



Net Zero Communities Strategy

February 2022

WESTERN POWER 
DISTRIBUTION

Serving the Midlands, South West and Wales

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by Western Power Distribution
supported by Regen

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Egni Co-op 50kW solar PV for
Gorseinon Development Trust.

How this strategy impacts other areas of our plan

Our focus is to achieve the best possible positive outcomes for our customers, by utilising innovative solutions and smarter working practices to drive efficiency in all we do. This strategy forms part of a suite of wide ranging, ambitious and interconnected strategies that we will be implemented in RIIO-ED2. Each one is designed to contribute towards the delivery of the same four overarching strategic outcomes we will achieve for customers:



1. Sustainability

Lead the drive to net zero as early as possible.



2. Connectability

Customers can easily connect their electric vehicles, heat pumps and renewable generation.



3. Vulnerability

First class vulnerable customer support programme where everyone benefits in a smart future.



4. Affordability

Maintain excellent customer service, safety and network performance and transform the energy grid for future generations, while keeping bills broadly flat.

Each of our strategies is embedded across our operations and never delivered in silos. This will lead to joined up delivery, utilise opportunities to share knowledge and expertise across WPD teams, and achieve maximum benefits for customers. By doing so we will ensure each of our strategies has a far reaching impact and identifies opportunities to improve our service, performance and efficiency in every possible area of our business. Our strategies are therefore highly interrelated and co-dependent.

The following table provides a snapshot of some of the extensive impacts of this Net Zero Communities Strategy, and signposts to other areas of our plan upon which its successful delivery will be dependent.

Strategy	Reference within the strategy:		
Climate Resilience	-	-	-
Customer Vulnerability	✓	Collaborating with community energy organisations to leverage their role as trusted community agencies to specifically identify, engage and support people in vulnerable situations – enabling them to participate in and benefit from smart energy solutions	Page 12
Destination Net Zero: Business Innovation and Efficiency	✓	Supporting consumers to make informed choices about their energy and opening up access to low carbon technologies	Page 7
Digitalisation Strategy and Action Plan	✓	Developing use cases for datasets relevant to communities that make it easier to connect to the network and provide a wide range of innovative energy services, such as participating in flexibility markets	Page 10
DSO	✓	Making flexibility markets more accessible to domestic customers and local communities	Page 11
Environment & Environmental Action Plan	✓	Raising awareness of our business carbon footprint and seeking collaborative ideas and solutions to drive reductions	Page 8
Innovation	✓	Supporting communities to actively participate in, and benefit from, WPD's innovation projects	Page 10
Major Connections	-	-	-
Network Visibility	✓	Providing guidance to communities on using a wide range of datasets from local substations	Page 10
Net Zero Communities			
Social Contract	-	-	-
Whole Systems	-	-	-
Workforce Resilience	-	-	-

Foreword

Welcome

Ahead of a crucial period in our net zero journey, we are renewing our commitment to support community and local energy across our four licence areas.

At Western Power Distribution, we are committed to helping drive a more sustainable future with a net zero carbon energy system.

We would not be able to achieve this vision without bringing people and communities with us, which is why we have been working on a programme of support for community energy organisations in our licence areas since 2014.

Now that we are at a critical stage of our net zero journey, we want to renew our commitments to supporting community and local energy stakeholders and refresh this programme of support to reflect the changing needs of the sector.

This strategy will give you an update on what we have done since we published our first **Net Zero Communities Strategy**, set out our commitments for the year ahead and shape how we will support community energy as we move towards our next Business Plan period, starting in 2023.



Faithful Chanda
Community Energy Engineer,
Western Power Distribution

As an operator of key net zero infrastructure, we want to show the strategic importance that community energy has to our business.

Community energy organisations are the early adopters of low carbon technologies, and as such, give us a glimpse into our future net zero world. We want to engage with both new entrants to this space and experienced community energy practitioners. We will listen to what you tell us, and do what we can to support your projects.

This strategy will be updated annually, with plenty of ways to engage in the meantime.

We hope that this document encourages you to continue the conversation with us and helps you to understand how you can be part of our net zero journey.

Summary

Here is what we have already delivered:



Held two Net Zero Communities Forums for 92 community and local energy stakeholders.



Published a beginners' guide to the electricity network for communities.



Launched a Network Innovation Allowance (NIA) funding call for communities, with 24 responses.



Appointed a dedicated Community Energy Engineer to guide our work in this area and act as a point of contact for all community energy representatives across our licence areas.

And what we will do over the next year to support the community energy sector:



Republish a guide and run an online forum for communities on Ofgem's proposed changes for network access and forward looking charges.



Hold in-person and online net zero forums for community and local energy stakeholders.



Produce new online resources to help new and existing community energy organisations access expertise and advice from across the Western Power Distribution (WPD) team.

1. Introduction and recap on the work already delivered

We are one of the six Distribution Network Operators (DNOs) and Distribution System Operators (DSOs) that deliver electricity to homes and businesses across Great Britain. Our network is the largest in the UK, serving 8 million customers from the Lincolnshire coast, across the Midlands, South Wales and the South West to the Isles of Scilly.

At WPD, the critical role we play in our society is changing. In the past, our main job has been keeping the lights on by looking after a network of wires, poles, pylons, cables and substations, delivering power to homes and businesses across our network.

Now, we are committed to supporting the UK's ambition to achieve a fully decarbonised electricity system by 2035, as set out in the government's **Net Zero Strategy**. This will involve mass uptake of low carbon technologies in homes, such as heat pumps and electric vehicles (EVs), along with increasing the amount of renewable energy generation several times over.

We know that we cannot achieve the scale of change necessary without bringing people and communities with us.

It is our mission to respond to the changing energy landscape and our customers' needs, while protecting the most vulnerable in our society.

As part of our commitment to help drive a more sustainable future in the fairest way possible, we have undertaken a programme of community and local energy engagement since 2014, alongside community energy experts Regen. Now, as we head towards our next Business Plan period from 2023 to 2028, this strategy sets out our renewed commitment to support community and local energy organisations across our region.

