



ANNEX 1: STAKEHOLDER METHODOLOGY AND RESPONSES

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1. Executive summary

1.1 Overview of our stakeholder engagement approach

The findings from our stakeholder engagement activity have helped shape our Well Justified Business Plan (WJBP). Our approach to engagement to help develop our plans complemented our existing engagement activities and processes.

Consulting specifically for our RIIO-ED1 plan, we focused our engagement on our plans up to 2023.

In line with our established approach to stakeholder engagement we:

1. identified relevant stakeholders for engagement;
2. defined the issues material to those stakeholders in relation to the business plan;
3. sought feedback from those stakeholders, on the issues material to them; and
4. responded to stakeholder feedback within our plan, and back to them direct.

To ensure that we understood stakeholders' views and had incorporated them correctly into our plans, we ran three complementary cycles of engagement.

Each cycle helped to refine feedback and ensure that we had interpreted them accurately. The main content of engagement to inform the business plan took place in Cycle 2.

Cycle 1: Preparation and introduction phase

Education and initial feedback through trial of innovative channels

Cycle 2: Main engagement phase

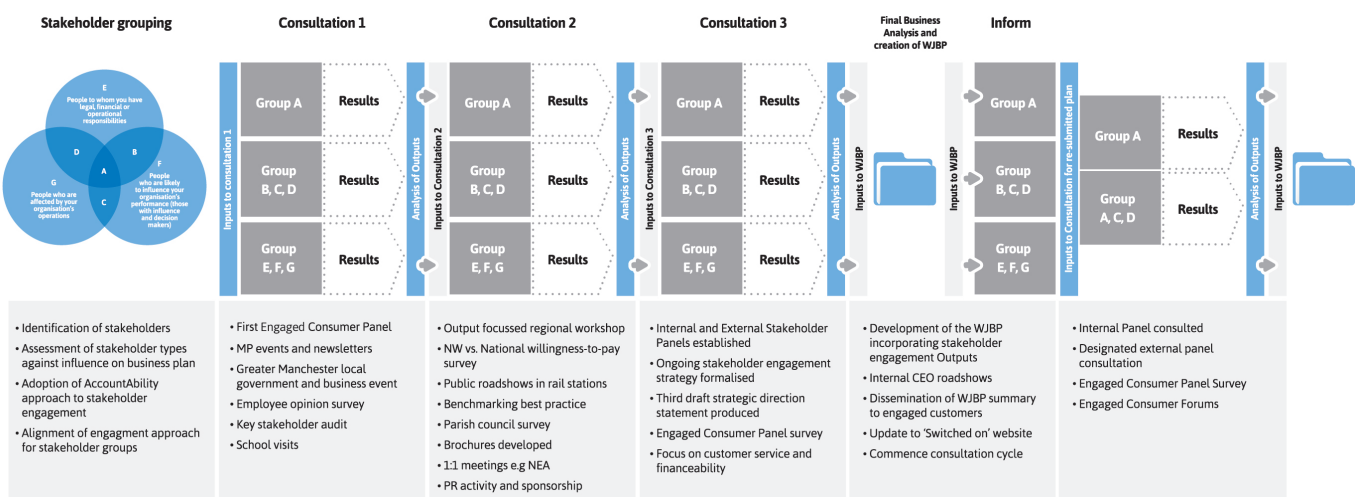
Refine focus of engagement. Bulk of testing with, and feedback from, stakeholders

Cycle 3: Analysis and evaluation phase

Final testing of our proposals with stakeholders for agreement

Additional Cycle

A further cycle of stakeholder engagement was carried out in early 2014 following feedback from Ofgem on our original plan. For more information on this additional engagement see section 5 of this annex.



2. Cycle 1 – Preparation and introduction

2.1 Purpose

The purpose of Cycle 1 was largely educational, including the establishment of a new campaign and brand identity: 'Switched On: North West'. This enabled us to set a framework for engagement, and make it clear to stakeholders the purpose and scope.

This preparation phase allowed us to set out how the next two cycles would develop.

We recognise that a clear barrier to engagement is a lack of knowledge about who we are and what we do among some stakeholders. To address this issue, we used this opportunity to trial new and innovative ways to engage stakeholders, including:

- getting more from school visits with take-home packs to engage parents;
- shopping centre roadshows with a new mascot and giveaways; and
- establishing a presence on social media.

This was complemented by a new campaign website, videos and online survey to attract stakeholders who may not otherwise have engaged with us.

Activity
Identified key stakeholder groups and channels of engagement
Created brand (Switched On) and mascot (Edison)
Create engagement website www.enwl.co.uk/switchedon
Establish social media presence (Twitter, Facebook, Youtube, LinkedIn)
Create educational videos (Who we are; Future challenges)
Full questionnaire available at www.enwl.co.uk/switchedon/have-your-say
Engaged consumer panel (February 2012)
Roadshows – shopping centres and business parks
School visits
Media analysis

2.2 Feedback, business analysis and outcomes

Successful channels of engagement with stakeholders were determined by the engagement team to take forward into Cycle 2.

Responses to questions at our roadshow events helped give an appreciation of topics concerning customers, however given the lack of depth to these conversations the findings were inevitably restricted to high-level themes. Nonetheless, this helped shape our focus and engagement questions for Cycle 2.

Our online campaign site and questionnaire proved popular – and feedback from stakeholders showed an appreciation of its transparency, including the number of aspects that we must consider, and the impact of each on a customer's final bill.

Responding to stakeholder feedback, we developed a triangle of stakeholder priorities of:

- Reliability
- Affordability

- Sustainability

All delivered with exceptional customer service.



This focus helped direct our engagement during Cycle 2, and allowed stakeholders to plot themselves against the triangle to show where their priorities lay.

Feedback from Cycle 1 was fed back into the business to help develop the ED1 WJBP Executive Summary, with a separate 'What our stakeholders say' brochure developed setting out broad stakeholder views on each of the six key outputs. This brochure was then distributed to stakeholders and published online at www.enwl.co.uk/switchedon.

3. Cycle 2 – Main engagement phase

3.1 Purpose

The purpose of Cycle 2 was to continue the successful methods used in Cycle 1 using initial feedback from stakeholders to refine areas for discussion and establish detailed stakeholder responses.

The majority of feedback from stakeholders was gained in Cycle 2.

Activity
MP survey
2x MP events including engagement with National Energy Action and Professor John Hills as guest speaker on Fuel Poverty
UK-wide survey of domestic customer opinions to compare with results from NW customers
Stakeholder workshops across the region, bringing diverse stakeholder groups together to discuss issues raised in Cycle 1 in more detail and testing initial business proposals in reaction to Cycle 1 feedback
Further consumer roadshows with questionnaires (Rail stations and Business Parks)
Sponsorship of key publications – 100 years of Blackpool illuminations, Preston Guild official magazine, Cumbrian Newspapers to promote campaign and website
Third engaged consumer panel
Parish council survey
Engagement activity continued from Cycle 1: <ul style="list-style-type: none"> • Schools activity (Bright Sparks) • Public roadshow engagement activity • Social media outreach • Monthly Impact surveys of customers • Online questionnaire
Engage AccountAbility to assess stakeholder process and carry out gap analysis
Formalising stakeholder engagement strategy including plan to achieve stakeholder engagement assurance

3.2 Feedback, business analysis and outcomes

Stakeholder group	Summary of feedback	How and where have we addressed this issue in the business plan?
Domestic customers Key areas Reliability, affordability, customer service	Reliability of the network is the key issue for domestic customers. There is acceptance that faults can occur, but when they do communication and expectation management is very important. Providing for vulnerable customers is high on the list of priorities for domestic customers, including prioritised restoration if possible. Specific details about future planning is not high on domestic customers' priorities, although protection for events such as	Improving reliability
		Communication / customer service improvements
		Vulnerable customer strategy
		Reducing flooding impact through investment
		Safety campaign planned
		Planned outage timings to be reviewed

	<p>flooding is. Wider safety campaigns are popular with domestic customers, as well as working with schools. There is a preference for planned outages to take place overnight or between 12pm-2pm. Preference to share costs of network studies between all customers prior to new connections as everyone benefits. Balanced approach to environmental risks preferred, including oil capture schemes and replacement of oil-filled cables. Reducing bills and fuel poverty seen as important by reducing demand and losses, leading to decreased need for new infrastructure to provide increased capacity.</p>	<p>Connect and manage mitigates need for full network studies</p> <p>Oil-leak protection planned based on risk assessment</p> <p>Commitment to operational and communications measures to reduce demand, including work with National Energy Action.</p>
<p>Business customers (inc major customers)</p> <p>Key areas Reliability, affordability, customer service</p>	<p>All investment decisions we make should focus on improved reliability, this is the most important aspect for businesses. Better information about planned outages and during power cuts is important for business customers to enable them to plan effectively. Upsizing during asset replacement is important, but only where there has been a clear cost-benefit analysis. Undergrounding for Visual Amenity (UVA) is less important to businesses and major customer than to NGOs or domestic customers – most businesses feel that undergrounding should only be done where it will improve reliability. If an area needs more capacity then the costs should be socialised, if a specific business needs more capacity then they should foot the bill. DSR is attractive but more information is needed and the price needs to be right.</p>	<p>Improved information about planned power cuts to customers</p> <p>Upsizing during asset replacement based on detailed analysis. Condition-Based Risk Management process also reduces cost</p> <p>Cost-share for capacity improvements and connections</p> <p>More information on DSR and pricing to customers. C2C trial pursued with thorough engagement with businesses on prices (www.enwl.co.uk/c2c)</p>
<p>Generation connectees</p> <p>Key areas Reliability, sustainability</p>	<p>There is a conflict between some groups and generation connectees. As the generators are commercial enterprises, some other stakeholder groups feel that they should pay for their own network connections or any reinforcement needed. The connectees feel that the costs should be socialised to encourage more connections, and because customers are benefiting from improved security of supply.</p>	<p>C2C</p>
<p>Local government (inc LAs, parish councils, sub-regional)</p>	<p>Need to minimise investment to reduce bills for fuel poor. More should be done to promote services for vulnerable customers. Work with LA partners to identify vulnerable and get messages to them. Better communication with</p>	<p>Reduce prices in real terms</p> <p>Condition-Based Risk Management approach saves cost</p> <p>Vulnerable customer strategy</p>

<p>development bodies)</p> <p>Key areas Affordability, reliability, customer service</p>	<p>residents about who we are and what we do. Undergrounding for Visual Amenity (UVA) supported, but priority should be improvements to reliability. Could rural areas pay less as they have more power cuts? This would reduce need for costly improvements for low numbers of customers. Invest in substation/asset security measures, but not excessively.</p>	<p>Price difference depending on geographical location/number of faults not possible</p> <p>Balanced approach to security measures and based on level and impact of risk</p>
<p>MPs</p> <p>Key areas Reliability, customer service, affordability, sustainability</p>	<p>Reliability is key, a number of MPs see this as our only task. We should communicate more effectively with MPs and their constituents about who we are and how they can contact us, and issues specifically relevant to them. We should plan for the future success of the North West by looking at capacity issues to allow for growth. Work with vulnerable customers and exploring how we can reduce fuel poverty is important. We should keep our substations neat and tidy as they can have big impacts on communities.</p>	<p>Reliability improvements targeted</p> <p>More proactive and structured communications with customers and stakeholder</p> <p>C2C programme to reduce cost and speed of connections</p> <p>Vulnerable customer strategy</p> <p>Substation maintenance programme</p>
<p>NGOs (including regional single-issue groups)</p> <p>Key areas Affordability, sustainability</p>	<p>Single issue groups represent fuel poverty issues and a number of environmental matters. If we can improve energy efficiency or reduce consumption among domestic customers, then we will reduce the need for reinforcement saving us direct cost, and potentially removing people from fuel poverty. Undergrounding for Visual Amenity (UVA) schemes are seen as key by environmental groups with a request to extend the programme beyond National Parks, Areas of Outstanding Natural Beauty (NPs and AONBs). Can we consider design of poles and pylons in different areas that are more sympathetic to their environment. We should encourage smart growth to reduce need for more infrastructure. Communication is important as many groups may not know who we are or how our activities might affect them.</p>	<p>Addressing fuel poverty through partnerships with National Energy Action, British Red Cross and others as per Vulnerable Customer Strategy</p> <p>UVA conflicts considered in terms of cost. Overall beneficial to majority of stakeholders. Funding per year slightly increased but to remain on case-by-case basis in joint discussions with NPs and AONBs and other relevant stakeholders</p> <p>C2C and other innovation to enable smart growth</p> <p>Improved customer and stakeholder communication</p>
<p>Electricity suppliers</p> <p>Key areas Customer satisfaction, affordability</p>	<p>Suppliers view themselves as customers of ours and request premium customer service. The key output requested from the business plan is stability and predictability.</p>	<p>Customer service improvements for electricity suppliers</p> <p>Price impacts defined</p>

This information culminated in the production of our 2013 strategic direction statement, focusing on our plans for 2015-2023.

4. Cycle 3 – Analysis and evaluation

4.1 Purpose

The purpose of Cycle 3 was to ensure that all relevant stakeholders were engaged on issues material to them and further test areas that require more information to allow us to adequately represent stakeholder views.

We issued the strategic direction statement developed from information gathered in Cycle 2 to all stakeholders previously engaged, and added a copy to our website. Further feedback was sought in key areas, and approval and endorsement of our final plans sought.

Cycle 3 also acted as a review stage to evaluate the engagement carried out with an opportunity to further formalise our ongoing stakeholder engagement activity. This included a third-party audit of our process to ensure its validity and trustworthiness.

Part of establishing this formal process included setting up both internal and external stakeholder panels. These panels reviewed our stakeholder engagement process and feedback, including how we have interpreted this feedback in relation to the business plan and how it has influenced our proposals.

These panels will remain in place up to and including the ED1 period to ensure that we remain focused on delivering what stakeholders want and need. The external stakeholder panel is encouraged to challenge both our plans and our processes to help us maintain robust and justifiable plans.

Key activity
Strategic Direction Statement published
First formal Internal Stakeholder Panel
First formal External Stakeholder Panel
All feedback from all stakeholders collated and reviewed
Further topics tested with stakeholder groups
Stakeholder engagement process assurance by Deloitte LLP
Formal endorsement of plans and business operations from stakeholders

4.2 Feedback, business analysis and outcomes

Testing the 2013 strategic direction statement with stakeholders gave an extra opportunity for stakeholders to comment on our plans before submission.

Our commitment of improved customer service and reliability for a reduced cost in real terms has proved popular with stakeholders.

Further engagement was requested from a number of stakeholders, up to and throughout the RIIO-ED1 period and we have committed to provide this.

Our revitalised framework for stakeholder engagement, developed in line with AccountAbility's Principle Standard, sets a solid basis for our ongoing future engagement.

The main feedback from stakeholders in Cycle 3 was that the outputs were largely correct, however we should focus on delivering it as efficiently as possible. Stakeholders want more for less.

We also acknowledge many stakeholders' views on reducing fuel poverty, including analysis of reports from DECC, National Energy Action and the Joseph Rowntree Foundation. As a result of this engagement – and research during Cycle 2 that showed that North West domestic customers the DE demographic were least willing to fund future investments in the network – we increased our focus on services for vulnerable customers, and have stretched our targets for efficient delivery, without compromising on outputs.

[NEA: Fuel poverty in the context of wider energy policy \(August 2012\):](#)

<http://www.nea.org.uk/Resources/NEA/Policy%20and%20Research/Documents/Fuel%20Poverty%20in%20the%20Context%20of%20Wider%20Energy%20Policy.pdf>

[Joseph Rowntree Foundation: Tackling fuel poverty during the transition to the low-carbon economy \(October 2011\):](#)

<http://www.jrf.org.uk/sites/files/jrf/fuel-poverty-carbon-reduction-summary.pdf>

[DECC: Annual Report on Fuel Poverty Statistics \(May 2013\):](#)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/199833/Fuel_Poverty_Report_2013_FINALv2.pdf

5. Cycle 4 – additional engagement

5.1 Purpose

Following the submission of our plan to Ofgem in July 2013 and the subsequent feedback we received, our plans have been reviewed and resubmitted.

There were three aspects of our resubmission that we sought further stakeholder input on, to ensure that we are making the right decisions for stakeholders.

1. Changes to our original submission
2. New proposals
3. Further formal input and support of original plans

These three aspects cover the following main topics that we carried out additional stakeholder engagement on:

- **Connections** – should we change to our targets for time to quote and time to connect, and if so how?
- **Vulnerable customers** – we’re adding more detail on what we’re doing for vulnerable customers. Does it still reflect your views?
- **Storm compensation** – how do we get the balance right between compensating fairly and keeping bills down?
- **Electricity theft** – should we be doing more to tackle this issue on behalf of suppliers?

Activity carried out in Cycle 4

Key activity
Engaged consumer panel, January 2014
Extraordinary External Stakeholder Panel – RIIO resubmission, January 2014
Further formal endorsement from expert stakeholders

5.2 Feedback, business analysis and outcomes

Topic	Feedback	Outcome
Investment	<p>While setting up our engaged consumer panel to tackle specific questions related to improving our business plan, we took the opportunity to continue to benchmark general willingness-to-pay in a number of investment areas.</p> <p>On average, engaged consumers are prepared to pay around £6 extra to fund network investment, although 36% were not willing to fund any additional investment.</p> <p>In terms of priorities, the panel told us:</p>	<p>We know that the priority for our stakeholders remains reliability. Providing support for our most vulnerable customers is also key. Stakeholders also believe that tackling electricity theft is important, along with many other issues. In balancing investment in these different areas we believe we are taking the appropriate steps and continuing to lead the industry.</p> <p>Engaged consumers, and our stakeholder panel also told us that they did not believe we needed such short times for</p>

	<ul style="list-style-type: none"> • Reliability is still the main priority • Support for vulnerable customers is second most important • Reducing electricity theft comes 6th out of 11 options • Improving speed of connections is second lowest investment priority. 	<p>quoting or making new connections to the network. We have therefore responded and are proposing more appropriate and stakeholder-led targets.</p>
Connections	<ul style="list-style-type: none"> • Consumers can find it difficult to assess however given an open question, would prefer 7 days to quote and 13 days to connect • 81% of engaged customers agreed with proposal to reduce targets but remain within top three performers • 10 days to quote and 30 days to connect seen as acceptable to Consumer Futures. • Not particularly an issue for commercial customers due to longer project lead times. 	<p>Balancing these views, we are proposing to increase our original targets to six days to quote for a domestic connection and 30 days to complete a domestic connection. This still allows us to be market leaders, while reducing cost and risk to the business.</p>
Vulnerable Customers	<ul style="list-style-type: none"> • Consumers consider older customers, and those with medical needs to be most vulnerable. • Families with newborns also considered to be particularly vulnerable. • Most important support in order would be to: <ol style="list-style-type: none"> 1. <i>upgrade the power network around hospitals and care homes</i> 2. <i>provide temporary power during outages</i> 3. <i>provide additional training for frontline staff</i> 4. <i>invest an additional £8m over and above current plans</i> 5. <i>contact all vulnerable customers once a year.</i> • External panel commented that our approach is in line with other DNOs and stressed need for tailored services depending on vulnerability. • Investing in the network at key sites, and also contacting vulnerable customers 	<p>Following feedback from stakeholders we have decided to make our plans for vulnerable customers more specific and explicit. In doing this, we have increased our previous five outputs to seven.</p> <p>In line with feedback from engaged consumers, we will:</p> <ol style="list-style-type: none"> 1. <i>keep proposal to upgrade the network at 56 hospitals and care homes</i> 2. <i>provide extra generation during outages</i> 3. <i>provide enhanced training for frontline staff</i> <p>Feedback is clear that it is what we do, not how much we spend that is important to customers. Therefore we propose to focus on specific measures rather than spend levels.</p> <p>We remain committed to contacting vulnerable customers regularly, however based on feedback and the balance of costs and service, propose to reduce our regular planned contact from ever year, to every</p>

	regularly seen as important.	two years
Storm compensation	<ul style="list-style-type: none"> Stakeholder panel recognise the difficulty in getting the balance right and suggested specific willingness-to-pay research with our Engaged Consumer Panel, however they did add that it is important for a DNO to maintain a level of discretion to consider appropriate compensation on each situation. There is little appetite for increasing current compensation levels if it means increasing bills. 70% of engaged consumers surveyed thought that £54 after 18 hours was reasonable if an outage was outside our control. There was a relatively even split between engaged consumers who thought compensation should be paid at either 18 hours or at 48 hours following severe weather. A third of engaged consumers are happy with current levels of compensation following severe weather, however almost half believe an extra £50 per day would be appropriate. 88% of engaged consumers believe everyone affected should receive compensation, not just those who contact us. 32% of engaged consumers surveyed believed that business customers should be compensated for total loss of earnings. 49% disagreed, and 19% did not know. 	<p>The majority of our engaged consumers told us that £54 after 18 hours without power due to a storm is about right. We agree, and despite there being an exemption available for severe storms that allows DNOs to only compensate customers after 48 hours, we have not used this exemption during recent severe weather events in December '13 and February '14.</p> <p>We're planning on continuing with that approach, and consulted stakeholders to ask if we should never use the exemption. It is our intent not to use the exemption, however our stakeholder panel were keen for us to maintain an element of discretion.</p> <p>We considered the approach of some DNOs to simply double payments, however that still involves a trigger point at 48 hours. Our customers tell us that they want us to keep the trigger point for payments at 18 hours, meaning that we will pay more customers more compensation.</p> <p>Despite 32% of engaged consumers believing that business customers should be compensated for total loss of earnings, we believe the current arrangements are appropriate in order to remain affordable for all customers.</p>
Electricity Theft	<ul style="list-style-type: none"> Consumers appear keen for us to tackle electricity theft, even where the costs outweigh the financial benefits of doing so. However, there was some confusion highlighted by a consumer comment that it would 'save money in the long run'. 	<p>We were one of the only DNOs to include information on electricity theft in our original plan. We checked with our stakeholders to see if it was something they really did care about, and they told us just what an important issue they think it is for us to tackle. As a result, we are committing to boost the</p>

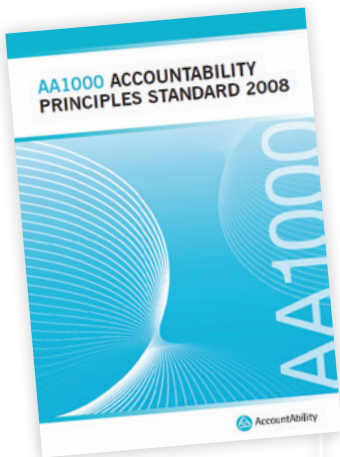
	<ul style="list-style-type: none"> • Consumers also recognised the safety as well as financial incentive to tackling the problem. • Although seen as important to tackle, our stakeholder panel recognise the need to draw a clear line where a DNO's social obligations must end due to costs to customers. 	<p>numbers in our revenue protection team in DPCR5, rather than waiting until RIIO-ED1. We have always been at the forefront of this issue for DNOs, and we will continue to promote our approach to Ofgem.</p> <p>Since we submitted our original plan in 2013, we are pleased to see that Ofgem has announced a new licence condition in RIIO-ED1 obligating all DNOs to follow our example in tackling electricity theft.</p>
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SUB-ANNEXES

- A1. Stakeholder engagement strategy (from entry to Ofgem's 2013 stakeholder engagement incentive scheme)
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SUB-ANNEX A1: Stakeholder engagement strategy (from entry to Ofgem's 2013 stakeholder engagement incentive scheme)



1.2 Stakeholder engagement at Electricity North West

Stakeholders offer a huge source of knowledge and expertise. We rely on stakeholders, as experts in their fields, to inform our day-to-day and longer-term plans to help us meet their needs and expectations.

Our engagement is about continuous improvement and innovation. Allowing stakeholders to influence what we do and how we do it through structured and relevant engagement is essential to the successful operation of our business.

We worked closely with AccountAbility, a global think-tank and developers of internationally-recognised stakeholder engagement standard AA1000APS, to review our stakeholder engagement approach in 2012/13.

As a result of this work, we developed and launched a company-wide Stakeholder Engagement Manual, setting out a clear strategy with appropriate governance and structure, consistent operating procedures, and cohesive reporting and evaluation mechanisms.

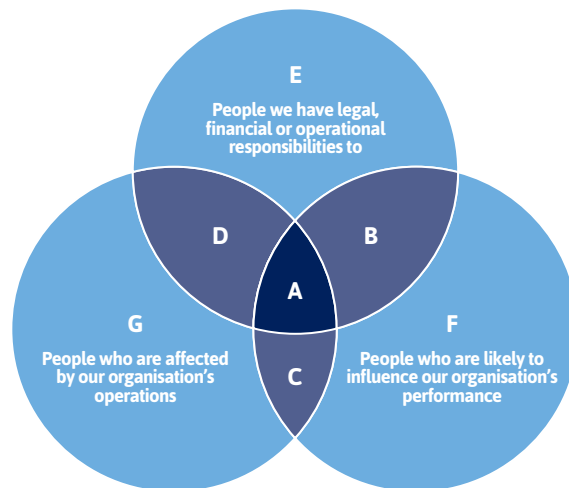
The manual is written as both a strategic guide and practical handbook for employees describing how engagement is done at Electricity North West. It was developed based on:

- **our own best practice, including feedback from last year's stakeholder submission for Ofgem's Broad Measure of Customer Satisfaction;**
- **benchmarking against best practice by other utilities and businesses; and**
- **AA1000APS and direct consultancy from AccountAbility.**

1.2.1 Identifying stakeholders

The first stage of our robust stakeholder engagement strategy is to identify our stakeholders. We have developed our process for stakeholder identification into an objective framework, allowing us to review our existing list of stakeholders and add or remove stakeholders based on set criteria, ensuring consistency and fairness in selection and prioritisation. A set process for this element of our plan also removes the risk of the loudest stakeholder drowning out others.

Our list of stakeholders is formally reviewed internally every three months by our Internal Stakeholder Panel and every six months by the External Stakeholder Panel. For our latest list of stakeholders see the Stakeholder Engagement Manual (appendix 3).



1.2.2 Materiality determination process – what should we engage on?

Our second stage is to identify issues material to those stakeholders, and our own organisation. We have done this through a materiality determination process, resulting in a materiality matrix (below). This matrix forms the basis of the issues on which we engage, and allows us to apply a uniform approach to determining proportionality.

Inclusion of priorities in the matrix is influenced by three factors:

1. **Feedback from stakeholders on what is important to them.**
2. **Electricity North West's own five values: customer, people, safety, performance and innovation.**
3. **Ofgem's key output areas for the next 10 years: reliability and availability, customer service, safety, environment, conditions for connections, and social obligations.**

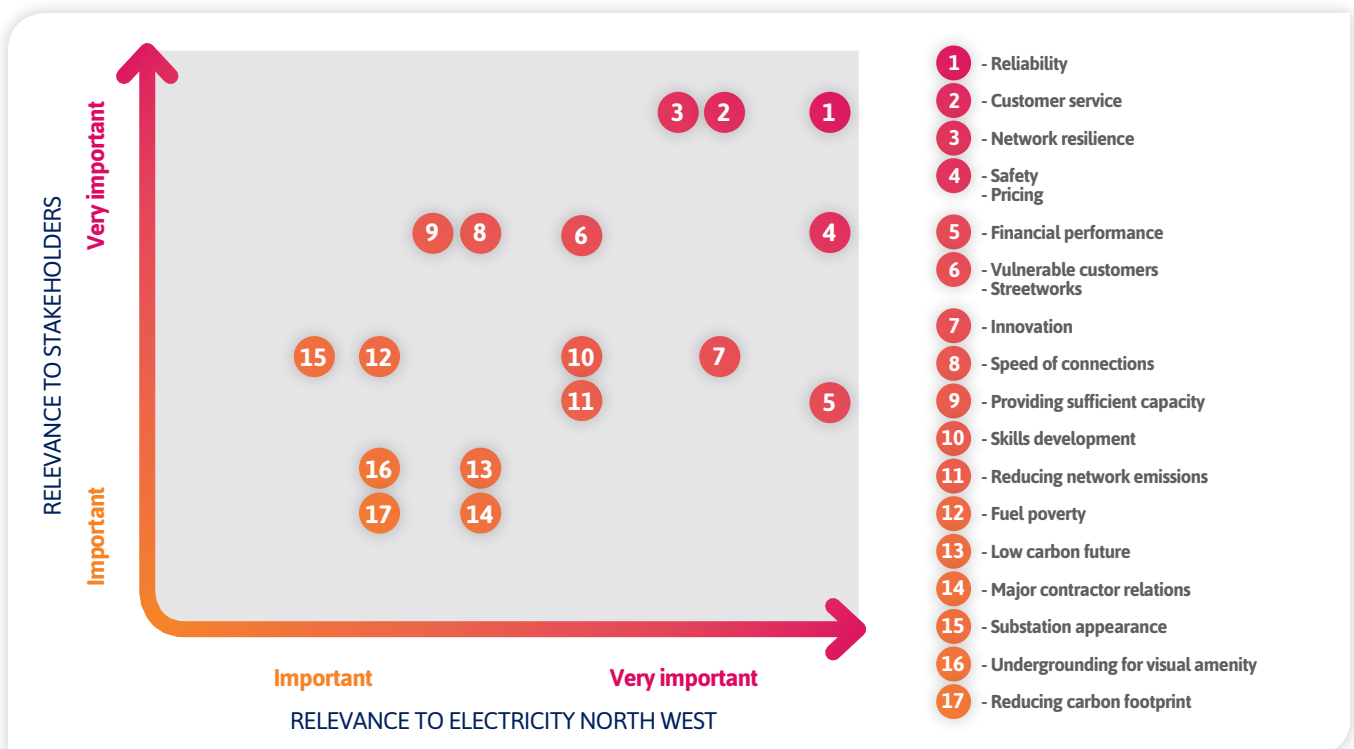
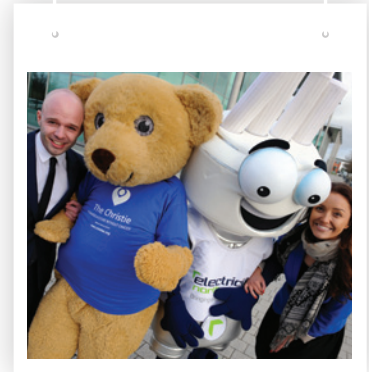
Using our corporate 'risk matrix' we have scored each priority against the risk of not including it, in terms of financial, legal, regulatory, health, safety, environment, people, reputation and security of supply impact.

We then multiplied this against a 'likelihood' score indicating the likelihood of the issue to have a major effect on our business in the next 10 years.

By categorising stakeholders in relation to how they are affected by, or affect our operations – using the stakeholder identification Venn diagram – we have been able to attribute appropriate and proportional weightings to their views.

Using these weighted stakeholder opinions, and also incorporating a calculation to incorporate the number of stakeholders affected, we have plotted relevance to stakeholders. The process and resulting table was then reviewed by both the Internal Stakeholder Panel and External Stakeholder Panel.

As with our stakeholder identification process, the materiality matrix will be reviewed by each panel at every meeting.





1.2.3 Responding to stakeholder feedback

Our third stage is to engage with those stakeholders on those issues relevant to them. One way we ensure that we do this is by simply asking our stakeholders which issues they would like to engage with us on, and how they would like to do it. This process of checking back with stakeholders is evident throughout our process, including External Stakeholder Panel feedback on our stakeholder identification and materiality determination.

The final stage is to report all engagement outputs, feed them into the business, record outcomes, and then report back to stakeholders on tangible changes to our business or plans as a result of their engagement.

Through our stakeholder engagement process, we know who our stakeholders are, what matters to them, and how they want to engage with us. We then tailor our approach based on this information – keeping them updated on relevant business activities, decision-making and other developments, but not wasting their time on things that are immaterial to them, or irrelevant to us.

