Customer and stakeholder engagement strategy

This strategy sets out how we will ensure we continue to engage with customers, consumers and stakeholders to inform our business activities throughout ED2 2023-28

Appendix 3

DRAFT v1.3

Date 12th April 2021

About Electricity North West

Electricity North West Limited is one of 14 electricity distribution network operators (DNOs) in Great Britain. We are responsible for maintaining and upgrading 56,000km of network and nearly 500 major substations across the region. We supply the electricity to the diverse communities in the North West of England which extends from Macclesfield all the way up to Carlisle.

We are regulated by the Office of Gas and Electricity Markets (Ofgem) who provide DNOs with the license to operate and decide what's fair for us to charge our customers for each price control period.

Our current price control began in 2015 and runs to 2023. It's referred to as RIIO-ED1. In full, that stands for Revenue = Incentives + Innovation + Outputs, Electricity Distribution 1. Under this framework, the price we can charge our customers is fixed until the next price control, RIIO-ED2, which will run from 2023 until 2028.

Work is already underway to set the framework for RIIO-2 that applies to all energy network companies (i.e. gas and electricity distribution). The framework will determine what RIIO ED2, which begins on 1st April 2023, looks like.

The period which the RIIO-2 price control covers will see significant change in the way electricity is generated, consumed and stored, driving innovation across the whole energy system both now and into the future.

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1. Welcome

In delivering our customer and stakeholder engagement to inform our business plans for RIIO ED2 (2023-2028) we have significantly developed and expanded our engagement capability and delivery.

This level of engagement alongside increased scrutiny from our expert and demanding Customer Engagement Group has proved invaluable in our preparations. We want to make sure that we consolidate those learnings and continue to deliver for our customers and stakeholders throughout the ED2 price control period.

The energy landscape is changing rapidly to meet the demands of decarbonisation and without taking into account customers' and stakeholders' views we will not be able to deliver and balance what they need. We also recognise our role in enabling everyone to contribute and engage in the energy transformation by identifying hard to reach groups and helping them engage including building up their knowledge or providing support where necessary to ensure that seldom heard voices are incorporated.

The aim of this strategy is to set out our engagement approach from 2023-2028, while recognising that some activities can and should be implemented sooner to provide most benefit.

Our approach for the engagement to develop our business plans was iterative and informed by stakeholder feedback. It was agile and meant continuous improvement. We used learnings from past engagement to inform new engagement using formal triangulation to review, manage trade-offs and plan next steps.

The impact of the coronavirus pandemic also meant that we embraced new ways of engaging our stakeholders and feedback suggests that stakeholders want some of the digital formats to be retained, so while this document aims to set out our approach, we fully expect that we will continue to develop it alongside customers and stakeholders that will continue to improve outputs for all sides.

Our new strategy aims to retain and build on our existing approach and continue to deliver effective, flexible and responsive customer and stakeholder engagement. It outlines to our stakeholders the approach we will take incorporating their views into our business activities and the governance that will ensure that we remain in-touch and accountable to our stakeholders.

I look forward to hearing your views on this document and our ongoing strategy for continued quality engagement with our customers and stakeholders.

Paul Bircham

Regulation and Communications Director

Electricity North West

2. Tell us what you think

The aim of this strategy is to set out our engagement approach from 2023-2028. It has been developed taking into account and in response to our embedded approach and the enhanced level of customer and stakeholder research in developing our business plan. It outlines to our stakeholders the approach we will take incorporating their views into our business activities and the governance that will ensure that we remain in touch and accountable to our stakeholders.

We would really appreciate your feedback on this draft strategy.

Please give us your feedback via stakeholderengagement@enwl.co.uk

Key questions for you to consider as you read this strategy

- Do you think that this approach is appropriate to meet and reflect the needs of customers and stakeholders ensuring they have a strong voice in our activity?

- Do you agree with our strategic approach and continued use of informed panels, research and annual reporting / benchmarking?

- Do you believe that we should continue to engage with customers and consumers as well as stakeholders on general and strategic topics as well as the existing research on service?

- Do you agree with our commitments (page 21-22)?

- How can our engagement be improved? Is anything missing?

If you have more time to comment, we would welcome your additional thoughts on:

- Do you agree with our definition of customers, consumers and stakeholders (page 9)?
- How far should we go to engage hard-to-reach customers and stakeholders? Who do you think they are and how can we reach them?
- Are there any other methods / channels of engagement we should be delivering?
- Are the guiding principles of engagement clear and relevant (page 12)?
- Do you think our suggested timings for engagement via different channels are appropriate?