We want to continue to help ensure a just transition with community energy at the heart of our future energy system.



1. Introduction and recap on the work already delivered

Vision, purpose and approach

We see community energy as an integral part of our journey to a net zero energy system, and we want to support these stakeholders to provide a key link between us and the wider community. The purpose of this strategy is to ensure our approach to engaging community and local energy stakeholders is long term, strategic and responsive to your feedback, part of an ongoing conversation to help community energy across our region to thrive.

Community energy encompasses a range of initiatives vital to a fair and just transition, including locally owned generation projects, public engagement, energy efficiency advice and support for people in fuel poverty.

These projects deliver social, environmental and economic benefits for their local communities and our customers as a whole, by supporting them to make informed choices about energy and low carbon technologies, while supporting some of the most vulnerable in our society.

This value has been re-emphasised since we published our first Net Zero Communities Strategy in May 2020, for example, with the support that local groups have provided to their communities during the pandemic, as you will see later in this strategy.

As we move into the next stage of the energy transition, with wider uptake of EVs, heat pumps and other low carbon technologies, the engagement, education and support that community and local energy organisations provide will be more important than ever. We want to ensure that, in our role as a key part of the UK's net zero journey, we can support community energy to grow and thrive, building on the work we have been doing with this sector since 2014.



Sustainability: early adopters leading the drive to net zero.



Connectability: supporting communities to connect EVs, heat pumps and renewable generation.



Vulnerability: supporting our most vulnerable customers and ensuring people are not excluded from a smart future.



Affordability: advising the fuel poor and delivering energy efficiency.

In this strategy, you will find our detailed action plan for how we will support this sector throughout RIIO-ED2. But first, we want to update you on the actions we promised we would deliver in our first Net Zero Communities Strategy.

1. Introduction and recap on the work already delivered



**Decarbonisation
is our top priority**

You said...

We promised we would...	Deliverable/measure	What did we do?
Develop a Net Zero Communities' Strategy, setting out our approach to community energy engagement, a definition of community energy, and commitments in this action plan. We will work with our community engagement partners Regen to collate, review and update that strategy annually.	Completion of strategy and action plan. Continue to review action plan to track progress against deliverables, and update with feedback collected during the year.	Published our first Net Zero Communities Strategy in May 2020. This strategy update for RIIO-ED2 reviews the action plan, tracking the progress against the deliverables and sets out new actions for the year ahead in Section 2.
Raise awareness of our business carbon footprint (BCF) which we report on annually in our Environment and Innovation Report. Since 2014/15, our annual BCF (including losses) has reduced by 46% or 923,775 tCO ₂ e, the approximate equivalent of heating 342,000 UK households. Our current Business Plan (RIIO-ED1) BCF reduction target is 5%.	BCF reported on at each of our events for communities and gather feedback via an awareness rating. Measure annually to track improvement.	Annual tracking of our BCF is available on our website . However, due to events being cancelled with Covid restrictions, the BCF has not been reported at events and feedback has not been gathered. This action will be carried out later in the year.
Start carbon reporting on services we buy and explore ways of recognising low carbon services in our procurement processes, starting with flexibility services. Following on from our Future Flex project, we are taking steps to understand the carbon intensity of the flexibility services we buy. We will then start looking at how we value this in our procurement process. We will keep BEIS and Ofgem informed to ensure our actions are in line with the policy direction.	Carbon reporting on flexibility services we procure in our next Environment and Innovation Report.	In our Environment and Innovation Report , carbon reporting was done on an estimated basis this year as methodology from Future Flex was not available in time for the report compilation. Further work required to embed this in 'Business as Usual'.
Make a clear statement on the links between carbon/net zero and communities in our next Business Plan (RIIO-ED2). We will consult communities on what the statement should be via an online survey and at our events.	A statement prepared for inclusion in our RIIO-ED2 Business Plan.	Statement on links between carbon/net zero included as statement 2.44 in RIIO-ED2 Business Plan .
Collaborate with communities and local authorities working on Local Area Energy Plans. Share our future energy scenarios modelling via decarbonisation surgeries to provide organisations with information, data and support as requested.	Number of surgeries requested.	Ran 12 Net Zero Surgeries across 2020 and 2021.
Provide guidance on how we can undertake anticipatory investment to ensure the network is not a barrier to meeting the objectives set in Local Area Energy Plans for low carbon technologies (to be produced following publication of Ofgem's guidance on anticipatory investment).	Guide published.	Guidance published in the beginner's guide to the electricity network . Also published a guide and ran an online forum for communities on Ofgem's proposed changes to network access and forward looking charges.

1. Introduction and recap on the work already delivered



Improve the connections process to help new community owned generation to connect

You said...

We promised we would...	Deliverable/measure	What did we do?
Ensure our teams dealing with connection requests work proactively to support all community energy organisations to get network connections. They will be trained on community energy and will signpost to the support and guidance available on our website.	Training material produced, and number of network planners trained.	Sent training pack to network engineers to help them understand the needs of community energy.
Deliver community energy surgeries with our local connections teams that will offer greater levels of support/ handholding for low resourced groups. Surgeries will be publicised on the communities' pages on our website, and bookable online.	Surgeries delivered within the specified timescale: Following a request for a meeting, it will be arranged within three days and carried out within three weeks.	Offered community energy surgeries on our website. So far, five have been held.
Provide community energy organisations with a short, jargon free brief on the options being considered for reforming network access and invite them to respond through an online survey. We will input the views of community stakeholders into Ofgem's Significant Code Review of network access and forward looking charges.	Brief and online survey published, we will track number of responses and report back to stakeholders who engaged.	Published a guide and ran an online forum for communities on Ofgem's proposed changes for network access and forward looking charges, and what these changes could mean for local energy projects.
Track (1) community renewable energy generation and flexibility assets connected to our network, and (2) the number of community energy organisations in our licence area who engage with us via events and webinars.	Annual report against the baseline set out in this strategy.	112 people participated in three online forums.



