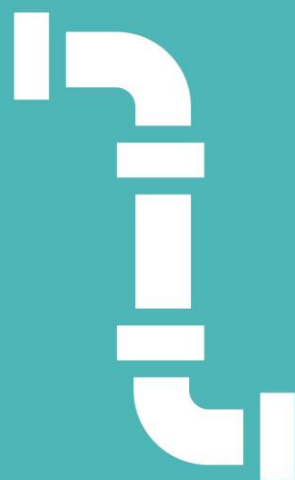




Synthesis reports on outputs, commitments and environment



December 2019

Contents

Chapter 1 – Executive Summary	4
1.1 – Commitment - Align our priorities to the UN SDGs	4
Meeting the needs of customers and network users.....	9
Chapter 5 – Giving customers and stakeholders a stronger voice.....	9
5.1. Commitment - Evolve our GD1 Critical Friends Panel	9
Chapter 6 – Customer Service	12
6.1. Output- Voluntarily enhanced GSOP Payments	12
6.2. Output- Interruption payments for off gas over 12 hours.....	14
6.3 Output - Voluntary connections payments across all customers	16
6.4 Commitment – Maintain ICS accreditation and BSI provision.....	18
6.5 Commitment - Attend gas emergencies in under an hour.....	22
6.7 Output – Fuel Poor Network Extension Scheme (FPNES)	27
6.8 Commitment – Increasing our commitment to reliability.....	30
Chapter 7 – Social Obligations	34
7.1 Commitments – Data Sharing Agreements	34
7.2 – Commitment – Work with partners to increase PSR sign-ups	37
7.3 Commitment – Supporting vulnerable and fuel poor customers	42
Delivering Value for Money	47
Chapter 8 – Customer Bills.....	47
8.1 – Commitment – Keep Network Charges Low	47
Chapter 9 – Cost Efficiency	51
9.1 – Commitment - Efficiency Levels	51
Chapter 11 – Our innovation Strategy	54
11.1 Commitment – Continue to invest in innovation	54
11.2 Commitment – Invest in innovation and work collaboratively.....	58
Delivering an environmentally sustainable network.....	63
Chapter 13 – Our net zero ready vision for 2035	63
13.1 – Commitment - Net zero network.....	63
13.2 Commitment – Ensure no regrets investment	68
Chapter 14 – Environmental action plan	72
14.1- Commitment - Invest 6.8m to assess, manage or reduce negative impacts	72



14.2 – Commitment – Reusing and recycling at least 80% of our waste by 2026	74
14.3 - Commitment – Further reduce shrinkage.....	77
14.4 – Commitment - 75% of company cars will be hybrid or ultra-low emissions	80
14.5 – Stakeholder feedback - Environmental topics	84
Maintaining a safe and resilient network	87
Chapter 15 – Asset resilience.....	87
15.1 – Commitment - Continue our risk based approach to asset intervention	87
15.2 - Commitment - Ensure no regrets investment.....	90
Chapter 16 – The distribution network.....	91
16.1 – Commitment – Significantly reduce the safety risk (mains replacement).....	91
16.2 – Commitment – Further Reduce Shrinkage	94
Chapter 17 – Connecting homes and businesses.....	95
17.1 – Commitment - Proactively identify theft of gas	95
17.2 – Output – Fuel poor network extension scheme.....	97
Chapter 18 Transmission and pressure management	98
18.1 – Output – Gas holder demolitions	98
Chapter 19 Workforce Resilience.....	99
19.1 Commitment – Inclusive workforce.....	99
19.2 - Commitment – Deliver a workforce resilience strategy	102
Customer and Stakeholder feedback	103
Chapter 21 – Business IT security plan.....	106
21.1 – Commitment – Preventing and detecting cyber attacks	106

Legal Notice

This paper forms part of Wales & West Utilities Limited Regulatory Business Plan. Your attention is specifically drawn to the legal notice relating to the whole of the Business Plan, set out on the inside cover of The WWU Business Plan. This is applicable in full to this paper, as though set out in full here.



Summary of our plan

Chapter 1 – Executive Summary

1.1 – Commitment - Align our priorities to the UN SDGs

Justifying our plan – Align our priorities to relevant UN SDGs

Introduction

We have always taken steps to minimise our impact on the environment and to make sure that our network is sustainable for the future. In developing this plan, our customers, stakeholders, and CEG have challenged us to be even more ambitious. We are making a commitment to further reduce the less environmentally friendly aspects of our activities, to foster a positive social and environmental impact, and to report our progress. We are aligning ourselves with the UN Sustainable Development Goals (SDGs) in GD2 to illustrate our commitment of being a sustainable network. We want to embed sustainable processes across every area of our business, making sure that we are doing our best to limit our negative and improve our positive local, national and global impact.

To demonstrate our ambition in this space, our commitments will be underpinned by the relevant UN SDGs. Aligning ourselves to this ambitious global movement will not only make us accountable but will also demonstrate to our customers and colleagues the multiple ways in which our services positively impact on people's lives.

Relevant engagement activities

We collected customer and stakeholder feedback on aligning our priorities to relevant UN Sustainable Development Goals through the following engagement activities:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We engaged with Bristol City Council.	09/2019	Face-to-face meeting	4	Regional Stakeholder	1.5
RIIO-2	We engaged with Swindon Borough Council.	07/2019	Face-to-face meeting	2	Regional Stakeholder	1.5
RIIO-2	We commissioned Impact Utilities to conduct meaningful research into customer priorities across segments.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
RIIO-2	We conducted regional community workshops in 7 cities in Wales and England.	04-07/2018	Workshops	81	Government and industry stakeholders, stakeholders representing vulnerable customers	3
RIIO-2	We conducted workshops with future bill payers to gather information on their	07/2019	Workshop, face-to-face interviews	10	Apprentices	2.5



Outputs & Synthesis Reports

	views and relative priorities					
RIIO-2	We held an expert consultation on sustainability goals.	08/2019	Survey / questionnaire	4	Expert stakeholders	2.25
RIIO-2	We commissioned Progressive Energy to create a Green City Technical Report.	05/2019	Report	45	Local authorities, other networks and other sector experts	3
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone interviews, one-to-one interviews, focus groups, online survey	175	Stakeholders, vulnerable customers, customers	3
RIIO-2	We commissioned Impact Utilities to do deep-dive sessions on Innovation	03/2019	Deep-dive workshop (regional)	18	Domestic customers	2.75
RIIO-2	We commissioned Impact Utilities to do deep-dive sessions on Sustainability	04/2019	Deep-dive workshop (regional)	17	Domestic and SME customers	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Survey and focus group	971	Stakeholders across categories	3
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-to-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We conducted workshops with regional stakeholders with a focus on sustainability	05/2019	Workshop	60	Regional stakeholders, industry and government stakeholders	2.25
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 14				3,427		2.52 (Average)



Stakeholder and customer feedback

Stakeholders value our commitment to helping achieve the UN SDGs

Support has been varied for this commitment. In our 'bill increase willingness to pay' acceptability testing, our domestic customers ranked the initiative in last place in perceived value out of the commitments relating to building an environmentally sustainable network. However, stakeholders have shown support to sustainability goals which will deliver tangible environmental benefits that can be measured. This was highlighted to us during our regional workshops running from April – July 2019. Stakeholders made it apparent that some of the SDGs were more applicable to us than others. For example, stakeholders, at our regional deep-dive session on Sustainability, expressed that they felt there are limited contributions that we could make to goals such as Goal 16 (Peace, justice and strong institutions) and Goal 2 (No hunger). Moreover, our deep-dive sessions confirmed that customers felt we should be in a strong position to address:

- Goal 7: Affordable and Clean Energy.
- Goal 8: Decent Work and Economic Growth, where the company continues investing in apprentices and providing job opportunities, particularly in rural Wales.
- Goal 9: Industry, Innovation and Infrastructure.
- Goal 12: Responsible Consumption and Production
- Goal 13: Climate Action
- Goal 17: Partnerships for the Goals

Our plan addresses all of these goals, including the ones that some of our stakeholders have called out as particularly relevant. For instance, we understand that as a gas network we have a more influential role in driving affordable and clean energy than many other organisations. In this area, we are pledging to perform activities to help achieve this goal including:

- Reinforcing our network via our mains replacement programme to limit leakage,
- Preparing our network to transport green gases,
- Committing to a zero-carbon ready network by 2035,
- Promoting best practice via a Biomethane development panel,
- Funding first-time gas connections to fuel poor households via our Fuel Poor Network Extension Scheme,
- Offering support to those in fuel poverty with our hardship fund and
- Healthy Homes, Healthy People project.

Moreover, in our regional workshops, some stakeholders have affirmed to us that Goal 13 (Climate Action) should be an overarching goal. Stakeholders were of the view that the company's role in this should be to empower people to become more energy efficient. Other suggested initiatives included cutting emissions, reducing leakage and enabling small businesses to make use of Combined Heat and Power (CHP). Stakeholders also felt that the company should work more collaboratively with the electricity sector. We firmly recognise this position and have a bold ambition to take on a key role in creating a cleaner future. Another theme that became apparent among our vulnerable customers was a lack of awareness and understanding of the UN SDGs, with many admitting they would struggle to engage with the detail of the commitment.

Whilst we have had strong support for our proposed approach to addressing the UN SDGs from our 18 – 24-year-old customers, some stakeholders have suggested that they feel we could be aiming even higher on a few of the goals. For example, our regional engagement showed strong support for Goal 9 (Industry, innovation and infrastructure) in Cardiff. However, during our regional session in Bristol, stakeholders expressed their interest in (1) a timeframe within which we aim to achieve some of our proposed initiatives and (2) they wanted justification on the benefits of plastic pipes. We will continue to work closely with all of the regions that we serve and will review and evolve our approach towards helping to achieve the UN SDGs throughout the GD2 period.

It should be noted that some stakeholders indicated that there are a few goals that we have not focused strongly enough on. These were Goal 3 (Good health and well-being) Goal 14 (Life below water) and Goal 15 (Life on land). For



example, stakeholders in our deep dive sessions highlighted the potential damage to ecosystems tied to drilling for gas on the seabed – they suggested we recognise these by incorporating Goal 14.

Similarly, stakeholders felt that Goal 15 be considered relevant due to the risks around us caused by felling trees and disturbing the environment when laying or replacing pipes throughout our network.

We recognise all the perspectives raised by our stakeholders and throughout the GD2 period we will be working closely with stakeholders on us achieving the relevant UN SDGs.

We will take suitable review points throughout the GD2 period to assess our chosen relevant UN SDGs and we will work with stakeholders to ensure that we are tackling the right challenges.

The importance of our role in helping to reduce carbon emissions

We undertook expert consultations with leading industry experts on our proposed commitment to align our priorities with the relevant UN SDGs. Our expert stakeholders have made it clear to us that carbon emissions should be at the forefront of our considerations when determining our role in helping towards achieving the relevant UN SDGs. We take this view on board and will continue to ensure that our investments in our network take into account our carbon emissions and that these are compatible to us becoming a zero-carbon ready network by 2035 and net-zero by 2050. Tools, such as Pathfinder, will play a key role in helping us to achieve this. We will use Pathfinder for our own analysis we will continue to share it with groups within and outside of our network that are working to influence regional decarbonisation plans.

Our Green City Vision project is a specific example of how we have used Pathfinder and worked with DNOs to consider how a range of future decarbonisation options would impact whole systems usage in Swindon. As revealed in our Green City Technical Report, the goal of achieving an 80% reduction in carbon emissions by 2050 relative to 1990 requires balancing available technologies and options to minimise system disruption and cost to consumers. The strategic objective of the Green City Vision project was:

- to understand the system implications of applying alternative decarbonisation strategies,
- to highlight system trade-offs and insights, and
- to establish a potential 'optimum' solution based on the modelling methodology undertaken.

The Pathfinder modelling demonstrated a range of solutions that could be employed to achieve compliance – as defined as a system in which energy supply meets energy demand at all points throughout the year whilst achieving overall emissions targets.

How the commitment has evolved

Commitment in the July version of the business plan
Align our priorities to relevant UN Sustainable Development Goals (SDGs)
Commitment in the October version of the business plan
Align our priorities to relevant UN Sustainable Development Goals (SDGs)

In our 'willingness to pay as a price perception of importance' this commitment ranked 7/7 in commitments relating to managing a sustainable network. Furthermore, in our 'bill increase willingness to pay' acceptability testing, domestic



customers ranked the initiative in last place in perceived value out of the commitments relating to building an environmentally sustainable network.

However, our 'willingness to pay as a price perception of importance' acceptability testing also confirmed that 65% of stakeholders felt our commitment was acceptable and 24% would be willing to pay more on their bill to ensure that we delivered against this commitment.

Based on the insight collected, we have decided to maintain our proposed commitment. It is important to note that in our main business plan submission, we have provided a more in-depth breakdown of how our plans align with the relevant UN SDGs.

Conclusion

Based on 14 engagement events including over 3400 stakeholders, the broad opinion was that stakeholders were in favour of us aligning our plan to the relevant UN SDGs.

Some stakeholders highlighted that some of the goals were more applicable to us than other ones were. Our plan is reflective of this. Goals, such as Goal 13: Climate Action and Goal 7: Affordable and Clean Energy are considered to be ones where we can make a big difference as we are a gas network company.

Based on this feedback, we are committing to aligning our priorities to relevant UN Sustainable Development Goals.



Meeting the needs of customers and network users

Chapter 5 – Giving customers and stakeholders a stronger voice

5.1. Commitment - Evolve our GD1 Critical Friends Panel

Justifying our plan – Evolve our GD1 Critical Friends Panel and create a new GD2 Citizens Panel, in a ‘centrally facilitated, locally delivered’ approach to enhanced engagement

Introduction

In GD2, we will continue to develop our people-focused culture, with an emphasis on delivering excellent customer service for all. Stakeholders have told us to maintain current performance levels and be more inclusive, as we continue to respond and adapt to changing customer expectations. Crucially, customers want us to listen to and act on what they say.

The communities we serve are diverse and changing. In our region, for example, there are 1 million people of pensionable age, 700,000 people living in rural areas, and nearly half a million homes in fuel poverty. We are taking steps to understand our customers better to meet their diverse needs through GD2 and beyond, strengthening customer participation and co-creation. Our approach to engagement, to involve customers directly in the development of this plan, demonstrated customers’ desire to give their opinions on our plans and work.

We also took on board best practice recommendations and lessons learned that were gathered from desk research via CAB – Strengthening the voice of consumers in energy networks’ business planning and the RSA – Building a Public Culture of Economics.

With this in mind, we will evolve our GD1 Critical Friends Panel and create a new GD2 Citizens Panel, using a ‘centrally facilitated, locally delivered’ approach to enhanced engagement.

Relevant engagement activities

We collected customer and stakeholder feedback on how we can evolve our GD1 Critical Friends Panel through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We conducted engagement with our Critical Friends Panel facilitated by EQ Communications.	11/2018	Panel	5	Stakeholders, stakeholders representing vulnerable customers	2
RIIO-2	Through Accent, we held joint gas network engagement.	09/2018	Telephone interviews, questionnaire	78	Stakeholders across categories	2.5
BAU	Through Mindset, we held a focus group with customers who experienced connection services.	05/2018	Focus group	20	Domestic customers	2



BAU	We commissioned TTI Global to conduct a GSoP satisfaction survey by age group.	04/2019	Postal survey	260	Domestic customers	1.75
BAU	We commissioned Impact Utilities to research meaningful customer engagement.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing.	06-08/2019	Survey focus group	971	Stakeholders across categories	3
RIIO-2	We engaged with our Critical Friends Panel to hear their feedback on the business plan facilitated by EQ Communications	09/2019	Panel meeting focus group	16	Domestic and SME customers, community representatives, industry and regulatory stakeholders	2.75
RIIO-2	On our behalf, Mindset conducted engagement around the topic of supporting vulnerability.	09/2019	One-to-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned a deep dive looking at Monetized Risk	04/2019	Workshop	18	Domestic and SME customers	2.5
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing.	11/2019	Survey, face to face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 11				3,583		2.48 / 3 (Average)

Stakeholder and customer feedback

Our engagement informed us that while stakeholders generally felt the Critical Friends Panel was a worthwhile exercise, it could be more effective if it were held in regional areas, with a broader range of stakeholders who expressed interest in being involved in a workshop forum.

During engagement conducted with our Critical Friends Panel facilitated by EQ Communications, it was communicated that stakeholders found the exercise to be worthwhile, provided we act on feedback for this to hold over time. In addition, it was helpful having different stakeholders in the same room to provide alternative perspectives – this can only be enhanced by including additional stakeholders via the Citizens Panel.

In the Accent joint gas network engagement, a quarter of stakeholders expressed that they did not feel they have a close relationship with the networks, a clear indication for changes in engagement styles to take place. Our 'bill increase willingness to pay' acceptability testing showed that it was our 18-24-year-old customers who assigned the greatest importance to this change of approach, whereas our 55+ year-old customers assigned the least importance to this commitment by a significant margin.



This 'bill increase willingness to pay' acceptability testing did suggest, however, that appetite wasn't extremely high, with the panel ranking 5th and 6th in perceived value among our SME customers and domestic customers respectively out of our six commitments relating to consumer needs. Improved communication and provision of clear feedback is an overriding requirement of stakeholders, with over a quarter noting they expect this as an outcome of the engagement. They suggested improved communication in the form of more personal contact, with approximately half of the group eager to be involved in the workshop forum. This number was even higher (65%) amongst those who had engaged with networks in the past.

When we engaged with our Critical Friends Panel to hear their feedback on the business plan, it was noted that the Citizens Panel is a great idea, particularly if it were to be held regionally where a larger concentration of people from each area are knowledgeable about detailed specifics of a given region.

How the commitment has evolved

Commitment in the July version of the business plan
Replace our GD1 Critical Friends Panel with a new GD2 Citizens Panel, in a 'centrally facilitated, locally delivered' approach to enhanced engagement
Commitment in the October version of the business plan
Evolve our GD1 Critical Friends Panel and create a new GD2 Citizens Panel in a 'centrally facilitated, locally delivered' approach to enhanced engagement

Our first round of customer acceptability testing ('willingness to pay as a price perception of importance') demonstrated low acceptability for the commitment, through importance expressed through a willingness to pay rating, with domestic customers at 15% and SMEs at 37% - this increased for customers who had previous contact with us to 38%.

Our further 'bill increase willingness to pay' acceptability testing showed that businesses overall are more likely to be willing to pay for this approach than domestic customers, who overall would only accept a very small bill increase.

Taking all our engagement into consideration, we altered this commitment between the July and October business plans to demonstrate our commitment to an evolved Critical Friends Panel that would encourage more regional representation, together with a new GD2 Citizens' Panel.

Conclusion

Based on 11 engagement events involving 3,583 stakeholders; it became clear that the GD1 Critical Friends Panel could be enhanced by including a wider range of regional stakeholders to provide additional and area-specific perspectives. As a result, we have committed to evolving our GD1 Critical Friends Panel and creating a new GD2 Citizens Panel, in a 'centrally facilitated, locally delivered' approach to enhanced engagement.



Chapter 6 – Customer Service

6.1. Output- Voluntarily enhanced GSOP Payments

Justifying our plan – Providing above minimum recommended Guaranteed Standards of Performance (GSOP) payments

Introduction

We endeavour to provide the highest standard of services to our 2.5 million customers and we consistently go above our regulatory targets. The Guaranteed Standards of Performance (GSOP) set out minimum levels of performance for connections, interruptions and customer service and the compensation payable to consumers if the GDN underperforms. We are currently performing well against most standards in comparison to other GDNs and since 2017/18 we have paid double the statutory payment where we do fail a standard.

We understand that being without gas causes an inconvenience to our customers and we have worked hard to reduce the length of our interruptions during GD1. As a result, our performance is now the best in the industry. We exceed the compensation level determined by Ofgem and provide twice the minimum recommended compensation level since 2017. Furthermore, we aim to curtail failures and make all payments automatic in GD2. We also have strategies in place to track and assess any failure of standards as well as proactively minimise the impact where possible.

Relevant engagement activities

We collected customer and stakeholder feedback in order to understand how we could provide an even better service during GD2 through the following engagement activities, covering both 'business as usual' and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We conducted interviews with expert stakeholders in consumer vulnerability through Accent.	05/2019	Telephone interviews	16	Regional stakeholders representing vulnerable customers	1.4
BAU	TTi Global collected customer satisfaction data on our behalf.	04/2019	Survey	260	Domestic Customers	1.8
RIIO-2	We conducted interviews with stakeholders working with customers in vulnerable circumstances	04/2019	Telephone interviews	56	Regional stakeholders	2.7
RIIO-2	We commissioned Impact Utilities to conduct 'bill increase willingness to pay' customer acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers	3
Number of sources of evidence: 4				1,276		Average: 2.22 / 3



Stakeholder and customer feedback

GSOP payments should be automatic

Vulnerability experts mentioned that certain GSOP payments are already made automatically, but there is an increasing drive from Ofgem to make all payments automatic. Stakeholders in numerous events mentioned that this would be beneficial, particularly as requiring to make a claim (GS3 Alternative Heating and Cooking and GS13 Notification of Planned Works) is an unnecessary barrier. While stakeholders appreciated that there are logistical challenges in implementing such a policy, it was suggested that developing a clear support structure could be valuable to enable the policy's success.

Increasing Compensation

An appetite was noted in both the telephone interviews and during the expert stakeholder engagement for increasing the compensation provided. Stakeholders stated that the initial compensation level was insufficient, but many felt unable to suggest the 'right' amount during the telephone interviews.

It was suggested by both the vulnerability experts and during the telephone interviews that a sliding scale could be implemented in order to provide proportionate compensation to the degree of under-performance.

Feedback can also be compared with our commitment of 'Enhanced Compensation for failures under the GSOP and voluntarily pay customers £25 if their gas is interrupted for longer than 12 hours.' Whilst stakeholders placed this commitment in the bottom quartile overall during our 'bill increase willingness to pay' acceptability testing the results demonstrated that customers were still willing to commit financially to some extent to preventing disruptions to gas supply. Specifically, with SME and domestic customers saying they would pay £5.82 and £0.57 respectively.

Consideration of non-financial compensation

Vulnerability experts noted that financial compensation should not be the only form of compensation provided or offered to consumers. The GDN GSOP report noted that 74% of consumers would value an explanation above all else as compensation, with 40% asking for an apology and only 21% would like compensation. Financial compensation was the least desirable option, except for 'other' (4%). It was also mentioned by some stakeholders that alternative support in the form of heaters or electric radiators could be provided in particular circumstances.

How the output has evolved

Much of the feedback we received from our GSOP satisfaction survey highlights the importance of compensating customers for any inconvenience. Whilst we are committing to keeping payments at GD1 level for GD2, these payments are higher than the GD2 Ofgem compensation level, which is the main justification behind our decision.

Conclusion

Based on 4 engagement events, the 1,276 stakeholders were generally satisfied with the GSOP payments. Some of the concerns raised were around the barriers to obtaining payment if they weren't automatic, the level of financial compensation as well as the potential demand for non-financial compensation.

We have committed to making these payments automatic and will be providing compensation above the minimum required by Ofgem. Overall, we are confident that stakeholders are optimistic about our GSOP payment scheme.



6.2. Output- Interruption payments for off gas over 12 hours

Justifying our plan – Voluntary Interruption Payments will be given to customers that suffer gas interruptions of more than 12 hours

Introduction

As a gas distribution network, we understand that unplanned interruption to customer gas supply can cause distress and unfavourable conditions. The Guaranteed Standards of Performance (GSOP) dictates that customers will receive compensation if gas is not restored in 24 hours following an unplanned interruption. We are pledging to pay customers who experience a planned or unplanned interruption which last longer than 12 hours (measured from gas off to gas back at the appliances). Furthermore, when a customer is not available, we promise to be with the customer within 2 hours of agreement from them for the work to be undertaken. Payments of £25 will automatically be made for interruptions over 12 hours, and £20 if we fail to attend the site within 2 hours of contact from the customer.

Based on our performance in 2018/19, we are estimated to pay £104,000 per annum to customers. We will of course be aiming to minimise the number of failures and these payments by improving the service to customers. We engaged customers in order to determine their opinion on our voluntary interruption payment scheme.

Relevant engagement activities

We collected customer and stakeholder feedback on our Voluntary Interruption Payment scheme through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We conducted interviews with expert stakeholders in consumer vulnerability through Accent.	05/2019	Telephone interviews	16	Regional stakeholders representing vulnerable customers	1.5
RIIO-2	We engaged with our Customer Engagement Group (CEG) for feedback on our business plan.	?	Meeting	?	Industry stakeholders	1.5
BAU	Let's Connect Customer Consultation Survey engaged customers on their priorities	?	Survey	18,000	Domestic Customers	1.8
BAU	We conducted a GSOP satisfaction survey with customers	04/2019	Survey	260	Domestic customers	2
Number of sources of evidence: 4				18,276		Average: 1.7 / 3

Stakeholder and customer feedback

Compensation Scaling

In general, customer engagement studies revealed that 62% of respondents scored resolving interruptions quickly and compensate customers if things go wrong as “very important”. Furthermore, stakeholder experts mentioned in an engagement that interruption payments should be scaled to reflect the detriment caused.



Automatic payments

Stakeholders were of the opinion that payments to consumers after an interruption should be automatic, as any requirement to claim for compensation is a barrier and inhibitor. Ofgem has made it compulsory to make all GSOP payments automatic in GD2 which therefore aligns well with our stakeholder feedback.

As well as considering unplanned interruptions, one stakeholder during the Challenge Log also mentioned that some financial compensation may be appropriate for planned interruptions for vulnerable customers, which is not currently part of this scheme. This was a sentiment reinforced by customers during our GSOP satisfaction survey in which much of the feedback related to either not being aware of the compensation structure in the case of the interruption, or the need for more compensation in general due to interruptions.

How the commitment has evolved

Commitment in the July version of the business plan
No commitment beyond the GSOP requirements
Commitment in the October version of the business plan
<ul style="list-style-type: none">• Introduction of voluntary payments for interruptions.• Commitment to make these payments for all interruptions and for payments to be automatically offered.