All feedback is welcome. Please give us your feedback via stakeholderengagement@enwl.co.uk

3. Our track record and lessons from ED1 (2015-2023)

We have conducted stakeholder engagement since the business formed in 2007. We added significant rigour via a new strategy based on the AA1000 Stakeholder Engagement Standard (SES) and AA1000 AccountAbility Principles (AP) in 2012 (Fig 1), developing our first formal internal and external stakeholder panels. Our first assurance against the standard was in 2013 as part of our ED1 engagement programme and we have been on a journey of continuous improvement since.
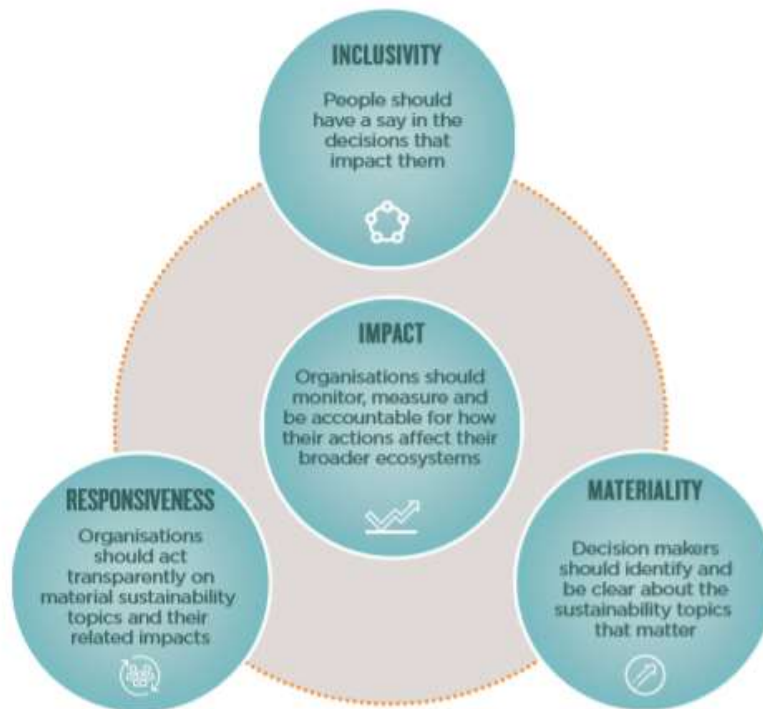

Fig. 1 AA1000 AccountAbility Principles

Our stakeholder engagement strategy has been continuously evolving and improving, based on our strategic goals at the heart of our ED1 business plan: reliability; affordability; sustainability; and excellent customer services ensuring that we catered for the needs of vulnerable customers. We developed director-led stakeholder advisory panels aligned to our business plan objectives which provided scrutiny of our performance and valuable expert guidance to our leadership team and strategic decision making.

Stakeholder engagement is embedded in our Purpose and Principles (Fig.2). Working together is core to our Purpose – engaging with others and acting on what we hear is vital. All colleagues are empowered to seek and act on engagement. This is reported and centrally recorded for monitoring.

Fig. 2 Our Purpose and Principles

Built around the AA1000APS and SES our approach was structured to support key strategic themes and stakeholder outcomes (Fig. 3) and evolved in 2018 to include impact, reflecting the development of AA1000APS.

Fig. 3 Our strategic alignment of stakeholder outcomes

The stakeholder outcomes were identified as part of stakeholder materiality exercises – finding out what issues were most material or relevant to stakeholders – repeated every two years. This was to ensure we continued to focus on issues important to our stakeholders and delivered outcomes that stakeholders prioritise and value.

Having identified these areas and the priorities in our Business Plan commitments, we undertook stakeholder mapping based on AA1000 categories (consumers; political, regulatory and public sector stakeholders; sectoral and supply chain stakeholders; charities, NGOs and lobbying organisations; legal and financial stakeholders; media and advisory organisations; regional, social, economic and environment stakeholders) to ensure we reached appropriate topic specific stakeholders by appropriate channels and mapping stakeholders to the appropriate engagement and collaboration method: strategic, consultative and informing. We identified 50 subgroups of stakeholders and this has been regularly updated throughout the ED1 period.

In addition to our director-led stakeholder advisory panels, we enhanced our strategic engagement with annual sub-regional open access workshops to reflect the diversity of the region and topic specific stakeholder engagement channels including connections, community and local energy, flexibility services, innovation and decarbonisation. We also reinforced our engagement with local t and national government representatives, this has been particularly important in the area of decarbonisation as regional targets have been developing. These was further complemented by a suite of supporting communication approaches including webinars, events, newsletters consultation and research.