Bristol Energy Co-op's 4.2 MW solar farm in Lawrence Weston.

1. Introduction and recap on the work already delivered

You said...



Work with us on more innovation projects on smart local energy systems that help us develop new business models

We promised we would...	Deliverable/measure	What did we do?
Support communities to learn about, engage in and partner on new innovation projects. We will collate existing case studies and add new case studies to our website, talk about these at events, and develop a process of referrals for suitably innovative projects from the community energy connections surgeries and events. These must be aligned to our innovation strategy priorities on the decarbonisation of heat and transport, and maximising the value of data.	Publicise new case studies as they arise. Develop a process for innovation referrals and publicise at events and surgeries.	Published a guide to NIA projects for communities to encourage groups to come forward with projects, offering 30 minute calls with network innovation engineers.
Make consumer vulnerability a greater focus in our Innovation Strategy.	Make consumer vulnerability a key theme in the revised strategy.	Consumer vulnerability is now one of five key themes in the revised Innovation Strategy .
Launch a specific Network Innovation Allowance (NIA) funding call for community energy groups who have innovation project ideas, on the innovation portal on our website. Work with Regen to promote the call to communities and support the ideas coming forward that meet NIA criteria.	At least eight communities responding to the NIA call.	Launched an NIA funding call for communities, with 24 responses.



Help us access data to develop smart local energy system projects

You said...

We promised we would...	Deliverable/measure	What did we do?
Carry out a data openness assessment and develop use cases on a variety of our datasets that are relevant to communities, as part of our Presumed Open Data (POD) project. We will then simplify access arrangements for public and shared data.	Use cases and simplified access arrangements published on the communities' pages on our website.	Made this 'Business as Usual', with data governance process in place as defined in the 'Data Triage Playbook'. Datasets that have undergone this assessment are uploaded to the Connected Data Portal (CDP).
Make local substation data available through the roll out of Open LV to enable a smarter, more flexible energy system and new low carbon projects. Interested communities should complete an expression of interest form on the Centre for Sustainable Energy (CSE) website. Open LV is developing a simple guide to assist community groups with access to 'M2 Collation App' that provides data to communities.	Eight communities with substation data from Open LV, and guide published.	Published a guide to using data from local substations with seven out of the eight communities continuing to receive data after the end of the trial.

1. Introduction and recap on the work already delivered



Continue engaging with us early, and supporting us to build our knowledge

You said...

We promised we would...	Deliverable/measure	What did we do?
Deliver new 'net zero communities festivals' where communities and local authorities can get together, learn from each other, hear the latest from us and collaborate to develop new ideas. We will deliver four festivals (one in each licence area) and two webinars (more knowledge transfer focused) every year.	Four festivals and two webinars delivered. Record of ongoing consultation/feedback loop.	Delivered two net zero community webinars . The four festivals were cancelled due to covid restrictions.
Ensure stakeholders are made aware of who to contact at WPD, and the guides, case studies, animations, podcasts and all other tools we have developed specifically for community energy organisations available on our website . We will do a promotional campaign with community engagement partners to build awareness of the existing resources and bookable slots with our local connections teams.	Record and report on the number of slots booked by community energy organisations with local connections teams, and number of opens/click-throughs to resources on our website.	Promoted our online tools and resources to the 92 stakeholders that attended the Net Zero Communities Forums.
Continue developing resources for community energy organisations with a new Jargon Buster for community energy innovation, which will translate technical language and acronyms into plain English, developed as part of the Future Flex NIA project. Update our guidance on connecting community energy.	Publication of Jargon Buster on the communities' pages on our website. Update published to connecting community energy guide.	Published Jargon Buster on the communities' page and published an updated connection community guide .
Develop a beginner's guide to the electricity network for community and local energy organisations, that outlines typical customer journeys for community energy and interaction points with us as network operators. Released in weekly instalments on the communities' pages on our website.	Guide published.	Published ' A beginner's guide to the electricity network ' on our website.
Make flexibility markets more accessible to domestic customers and communities, ensuring our approach to flexibility is in line with Regen's Power to Participate specification to help community energy groups engage. Continue providing training on emerging flexibility markets at our events.	Published response to Regen's Power to Participate specification.	Published response to Regen's Power to Participate specification.

1. Introduction and recap on the work already delivered



We need funding and resources to support zero-carbon communities

You said...

We promised we would...	Deliverable/measure	What did we do?
Consult communities and other stakeholder groups on what should be funded and how much should be allocated in the 2023-28 price control period. Allocate additional money in our RIIO-ED2 Business Plan to facilitate community engagement, training and funding of core costs of community energy organisations. Include funding for community groups that are taking action to reduce the carbon impact of their communities through energy generation and efficiency projects, and projects that address fuel poverty.	Budget allocated for communities in RIIO-ED2 Business Plan	<p>Committed to deliver an annual £1 million 'Community Matters' Fund, funded entirely by shareholders, to achieve positive outcomes around consumer vulnerability, environmental sustainability and education in our communities.</p> <p>In addition, we plan to appoint four Community Energy Engineers, hold 60 community energy surgeries per year and fund solar PV on schools and community buildings in economically deprived areas.</p>



Continue helping us address fuel poverty in our communities

You said...

We promised we would...	Deliverable/measure	What did we do?
Review approach to Priority Service Register (PSR) referral fees to see if there are ways of extending our work with community energy groups. Hold a workshop with community energy representatives already accessing PSR referral fees to help us review our process.	Workshop held with community energy representatives.	Running two breakout groups during our Net Zero Communities forum to gain feedback from community energy representatives.
Collaborate with community energy organisations already supporting vulnerable people to identify innovative ways to ensure they don't get left behind in the energy transition. This is one of the two key areas that will be funded through the NIA and we want communities to play a key role in working out what this could look like.	At least one new innovation project is identified with a community partner that explores how to ensure vulnerable people are not left behind in the energy transition.	Project VENICE (Vulnerability and Energy Networks, Identification and Consumption Evaluation) is a new innovation project aiming to support vulnerable customers.