Conclusion

Based on 3 engagement events, including 18,016 stakeholders, the voluntary interruption payment scheme was generally well received. Stakeholders emphasised the importance of making these payments automatic, which is our current procedure, as well as the potential to scale the compensation to reflect the severity of interruption, which will be considered for future scheme development.



6.3 Output - Voluntary connections payments across all customers

Justifying our plan – Introduce and implement Voluntary Connection Payments across all our customers

Introduction

The Guaranteed Standards of Performance (GSoP) for connections exclude some types of work and customers from the scope. Ofgem have reviewed these as part of their consultation on RIIO GD2 but have not made any significant changes to the scope.

We will introduce a new bespoke Output in RIIO GD2 were customers who are requesting an isolation quote, a diversions quote, a multi-property development or a green gas connection will get the equivalent level of service and compensation payment for failure that other connections customers receive under the equivalent GSoP.

These voluntary connection payments will apply to all customers and businesses across our network which will add protection to businesses, developers and highway authorities.

We engaged with stakeholders in order to evaluate our procedures and compensation amounts regarding voluntary connection payments.

Relevant engagement activities

We collected customer and stakeholder feedback on our Voluntary Connection Payment scheme through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We engaged with our Critical Friends Panel to get their feedback on proposals.	09/2019	Panel meeting, focus group	16	Domestic customers, SMEs, community representatives, industry stakeholders, regulator	1.5
BAU	Let's Connect Customer Consultation Survey engaged customers on their priorities	?	Survey	18,000	Domestic Customers	1.8
BAU	We conducted a GSOP satisfaction survey	07/2019	Survey	260	Domestic customer	2
	Number of sources of evidence: 3			18,276		Average: 1.9/3

Stakeholder and customer feedback

Nearly two-thirds of stakeholders consider resolving complaints and compensating customers for underperformance as ‘very important’. Connection payments are a crucial element to compensate customers in this regard. The Critical Friends panel discussed this topic in depth and mentioned that compensation ought to be higher during winter months. Additionally, the vulnerability of consumers should also be considered when scaling the amount of compensation. Compensation was also a very common topic of feedback in our GSOP satisfaction survey in the cases of inconvenience caused to customers.



How the commitment has evolved

Commitment in the July version of the business plan
No reference in the July version
Commitment in the October version of the business plan
Commitment was included in the October plan and has not changed for the December version.

Conclusion

Based on 3 engagement events, including 18,276 stakeholders, our proposals were well received and seen to be well set to deliver voluntary connection payments in GD2. Stakeholders were mostly concerned with the application of the compensation according to length and context of under-performance.



6.4 Commitment – Maintain ICS accreditation and BSI provision

Justifying our plan – Maintain ICS accreditation and BSI provision

Introduction

We take pride in being one of the top performers for customer service in the UK with an Institute of Customer Service (ICS) benchmarking score of 93.6 and holding their Service Mark accreditation. We are also the first Gas Distribution Network (GDN) to be accredited against the British Standard for Inclusive Service provision (BS18477). We intend to maintain our high performance in this area during RIIO-GD2.

These accreditations allow us to benchmark ourselves against the best performing companies in the UK, thus enabling us to look beyond the Ofgem standards against the performance of other GDN's where we are consistently ranked in the upper quartile.

Stakeholders, particularly SMEs, have stressed to us that maintaining our performance is of crucial importance.

Relevant engagement activities

We have engaged with a number of stakeholders and customers through a range of methods, mainly with activities specific to our RIIO-2 engagement. We collected customer and stakeholder feedback on our customer service and the associated accreditations (ICS and BSI provision) through the following engagement activities, covering both 'business as usual' and RIIO-2 focused events:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality (RAG)
RIIO-2	We engaged with our Critical Friends Panel facilitated by EQ Communications.	11/2018	Panel	5	Stakeholders, stakeholders representing vulnerable customers	2
RIIO-2	We conducted regional workshops with a range of stakeholders in 7 cities.	04-07/2018	Workshops	81	Stakeholders, stakeholders representing vulnerable customers, government stakeholders	3
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Stakeholders, stakeholders representing vulnerable customers, government stakeholders	3
RIIO-2	Through Accent, we engaged on GSoPs with vulnerability experts.	05/2019	Telephone Interviews	16	Stakeholders, stakeholders representing vulnerable customers	1.5
BAU	We researched what meaningful customer engagement is to our customers.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
BAU	Through Impact Utilities, we conducted connections chaid research on customer satisfaction.	01/2019	Survey	1,700	Connections customers, customers who had planned interruptions or emergencies	2.5
RIIO-2	Impact Utilities conducted CHAID customer priorities research.	09/2019	Online Survey, Face-to-face survey, workshops	18,403	Customers	2.75



RIIO-2	Through Mindset, we engaged in supporting consumer vulnerability interviews.	04/2019	Online Survey, Face-to-face survey, workshops	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	Through Mindset, we engaged in supporting consumer vulnerability interviews.	09/2019	One-to-one in-depth interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We engaged with our Critical Friends Panel through EQ Communications.	09/2018	Panel	15	Stakeholders, stakeholders representing vulnerable customers	2
RIIO-2	EQ Communications facilitated our regional stakeholder workshops.	05/2019	Workshop	60	Stakeholders, stakeholders representing vulnerable customers	2.75
BAU	We engaged voluntary sector engagement with BITC Cymru.	10/2017 – 12/2019	Panel, speed networking and roundtable (regional: Cardiff, Newport, Rhondda Cynon Taff, Torfaen, Caerphilly, Swansea, Wrexham and Bridgend)	363	Regional businesses, SMEs and MNCs, vulnerable representatives	1.5
RIIO-2	We held a workshop on distributed power and working with customers.	07/2019	Workshop	39	Stakeholders	2
BAU	We commissioned Accent to write a report based on our Joint Gas Network Stakeholder Engagement	07-08/ 2018	Telephone interviews, questionnaire	78	End-customers, vulnerable customers, government & regulatory stakeholders, industry stakeholders	2.5
RIIO-2	We consulted with our Critical Friends Panel on our commitments	09/2019	Focus groups	16	Stakeholders across categories	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/ 2019	Survey and focus group	971	Stakeholders across categories	3
BAU	We commissioned Mindset to conduct a stakeholder research program	10/2018	Phone and one-on-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Online survey, face to face interviews	984	Domestic and SME customers, face to face interviews	3
Number of sources of evidence: 18				22,028		2.47 / 3 (average)

Stakeholder and customer feedback

Reliability is a number one priority for our customers

From our engagement, we were keen to understand our customer's priority areas during RIIO-2. Our stakeholders highlighted to us that, overall, they are happy with the service being provided and would like us to maintain our service levels.

Across engagement events, for example our Needs Based report completed in April 19, stakeholders highlighted that safety and reliability of gas services is their key priority. Our 'bill increase willingness to pay' acceptability testing showed that maintaining this accreditation was most important to the 18 – 24-year-old category and least important to the 55+ year-old category, albeit only ranking 4th among both our SME and domestic customers out of our six commitments relating to meeting the needs of the customers. Mindset's testing of vulnerable customers further reinforced this mixed reaction, in which 9% of vulnerable customers and 13% of carers placed this commitment in their top 3 most important overall.



Our RIIO-2 engagement found that maintaining a safe and reliable gas supply was the number one priority, with a clear expectation that we will maintain our excellent performance in responding to emergencies and continue to replace old and leaking pipes.

The Needs Based report, which consisted of engagement with over 1000 stakeholders through a series of panels, workshops, surveys and interviews, highlighted that different customer segments have varying views of what is important, but they largely agree on safety and reliability as the highest priority. At our Critical Friends Panel in Cardiff, our stakeholders highlighted that they felt we should maintain our current expenditure with regards to responding to gas emergencies. They want us to ensure that there is a continuous supply and that interruptions are minimised.

High customer-satisfaction but opportunities to improve

Our stakeholders have stated that they believe we provide a good level of service. Our CHAID analysis outlines that we have an overall satisfaction of 95% for emergencies and an overall satisfaction of 88% for connections, whilst the ICS benchmarking survey scores us 93.6/100.

However, the same analysis highlights that there are still opportunities to improve our overall satisfaction for connections. To ensure that we strengthen our customer satisfaction in that area our stakeholders have highlighted that enhancing the communication provided throughout the connection process will help to improve this area.

It was highlighted to us that our workforce should exude skill and professionalism, with over 90% of respondents confirming this in our CHAID analysis. However, stakeholders mentioned that there are still areas where we can improve. For instance, they have pointed out that we are very reliable at maintaining gas supplies and addressing emergencies, but we could do better in the communications that go along with the gas connection process. Stakeholder satisfaction with communication is at 88% and there are opportunities for us to improve in this area.

We are keen to uphold our customer service standards to the best standards and not solely benchmark ourselves against other gas distribution companies. We will therefore continue to benchmark ourselves against the best customer service providers in the UK to maintain our accreditation. In doing so, we propose to target over 90/100 on the ICS external benchmark score and to retain our ICS ServiceMark accreditation.

Customers living in vulnerable situations want us to further tailor the support we provide

In addition to broader customer service and given the importance of our services to vulnerable customers, we undertook a 'deep dive' engagement programme in three phases, during which we spoke to customers with a range of vulnerabilities and their carers. This research highlighted that stakeholders would like us to work harder to promote the Priority Services Register (PSR) within our network, ensuring that vulnerable customers receive the tailored support they require. In our efforts to ensure this is met, we have established a separate commitment for GD2 to heighten the number of PSR sign ups by 200%.

How the commitment has evolved

Commitment in the July version of the business plan
Maintain ICS accreditation and BSI provision
Commitment in the October version of the business plan
Maintain ICS accreditation and BSI provision



Through engagement between July and September, we gathered additional feedback on what customers and stakeholders thought of our proposed commitment. Through 'willingness to pay as a price perception of importance' acceptability testing, the commitment received a positive score on "Is this commitment acceptable to you?" at 52% (albeit this was one of the lowest acceptability scores when compared to other commitments). Our latest 'bill increase willingness to pay' acceptability testing reinforced positivity relating to this this commitment, with domestic customers stating that they would be prepared to pay £0.51 more to maintain accreditation, although this figure ranked 5th out of the 6 commitments relating to the needs of consumers.

When testing the commitment at our Critical Friends Panel, stakeholders looked on it positively, stating that it fosters trust among customers, notably among our 18 – 24-year-old customers –which is particularly important for a monopoly like us.

Based on feedback collected between June – September and reinforced by additional acceptability testing between October – December, our commitment to maintain these accreditations has remained unchanged.

Conclusion

Based on 18 engagement events with over 22,000 stakeholders (including vulnerable customers, stakeholders representing vulnerable customers, regional businesses, SMEs and government stakeholders) it is evident that customers and stakeholders would like us to ensure reliability and satisfaction levels are maintained throughout the GD2 period.

Based on their feedback we are committing to maintaining our ICS accreditation and BS18477 accreditation (as a result of our underlying work on customer service).



6.5 Commitment - Attend gas emergencies in under an hour

Justifying our plan – Attend gas emergencies in under an hour, on average, to keep our customers safe

Introduction

Throughout GD1, safety has consistently been a priority for our stakeholders. Our most recent research found that maintaining a safe and reliable gas supply should be our number one priority according to stakeholders; they have stated a clear expectation that we will maintain our excellent performance in responding to emergencies and continue to replace old and leaking pipes. Currently, we attend 80,000 gas escape reports each year, attending 99% within our licence obligations.

Based on our stakeholders' expectations, during GD2, we commit to attending gas emergencies in under an hour, on average, to keep our customers safe.

Relevant engagement activities

We collected customer and stakeholder feedback on how we can attend gas emergencies in under an hour to keep our customers safe. We did this through the following engagement activities, covering both 'business as usual' and RIIO-2 topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
BAU	We commissioned Impact Utilities to conduct research on meaningful customer engagement.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
BAU	We conducted a stakeholder research programme.	08/2018	Phone interviews, one-on-one interviews, focus groups, an online survey	175	Stakeholders, vulnerable customers, domestic customers	2.75
RIIO-2	We conducted a series of regional community workshops.	04-07/2018	Workshops	81	Industry and government stakeholders, stakeholders representing vulnerable customers	2.75
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5
RIIO-2	We engaged with industry stakeholders and those representing vulnerable customers	12/2018	Panel	5	Stakeholders, stakeholders representing vulnerable customers	2
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 6				2,265		2.7 / 3 (Average)



Stakeholder and customer feedback

We run the gas emergency service for the communities we serve. If customers smell gas or experience a gas leak, WWU is there to keep them safe. In regional workshops, 96% of stakeholders agreed that a 1-hour average response time to attend emergencies is appropriate, and our Critical Friends Panel confirmed that dealing with this specific incident in under an hour was far more important than other incidents.

Our engagement informed us that stakeholders consistently place emergency response as a high priority; attending gas emergencies in under an hour ranked as the number one priority both for SMEs and domestic customers in our most recent 'bill increase willingness to pay' acceptability testing from November. Out of these domestic customers, a strong majority came from the over 55-year-old category, whilst the minority came from 18 – 24-year-olds (in terms of ranking importance). Whilst emergency response performed well throughout GD1, we cannot become complacent in this area. However, further investment to improve current emergency response targets was not recommended. Instead, we should ensure they keep performing at the current, high level.

Customer Engagement carried out on our behalf by Impact Utilities uncovered that emergency response and REPEX 'make up 50% of all importance for our customers,' a sentiment further reinforced by our this same acceptability testing from November in which domestic and SME customers said they would be willing to pay an increase of £1.44 and £15.33 on the total value respectively to support this commitment. In addition, it was noted that emergency response is performing strongly during GD1 and should at least be maintained during GD2 and beyond – our stakeholders do not want us to become complacent.

How the commitment has evolved

Commitment in the July version of the business plan
N/A
Commitment in the October version of the business plan
Attend gas emergencies in under an hour, on average, to keep our customers safe

This initiative did not feature in our July business plan. However, this was later reconsidered because even though stakeholders expressed that we should invest to improve response targets and performance, they still felt that maintaining our current levels should be a priority for WWU.

Our collection of feedback gathered from customers between July – November, notably our 'bill increase willingness to pay' acceptability testing from November, demonstrates the value both domestic and SME customers place on this commitment, as detailed in the previous section. Overall, this firmly supports retaining this commitment in our Business Plan.

Conclusion

Based on 6 engagement events involving 2,265 stakeholders, it is clear that stakeholders place a high value on emergency response. While they already feel that we are performing well in this area, it is important that we maintain this level of performance during GD2.

Taking this feedback into consideration, we are committing to attend gas emergencies in under an hour, on average, to keep our customers safe.



6.6 Commitment – Enhanced compensation for GSOP failures

Justifying our plan – Enhanced compensation for failures under the Guaranteed Standards of Performance and voluntarily pay customers £25 if their gas is interrupted for longer than 12 hours

Introduction

Throughout GD1, safety has consistently been a high priority for our stakeholders. Our most recent research found that maintaining a safe and reliable gas supply was the number one priority, with a clear expectation that we will maintain our excellent performance in responding to emergencies and continue to replace old and leaking pipes.

We understand that being without gas causes an inconvenience to our customers and we have worked hard to reduce the length of our interruptions during GD1. As a result, our performance is now the best in the industry. To demonstrate our commitment to our customers we are going further than ever to make sure we limit their time off-gas.

Based on stakeholder feedback, we are committing to offer enhanced compensation for failures under the Guaranteed Standards of Performance and to voluntarily pay customers £25 if their gas is interrupted for longer than 12 hours.

Relevant engagement activities

We collected customer and stakeholder feedback on how we can best offer enhanced compensation for failures under the Guaranteed Standards of Performance if their gas is interrupted for longer than 12 hours. We did this through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	Together with Accent, we conducted engagement on GSoP's with vulnerability experts.	05/2019	Telephone interviews	16	Stakeholders representing vulnerable customers	2.5
RIIO-2	We commissioned Impact Utilities to research our customers' priorities.	09/2018	Surveys, workshops, conferences	18,403	Domestic customers	2.75
RIIO-2	We engaged with our Critical Friends Panel facilitated by EQ Communications	09/2018	Panel	15	Stakeholders, stakeholders representing vulnerable customers	2.5
RIIO-2	We engaged with our Critical Friends Panel to hear their feedback on the business plan facilitated by EQ Communications	09/2019	Panel focus group	16	Domestic customers, SME's, community representatives, industry stakeholders	2.75
RIIO-2	We conducted a series of regional community workshops facilitated by Christie Wells.	04-07/2018	Workshops	81	Industry and government stakeholders, stakeholders representing vulnerable customers	2.75
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5
RIIO-2	We commissioned TTI Global to conduct a study with customers whose gas supplies had been interrupted	04/2019	Postal survey	260	Domestic customers	1.75
BAU	We conducted a stakeholder research programme.	08/2018	Phone interviews, one-on-one	175	Stakeholders, vulnerable customers, domestic customers	2.75



			interviews, focus groups, online survey			
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
	Number of sources of evidence: 9			19,960		2.58 / 3 (Average)

Stakeholder and customer feedback

Our engagement with stakeholders revealed that the majority agreed that our proposal for an effective resolution of complaints with an automatic compensation system in place is crucial. This is core to our proposals, and it is satisfactory that the majority of our stakeholders were in agreement. However, the amount that should be paid as compensation and the duration of time after which a payment is made have proved to be areas where there are varying views from our stakeholders.

In research conducted by Impact Utilities regarding our customers' priorities, 62% of respondents scored resolving complaints quickly and compensating customers if things go wrong as 'very important', a sentiment reinforced by our 'bill increase willingness to pay' acceptability testing from November which showed that SME and domestic customers were willing to pay £5.82 and £0.57 respectively more on their bill to support this commitment. In addition, our engagement on GSOPs with vulnerability experts highlighted that compensation payments should be automatic wherever possible, stressing that a requirement to make a claim presents an unnecessary barrier. Similarly, a distribution network noted at one of our regional workshops that automatic payments should be made in order to demonstrate our commitment to effective complaint resolution.

Some stakeholders felt that during outages, communication is key and that being informed of what is going on is more valuable than financial compensation. This was revealed to us when we engaged with our Critical Friends Panel to hear their feedback on our business plan.

While most stakeholders agree that a compensation system should be in place, a consensus was not reached upon what the level of our voluntary payment should be. In our engagement on GSOPs with vulnerability experts, a scaled compensation level starting at £50 for the first day of a gas interruption was suggested. On the other hand, at our Critical Friends Panel on September 18 did not reach a consensus on the amount of compensation but felt that more should be awarded during the winter months. At each of our regional workshops, there were lengthy discussions surrounding compensation, but again no consensus was reached. We propose to set the level of compensation at £25 if gas is interrupted for longer than 12 hours and will track feedback while staying open to making changes to future levels if necessary.

How the commitment has evolved

Commitment in the July version of the business plan
N/A
Commitment in the October version of the business plan
Enhanced compensation for failures under the Guaranteed Standards of Performance and voluntarily pay customers £25 if their gas is interrupted for longer than 12 hours



This initiative did not feature in our July business plan. However, this was later reconsidered because even though stakeholders did not agree on a level of compensation, they expressed that the effective resolution of complaints with an automatic compensation system in place is important to them. It was apparent from our engagement that the creation of some form of compensation for failures under GSOP was highly welcomed.

Views gathered from stakeholders between October and December, namely our 'bill increase willingness to pay' acceptability testing from November (detailed in the previous section), showing that stakeholders were willing to commit financially, reinforced our decision to include this commitment as part of our GD2 Business Plan. Based on this, we have retained the commitment on our final Business Plan.

Conclusion

Based on 9 engagement events involving over 19,900 stakeholders, it became clear that stakeholders place a high value on the effective resolution of complaints with an automatic compensation system in place if things go wrong.

Taking this feedback into consideration, we are committing to providing enhanced compensation for failures under the Guaranteed Standards of Performance and to voluntarily pay customers £25 if their gas is interrupted for longer than 12 hours.



6.7 Output – Fuel Poor Network Extension Scheme (FPNES)

Justifying our plan – Connect 2,500 new homes in GD2 as part of the Fuel Poor Network Extension Scheme (FPNES)

Introduction

As an operator of a critical service to our 2.5 million customers, one of our key priorities is to ensure affordable access to energy for the 11% of UK homes which are in fuel poverty. The level of fuel poverty tends to be higher where there is limited connection to the gas network, such as in Cornwall where half homes are connected and 15% of households live in fuel poverty. Similar issues occur in Wales with fuel poverty at 12%. As a license obligation since 2009, we run the Fuel Poor Network Extension Scheme (FPNES) which provides funding for first time gas connections to fuel poor homes. This funding enables access to the most cost-effective fuel for heating thereby lowering energy costs while also improving health and wellbeing.

We are responsible for identifying and targeting the fuel poor households in our licence areas and have promised to spend nearly £1.65m per year in order to make 2,500 new connections during GD2. This is estimated to provide around £5.8m of benefits to customers and a further £4.3m to society.

Our REACH innovation project undertaken in GD1 has developed an innovative tool to identify properties without gas connections which display characteristics of being in fuel poverty. We will further develop this tool in GD2 through coordination with other organisations which helps us identify the vulnerable customers' homes and tackle fuel poverty. We are also proactively working with other organisations to ensure that these customers can also access heating systems as well as additional follow up support.

Relevant engagement activities

We collected customer and stakeholder feedback on increasing our focus on FPNES implementation through the following engagement activities:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
R110-2	Industry experts were consulted regarding how our commitments aligned with the Sustainable Development Goals (SDGs).	08/2019	Survey / questionnaires	4	Expert stakeholders	1.8
R110-2	WWU's conducted engagement for stakeholder feedback specifically on the FPNES	2019	Interviews	20	Industry stakeholders	1.3
R110-2	Regional stakeholder workshops facilitated by EQ Communications	05/2019	Regional Workshops	60	Stakeholders representing vulnerable customers, industry and government stakeholder	2.3
R110-2	Impact Utilities were commissioned to perform a deep dive report on monetised risk	04/2019	Workshop	18	Domestic and SME consumers	2.3
R110-2	We commissioned Impact Utilities to conduct 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face to face interviews	984	Domestic and SME customers	3
	Number of sources of evidence: 5			1,088		Average: 2.14 / 3



Stakeholder and customer feedback

Broad support for our work in FPNES

In most cases, stakeholders seem to be very supportive of our work in the FPNES and are happy to see it continue in GD2. The Impact Utilities Deep Dive workshop placed the support of fuel poor customers as the 3rd and 5th highest priority, in 2018 and 2019 respectively. It was further agreed at this workshop that gas provides the best fuel option for the majority of UK homes, and can make a substantial difference in improving household energy efficiency as well as reducing the bills. Our latest 'bill increase willingness to pay' acceptability testing further reinforced this sentiment, in which supporting vulnerable and fuel poor customers through £750,000 of investment ranked as the number one commitment in perceived value among our domestic customers.

However, the Deep Dive workshop only placed an importance score of 3.6/10 for the FPNES compared to much higher scores awarded to other types of support for vulnerable customers (6.5) and CO awareness (6.7). The FPNES may be placed at relatively low priority as many of the stakeholders engaged were on the gas network and would therefore be looking for solutions to help those that are already on the gas network but in fuel poverty. This low score may also highlight the lack of exposure of the FPNES.

The amount of FPNES funding

In addressing the FPNES, WWU's stakeholders mentioned that the scheme should try and reach as many people as possible, especially alongside the current ECO scheme in order to maximise the impacts and improvements of energy efficiencies for the fuel poor. Despite increasing the amount of connections from GD1 to GD2, it was suggested that the projected number and subsequent cost should be increased over time if WWU are meeting their targets.

Furthermore, the regional stakeholder feedback raised questions around the funding of the FPNES through gas distribution companies rather than through the tax system as it opens gas distributors to unwarranted criticism for raising prices. This may be something to consider in future governmental consultations on the FPNES.

Targeting fuel poor customers

Both the Citizen Advice report and the Deep Dive workshop mentioned the importance of targeting and reaching the most vulnerable customers. Consideration should be given to low-income fuel poor houses that are not necessarily claiming any benefits and are therefore more difficult to track. This was discussed in the regional stakeholder workshop.

Furthermore, stakeholders stated that just providing a subsidised connection may not be sufficient and its combination with additional services may be required to fully make the FPNES a success

Education was mentioned as a potential additional service because some fuel poor and elderly customers may not be well equipped to determine the most cost-effective ways of heating their home. We must consider the coordination and cooperation with external organisations in order to offer these additional services as well as accurately identify the most vulnerable off-grid individuals. It was also mentioned by two community engagement groups that WWU may increase its FPNES efficiency by engaging off-grid communities rather than only individuals.

FPNES conflict of interest with decarbonisation of heat

It was mentioned on more than one occasion that the FPNES may not be aligned with the decarbonisation of the heat sector in the UK. In particular, two members of the expert consultation on the Sustainable Development Goals mentioned that despite the positive influence that a gas connection may have regarding reducing energy bills and fuel poverty, extending the network may not have overall positive impacts in the longer term. Negative factors mentioned included: the requirement for improvements in energy efficiency to enable a gas connection, as well as the potential consideration of other technologies as carbon intensity of electricity decreases.



Similar concerns were also mentioned at the regional stakeholder engagement and in the Citizen Advice report. Despite this feedback, the national FPNES policy shows a governmental push to reduce fuel poverty in the present, rather than the longer-term regarding decarbonisation.

How the output has evolved

Delivery of the Fuel Poverty Network extension scheme has featured among our RIIO-GD2 proposals since the beginning of our business planning efforts. Based on our licence obligation to deliver this scheme and informed by feedback gathered by stakeholders, we have no further evidence to give confidence in increasing our target beyond 2,500 homes in GD2. However, if more FPNES connections become viable due to central heating systems being funded, we will look to connect more than 500 on average per annum subject to securing allowances for the work from Ofgem.

Conclusion

Based on 5 engagement events, involving over 1000 stakeholders, our proposals were well received and seen to be well set to deliver an effective FPNES strategy.

We recognise that some feedback suggests that the targeting of fuel poor customers as well as the delivery of additional services alongside the gas network connection should be a high priority for the GD2 period. In light of this feedback we will continue to engage on this topic throughout GD2 to inform the delivery of the scheme.



