

Together we have the energy to transform our communities

Our Stakeholder Engagement Activities and The Outcomes We Have Delivered

Part Two

Ofgem Stakeholder Engagement and Consumer Vulnerability Incentive 2020/21



Electricity North West Limited
Registered number 02366949

electricity
north west
Bringing energy to your door

Welcome to our Part Two submission for Ofgem's Stakeholder Engagement and Consumer Vulnerability (SECV) Incentive for the regulatory year 2020/21.

Electricity North West is one of 14 distribution network operators (DNOs) in Great Britain regulated by Ofgem. As the only single licence DNO we have a determined focus on the North West and are proud of serving over five million customers with excellent performance and high levels of ambition.

We champion the region we serve and are proud that our network keeps our customers' lives running by making sure the electricity flows safely for every minute of every day.

We're responsible for operating, maintaining and upgrading 13,000 km of overhead power lines, more than 44,000 km of underground electricity cables and much more across Cumbria, Lancashire and Greater Manchester. This covers a diverse range of terrain and communities, from isolated farms and villages in rural areas such as the beautiful Lake District, parts of North Yorkshire, Derbyshire and Cheshire; to towns and cities with heavy industry and large urban populations, including the bustling city of Manchester.

2020/21 is the sixth year of the eight-year Business Plan period called RIIO-ED1. This stands for Revenue = Incentives + Innovation + Outputs (Electricity Distribution 1). It is the regulatory framework set by Ofgem which drives network companies to engage proactively with stakeholders to anticipate their needs and deliver a consumer-focused, socially-responsible, and sustainable energy service. Ofgem's SECV Incentive is an annual scheme and our response is divided into three parts:

Part 1: Our stakeholder engagement and consumer vulnerability strategies. This provides the evidence required that we have met Ofgem's minimum requirements.

Part 2: Our stakeholder engagement activity and the outcomes we have delivered.

Part 3: Our consumer vulnerability activity and the outcomes we have delivered.

Our region



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Case study key

The following symbols found throughout our report highlight our 2020/21 activities.

- New**
Initiatives which were introduced in 2020/21.
- Enhanced**
Examples of where we have improved our approach in response to stakeholder feedback.
- Embedded**
Holistic approaches embedded in our business.
- Hard-to-reach**
Initiatives which best serve the specific interests of hard-to-reach stakeholders.
- Innovative**
Novel or leading practice, based on benchmarking, for industry replication.

Introduction from Steve Cox Director, Engineering and Technical



2020/21 Engagement highlights

58,434 stakeholders engaged through **30** inclusive mechanisms

Improved key relationship model

81% overall stakeholder satisfaction

295 engagement outcomes for our customers and stakeholders

Forward-looking engagement strategy

Customer and stakeholder engagement is central to everything we do, ensuring our business strategy is developed, continuously challenged and improved.

As the year ends it is impossible not to reflect on the systemic changes that are happening at pace in response to the unpredictable and unprecedented challenges introduced by COVID-19. We have worked side by side with our stakeholders to keep our colleagues and communities safe, in parallel with delivering an improved service to our customers when they needed us most. It's clear that the pandemic will influence our stakeholders' priorities for years to come, and our future engagement is already being shaped with this in mind.

On **page four** we explain how COVID-19 has heightened the importance of **keeping our customers' lives running** by providing a reliable electricity supply and minimising disruption to their daily lives. **Page four** documents **updates to our policies and processes** which have improved our network performance and expanded focus on scalable innovation to increase future resilience. This is an example of our priority **planning for the future** and reflects stakeholders' appetite to engage on enabling longer-term outcomes to inform decision-making now.

Even before the challenges of COVID-19, our stakeholders were focused on another crisis – climate change. Stakeholder engagement continues to be an effective tool in identifying

Our strategic priorities

Keeping our customers' lives running

Part Two, page four

Leading the transition to net zero

Part Two, page five

Supporting customers in vulnerable circumstances

Part Three

Ensuring the affordability of consumers' bills

Part Three, page nine

NEW PRIORITY FOR 2020/21: PLANNING FOR THE FUTURE (PART TWO, PAGE THREE)

what it means to be **leading the transition to net zero**. This is an area in which I have personally led much of our engagement. In the absence of a uniformly accepted roadmap of how to reach sub-regional net zero targets, **page eight** showcases action we took to specially commission region-specific decarbonisation pathways to help inform our stakeholders' decision-making and investment planning for the adoption of low carbon technologies. Moreover, customers tell us that net zero leadership 'starts at home'. This year **our independently chaired Sustainability Advisory Panel guided us to adopt the most challenging timeline to become net zero by 2028** and investigate opportunities to reduce Scope 3¹ emissions.

We have designed Part Two of our submission to highlight our best work, by focusing on 22 case studies. We have measured the impact of these activities through a mixture of qualitative and quantitative methods, including Social Return on Investment (SROI). Most of our activities have been delivered this year, however, there are a small number that we have started and have forecasted the benefit over the next five years. **In total our 2020/21 activities have delivered a SROI of £158m, representing a £83m year-on-year increase.** The SROI we report in Part Two is entirely additive, meaning that the benefit of an activity is never claimed twice.

¹Scope 3 includes all other indirect emissions that occur in a company's value chain.

	Time period	Activities	Benefit £m	Cost £m	Multiplier
Part Two	Outcomes delivered this year	17	£17.23	£3.94	4
	Future outcomes enabled	5	£141.03	£42.60	3

View a summary of our SROI calculations and a peer review undertaken by Economic Insight on [our website](#).

Our embedded stakeholder engagement approach

Engagement strategy

Our strategy consists of the following five-step approach and supports our colleagues with guiding principles and best practice tools that enable them to engage with purpose and understand our operating environment (see Part One, page two for more detail).