1. Introduction and recap on the work already delivered



Involve us in strategic decision making

You said...

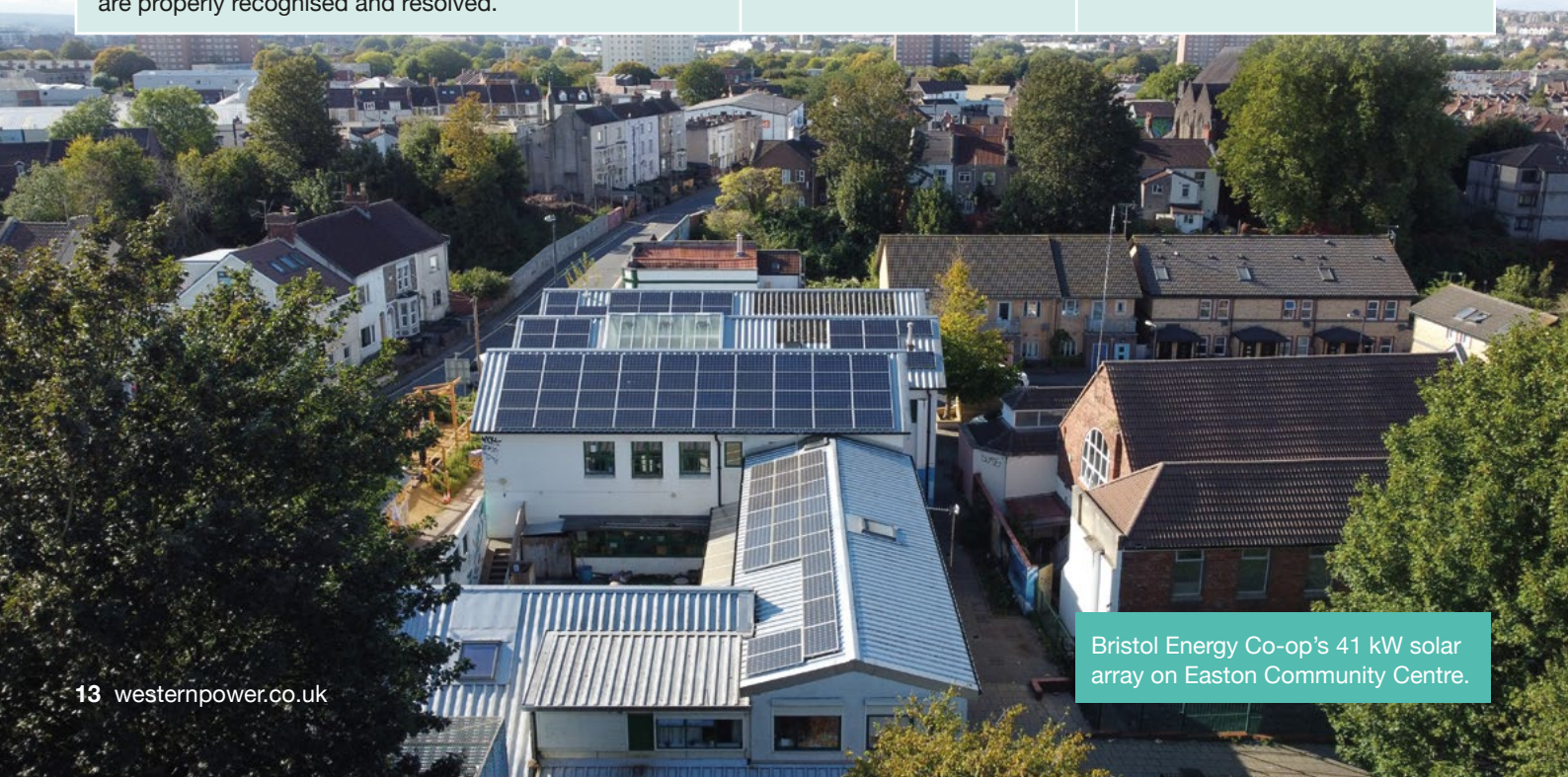
We promised we would...	Deliverable/measure	What did we do?
Ensure community energy organisations have the opportunity to co-create our Business Plan along with other stakeholders, via consultation events on our next Business Plan.	At least 20 community energy stakeholders participating in RIIO-ED2 Business Plan events.	Presented Business Plan to 92 attendees at Net Zero Communities forums, inviting them to respond to the consultation. In addition, 281 community energy representatives participated in RIIO-ED2 Business Plan events.
Carry out a specific consultation exercise on our draft Business Plan with community energy stakeholders. We will send a short jargon free explanation of our draft commitments in RIIO-ED2 to community energy organisations, inviting comment and using feedback to update our draft Business Plan.	Community energy feedback to be included in Business Plan submission.	Community energy feedback included in chapter 2 and 3 of our final submission Business Plan.



Amplify our voice with BEIS and Ofgem

You said...

We promised we would...	Deliverable/measure	What did we do?
Provide feedback we receive from all our engagement with communities to BEIS and Ofgem, and work with them to remove barriers to community and local energy. To achieve this, we will work with BEIS and Ofgem to ensure that any regulatory barriers to reaching net zero by 2050 are properly recognised and resolved.	The community and local energy agenda will be fully recognised in our RIIO-ED2 Business Plan.	Community energy is integrated and represented throughout the Business Plan, including core commitments in Chapter 2.