6.8 Commitment – Increasing our commitment to reliability

Justifying our plan – Increase our commitment to reliability by promising an average time off-gas of less than 10 hours for unplanned interruptions through a new licence obligation

Introduction

To deliver a reliable gas supply, we focus on keeping the number of supply interruptions to a minimum, and in fact, our customers only experience an unplanned interruption once in their lifetime. We understand that being without gas causes an inconvenience to our customers and we have worked hard to improve reliability and to reduce the length of our interruptions in GD1. As a result, our performance is now the best in the industry and we were the only network to maintain our interruption targets during GD1.

Unplanned interruptions last around six hours compared with a 14-hour GDN average in 2018/19 (excluding London) and our aim is to keep the duration of the interruption to around eight hours on average. To demonstrate our commitment to our customers, we are going further than ever to make sure we limit their time off gas.

Relevant engagement activities

We collected customer and stakeholder feedback on increasing our commitment to reliability by promising an average time off gas of fewer than 10 hours for unplanned interruptions through the following engagement activities:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
BAU	We commissioned Impact Utilities to research what 'meaningful engagement' means to our customers.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
BAU	Impact Utilities produced a CHAID report on future investment priorities.	11/2018	WWU portal surveys, conferences, workshops	18,270	Customers across categories	2.5
RIIO-2	We conducted regional workshops in 7 different cities across England and Wales.	04-07/2018	Workshops	81	Industry and government stakeholders, stakeholders representing vulnerable customers	2.75
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5



Outputs & Synthesis Reports

RIIO-2	We engaged with our Critical Friends Panel to get feedback on our proposals.	09/2018	Panel	15	Stakeholders across categories, including those representing vulnerable customers	2.5
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing.	06/2019	Focus groups, surveys	971	Domestic customers and SMEs	3
RIIO-2	EQ Communications compiled a report on the feedback provided by the Critical Friends Panel.	09/2019	Panel meeting focus group	16	Domestic customers, SMEs, community representatives, industry stakeholders, regulator	2.75
RIIO-2	We commissioned Impact Utilities to conduct deep-dives on innovation in Bristol and Cardiff.	03/2019	Workshops	18	Domestic and SME customers	2.75
RIIO-2	We commissioned Impact Utilities to conduct deep-dives on monetised risk in Bristol and Cardiff.	04/2019	Workshops	18	Domestic and SME customers	2.25
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone interviews, one-on-one interviews, focus groups, online survey	175	Stakeholders, vulnerable customers, domestic customers	2.75
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-to-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Impact Utilities to conduct 'bill increase willingness to pay' acceptability testing	11/2019	Survey and face-to-face interviews	984	Domestic and SME customers, vulnerable customers	3
Number of sources of evidence: 17				21,614		2.67 / 3 (Average)

Stakeholder and customer feedback

Reliability is among the top priorities for stakeholders and customers

Reliability is consistently ranked as the most important priority by our customers, highlighted by our most recent 'bill increase willingness to pay' customer acceptability testing from November, in which this commitment ranked second and third for SMEs and domestic customers respectively. Investing to ensure there is a continuous supply and ensuring interruptions are minimised is very important to them. This sentiment is reinforced by our vulnerable customer testing in which respondents ranked it 2nd out of our 7 commitments relating to maintaining a safe network. Based on our research on priorities and meaningful engagement, there is a high degree of consistency in the priority areas for customers and stakeholders; all place the highest importance on reliability, innovation followed by safety and social support.

Participants at our regional workshops placed emphasis on these aspects. When asked about keeping gas interruptions to a minimum and communicating effectively, 99% and 100%, respectively, said this was 'important/very important'.



Further engagement informed us that 69% of respondents scored “investment to ensure gas keeps flowing” as very important.

Customer service research confirmed these findings, ranking continuous gas supply and effective communication as the most important areas. Attendees at our regional workshops discussed positive and negative aspects of a range of communication methods, keeping customers and the general public updated during works. It was stressed that during emergencies, communication should be tailored to each target audience.

It was suggested that we should conduct a series of customer events to gain insight into establishing these preferred methods and required regularity of updates during gas pipe replacement work and emergencies. Our Critical Friends Panel agreed that during outages, communication is key and that being informed of what is going on is much more valuable than financial compensation. It was highlighted that from a safety perspective, it is critical to ensure the good condition of appliances and making people aware of why works might be taking a long time.

With regards to the time of disruptions, the deep-dive workshop on monetised risk found that customers preferred a proactive approach to our investment decisions so works could be scheduled for a time of the year when they will cause the least disruption.

Regarding the overall time of reconnection to supply, all members of the Critical Friends Panel were of the view that our target to reconnect consumers’ gas supply within 24 hours, 90% of the time, was appropriate for unplanned service interruptions. After this time, compensation should be paid; however, there was no consensus on what amount of compensation should be paid. At the Cardiff Panel, everyone agreed that our current expenditure on repairing and maintaining assets should be maintained.

Perceived value for money and acceptability

We commissioned Impact Utilities’ to undertake research with our stakeholders and their results revealed a strong link between perceived value for money and investment in innovation compared against the importance of community partnerships promoting safety and maintaining reliable gas flows. They expect WWU to balance innovation projects across themes without compromising safety and reliability.

Customers also perceive us as providing good value for money if we continue our efforts in raising gas safety awareness, resolving complaints quickly and keeping the gas flowing.

Respondents to the innovation deep-dive stated preference of reliable supply over money and that a small saving over many years was irrelevant compared to the benefits of reliability. Several attendees understood the value of non-financial benefits of innovation in improving reliability, safety and minimising disruption.

From our ‘willingness to pay as a price perception of importance’ acceptability testing of our Business Plan in June, we learned that 67% thought this commitment was relevant to them as customers and 65% said it was overall acceptable. Customer’s willingness to pay more on their bill to ensure delivery of this commitment, however, was lower at 27%. The growth in support between June – November is the important consideration here, however, and as previously mentioned, our most recent ‘bill increase willingness to pay’ acceptability testing from November places this commitment 2nd and 3rd among SME and domestic customers respectively, a significant improvement from June, highlighting the importance customers now place on receiving a safe supply of gas to their homes.

This commitment is key to fulfilling our customers’ top priority of ensuring reliability and the safe supply of gas to their homes. Having already achieved improvements in GD1 and an average time off-gas of six hours (excluding London), it is appropriate for us to promise a time off-gas of fewer than 10 hours.



How the commitment has evolved

Commitment in the July version of the business plan
Increase our commitment to reliability by promising an average time off-gas of less than 10 hours for unplanned interruptions through a new licence obligation (excluding large incidents)
Commitment in the October version of the business plan
Increase our commitment to reliability by promising an average time off gas of less than 10 hours for unplanned interruptions through a new licence obligation.

Based on the additional insight collected between October and December, namely the growing value placed on this commitment as demonstrated by our 'bill increase willingness to pay acceptability testing' in November, as well as detailed research carried out with vulnerable customers and our Critical Friends Panel, we decided to maintain our commitment.

Most of our customers would not be willing to pay more and found it acceptable at the proposed time off-gas of less than 10 hours.

Conclusion

Based on 17 engagement events involving over 21,000 stakeholders, the opinion was clear that we should continue focussing on the reliability and safety of our gas supply and that we should invest in innovation. Based on this feedback and suggestions on how to communicate effectively with our customers during interruptions, we are committing to increase our commitment to reliability by promising an average time off gas of less than 10 hours for unplanned interruptions through a new licence obligation.



Chapter 7 – Social Obligations

7.1 Commitments – Data Sharing Agreements

Justifying our plan – Continue our leading work in data sharing agreements with the aim of aligning the gas, water and electricity sectors into a virtual common PSR while working towards a single PSR for all utilities in GD3

Introduction

Given the importance of our services for vulnerable customers, we undertook a ‘deep dive’ engagement programme on the topic as part of our RIIO-2 preparation. Vulnerable customers and their carers told us they wanted WWU to work harder to promote the PSR in our network and collaborate with other utility companies.

We had significant success in GD1, working together to drive PSR sign-ups and jointly leading our first ever ‘Stronger Together’ conference. We hope to continue our collaboration with our regional electricity and water utility companies in GD2 to support customers living in vulnerable situations.

In GD2 we are committing to at least 12,000 signups per annum. These customers will be added to the gas, electric and water PSRs and will receive a range of support services as well as financial benefits if they are eligible for social water tariffs or Warm Home Discount payment of £140 per annum from certain, obligated suppliers. Our focus area for this commitment will be promoting the PSR and sharing referrals with suppliers and other utilities.

Relevant engagement activities

We collected customer and stakeholder feedback on data sharing agreements to align all utility sectors through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
BAU	We commissioned Mindset to gather feedback from customers on connections.	05/2018	Focus groups	20	Customers across categories	2
BAU	We commissioned Mindset to gather feedback from customers on mains replacement	06/2017	Focus groups	43	Customers across categories	2.25
BAU	Mindset, on our behalf, conducted a stakeholder research programme.	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Stakeholders across categories, customers including those in vulnerable situations	2.75
BAU	Impact Utilities compiled a report on meaningful customer engagement.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
RIIO-2	We commissioned Accent to engage on our GSOPs with vulnerability experts.	05/2019	Telephone interviews	16	Stakeholders representing vulnerable customers	1.5
RIIO-2	We conducted regional workshops with a range of stakeholders in 7 cities.	04-07/2018	Workshops	81	Stakeholders representing vulnerable	3



					customers, industry and government stakeholders	
RIIO-2	Business Plan Acceptability was tested by Impact Utilities through 'willingness to pay as a price perception of importance'	06-08/2019	Focus groups and survey	971	Domestic customers and SMEs	3
RIIO-2	We engaged with our Critical Friends Panel to hear their feedback on the business plan.	09/2019	Panel meeting and focus group	16	Domestic and SME customers, community representatives, industry and regulatory stakeholders	2.75
RIIO-2	We worked with Mindset Research on engagement to test acceptability of our commitment.	09/2019	1-2-1s, paired depth interviews	56	Vulnerable customers and vulnerability carers	2.25
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 10				3,362		2.5 / 3 (Average)

Stakeholder and customer feedback

Feedback was unanimously supportive of our continuing work on data sharing amongst utility companies. At almost all our regional workshops, consumer advisory and third sector stakeholders discussed the PSR, emphasising that data should be better shared amongst utilities, including gas and electricity networks. The register should also be available to all organisations and groups that could provide benefits to people in vulnerable situations to maximise its impact.

There was a consensus among our Critical Friends Panel that we should do all we can to simplify the sign-up process and ideally strive to work toward a unified shared register, reinforced by our 'bill increase willingness to pay' customer acceptability testing in which continuing our work on data sharing ranked third among SMEs out of our commitments relating to meeting the needs of consumers.

These efforts would not only streamline increasing PSR sign-ups but also remedy the confusion about the vast number of existing registers.

With regards to wider data and information sharing, our Panel and customer focus groups strongly supported that this should be made more accessible and used more widely between both utilities and agencies. More than 95% of respondents in focus groups agreed with sharing customer contact details in the gas industry without the need to inform customers, except those of vulnerable customers, as these may be worried or more susceptible to fraud. Customers at focus groups reiterated their support for us to work with specialist partners who can refer vulnerable individuals directly.

Engagement on customer needs placed social obligations and supporting customers in vulnerable situations ahead of general customer service, further emphasising the need to make the PSR more widely accessible and easily available.



How the commitment has evolved

Commitment in the July version of the business plan
Continue our leading work in data sharing agreements, while working towards a single PSR for all utilities in GD3.
Commitment in the October version of the business plan
Continue our leading work in data sharing agreements, with the aim of aligning the gas, water and electricity sectors into a virtual common PSR –while working towards a single PSR for all utilities in GD3.

Based on the additional insight collected between June and September, including feedback from events such as our Critical Friends Panel and testing the acceptability of our Business Plan, we decided to adjust our commitment

'Willingness to pay as a price perception of importance' acceptability testing in June revealed that more than half (54%) of customers thought this commitment was relevant to them with 61% saying it is acceptable. However, only 21% would be willing to pay more on their bill to ensure we deliver on this commitment, a sentiment which was reinforced by our domestic customers in November in our latest 'bill increase willingness to pay' round of acceptability testing, among whom data sharing ranked 5th out of our 6 commitments in this field. Throughout the events, we identified additional support for sharing data and information, but the evolution of feedback from our engagements between June – September shows that support for working towards a shared register between utilities is varied, despite the fact that customers are keen to ensure vulnerable people get the help they need, when required. To achieve this, we believe it necessary to start working towards a virtual shared PSR between utilities in the GD2 period leading up to that.

Based on this feedback, we included the alignment work we will carry out over the RII0-2 period aligning sectors into a virtual common PSR as part of the focus of this commitment.

Conclusion

Based on 10 engagement events including 3,316 stakeholders, and extensive customer acceptability testing between June – November, it is seen as essential to share data and information between utilities as well as third parties, and that a common PSR with shared access is what WWU should work towards.

Built on strong backing for this commitment and the high priority of ensuring customers in vulnerable situations receive support, we are committing to continue our leading work in data sharing agreements. Our aim is to align the gas, water and electricity sectors into a virtual common PSR – while working towards a single PSR for all utilities in GD3.



7.2 – Commitment – Work with partners to increase PSR sign-ups

Justifying our plan – Work alongside partners and carer networks to increase the number of PSR sign-ups by 200% to 12,000 per annum

Introduction

In GD1, we trained our colleagues and partners to sign-up customers to the PSR via apps, forms and websites. We also used social media campaigns to reach targeted priority groups. We signed up 12,000 homes over a 4-year period from 2014 to 2018. A social media trial in 2019 opened our eyes to the power of social media and the cost efficiency of that channel. We are forecasting 10,000 sign ups in 2019, based on the strength of this work.

Given the importance of our services to vulnerable customers, we undertook a ‘deep dive’ engagement programme in three phases, where we spoke to customers with a range of vulnerabilities, as well as their carers. This research showed that stakeholders want us to work harder to promote the Priority Services Register (PSR) in our network and asked us to collaborate more closely with other utility companies. Therefore, during GD1, we worked with other utility companies to drive PSR sign-ups and jointly led our first ever ‘Stronger Together’ conference. We hope to continue our collaboration with our regional electricity and water utility companies in GD2 to support customers living in vulnerable situations.

Relevant engagement activities

We collected customer and stakeholder feedback on working alongside partners and carer networks to increase the number of PSR sign-ups through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
BAU	We commissioned Impact Utilities to research ‘Meaningful Customer Engagement’.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3.0
BAU	We engaged with members of the community through the Women Connect First World Café.	03/2019	Meeting	25	End-customers, stakeholders representing vulnerable customers	1.75
BAU	We engaged with vulnerable customers through the Warm Wales & Safe Homes Project.	06/2018	Case Studies	5	Vulnerable customers	1.5
BAU	On our behalf, Mindset carried out research on reinstatement service improvements	06/2019	Focus groups	43	Customers	2.25
BAU	On our behalf, Mindset gathered connections customers feedback	05/2019	Focus groups	20	Customers	2.0
RIIO-2	We commissioned Accent to write a report on our GSOPs.	05/2019	Telephone interviews	16	Stakeholders representing vulnerable customers	1.5
RIIO-2	We conducted a series of regional workshops in seven locations with a range of stakeholders.	04-06/2018	Regional workshops	81	Industry and government stakeholders, stakeholders representing vulnerable customers	3.0



Outputs & Synthesis Reports

RIIO-2	EQ Communications compiled a report for us on engagement with the Critical Friends Panel.	11/2018	Panel	5	Stakeholders representing vulnerable customers	2.5
RIIO-2	We commissioned EQ Communications to commission a report on engagement with the Critical Friends Panel.	09/2018	Panel	15	Stakeholders representing vulnerable customers	2.0
RIIO-2	We commissioned Mindset to carry out research with our vulnerable customers	04/2019	One-to-one in-depth interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Mindset to carry out commitment acceptability research with our vulnerable customers	09/2019	One-to-one interviews focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We held meetings with MPs during an engagement day to understand their views on this topic.	05/2018	One-to-one interviews	5	Industry and government stakeholders	1.75
RIIO-2	We held meetings with MPs to understand their views on this topic	05/2019	One-to-one interviews	5	Industry and government stakeholders	1.5
RIIO-2	Impact Utilities conducted extensive acceptability testing on 'willingness to pay as a price perception of importance'.	06-08/2019	Focus groups and surveys	971	Domestic customers and SMEs	3
RIIO-2	Our Critical Friends Panel provided detailed feedback on our proposed commitments. This was summarised in a report by EQ Communications.	09/2019	Panel meetings and focus groups	16	Domestic and SME customers, community representatives, charities, industry stakeholders	2.75
RIIO-2	We commissioned a deep dive looking at Monetized Risk	04/2019	Workshop	18	Domestic and SME customers	2.5
RIIO-2	We recorded and addressed issues relating to the PSR in a challenge log	N/A	Meeting	N/A	Stakeholders	1.5
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face to face interviews	984	Domestic and SME customers, hard to reach customers	3
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone and one-to-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
Number of sources of evidence: 19				3,516		2.23 / 3 (Average)

Stakeholder and customer feedback

The importance of raising awareness of the PSR and its provisions

While the RIIO-framework is perceived to have been effective in embedding good practice for vulnerable customers, there is resounding support for more to be done. Our 'bill increase willingness to pay' acceptability testing showed this was the number one priority for SME customers and ranked number three for domestic customers, among the six commitments relating to meeting the needs of consumer and network users. This was reinforced by Mindset's vulnerable customer testing, in which 55% of vulnerable customers and 47% of carers placed this commitment in the top 3 most important overall. This testing also highlights a growing belief that vulnerability is hidden within communities, and respondents wanted reassurances that support for the most vulnerable customers will be delivered across all communities, including



those in remote and isolated locations. The overall priority is to raise awareness of the PSR and the support services for vulnerable customers, as our engagement on vulnerability showed that two-thirds of vulnerable respondents were not on the register. Although it is vital to raise awareness of the register and get sign-ups, this should not be the only measure of performance, as noted by our CEG. Networks should segment the vulnerable population to offer relevant services.

There is extremely limited knowledge of the Priority Service Register (PSR), according to feedback from the Women Connect First World Café Engagement and our Critical Friends Panel. The 'Supporting Vulnerable Customers' research report revealed that individuals in potentially vulnerable situations generally do not know about the provisions in place to support priority customers. 75% of vulnerable customers and 100% of carers categorised increasing PSR sign-ups as 'essential'. Supporting customers in vulnerable situations was also the second-highest ranked priority for stakeholders at our regional workshops.

Ways of increasing awareness of the PSR

Raising awareness and getting PSR sign-ups through local partnerships and collaboration is key, according to the feedback gathered, and should be carried out together with promotion of the GSOPs and support services offered.

There were several suggestions and concerns about how to raise awareness of the PSR. Promotion options include leaflets and noticeboards at places where vulnerable customers engage, e.g. doctor clinics, community centres, electoral services, libraries, and to distribute information through partners. Adequate promotion of the PSR would reduce the need for door-knocking and diverting resources to specific targeting. This is seen as less effective, as vulnerability can be found in all areas and demographic groups, such as the elderly or frail, chronically ill or living alone. Feedback from our research presentation in August 2018 echoed these views. The PSR's profile should be increased, e.g. through leaflets, local talks and partnership working with a focus on the elderly who live alone.

Feedback on vulnerability-specific engagement also highlighted the importance of partnerships with other key stakeholders in building resilience during incidents, for example, us working with local authorities, the fire service and the British Red Cross.

Information sharing and collaboration across industry

A significant body of feedback about collaboration focussed on information sharing between organisations. There was strong support for sharing information across utilities and suppliers to avoid multiple sign-ups to different registers and updating systems regularly. Our Critical Friends Panel suggested that suppliers and regulated industries work together to share PSR data, as well as smart meter data. Respondents to our vulnerability interviews expressed surprise that utilities and suppliers are not working together more to ensure that the PSR is familiar to all and that all who are eligible are encouraged to sign up.

We should also work closely with specialist partners to refer vulnerable individuals, as well as share information between agencies which is considered both common-sense and essential by stakeholders. Three stakeholders from utilities and suppliers at our regional workshops confirmed this and expressed support for collaborating on potential projects.

Eligibility to the PSR

Eligibility is generally considered too narrow and should allow for a broader range of vulnerable or potentially vulnerable people to be signed up to the PSR. Research on GSOPs found that not only people on low incomes should be in scope, but also those with unstable incomes. During vulnerability specific interviews, participants suggested eligibility could be widened to include the elderly with heating repairs, regardless of their financial circumstances.

Based on vulnerability research and panel feedback, there are broader considerations to be made. Emotional vulnerability was mentioned, as this is often linked to other more visible and tangible vulnerabilities; in particular, customers suffering



from often complex physical and circumstantial vulnerabilities tend to be more susceptible to emotional vulnerability and anxiety. There is also anxiety about the prospect of disruption, making communications ahead of, during and even after works, critical. We need to carefully plan and manage this.

Participants at our Alternative Gas Stakeholder Workshop highlighted that those in vulnerable circumstances should continue to be considered for all decision-making, including when work is being done on alternative gas sources. Other stakeholders who are invested in the future of gas in the form of owning a property or are interested in alternative gas place more value on additional service provision for vulnerable customers.

Additional suggestions were made during our GSOP specific engagements on how to improve support to vulnerable customers. These included broadening the criteria for free mains connections, providing fuel poverty grants to offer immediate assistance to vulnerable customers and working towards reducing the number of vulnerable people on prepayment metres.

The sign-up process

There is a lack of clarity on the sign-up process of the PSR and other existing registers. Our Critical Friends Panel stated that the public were generally not aware of the PSR's existence and therefore agreed with previous feedback that more should be done to raise awareness. We should simplify the sign-up process and ideally strive towards a unified register, shared between other utilities. Customers are often confused due to the high number of other registers; frequently, people think they are already on the register when, in fact, they are on a different one entirely. This issue is particularly prevalent among the elderly.

To simplify the sign-up process and ensure people get on the correct register, we could target and work with appropriate organisations such as housing associations or community groups. The idea of using a mapping tool to target deprived areas was also welcomed. It should also be considered if different demographics can be targeted differently, especially among the elderly population, which ranges from 65 to 80-year olds.

How the commitment has evolved

Commitment in the July version of the business plan
Work alongside partners and carer networks to increase the number of PSR sign-ups by 150%.
Commitment in the October version of the business plan
Work alongside partners and carer networks to increase the number of PSR sign-ups by 200% to 12,000 per annum.

Based on the additional insight collected between June and September, including feedback from events such as our Critical Friends Panel and rounds of acceptability testing, we decided to increase our ambition in the area.

Overall, results from our multiple rounds of acceptability testing demonstrate overwhelming support for this commitment and raising awareness of the PSR. 60% of respondents in our 'willingness to pay as a price perception of importance' acceptability testing felt this commitment was acceptable. In addition, it was the number one priority for SMEs in our recent 'bill increase willingness to pay' acceptability testing among commitments relating to the needs of the consumer.

Given the high priority assigned to helping people in vulnerable situations and lack of understanding of the PSR and its services among the public, we decided to strengthen our efforts in this area going forward. All our engagements revealed



the necessity to raise the register's profile to ensure everyone who is in a vulnerable situation can receive the support they require.

Given the fact that the PSR and its services are viewed as essential particularly by vulnerable customers, and that many of our respondents in vulnerable situations were not on the register, we felt it is appropriate for us to increase the percentage of sign-ups from 150% to 200%, meaning 12,000 sign-ups per annum.

Based on the confirmatory nature of the feedback we gathered during our last round of acceptability testing (bill increase willingness to pay), and previous testing since June (willingness to pay as a price perception of importance), we have decided to retain the commitment presented in the October Business Plan.

Conclusion

Over 19 engagement events including 3,518 stakeholders, the importance of awareness of the PSR was unanimously stressed, and it was stated that we should do all it can to ensure it is available to everyone in need.

Based on this feedback and given the critical nature of the PSR and its services in tackling vulnerability, we are committing to work alongside partners and carer networks to increase the number of PSR sign-ups by 200% to 12,000 per annum.



7.3 Commitment – Supporting vulnerable and fuel poor customers

Justifying our plan – Further supporting vulnerable and fuel poor customers by investing £750,000 a year in wide-ranging initiatives with partners and increasing CO support measures – almost doubling our GD1 investment

Introduction

We recognise that the households across the diverse communities we serve each year have varied needs. These encompass a range of vulnerabilities including physical, mental, emotional, geographical or financial. Since our work places us well to directly assist those most in need, it is our responsibility to identify and safeguard vulnerable customers.

We are taking steps to further build on our GD1 performance by better understanding our customer needs and using this knowledge to respond and deliver the diverse support they require. Enhanced by our updated consumer vulnerability strategy, we have been better placed to approach engagement and involve our customers directly in the development of this commitment. Based on their input, we have committed to further supporting vulnerable and fuel poor customers by investing £750,000 a year in a wide-range of initiatives with partners and increasing CO support measures – almost doubling our GD1 investment.

