

**electricity**  
**north west**

Bringing energy to your door



# An introduction to Electricity North West and stakeholder engagement

*RIIO-ED2*

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[www.enwl.co.uk](http://www.enwl.co.uk)

# Welcome to Electricity North West



# Here for the North West



- We're the North West's power network.
- Our overhead lines, underground cables and substations bring power to 5 million people in 2.4m homes and businesses.
- We invest billions of pounds in the region focusing on key areas of **safety, reliability, customer service** and **net zero**.



Number of  
customers 2.4m



Overhead  
lines 12,519km



Underground  
cables 44,872km



Submarine  
cables 23km

Total  
network  
length  
57,415km

**POWER CUT?  
CALL 105**

We deliver a  
reliable essential  
service for  
everyone in the  
North West,  
24/7.





# Delivering for the North West



- 99.99% reliability
- 90% customer satisfaction
- £120 per household per year
- 24/7 response and support
- Free extra care register for those in need
- Leading the North West to net zero

We're proud to be the essential team that everyone who lives and works in the North West relies on.

## The leading DNO

**Most innovative**  
DNO in ED1  
according to Ofgem  
innovation rewards

Consistently  
**outstanding performance**  
Only DNO Group rated green in every Ofgem category for last five years running

- ✓ Reliability and availability
- ✓ Connections
- ✓ Social obligations
- ✓ Customer service
- ✓ Environment
- ✓ Safety

**Most efficient**  
DNO in ED1  
according to Ofgem  
assessment

**Most reliable**  
network outside  
London

**Globally recognised  
innovation**  
through CLASS

Only DNO to commit  
to and deliver  
**no  
worst-served  
customers**  
in ED1

**Most advanced**  
digital Network  
Management System  
in Europe

# International investment for the North West



Electricity North West is a private company with investors. We raise money to invest in the network through our investors (equity) and through securing loans (debt). This allows significant investment when needed, which is then repaid through bills over a long period.

Our two main investors are: **Equitix** (a British-based global investor including pensions funds) and a Japanese consortium (including Japan's electricity network operator, **Kansai Electric Corporation**) as well as other international investment funds.



From 2023-2028  
we will invest  
over £2bn in the  
North West.  
**That's more than  
£1m a day.**



# Value for the North West



Our prices are some of the lowest in the country.

Whichever supplier you pay your bill to, a small portion comes to us to fund the network.

Over the next five years our part of bills will be around £120 a year, that's just 30p a day.

In the same period we'll invest £2bn.

