

# Stakeholder Engagement Incentive Scheme

## 2013/14

## Foreword

I am delighted to present our entry for the Electricity Stakeholder Engagement Incentive Scheme 2013/14.

Following on from our engagement activities in 2012/13 we have increased the number of stakeholders we engaged with and the meetings through which we collected their feedback. We have also successfully increased the number of methods through which our stakeholders can engage with us and this feedback has been key in shaping service improvements and making 'business as usual' the improvements that were identified in 2012/13.

In 2013/14 these improvements resulted in short and long term benefits to our stakeholders, in areas such as communication before, during and after our severe weather events and with our Business Transformation Programme, which will improve our systems and processes and the way we operate our business.

In November 2013 we co-hosted the annual Low Carbon Networks Fund Conference, where over 700 stakeholders from the energy industry, Government, the public sector and DNOs were engaged on our innovation portfolio. Two other major innovation projects were also given the green light this year – Vulnerable Customers Energy Efficiency and Flexible Urban Networks – Low Voltage. These are detailed in Part 2 of this submission.

Our stakeholder engagement activities have been supported at all levels within the business, from customer service training for staff across the business and realigning some services in accordance with customer expectations, through to the participation of my Executive Management Team in many of our formal engagement events. We have also put considerable effort into breaking down internal boundaries and providing our employees with the chance to engage and discuss issues directly with senior and executive management through initiatives such as my monthly employee meetings, director walkabouts, our 'Ask Anything' sessions and 'In My Shoes' days where directors spend time with teams outside of their own directorates to see what issues they face on a daily basis.

We strive to be at the forefront of implementing stakeholder engagement best practice. For example we used emails and tweets to keep our customers informed throughout the severe

weather events. We aim to include as many stakeholders as possible in our formal engagement events and the issues they raise are recorded in our reports and action logs which are published on our website.

We also strengthened our stakeholder engagement procedures and tools including the implementation of a new materiality process, Key Performance Indicators to set targets and measure performance for the forthcoming regulatory year, and new mapping tools for connections and vulnerable customers.

We continue to focus on engagement with our vulnerable customers and hard-to-reach stakeholders. Through building relationships with the local communities we serve, we have reached new stakeholders with initiatives such as our Power of Giving Fund and Parish Council communications.

We recognise that without committed employees we could not implement these improvements so we have included a dedicated section on employee engagement and performance in Part 2. Our bespoke leadership development programme focusing on safety, customer service, efficiency and visibility to our stakeholders, has led to direct measurable improvements in our performance and our culture including an increase in employee engagement results, which have ideally positioned us for implementing our Business Transformation programme.

Stakeholder engagement is an integral part of our business and the following document demonstrates how our processes are designed to maximise feedback and how this had led to continued improvements in our performance that will have both short and long-term benefits for all our stakeholders.



**Basil Scarsella**

Chief Executive Officer,  
UK Power Networks



# PART 1: Overview of Evidence

We have a **comprehensive & up to date engagement strategy**

In line with our vision of being a Respected Corporate Citizen, we are committed to creating value for our stakeholders and our business through stakeholder engagement. Using a variety of engagement methods to identify and discuss topics of interest to our stakeholder groups, we gather and use their feedback to guide us with our business decisions.

In our Stakeholder Engagement Policy we identify a stakeholder as “any individual, group of individuals or organisation that affects, or could be affected by, UK Power Networks’ activities, services or associated performance.”

The Policy Statement further explains our stakeholders as including those voiceless and hard-to-reach customers who may be unable, as a result of circumstances, to represent themselves. In these cases, UK Power Networks must engage with organisations and individuals who, through regulation, custom or reputation, represent the interests of the vulnerable and the voiceless.

In doing so, we adhered to the overarching principle set out in our Stakeholder Engagement Strategy to “systematically identify stakeholder interests and concerns, and continuously develop arrangements that provide meaningful opportunities for them to influence on an ongoing basis the direction of the company’s thinking on network development and business operation”.

The Strategy, adopted in 2012, is subject to annual review and authorisation by the Head of Stakeholder Engagement and the Director of Customer Services who has the overall responsibility for stakeholder engagement at UK Power Networks.

While some elements of our stakeholder engagement strategy change as a result of regular reviews – for instance, our

engagement methods are continuously fine-tuned and new mechanisms are developed to segment stakeholders more effectively – the overarching process that guides our actions, ensuring a stakeholder-orientated, responsive approach, remains stable. It is depicted in Figure 1.



Figure 1: UK Power Networks Stakeholder Engagement Process

UK Power Networks’ Strategy and supporting procedures are aligned with the AA1000 Stakeholder Engagement Standard (2011), a leading international standard that builds on the principles of Inclusivity, Materiality and Responsiveness. Through these procedures we have continued to embed processes designed to improve our engagement performance.



Find our Stakeholder Engagement Strategy here – scan with smartphone

## Statement from external assessors:

As part of the production of this document DNV GL assessed our stakeholder engagement processes and outputs in accordance with the AA1000 principles and Ofgem’s requirements. The following summarises their findings.

**“Over the last three years we have seen a significant improvement in UKPN’s approach to stakeholder engagement with UKPN demonstrating that it continues to engage with a broad range of stakeholders. The commitment from senior management, the communication of the importance of stakeholder engagement to employees and the systems and tools developed have all supported the embedding of stakeholder engagement across UKPN. The variety of mechanisms used to engage with stakeholders, as well as a timely response to stakeholders with evidence of stakeholders impacting on decision making, have led to the increased levels of satisfaction being expressed by stakeholders with UKPN’s engagement.”**

## Governance & Accountability

**In its evaluation of our stakeholder engagement process, published as part of the ‘Assessment of the RIIO-ED1 business plans’, Ofgem stated: “UKPN provides evidence to demonstrate that its stakeholder engagement strategy is underpinned by robust governance arrangements. It has engaged a broad and inclusive range of stakeholders using a wide variety of mechanisms. We are particularly impressed with the use of a critical friends panel and the establishment of an Electricity Regulation Working party to engage with stakeholders in central London. Overall we consider that UKPN provides significant evidence of how stakeholder feedback informs its plan and ongoing business operations (eg the “You Said, We Did, We Will Do” approach).”**

Our internal structure and processes ensure that stakeholder engagement receives high visibility within the company. Our Executive Management Team receive regular stakeholder engagement updates, which in 2013/14 included our Business Transformation Programme (BTP), RIIO-ED1 Business Plan 2015-23, severe weather events, Innovation projects, the London Investment Strategy and stakeholder engagement planning including short and long term outcomes and actions.

