

Appendix 8

WWU Customer Engagement Group

October CEG Report to RIIO-2 Challenge Group

Report on Wales & West Utilities (WWU) Business Plan (October 2019) from Customer Engagement Group (CEG) to the RIIO-2 Challenge Group (CG)

This report follows the same reporting pattern as the July Draft of the Business Plan. One Chapter (Stakeholder Engagement) is scored unacceptable; 7 Chapters have improved and there are two new Chapters- Consumer Value Proposition and IT Business Security.

Chapter scoring unacceptable:

Stakeholder Engagement (Amber, Unacceptable)

- There has been substantial improvement in this section and all is progressing in the right direction. A lot of engagement with various stakeholders, using various methods has taken place.
- CEG is concerned that WWU hasn't sufficiently demonstrated how they are to meet the Ofgem criteria on quality engagement. If that is resolved, the next plan has the potential to be acceptable.

Chapters that have improved from July to October:

Customer Bills (Amber, Acceptable)

- This has improved to the point of knowing the make-up of the bill but is hampered by CEG understanding of the movements in its content, e.g. RPI/CPI, and the impact of WWU approach to financeability which is not a CEG remit.

Consumer Value Proposition (Amber, Acceptable)

- We welcome that the measurement and validation of the CVP statements are rooted in external sources - HMT Green Book, SROI, other accreditation schemes.
- WWU have committed to include detail sitting behind the CVP statements in appendices to the chapter. This will help identify areas where the CVP statements represent acceptable or good outcomes for consumers.
- In the final business plan CEG would expect to see how the CVP statements will be used within the business to measure and drive performance.

Cost Efficiency (Amber, Acceptable)

- Improved approach to this section.
- CEG would have liked a more ambitious approach to efficiency target of 0.5%.

Innovation (Green, Acceptable)

- Solid approach to this area of work building on good practice in GD1.

Net Zero ready vision (Green, Acceptable)

- CEG would like some clarification of prediction of the vision and how projections are derived.
- Shouldn't there be a stronger link to the Cyber Chapter to support the proposed solution?
- Impressive approach to a very complex area.

Environmental Action Plan (Amber, Acceptable)

- Percentage targets for reductions in use need a baseline to judge the performance of the company.
- Some of the targets seem to lack ambition while others go beyond expectation. Awaiting outstanding information in this chapter.

Workforce Resilience (Green, Good)

- This a really strong chapter which recognises the importance of having the right people in place to face the challenges of the GD2 and beyond. It also addresses the challenge of motivation and ownership of everyone in the company.

Cyber Resilience (Amber, Acceptable)

- Big improvement here from July plan.
- It would benefit from a consideration of physical security and estate management

Section	RAG (July)	RAG (Oct)	Rating (July)	Rating (Oct)
1. Executive summary			A	A
2. Outputs & incentives			A	A
3. Track record			G	G
4. Giving consumers and stakeholders a stronger voice			U	U
5. Customer service			A	A
6. Social Obligations			A	A
7. Customer bills			U	A
8. Consumer Value Proposition (New for Oct)	N/A		N/A	A
9. Cost efficiency			U	A
10. Using competition to deliver best value			G	G
11. Our innovation strategy			A	A
12. Dealing with uncertainty			A	A
13. Our net zero ready vision for 2035 (July: A green energy UK)			A	A
14. UN Sustainable Development Goals (not in Oct)*		N/A	A	N/A
15. Environmental Action Plan (July: Protecting and improving the environment)			U	A
16. Asset Resilience			A	A
17. The distribution network			A	A
18. Connecting homes and businesses			G	G
19. Transmission and pressure management			G	G
20. Workforce resilience			A	G
21. Cyber resilience			U	A
22. Business IT security plan (New for Oct)	N/A		N/A	A
23. Financeability – OUTSIDE CEG REMIT	N/A	N/A	N/A	N/A

*

SDGs are now incorporated into the body of the plan as a cross-sector theme which is welcomed by the CEG, so as there is no separate chapter it no longer needs a separate rating.

RAG – Red (R) Amber¹ (A) Green (G)

Rating – Unacceptable (U) Acceptable (A) Good (G)

¹ Amber is rated when the CEG believe that WWU is on the right track and the direction of travel has improved.