Future proofing and investing in your network

Innovation and performance incentives

**£120**  
of a typical average domestic bill pays for...

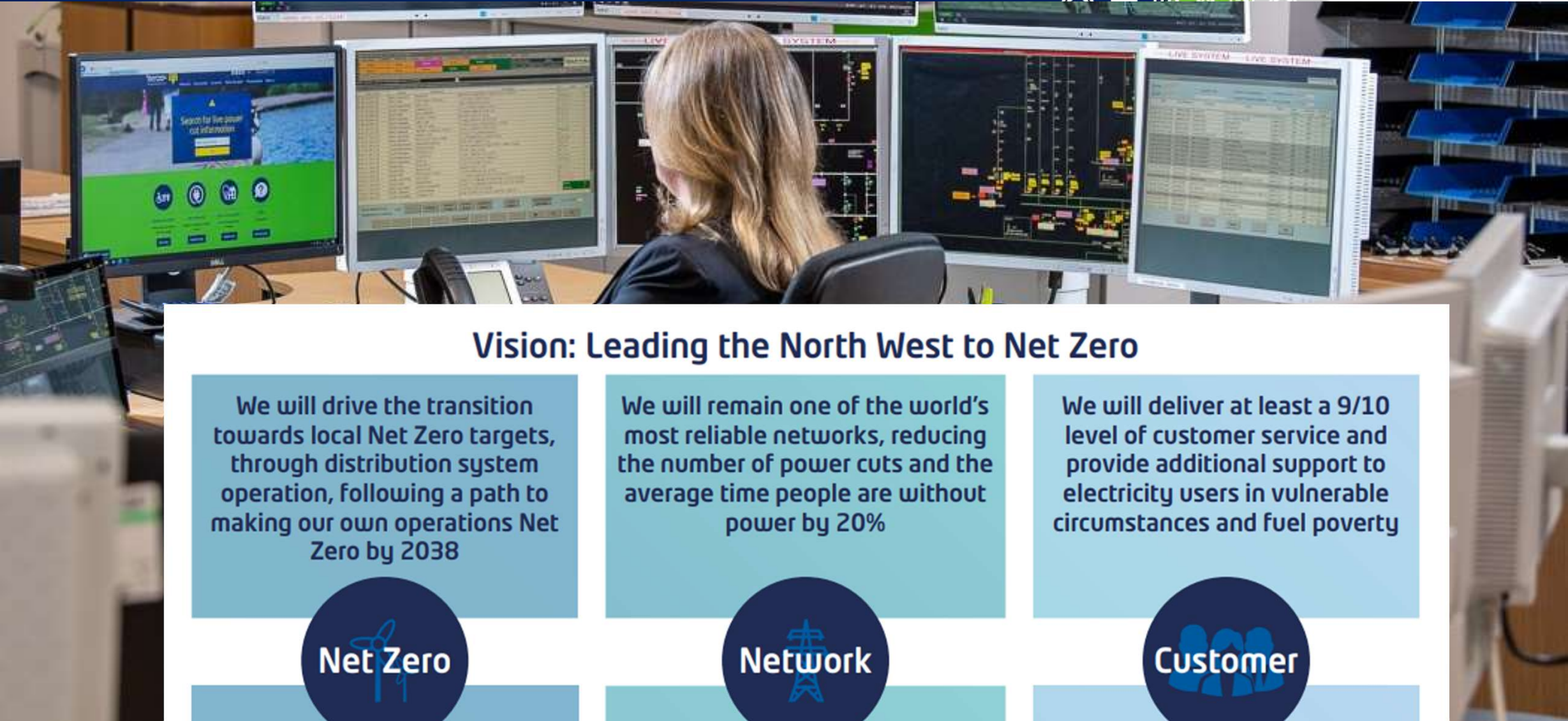
**Electricity north west**  
Bringing energy to your door

24-hour power cut response

Taxes and licence fees

Cost of financing  
Our investors typically receive a return of around 6%

# Outcomes for the North West



## Vision: Leading the North West to Net Zero

We will drive the transition towards local Net Zero targets, through distribution system operation, following a path to making our own operations Net Zero by 2038

NetZero

We will remain one of the world's most reliable networks, reducing the number of power cuts and the average time people are without power by 20%

Network

We will deliver at least a 9/10 level of customer service and provide additional support to electricity users in vulnerable circumstances and fuel poverty

