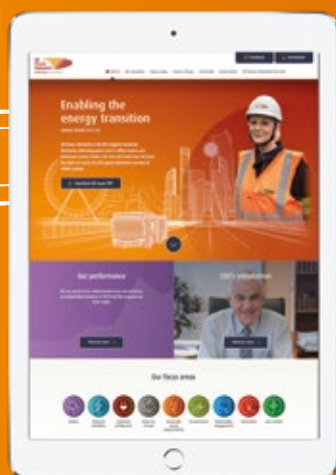


Enabling the energy transition

ANNUAL REVIEW 2017/18



UK Power Networks is the UK's biggest electricity distributor delivering power to 8.3 million homes and businesses across London, the East and South East. We keep the lights on across 29,250 square kilometres serving 18 million people.



Visit our Annual Review website:
annualreview2018.ukpowernetworks.co.uk

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Our vision

To be consistently the best-performing Distribution Network Operator in the UK from 2015/16 to 2018/19

We will achieve this by demonstrating industry leadership in the three areas below:

An employer of choice

- > The safest – with an exemplary safety record
- > A place where people love to come to work
- > A diverse workforce

A respected corporate citizen

- > The most reliable networks
- > The most satisfied customers
- > The most innovative
- > Deliver on our commitments
- > The most socially and environmentally responsible

Sustainably cost-efficient

- > The lowest-cost electricity distributor
- > Deliver profitable growth in our unregulated business

Our values

The DNA of our business

Our values reflect the behaviour we expect of our staff and our contractors. They form the basis of the way we do business.

Integrity

We will do what we say and build trust and confidence by being honest to ourselves, our colleagues, our partners and our customers.

Continuous improvement

We are committed to learning, development, innovation and achievement.

Diversity and inclusiveness

We recognise and encourage the value that difference and constructive challenge can bring.



Respect

We treat our colleagues and our customers the way in which we would want to be treated.

Responsibility

We always act in an ethical, safe, socially and environmentally aware manner.

Unity

We are stronger together and this comes from a shared vision, a common purpose and supportive and collaborative working.

Chief Executive's introduction



“We are playing a leading role in delivering a smart grid that empowers and enables our customers and communities to benefit from a decentralised, decarbonised and digitised energy system.”

2017/18 was another strong year for UK Power Networks. Safety is always our top priority, so we were particularly pleased to deliver our best-ever safety performance this year. At the same time as providing the essential service of keeping the lights on for our customers, we are also playing a leading role in delivering a smart grid that empowers and enables our customers and communities to benefit from a decentralised, decarbonised and digitised energy system. Since 2010 we have connected over 3GW of solar power to our network, which is more than even the most optimistic industry forecasts predicted.

Our employees are the people who make all this happen, and I pay tribute to their hard work and talent. We have built a motivated, engaged and high-performing workforce.

In 2017, this was recognised by The Sunday Times 25 Best Big Companies to Work For. We rose from 29th position last year to 11th, making us the most improved company on the list. We are also working hard to ensure that we have access to the very best talent available and that we take good care of all our people. To that end, we are making good progress towards achieving the National Equality Standard by the end of 2018.

The number of power cuts across our networks continues to fall year on year but, although the longer-term trend in the total duration of power outages is also going down, last year saw a small rise in this measure. In the coming year we will be redoubling our efforts to ensure that we maintain focus on reducing this number in spite of many demands on our workforce, including the effects of severe weather.

I am pleased to report that we are still the most cost-effective Distribution Network Operator (DNO). We recognise our privileged position as a monopoly provider of an essential service, so we are careful how we spend money. As an example, our procurement team is committed to achieving value for money for the business, and this was reflected in their Platinum Award from the Chartered Institute of Procurement and Supply. We are one of only 12 companies in the world to have received this award, which puts us in a very select group. We continue to invest in our network both to meet our customers' needs today and to ensure that the network is ready for the new energy landscape that is coming ever closer.

We listen carefully to our stakeholders and last year they told us they want us to address our role as an environmentally responsible business. Focusing on our environmental responsibilities, both as a business and as an enabler for our customers, has long been important to how we do business. This year we are making it more explicit and you will see that reflected in our vision for the company. Work is now under way to develop our Green action plan to take us forward.

Basil Scarsella
Chief Executive Officer

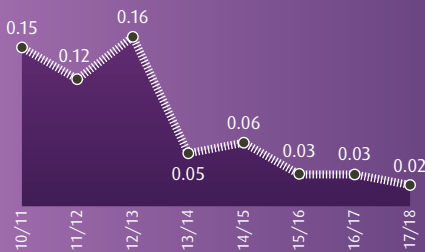
Our performance

We are proud of our achievements since we started as an independent business in 2010 and the progress we have made.

Safety: our number-one priority

There were only three occasions in the year where our people needed time off due to injury (called Lost Time Incidents). This resulted in a frequency rate, which is the number of incidents per 100,000 hours worked, of 0.02. This is one of the lowest in the industry.

Lost Time Incident Frequency Rate



90%
Improvement since 2010/11

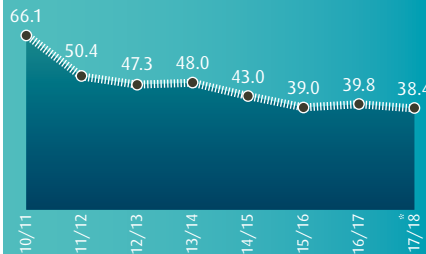
Read more on pages 14-15

Network reliability: maintaining excellent reliability

Our power cut performance has improved by 42% since 2010/11, which means customers now see an interruption on average once every two and a half years compared to an average of once every 18 months.

A customer connected to our network will be off supply on average for just over half an hour per year. This is a 48% improvement on 2010/11, when the average duration was 64 minutes.

Frequency of power cuts



* 2017/18 figures presented are provisional based on our regulatory submission at the date the accounts are signed. Discussion with Ofgem may result in an increase or decrease on the finalisation of exceptional event claims. The previous year comparatives have been restated to reflect the latest agreed position.

42%
Improvement since 2010/11

Read more on pages 16-17

Duration of power cuts

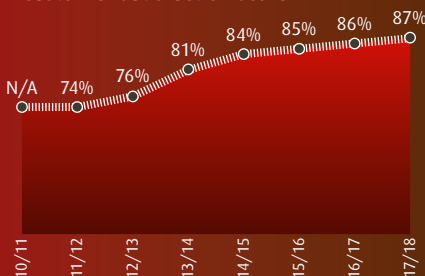


48%
Improvement since 2010/11

Customer satisfaction: focusing on our customers' needs

Our customer satisfaction rating stands at 87%, the best score we have ever attained.

Customer satisfaction score



The figures for 2010/11 are not available as Ofgem began measuring customer satisfaction in this format in 2011/12.

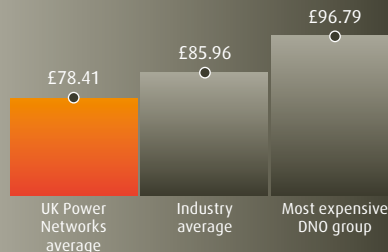
18%
Improvement since 2011/12

Read more on pages 18-19

Value for money: driving cost-efficiency

Our average annual cost of distribution services for a domestic customer is £78.41. This means we continue to be the lowest cost Distribution Network Operator (DNO).

Annual domestic charges in the industry



9% Lower annual domestic charges than the industry average

Read more on pages 20-21

Another award-winning year

We are delighted to be placed at number 11 in The Sunday Times 25 Best Big Companies to Work For and remain the only DNO to feature in this list. This is one of the many awards we won in 2017/18.



Read more on page 07

Our operations

UK Power Networks owns, operates and manages three of the 14 regulated electricity distribution networks in Great Britain. Our networks deliver electricity to 18 million people (8.3 million homes and businesses); 28% of the United Kingdom's population.

We are purely a network operator. We do not generate or buy electricity, nor do we sell it to customers.

Our **three networks** regulated by Ofgem are:

- > Eastern Power Networks plc, serving North London and East Anglia
- > London Power Networks plc, serving Inner London
- > South Eastern Power Networks plc, serving South London, Kent, East Sussex and parts of Surrey and West Sussex

UK Power Networks Services

Through our unregulated business, UK Power Networks Services, we deliver and manage high-voltage electrical and multi-utility networks for owners of major infrastructure. This portfolio includes a range of high-profile clients from both the public and private sector including London's five main airports: Heathrow, Gatwick, Stansted, Luton and City, High Speed 1; Network Rail; London Underground; Southern Water; Aspire and Canary Wharf.



UK Power Networks in numbers

The area we serve covers more than 29,250 square kilometres, from Cromer in the east to Brighton on the south coast.



79,491 GWh
Energy distributed



187,992 km
Total length of overhead (45,849 km) and underground (142,143 km) network



15,784 MW
Peak demand



18 m
Number of people served



9.07 GW
Distributed generation on our networks

Where we operate

East

Eastern Power Networks (EPN)

We deliver power to North London and East Anglia, encompassing a diverse range of urban and rural areas as well as a huge coastline.

London

London Power Networks (LPN)

We look after the electricity network for Inner London, with responsibility for delivering power to iconic buildings and businesses as well as high-profile international events throughout the year.

South East

South Eastern Power Networks (SPN)

We serve South London, Kent, East Sussex and parts of Surrey and West Sussex, covering a rich variety of customers and locations.

Our responsibility is to keep the lights on for the customers connected to our network. We:

- > Maintain the safety and reliability of our electricity networks
- > Efficiently connect new customers to our electricity networks, including power generators
- > Restore supply as quickly as possible to customers who experience an interruption
- > Innovate to continually improve efficiency and the service we provide to our customers
- > Support our fuel-poor and vulnerable customers
- > Facilitate a low-carbon environment by investing in assets, processes and initiatives that enable low-carbon technology to be connected to our network
- > Extend and upgrade the network to meet our customers' future needs



Our people

We will achieve our ambition of being the best-performing Distribution Network Operator (DNO) because we have recruited, developed and retained the highest-calibre people in the business. It is through our people that we achieve success in safety, innovation, customer service, reliability and more. That is why it is vital to attract the best people to work at UK Power Networks, and to make sure it continues to be a great place to work. It is also why we provide opportunities that motivate people at work and satisfy their career ambitions, as well as recognising their work-life balance.

UK Power Networks was again recognised as a great place to work by The Sunday Times 25 Best Big Companies to Work For. We have been on the list of Best Big Companies for the past four years and remain the only DNO to feature in this list. This year we were delighted to be placed 11th and acknowledged as the most improved company in the list. We work hard at engaging with our employees and have developed multiple channels through which to communicate. We listen carefully to what our people say and we ensure that they are fully informed about the business. Our Investors in People Gold accreditation recognises UK Power Networks' commitment to excellence in people management.

Keeping our people safe

Electricity can be dangerous for those working with it day in, day out, so we want to be sure that our employees and contractors are safe and well at work. We have built a culture that puts safety above all other considerations. Our record speaks for itself, and we take pride in being the safest of all the DNOs. But we are not satisfied with that record. We recognise the importance of maintaining and refreshing our culture relentlessly and continuously. Everyone can be a leader when it comes to safety; it is part of everyone's job, and we recognise and reward examples of leadership at all levels of the company.

Learning and development

UK Power Networks is a learning organisation. In order to retain and nurture the great people we recruit, we offer opportunities and tools to help everyone learn and develop in the way that works for them. We offer a comprehensive range of online and e-learning training modules, specific in-house

Our Future Leaders

Our Future Leaders programme identifies key talent within UK Power Networks with the ability, commitment and motivation to succeed in a senior position within the next few years.



courses, on-the-job training and external courses, as well as ongoing coaching and mentoring. We are always looking for new techniques to enhance our training. This year, we have introduced virtual reality to present our safety training in a more engaging way for our workforce.

One of the most important reasons for investing in the learning and development of our people is to ensure that we have the right leaders in place in the future. To meet that need, we offer an extensive programme of leadership development that caters for all leaders as they progress throughout their career. It starts with our Aspiring Leaders programme, progressing to New Leaders, then Leaders + through to our Future Leaders (High Potential) programme. All our leadership programmes are accredited by the Institute of Leadership and Management (ILM), and in 2017 we redesigned our Future Leaders programme to meet the ILM's requirements for its Level 5 Certificate.

Of the 50 successful participants of the programme since it began in 2012, over 80% still work for UK Power Networks. Of the 12 senior management roles that have arisen in the last 18 months, seven have been filled through the Future Leaders programme.

Diversity and inclusion

In order to attract the best and brightest recruits, we want to ensure that no section of the population faces barriers to success in a career with UK Power Networks. This applies both to the recruitment process and to career progression. We are considering factors beyond age and gender to include sexual orientation and disability.

Our accreditations



UK Power Networks was awarded the British Standard Institution (BSI) recognition for the extra services it provides to vulnerable customers during power cuts.



UK Power Networks received a second Gold Award from Investors in People, retaining its place among the top 7% of accredited organisations in an international standard that recognises high performance through good people management.



UK Power Networks has achieved the Platinum Chartered Institute of Procurement and Supply (CIPS) Standard.

Some of our awards



UK Power Networks has been recognised for its diversity and inclusiveness by the Association for Black and Minority Ethnic (BME) Engineers UK (AFBE-UK).



UK Power Networks was named Utility of the Year at the National Skills Academy People in Power Awards for the way it develops its workforce and invests in skills.



UK Power Networks was awarded the Keep London Moving Award by London First for electrifying London buses and helping to improve the air quality in the capital.



UK Power Networks ranked 11th in The Sunday Times 25 Best Big Companies to Work For plus two special awards for Best Improver and Innovation in Engagement. It makes the list for the fourth consecutive year and remains the only electricity DNO to feature in this list.



