UK Power Networks

Delivering your electricity

Part 1

Our strategic approach to **stakeholder engagement and consumer vulnerability**

2022/23 Stakeholder Engagement and Consumer Vulnerability Incentive

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Part 1

UK Power Networks is the UK's largest electricity distributor, delivering power to 8.4 million homes and businesses across London, the East and South East of England.

We take the opportunity through the Stakeholder Engagement and Consumer Vulnerability (SECV) submission to summarise how our engagement with a wide range of customers and stakeholders has led to action and impact over the last year – showcasing how insight informs the decisions we take, how we support our vulnerable customers and how we deliver positive outcomes for society.

Joining Hastings and Rye MP Sally-Ann Hart's Seniors Fair to assist hard-to-reach customers to sign up to our Priority Services Register

Our Creating Better Networks event, jointly hosted with Scottish & Southern Electricity Networks, putting vulnerability on the innovation agenda

Our joint stand with Electricity North West at the National Energy Action conference, learning and sharing good practice in supporting customers in vulnerable circumstances

Our submission is divided into three parts:

Part 1

Outlines our Stakeholder Engagement Strategy, our Consumer Vulnerability Strategy, how we work with partners and collaborators, and how we measure the impact of our actions.

Part 2

Demonstrates the impact we have delivered through engaging with stakeholders across key focus areas: enhancing our services to meet customers' evolving needs, enhancing whole system resilience, and enabling the Net Zero transition for all.

Part 3

Explains how we understand our customers' evolving needs and ensure that those in vulnerable circumstances receive the most impactful support.

Contents

Tackling complex challenges head-on

We are grappling with complex challenges. The conflict in Ukraine has driven greater focus on security of supply, including the risk of rolling planned power cuts, and on how decarbonisation could help deliver energy independence. Constraints at transmission level are impacting connections at distribution level, with new thinking needed to connect low-carbon generation faster. On top of this, customers are in the grip of a cost of living crisis, facing the highest levels of inflation for 40 years, while 1.58m customers are at risk of being left behind in the energy transition. Regular Board updates on these pressing vulnerability matters have helped inform the investment decisions we have made this year.

Engagement is key to getting to the heart of these issues and deciding what action we should take. The complexity of these challenges means we need to work beyond traditional silos to effect meaningful change. True leadership does not mean acting in isolation, but forging coalitions to tackle complex challenges head-on, such as whole system connections barriers and collaborating with other sectors in our regions to more than double our support for customers facing fuel poverty. I am proud of the role we have played and the impact we have delivered for customers, which we present in this year's submission. At the same time, our work is never done.

Over the last eight years, through the SECV submission and thanks to the Panel's feedback, we have gained a deep appreciation of the power of engagement to help us deliver meaningful impact. We will continue to mature our approach as we take on the challenges and opportunities in the new price control period.

Basil Scarsella, Chief Executive Officer

Responding to the unprecedented pressures affecting customers' lives

Our customers are facing severe challenges affecting their relationship with energy now and in the future. Engagement helps us better understand how these pressures are affecting customers and changing their expectations of us, our role and the services we provide. Throughout this submission, we provide examples demonstrating how we have responded to these challenges.

Cost and customer tolerance

What has changed?
The cost of living crisis has put enormous pressure on customers' finances, with costs rising across energy, food, housing and transport. National Energy Action estimates 7.5 million UK households will be in fuel poverty in April 2023, nearly doubling over the last 18 months. Research and data shows that across all sectors, but especially in utilities, customers now have a lower tolerance for anything other than excellent service.

Examples of how we have responded this year
- More than doubled the reach of our fuel poverty support programme, providing in-depth support to 31,612 customers and saving them £1.59m this year `Scale`
- Enabled 38,800 households to install battery and solar technology faster to reduce their energy bills
- Enabled 994 customers to receive financial support for unexpected expenses during power cuts up to two weeks faster by introducing digital payments as an alternative to cheques
- Developed near real-time customer journey tracking to manage right-first-time service to enhance the customer experience.

Vulnerability and disadvantage

What has changed?
The Joseph Rowntree Foundation reports that 45% of lower-income households have cut down on or skipped meals, with 27% limiting or avoiding using their heating entirely. Support organisations are struggling to meet growing demand, and some local authorities are unable to fund the growing level of support needed. We are realistic about the enormous scale of the challenge, but this only makes us more determined to play our part by scaling up our support for customers.

Examples of how we have responded this year
- Scaled up our fuel poverty support programme, collaborating with local authorities to match fund initiatives to support customers, including working across borders with SSEN and SGN `Scale`
- Eased financial pressure for 1,151 disabled customers who are disproportionately impacted by rising energy costs, by trialling credit meter fuel vouchers
- Grew new PSR registrations by 233,094 (11%) to 2.33m this year, with 67% of eligible households now registered across our regions
- Co-launched a single GB-wide PSR sign-up website with all DNOs, building on the PSR Scotland initiative. `Collaboration`

Resilience

What has changed?
Energy security risks, growing reliance on electricity for transport and heat, and the potential for rolling planned power cuts all mean that resilience is now a greater concern for customers. We need to understand future demand on the network and provide capacity quickly, efficiently and at low cost. When customers experience disruption, we need to work quickly and collaboratively with utilities and public services across our regions to minimise the impact on their day-to-day lives.

Examples of how we have responded this year
- Adapted our proactive support to reflect the hour-by-hour impact of power cuts, based on our research into customer experience
- Supported local authorities and local resilience forums to prepare for major events by creating geospatial mapping tools
- Unlocking faster, fair and efficient connections by leading whole system collaboration, which could unblock 7GW–13GW connection capacity nationally. `Collaboration`

Decarbonisation

What has changed?
Customers who can afford to are increasingly using low-carbon technologies (LCTs) to reduce their energy bills, with lower emissions a by-product rather than the primary driver. Barriers to transitioning range from awareness and the cost and effort of installation, to lack of suitable technology for customers' housing type and barriers within the energy system. We are taking action to reduce the hurdles and ensure customers are not left behind in the energy transition, which could leave them facing higher energy costs.