The short and long term outcomes of this level of engagement enables forward planning of targeted activities (see page 7 for our timeline of activities) and better coordination across the directorates as a result of greater buy-in from all levels of management.

The embedding of stakeholder engagement processes and tools across the company allow us to capture stakeholder feedback systematically and act on it in a timely manner. Some of the tools we have developed include transcript reports published after every event, action logs with stakeholder requests and follow-up actions detailing the business owner responsible for the action in the relevant directorate. In cases where we are unable to act on stakeholder feedback we explain the reason for this. A description of actions we undertake are compiled into reports, posted on our website and presented to stakeholders at subsequent sessions. The action reports can be found in the 'Reports and presentations' section of our website. To ensure consistency across our business, various stakeholder engagement training sessions were held in 2013/14. UK Power Networks Services Directorate attended a workshop run by external consultants in August 2013 and internally all directorates continuously receive guidance on best practice stakeholder engagement from our Stakeholder Engagement Team.

## Continued commitment from the top

Executive and Senior Management participation is integral to the success of our stakeholder engagement events. In 2013/14,

the Stakeholder Engagement Team facilitated 15 events and the attendance at these was as detailed below:

- The CEO attended 5 sessions.
- At least one director was present at each session, including the Directors of Connections, Customer Services, Strategy & Regulation, Asset Management, Health, Safety, Sustainability and Technical Training (HSSTT) and Network Operations. In total the 15 sessions were attended 26 times by directors.
- The sessions were well attended by senior management with the 15 sessions attended 69 times.
- Two of our public consultation events were attended by the Directors of Customer Services and Asset Management and at least one senior manager was available at each session. (The public consultation events were drop-in sessions organised in the aftermath of the Christmas storm to give the general public an opportunity to discuss issues with us and give us their feedback).



## Measuring our Stakeholder Engagement Performance

Key Performance Indicators have been developed, approved by the Executive Management Team, and embedded in our internal processes. The introduction of KPIs has increased accountability and facilitated long-term planning.

**Below are some highlights of the targets we have achieved in 2013/14 and will deliver in the coming year:**

### Critical Friends & Issue Specific Panels:

It is well documented the positive impact that stakeholder engagement has played in the continued improvement of UK Power Networks performance. We are committed to continuing and further developing our engagement practices to give even more stakeholders the opportunity to give us feedback and inform our plans.

With our panels at the heart of our stakeholder engagement, we agreed targets that would deliver on this commitment:

- Critical Friends / issue specific events
- Total attendance at Critical Friends / issue specific events
- % of stakeholders attending to complete feedback forms
- Engagement satisfaction

2013/14 Target	Achievement
15	15
350	380
95%	61%
90%	91.9%

### Vulnerable Customers:

We recognise that there are a significant proportion of our vulnerable customers who are not currently on our PSR. We want to ensure that no vulnerable customer suffers unnecessary detriment when off supply. To achieve this we must reach out to the local communities to identify vulnerable customers and promote the PSR and other services which will help to maintain or improve their welfare.

To deliver on this commitment we agreed the following targets:

- Increase Priority Services Register numbers
- Develop new initiatives with trusted third parties
- Young Carers workshops
- Total attendance at Young Carers workshops
- Positive feedback from Young Carers workshops

2013/14 Target	Achievement
40,000	92,955
5	3
9	5 ♦
140	73 ♦
90%	95.3%

♦ the target is for the full regulatory year, however the projects were only launched in November 2013.

### Supporting local communities:

We want to be able to support the places within which we live and work and have a pot of £300,000 to give away to projects which are aimed at enhancing and improving communities. Through our Power of Giving fund we look for innovative projects designed to help local communities in a number of areas such as reducing fuel poverty, enhancing energy efficiency and promoting low carbon economy.

To maximise the benefits that our local communities can derive from this fund, we have agreed to the following targets:

- Power of Giving applications per judging panel
- Projects delivered on time and in full

2013/14 Target	Achievement
50	87
100%	100%

As part of our monthly reporting, we will review performance against these targets and amend them where it is appropriate to continually stretch ourselves.

# Our approach to determining materiality & reporting on our stakeholder engagement

The Stakeholder Engagement Team has worked with numerous stakeholder segments and directorates across UK Power Networks to design and implement a stakeholder engagement programme that addresses both current, business-as-usual issues (such as metal theft, street works and emergency response) and longer term issues which will become increasingly pertinent in the RII0-ED1 regulatory period (such as network capacity, demand side management and smart meters).

We have used best practice methodology as outlined on this page to identify the issues that are material to us and our stakeholders.