UK Power Networks picked up four awards at the Utility Week Stars Awards 2017. The company won in the following categories:

- Constellation Award – for collaborative work with a customer community
- Hero Award – awarded to Dominic Warren for his hard work with his charity Dom's Food Mission
- Health and Safety Champion – Initiative – for the Stay Safe programme
- The Supernova Long Service Award – awarded to Henry Moye for his dedicated service to the utility industry

Following our baseline report from Ernst & Young, an independent assessor, in April, we implemented our action plan towards achieving the National Equality Standard. We have made good progress towards that goal in 2017/18. We have looked closely at our performance measurement and management to see if there is any gender or age bias, and did not identify any. We are also analysing the profile of our job applicants, tracking responses to advertisements, inclusion on shortlists through to selection for interview and eventual offers and acceptances. This exercise is primarily designed to increase the proportion of female applicants. Our administrative roles generally attract an even balance of men and women. In engineering and technical roles, however, a disproportionate number of men apply for these roles with us. According to the Women's Engineering Society, women make up 11% of the workforce in engineering/technical roles, so there is a smaller pool available to us. We nevertheless recognise that we need to do more to attract women to these roles.

We are actively engaged with local schools and colleges, particularly those with ethnically diverse pupils in order to encourage applications from black, Asian and minority ethnic (BAME) backgrounds. In 2017, half of the graduates to join UK Power Networks came from BAME backgrounds. This year the company was recognised for its diversity and inclusiveness by the Association for Black and Minority Ethnic (BME) Engineers UK (AFBE-UK).



40-Plus Club

UK Power Networks is proud of its dedicated and long-serving employees. Each year we host the 40-Plus Club, to recognise our colleagues who have achieved 40 or more years of service history for UK Power Networks.

Company Recognition Award

UK Power Networks has been recognised for its diversity and inclusiveness by the Association for Black and Minority Ethnic (BME) Engineers UK (AFBE-UK).



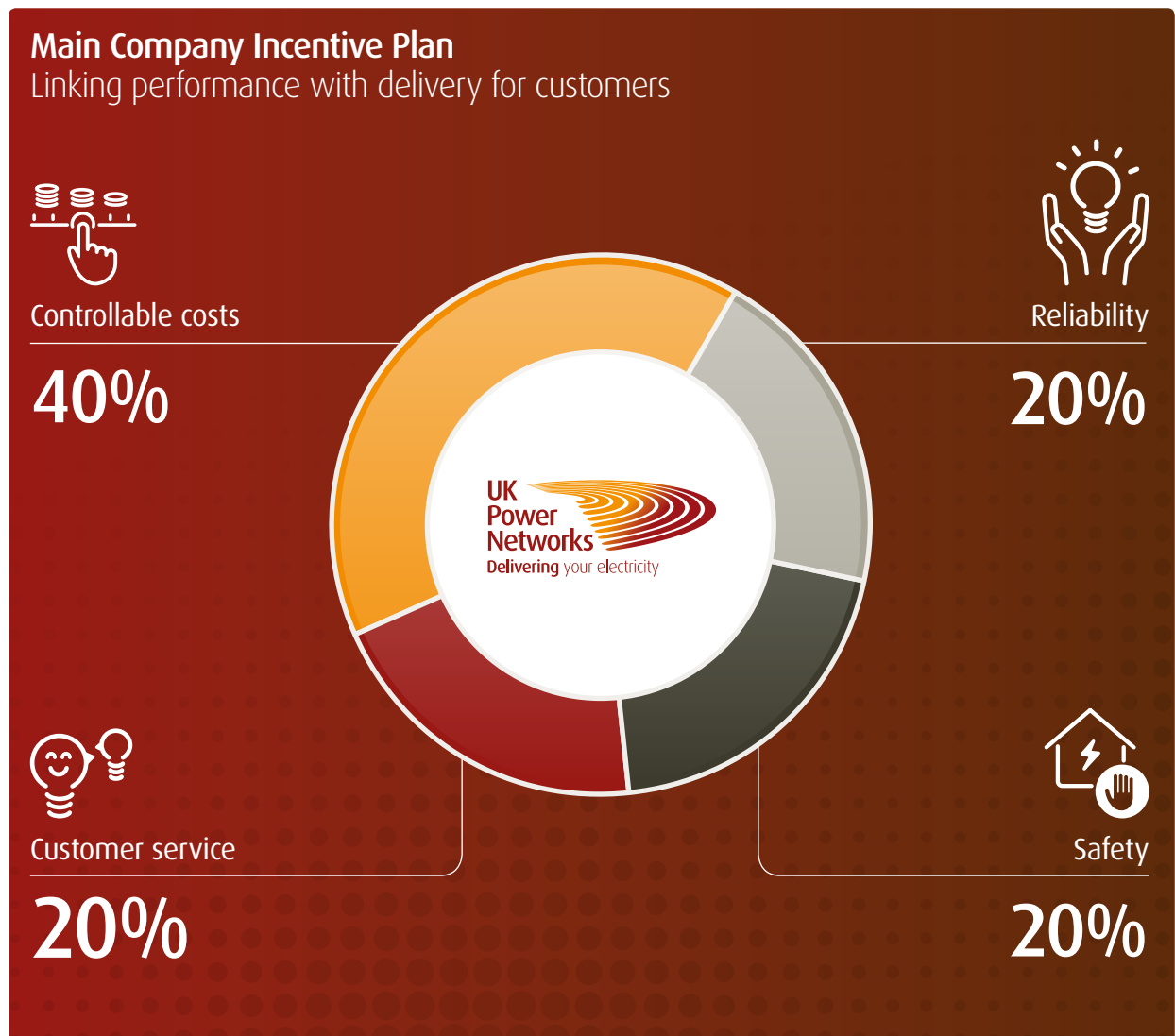
Transparency

As a monopoly provider of an essential service, we are committed to providing the safest and best-possible service to our customers in the most cost-effective way. We are also committed to being open in all our dealings and we encourage scrutiny and challenge from our stakeholders.

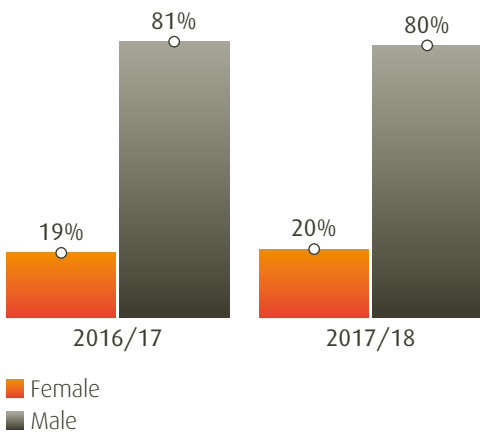
Our performance has put us at the front of the pack of our peer group for three years, and that includes our financial performance. This brings heightened responsibility to open ourselves up to close analysis from customers, regulators and the industry at large.

This year we have again set out information relating to our main company incentive plan (staff bonus scheme), demonstrating its direct link to our performance for the benefit of customers. We also go into detail about the incentive revenue that we receive from Ofgem, along with the investments we have made in the network. We also set out details of the direct relationship that investment has with our operating cash flow.

Last year we published our gender mix. This year, for the first time we are setting out the data from our gender pay gap report, which we published in December 2017.



Gender mix % (company level)



Gender diversity is a pertinent issue in the engineering industry. We are making progress on our Diversity strategy to increase gender parity in our recruitment programmes – providing specific training to reduce the chances of any potential unconscious bias in job selection and promotions. We go to schools and attend university events to encourage girls and young women to consider a career in engineering. Our commitment to diversity extends beyond recruitment, to the development of everyone in our business.



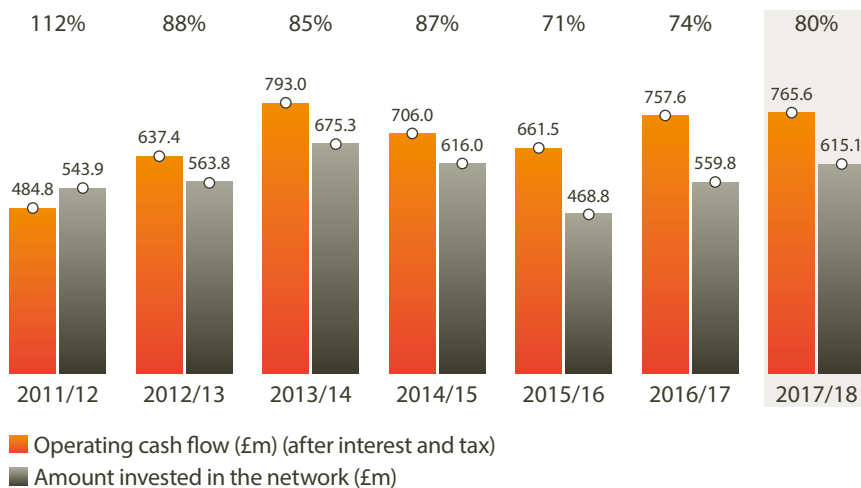
Gender pay gap



In 2017, UK Power Networks published its first gender pay gap report. Our overall gender pay gap is 17.3%.

While this is lower than the UK's national gender pay gap of 18.1%, our aim is to see this reduce over time as a result of initiatives on our recruitment and training programmes that aim to encourage and promote an inclusive and diverse workplace.

Investment in the network



As we are a capital-intensive business, comparing our profit margins to service or retail companies can be misleading. Annual profit margins do not take into account long-term investment in new and existing assets. We believe that comparing how a business is investing the cash it generates is a better measure.

We invest 84%, on average, of the cash that we generate from operations back into our networks to benefit 18 million people connected to our networks.

Organisational resilience

This year we have brought an even greater focus to the resilience of our business. In particular we are examining its ability to withstand the increasingly complex and sophisticated range of threats facing us. We are well used to assessing and managing risk and we are applying this discipline across the whole of UK Power Networks, ensuring that we have an integrated approach to anticipating and, if necessary, responding to those threats. We are a learning organisation and we continue to improve our preparedness for possible major incidents, natural or man-made.

First in UK

UK Power Networks is the first Distribution Network Operator to achieve Level 4 from the Cabinet Office Emergency Planning College assessment for Organisational Resilience based on BS 65000:2014 Guidance on Organisational Resilience.



This is the third year that we have worked with the Government's Emergency Planning College. The College's team produced the third Base Line Review of our organisational resilience. In 2017/18 we were awarded the second-highest score across the board, Level 4 (good practice/improving). The highest score is required only by organisations that have a very high risk and very high impact such as nuclear power station operators. UK Power Networks is the only utility-related company to achieve the Level 4 accreditation from the College. We are working closely with London First, the membership organisation with a mission to make London the best place in the world for business, to help them shape their London Resilience project.

Last year, 2016/17, UK Power Networks established the principles for the company's Resilience strategy and consolidated its framework. Having put in place governance and the organisational resilience leadership team, with representatives from every part of the business, 2017/18 saw us take substantial steps to implement that strategy. With a dedicated Organisational Resilience Manager in place since February 2018, we have, as a business, become more explicitly focused on scanning the horizon for risks. We look in turn at all aspects of the business and consider the particular risks that each presents.



We hold Risk Forums throughout the year covering the whole range of the business. These Forums report into the organisational resilience leadership team, which reports directly to the CEO. The nature of our business means that our planning for storms and other severe weather was already highly developed, and this year we extended the principles of emergency planning to potentially damaging events such as pandemic flu.

The Forums give us the opportunity to anticipate threats to the business from the perspective of each of the areas of operation and identify ways in which we can further improve our monitoring of operations and protect the business against a range of threats. In particular, we consider events that, although the probability of their arising is low, would have a massive impact if they did. We have applied what we learned from our management of the electricity network during the London 2012 Olympics.

As mentioned above, the Government’s Emergency Planning College (EPC) awarded us our target score of 4 (referring to Level 4) across the board. In the process of working with the members of the EPC, they have observed the high standards of professionalism that we exhibit in planning for potential disasters, and as a result have asked us to work with them to review the standards against which they measure organisations.

“UK Power Networks is the first – and to date only – utility company to be assessed by the Emergency Planning College for alignment against the British Standard on Organisational Resilience (BS 65000:2014). In the course of our assessment of the company, we were impressed with its commitment and professionalism. We felt that its culture and experience in planning for organisational resilience was such that it could help us shape the programme for others in similar industries, so UKPN has been invited to share its good practice to help develop the ongoing revision of BS 65000:2014.”

Deborah Higgins

Head of Cabinet Office Emergency Planning College



Our Risk Forums 2017/18

We hold six Risk Forums throughout the year. These cover Business Risk, Health and Safety, Physical Risk (relating to people and premises), IT Risk (including cyberthreat), Business Continuity and the core threat that we are well versed in considering: Emergency Planning, which includes severe weather risks.



Business Risk



Health and Safety



Physical Risk



IT Risk



Business Continuity



Emergency Planning

The future energy landscape

A decentralised model

The world of energy is changing. The UK's transition to a low-carbon economy is revolutionising the way we generate, distribute and consume electricity. The world of energy that families, communities and businesses will experience by 2030 will be very different to what exists now.

We know that, in order to help our customers achieve what they want from energy in the future, we need to evolve to meet their changing and future needs. UK Power Networks is well under way with plans to transform from being a Distribution Network Operator (DNO) to a Distribution System Operator (DSO). That means we will evolve from a company that simply manages the network into one that is proactive, enables a smart, flexible system and responds to customers' needs.