Customer

# Regulatory context

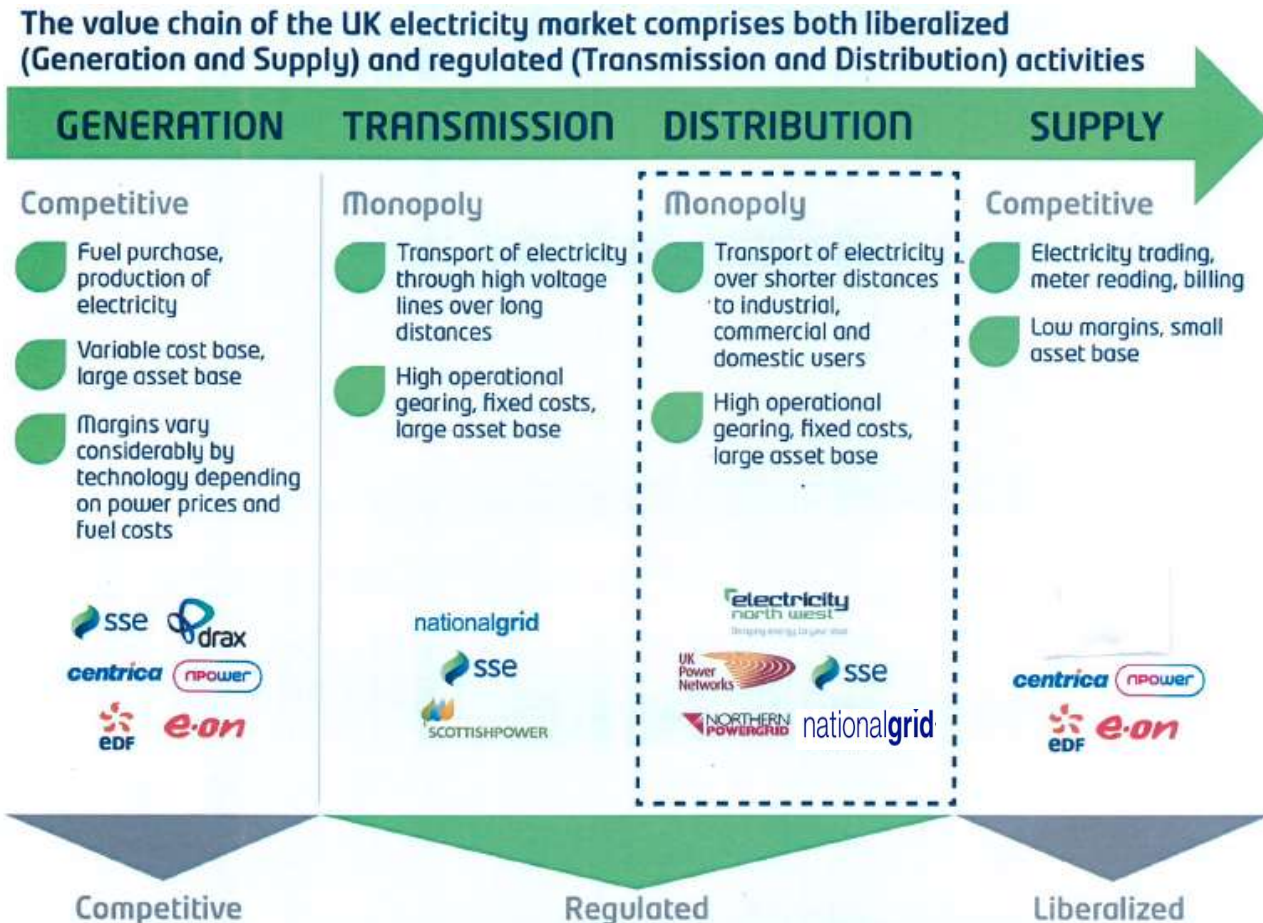




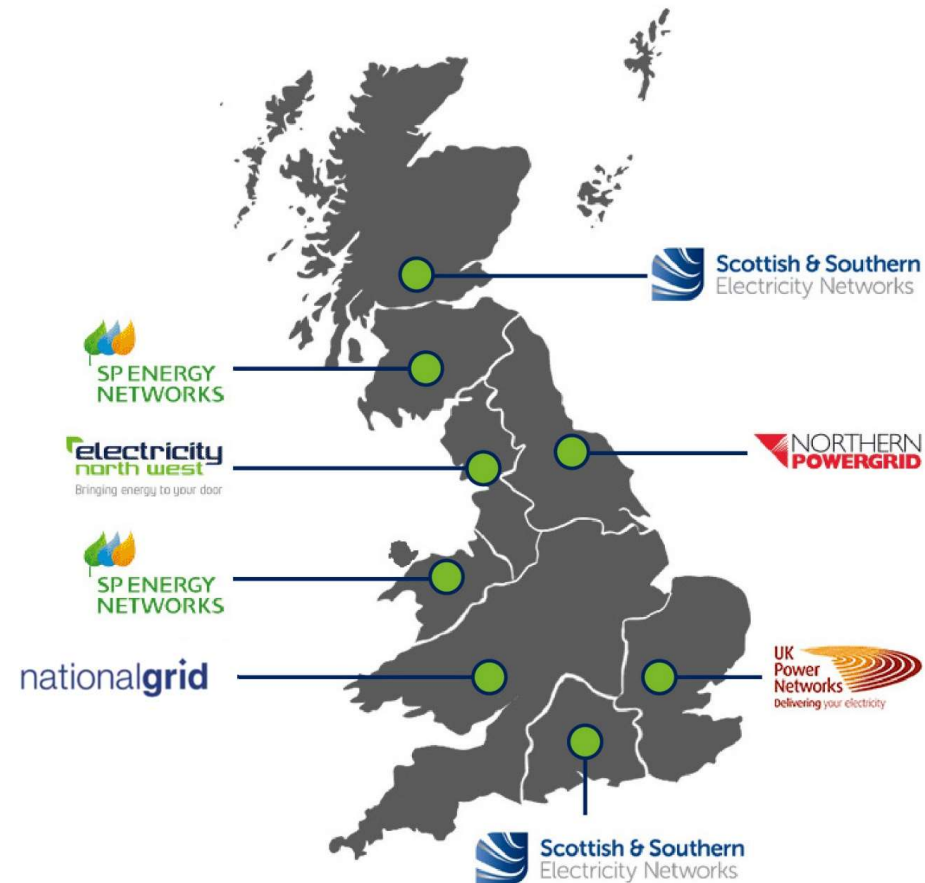
# Where does Electricity North West fit in the wider electricity industry?