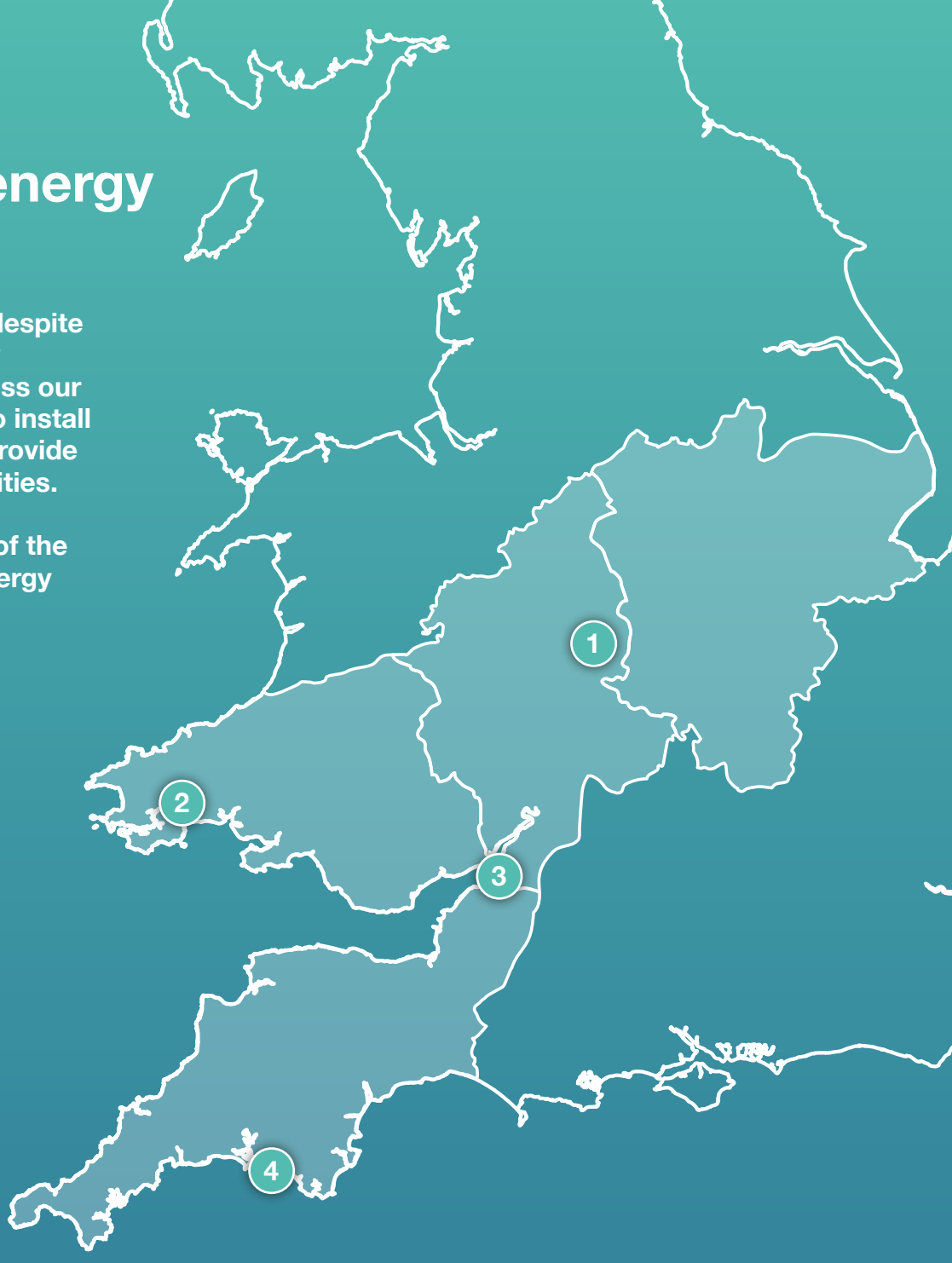


Bristol Energy Co-op's 41 kW solar array on Easton Community Centre.

Community energy in 2020/21

Over the past two years, despite the pandemic, community energy organisations across our licence areas continued to install generation projects and provide support for their communities.

Here are some examples of the great work community energy groups have done locally.



1

Community Energy Birmingham installed a 30kW solar array on Castle Vale Stadium. This array, as well as five others generated 75MWh of electricity in 2020.

2

In March 2020, Community Energy Pembrokeshire completed construction on their 900kW wind turbine in East Willamston.

3

Five organisations, part of the Bristol Energy Network, distributed emergency Covid winter funds to residents living in their area.

4

Yealm Community Energy made £2,000 available to each local parish for emergency relief at the start of the pandemic, with the parishes free to use the fund as they saw fit. This included supporting families, care homes and schools.

2. How we will support community energy in 2022

Following on from the work we have delivered so far, we want to refresh our support for community energy over the next year, to help maximise the social, economic and environmental value that these projects have for our communities and customers.

Our next Business Plan period begins in 2023, but ahead of that, we will:



Republish a guide and run an online forum for communities on Ofgem's proposed changes for network access and forward looking charges.



Hold in-person and online net zero forums for community and local energy stakeholders.



Produce new online resources to help new and existing community energy organisations access expertise and advice from across the Western power Distribution (WPD) team.

We have continued to listen to feedback you have given us and updated our full list of commitments to ensure we are supporting community and local energy stakeholders as best as we can in the year ahead.



TrydaNi and Gwent Energy CIC's public chargepoint at Abergavenny bus station. Picture courtesy of TrydaNi

2. How we will support community energy in 2022

What you have said to us more recently

We want a named point of contact for community energy

We will...	When by?	Measure of success
Make the most of the Community Energy Engineer to champion community energy in WPD and act as a point of contact for all community and local energy stakeholders across our licence areas.	Throughout 2022	At least two contacts with community energy representatives per week.
Through our new community energy engineer, proactively engage with communities with ideas for network innovation projects.	October 2022	At least one innovation project proposal with community energy organisations as a partner for NIA funding.

Support new entrants to this sector

We will...	When by?	Measure of success
Clearly communicate our support for community energy organisations and regularly share what resources we have available through quarterly newsletters sent out to community and local energy stakeholders.	April 2022	Publicise the resources we have available to community energy stakeholders
Support community energy organisations to identify funding opportunities from other sources through our Community Energy Engineer and newsletter.	Throughout 2022	At least two funding opportunities for community energy organisations shared in each newsletter.
Re-promote our series of guides and resources for community energy organisations through newsletters, forums and social media.	Throughout 2022	Guides re-shared either online, via email or at forums at least once per month.
Publish a series of short interviews with WPD staff, asking questions that new entrants to this space want answers to. These interviews will feature network planners, the social obligations team, the education team, and data experts.	Throughout 2022	Four videos published on YouTube in 2022.

