5 billion to replace. **We are spending £216m per year – equivalent to replacing the network over 200 years.** Our targeted programme of replacement will ensure that we maintain exceptional levels of network reliability

89% of small van fleet will be EV by 2028; all company cars to be EV by 2025.