Our engagement channels included, face to face meetings, round table events, webinars, surveys newsletters etc. However, in 2019, the impact of the coronavirus pandemic meant we quickly developed and embraced new digital ways of engaging our stakeholders and feedback from our panels. Our stakeholder survey suggests that stakeholders want some of the digital formats to be retained.

Our activity was reported annually to the regulator Ofgem via the Stakeholder Engagement and Consumer Vulnerability Report, available on our website www.enwl.co.uk

Consumer research however was less well developed in the early years of ED1, as a business as usual activity. While we carried out regular surveys and some focus groups, these tended to be very customer service focused and ad hoc.

We identified this gap and made a step-change in 2019, increasing our focus and resourcing to ensure customers voices were engaged and heard in the development of our ED2 business plan.

3.1 Triangulation

In 2019 (within ED1) we began our engagement for our ED2 business plan. Our first step was to review everything we knew to date. A process known as triangulation.

Triangulation is not about validating current or emerging thinking but deepening and widening understanding by capturing different dimensions of the same phenomenon so that new insights can be found to improve the overall quality of organisational decision making.

Triangulation is a process which will interpret a range of different inputs to our plans. It involves effectively 'stopping time' and identifying what has been learned during a specific period and recognising gaps in existing knowledge. Furthermore, it reflects on how information has been processed and informs further steps required.

While we already conducted triangulation in a way as part of our business-as-usual review of stakeholder comments, we knew we would have to add a level of rigour and expertise. In July 2019 following best practice visits to leading water and gas companies, we recognised that triangulation could be a valuable technique for understanding and applying insights gained from all stakeholder and customer engagement activity. For our initial triangulation report to give us a starting point for our business plan engagement, we brought in utilities research experts Impact Market Research which included three information sources:

1. Horizon scanning - to understand policy and regulatory developments and best practice in stakeholder engagement;
2. Review of research and engagement undertaken by the company; and
3. Operational data – to review everyday customer engagement with the company.

The insights captured in the RIIO-ED1 triangulation report, including but not limited to a gap analysis, are informing the development of our RIIO-ED2 plan.

Impact challenged us to bring together the wide range of insights across the business and provide a wide variety of content, from meeting notes to customer service information as well as engagement feedback from formal stakeholder engagement events. Seeing the value of triangulation, we brought the expertise in-house as we continued to develop our plan.

The value of triangulation is doing it continuously throughout a process to both check back and look forward, identifying themes and patterns as well as gaps or conflicts that require further engagement.

By dividing up our business plan engagement strategy into six distinct phases (*customer connection; electricity in my life; our plan for the future; sweating the detail; closing the loop; refine and submit*) we set out to perform triangulation after each phase (as well as after an initial pre-engagement phase). This allowed us to adapt and improve our programme as we went along adding nuance and detail to what we were asking and how we were asking it to give richer outcomes.

3.2 Customer segmentation

As well as triangulation, segmentation was another area that we knew would add value, having learnt from water networks and other organisations in general. An exercise already well established in commercial marketing settings, consumer segmentation was clearly something that could add value in our engagement programmes too.

We already split our stakeholders into groups based on their industry, level of interest, topics of interest etc to ensure inclusivity (one of the fundamentals of the AA1000APS approach). However, this was the first time we had done the same with consumers.

We understood consumers' journeys through our existing customer satisfaction research and ensured we had appropriate demographic representation on any research we carried out. What we didn't understand were customers' attitudes and behaviours and the prevalence of these in our region. By carrying out our own segmentation exercise, we were able to establish seven distinct groups of customers which give us a richer insight into who they are and how we can best engage with them.

Segmentation allows us to:

- Ensure we are engaging representative samples of consumers
- Understand different consumer groups and tailor engagement to them
- Analyse results of research by consumer segment to identify patterns to help us develop appropriate solutions.

3.3 Customers, consumers and stakeholders

We also recognised that while we carried out customer service research and stakeholder engagement, we identified we had a gap in customer and consumer engagement. Rather than engaging about customer service levels or asking focus groups for specific input about a particular scheme or communication channel, we broadened out our research *for customers (those who pay electricity bills) and consumers (those who use electricity).* This distinction is important as it

changes how we ask questions and who we ask them of and is particularly relevant when decisions impact bills and willingness to pay.

Young people for example are not customers, however they use our services, and could be called consumers, as well as future customers. It is right that we started more robust engagement with this important group.

During ED1 and the ED2 business planning process our advisory panels have provided valuable stakeholder input representing customer and consumer views and addressed material strategic issues such as decarbonisation and climate change impacts, fuel poverty, our support and services for customers in vulnerable circumstances. However, we recognised the opportunity to complement this with qualitative and quantitative feedback from customers.

