



2015-2023

## RIIO – ED1 BUSINESS PLAN

RIIO-ED1 Price Control Review Forum (PCRF)  
30<sup>th</sup> July 2013

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# WPD is the Distribution Network Operator (DNO) for the Midlands, South Wales and the South West



## WPD's network:

- 7.8 million customers – **28% of UK**
- Covering 55,500 km<sup>2</sup> – **24% of UK**
- Consists of:
  - 92,000km overhead lines
  - 129,000km underground cables

- Our Business Plan covers the period 2015-2023 (RIIO-ED1)
- It has been underpinned by an extensive stakeholder engagement programme:
  - Over 4,200 stakeholders
  - Huge focus on engagement in-person led by operational WPD staff responsible for delivering the work plan
  - 47 face-to-face workshops, focus groups and Panel meetings
  - 13 week consultation on published draft Business Plan
- It clearly sets out:
  - **Our best view of the future**
  - **The outputs we will deliver**
  - **What it will cost customers**

# The key headlines from WPD's Business Plan

## We will:

- **Invest £6.3 billion** in core distribution business activities
- **Deliver 75 outputs** including voluntary commitments in every category
- **Maintain our number 1 position** with respect to customer service and network reliability, whilst improving service even further
- **Provide value for money** by delivering £119m per annum savings as a result of acquiring the Midlands licences
- **Continue to be at the frontier of efficiency** by delivering a further £260m saving over 8 years
- **Reduce customer bills**, as overall WPD's charges will reduce by an average of 11% (before inflation)

# We have built our Business Plan with our stakeholders in stages

## WPD's Plan is underpinned by the industry's leading stakeholder engagement programme

We have:

- **Engaged with over 4,200** external stakeholders in 2 years
- **Used a wide range of mechanisms** tailored to our stakeholders' knowledge/interest
- **Consulted on every output**
- **Made substantial changes following stakeholder feedback.** E.g.
  - *Voluntarily doubled Guaranteed Standards failure payments for all customers*
  - *Accelerated our resilience tree trimming programme*
  - *Increased the number of substations protected from flooding*
  - *Improved time to connect target for all new connections*
  - *Increased target for number of complaints resolved within 1 day*
- **Published everything** on our website.
- **A clear plan for on-going engagement** including six workshops in January 2014.
- **A proven track record of maintaining stakeholder relationships** since pre-DPCR5, and using them to monitor if we are delivering our promises

Ofgem Stakeholder Engagement Incentive Scheme 2012/13		
1.	WPD	8.4
2.	ENW	7.9
3.	NPG	7.85
4.	UKPN	7.15
5.	SSE	6.85
6.	SP	no score (failed stage 1)
-	Top rated Gas Distribution or Transmission company	6.4