In addition, we recognise that it is our job to balance stakeholders' sometimes-conflicting views to the satisfaction, or at least understanding, of all parties.

1.2.4 Engagement needs

The table below shows our high-level stakeholder groups, the need for engagement and examples of engagement in 2012/13.

STAKEHOLDER GROUP	ENGAGEMENT NEED	ENGAGEMENT IN 2012/13
Customers	Our customers include anyone who pays for our services, including domestic, business, connections and distributed generation customers. We need to listen to our customers' views to improve our operations and the services we provide for them.	<ul style="list-style-type: none"> • Ongoing customer service phone interviews • Willingness-to-pay surveys • Online feedback forms and web survey
Public sector	From local government and schools, to emergency services, MPs and national government – we have a number of key relationships and a vast range of public sector stakeholders. Engagement locally is essential due to the unique nature of our business which directly affects local communities. Engagement nationally as a regulated business is also essential, ensuring that we communicate appropriately at all levels and recognise our wider role in the UK.	<ul style="list-style-type: none"> • Regional workshops • Emergency planning meetings • MP events, survey and 1-1 engagement • Ongoing engagement through CEO's chairmanship of Energy Networks Association (ENA) • School liaison through BrightSparks educational programme
Industry	Our industry engagement includes engagement with electricity suppliers, employees, contractors and other utilities. By working together we can gain the benefits of a range of experience and viewpoints to help meet local and national stakeholder demands.	<ul style="list-style-type: none"> • Supplier meetings through ENA and our own 1-1s • Contractor forums • National Joint Utilities Group • Industry working groups
Non-governmental organisations	We interact with a number of NGOs, including environmental and other lobby groups. We have a local and national perspective to our responsibilities. For example, environmentally, we must manage our own direct impact with local stakeholders, and nationally we must continue to facilitate the UK's move to a low-carbon future. Stakeholders include Areas of Outstanding Natural Beauty, Friends of the Lake District, RSPB, National Energy Action, British Red Cross, Consumer Futures.	<ul style="list-style-type: none"> • Undergrounding for visual amenity quarterly group • External stakeholder panel • Regional workshops • Participation in stakeholders' meetings/workshops • 1-1 meetings
Financial	Our financial stakeholders, including our investors, banks and credit rating agencies, clearly have a big impact on our organisation. Appropriate engagement is key to the successful financing of our business.	<ul style="list-style-type: none"> • For more information see: www.enwl.co.uk/about-us/investor-relations • Regular meetings with banks and credit rating agencies to keep them informed

1.3 Relevant accreditation schemes and assurance

Our 2012/13 stakeholder engagement process has been independently assured by Deloitte LLP in accordance with the International Standard on Assurance Engagement 3000 (ISAE 3000 – a standard that has been designed by the International Auditing And Standards Board (IAASB) to assure non-financial data). (See Deloitte’s assurance statement in appendix 1.)

We have systematically reviewed and revitalised our approach to stakeholder engagement throughout the year in line with AA1000APS. We are committed to the principles of inclusivity, materiality and responsiveness.

In 2012/13 we appointed a full-time corporate social responsibility manager (CSR manager), and entered the Business in the Community (BITC) Corporate Responsibility (CR) Index for the first time. The CR Index takes the form of an online survey where companies follow a self-assessment process intended to help them identify both the strengths in their management and performance, and the gaps where future progress can be made. BITC then independently validate submissions to ensure reliability and consistency.

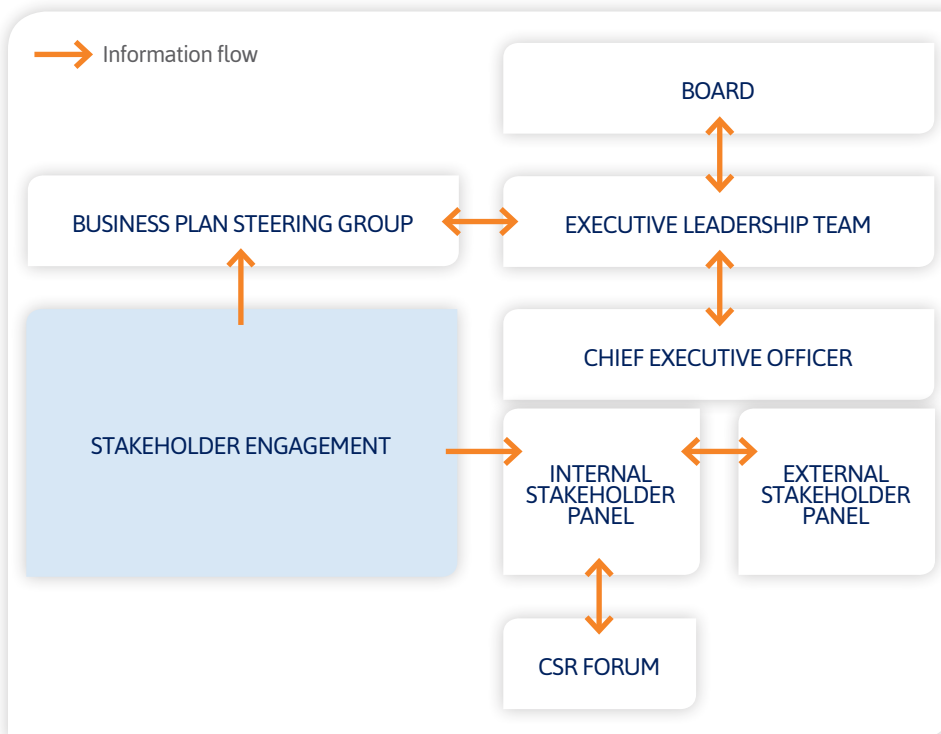
As in previous years, we also continued to report our CSR and stakeholder engagement activity against Global Reporting Initiative (GRI) guidelines. Our 2012/13 CSR report is due for publication in August 2013.

1.4 Evidence of culture change and senior management buy-in

A strategy paper on our renewed approach to stakeholder engagement, including our commitment to follow the AA1000APS, was approved by our Executive Leadership Team in 2012 (included in Stakeholder Engagement Manual, appendix 3).

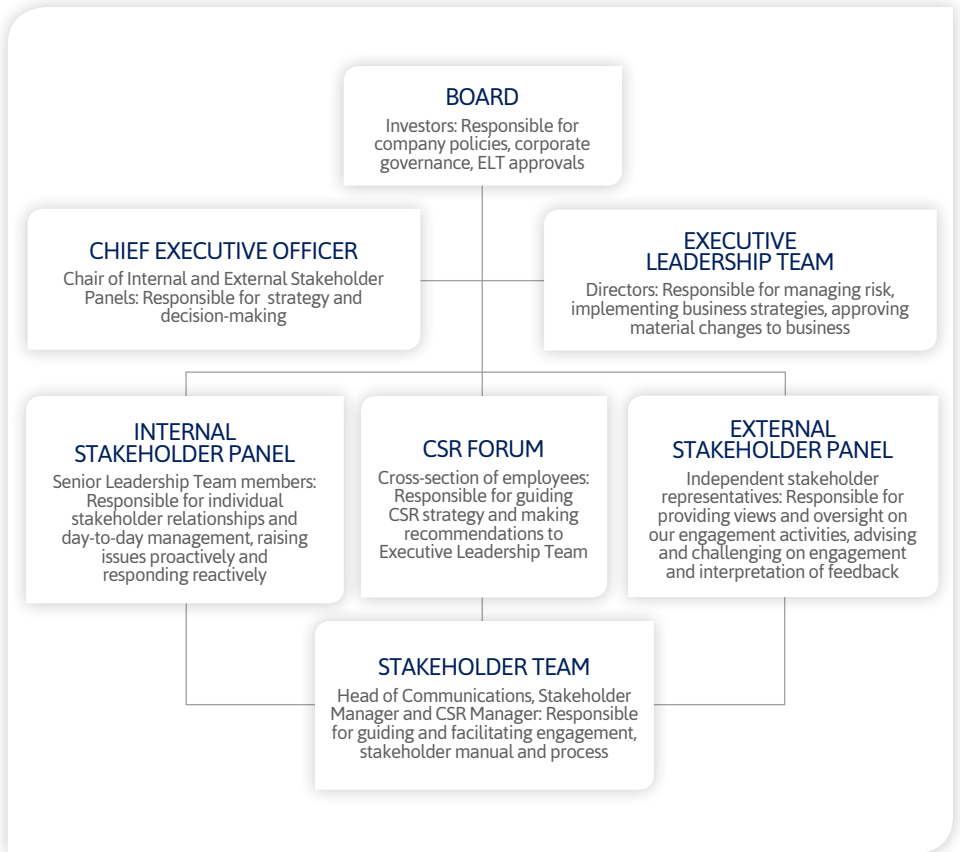
The overall governance structure of our stakeholder engagement activities is outlined below.

Governance structure and information flow:





Governance responsibilities:



Our new **Internal Stakeholder Panel** meets formally at least every three months to discuss stakeholder engagement issues. It is made up of 10 members of the senior leadership team, representing every business area, and is chaired by the chief executive officer, supported by the customer director and stakeholder engagement team.

The panel has its own terms of reference which are included in our Stakeholder Engagement Manual (appendix 3), and is responsible for developing and implementing the stakeholder strategy, including its integration into business processes and decisions. The decision-making process is aligned with our business model, and is described in detail in our stakeholder manual.

Our **External Stakeholder Panel** is attended by our chief executive, and although it purposefully has a level of autonomy, members of Electricity North West’s senior management team are available to be called to attend the panel on request to present to or answer questions from panel members on topics of their choosing. Its terms of reference are also included in our Stakeholder Engagement Manual (appendix 3).

The internal and external stakeholder panels work closely together to complement each other and provide the right balance of responsibility from the internal panel and challenge from the external panel.



1.5 Results and feedback from stakeholder engagement

Our formalised framework for stakeholder identification has given our processes improved transparency and credibility. We have engaged with stakeholders at levels appropriate to their relationship with us and interest in issues concerning our organisation. Through a prioritisation technique we have ensured that our engagement is proportionate to each stakeholder.

In addition to our 'business as usual' stakeholder engagement, our 2012/13 stakeholder engagement activity focused on gaining feedback to help us develop our business plan for 2015–2023.

Based firmly on AA1000APS, our process continued to follow three cycles of engagement with stakeholders as we set out in 2011/12, wrapped up in the 'Switched On: North West' campaign.

Cycle 1

PROCESS	KEY AIMS	KEY OUTPUTS
<ul style="list-style-type: none"> ✓ Stakeholder identification ✓ key output and materiality determination ✓ first engaged consumer panel ✓ Greater Manchester local government and business event ✓ launch of first Strategic Direction Statement (2011) 	<ul style="list-style-type: none"> ✓ qualitative key stakeholder audit ✓ engaged consumer questionnaire ✓ MP events and newsletters ✓ Employee Opinion Survey ✓ Executive Leadership Team internal roadshows ✓ school visits; social media launch 	<ul style="list-style-type: none"> ✓ Switched On: North West branding and minisite launched (www.enwl.co.uk/switchedon) ✓ online willingness-to-pay survey ✓ educational videos produced ✓ first public roadshows.
Stakeholder engagement	Identify, approach and inform stakeholders about the business, process for developing our plan and key output areas	Stakeholders clearly have differing views, and differing motivations and levels of interest. Challenge identified to ensure proportionality and materiality in all engagement. Further challenge identified in lack of knowledge becoming barrier to engagement.
Business decision-making	Are we addressing the areas that stakeholders want us to address? Are we engaging with stakeholders on issues that are material to them?	Focus on customer service and quality stakeholder engagement critical to all stakeholders. Plans must follow cyclical approach to keep stakeholders' interest. 'Engaged customer panel' concept developed to address accessibility issues.

Cycle 2

PROCESS	KEY AIMS	KEY OUTPUTS
<ul style="list-style-type: none"> ✓ Output-focused regional workshops ✓ second strategic direction statement produced ✓ North West vs National willingness-to-pay survey ✓ further public roadshows in key rail stations ✓ sponsorship of key publications ✓ increased promotional and public relations activity 	<ul style="list-style-type: none"> ✓ new process for highlighting types of work carried out with new 'communications for project managers' document rolled out ✓ 'What our stakeholders say' brochure produced ✓ 'How stakeholders are influencing our business plans' brochure produced 	<ul style="list-style-type: none"> ✓ Parish Council Survey ✓ further videos produced ✓ benchmarking engagement against other similar companies to identify best practice ✓ 1-1 meetings with key new stakeholders including National Energy Action.
Stakeholder engagement	Elicit feedback from relevant stakeholders and customers on specific output areas to inform the plan.	Three-way challenge identified, to produce plan focused on affordability, reliability and sustainability.
Business decision-making	Develop business plan informed, proportionally, by stakeholder opinion, balancing conflicting views.	Customer-service focus of plan growing alongside asset management responsibilities. Key function of reliability reinforced – proper asset management fundamental in providing good operational customer service.

Cycle 3

PROCESS	KEY AIMS	KEY OUTPUTS
<ul style="list-style-type: none"> ✓ Internal panel established ✓ external panel established ✓ formal stakeholder engagement strategy developed and documented 	<ul style="list-style-type: none"> ✓ third strategic direction statement produced ✓ further engaged consumer panel survey focused on customer service and financeability 	<ul style="list-style-type: none"> ✓ industry-wide suppliers' engagement ✓ Independent connection providers workshop.
Stakeholder engagement	Present interpretation of stakeholder engagement so far back to stakeholders for further feedback	Explaining conflicts helps stakeholders understand potentially difficult decisions we must make. Transparency key to credibility with stakeholders. ICP workshop to improve robustness of engagement with group.
Business decision-making	Are stakeholders happy with our interpretation, and how we have addressed their views in our plans? Is further engagement needed on any specific areas?	Commitment to continuing engagement with stakeholders during business plan period (2015-2023)



SUB-ANNEX A2: Deloitte LLP assurance statement



Independent assurance report by Deloitte LLP to Electricity North West Limited (ENWL) on the application of Electricity North West Limited's 2012/13 description of its 2012/13 stakeholder engagement programme for the reporting year ended 31 May 2013.

Scope of assurance work

We have been engaged by the Board of Directors of Electricity North West Limited to provide limited assurance¹ of ENWL description of its 2012/13 stakeholder engagement programme for the reporting year ended 31 May 2013 as found in sections 1.2.1, 1.2.2 and 1.2.3 of Sub-annex A1: Stakeholder engagement strategy (from entry to Ofgem's 2013 Stakeholder Engagement incentive scheme) of Annex 1: Stakeholder Methodology and Responses of ENWL's Well Justified Business Plan dated July 2013.

Basis of our assurance work and our assurance procedures

Our work was carried out by a multi-disciplinary team of corporate responsibility and assurance specialists in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000). To achieve limited assurance the ISAE 3000 requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. This is designed to give a similar level of assurance to that obtained in the review of interim financial information. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

Key assurance procedures

Our key procedures included:

- Interviewing those responsible for management of the ENWL stakeholder engagement programme to understand activities in the reporting period, how the company is applying the AA1000APS (2008) principles and how issues identified are reviewed and managed.
- Review of documentation associated with the stakeholder engagement programme.
- Reviewing the responsibilities of the internal and external stakeholder panels including interviewing a sample of members of both panels.
- Reading and analysing internal and external information relating to ENWL's stakeholder engagement practices and the company's performance during the year

Our work was based on procedures performed at ENWL only. For the avoidance of doubts we have not tested the integrity of the underlying system/information.

Our conclusion

Based on the assurance work performed, in all material respects, nothing has come to our attention to cause us to believe that ENWL's description of its 2012/13 stakeholder engagement programme for the reporting year ended 31 May 2013 as found in sections 1.2.1, 1.2.2 and 1.2.3 of Sub-annex A1: Stakeholder engagement strategy (from entry to Ofgem's 2013 Stakeholder Engagement incentive scheme) of Annex 1: Stakeholder Methodology and Responses of ENWL's Well Justified Business Plan dated July 2013.

¹ Footnote 1: The levels of assurance engagement are defined in ISAE 3000. A reasonable level of assurance is similar to the audit of financial statements; a limited level of assurance is similar to the review of a half year financial report

This conclusion has been formed on the basis of, and is subject to the inherent limitations outlined above.

Responsibilities of Directors and independent assurance provider

ENWL's responsibilities: The Directors are responsible for the preparation of the Part 1 submission (Evidence to present minimum requirements of stakeholder engagement) under Ofgem's Electricity Stakeholder Engagement Incentive Scheme 2012/13 and for the information and statements contained within the sections. They are responsible for determining the stakeholder engagement goals and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte's responsibilities: Our responsibility is to independently express conclusions on the subject matter specified by ENWL. This is set out above.

- We complied with Deloitte's independence policies, which address and, in certain areas, exceed the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants. We have confirmed to ENWL that we have maintained our independence and objectivity throughout the year, and in particular that there were no events or prohibited services provided which could impair our independence and objectivity in the provision of this engagement.
- Our report is made solely to ENWL in accordance with our letter of engagement for the purpose of the Directors' governance and stewardship. Our work has been undertaken so that we might state to ENWL those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ENWL for our work, for this report, or for the conclusions we have formed.
- This report provides no assurance on the maintenance and integrity of ENWL's website nor the controls used to maintain this website's integrity, and in particular whether any changes may have occurred to the information subsequent to our work. These matters are the responsibility of the Directors of ENWL.

Deloitte LLP

London, 21 June 2013



**SUB-ANNEX A3: Engaged Consumer Panel
summary, February 2013**

Engaged consumers less willing to pay extra for reducing the duration of power cuts than unengaged consumers

There is little difference in the willingness to pay extra to reduce the duration of power cuts between ENW customers (£1.01 - small sample or £0.96 - large sample) and non-ENW customers (£0.94). However, ENW's Engaged Consumers (£0.86) are much less willing to pay extra to reduce the duration of power cuts. This is probably because, Engaged customers have been made aware of how reliable their existing electricity network is (99.99%) and are less willing to fund marginal gains than the wider population.

Engaged consumers less willing to pay extra for reducing the frequency of power cuts than unengaged consumers

There is little difference in the willingness to pay extra to reduce the frequency of power cuts between ENW customers (£0.79 - small sample or £0.66 - large sample) and non-ENW customers (£0.68). However, ENW's Engaged Consumers (£0.58) are less willing to pay extra to reduce the frequency of power cuts. Again, this is probably because, engaged customers have been made aware of how reliable their existing electricity network is (99.99%) and are less willing to fund marginal gains than the wider population.



Engaged consumers much more willing than unengaged consumers to pay extra for reducing major equipment failure.

There is little difference in the willingness to pay extra to reduce major equipment failure between ENW customers (£0.00 - small sample or £0.12 - large sample) and non-ENW customers (£0.05). However, ENW's Engaged Consumers (40p) are much more willing to reduce major equipment failure. Engaged customers appear more likely to recognise benefit in investing to reduce major power cuts - those lasting more than 18 hours - than investing to reduce the duration and frequency of normal outages.



ENW customers more willing to pay extra than non-ENW customers

Electricity consumers in ENW's region are more willing to pay for investment in the network than those outside of the region. On average, non-ENW customers say that they would be prepared to pay £4.02 per year to fund additional investment. ENW customers would be willing to fund £4.31 (large sample) or £4.59 (small sample) of additional investment in the network. Engaged ENW customers, who understand the electricity sector and the role of DNOs better than un-engaged customers, say that they would be willing to pay £5.14 extra to fund investment in the network.

Rural customers more willing to pay extra than urban customers

Outside the ENW region, rural customers (£4.22) are a little more willing to pay extra for network investment than urban customers (£3.96), a gap of 26p. The gap between rural (£5.27) and urban (£4.12) willingness to pay within ENW's region is about four times bigger, with ENW's rural customers willing to pay 115p more than its urban customers.





**SUB-ANNEX A4: Engaged Consumer Panel
summary, December 2012**

Summary

Willingness to fund investment is falling

Continuing recessionary pressure and increasing electricity bills are dampening appetite to fund additional ENW investment. On average, willingness to fund additional investment has dropped by 22% (from £6.03 to £4.68) since last year. There is less appetite for investing to reduce the environmental impact of the network, but much more for improving the network's ability to withstand extreme events like floods and storms.

Restore power more quickly in the Winter

Almost all Engaged Electricity Consumers say that it is important for ENW to repair power cuts more quickly in the Winter than in the Summer. Three in five would accept an average summer restoration time of 5.5 hours in exchange for an average winter restoration time of 1.5 hours. ENW should consider re-structuring resources to meet heightened consumer concerns – and expectations – in the Winter.



Summary

Worst time to be without power is evening – especially in the Winter

The least inconvenient time to be without power is after 10pm followed by Lunch Time (12 noon to 2pm). Conducting planned outages in the Summer after 10pm or between 12 noon and 2pm would be the ‘best’ times for ENW to schedule essential maintenance on the network.

Fewer longer planned outages preferable to more short ones

More than half of Engaged Electricity Consumers say that the maximum number of planned outages should be two or less per year. While most express no preference for when scheduled work should occur, those that do prefer weekdays to weekends.

More than eight in ten say that extending a planned power cut to complete work on the same day is preferable to restoring power and scheduling another planned shutdown on another day. Over half would accept a 4 hour extension if work cannot be completed within the scheduled time.



Summary

65% say that £9 per year to fund interest payments is acceptable to ensure power flows

Though describing the cost of capital in terms of mortgages and personal finance helps, most don't understand the concept. Nonetheless, the majority say that they prefer the certainty of long term loans to any potential savings associated with short term loans.

Nine in ten say that they would prefer the current approach to funding capital costs based on repaying interest only at an additional cost of £3 per year to an approach incorporating capital repayment at an increased cost of £14 per year. Consumers don't understand who, how or when they would benefit from ENW repaying capital and some are suspicious about who would benefit most: consumers or shareholders.

Awareness and recognition of ENW's role is improving slowly

Awareness of the ENW brand has increased from 23% in 2010 to 29% in 2012.

Recognition of what you do has improved from 5% to 12% over the same period.



Key Findings

1 North West residents are willing to pay for further infrastructure improvements

Despite widespread concern about rising energy prices and the research process highlighting the impact on personal bills, participants are prepared – on average – to pay £2.27 more than the ‘medium’ level of your initial investment plan to allow Electricity North West to make further improvements to its service provision.

Across Electricity North West’s 2.4 million connections and over a 5 year period, this equates to permission – and willingness to pay – for £27 million worth of additional investment.

“When you’re paying over a thousand pounds in power bills, £2 is actually nothing, isn’t it?”

“If you go to a substation to repair it, I’m sure it’s better to repair it for the future ... if something has gone wrong, you should put it right and put it right for the future as well.”

“£2 over a year isn’t a lot. Most people can afford it.”

2 ‘Will it keep the lights on?’

In assessing investment decisions, participants tend to consider three issues in deciding whether they are – or are not – prepared to pay for additional investment. The most important of these is the extent to which participants believe any decision will contribute to maintaining, or ideally, improving the reliability of the network.

Consumers look first and foremost to ensure that they have a reliable connection to the electricity network and so prioritise decisions like replacing assets before they fail, stopping disruptive metal theft, and upsizing assets to allow for future growth.

“In our house, we rely on the electricity completely, so a power out is a problem.”

“They’ve had these swoops on cables recently ... we ought to try to look to protect any cables or substations or whatever where they are going to be vulnerable.”

“If you’re running a company and you’re dependent on power and it goes out, your company is crippled and you can’t make any money.”



3 'Is it dangerous?'

The second of the three considerations is for the safety of the public and Electricity North West's staff. Participants show clear concern for safety, easily imagining the dangers posed by the electricity network, and so are prepared to fund an increased programme of asbestos removal, measures to address the use of oil in substations and cables, and others measures to minimise public safety incidents.

"I think a planned programme for getting rid of asbestos and the oil in substations ought to be built in."

"Asbestos ought to be prioritised so that the staff are protected from that because it's a known hazard that they're going to have to go into."

4 'Does it protect the vulnerable?'

The third consideration in assessing the value of an investment decision is the extent to which any measure is seen to protect or aid vulnerable groups. Priority service for vulnerable groups was the area participants were most willing to fund additional investment for, with other measures – like enhanced service to sole-energy customers – popular too.

"When a baby needs feeding and it needs to be a warm feed, they don't have any appreciation of why they're not getting it instantly ... looking after a very young baby that's crying for its nosh is very difficult."

"My stepmother, who is 87, she got a phone call to say that we are doing some work and you'll be off from two until six or whatever. I thought 'that's very good'".

5 Scepticism about long-term investment

Participants demonstrate considerable scepticism about the ability of any organisation, including Electricity North West, to make very long-term investment decisions. They question on what basis the North West's electricity needs and demands in 2032 or 2052 can be predicted and call on Electricity North West to limit investment in preparation for electric vehicles, heat pumps, and new renewable energy sources.

"Investing for solar panels or wind power for me is a total waste of time because I wouldn't receive any payback."

"I think when we're currently in a recession, I think generally if you asked Joe Public to pay more for something that's 20 or 30 years off in principle, I think they're feeling the pinch now, so it's quite hard for them."

"I don't see what providing the electric stations or whatever for recharging cars should be borne by people who many not use a car or may not see the need for it."



6 The DE challenge

In total, one-in-five are unwilling to pay the 'medium' investment level. This rises, however, to almost half amongst socio-economic group DE; those working in semi or unskilled manual jobs or those entirely dependent on the state through unemployment, disability, or old age. This socio-economic group, characterised by low incomes, demonstrates a clear tendency to be less willing – or able – to pay the 'medium' investment level.

"I've got four kids and they've all got everything they want twice over ... I get really disgruntled thinking there's a giant amount of profit that my energy provider is making and they are sitting there going 'brilliant'."

7 Views are largely uniform

Aside from the divergent views of socio-economic group DE, there are few significant differences between men and women, older and younger participants, and rural and urban respondents. Younger participants, those aged 18-34, do however demonstrate a greater willingness to fund investment into environmental measures like connecting renewable power generators and reducing Electricity North West's carbon footprint.

"You've asked about the environmental impact and the visual impact ... for me, it would be important for them to focus on [the environmental] aspect because I think it's really important at the moment. We're supposed to be getting to the point of no return."

8 Protecting the vulnerable is seen as good value-for-money

Participants were asked to consider their willingness to pay for each investment option as a theoretical decision without cost implications and, again, with a cost attached. In most cases, willingness to pay decreased once a cost was attached.

For a small number of decisions, however, willingness to pay *increased* once cost was considered and these included enhanced service to sole-energy customers and priority service for vulnerable people. Participants, assessing the relatively low cost of these measures against their positive impact for vulnerable people, deemed these investments to be socially worthwhile and to offer good value-for-money.

"I was surprised at how little cost for some of the things."

"That's a priority really ... vulnerable people, old people, invalids, kids, pregnant women. I think that should definitely be the priority."

"If you said to me do I want to pay £2 extra a year for green issues, or do I want to pay £2 a year towards the vulnerable, I would say go for the vulnerable. I'm not prepared, if I've got the choice, to go for the green."

9 Awareness of Electricity North West has increased slightly

Since the first wave of research, recognition of the Electricity North West name has increased from 23% to 25% and understanding of Electricity North West's role in the electricity industry has climbed from 5% to 8%.



"I've seen the vans in my area, but didn't realise what they actually do."

"I'd heard of them because where we live we tend to have slightly more power cuts. I tend to ring them up fairly regularly."

"I was amazed when I did the survey because I honestly still thought that NORWEB had something to do with the power."

Summary

- 21% say they are unwilling to pay your 'medium' level of investment. Nearly half of these come from social grade D or E.
 - DEs are much more unwilling to pay your 'medium' level of investment than the population as a whole.
 - This group is at least three times more likely to prioritise the following investment decisions as 'low' than the panel as a whole.

Investment Decision	Times more likely to say 'low' than population as whole
Replacing assets before they fail	4.0
Opportunistic upsizing of assets to facilitate future connections	3.6
Reduce oil spills from cables	3.3
Protection against metal theft	3.3
Expectation of customer service team	3.2
Ensuring network has enough capacity to meet demand	3.0
Reduce oil spills from substations	3.0
Protection against storms	3.0
Minimising public safety incidents	3.0

- Before knowing impact on their bill, customers are prepared to pay on average £6.03 to fund additional ENW investment. After considering impact that investment decisions would have on their bill, willingness to fund drops to £2.27 above the cost of your 'medium' investment level.
- On average, the panel is willing to pay more than your 'medium' level of investment on all investment decision except:
 - Preparing for electric vehicles/heat pumps
 - Addressing equipment noise
 - Fixed price small scale connections
 - Protection against flooding
 - Connecting and managing renewable power generators
- The areas on which the panel is willing to pay 10% or more than your 'medium' level of investment are detailed below. ENW may wish to consider increasing the 'medium' level of investment on these areas:
 - Providing priority service for vulnerable
 - Socialisation of A&D charges
 - Replacing assets before they fail



- Protection against metal theft
- Removing asbestos
- Opportunistic upsizing of assets to facilitate future connections
- Reduce oil spills from substations
- Minimising public safety incidents
- Reducing 'pinch points'
- Reduce oil spills from cables
- Providing enhanced service to sole-energy customers

Tracking Measures

Awareness of Electricity North West has increased slightly since December 2010 with 25% of adults in the North West aware the ENW brand.

The public's understanding of what ENW does is also improving slightly from a very low base. Just over a year ago 5% of people in the North West could identify what ENW does. Now, 8% recognise the role you play in the electricity sector.





**SUB-ANNEX A5: Engaged Consumer Panel,
North West vs National summary, June 2012**

Key findings

- **The issues on which consumers in the North West are more willing to pay for an enhanced service than the British population as a whole are:**
 - Mobile generation for customers if power cannot be restored within three hours
 - Reducing equipment failure that causes major power cuts
 - More comprehensive safety campaigns
 - More proactive call centre





**SUB-ANNEX A6: Engaged Consumer Panel
summary, July 2011**

Engaged consumer panel 2011

Power cuts – fear of them, the need to minimise them, the inconvenience and disruption caused by them –were a dominant issue throughout the Engaged Consumer Panel and focus group research.