We directly engaged with 15,000 customers, initially establishing a Voice of the Customer an on-line group to provide direct feedback and will develop that further in ED2. This was supplemented by an informed deliberative panel of representative customers who were provided with the information to engage, debate and inform our thinking and our priorities. The business plan development has also been challenged by willingness to pay research to ensure that stakeholders and customers not only agreed that we were focusing on the correct future priorities but also that they were willing to pay for them. The feedback from this research has been shared and challenged by our independent Customer Engagement Group (CEG).

We also decided to explicitly acknowledge that not all engagement is equal. The results of a quick poll on social media for example cannot be given the same weight and credence as a detailed formal quantitative study. Our new quality assurance process gave us a way to assess and express how robust each piece of engagement was and therefore how much weight it should have in our triangulation process. As part of this process we determine the materiality of evidence collected using three key tools:

1. A Quality Assessment Framework: taking into consideration aspects such as how robust, representative and accurate our findings are and their external validity
2. A set of principles for trading-off divergent views: guidelines for determining which evidence, if any, to place more importance on when stakeholders' views are different
3. A quantitative data weighting: used to appropriately reflect customers' and wider stakeholders' views in our decision making

Our approach places a different weight on customers' and stakeholders' views. Ultimately it is customers who will pay for any improvements, so they need the biggest say. Customers themselves can and should be divided into domestic and business customers and we use a proxy which combines the volume of these customers connected to our network and their electricity consumption to fairly represent them.

When carrying out quantitative work, we have given the following standard weighting to these three groups:

Segment	Weight
Household	51%
Business	29%
Stakeholder	20%

For some areas, that require more detailed background information and where we want to make sure we incorporate enough stakeholder expertise, we have created a bespoke weighting. This is applied for the topics of safety, resilience and net zero:

Segment	Weight
Household	45%
Business	25%
Stakeholder	30%

More information on this can be found in our stakeholder engagement methodology in appendix 1.
3.4 Independent challenge

We were one of the first distribution network operators (DNO)s to appoint a chair of our new Customer Engagement Group (CEG) for ED2 and announced the members of our group back in May 2019. This gave us a head start and the group's first meetings coincided with our development of our strategy for our business plan engagement. This enabled the CEG to input on our plans before we put them into action. They provided valuable insight which improved both documents.

We specifically chose a challenging group of individual experts who have added significant input, and value to our engagement and development of our business plan.

As part of the development of the CEG we appointed independent stakeholder representatives to chair our stakeholder advisory panels. We recognise the value that this has added to the process and the independent chair positions will be retained in ED2.

3.5 Stakeholder satisfaction research

We launched our first ever stakeholder satisfaction survey in December 2020, engaging over 200 participants and achieving excellent representation across our mapped stakeholder community. The survey measured overall satisfaction, attitudes towards the relationship held, future engagement preferences and improvement areas. The results indicated a strong correlation between the frequency of engagement, stakeholders' familiarity with our business and overall mean satisfaction (81%).

Satisfaction levels were 10% higher on average among advisory panel representatives where relationships are mature. This research told us that our engagement is *inclusive*, *meaningful* and *mutually beneficial*. During Covid-19, engagement has been migrated online and become more frequent and stakeholders have indicated they would like to continue with this model in the future with only 3% indicating they wished to engage less often. The survey will help to inform our ED1 activity and forward looking ED2 strategy.

- Do you agree with our definition of customers, consumers and stakeholders?

4. Approach for 2023-2028

Engagement isn't just for price controls and business plan development. We have embedded stakeholder engagement in our business and are committed to continuous improvement and building on our learning and achievements in ED1.

This means that we will maintain a high level of engagement throughout the ED2 price control period, reducing the potential risk of peaks and troughs of engagement and embracing the new digital ways of working implemented in recent years. We will also look to include additional engagement channels and support to ensure a broad and representative range of voices continue to influence our activities and outcomes.

In developing this strategy, we reviewed the feedback previously received on our approach by Ofgem through the ED1 Stakeholder Engagement and Consumer Vulnerability Incentive, Accountability assurance for that report, our stakeholder satisfaction survey and the direct input from a customer deliberative panel and our Chief Executive Advisory Panel in March 2021.

Our strategy will be:

- **strategic and proportionate**: based on the make-up of the region, strategic goals identified in the business plan and identified by stakeholder engagement;
- **robust and high quality:** using formal triangulation to bringing together regular customer and stakeholder engagement outputs
- **based on best practice**: approach based on externally recognised standards i.e. AA1000 Stakeholder Engagement Standard (SES) and AA1000 Accountability Principles (AP);
- **inclusive**: using a data-led approach to identify customers and stakeholders;
- **material**: using regular materiality and priorities engagement with stakeholders;
- **responsive:** using stakeholder feedback through a variety of two-way engagement channels; and
- **measured**: We will measure impact to deliver better outcomes for stakeholders and customers.

