

Stakeholder Engagement

Ofgem Customer Service Reward Scheme 2011

Making stakeholder engagement a central part of how we run our business

We understand that, in order to maintain the support of our stakeholders, we need to keep them informed of our activity and provide opportunity for them to influence our direction. For a long time, CE Electric UK has been taking input from a variety of sources in the wider stakeholder community. That said, the recent challenge from Ofgem to step up both the intensity with which and the extent to which our efforts to engage stakeholders form an integral part of our strategic planning process was well justified. The results are speaking for themselves.

Phil Jones, CE Electric UK President, comments: "Our approach to stakeholder engagement is a continuation of a journey we have been on for some time. It was part of our operation, but not a big enough part. We've been developing more consistent and systematic ways of using our stakeholders' views to drive improvements in customer service and our business processes – and the benefits are already showing." This message is reinforced within our 2011 Operating Plan that is circulated to all employees and includes a strategic objective to carry out meaningful stakeholder engagement that influences our annual business plans. This commitment is now a reality. For example, our connections stakeholders identified 50 improvement areas at workshops held in October 2010, which are all being addressed.

The main focus has been the development of a more formalised and integrated approach. We are achieving this by implementing improved systems and protocols that apply to all areas of the business. All our stakeholder



engagement activities are now overseen by a dedicated steering group that meets every two weeks and reports to our director-led Customer Experience Programme Board. The steering group incorporates a senior management team comprising our Heads of Customer Service, Regulation & Strategy, Sustainability and Communication.

CE Electric UK's stakeholder engagement process defines how we segment, consult with and process feedback from our stakeholders. We use a three-tier model (see supplementary support section) that guides the practical application of our engagement activity. The model reflects Ofgem's stakeholder engagement best practice guidelines and comprises:

- Mapping our stakeholders against their engagement needs
- A matrix for determining the relative importance of each engagement activity, which forms the basis of decisions regarding resource deployment

- Action plans for assigning ownership, defining modes of engagement, measuring the effectiveness of engagement activity and identifying the mechanisms for using stakeholder feedback

We are bolstering the co-ordination of our engagement activity by developing a bespoke, company-wide IT application to provide a centralised overview of activity and allow effective benchmarking through year-on-year comparisons.

Each engagement activity is tailored to suit the audience. Our toolkit includes conference-type events, one-to-one meetings, conference-call briefings, web-based interfaces, independent research of stakeholder views and written communication. All these interactions allow us to identify our stakeholders' ideas and concerns to inform our investment plans and facilitate continual service improvements.

Established programme

CE Electric UK stakeholder engagement milestones:

2005

Vegetation management consultation and engagement exercise

- A series of consultations were held with local authorities, landowners and parish councillors on vegetation management that influenced our tree trimming methodology and the format in which we communicated with customers

2007

First workshops to explain network charges

- Workshop introduced for suppliers and generators to discuss network charges

2008

DPCR5 consultation programme – have your say events

- Stakeholders attended six consultation events to comment on our DPCR5 planning process and influence our investment priorities

2010

Stakeholder Steering Group established

- A group of senior managers was set up to lead our engagement activity. As well as being accountable to the Executive for progress of the plan, the group ensures that the company leadership are directly involved in delivering our engagement programme

2011

Integrated consultation programme

- Wider stakeholder consultation events – Informing our investment decisions *Spring 2011*
- Regular connections customers – Improving service levels
 - Street lighting steering group *Monthly*
 - Network connections workshops *April, October 2011*
 - Network connections surgeries for ICPS / IDNOs *Monthly*
- Local authorities - Promoting best practice, safety, quality and co-ordination of street works *Quarterly*
- Electricity industry and customers - Developing a low carbon network
 - Regional stakeholder forum *Annual*
 - Industry demand response stakeholder forum *Annual*
 - Smart demand forum meetings *Quarterly*
- Suppliers – Clarifying our charging methodology *May, August, November 2011*
- Microgeneration – Connections and network reinforcement *June 2011*

• Company-wide commitment

Although the overall programme of engagement is led by members of the Executive and monitored by a team of senior managers, many of the actions are driven from within our business units. Each area of the business has specific responsibility for identifying, engaging with and representing the interests of its specific stakeholders. These case studies bear that out.