- **Many viewed Electricity North West's only task as 'keeping the lights on'.**
- **For most, their only expectation of Electricity North West is that the company will work hard to keep power on and most wanted to see Electricity North West improve on the existing 99.99% reliability.**
- **Reducing the number of power cuts and limiting their duration was seen as Electricity North West's most important short-term goal, most important objective for long-term investment and the most important value for the company to hold.**

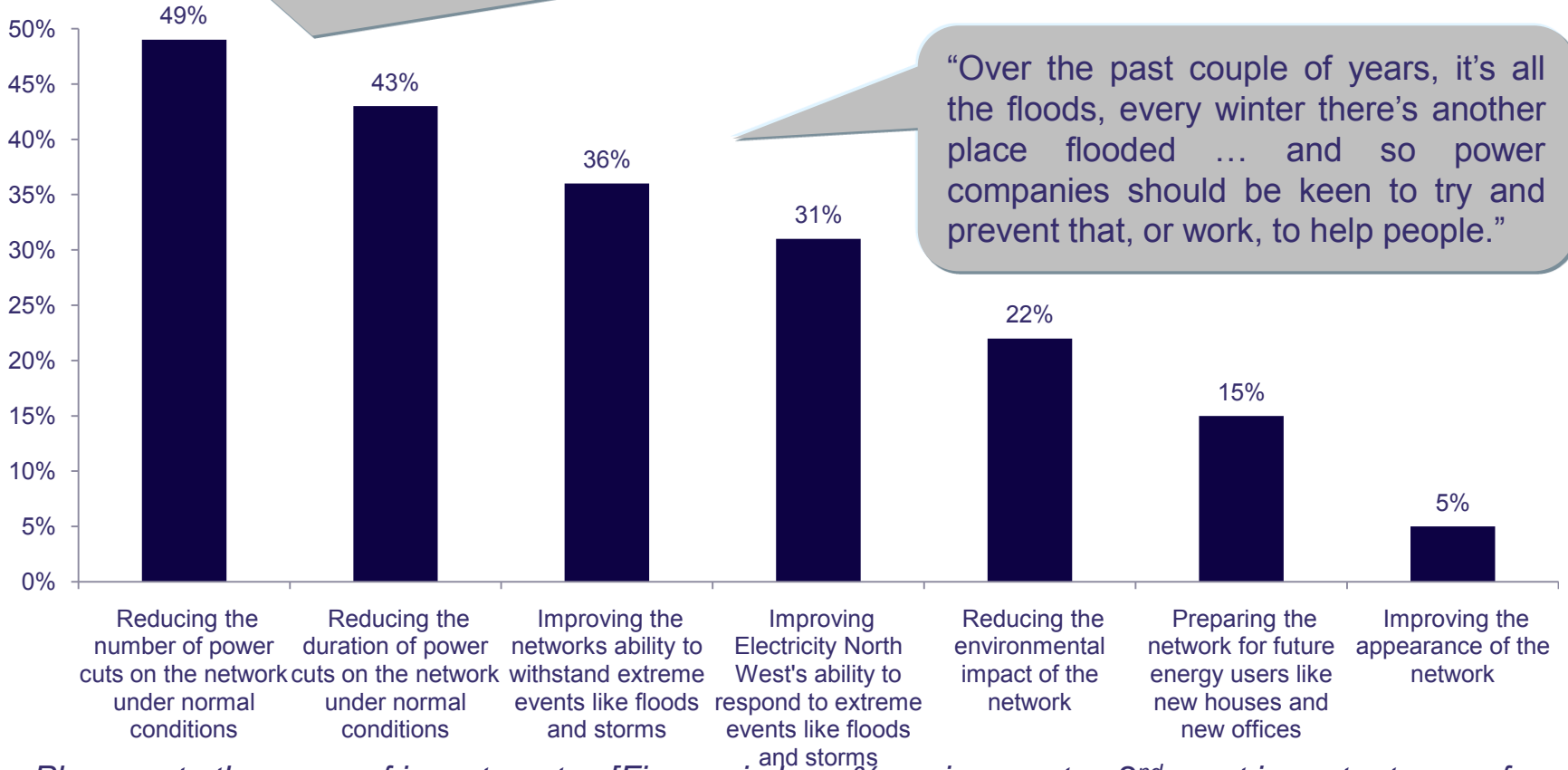
"I expect the power to always be on, you need it for everything you do."

"When the guy next door cut the street's power off, it was in winter, so it was pitch black, so you get home and you've no lights. You don't know where your candles are ... you do get anxious quite soon."

"We had a power cut. I think it was earlier this year, it wasn't that long ago, it was off for about an hour, an hour and a half. When it first goes, it's gone in the morning, you've no idea how long it's going to be off for. Is it going to be off for five minutes or five hours? You get so used to the power being on, I went to the front room to put the telly on, to see if there was anything on the news about it, I was trying to put the telly on even though the power was out."

Reducing the number and duration of power cuts is seen as the most important investment priority for ENW, with reducing the impact of extreme events the next most important.

“Having a power cut, even though they don’t happen very often, that’s the thing that you think about, and that’s the thing that people really don’t want to happen. So that’s why I think it is important.”

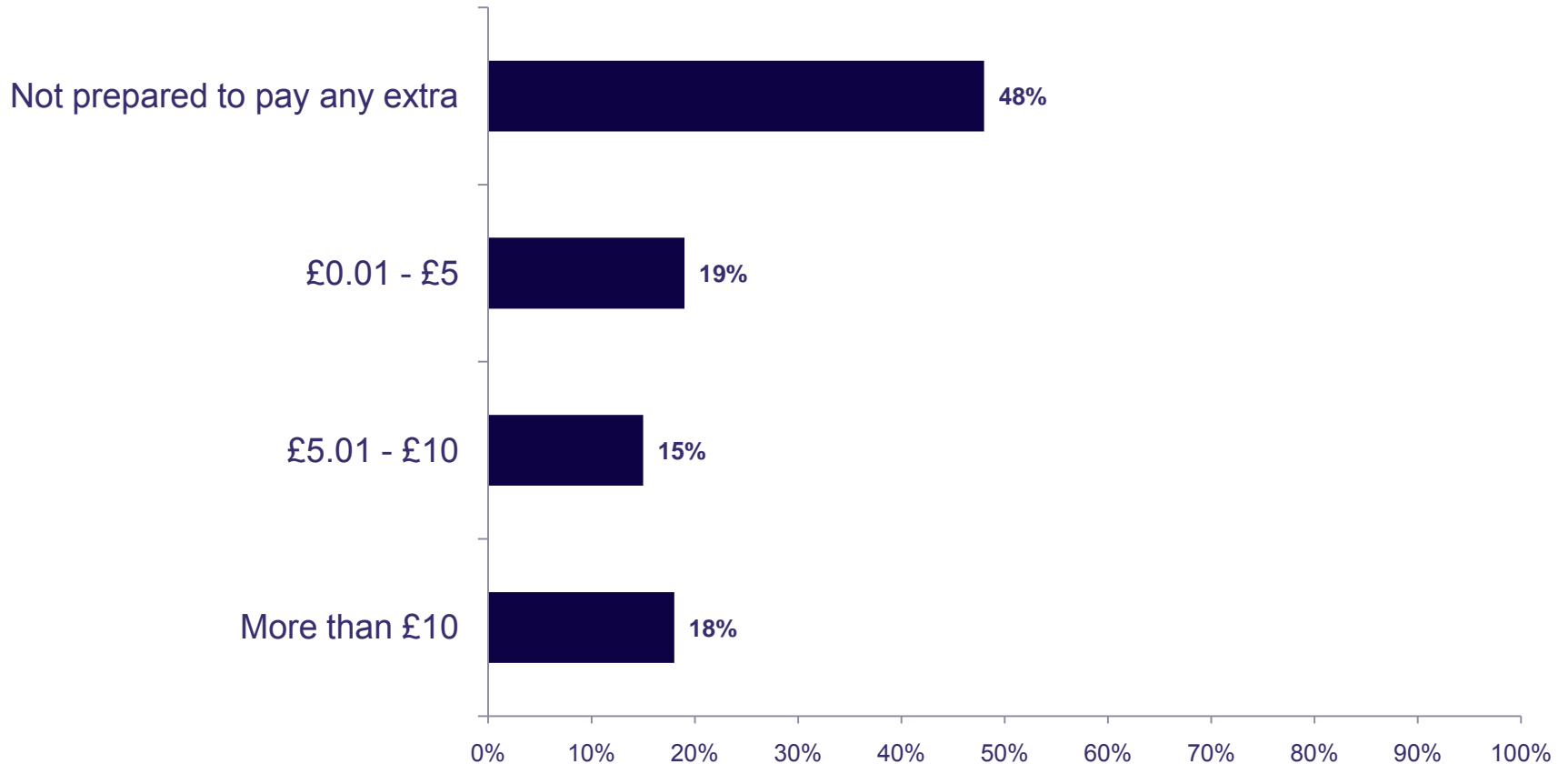


“Over the past couple of years, it’s all the floods, every winter there’s another place flooded ... and so power companies should be kept to try and prevent that, or work, to help people.”

Q Please rate the areas of investment ... [Figures in bars % saying most or 2nd most important area of investment]

Nearly half are not prepared to pay anything extra to fund additional investment by Electricity North West.

Average amount prepared to pay to fund additional investment: **£4.70**



Q *How much extra, if anything, would you be prepared to pay in your electricity bills per year to fund additional investment?*

Key issues to consider

- **Fear of power cuts dominates thinking about ENW**
- **Expectations of ENW are simple but unrealistic (perfect reliability of supply) – important to explain why cuts happen and how quickly ENW gets the power flowing**
- **Reaction is strongly negative to any suggestion that ENW might limit / control when and how appliances can be used**
- **Despite being ‘Engaged Consumers’ many admit it is difficult to make judgements on benchmarking / investment – better understanding of the costs and benefits is essential**



**SUB-ANNEX A7: Regional stakeholder
workshops summary and slides, December
2012**

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Electricity North West ran a series of stakeholder workshops in different parts of its service area during Autumn 2012, to have informed discussions with key stakeholders about its proposed investment plans under the next Ofgem price control period.

The workshops were organised as independently-facilitated focus groups, with each event tackling specific themes and bringing together between five and ten key stakeholders with three or four representatives from Electricity North West. The stakeholders represented generators, major industrial and commercial customers, developers and development consultants, local authorities, environmental organisations and business groups. Each event was hosted by the Electricity North West regional operations manager for the geographic area, supported by colleagues with particular knowledge of the themes under discussion.

A total of 34 key stakeholders took part in the workshops, and a further two key stakeholders who were unable to attend submitted written comments. As expected from a diverse group of stakeholders, many different opinions were aired and there were some conflicting views about investment priorities. Some stakeholders were keen to see more investment in certain areas, even if it would mean increases in customers' bills, while others saw opportunities for savings that would help to reduce bills.

However, a number of key themes emerged on which there was broad agreement, if not full consensus, as follows:

Communication

Across the workshops, the key stakeholders asked for more and better communication from Electricity North West, particularly around power outages.

Suggestions included greater use of Twitter and social media, and inviting customers to register their email and mobile phone contact details via a website so they could receive automated message updates during outages. Business stakeholders wanted more detailed and accurate information about both planned and unplanned outages so they could mitigate against business risks, and several asked if Electricity North West would consult some business representatives about how they would like to see communication and account management improved.

Reliability and availability of the network

A consistent theme was that as a general principle, investment should lead to increased reliability and availability of the network.

This came up under a number of different discussions; for example, when discussing the issue of compensation for customers who experience power cuts, many of the stakeholders said they would rather the money was spent on preventing power cuts in the first place than compensating those who suffered them. When asked if Electricity North West should do more for customers who had no oil or gas, the feeling was that investment in improving reliability of the network would benefit them in particular, as well as the wider community. On the subject of undergrounding overhead power lines in rural areas, many felt that the investment was only justified if it led to improved network reliability as well as environmental benefit. And on the subject of tackling metal theft, many felt that increased investment in security was justified if it led to increased network reliability as well as improved safety.

Vulnerable customers

The stakeholders generally felt that current provision for vulnerable customers was about right, but there should be improved communication and information about how vulnerable customers are defined, what Electricity North West will do for them, and how they should go about getting help when they need it.

Among suggestions that gained support was that utilities, local authorities and emergency services could work together to create local emergency response groups, which would take over the support of vulnerable customers in times of crisis so that people received a consistent multi-agency approach.

Stakeholder workshop process

The vast majority of the stakeholders who attended the workshops felt they were very useful, welcomed the opportunity to give their views, and praised Electricity North West for taking the initiative to engage in full and frank discussion in this format. Many said they hoped the workshops would be just a first step in the company listening more to its key stakeholders as they felt that by working together they could help Electricity North West prioritise its investment to benefit as many people as possible.

Date	Venue Contact Details	ENWL Team	Delegates
20 th November Keswick	Skiddaw Hotel, Main Street, Keswick, Cumbria CA12 5BN 017687 72071	Martin Deehan Michael Proctor Alex Moore	Morgan Donnelly, Wind Prospect – Project Manager/Engineer Dave Shaw, Tata Steel – E&I Project Engineer Hennie van der Westhuizen, Iggesund – Central Engineering Manager Alan Brown, Iggesund – Strategic Planner John Stables, British Gypsum – Denice Gallen, Copeland Borough Council – Nuclear and Energy Officer
21 st November Bolton	Britannia Hotel, Beaumont Road, Bolton, BL3 4TA 01204 855582	Lee Maxwell Vincent Cranny Alex Moore Sarah Walls	Cllr Michael Green, Lancashire County Council – Cabinet Member for Transport... Dorothy Kelk, Friends of the Earth - Volunteer Marion Seed, Friends of the Earth - Volunteer Cllr Peter Goldsworthy, Chorley Borough Council - Leader Richard Jennison, CPRE – Environment Director
26 th November Manchester	King's House Conference Centre, King's Church, Sidney Street, Manchester, M1 7HB 0161 276 8194	Mark Williamson Michael Proctor Tony McEntee Jonathon Booth	Jackie Copely, CPRE Andy Beaumont, Lyondell Basell – Senior Electrical Manager Mike Reed, Trafford Council – Growth and Masterplan Manager Li-Hsia Chan, MIDAS – BDM Energy and Environment Russ Comrie, Cargill – Energy and Utilities Manager
27 th November Stockport	The Stockport Guildhall, 169 Wellington Road South, Stockport, Cheshire, SK1 3UA 0161 480 6531	Mark Williamson Vincent Cranny Brian Hoy Steph Rourke	0 [{ àã ^ãÀ ãã ã &@•ç!Aç^ } c
28 th November Preston	Preston Masonic Hall, Ashlar House, Saul Street, Preston, PR1 2QU 01772 252170	Lee Maxwell Michael Proctor Tony McEntee Brian Hoy	Karen Smith, Matalan – Utilities Manager Dave Derbyshire, Matalan – Environmental Manager Shaun Costain, BAE Systems – Investment and Infrastructure David Halliwell, Green Energy from Nature - Rob Green, Blackpool Bay Area Co – Head of Enterprise and Investment John Knox, Energy Coast West Cumbria Ltd, Industrial Liaison Consultant Bev Taylor, Bruntwood – Energy Manager Wayne Calland, Bruntwood
30 th November Kendal	Kendal College, Milnthorpe Road, Kendal, LA9 5AY 01539 814700	Martin Deehan Alex Moore Jonathon Booth	Jack Ellerby, Friends of the Lake District Cllr Mike Tonkin, Eden District Council - Environment Chris Hardman, Carlisle City Council – Planning Manager David Haughian, Cumbria County Council – Strategic Programme Co-ordinator Andrew Davison, English Heritage – Principle Inspector of Ancient Monuments NW Richard Kemp, Tenet Consultants - BDM Richard Willacy, Telford Hart Associates Barry Watkinson, Morgan Sindall – Nuclear Development Director John Farmer, Cumbria Wildlife Trust

Stakeholder engagement

- We're engaging with stakeholders across the North West, from domestic customers to local government and large businesses
- We're also engaging with national stakeholders, like suppliers and the Department for Energy and Climate Change, to make sure that our plans reflect the views of all stakeholders

Stakeholder engagement workshops November 2012 8

Roadshows

- We've held surveys, roadshows and school visits, helping us to shape our plans

Stakeholder engagement workshops November 2012 9

Website

- We're encouraging people to have their say through our engagement website and leaflets

www.enwl.co.uk/switchedon

Stakeholder engagement workshops November 2012 10

National feedback so far

Stakeholder engagement workshops November 2012 11

Regional feedback so far

Stakeholder engagement workshops November 2012 12

What we're already delivering

- We expect to invest around £2bn between 2015–2023 (in addition to £1.4bn between 2010–2015)
- This investment will focus on:
 - Improving *reliability* for customers by replacing ageing assets and increasing resilience against flooding or extreme events
 - Making the network *sustainable* for customers in the long term by extending capacity for a low carbon future where people use more electricity, and improving environmental performance
 - Keeping our part of the bill *affordable* for customers by innovating to keep costs at current levels

Stakeholder engagement workshops November 2012 13

Proposed Network Investment

Stakeholder engagement workshops November 2012 14

Today

- Based on the feedback we've already had from stakeholders, we have some proposals for the future of the network
- Do you agree with our proposals? What's most important to you considering Reliability, Affordability, Sustainability?
- We want to know what you think about our specific proposals, and also get your input on any other issues you want to raise

Stakeholder engagement workshops November 2012 15

Today

- We're here to listen to your views
- We'll report your views back into the business so that we can finalise our plans
- We don't intend to answer everything today, but we'll keep in touch and report back to you with our final business plans

16

Sue Hayman - Facilitator

Environment

Q1

Many people feel that overhead power lines and pylons spoil the natural environment in our National Parks and Areas of Outstanding Natural Beauty. We are already investing in putting power lines underground in sensitive areas – but should we do more?

Environment

Q2

Some of our larger and older underground cables use oil as an insulator. As they wear out or are damaged, leaks can occur which may harm the environment. We plan to replace 20% of oil-filled cables by 2023, but we could spend more, or save money by reacting only when there is a problem.

Environment

Q3

The transformers in our substations are also filled with cooling oil. They can leak when things go wrong. Large substations have measures to catch oil leaks, but we could save money by working to minimum safety standards, or spend more by including small substations.

Social Obligations

Q1

Some of our customers are described as 'vulnerable' because they may be elderly, or have new babies, or have particular needs. What extra services should we provide them free of charge?

Social Obligations


Q2

What about customers who don't have gas or oil and only have electricity for their heating? Should we provide them with anything extra?

Social Obligations


Q3

Noise. Much of our equipment is silent, but sometimes noise can be created. Where it does occur, how should we deal with it?

Safety 


Q1

Metal theft from substations is a huge problem and extremely dangerous for the criminals, for our staff and sometimes for the public. It can also cause power cuts. Should we spend more money to secure our equipment?

Safety 


Q2

We are committed to ensuring the safety of everyone who comes into contact with our network. How should we promote safety awareness?


Safety 

Q3

Asbestos. Some of our older substations contain asbestos. What should our policy be on removing asbestos from these buildings?




Questions?

Reliability & Availability 


Q1

Many of our pylons, overhead lines, underground cables, substations and equipment are ageing and will need replacing eventually. When this happens, should we replace them with the same or improved equipment?

Reliability & Availability 


Q2

On average in the North West, a customer goes two years between power cuts and is without electricity for less than two hours in every two years. However, some customers, often in very rural areas, can have more than 15 power cuts in three years. What should we do?

Reliability & Availability 

Q3

We could also do more to reduce the risk of major equipment failure; this is already low, but when faults do happen they can cause a major power cut of 18 hours or more.

Conditions for connection to the network 

Q1

As homes and business use more electricity, the capacity of the network is used up. When its size needs increasing to help meet demand, who should pay?

Q2

If a small business, like a farm or food producer, wants to expand or modernise and needs more electricity than their connection can handle, should they pay all the cost of upgrading the network, or a flat fee towards it? Or should the cost be shared amongst us all?

Q3

What about when we need to increase the network to get new generators connected, like wind farms? Should the generator pay for any improvements needed, or just those that only they will use, or should we all share the burden?

Q1

If domestic customers lose power for more than 18 hours, we automatically pay them compensation. This is coming down to 12 hours, but should it be even less? Or should we only pay compensation if people claim it?

Q2

Under the existing regulations, industrial customers are only entitled to very low levels of compensation if they are without power. Is this fair?

Q3

To maintain an efficient network, there are times when we need to turn the power off on a planned basis. When this happens, how much notice should we give people? Is 2 days enough? Or 7 days? Or more than 7 days, with detailed timings of when power will be on and off?

Questions?



**SUB-ANNEX A8: Parish council survey
summary, December 2012**

Key Findings from the Parish Council Survey

Analysis of the survey results shows that for 15 of the 20 questions, the most commonly-selected answer was the Medium option. As a general rule, this meant the council felt that current or proposed levels of investment in this area were about right and should continue.

Low priority areas

For four of the questions (1, 3, 8 and 14) the Low response was the most commonly-selected answer. Selecting the Low answer meant the council saw this area as a low priority and would be happy for investment in this area to be reduced, potentially leading to a reduction in electricity bills.

Questions 1 and 3 were around who should pay for new infrastructure required when new connections are made to the network, either to put electricity in or to take it out. The councils felt that generally the developers should pay, and the public should not have to contribute through the socialising of costs across all consumers. Question 8 referred to compensation for businesses who experience power cuts; again, the councils felt that the cost of compensation for businesses should not be spread across all consumers.

Question 14 asked how long, on average, it would be acceptable for a consumer to be without power. The majority of councils selected the Low option (50 minutes), rather than supporting proposed investment to bring the average power cut duration down to 40 or 25 minutes.

High priority areas

Only one of the 20 questions drew the High option as the most popular answer. This was Question 6, which focused on the frequency of power cuts. It said that on average, a customer in the North West goes two years between power cuts, but in some very rural areas consumers can have more than 15 power cuts in three years. The majority of councils supported increasing investment so that no customer suffers this number of power cuts, even if this means increasing electricity bills.

This answer tends to reflect the fact that most parish councils are in rural areas. It is likely that if the same question was asked of consumers in urban areas, who are less familiar with power cuts, fewer would select the High option.

However, it is clear that for those who live and work in rural areas, reducing the frequency of power cuts in those areas is a higher priority than most other areas for investment.

Undergrounding of overhead lines

Question 11 asked councils whether they felt more should be spent on undergrounding existing overhead power lines. This is often an emotive subject, particularly when new high-voltage power lines are being proposed.

However, two-thirds of councils who responded picked the Medium option, feeling that the current policy of spending £1m per year on undergrounding overhead lines in sensitive locations identified by key stakeholders was the correct approach. Only 28% favoured doubling spending in this area, while a very small minority of 6% favoured stopping spending on undergrounding to reduce bills.



**SUB-ANNEX A9: Stakeholder report
summary, July 2011**

Executive Summary

Journalists

- Journalists view Electricity North West almost exclusively through their relationship with the press office. Electricity North West's press office, although recognised as only recently established, is viewed positively and seen as responsive and helpful. Jonathan Morgan is spontaneously named by some journalists and is well-regarded.
- In terms of improvements, journalists want faster responses to queries, better access to management or company experts, and pro-active stories with local angle. Electricity North West's press office is inevitably compared to the larger, better established United Utilities operation. Though viewed positively, some believe that Electricity North West's press office has some way to go to match the level of service delivered by United Utilities.
- Knowledge of, and interest in, the electricity industry is very limited amongst non-specialist journalists. Local/regional journalists feel that they need to know only enough to write individual stories about Electricity North West and have no need for a more detailed or broader understanding.

Energy Suppliers and IDNOs

- This category, largely consisting of energy suppliers, approaches Electricity North West from a business perspective rather than a stakeholder perspective.
- They have regular contact with Electricity North West, and other DNOs, regarding invoicing and other supply issues. They look for Electricity North West to respond quickly to their queries, to express sympathy when mistakes are made, and to be 'can do' in putting things right. While Electricity North West is not regarded as particularly poor in this regard, these stakeholders are critical of all DNOs, seeing them as too often unresponsive and accusing DNOs of failing to grasp the need to provide good customer service. Some are critical of Electricity North West's inflexible billing systems and the perception that, at times, you are unwilling to explain how mistakes in billing came about.
- While Energy Suppliers and IDNOs have a good understanding of the energy industry and Electricity North West, not all have an actual interest in the industry. Many have little, if any, desire to know about aspects of Electricity North West's business outside their immediate sphere of interest.

MPs

- MPs, beyond recall of an association with United Utilities, know little about Electricity North West. Most MPs are uncertain as to the role played by Electricity North West, struggle to recall contact and have no basis on which to comment on Electricity North West's performance.

- MPs both call for greater contact with Electricity North West – welcoming the prospect of a short introductory meeting or briefing – while admitting that they are extremely busy and difficult to contact. MPs suggest carefully targeting communications to their interests or constituency needs.
- While MPs currently assume that Electricity North West is performing well – assuming that if it was underperforming they would have had complaints from constituents or others – their lack of knowledge poses a long-term danger. MPs, like consumers, have unrealistically high expectations of Electricity North West (perfect reliability at a minimum cost) and little sense of the difficulties of maintaining and renewing the North West’s electricity infrastructure.

Regional Stakeholders

- Electricity North West’s regional stakeholders – the largest business users, local government officials and elected members, local and regional forums – are extremely positive about Electricity North West. They praise both their contact with Electricity North West, Electricity North West’s operational performance, and its commitment to long-term planning.
- So positively do regional stakeholders regard Electricity North West, that they criticise it for not doing more to promote itself. They call on Electricity North West to make it clearer – to the general public and opinion formers – the role Electricity North West plays in investing in the North West, in employing thousands and maintaining vital infrastructure. Regional stakeholders, alongside MPs, are the keenest supporters of local and regionally focused CSR actions.

NGOs

- NGOs are often extremely narrowly focused, with a detailed knowledge and interest in a particular area but with little awareness beyond this specialist area. NGOs are sharply divided in terms of their contact and perceptions of Electricity North West.
- Those engaged by Electricity North West are extremely positive. They see Electricity North West as sharing their passion, typically for environmental issues, and praise the company’s performance and staff. Contact with Electricity North West has given these stakeholders some understanding of the issues faced by Electricity North West and its role in the wider sector.
- Those NGOs without contact, however, know much less about Electricity North West. These NGOs are not critical of Electricity North West, but instead simply know too little about it to express any type of informed opinion of the company.

Regulators

- Regulators, amongst all stakeholders, tend to have the greatest knowledge of Electricity North West and have regular contact with it.

- Electricity North West is viewed positively and across a range of areas – quality of contact, operational performance, forward planning – is seen to compare favourably to the bulk of other DNOs.
- Much of regulators' contact with Electricity North West is required by law and part of the regulatory regime governing the industry. Regulators are keen to stress that this is a minimum level of contact and that Electricity North West and DNOs are free to do more. Regulators stress the importance of this in relation to Electricity North West (and other DNOs) doing more to engage with non-regulator stakeholders and to maintain both informal, and formal, relations with regulators.



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Engaged Electricity Consumer Panel

Electricity North West

January 2014



Summary

Strong support for ENW's plan to be amongst the top 3 DNOs on connections

Consumers find it difficult to estimate the time required for new connections, but, on average, expect a quote for a new connection within 7 days. ENW's current proposal is ahead of this expectation level. However, the expected time to actually install the new connection is on average 13 days, well below the current number of days in ENW's proposal. More than four-fifths of respondents favour ENW's plan to be in the top three performers.

Upgrading medical networks and providing additional support during outages are most important ways to support vulnerable customers

Engaged Electricity Consumers – and over 55s in particular, believe it is important for ENW to protect the vulnerable, most notably by upgrading hospital infrastructure and providing temporary power during outages. While almost all respondents consider those with medical needs and the elderly as vulnerable, it is notable that more than half (especially women) say that families with newborns should also be classified as vulnerable.

Summary

Appetite for ENW to take action against electricity theft even if costs outweigh the financial benefits increases with age

A desire for fairness evokes strong emotions in the call for action against electricity theft. At least four in five Engaged Electricity Consumers say that it is important for ENW to do all of the activities under consideration – especially assessing/identifying premises where electricity theft is likely. While 74% of over 55s want ENW to take action even if the costs outweigh the financial benefits, less than half of 18-34s (43%) agree.

Efficient and easy customer service is vital when customers are without power

Respondents consider a number of customer service areas to be extremely important, most notably having their calls answered quickly, explaining why the power is out and when it will be restored. Text and the ENW website are the most likely alternative methods of contacting ENW when phone lines are down. A small proportion would use social media including Facebook and Twitter.

Summary

Under normal circumstances, there is little appetite for increasing current compensation levels if it means an increase in electricity bills

70% of Engaged Electricity Consumers do not think that compensation levels should be more than £54 after 18 hours without power. Some resist the ‘blanket compensation culture’ and suggest that compensation should be based on culpability relating to poor maintenance rather than uncontrollable events – including extreme weather. However, nearly half (46%) think that compensation relating to extreme weather should be paid after 18 rather than 48 hours. Nearly half favour compensation of at least £50 per day, while a third favour retaining the existing level of payment.

Respondents believe that compensation should be paid to all affected by the outage, and that the level of compensation should be the same irrespective of the number of customers affected, however those aged 18-30 are somewhat less convinced by both these arguments. Only a third (32%) believe business customers should be recompensed for total loss of earnings.

Summary

Willingness to fund investment is growing

On average, willingness to fund additional investment has increased by 28% (from £4.68 to £5.97) since 2012. Males and over 55s are most willing to pay extra.

As in previous years, investment related to ‘keeping the lights on’ tends to be most prized by Engaged Electricity Consumers. ‘Improving support for vulnerable customers’ (measured for the first time this year) is also clearly important to consumers. Other areas measured for the first time (reducing electricity theft and new connections) are relatively unimportant.

Awareness and knowledge of Electricity North West continues to grow

Awareness of the ENW brand has increased from 23% in 2010 to 38% in 2014.

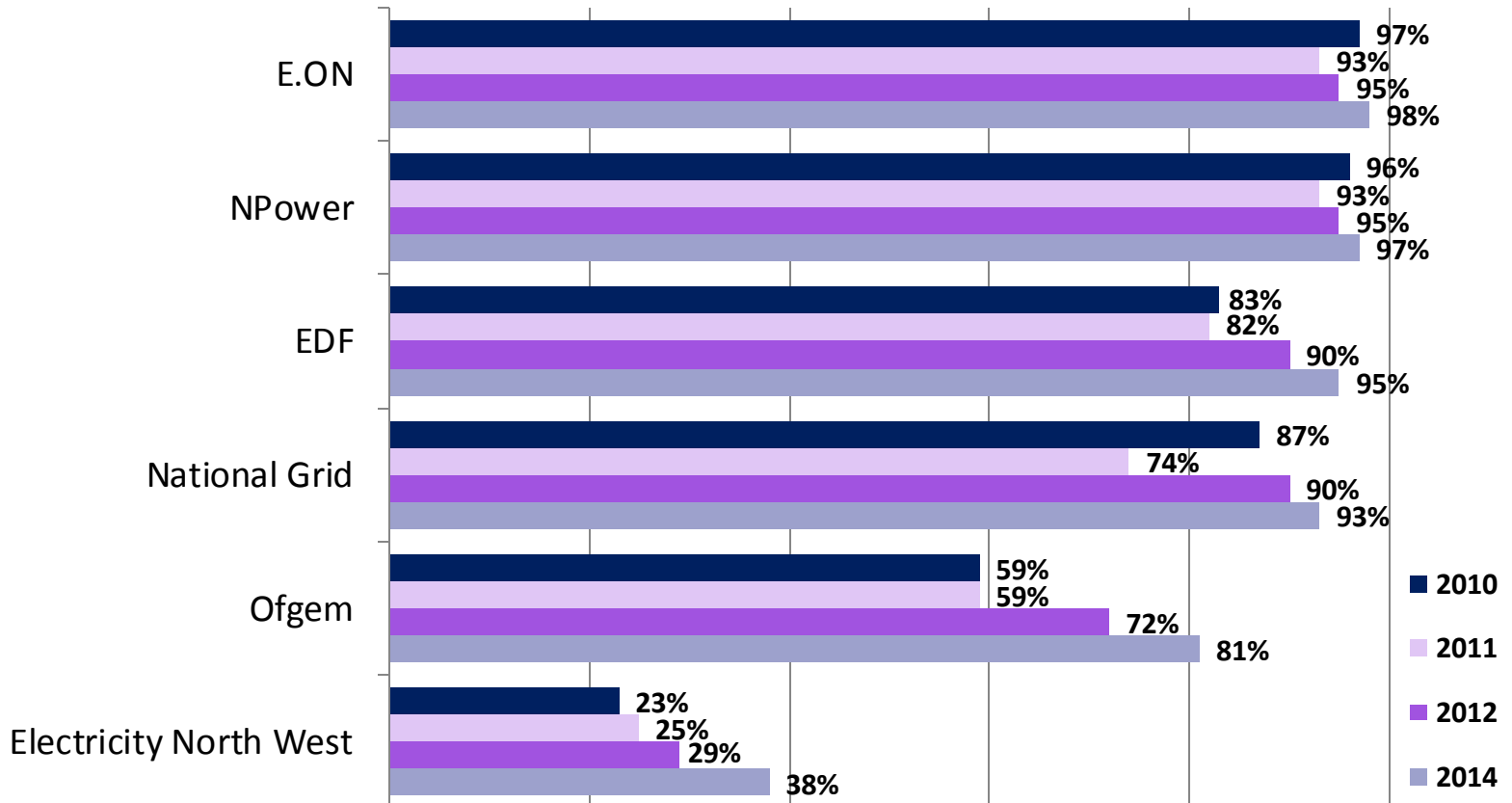
Understanding of the role of ENW has also grown to 21% in 2014, from 5% in 2010. Both awareness and recognition of ENW’s role is higher among men and over 55’s than other demographic groups.

