

# DSO and Connections Strategies

Stakeholder  
Workshop  
12th February 2021

**WESTERN POWER  
DISTRIBUTION**

*Serving the Midlands, South West and Wales*

[westernpower.co.uk](http://westernpower.co.uk)



# Housekeeping

James Garland  
EQ Communications

# How this virtual workshop will work

- WPD will present to the group as a whole with facilitated discussions in smaller breakout rooms.
  - These will start and end automatically.
- Please mute yourself when you are not talking.
- Please turn your camera on during the discussion.
- Please note there are different view options in Zoom.
- We will be using 'Slido' to gather quantitative feedback—we will introduce you to this later.

**slido.com**  
**WPD2021**

# Agenda

<b>REGISTRATION / LOG IN</b>	<b>09:45 - 10:00</b>
<b>HOUSEKEEPING / INTRODUCTION</b>	10:00 – 10:10
<b>WORKSHOP 1: DSO STRATEGY – PLANNING AND NETWORK DEVELOPMENT</b>	10:10 – 10:50
Breakout Discussion	
<b>WORKSHOP 2: DSO STRATEGY – MARKET FACILITATION</b>	10:50 - 11:20
Breakout Discussion	
<b>COFFEE BREAK</b>	<b>11:20 – 11:35</b>
<b>WORKSHOP 3: CONNECTIONS STRATEGY</b>	11:35 - 12:25
Breakout Discussion	
<b>THANK YOU AND WRAP UP</b>	<b>12:25 – 12:30</b>



# Introduction

Richard Allcock  
Stakeholder Engagement Manager

# Setting the scene

- We distribute power to **7.9 million homes & businesses**.
- We cover the East and West Midlands, South Wales and South West England.
- Our focus is to deliver affordable excellent customer service by keeping the light on and ensuring customers can have a connection when they want it.
- OFGEM regulates how much revenue we can earn and what we must deliver in ‘price control periods’.
- **‘RIIO-ED2’ will cover the 5 years 2023-2028.**
- We are developing our business plan for that period—setting out, in detail, our commitments to stakeholders, performance targets and planned investment and expenditure.



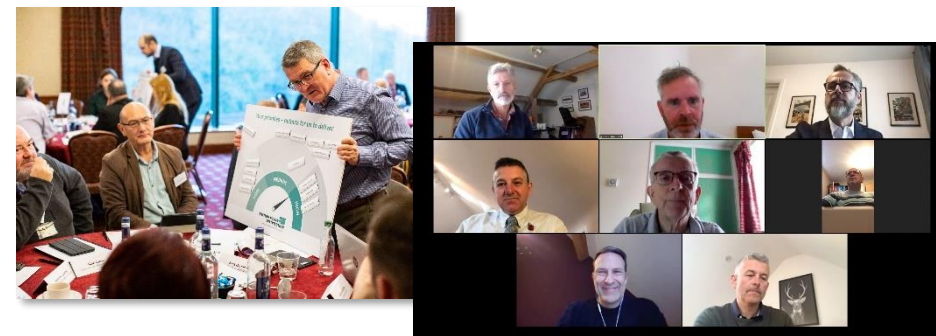
## “RIIO-ED2”:

Revenue = Incentives + Innovation + Outputs  
(Electricity Distribution 2)