2. How we will support community energy in 2022

What you have said to us more recently

Help us understand how our community can decarbonise our heat and transport

We will...	When by?	Measure of success
Publish an accessible guide for communities on options and models for low carbon heat.	Throughout 2022	Guide published on our website and promoted through our newsletters and social media channels.
Align this Net Zero Communities Strategy with stakeholder priorities and clearly communicate options for connecting EVs, heat pumps and renewables to our network by updating our 'Connecting Community Energy Guide'.	Throughout 2022	'Net Zero Connections Guide for Communities' published on our website and promoted through our mailouts and social media channels.
Support communities to partner on innovation projects aligned to our innovation strategy priorities on the decarbonisation of heat and transport, and share learnings from these to help communities understand the opportunities. We will collate existing case studies and add new case studies to our website, present these at forums, and develop a process of referrals for suitably innovative projects from the community energy connections surgeries and events.	Throughout 2022	Innovation case studies published online and shared through our mailouts and forums.

Take a fabric first approach to energy efficiency and fuel poverty

We will...	When by?	Measure of success
Actively promote our Affordable Warmth Partnership and Priority Service Register (PSR) to community energy organisations to help them identify opportunities to partner with us, through our website, newsletter, forums and working with existing community energy networks.	Throughout 2022	At least 50% of stakeholders at forums aware of these services.
Signpost training and support for community energy organisations on energy efficiency retrofit and provide expertise on this through our forums.	Throughout 2022	At least one expert speaker or facilitator on energy efficiency or retrofit at each of our forums.

2. How we will support community energy in 2022

What you have said to us more recently

Help us access more data for our projects

We will...	When by?	Measure of success
Support more communities to access local electricity data through the OpenLV model, and re-promote our OpenLV guidebook for communities to help them understand how to make use of the data.	Throughout 2022	At least three more communities accessing local substation data through an easy to use online platform.
Provide more accessible information on network connection costs and network reinforcement costs for communities via our website, surgeries and forums.	Throughout 2022	At least five community energy organisations connecting low carbon technologies to our network.

Help us amplify our voice to Ofgem and BEIS

We will...	When by?	Measure of success
Through our Community Energy Engineer, engage with Ofgem and BEIS on key barriers for community energy organisations that come up in forums, surgeries and meetings with stakeholders.	Throughout 2022	Each relevant consultation submission from WPD to contain a section on response on behalf of community and local energy stakeholders.
Republish a guide and run an online forum for communities on Ofgem's proposed changes for network access and forward looking charges.	December 2022	Guide published and forum attendees have increased understanding of Ofgem's changes and their impact on local energy projects.

Continue to engage with us, online and in person

We will...	When by?	Measure of success
Hold one in-person local net zero forum in each of our licence areas each year (four in total), and two online Net Zero Communities forums per year.	Throughout 2022	90% of attendees satisfied with these forums.
Deliver at least 20 community energy surgeries per year with our local connections teams to offer greater levels of support and handholding for low resourced groups. Surgeries will be publicised on the communities' pages on our website, and bookable online.	Throughout 2022	Minimum of 20 surgeries held, arranged within three days of a request for a meeting and carried out within three weeks.

2. How we will support community energy in 2022

Ways to use community energy locally

Local supply is often described as the ‘holy grail’ of community energy; community-owned local renewable generation being sold to nearby homes and businesses making their energy consumption greener, more local, and in theory, cheaper. Communities across the UK have shown that they want to have a stake in local, low carbon energy generation projects, and at the same time our energy system is also getting smarter. The roll out of smart meters and the growth in smart technologies and services is changing the way households and businesses interact with the energy they use and there is growing interest from our customers in local supply models. However, our energy system is also very complex, consumers need to be protected and everyone has to pay a fair price for the national network that we all use. Therefore, the model of selling energy locally is not quite as simple as selling local food in the village shop.

Anyone who wants to sell electricity in Great Britain to consumers using the public network must have a supply licence and comply with a number of industry codes and regulatory obligations to ensure that the system is safe and we avoid blackouts. Licences, and the conditions that suppliers have to meet are set by Ofgem, our energy regulator.

Under Ofgem, the GB electricity retail market operates on a “supplier hub” model, meaning that electricity suppliers are the primary interface between electricity consumers and the electricity system, and they are responsible for helping to balance the system, ensuring that consumers’ energy needs are met, while now also rolling out smart meters to homes and businesses. This means that for most community energy organisations exploring local supply projects, often, their most viable route is to partner with a licenced supplier.

Suppliers have various options for buying electricity, but it usually involves having a contract with a generator, or through a trader over an energy exchange. They need to ensure that electricity supply matches demand as closely as possible, since electricity is generated, transported and used in real time and cannot easily be stored. If suppliers do not get this balancing right, which happens in half hour chunks called settlement periods, it can be very costly. However, it is possible for local supply models to change the breakdown of costs and redistribute value between the network operators, suppliers, generators and end users.

Here are some of the options available to communities that are looking to sell electricity to consumers.

White labelling

Under a white label arrangement, a community organisation partners with a licenced electricity supplier who offers branded tariffs on the community’s behalf. Back office functions and licence requirements, including code compliance and consumer protection, sit with the licenced supplier. Through white labelling, community energy groups can negotiate a tariff that meets their local objectives, such as addressing fuel poverty or developing local generation. However, customers are still purchasing energy from a licenced supplier and it does not allow community groups to set the price for their own generation.

Sleeving

Sleeving is a type of Power Purchase Agreement (PPA) between a licenced supplier and a generator, which links the generation to the customer. This allows the customer or community to purchase energy directly from the generator via a licenced supplier, and the model is often used by large organisations with their own generation on one site looking to supply load to another site across the public network.