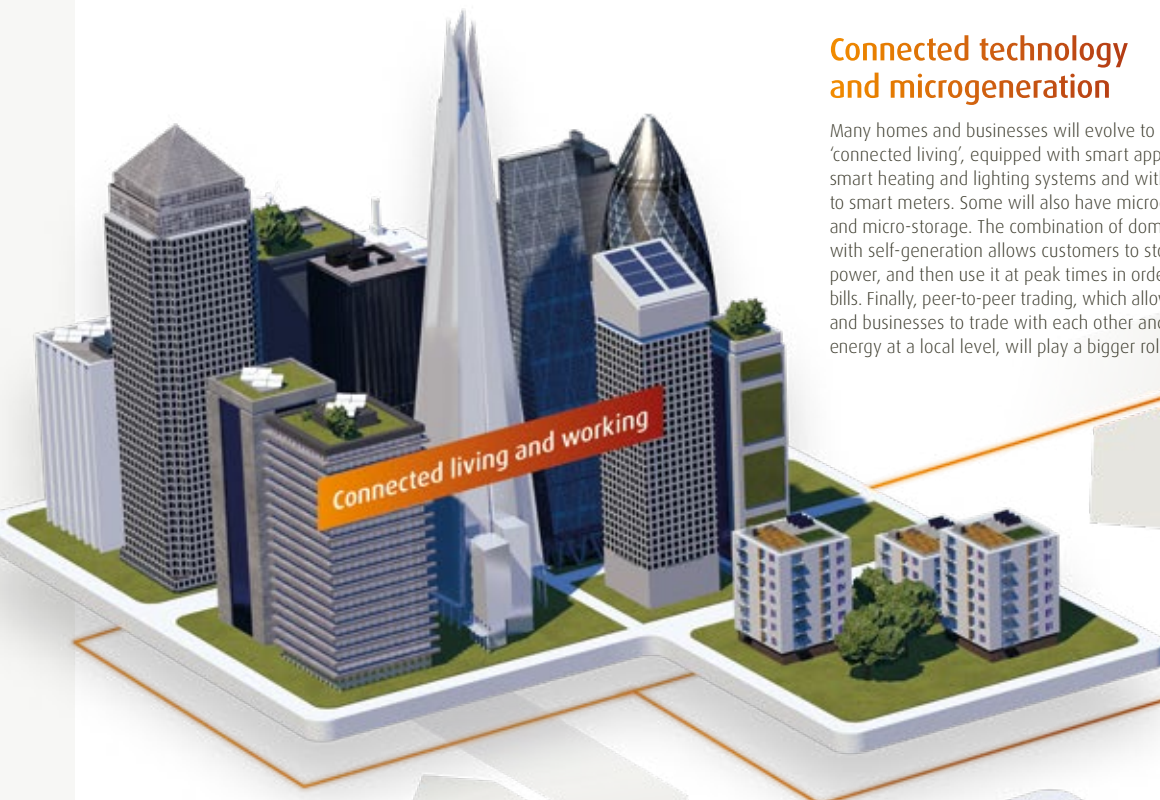


Distributed generation

Distributed generation technology that connects to the distribution network, closer to the consumers of electricity.

Connected technology and microgeneration

Many homes and businesses will evolve to support 'connected living', equipped with smart appliances, smart heating and lighting systems and with access to smart meters. Some will also have microgeneration and micro-storage. The combination of domestic storage with self-generation allows customers to store surplus power, and then use it at peak times in order to reduce bills. Finally, peer-to-peer trading, which allows consumers and businesses to trade with each other and share energy at a local level, will play a bigger role.



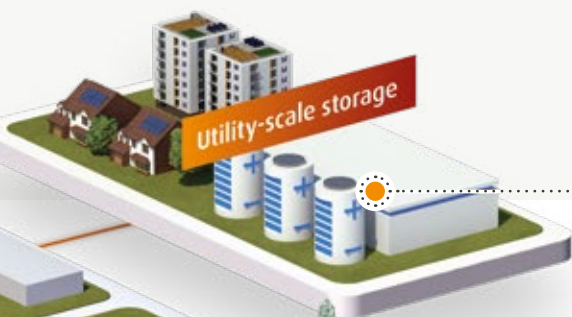
New market participants

New market participants may act as third-party intermediaries between the customer and the energy market, to help manage the customer's household package – whether that be mobility, comfort or entertainment – to optimise experiences across their lifestyle. Therefore the DSO will collaborate and create relationships with new market participants (e.g. aggregators and technology providers) to procure and use customer flexibility as an alternative to network upgrades.

Energy-efficiency

More individuals and families, communities and businesses will make energy-efficiency improvements to cut their energy costs and help lower their environmental impact by reducing their energy usage. Ways in which they may reduce their energy usage include switching to LED bulbs, using smarter and more efficient appliances like fridge, freezer and washing machines.



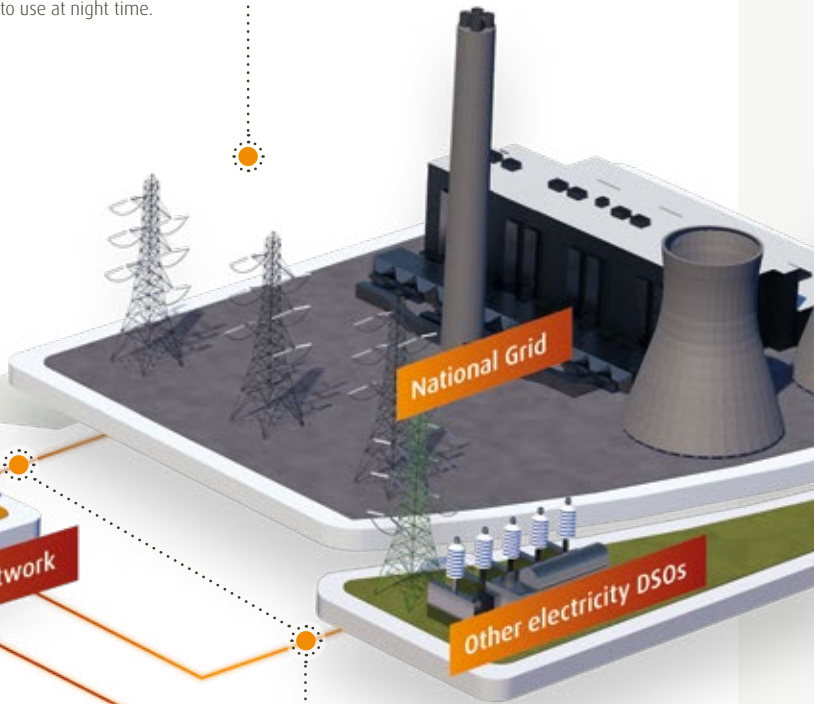


Utility-scale storage

The interest in electricity storage is increasing in line with the need for greater system flexibility. Storage can bring customers a number of benefits, such as reducing the need to reinforce the network, balancing supply and demand and storing renewable energy such as solar to use at night time.

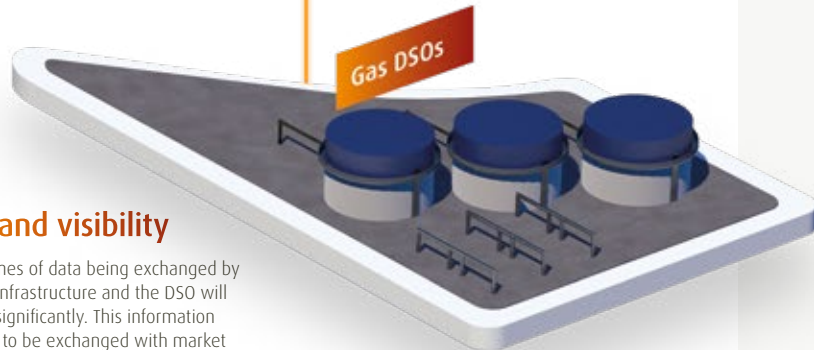
Power supply from National Grid

Large-scale generators with capacities typically up to hundreds of megawatts, such as coal, gas, oil, large-scale wind farms and nuclear power plants, connect to the high-voltage transmission network operated by National Grid.



Whole-system incentives

Increasingly, electricity network operators will play an important role in delivering value for customers in the wider energy system to achieve decarbonisation at the lowest cost. This will see the development of whole-system incentives and mechanisms within the regulatory framework to encourage smart operations at the distribution level to support other electricity DSOs, National Grid and other energy sectors to realise wider system benefits.



Developing local energy markets

The development of local energy markets is an area of strong growth. Peer-to-peer trading, which allows consumers to trade with each other and share energy at a local level, will enable local community energy schemes and smart cities. These local energy networks can serve their own energy needs and provide surplus power to DSOs. Gas and electricity DSOs will collaborate and coordinate to meet overall energy system needs.

Data and visibility

The volumes of data being exchanged by network infrastructure and the DSO will increase significantly. This information will need to be exchanged with market participants in order to anticipate and plan for future system needs.



Our number-one priority

The safety of our employees and contractors, as well as the general public, is paramount at UK Power Networks. Making sure that no one comes to any harm as a result of our actions or equipment takes priority over any other consideration. We start from the position that electricity can kill. We aim to create and foster a culture in which this fact is front and centre in the minds of everyone who works at UK Power Networks, and where we all take responsibility for it on behalf of the general public.

In 2017/18 our safety performance has once again shown improvement both in terms of incidents involving our employees and the general public. We are of course pleased to be the safest Distribution Network Operator (DNO), but we never take that for granted. We are continually looking for ways to ensure that our messages around safety are fresh and relevant. We make sure that they relate to people's experience of working with and around electricity.

Engaged with over

168,000

young people, face-to-face
and online, about safety



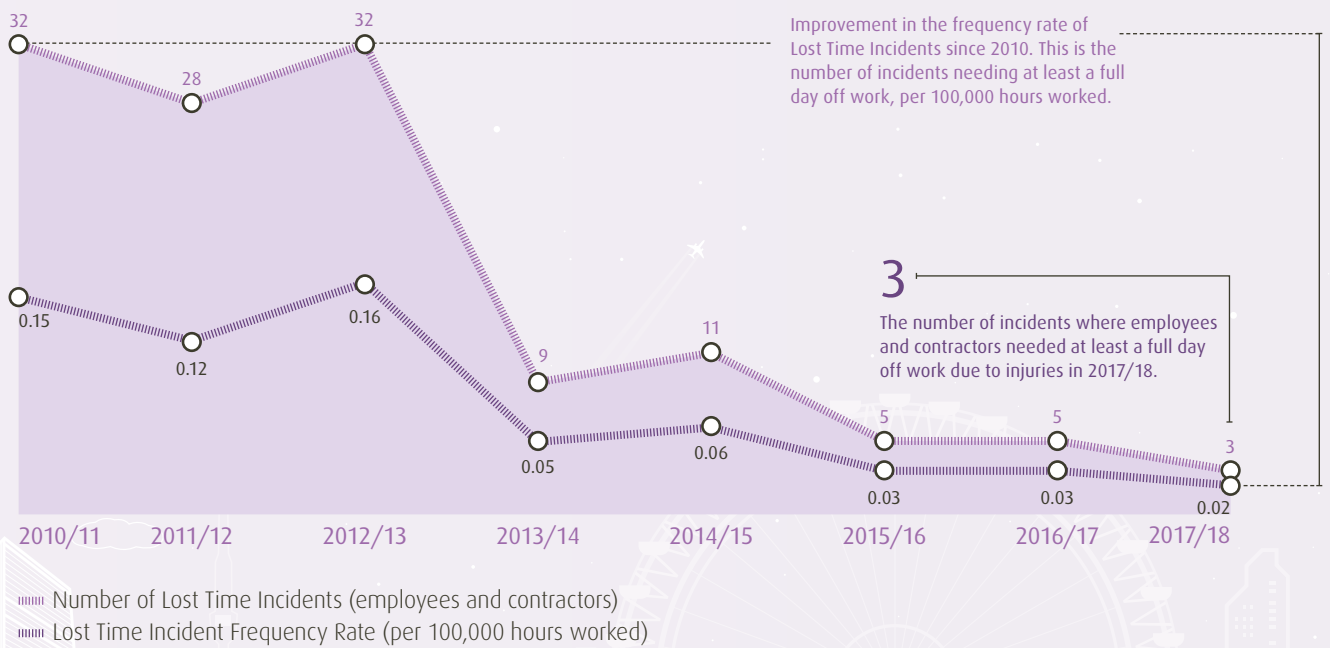


“ It’s been great to see UK Power Networks taking steps to improve the awareness of electrical safety over a wide range of trades through their ‘Be Bright Stay Safe’ campaign. We have been delighted by their engagement with us and applaud their initiative in this area.”

Frank Bertie, Chairman of the National Association of Professional Inspectors and Testers (NAPIT) Trade Association



Our performance in numbers



Be Bright Stay Safe

Be Bright Stay Safe aims to reach groups that our research has identified as being at high risk. These include farmers, haulage workers, construction and excavation workers, tradespeople such as plumbers and electricians as well as people engaged in recreational activities such as kite-flying, fishing and camping. We developed a range of messages tailored to each of these audiences and distributed them through relevant communications channels including social media.



Maintaining excellent reliability

Our London network remains the **most reliable** electricity distribution network in Great Britain

Customers are entitled to expect us to do our best to keep the lights on and to do so safely and carefully. Interruptions, which may be planned or not, are nonetheless inevitable, for a range of reasons. It is our responsibility to make sure that power cuts are rare and, when they do happen, that they are as short as possible. The two ways in which network reliability is measured reflect this position: we are judged on the number of Customer Interruptions (CI) and the number of Customer Minutes Lost (CML).

Improvements to our operations have made significant contributions to reductions in the frequency and duration of power outages. Automation and converting manual switches enable them to be operated remotely from a central point are recurrent themes in our advancement in this field. Both contribute to isolating faults and restoring supplies remotely, avoiding delay while an engineer travels to the site. We now have a Primary Outage Restoration Tool (PORT), which automatically switches high-voltage circuits from an affected primary substation to a nearby one. During the 'Beast from the East' storm in February 2018, PORT ran 14 times and this kept many of our customers' lights on, even though the network was hit by extreme weather.