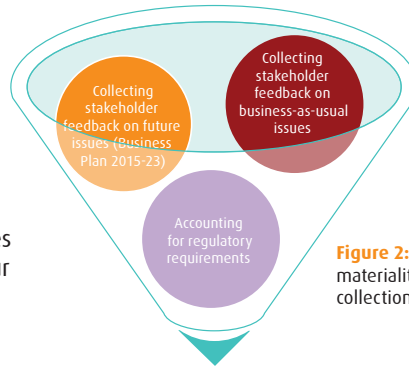


Figure 2: Outline of our materiality process – collection of issues

Table 1: UK Power Networks' stakeholders' main topics of interest

- |  |  |   |   |
|--|--|---|---|
| <ul style="list-style-type: none"> <li>• Power cuts and reconnections</li> <li>• Infrastructure planning &amp; investment</li> <li>• Metal theft</li> <li>• Innovation projects</li> <li>• Advance and timely information</li> <li>• Fuel poverty &amp; energy efficiency</li> <li>• Disconnections</li> <li>• Connections to our network</li> <li>• Price of service</li> </ul> | <ul style="list-style-type: none"> <li>• Investment ahead of need</li> <li>• Volunteering</li> <li>• Oil filled cable leakages</li> <li>• Streetworks</li> <li>• Undergrounding overhead cables</li> <li>• Public safety</li> <li>• Environmental impacts</li> <li>• Sulfur hexafluoride (SF6)</li> <li>• Carbon footprint</li> <li>• Employee safety</li> </ul> | <ul style="list-style-type: none"> <li>• Vulnerable customers</li> <li>• Contractor safety</li> <li>• Waste management</li> <li>• Employee training</li> <li>• Customer Minutes Lost</li> <li>• Time to quote</li> <li>• Return on investment</li> <li>• Smart meters</li> <li>• Emergency response</li> <li>• Time to connect</li> </ul> | <ul style="list-style-type: none"> <li>• Governance and investment plans</li> <li>• Health and Safety</li> <li>• Assistance to young carers</li> <li>• Network capacity</li> <li>• Business Transformation Project</li> <li>• Customer Interruptions</li> <li>• Community investment</li> <li>• Demand side management</li> <li>• Financial sustainability</li> <li>• Customer Service</li> </ul> |
|--|--|---|---|

We decided the materiality of these issues, some of which are listed above in Table 1, which guides how we approach our engagement activities, by grouping together issues related to a common theme and prioritising them. Prioritisation considered:

- Our RII0-ED1 Business Plan output commitments
- Regulatory requirements
- Direct short term financial impact
- Policy & Strategy
- National and international DNO issues
- Internal materiality review undertaken by our Executive Management and Stakeholder Engagement Teams.

Our prioritised or material issues are represented in the matrix below in Figure 3.

## Materiality matrix

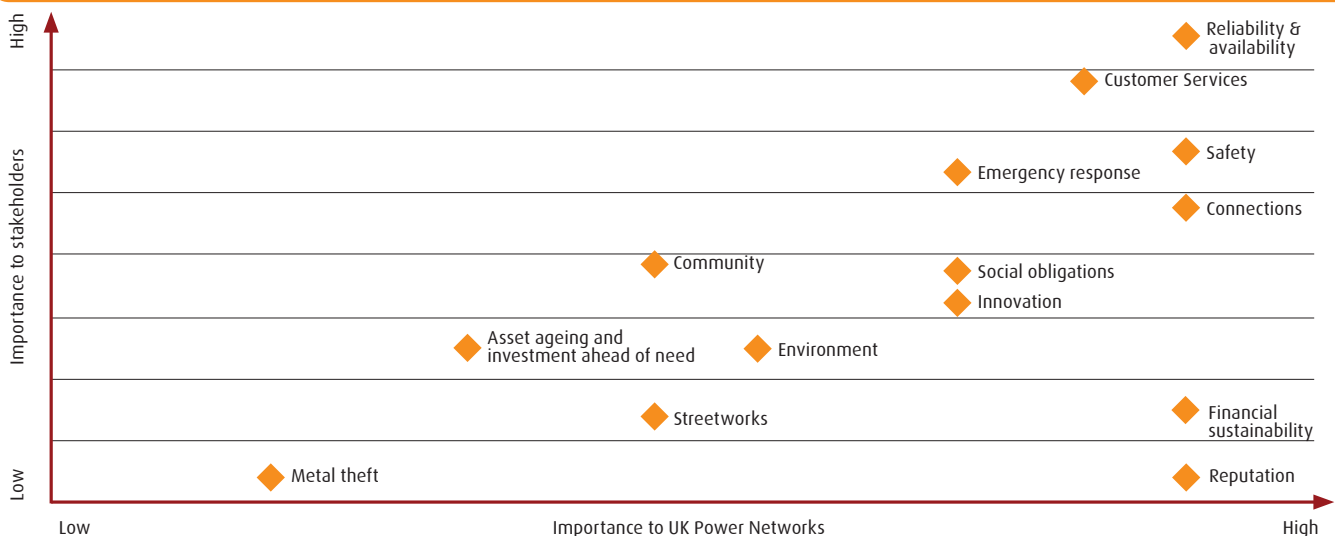


Figure 3: Materiality Matrix

## Review

The materiality matrix has been reviewed internally by the Executive Management Team and will be made available to external stakeholders for their feedback in the early part of the next regulatory year. The materiality matrix will be reviewed on an annual basis with feedback sought from both internal and external stakeholders.

# We use a variety of appropriate engagement mechanisms

## Engagement is now business as usual

In 2012/13 stakeholder feedback revealed that our engagement activities met our stakeholders' expectations and allowed them to discuss the issues that mattered to them. As a result of this we have made these activities business as usual, including:

- Due to the success of the Distributed Generation surgeries for customers in our East of England and South East networks in 2012/13 the planning and frequency of these surgeries increased in 2013/14.
- Young Carers fuel poverty project developed in association with National Energy Action (NEA) launched in November 2013 to provide support and education to this hard-to-reach group of stakeholders explained further in Part 2.
- Connections Customer Forums allowing feedback on our current Connections processes and how these can be developed in the future.