Relevant engagement activities

We collected customer and stakeholder feedback on supporting vulnerable and fuel poor customers (including CO support measures) through the following engagement activities, covering both 'business as usual' and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We conducted regional community workshops in 7 cities in Wales and England.	07/2018	Workshops	81	Government and industry stakeholders, stakeholders representing vulnerable customers	3
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5
RIIO-2	We conducted research to determine customer priorities analysed by Impact Utilities	09/2018	Portal and country show surveys, regional workshops, conferences	18,403	Customers across categories	2.75
RIIO-2	We engaged with our Critical Friends Panel facilitated by EQ Communications	09/2018	Panel	15	Stakeholders across categories	2.75
RIIO-2	We engaged with our Critical Friends Panel facilitated by EQ Communications	11/2018	Panel	5	Stakeholders across categories	2.75
RIIO-2	We engaged with vulnerability experts on standards of performance (GSOP) through national collaborative stakeholder engagement	05/2019	Telephone interview	16	Stakeholders representing vulnerable customers	2.5
BAU	We commissioned Mindset to conduct a stakeholder research programme	10/2018	Phone and one-on-one interviews,	175	Vulnerable customers, customers across segments	2.75



			focus groups, online survey			
RIIO-2	Joint gas network engagement was conducted through Accent on the future of gas.	02/2019	Workshop	37	Industry stakeholders (GDNs)	2.25
RIIO-2	Impact Utilities conducted further research for us on meaningful customer engagement including priorities	04/2019	Panels, workshops, surveys, phone interviews	1,000	Customers across categories, hard-to-reach groups	3
RIIO-2	We undertook with Mindset an engagement to understand vulnerable stakeholder needs	04/2019	In-depth interviews and focus groups	56	Vulnerable stakeholders and vulnerability carers	2.25
RIIO-2	We undertook with Mindset an engagement to understand vulnerable stakeholder needs	09/2019	In-depth interviews and focus groups	56	Vulnerable stakeholders and vulnerability carers	2.25
BAU	We held a focus group with customers who experienced connection services	05/2018	Focus group	20	Domestic customers	2
RIIO-2	We conducted a series of regional stakeholder workshops on our future initiatives	05/2019	Workshops	60	Regional stakeholders, industry and government	2.25
RIIO-2	We conducted in-depth interviews with local MPs	05-06/2019	In-depth interviews	9	Industry and government stakeholders	2.25
BAU	We undertook voluntary community engagement (Woman Connect First)	03/2019	Meeting	25	End-customers and vulnerability representatives	1.75
BAU	We undertook voluntary engagement (Warm Wales & Safe Homes Project)	03/2019	Meeting	5	Vulnerable Customers	1.75
RIIO-2	We conducted deep dive sessions on the topic of Innovation	04/2019	Workshop	18	Regional Domestic customers and SMEs	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Survey and focus group	971	Stakeholders across categories	3
RIIO-2	We consulted with our Critical Friends Panel on our business plan commitments	09/2019	Focus groups	16	Stakeholders across categories	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face to face interviews	984	Domestic and SME customers, hard to reach customers	3
	Number of sources of evidence: 21			21,962		2.5/3 (Average)

Stakeholder and customer feedback

Our regional workshops have consistently indicated that stakeholders want us to continue our support for vulnerable customers and those in fuel poverty, and to continue raising awareness of carbon monoxide (CO) dangers. There was significant disparity in perceived value between our SME and domestic customers with this commitment; whereas it was the number one priority for domestic customers, it ranked 6/6 among SMEs for commitments relating to the needs of



consumers, with importance being assigned evenly across all age groups for the later segment. Mindset's vulnerable customer testing showed that 82% of vulnerable customers and 53% of carers placed this commitment in their top 3 priorities. This was further evident during a stakeholder prioritisation and value-for-money workshop that ranked respectively 'CO Awareness and Prevention' and 'Customers in Vulnerable Situations' as highest priorities. In the same workshop, further support was shown for our proposed GD2 investment in delivering this commitment that allocates £250,000 towards CO Awareness and Prevention, and £500,000 towards Supporting Vulnerable Customers. For the allocation of funds, 19% of the stakeholders 'strongly agreed', while 58% 'agreed' combining for overall support of 77%.

Widespread agreement to continue supporting vulnerable customers, including those in fuel poverty

Our engagement throughout 2018 and 2019 on topics of vulnerability and fuel poverty assistance has provided positive feedback and reaffirmed our stakeholders' support to continue delivering on our promise in GD2. Some of the most valuable feedback that we received from engagement include:

- Our report in September 2018, undertaken by Impact Utilities, surveyed over 18,000 stakeholders to rank initiatives most important to them. 62% of respondents scored continued support to vulnerable customers as 'very important'.
- In April 2019, results of in-depth interviews with care providers and vulnerable customers – including individuals who were themselves classified as being in fuel poverty – was that they struggle to know where to turn for advice. It is therefore extremely encouraging to see these promises being discussed, but this also led some to wonder whether those who could benefit most would ever think to turn to WWU. For this reason, some respondents, and a number of carers suggested that part of WWU's future plans should include ensuring better signposting to the services it provides.
- In this same testing, results indicated that we have improved our understanding of vulnerability needs and the support we should provide as a gas distribution network. Many responses have praised and endorsed our approach to supporting those in need and stated that we should continue to maintain our focus in this area going forward into GD2.
- Lastly, our customer focus group on connection services told us that they would be willing to take a premium on their gas bill if it ensures that we use our position to proactively deliver support to those most in need.

It must be noted that the overall positive feedback was received in the context of stakeholders' limited knowledge of the vast range of support services that we offer.

Our Mindset stakeholder research indicated that stakeholders were not adequately informed on 'what' we offer, 'to whom' and 'where' they can ask for support. They voiced the need to better promote vulnerability support either by ourselves or with the help of third parties.

Furthermore, fuel poverty is particularly relevant in the region we cover as some areas of Wales and Cornwall classify around 25% of the population as living in fuel poverty¹. This ratio compares with a national average in England of 11.1% and Wales of 12%. Our regional stakeholder workshops in 2018 and 2019 reaffirmed the continued need to support these stakeholders by ranking it as the 3rd most important focus going forward.

When interacting with vulnerable stakeholders and their care providers, despite their overall support for our planned activities, they believed it should be the responsibility of other organisations to put funds into this initiative. Vulnerable customers ranked fuel poverty support as 11th by importance (out of 12), and care providers ranked it 8th. Similarly, our Critical Friends Panel (CFP) stated that half a million pounds is a lot of money but may not be enough to include solving

¹ NEA UK Fuel Poverty Monitor 2018



fuel poverty. Instead, they were of the view that the focus should remain on developing a range of vulnerability support services, and then share the obligation of fuel poverty support. They highlighted that we should endeavour not to duplicate work if it is a focus of other organisations.

Stakeholders suggest enhancing the CO awareness and support measures

Stakeholders broadly agree that we are moving in the right direction to raise awareness of CO danger and support those in need. However, stakeholders have stressed that more should be done in raising awareness of the danger of CO. They believe that the proposed GD2 investment will facilitate the achievement of this. A substantial amount of feedback evidences that stakeholders, in general, have limited knowledge in this area, and that we are in the right position to close the awareness gap. Specific feedback follows:

- Engagement with our Critical Friends Panel regularly taking place between September 2018 to May 2019 suggested that we keep focusing on CO poisoning prevention and customer awareness of gas services now and in the future. It remains a high priority discussion amongst our Critical Friends Panel, particularly those representing the communities we serve and vulnerable customers. 2/3 of our panel members were supportive of our ambition to target alarm provision and awareness, but not at the expense of exceeding current GD1 annual expenditure (recorded at £234,000 for CO and gas safety initiatives) and increasing customer bills as a result.
- Our regional workshops prioritised CO awareness and prevention as the number 1 stakeholder priority throughout 2018 and 2019. They were also in favour of us continuing to raise awareness in this area as we are already well-placed to do so due to our customer contact.

To ensure that our investment in this area is impactful, both the Critical Friends Panel and stakeholders in regional workshops stated that our efforts should be targeted and specific.

Combined with our stakeholder research report by Mindset, there was a view that “not all end-customers should be eligible for CO alarms and awareness efforts”. Instead, our investment should be targeted to vulnerable customers, including schoolchildren, the elderly, and stakeholders living in a rural area - those who belong to vulnerability categories. There was a suggestion to enhance communication and awareness with these vulnerable stakeholders by partnering and collaborating with third parties, such as Fire & Rescue in Cardiff, local vulnerability organisations, and suppliers.

This way, the view of shared responsibility in this area is embedded (instead of solely being the responsibility of a GDN) and the efforts can be better targeted. Nevertheless, our Innovation deep dive participants unanimously agreed that we are investing and working hard to help those in need, particularly for a shareholder-run business.

How the commitment has evolved

Commitment in the July version of the business plan
Further support vulnerable and fuel poor customers by investing £750,000 a year in initiatives and CO support measures, up from £430,000 a year in GD1
Commitment in the October version of the business plan
Further support vulnerable and fuel poor customers by investing £750,000 a year in wide-ranging initiatives with partners and increasing CO support measures – almost doubling our GD1 investment



Based on the additional insight collected between June and September, including feedback from our Critical Friends Panel on our commitment, we decided to:

- Enhance the focus of our commitment by adding the 'partnership' feature. We realised that to enhance our support and better promote vulnerability services, it is essential to have partners who are well-placed to do so across different regions and with varying vulnerable stakeholders (and to make this a focus of our work); and
- Change the wording from '£430,000 a year' to 'doubling our GD1 investment'. This change is a result of stakeholder feedback captured during our prioritisation and value-for-money workshop, in which we were told that the effort and investment should have a comparable basis to GD1 period for the impact to be evident.

Respondents to our 'willingness to pay as a price perception of performance' acceptability testing rated our spend and service level for this commitment as 66% acceptable, which resulted in it being the highest accepted commitment. Moreover, 33% of respondents stated that they would be willing to pay more to support us and ensure the commitment is delivered.

Despite this being less popular among our SME customers as previously mentioned, this commitment has ranked as the highest accepted among domestic customers in both our 'willingness to pay as a price perception of performance' and 'bill increase willingness to pay' rounds of acceptability testing. A sentiment reinforced to a strong extent by our vulnerable customers. Based on this feedback, we have decided to retain the commitment presented in our October Business Plan.

Conclusion

Based on 20 engagement events and including over 21,962 stakeholders, it was clear that we are going into GD2 with the right focus and direction by adequately prioritising and supporting our most in need customers. There was positive feedback on how we improved engagement with vulnerable stakeholders and enhanced the services we offer them. However, there was conflicting feedback regarding our responsibility to support fuel poor customers. Stakeholders highlighted that efforts to achieve the commitment should be shared beyond the gas industry, as it includes factors beyond a gas networks' influence. Nevertheless, the effort that we are placing in solving this problem has been widely appreciated. An area that we were told we should place further focus on is in proactively raising awareness of CO risks, particularly amongst vulnerable stakeholders.

Overall, we have significant support for our investment in this area and, therefore, we are committing to further support vulnerable and fuel poor customer by investing £750,000 a year in wide-ranging initiatives with partners and increase CO support measures.



Delivering Value for Money

Chapter 8 – Customer Bills

8.1 – Commitment – Keep Network Charges Low

Justifying our plan – Keep network charges down to the lowest practical level, maintaining the GD1 household bill of £133 into GD2

Introduction

As a regulated gas network, we do not bill customers directly. Our charges for running the gas network are charged to customers via their shipper and are paid for through the customer's energy bill. Our costs typically make up around 20% of the total gas bill. We are committed to keeping our proportion of the bill as low as possible.

During GD1 our average charge has been £133 for a domestic customer. This fee is one of the lowest of all the GDNs, based on a comparison we've referenced which uses the information published by the GDNs themselves.

Ofgem has recognised us as one of the most efficient networks, and for being able to stay financially sustainable. Against a backdrop of increasing energy bills, an increasing proportion of families in fuel poverty, and Wales being the 'poorest' area in the UK, we want to continue our current high-performance levels by maintaining the lowest practical bill.

Relevant engagement activities

We collected customer and stakeholder feedback on keeping network charges down in GD2 through the following engagement activities, covering both 'business as usual' and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
BAU	Impact Utilities compiled a report for us on 'Meaningful Customer Engagement'.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Customers in different categories, hard-to-reach groups	2.75
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers.	08/2018	Phone and one-one interviews, online survey, focus groups	175	Stakeholders across categories, vulnerable customers	2.75
BAU	Accent put together a summary of Joint Gas Network Stakeholder Engagement.	07-08/2018	Telephone interviews, questionnaires	78	Consumer & fuel poverty groups, government, regulatory and trade stakeholders, academics and industry peers	3
RIIO-2	We carried out regional workshops in seven different cities in our network areas.	04-08/2018	Workshops	81	Government and industry stakeholders,	2.75



					stakeholders representing vulnerable customers	
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.25
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Focus groups and surveys	971	Domestic customers, SMEs	3
RIIO-2	We engaged with our Critical Friends Panel to hear their feedback on our proposed commitments.	09/2019	Panel meeting, focus group	16	Domestic customers, SMEs, utilities, regulator, charities, community representatives	2.75
RIIO-2	We undertook deep-dive sessions on the topic of 'value for money' commitments and commissioned a Financial Risk report	08/2019	Workshop	14	Regional domestic customers and SMEs	2.6
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	04/2019	One-on-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-on-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Impact Utilities to conduct 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 11				3,441		Average: 2.67 / 3

Stakeholder and customer feedback

Overall support to keep charges low

There is support among customers for keeping charges as low as possible, with value for money emerging as a key theme during our engagement, mentioned by one in five people at the Joint Gas Network stakeholder event.

Stakeholders at Mindset's engagement event held the view that the average annual bill cost represented good value for money, especially when considering that this included the cost of emergency callouts. Our most recent acceptability testing further reinforced this point.

For customers to better understand the cost of gas and the make-up of their charges, several stated that they would like to see this explicitly marked on their bills.



This was stated at several engagement events, including the deep dive on monetised risk with customers stating they would like to see an itemised gas bill.

In general, transparency and knowledge will help customers validate what 'value for money' means, and the impact of energy bills. Customers at the monetised risk deep dive felt that we are working hard for 20% of the bill compared to the supplier's cut and that we should promote ourselves in order to get credit for what we are achieving. They further said that this would justify investments made by WWU, as good service provision would naturally decrease without these with many customers supporting bill increases if this meant their supply was safer. However, at one of the innovation deep-dives, respondents seemed more interested in the non-financial impact on themselves and others rather than in cost savings for the business.

The majority of our Critical Friends Panel confirmed the importance of keeping network charges to the lowest practical level, although some felt that we might be creating problems for ourselves given the amount of uncertainty that exists, particularly concerning Government policy.

Challenges and concerns about maintaining prices

Concerns were discussed in more detail by members of the Critical Friends Panel, specifically focusing on the impact of further investment on customer bills. An increase of £1 per week would be noticed by households, while others thought £1 per month would be acceptable. While it was acknowledged that the sums being discussed were not prohibitive to all customers, we are mindful of the impact of increased charges on those living in fuel poverty.

The Panel was also interested in the relationship between the investment plan and bill impacts for GD2.; specifically, what investments would look like if bills were lowered and the effect this could have on customer outcomes. It should also be assessed how concrete the components of the GD2 bill are as the outlook assumes 'stable prices'. Given the efficiency gains in GD1 and those proposed for GD2, funding could be allocated to priority initiatives requiring more investment.

When asked whether targeting lower costs should be prioritised over higher investment, the Panel informed us that they believed customers, including vulnerable people, would accept paying a 30p increase as this was barely noticeable and ensuring a safe and reliable network and reducing emissions, would matter more to them.

Acceptability Testing

Our 'willingness to pay as a price perception of importance' acceptability testing from June revealed an overall acceptance of the commitment of 65% (one of the highest results), with 69% saying it is very relevant to them as customers. 27% would be willing to pay more if we could ensure delivery.

Our vulnerable customer testing reinforced the importance of this commitment, in which 36% of the vulnerable customers (and 33% of carers) placed it in their top 3 most important commitments, making it the number one priority among commitment relating to value for money. Further testing in August, including informing participants about the regulation in place and how we make a profit, showed a higher acceptance.

Stakeholders felt reassured that if they were paying more, the money would be put into investment and not into profit. They thought that we were doing a lot for the minimal portion that we took from the customer bill.

When comparing WWU consumer bills to those of other GDNs, stakeholders felt they would accept a slight increase to the bill if it was in line with the market and justified in terms of the work done.

Our latest round of 'bill increase willingness to pay' acceptability testing highlighted that keeping charges down to an average of £133 per year ranked second for domestic customers among our commitments relating to value for money. Furthermore, 48% out of 984 respondents were satisfied with maintaining an average bill of £133. Of these



respondents, it was our 55+ year-olds who assigned the greatest importance to keeping the bill to this level, and our future customers (18-24-year-olds) the least.

How the commitment has evolved

Commitment in the July version of the business plan
Keep network charges down to the lowest practical level.
Commitment in the October version of the business plan
Keep network charges down to the lowest practical level, maintaining the GD1 household bill of £133 into GD2.

Based on the additional insight collected between June and September, including feedback from events such as our Critical Friends Panel and early 'willingness to pay as a price perception of importance' acceptability testing, we decided to strengthen our commitment and make it even more measurable by aiming to maintain customer bills at the GD1 level of £133. This built on specific feedback regarding the relevance of the commitment and the language of the plan, aiming to be customer-focused wherever possible.

This was then further reinforced by feedback we gathered during our recent round of 'bill increase willingness to pay' acceptability testing, in which our domestic customers highlighted the value they place on keeping network charges down, and the combination of all of this feedback firmly supports our decision to maintain this commitment.

Conclusion

Based on 10 engagement events, including 3,427 stakeholders, there is overall support for maintaining our performance levels and keeping network charges as low as practical – at the same cost as in GD1. Based on this feedback, we are committing to keep network charges down to the lowest practical level and maintain the GD1 household bill of £133 into GD2.



Chapter 9 – Cost Efficiency

9.1 – Commitment - Efficiency Levels

Justifying our plan – Continue to improve efficiency levels, targeting an efficiency challenge of 0.5% per annum – to make sure that customers get best value for money. Saving a further £18m over GD2

Introduction

It is important for us to listen to our customers' needs and keep charges as low as possible, while also ensuring that we stay financially sustainable. This is particularly important as energy bills rise and the number of families in fuel poverty is higher than before. It is our responsibility to ensure that we are as efficient as possible in order to keep our component of the customers' bills as low as possible. We aim to remain amongst the most efficient networks in the UK.

On the backdrop of rising costs and uncertain macroeconomic factors, it is necessary for us to maintain an appropriate efficiency frontier. We decided that as we go into GD2, we will continue to deliver upon this promise and further improve on our GD1 performance by targeting an ambitious 0.5% per annum Totex efficiency saving; this will reduce the Totex by £3.6million each year. Compounded over the five-year GD2 price control, this will deliver almost a 3% cost efficiency gain and will result in savings of just under £18million. We believe that we will be able to achieve a more cost-efficient and improved performance while avoiding increasing costs for our customers.

Relevant engagement activities

We collected stakeholder feedback on our commitment to target an 0.5% compounded efficiency level each year through the following engagement activities:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We conducted a series of stakeholder workshops throughout 2019.	05/2019	Workshops	60	Regional stakeholders, industry and government	2
RIIO-2	We conducted deep-dive sessions on the topic of innovation	04/2019	Workshop	18	Regional Domestic customers and SMEs	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Focus groups and surveys	971	Domestic customers and SMEs	3
RIIO-2	We undertook deep-dive sessions on the topic of 'value for money' commitments and commissioned a Financial Risk report	08/2019	Workshop	14	Regional domestic customers and SMEs	2.6



BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
RIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	04/2019	One-to-one interviews focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-to-one interviews focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
Number of sources of evidence: 8				2,334		2.57 / 3 (Average)

Customer and Stakeholder feedback

The commitment we set out challenges us to deliver efficiently across the business. The specific targets were derived by combining economic model forecasts with efficiency benchmarks from the market and across the industry. The complexity of the subject matter limited the amount of stakeholder feedback we received on it. However, a combination of a quantitative survey and qualitative feedback provided an overall positive view of our ambition and welcomed the challenge we set ourselves for GD2.

Through a series of regional stakeholder workshops, we were given an average score of 8.6 out of 10 for our efforts in delivering value for money, while one workshop scored it 10 out of 10. Our stakeholders told us to, at least, maintain our efficiency in order to not change their perception of the value we provide them.

Our 'bill increase willingness to pay' acceptability testing showed that 66% of SMEs and 48% of domestic customers were satisfied with this efficiency target, whilst our vulnerable customers assigned somewhat less importance to this commitment, with 0% and 7% of vulnerable customers and carers respectively placing it in their top 3 commitments relating to value for money, placing it 3rd out of the 4 relating to value for money.

Our CEG appreciated the rigour we took in developing our targets, which included working with economists to model an appropriate efficiency target of 0.5% per annum benchmarked against Bank of England's efficiency forecast of 0.3% per annum. However, our CEG does not agree that our target is sufficiently ambitious.

Another aspect that stakeholders from our Innovation Deep Dive workshops were content with our focus towards innovation in order to enhance efficiency and deliver positive returns on investment. However, they indicated more interest in the non-financial effects of cost-efficiency on them than on the business, considering that they expect bills to go up anyways in the long-term post GD2.

The 'willingness to pay as a price perception of importance' acceptability testing with stakeholders, as well as our Financial Risk deep dive sessions were supportive of our ambitious efficiency target stating that it is good to challenge ourselves. The feedback added that the challenge is appreciated despite future uncertainties (economic and factors) that are outside



of our control. In particular, stakeholders in our 'willingness to pay as a price perception of importance' positively rated the acceptability of the commitment with 60%, overall being a positive score. The Financial Risk report concludes that stakeholders want us to continue talking about efficiency levels and work towards the ambitious targets we have set. This is demonstrated by our most recent acceptability testing from November, in which this commitment ranks in 5th place in importance both for SME and domestic customers.

Among the SMEs, it is the businesses with <20 employees who assigned it the most importance, and of our domestic customer, it was the 24 – 55-year-old age group, followed up by the 18 – 24-year old segment.

How the commitment has evolved

Commitment in the July version of the business plan
Continue to improve efficiency levels, targeting an efficiency challenge of 0.5% per annum – to make sure that customers get best value for money. Savings a further £17.6m over GD2.
Commitment in the October version of the business plan
Continue to improve efficiency levels, targeting an efficiency challenge of 0.5% per year – to make sure that customers get best value for money. Savings a further £18m over GD2.

The collated feedback relating to this commitment between July and October did not suggest changing the focus or target of our efficiency levels. There was a broad consensus of support for us to continue in the same direction.

As detailed above, our 'bill increase willingness to pay' acceptability testing (where 66% of SMEs and 48% of domestic customers were satisfied with this efficiency target) reinforces the feedback we gathered in our 'willingness to pay as a price perception of importance' (where stakeholders positively rated the acceptability of the commitment with 60%, overall being a positive score) testing. In light of this, we have decided to retain this commitment.

Conclusion

Based on 8 engagement events with over 2,300 stakeholders, we can conclude that there is wide support for us to continue improving efficiency levels by targeting an efficiency challenge of 0.5% per annum.



Chapter 11 – Our innovation Strategy

11.1 Commitment – Continue to invest in innovation

Justifying our plan – Continue to invest in innovation, working with around 500 external organisations during GD2 (compared to 350 in GD1) and sourcing over 50% of our ideas from outside our business

Introduction

Against a backdrop of increasing energy bills and more families in fuel poverty than ever before, a key priority for us is to ensure we keep our consumers' bills as low as possible. While we are recognised in Ofgem's latest annual report as being one of the most efficient networks, with our charges amongst the most competitive of all the gas networks, stakeholders require that we maintain our current high-performance levels in this area.

Throughout GD1, we implemented several innovative measures that lowered our costs, resulting in lower network charges and benefits for customers. Going forward, we will continue to seek innovative solutions to energy issues. In doing so, we commit to continuing to invest in innovation, working with around 500 external organisations during GD2 (compared to 350 in GD1) and sourcing over 50% of our ideas from outside our business.

Relevant engagement activities

We collected customer and stakeholder feedback on how we can continue to invest in innovation, sourcing over 50% of our ideas from outside our business. We did this through the following engagement activities, covering both 'business as usual' and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	Joint gas network engagement conducted through Accent on the future of gas.	02/2019	Workshop	37	Industry stakeholders (GDNs)	2.25
RIIO-2	We conducted an expert consultation on innovation with expert stakeholders.	08/2019	Survey, questionnaire	9	Expert stakeholders	2.25
RIIO-2	We commissioned Impact Utilities to research our customers' priorities.	09/2018	Surveys, workshops, conferences	18,403	Domestic customers	2.75
RIIO-2	We undertook several regional workshops facilitated by EQ Communications.	05/2019	Workshops	60	Stakeholders representing vulnerable customers, government stakeholders, industry stakeholders	2
RIIO-2	We commissioned Impact Utilities to	06-08/2019	Survey and focus group	971	Stakeholders across categories	3



	conduct 'willingness to pay as a price perception of importance' acceptability testing.					
RIIO-2	We engaged with industry stakeholders regarding Zero West Bristol and Pathfinder for decarbonisation.	05-08/2019	Meeting	24	Industry stakeholders	1.75
RIIO-2	We undertook a deep dive on innovation facilitated by Impact Utilities.	04/2019	Workshop	18	Domestic customers	3
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	04/2019	One-to-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing.	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
	Number of sources of evidence: 10			20,737		2.5 / 3 (Average)

Stakeholder and customer feedback

Our engagement generally informed us that stakeholders (1) place a high value on innovation, (2) would like to hear more about these initiatives and (3) agree with our areas of focus for innovation (while prioritising safety and reliability) and widely recognise the benefit of collaborative work between gas network companies in this area. Our 'bill increase willingness to pay' acceptability testing did suggest support for more innovation was slightly more limited than we initially thought, with the exception of larger businesses, who rated this commitment much higher than average. This support from bigger firms was reinforced by our vulnerable customer acceptability testing, with the majority of respondents believing this innovation should be seen as common sense and exactly what is expected of a large organisation with responsibility to a significant proportion of the public.

Stakeholders place a high value on innovation

In September 2018, we commissioned Impact Utilities to research our customers' priorities. A key finding from this report was that there is a high degree of consistency in stakeholder priority areas, with innovation identified as one of three areas in which all stakeholders placed the highest level of importance.

High stakeholder value was also placed on innovation through several regional workshops we undertook through EQ Communications, where innovation had an average score of 8.65/10 among priorities for our customers.

Stakeholders would like to hear more about these initiatives

It is clear that our stakeholders highly value innovation, and feedback suggests that they would like to be informed in greater detail about these specific initiatives. In our Future of Gas workshop, where we conducted joint gas network



engagement through Accent, it was identified that gas network stakeholders are interested in knowing more about what the networks are doing, and in particular would like to hear more about initiatives, their benefits, how they are progressing, and the outcomes.

There was a feeling that communication needs to be more proactive and less passive, and that GDNs should try harder to actively update stakeholders, rather than just publishing reports on their websites.

For example, our Zero West Bristol and Pathfinder for decarbonisation update provided us with great feedback on the use of Pathfinder in supporting the development of scenarios and increasing understanding of system balancing and interactions. There was significant interest in this, and we expect additional requests for using and understanding the model going forward.