Examples of how we have responded this year
- Created a Home Action Plan template and guidance for a range of budgets to help customers understand actions they can take to decarbonise, signposting available support
- Enabling hard-to-reach customers to take part in flexibility by developing a social flexibility product
- Understanding emerging decarbonisation needs in the property and micromobility sectors to shape our support.

Summary of engagement priorities in 2022/23

We carry out a broad and inclusive programme of engagement on an ongoing basis, working iteratively to build on existing insights and deepen our understanding of customers' and stakeholders' evolving needs. We shape our programme based on changes in the external environment, business priorities and objectives, and learnings from engagement to date. On an annual basis we review the focus areas under which we structure our engagement, develop initiatives and measure the impact and outcomes.

Recognising the growing importance of resilience, we introduced a new focus area, 'Enhancing whole system resilience'. We moved from 'Forging a path to Net Zero' to 'Enabling the Net Zero transition for all' to reflect our ambition to ensure no one is left behind, which underpins all of our focus areas. Given the interconnected nature of the issues outlined on p.1, many of the questions driving our engagement relate to more than one focus area. We recategorised the questions under these updated focus areas to reflect the primary driver for engagement this year.

> **Parts 2 and 3** explain in more detail how we engaged on these issues and the outcomes achieved

Ensuring no one is left behind

Meeting our customers' and communities' evolving needs	Helping customers in vulnerable circumstances	Enhancing whole system resilience	Enabling the Net Zero transition for all

Key questions driving our engagement

Meeting our customers' and communities' evolving needs
- How are customers' needs and behaviours changing as a result of the cost of energy crisis? `NEW`
- How and why are customers' expectations of our service changing?
- How can we make our services easier and more convenient for customers to interact with?
- How can we make it faster and easier for connections customers to get the information and support they need?
- How can we efficiently scale up our services to meet growing demand?
- Who should we partner with to maximise the customer and social benefits of opening up our data?

Helping customers in vulnerable circumstances
- How can we maximise the impact of our support to customers in or at risk of entering fuel poverty, including through collaboration?
- What should we do differently to scale up in-depth personalised fuel poverty support given the scale of the challenge? `NEW`
- How can we continue to grow overall PSR registrations while ensuring we achieve suitable representation in each district?
- How can we better support PSR customers in high-impact events?
- What approaches should we take to deepen our understanding of vulnerability and intersectionality to enhance our services?
- How can we ensure a fair and inclusive transition to Net Zero?

Enhancing whole system resilience
- What lessons can we learn from last year's storms to enhance our service during major events? `NEW`
- Which sectors and services do we need to collaborate with to strengthen whole system resilience for our shared customers?
- How can we support customers to prepare for potential rolling planned power cuts without causing unnecessary worry? `NEW`
- How can we collaborate more effectively to enable those ready to connect to do so faster? `NEW`
- What actions should we take to develop the flexibility market and enable broader participation?
- How is expected demand on the network changing and how can we ensure the network is ready?

Enabling the Net Zero transition for all
- How should we balance the cost pressure on customers now with the need to decarbonise for the future? `NEW`
- What actions should we take to support customers, businesses and communities to transition to low-carbon technologies?
- Which customer segments are beginning to explore decarbonisation and what are their needs? `NEW`
- How can we ensure customers transitioning to low-carbon technologies receive an excellent service?
- How should we decarbonise our operations and supply chain and how should we prioritise our actions?

Examples of who we engaged with

Customers: Domestic, business and small and medium-sized enterprises (SMEs), customers in vulnerable circumstances, connections customers, distributed energy resources

Communities: Local authorities, local resilience forums, community energy groups

Service providers: Low-carbon technology providers, installers and operators, flexibility providers and aggregators, delivery partners supporting customers in vulnerable circumstances

Energy sector: DESNZ, Ofgem, other DNOs (national and international), Energy Networks Association, the Electricity System Operator, transmission operators, gas networks, energy suppliers, Smart Energy GB

Sectors beyond energy and international peers: Water, transport, banking, US energy networks, technology

Subject matter and best practice experts: Institute of Customer Service, vulnerability experts, sustainability organisations, Open Data Institute, academia

NEW this year: Ofwat, micromobility service providers, emergency services, HGV sector, property owners, managers, occupiers and advisers

Our engagement mechanisms

- Bi-laterals
- Expert panels
- Focus groups
- Online communities
- Forums
- Interviews
- Consultations
- Citizens' Panel
- Surveys
- Events
- Workshops

What we have done differently this year
- **Blend of face-to-face and online engagement:** Stakeholders have been keen to engage more in-person, so in many cases we have returned to face-to-face events and workshops. Online engagement has also been beneficial in bringing together stakeholders and customers located across our regions, so we have offered in-person or online engagement depending on the nature of the discussion and the circumstances of attendees.
- **Use of personas:** Learning from user-centred design approaches, we applied personas across strategies and service design initiatives to represent the diverse range of circumstances, experiences and motivations of the customer base we serve. For example, we reviewed and refined the personas in our updated EV Strategy with customers to ensure they reflect a realistic range of customer needs and experiences.

Our Stakeholder Engagement Strategy

Why we engage

Purposeful engagement with customers and stakeholders is critical to understand the diverse needs we serve, how those needs are changing, and the role we can play in supporting them. The insights we gain through engagement allow us to shape or change our direction of travel, enabling us to take actions and decisions that drive sustainable performance improvement and deliver benefits to customers and wider society.

We engage for four key reasons:

- ✓ To shape our strategies
- ✓ To improve our services
- ✓ To learn and develop best practice
- ✓ To share and influence

Evolution of our strategy

We have evolved our engagement processes to further embed the valuable learnings gained from the engagement which shaped our RIIO-ED2 business plan:

Learnings

Engagement must be purposeful – We must be clear on why we are engaging, understanding the questions or issues we are trying to answer or solve, and ensure we design engagement to deliver on that purpose.