1 Stakeholder mapping

To ensure our engagement approach is regularly updated in line with the fast-changing stakeholder landscape, we have introduced a new auditing process to identify gaps in our stakeholder map. Our engagement identified **"planning for the future"** as a new strategic priority for 2020/21. We expanded our mapping process to identify the top 50 stakeholders we needed to engage with on this priority, segmented by topics such as decarbonisation pathways.

2 Engagement

This year we enhanced engagement within our Advisory Panel structure (See Part One, page six) to enable more frequent, topic specific meetings and sub-groups to look at specific issues in more detail. Some of our stakeholder segments are time poor and consequently seldom heard. **We tailor our engagement methods** (see Part One, page two) **to ensure they are accessible and inclusive** for these groups. This means that we regularly improve existing methods (e.g. topic specific bilateral meetings) or introduce new ones (e.g. MP drop-ins). We also offer support to enable digital inclusion, such as providing smart devices, online connectivity and on-boarding one-to-one sessions to ensure customers feel comfortable using the technology.

3 Review and prioritise feedback

We triangulate a range of stakeholder feedback with our materiality assessment to ensure

alignment to our strategic priorities. Business cases are informed by stakeholder evidence and cost benefit analysis.

4 Impact measurement

We forecast and measure the impact of our initiatives on stakeholders, as well as wider society, the environment, and our organisation. We achieve this by assessing the **SROI of engagement outcomes and triangulating** this with a range of other qualitative (e.g. deliberative market research) and quantitative (e.g. satisfaction metric) data inputs to inform and prioritise our plans that drive value and scale for customers.

5 Action plan

Our stakeholder relationship managers use our guiding principles to develop positive relationships with stakeholders and track actions arising from their engagement in our stakeholder engagement tracker. We continuously triangulate insights emerging to identify gaps and opportunities and use our internal governance structure to create action plans. **This year we created a new stakeholder satisfaction survey.** This has created a robust feedback loop that ensures our engagement approach is directly tailored to stakeholders' needs. For example, it has led to an improved key relationship model and forward-looking engagement strategy. We achieved a score of 81% overall satisfaction, demonstrating a quality and embedded engagement approach.

Summary of our outcomes and initiatives

In this section we summarise a diverse range of high impact initiatives which encapsulate our stakeholders' priorities which were developed following inclusive, meaningful and proportionate engagement.

2020/21 initiatives

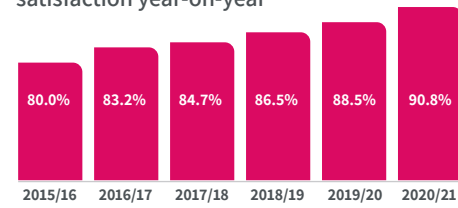
The table (to the right) demonstrates the Social Return on Investment (SROI) or qualitative benefit associated with a variety of new, embedded, and innovative initiatives across each of our stakeholder priorities.

2020/21 headline outcomes

↑10.8%

Increase in customer satisfaction since 2015/16

Increase in customer satisfaction year-on-year



★ **Industry first**

New device negates 300,000 customers losing power

★ **Industry first**

local decarbonisation pathways

★ **40% ↓**

Business Carbon Footprint since 2014/15

★ **26%**

of apprentice intake from ethnic minorities

Stakeholder priority	Initiative name	Page	Maturity		Innovative	Hard-to-reach	SROI
			New this year	Embedded			
Planning for the future	Identifying stakeholders' priorities 18,500 stakeholders shape future plans and current thinking	3	✓			✓	Strategic alignment
	Increasing our investment in grid digitalisation SROI informs £25m investment in Network Management System	3			✓	✓	£41.78m
	A strategy to deepen our relationships New Stakeholder Satisfaction Survey provides vital intelligence	3	✓				Greater inclusion
Keeping our customers' lives running	Dispatching engineers to LV faults within 8 minutes 24/7 Avoided 66,309 hours of lost power	4		✓			£990,000
	Upgrading equipment 'live' without interrupting supplies 300,000 customers avoided a 60-minute supply interruption	4	✓		✓		£5.12m
	Intervening to restore power to damaged appliances 804 door-to-door safety and appliance checks	4		✓		✓	£674,000
	Making it easier than ever to obtain a connection quotation Embedded tool delivers 95.7% satisfaction	4		✓	✓		£746,000
	Greener, quieter back-up generation for those most in need Strategic fleet use bio fuel and are positioned in depots	5		✓	✓	✓	£1.80m
Leading the transition to net zero	Investing strategically to enable low carbon growth £2m investment in new primary substation enables 75,000 EVs	5		✓			£26.47m
	Getting on with our Distribution System Operation transition DSO video raises public awareness of energy transition Management of contracted capacity reduces customers' bills	6		✓			Greater inclusion
	Ground-breaking PREsense detects low carbon technologies Trial completed at 8 sites ahead of mass deployment	6	✓		✓		£33.35m
	Paving the way for the mass adoption of EVs Expanded programme of de-looping shared services	7		✓		✓	£539,000
	Flexibility first 225% increase in flexibility providers expressing interest	7		✓	✓		Greater inclusion
	Best in class 'Go net zero' hub launched 34,494 stakeholders provided with trusted and tailored advice	7	✓				£253,000
	First-of-its-kind collaboration on Decarbonisation Pathways Proactive engagement leads to whole systems energy action plans for Greater Manchester, Lancashire and Cumbria	8	✓		✓		Investment certainty
	Deepening links with community and local energy groups £237,060 seed funding for 19 projects during ED1	8		✓		✓	Greater inclusion
	Cultivating a low carbon mindset in our workforce 11% of workforce access low carbon transport scheme Carbon footprint reduced by 3,520 tCO ₂ e year-on-year	9		✓	✓		£2.65m
	Enhancing biodiversity and eco systems Transforming our Spaces programme scaled to 12 sites	9		✓	✓		£321,000
Enhancing our culture	Supporting our customers through the COVID-19 pandemic Engagement enabled greater responsiveness to stakeholders' changing needs and new emergency support services	10	✓			✓	£41,000
	Building a workforce that reflects our community Strategic input from Business in the Community Award winning apprentice programme increasing diversity	10		✓	✓	✓	Greater inclusion

The table below highlights the impact of a selection of stakeholder engagement activities on policies, procedures, business plans and our organisational culture.