“ The LiDAR project highlights how well various remote sensing technologies can be combined to collect a holistic data set for a utility. Geospatial technology such as wire detection and pole modelling provides the toolkit to allow us to detect and prioritise the various vegetation-related risks, making them actionable to our client. ”

Kevin Jacobs, Managing Director at NM Group



LiDAR

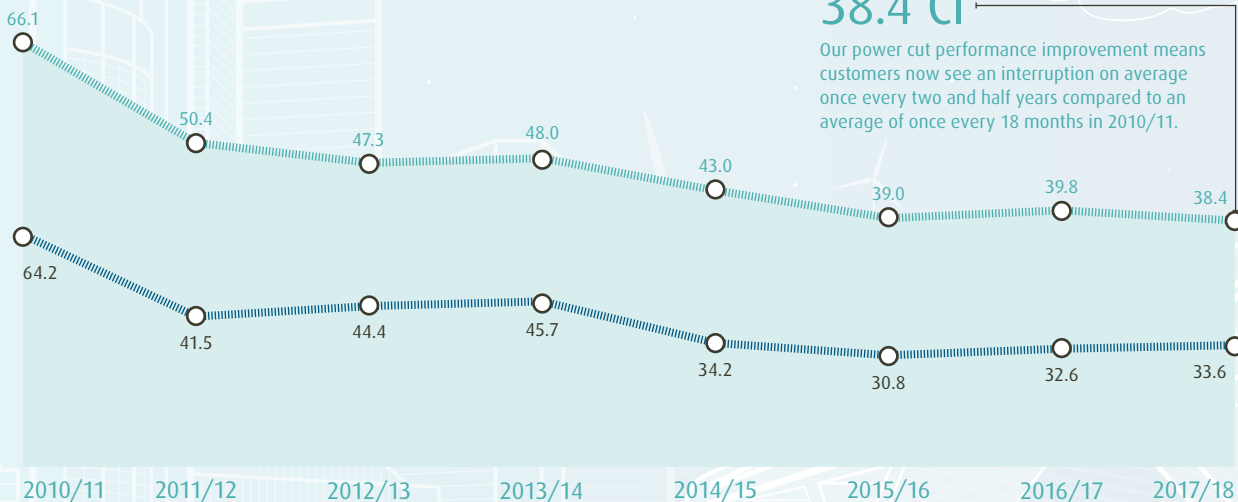
Light Detection and Ranging (LiDAR) uses laser-frequency light to detect objects and distances in 3D. We use LiDAR to identify trees and other vegetation near our overhead power lines that could cause power cuts. That way we can identify those trees and shrubs that pose the most risk, and remove them.



Our performance in numbers

Customer Interruptions (CI) are the number of customers interrupted per 100 customers on our network.

Customer Minutes Lost (CML) is the average length of time customers are without power, for power cuts lasting three minutes or longer.



38.4 CI

Our power cut performance improvement means customers now see an interruption on average once every two and half years compared to an average of once every 18 months in 2010/11.

33.6 CML

A customer connected to our network will be off supply on average for just over half an hour per year. This is a 48% improvement over 2010/11, when the average duration was 64 minutes.

Customer Interruptions (per 100 customers)*

Customer Minutes Lost*

* Figures are a weighted average of the three licence areas and exclude exceptional events.

Focusing on our customers' needs

We are well aware of the responsibility and privilege that we have as a supplier of an essential service, so we are determined to deliver the best-possible service to our customers. Our aim is to provide our vital service proactively, requiring as little effort from our customers as possible.

People generally only become aware of us when something goes wrong or they want to make a change to their arrangements with us. We do our best to plan for every eventuality that our customers may face so that we are ready to take care of their needs. We take particular pains to look after our customers in vulnerable situations. These people are likely to feel the effects of power cuts more keenly than others.

The industry regulator, Ofgem, measures customer satisfaction across all the DNOs in the country and it is one of our most important measures of performance. Since 2012, UK Power Networks' score has been rising steadily and in 2017/18 we achieved our highest-ever score of over 87%.

We have
22
channels

that enable customers to contact us. We added three new channels in 2017/18



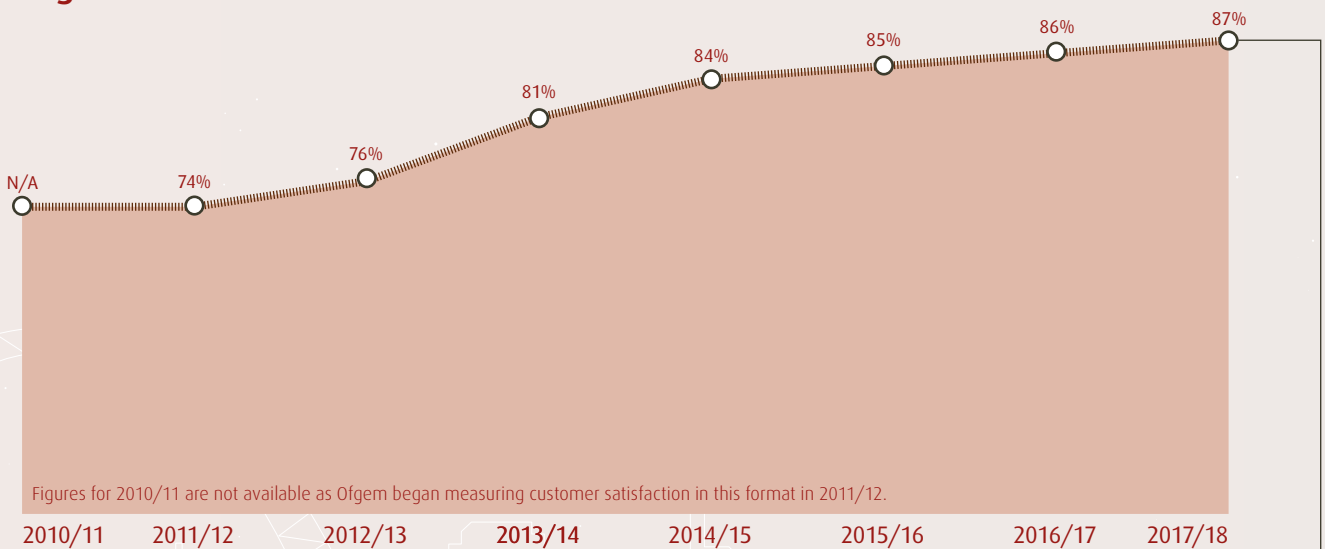


Electric Avenue

Our customer satisfaction score rose again this year, from an already high base. This continuing improvement is thanks in part to the way we have built on our service culture this year. **Think Customer**, our customer service philosophy, is now firmly embedded in our way of working. Building on this in 2017/18, we launched an award-winning internal soap opera for our staff called Electric Avenue. This series features our employees helping the fictional characters in the soap opera, demonstrating the impact that different events, such as planned and unplanned power cuts, have on them. It reinforces the needs of our customers and the high standards they expect from us. Employees can then have a better understanding of why we have service standards and the commitments we make to our customers, and how they contribute to delivering a great experience to our customers. Every member of staff has an opportunity to see the soap opera. Since the launch of Electric Avenue, we have seen a marked increase both in our customer service scores and in employee engagement.



Ofgem's Broad Measure of Customer Satisfaction



Figures for 2010/11 are not available as Ofgem began measuring customer satisfaction in this format in 2011/12.

87%
Our highest ever customer satisfaction score

“ I’m writing to thank you for brilliant helpful customer service. From my first contact with your customer service department your team has been absolutely wonderful. All calls returned, sympathetic listening, helpful response at a very busy time of the year (Easter). I just can’t praise you highly enough. My experience with utility companies is generally dismal but UK Power Networks have been amazing! Thank you! ”

A customer from Suffolk

Driving cost-efficiency

A key element of our vision is to be the lowest-cost electricity distributor and we are proud to remain the lowest-cost Distribution Network Operator (DNO) in the industry. We are acutely aware that if we spend more money than is necessary, our customers' bills will be higher than they need to be. At a time when the number of fuel-poor households in England is increasing, and as a company that cares about its customers, this is something we want to do our best to prevent.

We see it as our responsibility to spend as little as possible to deliver the services that our customers want. We are constantly looking for ways to drive efficiency for our customers.

As well as continuously finding innovative ways of doing things, we also focus on ensuring that our business processes are best in class and support the delivery of our vision. One such area is our approach to procuring goods and services. We have invested in our procurement systems and processes and strengthened the team. This has meant that our customers get value for money, our suppliers meet our safety requirements and we manage our contracts properly.

£6.53

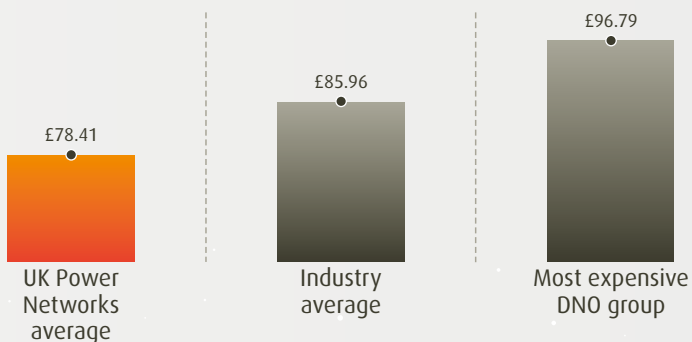
Our domestic customers pay us an average monthly charge of £6.53 (22p per day) for a reliable electricity supply

“ Achieving Platinum Level in CIPS Corporate Certification is a major achievement for an organisation and the team should be extremely proud. Particularly impressive has been the level of support the process has received from senior leadership at UK Power Networks. ”

Duncan Brock, CIPS Group Director

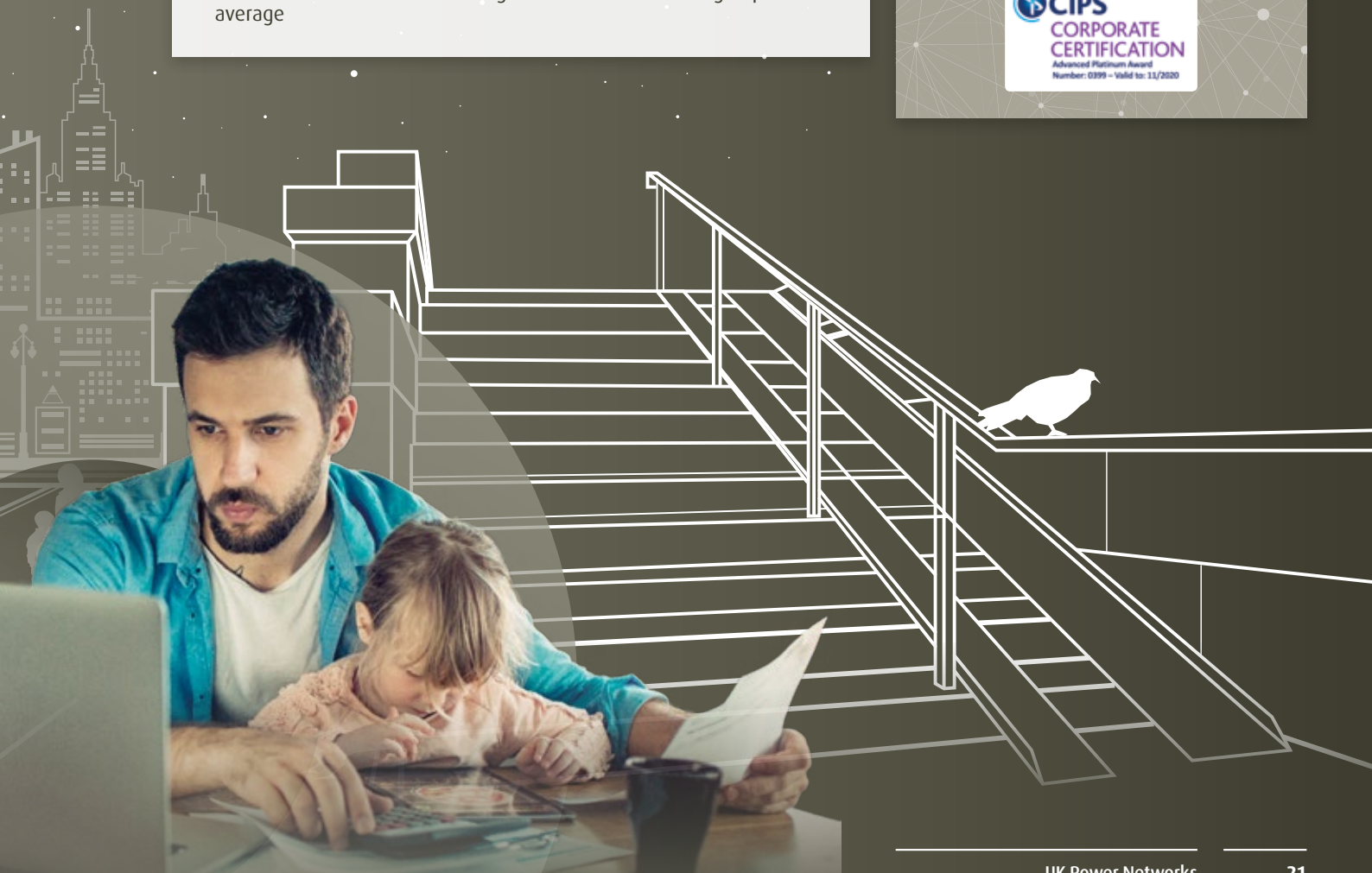
Annual domestic charge for using our networks (2017/18)

Domestic unrestricted customers based on average annual consumption of 3,100 kWh



Chartered Institute of Procurement and Supply (CIPS)

The improvement in our procurement processes and systems has been recognised by the Chartered Institute of Procurement and Supply. This year UK Power Networks was awarded Platinum accreditation for its procurement function. We are one of 12 companies in the world to achieve this prestigious recognition.



Committed to our communities

1.4m

customers registered on the
Priority Services Register
compared to 1.0m in 2016/17

UK Power Networks' operations cover a huge range of communities, from remote rural and coastal regions to the richest and poorest Londoners. As a socially responsible company, we are committed to working closely with the diverse communities that we serve, to ensure that our services bring benefits to all of our customers, particularly those in vulnerable circumstances.

The energy landscape is changing fast. We cannot pretend to know with any certainty what energy-related services will emerge in the future or how consumer behaviour will adapt. It is our aim to enable a smart energy system for all our customers, including those in vulnerable circumstances. Only by broadening and deepening our engagement and reviewing our Vulnerability strategy can we help all of our customers understand and benefit from a smarter, more flexible energy system.





We aim to ensure that our business is both transparent and responsible by measuring the impact of our Vulnerability strategy and stakeholder engagement, and by inviting external assessment and benchmarking. We are delighted to have retained our BSI accreditation for inclusive service provision and this year we participated in the Business in the Community Index of Corporate Responsibility for the first time and were awarded a rating of 76%. The index applies a systematic approach to managing, measuring and reporting on business practices that contribute to our being a responsible business. Areas of impact under consideration include social and environmental responsibility.