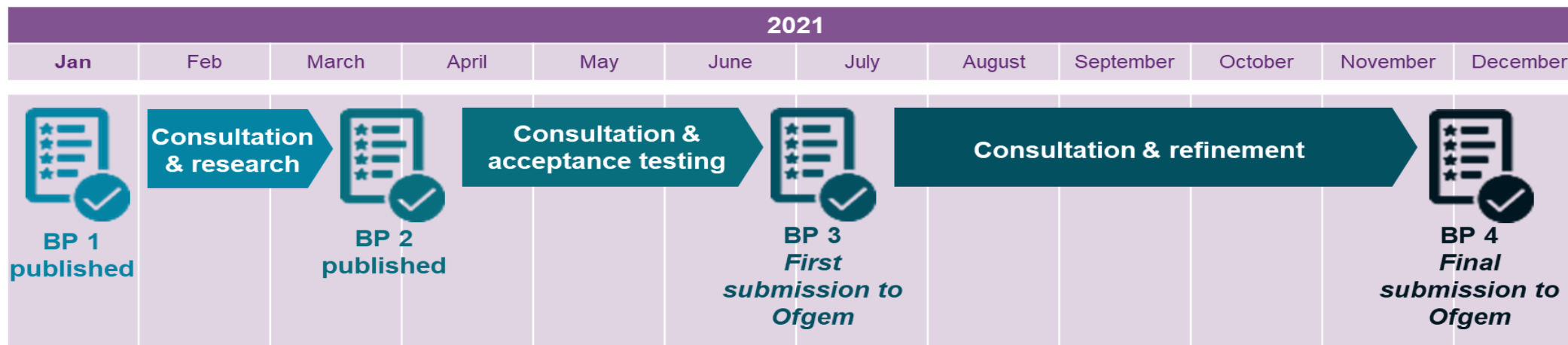


# Our stakeholder engagement programme

- Since 2019 we have engaged over 4,500 stakeholders on the creation of our business plan.
  - *Bill payers, future users, industry parties, local authorities, green energy organisations, consumer groups, charities and many more*



- We will publish 4 versions of our Business Plan up to the final submission to Ofgem on 1st December 2021:



# Co-creation with stakeholders

- **We want the best possible business plan in the eyes of our customers—entirely reflective of their needs and priorities.**
- We are building our business plan with stakeholders in stages.
- We're aiming for the greatest involvement of stakeholders ever—co-creating our plan with stakeholder.
- **We started from a blank piece of paper.**
  - *Whilst in many cases the priorities suggested by stakeholders have not come as a surprise, starting afresh was an intentional approach to:*
- **Every commitment in our first draft business plan is a result of stakeholder feedback.**
  - *In some cases feedback has developed the precise commitment and targets being proposed.*
  - *In others stakeholders indicated a general area of focus/priority. We have then suggested what we believe is an appropriate commitment.*
- **We are now seeking your views on the precise targets and/or suggest alternative commitments.**

Update our understanding of stakeholder priorities

Identify significant changes in expectations

Invite suggestions for how we can improve or evolve our operations





# What we have published

## First draft Business Plan



Business Plan Chapters	
Chapter 1	A summary of our plan
Chapter 2	We deliver on our commitments
Chapter 3	Giving consumers a stronger voice
Chapter 4	Our RIIO-ED2 core commitments
Chapter 5	Delivering a smart, flexible energy system
Chapter 6	Proposed RIIO-ED2 expenditure
Chapter 7	Adapting to change
Chapter 8	Glossary

## Accompanying consultation



- Detailed overview of the **67 core commitments**
- **13 consultation questions** for you to respond to

# Headlines of our plan

## Examples of our commitments

**9 out of 10**

on average for  
customer  
satisfaction

**2 million**

priority services  
customers  
contacted every two  
years

**75,000**

fuel poor  
customers to be  
supported to save  
**£40m**

**Low Carbon  
Technology**

affordable  
connections when  
required by our  
customers

**Power cuts**

improve on the  
current customer  
experience of 1  
power cut lasting  
24 minutes, every  
two years

**50 schemes**

benefitting 5,900  
Worst Served  
Customers

**Net Zero**

business carbon  
footprint by  
**2043**

**Community  
Energy  
Surgeries**

to be held for local  
energy groups

## Expenditure

- **We propose to invest around £6 billion** in the network across 2023-2028 to deliver WPD's current view



Average current  
annual expenditure

**£1.05 billion**



Average annual expenditure  
proposed for RII0-ED2

**£1.2 billion**

## Customer bills

- Our calculations predict any estimated increase in customer bills **will be offset by our efficiencies**, changes to the financing parameters and other aspects of the RII0-ED2 price control process.
- **We therefore intend to keep bills broadly flat across the five year period 2023-2028, in line with present day.**