2. How we will support community energy in 2022

Ways to use community energy locally

Local balancing

Local balancing is 'matching' generation with demand at a local level to minimise the amount of electricity exported out of and imported into a local area, and there are different scales for local balancing. For example, it can refer to matching generation and demand at the network level, where the generation site and electricity users are under the same primary substation, or it could simply be defined by the geography or sense of community, such as a village. Matching generation and consumption in a local area has the potential to access some value from the supplier or network operators through:

- Using the network less, particularly at peak times.
- Helping the DNO to avoid network reinforcement.
- Price time shifting.
- Reduced imbalance risk (either too much or too little generation) for the supplier.

Case study: Energy Local

The Energy Local model allows a local group of domestic customers and a generator to come together to form a new type of organisation; an Energy Local Club which is partnered with a licenced supplier (in this case, Octopus Energy). The electricity from a local generator is shared between club members who are using the power when it is generated. Consumers receive cheaper bills and generators receive a higher income. The more club members that adjust their consumption to use electricity when it is generated, the greater the benefit. The price for power 'matched' within the club is agreed between Club members (higher than the price received for exported generation but lower than a domestic tariff).

Energy Local CIC works with suppliers to provide the service to Energy Local Clubs. The supplier fits smart meters, calculates local generation and consumption, aggregates the electricity that is exported and imported locally, and bills consumers through a Time of Use Tariff for any electricity that has not been matched locally.

All Energy Local Clubs have a 'club dashboard' where members can see how much electricity is being generated in real time, the price of local power and the extra power from a supplier, as well as the amount of local generation consumed locally.

There are currently four Energy Local Clubs across WPD's licence areas, which use solar, wind and hydro generation at low voltage. Clubs help run the network efficiently by balancing the network locally. These Clubs all have a partnership with Octopus Energy, who have a PPA with the generator and supply all members with their electricity.

You can find more information on Energy Local and see electricity prices for each of the Clubs on their website: energylocal.org.uk/clubs

Further information and resources can be found by clicking on the bullet points below:

- Ofgem's guide on **selling electricity to consumers**.
- Regen's **local supply guide**.
- **Community Energy Scotland's** innovation projects on local supply.
- The **Local Electricity Bill** aims to enable electricity generators to become local suppliers.

3. Our RIIO-ED2 Business Plan

As a regulated business, every five years the energy regulator Ofgem decides how much DNOs like us can earn and what we can spend.

These are known as price control periods, and the next one begins on 1 April 2023, going up to 31 March 2028, called RIIO-ED2 (Revenue = Incentives + Innovation + Outputs in Electricity Distribution).

To create our Business Plan for these five years, we have engaged 25,000 stakeholders to make sure our plan meets your needs and provides value for money for our customers.



Connecting up to 1.5 million EV charging points and 600,000 heat pumps to our network between 2023 and 2028.



Working with partner organisations to support 113,000 fuel poor customers to save more than £60 million overall on their bills and ensure no one is left behind in the take up of low carbon technology.



Our business will be net zero by 2028 and will enable local authorities to achieve net zero by as early as 2030.



Heart of England Community Energy's (HECE) 15MW community solar farm near Stratford-upon-Avon. Picture courtesy of HECE.

3. Our RIIO-ED2 Business Plan

Community Energy and our Business Plan

We see community energy as central to net zero. These projects are key to tackling our climate emergency locally, so during RIIO-ED2, we are planning to further build on our work to engage community and local energy organisations with an extensive programme of support. In our plan, you will find proposals for:

30 community energy connections a year

with 60 surgeries for local groups annually and dedicated WPD staff to support



150% increase from RIIO-ED1

£1 million 'Community Matters' support fund

annually, 1,000 staff community volunteering days and a further £540,000 funding to install solar PV at 45 schools every year



NEW







3. Our RIIO-ED2 Business Plan

Core commitments

The following core commitments are in our final submission Business Plan and relate to Community Energy. WPD must:

- Explain why actions are appropriate for a DNO to undertake (WPD is best placed to deliver) and that electricity distribution customers should fund.
- Demonstrate that we have considered alternative approaches to meet these objectives and explain why the proposed approach is best.
- Demonstrate that the costs are efficient and that the benefits of the actions plausibly outweigh the costs (recognising benefits may not all be quantifiable and may be uncertain).
- Test whether a representative sample of customers and stakeholders support the Business Plan when properly informed of the costs and benefits.
- Propose how the initiatives included will be treated in the price control so that customers are not exposed to unacceptable risks (e.g. paying and not getting the benefits).
- Provide assurance undertaken or commissioned by WPD and explain how this has been taken into account.

Community energy				
Core commitment		Commitment Type	Change from RIIO-ED1	Positive impact for customers
8	Actively support the expansion of green, renewable energy generation and help local communities to decarbonise and lower their bills, by connecting at least 30 community energy groups to the network each year. We will hold 60 community energy surgeries per year and provide a dedicated WPD community energy representative to assist with connection and flexibility offers.	Bespoke ODI-R and CVP	 150% increase in connected groups	Community groups with less knowledge and expertise of the connections process receive tailored support to develop their schemes and connect to the network. This will increase their confidence and understanding of our processes, so that they find it easier to gain access to our network.
9	Support a growth in community energy schemes by facilitating their access to available funding streams.	Bespoke ODI-R	 New	Support community energy schemes with viable and ambitious low carbon schemes to secure funding to make them a reality.

Social contract				
Core commitment		Commitment Type	Change from RIIO-ED1	Positive impact for customers
23	Support and add significant value to our local communities via a 'Community Matters' social initiative associated with the smart energy transition, vulnerability, environment and sustainability. This will include a shareholder funded annual £1 million community support fund and 1,000 volunteer days per year for WPD staff to support local causes.	Bespoke ODI-R and CVP	 New	Act as a socially responsible business that will support the needs of the local communities we serve – delivering key corporate social responsibility initiatives to help people in vulnerable situations.
25	Build decarbonised communities and local energy schemes by providing £540,000 shareholder funded support per year to install solar PV on schools in areas of high economic deprivation.	Bespoke ODI-R and CVP	 New	Establish community energy schemes enabling schools to reduce their carbon impact and lower their energy bills, enabling the redistribution of savings to spent elsewhere on education resources.