92%

satisfaction score among customers on the Priority Services Register

“ The UKPN Dementia Friends project is an amazing initiative, especially the Dementia Pack they developed to assist with training. They have kindly shared the design of the pack with us at SGN and we are looking at replicating this training pack and using it as part of our own Dementia Friends training initiative. ”

Dan Edwards, Stakeholder and Community Manager at SGN



Dementia Friends

UK Power Networks began its journey towards being a dementia-friendly company in 2016, when the Executive Management Team became the first group in the company to go through the process to become Dementia Friends. The programme has now been extended throughout the company and over 3,000 employees have taken part.



Supporting a sustainable future

17%

reduction in the Business Carbon Footprint since our baseline year of 2014/15

Our stakeholders asked us to be more explicit about our commitment to environmental responsibility. This is vital to us and has long been implicit in our vision, and we are grateful to our stakeholders for the observation that this was not as clear to outside observers as it could be. We have now amended our corporate vision to include a reference to our commitment to social and environmental responsibility.

As an energy distributor, UK Power Networks has a dual responsibility with regard to looking after the environment. First, we are a significant business, with over 6,000 employees, numerous buildings and fleets of vehicles as well as many miles of power cables and substations across London and the east and south east of England. Second, and where we have potential to make a difference of a greater proportion to our size, we are in a position to enable our customers and society at large to utilise new ways to reduce their carbon footprint. Our leadership is helping create a more sustainable economy with lower carbon impacts via many initiatives. These include enabling both the uptake of electric vehicles and the connection of distributed generation from renewable power sources such as solar and wind, as well as finding new ways to cut losses from the network.





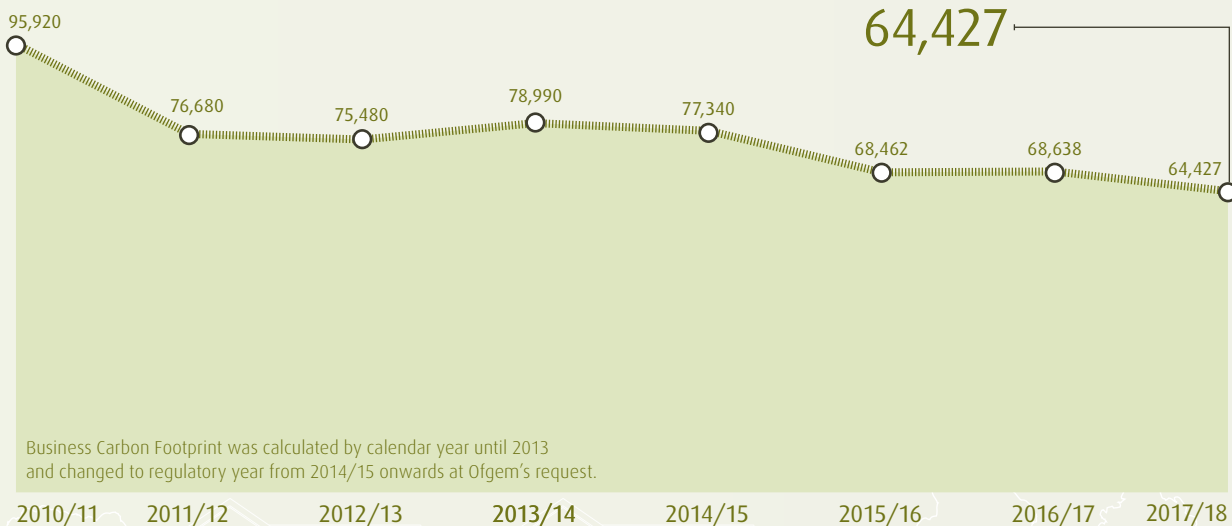
Network losses

Losses from the network are a source of emissions that we are working hard to reduce. We distribute electricity across over 29,000 square kilometres of England, using around 190,000 kilometres of electricity circuits and nearly 120,000 transformers. The electricity network requires energy to operate and this consumption is classed as a technical loss. This can be reduced by operating the network more efficiently. Where energy is used but not accounted for, such as unmetered supplies or electricity theft, this is also seen as an electrical loss. We are the first UK-based DNO to deploy a Mobile Asset Management Vehicle (MAAV) to reduce losses. To read more on MAAV, please see page 38.



Business Carbon Footprint (tCO₂e)

Figures exclude losses



“ After attending the network losses conference last year I was reassured and excited to see UK Power Networks’ attitude and commitment to reducing losses on their network. ”

Dan Gray, Design & Technical Director at Dunamis



Understanding priorities

Stakeholder engagement has always been at the heart of our business. It helps us build a sustainable business as it anchors us to the needs and expectations of our customers and shapes our long-term vision and objectives. These are times of profound change in energy systems, so stakeholder engagement is more important than ever. Our stakeholder engagement is built on a programme of events, forums and focus groups along with other communications channels such as newsletters and media campaigns.

Stakeholder engagement has a direct effect on our activities. For example, stakeholders told us that they thought it should be easier to find out if faulty street lighting had been reported to us and when it was scheduled to be fixed. Working with street lighting engineers, we developed an interactive fault map that shows if faulty lights have been reported to us and when the repair is scheduled.

51,828

stakeholders engaged
in 2017/18, compared
to 44,648 in 2016/17





Political and Local Government Forum

This year we have significantly increased our engagement with political stakeholders. We were the first Distribution Network Operator (DNO) to establish a Local Government Forum and we developed a guide to help MPs respond to enquiries from their constituents about our work.



“ I found the event very beneficial both for my personal knowledge and for my residents. It was incredibly helpful in understanding the challenges of the energy industry and the emerging role of UK Power Networks in our energy industry. ”

James McInroy, Deputy Cabinet Member, Strategic Commissioning Member for Tunbridge Wells West



Investing across our business

£149m

smart savings delivered to customers over the last three years (2015/16 to 2017/18)

Innovation is central to our vision to be the best-performing DNO. That means we are committed to finding new ways to improve what we do for our customers. We are driving innovation by tackling the challenges of a rapidly evolving electricity landscape. We are industry leaders in identifying, developing and applying smart solutions to make our network cheaper, greener, safer or more reliable.

To complement our well-established innovation team, we have a stand-alone smart grid team that ensures that we are working towards 'a smart grid for all'. The smart grid team ensures that our networks can make the most of the opportunities arising from the new energy landscape and that we deliver a smart grid that empowers and enables our customers and communities to benefit from a decentralised, decarbonised and digitised energy system.





Future Smart – delivering a smart grid for all

We are revolutionising our systems so that all customers can have electric cars and smart appliances, and can generate, store and sell their own electricity. That is what we mean when we say we are working towards ‘a smart grid for all’. In our Future Smart strategy that we published in July 2017, we set out how we will enable individuals and families, communities and businesses to benefit from new renewable energy technologies, while continuing to provide safe, reliable services. We are in the process of transforming from a Distribution Network Operator (DNO) to a Distribution System Operator (DSO). This means we are moving away from simply managing the network to become a company that enables a smart, flexible system that responds to customers’ needs.



“ We were very thankful to UK Power Networks for sharing their Future Smart strategy with us and for providing an opportunity to discuss the needs and concerns of community energy groups. We are convinced that the transition to a DSO will create any number of possibilities for collaboration that will strengthen community resilience and benefit consumers. The introduction of bidding for flexibility services will deliver a new revenue stream for community energy groups that we believe will stimulate greater uptake of distributed clean energy projects and support the UK to meet its carbon reduction targets into the future. ”

Kayla Ente, Founder and CEO of Brighton & Hove Energy Services Co-operative



Building towards transformation

£76m

customers savings since 2015,
using Flexible Distributed
Generation

The world of energy is changing fast and we recognise that we need to evolve to meet these changing needs and prepare for those coming. Our strategy of transforming UK Power Networks into a Distribution System Operator is central to our low-carbon approach and we are committed to deliver a smart grid for all. That means facilitating quicker and cheaper connections of renewables to the network, enabling new markets for flexible services, supporting the uptake of electric vehicles for both public and private transport as well as enabling the introduction of smart metering to help people manage their energy use.

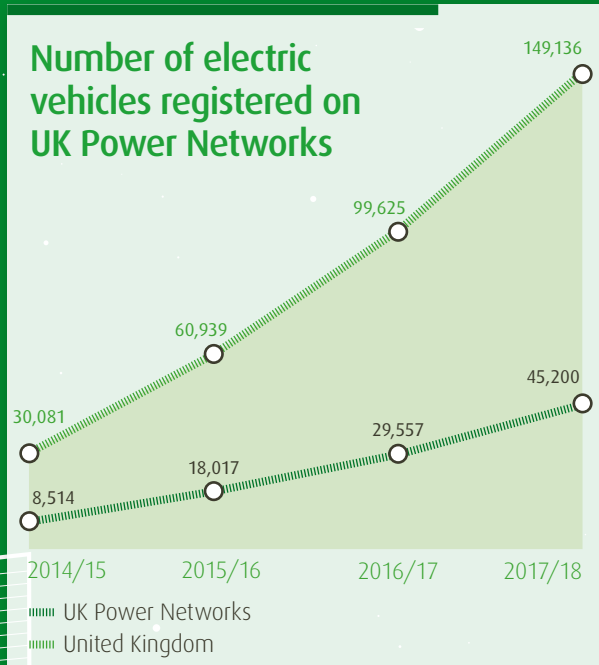
This year we are focusing particularly on the efficient management of energy. We are working on ways to manage spare capacity on the network so that it is where it needs to be when it is needed. We are delivering an Electric Vehicle strategy to ensure the infrastructure is in place to support low-carbon transport. By optimising the network in this way, we are avoiding expensive and inconvenient upgrades and are delivering more low-carbon energy to more customers.

“ I'd like to take this opportunity to express my appreciation and gratitude for the outstanding support offered by UKPN to enable TfL to reach its milestone of 100 rapid charge points in London. ”

Shirley Rodrigues, London Deputy Mayor for Energy



We have partnered with software company Open Utility to develop and trial a ground-breaking online marketplace for local flexibility called Piclo. This innovation will digitalise, streamline and optimise how flexibility providers bid in their flexible generation and load and help connect us to cheaper alternatives to manage and operate our networks.

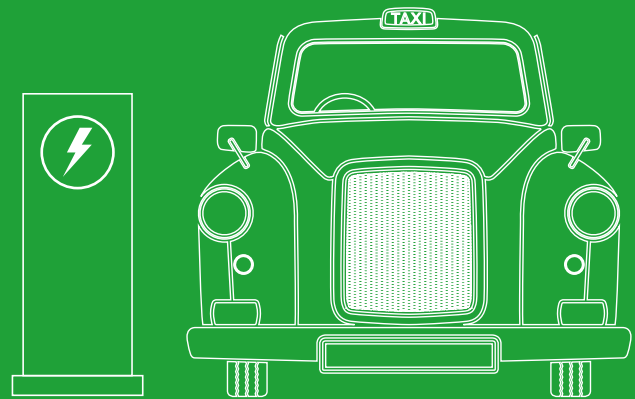


Black Cab turns Green

UK Power Networks is working closely with TfL to help deliver the Mayor of London’s clean air objectives. We have launched a major study of electric vehicle use by London taxi drivers that will help pave the way for London to become a world-leading low-carbon city.

The project, called ‘Black Cab Green’, has established what investment is needed in the city’s electricity charging network to prepare for a future when all of London’s black cab and minicab drivers have made the switch to zero-emission-capable vehicles.

Black Cab Green provides an unparalleled insight into when and where plug-in taxis and private hire electric vehicles charge, helping UK Power Networks to plan our long-term investment in the electricity network to help improve the capital’s air quality.



A closer look at UK Power Networks

2017/18 was another strong year for UK Power Networks. Our performance is built on the winning combination of safety, customer satisfaction, network reliability and value for money, all of which have improved significantly since we started in business in 2010/11. We also want to be a great place to work, and our 'most improved' position at number 11 of The Sunday Times 25 Best Big Companies to Work For is an achievement we are particularly proud of as it is based on employees' survey comments.

Our people across the whole of UK Power Networks work together to deliver this first-rate performance. We remain committed to continuing to improve our service and innovation is vital to this. We continue to invest considerable resources in finding new ways to make our service cheaper, greener, safer or more reliable.





Safety

Refreshing Stay Safe

We are constantly looking for ways to refresh our safety messages as it is human nature to begin to take things for granted when they become familiar. Our employee campaign, Stay Safe, designed to change behaviour around safety, was launched in 2012. In 2017/18 we undertook a major overhaul of it. One element of the refresh was to identify and close any gaps we identified between the perception and the reality of danger around electricity. It is vital that people have a realistic picture of the potential dangers they face. Our ever-improving safety record is by its nature a complex measure, impossible to attribute to individual initiatives. Nevertheless, the refreshing of our Stay Safe campaign has coincided with a further improvement of our safety performance.

Another way in which we overhauled our successful Stay Safe campaign was to address the implications of aiming for zero harm. When zero is the target, that is the best that can be achieved. Our thinking this year is to take our aim beyond zero, so that we are always thinking about ways of avoiding even the opportunity for harm. This change to our thinking feeds into our approach to address both the perception and the reality of potential dangers.

Research has shown that the periods following time away from work tend to be when most accidents happen. New Year, Easter and September are peak times for accidents. In September 2017, at the end of the holiday season, every UK Power Networks employee received a postcard from the Head of Health and Safety welcoming them back from holiday and reminding them to take extra care as they got back into work.

We have also refined the extent to which we are targeting our safety messages. Clearly, different audiences will see relevance in different messages and we are looking for ways to ensure that everyone is able to relate to the information that applies to them. For example, our office-based staff may not immediately see the relevance of a message about safe driving, so we find an additional way to frame it for them in a way that resonates with their experience.