Business priority	Initiative name	Page	Maturity		Innovative	Hard-to-reach	SROI
			New this year	Embedded			
Enhancing our culture	Supporting our customers through the COVID-19 pandemic Engagement enabled greater responsiveness to stakeholders' changing needs and new emergency support services	10	✓			✓	£41,000
	Building a workforce that reflects our community Strategic input from Business in the Community Award winning apprentice programme increasing diversity	10		✓	✓	✓	Greater inclusion

Planning for the future

Our stakeholder engagement strategy aims to deliver the outcomes our stakeholders prioritise and value. In this section we highlight how planning for the future is helping us understand stakeholders' current and future needs and informing our decision making now.

18,500

Stakeholders shape our plans to achieve longer-term outcomes

£25m

Investment in grid digitalisation

Engagement

Strategy updated to reflect changing needs

★ HARD-TO-REACH

Identifying our stakeholders' future priorities

What we heard

In our executive-led regional stakeholder workshops, we heard that to meet our stakeholders' needs, our focus should be on engaging them in *planning for the future now*, to inform strategic decision-making which supports achieving the longer-term outcomes they value.

What we did

We used 30 tailored mechanisms (see Part One, page three) to engage 18,500 customers and stakeholders on *planning for the future*, in order to learn about their priorities, preferences, willingness-to-pay for improvements and key trade-offs. Our approach brought about more frequent and topic-led strategic engagement and expanded inclusion of key voices in the debate, such as future customers. Our triangulation revealed nuances in views. For example, customers typically attach greater importance to the affordability of energy bills than stakeholders, who forgo bill reductions in favour of accelerating the transition to net zero. However, we observed strong

consensus on the **top priority being to deliver a reliable and resilient network**. This was due to the significant consequences of power cuts, particularly for consumers in vulnerable circumstances, and increased dependency on a reliable electricity supply now (during COVID-19) and in the future (as low carbon technologies are adopted). In response we designed and delivered a range of strategic initiatives (see **page four**) to influence four key reliability vectors illustrated in the diagram below.

Outcome

An improved understanding of stakeholders' current and future needs has led to a new strategic priority being added to our annual planning cycle. This has **influenced targeted investment into initiatives that support longer-term outcomes valued by our stakeholders**. We are measuring our progress through several indicators including reduction of network risk, interruptions avoided and the average duration of power cuts. We continue to engage with Advisory Panel members on how our plans intersect other strategic priorities, such as achieving performance improvements, whilst also **ensuring the affordability of consumers' bills** (See Part Three, page nine).

Stakeholder priority outcome: a reliable and resilient network

Stakeholders say prevention is better than cure

Stakeholders ask that we detect and fix faults quickly

1
Network risk

Leads to

2
Number of faults

Managed by

3
Our ability to mitigate fault impacts

Results in

4
Observed customer experience - power cuts

Long term: we have refined our plans to replace more of our equipment, sooner, to reduce network risk, at the lowest cost

Short term: we have deployed innovative technology and changed working practices to minimise disruption to our customers

★ INNOVATIVE

HARD-TO-REACH

Increasing our investment in grid digitalisation

What we heard

Our Distribution Forecast Electricity Scenarios (see **page seven**), which are informed by stakeholder intelligence, state that the widescale adoption of low carbon technologies and connection of local generation will increase congestion on our network in ED2. In response we heard that we should make more efficient use of new technologies, providers and solutions now to ensure we are not a barrier to adoption in the future.

What we did

SROI demonstrated that investing in digitalisation is a more cost-effective way of releasing network capacity than traditional network reinforcement. We invested £25m in our Network Management System (NMS) which will support us with operating a smart network and **leading the transition to net zero**. Migrating to NMS is highly complex. The full system is expected

to go live in autumn 2021, when risks such as safety and network performance are at an acceptable level. This year, our engagement has shown that customers are especially keen for us to improve our resilience to cyber threats. In response, we invited National Cyber Security Centre experts to peer review the design of the system. We also used SROI to measure the benefit of extra NMS modules that will support further improvements, such as customers no longer needing to report power outages to us.

Outcome

Last year, lower bills enabled through an NMS dashboard and associated CLASS services resulted in a £1.3m benefit to customers. **SROI was a key input into our Board's decision to sanction an additional £4.9m investment in grid digitalisation**, which will deliver a social benefit of £41.78m to customers by 2028. It also informed our decision to expand the roll-out of PREsense (see **page six**) which will interact with NMS to provide sufficient visibility of our low voltage network to enable flexibility services opportunities.

ENHANCED

Meeting our stakeholders' changing engagement preferences

What we heard

As lockdown measures commenced, our Advisory Panel members told us their engagement needs had changed. They wanted to engage with us on strategic priorities more frequently and in shorter, topic-specific meetings.

What we did

We adapted our approach to meet stakeholders' preferences by migrating our Advisory Panel meetings online, co-creating and sharing a forward-looking programme of topic-led engagement and increasing the number of meetings across our panel structure from 12 last year to 33 (see Part One, page six). During our planning a risk of stakeholder fatigue was identified on our **strategic risk register**. To explore this, we invited 1,200 stakeholders who receive our monthly newsletter to participate in a satisfaction survey. Despite increased demands on their time during the year, only 3% of stakeholders said they wished to engage less often in the future.