4.1 Strategic and proportionate

Our stakeholder engagement strategy aims to deliver the outcomes our stakeholders prioritise and value. We aim to better serve the region and its various network users, both domestic and industrial, rural and urban, and endeavour to reach representative stakeholders and customers, including those that are harder to reach, by understanding their current and future needs and expectations. This helps us to identify opportunities to continuously improve our services, manage uncertainty and risk and deliver greater value to our customers.

Our strategy supports our workforce by informing decisions and improvement plans. It is embedded in the organisation and receives support from executive level management, but also continuously evolves in line with external benchmarks and stakeholder priorities. The strategy will continue to be aligned to the AA1000 Stakeholder Engagement Standard (AA1000 SES, 2015), a best practice framework for stakeholder engagement, and the AA1000 Accountability Principles (AA1000AP, 2018) of Inclusivity, Materiality, Responsiveness and Impact.

Our guiding principles of engagement strategy will be linked to our core Purpose and Principles (Fig. 4) and support the wants and needs of our stakeholders and customers

Fig 4 Stakeholder engagement principles

Stakeholder engagement principles

We're switched on		We're adaptable		We take pride	
Stakeholder engagement informs our business decision-making	We engage with a wide range of stakeholders to capture the views of the customers and communities we serve	We understand our stakeholders' preferences and engage with them in line with their preferred channel	We continually grow our understanding and adapt our business as a result of listening to the experiences of our stakeholders	Our feedback to stakeholders is transparent on the issues they've raised and they hold us to account	Everyone is empowered to act on what they learn

We will base our engagement on the strategic priorities identified in our ED2 business plan and identified by stakeholder engagement around the three main themes of Network, Customer and Environment. Under these three themes sit seven priority areas, along with other overarching priorities of providing value for money, keeping bills as low as possible and raising awareness (Fig. 5). Our strategy will also recognise the diverse regional differences across Cumbria, Lancashire and Greater Manchester (and other adjoining regions) and their particular stakeholder priorities.

Fig: 5 ED2 Strategic priorities

Network	Customer	Environment	Other
• Delivering a reliable network • Building a resilient network • Keeping employees and customers safe	• Meeting our customers' needs • Supporting customers in vulnerable circumstances	• Helping the North West become carbon neutral • Electricity North West's direct environmental impact	• Providing value for money • Keeping bills as low as possible • Raising awareness

4.1.1 Senior level buy-in

Customer and stakeholder engagement is at the heart of our Purpose, business planning and decision making. Our engagement channels, detailed in section 4.6 (Fig. 8) will continue to have executive level buy in and regular reporting into our executive and board with all colleagues empowered to seek and act on engagement.

We will:

- Retain our advisory panel structure and continue to have executive and senior level buy in

- Internal governance and coordination will have executive and senior level buy in

- Monthly reporting to the executive and regular Board updates and reporting on stakeholder engagement, insight and triangulation

- We will continue to be proactive and empowered at all levels within the organisation, including our CEO and executive leadership team leading by example through two-way strategic engagement. An example is our attendance on regional infrastructure boards and our own CEO advisory panel.

4.2 Robust transparent and high quality

As part of our strategy we are committed to maintaining regular and open reporting of our stakeholder engagement approach irrespective of regulatory requirements and will develop internal reporting and governance structures to facilitate this.

We have seen the value of triangulation during our business plan development as a way of articulating differing points of view to aid decision-making. We will maintain regular triangulation throughout ED2 ensuring that we are explicitly incorporating a range of inputs and data to improve our planning and focus. Triangulation will help ensure that our ongoing engagement is relevant and targeted as well as being robust and proportionate, helping identify and fill gaps.

We will do this by

- Producing a voluntary annual stakeholder engagement report
- Maintaining quarterly triangulation of research and stakeholder insights to inform the executive leadership and decision making

4.3 Based on best practice

We will implement and develop a stakeholder strategy based on best practice and seek to incorporate learning from within and beyond the sector, as appropriate. Throughout the ED2 price control period we will:

- maintain our strategic approach following the principles of AA1000APS and SES (Fig. 6).
- we will continue to report openly and benchmark our performance despite anticipated changes in the regulatory requirement for reporting in ED2.
- develop an appropriate programme and channels of engagement that recognises and responds to the insight provided by stakeholders, customers, consumers and future customers
- take a dynamic approach to updating our stakeholder network and will proactively look for opportunities enhance and grow it based on material topics of interest and engagement with a broad and inclusive range of customers and stakeholders across the diverse region

As well as following the AA1000APS we will also look at best practice from inside and outside our industry. This is a key part of our ongoing triangulation to make sure that we do not miss opportunities and information provided by other sectors.