**£96**

a year for the  
average domestic  
customer

# Responding to our consultation

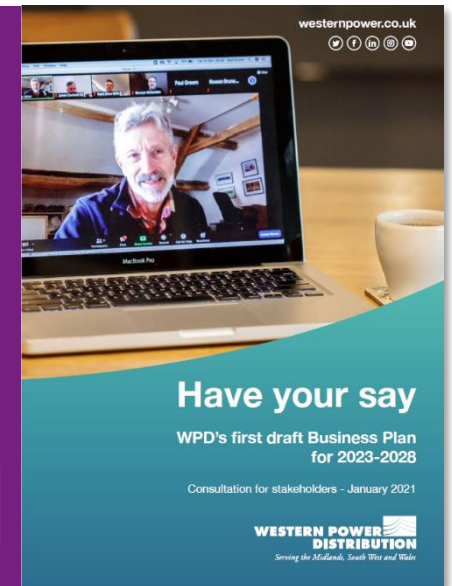
[www.westernpower.co.uk/RIO-ED2-Business-Plan-Jan2021](http://www.westernpower.co.uk/RIO-ED2-Business-Plan-Jan2021)

- Download and review our full Business Plan draft
- If you're time-pressed, review our consultation document (67 core commitments)

## How to respond to this consultation

- You can submit your responses to this consultation online.
- If you want to respond only about WPD's core commitments, you can use our online tool to provide feedback on each of the specific core commitments.
- Alternatively you can download a response form and email or post this to us.

**Closing date: Sunday 28<sup>th</sup> February**



# Our RII0-ED2 Delivery Strategies

As part of our business plan submission, we need to include a set of individual strategies and action plans for certain key topics.

- These ‘delivery strategies’, which will ensure that we demonstrate that we are delivering on our stakeholders’ expectations.
- The strategies must explain how we will meet and, where appropriate, exceed the baseline requirements OFGEM have set out in their Sector Specific Methodology Decision (the ‘SSMD’) in December 2020.

Our Delivery Strategies will set out:

- An assessment of the issues prevalent in our region
- Our vision for addressing these issues
- Specific deliverables and outcomes
- Performance measures to enable stakeholders and Ofgem to evaluate our performance and outcomes

# Purpose of today's workshop

## Developing our Delivery Strategies with you

- Today we want to discuss with you in more detail around two key delivery strategy topics.
- For each topic we want to:
  - Explore the high level principles and baseline expectations set out by OFGEM.
  - Seek your views on where WPD should exceed these baselines, and where WPD should be more ambitious.
  - Further refine or co-create specific deliverables and performance measures which will ensure WPD delivers on stakeholder requirements.