Engagement must provide insight which drives change – The insight our engagement generates must drive decisions and actions that lead to positive outcomes for customers and society. This means we must evaluate, weight and compare multiple sources to reach reliable conclusions to inform our direction of travel.

Engagement must incorporate learning – The learning and insight we gain through engagement must be embedded in the right parts of our business to shape meaningful action.

Enhancements this year

We strengthened our engagement planning process by:
- Incorporating formal PESTLE horizon-scanning reviews across the senior management team and business teams to ensure our engagement reflects the strategic context
- Embedding a framework for validating and prioritising engagement activities to ensure our engagement will meaningfully shape our actions and decisions.

We developed enhanced processes to capture, evaluate, store and share insights across our business, supported by a central insights hub. This will enable all relevant business areas to make fuller use of the insights gained through engagement and avoid stakeholder fatigue resulting from different parts of our business asking for similar information. We also increased our focus on clearly defining the purpose and use of research, enhancing how we commission, interpret and apply research, rather than relying on external partners.

How we use engagement to inform decisions

Meaningful engagement informs our actions and decisions at every stage of an initiative.

Delivery stage	Understand the needs of our customers, communities and stakeholders	Determine the best course of action: select and prioritise	Deliver action	Validate impact delivered
Engagement activities	• Analyse research, market intelligence and strategic changes in the environment • Identify gaps in our understanding • Engage to understand the issue and identify specific challenges or opportunities to address	• Engage to explore our potential role and actions we could take, including through collaboration and partnership • Assess and triangulate feedback, evaluate costs, benefits and trade-offs – is there value? • Compare potential impacts of several actions we could take	• Engage to identify partners to take forward actions • Engage through co-design, testing and/or trialling with customers and/or stakeholders • Share learnings and outcomes during delivery, e.g. with other DNOs	• Understand actual customer and stakeholder impacts experienced • Measure impact delivered • Decide whether to scale, change or stop • Report on impact • Share learnings and best practice, internally and externally
Examples	• Understanding the needs of emerging EV charging segments, e.g. micromobility, emergency services	• Consulting with customers and stakeholders on the actions we should take to develop the flexibility market	• Local Area Energy Planning: interviews, workshops and user testing to shape the design of our online self-serve planning tool	• Measuring the effectiveness of trial campaigns to promote smart meters to medically dependent customers

Outcome: AccountAbility have included examples of our leading practice on inclusivity, materiality, responsiveness and impact in their Stakeholder Engagement Leading Practices Library to be used in their 2023 Stakeholder Engagement Healthcheck cycle with clients.

Our stakeholder engagement approach

In last year's submission we explained how we design and deliver effective engagement activities. Building on this approach, this year we provide more detail on our end-to-end approach, including how we plan our overall engagement programme and how we evaluate, share and act on the insights we gain through engagement.

Planning our engagement programme

Our planning approach ensures the engagement programme is purposeful, focuses on strategically relevant questions, is designed to materially influence our actions and decisions, and makes efficient use of our time and resources and that of our customers and stakeholders. We work iteratively to adjust the engagement programme on an ongoing basis, responding to changes in the environment and learnings from engagement to date.

1 Identify engagement questions

Approach:
We identify key questions for engagement based on:
- Analysis of external factors influencing customers and our business
- Business priorities and commitments
- Insights from engagement to date

Supporting tools and processes:
- Horizon scanning and market intelligence
- PESTLE analysis (senior management team and business teams) NEW
- Central insights hub ENHANCED

2 Validate and prioritise engagement questions

Approach:
- We apply a prioritisation framework to assess engagement questions, including their strategic importance and their likelihood of making a meaningful difference to the decisions we make. This ensures we prioritise impactful engagement and enables us to shape emerging engagement questions to be more purposeful and relevant to the decisions we face

Supporting tools and processes:
- Prioritisation framework NEW
- Horizon scanning and market intelligence

Designing and delivering effective engagement activities

We then develop engagement plans to answer the engagement questions. When planning engagement activities, we apply a consistent framework to ensure our engagement is effective, representative and drives meaningful change. This year we have re-ordered the points in this framework to ensure we are clear on the purpose of our engagement and the actions and decisions it will influence, before planning the approach in detail.

1 Why do we want to engage?
Approach:
- We start by identifying a clear purpose for the engagement, setting out a well-defined question or objective

Supporting tools and processes:
- Engagement planning template

2 How will we use the insights we gain?
Approach:
- We clarify which actions and decisions will be informed by the insights we gain through engagement

Supporting tools and processes:
- Business priorities, commitments and delivery plans

3 Who should we engage with?
Approach:
- We assess the full range of stakeholders or customers likely to be interested or affected, to identify who to involve
- We aim to engage with a representative range of stakeholders, including those harder-to-reach or at risk of being left behind due to limited time, resource, or knowledge

Supporting tools and processes:
- Stakeholder mapping, supported by annual refresh and ongoing market intelligence, to identify emerging groups and changes in influence and impact
- Vulnerability and inclusion assessment, embedded in our project governance, which helps identify at-risk groups

4 How should we engage?
Approach:
- We identify which mechanism or combination of mechanisms are best suited to the purpose of the engagement and are most likely to uncover the true insights needed to inform our actions and decisions
- We consider the needs of participants and aim to ensure we do not introduce barriers to participation, e.g. for digitally excluded customers
- We consider stakeholders' familiarity with the topic and aim to provide enough time and information to build participants' understanding so they can provide a meaningful response

Supporting tools and processes:
- Engagement toolkit includes over 20 engagement mechanisms and communication channels, now including a Citizens' Panel
- Examples of best practice in designing and delivering engagement from across the business and other organisations ENHANCED

Capturing, evaluating and applying learnings

After delivering engagement activities, we capture, evaluate and apply the insights gained from engagement and research to inform our actions and decisions. We also capture and apply lessons learned from engagement delivery to inform continuous improvement of our engagement methods. We follow the steps below:

Managing insights
1. Capture and share insights across the business
2. Evaluate, weight and triangulate insights from engagement and research so we understand our full evidence base, taking into account the nature of the source and the strengths and limitations of different engagement mechanisms insights
3. Facilitate the informed use of insights in decision making to enable better decisions
4. Report on the impact of our engagement internally and externally

Sharing delivery lessons learned
1. Capture feedback on the quality of engagement using a variety of methods, e.g. polls and surveys
2. Record our engagement using information management system, Tractivity
3. Identify and share lessons learned from engagement delivery across teams via our engagement knowledge base to drive continuous improvement

We are enhancing our tools such as our insights hub and engagement knowledge base to support fast and convenient sharing across the business.

