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*Our ref*

*Your ref*

*Date*

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19 March 2014

Dear James

### **Consultation on changes to the Stakeholder Engagement Incentive Guidance Document**

I am writing on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc.

WPD broadly agrees with the changes proposed. We would welcome early sight of this guidance, including any possible revisions, ideally by December of the regulatory year in question.

In particular WPD welcome the specific inclusion of the need for companies to demonstrate that they are paying attention to the interests of vulnerable customers.

WPD support the addition of a mechanism for Ofgem to ask supplementary questions as part of the minimum requirements assessment. The additional scrutiny will help to differentiate between the various accreditation schemes each company has in place and the robustness of the assessments/audits they have undergone.

WPD agrees with removing the mention of specific regulatory years within the core guidance document, but feel that it is very important that each company's submission should remain focussed on the significant initiatives and outputs achieved specifically within the regulatory year in question. This avoids companies repackaging projects that have previously contributed significantly to a financial reward, without further enhancing or expanding these projects.

With regards to the awarding Panel, in principle WPD would favour increasing the membership rather than reducing the number of voting members, as currently proposed. This is due to the increased scope (and available financial rewards) of the Stakeholder Engagement Incentive from 2015. However, the most important factor is having consistent Panel membership with long tenure (ideally a minimum of 3 years). This would allow companies to use their submissions to discuss in greater detail initiatives and outputs started in previous years, without needing to repeat the high-level context. In simple terms, WPD would therefore favour a panel of just four voting members (supplemented by non-voting expert members) if they have a longer tenure, rather than a panel of six+ voting members who potentially change every 1-2 years.

If there are any aspects of this letter that you would like to discuss further then please contact Alex Wilkes at [awilkes@westernpower.co.uk](mailto:awilkes@westernpower.co.uk) or on 01332 827647.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'AS', written over a light blue horizontal line.

ALISON SLEIGHTHOLM  
Regulatory & Government Affairs Manager