Outcome

The survey results demonstrated a very strong correlation between the frequency of engagement, stakeholders' familiarity with our business and overall satisfaction, demonstrated by 93% of Advisory Panel members being satisfied with the relationship they have with us. **Survey participants provided clarity on their future engagement preferences**, such as 71% opting for online engagement as their preferred channel. These insights shaped our improvement plans, which we refined with input from our Chief Executive Advisory Panel in March, and our forward looking engagement strategy which we put out to wider consultation in April.

Refinements to our forward-looking stakeholder engagement approach

1 Improving how we engage now

- ✓ Sustain digital engagement
- ✓ Expand bilateral engagement
- ✓ Expand key relationship management
- ✓ Provide more frequent progress updates
- ✓ Continue stakeholder satisfaction survey

2 Shaping our future governance structure

- ▶ Introduce specialist topic forums into existing governance structure such as:
 - DSO
 - Electric vehicles
- ▶ Introduce a new Public Advisory Panel of consumers in vulnerable circumstances

Keeping our customers' lives running

Strategic input from our colleagues, customers and wider stakeholders informs our materiality determination process. This section demonstrates some of the key ways that we are delivering against our stakeholders' most important priority: **keeping our customers' lives running** through a safe, reliable and tailored service.

↑ 10.8%

Increase in customer satisfaction since 2015/16

66,309

hours of lost power avoided

Industry first

New device negates 300,000 customers losing power

↑ SROI

Through greener, quieter generation

95.7%

Satisfaction among online connections tool users

EMBEDDED <>

Dispatching engineers to LV faults within 8 minutes 24/7

What we heard

Through comprehensive research (see Part One, page two) we heard an overwhelming consensus that delivering a reliable network is the most important priority for households, businesses and wider stakeholders. After 24 hours of deliberative engagement on a range of investment options our Public Panel of household customers advised we should take all reasonable steps to reduce the average duration of unplanned power cuts.

What we did

Our 'Power in the Hour' policy, first introduced in 2019/20, rewards front-line engineers who fit smart fuses in affected substations and restore power to customers within an hour of unplanned transient (intermittent) network faults occurring. This year we have fully embedded this policy. For example, all managers are now quickly made aware of LV faults impacting 20 or more customers via text message. To increase the impact of this scheme, our operational colleagues trialled a process of dispatching all single, no-supply calls to an engineer or a fault technician within eight minutes, at any time of the day. Previously, dispatch was more likely to occur after a second call from a customer.



Outcome

Because of this change in policy, transient fault 'first responders' are now strategically located across our depots and are on site within 30 minutes. **Investment in smart fuses, a 'can-do' colleague attitude and supportive company policy has led to faster power restoration on LV networks**, avoiding 66,309 hours of lost power since 2018/19. This initiative has positively impacted 182,101 customers, resulting in a social benefit of £990,000, a multiplier of x7 for every £1 invested.

★ INNOVATIVE NEW

Upgrading equipment 'live' without interrupting supplies

What we heard

In 2018 we shared the results of an [innovation funded Value of Lost Load Customer Survey](#) with industry stakeholders which showed that experiencing more than one (either planned or unplanned) supply interruption a year significantly increases their harmful effects on customers. In 2019/20 our colleagues identified a risk that ABB test sockets, which are prone to embrittlement and can fail over time, needed to be replaced in 4,000 substations which would require planned supply interruptions to switch off each substation for an hour.

What we did

In response, we developed an industry first test ABB socket cap that could be retro-fitted in 20 minutes to a third of our substations, without turning them off. This solution was developed in house, manufactured, type tested and has been deployed to 1,200 sites.

Another action we are taking to reduce the duration of power cuts is enhancing our vegetation management programme. The same inspectors now check the condition of the cable, pole and conductor in parallel with assessing whether trees are close to overhead lines or climbable. Combining

the two work programmes means that they are now delivered more quickly, and risks proactively mitigated.



Outcome

Due to our test socket cap innovation, **300,000 customers avoided a 60-minute supply interruption during lockdown**, minimising risks to their health and wellbeing. We decreased the cost of each intervention by 88%, delivering greater value for money to our customers. In total this initiative delivered a social-economic benefit of £4.54m – a multiplier of x32 for every £1 invested.

Approximately 7,000 customers are impacted by vegetation related power outages per year. **Proactive risk management** is expected to reduce this by 33% and improve our cost efficiency, leading to a social benefit of £576,000 per year.

Continual learning

Craig McNicol, Delivery Assurance Manager, said:

"I am proud of the culture of innovation which prompted our ABB modification and the work now underway to develop a similar solution for the 2,800 remaining substations".



★ HARD-TO-REACH EMBEDDED <>

Enhancing highly successful projects

This year we have continued our rapid-response partnership with Haste to provide 804 customers with wiring safety checks and where possible, **repair damaged appliances** following voltage issues. In combination with other wrap-around welfare support, we helped to reduce customers' anxiety and improve wellbeing, contributing to a social-economic benefit of £674,000, a multiplier of x4 for every £1 invested. In Part One, page nine, we reflect on an incident this year where this support extended to replacing customers' meters on behalf of energy suppliers who couldn't be reached out-of-hours, so that power could be restored to customers devices immediately and their vulnerable circumstances mitigated.

Embedding our pioneering **self-service online connections quoting tool** has led to a 7.5% year-on-year improvement in satisfaction with the service (to 95.7%). On average, 750 people use the online tool every month. A total of 2,227 speculative quotations have been serviced, representing 30% of the quotations provided through this channel per annum. This has created capacity for the planning team to spend more time with those customers who require more assistance, contributing to a social-economic benefit of £746,000, a multiplier of x4 for every £1 invested. A continuous feedback loop has shown us that customers seeking a three-phase supply or those with wayleave requirements also want to use the tool, however, their requirements are currently outside the functionality of the system. We will further enhance the tool to address this need next year.