Awareness and understanding of ENW



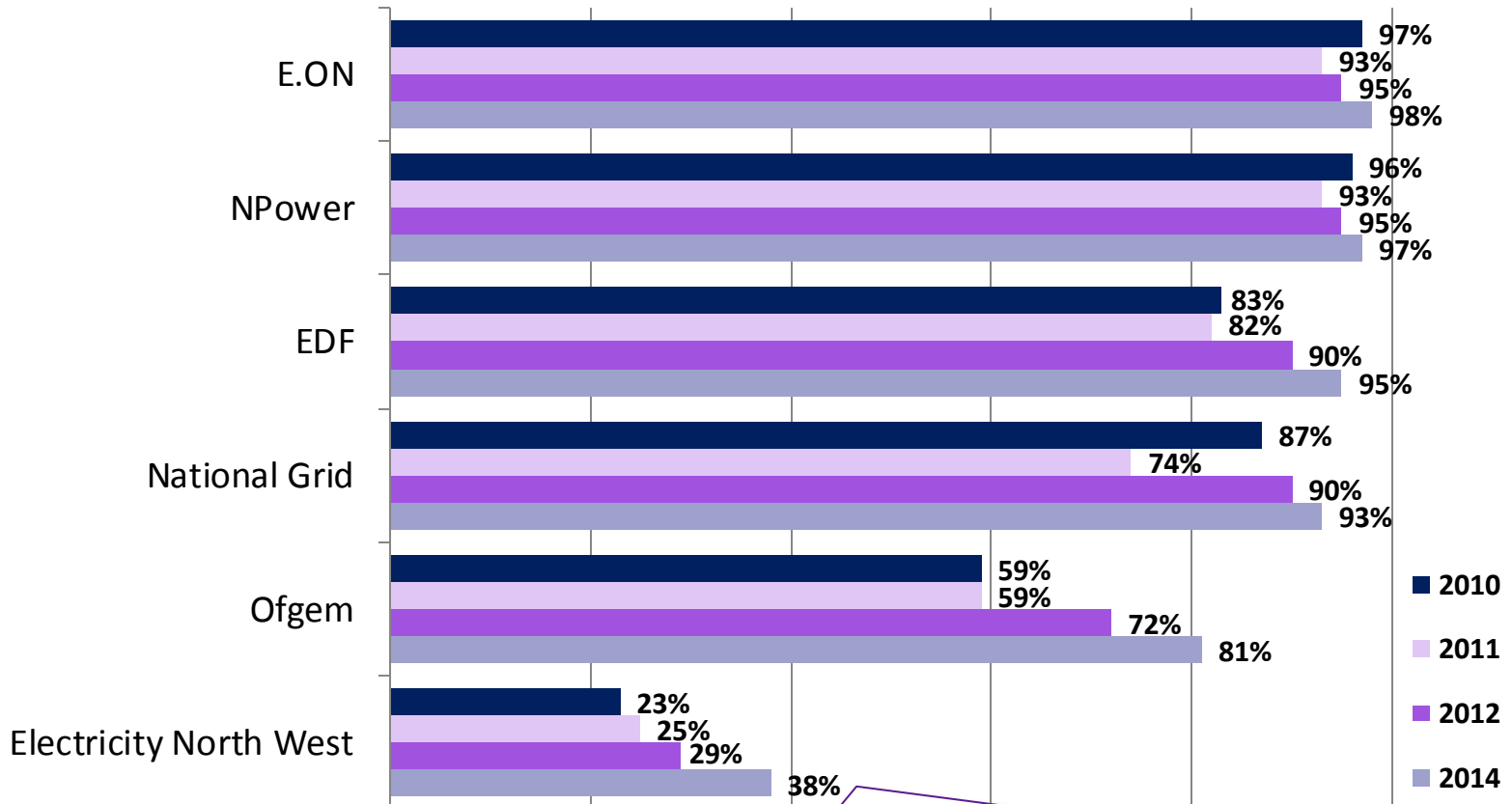
Awareness of ENW continues to grow...

Before today, which of the following companies and organisations had you heard of?



Awareness of ENW continues to grow...

Before today, which of the following companies and organisations had you heard of?

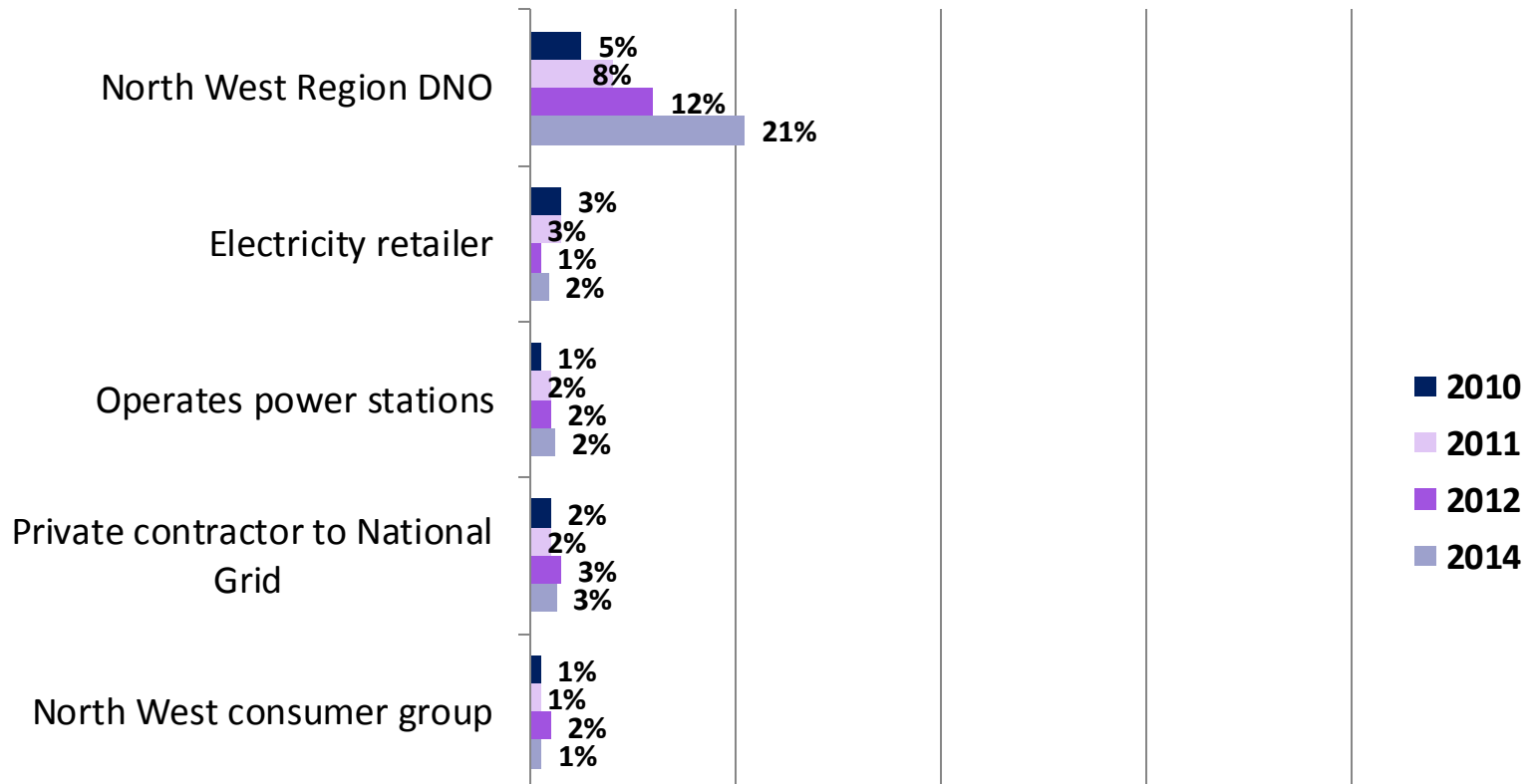


“I had never heard of them before the survey then the very next day a van past me whilst I was walking the dog with an emergency ring.”



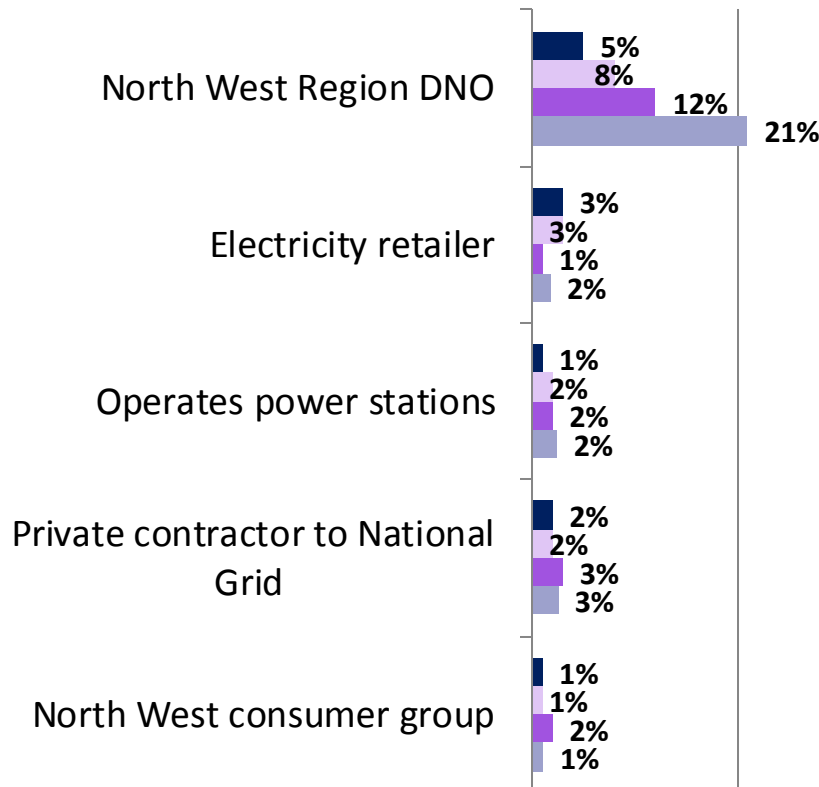
... as does understanding of what ENW does

To the best of your knowledge ... Describe what Electricity North West does



... as does understanding of what ENW does

To the best of your knowledge ... Describe what Electricity North West does



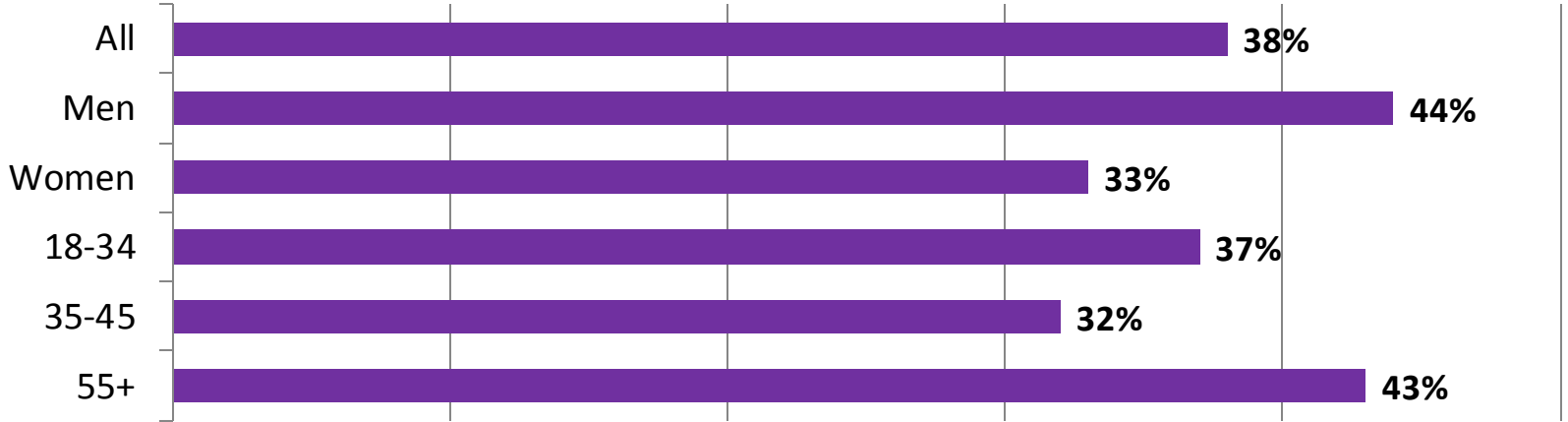
“It is between the National Grid and EDF and Scottish Power and they are responsible for the cabling and the actual network.”

■ 2010
■ 2011
■ 2012
■ 2014

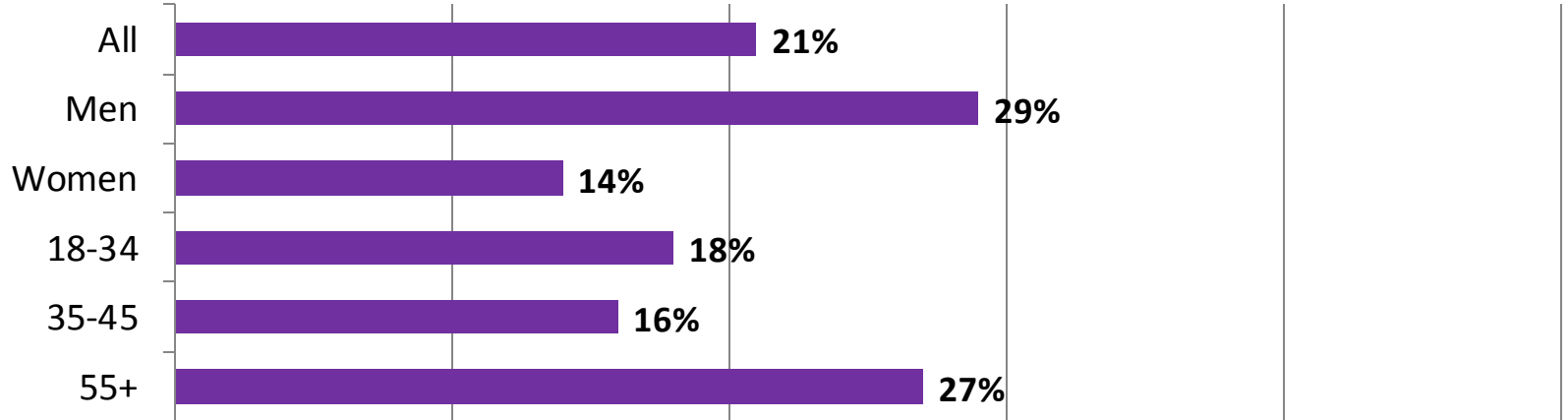


Men and over 55's tend to know more about ENW than other groups

Before today, had you heard of Electricity North West?



To the best of your knowledge ... Describe what Electricity North West does



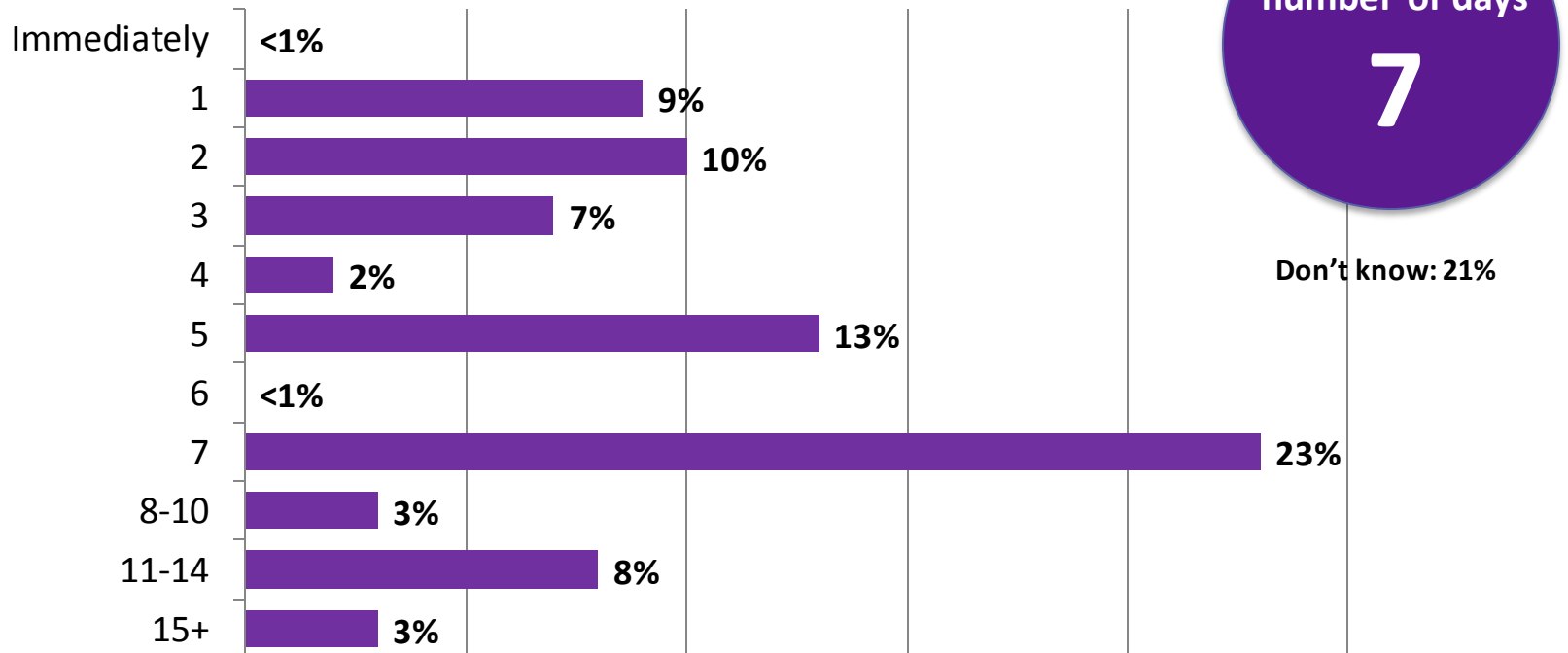
Connection Targets



ENW's current proposal beats the average expectation of 7 days to quote

In days, how long do you feel it is reasonable for Electricity North West to need in order to...

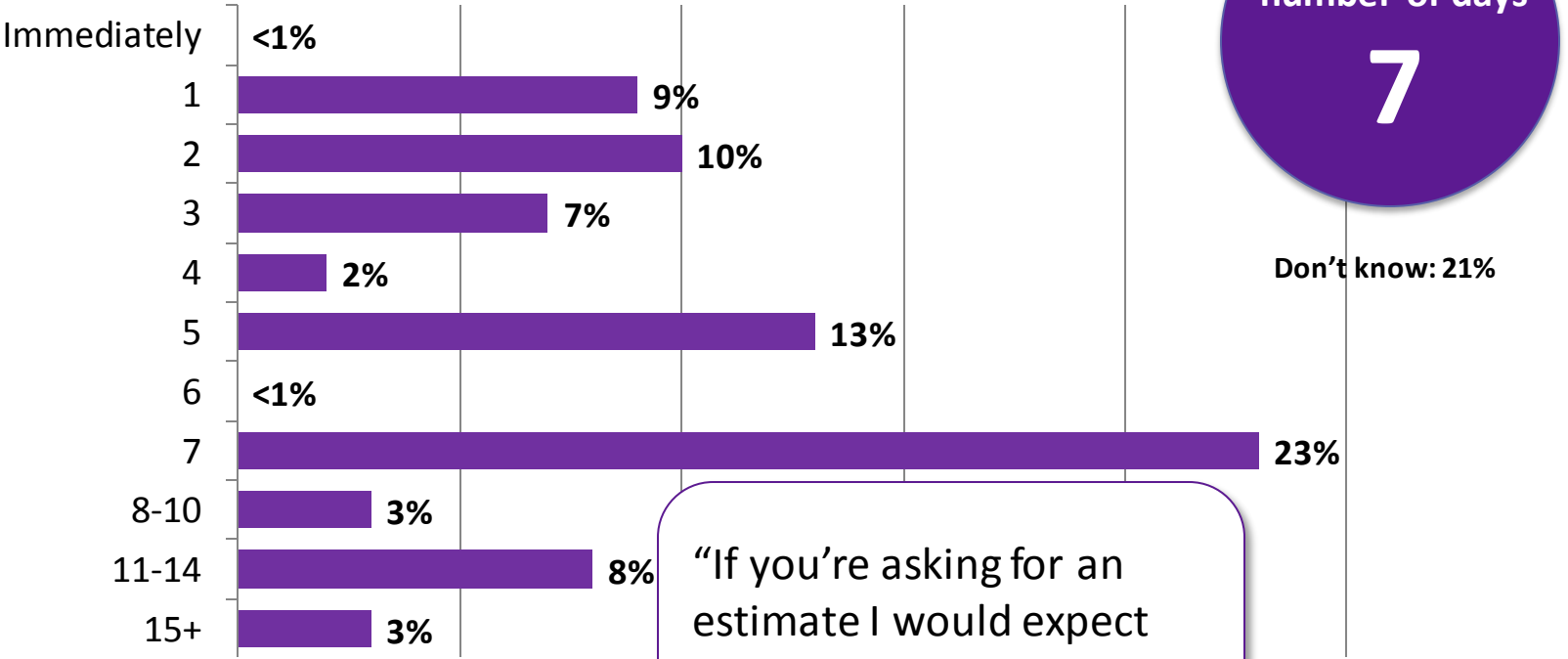
Give a quote to a householder for a new connection



ENW's current proposal beats the average expectation of 7 days to quote

In days, how long do you feel it is reasonable for Electricity North West to need in order to...

Give a quote to a householder for a new connection



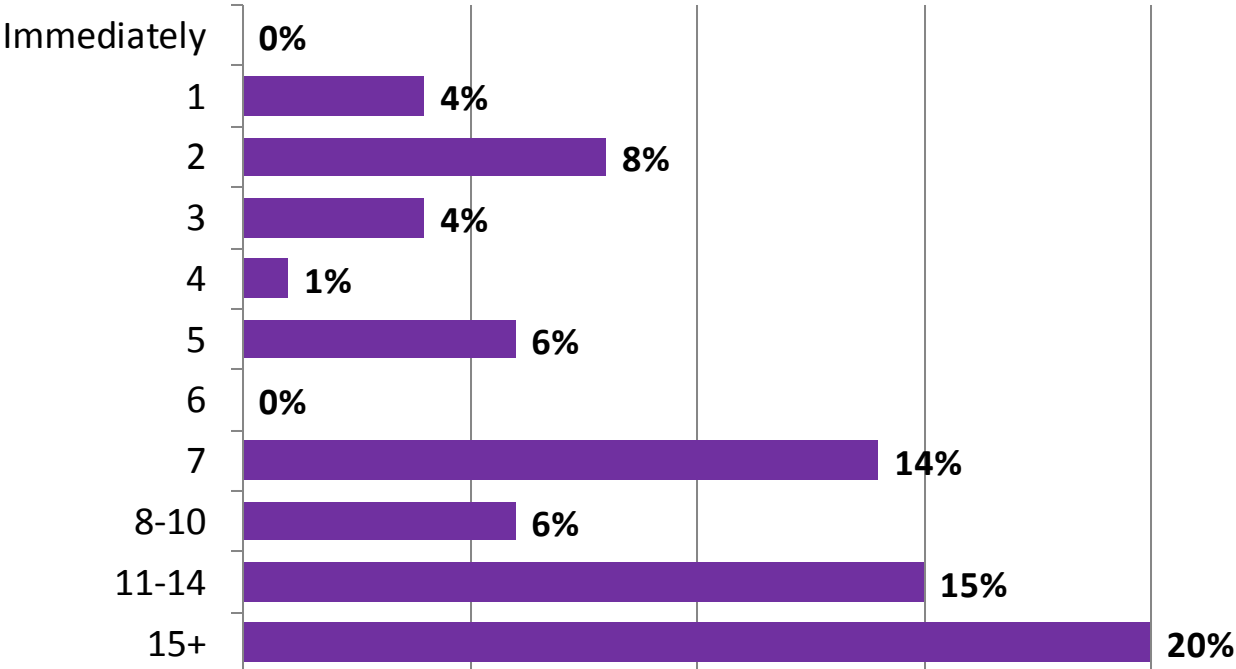
"If you're asking for an estimate I would expect them to give it to you within a couple of weeks."



13 days is well below the current number of days included in ENW's plan

In days, how long do you feel it is reasonable for Electricity North West to need in order to...

Actually do the work



Average number of days
13

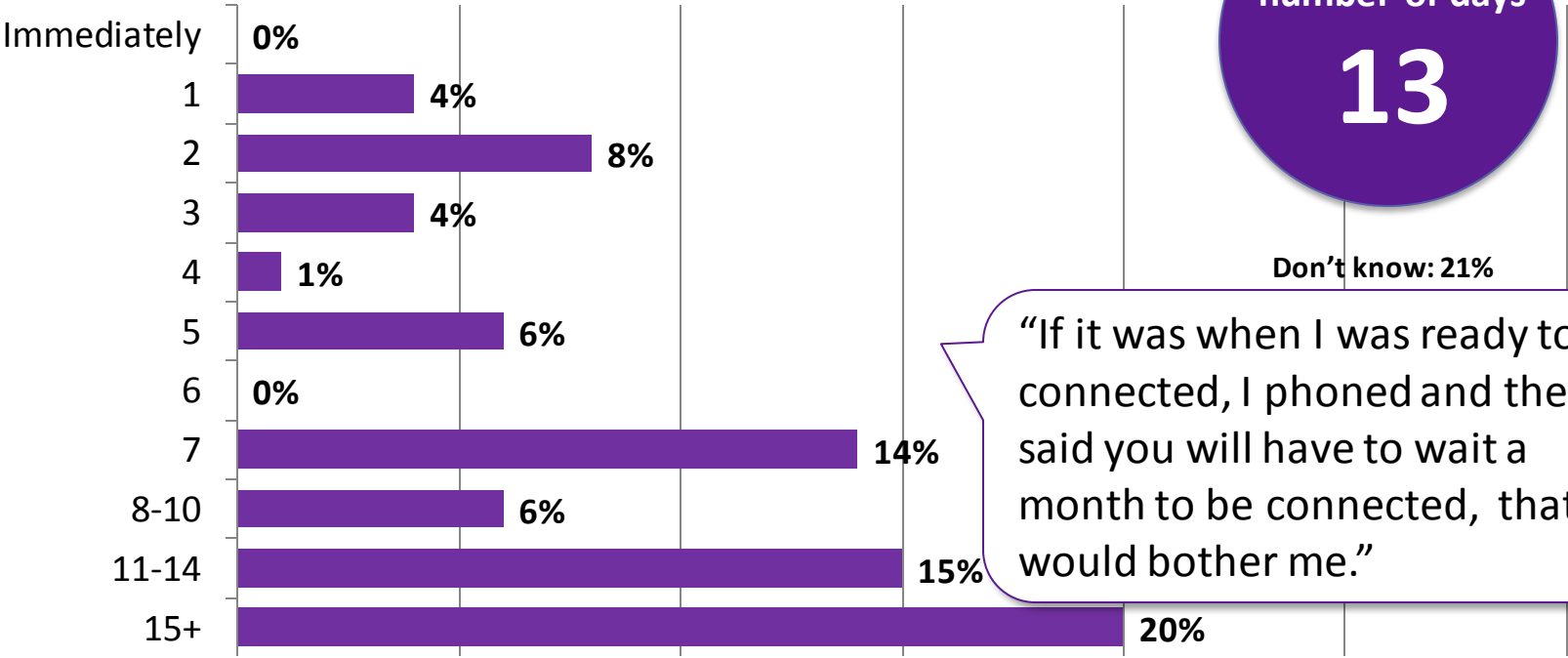
Don't know: 21%



13 days is well below the current number of days included in ENW's plan

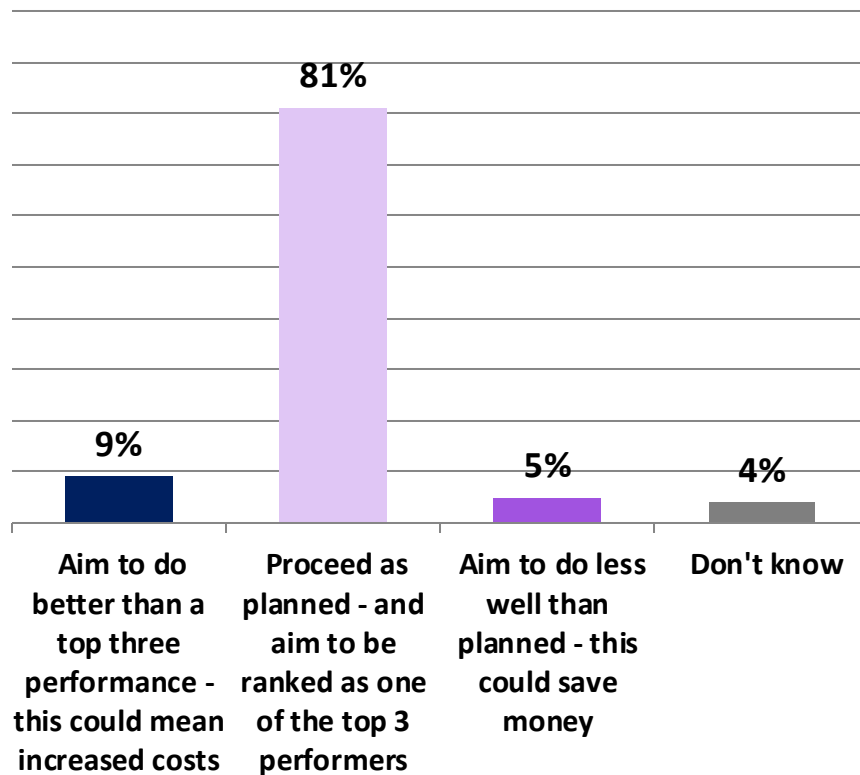
In days, how long do you feel it is reasonable for Electricity North West to need in order to...

Actually do the work



The vast majority favour ENW's plan to be amongst the top 3 performers

Should Electricity North West...