Our Consumer Vulnerability Strategy

Our ambition is to be a socially responsible utility in how we deliver services that support our diverse communities and customers in vulnerable circumstances, today and in the future.

Our guiding principles

Inclusive   Collaborative   Innovative   Agile   Impactful

Evolution of our strategy

Customers are under extraordinary pressure, with significant rises in the cost of energy, as well as food, fuel and housing, on top of existing pressures following the COVID-19 pandemic. Research, data, engagement, and speaking with local trusted partners reinforced that many customers are facing agonising choices and feel they have exhausted their options to reduce their energy bills, while support organisations are struggling to keep up with surging demand. While some domestic customers are investing in solar and battery technology to reduce their bills (Part 2, p.2), many customers face barriers to switching to LCTs and are at risk of being left behind in the Net Zero transition and facing continued higher energy costs.

Given the scale of the challenge, it is even more important that we work together with partners to identify and reach customers most in need of support, deliver actions that make a meaningful difference to their lives, and embed ways of working that enable us to deliver more support for more customers.

This year we continued to evolve our strategy as follows:

- Set a stretch target to double the number of customers who receive in-depth personalised fuel poverty support after engaging with our CEO Panel, which led us to realise our ambitious plans needed to go even further. Even so, we recognise our stretch target is a drop in the ocean compared to the scale of the challenge. To drive wider impact, we further developed our innovative regional cross-sector Utility Affordability Framework and shared the approach with other DNOs to support more coordinated local action
- Redoubled our efforts to close the gap in Priority Services Register (PSR) registrations in under-represented districts so more customers receive the support they are entitled to. We scaled up PSR data sharing with water companies and shared data with national and local government to inform resilience planning
- Developed new products and services targeted to overcome the barriers preventing customers from benefiting from the Net Zero transition (Part 3).

Building blocks of our strategy

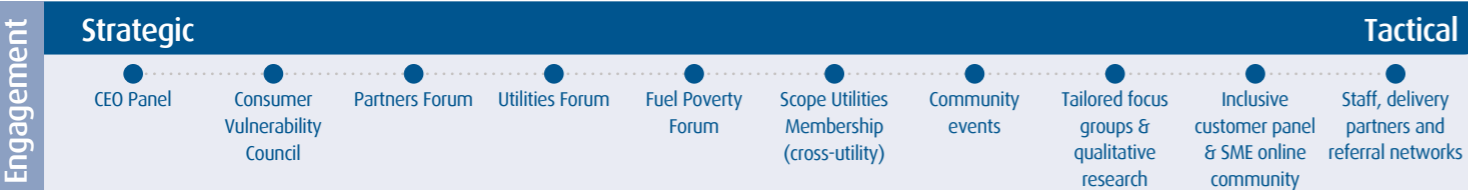| Continuously **understand** the needs of customers	Focus on **data** to deliver tailored support	**Deliver** excellent service through the help of our partners	**Learn** and embed knowledge	**Review,** measure and evaluate outcomes
To understand how needs are changing, and to help us design initiatives that make a difference to customers, we engage directly with customers and experts in consumer vulnerability, as well as holding 39 sessions with delivery partners in the last year.	Research insights, combined with our 253 social indicator datasets, vulnerability mapping tools and PSR, provide a solid foundation for our strategy. Data allows us to understand who needs our support, target our partnerships and campaigns, and drive continuous improvements and investment decisions.	We partner with 236 trusted organisations to deliver tailored advice and practical support to customers, investing in innovative approaches together. We collaborate with utilities, public sector and third sector providers in our regions to deliver joined-up support and maximise impact.	We trial and learn from new approaches before deciding whether to scale up, change or stop. For example, this year we trialled fuel vouchers for disabled and medically dependent customers on credit meters before deciding to scale up the approach. We shared our learnings with partners and other DNOs.	We measure the impact of our actions through a range of qualitative and quantitative tools, including social return on investment. We individually review every customer satisfaction survey with a score under 8, as well as tracking PSR customer satisfaction with our support during power cuts.

How we engage on vulnerability

We take tailored engagement approaches to inform our actions and decisions on supporting customers in vulnerable circumstances, illustrated below. This year we directly engaged over 230 stakeholders at 857 meetings or events on vulnerability and, along with our partners, reached an additional 573,501 stakeholders and customers in the community.

Engagement shaped our delivery across key priorities:
- Scale up fuel poverty support and maximise the impact of our actions, including through collaboration

- Grow overall PSR registrations and close the registration gap for the least represented districts in our regions
- Enhance support for PSR customers during high-impact events
- Deepen our understanding of vulnerability and intersectionality to enhance our services
- Shape our strategy to ensure no one is left behind in the Net Zero transition.

Strategic									Tactical
CEO Panel	Consumer Vulnerability Council	Partners Forum	Utilities Forum	Fuel Poverty Forum	Scope Utilities Membership (cross-utility)	Community events	Tailored focus groups & qualitative research	Inclusive customer panel & SME online community	Staff, delivery partners and referral networks

Engagement

Our consumer vulnerability areas of focus

Managing and developing our Priority Services Register

Tackling fuel poverty

Providing inclusive services to ensure no one is left behind

- Maximising our impact through partnerships, collaboration and training
- Innovating for all

Our strategy for managing and developing the PSR

Our PSR helps us identify and provide extra care to those who need it most. We aim to ensure no district is left behind, closing the registration gap in under-represented areas as well as working towards 85% of eligible households registered by 2028.

We triangulate data, research and engagement with delivery partners to identify and target under-represented areas and design tailored campaigns to reach and register under-represented needs codes, supported by the cross-industry eligibility definition.