★ INNOVATIVE

HARD-TO-REACH



Greener, quieter back-up generation for those most in need

What we heard

Last year we reported high levels of satisfaction among customers provided with back-up generation during power cuts, however, **SROI analysis showed that the cost of providing this service exceeded the societal benefit gained. We took this evidence to our Public Panel who supported more targeted use of back-up generation during prolonged interruptions, to mitigate the impact on the most vulnerable, but challenged us to find cost efficiencies and reduce the environmental carbon impact associated with their use.**

What we did

We created a Working Group with colleague representatives from procurement, innovation, operations, network management and our senior leadership team to review our generator policy. It decided to target the policy towards consumers

in the most vulnerable circumstances and entered a strategic partnership with Generator Power to trial the use of 100kVA and 250kVA generators, which can support up to 300 customers. The higher specification generators, powered by HVO Bio fuel, are positioned in local depots meaning they can be deployed to site more quickly. During the trial, an LV cable fault in Bury was impacting 215 customers, including a local care home, during Fathers' Day celebrations. A 250kVA generator was able to reduce a traditional six-hour interruption to two 30-minute interruptions, allowing for safe disconnection and re-connection of the electricity supply.



Outcome

In our trial bio fuelled generators were used across 72 faults, significantly reducing the time our consumers in vulnerable circumstances spent without power, whilst also minimising our environmental carbon impact. This activity, combined with wider application of our generator policy benefited 41,299 customers and enabled a social benefit of £1.80m this year which is indicative of the value placed by customers on a shorter interruption and represents a multiplier of x2 for every £1 invested.

Continual learning

Whilst recognising an improvement in service, some of our customers have said we can go further by minimising the noise made by generators whilst they are used. Our trial now includes the use of hybrid 45kVA battery storage units and 60kVA generators. These have a power cell timer for day charging and night time discharge, making them suitable for use in noise sensitive locations, which will further reduce disruption to our customers.

Leading the transition to net zero

Since publishing our first Distribution System Operation (DSO) strategy in 2018 we have significantly expanded our engagement on this topic. Stakeholders have told us that we need to do more than just operate a smarter and more flexible network; many are looking to us for support with their own transition. This section evidences how we are leading the charge on supporting customers to become active participants in the energy system, underpinning a cost-effective transition and striving to ensure that no one is left behind.

DSO Video

co-created with current and future customers

Strategic investment enables adoption of

75,000 EVs

↑ 225%

in flexibility providers registering interest

£11m

investment in PRESense improves visibility of EVs

Industry first

local decarbonisation pathways

HARD-TO-REACH EMBEDDED <>

Investing strategically to enable low carbon growth

What we heard

A wide range of stakeholders, including 18 local authorities, local enterprise partnerships and industrial and commercial customers shared future plans, such as housing projections, planned developments, net zero policy and EV charging point plans. For example, GMCA secured Housing Infrastructure Funding for a development of 2,500 homes with EV charging and heat pumps and asked us to clarify where we are likely to see network constraints and proactively identify opportunities for flexible services or strategic investment.

What we did

Linked to our third annual DFES we set out a £25m investment over the next three years to create vital new capacity across eight strategic projects. The projects, which are located across the region, are part of our Leading the North West to Zero Carbon

plan, a £64 million scheme announced in 2019. This year engagement with local stakeholders influenced additional network capacity in the Eastland's area of Manchester. A £2m investment in a new primary transformer is central to the redevelopment of the area, including the Etihad Campus and significant affordable housing developments which will enable people on low incomes to share in the long-term success of the area's ongoing transformation.

Cllr Andrew Western, Leader of Trafford Council, said:

"We know that to reach our ambitious 2038 net zero goal, 96% of the cars on the road by 2028 will need to be electric. We will need a combination of urgent action now and preparation for the longer term. This is a great example of action to make it happen. Creating additional capacity on the electricity network in key locations will allow residents and businesses to take up new low carbon technologies."



Outcome

Our investment will enable capacity to be released which will support the equivalent of **75,000 EVs being adopted**. When these EVs are active the annual social benefit is anticipated to be £26.47m, conservatively scaled to reflect the average EV lifetime benefit, usage and charger utilisation.

Continual learning

This year we strengthened our measurement approach. As a result, we quantified **£38.85m of benefits by 2022**, derived from the creation of low carbon jobs at the 125,000 sqm **Samlesbury Aerospace Enterprise Zone** (featured in our 2019/20 submission). The development would not have proceeded without our proactive investment in a primary substation, which will enable rapid expansion in the number of green jobs from 250 in 2022 to 2,500 by 2030.

First-of-its-kind collaboration to deliver local Decarbonisation Pathways

What we heard

Our proactive strategic engagement with County Councils highlighted a collective desire to decarbonise faster than the national 2050 target but also uncovered variation in their ambition, knowledge and resources. In the absence of a roadmap to achieve an accelerated 2038 net zero target we worked with Andy Burnham, Mayor of Greater Manchester Combined Authority (GMCA), to co-create a whole systems action plan to achieve net zero.

What we did

We collaborated with Cadent Gas and Navigant to develop near to mid-term certainties around future energy supplies. A **Pathway for Greater Manchester** was developed using a bottom-up approach, leveraging local data, insights from academia and HyNet (a significant hydrogen project based in Liverpool) and analyses reflected in policy documents. To deliver a 2038 balanced scenario, the pathway identified 62 priority actions, 24 of which GMCA will collaborate with multiple agencies on (including our input into the expansion of the EV charging network) three of which we will lead on, including: expanding LV network monitoring, network reinforcement and enabling demand response at scale.