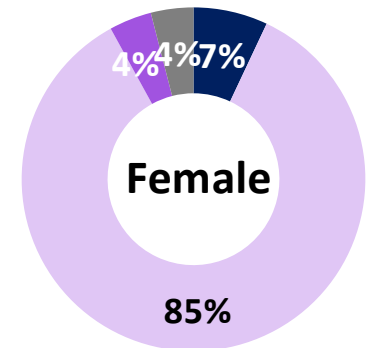
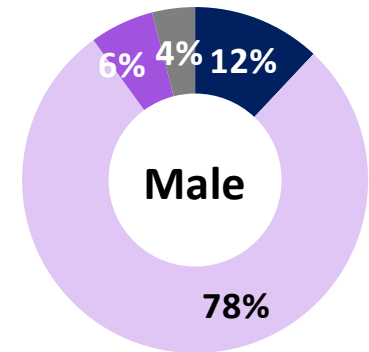


■ Aim to do better than a top three performance

■ Proceed as planned

■ Aim to do less well than planned - this could save money

■ Don't know

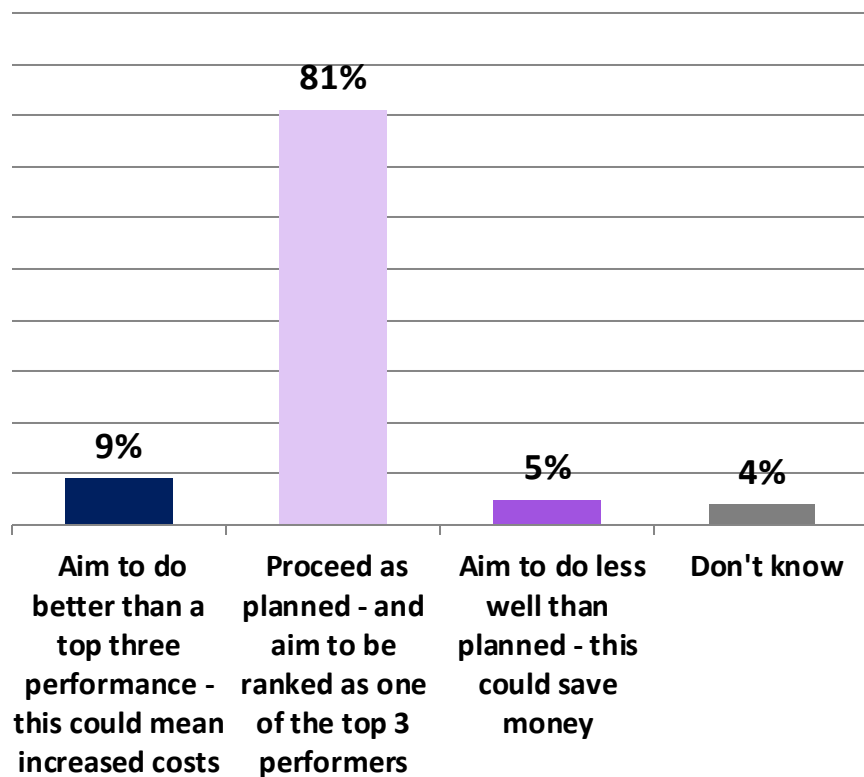


p17

[Base 2014: 824]

The vast majority favour ENW's plan to be amongst the top 3 performers

Should Electricity North West...



“You should always aim to be better.”

“I personally think it’s not worth it. Waiting a few more days for a non-emergency project to save money is fine.”



p18

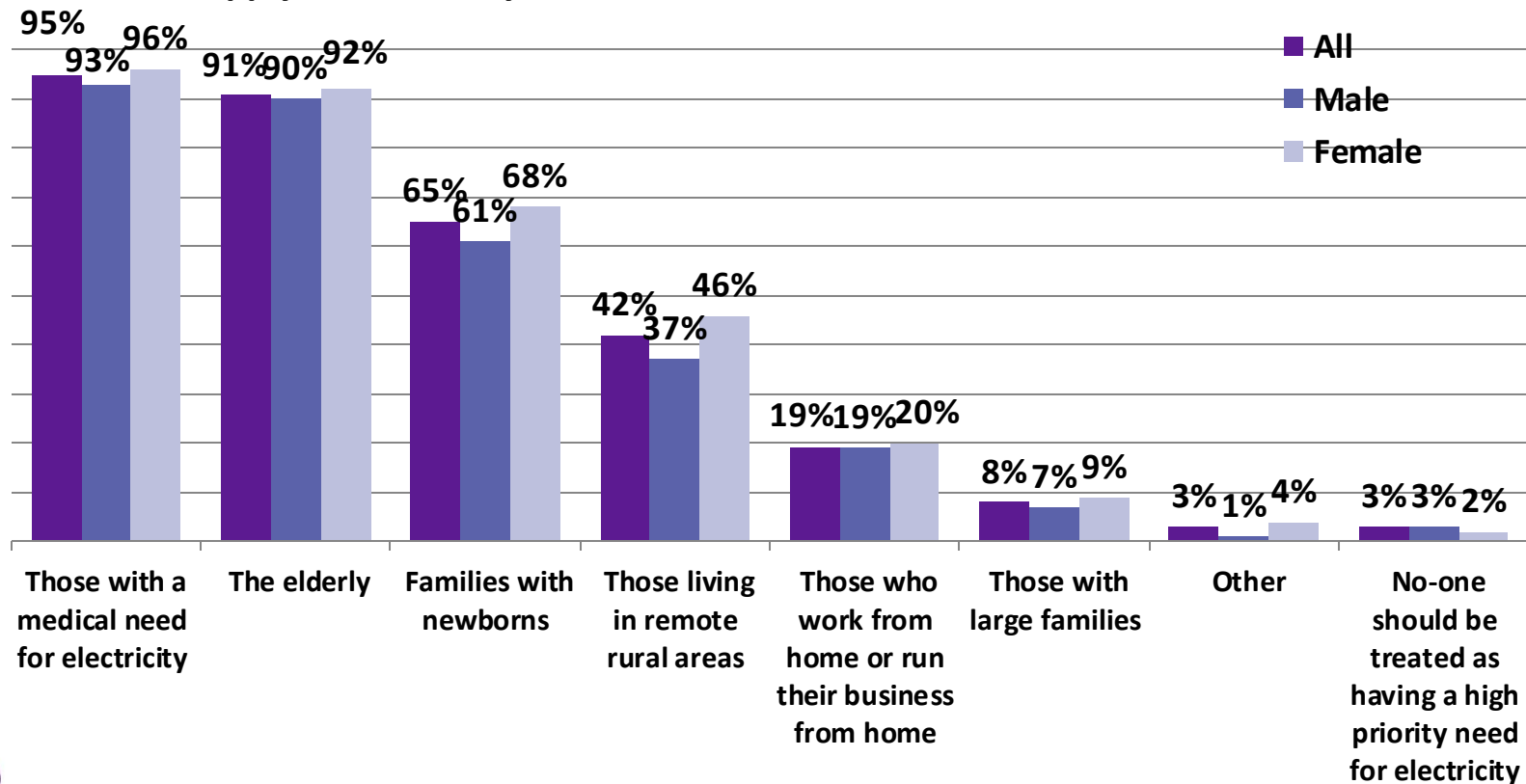
[Base 2014: 824]

Vulnerable Customers



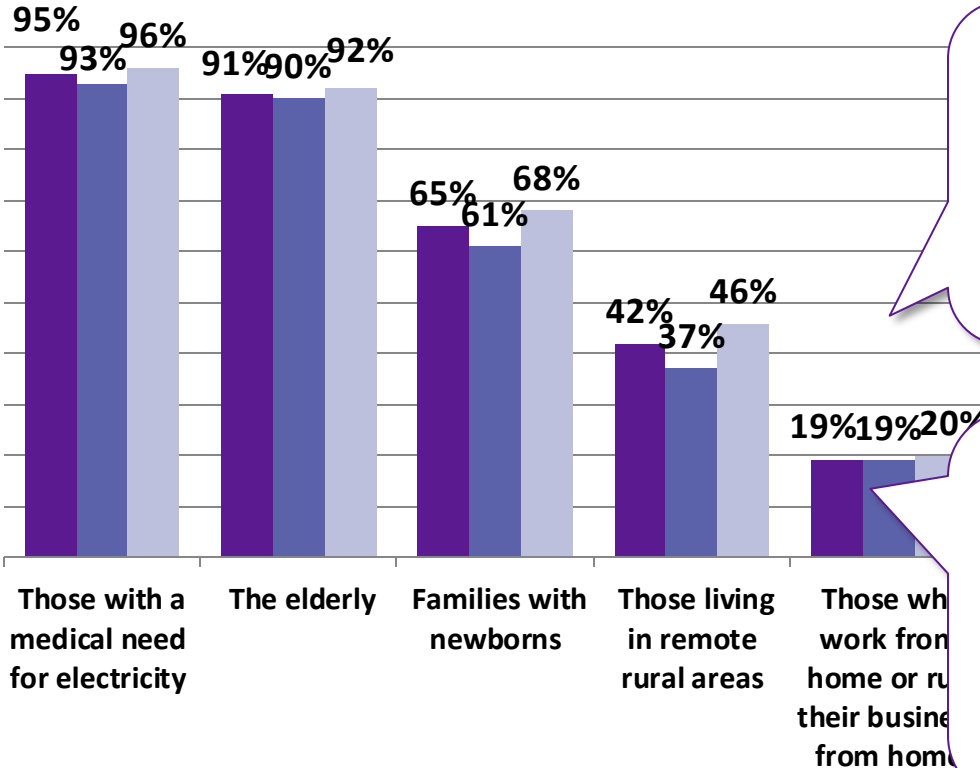
Elderly and those with medical needs considered most vulnerable. Women more concerned than men about vulnerability of families and the 'rurally remote'

Which, if any, of the following groups do you believe have a particularly high need for a reliable supply of electricity?



Elderly and those with medical needs considered most vulnerable. Women more concerned than men about vulnerability of families and the 'rurally remote'

Which, if any, of the following groups do you believe have a particularly high need for a reliable supply of electricity?



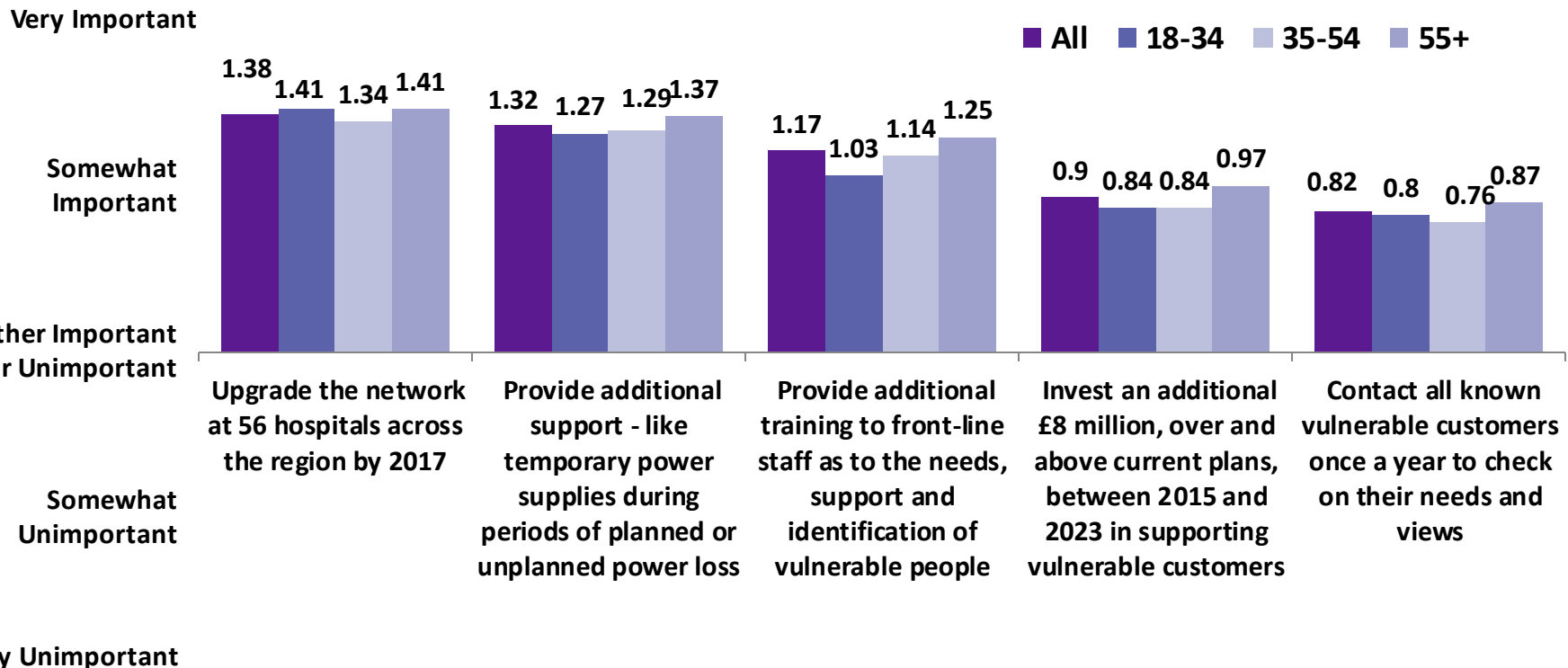
“Elderly people, especially those people that live on their own. And those people with young children”.

“If somebody’s on a ventilator at home obviously they need it because that battery is not going to last forever.”



Most important support for vulnerable customers are hospital infrastructure and temporary power supplies during outages. Over 55s are most concerned about supporting the vulnerable

Please say how important or unimportant you think it is for Electricity North West to do each of the following. (Average rating)



Very Unimportant

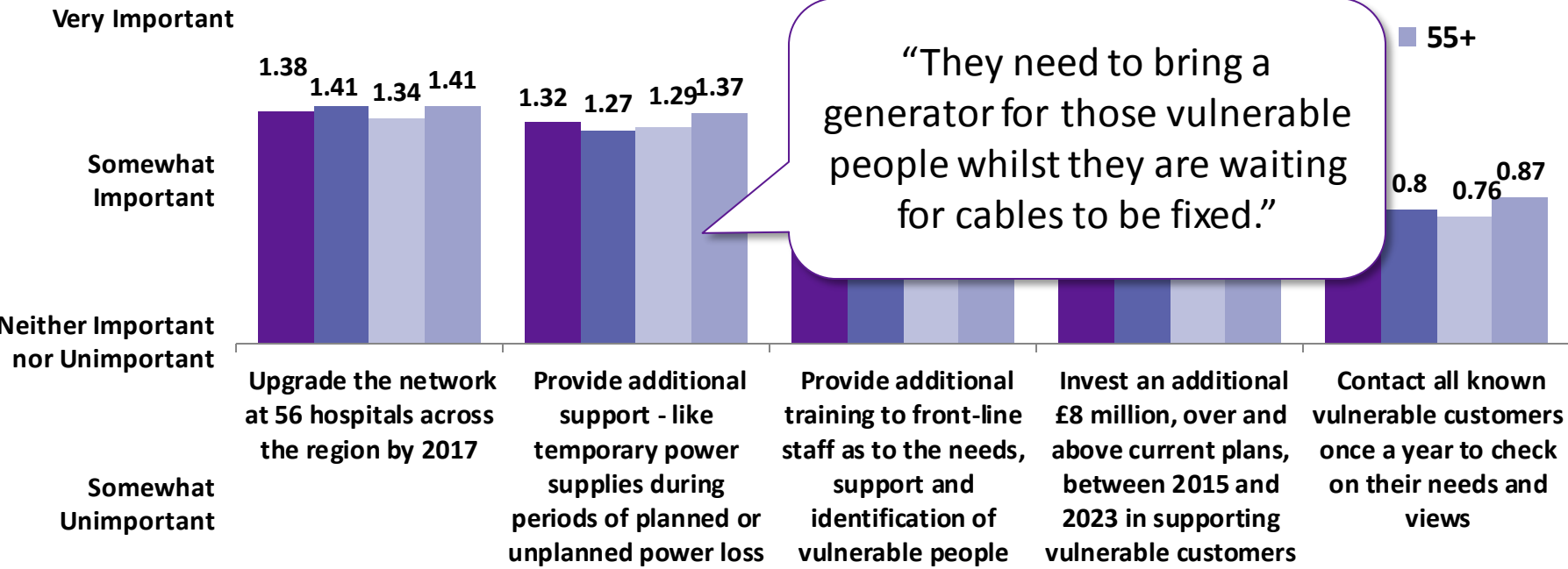


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[Base 2014: 824]

Most important support for vulnerable customers are hospital infrastructure and temporary power supplies during outages. Over 55s are most concerned about supporting the vulnerable

Please say how important or unimportant you think it is for Electricity North West to do each of the following. (Average rating)



“They need to bring a generator for those vulnerable people whilst they are waiting for cables to be fixed.”

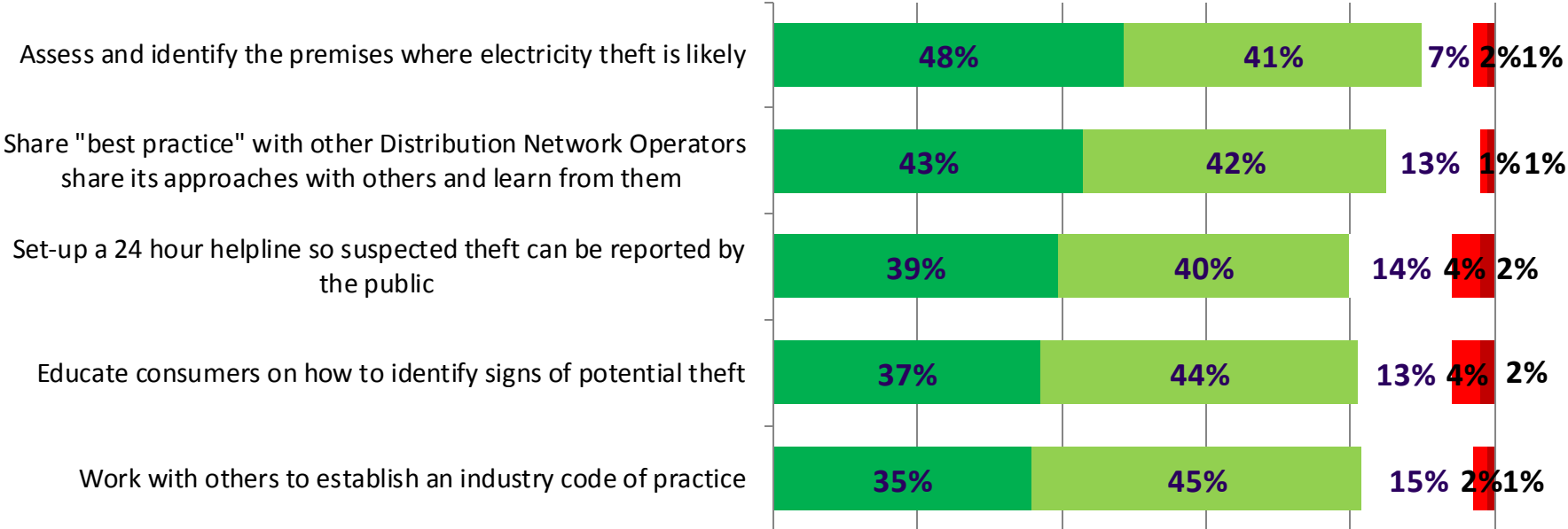
Electricity Theft



Each element of ENW’s plan to combat electricity theft is considered important – especially assessing/identifying premises where theft is likely

For each of the following possible actions, please say how important or unimportant you think it is for Electricity North West to do each of the following.

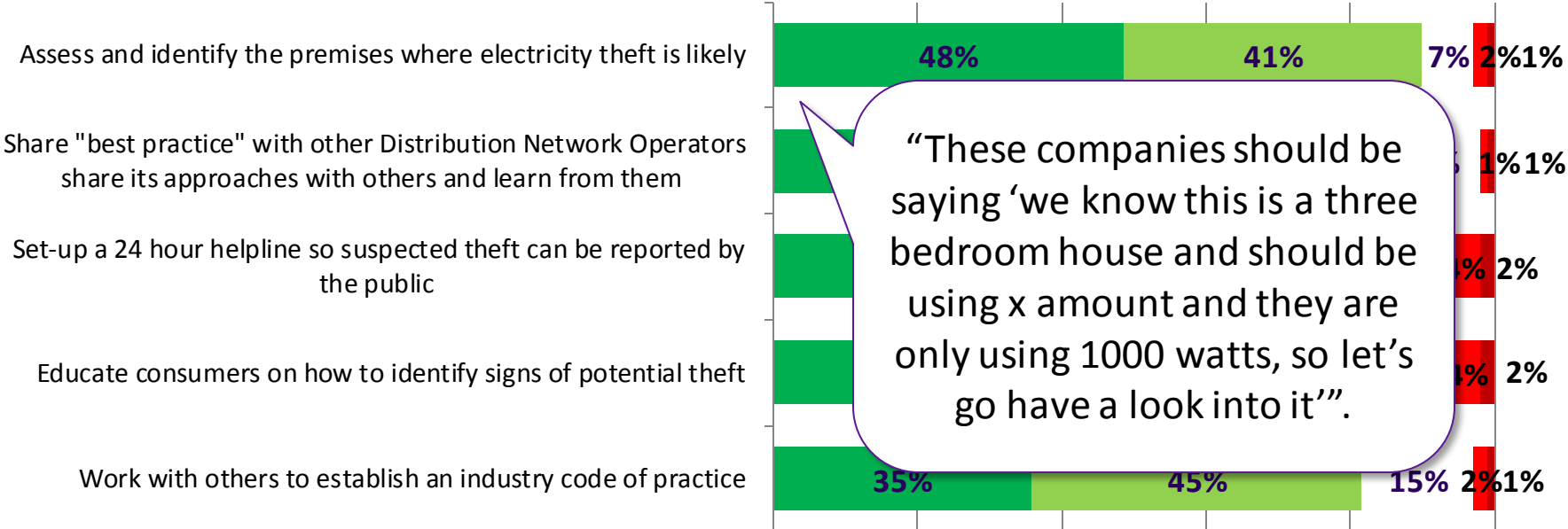
Very important Somewhat important Neither important nor unimportant Somewhat unimportant Very unimportant



Each element of ENW’s plan to combat electricity theft is considered important – especially assessing/identifying premises where theft is likely

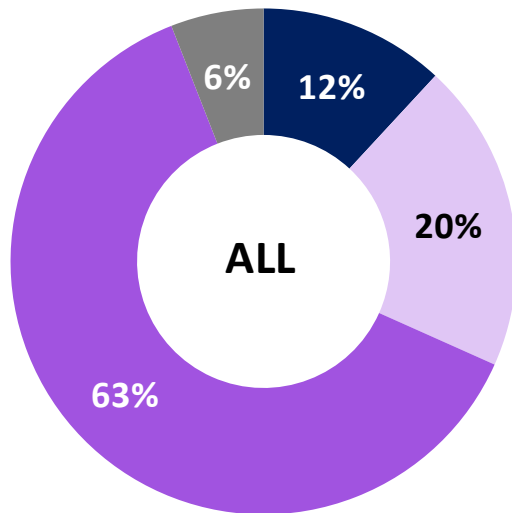
For each of the following possible actions, please say how important or unimportant you think it is for Electricity North West to do each of the following.

Very important Somewhat important Neither important nor unimportant Somewhat unimportant Very unimportant

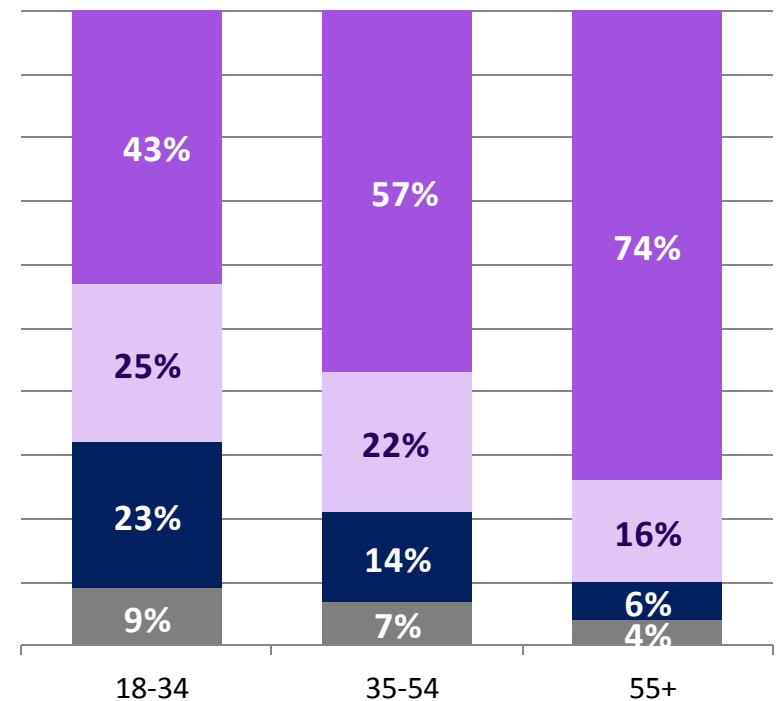


The call for action on electricity theft – even when costs outweigh financial benefits – increases with age

Thinking about Electricity North West's general approach to tackling electricity theft, should they...?

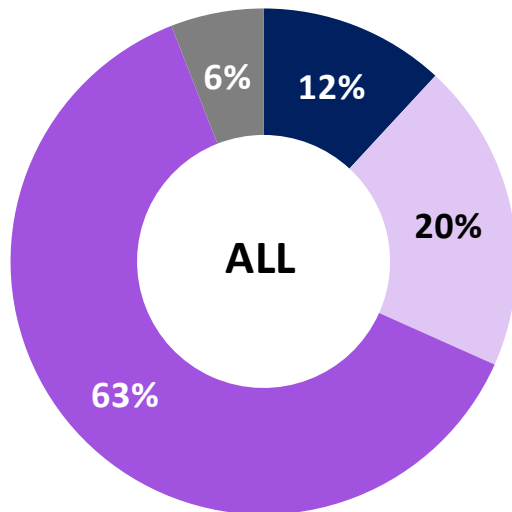


- Take action only when the financial benefits of doing so are greater than the costs of doing so
- Take action if the financial benefits are likely to match the costs of doing so
- Take action even if the financial benefits of doing so are less than the cost of doing so
- Don't know



The call for action on electricity theft – even when costs outweigh financial benefits – increases with age

Thinking about Electricity North West's general approach to tackling electricity theft, should they...?



- Take action only when the financial benefits of doing so are greater than the costs of doing so
- Take action if the financial benefits are likely to match the costs of doing so
- Take action even if the financial benefits of doing so are less than the cost of doing so
- Don't know

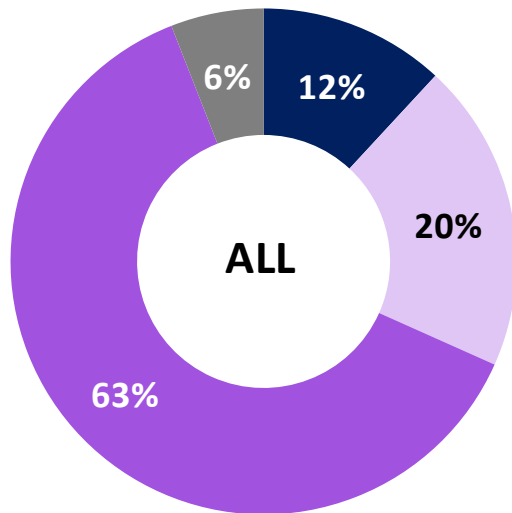
“They have got to stop people doing it at the end of the day, and they will save money doing so in the long run.”

“They need to take action because not only do you have the theft of the fuel, you have the danger to the engineers and the people in the house.”



The call for action on electricity theft – even when costs outweigh financial benefits – increases with age

Thinking about Electricity North West's general approach to tackling electricity theft, should they...?



- Take action only when the financial benefits of doing so are greater than the costs of doing so
- Take action if the financial benefits are likely to match the costs of doing so
- Take action even if the financial benefits of doing so are less than the cost of doing so
- Don't know

“It’s seen as a victimless crime and it isn’t; it spoils it for everybody.”

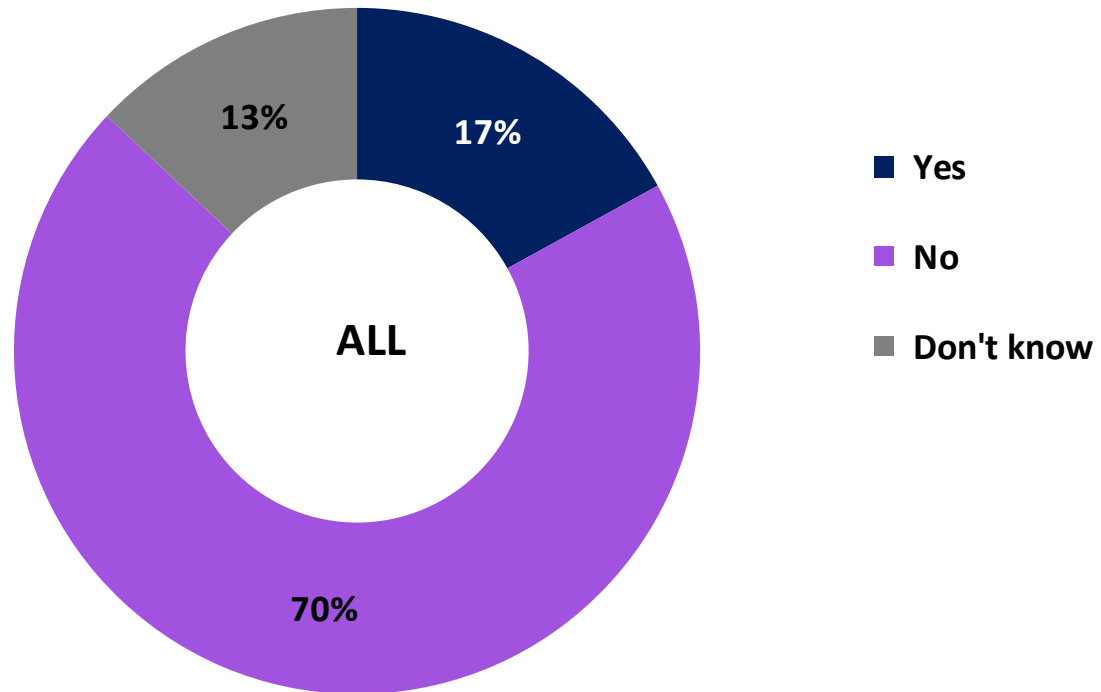
“You shouldn’t go looking for it; it’s going to cost money to do that. I don’t want to spend good money after bad.”

Storms and compensation for power outages



There is little appetite for increasing current compensation levels if it means an increase in electricity bills

Keeping in mind that increasing the level of compensation payments is likely to raise the costs of all electricity customers slightly, do you think the compensation level should be higher than £54 after 18 hours without power?



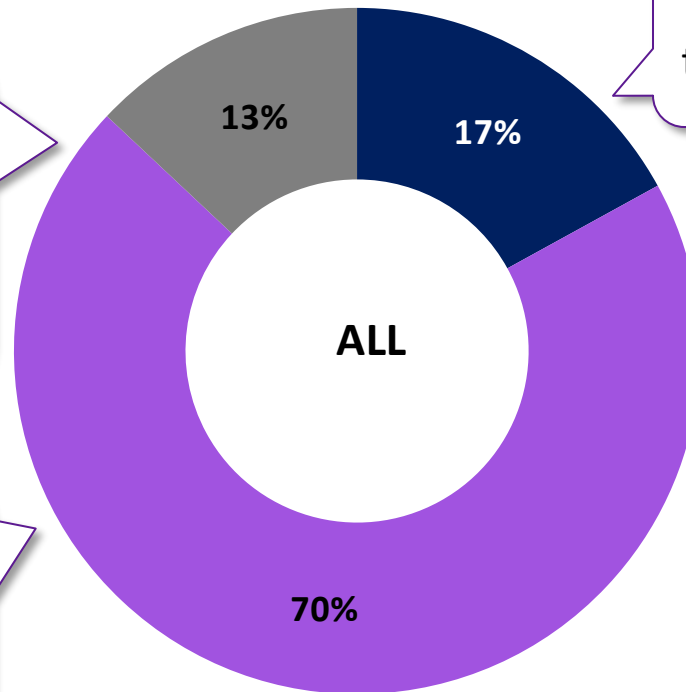
There is little appetite for increasing current compensation levels if it means an increase in electricity bills

Keeping in mind that increasing the level of compensation payments is likely to raise the costs of all electricity customers slightly, do you think the compensation level should be higher than £54 after 18 hours without power?