Paying attention to 'near misses'

In 2017/18 we paid particular attention to 'near misses'. These potential accidents are a valuable source of information for us. We want to make sure that everyone understands how analysing them can help us avoid the circumstances occurring in the future that could result in the accident actually happening. We developed a quiz that challenged people to question what did or did not constitute a near miss. Cardboard cut-outs of various colleagues holding 'near miss' reminders were stationed around our offices. This encouraged employees to report anything that could help us understand the circumstances that led to a near miss and so avoid it in the future. Since the campaign, we have seen a marked improvement in the quality of near miss reporting. For example, we have seen a greater proportion of potentially serious events being reported, giving us more opportunities to learn important lessons. In December 2017 we held a senior-level summit to examine a number of serious near misses in order to ensure that we captured and passed on all the lessons from them.

Health and well-being

A key element of safety is the health and well-being of our employees. We want to be an employer of choice, and a motivated, fit and happy workforce is a productive workforce; a rested, healthy employee is more focused and safer. Our internal newsletter, Well-aware, complements the programme and offers bite-sized information to help everyone to be as well as they can. Twelve hundred people in the company have taken voluntary lifestyle assessments to help them identify ways in which they can improve their health and well-being and we have appointed a full-time health coach to work within the business.

Your Energy

Your Energy is our health and well-being programme. It is designed with the help of former Olympic athletes and health experts and available to all employees. We present this in terms of the energy industry: Fuel In, Capacity and Recharge, so it covers advice on diet and nutrition (fuel), exercise and fitness (capacity) and rest and recovery (recharge).



A closer look at UK Power Networks

continued



Keeping the general public safe

As well as keeping our employees safe and well, we have a responsibility to protect the general public from the potential dangers of our networks. In 2017/18 we launched a new public safety campaign: Be Bright Stay Safe, designed to raise awareness of the potential hazards associated with the electricity network among organisations whose members work near our network equipment.

We have built strong partnerships with a wide range of trade associations and other bodies such as the National Farmers Union and the Federation of Master Builders. We consult with them and a number of stakeholders to co-design messages to ensure that they are relevant and are getting through to the right people.

Face-to-face engagement on safety

A large element of our public safety communications takes place in person and we pay particular attention to reaching young people with our safety messages. The young people's events (such as Crucial Crew and Junior Citizen), aimed at 11 and 12 year olds, shows this audience ways they can be safer around electricity. We reached over 40,000 youngsters through this programme, which we have supported for many years. We also attend events aimed specifically at high-risk groups, such as agricultural shows and safety awareness days arranged by companies such as British Sugar, to discuss electrical safety with their farming contractors. Face-to-face and online engagement in 2017/18 reached over 170,000 people.



Network reliability

We continually invest in our networks in order to improve the quality of supply for our customers, both during extreme weather and in the normal course of events. It is a key focus for us to reduce the amount of disruption to our customers, in terms of the number of power cuts and the amount of time for which they are without power. To address this, we are pursuing an Investment strategy of increasing both automation and remote control of our switches across the region.

We were the first company to deploy an automatic power restoration system on our London network. This technology is now also embedded in the operation of our Eastern and South Eastern networks, where it has been a key contributor to our performance improvement. To increase customer benefits still further, we have a major investment programme across the regions to install or retrofit over 1,000 additional automatic remote-control switches. These will replace the manual switches that require an engineer to attend a fault.

Investment strategy

As well as focusing on the automation and remote capabilities of the switching network, we are also undertaking a programme of more general asset replacement across the networks. For example, small section conductors on the overhead network are particularly susceptible to damage in storm conditions or high winds. As part of our Investment strategy, we have a rolling programme to replace these conductors wherever it is practical to do so.










A tailored approach for Greater London

The sprawling development of London means that it is covered by parts of our Eastern (EPN) and South Eastern (SPN) networks as well as the London network (LPN). The urban nature of this customer base within the M25 means that, unlike most networks, the low voltage (LV) part of the infrastructure accounts for the majority of Customer Minutes Lost. This is in part a result of the extensive remote-control capability that we now have on high-voltage networks. We have undertaken an analysis of the LV network, looking at pockets of Greater London where we have higher-than-normal levels of CI and CMLs and have initiated a programme of LV schemes to improve reliability. This programme aims to drive performance improvements by replacing unreliable assets and/or reconfiguring the network.



Storm David

The largest weather event to affect our networks in 2017/18 was Storm David, in January 2018. Its impact on our network was similar to that of Storm Doris the year before.

<p>Winds of over 80 mph caused damage to trees and overhead power lines</p> 	<p>Customer satisfaction score of above 8.76</p> 
<p>Power restored to over 99% of customers in 24 hours</p> 	<p>Over 1,000 additional field and support staff deployed</p> 
<p>Over 150,000 visits to our website in one day – equivalent of two weeks' worth of visitors</p> 	<p>Over 6,000 priority service customers proactively contacted</p> 
<p>Average time to answer customer calls 5 seconds</p> 	<p>Abandoned calls below 0.002%</p> 
<p>Over 16,000 calls handled – 10 times the number of calls we receive on a normal day</p> 	

Customer satisfaction

A regulated business such as UK Power Networks, providing an essential service where there is effectively no choice for the customer, is rightly obliged to take particular care of its customers. 'Think Customer' is our mantra and this year our customer culture has matured to a new level of awareness and engagement. Where scope exists to introduce competition, such as for our commercial customers, we have made strenuous and enthusiastic efforts to encourage participants to enter the market. There are now more than 100 active Independent Connection Providers (ICPs) and 14 Independent Distribution Network Operators (IDNOs) in our area who are our competitors as well as our customers.

There are a number of key initiatives that we have implemented to improve our customer service:

Customer experience

At UK Power Networks, we strive to provide a great service to our customers. Gathering feedback from our customers and using insight has been critical to informing the development of our service standards, which we have articulated through our customer journeys. These map out what we promise to deliver and how we commit to operating when serving our customers. Our service standards have been included in operational procedures across the organisation and we use key performance indicators (KPIs) to measure delivery of service against our standards. Actions that promote and embed a service culture also help our service standards become the norm across the organisation. This includes training and coaching, sharing insight so employees understand their service performance and measuring internal customer satisfaction, so that we treat colleagues as customers too.

Customer communications channels

We have taken a close look at the channels through which we communicate with our customers. In recent years we have opened up many new channels, and we realised that this multiplicity of channels led to some inconsistencies and anomalies in how we serve our customers. Through careful analysis we have been able to identify those channels where information flow was less than ideal for customers, and we have focused our efforts on improving and enhancing these channels. Through extensive consultation with stakeholders and customers, we have looked at what our customers expect in terms of digital offerings, and we have introduced a new website that is simpler to navigate and more accessible and inclusive for everyone. We were the first DNO to introduce an online power cut tracker on the website. This service, called 'track my power cut', allows customers to monitor the repair of a fault in a way that is similar to following the delivery of a parcel. They can also see the location of power cuts and the estimated time for power restoration.

A closer look at UK Power Networks

continued



When it comes to our customers in vulnerable circumstances, stakeholders told us that screen readers, which are used by blind and visually impaired customers, did not work with our website. They also told us that online menus may not work if a user cannot operate a mouse. In response, we made improvements to our website, changing fonts and colours and removing certain menus to make it more accessible to customers with disabilities. Customer satisfaction with our website has increased from 67% to 98%.

Our business customers

As well as taking care of our domestic customers, we also have a programme of engagement and customer care for our business customers. In particular we provide pre-application support to companies to help them get their applications for connections right first time. This support takes many forms. We make it as easy as possible for customers to get access to our experts, be it through surgeries, video conferences or other channels, and customer satisfaction improved significantly during 2017/18 as a result.

Corporate social responsibility

The importance of data

In 2017/18 we focused on improving the quality of the data underpinning our Engagement and Vulnerability Strategies. We carried out extensive checking and refreshing of the Priority Services Register (PSR), which is the register of customers in vulnerable circumstances. We contacted around 950,000 PSR customers and made over 140,000 updates to our records. We checked nearly half a million phone numbers and found 83% of them to be up to date. We removed those that were not valid and added nearly 150,000 new numbers.

This year we have made strides in the development and use of our vulnerability mapping tool. Whether it be the allocation of welfare support or generators during an extreme weather event or deciding whether to work live while trimming trees, the mapping tool allows us to make informed decisions based on the unique needs of the communities in which we are working.

Removing barriers to our customers in vulnerable circumstances

Our increased awareness of the impact of dementia is having an effect throughout the company. For example, our engagement with people living with dementia and experts in this field showed us that when on the phone, an automated menu system can be very confusing for someone with dementia and can cause distress. We therefore changed the way we handle calls from customers who are on the PSR. These customers have had a dedicated line for some time but now our system will automatically recognise a customer on the PSR – through whichever number they call – and put them directly through to a dedicated specialist.

Building on our partnership with the Alzheimer's Society, we have co-developed a Dementia-Friendly Utilities Guide. This practical guide for utilities in all sectors offers guidance on how to increase employees' understanding of dementia and create processes and practices to make the utilities sector more accessible to people living with dementia.

We have seen a significant rise in customer satisfaction among those customers living with dementia; they are now giving an average score of 96%, compared with 86% last year.

Channels of communication

We aim to provide an inclusive service for all our customers, and offer a wide range of channels that enable customers to contact us via their preferred channels.

We have
22 channels that
enable customers
to contact us



We added
3
new channels
in 2017/18



19,713
interactions
on Facebook



37,900
followers on Twitter



In 2017/18 we sent
280,000 text messages
about planned outages



Tailored communications

We are continuing our work with community groups that have particular communications requirements. In particular, we have extended our Faith & Power project with the Islamic community in London to include more of the south east of England. This year, building on the success of Faith & Power project, we worked with Scottish and Southern Electricity Network, Thames Water and SGN to broaden it into Faith and Utilities. Now, as well as talking about power savings and safety, it also includes information about gas safety and water-saving initiatives as well. This is a good example of how building trust with a particular group can lead to greater opportunities to support communities.

Targeting under-represented communities both in terms of geography and specific PSR needs ensures that we focus our promotion of the PSR in those communities where the gap is greatest. In 2017/18 we continued our Pharmacy Bag Campaign in which we promote our PSR through messages printed on pharmacy prescription bags. Last year we targeted isolated rural and coastal areas and this year we extended the campaign to Luton, which was identified as an area of need. This has resulted in an increase of 56% in sign-ups to the PSR in the town. Our research shows that awareness of the PSR among the general population is up sharply from last year, from 17% to 24%. As part of our efforts to include hard-to-reach and seldom-heard customers, we introduced a number of Easy Read documents such as the PSR application form and welcome pack.

MyBnk

MyBnk is a social enterprise/charity that delivers financial education to young people in the UK. Through schools and other organisations, it delivers an innovative programme, called Money House, that provides young people leaving care with the skills they need to live independently.

In 2017/18 UK Power Networks worked with MyBnk to develop and pilot two innovative, energy-efficiency programmes. They aimed to provide young people with the knowledge, ability and sense of empowerment to understand energy, reduce their energy consumption (and bills) and ultimately effect a behavioural change for themselves and across their families and peers.

Community energy

Community energy is an important element of our stakeholder engagement. We continue to work with community energy groups to support their efforts to alleviate fuel poverty and reduce waste across the region. In 2017/18 we helped the Local Enterprise Partnership produce a Local Energy East strategy that supports growth in the local energy sector as well as secure, local, affordable, low-carbon energy consumption and the promotion of clean transport networks and smart grids. We also worked with the Repowering London project, to provide tailored energy savings advice and support to the residents of one of the UK's most deprived council wards. This innovative, community-based approach also raised awareness of UK Power Networks and the PSR amongst a hard-to-reach community and gave us a better understanding of these customers and their needs.



A closer look at UK Power Networks

continued



Environment

Carbon footprint

We have reduced our Business Carbon Footprint (BCF) by 17% since our baseline year of 2014/15, and this year, 2017/18, it is 6% lower than the previous year. The biggest element of our BCF (42%) is the fuel we use in our fleet of over 3,000 operational vehicles and those of our contractors. We have reduced the amount of fuel we used in 2017/18 by over a million litres compared to 2014/15. This was achieved through a combination of the introduction of newer, more fuel-efficient vehicles and the roll-out of 'toughpads' to all field staff. Toughpads are bespoke devices for our field staff that allow for electronic transmission of documents like cable plans on the go rather than requiring a visit to our offices to pick these up. This reduces mileage.

As a company, we have helped facilitate a reduction in the UK carbon factor for electricity, which has fallen by 28.9% since 2014/15, helping to reduce everyone's carbon footprint. This is due to the high levels of renewable power connected to the electricity networks, combined with the reduction of coal in the UK energy mix.

MAAV helping to reduce losses

Underground faults on low-voltage (LV) networks are difficult and costly to locate since they are not visible from the surface and often require extended roadworks to expose and identify the fault. In 2017/18 we began deploying an advanced mobile electric field detector, known as the Mobile Asset Assessment Vehicle (MAAV), which surveys the carriageways in search of faults on the LV network. The survey data is used along with LV network maps to locate faults on the network.



Air quality

As well as reducing our BCF, we are working to improve air quality. This year we undertook a feasibility study to understand the cost and environmental benefits of using electric vehicles (EVs) as part of our fleet and we are currently piloting the use of five EVs in London. Our initial electrification of the Waterloo bus garage last year has enabled 7m passenger journeys. Building on this success, we have continued to work with TFL on its ambition for all of its 300 single-decker bus fleet to be zero emission by 2020. Good progress has been made with 60 zero-emission buses operating in London.

Focus on waste

As part of our commitment to environmental responsibility, we continue to increase our rate of recycling waste from our business. Last year we diverted 83% of our office and depot waste from landfill, which is broadly similar to last year's figure, and we recycled over 99% of the waste from our street works.

Noise pollution

Noise is an important environmental factor and we are continually looking for ways to reduce the noise that we generate that affects our customers and the communities in which we operate. We specify the maximum sound power levels for all new transformers that we purchase. When building new secondary substations we try to locate them at least 10m from existing dwellings to ensure that they will not cause a noise nuisance to our neighbours. Anti-vibration pads are fitted as standard on new transformers. In 2017/18 we installed the world's first NoiseTrap® panels at a substation in West London. The panels absorb and cancel low-frequency noise while still allowing natural airflow to cool the electrical equipment inside the building.