- In 1990, the electricity industry was privatised (from Government to private ownership) and separated into Generation, Transmission, Distribution and Supply sub-sectors
- The figure shows the type of markets these four sub-sectors operate in. We operate in the Distribution sub-sector:



# England & Scotland Distribution Network Operators (DNOs)



# Electricity North West has a monopoly



- Natural monopoly - exists due to the high fixed or start-up costs of conducting a business in a specific industry
- Most efficient structure for the networks e.g. couldn't have 6 cables going into each property
- As a monopoly we are regulated by our economic regulator 'Ofgem'
- Economic regulation aims to promote effective competition where this is possible as well as to provide a proxy for competition where this is absent
- Ofgem sets the "rules" for a "price control" period
- For ED1 and ED2 the model of regulation is 'RIIO'





# The RIIO Framework

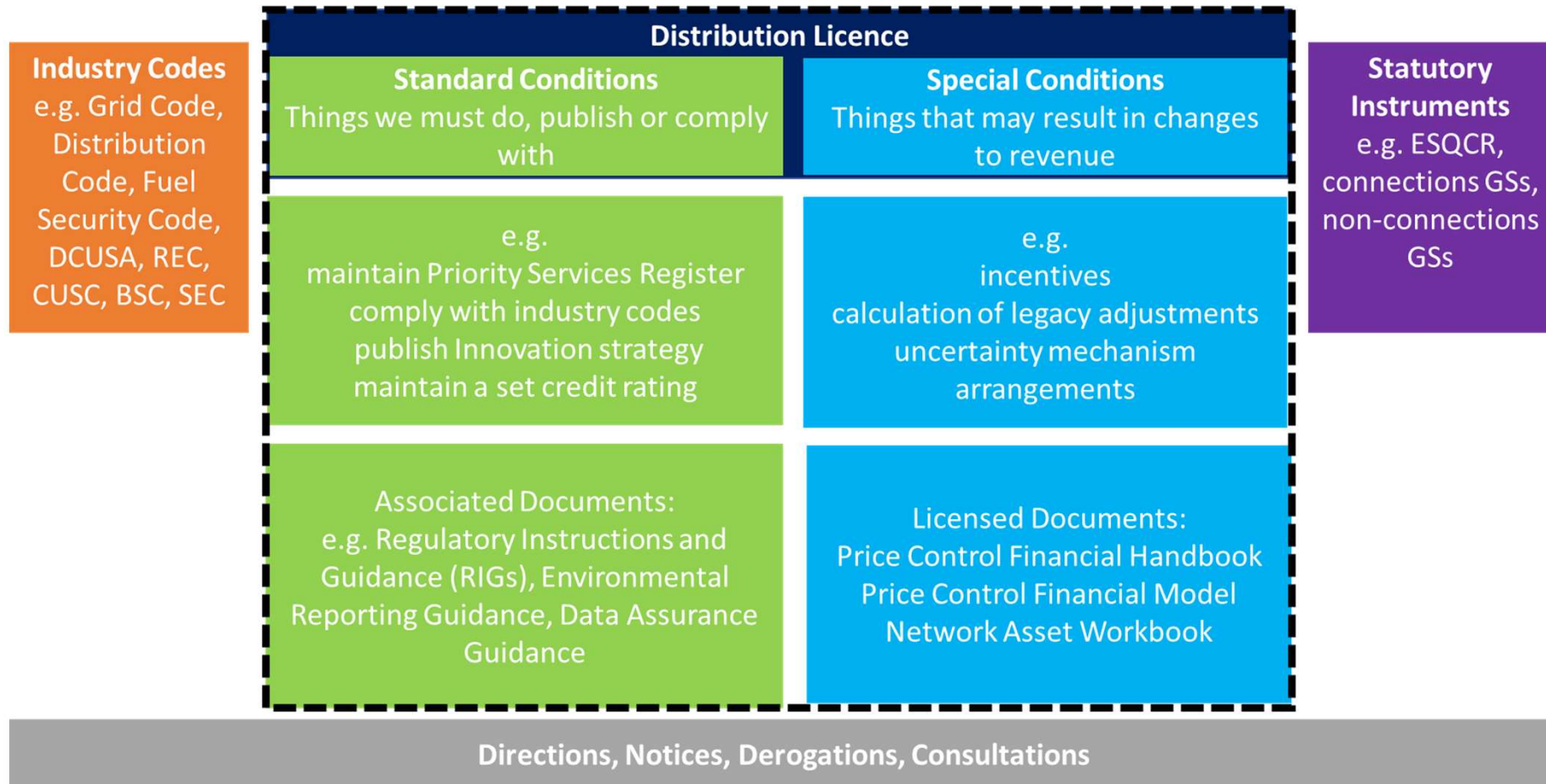


<b>Revenue</b>	Constraint on revenue set up front to ensure: <ul style="list-style-type: none"><li>• timely and efficient delivery;</li><li>• network companies remain financeable;</li><li>• transparency and predictability; and</li><li>• balance costs paid by current and future consumers.</li></ul>
<b>=</b>	
<b>Incentives</b>	Deliver outputs efficiently over time with: <ul style="list-style-type: none"><li>• focus on longer term;</li><li>• rewards and penalties for output delivery performance;</li><li>• symmetric upfront efficiency incentive rate for all costs; and</li><li>• use of uncertainty mechanisms where they add value for consumers.</li></ul>
<b>+</b>	
<b>Innovation</b>	Technical and commercial innovation encouraged through: <ul style="list-style-type: none"><li>• core incentives in the price control package;</li><li>• the option of giving responsibility for delivery to third parties; and</li><li>• innovation stimulus giving support and “prizes” for innovation, building on the Low Carbon Networks Fund.</li></ul>
<b>+</b>	
<b>Outputs</b>	<ul style="list-style-type: none"><li>• outputs set out in the licence;</li><li>• consumers know what they are paying for;</li><li>• incentives on network companies to deliver; and</li><li>• outputs that reflect enhanced engagement with stakeholders.</li></ul>

# Licence Structure



## Electricity Act 1989, as amended by Utilities Act 2000



# Stakeholder engagement at ENWL





# Why do we conduct stakeholder engagement?



Stakeholder engagement is embedded in our company Purpose and Principles. Working together is core to our Purpose. Engaging with others and acting on what we hear is vital.