“As long as everything’s been maintained as it should be and they can prove that then you can’t blame them and expect compensation.”

“I think culpability must come into it. If they are culpable then fair enough they should pay compensation.”

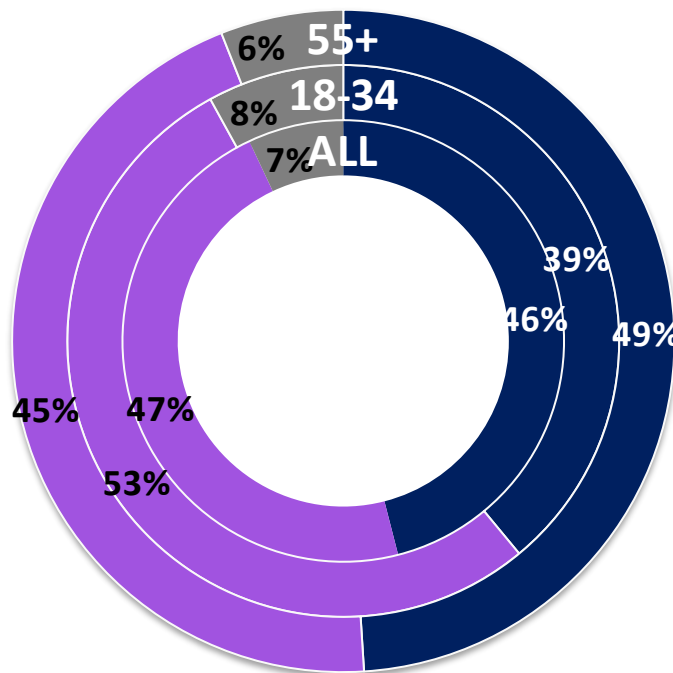
“Yes, 18 hours is a long time to be without electricity.”



- Yes
- No
- Don't know

Appetite for paying compensation after 18hrs rather than 48hrs is split with 18-30s leaning slightly toward 48hrs and over 55s, towards 18hrs

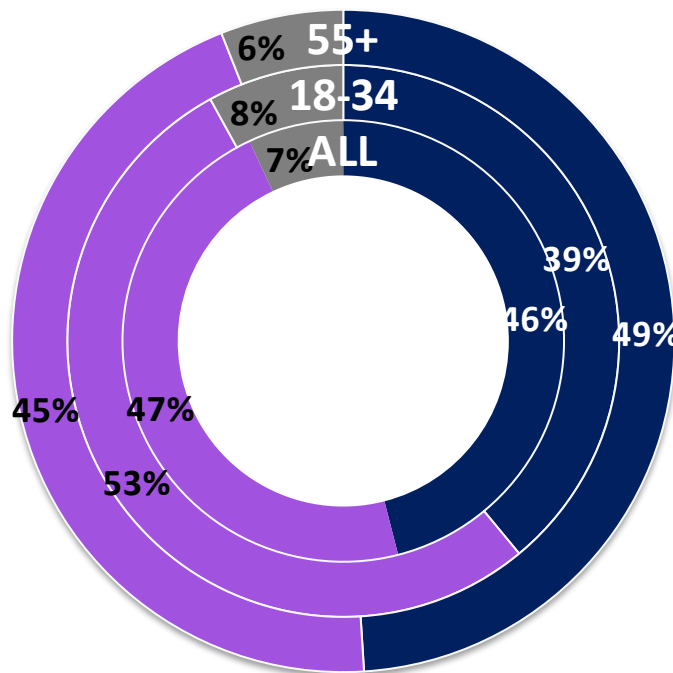
Keeping in mind that increasing the level of compensation payments is likely to raise the costs of all electricity customers slightly, do you think that all customers affected by extreme weather should be paid compensation after 18 hours rather than 48 hours?



- Yes, all affected customers should be compensated after 18 hours
- No, all affected customers should be compensated after 48 hours
- Don't know

Appetite for paying compensation after 18hrs rather than 48hrs is split with 18-30s leaning slightly toward 48hrs and over 55s, towards 18hrs

Keeping in mind that increasing the level of compensation payments is likely to raise the costs of all electricity customers slightly, do you think that all customers affected by extreme weather should be paid compensation after 18 hours rather than 48 hours?

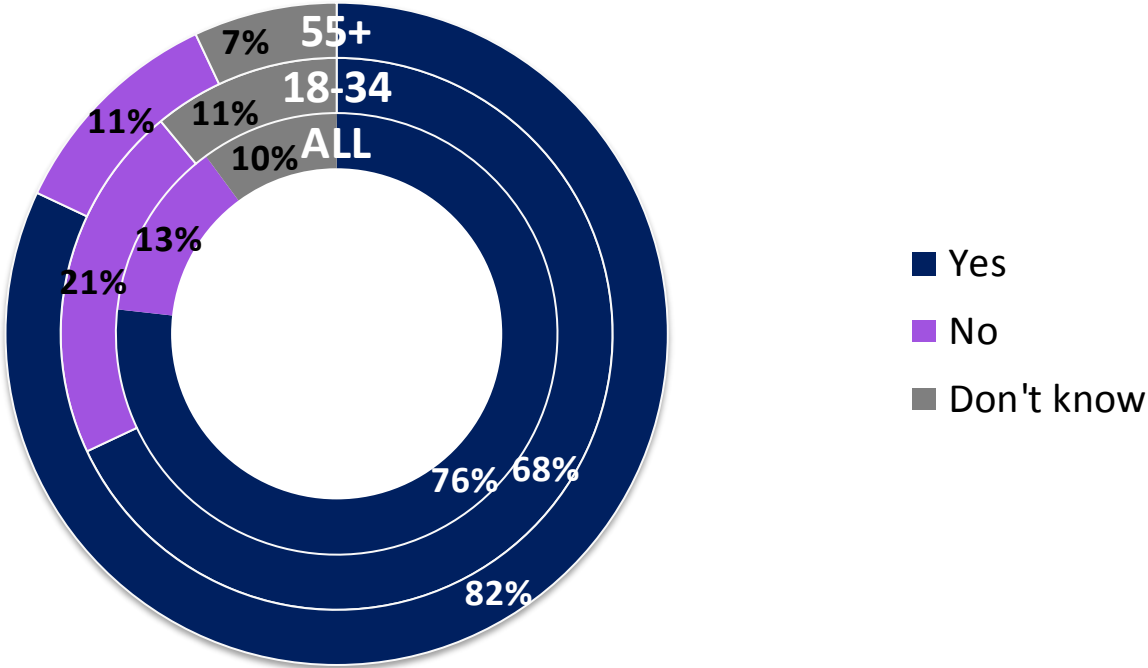


“No, it’s not their fault what’s happened and I do believe that the utility companies do their best, so at the end of the day I don’t think it should change.”

“The storm could last longer than that, and you don't want people outside putting themselves in danger fixing it.”

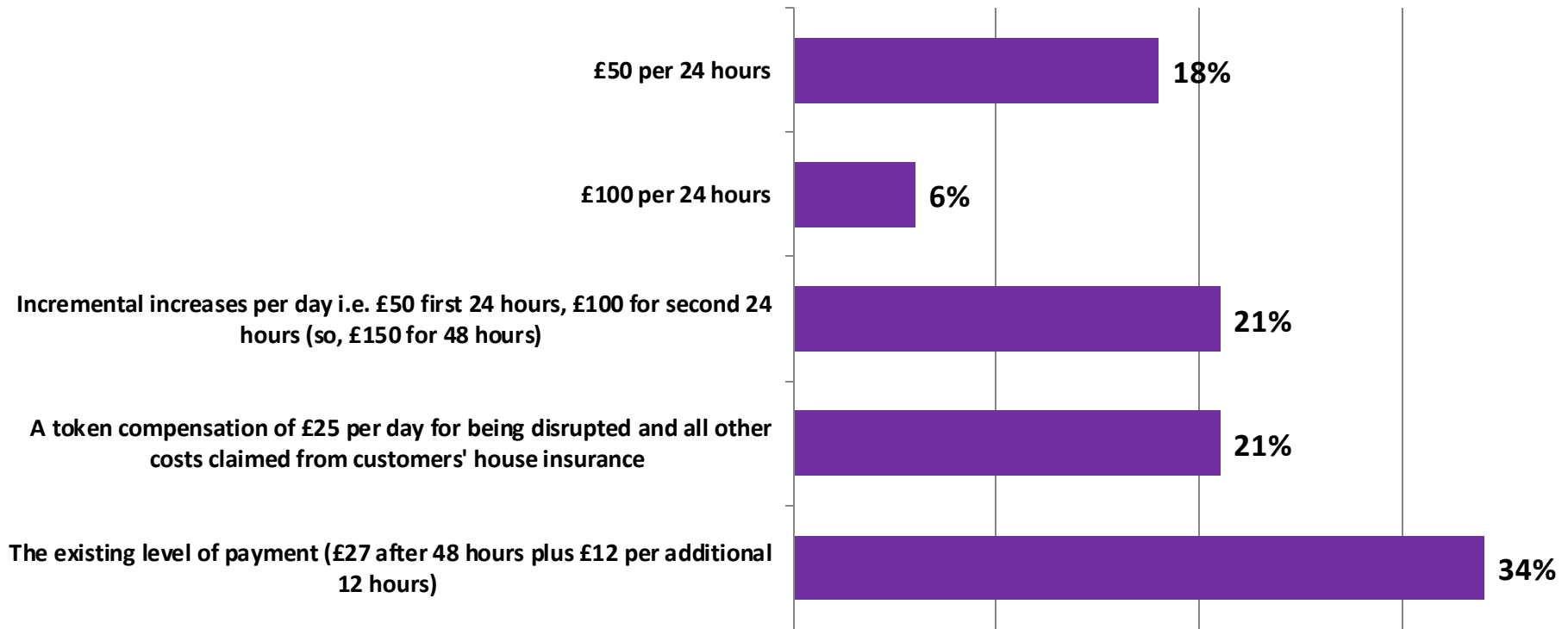
Most say that compensation should be the same irrespective of the number of customers affected, though 18-30s are less sure

Should compensation be the same irrespective of how many customers are affected?



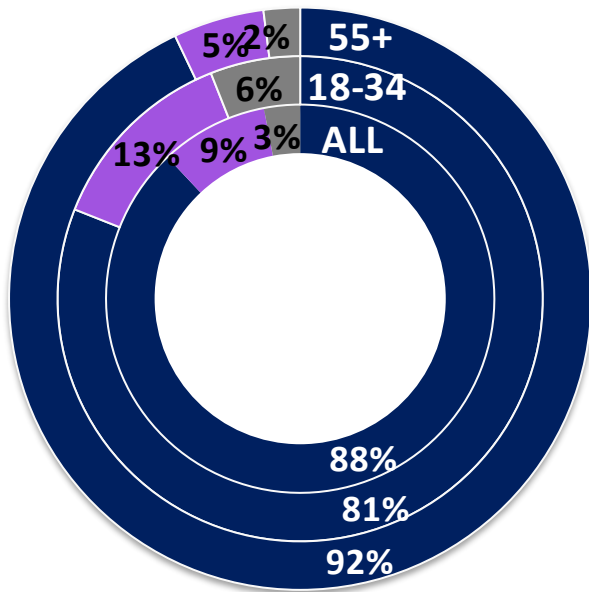
While a third of consumers are happy with current compensation levels after extreme weather, nearly half favour an increase of at least £50 per day

Which of these levels of compensation do you think would be most acceptable after being without power after an extreme weather event?



The vast majority (especially over 55s and women) say compensation should be paid to all affected by the outage

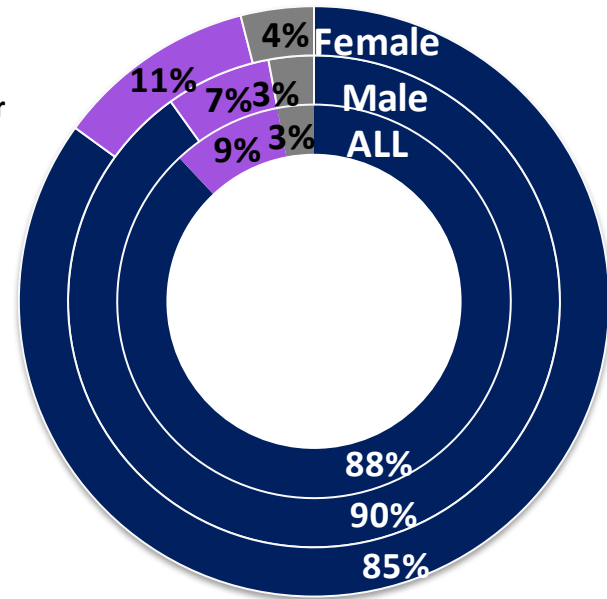
Should compensation be paid...?



■ To all customers affected by the power outage

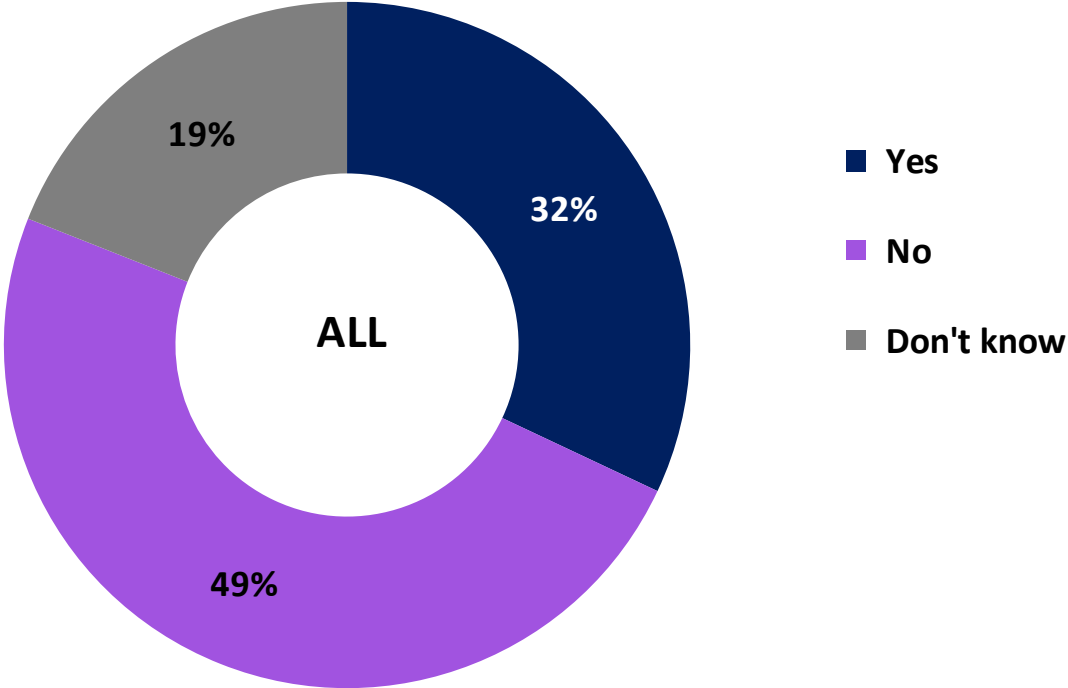
■ Only to those who contact Electricity North West

■ Don't know



Half are against compensating business customers for total loss of earnings

Keeping in mind that increasing the level of compensation payments is likely to raise the costs of all electricity customers slightly, do you think all business customers should be recompensed for total loss of earnings?



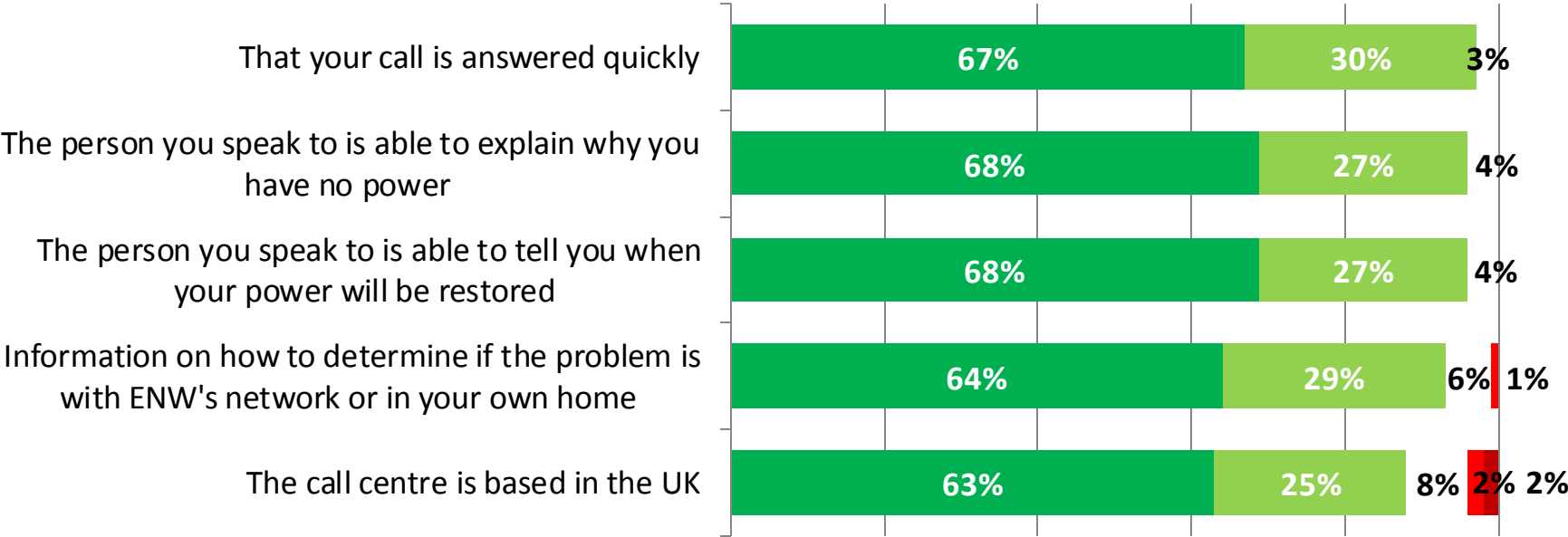
Providing Information/ Social Media



Over half say that these service areas are very important when reporting a problem to ENW

If you were to call Electricity North West to report a problem, how important or unimportant would each of the following be?

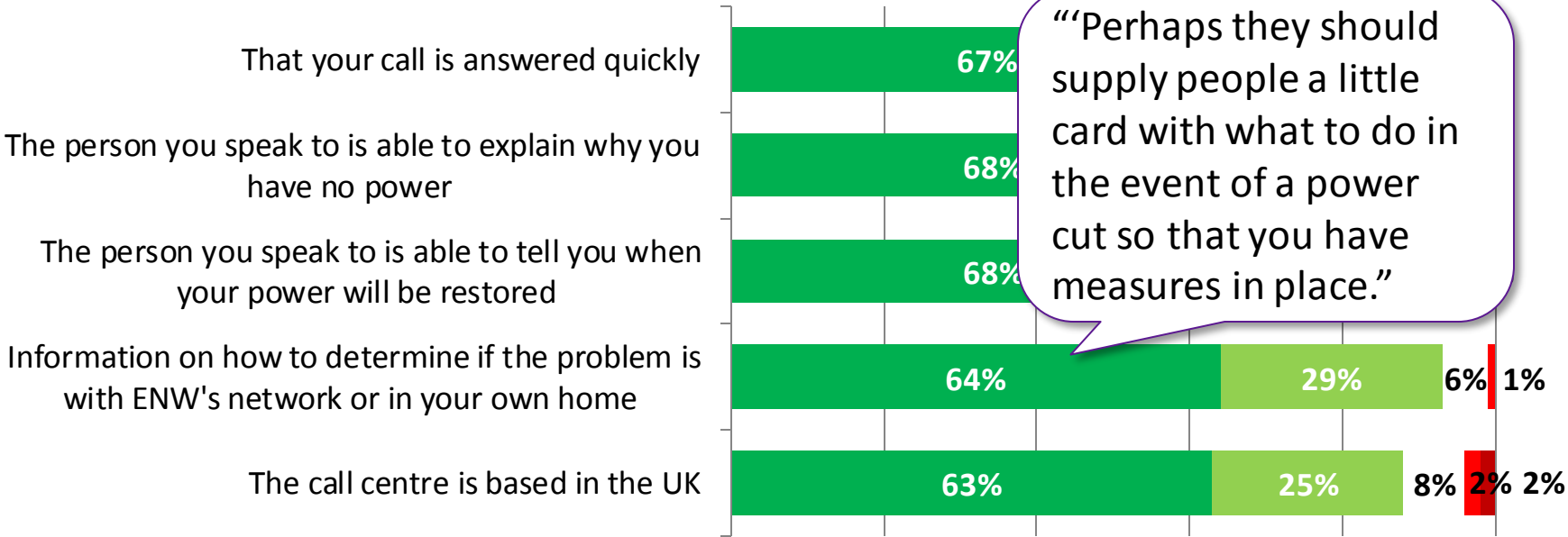
- Very important
- Somewhat important
- Neither important nor unimportant
- Somewhat unimportant
- Very unimportant



Over half say that these service areas are very important when reporting a problem to ENW

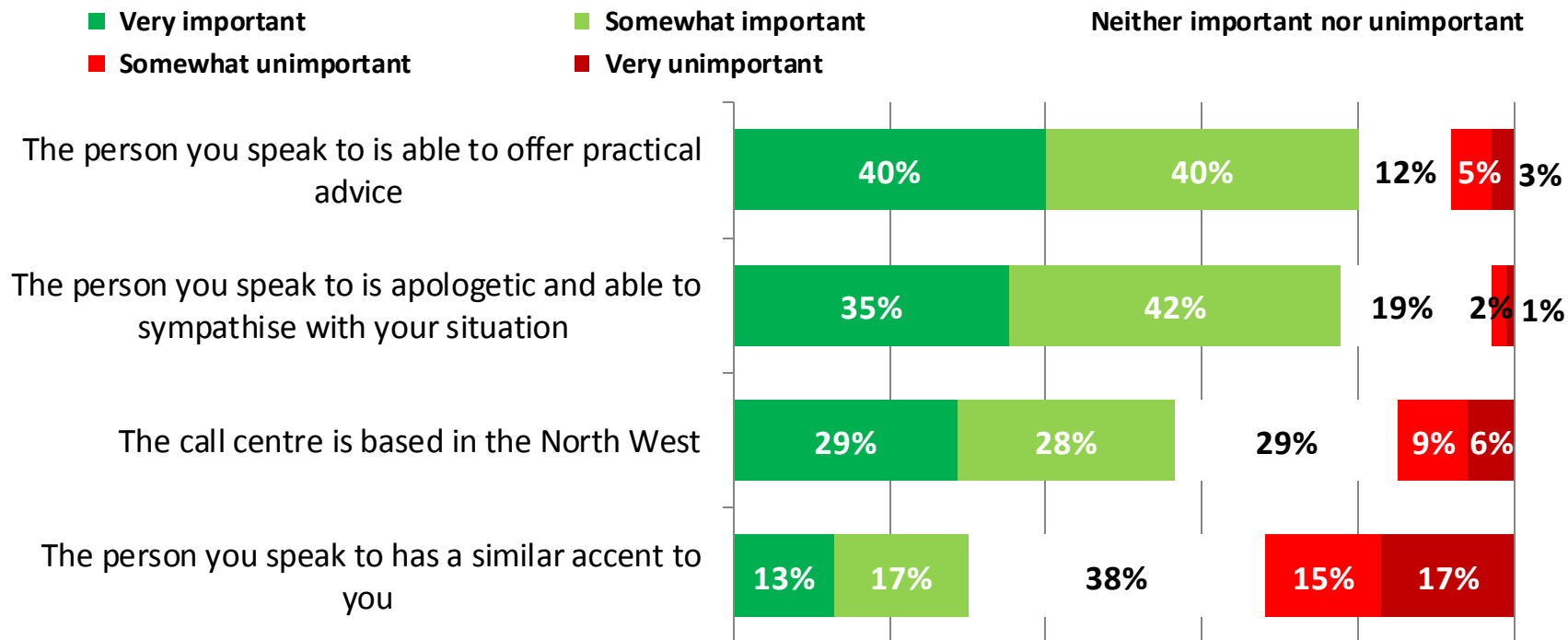
If you were to call Electricity North West to report a problem, how important or unimportant would each of the following be?

- Very important
 - Somewhat important
 - Somewhat unimportant
 - Very unimportant
- Neither important nor unimportant



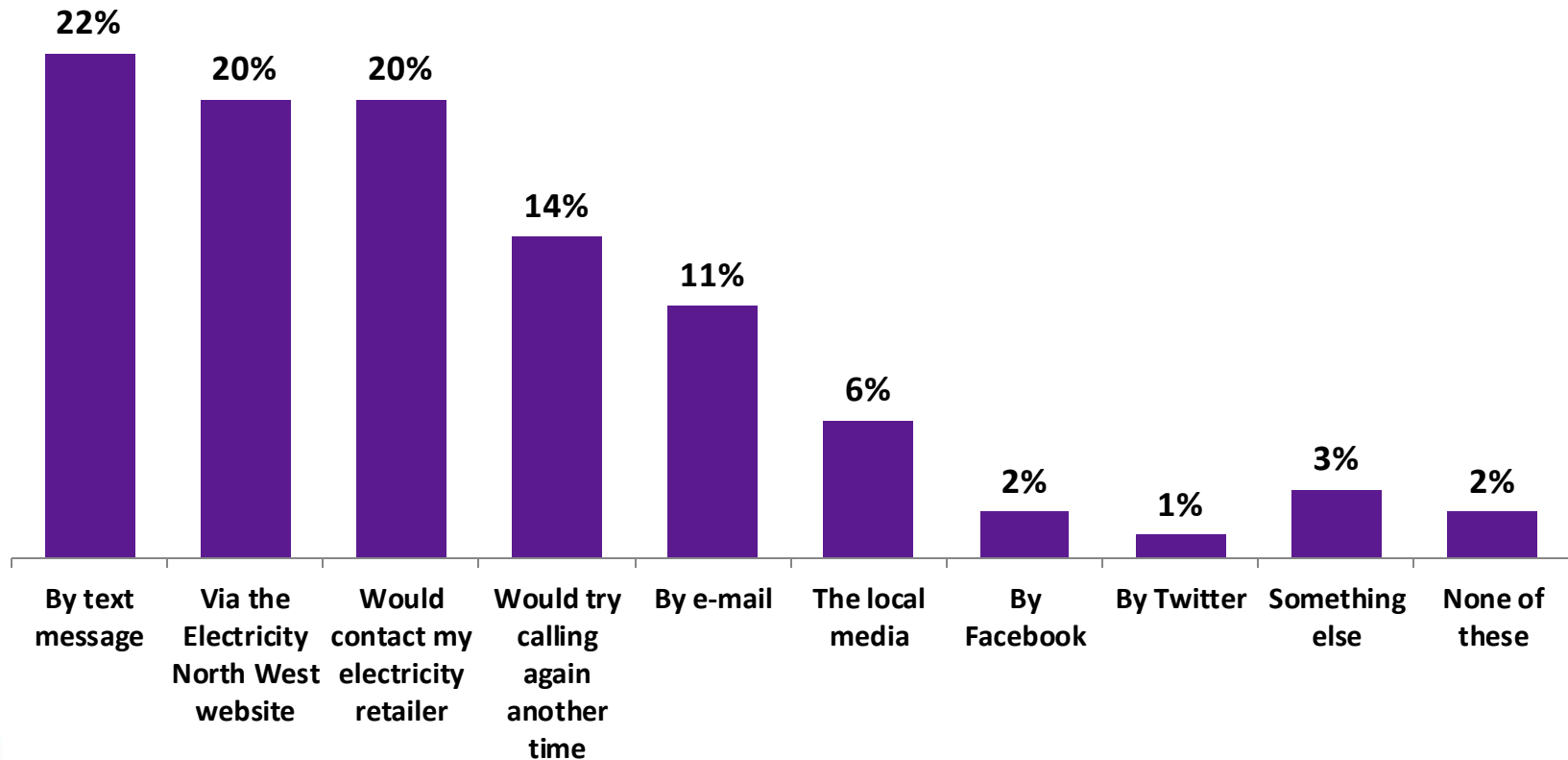
Accent is the only service area that is considered more unimportant than important

If you were to call Electricity North West to report a problem, how important or unimportant would each of the following be?



Text and the ENW website are the most likely alternate means of contacting ENW about a problem. Facebook and Twitter are low priorities

If you were without power and you weren't able to speak with Electricity North West, because the phone lines were busy or the phone lines were down, how else might you try contacting Electricity North West or finding out about the problem?

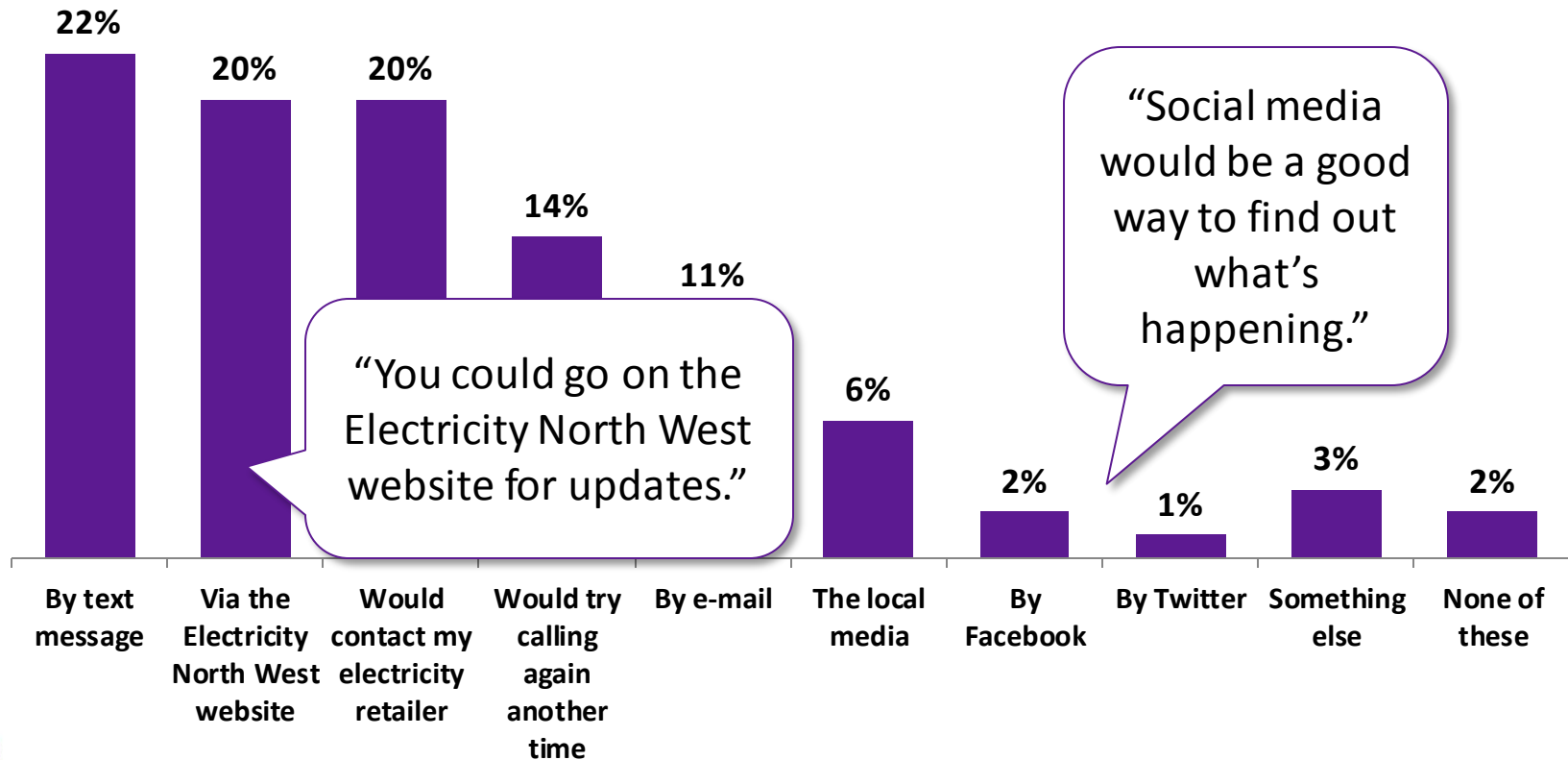


p43

[Base 2014: 824]

Text and the ENW website are the most likely alternate means of contacting ENW about a problem. Facebook and Twitter are low priorities

If you were without power and you weren't able to speak with Electricity North West, because the phone lines were busy or the phone lines were down, how else might you try contacting Electricity North West or finding out about the problem?