Stakeholder engagement

Broader and deeper engagement

As power generation is becoming ever more decentralised, we are broadening and deepening our stakeholder engagement to understand our customers' needs. For example, our Critical Friends Panels now operate as genuine scrutiny panels, with fixed membership and terms of reference, enabling them to increase their expertise and the challenge they bring to our business. Our roadshows opened their doors to almost 200 stakeholders and in our specialist forums we collaborated with partners on issues of shared interest. In 2016/17 we established the CEO Panel, at which senior stakeholders met with the UK Power Networks CEO and other senior leaders to discuss vital matters of mutual interest. We held three of these in 2017/18 discussing issues such as our transition to becoming a Distributed System Operator (DSO), our Future Energy strategy and the potential implications this might have for customers in vulnerable circumstances. In 2017/18 we held more engagement events than ever before, offering more mechanisms and allowing more stakeholders to engage with us in ways that suit their needs.

Local government forums

Engagement has always been a vital part of our work – from engaging with local government on connections and roadworks to engaging with national government on public and regulatory policy. As the energy landscape transforms and becomes more local, we are increasing and adapting our engagement. We are doing more to help political stakeholders understand our role better and feed into our thinking. As energy becomes decentralised, the role of local government will become increasingly important. To reflect that in our stakeholder engagement, we established a local government forum at which to share and engage directly with elected councillors. One outcome from the Forum is that we developed and tested a set of Frequently Asked Questions for councillors, and attendees said their understanding of UK Power Networks increased from 6/10 to nearly 9/10.

Future Energy engagement

To reflect the rapid change in the energy landscape, and the transition to electricity becoming both a utility and a commodity, we held a series of engagement events to consider our Future Smart strategy and promote our consultation of our plans for the future. The strategy received strong approval, with 90% of stakeholders saying that they agreed with it, 32 consultation responses and an 89% increase in stakeholders' understanding of Future Energy.



A closer look at UK Power Networks

continued



Innovation

Being the most innovative Distribution Network Operator (DNO) is an important part of UK Power Networks' vision and we believe we are delivering on that promise. Innovation is often high tech, but sometimes it simply takes an original approach and applies a low-tech solution, such as the answer to the woodpecker problem described on this page. Through innovation we have saved our customers almost ten times as much as the next-best distribution network, and more than all of the other distribution networks combined. We have also turned more innovation projects into solutions that are now a part of our everyday work than any other DNO.

We do not pursue innovation for its own sake; it has to benefit our customers. Our Innovation strategy outlines the three ways that our customers will benefit from innovation:

- > A safer, more reliable and cost-efficient supply
- > A network ready for low-carbon technologies such as electric vehicles, battery storage and heat pumps
- > A future-ready network that is optimised to enable our customers to use more renewable energy at a lower cost

Future Smart Energy

Our Future Smart strategy to transform to a Distribution System Operator (DSO) is central to our role in facilitating the low-carbon transition. We are developing our DSO capabilities so that our customers can benefit from the smart grid system.

Our DSO strategy outlines five key priorities to deliver the smart grid system:

1. Facilitate cheaper and quicker connections using proven innovation
2. Use customer flexibility as an alternative to network upgrades
3. Develop enhanced system operator capabilities
4. Collaborate with industry and others to enable UK-wide benefits
5. Prepare and facilitate the uptake of electric vehicles

It is crucial that we identify opportunities to encourage and utilise customer flexibility. We have led the opening of new market opportunities to use customer flexibility and to deliver the low-carbon transition at lowest-cost to customers.

Regional Development programme

Customers are benefiting from the Regional Development programme that UK Power Networks developed with National Grid. The new streamlined connections process developed under the programme is now releasing additional capacity for electricity generator customers to continue to connect in the south east of England without the need for costly network reinforcements. This new offering works on increasing and

decreasing levels of generation when appropriate and will be underpinned by incentives to renewable generators to offer flexibility in the supply of their power.

Load Share

Load Share is an innovation project that is testing a more cost-effective alternative to large-scale reinforcement to help the network serve the continued expansion of low-carbon energy in east Essex. The new Power Guardian device will be trialled on a circuit near Colchester that has three electricity distribution tower lines running between two substations. Because one of the three lines is shorter than the other two, it currently channels more 'load', whereas the other two lines have ample spare capacity. This project will enable UK Power Networks to balance the power flowing across the three. It is expected to save customers millions of pounds and to free up approximately 95MW of additional capacity for renewable energy to feed into local electricity networks. It will also avoid roadworks that would have been necessary if the power lines had needed to be upgraded using traditional means, saving substantial costs and disruption.

Woodpecker problem

The British population of great spotted woodpeckers has more than doubled in 20 years. Woodpeckers often mistake wooden electricity poles for trees. The birds are pecking holes for nests and, in doing so, they are damaging the structural integrity of the wooden poles. To address this problem, we trialled a new wood filler that contains a fragrance that repels woodpeckers. We now have to repair or replace fewer poles. This provides the combined benefits of lower bills for customers and fewer power cuts across the region.

Achievements

UK Power Networks demonstrates industry-leading innovation.

Ranked
1st in the
sector for
innovation
coverage



4 awards
won for
innovation
in 2017/18



Highest number
of reported innovative
solutions than any
other network
operator



Smart savings of
£149m delivered to
customers over the
last three years
(2015/16 to
2017/18)



22 innovation
solutions deployed
into business as usual
over the last three years
(2015/16 to
2017/18)





Low carbon

Customers helping to shape our Distribution System Operator plans

We made progress towards becoming a Distribution System Operator (DSO) in 2017/8. We consulted our stakeholders and 90% of them agreed with our definition of the necessary DSO capabilities and proposed priorities. Stakeholders strongly influenced our 2018/19 DSO plans, not least that we brought forward some elements of the plan by two years.

Electric vehicles – enabling the electric transport revolution

The pace and scale of electric vehicle (EV) numbers in our networks continues to surpass even the most optimistic expectations of a few years ago. It offers both challenges and opportunities to electricity networks. The Network Innovation Allowance has played a crucial role in allowing us to keep the electrification of transport moving at the lowest-possible cost for our customers.

Our 2019 EV forecast across the UK increased by 21% and the UK Power Networks licence area forecast increased by 25%. We have more than 40,000 plug-in vehicles in our three licence areas, up 14,000 in the last year alone. By 2030 we estimate the number of EV's in our region could be between 1.6m and 3.5m.

In response to this increasing demand, we are delivering our EV-readiness strategy. For example, the Recharge the Future project is delivering industry-leading forecasting to help us target network investment in the right places so that more people can charge their EVs. Our Smart Electric Urban Logistics project is developing lower-cost smart-charging solutions and a new type of network connection for large EV fleet operators. Our Electric Vehicle strategy is to facilitate the EV uptake through proactive engagement, great customer experience and a future-ready network.

Smart metering

Smart metering is an important part of the move towards a low-carbon economy. UK Power Networks is playing a leading role in this nationwide initiative. Although take-up is not growing as quickly as predicted, there have been some important milestones during 2017/18. Twice as many smart meters were installed than in 2016/17 and we expect the number to double again next year. We are undertaking research among stakeholders, particularly suppliers and customers, to assess how our service is viewed. UK Power Networks has started to implement the system and process changes to utilise the alerts and information provided by smart meters to improve the service to all our customers. The levels of security checking and accreditation to attain this status are extremely arduous as it is such critical infrastructure.

Power Potential

Power Potential is an innovation project where we facilitate the access of distributed energy resources like wind and solar farms in our network to help manage constraints on National Grid's national network. It will include the creation of a regional reactive power market, the first of its kind in the UK. It will also help defer network reinforcement needs in the transmission system. The project will help more customers to connect in the South East and it offers new and existing customers the possibility of providing services to National Grid and accessing additional revenue streams.



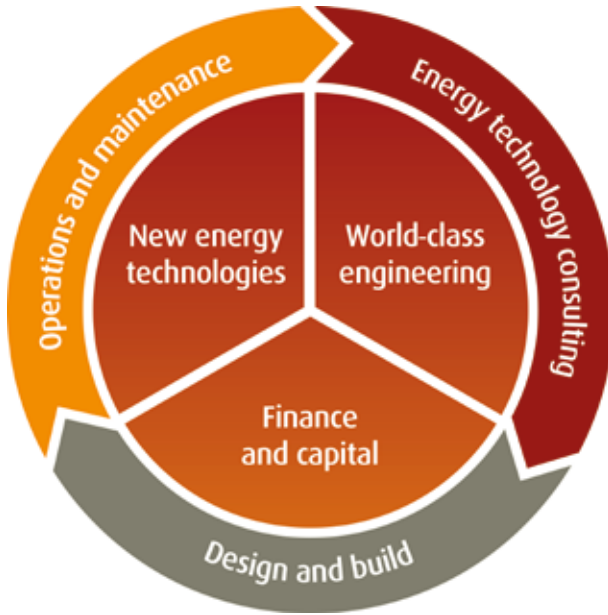
Active Response

In November 2017, UK Power Networks was given the go-ahead to trial a revolutionary way of managing spare electricity network capacity that could, by 2030, save customers over £270 million and cut more than 448,000 tonnes of carbon emissions. The research project, called Active Response, will trial a responsive, automated electricity network that reconfigures itself constantly, moving spare capacity to where the demand is. It does this by using power electronics to move electricity from heavily loaded substations to nearby substations with spare capacity.

Active Response will be the first time that electricity networks can proactively move spare capacity around the system to support areas that are using more electricity. This means providing additional capacity in residential areas in evenings and at weekends when people are charging their cars, and then moving that spare capacity to where it is needed during the day, such as city centres, commercial hubs or electric fleet charge points.

UK Power Networks Services

UK Power Networks Services is the commercial arm of the group that manages private energy networks and delivers major national infrastructure projects. This part of the business works for clients on a competitive, commercial basis and is separate from the regulated business of UK Power Networks.



Some of the most crucial services in the country, such as rail networks, airports, utilities, defence and complex property developments, rely on the services and solutions that we deliver. We help clients to increase the productivity of their assets, decarbonise their infrastructure and increase the value of their power distribution networks.

UK Power Networks Services accounts for approximately one tenth of the whole group, and both the regulated and unregulated sides of the business are focused on supporting and facilitating the low-carbon economy. Our work with UPS, the global delivery and logistics company, has made a major contribution to its sustainability targets, as we help reconfigure its infrastructure to increase the capacity of its Kentish Town depot from 65 to 170 electric delivery trucks.

2017/18 was a year when we made a significant stride in our ambition to expand our geographic footprint: we won a major contract to manage the relocation of a substation at Manchester Airport and maintenance and projects for Luton Airport. We now deliver for the networks of the six busiest airports in the country, and our presence in Manchester is an important springboard to the many opportunities offered in the 'Northern Powerhouse' and across the UK.

2017/18 at a glance –
This year we have:

0 LTIs

We achieved more than 2.2 million hours worked with zero Lost Time Incidents.



6 airports

We now deliver for the six busiest airports in the UK, being Heathrow, Gatwick, Manchester, Stansted, Luton and London City.



Our clients

Our portfolio includes a range of high-profile organisations from both the public and private sectors, including five of London's airports, High Speed 1, Network Rail, London Underground, Southern Water, Aspire and Canary Wharf.



UPS Smart Electric Urban Logistics

UPS is committed to operating more sustainably and, as part of its Sustainability strategy, is increasing its electric vehicle fleet at its Central London depot in Kentish Town. The power demands of simultaneously charging a fleet of electric vans would normally require a significant network upgrade, but this was not a viable model for this depot.

UPS appointed UK Power Networks Services to design, deliver and operate a smart-grid solution. We implemented a system that is believed to be the first of its kind in the world on this scale. It uses active network management to monitor the maximum demand required by the site and controls the vehicle charging. This is coupled with an energy storage system. The integrated solution optimises the power available for the whole site, which is particularly important during periods of high demand. This smart-charging solution will allow UPS to increase the number of its 7.5-tonne electric trucks operating from its London site from the current limit of 65 to 170, without the need for an upgrade to the power supply connection.

UK Power Networks Services' smart-grid solution allows UPS to increase the number of its electric trucks from the current limit of 65 to 170.



Accreditations

Our accreditations reflect our world-class engineering capability, safety and quality record, and enable us to work with the UK's leading companies.



Achievements in rail

High Speed 1	
<p>Delivering safety performance</p> <p>0 LTIs in 7 years achieved</p>	<p>Delivering network reliability</p> <p>>99.99% delivered</p>

Environmental Best Practice Award

We were a Gold Winner at the 2017 Green Apple Environmental Awards for environmental best practice on the Great Western Electrification project.

Sustainable Construction Award

We won the Sustainable Construction Award at Network Rail's Great Western World Environment Day for our work on the Great Western Electrification project.

Our financial performance

The tables below summarise the key financial information for our three networks regulated by Ofgem.