Data sharing with partners is key to our strategy, allowing us to pool our strengths in registering harder-to-reach customers. Given the importance of having accurate information to provide support, we continually enhance our data quality programme and adapt the tailored support available to PSR customers.

This year we have:
- Increased PSR registrations to 2.33m (67% of eligible households) through data-driven, tailored campaigns
- Further scaled automated and highly frequent two-way PSR data sharing with water companies and shared the approach nationally
- Adapted our proactive support to reflect the hour-by-hour changing impact of power cuts, based on our research into customer experience.

Our strategy for tackling fuel poverty

Given the escalating scale of the fuel poverty challenge, we pivoted our programme and aimed to double our in-depth support to benefit over 30,000 customers. We are working towards directly supporting 200,000 households in or at risk of being in fuel poverty across our regions by the end of 2028. This year we provided in-depth support to 31,612 customers.

Our approach to tackle fuel poverty:

1. Breadth – We provide general fuel poverty advice to reach a wide range of customers either in or at risk of falling into fuel poverty

2. Depth – We provide individual customers with in-depth personalised support delivered through community partners, empowering customers to take practical steps such as applying for benefits and grants, reducing costs, saving energy and installing energy efficiency interventions such as low-energy cookers

3. Enduring support – We support partners to train energy champions, advisors and front-line workers embedded in communities, to provide ongoing fuel poverty advice and support.

We deliver this by building a sustainable ecosystem of partnerships with local trusted organisations and collaborating with other utilities, guided by data, research and engagement.

Our strategy for providing inclusive services to ensure no one is left behind

1.58m customers in our regions are at risk of being left behind in the energy transition by 2030, based on our modelling of the barriers customers face. These customers are at risk of being excluded from the cost savings and financial incentives available through LCTs, and may face continued higher energy costs. We aim to support 500,000 customers to transition over the next five years.

Learning from the social model of disability, which describes how people are disabled by barriers in society and not by their impairment, we understand that exclusion is driven by the interplay of multiple factors including energy system barriers and personal circumstances.

Building on our earlier work to embed an inclusion by design mindset in our business, our approach is based on three pillars:
- Understanding barriers and identifying customers at risk of being left behind, informed by data, research, and engagement, including our intersectional vulnerability mapping approach
- Developing products and services that tackle the barriers customers face in participating in the Net Zero transition, such as engaging hard-to-reach customers in flexibility
- Collaborating and partnering with organisations to establish, deliver and scale up support for customers.

Collaboration across DNOs

True leadership requires engagement and collaboration. Given the scale and social impact of the challenges that customers face, vulnerability is a key area for energy sector collaboration, especially given the impact of high energy bills. Approaches to supporting customers vary across DNOs, so we:

- Convened cross-DNO sessions to develop a framework for DNO collaboration (see p.8)
- Aligned on consistent social valuation and reporting of the impact of fuel poverty support
- Launched a single GB-wide PSR sign-up website portal with all DNOs, learning from the PSR Scotland initiative
- Facilitated a cross-DNO session to pool our learnings and ideas to tackle the challenge of scaling up fuel poverty support, covering customer experience, delivering value, and scaling up support
- Supported the development of DNO strategies

to ensure no one is left behind in the energy transition by sharing our Socially Green consumer vulnerability mapping tool and datasets via a cross-DNO session we ran jointly with National Grid Electricity Distribution
- Held bilateral sessions to share our PSR data sharing approach with four DNO groups and four gas distribution networks
- Shared our research projects into battery provision for medically dependent customers to power their essential equipment during a power cut to support a consistent experience for customers nationally.

UK Power Networks
SP ENERGY NETWORKS
nationalgrid
NORTHERN POWERGRID
electricity north west
Scottish & Southern Electricity Networks

Why a culture of engagement matters

From security of supply to whole system connection challenges, the nature of the problems we are tackling is growing more complex and requires that we engage and collaborate across organisations, disciplines and sectors to deliver the best possible outcomes. Evolving our culture of engagement has shaped how we approach and solve these problems, driving us to get to the root cause of issues, to challenge our own assumptions, and to choose to do the right thing by customers even when the path is difficult.

Over the RIIO-ED1 period, we have realised that engagement helps us deliver better outcomes by giving us a richer understanding of our customers' changing needs so we can respond in meaningful ways. Without embedding a culture of engagement, we would not be delivering the same level of support to vulnerable customers and our efforts to support decarbonisation would not be as strategic or impactful.

How our culture of engagement has evolved

From centralised event management to decentralised ownership within business teams

Over time we have learned that engagement is about so much more than running set-piece events. Several years ago we would organise centrally run events without a tightly defined set of questions we sought to answer. While this approach provided actionable insights, it did not reliably surface the most pressing or strategically important issues, limiting the scope and impact of our actions. Our 'you said, we did' approach also had limitations in tackling complex issues which require triangulation with other insight sources, and did not fully recognise engagement as an ongoing conversation or reflect how it fits into the wider context.

We needed to move engagement closer to teams across the business to:
- Ensure engagement focuses on key issues that matter to customers and make a meaningful difference to our performance
- Transfer ownership of stakeholder relationships to the teams working to address the issues
- Enable teams to hear from stakeholders first-hand and take accountability for acting on the insights.

We transitioned to a decentralised model in which engagement is driven by business teams, supported by a central specialist engagement team. This means:
- Subject matter leads are accountable for engagement within their area
- Through an expert centralised engagement function, we empower teams with the tools and processes to design and deliver quality engagement (described on p.4)
- Teams who engage with their customers and stakeholders see the impact of their actions, creating a positive feedback loop.

This transition has created a step change in the relevance, scale and impact of our engagement. This has been supported by ongoing capacity-building across the business, developing, embedding and continuously enhancing our understanding of best practice in engagement design and delivery. Engagement has become an integral part of the way we understand issues and shape actions in response and an essential ingredient of our performance-based culture.