Fig.6 AA1000APS engagement framework

4.4 Inclusive

We serve a diverse population of stakeholders across the North West who are impacted by our activities and have varying engagement interests, power and time to influence our services. Our ambition is to involve the widest possible range of stakeholders and customers, including those who are harder to reach or seldom heard.

We define:

- **Stakeholders** as an individual or organisation that are affected by us, influence our performance or we have a legal, financial or operational responsibility to
- **Customers** as those who pay electricity bills
- **Consumers** as those who use electricity - including young people and future customers

(NOTE: Hard to reach is defined as customers / stakeholders or groups who our business impacts in some way, and for whom the lack of engagement could be to their or our detriment. Lack of engagement could be through limited capacity, awareness or appetite, or a belief that their participation will not make a difference. We recognise that we need to continually scan for groups that are seldom heard and where we identify them take extra steps to ensure we understand their needs and wishes.)

As identified in ED1, we will continue to evolve our programme of stakeholder and customer engagement activity including our regional approach and youth engagement. We will strategically identify customers and stakeholders based on the recognised standard AA1000APS (Fig. 7) and recognise the regional differences from Cumbria to Greater Manchester. We will ensure appropriate and proportionate representation and use a variety of data sources and triangulation to inform our engagement. This will include: using social data, regional mapping, stakeholder identification and customer segmentation, including both domestic and business customers, those in vulnerable circumstances, future customers and those who are hard to reach.

Fig. 7 Identifying stakeholders using AA1000APS

Based on the above approach our ED1 stakeholder mapping indicates that our stakeholder community is currently split into 50 segments which cut across our geographically diverse region. This will remain under review.

We will ensure inclusivity by:

- Regular review of our stakeholder database
- Regular stakeholder mapping exercise and take a dynamic approach to updating our network and proactively look for opportunities to enhance it based on engagement gaps and material topics of interest and engagement with a broad and inclusive range of stakeholders
- Identify opportunities and reduce barriers to engage with new and hard to reach stakeholders and those representing electricity users in vulnerable circumstances
- Develop further our approach to regional and local government engagement
- Regular stakeholder satisfaction survey to inform our strategy and develop our approach
- Build on the qualitative and quantitative research included in our business planning process and retain customer research and the deliberative panels to ensure customer, consumer and stakeholder voices continue to be heard
- Develop our focus on youth engagement as an important future customer audience
- Maintain and develop an appropriate range of communication channels to encourage engagement including in person, online and develop appropriate materials in a range of different formats such as website translation tool and support to enable digital inclusion
- Work with partners and existing stakeholders to reach seldom heard voices
- Develop a customer in vulnerable circumstances panel (as part of the Electricity Users in Vulnerable Circumstances Strategy)
- Retain qualitative and quantitative research with a range of customer segments

4.5 Material

Following the AA1000APS we always strategically work to ensure that any engagement we do is material. We will continue to align our engagement to issues that are material to delivering our Purpose and strategic objectives and those that are material and important to stakeholders and customers.

Rather than focusing on general materiality – i.e., topics that were of interest to both the organisation and stakeholders – we will develop our approach to ensure individual stakeholders were being engaged on the key topics that they were most interested in.

Using gap analysis, we will track engagement against our pre-defined top tier stakeholder list, ensuring that we don't settle for engagement that comes our way. Based on our guiding principles (Fig. 4) we will proactively make sure that the stakeholders we have identified have engaged effectively and we support them to engage with us so that neither side misses an opportunity to share information.

When new material issues are identified, we will work with stakeholders to strategically consider and develop appropriate engagement channels.

We will do this by explicitly making sure we:

- Run materiality exercises every two years
- Engage with relevant stakeholders based on relevant topics
- Ask all stakeholders which topics they want to engage on
- Regular stakeholder mapping to ensure alignment to material topics
- Help stakeholders engage if they are struggling to do so

4.6 Responsive

Our strategy reflects that the scale and format of engagement changed considerably in the final years of ED1 to be responsive to customer and stakeholders' preferences to engage online, more frequently and on strategic priorities. We will retain a dynamic approach which seeks continuous feedback across a wide range of material issues in open, two-way channels which our internal reporting and governance structures can act upon quickly.

We will also maintain and develop an appropriate suite of channels to engage externally with a representative balance of stakeholders and customers and keep those less engaged informed (Fig. 8).

