



# Electricity North West Business Plan

Price Control Review Forum - April 14



**electricity**  
**north west**

Bringing energy to your door

# Business Plan Promises



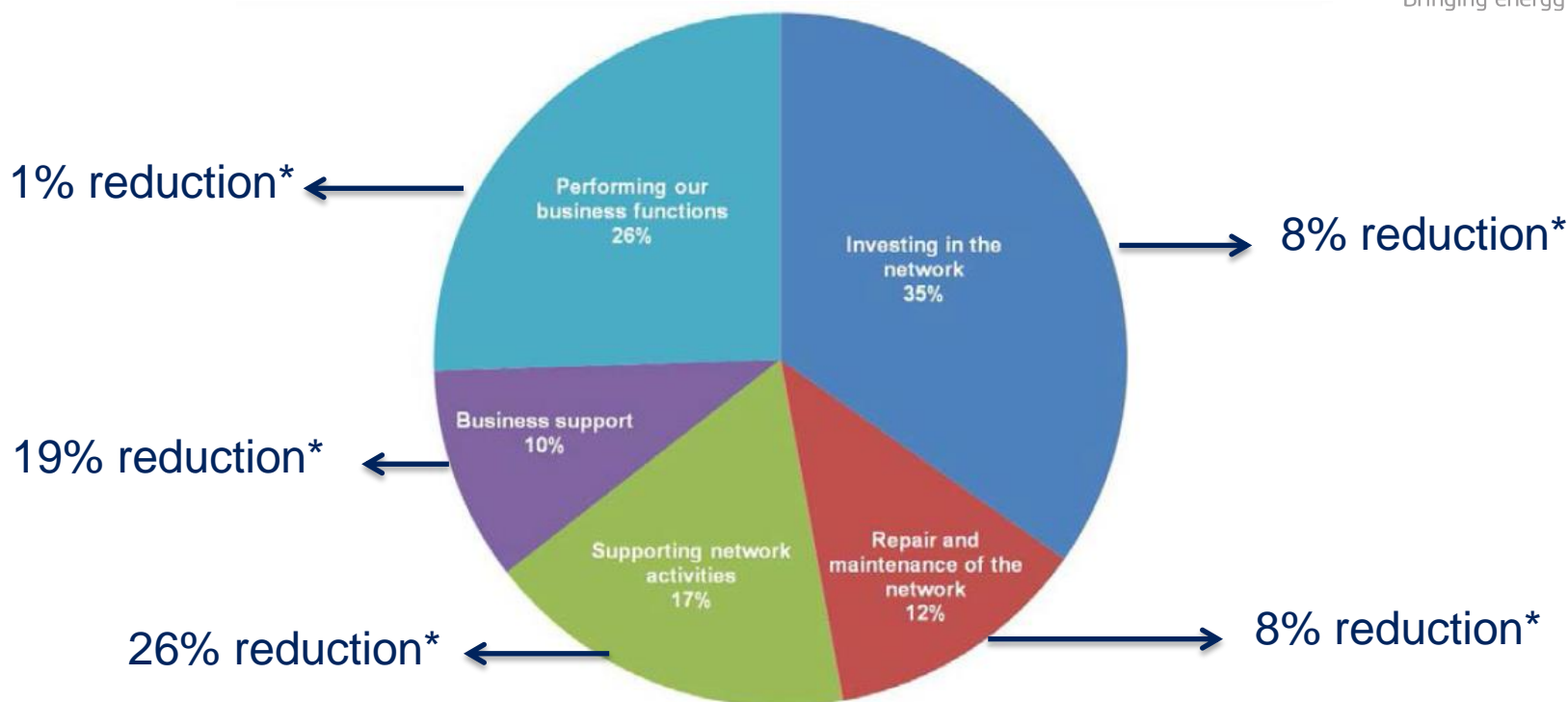
- Customers are at the heart of our business
  - All our customers will experience a first-class service whenever they need us
  - We will expand our services for vulnerable customers, providing an even greater level of support than we do today
- Our prices are coming down
  - Our average prices between 2015 and 2023 will be 16% lower than the DPCR5 average
  - Our prices in 2014 will be held constant to 2015 and then will reduce by 18%
- Our network will be more reliable
  - We will reduce the number and duration of power cuts by 20%
  - We will ensure none of our customers will be classed as ‘Worst Served’ by 2023
- Our network will meet future challenges
  - We will make sure customers can connect low carbon technologies when they need to
  - We will help the UK meet its ambitious carbon reduction targets