### All-DNO Best Practice meetings

- Participated in the three stakeholder engagement All-DNO Best Practice meetings in 2013/14; an introductory meeting in October 2013 to discuss the scope of the group followed by a meeting on 'Severe Weather Events' and a third meeting on the Priority Services Register(PSR). An output document on agreed best practice was produced and we were encouraged to find that the vast majority of the best practices identified were already initiatives we carried out and have highlighted some of these throughout this document. We are awaiting outputs from the last PSR All DNO event. UK Power Networks will be hosting an All DNO Best Practice meeting on Fuel Poverty and Social Obligations in September 2014.

## New engagement in 2013/14

### Public consultation events

In February 2014 we held four public consultation events in some of the communities worst affected by power cuts over the Christmas period for the public to discuss with us any issues they wanted. To publicise the events we sent letters to customers and placed articles in parish magazines.

The events involved attending the local Parish Council meeting and running drop-in centres so that issues could be discussed directly with executive and senior management. Through these events we engaged with approximately 260 customers.

### Online storm survey

Following the power cuts our customers faced at Christmas we made a survey available on our website concerning our performance in restoring supplies so our customers could provide us with feedback. 225 customers provided their feedback and this was used as part of our identification of stakeholder issues and evaluation of our performance.

### Written communication

In addition to this face to face engagement, we have been active with our written communication throughout the year and have:

- Contacted all 53 County Council and London Borough Councils in our footprint requesting data sharing on vulnerable customers under the Civil Contingencies Act 2004 and promotion of our activities in relation to priority services for our vulnerable customers.
- Introduced updates detailing our preparations before severe weather events and progress on restoration of supplies during mass power cuts. ♦ During the October, December and February

storms we sent daily updates to 1,900 stakeholders with a total of 46,800 emails.

- Proactively sent over 43,000 good will payment letters over the storms period.
- Sent 1,962 invitations to the public consultation events.
- We contacted 2,187 parish councils with information about who we are and promoting our Priority Service Register.
- Published seven internal stakeholder engagement newsletters and two external newsletters to over 3,200 stakeholders.
- Received 12,754 tweets from customers and sent 4,267 tweets during our three severe weather events.
- Ahead of the February storms sent SMS messages to all customers that contacted us since the October storms warning them of the impending adverse weather. ♦

♦ Initiatives identified as DNO best practice in a All DNO meeting on January 2014 which focused on emergency response.

### Contractor Health and Safety Subgroup

A contractor led subgroup of our Principles Group has been set up to discuss issues of contractor safety in greater detail. This group peer review incidents and discuss any lessons learnt (see Part 2 page 16 for more details).

### Business Transformation Programme (BTP) Steering Group

Our BTP Steering Group, headed by our CEO, engaged with staff in a variety of ways, including Leadership events and 'in the Field' sessions with field staff. Employees have been able to help shape the new systems and processes through this engagement.

In 2013/14 stakeholder feedback was collected from events facilitated by the Stakeholder Engagement team, including 12 Critical Friends Panels and three issue-specific forums (Street works, City of London consultation and a Fuel Poor and Vulnerable Customer session). A total of 380 stakeholders attended these sessions of which 232 completed feedback forms.

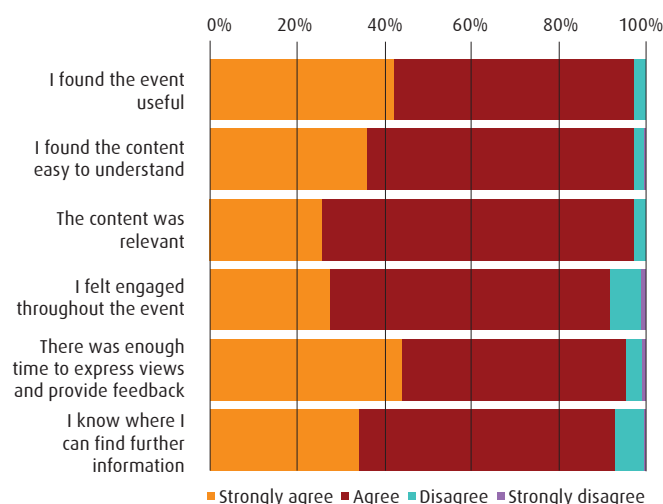


Figure 4: Feedback from Stakeholder Engagement team facilitated events in 2013/14 using feedback forms

Efforts are currently underway to standardise feedback forms across the directorates and a new database, which is being developed as part of the the Business Transformation project to enable better data capture and a detailed segmentation of stakeholders. The prototype will be available for testing in summer 2014. Consistent with the RII0-ED1 Business Plan, the new database is expected to be operational by April 2015.

## Enhanced external accountability

To ensure we are accountable to our stakeholders and that our engagement mechanisms are appropriate we have increasingly involved external stakeholders in our decision making processes, as demonstrated by the following:

### Example 1: External Chairmanship of the Critical Friends Panels

At our Critical Friends panel events we collect stakeholder feedback and report back to stakeholders on the progress we make on their concerns, suggestions and ideas.

Independent, stakeholder-nominated chairpersons, well-established in our stakeholder community, were elected in summer 2013 to ensure we discuss the issues material to our stakeholders.



#### Gareth Spinner, Director at Novesus and our independent chairman for our London Critical Friends Panels states:

“The Critical Friends Panel has been an excellent opportunity for customers from many different backgrounds to talk to managers and experts within UKPN across a wide range of important areas. Each time we have met the meetings have been very open, no subjects are off limits and UKPN have been

prepared to honestly discuss issues that impact on both the efficient running of the networks and the impacts on customer businesses. The support from senior staff has shown publicly how seriously UKPN have taken this and I believe there is genuine desire to improve.

UKPN took the step to introduce a level of independence through the appointment of a Chairperson which has provided a stronger degree of challenge during discussions which is to their credit.

There have been a number of additional workshops established as spin offs to the main Forum, in the main Connections related. As Chairperson it has been a pleasure to lead the debates and very encouraging to see the interaction and contribution from customers grow over time, which is recognised by how well the attendance at meetings has grown. This bodes very well for UKPN, putting customer at the heart of their business and sharing progress and actions going forward into RIIO.”