All stakeholders – Events to influence CE Electric UK's investment plans

CE Electric UK held a series of 'Have your say' consultation events, focus groups and face-to-face interviews at the last price control review to ensure that our investment plans reflected our stakeholders' views. We have continued to host similar events to provide ongoing, open dialogue with stakeholders that will inform our investment priorities for the next electricity distribution price control review. At recent consultations in Yorkshire

and the Northeast, delegates asked for clarification of a number of microgeneration network issues and an event has therefore been arranged to address this on 28 June. As part of the consultations, delegates were invited to visit CE Electric UK's Network Control Centres and Customer Relations Centre to aid greater understanding of the scale and dynamics of our operations.

Community engagement – Face-to-face customer support

Staying close to our community during incidents is vital. The CE Electric UK Ambassador Task Force has been running since 2004. It comprises a group of 92 employee volunteers who have been trained to provide one-to-one assistance and support for customers with specific problems or during major incidents.

In 2010, ambassadors assisted with five major incidents and completed more than

120 stakeholder one-to-one visits. During major incidents, ambassadors man our customer service vans, providing hot drinks, food-warming facilities and advice to communities affected by loss of power. This direct contact helps improve customers' understanding of the incidents, mitigates complaints and provides an effective channel back to the Stakeholder Steering Group to drive further improvement actions.

● Company-wide commitment

Regular connections customers and competitors – Improving service levels

● Leading lights

Initiated in 1997, the Street Lighting Steering Group holds monthly meetings involving CE Electric UK, all six regional lighting authorities (representing all 30 local authorities) in our distribution services areas and their contractors.

This group was the first in the UK to proactively introduce service-level agreements with customers in relation to connections and fault repairs, 13 years before guaranteed standards came into effect in October 2010.

These service-level agreements are even more stringent than those laid down by Ofgem. As an example, guaranteed standards dictate that certain connections must be made within 35 working days of a request being submitted. We consistently outperform this target because our customers tell us that it is important to them: in 2010 93% and 83.5% of connections were completed within 20 working days in our Northern and Yorkshire distribution services areas respectively.

Agreed performance indicators are reviewed with our stakeholders at the monthly steering group meetings with a view to making process improvements.

● Learning lessons from other organisations and industries

CE Electric UK's Connections team has been focusing on building relationships with other organisations to share best practice and raise standards, including Northumbrian Water, Highways Agency, BT and Home Builders Federation.

Collaboration between CE Electric UK and contractor Morrison has resulted in the development of a programme of initiatives called 'Raising the Bar', which is focused on delivering more consistent interactions with stakeholders during connections programmes.

CE Electric UK and Morrison have also been working with Yorkshire Water to learn more about their 'Reliability, Responsiveness and Resolution' customer service philosophy and, in turn, sharing details of CE Electric UK's automatic-response telephony system.

● Promoting competition

CE Electric UK holds workshops every six months to discuss industry developments (for example, the recent introduction of guaranteed standards) and give independent connection providers (ICPs), independent distribution network operators (IDNOs) and major connections customers the opportunity to provide their views on CE Electric UK's performance and areas for improvement. Independent research was conducted to assess the relevance of the September 2010 event to the 50 delegates. The generally positive

feedback has helped shape future consultation. For instance, we have responded to stakeholders' preferences regarding the timing and location for events as well as the format of contact; 42.5% said they would prefer a newsletter and one is now in production. Feedback from the workshops has also led to an open invitation being extended to ICPs, IDNOs and connections customers to attend monthly 'surgeries'. These innovative sessions are hosted by a multidisciplinary team from CE Electric UK and enable attendees to discuss project-specific items and raise individual issues.

We are only satisfied when you are



● Responding to customer needs

CE Electric UK's Connections Delivery team hosts an annual conference to which employees and business partners are invited. This year a major customer, Keepmoat Homes, was invited to present its views on what CE Electric UK does well and areas for improvement.

A key problem identified by Keepmoat was that CE Electric UK was not fast enough to provide a work date (this could previously take up to

five days). An initiative has therefore been developed with Morrison, so that the contractor's schedulers now work directly on CE Electric UK's scheduling system to cut down on the timescales.

It also became obvious that metal theft was a major issue at substations that have yet to be made live on Keepmoat sites. To reduce the incidence of theft, CE Electric UK has adapted its processes for all developer customers by delivering equipment to site on a 'just-in-time' basis and commissioning substations shortly afterwards.