Investment

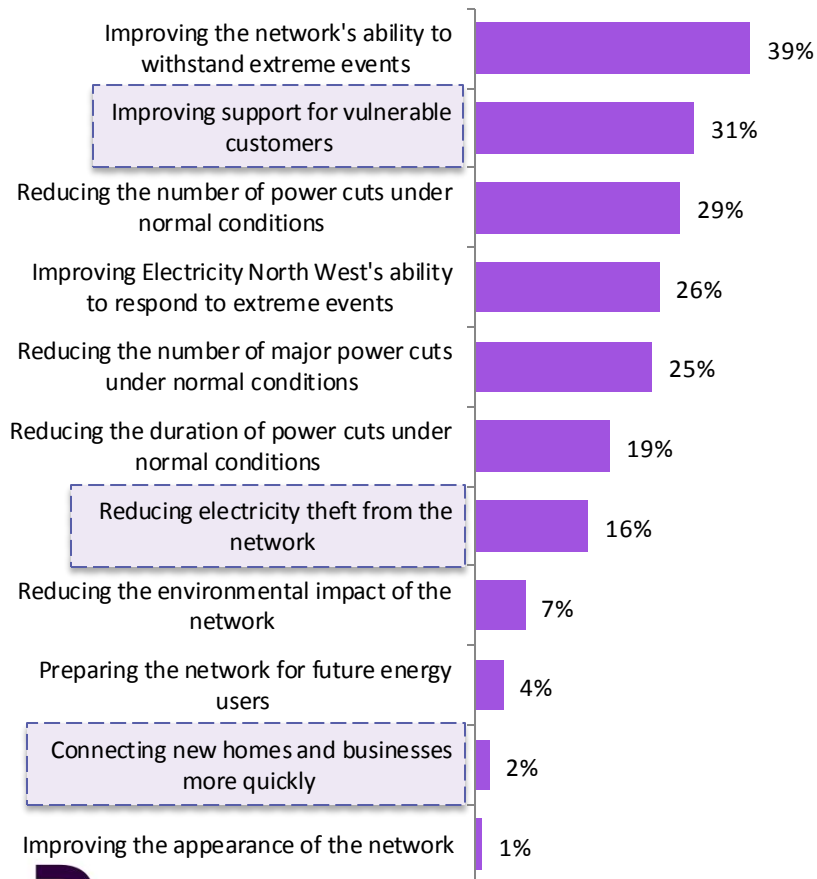


p45

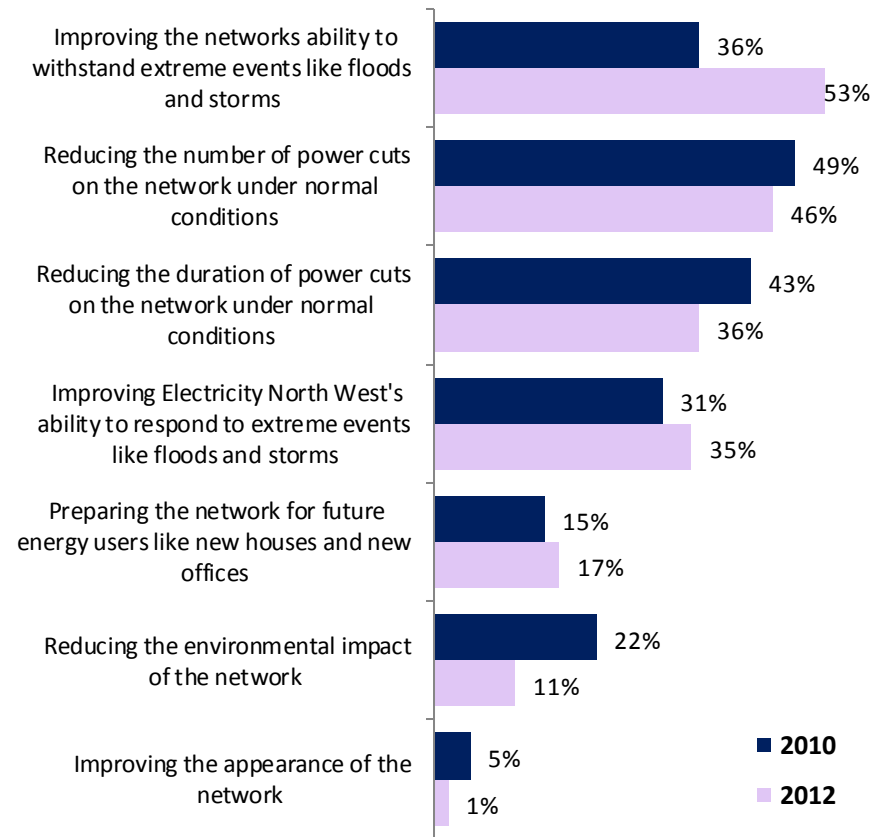
While 'keeping the lights on' remains the key priority, supporting vulnerable customers is also important

Please rank the areas of investment (Most or second most important)

2014  = New area of investment measured in 2014

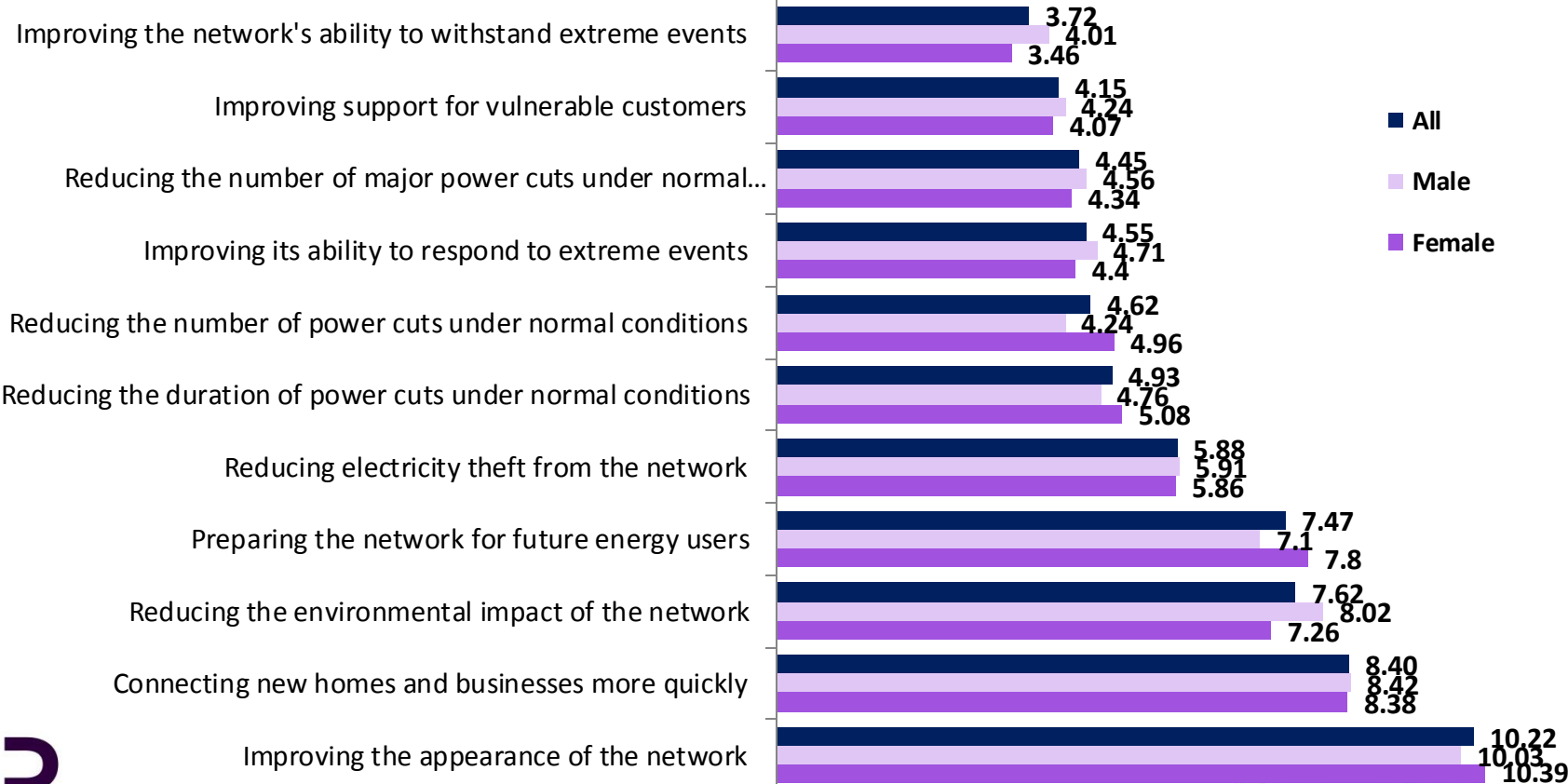


2010/2012



Women place a higher priority than men on investment relating to extreme events, the vulnerable and the environment

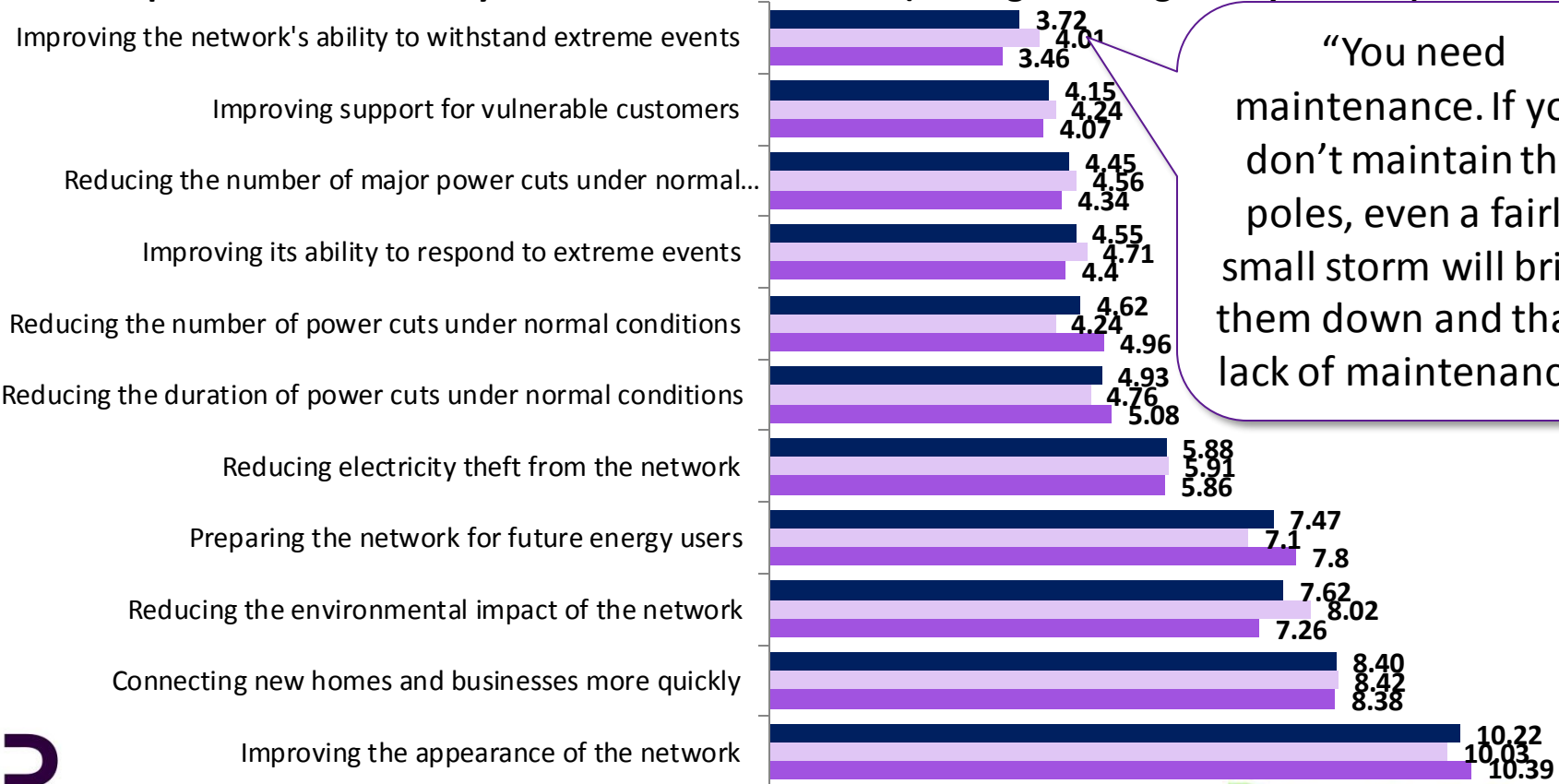
Please rank the areas of investment, starting with the area you think it is most important for Electricity North West to invest in and working to the area where you think it is least important for Electricity North West to invest in. (Average ranking of importance)



[Base 2014: 824]

Women place a higher priority than men on investment relating to extreme events, the vulnerable and the environment

Please rank the areas of investment, starting with the area you think it is most important for Electricity North West to invest in and working to the area where you think it is least important for Electricity North West to invest in. (Average ranking of importance)



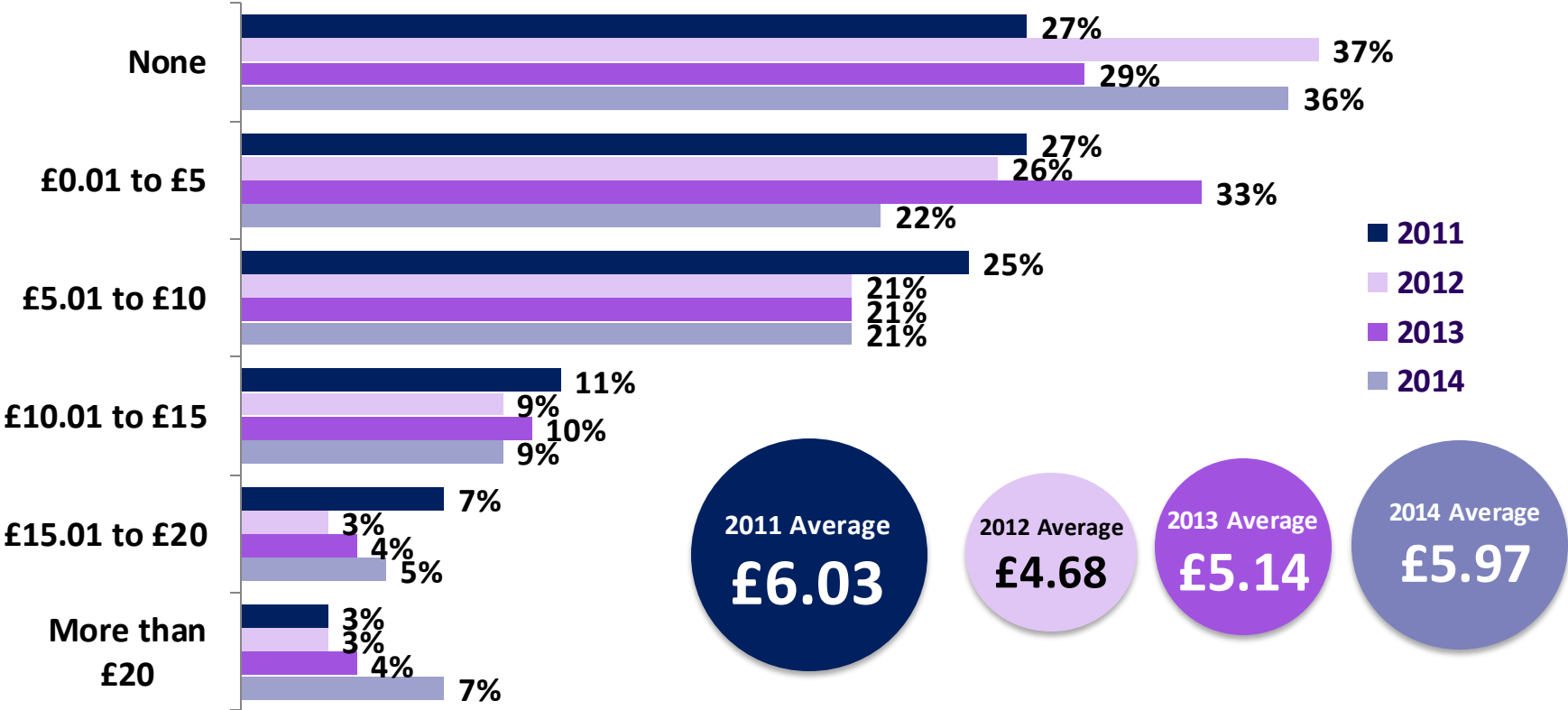
“You need maintenance. If you don't maintain the poles, even a fairly small storm will bring them down and that's lack of maintenance.”



[Base 2014: 824]

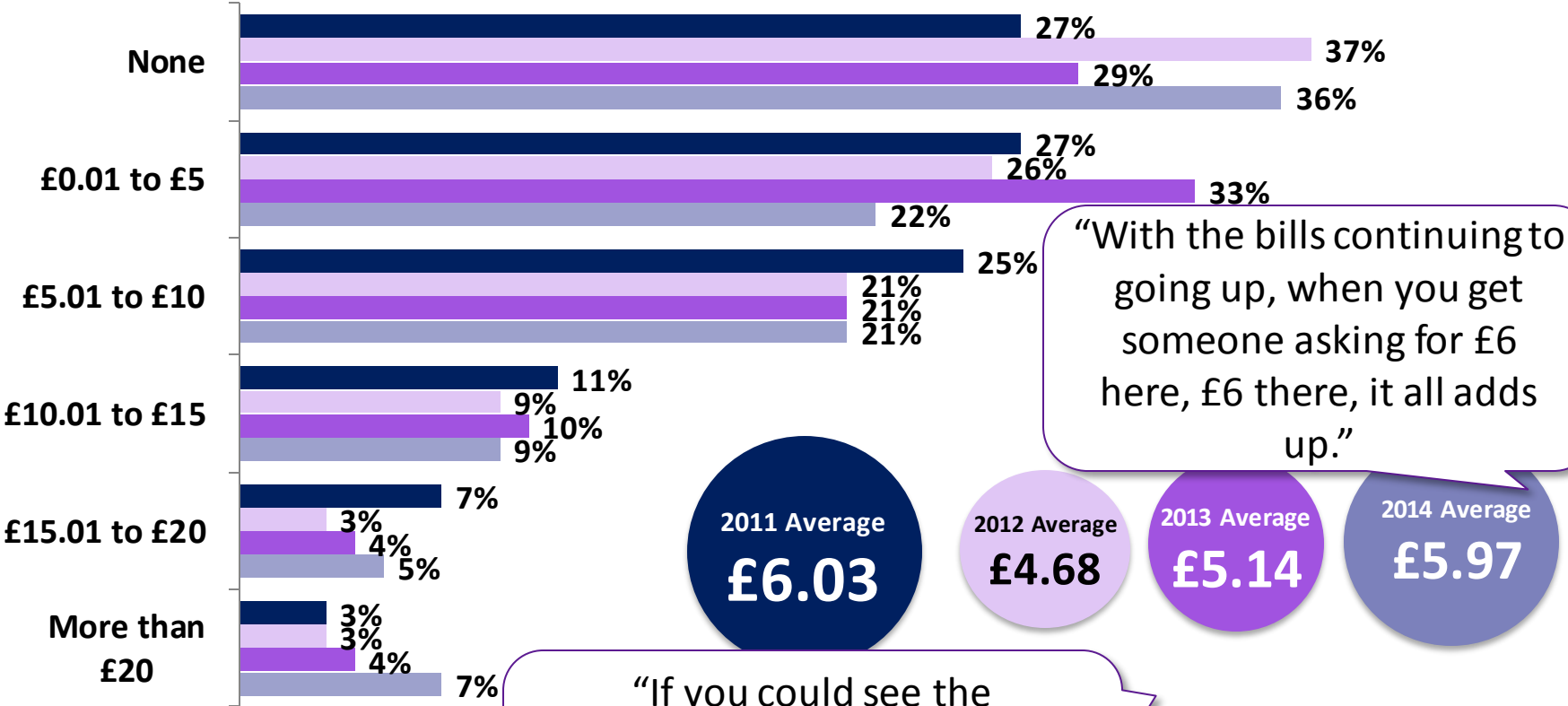
Consumers are prepared to pay about £6 extra to fund investment

How much extra, if anything, would you be prepared to pay in your electricity bills per year to fund additional investment?



Consumers are prepared to pay about £6 extra to fund investment

How much extra, if anything, would you be prepared to pay in your electricity bills per year to fund additional investment?



“With the bills continuing to go up, when you get someone asking for £6 here, £6 there, it all adds up.”

“If you could see the improvements they are making, then yes I would be willing to pay extra.”



Over 55s and men tend to be more willing to pay extra than younger people and women

How much extra, if anything, would you be prepared to pay in your electricity bills per year to fund additional investment?



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[Base 2014: 824]

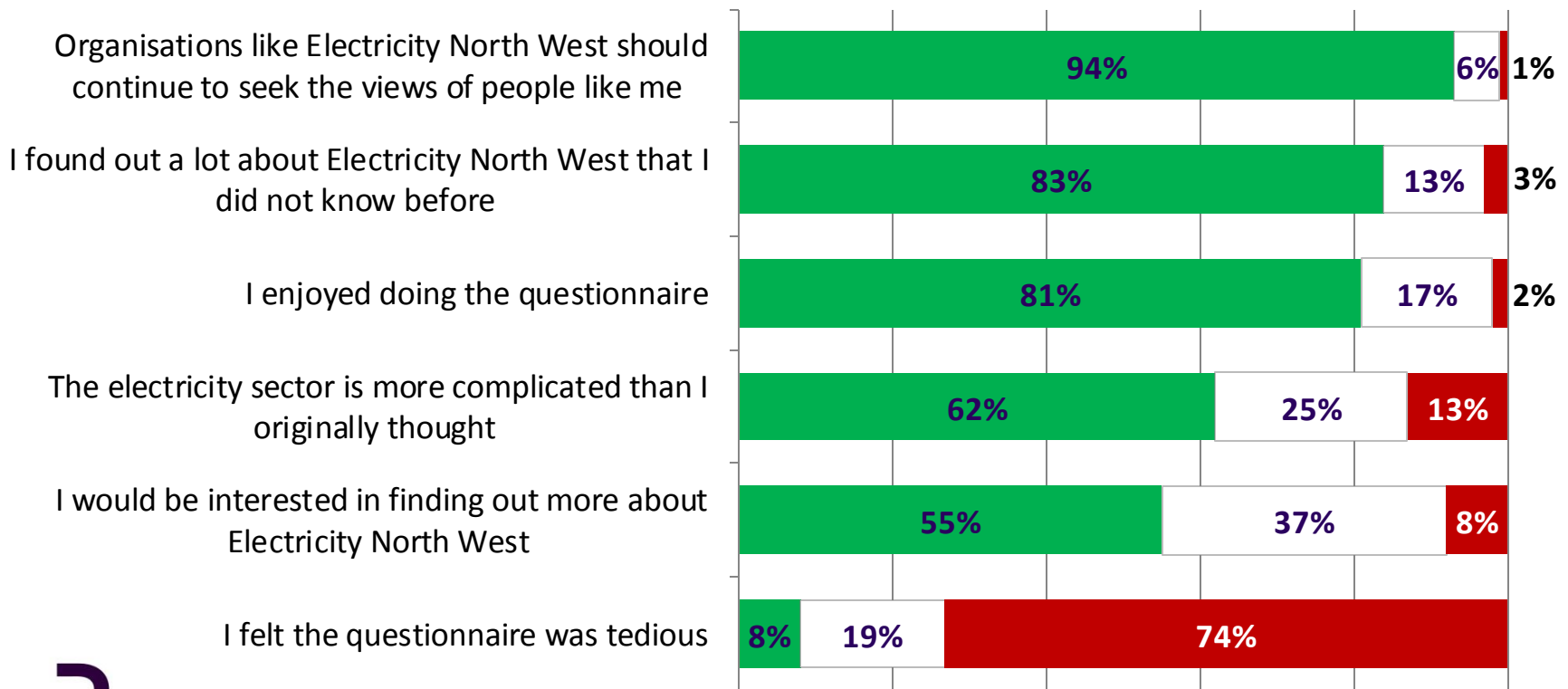
Research Administration



Four in five found out a lot about ENW and enjoyed participating in the research

To what extent do you agree or disagree with the following statements about this investigation of Electricity North West and the electricity sector?

■ NET: Agree □ Neither agree nor disagree ■ NET: Disagree



Appendix



Methodology

Populus interviewed 914 adults aged 18+ online between 24-27 January 2014. All respondents lived in the area served by Electricity North West and were recruited to reflect the demographic profile of the region. All were offered briefing material explaining what ENW does and its role in the electricity sector and were asked six questions to ensure that they had read the material and understood it. Those that were able to answer correctly at least five of these questions answered the questions as 'Engaged Consumers'.

This is the fourth wave of research and comparisons, where made, are to 2010, 2011 and 2012 research.

Populus is a member of the British Polling Council and abides by its rules.

Populus conducted two focus groups with those who had completed the online survey in central Manchester on the evening 5 January 2014.

Briefing Material



Introduction

Electricity North West plays a vital role in the North West region. We own, operate and maintain the electricity network, delivering energy to our 2.4 million customers and have a strong track record in safety and reliability.

During the next five years we will be investing over £1bn in the network, supporting the North West's economy growth, providing jobs and supporting the move to a low-carbon economy.

As with any successful business we have great people working in Electricity North West who care passionately about providing excellent service to our customers and which we will continue over the coming years.



Steve Johnson
CEO Electricity North West



Key facts

Electricity North West owns the North West's electricity distribution network and operates, maintains, constructs and repairs the network.

Electricity North West operates under a licence from the regulator Ofgem to distribute electricity through its network of 13,127 km of overhead lines, 43,126 km of underground cables and 38,332 transformers to around 2.4 million homes and businesses in the North West.

Focused on delivery

As a regulated Distribution Network Operator, Electricity North West is focused on the efficient delivery of electricity and network reliability to our customers and on delivering an economic return to our shareholders.

Substantial Investment

Electricity North West is a significant contributor to the North West's economy, with a substantial R&D spend and a key role in enabling regional economic development. Between 2010-2015 Electricity North West plans to invest over £1bn in the region's infrastructure including £200m for new connections, £120m to reinforce the network and £420m to replace assets at the end of their operational lives.

Stakeholder engagement

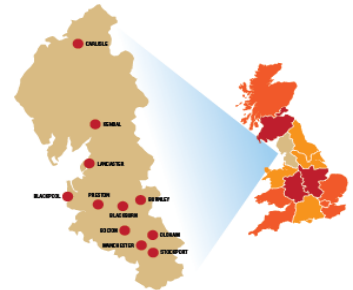
Electricity North West has an ongoing programme of engagement with stakeholders across the region to help focus on the region's key requirements and ensure our future investment plans have minimal visual and environmental impact.

Future developments

Electricity North West contributes to a low carbon environment. We will continue to invest in the North West's electricity network to maintain the current excellent level of reliability and to meet the future energy needs of our customers through the development of low-carbon, environmentally-friendly solutions.



Our area of operation incorporates Greater Manchester, the counties of Lancashire and Cumbria and parts of Derbyshire and Cheshire.



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For further information please visit our website:
www.enwl.co.uk



Briefing Material



Dear Valued Opinions Panellist,

Thank you for agreeing to take part in this survey.

We're really interested in find out what people living in the North West – people like you – think of some of the issues facing the electricity industry.

Before you answer the last questions, we'd like to tell you a little more about the electricity industry and, in particular, how it works in the North West.

Please read the two documents (this one, plus one more) you've been sent before answering the following questions. Without reading this material, you may find it difficult to answer these questions.

Thank you in advance for taking part in our research – we're looking forward to hearing your views.

The Populus Team

Who's Who in the UK's Electricity Industry?

There are many different types of companies and organisations involved in supplying you with electricity.

- **Generators** are companies that run the UK's power stations and generate our electricity. The UK's electricity comes from many different sources – nuclear, gas, wind farms and others – and these power stations are spread across the UK.
- **The National Grid** is responsible for operating some of the power lines in the UK – the most powerful ones – and transmitting electricity from power stations to closer to where people live and work. The National Grid is a little like the UK's motorway network. The National Grid does not connect your home or place of work to the electricity network.
- **Distribution Network Operators** – sometimes called DNOs – connect the National Grid's network to individual homes, offices, and other buildings. They link the National Grid with your home: a little like the UK's 'A' and 'B' roads and local roads. The DNOs maintain many of the UK's electricity wires and cables. Each region of the UK has a DNO allocated to maintaining the electricity network in that area.
- **Suppliers** are the final step in the process and are the people who send you bills for your electricity, some of them – like E.ON, EDF and NPower – you may have heard of. Some of the money you pay your supplier is passed to Generators and DNOs to cover their costs in supplying you with electricity.
- **Ofgem** is the official regulator of the energy industry. Its job is to regulate (or manage) the electricity industry. It tries to ensure you get a good service at a reasonable cost – while making sure investment goes into the UK's energy network and allowing the private companies involved to make a modest profit.

Introducing Electricity North West



Electricity North West is the Distribution Network Operator – or DNO – for the region in which you live. They are also the company who have asked Populus to conduct this research.

What Does Electricity North West Do?

Electricity North West manage and maintain the electricity distribution network – consisting of overhead lines, underground cables, transformers, sub-stations and other equipment – across the North West. This network supplies 2.4 million people in major cities like Manchester, Carlisle, Blackpool and Lancaster, as well as smaller towns and rural areas.

Electricity North West ensures the day-to-day running of the system in the North West, repairs the network when things go wrong (if overhead power lines are damaged by storms, for example) and invests in the network to replace worn out or old parts. Electricity North West is also responsible for making sure the network can cope with any changes in how electricity is used.

Electricity North West's network is 99.99% reliable. A typical home in the North West will experience one power cut every two years and, on average, is without power for about an hour a year. These figures are only averages: some homes will experience problems more often, while some people will never have problems with their power supply.

Electricity North West is responsible for connecting your home to the electricity network. They are responsible for the connection as far as your fuse box. Your fuse box and wiring within your home is not the responsibility of Electricity North West.

But I've Never Heard of Electricity North West!

In many ways, Electricity North West is a 'behind the scenes' company.

Electricity North West do not send you a bill for their services. Instead your supplier passes on part of what you pay them to Electricity North West. About £110 of the typical yearly household electricity bill goes to Electricity North West to cover their costs in managing the network.