From all-purpose forums to tailored approaches

Over time we have evolved from planning engagement based on regular groups or forums, to taking a tailored engagement approach which ensures we ask the right questions of the right people at the right time (as described on p.4). While there is still a role for regular forums, we ensure each forum and each session has a clear purpose, using this channel by design rather than by default.

Senior sponsorship and advocacy

We have clear executive management team level sponsorship for stakeholder engagement, supported by senior management team owners for engagement topics. Horizon scanning and PESTLE analysis is led by senior management, ensuring engagement focuses on strategically relevant topics. Innovation, vulnerability and capital programme projects require evidence of engagement as a condition of approval.

Looking outwards: always learning from and collaborating with others

As well as collaborating within our own sector (see p.8), we have increasingly looked to other sectors and international comparators to learn about best practice we can apply to our own business, and to share our own experience. For example:
- Through benchmarking our customer service performance against leading organisations across all sectors in the Institute of Customer Service's UK Customer Satisfaction Index (UKCSI), we identified opportunities to enhance our own service, contributing to us being consistently ranked in the top four UK service organisations in the last 18 months, alongside companies such as John Lewis, Apple and Amazon.

- In 2020, we learned that robotic process automation (RPA) was well-established in the financial services sector but not yet widely used by utilities. Since trialling RPA in back-office finance processes and reducing processing time by up to 70%, we have applied RPA to our LCT connection application and notification process for instantaneous assessment, and to chatbots to deliver great customer experience during times of high demand
- In recognition of our leading position on Open Data in the energy sector, we were invited to join the steering group of Stream, the water sector's Open Data initiative, as the sole non-water sector member, to share our experience and learnings
- This year we held sharing sessions with international networks and service organisations from the US, Germany, the Netherlands, Australia and Japan, in recognition of our leadership in customer service, smart grids and engagement, and to learn from their own experience.

Sustained leading performance in the UKCSI (all sectors)

101st	4th	1st	3rd
July 2021	January 2022	July 2022	January 2023
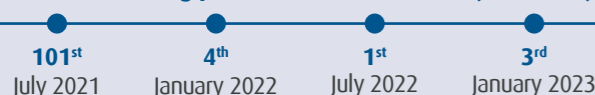
Looking ahead

Our learnings and evolution during the RIIO-ED1 period will support us in delivering our future commitments and in understanding how customers' needs are continuing to evolve. We have seen first-hand the value to our customers, stakeholders and our business of great engagement, which will drive us to continue engaging and evolving our approach.

We partner and collaborate with a diverse range of organisations to maximise the impact we deliver for our stakeholders and customers.

Why we partner and collaborate

Partnership and collaboration are often used interchangeably. Through our experience of working closely with other organisations and sectors to shape and deliver sustainable change, we have evolved our understanding of the differences between partnership and collaboration, building on our categorisation of strategic and tactical partnerships in our submission last year. This understanding allows us to approach our work with others with greater clarity and purpose.

Collaboration – We collaborate on shared challenges with organisations who we share a common purpose with, and where we share the same level of ambition to act. Working in collaboration means we move forward as equals, working together at pace to understand the root cause of the issue, shape actions, deliver change, and evaluate the impact.

Partnership – We partner with organisations with complementary capabilities, expertise and capacity to deliver a specific objective, e.g. accessing hard-to-reach stakeholders and delivering targeted support to customers. We work alongside partners either during a single stage, such as delivering actions, or across multiple stages during the development of an initiative.

These approaches are not mutually exclusive. For example, working with regional collaborators through our cross-sector Utility Affordability Framework, we commissioned trusted local partners to deliver initiatives that align with our shared objectives.

Bringing collaboration and partnerships to life

Collaboration
- **Gas and water companies, energy suppliers and local authorities in our regions** – Jointly tackling the challenge of fuel poverty affecting our shared customers to maximise our collective impact, through our cross-sector Utility Affordability Framework
- **Local authorities** – Shaping support to enable local authorities to develop robust climate action plans and provide a strong basis for our network planning
- **Global cross-sector leaders in Open Data** – Advancing the use of Open Data to help address societal challenges such as sustainability and inclusive economic growth
- **ESO, ENA, other DNOs** – Enabling renewable generation to connect faster and more transparently, making efficient use of network capacity at a whole system level

Partnerships
- **Power Partners local trusted organisations** – Delivering in-depth personalised support to customers in or at risk of fuel poverty, drawing on our partners' skills, expertise, capacity and reach within the communities we aim to support
- **Third-party meter operators** – Empowering third parties to carry out fuse upgrades themselves when installing an LCT, providing a quicker and simpler customer experience
- **UKHarvest** – Engaging school children and their families through delivering cookery classes on preparing healthy low-cost meals, food budgeting and energy-efficient cooking
- **Centre for Sustainable Energy** – Engaging with customers in disadvantaged areas to gain a deeper understanding of the barriers to participating in flexibility

Developing a framework for collaboration across DNOs

Collaboration is difficult. Tackling the complex challenges facing our sector requires commitment, determination and a willingness to have difficult conversations. There are also practical barriers to taking coordinated action. For example, networks have diverse priorities and approaches, varying levels of resource, and work at different paces. In many areas, regulatory incentives are designed to create the pressures of a competitive market. For enduring collaboration to succeed, these challenges need to be acknowledged and worked through.

We took the initiative in bringing together all DNOs via an independent facilitator to develop a framework for when and how we should collaborate, based on both the nature of the challenge and practical considerations. The joint work teased out collaborative models ranging from joint initiatives across all DNOs, to a subset of DNOs leading on an issue and sharing learnings, to each DNO sharing effective methods for others to fast-follow. This blend of approaches allows for progress and knowledge sharing without requiring all DNOs to move at the pace of the fastest or slowest. As a result we identified key areas for collaboration, which we describe in more detail in Parts 2 and 3.

Alongside engaging with all DNOs, we have worked most closely with ENWL, who share our appetite to collaborate at pace, as described in our collaborative appendix. We have shared our learnings on best practice in stakeholder engagement and collaborated on shared challenges including domestic uptake of multiple LCTs. We have formalised this approach through a collaboration agreement, setting the foundation for ongoing collaboration to deliver better outcomes for our customers. This builds on our existing innovation collaboration agreements with SSEN and SGN.