Steve Woodthorpe-Evans, Services Manager for Keepmoat Homes says:

‘The best thing about CE Electric UK is they do what they say they are going to do in the timescales they promise. We've always been impressed with this aspect of working with them. This has been demonstrated again with their approach to working with Keepmoat on our complex regeneration schemes. It's also great to be consulted regarding potential future improvements to their services. They've listened, taken our suggestions on board and we are now enjoying the benefits of a better way of working. First class. ’

STAKEHOLDER ENGAGEMENT

• Company-wide commitment

Local authorities – Meetings to promote best practice in street works

CE Electric UK has led the development of several initiatives to promote the delivery of service excellence in street works:

- In conjunction with other utilities, contractors and local authorities, a 'Signing and Guarding Improvement Group' and 'Reinstatement Improvement Group' have been established to develop best practice for the safety and backfilling of excavations

- We are working with other utilities to implement a joint approach to longer-term planning that will improve the co-ordination of works and minimise disruption to the public

The result of our engagement with these stakeholders and their representatives has been to sharpen our team's awareness of their opportunities for improvement. Consequently, CE Electric UK reduced the number of improvement notices it received from four in 2007 to zero in 2010.

CE Electric UK's Street Works Manager, Ian Darbyshire, leads regionally in his role as chairman of Yorkshire Joint Utilities Group (YJUG) and Yorkshire Highways and Utilities Committee (YHAUC).

Electricity suppliers and generators – Workshops to explain network charges

Setting use of system charging is, by necessity, a complex business. Therefore, there can be a great deal of confusion around the rationale behind, and implications of, each review of our use of system charges. In 2007, CE Electric UK became the first DNO to hold regular face-to-face regional workshops for electricity suppliers and generators to explain and discuss charging, as well as offering all attendees the chance to book one-to-one meetings to

discuss individual circumstances.

Feedback forms are filled out at workshops and delegates have consistently rated the events as 'good' or 'very good' in terms of clarity and level of detail. Based on stakeholder feedback from a recent event, implementation of a new charging methodology was moved from April 2011 to April 2012 to support major stakeholders' budgets, which had already been set for the period in question.



Electricity industry and customers - Collaborating to develop a low-carbon network

Working with partners British Gas, Durham University and EA Technology, CE Electric UK is leading Britain's biggest 'smart grid' project, the 'Customer-Led Network Revolution' (CLNR). Whilst dissemination of the learning from the project to other DNOs is a clear objective of the Low Carbon Network Fund (LCNF), CE Electric UK sees value in exceeding Ofgem's minimum

requirements through wider engagement with other stakeholders, including customer representatives. CE Electric UK and its partners have therefore initiated an extended programme of stakeholder consultation that will enhance the research findings:

- Regional Stakeholder Forum – engaging with others in Yorkshire and the Northeast involved in low-carbon projects

- Industry demand response stakeholder forum - open to interested stakeholders to share emerging outcomes from 'smart grid' projects with similar scope to the CLNR

- Smart Demand Forum meetings – under the leadership of Sustainability First, members and invited experts share and discuss progress on LCNF projects and develop a common understanding of customer response issues.

Communications – Enhancing online accessibility

Responding to the need to become as accessible as possible to stakeholders, CE Electric UK has invested heavily in strengthening its online presence. A new website has been developed featuring intuitive navigation, a web-

based payment system, interactive elements such as a feedback web form, and enhanced functionality including postcode-driven 'Why is my power off?' and 'Who is my electricity supplier?' applications.

The growing impact of stakeholder engagement

The more engagement that we carry out, the more we learn about areas for improvement and greater understanding. As we execute our plan and evaluate its impact, we factor our new learning into our plans for further engagement.