### Example 2: Power of Giving External Panel

Our Power of Giving annual £300,000 community fund is designed to help local communities in reducing fuel poverty, enhancing energy efficiency and promoting a low carbon economy. A total of £100,610.45 has been awarded to date to eleven different organisations across all three of our license areas.

The judging panel convened in November 2013 and is comprised of representatives from the British Red Cross, Natural England, National Energy Action and UK Power Networks’ Directors of Customer Services and Strategy & Regulation.

UK Power Networks internally manage this fund, with agreed project management milestones, KPIs, progress and completion meetings and reports with project implementation managers.

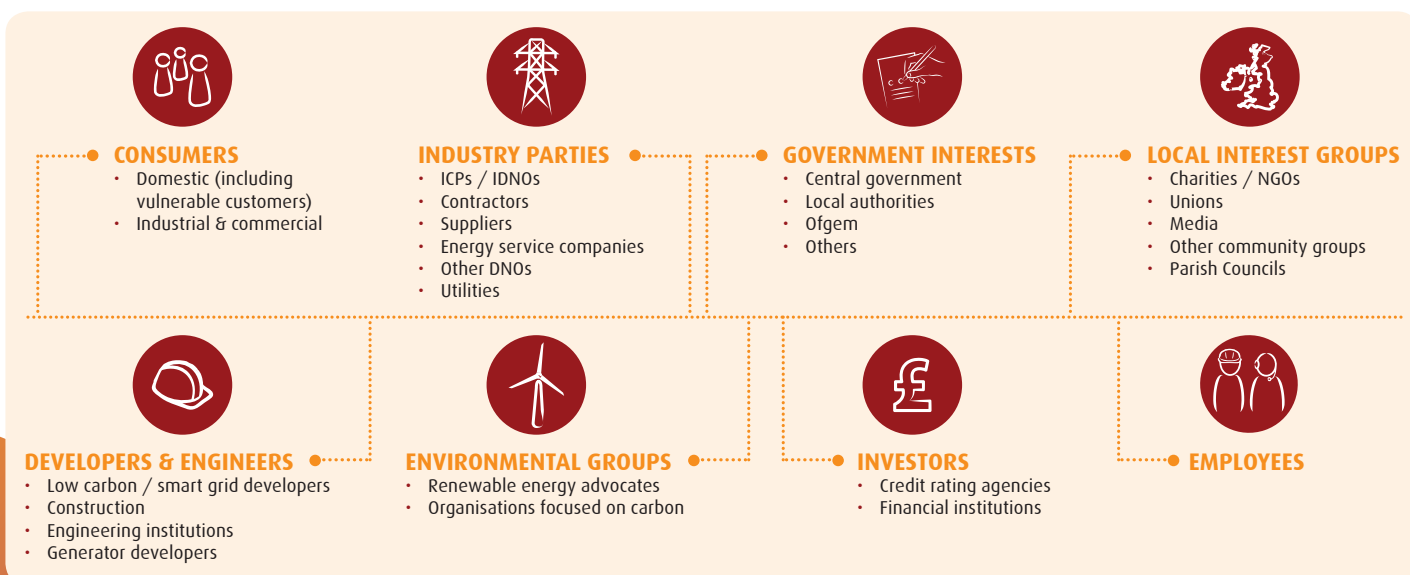
An additional benefit with this fund is that we are able to help more of our hard to reach customers; for example, Suffolk Community Foundation’s ‘Warm Homes Healthy People’, is now offering more assistance to our fuel poor customers across Suffolk.

### Example 3: Undergrounding Steering Group

We are committed to spending all Ofgem funds for undergrounding overhead cables and lines in Areas of Outstanding Natural Beauty (AONBs) and National Parks (NPs). A Steering Group chaired by Natural England comprised of ten AONB and NP representatives decides which proposed undergrounding projects are approved. UK Power Networks has no voting rights in the Steering Group and only provides technical support ensuring transparency and accountability.