Each DNO shares learnings for fast-follow by others	Several DNOs lead and share learnings	Joint initiative across all DNOs
• Automated PSR data sharing with water companies	• Vulnerability data mapping	• Single PSR website
• Fuse upgrades by third-party meter operators	• Zero Carbon Business website	• Sharing learnings and approaches to tackle the challenge of scaling up fuel poverty support
• Partnering with Girl Guides to raise energy awareness		

Measuring the impact of our actions

Why we measure impact

As a performance-driven business we aim to maximise the benefits of our actions to customers and wider society. We take a broad view, assessing not only financial benefits, but also social, environmental and wellbeing benefits. We evaluate the potential and actual impact of initiatives and use this information, alongside insights from stakeholder engagement, to help us target the actions that deliver the greatest benefit and identify how we can grow our impact even further.

Evolution of our approach

- **Embedded a consistent social valuation approach to enable comparability across DNOs.** We recognised the need for a consistent approach to applying social return on investment (SROI) across DNOs, so we openly shared all of our models and methodologies with other DNOs to break the ice, which led to the majority of other DNOs also sharing their models more widely, and agreed consistent reporting metrics for comparability.
- **Clarified the relationship between our stakeholder engagement and impact measurement approaches** and how they work together to help us target actions that deliver the benefits that matter most to customers and stakeholders.
- **Enhanced the way we present benefits based on the Panel's feedback.** Throughout our submission we have provided greater clarity on the benefits delivered in-year, compared trial and rollout benefits where possible, and identified where they are based on estimated or actual reported benefits.

How we measure and maximise impact

We apply the Social Value UK principle of 'value the things that matter'. We take an outcome-driven approach to problem solving, working to get to the heart of an issue and taking forward the actions that will make the greatest difference, even when the path is difficult. Engagement is integral to our ability to deliver meaningful impact, enabling us to understand the real issues and clarify the most important outcomes we should seek to deliver. We then evaluate the potential actions we could take based on these outcomes.

We use engagement and impact measurement together to guide our decisions at every stage of an initiative:

	1 Understand the impact an action might deliver if we implemented it	2 Compare the potential impacts of several actions we could take	3 Select the best possible actions to take forward	4 Assess our initiatives during development to ensure they are likely to deliver the intended impacts	5 Validate whether an action delivered the impact we expected
Role of engagement	• Understand the issue • Clarify target outcomes and prioritise those that matter most • Explore potential actions	• Compare and rank the potential impacts of possible actions we could take	• Triangulate engagement insights with other decision-making inputs	• Provide input and feedback through co-design, testing and/or trialling with customers and/or stakeholders	• Understand actual customer and stakeholder impacts experienced • Share learnings and best practice, internally and externally
Role of impact measurement	• Identify how to measure intended outcomes • Evaluate potential impact of an action	• Compare and rank the potential impacts of possible actions we could take	• Provide potential impacts to inform decisions • Define metrics for monitoring and reporting	• Evaluate actual impact and updated forecast impact • Decide whether to continue, change or stop	• Evaluate actual impact delivered • Decide whether to scale, change or stop • Report on impact

We use a range of qualitative and quantitative techniques to evaluate the potential and actual impact of an action. For each initiative we select a mix of methods that best reflect the types of outcomes we are targeting and the groups intended to experience the impact:

Qualitative tools
- Feedback from customer and stakeholder engagement

Qualitative and quantitative tools
- Market and customer research
- Surveys and polls

Quantitative tools
- Cost benefit analysis
- Social valuation (SROI analysis)
- Performance metrics – modelling and reporting

We have deepened our understanding of the uses and limitations of SROI over a number of years and have learned that social valuation is not appropriate for every type of initiative. As a result we no longer seek to apply social valuation by default, instead applying a triage process that challenges whether social, environmental and wellbeing benefits are materially important to the aims of an initiative and whether we have sufficient confidence in the inputs and assumptions to provide a credible valuation.

Consistency and comparability

In response to Panel feedback, all DNOs have collaborated to align on clear and consistent fuel poverty reporting metrics to aid comparability, supported by a common definition of in-depth fuel poverty services and consistent, independently assured application of an SROI measurement rulebook, which has been accepted by Ofgem. We openly shared our SROI models with all DNOs to identify differences in approach and support alignment on a consistent methodology and rulebook, which we have now collectively adopted. We actively contributed to the development of consistent reporting metrics, proposing alternative metrics and simple-to-understand terminology to enable easier comparison across DNOs. While we have made great strides this year, the job is not done and we will continue to drive collaboration in this space with DNOs.

How we ensure our impact measurement is robust

We seek feedback from the customers and stakeholders directly impacted, wherever possible

We use the common DNO methodology and rulebook to calculate SROI

We clearly state assumptions and uncertainties and take a conservative approach to avoid overstating benefits, while following the common measurement methodology

We triangulate between a range of evaluation methods to avoid over-relying on any single approach

We use information on actual impacts instead of estimates wherever possible, including when developing proxies to assign a monetary value to outcomes in social valuation

We have trained our staff to calculate SROI, with modelling carried out by Sia Partners in line with the common DNO approach, and independent assurance by Sirio Strategies to confirm alignment with the methodology and rulebook, providing additional confidence that the calculations are robust

Our measurement framework in practice

Example 1: Measuring the impact of fuel poverty support

In-depth support

This year we revised the range of measures we use to assess the impact of our in-depth fuel poverty support, for increased transparency and comparability.

We aligned on common reporting metrics with all DNOs for greater ease of comparison:
- Total number of customers who receive in-depth support through our delivery partners (reported last year)
- Total customer financial benefits (reported last year), calculated in line with the cross-DNO measurement rulebook for consistency
- In-year SROI (new), calculated in line with the cross-DNO SROI rulebook for consistency.