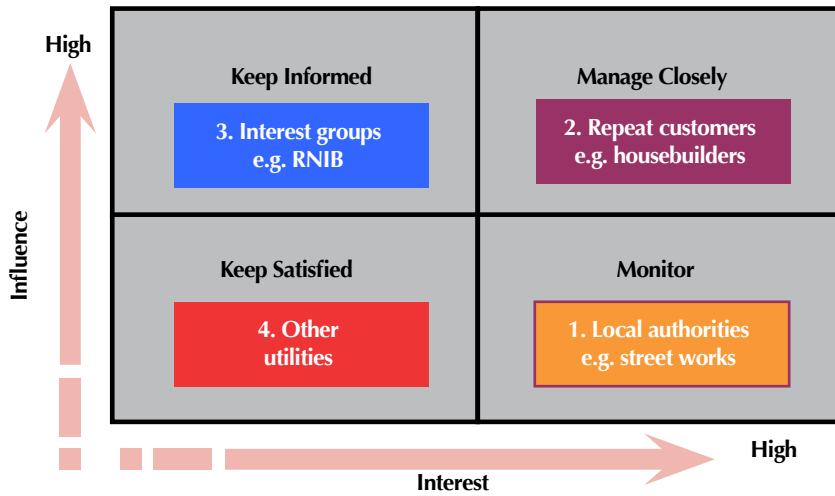
STAKEHOLDER ENGAGEMENT

Supplementary support: Our stakeholder engagement strategy

Our approach to stakeholder engagement is based on a three-tier model. To demonstrate how it works in practice, four numbered examples are shown at each stage of the process.

Stakeholder group	Stakeholder subgroups	Engagement need	Engagement need				
			Use of system	Connections	Corporate Social Responsibility	Policy Development	
Stakeholder group	Domestic Customers	Vulnerable customers	Elderly, chronically ill, disabled				
		Domestic users and generators	Metered users microgenerators				
	Emergency Response	Emergency services	Police, fire service, medical				
		Local Resilience Forums	Regional LRFs				
	Unmetered Customers inc Local Authorities	Local Authorities	Street lighting	1			
			Highways / street works Planning and development				
		Unmetered users	Industrial and utilities Highways Agency BT				
			Repeat Connections	Customers	Housebuilders / Home Builders Federation		2
	Suppliers	Independent Connection Providers					
	Interest groups	Vulnerable group representatives	RNIB			3	
			Consumer Focus				
			Association of North East Councils				
		Special interest representatives	Major Energy Users Council				
			NFU				
		Environmental groups	Environment Agency				
			DEFRA				
	Communications groups	Campaign for National Parks					
		National, local and trade media					
		Parish Councils					
	Industry participants	Governmental	Ofgem				
Dept of Energy & Climate Change							
MPs							
Council of European Energy Regulators (CEER)							
Other industry players		Suppliers (retailers)					
		Transmission - National Grid					
		Large users (EHV) + generators					
		Other DNOs					
		Energy Networks Association (ENA)					
		Other utility companies			4		
Internal	Employees						

▲ Model tier 1: CE Electric UK maps its stakeholder engagement activity by defining stakeholder groups and their engagement needs



The rationale behind the categorisation of these stakeholders is as follows:

1. Local authorities' street works departments are 'monitored' to ensure close co-ordination of works
2. Housebuilders are 'managed closely' as they have a strong interest in the quality of our service and can exert influence by choosing competitors such as ICPs
3. Although the Royal National Institute of Blind People (RNIB) does not have an interest in our activities, it is concerned with any impact our network has on the welfare of its members
4. Fewer resources are allocated to engaging with other utilities as they do not have a direct interest in, or influence on, our business but are useful partners in sharing best practice

▲ Model tier 2: The prioritisation of CE Electric UK's engagement activity is achieved by categorising stakeholders according to their level of influence and interest in the company and its activities

Engagement activity	Stakeholder group	Stakeholder subgroup example	Engagement need	Purpose of engagement	Engagement method			Key Performance Indicator	Feedback loop	Owner / service area
					Events	Meetings	Other			
1	Local authorities	Planning and development	Street works	Ensure co-ordinated approach to planned works		×		Measure against agreed service standards	Identify performance issues from measuring process. Report progress at future meetings	Street Works
2	Repeat connections	House-builders	Connections	Continually improve service delivery	×	×		Guaranteed service standards targets	Develop action plan from feedback given at events. Report on action plan at future events	Connections
3	Interest groups	RNIB	Corporate social responsibility	Ensure that all vulnerable customers aware of PSR	×		Share databases	Eliminate duplication on databases	Assign dedicated employee to maintain database	Customer Relations
4	Industry players	Other utility companies	Corporate social responsibility	Identify and implement best practice for service delivery		×	ENA	Number of initiatives implemented	Regular meetings with strategically identified companies	Field Operations

▲ Model tier 3: The engagement action plan utilises CE Electric UK's 'plan, execute, measure, correct' principle and defines the mode of engagement, key performance indicators, feedback mechanisms and ownership