Why?	Identify opportunities to improve services	Manage uncertainty and risk	Share learning and influence	Deliver greater value to our customers
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The way in which we engage with stakeholders is informed by our six guiding principles:

Company purpose	Together we have the energy to transform our communities		
Guiding principles	We're switched on	We're adaptable	We take pride
	<p>Stakeholder engagement informs our business decision making</p> <hr/> <p>We engage with a wide range of stakeholders to capture the views of the customers and communities we serve</p>	<p>We understand our stakeholders' preferences and engage with them via their preferred channel</p> <hr/> <p>We continually grow our understanding and adapt our business as a result of listening to the experiences of our stakeholders</p>	<p>Our feedback to stakeholders is transparent on the issues they've raised and they hold us to account</p> <hr/> <p>Everyone is empowered to act on what they learn</p>

# Our stakeholder engagement process



- A successful engagement process sets in place a strong foundation for the work that Electricity North West and stakeholders do together.
- Engagement requires multiple opportunities for collaboration, communication and consultation.
- Meaningful engagement is where both parties feel respected and an integral part.
- The five-step approach we have embedded is illustrated in the wheel diagram opposite.
- Engagement rarely, if ever 'stops' it continues as our stakeholders' needs evolve over time.

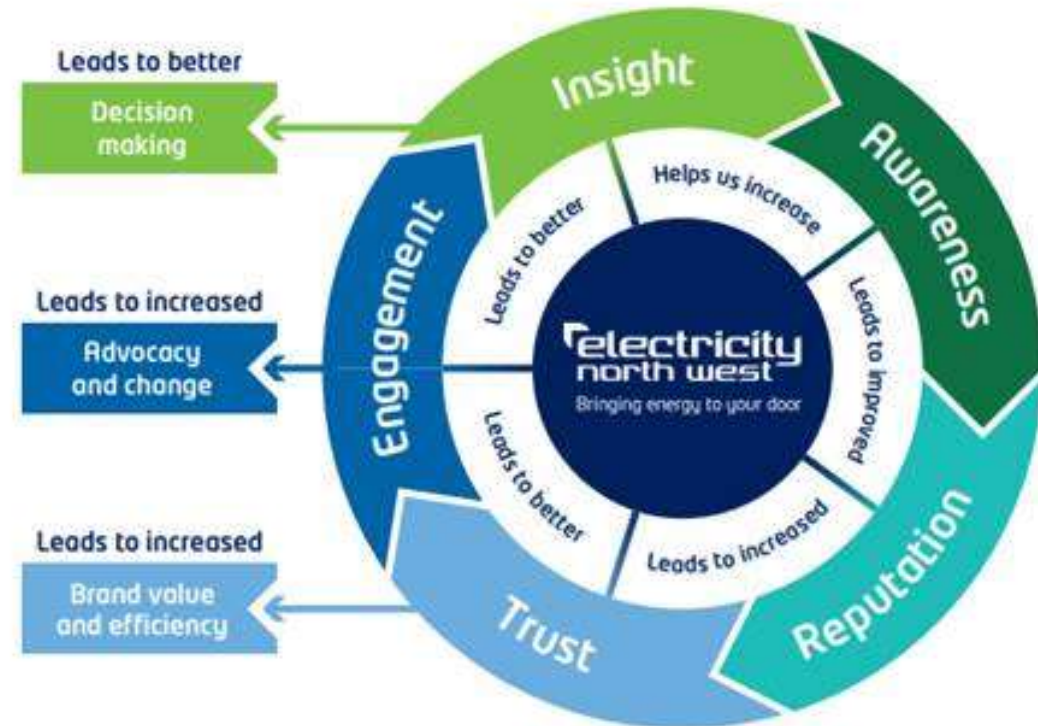


# Stakeholder Engagement is a catalyst to change



Building trust and collaborating are critical to delivering the outcomes our stakeholders value.

We are true advocates for our stakeholders and measure their trust in us through ongoing reputation tracking. Insight from engagement drives informed decision making, to ensure we best serve our communities.