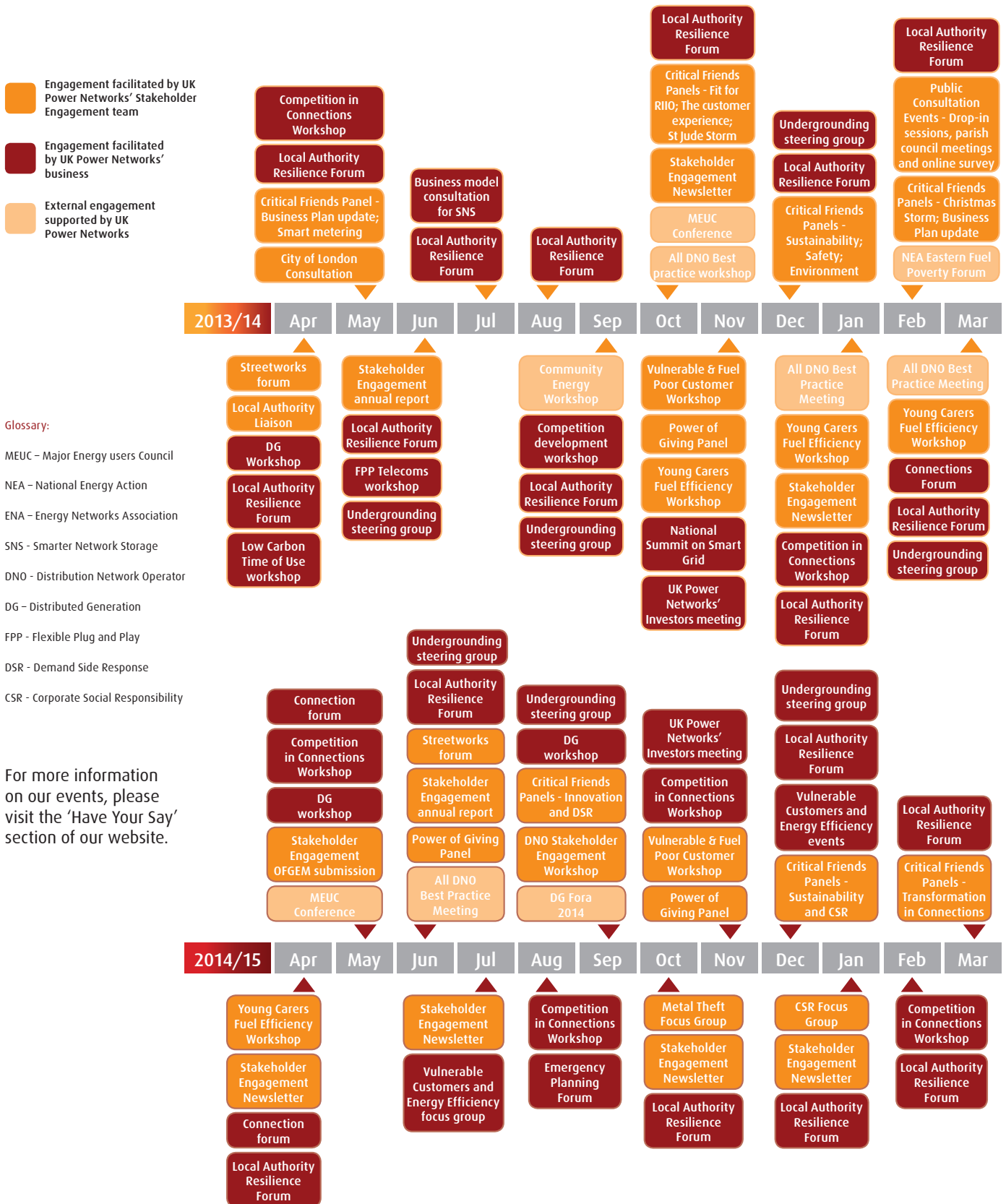
## We have engaged a broad & inclusive range of stakeholders

To map our stakeholders and the issues material to them we have classified our stakeholders into the groups below based on our business priorities, AA1000 stakeholder identification criteria and stakeholder feedback received. This helps us engage effectively with our stakeholders and, where necessary, target engagement and communications. We have identified which of these key stakeholder groups have been engaged and benefited from our actions using these icons in Part 2.



# Our Engagement with our stakeholders

Throughout last year UK Power Networks held many sessions with external stakeholders, covering a diverse range of issues associated with the organisation's activities. We have included a summary of our event timelines and event types below.



In 2013/14 UK Power Networks' teams facilitated over 85 hours of external stakeholder engagement events in addition to meeting key stakeholders in face-to-face meetings. We engaged stakeholders from all stakeholder groups on issues material to them. A total of 1,433 external stakeholders attended engagement events and meetings out of the 5,599 invitations sent. This is a significant increase in engagement from 2012/13 where 744 stakeholders attended engagement events and meetings out of a total of 3,122 invitations sent.

# We are acting on feedback from stakeholders

Acting on feedback is part of our business as usual and the feedback that we collected in panel sessions is used to inform changes we make to our business model. In the fourth set of Critical Friends Panels in May, we reported back to the panellists in the 'You said/We did/We will do' format, demonstrating how we are acting on stakeholder suggestions. This was well received and will continue to be a theme within future reports. Below is a small sample of the feedback that we have collected and actions that we have implemented in 2013/14.

## You said

**Provide more support to your vulnerable customers. This issue was raised in many of our Critical Friends Panels, the Vulnerable & Fuel Poor Customer workshop and in our public consultation events.**

**Provide a more interactive Connections service. This issue was raised in the Critical Friends Panels in October and November and in our specific Connections engagement events.**

**Safety is of the utmost importance. This issue was raised in our Critical Friends Panels in December and is a key stakeholder expectation identified through most of our engagement.**

**Improve the quality and accuracy of information during a power cut. This issue was raised during Critical Friends Panels in November and February and through our public consultations and online storm survey.**

## We did

- Proactive notification of County Council and London Borough Emergency Planning Teams when power cuts exceed set triggers.
- During System emergencies, the British Red Cross has a central co-ordinator in our call centre to improve communication and deliver improved service.
- Partnered with NEA to deliver fuel poverty workshops for young carers, currently 73 have attended events held in schools and youth centres.
- Key power cut documents now available in Braille.
- Sent 2,500 emergency boxes to vulnerable customers that contain useful items in a power cut, such as a torch, landline telephone and glow in the dark sticker with emergency contact information.
- Developed a heat map using national deprivation statistics, and real-time fault and Priority Service Register data to identify vulnerable customers affected by a power cut and guide deployment of British Red Cross or Customer Champions to site.
- Our 'Ask the Expert' e-mail service became a business as usual service in 2013 and was launched internally in August to provide technical support to different teams. Average customer feedback score of 9.43/10.
- Revised our new connections application form to give better visibility of the factors driving a connection charge and provide guidance on the potential cost of a simple connection.
- Broad and pro-active public safety strategy, including dedicated safety events, school visits and online training tools, reaching over 260,000 stakeholders.
- Our Stay Safe programme is changing cultures in the company and contributed to an industry-leading safety performance in 2013 with employee Lost Time Incidents reduced from 16 in 2012 to 4 in 2013.
- Storm roles identified for the right people within UK Power Networks, including Customer Information Officers and Customer Estimated Time of Restoration planning teams to improve the accuracy of information provided to our customers during mass power cuts.
- During severe weather events we sent stakeholders emails updating them on our preparations and progress in restoring supplies – between October and February we sent 1,900 key stakeholders 26 updates.
- We developed and released a live power cut map to give customers real-time information on the progress of restoring supplies during a power cut.