In addition to core commitments we have gone beyond simply delivering a highly cost efficient plan, by making additional commitments that will generate significant extra value to customers. We determine this value using a robust social value measurement and give priority to the proposals that are most important to our stakeholders.

3. Our RIIO-ED2 Business Plan

Consumer Value Propositions

Below, we set out the detail of CVP-3: Establish Community Energy Engineers and CVP-6 Community Matters Fund. These CVPs support the development and delivery of community based energy schemes to drive the UK's achievement of net zero.

CVP-3 builds on the success of WPD's accessible guides, and responds to stakeholder engagement in proposing to employ four full time Community Energy Engineers, each dedicated to a licenced area, and significantly expand our provision of Community Energy Surgeries. CVP-6 looks to achieve positive community outcomes in relation to vulnerability, the environment and education.

We know that community led projects have a vital role to play in championing the connection of renewables, as well as demand reduction and flexibility schemes. Many such projects are wholly owned or controlled through energy community groups or through a partnership with commercial or public partners. Through community energy schemes, local communities can benefit from a range of social, environmental and economic benefits, including:

- **Alleviating fuel poverty;**
- **Energy engagement and education;**
- **Community funds from renewable energy projects.**

Through our stakeholder engagement workshops, we have received feedback from community energy groups, highlighting the pressing requirement for WPD to actively support and engage community energy groups.

What we are proposing:

We are building on and extending an already impressive track record in response to the outcomes of our stakeholder engagement, propose to:

- Employ four full time Community Energy Engineers, each dedicated to one of our license areas, and
- Significantly expand our provision of Community Energy Surgeries.

Community Energy Engineers (CEE) will act as the single point of contact for a licenced area, bringing deep local knowledge and energy expertise and delivering our support at grass roots. CEEs will be responsible for:

- Holding personalised one-to-one sessions with community energy groups.
- Providing advice and guidance on relevant topics including new connections (e.g. sustainable energy use, insulation grants).
- Helping mobilise and getting schemes 'off the ground'.
- Acting as a consistent source of support for community energy groups, introducing or liaising with relevant additional contacts as necessary.
- Holding webinars and community energy festivals to raise awareness on topics such as low carbon technologies and renewable connections.
- Publicising case studies of community energy groups.
- Providing relevant training.
- Updating guides.
- Monitoring performance of community energy surgeries.
- Developing ideas for innovation proposals.
- Providing WPD responses to regulatory changes affecting community energy groups.
- Reporting on community energy group engagement.

With our dedicated CEEs, WPD will expand the number of Community Energy Surgeries and Net Zero Surgeries. These are sessions where we will meet with local community energy groups and other stakeholders on demand, to help facilitate progress towards decarbonisation via delivery of small-scale energy projects. We aim to investigate and arrange surgeries within two working days of a request placed via our CROWN system, delivering a speedy and responsive service.

According to the criteria set out by Ofgem in relation to the submission of Consumer Value Proposition (CVP) initiatives, this initiative sits within the category of "Proposals that exceed the baseline expectations set out for Environmental Action Plans".

Below, we set out the detail of CVP-6: Deliver an annual £1 million 'Community Matters' Fund, funded entirely by shareholders, to achieve positive community outcomes in relation to vulnerability, environment and education.

WPD has a vital role to play in supporting customers in vulnerable situations. We understand this and have actively worked with partner organisations during the RIIO-ED1 period to help ensure that our customers receive the support that they need.

WPD is strongly committed to leading the way in the transition towards a greener, more sustainable energy distribution industry. At the same time, this process must be inclusive, enabling customers to participate and access the potential benefits that decarbonisation brings.

3. Our RII0-ED2 Business Plan

Community Energy and our Business Plan

In this context, WPD wants to make a difference in the local communities it serves. Through the initiative set out in this document, our shareholders are proud to commit themselves to spend £1 million from their own funds annually to achieve positive community outcomes in relation to vulnerability, education and environment.

This initiative aims to support 300,000 vulnerable people in various communities across our region. This will be achieved through contributions from our shareholders. To support this activity, this proposal also entails establishing a volunteering scheme encouraging staff to volunteer at local community projects. We are proposing to specifically provide support in key areas where WPD has expertise and partnerships that can be leveraged to achieve the greatest benefits for local communities, particularly for vulnerable customers and for the environment.

To assist in the delivery of these activities, WPD will establish a volunteering scheme encouraging our staff to volunteer at local community projects. As a clear commitment of our support for this, we will allocate 1,000 staff volunteering days every year during RII0-ED2.

The Community Matters fund is an initiative funded solely by the shareholders of WPD with the intention of achieving positive community outcomes in relation to vulnerability, the environment and education. Our shareholders want to demonstrate their passion and commitment to the communities that WPD serves and believe that this fund is the best way that they can make a positive direct impact across a spectrum of activity areas.

These key areas are listed below:

- **STEM:** Activities aimed to encourage more participation in science, technology, engineering and mathematics and the future career opportunities the subjects can offer.
- **Diversity:** Activities aimed to encourage diverse workforces and inclusivity for all.
- **Safety:** Activities aimed at encouraging people to stay safe when working and enjoying leisure activities.
- **Low carbon and energy efficiency:** Activities aimed at reducing carbon emissions and energy use to support the achievement of net zero.
- **Vulnerability:** Activities aimed at providing support to those who most need help in our communities.



Get in touch

Introducing our new Community Energy Engineer

To help refresh our support for community energy across our licence areas and ensure the way we engage is joined up and strategic across our business, we have appointed Faithful Chanda as our new Community Energy Engineer.

Faithful has moved from our innovation team to take on this new role, and he is here to support your projects, help you access expertise from across our team, and make sure the benefits of community energy can be unlocked for more of WPD's customers.

Get in touch with Faithful to discuss your project, what support is available from WPD and how community energy fits into our strategic priorities.



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