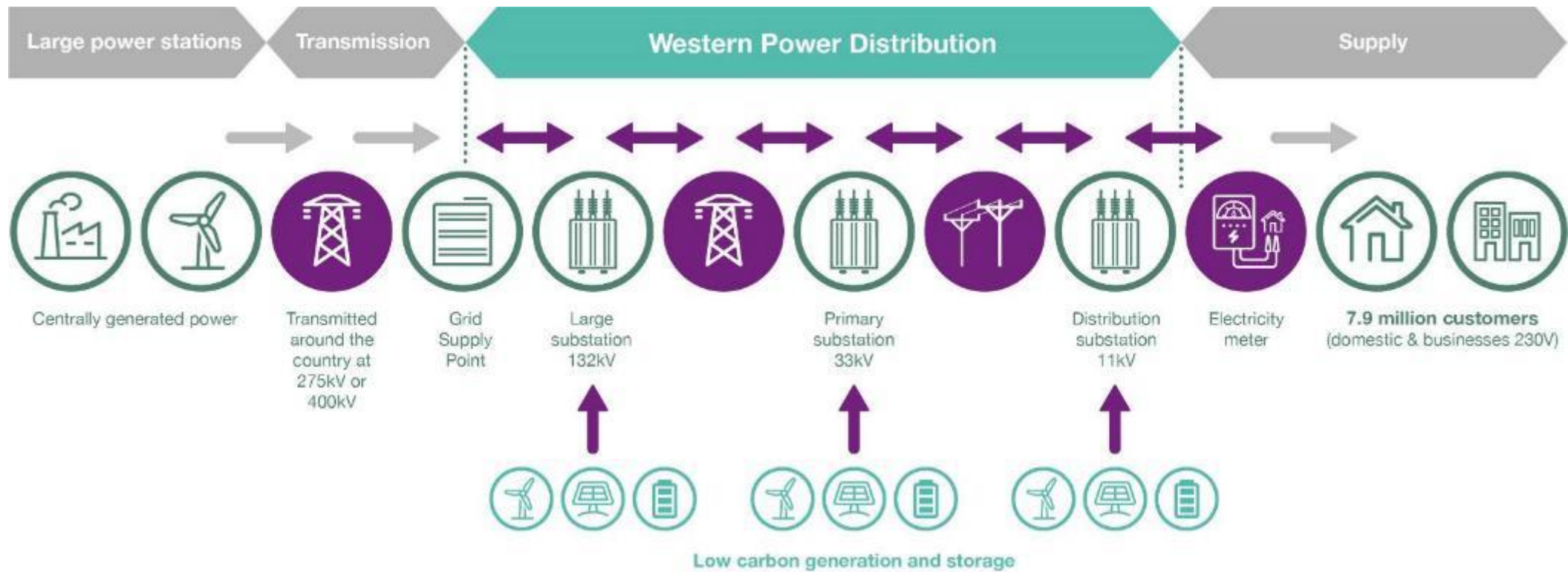


# WPD's DSO Strategy

Paul Jewell  
System Development Manager

# Distribution System Operations

‘DSO’ describes the activities in managing an active network of assets and users



# Distribution System Operation

## Roles of DSO

### Role 1: Planning and Network Development

- 1.1. Plan efficiently in the context of uncertainty, taking account of whole system outcomes, and promote planning data availability.

### Role 2: Network Operation

- 2.1. Promote operational network visibility and data availability.
- 2.2. Facilitate efficient dispatch of distribution flexibility services.

### Role 3: Market Development

- 3.1. Provide accurate, user-friendly, and comprehensive market information.
- 3.2. Embed simple, fair, and transparent rules and processes for procuring distribution flexibility services.

# Regulatory & Stakeholder Requirements

## Focussed Feedback

There are over 40 different baseline requirements for ED2, set out by the regulator, which span the three roles for DSO.

Through our own engagement, we have co-created strategic priorities with our stakeholders and our proposed outputs have been shaped by their feedback.

We would like to further test our direction in a few key areas for DSO:

### Role 1: Planning & Network Development

Monitoring  
Promoting Energy Efficiency

### Role 3: Market Development

Flexibility Market Customer/Stakeholder Engagement  
Flexibility segment prioritisation for ED2

Decision - RIIO-ED2 Methodology Decision: Overview

#### Appendix 1 DSO roles and baseline expectations

##### Overview

A1.1 Through these roles and activities, we explain our proposed baseline expectations on DNOs delivering DSO functions in RIIO-ED2. In some cases, we are prescriptive about the specific actions and outputs that form this baseline. But generally, the activities and associated guidance below serve to outline behavioural standards and outcomes.

Role	Activity
Role 1: Planning and network development	1.1. Plan efficiently in the context of uncertainty, taking account of whole system outcomes, and promote planning data availability
Role 2: network operation	2.1. Promote operational network visibility and data availability
	2.2. Facilitate efficient dispatch of distribution flexibility services
Role 3: Market development	3.1. Provide accurate, user-friendly, and comprehensive market information
	3.2. Embed simple, fair, and transparent rules and processes for procuring distribution flexibility services

##### Purpose and application of baseline expectations

A1.2 DNOs will set out how they plan to meet these baseline expectations in their DSO strategies, a part of their business plan. Including this information is part of the minimum requirements for the Business Plan Incentive (BPI); failure to do so can result in a penalty per Stage 1 of the BPI. Meanwhile, DNOs who commit to delivering actions that go above and beyond these baseline expectations could be eligible for Consumer Value Proposition (CVP) reward, ie as part of Stage 1 of the BPI.<sup>43</sup>

A1.3 In our Consultation we proposed to revise these baseline expectations once we had received business plans. Then, we would hold DNOs to account to deliver against these revised standards during RIIO-ED2. We are not at this stage

<sup>43</sup> See Chapter 10 of Annex 2

# Role 1: Planning and Network Development



# Planning and Network Development

## Monitoring at Low Voltage Domestic Customer Level

### Option 1

Use smart meter data only with AI & machine learning

### Option 2

Install substation monitoring at 25% sites

Approx 15k sites =  
£30m

### Option 3

Install substation monitoring at 35% sites

Approx 21k sites =  
£42m

### Option 4

Install substation monitoring at 50% sites

Approx 30k sites =  
£60m

**Question** – What approach should we take to monitoring our network in ED2?

# Planning and Network Development

## Energy Efficiency

### Option 1

Inform vulnerable  
and fuel poor  
customers of savings

### Option 2

Inform wider  
customers of savings

### Option 3

Develop an energy  
efficient demand  
reduction offering

### Option 4

Develop an energy  
efficient demand  
reduction offering  
and actively support  
uptake