# Who are our stakeholder groups?



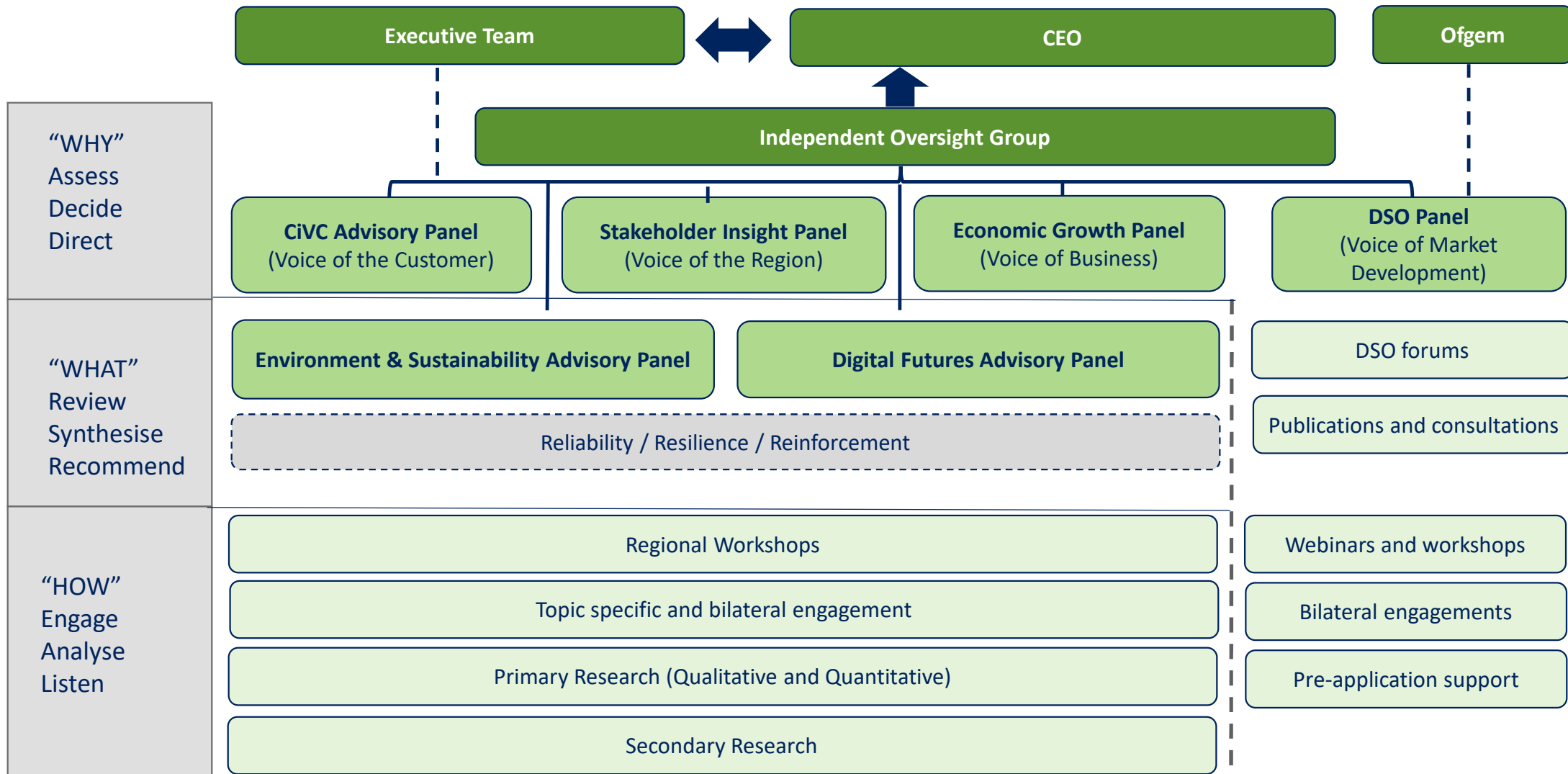
- Each stakeholder group is engaged and looked after by a number of colleagues and directorates across the business.
- Our stakeholders typically have access to different subject matter experts across the business.
- Engagement with each group could happen daily, weekly, monthly or yearly depending on the topics we discuss and support we need.