Stakeholders agree with our areas of focus for innovation, while prioritising safety and reliability

In our expert consultation on innovation, it was highlighted that stakeholders mostly agree with our areas of focus for innovation. 8/9 reported that they agree with our innovation ambition level and that our priorities align to their needs, while 100% of respondents agree with the areas of focus for innovation, which are developing partnerships, projects that better serve customers, allowing a safe and resilient network and achieving a net-zero ambition.

The stakeholder who was not in favour felt that they do not believe our ambition is high enough, and that it should be enhanced by adding the best cost and quality of service to customers.

It is worth noting that in our deep dive on innovation, projects linked to making safety improvements were generally prioritised over other themes. Therefore, there is an expectation that WWU will balance innovation projects across themes without compromising safety and reliability.

Stakeholders recognise the benefit of collaboration but question if 500 external partners is manageable

In our Future of Gas workshop, it was communicated that stakeholders recognised the benefit of collaborative working between the gas network companies. This is particularly the case for innovation and the large-scale decarbonisation challenges the sector faces. Several existing examples of positive collaboration were referred to, including the National Grid FES, as there is an increasing need for cross-company working to effectively answer the fundamental questions of how to decarbonise the gas system. Similarly, in our expert consultation on innovation, 7/9 stakeholders agreed with us increasing collaboration.

Feedback from our regional workshops highlighted that we should work with local authorities and relevant organisations such as community energy groups to meet partnership targets, while the CEG felt that early liaison with relevant partners to help with funding would improve the success of various initiatives.

While collaboration was widely seen as beneficial, stakeholders in our Future of Gas workshop acknowledged the tension between aiming for greater collaboration while also encouraging competition between networks – some suggested a stronger incentive mechanism to allow networks to work together on achieving shared goals more effectively.

Lastly, some feedback suggests that our partnership target may be overly ambitious. In our expert consultation on innovation, only 5/9 stakeholders felt our aim of working with 500 external organisations over GD2 is realistic and suggested we place a focus on quality rather than quantity of engagement.



How the commitment has evolved

Commitment in the July version of the business plan
Continue to invest in innovation, working with around 500 external organisations during GD2 (compared to 350 during GD1) and sourcing over 50% of our ideas from outside our business
Commitment in the October version of the business plan
Continue to invest in innovation, working with around 500 external organisations during GD2 (compared to 350 during GD1) and sourcing over 50% of our ideas from outside our business

In our 'willingness to pay as a price perception of importance' acceptability testing, 52% of stakeholders stated the commitment as acceptable. However, further feedback gathered from customers and stakeholders in the 'bill increase willingness to pay' acceptability testing suggested that larger businesses and employees rated this higher than average which supports our decision to retain this commitment.

Conclusion

Based on 10 engagement events involving over 20,000 stakeholders, it became clear that stakeholders place a high value on innovation and recognise the benefit of collaborative work in this area.

It was highlighted that increased innovation and collaboration could open the door to several operational improvements to assist decarbonisation initiatives and help us keep consumers' bills as low as possible. Taking this feedback into consideration, we are therefore committing to continuing to invest in innovation, working with around 500 external organisations during GD2 (compared to 350 in GD1) and sourcing over 50% of our ideas from outside our business.



11.2 Commitment – Invest in innovation and work collaboratively

Justifying our plan – Invest in innovation to support the national strategic energy challenges, working collaboratively with Ofgem, BEIS and the wider industry

Introduction

We have undertaken a range of research and stakeholder engagement to evaluate the future of energy. Through doing so, we have developed a vision of a reliable, affordable and decarbonised future. Our vision and innovations combine hydrogen cities, green gas and smart hybrid heating systems all working together to keep bills low, maintain reliability and minimise household disruption.

National stakeholders involved in our engagement programme have called for a ‘national conversation’ about the future of heat. The gas networks are viewed as central to promoting this while helping consumers understand the need for change and realistic options. To do so, we are committing to invest in innovation to support the national strategic energy challenges, working collaboratively with BEIS, Ofgem and the networks to develop an agreed narrative and engagement programme on the future of energy.

Relevant engagement activities

We collected customer and stakeholder feedback on how we can invest in innovation to support the national strategic energy challenges. We did this through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	Joint gas network engagement conducted through Accent on the future of gas.	02/2019	Workshop	37	Industry stakeholders (GDNs)	2.25
RIIO-2	We conducted regional community workshops in 7 cities in Wales and England.	04-07/2018	Workshops	81	Government and industry stakeholders, stakeholders representing vulnerable customers	3
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2019	Workshop	10	Apprentices	2.5
RIIO-2	We engaged through several regional workshops facilitated by EQ Communications	05/2019	Workshops	60	Stakeholders representing vulnerable customers, government stakeholders, industry stakeholders	2
RIIO-2	Through EQ Communications, we engaged with our Critical Friends Panel.	09/2018	Panel	15	Stakeholders representing vulnerable customers, stakeholders across categories	2.75



Outputs & Synthesis Reports

BAU	We commissioned Impact Utilities to research what meaningful customer engagement is to our customers.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
BAU	We held a workshop with SMEs focused on Alternative Gas use in the future	03/2017	Workshop	64	SME's, utilities, local authorities, academia	2.25
RIIO-2	We held meetings with BEIS on environmental and net-zero related topics.	05/2017-07/2019	Meetings, roundtables, teleconferences	60	Industry stakeholders	1.95
RIIO-2	We attended the Welsh Government's workshop on decarbonisation.	04/2018	Workshop	55	Industry stakeholders	2.25
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone interviews, one-to-one interviews, focus groups, an online survey	175	Stakeholders, vulnerable customers, customers	2.75
RIIO-2	We conducted meetings in an interview format with MPs	05/2019	One-on-one in-depth interviews	23	Government stakeholders	1.75
RIIO-2	We held a workshop on distributed power and working with customers.	10/2018	Workshops	39	Industry stakeholders	2.25
RIIO-2	Green City Vision - Technical Report	05/2019	Report	45	Local authorities, sector experts and other authorities	3
RIIO-2	We commissioned Regen to conduct stakeholder events in Llandudno, Cardiff, Bristol and Exeter on future energy scenarios for gas and heat	07-08/2019	Workshops	156	Stakeholders representing SMEs and industry stakeholders	2.25
RIIO-2	We commissioned Impact Utilities to do deep-dive sessions on Sustainability	04/2019	Deep-dive workshop (regional)	17	Domestic and SME customers	2.75
RIIO-2	We consulted with our Critical Friends Panel on our commitments	09/2019	Focus groups	16	Stakeholders across categories	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Survey and focus group	971	Stakeholders across categories	3



RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey and face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-to-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Impact Utilities to carry out stakeholder priorities research	09/2018	Survey and face-to-face interviews	18,403	Domestic and SME customers	3
	Number of sources of evidence: 20			22,267		2.59/ 3 (Average)

Stakeholder and customer feedback

Broadly, our engagement informed us that decarbonisation and environmental topics are viewed as areas where we could do more through raising awareness and understanding of the initiatives that we already have underway. Our stakeholder priorities research from Impact Utilities showed that investment in new and innovative technology is the second-highest priority. Working more closely with Ofgem, BEIS and the wider energy industry is key to future success. Our Green City report underpinned this by highlighting that consumer choice will play a key role in raising energy efficiency. For instance, consumers optimising the charging patterns for their electric vehicles could reduce additional peak demand by a significant volume of around 15%. Therefore, we recognise that the incentivisation of consumer behaviour will be an essential factor in steering the energy transition.

Going further to keep stakeholders informed on future energy challenge initiatives

From our earlier 'Alternative Gas' workshop in 2017, our stakeholders made it clear that they would like us to do all that we can to work collaboratively with DNOs, other GDNs and other relevant industries. This message has come through as part of our RIIO-2 regional workshops where our stakeholders highlighted that they would like us to further develop relationships with community/energy projects and local authorities to support on future energy needs. Moreover, through our focused engagement around a decarbonised future and a range of meetings with BEIS representatives, we found out that some of them are not sufficiently aware of our Welsh development on Clean Growth. It is clear that our stakeholders, particularly SMEs, are interested in knowing more about what the network companies are doing, and they would like to stay informed about initiatives that are being introduced and how they are progressing.

We recognise that consumer awareness on the need for a decarbonised energy system, and the implications that different options have is lower than it should be. This limitation was highlighted to us at our Future of Gas workshop held in February 19. Similarly, our Critical Friends Panel pinpointed the rapid technological developments contributing to knowledge disparity in this area. They emphasised the need to keep stakeholders, particularly consumers, informed as progress is made so that everyone is aware of future impacts. Hence, we recognise that we have an active role to play in heightening consumer awareness with regards to the energy transition.

Working effectively with Ofgem, BEIS and wider government on the decarbonisation agenda

We recognise that we will need to work as effectively as possible with the wider energy industry to avoid duplication of effort. At our Future of Gas workshop, many stakeholders highlighted that there is a potential disconnect between short-term RIIO-2 timeframes and long-term decarbonisation targets. There was also some concern that pressure on network company costs may prevent innovation. These are all insightful concerns and, through working closely with Ofgem and



BEIS, we intend to target tangible innovative initiatives that we can achieve within the RIIO-2 period while ensuring we are in line with longer-term decarbonisation targets (more detail provided by our 'Net-zero ready network' commitment).

Building on this feedback, we have already started to have more focused conversations with BEIS as part of our RIIO-2 engagement. Through frequent meetings with BEIS representatives, we have established that our Freedom project is directly feeding into their strategic thinking of the future of heat modelling. The Freedom project is about developing and trialling smart hybrid systems to understand both the impact on the network and customer behaviours. We are setting future plans to connect BEIS more closely with our Freedom team and facilitate forward innovation in this area. Similarly, through our RIIO-2 engagement, BEIS representatives have highlighted to us that our Pathfinder tool could help local authorities understand the future energy challenges and the trade-offs which shape their own strategies. Hence, collaboration in this area should not be limited to regulators and industry players but should also include local governments. Throughout the RIIO-2 period, we will be seeking areas where our carbon reduction strategies align with responsible government departments and the wider energy network to make sure we collaboratively pursue innovation opportunities on a national level.

Allocating increased funding towards a decarbonised future

Our RIIO-2 engagement with end-customers highlighted that safety and reliability of service are of the highest importance. This was evidenced in our 'Needs Based Report' produced in April 2019. Despite innovation not being the key priority of stakeholders, a report delivered by Impact Utilities that consulted with 1,000 stakeholders indicated that investment in innovation and green tech is the next most important priority for customers. Moreover, as an example of support for innovation investment, our Critical Friends' Panel provided unanimous support for us to increase our investment in lower-carbon energy to power 642,000 homes through green gas by 2026.

How the commitment has evolved

Commitment in the July version of the business plan
1. Work collaboratively to invest in innovation to support the future energy challenges as national demand increases
2. Work collaboratively with BEIS, Ofgem and the networks to develop an agreed narrative and engagement programme on the future of energy
Commitment in the October version of the business plan
Invest in innovation to support the national strategic energy challenges, working collaboratively with Ofgem, BEIS and the wider industry

Stakeholders voiced concerns that the separate commitments would result in differing narratives on future energy challenges. They highlighted that investing in innovation to support national strategic energy challenges would, in fact, require working more closely with the represented organisation and government bodies, which should be articulated in our approach.



Based on the additional insight and feedback collected from regional workshops focused on the Future of Energy Scenarios for Gas and Heat, we decided to merge our two July commitments to reflect the identified interdependencies between them.

Further feedback throughout April – November supported this decision: vulnerable customers in April broadly supported the need for simplification of the promise and explanations of key terms such as ‘decarbonisation.’ Following this, the change was additionally supported by lower acceptability scores of 51% and 57% respectively for the July commitments in our ‘willingness to pay as a price perception of importance’ acceptability testing.

Finally, results from our November ‘bill increase willingness to pay’ customer acceptability testing report further ratified the case for change, in which SMEs ranked the initiative 3rd out of the 7 commitments relating to an environmentally sustainable network.

Conclusion

Based on 20 engagement events involving over 22,200 stakeholders; it was clear that we should do more to inform our stakeholders on future energy and decarbonisation initiatives while ensuring that we are aligning with key players in the industry.

Our collated feedback recognises that investing in innovation and working collaboratively with the wider industry to support national strategic energy challenges is an important priority to stakeholders, and we should develop our plans with this in mind. Taking this feedback into consideration, we are committing to invest in innovation to support the national strategic energy challenges, working collaboratively with Ofgem, BEIS and the wider industry.



Delivering an environmentally sustainable network

Chapter 13 – Our net zero ready vision for 2035

13.1 – Commitment - Net zero network

Justifying our plan – Delivering a net zero ready network by 2035

Introduction

Since 2013, we have lowered our carbon emissions by 18%, while at the same time leading on innovation that helps decarbonise heat and minimise consumer costs. We also began designing our hybrid heating 'Project Freedom', which is one of the most ambitious projects supporting the decarbonisation of heat across the UK and saving families up to £700 a year in energy bills. Building upon this, we have also delivered Pathfinder (a whole system energy modelling tool), created a Green City Vision project and so much more. We have enabled significant amounts of green gas to enter our network, connecting our first biomethane site in 2014 delivering low carbon gas to heat 130,000 homes. These initiatives form the core of our efforts towards delivering an environmentally sustainable network.

Building on these efforts, we are introducing our commitment and ambitious plan to support the UK's decarbonisation targets and become a net zero ready network by 2035. This plan is a credible and achievable pathway that requires us to successfully collaborate with other networks to develop our work on whole systems and to provide joined-up energy network advice at a local level. We propose a whole systems charter to further demonstrate our commitment to working with a wide range of stakeholders to create customer-focused, least cost and joined up solutions to deliver decarbonisation.

Relevant engagement activities

We collected customer and stakeholder feedback on 'delivering a net zero ready network by 2035' through the following engagement activities, covering both 'business as usual' and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality (RAG)
BAU	We conducted a stakeholder research programme.	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
RIIO-2	Joint gas network engagement was conducted through Accent on the future of gas.	02/2019	Workshop	37	GDNs	2.25
RIIO-2	We conducted regional community workshops in 7 cities in Wales and England.	04-07/2018	Workshops	81	Government and industry stakeholders, stakeholders representing vulnerable customers	2.59
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5
RIIO-2	Engaged with our Critical Friends Panel facilitated by EQ Communications	09 & 12/2018; 09/2019	Panel x 3	36	Stakeholders representing vulnerable customers,	2.75



Outputs & Synthesis Reports

				(15 +5 + 16)	stakeholders across categories	
RIIO-2	We commissioned Impact Utilities to research customer priorities.	09/2018	Portal and country show surveys, regional workshops, conferences	18,403	Customers across categories	2.75
RIIO-2	Impact Utilities conducted further research for us on to understand what their priorities are for the future	04/2019	Panels, workshops, surveys, phone interviews	1,000	Customers across categories, hard-to-reach groups	3
RIIO-2	We engaged with our Customer Engagement Group to hear their challenge and feedback.	N/A	Meeting	N/A	Stakeholders across categories	1.5
RIIO-2	Regional stakeholder workshops facilitated by EQ Communications	05/2019	Regional workshops	60	Stakeholders representing vulnerable customers, industry and government stakeholders	2
RIIO-2	We supported an 'Innovate UK' project looking at decarbonisation of Caldicot.	01-02/2019	Meeting	18	Local Authority and Industry stakeholders	1.75
RIIO-2	We consulted academic specialists in the field from Imperial College.	07/2019	Meeting	12	Stakeholders from academia	1.75
RIIO-2	We attended the Welsh Government's workshop on decarbonisation.	04/2018	Workshop	55	Industry stakeholders	1.88
RIIO-2	We held meetings with BEIS on environmental and net-zero related topics.	05/2017-07/2019	Meetings, roundtables, teleconferences	60	Industry stakeholders	1.95
RIIO-2	We provided input into a white paper discussion published by the ENA and BEIS.	05/2019	Meeting	30	Industry stakeholders	1.5
RIIO-2	We conducted extensive engagement in Wales.	06/2017-06/2019	Regional and face-to-face meetings	349	Industry stakeholders, regulators, government, financial institutions	1.96
RIIO-2	Meeting and letter from major gas users informed us about a range of topics related to decarbonisation.	02/2019	Letter and meetings	4	Large business customers	1.5
RIIO-2	We held a workshop to share experience and best practice with distributed power generators and other gas distribution networks.	10/2018	Workshops	39	Industry stakeholders	2.29
RIIO-2	We commissioned Regen to conduct regional stakeholder events (Cardiff, Exeter, Bristol and Llandudno) on future energy scenarios for gas, transport, power and heat.	08/2019	Regional workshops	156	Industry stakeholders	2.43
RIIO-2	We conducted deep dive sessions on the topic of Innovation, Future of Energy and Sustainability.	04/2019	Regional workshop	52	Regional Domestic customers and SMEs	2.58



RIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing.	06-08/2019	Focus groups and surveys	971	Domestic customers and SMEs	3
RIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	06-08/2019	One-to-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Surveys, face to face interviews	984	Domestic customers and SMEs, hard to reach customers	3
Number of sources of evidence: 22				22,239		2.32 / 3 (average)

Stakeholder and customer feedback

Our various engagements with the Welsh government, energy and utilities companies, academia and consumers indicate strong support for us to commit to delivering a net zero ready network by 2035. Beyond just adapting our network, the commitment also considers our obligation towards decarbonisation and facilitating green gas as part of the future network.

Despite the varying knowledge levels across engaged stakeholders, this commitment has been consistently ranked as a high priority.

In stakeholder research undertaken by Mindset on our strategic objectives, 43% of respondents said that a sustainable future is the most important objective following the reliability of supply. Similarly, Impact Utilities' research indicated that investments in innovative and greener technology are the second most important priority to domestic gas customers. Our 'bill increase willingness to pay' acceptability testing showed that the 18-24-year-old category is where the majority of support lies for delivering a net zero ready network, closely followed by stakeholders up to the age of 55.

The support of this commitment is further enhanced by numerous meetings organised by the Welsh Government, including their energy advisors. During discussions, government members continuously voiced the need to begin developing and implementing a cleaner energy system that integrates heat, power and transport. Stakeholders from our Future of Energy deep dive sessions were also welcoming to switching to renewable energy as well as hydrogen (despite some safety concerns) and supported a network that would reduce negative environmental effects.

Supporting decarbonisation and whole system projects

A significant amount of support for this commitment is focused on the projects that would actively facilitate the move towards a decarbonised network, such as the Freedom project.

During meetings with members of the Welsh Government, the objective to decarbonise residential heat by 80% and prepare a net zero network by 2035 was initially viewed as too challenging. The attendees were then presented with the Freedom project, which resulted in the following supportive feedback:

- Welsh Government raised interest in deploying the Freedom project as soon as possible, using their funding stream;



- They would also begin networking with businesses looking to roll-out the project commercially across the UK as swiftly as possible; and
- Commit to using the Freedom project as an industry example of an innovative solution to decarbonise heat by bringing gas and electricity together and distributing the leadership's efforts to encourage a whole system approach.

Stakeholders voiced concerns on the effects network change will have on them

Despite having our net-zero network initiatives stand out as impressive, stakeholders voiced concerns surrounding the possible impact on bills, societal implications, shared responsibility and more. Specifically:

- The regional workshops indicated that there are stakeholder concerns surrounding the financing of a net-zero network. The current uncertainty of who will pay the costs raises doubts on the support that WWU and other industry parties will receive in implementing decarbonisation projects (such as the Freedom project). Hence, stakeholders want us to ensure that the financing of a net-zero network will not impact affordability and reliability of the future network. they
- The same view was shared during our deep dive Sustainability session- a key statement was to 'keep our actions and network as green as possible' without drastically increasing customer bills. They believe that costs should be shared amongst parties in the energy and utilities value chain as this is a joint UK-wide ambition. Our Future of Energy deep dive participants had the view that the government should be more involved in subsidising these projects.
- Another implication that stakeholders brought up during the Innovation deep dive was the effect of job losses that net-zero related projects could have. They acknowledge a large skill gap currently and anticipate it to increase in the future, hence they do not see this in favour of the current workforce.

Stakeholders' suggested areas of improvement

We welcomed our stakeholders to suggest possible areas of improvement that could not only benefit the delivery of this commitment, but also enhance our approach to it and augment our ambitions.

- The stakeholder workshop for Future Energy Solutions saw the majority of participants highlighting an expectation for us to do more in encouraging a green gas network, particularly in delivering the initiative before 2035.
- Meetings with domestic consumer representatives highlighted the importance to have a more compelling proposition to household customers that will enable users to comprehend and accept household decarbonisation. This includes the need to demonstrate economic benefits to the community to highlight the impact. A suggestion was to begin with, and learn from social housing units, and to scale up those efforts.
- Discussions with the Welsh Government also prompted the need to further create a conversation about decarbonisation and net-zero added benefits, which include health and wellbeing, biodiversity awareness, upskilling and more. As much as stakeholders support the commitment due to environmental benefits, we should further communicate the benefits that they would receive.



How the commitment has evolved

Commitment in the July version of the business plan
Continue to facilitate green gas and support whole system approach
Commitment in the October version of the business plan
Delivering a net zero ready network by 2035

Based on the additional feedback collected from the CEG, Future of Gas Industry meetings, and government discussion on climate emergency, we decided to:

- Re-focus the commitment to a higher-level definition that would provide clarity to a wider range of consumers and stakeholders across industries. This change now considers the role of whole system collaboration that stakeholders viewed as critical in delivering an environmentally sustainable network and decarbonising the future.
- Increase our ambition in the area by providing a target and specific timeframe that meets long-term government sustainability requirements and stakeholders' expectations.

In June, our 'willingness to pay as a price perception of importance' showed this commitment and its ambition to deliver a whole system decarbonised network had an acceptability rate of 64%, and a willingness to pay of 29% amongst stakeholders. However, our most recent 'bill increase willingness to pay' acceptability testing from November highlighted the growing value customers place on this commitment, in which domestic and SME customers stated that they would pay £0.82 and £7.20 more respectively to support delivering this commitment. The commitment also ranked 2nd in our vulnerable customer testing among commitments relating to delivering an environmentally sustainable network.

Conclusion

Based on 22 engagements with more than 22,218 stakeholders, it is clear that our commitment is viewed as the right thing to do to help reduce emissions across the UK and for us to evolve as a responsible business. There is clear stakeholder interest and approval for the projects, (such as Freedom) supporting this commitment. Therefore, we are now recommending steps that would roll-out this work, striving towards industry-wide decarbonisation. Based on this feedback and Government support, we are committing to delivering a net zero ready network by 2035.



13.2 Commitment – Ensure no regrets investment

Justifying our plan – Ensure that the investments we make today will support future energy scenarios and therefore represent a ‘no regrets’ energy solution

Introduction

Throughout GD1, the multitude of innovations we implemented have helped to control our costs, resulting in lower network charges. Similarly, the use of our unique simulation tool, the 2050 Energy Pathfinder, has been hugely effective in modelling future energy supply and demands across the communities we serve. Our innovations have therefore benefited consumers both directly and indirectly, and we will continue to seek innovative solutions to energy issues going forward.

Relevant engagement activities

We collected customer and stakeholder feedback to ensure that the investments that we make today will support future energy scenarios, through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	Joint gas network engagement conducted through Accent on the future of gas.	02/2019	Workshop	37	Industry stakeholders (GDNs)	2.25
RIIO-2	We conducted regional community workshops in 7 cities/towns in Wales and England.	04-07/2018	Workshops	81	Government and industry stakeholders, stakeholders representing vulnerable customers	2.75
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5
RIIO-2	Through EQ Communications, we conducted engagement with our Critical Friends Panel	11/2018	Panel	5	Stakeholders, stakeholders representing vulnerable customers	2
BAU	We commissioned Impact Utilities to research what meaningful customer engagement is to our customers.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
BAU	We conducted a series of engagements with stakeholders as part of our BAU stakeholder research programme.	08/2018	Phone interviews, one-to-one interviews, focus groups, online survey	175	Stakeholders, vulnerable customers, customers	2.75
RIIO-2	We engaged with Bath University with a focus on our SWOP project.	07/2019	Meeting	2	Stakeholders	1.5
RIIO-2	We engaged with academic representatives from Supergen Energy Hub / UKERC.	04/2019	Workshop	30	Stakeholders	2.25



RIIO-2	We attended the Welsh Government's workshop on decarbonisation.	04/2018	Workshop	55	Industry stakeholders	1.75
RIIO-2	We conducted meetings in an interview format with MPs.	05-06/2019	One-on-one in-depth interviews	21	Government stakeholders	1.75
RIIO-2	We commissioned Impact Utilities to do a deep dive on Innovation	03/2019	Deep-dive workshop (regional)	18	Domestic and SME customers	2.75
RIIO-2	We commissioned Impact Utilities to do a deep dive on Monetised Risk on our proposed plans	09/2019	Deep-dive workshop (regional)	18	Domestic and SME customers	2.5
RIIO-2	We commissioned Impact Utilities to do a deep dive on Financial Risk	04/2019	Deep-dive workshop (regional)	14	Domestic and SME customers	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing.	06-08/2019	Surveys and focus groups	971	Stakeholders across categories	3
RIIO-2	We consulted with our Critical Friends Panel on our commitments.	09/2019	Focus groups	16	Stakeholders across categories	2.75
Number of sources of evidence: 15				2,454		2.46 / 3 (Average)

Stakeholder and customer feedback

'No regrets' investments that strongly consider the long-term

While innovation in areas such as decarbonisation is not currently perceived to be as important as safety or reliability, as indicated by our 'Needs Based Report', stakeholders have still made it clear to us that they see us as being a key player in driving the national conversation about the future of heat. Moreover, from our Deep Dive sessions centred on Innovation some stakeholders highlighted that we need to play a role in decarbonisation as we start to move towards a country that could be post gas in decades to come.

At our Critical Friends Panel sessions, stakeholders have made it clear to us that the decarbonisation and a sustainable energy future are vitally important. This view was also shared at our Future of Gas workshop in February 2019 where they highlighted that they see us as being central to raising the topic of decarbonisation higher on the public agenda, helping consumers understand the upcoming decisions, and the value of the current gas system.