GMCA recognised the value of this initiative and having identified a gap in knowledge across the wider region, we accelerated the development of pathways for Cumbria and Lancashire, and proactively shared these with stakeholders. To better serve our County Councils we expanded engagement on the pathways which enabled more effective coordination of other infrastructure investment planning through several mechanisms:

Strategic engagement with our County Councils

Cumbria County Council

- Decarbonisation Pathway
- Quarterly Bilateral meetings
- Chief Executives meeting
- Climate Change Working Group
- Clean Energy Strategy
- Charge my Street- CAFS
- Powering up Cumbria

GMCA

- Decarbonisation Pathway
- Quarterly bilateral meetings
- Green City Region Partnership Board
- Strategic Infrastructure Board
- Directors of Place meetings
- Powering up Greater Manchester

Lancashire County Council

- Decarbonisation Pathway
- Quarterly bilateral meetings
- External Scrutiny Committee
- Strategic investment into Samlesbury Enterprise Zone
- Powering up Lancashire

Pathways provide action plans to achieve our stakeholders' regional ambitions



Recognising the role of both hydrogen and electricity in the energy transition, we continued to work closely with Cadent to disseminate the pathways widely, holding 15 bilateral meetings with Ofgem, BEIS, Citizens Advice and Local Authorities and briefing 307 wider stakeholders via our Advisory Panels and sub-regional 'Powering up the North' and 'Powering up the Recovery' events, aligned to our strategic priority of **planning for the future**.

Outcome

Decarbonisation pathways and ongoing strategic engagement have **provided greater certainty to stakeholders, acting as a catalyst for investment planning**. This can be seen in Lancashire County Council's commitment to achieving carbon neutrality by 2030, expanded originally from its own operations to the whole region and Cumbria County Council who have since coordinated an approach to achieving a 2037 pathway.

Mark Atherton, Director of Environment at GMCA said:

"The pathway for GMCA is an incredibly valuable input to the Local Area Energy Plans that we are producing with Energy Systems Catapult for Bury, Salford and Manchester. It has informed a programme of action and funding which significantly increases the likelihood of our ambition being realised."

Continual learning

Our ongoing engagement has shown a gap in knowledge for policy makers, including the Chairs of Housing and Planning in local authorities, who need more guidance. In response we will expand key relationship management to these stakeholders and update our decarbonisation pathways bi-annually to mitigate risk and uncertainty.

Deepening links with community and local energy groups

What we heard

In 2018 we were the first network to publish a stakeholder-led community and local energy strategy. Our Community Energy Manager, who is a Board Member of Community Energy England, used feedback surveys, interviews with industry experts and our State of the Sector survey to understand the changing needs of community energy organisations in our region. Stakeholders validated our three focus areas (improving access, finance and regulation) but suggested we update our strategy and action plan to reflect the changes that have taken place in the last two years.

What we did

In response we refreshed **our strategy** for 2020-2023 and invested £75,000 in seven new community energy projects that met our criteria, including delivering new ways of working, fit for a smart, flexible, low carbon grid, engaging customers and communities in energy issues, particularly energy efficiency or ensuring 'no-one gets left behind'. Below are two examples of the projects we decided to fund this year.

- Lune Valley Community Land Trust (LVCT) received funding for its 'Zero Carbon Electric Homes' project. A study successfully demonstrated that it is technically feasible to extend a private wire powered by community owned generation to two new developments which include social housing. The benefits to residents of these developments include easy access to a renewable energy supply at a guaranteed mark down from an average electricity tariff.
- Youth Focus North West received funding which enabled nine groups of young people from 11 different local authority areas to collaborate with subject matter experts to produce sound bites about how households can reduce their energy use, cut their household bills and minimise their environmental impact. The soundbites (see below) were published on **You Tube**, the Youth Focus North West website and promoted on Instagram and Twitter.



Outcome

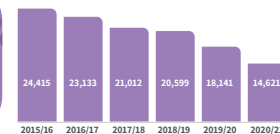
Since 2018, we have engaged over 700 community and local energy stakeholders, issued regular regulation and policy updates and **awarded 19 seed fund grants amounting to £237,060**. To deepen links with community groups and maximise the social benefit from projects, extra funding is available through our grant scheme which has awarded funds to LVCT to investigate the feasibility for communal EV charge points as part of the same development. Together, our achievements are **delivering a better service and value for money for our customers, carbon savings, energy cost savings and improved air quality**.

Caring about the environment

This section demonstrates how, as part of our Responsibility Framework, we are creating a low carbon future by developing and embedding the policies, technologies, systems and low carbon mindset to preserve biodiversity and ecosystems, optimise waste and resource use, drive down our carbon emissions and support our colleagues and customers to do the same.

40% ↓
in Business Carbon
Footprint since 2014/15

Our yearly carbon footprint (tCO₂e)



11% of workforce
join low carbon transport
incentive scheme

x17 SROI
from biodiversity
programmes

£32m bill savings
to customers through
on-site oil recycling

Cultivating a low carbon mindset in our workforce

What we heard

Our Sustainability Advisory Panel were unanimous in their assertion that we should adopt a science-based target for our operations by 2038 to align with the end of the RII0-ED4 price control and start of the UK's seventh carbon budget. It also recommended a more progressive action towards reducing scope 3 emissions.

What we did

We adopted a challenging 2038 timeline to become net zero and worked collaboratively with the Tyndall Centre to create a 'carbon budget', whilst also undertaking more detailed investigation into reducing scope 3 emissions.