53

stakeholder  
groups

<b>A Consumers</b>	Domestic customers – current and future	Priority Service Register customers	Connections – dom and bus customers	Businesses (SMEs, large or heavy users)	Community and local energy groups	Housing and building developers
<b>B Political, regulatory and public sector stakeholders</b>	Regional Members of Parliament	Regional local authorities	Office of Elected mayors	Government departments e.g. BEIS	Regulators e.g. Ofgem, HSE, EA	Local enterprise partnerships (LEPs)
	Universities	Emergency services	Emergency services - resilience	Schools	Healthcare providers	Transport providers
<b>C Sectoral and supply chain stakeholders</b>	Employees	Pension trustees	Electricity suppliers	Electricity generators	Contractors and suppliers	Network Operators (ENA)
	Specialist consultants	IDNOs	Transmission System & Network Operators	Other utilities	Trade Unions	Flexibility Providers
<b>D Charities, NGOs and lobbying organisations</b>	Consumer protection representative bodies	Agricultural representative bodies	Environmental campaign groups	Information suppliers	Trade Associations	
	Community Energy Groups	Responsibility framework partners	Cyber resilience Forums			
<b>E Legal and financial stakeholders</b>	Shareholders	Investment banks – bond holders	Insurers	Ratings agencies		
<b>F Media and advisory organisations</b>	Local and regional media	National media	Trade media	Accreditation bodies	Social media	
<b>G Regional social, economic and environment stakeholders</b>	Regional customer community groups	Regional consumer representative bodies	Regional environment charities	Regional National Parks	Landowners (e.g. National Trust)	Regional fuel poverty representatives

# Stakeholder engagement channels for ED2



## Role of our stakeholder advisory panels



- Ensure ongoing stakeholder and customer input into ENWL's decision-making processes during RIIO-ED2
- Review ENWL's delivery/implementation of its ED2 business plan commitments
- Challenge ENWL to improve and to keep delivering the best service to its customers
- Act as a 'critical friend' to ENWL; understanding challenges, expressing views about key issues and priorities, advising and co-creating policies and implementation approaches
- Review and advise on our fulfilment of our 'licence-to-operate' with the communities we serve
- Act as an advocate for ENWL, its customers and stakeholders



# Panel responsibilities and membership



Panel	Responsibility and priorities	ELT sponsor	Panel Chair and stakeholder members
Independent Oversight Group	High level BP commitments scrutiny/ Critical friend / Reopeners	Paul Bircham (Safety Compliance and Markets Director)	Jayne Scott Independent advisory panel chairs
Stakeholder Insight Advisory Panel	Stakeholder Engagement Strategy / ESG / /Workforce resilience and skills / Future customers /Education	Paul Bircham (Safety Compliance and Markets Director)	Jo Lappin Local Authorities, LEs, regional business and stakeholder representatives
Economic Growth Advisory Panel	Major Connections Strategy / Reliability / Resilience / Reinforcement / Network EV Strategy	Steph Trubshaw (Customer Services and Connections Director)	Elise Wilson Business customers, business connection customers and reps (eg IDNO, Housing Associations, telecoms), Local Authority economic and strategic planning
Customers in Vulnerable Circumstances Advisory Panel	Electricity users in Vulnerable Circumstances Strategy	Steph Trubshaw (Customer Services and Connections Director)	Jenny Willis Charities and customer representative groups and delivery partners
Environment and Sustainability Advisory Panel	Environmental Action Plan Net Zero / Climate resilience / Community & Local Energy Support / Losses	Paul Bircham (Safety Compliance and Markets Director)	Todd Holden Environmental groups, charities and consultants, regional business, local authority sustainability representatives and academics
DSO Stakeholder Panel	DSO Transition Strategy Network planning / Flexibility services / Whole systems	Ben Grunfeld (Asset, Technology, Strategy and Growth Director)	Andrew McIntosh Regional authorities, flex provider, IDNO, community & local energy, aggregator, supplier
Digital Futures Advisory Panel	Data Strategy Digitalisation Strategy Cyber Resilience Plan	Ben Grunfeld (Asset, Technology, Strategy and Growth Director)	TBC IT/technology groups, academics and regional business IT representatives.