**Question** – What approach should WPD take in supporting energy efficiency in ED2?



# Discussion



# Electronic voting

# WPD's Distribution System Operator Strategy

## Role 3: Market Development



## What is Flexibility?

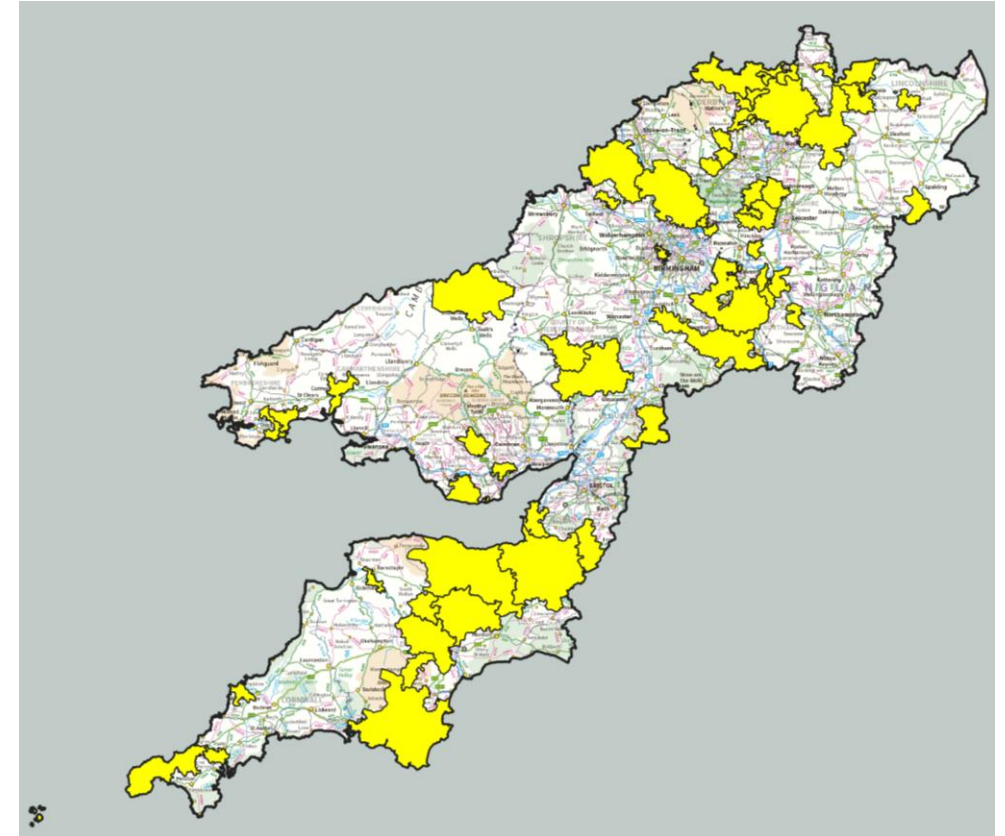
- Many electricity generators and consumers have the potential to reduce their demand during peak periods, or the ability to increase energy supply with generation or storage assets.
- Contracting with these consumers to provide these services where they can be flexible with their energy enables us manage constraints on our network.
- With increase demand on the network, flexibility means we can offset traditional reinforcement.

## Providing accurate, user-friendly and comprehensive market information

- As part of our DSO strategy we need to detail how we will engage with market participants and other relevant stakeholders.
- We must identify what makes information user-friendly, and what steps alongside stakeholder engagement we will take to ensure our published information is user-friendly and complies with data best practice.
- We will also set out the actions to ensure customers, including those in vulnerable situations, are able to engage in market development.

# Flexibility in ED1 (Commercial and Industrial)

- Since 2017, WPD has been procuring flexibility to defer or avoid reinforcement. We have 440MW in contract.
- In FY2019/20 we deferred £26.4m for a cost of £550k.
- In 2021 H1 we are going out for a further 239MW of flexibility, taking our total requirement to 449.7MW.
- We are actively managing flexibility across 305 of our 1180 primary substations (>25%).
- We have procured demand turn-up, generation turn-down and generation turn-up.
- **Flexible Power** has now been adopted by 5 of the 6 GB DNOs.