- Last year colleagues taking part in our 'Big Zero Carbon Survey' told us that they would respond positively to an **incentive scheme** to reduce their **transport emissions**. So, we have installed 100 free-to-use EV charging points, offer generous discounts on the purchase of low carbon vehicles, pay £150 towards the installation of a home charger, provide interest free season ticket loans and higher allowances to enable access to electric bikes. 11% of our workforce have participated in the first six months.

- To help our customers, we first need to support our colleagues develop their knowledge and skills. Last year we became the **first accredited Carbon Literate network** and, although hampered by COVID-19, we have continued to roll out Carbon Literacy Training to our leadership team. This has enabled colleagues to take ownership of a personalised action plan which will reduce their own carbon footprint by at least 10%. We will expand this activity so that all 2,039 of our colleagues become Carbon Literate.

- This year we completed our first two carbon neutral depots and rolled out LED lighting across our non-operational sites. In our forward-looking engagement **stakeholders have supported our plans to convert one site per year into a net zero carbon site**, which we have reflected in our ED2 Business Plans.

Outcome

In the last 12 months we have reduced our carbon footprint by 3,520 tCO₂e, delivering a social benefit of £2.65m. In the year ahead we will extend flexible working practices to reduce our colleagues need to travel, whilst also respecting our stakeholders' desire to continue with online engagement to sustain environmental benefits. Through developing a **cultural low carbon mindset** in our workforce additional carbon savings were achieved in communities across the region valued at £44,000, a multiplier of x3 for every £1 spent.

Enhancing biodiversity and eco systems

What we heard

Stakeholders attending our 2019 annual regional workshops said that we should manage and mitigate any negative impacts that our operational activities have on wildlife and biodiversity. This year Youth Focus North West members also stressed the importance of replacing trees felled and preserving others.

What we did

- Working closely with councils, residents and local community groups, we scaled our highly successful 2019/20 'Transforming our Spaces' programme to a total of 12 substation sites. Although spring ground clearance and planting was impeded by COVID-19 lockdown restrictions, our grounds maintenance team worked flexibly to turn sites into colourful wildflower meadows; creating a home for wildlife, helping vital pollinating insects, and reducing the amount of ongoing maintenance needed. **We will use our own workforce to scale up this successful programme to 42 sites by 2023 and 142 by 2028.**

- In Tockholes, a village in Blackburn, a 170-year-old beech tree was presenting a safety issue. Whilst there was a tree preservation order in place, we have a duty of care to manage the proximity of our lines to climbable trees. We wrote to 133 residents and placed notices in the local press to consult on the preferred way forward; undergrounding power cables or fell the tree. 23 residents responded with a majority in favour of felling the tree to minimise disruption, however, a minority remained very dissatisfied with



In-house oil re-processing saves customers £32m

What we heard

A key impact area in our responsibility framework, launched in 2019, is our environment. It is further divided into several goals. Customers taking part in willingness-to-pay research placed a high value on one of these goals: optimising waste and resource use.

What we did

We invested £2.1m to upgrade our Central Oil Reprocessing Department (CORD) facility which recycles and regenerates transformer oil from our operations. **In the last year we recycled over a million litres of oil, representing an 82% recovery rate.**

We are the only network to have this facility in-house and regularly invite stakeholders to come and see it first-hand. We also share CORD data and outcomes through regular project update webinars and innovation events.

the outcome, citing the importance of conserving flora of special interest. In response, we developed and are now trialling a new 'Tree Guard' method to protect open wires which may provide sufficient mechanical protection to avoid further action. Residents expressed gratitude for our sensitive engagement approach and fortitude to find the most appropriate solution when faced with opposing local views.

- This year GMCA announced plans for 3 million new trees to be planted in the city area over the next 25 years, one for every city inhabitant. We looked at how we could support this activity using our own land and entered into a new partnership with City of Trees, which has led us to donate two sites for tree planting, leveraging the newly granted Defra fund (Trees for Climate). Up to 800 trees will be planted and we are now reviewing the feasibility of donating other sites and offering volunteering opportunities to our staff for next year's planting season. **We will rapidly expand our efforts with partners to plant 10,000 trees**, a like-for-like replacement for the volume typically impacted by our activities.

Outcome

Our successful trial at Tockholes has led to a policy change which will permit Tree Guard to be applied for LV clearances less than 0.5m to a tree. **Transforming our Spaces** with plants and wildflowers is supporting efforts to reverse the national decline in pollinating insects while also delivering high visual impact to a total of 9,274 customers living within 1km of the 12 substations. Our new partnership with City of Trees leverages our land to improve air pollution filtration, storm water attenuation and carbon sequestration. Collectively our activities have delivered a social benefit of £321,000 – a multiple of x17 for every £1 invested.

Hyndburn MP Graham Jones said:

"Electricity North West's CORD facility, based here in my Hyndburn constituency, is a brilliant demonstration of how innovation can lead to savings for consumers."

Outcome

The maintenance of oil ensures our equipment continues to function effectively thereby **keeping our customers' lives running**. Through avoiding the need to purchase new equipment electricity bill payers will save more than £32m over eight years, **ensuring the affordability of bills**. Through recycling and minimising the purchase of new oil we are **leading the transition to net zero** with additional carbon benefits, delivering a social benefit of £4.6m per year, – a multiple of x10 for every £1 invested.



Enhancing our culture of stakeholder engagement

Everyone who works at Electricity North West is actively involved in stakeholder engagement and empowered to act on what they hear. The initiatives described below are just some of the many ways through which we are enriching this culture with greater inclusion, diversity and collaboration to achieve better outcomes.