You may have dealt with Electricity North West if you've had a problem, like a power cut, with your electricity supply. Electricity North West runs a call centre you can report power cuts or other power supply problems to, and it is normally Electricity North West's engineers who will fix or repair any problems.

You might have had contact with Electricity North West if you've ever built an extension to your house and needed your connection to the electricity network changed (for example, the cables connecting your house to the network moved). You may have seen Electricity North West vehicles and staff around the North West conducting maintenance works to the energy network.

Why Are We Asking Questions About Electricity North West?

On the next page we've outlined some of the issues and challenges facing Electricity North West. As well as experts inside the company thinking about these issues, they want to get the views of normal people who live in the North West.

Your answers to our surveys will be very important; you might help decide how much is invested in the network, how the call centre answers calls, whether Electricity North West does more to reduce its environmental impact, or even how much people are charged for electricity!

Issues and Challenges Facing Electricity North West



These are just some of the issues Electricity North West faces and we'll be asking you questions about these. We've put in *italics* some questions you might like to start thinking about now.

Investment

There are lots of different ways Electricity North West can spend money on the electricity network.

It can build a network better able to withstand storms and floods.

Or a network that is more reliable on a day-to-day basis. Or build in protection against terrorist attacks or vandalism.

But all these investments cost money.

Which is the most important to you? Would you be prepared to pay more to have all three?

What else could Electricity North West invest in?

Changes in how power is used

One of Electricity North West's jobs is to predict – and respond to – changes in how electricity is used. If they get it wrong, there might not be enough capacity or supply in future or it might not be in the right places.

More electric cars, for example, might mean an increase in demand over night as these charge. *What other changes can you imagine?*

One possible change is Electricity North West having greater control over appliances in your home. *Would you be happy for Electricity North West to switch off your fridge or freezer for a short time if this prevented a total power cut?*

High priority customers

Electricity North West, and Ofgem, believes that some people – with medical needs, older people, in very remote areas – are harmed by power cuts more than others. Electricity North West tries hard to restore power to these people quickly. Are you in one of these groups? Is it right that some are prioritised over others?



Fixing your supply if it goes wrong

One of Electricity North West's most important jobs is repairing and fixing things when they go wrong, like getting your power back on if it goes off for some reason. Electricity North West has to balance the need to get things done quickly with the need to do them safely.

What type of information do you want during a power cut? How should you be kept informed?

Should you receive compensation or a discount if your supply is off for a long-time?

Is it better they restore some power quickly – enough to light your house, but not cook or use the washing machine – or switch all the power back on at the same time?

Community involvement

Electricity North West – via its power lines, sub-stations, and other equipment – can be found in many communities across the North West.

How important is it that Electricity North West keeps its buildings clean and graffiti free? Should Electricity North West go into schools to talk about electricity?

Visiting your home

Sometimes Electricity North West might need to enter your home or garden to fix a problem.

Should Electricity North West make a particular appointment with you, or should they just come as quickly as possible?

Answering your telephone calls

When things go wrong with your supply, it is Electricity North West you call to report a problem.

What's the most important thing for Electricity North West to do when they answer your call? Would you rather contact Electricity North West online or via an App on your phone?

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Extraordinary External Stakeholder Panel meeting: Business Plan Resubmission

Wednesday 29 January 2014, 10:00–13:00

Attendees

Stakeholders:

1. Andrew Faulk, Policy Manager, Consumer Futures
2. David Haughian, Nuclear Strategic Programme Coordinator, Cumbria County Council
3. Daniel Storer, Director of Business Development, MIDAS
4. Bev Taylor, Energy Manager, Bruntwood

Electricity North West

1. Steve Johnson, Chief Executive Officer
2. Paul Bircham, Regulation Director
3. Alex Moore, Head of Communications
4. Jonny Morgan, External Communications Manager

Apologies:

1. Morgan Donnelly, Engineer and Project Manager, Wind Prospect
2. Stephen Hagerich, Emergency Response Development Manager, British Red Cross
3. Helen Heggie, Director, STEMFirst
4. David Messenger, Biopower Plant Engineering Manager, Iggesund
5. Lorraine Donaldson, Project Manager, National Energy Action

RIIO submission overview

SJ gave update on the original submission to Ofgem and feedback we've had and explained our understanding of reasons why our plan was not fast-tracked. Also explained process for resubmission.

PB thanked panel for input so far, emphasising that one of the key elements of our plan to offer reduced bills early (which has since been taken on by all DNOs) came directly from input from the panel on our affordability and price profiling discussions.

BT praised Electricity North West's Condition Based Risk Management approach to asset management as a first class part of the submission in making the most of assets before replacing them.

AF commended Electricity North West's approach to stakeholder engagement and said it was one of the best he'd seen.

Connections

Proposal to revise down our targets for time to quote and connect

PB said we want to be leading, however being such an outlier brings risk and cost into the business. Is it acceptable to reduce our targets but still deliver excellent performance?

BT – From a commercial perspective, there is no need to have very short times to quote and connect due to lengthy planning processes.

DS – There are a number of large strategic sites and small businesses in Greater Manchester that he is currently engaging with our connections team on to find the best approach but timings are not currently an issue

AF – Consumer Futures recently responded to a European consultation on this issue and agreed that for householders 10 days to quote and 1 month to connect were acceptable timeframes, therefore they agree with our revised proposal. It would also be beneficial to provide information on the connecting process immediately when a request is received.

Vulnerable customers

Further detail to be included in plan on identification and services for vulnerable customers

AF – Electricity North West's approach is in line with that of other DNOs. It is important to prioritise customers and situations, and provide tailored services depending on customers' needs. A DNO should not only know who is on the priority services register, but why they are on it, eg, do they use a stair-lift? DNOs should phone vulnerable customers regularly – perhaps once a year – to check on their status.

DS – Agree on checking regularly with customers and having a flexible approach to vulnerability and services.

AF – It is important to invest in the network around care homes due to the high concentration of vulnerable customers.

DH – Agreed to pass the questions on to relevant colleagues at Cumbria County Council for their view, particularly on vulnerable customers.

Electricity theft

To what lengths should we go to tackle electricity theft?

BT – Very important to tackle it.

AF – Important to offer our revenue protection services to small suppliers to help them compete. What does a DNO have to do? Important to have a clear line on where our social responsibilities end due to the cost to customers. Of course DNOs should help police tackle theft, but some funding, eg, funding thermal imaging cameras for police forces to help them identify cannabis farms (which are also likely to be bypassing their meters) may be a step too far.

Storm compensation

Should we set our own voluntary compensation rules, and at what level should they be bearing in mind potential costs to customers

BT – Very difficult question as it's all about balance.

AF – Important to take a wider view from consumers based on what they think is an acceptable rate. [ENWL agreed to do this through its Engaged Consumer Panel].

DS – Important that Electricity North West maintains the ability to use its discretion during extreme weather.

Other issues

DH – Agreed to a separate meeting following the next Stakeholder Panel (20 March) to discuss new nuclear issues in more detail

AF – Praised ENWL's stakeholder panel, including its small size as it gave real access to the business and its senior leaders for key stakeholders.

Issues for Panel to discuss at next meeting

- Stakeholder engagement vs customer service
- Brand awareness – importance, cost vs benefit
- UK-wide single number for power cuts
- Corporate Charity
- New nuclear stakeholder engagement



SUB-ANNEX A1& ù] ^&ã&Á} á[!•^ { ^} ó! [{
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Steve Cox
Head of Future Networks

Electricity North West Limited
Network Strategy
304 Bridgewater place
Birchwood Park
Warrington
WA3 6XG

Name	Kevin Tutton
Department	NWE RC-GB IC SG Smartgrid Division
Telephone	+44 (0) 115 906 6777
Fax	
Mobile	+44 (0) 7808 882 3978
E-mail	Kevin.tutton@siemens.com
Your letter of Our reference Date	27 March 2013

Siemens' support Electricity North West approach to Innovation: with specific focus on RIIO-ED1 Business Planning

Dear Steve,

Siemens is delighted to provide a letter of support which endorses the approach taken by Electricity North West towards Innovation under the RIIO-ED1 Business Plan.

Siemens own history, success and values are founded on the principle of innovation.

As a market leader providing products, services and solutions to the global electricity distribution market, we recognize the challenges faced by owners and operators of electricity networks – to ensure their network is secure, reliable and most importantly flexible to meet the needs of their Customers today, and in the future, in the most cost effective way possible.

Siemens has long worked together with Electricity North West, and particularly over the past two years, to understand the challenges faced by network companies, along with the range of solutions which can be employed to address the challenges.

Innovation is cultural

Siemens works closely with the distribution network companies as part of the Low Carbon Networks Fund. In doing so we observe that innovation is approached differently by each of the network companies; with Electricity North West innovation is more innate, with change coming from *within* the organization. It is evident that there is strong leadership, and a consistent approach towards innovation, with customer value at the centre – the focus is to leverage more from what exists where possible.

Breaking the mould

One of Electricity North West's key objectives is to be a thought leader – their approach towards innovation, challenge the current limits around regulation and operating standards, to deliver increased flexibility in the network, whilst ensuring value for money and minimum disruption to customers. This has been demonstrated in their successful Low Carbon Networks Fund Tier 2 submissions (i.e. C2C and CLASS) which address changes to existing standards and commercial arrangements, where learning and benefits are transferrable to other customers.

Siemens' Support

Electricity North West has sought input and views of many stakeholders, including Siemens, as part of their business planning for RIIO-ED1.

Innovation and how this relates to the effective delivery of outputs are a key focus – areas have already been identified for future consideration that will deliver value to customers. Engagement with customers and development of flexible networks and infrastructures, including smart cities, remain a common goal for both Electricity North West and Siemens.

Siemens has appreciated the open, collaborative approach that Electricity North West has taken towards innovation, which in turn has helped direct Siemens as we improve the products and services offered to the market.

We look forward to supporting and building upon the relationship with Electricity North West, as an innovation partner, as we move forward to address the challenges of creating flexible networks and value for customers that RIIO-ED1 will pose.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K. Tutton', written in a cursive style.

Kevin Tutton
UK Divisional Lead – Smart Grid



Chief Inspector Rachel Buckle
Operations Lead TNS
Specialist Protective Services

Steve Cox
Electricity North West
Linley House
Dickinson Street
Manchester
Greater Manchester
M1 4LF

Date: 3rd March 2014

Dear Steve,

The Approach to Metal Theft & Electrical Substation Security within Electricity North West

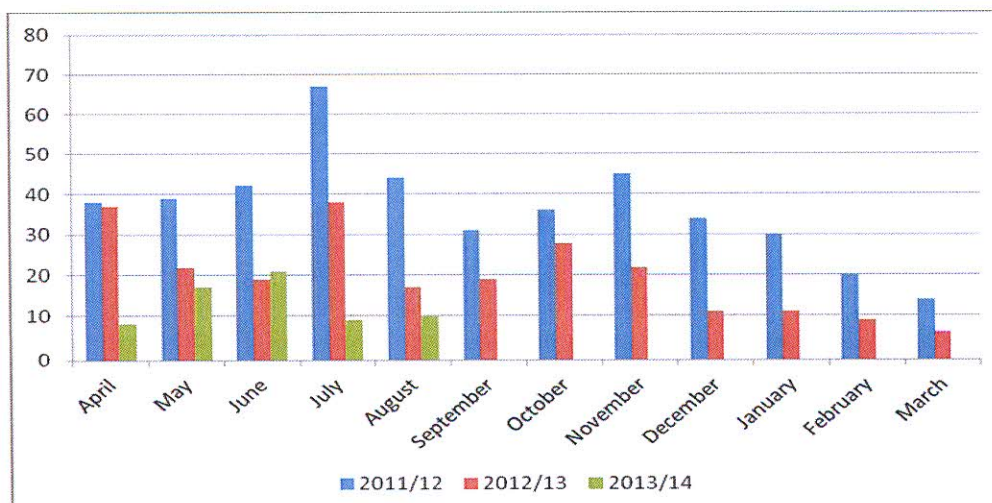
Greater Manchester Police launched Operation Alloy in 2011 to deal with an increase in metal theft. Officers have worked relentlessly alongside the scrap metal industry, local authorities and victims of metal theft to target offenders and this has led to a 78.4% reduction in this type of crime.

In December 2012, Operation Alloy implemented the Legal Aid Sentencing and Punishment of Offenders Act which took cash out of the industry. The following year the Scrap Metal Dealers Act 2013 was introduced which required all sites and collectors to be licensed.

Operation Alloy has worked tirelessly with victims of metal theft and this has been the key factor in reducing metal theft. Working with these victims we have introduced unique marking techniques to make property traceable. We have also introduced recognised asset disposal routes.

Electricity North West Limited was identified as the largest individual victim within Greater Manchester with one single substation (Falkirk Grove Wigan) suffering thefts on 27 occasions.

By working closely with Mandy Ingham (Network Strategy) Electricity North West Limited, ENWL have seen reductions of 78.9% (month comparison April 2011 – April 2013)





Greater Manchester Police are grateful for the work of Mandy Ingham and her team at ENWL and for their efforts to reduce metal theft and improve the security of their assets as part of Operation Alloy and other initiatives

Some examples of where their support has been most valuable are:

1. Days of action

ENWL have provided staff to support joint scrap yard visits to identify stolen metal

2. Witness statements

ENWL have worked with Operation Alloy and the Crown Prosecution Service to develop and produce witness statements following theft incidents. These statements have helped in securing sentences that act as a deterrent in the future

3. Providing materials for 'stings'

ENWL have when asked, provided cable and copper work which has been used in various operations

4. Supporting additional resources for covert actions

Where ENWL have instigated covert operations they have provided financial support for the additional staffing to support these operations

5. Trialling new techniques for security and marking of assets

ENWL have been open to new ideas and innovative in developing new techniques to protect and mark their assets

6. Changing their scrap contract strategy to out of area disposal

ENWL have taken our advice on board when appointing their new scrap contractor who is out of the area which means there should be no ENWL scrap metal in local scrap yards

On the basis of the above examples, Greater Manchester Police believe that Mandy Ingham and her team at ENWL are committed to dealing with metal theft and security of their assets which has in the long term benefitted the people of the North West and will continue to do so.

Chief Inspector Rachel Buckle
Operations Lead TNS
Specialist Protective Services

Gareth Evans

Head of Profession, Engineering

Ofgem

9 Millbank

London

SW1P 3GE

27th March 2013

Dear Gareth,

I am aware that the DNOs are currently preparing their RIIO-ED1 Well Justified Business Plans. I am writing to endorse ENWL as an innovative business and also commend them for their approach towards design and support of SMEs.

Since Kelvatek's inception at the end of 2008, the company has grown to having approximately 200 employees with over 100 engineers. The focus of the business has been on creating new and innovative products which can be used across the UK distribution system. Our philosophy is one of trying to solve 'key problems' but this puts a heavy reliance on our customers and their subsequent technical feedback during the various stages of the design process.

We have worked on several projects together with ENWL over the last few years and have always found them to be exceptionally receptive towards new ideas and concepts. Moreover, many of our existing products would not exist had it not been for the open and collaborative approach taken by the ENWL leadership, especially Steve Johnson, Mike Kay and Steve Cox. For Kelvatek, a UK SME, it has been invaluable to have had the consistent support of a DNO. For example, the Bidoyng Smart Fuse, which is now being deployed

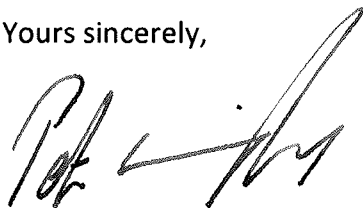
across the UK, was first conceived and created with ENWL, using the IFI initiative. The new SELF fault location technology and the Modular Rezap were also supported in the same way. These technologies are now being widely used by the other DNOs. We are currently involved in a number of new developments with ENWL which will produce a range of new products over the coming months.

The IFI, Tier 1 and Tier 2 programmes have been a great success in terms of stimulating investment into the UK electricity sector. This will continue with the NIA and NIC initiatives and Ofgem should be commended for their vision in creating them. However, in order to truly be successful DNOs need to have the correct approach towards new developments. We believe that ENWL sets a very good example of how to work inclusively with a wide range of partners, across a plethora of different projects.

It is our firm belief that the UK customers have ultimately benefited from our business being able to dedicate an unusually large percentage of our engineering resource towards designing products for the UK electricity sector. Without the continuous support of ENWL, at all levels of the organisation, we at Kelvatek would have been forced to take a much more restricted view of product development for the UK market.

In summary, risk management is a very important factor in making the choices of where to invest a company's finite resources. It makes the decisions more straightforward whenever we are able to work with partner companies like ENWL. The relationship has allowed us to foster a very creative and innovative environment which ultimately can only produce positive results for the UK consumer, both in terms of network performance and efficiency.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Cunningham', with a stylized flourish extending from the end.

Peter Cunningham

Managing Director



Ebrahim Hajat
Electricity North West
Hartington Road
Preston
PR1 8LE

Re: Electricity North West Key Performance Indicator

To whom this may concern.

ABB would like to endorse Electricity North West as a forward thinking, progressive and innovative organisation. Their promotion and dedication towards the ENA Assessment of our retrofit circuit breaker offering; which in itself is an innovative, trend setting product, shows their understanding of how the distribution network market is changing and evolving.

The fact that they are one of the first DNO's within the United Kingdom to actively identify, outline and now deliver the need for a change from the norm shows how progressive they are.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Tom Cork', is written over a horizontal line.

Tom Cork

Medium Voltage Service Sales Manager

ABB Limited

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United Kingdom



Chiltern Power

Statement of Endorsement

The Innovation Approach of Electricity North West Ltd

I have worked with ENWL on matters concerning innovation over some ten years in a number of contexts. Most recently this has been in my role as an independent consultant and I have no hesitation in providing a statement of endorsement for their capabilities for innovation and their commitment to effective outcomes.

As an organisation they have been consistent contributors to promoting best practices in power network engineering over many years, and have demonstrated their willingness to contribute to innovation at a national level as well as for their company and its consumers.

Examples that support these observations are as follows:

- Unstinting support for industry technical committees over many years
- A wide innovation agenda: from Asset Management to Low Carbon solutions
- Leadership roles for innovation under the ENA, IET and Smart Grid Forum
- Formative contributors to Ofgem's early thinking for IFI and RPZ incentives
- Early adopters under IFI and effective partners with innovative SME vendors
- An imaginative project portfolio under the Low Carbon Networks Fund
- Developers and adopters of innovative network techniques at both HV and LV
- Bringing forward new staff to broaden the company's skills base for innovation
- Selectively working with partners and specialists to complement in house skills

The above examples demonstrate an enduring commitment to innovation that stretches over many years; my dealings with the company have consistently encountered not only a constructive and imaginative approach to fresh thinking, but also a foundation that is set upon seeking cost-effective and robust outcomes that will bring benefit to the company and its customers, now and for the future.

John Scott, Director
Chiltern Power Ltd

Letter of Endorsement

The Approach to Innovation within Electricity North West Limited

EA Technology are happy to endorse ENWL for their committed and effective approach to innovation.

EA Technology have worked closely with Electricity North West Limited (ENWL) and its predecessor companies on a number of innovative projects since privatisation.

Throughout this time they have been closely involved in driving innovation, both in their own right and in partnership with other Distribution Network Operators nationally. In all cases ENWL have demonstrated their commitment to develop and implement solutions which benefit the company, their consumers and the industry as a whole.

Some examples of innovative projects where EA Technology have worked with ENWL are provided below:

- 1. Early implementation of Condition Based Risk Management (CBRM).**
ENWL worked with EA Technology to develop and implement CBRM models for all asset classes and used the models in their regulatory submissions.
- 2. Development of new CBRM capabilities.**
ENWL have continued to work with EA Technology to develop the capabilities of their CBRM models, most recently in the development of the risk process to provide the capability to produce Criticality Index outputs for the assets.
- 3. Condition assessment of major cable assets.**
ENWL worked with EA Technology to determine the options for condition assessment of their major cable assets and to develop an assessment process that would allow the asset condition to be understood and to feed into the CBRM methodology.
- 4. Membership of the Strategic Technology Programme.**
ENWL participate in all aspects of the programme managed by EA Technology and led by member companies to provide targeted and cost-effective solutions to improve network operation and efficiency.

These are a selection of the many projects in which ENWL have worked with EA Technology. The projects have been selected to demonstrate ENWL's consistent commitment to innovation and their implementation of the outputs of these projects.

On the basis of the above examples, EA Technology believe that ENWL are consistently driving innovation to the benefit of the electricity industry, the company and their customers.



Impact Research Ltd.
Quintet 3
Churchfield Road
Walton-On-Thames
Surrey
KT12 2TZ
United Kingdom

28th March, 2013

REF: LOW CARBONS NETWORK FUND – ELECTRICITY NORTH WEST LIMITED - CAPACITY TO CUSTOMERS

TO WHOM IT MAY CONCERN

Working with Electricity North West Limited (ENWL) has been overall a rewarding experience for Impact Research. ENWL's innovative and forward thinking approach has driven Impact Research to likewise propose creative solutions to gain insight into the likely success of initiatives proposed.

Within the scope of market research, ENWL's innovative programme has developed the skills to meet the UK's low carbon challenge, and this is shown by

1. ENWL's achievement in approaching this programme through a mix of systematic approach along with creative and imaginative thinking to the challenges faced in gaining customer feedback
2. The use of innovative techniques in market research. In our experience as providers of market research services, we have really appreciated the team working approach in which we have developed suitable techniques to measure the impact on customers of new ideas. This has combined qualitative research to explore how to best communicate the concepts, and the quantitative element to validate it's potential. Some of the techniques used in gaining this insight are some of the most innovative and effective techniques in market research.
3. ENWL's partnership approach. Their open approach to working with Impact Research is also behind the success of this programme. We have attended various meetings, conferences and forums, on many occasions beyond the immediate scope of market research to gain a broader understanding of the programme. These 'knowledge sharing' meetings have enhanced our understanding of the objectives and the importance of our role in achieving the aims of ENWL.

All in all, we at Impact Research believe ENWL are contributing significantly to coming up with ideas to meet the UK's low carbon challenge, through their creative and innovative approach and we are proud of being a part of this.

Yours faithfully,

Darryl Swift
Managing Director



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Lancashire BB7 3AY
Tel/Fax: +44 (0)1200 448000
elliott.lorimer@lancashire.gov.uk
www.forestofbowland.com

Mr Ian McCormack
Asset Investment Engineer
Electricity North West Ltd.
Hartington Road
Preston
PR1 8PP

Tuesday 23rd April 2013

Undergrounding for Visual Amenity in the Forest of Bowland Area of Outstanding Natural Beauty

The Forest of Bowland AONB Partnership has worked closely with Electricity North West Limited (ENWL) throughout DPCR4 and DPCR5 to help deliver the Undergrounding for Visual Amenity (UVA) programme within the area.

Throughout this time, the Partnership has found the company to be helpful, proactive and innovative in finding solutions to develop and deliver UVA schemes, which help the Partnership meet its statutory duty of 'conserving and enhancing the natural beauty' of the AONB.

The Partnership is keen for this excellent working relationship to continue as the company moves towards delivering more UVA Schemes under RIIO-ED1 from 2015 onwards.

Yours sincerely

Elliott Lorimer
Principal AONB Officer
Forest of Bowland AONB

Lancashire County Council acts as the lead authority for the Forest of Bowland AONB Joint Advisory Committee, a partnership comprising Lancashire County Council, North Yorkshire County Council, Craven District Council, Lancaster City Council, Pendle Borough Council, Preston City Council, Ribbles Valley Borough Council, Wyre Borough Council, Lancashire Association of Parish and Town Councils, Yorkshire Local Councils Association, DEFRA, Natural England, United Utilities plc, Environment Agency, Royal Society for the Protection of Birds (RSPB), Forest of Bowland Landowning and Farmers Advisory Group, and the Ramblers Association.



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Your ref:

Our ref: MSB / A94241

Date: 30 April 2013

Ian McCormack
Asset Investment Engineer
Electricity North West
Hartington Road
Preston
Lancs
PR1 8PP

Dear Ian

Re Undergrounding for Visual Amenity Programme in National Parks and AONBs


I am writing to applaud the excellent work your company is doing in order to fulfill the expectations of the UVA scheme within the area of the Peak District National Park for which Electricity North West is responsible, as the principle DNO.

I have been impressed throughout the past 7 years or so by the efficient and consistent way in which stakeholders have been consulted and informed about progress of the DPCR5 undergrounding programme. In particular, I welcome the regular meetings held at Preston with all stakeholders and the enthusiasm shown by ENWL engineers and other staff involved in implementing the planned programme in each National Park and AONB involved.

As one of the country's leading National Parks, we welcome the commitment shown to the Ofgem allowance for undergrounding through the UVA scheme and the proposed 18% budget increase for the RIIO ED-1 spending period, which should enable some larger projects to be undertaken. We also welcome the publicity strategy proposed by ENWL to ensure maximum public awareness of the value of each project alongside your partner National Parks and AONBs. This has been recommended to the other DNOs involved in the Peak District.

Thank you for the opportunity to express our appreciation of the effective working relationship with which we have been involved over the past seven or more years.

Yours sincerely



Martin Burfoot
(Landscape Architect and UVA Project Officer)

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Rosie Cooper MP

Labour MP for West Lancashire
House of Commons
London SW1A 0AA
020 7219 3000



08 November 2012

RC/AM/COOP01013/01121760

Mr Steve Johnson, Chief Executive Officer
Electricity North West Limited
304 Bridgewater Place
Birchwood Park
Warrington
Cheshire
WA3 6XG

*Many thanks
Eddie Stone*

Dear Mr Johnson,

You may be aware that on Friday 19th October, I held a Flooding Forum with a number of key local agencies to discuss the handling of recent adverse weather in West Lancashire.

I am writing to thank you for the involvement of Eddie Hamilton in a productive meeting and for your company's continued hard work and support in relation to the issues that we face.

As I said at the meeting, we cannot stop the rain. What we must ensure however is that everything possible is done to protect West Lancashire residents' homes and local businesses.

Residents feel that there was a lack of co-ordination and responsibility taken by those who they believe should be dealing with problems caused by local flooding more effectively. In the wake of the response, I called the Flooding Forum meeting in order to raise the concerns of local residents and businesses, as well as pushing for greater cooperation so that we work together to minimise any damage caused by adverse weather in the future.

The forum will not be the last one, despite the progress, we still have work to do to minimise the risk of flood damage in West Lancashire from what is becoming more frequent 'extraordinary weather'.

I will continue to stand up for local residents on this matter to ensure that the people of West Lancashire have support in place, not only to assist them in the short term but also to reduce the long term threat of flooding to their homes and businesses. I hope that we will continue to work together on this important issue.

Yours sincerely

ROSIE COOPER MP
WEST LANCASHIRE



Thursday 11th April 2013

Electricity Northwest
Hartington Road
Preston
PR1 8PP

Open letter of Support

Since the establishment of the Undergrounding for Visual Amenity project initiated by Friends of the Lake District (Fold) and subsequently adopted by ofgem the Solway Coast AONB has worked closely with Electricity Northwest and the Partnership of landscape protection organisations created.

Over the past 6 years we have witnessed the provision of 3440m of undergrounding within our AONB and we look forward to further provision in the future. Whilst undergrounding is not cheap it is incredibly worthwhile and once completed reveals an uncluttered and open landscape denied to us for many years.

Our working relationship with Electricity Northwest has been extremely rewarding and we have been impressed by their professionalism and their willingness to do whatever it takes to successfully complete a project. Communications, advice, publicity and training have all been given freely and without prejudice to the protected landscapes staff and as such we are better equipped and better informed in our everyday work.

We hope that this initiative will continue to provide for our AONB and that government will maintain or enhance their much needed support to this worthy scheme.

Once again thank you for your support.

Yours sincerely

Rose Wolfe
Assistant AONB Manager



YORKSHIRE DALES
National Park Authority

Mr I McCormack
Electricity North West
Hartington Road
Preston
Lancashire, PR1 8PP

Your Ref
Our Ref TH/UVA

4th April 2013

Dear Ian,

Re: Endorsement of Electricity North West Ltd

I write further to your recent request to provide a letter of endorsement regarding ENW's coordination of the 'Undergrounding for Visual Amenity' programme. My overall impression is that ENW has conducted the programme very professionally, communicating effectively with stakeholders throughout the process, and securing high quality outcomes on the ground.

Proactivity

My involvement with the programme, and therefore my contact with ENW, began in 2011, when following a number of staff changes, I inherited responsibility for providing the Authority's stakeholder input. This came at a time where DPCR5 was already well underway, and the Authority's slow start in proposing undergrounding schemes meant there was a risk we might fail to take advantage of the available funding allocation.

ENW staff were proactive in getting the Authority involved, stressing the urgency of the situation. Furthermore, they provided a one-to-one briefing to explain the background to the scheme and the way in which the distribution network and its infrastructure were affected by undergrounding proposals. This was invaluable given that I was entirely new to the scheme, the industry as a whole, and needed to be brought up to speed quickly.

ENW staff discussed specific schemes openly and honestly, emphasising at all stages that the final say in how the money was spent rested with the stakeholder, but ensuring our decisions were fully informed by the technical constraints of each particular scheme. This assistance has enabled us to suggest a number of viable schemes, all of which are now being progressed, enabling us to commit all of our funding allocation for DPCR5.

ENW staff have made themselves readily available to discuss issues specific to particular schemes, and this has been backed up by quarterly meetings where all stakeholders and ENW staff convene to discuss the wider programme. These meetings are run efficiently, and provide an invaluable opportunity to discuss issues of common interest, and to update stakeholders on developments with the forthcoming RIIO programme.

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E-mail: info@yorkshiredales.org.uk

Chief Executive: David Butterworth

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**INVESTORS
IN PEOPLE**

Solutions to problems

Undergrounding schemes in National Parks are often fraught with difficulty given the inherent environmental sensitivity of the areas. It is fair to say that the undergrounding schemes pursued in this National Park have proven to be among some of the most challenging across the whole programme. In particular, archaeological and ecological constraints have had to be identified and worked around to secure the visual improvements from undergrounding. This has demanded patience and persistence from ENW staff as projects sometimes become bogged down by particular constraints.

In one project on Malham Moor - a highly sensitive area of early prehistoric settlement - ENW worked with ourselves and the landowner (the National Trust) to identify an alternative route for the undergrounded cable that avoided the most important archaeology. This included accommodating an excavation project, carried out by Bradford University students, to identify the most sensitive areas of archaeological remains. This reduced costs (using a commercial archaeological contractor would have been prohibitively expensive), facilitated learning opportunities for degree level archaeologists and enhanced our overall understanding of prehistoric remains in the area.

A similar regard for ecological constraints has also been demonstrated with a scheme at Swarth Moor, which is designated as a SSSI with a recently discovered population of statutorily protected Great Crested Newts. ENW had full regard to the ecological issues in planning this scheme, employing advice from ecological consultants to help reassure Natural England that the necessary mitigation was in place to prevent harmful impacts.

I hope that the above provides some sort of overview of how much we value the assistance given by ENW in facilitating the delivery of undergrounding schemes in the National Park. Should you have any further queries please do not hesitate to contact me.

Yours sincerely



Thomas Harland
Planning Policy Officer



The Institution of Engineering and Technology

Founded 1871 Incorporated by Royal Charter 1921

This is to certify that the IET has Accredited the following Professional Development Scheme

Engineering Training Scheme

Provided by: Electricity North West Ltd

Accredited from June 2012 to June 2015 at the following location(s):

UK Wide

IET Reference: 1956.12.PD

Witness our hand and seal at Westminster this day 4th of July 2012



President

Member of the Board of Trustees

Chief Executive and Secretary