At the Future of Gas workshops which had a range of industry stakeholders in attendance, it was clear that actions undertaken in RIIO-2 should be setting the groundwork for achieving delivery across RIIO-3 and up to 2050. However, our stakeholders also made it clear to us that they understand that there is a delicate balance between a 'low regrets' approach and the need to take action now to avoid the delivery timescale becoming unnecessarily tight, but equally not over investing and being left with a stranded asset based on a flawed technology or one that becomes redundant in the longer term. To date, our framework to roll out proven innovation has led to savings or costs avoided to the value of circa £10m. In RIIO-2 our ability to monitor and measure the benefits of our portfolio and use innovation will be essential factors towards us achieving our target of a 0.5% efficiency gain, equivalent to circa £17m.

We are driving forward initiatives today that will have a positive effect on future energy scenarios and represent 'no regrets' in the long term. An example of this is the development and provision of low-cost modern energy services allowing



customers to use energy in the way that they want to. Stakeholders in our Future of Gas workshops have called for us to continuously test options for low carbon gas solutions, including building a stronger evidence base for the benefits of 100% hydrogen versus blended options. We have listened to our stakeholders, and we will be allocating investment towards identifying novel future commercial arrangements that reflect changes to energy supply methods. We will also be doing a range of activities to help achieve this ambition, including the trailing of 'smart' home assets and methods that provide greater customer transparency and control of their energy consumption.

Stakeholders are supportive of investing in innovation especially where it heightens safety and reliability of services

We were keen to get an understanding from our stakeholders of their views towards us spending on innovation for benefits in the longer-term and ensuring that our initiatives ultimately represent a 'no regrets' energy solution. As part of our Monetised Risk Deep Dive sessions with stakeholders, it is apparent that they prioritise safety and want money to be spent to ensure it both in the present and in the future. They highlighted the reality that, whilst they are rare, gas explosions are catastrophic, and they are supportive of funding that continues to raise the safety of gas services and supplies – indeed money spent to ensure safety for now and into the future such as replacing gas pipes to make them ready to receive new gases (futureproofing) also contributes to safety and reliability (win, win, win).. Other stakeholders have stressed that they would want an allocation of up to 50% of innovation funding to be for the purposes of decarbonisation.

Bringing customers and wider stakeholders along the journey for our initiatives

We have held a series of regional workshops as part of our RIIO-2 stakeholder engagement. These took place in Plymouth, Swansea, Cheltenham, Llandudno, Cardiff, Bristol and Swindon. One of the shared views among stakeholders was that they would like us to get better at bringing customers on the journey when we are delivering new initiatives for them. Customers would like to see how we incorporate their support into our developments to help ensure that we continue to prioritise customer-driven investment. We will endeavour to do this better in the RIIO-2 period.

The evolution of our Critical Friends Panel will help to ensure that we both do this better and demonstrate this better. During GD1, it has proved difficult bringing members together from remote locations, so we will consider regional CFPs, replicating the panel session areas for the proposed Citizens' Panel. This will enable regional representation so that local differences and areas of interest are well represented. Panel sessions may be held up to four times a year while making use of online surveys to support business planning in between.

Moreover, as part of our RIIO-2 stakeholder engagement, we have had a range of meetings with BEIS and local MPs. Our investment projects that help towards a sustainable energy future have been a central topic in our discussions. BEIS and local MPs have confirmed to us that they would like to be informed of the high-profile projects that we are investing in, especially ones that are linked to their constituencies. Furthermore, our meetings with MPs have involved in-depth discussions about the future of hydrogen in our network and have even lent their support for any new trials to take place within their constituencies.

How the commitment has evolved

Commitment in the July version of the business plan
Ensure that the investments we make today will support future energy scenarios and therefore represent a 'no regrets' energy solution
Commitment in the October version of the business plan
Ensure that the investments we make today will support future energy scenarios and therefore represent a 'no regrets' energy solution



Based on the additional insight collected between June and September, including feedback from events such as our Critical Friends Panels' review of our commitments and our 'willingness to pay as a price perception of importance' acceptability testing, we decided to maintain the ambition in our commitment to ensuring that our investments ultimately represent a 'no regrets' energy solution.

When we tested our initial business plan with stakeholders and sought their inputs on whether we should be supporting future energy scenarios and making the network sustainable (e.g. through supporting hybrid heating, green gas connection and whole systems solutions), stakeholders responded that it was a 'no brainer' and that we ought to strive towards this.

As a result of all the feedback gathered from stakeholders, we have maintained our commitment, asserting that the investments will be a 'no regrets' energy solution.

Conclusion

Based on 15 engagement events, including 2,457 stakeholders, we're seen as playing a central role in creating a sustainable energy future. Customers would like us to incorporate them into the development of initiatives to achieve this ambition.

We are therefore committing to ensuring that the investments we make today will support future energy scenarios and therefore represent a 'no regrets' energy solution.



Chapter 14 – Environmental action plan

14.1- Commitment - Invest 6.8m to assess, manage or reduce negative impacts

Justifying our plan –Invest £6.8m to assess, manage or reduce the negative impacts of historical gas works at around 70 sites in our communities

Introduction

Our customers care about the environment and want us to act to make sure they have access to clean, reliable and affordable energy future. We have always taken steps to minimise our impact on the environment and to make sure that our network is sustainable for the future. In developing this plan, our customers, stakeholders, and CEG have challenged us to be even more ambitious. We are making a commitment to further reduce the less environmentally friendly aspects of our activities, to increase the positive social and environmental impacts, and to report on our progress.

Relevant engagement activities

We collected customer and stakeholder feedback on our ambition to invest £6.8m to assess, manage or reduce the negative impacts of historical gas works at around 70 sites in our communities. We did this through the following engagement activities, covering both ‘business as usual’ and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We engaged with Bristol City Council.	09/2019	Face-to-face meeting	4	Regional stakeholders	1.5
RIIO-2	We engaged with Swindon Borough Council.	07/2019	Face-to-face meeting	2	Regional stakeholders	1.5
RIIO-2	We commissioned Impact Utilities to test and collate acceptability of our business plan commitments.	06-08/ 2019	Survey and focus group	971	Stakeholders across categories	3
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder ‘Willingness to Pay’ acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 5				2,136		2.35 / 3 (Average)

Stakeholder and customer feedback

Through our engagement with local authorities, stakeholders have made it clear that they are in favour of our pledges to assess, manage or reduce the negative impacts of historical gas works. For instance, in our engagement with Swindon Borough Council in July 2019, they favoured us having a more proactive approach to converting un-used landholdings



into sites for beneficial use. Of our domestic customers, our acceptability testing showed that the 18 - 24-year-old category place far more importance on this investment than the 55+ age group, albeit domestic customers ranking this initiative 5 out of our 7 commitments relating to creating an environmentally sustainable network. For GD2, we endeavour to keep a proactive approach to addressing historical gas works as this will minimise the cost of managing our portfolio of land. A reactive approach would be considerably more expensive.

Following our engagement with Bristol City Council, they are also in favour of our proactive land management programme and have asked that we continue to liaise with them throughout GD2 on projects occurring within their area. We own a portfolio of former gas work sites that have the potential to significantly damage human health, water bodies and the environment that surrounds them. We take this risk seriously and in GD2 we will continue our successful proactive approach to managing our statutory contaminated land liability. Our GD2 pledge is to reduce our environmental impact, we are committing to a bespoke PCD (price control deliverable) to assess, manage and reduce historical gas work sites' negative impacts on the communities and environment that they are located in. We will commit to investing £6.8m to efficiently and effectively tackle this complex ongoing problem; if we fail to achieve this, we will hand this money back to customers.

How the commitment has evolved

Commitment in the July version of the business plan
Monitor and clean up 85 previous gas works sites as part of our land remediation programme – we propose a bespoke price control deliverable to support this
Commitment in the October version of the business plan
We will invest £6.8m to assess, manage or reduce the negative impacts of historical gas works at around 70 sites in our communities - we propose a bespoke price control deliverable to support this

Based on the additional insight collected between June and September, including feedback from events such as acceptability testing of our initial business plan, we decided to make the commitment more specific by stipulating the investment that we will dedicate to addressing historical gas works.

Following our acceptability testing session in June 65% of stakeholders have confirmed that the commitment is acceptable to them. Our most recent round of acceptability testing from November showed that SME and domestic customers would be willing to pay £6.83 and £0.69 respectively to manage this issue. We have therefore pledged that investing £6.8m should be sufficient to enable us to tackle this complex ongoing problem; if we fail to achieve this, we will hand this money back to customers.

Conclusion

Based on our 5 engagement events with over 2,100 stakeholders, we note that there is support for us addressing historical gas works. Obtaining support from local authorities for our commitment in this area was important to us.

Based on the feedback from June confirming that 65% of stakeholders think our commitment is acceptable and backed up by our November testing demonstrating that both SME and domestic customers would commit financially to dealing with this, we are committing to investing £6.8m to assess, manage or reduce the negative impacts of historical gas works at around 70 sites in our communities. We propose a bespoke price control deliverable to support this.



14.2 – Commitment – Reusing and recycling at least 80% of our waste by 2026

Justifying our plan – Reusing and recycling at least 80% of our waste by 2026 and send zero waste to landfill by 2035, to achieve our ambition to be a zero-waste company by 2050

Introduction

The environment is an increasingly important issue. This includes smaller elements of our carbon footprint which impact local communities such as waste and transport.

In GD2, we plan to tackle our resource management by reducing our consumption and waste generation, embedding circular economy principles within the business and challenging our contractors to increase their environmental focus.

Initially, we will focus on reducing consumption and diverting waste from landfill through reuse, recycling and recovery; we aim to become a zero-waste company by 2050.

Relevant engagement activities

We collected customer and stakeholder feedback reusing and recycling at least 80% of our waste by 2026, to achieve our long-term ambition to be a zero-waste company by 2050 through the following engagement activities:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We engaged with our Critical Friends Panel to get their feedback on proposals.	09/2019	Panel meeting focus group	16	Domestic customers, SMEs, community representatives, industry stakeholders, regulator	2.75
RIIO-2	We engaged with the Swindon Borough Council to hear their views on our commitments.	07/2019	Face-to-face meeting	2	Regional stakeholders	1.5
RIIO-2	We commissioned Impact Utilities to conduct deep-dive sessions on Innovation.	03/2019	Workshops	18	Domestic and SME customers	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'meaningful engagement' stakeholder acceptability testing.	04/2019	Panels, workshops, surveys, phone interviews	1000	Domestic and SME customers, hard-to-reach groups	3
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face to face interviews	984	Domestic and SME customers, hard to reach customers	3



RIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-to-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
Number of sources of evidence: 6				2,076		2.54 / 3 (Average)

Stakeholder and customer feedback

It is evident from our stakeholder engagement that there is a big disparity in support across our customer segments for us committing to becoming more environmentally friendly and aiming towards long-term zero waste. Among our domestic customers, this ranked number one in perceived value, yet among our SME customers, it was 5= out of the 7 commitments relating to a sustainable network, in our 'bill increase willingness to pay' acceptability testing. Of the domestic customers, it was our 18 – 24-year-old customers who placed the most importance on this, whereas the minority came from our 55+ year-old customers. Participants at our Critical Friends Panel thought reusing and recycling of 80% of our waste to be an achievable target. The appropriate incentives, facilities and mechanisms are all in place for this.

Our regional stakeholders in Swindon also supported this and are keen to see us using local licensed waste operators to minimise waste disposal logistic travel.

This suggestion was echoed by other members of the Critical Friends Panel. Some stakeholders mentioned that a thorough analysis of the carbon impact of increased recycling should be considered and that the goals of reducing our overall carbon footprint and our reusing and recycling targets should be combined.

At one of our innovation deep-dive sessions, however, the achievability of completing our works without any disruption and not sending any material to landfill was questioned. This was seen as something that should be 'business as usual' anyway.

The environmental impact of our operations is an increasingly important issue and it is imperative for us to reuse and recycle, towards our zero-waste goal. Our stakeholders support this long-term target and believe a rate of 80% to be an appropriate and achievable level.

How the commitment has evolved

Commitment in the July version of the business plan
n/a
Commitment in the October version of the business plan
Reusing and recycling at least 80% of our waste by 2026 and send zero waste to landfill by 2035, to achieve our ambition to be a zero-waste company by 2050.



Based on the insight collected between June and September, we decided to make this a new commitment, specific to reusing and recycling our waste. We see this as a key commitment that will enable us to further reduce our overall carbon footprint stemming from our everyday core operations.

Further feedback, notably the value our domestic customers placed on this commitment in our 'bill increase willingness to pay' acceptability testing as previously detailed, have led us to increase our focus on the promise, as well as remove 'long term' from the title. This is a sentiment reinforced by our vulnerable customers, who almost unanimously agreed that reducing, reusing and recycling was something that needed more attention.

In addition, challenge by the CEG and RIIO-2 Challenge Group, and internal stakeholder support since our draft October plan has supported our increase in ambition around waste management.

Conclusion

Based on 6 engagement events including 2,076 stakeholders we conclude that (1) stakeholders are supportive of our waste target and (2) the target is believed to be achievable. Based on this feedback and the fact that mechanisms, facilities and incentives are in place, we are committing to reusing and recycling at least 80% of our waste by 2026. We will do so on our way to achieve our long-term ambition to be a zero-waste company by 2050.



14.3 - Commitment – Further reduce shrinkage

Justifying our plan – Further reduce gas escapes by 10% against the 2021 target value of 454,000 tonnes CO2 through the continued replacement of over 400km of old metal pipe and 20,000 services – the equivalent of taking 46,000 cars off the road each year

Introduction

As a gas distribution network, we understand the impact that our works can have on a wider range of stakeholders, as well as on the environment. We have always taken steps and set goals in place to minimise the effect of our actions on the environment and to make sure that our network is sustainable in the long run. In GD1 we have made significant progress towards reducing our environmental impact, including addressing the issues of fugitive emissions from our pipe leakage; this has accounted for 96% of our carbon emissions.

The environmental impacts remain a high priority on the agenda for a wide group of stakeholders including the government, end-customers, supply chain participants and more. In developing our new Environmental Action Plan (EAP) for GD2, we were challenged by stakeholders to be more ambitious in the next regulatory period. Based on this feedback, we are committing to further reducing shrinkage by 10% against our 2021 target value of 454,000 tCO2. We will achieve this by continuing to replace 400km of old metal pipes, equivalent to removing 46,000 cars from the road each year.

Relevant engagement activities

We collected stakeholder feedback on our commitment to reduce shrinkage for an additional 10% over our 2021 target through the following engagement activities:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
R110-2	We conducted a series of regional workshops in seven locations with a range of stakeholders.	04-06/2018	Regional workshops	81	Industry and government stakeholders, stakeholders representing vulnerable customers	2
R110-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5
BAU	We commissioned Impact Utilities to conduct research on meaningful customer engagement.	04/2019	Panels, workshops, survey, phone interviews	1,000	End-customers, SMEs and hard-to-reach stakeholders	3
R110-2	We conducted deep dive sessions on the topic of innovation	04/2019	Workshop	18	Regional Domestic customers and SMEs	2.5
R110-2	We commissioned Impact Utilities to conduct	06-08/2019	Focus groups and surveys	971	Domestic customers and SMEs	3



	'willingness to pay as a price perception of importance' acceptability testing					
RIIO-2	Our Critical Friends Panel provided detailed feedback on our proposed commitments. This was summarised in a report by EQ Communications.	09/2019	Panel meetings and focus groups	16	Domestic and SME customers, community representatives, charities, industry stakeholders	2.75
RIIO-2	We consulted with our Critical Friends Panel on our commitments through EQ Communications.	12/2019	Panel meeting and focus group	5	Housing association, charities and industry stakeholders.	2
RIIO-2	We engaged with our Critical Friends Panel through EQ Communications.	09/2018	Panel meeting and focus group	15	Stakeholders, stakeholders representing vulnerable customers	2.25
BAU	We commissioned Mindset to conduct a stakeholder research program	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face to face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 10				3,275		2.58 / 3 (Average)

Customer and Stakeholder feedback

Unanimous support for WWU to work towards reducing shrinkage

The engagements we undertook with a range of stakeholders demonstrated widespread support for this commitment. It was demonstrated that the issue surrounding leakage was ranked as an increasingly important topic amongst diverse stakeholders, as it impacts both the environment and the safety of the network in the long run.

Engagement with stakeholders through regional workshops across our communities have provided unanimous feedback that reducing carbon emissions should be one of the central priorities as we approach GD2.

It was also ranked as more preferable over our ambition to deliver alternative fuel sources. Some stakeholders representing local authorities raised concerns that increasing our mains replacement work to reduce leakage will only disrupt communities if we don't enhance the support services alongside mains work.

Stakeholders involved in the labour market were supportive of the commitment but raised concerns of 'labour and skills shortages' in reaching our target.

Our Critical Friends Panel (CFP) highlighted that 97% of gas operators' carbon footprint stems from leakage, hence focusing our efforts to reduce gas loss was praised. They have also expressed the view that GDNs have not been ambitious enough with regards to main replacement schemes to tackle leakage. Therefore, they gave us unanimous support for the additional 10% challenge we have set ourselves.



Our 'willingness to pay as a price perception of importance' acceptability testing for this commitment conducted in June 2019 yielded an acceptance rate of 62%, which was amongst the highest accepted commitments.

Stakeholders expressed positive willingness-to-pay to ensure we deliver this commitment

The higher perceived value of this commitment amongst stakeholders was demonstrated in June with the 'willingness to pay as a price perception of importance' acceptability testing that recorded a 30% willingness-to-pay to ensure that we deliver the commitment (amongst the higher willingness-to-pay commitment results). This was further reinforced in our 'bill increase willingness to pay' acceptability testing from November; for both SMEs and domestic customers, this commitment was the second highest priority out of the seven commitments relating to maintaining a sustainable network. Out of these domestic customers, the highest proportion came from 18 – 24-year-olds, and from the SMEs, it was larger companies who assigned this commitment the greatest importance.

Feedback from our CFP highlighted leakage to be an issue of urgency and would support more investments over lower costs if it would mitigate the problem. They would be willing to accept an annual increase in bills of 30p to support the commitment.

Our 'meaningful customer engagement' with Impact Utilities indicated that some customers would not be willing to increase their bills for any commitment if the existing resource can already facilitate it, such as innovation, education and awareness. They believe that increasing bills should be the last resort. Nevertheless, they would be willing to pay for this commitment, if necessary, before any other, which reaffirms the high perceived stakeholder value for commitments involving environmental REPEX schemes.

How the commitment has evolved

Commitment in the July version of the business plan
Further reduce shrinkage by 10% against the 2021 target value of 427,000 tCO ₂ by the continued replacement of over 400km of old metal pipe and 20,000 services – the equivalent of taking 46,000 cars off the road each year
Commitment in the October version of the business plan
Further reduce shrinkage by 10% against the 2021 target value of 454,000 tCO ₂ through the continued replacement of over 400km of old metal pipe and 20,000 services – the equivalent of taking 46,000 cars off the road each year

Our 'willingness to pay as a price perception of importance' acceptability testing from June, reinforced by our 'bill increase willingness to pay' acceptability testing from November as detailed above, demonstrates the strong support among our customers towards this commitment, which justifies our decision to increase the target in October from that of July. There was widespread support from stakeholders, especially our 18 – 24-year-old customers, for us to prioritise this commitment and place an ambitious target alongside it.

Conclusion

Based on 10 engagements with a wide range of 3,277 stakeholders, we can conclude that there is strong support for our commitment to further reduce shrinkage by 10% against the 2021 target value. Stakeholder feedback was supportive both in terms of the overall promise, as well as in the measurable targets we set ourselves. It is a commitment ranked as a high priority overall and we should strive to ambitiously deliver it for network safety and the environmental benefits it provides.



14.4 – Commitment - 75% of company cars will be hybrid or ultra-low emissions

Justifying our plan – Move 75% of company cars to hybrid or ultra-low emission vehicles by 2026, and we will explore green alternatives for our commercial fleet, and reduce mileage to achieve a zero emissions fleet by 2035 - supporting biodiversity and improving air quality

Introduction

Our stakeholder research demonstrated that the environment is an increasingly important issue. The issues discussed were wide-ranging, including a continued focus on reducing network leakage (which accounts for 96% of our carbon emissions) but also that we should not ignore smaller elements of our carbon footprint which impact local communities such as waste and transport. Our customers have stated repeatedly that they care about the environment

As one of our efforts towards this broader goal, for GD2 we will be ensuring that at least 75% of our company cars are hybrid or ULEV by 2026 by adapting our company car policy.

Relevant engagement activities

We collected customer and stakeholder feedback on our plans to make 75% of company cars hybrid or ultra-low emission vehicles by 2026 through the following engagement activities, covering both 'business as usual' and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We commissioned Impact Utilities to research customer priorities.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
BAU	We engaged a range of stakeholders as part of our stakeholder research programme	08/2018	Phone interviews, one-to-one interviews, focus groups, survey	175	Stakeholders, vulnerable customers, customers	2.75
RIIO-2	We held stakeholder workshops facilitated by EQ Communications	05/2019	Workshop	60	Stakeholders representing vulnerable customers, government stakeholders, industry stakeholders	2
RIIO-2	We were part of a joint gas network stakeholder engagement	07-08/2018	Telephone interviews, questionnaire	78	Consumer & fuel poverty groups, government & regulatory, national trade associations / utility industry peers, other, private/commercial, think tanks, academics & innovation	3
RIIO-2	We produced a Green City Vision Technical report	05/2019	Report	45	Local authorities, other networks and other sector experts	3



RIIO-2	We held Future Energy Scenarios events in Cardiff, Bristol, Exeter and Llandudno	07/2019	Workshops	156	Stakeholders representing companies and organisations in the utilities sector	2.5
RIIO-2	We engaged with Public Health Wales	09/2019	Consultation	1	Regional and community stakeholder	1.25
RIIO-2	We engaged with Bristol City Council	09/2019	Face-to-face meeting	4	Regional stakeholder	1.5
RIIO-2	We consulted with our Critical Friends Panel on our commitments	09/2019	Focus groups	16	Stakeholders across categories	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Survey and focus group	971	Stakeholders across categories	3
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay acceptability testing'	11/2019	Survey, face-to-face meetings	984	Domestic and SMEs customers, hard to reach customers	3
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-to-one interviews, focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
Number of sources of evidence: 12				3,546		2.63 / 3 (Average)

Stakeholder and customer feedback

The importance of protecting the environment through decarbonisation

We know that to achieve a sustainable future, we will need to make several changes to the way we conduct our operational activities and make greater use of alternative sources of energy. We've engaged with stakeholders to appreciate their view on the importance of reducing our carbon emissions and discussed ways in which we can do this in GD2. A common belief, shared by stakeholders at our regional workshops in May 2019, is that they valued the environment significantly - rating 'protecting the environment' at 8.65 out of 10.

Whilst network leakage is the main contributor to our carbon emissions, stakeholders felt that we should not ignore smaller elements of our carbon footprint. This feedback very much supports our commitment to address company cars and our commercial fleet.



Through our Joint Gas Network Stakeholder engagement, many stakeholders have made it apparent that they see gas networks needing to evolve to meet future needs, with decarbonisation being a central theme. Moreover, at our Joint Gas Network Stakeholder engagement, decarbonisation was the most commonly raised theme with it being highlighted by 1 in 3 of the 200 participants.

We have the overarching, long and short-term BCF ambitions to be a carbon net-zero company by 2050 and see a 63% reduction in greenhouse gas emissions by 2034. We understand that this will require us to undertake a range of activities, both top-down and bottom-up. Some stakeholders have highlighted to us that upgrading our company cars to electric vehicles is a great step but it's only a small step compared to our overall entire environmental impact. We take this view on board, however, we believe the culmination of all our initiatives, large and small, will all help us achieve our ambition. Stakeholders at our Future Energy Scenarios for Gas and Heat event agreed that the options to tackle industrial emissions include efficiency improvements and hydrogen usage in the longer term.

We intend to work collaboratively with local authorities in the regions that we serve, especially on this commitment. For example, we have had sessions with Bristol City Council as part of our RIIO-2 stakeholder engagement. One of the key topics discussed was whether upgrading our vehicles to be Euro VI and whether that would comply with Bristol's creation of clean air zones. Specifically, as part of our commitment ensuring that 75% of our company cars will be hybrid or ultra-low emission, in GD2 we will be continuing to refresh the commercial fleet from Euro V to Euro VI compliant vehicles. We will also be installing telematics that will allow us to track carbon emissions from individual vehicles, assessing idling times and challenging driving behaviours where appropriate. We will continue to work with relevant authorities on any new carbon reduction management initiatives that they are creating.

How the commitment has evolved

Commitment in the July version of the business plan
Further reduce our carbon footprint with 75% of company cars being hybrid or ultra-low emission vehicles by 2026
Commitment in the October version of the business plan
Move 75% of company cars to hybrid or ultra-low emission vehicles by 2026, explore green alternatives for our commercial fleet, and reduce mileage to achieve a zero emissions fleet by 2035 - supporting biodiversity and improving air quality.

Our initial draft commitments in this area did not address our fleet, only our company cars which we were challenged about at a recent Critical Friends Panel (CFP), and subsequent internal stakeholder engagement has overwhelming supported reducing our carbon footprint. SMEs demonstrated a willingness to pay for WWU's move to a green fleet in our June round of 'willingness to pay as a price perception of importance' acceptability testing. A Westminster Briefing with contributions from Natural England, Balfour Beatty, Network Rail and Las has also given us beneficial insight into the protection and enhancement of biodiversity.

Based on the additional insight collected between June and September, including feedback from discussing this commitment with our Critical Friends Panel and our acceptability testing from June and November, we decided to:

- Strengthen the ambition of our commitment. The goal to reduce our carbon footprint is reflective of our overall long-term ambition to be a carbon net-zero company by 2050 and see a 63% reduction in GHG emissions by 2034. However, when listening to our stakeholders in our September Critical Friends Panel, they highlighted the following:



- While it was felt that it is laudable to set targets for carbon reduction for Wales & West Utilities' fleet of vehicles, some felt that the company should go further in this area. In addition, it was noted that consideration should be given to the sources of energy and the types of tariffs that are available for electric vehicles, to reduce unnecessary costs for customers
- 'Why don't you try to use all transport needs for your company, including trains and flying, and use that as a reference point?'
- "From an outsider's perspective, upgrading your fleet to EV, for example, is a great step, but it's a drop in the ocean compared to your entire environmental impact."