We will do this by:

- Retaining and developing the channels that worked well throughout ED1
- Enhancing and embedding the channels that worked well in the creation of our ED2 business plan
- Retaining independent chairs for our customers in vulnerable circumstances and sustainability advisory panels and regularly review membership to ensure appropriate representation and inclusivity
- Incorporating appropriate new channels of engagement as identified by our strategic approach, research, our stakeholders or by best practice

Fig. 8 Stakeholder and customer engagement channels

Stakeholder feedback is embedded across the business and in ED2 we will continue to maintain and develop an appropriate variety of engagement channels (Fig. 8) to receive and respond to customer and stakeholder feedback and insight. We will use a range of tools to identify opportunities and determine actions, re-visit goals, and plan their next steps for future engagement.

In a changing environment it is important to continuously engage with our stakeholders to understand their shifting priorities so that we can achieve our Purpose. We recognise that over the period of ED2 priorities within the Business Plan may change and new issues may emerge that need to be reviewed and addressed. We will regularly review our strategic priorities with our stakeholders and openly share progress against our business plan commitments in ED2 and, as we did in ED1, ask them to help us shape and agree any new or changed commitments.

We will do this by:

- Our guiding principles will inform our approach
- We will use a variety of data sources from customer service information to meeting reports and minutes, alongside formal qualitative, quantitative and willingness to pay research.
- We will regularly ask stakeholders about their priorities, which topics are material and they want to engage on
- Develop suitable channels of communication to help stakeholders struggling to engage or who want to engage more (as identified by our stakeholder research)

- We will continue to obtain valuable and strategic input from our colleagues, advisory panels, regional engagement workshops with stakeholders and bilateral engagement and be agile and create new topic led forums as required
- Stakeholder engagement will be supported by executive led internal governance and feed directly into our triangulation insights and business planning through executive reporting and active involvement.

4.6.1 Delivering outcomes that customers are willing to pay for

The ED2 business plan has been developed using extensive customer and stakeholder research including willingness to pay research. Using willingness to pay data and social return on investment (SROI) during ED1, we were able to calculate the wider societal benefit of some of our projects and initiatives and this helped to inform wider business decision making to ensure best value for customers. We will continue to measure and report against key outcomes including measuring social return on investment (SROI) and incorporate as necessary to sit alongside developing cost benefit analysis (CBA) models to inform business decisions alongside stakeholder engagement. We will check back with customers and stakeholders to ensure the outputs meet their expectations.

We recognise that this increased activity and focus on stakeholder and customer engagement will require additional resource and remain mindful of customer affordability and collaborate where possible to achieve best value engagement. We have feedback from engagement supporting our approach to invest further in this area.

Our stakeholder satisfaction survey 2019/20 indicated that for those that had less engagement with us nearly 50% wanted more across a variety of channels.

[NB. We also asked our deliberative panel about ongoing engagement specifically in March and will updated this plan with any material feedback from the discussions when we receive our formal report.]

We will:

- Measure the impact and outcomes of our activity
- Use our stakeholder mapping and research to identify and engage more with those stakeholders who want to do so
- Retain the regular stakeholder satisfaction survey to inform our strategy and approach
- Ensure that customers and stakeholders are consulted and willing to pay for new commitments

4.7 Transparent and measured

As part of our commitment to open and transparent engagement we will annually publish our process as well as progress against key commitments included later in this document. As part of our ongoing engagement we will revisit and share subjects with customers and stakeholders to inform them of our decisions and why we have made them.

We will retain a regular stakeholder satisfaction survey to help inform our approach, identify areas for improvement and ensure that we are meeting the needs for our stakeholders. We will aim to maintain the satisfaction levels achieved as a result of the greater engagement involved in developing the business plan throughout the five-year ED2 price control period.

We will:

> - Annually publish our progress against key commitments and openly report stakeholder engagement outcomes
> - Continue to benchmark and improve our performance (i.e. Accountability Health Check)
> - Develop appropriate channels of communication and engagement that recognises and responds to the insight provided by stakeholders, customers, consumers and future customers
> - Maintain channels to keep those less engaged informed
> - Retain our stakeholder engagement satisfaction survey and aim to maintain an average mean satisfaction above 80% across the five years of the price control

Our strategy will be to engage to deliver better outcomes for our stakeholders and customers. This will ensure that as an organisation we can deliver the needs of the business plan, including:

• **Enhance our understanding** – stakeholder and customer engagement, including dialogue, research and insight, increases our understanding of our operating environment and of our stakeholders' and customers' wants, needs and priorities, now and for the future. Better understanding provides more credibility to our ED2 business plans commitments and ensures our planned outcomes are aligned to future needs.