# Summary of changes



- Revenue reductions
  - £38m of additional efficiencies
  - £76m reduction in revenues
- Revised Outputs
  - Renewed commitment to compensation during storms
  - Time to quote and connect at the maximum reward level
- Efficient Financing
  - Cost of Equity = 6.3%
  - Cost of Debt = BBB iBoxx trailing average, 15 to 20 years
- Extensive additional justification included

# Our Revised Plan

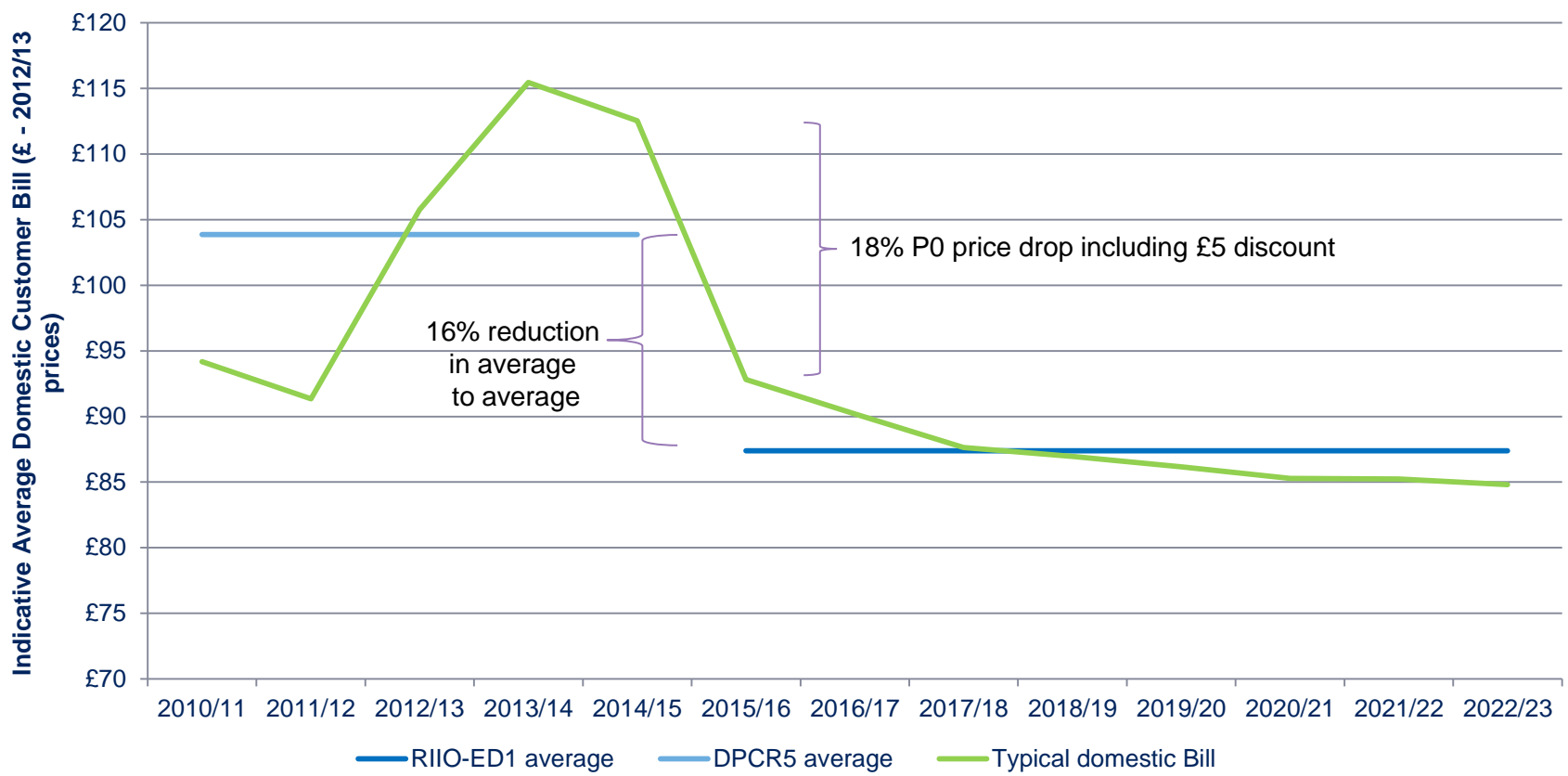


- Invest around £2.6 billion in maintaining, replacing and upgrading our network and carrying out all the other functions.
- Reductions in all cost categories compared to DPCR5