# Outputs

## WPD's Business Plan will deliver 75 outputs in the six RIIO-ED1 categories

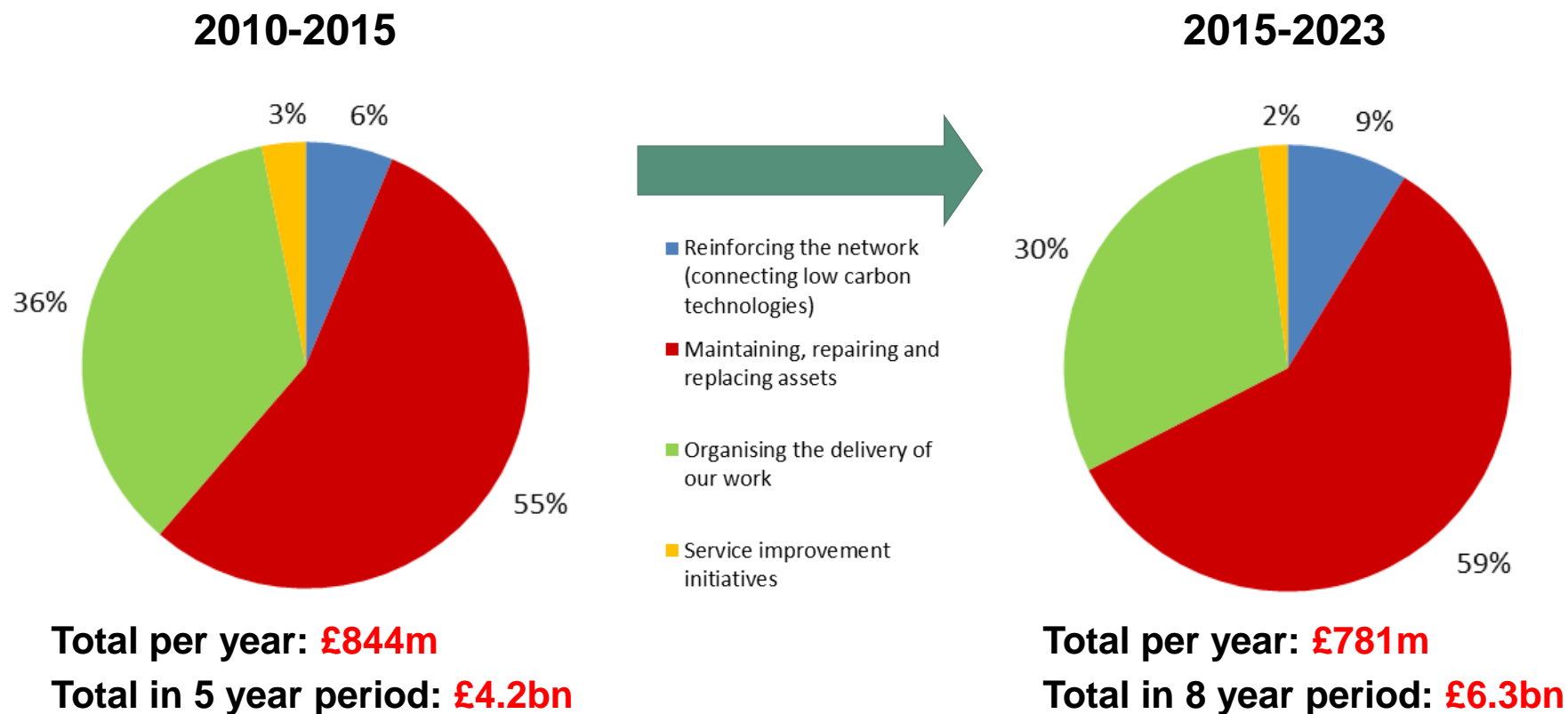
Category	Safety	Reliability	Environment	Connections	Customer Satisfaction	Social Obligations
Measures	10	8	14	10	16	17
Stakeholder View	▶	▲	▲	▲	▶	▲
Example outputs	<p>Reduce the staff accident frequency rate by 10%.</p> <p>Educate 400,000 children about electrical safety.</p> <p>Target zero HSE improvement or enforcement notices.</p>	<p>Reduce the average number of power cuts by 13%.</p> <p>Reduce the average power cut duration by 20%.</p> <p>Minimum of 85% of customers are restored within 1 hour on HV faults.</p> <p>Increase our resilience tree cutting programme by 40%.</p>	<p>Reduce leaks from equipment by 75% for oil and 17% for SF6 gas.</p> <p>Improve visual amenity in National Parks and AONBs by undergrounding 55 km of overhead lines.</p> <p>Reduce the amount of waste sent to landfill by 20% by 2017 (5% p.a. thereafter)</p>	<p>Reduce the overall 'average time to connect' by 20%.</p> <p>Improved communications including internet based quotations and job tracking facilities.</p> <p>Zero failures against the connections 'Guaranteed Standards of Performance'.</p>	<p>Continue to be the best DNO group in the Ofgem Broad Measure of Customer Satisfaction.</p> <p>Have the fastest telephony answering time in the industry.</p> <p>Have the fastest customer complaints resolution service in the industry.</p>	<p>Contact all medically dependent customers every 3 hours during power cuts.</p> <p>Improve the data quality of the Priority Services Register by contacting our vulnerable customers every two years.</p> <p>Work with charities and support organisations to support customers during power cuts and deliver co-ordinated assistance to address fuel poverty.</p>

▲ = Improve current performance; ▶ = Maintain current performance; ▼ = Do less than current performance



# Average annual expenditure (£m at 2012/13 prices)

WPD will deliver significant service improvements whilst reducing annual expenditure





# Impact on domestic bills – WPD group

- Over RIIO-ED1 WPD's charges will reduce by an average of 10.9% (before inflation)



Note : 2012/3 prices



# Summary

The Business Plan builds upon WPD's 'best in class' record for customer service and efficiency. It delivers:

- A network that meets our customers' and stakeholders' requirements
- Efficient expenditure plans which include significant investment in the network
- Numerous measurable outputs that build on our track record of excellent customer service delivery
- Charges that reduce in the first year of RIIO-ED1 and remain broadly flat thereafter