# Flexibility in ED2 (Domestic Customers)

## Propositions include Electric Vehicles, Heat Pumps and Energy Storage Flex

### Challenges:

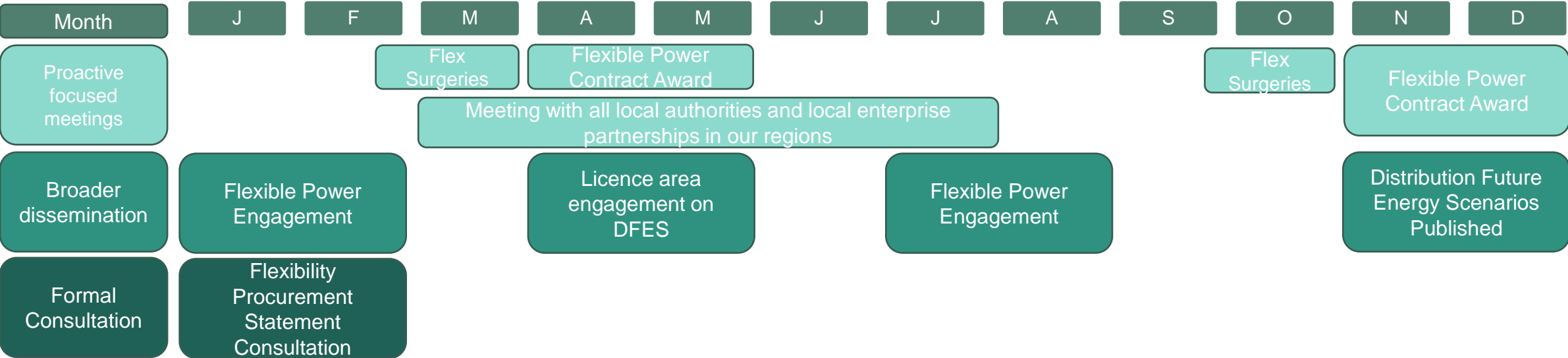
- Not yet established (except for aggregators)
- Lots of small participants creating a cumulative response

### Opportunities:

- Smart apps
- Sero Homes South Wales

**Question** – Will the domestic customer flexibility market be established in time for ED2?

# Developing our engagement for flexibility markets



**Question** – What more do we need to do in ED2 to facilitate the domestic customer flexibility market?





# Discussion



# Electronic voting

# WPD's Connections Strategy: A plan for RII0-ED2

Tim Hughes

Connections Policy Manager

# Major Connections Customers Strategy

## Ofgem's proposals for Connections Strategies

- Network operators must create a **Connections Strategy** that sets out how they will deliver quality services for major connections customers.
- The **Connections Strategy** will be aligned to three high-level connection principles and twenty associated baseline expectations for performance.
- Network operators will be held to account through an ex post assessment of performance.

### CONNECTION PRINCIPLE 1

Support connection stakeholders prior to making a connections application by providing accurate, comprehensive and user-friendly information

- Baseline expectation 1
- Baseline expectation 2
- Baseline expectation 3
- Baseline expectation 4
- Baseline expectation 5
- Baseline expectation 6
- Baseline expectation 7
- Baseline expectation 8

### CONNECTION PRINCIPLE 2

Deliver value for customers by ensuring simplicity and transparency at all stages of the applications process

- Baseline expectation 9
- Baseline expectation 10
- Baseline expectation 11
- Baseline expectation 12
- Baseline expectation 13
- Baseline expectation 14
- Baseline expectation 15

### CONNECTION PRINCIPLE 3

Facilitate the delivery of timely and economical connections that meet customers' needs

- Baseline expectation 16
- Baseline expectation 17
- Baseline expectation 18
- Baseline expectation 19
- Baseline expectation 20



# WPD's Major Connections Customers Strategy

## Our intent for developing a Connections Strategy

- Our aim is to create a **Connections Strategy** that will meet the needs of our major connections customers.
- Our Connections Strategy will:
  - ✓ adhere to OFGEM's three connection principles and associated baseline expectations;
  - ✓ set out a number of deliverables and describe the benefits they will provide; and
  - ✓ contain commitments born from robust customer engagement that reflect what our connections stakeholders have told us is important to them.