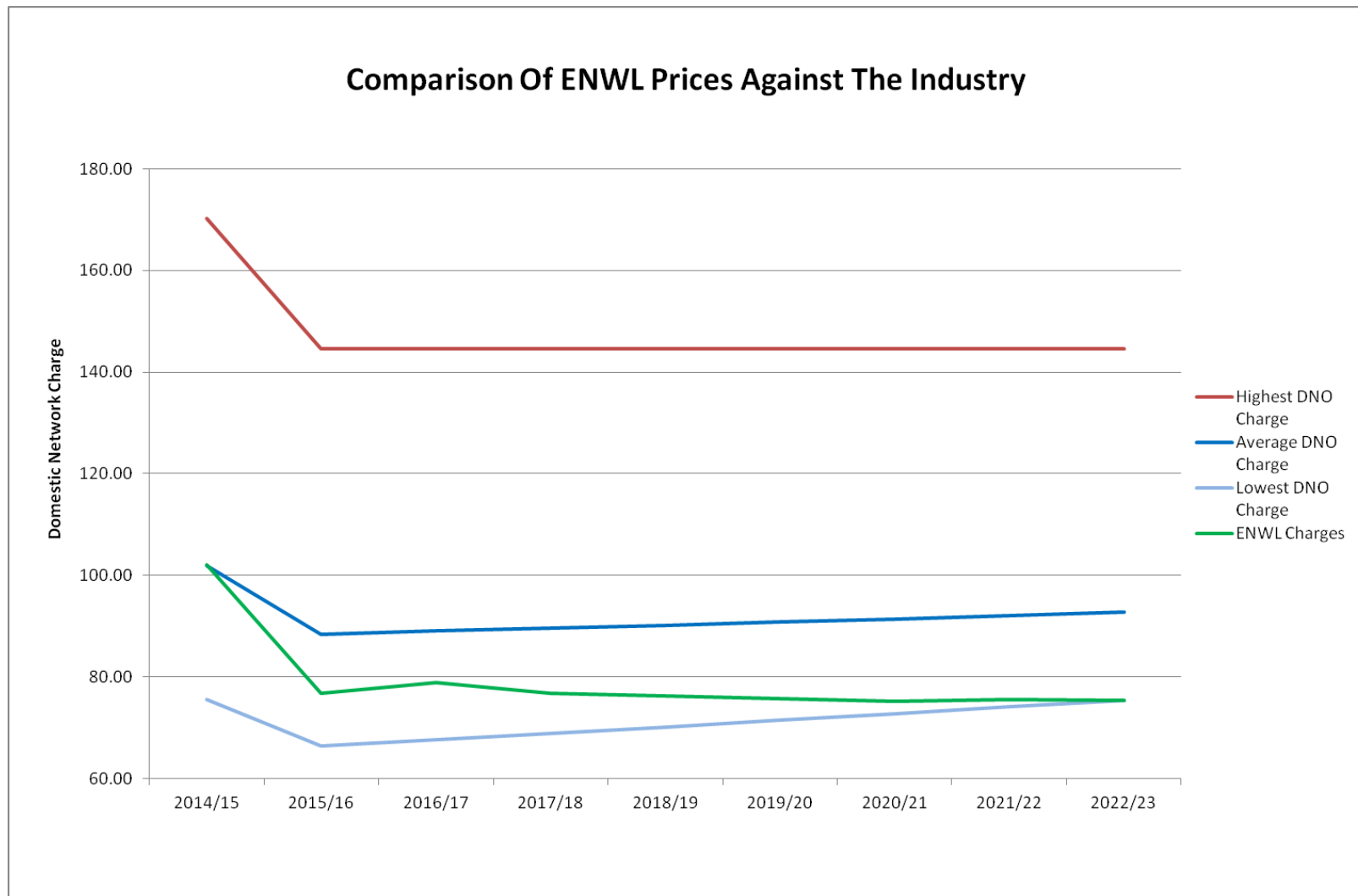
# Effect on prices for our customers



## Customer Impact of RIIO-ED1 Proposed Plan 2012/13 prices



# Domestic charge compared to peers



# In Summary



- Further price cuts
  - 16% average DR5 to average RIIO-ED1 prices
  - Our prices in RIIO-ED1 will be one of the lowest
- Customers are at the heart of our business
  - Business promises retained or improved from July
- Conducted a full review of our plan
  - Additional justification of costs
  - Additional £38m of efficiencies identified
    - £47m p.a. reduction compared to DPCR5
  - Additional £76m of revenue reductions
    - £66m p.a. reduction compared to DPCR5
  - Reduced cost of equity to 6.3%