£546,000

invested in our partners and charitable activities

Industry first

process for issuing emergency credit vouchers

Diversity and Inclusion

new business case

Partnerships with local mosques

deepened

New tools

to inspire the future net zero workforce

SUPPORTING OUR CUSTOMERS THROUGH THE COVID-19 PANDEMIC

What we heard

During COVID-19 stakeholders told us that what they needed most was the continuation of a reliable network to minimise disruption and additional support for consumers in vulnerable circumstances. In the first national lockdown stakeholders told us that we should, with appropriate safety precautions, continue with planned service interruption (PSI) and delivering new connections to the network.

What we did

Creation of a COVID-19 steering group
To respond to stakeholders' needs, the safety of our colleagues was paramount. We created a COVID-19 steering group to provide daily updates, protective PPE, lateral flow testing and heightened access to mental health and wellbeing support (See Part Three, page three). Consequently, 96% of our workforce remained available throughout the year to provide an essential service to our customers.

Customers in vulnerable circumstances
Lockdown restrictions delayed non-essential work, such as the national smart meter roll-out, which released capacity in our cut-out team. We redeployed resources enabling cross-functional teams to proactively contact 624,991 consumers in vulnerable circumstances, check on their welfare and signpost them to support. **We doubled the investment we committed as part of our Consumer Vulnerability fund to £535,000 and empowered funded partners to meet the changing needs of communities** and fast-tracked payments to them, preventing critical support services being withdrawn. Sometimes our customers could not reach their energy supplier. In response, our colleagues 'can-do' attitude led to the creation of new services including emergency credit top-up vouchers to prevent pre-payment meter customers from disconnecting and replacing damaged meters.

Adjustments to PSIs
Initially, customers informed our decision to reduce the duration of PSI work to a maximum of four hours. This aimed to reduce the disruption caused to customers who were spending more time at home. In May, customers told us that they felt comfortable extending works to six hours. More engagement led to further adjustments, such as proceeding with planned works during the Christmas period only if all customers impacted agreed.

Colleague-led volunteering
Stakeholders guided where we targeted our colleagues' voluntary support who collectively spent 600 hours packing and delivering care parcels to 2,000 customers weekly. Colleagues made use of our vans to deliver parcels on behalf of Age Concern Central Lancashire, Salvation Army, The Bread and Butter Thing and Burnley Boys and Girls Club. Collaboration with local resilience forums led to network reinforcement to support eight key locations across the North West, including NHS Nightingale North. We proactively contacted pharmacies and GP surgeries to encourage them to register on our Business PSR and ensured that we were there to support and build resilience in vaccine distribution centres.

Outcome

Our stakeholder engagement approach **minimised customer disruptions during an already challenging period**, resulting in our highest ever level of customer satisfaction (90.8%). Moreover, colleague led fundraising and volunteering **increased community resilience and improved the health and wellbeing of our customers**, delivering a social benefit of £41,000.

BUILDING A WORKFORCE THAT REFLECTS OUR COMMUNITY

What we heard

We shared the progress we have made on enhancing our workforce diversity with our Chief Executive Advisory Panel, who recognised this but challenged us to review and strengthen our Diversity and Inclusion (D&I) strategy.

What we did

Strategy
We benchmarked our strategy using Business in the Community's (BITC) Diversity Intelligence, a performance management diagnostic. While our recruitment practices were graded as 'leading' our business case and employee training needed more work to achieve 'accelerating' status. In response we worked with BITC to draft a written business case outlining why D&I is important to our business and focused our D&I working group on enhancing our training programme and continuing a company-wide conversation about D&I.

Partnerships

Last year, our engagement with two local mosques in communities with a high concentration of ethnic minorities dramatically increased interest in our award-winning apprentice scheme. However,

we heard that applicants needed more support in the application process. We organised career fairs, facilitated CV writing workshops and conducted mock interviews, all enabled by 180 hours of colleague-led volunteering. In addition, we extended our Transforming our Spaces (page nine) programme to a local substation and involved the community in planting. Our sustained involvement has built trust with the mosque Elders who are now working closely with us to guide the expansion of our careers programme to four additional mosques, creating a model for wider roll-out.

Recruitment

- During the pandemic we identified an opportunity to support teachers, parents and young people with STEM subjects. **We engaged teachers to understand their needs and shared best practise and resources with Western Power Distribution.** In response we enhanced existing materials by developing a suite of online resources with engaging, energy themed educational resources linked to the national curriculum. We also developed additional online resources to support with home schooling.
- To improve the accessibility of our job adverts we implemented a screen reader on our website for the visually impaired and audio for those with a hearing impairment. We have commenced a continuous programme to refresh the visuals we use in all channels to be more inclusive so that anyone in our region can see themselves working

for Electricity North West. A new partnership with Scope is enabling engagement with disabled people to review our approach and ensure disability accessibility.

- In addition to embedded conscious inclusion interview training for all recruiting managers, we have instigated 'blind' CV screening as part of a new Applicant Tracking System which went live January 2021. The system will significantly increase our ability to action BITC recommendations to monitor protected characteristics of job applicants, review the intersectionality between factors e.g. age and gender and more effectively measure the impact of our campaigns and partnerships.

Outcome

Our community engagement is **positively influencing our workforce diversity**. In our High-Level Apprentice Intake of 19 colleagues in 2020, 21% were female and 26% from ethnic minorities. Approximately 4% of our workforce identify as being from an ethnic minority (up 2% since last year) compared to 14% in the North West. We have achieved our commitment to have 30% female representation in our senior leadership by 2020, which is in line with the North West Business Leadership goal. Colleague pride associated with these schemes is high as they have the potential to leave a positive legacy.

The Prince's Responsible Business Network

ACCELERATING:

scaling up implementation by adopting targets and objectives, monitoring attainment, and reporting performance

LEADING:

is targeting systemic change in organization's culture, demonstrates strong accountability and public transparency, challenges peers to lead by example

Our response to the COVID-19 pandemic 2020/21



OUR KEY PUBLICATIONS

The following publications are available to download from our website.