These sentiments were supported in our most recent round of 'bill increase willingness to pay' acceptability testing, in which this ranked number one among SMEs, out of our seven commitments relating to delivering an environmentally sustainable network, and of these, it was companies with 250+ employees who assigned it the greatest importance. Among our domestic customers, there was a clear majority of votes from our 'future customers,' the 18-24-year-olds, and minority of votes from the 55+ category, however it was ranked lower down in 4th in perceived value.

Based on the combination of this feedback, we decided to increase the level of ambition in our commitment. We decided to make it more explicit that we will explore green alternatives for all our commercial fleet, which includes all forms of transportation, and we will put in place effective initiatives to reduce our mileage.

Conclusion

Based on 12 engagement events, including over 3,500 stakeholders, there was broad consensus that decarbonisation is a critical priority area for our stakeholders, and that all initiatives should be looked at to reduce our emissions.

With key feedback from our Critical Friends Panel and clear support gathered during both rounds of acceptability testing, we are committing that 75% of company cars will be hybrid or ultra-low emission vehicles by 2026 and we will explore green alternatives for our commercial fleet and reduce mileage; supporting biodiversity and improving air quality.



14.5 – Stakeholder feedback - Environmental topics

External stakeholder feedback on EAP topics

Introduction

As part of its RIIO-GD2 Business Plan, we are introducing a commitment to develop and enact an Environmental Action Plan (EAP). This plan, in line with the UN's SDGs, will see WWU taking a number of initiatives to minimise the negative impact of its activities on the environment. While over 90% of a gas distributor's carbon footprint is linked to shrinkage, there are several areas of improvement that we can tackle in an effort to operate more sustainably.

The Environmental Action Plan developed by WWU has considered focusing on the following topics:

- Reducing our carbon footprint;
- Reducing the materials, we use to deliver services;
- Protecting and enhancing biodiversity (the variety of life found on earth);
- Protecting water resources and cutting back on our water usage;
- Diverting waste from landfill by increasing recycling and reuse;
- Reducing the risk from our old contaminated gasworks sites to our communities and the environment;
- Reducing noise pollution;
- Adapting our assets (pipes, storage and equipment) to make sure we can cope with the impacts of climate change.

The choice of these topics has been informed by several sources that include internal and external stakeholder feedback, third-party expertise, the UN's SDGs and several others.

In this document, we present the feedback gathered from internal and external stakeholders to support our focus on these eight areas of the Environmental Action Plan.

Relevant engagement activities

We collected customer, stakeholder and employee feedback to inform the development of our EAP. The table below shows the number of feedback items, sources and number of *external* stakeholders engaged on each of the topics within the EAP:

Topic	Number of feedbacks	Number of sources	Number of stakeholders engaged
Reducing our carbon footprint	81	35	2,128
Reducing the materials, we use to deliver services	0	0	0
Protecting and enhancing biodiversity (the variety of life found on earth)	4	3	44
Protecting water resources and cutting back on our water usage	1	1	20
Diverting waste from landfill by increasing recycling and reuse	4	3	60
Reducing the risk from our old contaminated gasworks sites to our communities and the environment	7	6	1,076
Reducing noise pollution	0	0	0
Adapting our assets (pipes, storage and equipment) to make sure we can cope with the impacts of climate change	33	22	214



In addition to the above, we engaged with our employees through an internal survey to identify their views on the critical areas of the Environmental Action Plan.

The following graph provides a summary of the internal stakeholder engagement; specifically depicting how important or not addressing our impacts on the environment should be.

For a full list of the specific feedback gathered from *external* stakeholders on all topics of the EAP, please refer to the tables attached to this document.



Stakeholder and customer feedback

This section presents an overview of the feedback gathered from external stakeholders on all topics of the Environmental Action Plan:

Reducing our carbon footprint

Out of eight environmental topics, stakeholders engaged the most often on decarbonisation. In general, there is an agreement that lowering the carbon footprint is imperative for the future.

Many stakeholders feel that we should play a role in decarbonisation to evolve and thrive as a business. However, some stakeholders argued that it's a responsibility of Government, not WWU. It was suggested that more sustainable energy sources should be subsidised by the Government. Stakeholders are interested and willing to learn more about carbon alternatives, such as hydrogen, biomethane and biomass.

Although they encourage lowering the carbon footprint and recognise the importance of it, the main concern is the cost. Many perceive it as expensive and prioritise lower gas bill over decarbonisation.



Protecting and enhancing biodiversity (the variety of life found on earth)

Overall, the majority of the engaged stakeholders didn't prioritise protecting and enhancing biodiversity. Importantly, there are concerns associated with drilling activities on the seabed as well as those associated with excavations linked to gas mains replacement.

Protecting water resources and cutting back on our water usage

Stakeholders suggest re-visiting the choice of UN goals to include Life on land and water, good health and wellbeing and sustainable cities. This supports the inclusion of this topic within the EAP.

Diverting waste from landfill by increasing recycling and reuse

The feedback on diverting waste from landfill focused on using renewable gases with biomethane and biogases to help reduce waste to landfill. Some of the stakeholders questioned the achievability of "no material sent to landfill" policy and some saw it as a Business as usual activity rather one that is 'above and beyond'.

Reducing the risk from our old contaminated gasworks sites to our communities and the environment

Each year more stakeholders consider protecting the environment to be one of the priorities. Expert stakeholders feel it is likely that the topic will continue to move up the list considering increasing awareness around climate change. In general, stakeholders stress out the importance of replacing old, iron mains and would like to see landholdings put back into beneficial use.

Adapting our assets (pipes, storage and equipment) to make sure we can cope with the impacts of climate change

Stakeholders would like to see future investments in this area to reduce risks and increase safety and reliability of the network. Performance on the mains replacement programme is viewed as evidence that WWU cares about environmental impact. Moreover, there seems to be an agreement on the level of importance of the pipe replacement programme. Stakeholders overall encourage switching from metal to plastic mains. The programme is seen as the core of the business and crucial part of the new business plan.

Conclusion

Based on the feedback gathered within internal and external engagement involving over 4000 stakeholders, we believe that the areas on which we have focused EAP are appropriate.

This was further supported by the results of our recent employee engagement survey which indicated that within WWU protecting the environment is considered to be important. The most significant support was noted for reducing our carbon footprint, reducing air quality and diverting waste from landfill, however, focus on all impact areas were advocated.



Maintaining a safe and resilient network

Chapter 15 – Asset resilience

15.1 – Commitment - Continue our risk-based approach to asset intervention

Justifying our plan – Continue our risk-based approach to asset intervention on our network – with an effective monitoring regime endorsed by the HSE

Introduction

Our customers' have made it clear to us that their number one priority is to continue knowing their gas network is safe and reliable. Throughout GD1, safety has consistently been reported as a priority for our stakeholders. Our most recent research found that maintaining a safe and reliable gas supply was still the number one priority, with a clear expectation that we will keep our excellent performance in responding to emergencies and continue to replace old and leaking pipes throughout the GD2 period.

We have met all safety standards set by Ofgem and the Health and Safety Executive (HSE) in GD1 and have also been classed as an exemplary performer in our safety leadership by HSE. We are proud to be fully delivering our mains replacement programme in GD1, and in the process, making our network safer for our customers. Our network is also resilient for the longer term, as our plan delivers a low-cost service that supports all future energy scenarios, accommodating hydrogen and synthetic gas with hybrid heating solutions.

Relevant engagement activities

We collected customer and stakeholder feedback on continuing our risk-based approach to asset intervention on our network. We did this through the following engagement activities, covering both 'business as usual' and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	Joint gas network engagement conducted through Accent on the future of gas.	02/2019	Workshop	37	Industry stakeholders (GDNs)	2.25
RIIO-2	We commissioned Impact Utilities to research customer priorities.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	2.75
RIIO-2	We conducted regional community workshops in 7 cities in Wales and England.	04-07/2018	Workshops	81	Government and industry stakeholders, stakeholders representing vulnerable customers	2.75



Outputs & Synthesis Reports

RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5
RIIO-2	We conducted meetings in an interview format with MPs	05/2019	One-on-one in-depth interviews	23	Government stakeholders	1.5
RIIO-2	We were part of a joint gas network stakeholder engagement	07-08/2018	Telephone interviews, questionnaire	78	Consumer & fuel poverty groups, government & regulatory, national trade associations / utility industry peers, other, private/commercial, think tanks, academics & innovation	2.5
RIIO-2	We held a Future Energy Scenarios events in Llandudno, Exeter, Bristol and Cardiff	06 - 08/2019	Workshops	156	Stakeholders representing companies and organisations in the utilities sector	2.25
RIIO-2	We commissioned Impact Utilities to do a deep dive on the monetised risk within our proposed plan	04/2019	Deep-dive workshop (regional)	18	Domestic and SME Customers	2.5
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/ 2019	Survey and focus group	971	Stakeholders across categories	3
BAU	We commissioned Mindset to conduct a stakeholder research programme on vulnerable customers	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Vulnerable customers, customers across segments	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 11				3,533		2.52 / 3 (Average)



Stakeholder and customer feedback

Stakeholders want us to ensure that we have a robust approach to asset intervention throughout GD2

Our 'Needs Based' report, which included us engaging with 1,000 stakeholders, highlighted that there is broad support for our risk-based approach to asset intervention. Those who engaged with the gas networks joint stakeholder engagement highlighted that investing in infrastructure to ensure asset integrity and safety is of great importance. Our 'bill increase willingness to pay' acceptability testing demonstrated this, in which continuing this approach ranked 2nd among domestic customers out of the 7 commitments relating to maintaining a safe and resilient network, and out of these domestic customers, it was out 18 – 24-year-old customers who assigned the greatest importance to continuing this approach. There was slightly less value placed on this approach by our SME customers, who ranked it 4th.

Stakeholders at our regional workshops, which took place across 7 cities in England and Wales, have stated that they want us to ensure that gas pipe replacement material is future-proofed for the use of new technologies. Specifically, concerns were raised during discussions at the Swansea and Llandudno events, around the pipe replacement programme and whether the pipes would be fit for purpose for emerging technologies of the future. These concerns included questions on the use of different low carbon gases being put into the system.

A similar view was raised at our Future of Gas workshop where stakeholders made it clear that they wanted to see the gas networks working in a way that does not close off opportunities for the future by under-investing, but equally not over-investing and being left with a stranded asset based on flawed technology. As part of our risk-based approach, we place a monetised value on risk, which enables comparative analysis against factors such as the longer-term time value of making the chosen investment. We are committed to delivering the iron mains replacement programme, which is mandated by the HSE, as this supports our long-term vision to see all 'at risk' iron gas mains removed by March 2032. We hold six-monthly engagement sessions with the HSE policy team to discuss our strategy and management plans for these assets.

Regarding our risk-based approach, stakeholders particularly valued our use of experts. For example, when decisions are being made about whether we should commence Repex projects now, in the present, or defer several years in the future, customers valued us using experts to help make a risk-based decision.

Stakeholders are supportive of our approach to balancing earlier and longer-term asset interventions:

We commissioned Impact Utilities to hold a deep-dive session with stakeholders on monetised risk for our GD2 asset intervention approach. When engaging with stakeholders on our capital expenditure, which is known as 'slow money' and is paid for by customers over 45 years, stakeholders held a range in stances from concern to pragmatism. Stakeholders have asserted to us that for a business that relates to the public's safety and concerned they understood why we will ensure that we took this approach for a large proportion of our assets. However, in taking the approach of waiting until some assets are at the end of their life, it is important for those assets to be monitored and tested using sophisticated technology to ensure that safety is maintained. We will endeavour to do this throughout the GD2 period as we already share our asset strategy and investment plans with the HSE through six-monthly bilaterals with their inspectors and also through regular meetings with the HSE policy team.

There was less concern raised by stakeholders when we engaged on earlier asset interventions. Stakeholders have highlighted that they favour a much more interventionist approach for assets that are vital to supply. They have also highlighted that they are not opposed to a more interventionist asset replacement / repair strategy increasing customer bills as long as vulnerable customers' bills are protected. As part of our deep-dive sessions stakeholders were also engaged with regarding REPEX.

Many felt this was a natural progression of replacing metal pipes with plastic, reflective of the materials available today. Stakeholders highlighted that if customer bills were to increase to help enhance the delivery of the REPEX scheme then it was important that the extra money be ringed. There was a broad consensus that the concept of early replacement to avoid more expensive replacement later is wise, a sentiment further reinforced by our 'bill increase willingness to pay'



acceptability testing in which domestic customers said they were happy to pay 97p more and SMEs were prepared to pay £10.71 more for a risk-based approach to replacement. However, many had questions about the disruption this would cause and subsequent hierarchy of regions who are yet to have their pipes replaced.

How the commitment has evolved

Commitment in the July version of the business plan
Continue our risk-based approach to asset intervention on our network – with an effective monitoring regime endorsed by the HSE
Commitment in the October version of the business plan
Continue our risk-based approach to asset intervention on our network – with an effective monitoring regime endorsed by the HSE

Based on the additional insight collected between June and September, including feedback from events such as the 'willingness to pay as a price perception of importance' acceptability testing, we decided to:

- Maintain the level of ambition in our commitment. 57% of stakeholders highlighted that they believed the commitment is overall acceptable. Only 24% of stakeholders would pay more on their bill to ensure we deliver against this commitment.

Our 'bill increase willingness to pay' acceptability testing further reinforced this point, in which domestic customers ranked this approach as the 2nd highest in perceived value, whilst SMEs ranked it 4th highest. Considering this additional evidence collected in October and November, we have decided to retain the commitment as presented in our previous versions of the business plan.

Conclusion

Based on 11 engagement events including over 3,500 stakeholders, customers and stakeholders said they would like us to ensure that we maintain our risk-based approach to asset intervention and the outcomes it delivers. They also highlighted that this risk-based approach is not solely about replacing assets to ensure safe gas supplies, but also about proactively ensuring that the decisions that we are making are in the interest of the longer-term. Based on this feedback we are committing to continue our risk-based approach to asset intervention on our network – with an effective monitoring regime endorsed by the HSE

15.2 - Commitment - Ensure no regrets investment

(see ref. 13.2 for synthesis report)



Chapter 16 – The distribution network

16.1 – Commitment – Significantly reduce the safety risk (mains replacement)

Justifying our plan – Significantly reduce the safety risk for over half a million people living in the vicinity of an ageing metallic gas main, by investing a further £400m in our mains replacement programme

Introduction

Customers' number one priority is to continue knowing their gas network is safe and reliable. Throughout the GD1 period, safety has consistently been ranked to be of primary importance for our stakeholders. Our most recent research reaffirmed the importance of safe and reliable gas supply, with a clear expectation that we will continue to deliver excellent performance in emergency responses and replace old leaking pipes.

So far, we have met all safety standards set by Ofgem and the Health and Safety Executive (HSE) in GD1 and have been classed as an exemplary performer in safety leadership by HSE. To help ensure that we are putting customers' number one priority as ours, we are proposing to reduce the safety risk for over half a million people living in the vicinity of an ageing gas metallic gas main. We will do this by investing a further £400m in our mains replacement programme.

Relevant engagement activities

We collected customer and stakeholder feedback on our commitment to understand our stakeholders' needs on the shape and delivery of this commitment through the following engagement activities:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We engaged with our Critical Friends Panel to produce a report which includes a focus on our mains replacement programme	11/2018	Workshop	5	Stakeholders, stakeholders representing vulnerable customers	2
RIIO-2	We commissioned Impact Utilities to conduct meaningful engagement stakeholder research.	04/2019	Panels, workshops, surveys, phone interviews	1,000	Domestic and SME customers, hard-to-reach groups	3
RIIO-2	We commissioned Impact Utilities to produce an assessment of customer priorities (CHAID)	09/2018	Surveys, regional workshops and conferences	18,403	Domestic and business end-customers	2.75
BAU	A final report by Impact Utilities on customer satisfaction (CHAID)	01/2019	Survey	1,700	Connections customers, customers who had planned interruptions or emergencies	2.5
BAU	We held a customer focus groups specifically on	06/2017	Focus group	43	Customers	2.25



	mains replacement (REPEX)					
BAU	As part of our BAU activities, we produce a GDN GSOP Comment Report	05/2019	Survey	16	Customers	1.75
BAU	We engaged a range of stakeholders as part of our stakeholder research programme	10/2018	Phone interviews, one-to-one interviews, focus groups, survey	175	Stakeholders, vulnerable customers, customers	2.75
RIIO-2	We held a WWU Critical Friends Panel in Sep 18	09/2018	Panel	15	Stakeholders, stakeholders representing vulnerable customers	2.5
RIIO-2	We held meetings with BEIS on environmental and net-zero related topics.	06/2018	One-on-one in-depth interviews	3	Industry and government stakeholders	1.5
RIIO-2	We commissioned Impact Utilities to do deep-dive sessions on Innovation	03/2019	Deep-dive workshop (regional)	18	Domestic and SME customers	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Focus group and survey	971	Domestic customers and SMEs	3
RIIO-2	We held a session with our Critical Friends Panel to review all our commitments	09/2019	Panel meeting and focus group	16	Domestic customers and SMEs	2.75
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-to-one interviews and focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face to face interviews	984	Domestic and SME customers,	3
Number of sources of evidence: 14				23,405		Average: 2.5

Stakeholder and customer feedback

Mains replacement service levels are high, but customers still want us to deliver improvements

Safety and reliability are still a priority area for our stakeholders. Our deep-dive session on Innovation underpinned the importance of safety first. Through several engagement sessions with our stakeholders, we noted that they are happy with the service level provided during the GD1 period - although they have also made it clear that they would like to see



improvements in the future by increasing efforts in the area. This view was made clear during our Critical Friends Panel in November 2018.

In terms of driving improvements, stakeholders have made it clear during our deep-dive sessions centred on Innovation (which took place in Mar 19), that a strong focus of ours should be around improving safety. This was a sentiment reinforced by our 'bill increase willingness to pay' acceptability testing, in which our 18-24-year-old customers placed the greatest value on this investment into safety. This sentiment was reinforced by our vulnerable customers, 64% of whom, and 80% of carers, placed this commitment in their top 3 priorities, making it the number one priority among meeting the needs of consumers. The perceived value was lower among our SME customers, however, who ranked this 6th out of the seven commitments relating to maintaining a safe network. From our engagement our proposed GD2 projects that are linked to making safety improvements are generally prioritised over other themes. Moreover, stakeholders have made it apparent to us that they expect us to balance innovation projects across various themes without compromising safety and reliability of the supplies and services that we provide.

Further, we engaged with over 1,000 stakeholders to produce our 'Needs Based Report' which has helped us to understand stakeholders' core priorities and needs. The results from this engagement have highlighted that 'prevention' and 'early replacement of mains' is seen as a preferable approach to effective planned mains replacement programme.

Our CHAID report (early 2019) made it clear that they understand that planned interruptions are inevitable, but that we can further facilitate a positive experience by enhancing three elements:

- doing quality work,
- communicating consistently throughout the work, and
- working quickly to neatly restore the ground to normal.

In our Focus Group carried out specifically for REPEX, stakeholders provided overwhelming support for live mains insertion (causing one extended gas interruption) over dead mains insertion (causing two shorter interruptions). Stakeholders additionally voiced support for our planned Community Support Officers who will aid customers at all stages of mains replacement work and improve the aspect of 'continuous communication'. By investing more and listening to our stakeholders' suggestions, we will be able to raise customers' safety and overall satisfaction beyond 85% in the area of mains replacement work.

Lastly, our RIIO-2 'Needs Based' stakeholder engagement has indicated that rural communities are placing increasing importance on reliability. As part of our commitment to significantly reduce the safety risk for over half a million people living in the vicinity of an ageing metallic gas main, we will ensure that those living in rural communities are sufficiently communicated with and taken care of.

Ensure that our mains replacement programme continues to deliver value for money

While stakeholders have made it clear that safety is of paramount importance, customers would like this to be maintained without any significant impact on bills. For example, in a Critical Friends Panel that we held in Cardiff in September 2018, 100% of the attendees highlighted that we should maintain our current expenditure on replacing the network while maintaining current safety risk levels.

Our customer priority assessment (CHAID) report has revealed to us that the perceived value for money and the importance of investment are driven by community partnerships which promote safety and reliable gas flows. We recognise that our stakeholders hold this view, and this has influenced our choice to invest additional funding beyond the amounts required to comply with HSE standards. As part of our core mains tier 1 replacement programme, in RIIO-GD2, we are pledging to replace an average of 342km per year.

Mains replacement programme contributing to environmental protection



One of the significant emerging themes in our research for GD2 is the environment. Interest in our activities that would support decarbonisation and protect the environment was much more widespread among consumers than we had envisaged. In understanding our customer's core priorities through our 'Needs Based' report, they place significant weight on the environmental consequences of gas leaks and are interested in our approach to managing this challenge.

The importance that our stakeholders place on this area helps to justify that our choice to raise our investment in this area is appropriate and will deliver the desired value for the communities that we serve.

How the commitment has evolved

Commitment in the July version of the business plan
Significantly reduce the safety risk for over half a million people living in the vicinity of an ageing metallic gas main, by investing a further £450m in our mains replacement programme
Commitment in the October version of the business plan
Significantly reduce the safety risk for over half a million people living in the vicinity of an ageing metallic gas main, by investing a further £400m in our mains replacement programme

Between June and September, we gathered additional feedback on the proposed level of ambition for this commitment, including from our 'willingness to pay as a price perception of importance' acceptability testing. Overall, 62% of those surveyed as part of this testing felt the commitment was acceptable. This commitment fell amongst the highest ranked in our acceptability work. Our 'bill increase willingness to pay' acceptability testing ratified our decision to make the change, with our domestic customers ranking this 7th overall in perceived value out of 24 commitments tested.

Conclusion

Based on 14 engagement events including almost 23,500 stakeholders; we've gathered consistent feedback that safety and reliability of service are of paramount importance and that we have broad support for our continued efforts to improve our mains replacement programme. Based on this feedback we are committing to significantly reduce the safety risk for over half a million people living in the vicinity of an ageing metallic gas main, by investing a further £450m in our mains replacement programme.

16.2 – Commitment – Further Reduce Shrinkage

(See ref. 14.3 for synthesis report)



Chapter 17 – Connecting homes and businesses

17.1 – Commitment - Proactively identify theft of gas

Justifying our plan – Do more to proactively identify theft of gas to protect the safety of our customers and to support fair charging

Introduction

While we have obligations under the SPAA (Supply Point Administration Agreement) to investigate direct theft from our network, in cases where gas is being used with no registered supplier. As a minimum requirement we only act on reports and tip-offs and issues found by our engineers.

During GD1 we have done proactive work to use industry data to identify potential theft of gas issues and this has allowed us to increase the amount of cases we stop and the amount we recover to an average of £400k over the past five years.

We are therefore proposing a new financial ODI which would see customers receiving all of the benefit of the first £250,000 recovered each year and us sharing 50% of everything we can recover above this level at an additional cost of £50,000 a year to resource this activity. This arrangement will ensure fair charging going forward because the gas used will be paid for by the user rather than in the case of theft by all consumers - further protecting the safety of our customers and the public.

An important area of focus throughout GD1 has been to proactively manage the issue of theft of gas, i.e. customers taking gas illegally. The driver for this has been safety, as well as ensuring that the cost of the gas is paid for by the user, not charged as part of everyone else's bills. We have been the leading network in identifying, investigating and recovering theft of gas in the UK, and we will be increasing our focus in this area further by using industry data and additional resources.

Relevant engagement activities

We collected customer and stakeholder feedback on doing more to proactively identify theft of gas through the following engagement activities, covering both 'business as usual' and RIIO-2 focused topics:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We conducted numerous regional workshops in seven cities across England and Wales.	04-07/2018	Workshops	81	Industry and government stakeholders, stakeholders representing vulnerable customers	3
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2



RIO-2	We issued an expert consultation to get specific feedback on the theft of gas.	08/2019	Survey / questionnaire	1	Expert stakeholders	2.25
RIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Focus groups and surveys	971	Domestic customers and SMEs	3
RIO-2	We got feedback from our Critical Friends Panel on our commitments facilitated by EQ Communications.	06/2017	Workshops	19	SME customers, community and industry representatives	2
RIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face to face interviews	984	Domestic and SME customers, hard to reach customers	3
RIO-2	We commissioned Mindset to conduct stakeholder research vulnerable customers	09/2019	One-to-one interviews and focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIO-2	We conducted workshops with regional stakeholders	05/2019	Workshop	60	Regional stakeholders, industry and government stakeholders	2.8
Number of sources of evidence: 8				2,182		Average: 2.54 / 3

Stakeholder and customer feedback

Overall support for us identifying the theft of gas

Based on our engagement with our Critical Friends Panel and expert stakeholders, the theft of gas is mainly a safety concern and is, therefore, the right thing for us to focus on. Secondary to this is the effect this has on customers' bills.

In response to our expert consultation, we were told that £250,000 is justified if this reflects our internal costs. The total future costs avoided to consumers should be a factor in the benefit of the work we do, but not a reward, as it is our license obligation to carry out this work.

There was strong support for us working closely with suppliers, as stated by the expert stakeholders. They believe there is a sizeable opportunity for us and suppliers to work more collaboratively to identify, investigate and resolve energy theft as well as ensure recovery of identified usage of a customer. Indeed, among both SMEs and domestic customers in our 'bill increase willingness to pay' acceptability testing from November, this commitment ranked second out of our six commitments relating to customer needs. Out of these domestic customers, it was our 18 – 24-year-old customers who placed the greatest importance on this concern, and the 55+ category the least.

Using targeted data and more employees to tackle this issue was also supported, in particular with regards to using data and conducting desktop exercises. Best practice should also be shared across the industry, although it remains unclear 'what good looks like' or how best to share this information. One member of the Critical Friends Panel suggested using smart meters as a mechanism to monitor gas theft.