## We will do

- Continue to work with the British Red Cross to support vulnerable customers during power cuts.
- Explore options to work with NEA to develop training materials to identify and support fuel poor customers for our call centre staff.
- Work with NEA to develop and deliver further fuel poverty projects for vulnerable customers, such as 'Drop in Community Surgeries'.
- Key documents will be translated into the 7 most spoken foreign languages in our region. Audio recordings will also be available.
- Contact all our Parish Councils to send them an article regarding our Priority Services Register for publishing in their magazines and on their website – currently 192 have received the article.
- Provide customers with a telephone service for contacting our 'Ask the Expert' service in 2014/15.
- Through our Business Transformation programme we will begin testing our Customer Portal in 2014/15 to give customers access to self-serve options and track the status of specific jobs.
- Partner with third parties, such as NEA, to work with local communities, councils, businesses and schools to improve safety awareness.
- Continue the roll out plan of training to staff through our Stay Safe programme.
- Improve our capacity for making pro-active phone calls to customers off supply, including training 600 back office staff to take calls during mass power cuts.
- Continue to develop our use of social media to keep customers informed of the progress of restoring their supplies.
- Continue filling London Customer Liaison Officer roles to liaise between our customers and UK Power Networks to resolve customer issues.

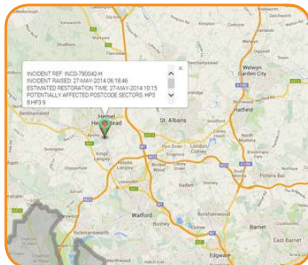


# Improvements through Stakeholder Engagement

As a result of stakeholder engagement in 2013/14 we have implemented some significant improvements across our business and summarised some below.

## Customer communication improvements:

- SMS messages for customers as advance warning of severe weather conditions following feedback from various engagement events. ◆
- Real-time information on our live fault map to allow customers visibility of areas affected by planned or unplanned outages. ◆
- Online fault reporting tool for customers is now available on our website as a different channel for our customers to tell us of a power cut in their area.
- Hourly reports are run during severe weather events to identify all PSR customers off supply as a result of feedback from engagement events.
- Online 'Webchat' to guide our customers through any of our services if required.
- 24 hours 365 day Twitter communications with our stakeholders. ◆
- Targeted communications to Parish Councils to build relationships within our local communities, including attending Parish Council meetings and promotion of our PSR through articles provided for Parish Council magazines.
- Engagement events, such as Distributed Generation surgeries through which developers can speak to us regarding technical issues related to proposed projects, have become business-as-usual.
- ◆ Initiatives identified by the six national DNOs as DNO best practice in an All DNO forum on January 2014 which focused on emergency response.



## Stakeholder engagement process improvements:

- A materiality assessment process was implemented to prioritise issues relevant to our stakeholders and us as explained within this document.
- Targeted communications based on the evaluation of issues material to specific stakeholder groups, for example during the severe weather events between October 2013 and February 2014 we advised a group of 1,900 stakeholders, including Local Authorities and emergency services of our preparations and progress in restoring customer supplies after the events. This was hailed as best practice in a cross-DNO meeting which focused on emergency response.
- Increased utilisation of our stakeholder database across the company to centralise engagement activities and its results. To support this we have provided refresher training sessions.
- Stakeholder Engagement Key Performance Indicators were introduced to measure and monitor our stakeholder engagement processes more effectively.

## Other process improvements:

- A major event planner was launched to identify events when a power cut would have a significant and high-level impact, where a responsible person is assigned to make the necessary proactive communications with the relevant event operator to ensure adequate contingency plans are in place for continuity of supply.

- A revised procedure was put in place as part of UK Power Networks' Integrated Management System to assist vulnerable customers by providing additional support in the event of a long power outage (lasting in excess of 4 hours). These revisions resulted from feedback from customer research and a focus group on vulnerable customers.
- Enhancements have been made to our severe weather damage assessment processes and customer supply restoration planning to improve the accuracy of information we provide to customers on expected time of restoration following a power cut.
- To reduce response times in emergencies and improve cohesion in staff deployment, we consulted our long-standing partner, the British Red Cross. One of their coordinators now works from our Service Delivery Centre during emergencies such as severe weather events and major incidents.
- As part of the Smart Meter roll-out strategic project we have automated our data input and reporting processes for smart meter interventions on our SAP and ENMAC systems. This improvement was a direct result of engagement with the Electricity Network Association - Service Termination Issues Group and the DCUSA SLA work group for DCP195.
- Our Business Transformation Programme continued in its design phase with employee engagement one of the key measures of the success of the project. BTP will improve, simplify and reduce the numerous processes and systems so that it's easier for us to do our jobs, allowing appropriate response to our customers.
- We changed our communication and engineering processes related to two of the Bank of England's London-based data centres classified as Critical National Infrastructure in response to network resilience issues raised by them in our Critical Friends Panels where we designated a key point of contact within our Network Operations team and agreed to notify them 24 hours in advance of any planned work on the 11kV network supplying the installations.



## Long term outcomes of culture change initiatives:

Cultural change through our new leadership programme has led to significant positive measurable impacts in 2013/14. Our Institute of Leadership and Management accredited in-house leadership training workshops and improvement plan, closely aligned to our business strategy and culture, supports our major systems and Business Transformation programme. The leadership competencies we have built into our model concentrate on the three behaviours of: Focus on safety, customer service and efficiency, being Accountable for getting the right things done first time for the right people; and being Visible internally and externally to all our stakeholders. Measured by a bespoke 360 degree leadership diagnostic tool, the impacts of this initiative resulted in three significant measurable improvements in 2013/14; an improvement in business performance and understanding our customers, a decrease in Lost Time Incidents from 35 in regulatory year 2012/13 to 13 in 2013/14 and a 10% increase in employee engagement.