Eastern Power Networks plc, serving North London and East Anglia								
£m	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
Turnover	425.1	480.4	542.4	551.4	608.7	607.4	636.1	642.6
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)	239.5	295.1	350.1	356.9	411.6	416.8	449.3	448.0
Tax charge/(credit)	(12.0)	(10.1)	(9.6)	13.1	30.4	28.9	21.4	46.8
Profit after tax	33.1	108.3	146.4	221.5	115.3	178.8	128.4	185.3
Operating cash flow post capex, interest and tax	(256.5)	(21.9)	32.6	4.9	16.2	19.3	59.5	60.2
Capital expenditure	255.6	245.3	238.1	307.1	288.1	182.9	234.9	249.2
Net debt	1,284.1	1,424.5	1,403.0	1,438.1	1,588.5	1,593.5	1,629.8	1,706.2
Regulated asset value (RAV)*	1,966.3	2,084.8	2,196.2	2,332.2	2,413.5	2,436.1	2,540.5	2,626.9
Net debt to RAV	65%	68%	64%	62%	66%	65%	64%	65%
Incentive revenue (2012/13 prices)	(1.9)	18.9	17.5	14.9	28.4	24.8	24.6	18.9

London Power Networks plc, serving Inner London								
£m	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
Turnover	362.0	394.2	446.1	481.5	497.0	462.0	502.3	501.5
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)	224.8	264.6	305.9	349.9	356.2	317.7	347.4	367.4
Tax charge/(credit)	5.9	10.5	12.2	24.0	51.2	23.6	31.8	46.1
Profit after tax	69.9	147.7	191.2	234.1	193.6	161.0	167.4	183.6
Operating cash flow post capex, interest and tax	(253.8)	(3.7)	56.9	63.9	49.6	127.5	65.1	48.6
Capital expenditure	139.2	141.6	173.1	192.2	186.6	138.3	155.7	186.9
Net debt	908.7	1,012.2	943.9	970.0	989.1	967.9	1,046.6	1,067.9
Regulated asset value (RAV)*	1,330.0	1,367.5	1,420.5	1,468.3	1,484.7	1,509.7	1,581.7	1,646.9
Net debt to RAV	68%	74%	66%	66%	67%	64%	66%	65%
Incentive revenue (2012/13 prices)	3.0	7.3	5.8	8.7	12.7	15.7	16.2	16.3

South Eastern Power Networks plc, serving South London, Kent, East Sussex, and parts of Surrey and West Sussex								
£m	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18*
Turnover	269.9	306.6	356.5	394.8	404.8	388.7	449.0	421.3
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)	173.3	200.4	250.4	288.0	298.6	279.0	330.1	305.2
Tax charge/(credit)	(4.9)	1.2	7.9	19.5	39.4	20.3	33.4	35.9
Profit after tax	29.6	91.8	123.7	179.8	151.6	126.9	173.6	139.8
Operating cash flow post capex, interest and tax	(274.9)	(33.5)	(15.9)	48.9	24.2	45.9	73.2	41.7
Capital expenditure	180.9	173.9	167.3	189.6	154.6	114.6	152.7	160.3
Net debt	832.2	911.5	942.8	956.0	1,023.6	980.9	1,025.1	1,095.5
Regulated asset value (RAV)*	1,220.5	1,313.4	1,398.5	1,484.5	1,514.1	1,541.8	1,630.2	1,705.7
Net debt to RAV	68%	69%	67%	64%	68%	64%	63%	64%
Incentive revenue (2012/13 prices)	7.4	21.3	17.2	13.8	22.2	14.8	14.8	11.6

* 2017/18 RAV presented is provisional at the date the accounts are signed. Discussion with Ofgem may result in RAV being increased or decreased. The prior-year comparatives have been restated to reflect the latest agreed position.

Our ownership

UK Power Networks is part of the Cheung Kong Group (CKG).

Operating in more than 52 countries, CKG has a proven track record in managing high-quality utility companies for the long term. It successfully operates electricity and gas distribution businesses serving communities in Hong Kong, Great Britain, Australia and New Zealand.

Our shareholding structure



40%

40%

20%



CK Infrastructure Holdings Limited is the largest publicly listed infrastructure company in Hong Kong with diversified investments in energy infrastructure, transportation infrastructure, water infrastructure, waste-to-energy management and infrastructure-related business. Operating in Hong Kong, Mainland China, the United Kingdom, Australia, New Zealand, the Netherlands, Portugal and Canada, it is a leading player in the global infrastructure arena.



Power Assets Holdings Limited is a global investor in energy and utility-related businesses with investments in electricity generation, transmission and distribution; renewable energy; energy from waste; gas distribution; and oil transmission.



LI KA SHING FOUNDATION
李嘉誠基金會

The Li Ka Shing Foundation, established by Sir Li Ka Shing in 1980, has supported numerous charitable activities with significant grants, sponsorships and commitments.

Board of Directors

The Board of UK Power Networks is responsible for agreeing strategy, overseeing performance and discharging certain legal responsibilities. The Board delegates day-to-day responsibility for running the group to the UK Power Networks executive management team, with specialist tasks passed to various Board committees.



Kam Hing Lam

Director – UK Power Networks Holdings Limited and certain of UK Power Networks' wholly owned subsidiaries

Mr Kam has been the Group Managing Director of CK Infrastructure Holdings Limited since its incorporation in May 1996. He is an Advisor of the 12th Beijing Municipal Committee of the Chinese People's Political Consultative Conference of the People's Republic of China. He holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.



Andrew John Hunter

Director and Chairman – UK Power Networks Holdings Limited and UK Power Networks' wholly owned subsidiaries

Mr Hunter has been an Executive Director of CK Infrastructure Holdings Limited (CKI) since December 2006 and Deputy Managing Director of CKI since May 2010. He holds a Master of Arts degree and a Master's degree in Business Administration. A member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants, he has over 34 years of experience in accounting and financial management.



Hok Shan Chong

Director – UK Power Networks Holdings Limited and certain of UK Power Networks' wholly owned subsidiaries

Mr Chong is the Chairman and Director of numerous enterprises. He is also a Director of many philanthropic associations, such as the Li Ka Shing Foundation, and a Director of a variety of public committees and commercial associations of Hong Kong. He received a Bachelor of Science degree from McGill University and a Master's degree in Business Administration from Columbia University.



Dominic Chan

Director – UK Power Networks Holdings Limited and UK Power Networks' wholly owned subsidiaries

Mr Chan is an Executive Director and the Chief Financial Officer of CK Infrastructure Holdings Limited. He is also an Executive Director of Power Assets Holdings Limited. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, and of the Association of Chartered Certified Accountants and he is a member of the Institute of Certified Management Accountants (Australia).



Charles Tsai

Director – UK Power Networks Holdings Limited and certain of UK Power Networks' wholly owned subsidiaries

Mr Tsai joined the group in 1987 and was appointed to the Board and Chief Executive Office in January 2014. He is the Chief Executive Officer of Power Assets Investments Limited, a wholly-owned subsidiary of the company. He is also a Director or Alternate Director of most of the subsidiaries and certain joint ventures of the company. He holds a Bachelor of Applied Science Degree in Mechanical Engineering, and is a Registered Professional Engineer and a Chartered Engineer.



Chi Tin Wan

Director – UK Power Networks Holdings Limited and certain of UK Power Networks' wholly owned subsidiaries

Mr Wan has worked for the Power Assets Group since 1978 and was Group Managing Director of Power Assets Holdings Limited from January 2013 to January 2014. He is an Executive Director of Power Assets Holdings Limited and Chief Executive Officer of HK Electric Investments. He holds a Bachelor of Science degree in Electrical Engineering and is also a Chartered Engineer. He is an Honorary Fellow of the Energy Institute in the United Kingdom, a Fellow of the Institution of Engineering and Technology, a Fellow of the Hong Kong Institution of Engineers, and a member of the Engineers Registration Board of Hong Kong.



Ivan Chan

Director – UK Power Networks Holdings Limited and certain of UK Power Networks' wholly owned subsidiaries

Chief Planning and Investment Officer, Mr Chan has been with CK Infrastructure Holdings Limited since September 1999. He is also the Chief Financial Officer of Power Assets Holdings Limited. He has over 30 years of experience in investment, banking and finance. He holds a Bachelor's degree in Science, a Bachelor's degree in Chinese Law and a Master's degree in Business Administration.



Neil McGee

Director – UK Power Networks Holdings Limited and certain of UK Power Networks' wholly owned subsidiaries

Mr McGee is an Executive Director of Power Assets Holdings Limited and the Managing Director of Hutchison Whampoa Europe S.A.R.L. He holds a Bachelor of Arts degree and a Bachelor of Law degree.



Duncan Macrae

Director – UK Power Networks Holdings Limited and certain of UK Power Networks' wholly owned subsidiaries

Mr Macrae is the Head of International Business. He joined CK Infrastructure Holdings Limited in February 2011 and has over 23 years of experience in the infrastructure investment field. He holds Bachelor's and Master's degrees in Philosophy, Politics & Economics and is a member of the Institute of Directors in the United Kingdom.



Christopher Clarke

Sufficiently Independent Director of London Power Networks plc, Eastern Power Networks plc and South Eastern Power Networks plc

Mr Clarke was admitted as a Solicitor of the Supreme Court of England and Wales in 1974. He spent over 30 years practising in Asia and specialised in corporate and regulatory work. He previously served as an Independent Non-Executive Director of two companies listed on the Hong Kong Stock Exchange and is currently a Director of Myanmar Strategic Holdings Limited and a council member of the Royal Society for Asian Affairs.



Paul Jeffery

Sufficiently Independent Director of London Power Networks plc, Eastern Power Networks plc and South Eastern Power Networks plc

Mr Jeffery was previously a Managing Director and Head of the European Power Utility & Infrastructure Investment Banking team at Barclays. He is also a Non-Executive Director of Southern Gas Networks Limited, Scotland Gas Networks Limited and Saeta Yield S.A.



Basil Scarsella

Director – UK Power Networks Holdings Limited and UK Power Networks' wholly owned subsidiaries. Chief Executive Officer UK Power Networks group of companies

Mr Scarsella has been Chief Executive Officer of UK Power Networks Holdings Limited since its establishment in late 2010. He has a degree in Economics and is a Certified Practising Accountant. He is a Life Member of Football Australia and received the Australian Sports Medal in 2000. In 2003 he became a Member of the Order of Australia (AM) for his services to sport. Mr Scarsella is the current Chairman of both the Energy Networks Association (ENA) and the Energy & Utilities Skills Partnership in the United Kingdom.

Executive Management Team

Our Executive Management Team has collective responsibility for running our business and executing our strategy.



Matt Rudling

Director of Customer Services

Matt is responsible for ensuring that UK Power Networks delivers the best-possible customer service to over 8 million customers in London, the South East and East of England. Matt has worked in the electricity distribution industry for over 30 years, fulfilling a variety of operational and managerial roles. He has a Higher National Diploma in Electrical and Electronic Engineering as well as a certificate in Sustainable Business from Cambridge University.



Nirmal Kotecha

Director of Capital Programme and Procurement

Nirmal is responsible for UK Power Networks' Capital Programme and Procurement. Prior to joining in 2011, he was a main Board Director at the Highways Agency for three years with responsibility for delivering the Agency's £9 billion Roads programme. He is an accredited OGC High Risk Project Reviewer and a Fellow of both the Institution of Civil Engineers and the Chartered Institute of Purchasing and Supply.



Suleman Alli

Director of Safety, Strategy and Support Services

Suleman is responsible for safety, strategy and support services at UK Power Networks. He joined in 2015, having previously led the utility network operation practice in the UK for Accenture. Suleman has 15 years' utilities experience, delivering business transformation, company restructures and operational performance improvement across gas, electricity and water sectors. He holds a BSc (Hons) in Accounting and Finance from the London School of Economics and Political Science.



Ian Smyth

Director of UK Power Networks Services

Ian joined UK Power Networks in August 2016 to lead the commercial division, UK Power Networks Services. Prior to joining UK Power Networks Services, Ian was a Managing Director at Navigant, a Partner with LCP and a Consultant with Ernst & Young. Ian has a BA(Hons) and an MSc in Philosophy, Psychology, Statistics and Artificial Intelligence.



Barry Hatton

Director of Asset Management

Barry is responsible for the development and deployment of network and asset strategies for optimising investment and performance. He has over 30 years' experience in the operations and management of electricity distribution networks. Barry is a Chartered Electrical Engineer and a Fellow of the Institution of Engineering and Technology and has a Master's degree in Technology Management.



Mark Adolphus

Director of Connections

Mark is responsible for UK Power Networks' Connections business. He joined London Electricity in 1992 as an engineering graduate trainee and has enjoyed a diverse career across a number of operational, engineering and commercial roles. Mark is a Chartered Electrical Engineer and holds a Master's degree in engineering business management from Warwick Business School and a degree in Electrical Engineering from the University of Leicester.



Patrick Clarke

Director of Network Operations

Patrick has day-to-day responsibility for managing the distribution of electricity to over 8 million customers in London, the South East and East of England. He joined the industry in 1978 and has risen from an apprentice to an executive director over that period. He holds an Honorary Doctorate in Engineering, an OBE, an MBA and an MA.



Andrew Pace

Director of HR, Legal and Company Secretary

Andrew joined UK Power Networks in January 2018 and is responsible for HR, Legal and Company Secretary division. He has over 25 years' HR leadership experience, predominantly in the construction and infrastructure sectors. Andrew held various HR leadership roles with John Laing, Rio Tinto and Balfour Beatty. Prior to joining UK Power Networks, Andrew was Executive Director, construction and infrastructure at Morgan Sindall.



Jenny Harrison

Director of Finance

Jenny joined UK Power Networks in 2017. Prior to joining the company, she spent four years at BT Group as the Director of External Reporting. Jenny spent almost 20 years in various 'Big Four' accounting firms, where she focused on audit, assurance and transaction advisory work for energy and utilities companies. Jenny is a Chartered Accountant and has a BA in Classics from Oxford University. She is a trustee of a Leeds University-based sustainability charity, United Bank of Carbon.

Key contacts

General enquiries

0800 029 4285

Emergencies or power cuts (24 hours a day)

Free power cut helpline 3-digit number: **105**

or 0800 31 63 105

Please note this number is free
to call from mobile phones

Text message updates during a power cut

To keep updated if you have a power cut in your
area text **'Power'** followed by your postcode,
e.g. Power IP3 6QX to 80876

Text Relay

We offer a 24-hour Text Relay service for customers
who are deaf, hard of hearing or have any other
communication difficulties. For more information,
visit www.ukpowernetworks.co.uk

Connection services

0800 029 4280

Our unregulated business

services@ukpowernetworks.co.uk

Media enquiries

0330 159 1712



A full list of our contact details can be found at:

www.ukpowernetworks.co.uk



Heaven 42 is FSC certified, is elemental chlorine free and fully recyclable and biodegradable giving it excellent environmental credentials

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annualreview2018.ukpowernetworks.co.uk

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www.ukpowernetworks.co.uk

UK Power Networks Holdings Limited is the holding company of the companies in the UK Power Networks group of companies.