In contrast, our stakeholders at regional workshops in 2018 assigned a low priority to the theft of gas, ranking the issue 11th place (of 12), and then ranking it 10th out of 10th in the 2019 Regional Community Workshops. However, their



ranking was in the context of activities that were all identified as important areas for investment and focus. Stakeholders at the 2019 workshop stated that they would have ranked the priority for theft of gas higher, once they understood that a proportion of the money recouped would be returned to customers. Our 'willingness to pay as a price perception of importance' acceptability testing from our Business Plan revealed a 57% acceptance rate among customers for the commitment (among the middle of all 25), with only 53% stating it was relevant for them as a customer.

We need to strengthen our efforts in identifying the theft of gas for both safety as well as financial reasons. While the safety of our network is the primary concern for stakeholders, theft also affects customers' bills. By working towards tackling this issue, we are protecting customers from being overcharged. Our proposal to identify theft of gas through better data and resources is justified, as this can be enabled through working collaboratively across industry and with suppliers, aiming towards minimising the need for additional spending.

How the commitment has evolved

Commitment in the July version of the business plan
To proactively identify theft of gas to protect the safety of our customers and to support fair charging; we propose a bespoke financial incentive to support this.
Commitment in the October version of the business plan
Do more to proactively identify theft of gas to protect the safety of our customers and to support fair charging; we propose a bespoke financial incentive to support this.

Based on the additional insight collected between June and September, including feedback from events such as consultations with expert stakeholders, we decided to keep our commitment at the same level. Whilst our first round of 'willingness to pay as a price perception of importance' acceptability testing highlighted that 22% of customers were willing to pay more for this, our 'bill increase willingness to pay' acceptability testing from November, as detailed earlier in this section, demonstrates the growing value our customers place on this commitment. However, Mindset's vulnerable customer testing showed that the majority of respondents were unaware that it was even possible for gas to be stolen so not allocating additional resources or funding to identifying theft of gas is appropriate.

Based on the additional feedback gathered on our October commitment, we have decided to not amend this.

Conclusion

Based on 9 engagement events, including 2,242 stakeholders, there is broad support for our proposals to identify theft of gas more proactively.

Based on this feedback and the opportunity of working closely with suppliers, we are committing to do more to proactively identify theft of gas to protect the safety of our customers and to support fair charging; and we propose a bespoke financial incentive to support this.

17.2 – Output – Fuel poor network extension scheme

(see ref. 6.7 for output paper)



Chapter 18 Transmission and pressure management

18.1 – Output – Gas holder demolitions Justifying our plan – Gas Holder Demolitions Strategy

Introduction

Gas holders were originally built to store gas but are now used most often for network balancing purposes and ensuring safe pressure operation for gas pipes. A number are gradually being demolished as they age becoming structurally weaker, avoiding ongoing maintenance costs for owners.

GDNs now need to include a Gas Holder Strategy in their Business Plans Ofgem aims to ensure that gas holders are decommissioned in a timely and cost-efficient manner

We have five gas holders left at old gasworks that remain, going into GD2. These comprise:

- Two in Bristol – these are underground and can't be seen, the site being located down a small lane. These gas holders are in the process of being sold to a third party (Bristol University) who will then be responsible for the remainder of the site clearance
- Three are in Plymouth. For two of these, 90% of the above-ground holders have been demolished during GD1. The work to demolish the remaining 10% (which must be done as they are too dangerous to leave) will be planned and carried out with full local community engagement and there is the possibility to gift the valuable and rare Plymouth stone that comprises the base 'bung' of the holders to the city of Plymouth for use in restoration projects. The remaining gas holder is in a quarry and is not visible in the local community.

Stakeholder and customer feedback

We along with the other GDNs have met the HSE on a regular basis throughout the preparation for GD2 and shared our high-level investment plans including the plan to demolish all gas holders and the HSE have supported our planned approach. There is also no support to leave the asset as-is, and the HSE committee stated it was better to remove all risk associated with holders through demolition.

Historically, engagement on the demolition of each gas holder has been a subject addressed on a local level with the communities in which they are located. Feedback varies based on the views of the community where these holders are located:

- Local people view the gas holder as a piece of the local historical architecture that they wish to maintain in the vicinity
- The community views the gas holder as an eyesore and wants it removed
- People living close to a gas holder don't want it removed as they don't want the site cleared in case new housing is built close to them

Local community engagement is proposed to continue for the remaining demolitions in GD2.

How the output has evolved

Ofgem requires WWU to include a Gas Holder Strategy in their business plan. Our proposals on Gas Holder Demolition have remained unchanged across versions of the GD2 Business Plan.

Conclusion

Evidence from our engagement shows that stakeholders are generally happy with the demolition of gas holders, particularly in order to remove the risk and associated costs from the holder, thus supporting our proposals.



Chapter 19 Workforce Resilience

19.1 Commitment – Inclusive workforce

Justifying our plan – Continue to make our workforce inclusive and make sure our workforce better reflects the communities we serve

Introduction

We are a unique GDN serving very diverse communities across different nations with varied demographics. We recognise that to meet the needs of our varied customer demographics; our colleagues are our key resource. We seek to recruit, retain, develop and improve the resilience of our workforce and enhance the diversity to provide the best development opportunities.

In anticipation of our new regulatory period, GD2, and the changing environment of our industry, we recognise the challenge that our industry has in recruiting a diverse range of employees; at WWU, diversity is about recognising the value of difference, and inclusion is about being fair and making sure we get the best from everyone, regardless of gender, disability, ethnicity, sexual orientation or age.

For example, the percentage of BAME employees across the UK workforce continues to increase, the number working in gas distribution is 8%, compared to 15% in the UK. To respond to these challenges, we have so far signed up to the sector-wide 'Inclusion commitment' and have been working to address diversity gaps, both individually as WWU and collaboratively via membership of an EU Skills working group. We are also pro-actively taking steps to widen our approach – making ourselves more inclusive and accessible to other 'harder to reach' audiences, such as parent returners, those with disabilities, and service leavers.

Relevant engagement activities

We collected stakeholder feedback reflecting our commitment to diversity and inclusion through the following engagement activities, covering mostly RIIO-2 engagement events:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	We conducted a series of regional workshops in seven locations with a range of stakeholders.	04-06/2018	Regional workshops	81	Industry and government stakeholders, stakeholders representing vulnerable customers	3
RIIO-2	We conducted workshops with future bill payers to gather information on their views and relative priorities	07/2018	Workshops	10	Apprentices	2.5
RIIO-2	We consulted with expert stakeholders on our commitments (WPD, GMB Trade Union officials)	08/2019	Survey	14	Expert stakeholders within and beyond industry	2.75
RIIO-2	We held meetings with MPs to understand their views on this topic.	05/2019	One-on-one interviews	23	Industry and government stakeholders	1.75
RIIO-2	We commissioned Impact Utilities to conduct 'Willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Focus groups and surveys	971	Domestic customers and SMEs	3



RIIO-2	Our Critical Friends Panel provided detailed feedback on our proposed commitments. This was summarised in a report by EQ Communications	09/2019	Panel meetings and focus groups	16	Domestic and SME customers, community representatives, charities, industry stakeholders	2.75
BAU	We conducted a stakeholder research programme on vulnerable customers	08/2018	Phone and one-on-one interviews, focus groups, online survey	175	Stakeholders, domestic customers, vulnerable customers	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Vulnerable customers, customers across segments	3
Number of sources of evidence: 8				2,274		2.7 / 3 (Average)

Customer and Stakeholder feedback

Positive feedback on how we are approach challenges within diversity and inclusion

During our regional workshops, we received positive feedback and support on our action to increase the inclusiveness of our workforce and the diversity that our colleagues represent. They were welcoming of our approach to focus on diversity at a regional level, aiming for a workforce that reflects different communities. In our 'bill increase willingness to pay' acceptability testing from November, this sentiment was supported the most by our 18-24-year-old customer segment who placed the greatest importance on this commitment, followed closely by the 24 – 55-year-old segment, whilst our 55+ year-old customers assigned very little importance to this commitment. This was viewed as an appropriate approach, rather than having fixed targets in place.

During meetings with Members of Parliament (MPs) and engagement with expert stakeholders (such as GMB trade union full time official), the issue of gender and ethnic pay gap was a topic that often arose. The energy and utilities industry is already affected by an evident pay gap, and not tackling this problem only promotes skilled workers, regardless of the gender and background, to leave the industry and seek opportunities elsewhere. We are doing more to address this by incorporating strategies that would address the 8% mean gender pay gap in our company.

Areas for improvement

Despite acknowledging our efforts in responding to the gender and diversity barriers, our consultation with expert stakeholders in August 2019 highlighted the lack of reference towards other minority groups. There was particular interest in our approach to inclusivity with the LGBTQ community, as well as with disabled individuals. The range of diverse skills these groups of individuals provide can help us address the upcoming skills and workforce shortages in the industry. Therefore, we must place more emphasis on them and have a stronger approach to attracting more diverse groups in our Business Plan (beyond women and BAME).

Our Customer Engagement Group gave similar feedback and also want us to be more specific with the targets we plan to put in place in the Business Plan to attract Black and Minority Ethnic groups but considering that we do not track the ethnicity of our colleagues this is difficult.

However, this may change due to the Government's requirement for us to report on the Ethnic Pay Gap, so we are undertaking a review of how we can collate this information in line with GDPR requirements. Given the variances across different parts of our network in terms of the ethnic diversity of the local communities we believe that our efforts and investments are better targeted at reflecting those, than in focusing on absolute targets.



MPs voiced clear thoughts on the lack of attracting female employees in the industry, as evidenced by their discussion surrounding the gender pay gap. Despite our efforts in using social media to attract young workforce, they emphasised the need for us to better deploy these platforms, to target women and promote the importance of their role in the industry.

Our regional workshops with stakeholders provided us with a broad range of solutions that can promote the inclusivity of our industry, but also improve on the work ongoing to support staff wellbeing – an area that hasn't been focused on sufficiently upon in during attraction and recruitment campaigns. They found our work environment to be distant from flexible working practices and innovative working patterns. If we were to build further upon aspects of well-being, it is something that we should promote through digital and social media as it can stimulate employment opportunities for hard-to-reach individuals and those living in rural areas.

How the commitment has evolved

Commitment in the July version of the business plan
Continue to attract more women and Black, Asian and Minority Ethnic (BAME) employees – to ensure our workforce better reflects the communities we serve.
Commitment in the October version of the business plan
Continue to make our workforce inclusive and make sure our workforce better reflects the communities we serve.

Based on the additional insight collected between June and September, particularly from our expert stakeholder consultation and business plan acceptability testing, we decided to:

- Change the focus of our commitment to being broader by taking away variables of women and BAME employees. This is a result of feedback received from our expert stakeholder consultation (with WPD) during which we were told that specifying particular characteristics (such as 'women' and 'BAME') may limit the focus on other minorities and our potential for greater inclusivity more generally.
- In our 'Willingness to pay as a price perception of importance' acceptability testing (run by Impact Utilities) from June, 21% of stakeholders expressed that they would be willing to pay more to support the July commitment and 53% accepted it. Our 'bill increase willingness to pay' acceptability testing from November then highlighted that our 18-24-year old customers is the segment who assign the greatest importance to this commitment.

The feedback presented above supports our decision to retain the commitment presented on our October GD2 Business Plan.

Conclusion

Based on 8 engagements with 2,274 stakeholders, we were given clear support for a focus on a diverse and inclusive workforce. The effort we have put, acknowledging challenges in our company and the industry have been appreciated. However, we recognise that these are only the foundations, with a wider approach to inclusivity required. Therefore we have committed to continue to make our workforce inclusive and make sure our workforce better reflects the communities we serve and have outlined our approach to this in more detail in our Diversity & Inclusion Strategy, Appendix 19C.



19.2 - Commitment – Deliver a workforce resilience strategy

Justifying our plan – Deliver a workforce resilience strategy to maintain and evolve the skills of our people to meet our customer needs now and in the future; including the ongoing investment in high quality-apprenticeships to levels 3 and 4

Introduction

Our people are a key resource to how we perform as a business and deliver the necessary services across the communities we serve. Alongside external uncertainties, rapid changes in technology within and beyond our industry, and the future energy scenarios, we recognise that it is vital to continue investing in the skills and resilience of our workforce.

In preparation for GD2 and beyond, we have updated and broadened our workforce resilience strategy working alongside our employees and key expert stakeholders. We are focusing on tackling future workforce challenges, mainly being an ageing workforce and the prominent skills gap (diversity and inclusion are reflected in a separate commitment). We have made significant investments in upskilling our workforce by recruiting 185 young apprentices since 2005 and creating bespoke development programmes in the reflection of our multi-generational workforce. We will commit to continuing our focus on retaining skilled colleagues and investing in attracting new colleagues to meet the challenges of GD2 and beyond.

Relevant engagement activities

We collected stakeholder feedback on our updated workforce resilience strategy through the following engagement activities, covering mostly RIIO-2 events:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
RIIO-2	Joint gas network engagement was conducted through Accent on the future of gas.	02/2019	Workshop	37	Industry stakeholders (GDNs)	2.25
RIIO-2	We commissioned research by Energy & Utilities Skill on WWU's future workforce supply and demand	08/2019	Research report	N/A	N/A	2.5
RIIO-2	We consulted with expert stakeholders on our commitments	08/2019	Survey	14	Expert stakeholders within and beyond industry	2.75
RIIO-2	We conducted deep-dive sessions on the topic of innovation	04/2019	Workshop	18	Regional Domestic customers and SMEs	2.75
RIIO-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06/2019	Focus groups and surveys	971	Domestic customers and SMEs	3



RIIO-2	Our Critical Friends Panel provided detailed feedback on our proposed commitments. This was summarised in a report by EQ Communications	09/2019	Panel meetings and focus groups	16	Domestic and SME customers, community representatives, charities, industry stakeholders	2.75
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	04/2019	One-on-one interviews focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-on-one interviews focus groups	56	Vulnerable customers, stakeholders representing vulnerable customers	2.25
BAU	We conducted a stakeholder research programme on vulnerable customers	08/2018	Phone interviews, one-on-one interviews, focus groups, online surveys	175	Stakeholders, vulnerable customers, domestic customers	2.75
RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey, face-to-face interviews	984	Domestic and SME customers, hard to reach customers	3
Number of sources of evidence: 10				2,327		2.61 / 3 (Average)

Customer and Stakeholder feedback

Our engagements with customers and stakeholders led to unanimous support towards our workforce resilience strategy but also raised points on challenges we can expect in the future.

We have responded well to current workforce challenges within and beyond our industry

Many stakeholders had positive feedback on how we are actively recognising upcoming changes in the workforce in terms of skills supply and that we had created an updated resilience strategy around this. We engaged with expert stakeholders in August 2019, included consulting with industry trade unions and a GMB union officer. Both positively reflected on how we modelled the challenges that retirement, staff turnover, and attracting the right skills will have on the sector throughout GD2 and beyond. They were pleased that we strongly addressed the need for apprenticeships, up-skilling and multi-skilling of colleagues to meet the workload demand. The value of this commitment for the medium to long term was further highlighted at the collaborative GDN Future of Gas Workshop. Furthermore, our 18-24-year old customers and 24-55 year-old customers assigned the same level of importance to the strategy, albeit one that ranked 5th out of the 7 commitments relating to running a safe network. Our 55+ year-old customers assigned the least importance to this commitment, but only by a narrow margin compared to the aforementioned two segments of customers.

The importance of delivering this strategy was further highlighted in our vulnerable customer testing, in which many respondents questioned why these were commitments and believed this should be a 'given.'



Trade unions were also pleased to see that we have reflected on the prominent issue of pay gaps (both gender and ethnic gaps) that affects many industries and drives staff turnover.

A research report undertaken by Energy & Utilities Skill UK (April 2019) on WWU's workforce to prepare for future challenges evidenced that our workforce differs significantly from other GDN workforce profiles. We are currently employing a higher proportion of 25-39-year-olds and a lower proportion of 45-59-year-olds. Also, only 17% of our workforce is aged over 55 years old, lower than the industry average of 20%. These findings indicate that we are moving in the right direction, despite the challenges we face.

Despite a robust resilience strategy, we can still expect challenges

It is a challenge to pre-empt all the obstacles we will face in the future regarding a resilient workforce. We have formed our resilience strategy to tackle the issues that are most prevalent now – and those that would have the largest impact in the future. However, our stakeholders have voiced concerns on other factors that we must keep in mind when turning our strategy into action.

The Energy & Utilities Skill UK report (August 2019) highlighted a key challenge that we will face regarding the vacancy profiles in the gas distribution industry. Specifically, 44% of vacancies in the industry are classified as skills shortages ('unfilled because of a lack of applicants with the required skills, qualifications or experience'), which is nearly double the national average of 23%. This indicated to us that we should not rely too heavily on the external labour market to deliver a skilled workforce. Instead, we should continue focusing our efforts on internal upskilling or take action to promote opportunities and influence younger generations across our community to develop necessary skills.

Similar feedback was given to us by our Critical Friends Panel and stakeholders in our Innovation deep dive session- both stating that the skills shortage with gas engineers and electricians, especially in anticipation of hybrid systems, is going to be immense. It will be up to us to turn to different industries and influence others to deliver the work for us, such as software and cyber-security experts who have some of the key skills needed in the future.

How the commitment has evolved

Commitment(s) in the July version of the business plan
<ol style="list-style-type: none"> 1. Maintain a workforce resilience strategy that develops and maintains the relevant capabilities required in an ever-changing business environment 2. Maintain our Investors in People (IIP) Accreditation
Commitment in the October version of the business plan
Deliver a workforce resilience strategy to maintain and evolve the skills of our people to meet our customer needs now and in the future; including the ongoing investment in high quality-apprenticeships to levels 3 and 4

Based on the additional insight collected between June and September, including feedback from our expert consultations, Critical Friends Panel (CFP) and 'willingness to pay as a price perception of importance' acceptability testing, we decided to:

- Merge two July commitments to form a comprehensive resilience strategy commitment. This is a result of consulting with workforce experts in the utilities sector (specifically with WPD) who highlighted that an IIP Accreditation is an output which can be used to measure a good people practices (rather than a commitment



itself). Moreover, the two commitments achieved lower-than-average acceptability scores at 53% and 57% respectively in 'willingness to pay as a price perception of importance' acceptability testing. It should be noted however that in our 'bill increase willingness to pay' acceptability testing, this commitment ranked in 3rd place among our SME customers, a considerable improvement.

- Expand the breadth of the commitment and include specific mention of workforce upskilling through apprenticeships. There was clear feedback from our CFP and experts that training and apprenticeships should be a core focus of workforce resilience strategy.

In light of this evidence presented in our 'bill increase willingness to pay' round of acceptability testing (commitment ranked in 3rd place among our SME customers), combined with feedback received between June – October, we have decided to retain this commitment.

Conclusion

Based on 10 engagements, including over 2,300 stakeholders, it was clear that we understand the workforce challenges that lie ahead of us and have begun to respond well in preparation for GD2. There are evident obstacles within, and beyond the industry, however, the feedback collated indicates that stakeholders are largely supportive of our commitment and the work we are doing to deliver it. Therefore, we commit to delivering a workforce resilience strategy in GD2 that will maintain and evolve the skills of our people to meet our customer needs now and in the future; including the ongoing investments in high-quality apprenticeships to level 3 and 4.



Chapter 21 – Business IT security plan

21.1 – Commitment – Preventing and detecting cyber attacks

Justifying our plan – Increase our focus on preventing and detecting cyber-attacks – investing a further £7m in our technology platforms in GD2 to reduce the increasing risk

Introduction

As a business that forms part of critical national infrastructure, and an operator of essential services to our 2.5 million customers, it is vital that we can maintain the confidentiality, integrity, and availability of data and business operations in the event of a cyber-attack.

We have a sophisticated network of physical and virtual technology with many points open to a potential attack. Protection from cyber-attacks and accidental failures of our technical infrastructure, which could otherwise impact the physical integrity of our assets and lead to data breaches, is an integral part of delivering a safe and resilient network.

We are proactively working to combat the growing threat from cyber-attacks. In GD1, we have seen an increased cyber threat as attacks become more complex, and our technology footprint continues to grow. We have added cyber-specific resources and event detection tools to our team’s capability, which has given us greater insight into our levels of security. This has provided us with early visibility of suspicious behaviours and intrusion attempts that we see regularly. In turn, this has allowed us to take preventative action and strengthen specific defensive controls, thus reducing our risk of successful cyber-attacks.

Relevant engagement activities

We collected customer and stakeholder feedback on increasing our focus to prevent and detect cyber-attacks through the following engagement activities:

Category	Description	Date	Type of event	Number engaged	Participants	Engagement quality
R11O-2	We tested the acceptability of our Business Plan with expert stakeholders.	08/2019	Survey / questionnaires	2	Expert stakeholders	3
R11O-2	We commissioned Impact Utilities to conduct 'willingness to pay as a price perception of importance' acceptability testing	06-08/2019	Focus groups and surveys	971	Domestic customers and SMEs	2.25



RIIO-2	We commissioned Impact Utilities to conduct stakeholder 'bill increase willingness to pay' acceptability testing	11/2019	Survey and face-to-face interviews	984	Domestic customers and SMEs, vulnerable customers	3
RIIO-2	We commissioned Mindset to conduct stakeholder research focused on vulnerable customers	09/2019	One-to-one interviews and focus groups	Vulnerable customers, stakeholders representing vulnerable customers	56	2.25
Number of sources of evidence: 4				2,057		Average: 2.63

Stakeholder and customer feedback

Broad support maturing our cybersecurity

Our expert stakeholders were broadly supportive of WWU strengthening our cyber resilience and of our ambitions in this area. Both experts thought the plan reflects the NIST Cyber Security Framework and that by aligning our outcomes aligned to its various functions, this should see a comprehensive plan delivered and an increasing maturity across the business. This commitment was however lower down in perceived value through our customer base, with domestic customers and SME customers ranking it 5th and 6th respectively out of the seven commitments relating to 'building our safe and resilient network'. Of these domestic customers, it was our 18 – 24-year-old customer customers who assigned the greatest importance to investing more in cybersecurity, as well as our vulnerable customers, with many expressing anxiety about the threat and others requiring support to better understand the concept.

There was agreement on informing everyone in the company and training them to some extent on cyber-security, at a level relative to their role. Everyone needs to be aware, with a particular focus on social engineering and phishing as this is the leading source for attacks, according to Ponemon Institute research on cybersecurity. It was advised that we should not make this a once-a-year activity, but rather provide awareness and training every quarter, at a minimum, if not monthly, for example through multiple 3-5-minute videos.

How to track and measure our progress

Several recommendations were made by our expert respondents on which metrics to use and measure progress in this field. Targets should consist of internal controllable factors, rather than external ones such as the number of attacks or viruses. WWU should, therefore, track the reduction in falling rates of cybersecurity awareness training by staff, reduction in time to detect anomalies in the network, reduction in time to respond to network anomalies. Further suggestions include:

Metrics to measure (within WWU's control):

- Unpatched devices,
- Mean time between patch release and implementation,
- Mean time to detect,
- Mean time to resolve,



- Phishing test success rate,
- Security awareness training completion rate,
- Average security awareness training score,
- Compliance
- Unidentified devices on the internal network.

Metrics to measure (outside of WWU's control):

- Viruses/malware blocked,
- Phishing emails blocked,
- Activities blocked at the firewall,
- Failed login attempts,
- Account lockouts,
- Number of security events,
- Number of security incidents, and
- Internal vs external incidents.

Lastly, WWU could consider the Cybersecurity Capability Maturity Model (C2M2) as a good way of measuring progress.

Potential weaknesses and benchmarking across other businesses & countries

Based on feedback from our consultations, two potential points of weakness were raised. According to one respondent, some of the projects we introduce as part of the ambition may present additional risk. Exact details, however, what the other risks might be, were not provided. Another respondent identified using third party specialists to conduct annual testing of security defences as a potential weakness. They wondered whether they would be used for penetration testing or blue team/red team exercises. Ideally, we should complete a minimum of those exercises once a year, with the blue team/red team exercise being covert on a need-to-know basis to mimic real-world scenarios.

According to our expert stakeholders, it is difficult to identify best practice in this area, but that alignment to an industry framework is a good option. Collaboration with other GDNs and utilities and using mechanisms that are already in place at WWU were both strongly endorsed by all experts.

When considering cybersecurity in a broader context, we received comments on investment benchmarking. Midsize organisations spend approximately 6.1% of their IT budget on cybersecurity. Using that as a baseline, our IT budget should be similar in size. When asked whether £6.8m is an appropriate amount to spend on managing risks of cyber-attacks, one expert told us they expected it to be lower compared to other members in the industry and based on conversations they have had.

Our expert stakeholders have confirmed the importance and necessity of cyber resilience and security, and it is clear that we need to ensure the safety and integrity of our network. Investment into our IT infrastructure will enable us to carry out our proposed projects as well as training and exercises, as suggested by experts.

However, our 'willingness to pay as a price perception of importance' acceptability testing revealed that less than half (49%) of customers believed WWU would deliver this commitment, and 57% found it overall acceptable. Our 'bill increase willingness to pay acceptability testing' showed that SME customers and domestic customers would be willing



to pay £6.95 and £0.92 respectively to help reduce cyber-attacks, an increase that is perhaps reflective of the growing awareness of this threat.

How the commitment has evolved

Commitment in the July version of the business plan
We will increase our focus on preventing and detecting cyber-attacks – investing a further £7m in our technology platforms in GD2 to reduce the increasing risk
Commitment in the October version of the business plan
Increase our focus on preventing and detecting cyber-attacks – investing a further £7m in our technology platforms in GD2 to reduce the increasing risk

Based on feedback collected from our rounds of acceptability testing, we have decided to maintain our investment for this commitment at £7m. In our 'willingness to pay as a price perception of importance' acceptability testing, 57% of customers stated they believe the commitment is acceptable with 26% willing to pay more to ensure WWU delivers the commitment. In addition, in our 'bill increase willingness to pay' acceptability testing, all SME customers and domestic customers communicated that they would be willing to pay £6.95 and £0.62 more respectively to help reduce cyber-attacks.

Conclusion

Based on 5 engagement events, including over 2,000 stakeholders, our proposals were well received and seen to be well set to deliver more mature cybersecurity across the business. Based on this feedback and specific suggestions on how to measure and track our progress in this area, and the extent to which we should reach, we are committing to increase our focus on preventing and detecting cyber-attacks and investing a further £7m in our technology platforms in GD2 to reduce the increasing risk.