We were the first DNO group to commit to reporting annually for stakeholders on our RIIO ED1 output commitments, and this has been picked up by other networks and by Ofgem who are proposing to make it a licence condition.

# Engaging on Innovation: Low Carbon London Case Study

The electricity network provides an essential service to its customers and accordingly must reliably meet customers' capacity expectations, and keep the lights on. However, in practice, this means that in some instances very limited times of constraint drive significant network investments, such as only a few peak hours on cold winter days or infrequent occurrences of network outages.

## Trialling on a complex network

The Low Carbon London Demand Side Response (DSR) trials have investigated the availability, performance and reliability of commercial agreements providing increased network capacity on request, tailored to the specific requirements of the London power network. London provided an opportune test case for DSR deployment because of its

- higher-than-typical levels of demand growth;
- large number of industrial and commercial customers and network complexity; and
- high reinforcement costs for expanding the network.

## Working with partners

The trials team at UK Power Networks worked broadly across a number of demand aggregators as well as directly with customers in order to better understand the capabilities and requirements of network customers to provide demand response.

Early in the programme a specialist market research company undertook a detailed investigation of the market with regard to its appetite for demand response and automated network management of distributed generation facilities. Furthermore, trade fairs, exhibitions, conferences and meetings with trade associations, user groups, equipment manufacturers, buildings management companies, designers, consultants and planners occurred. The project has also developed a range of incentives to attract participants to take part in the project.

Low Carbon London has developed and maintains a rich dialogue with both the Mayor's Office, the Greater London Authority (GLA) and in particular during the development stages, the project managers working in the Mayor's 10 Low Carbon Zone initiatives.

As a result of this engagement, we recruited and contracted with both generation and load reduction sites to provide DSR services on specifically targeted substations.

- Five trials took place across both winter and summer seasons with a variety of demand types, sizes and response mechanisms, including Combined Heat and Power, diesel generation, building turndown and combined hybrid responses.
- More than 70 successful DSR calls were made as part of the trials, providing more than 250MWh of network support.

As part of the work to assess the opportunity for DSR on the distribution network, we carried out an 'hours at risk' analysis for sites planned for reinforcement. Looking at network sites operating with the highest levels of utilisation and using historic performance data, the average 'hours at risk' for these sites was measured between 2.5 and 6 hours. Further analysis across the

network sites also showed that the clear majority of those capacity shortfalls were under 5MW and that figure was much lower outside of London.

Comparing these figures with the DSR services that participating customers provided in the London trials showed strong evidence supporting the opportunity for using DSR programmes to manage network constraints.

## New contracts developed

Working with trial customers and reviewing the existing DSR programmes in the market (e.g. triad avoidance and short-term operating reserve), we have developed a contract structure that should ensure that both DSR providers and our networks see real benefits from participating in these programmes:

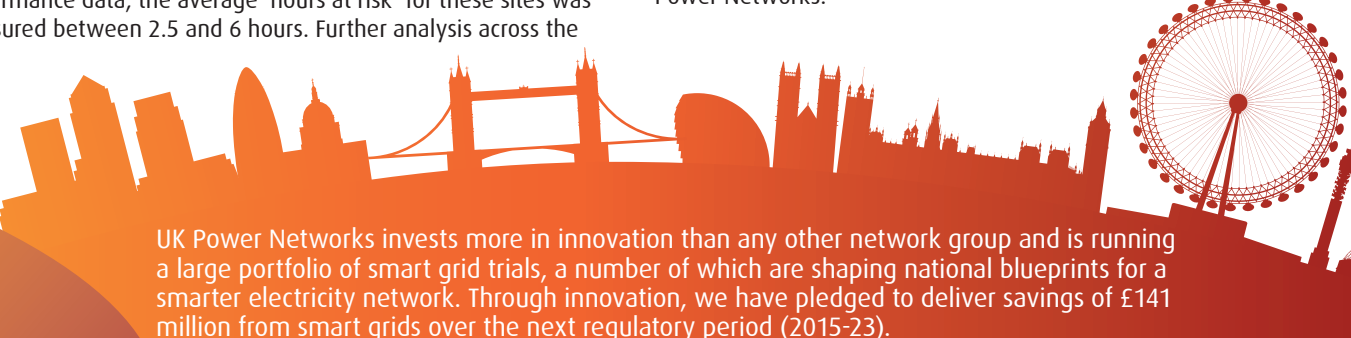
- The contract includes the provision of an availability payment to customers in return for maintaining full response readiness during pre-agreed times when the network is likely to call for a response. This provides us with the assurance that customers will be ready to respond when we need them and also provides the customer with a minimum return for participation.
- The agreement also includes a utilisation payment that will be made for each dispatched event, which could be either turning down loads or increasing generation export, ensuring that the amount of response actually delivered by the customer is appropriately rewarded.

The entry of distribution companies into the buyers' market, as well as increasing the size of the market for customers to sell into will produce a new type of DSR product that is specific to managing the distribution network.

## Next steps

We are currently undertaking the detailed design phase to roll-out the DSR programmes to up to 20 specific network sites during the RIIO-ED1 period in order to achieve the planned savings for all our network customers. Details of the Low Carbon London findings, which have influenced the inclusion of DSR in the ED1 period, will first be presented as part of the Low Carbon London Learning Reports, due out in the summer this year, and the process of putting these recommendations into standard business policies will follow shortly.

Input and feedback on all decisions and proposals will be gathered from customers and DSR stakeholders later this year to ensure that the most successful procurement strategies, agreement structures and overall DSR programme is achieved for both customers and UK Power Networks.



UK Power Networks invests more in innovation than any other network group and is running a large portfolio of smart grid trials, a number of which are shaping national blueprints for a smarter electricity network. Through innovation, we have pledged to deliver savings of £141 million from smart grids over the next regulatory period (2015-23).