• **Respond to change** – what stakeholders and customers need from the energy sector is rapidly transforming. Strong engagement is identifying those changes which are material to our business, now and for the future, helping us to respond appropriately to them

• **Manage risk** – from incidents to major economic changes, having strong, effective relationships in place means that we can respond better as circumstances change. Our risk approach is aligned to the company's strategic risk management approach and includes reference to the company's classification of risk through our strategic risk register. As the outcome of our ED2 settlement could have a significant impact on our business and our customers, engagement is also a useful risk mitigation tool for risks associated with delivering a robust, ambitious and stakeholder-driven ED2 business plan

• **Freedom to operate** – working closely with local communities, for example, when we're undertaking disruptive work increases understanding for all sides and enables us to complete work more efficiently.

- Do you believe that we should continue to engage with customers and consumers as well as stakeholders on general and strategic topics as well as the existing research on service?
- How far should we go to engage hard-to-reach customers and stakeholders?
- Are there any other methods of engagement we should be delivering?
- Do you think that this approach is appropriate to meet the needs of customers and stakeholders ensuring they have a strong voice in our activity?
- Do you agree with our strategic approach and continued annual reporting / benchmarking?
- Are the guiding principles of engagement clear and relevant?
- Do you think that this approach is appropriate to meet the needs of customers and stakeholders ensuring they have a strong voice in our activity?
- How can our engagement be improved with customers, consumers or stakeholders?
- Do you agree with the continued use of informed stakeholder advisory panels and customer deliberative panels to guide our activity in key areas – are any areas missing?

5 Commitments

Commitment	Detail	Measure
1. Ongoing triangulation	We will continue triangulation quarterly throughout ED2.	We will publish summaries of our triangulation reports which will feed into our annual stakeholder report (commitment 10) and share these with our Executive Team and Board.
2. New CRM for stakeholder engagement	We will invest in a new customer relationship management tool to enable more efficient interactions with stakeholders and recording of data	New CRM in place and being used by business by 2023 and report engagement in the annual stakeholder report. We will identify and measure meaningful engagement with priority stakeholders.
3. Stakeholder and customer advisory panels	We will retain and develop our stakeholder advisory panel approach, creating a new panel for customers in vulnerable circumstances and DSO and form topic specific panels as necessary. We will retain independent chairs for our sustainability and customers in vulnerable circumstances panels We will run 3 sub-regional open access stakeholder workshops each year	We will deliver at least quarterly panels for sustainability and customers in vulnerable circumstances and twice-yearly CEO panels. We will measure panel member satisfaction and report in the annual stakeholder report. Target of 90% satisfaction with stakeholder panel members. Regional workshops and other public access events will be promoted on the website
4. Stakeholder identification	We will undertake a stakeholder mapping exercise every two year to ensure we capture changes in our customer and stakeholder population.	Updates to be included in annual stakeholder report.
5. Customer research (inc deliberative panel and other groups)	We will run regular qualitative and quantitative customer research, focusing not just on customer service, but other key areas of our business to ensure customers continue to inform our activities and priorities. We will continue to run our customer deliberative panel, with at least 30 members of the public who will meet every quarter to help inform our activities and provide insight.	We will engage with statistically robust and representative sample of at least 2,000 customers a year though research to inform our ongoing activities and priorities. Results will be included in annual stakeholder report. Results of discussions included in annual stakeholder report. Target of 80% satisfaction with the customer panel from members

6.	Regular stakeholder satisfaction research	We will run our stakeholder satisfaction survey every two years and aim to increase satisfaction year on year.	We will aim to survey a statistically robust and representative sample of at least 200 stakeholders and maintain an average 80% satisfaction across ED2 and aim to achieve a stretch target of 83%.
7.	Customer and stakeholder materiality exercises	We will run materiality exercises with customers as well as with stakeholders, every two years.	Results reported in annual stakeholder report.
8.	Engagement with hard-to-reach groups (including youth engagement)	We will identify and reach harder to reach groups, including through continued youth engagement across the region. We will work with partners to identify and connect with seldom heard voices	Results reported in annual stakeholder report
9.	Voluntary annual stakeholder report	We will report annually on our progress against these commitments and openly report stakeholder outcomes.	Publication of annual report
10.	External stakeholder engagement benchmark improvement	We will improve our Accountability health check score year on year and aim to reach XX% *by the end of ED2 from our 2021 baseline of XX%.	Meeting targets to reach XX% maturity by 2028.

* assessment currently underway @April 2021. Targets will be set based on baseline.

- Do you agree with our commitments?
- Do you think our suggested timings for engagement via different channels are appropriate?
- Is anything missing that you would like to see included?