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# Connection Principle 1

Support connection stakeholders prior to making a connections application by providing accurate, comprehensive and user-friendly information

## OFGEM baseline expectation

Provide access to up-to-date and relevant information to enable a connection stakeholder to decide whether, and where, to connect to the distribution network. This should include, but not be limited to, graphical network records that show the location, size and type of assets.

If we think of this as focusing on the pre-application stage:

- what do you think we should deliver to meet OFGEM's baseline expectation?
- what else should we do to be more ambitious?

For example;

What we should deliver

Provide an on-line version of our GIS system.

How we make it more ambitious

Continue to develop our system to provide customers the information that they need.



# Connection Principle 1

Support connection stakeholders prior to making a connections application by providing accurate, comprehensive and user-friendly information

## OFGEM Baseline expectation

Provide support and help to customers through appropriate channels which should include, but not be limited to, connections surgeries.

If we think of this as focusing on the pre-application stage:

- what do you think we should deliver to meet OFGEM's baseline expectation?
- what else should we do to be more ambitious?

For example;

What we should deliver

Provide guide price tables indicating potential cost of connection.

How we make it more ambitious

Provide interactive costing tool for low voltage connections.





# Connection Principle 2

**Deliver value for customers by ensuring simplicity and transparency at all stages of the applications process**

## OFGEM baseline expectation

Have clear and simple customer application processes, which account for the particular needs of different groups of customers and which can be shaped by the parties involved. This should include, but not be limited to, providing options for how customers can apply for new connections and ensure these are clearly communicated.

If we think of this as focusing on the point of application and receipt of the connection offer:

- what do you think we should deliver to meet OFGEM's baseline expectation?
- what else should we do to be more ambitious?

For example:

**What we should deliver**

**Provide an online application service with options for different connection types.**

**How we make it more ambitious**

**Provide an online application service for regular users that reduces data-entry.**



# Connection Principle 2

Deliver value for customers by ensuring simplicity and transparency at all stages of the applications process

OFGEM  
baseline  
expectation

Have processes in place to help customers identify how they could make changes to their connection requirements that would meet their needs and allow them to get connected more quickly or cheaply.

If we think of this as focusing on the point of application and receipt of the connection offer;

- What do you think we should deliver to meet OFGEM's baseline expectation?
- What else should we do to be more ambitious?

For example:

What we should deliver

Provide flexibility options to avoid reinforcement costs and delays.

How we make it more ambitious

Provide 'tipping point' information to avoid reinforcement costs and delays.



# Connection Principle 3

Facilitate the delivery of timely and economical connections that meet customers' needs

OFGEM  
baseline  
expectation

Provide tailored communication plans to suit different customer needs, including the provision of specified points of contact during the delivery process. Ensure various channels are available for customers to access support or help.

If we think of this as focusing on post-offer acceptance:

- What do you think we should deliver to meet OFGEM's baseline expectation?
- What else should we do to be more ambitious?

For example:

What we should deliver

Contact the customer at various points along the connections process to check and advise on progress.

How we make it more ambitious

Develop online systems to allow the customer to identify the progress of their scheme—a 'progress tracker'.





# Discussion



# Electronic voting

# Green Recovery – Call For Evidence

- WPD has joined forces with electricity network companies across the UK to unlock additional strategic investment in the grid to support low carbon developments - driving green jobs and growth in its region.
- We will be investing up to £80 million in the electricity grid across the Midlands, South West England and South Wales to boost green growth and jobs across our region.
- To help target this network investment most effectively, **we are calling on community groups, local authorities, developers and green investors to submit evidence of any 'ready to go' green projects that require a connection to the electricity network via an industry 'call for evidence'.**
- The required evidence helps to ensure that WPD's investment is going to the network areas where investment will be most effective, and supports the move to a net zero carbon emission economy.



Please visit: [www.westernpower.co.uk/green-recovery](https://www.westernpower.co.uk/green-recovery) for more information, including a Q&A and feedback questionnaire



*Serving the Midlands, South West and Wales*

# Thank you for attending

Please take a moment to fill out a feedback form about today's event:

<https://www.surveymonkey.co.uk/r/MDHMFHC>

- We would appreciate feedback on any of the areas discussed today.

Please contact:

Richard Allcock, Stakeholder Engagement Manager

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[westernpower.co.uk](https://www.westernpower.co.uk)