While the SROI metric supports overall comparability, we believe that reporting constituent parts of the SROI separately provides greater insight into performance. For this reason we also report on:
- Average financial saving per customer – reflecting the reduced costs and increased income customers benefit from as a result of in-depth support
- Additional social and wellbeing benefits – based on standard DNO proxies to assign a monetary value.

General advice
- When we deliver general fuel poverty advice, a subset of customers will take action to reduce their bills as a result. Since it is not possible to track exactly how many customers make changes, we estimate the social value delivered through general advice using standard financial proxies and weighting factors
- We also measure performance in delivering general advice because it is an important first step in reaching a wide range of customers, some of whom will then go on to take up in-depth support to reduce their bills further. We set and measure targets on the volume of customers reached to drive progress.

Example 2: Measuring the impact of Open Data

Measuring the impact delivered by Open Data is not straightforward. The majority of our data is truly open, with no sign-up required to access datasets which can be freely used, re-used and re-distributed by anyone. This means it is not possible to track exactly who is using our data and the value they get from it.
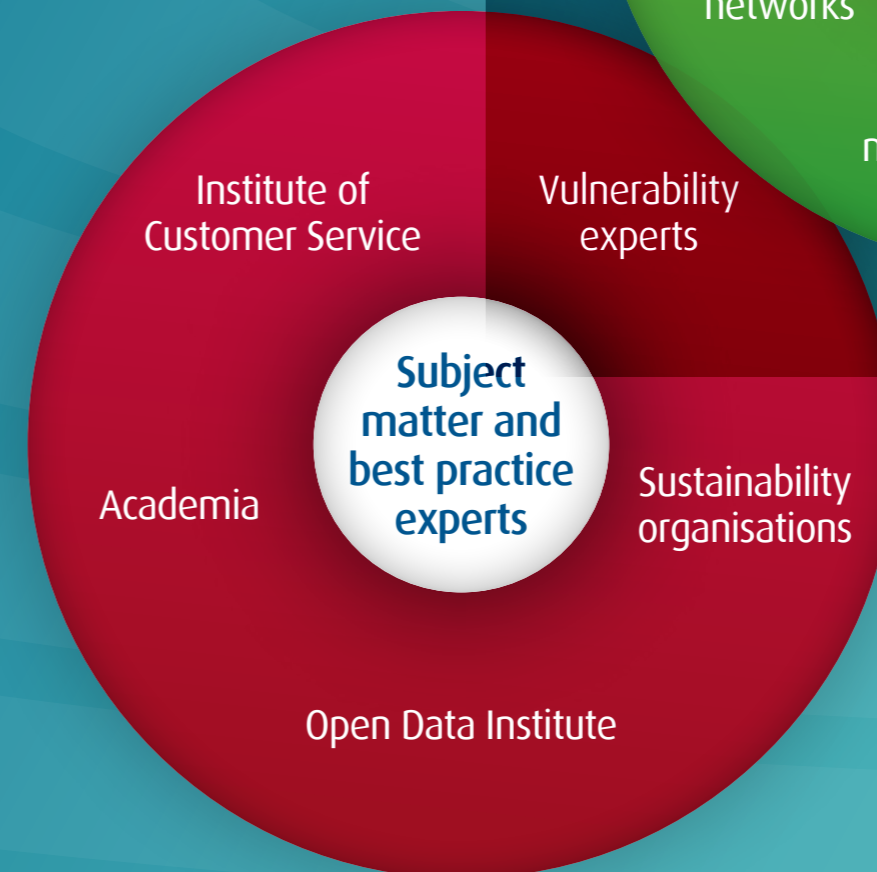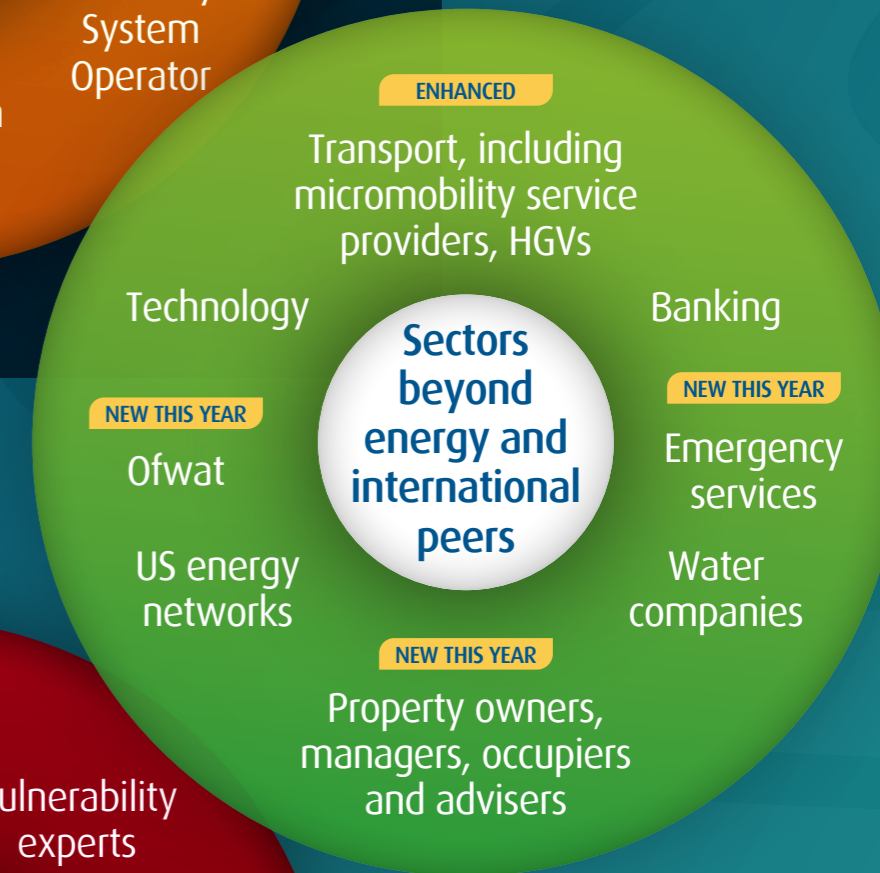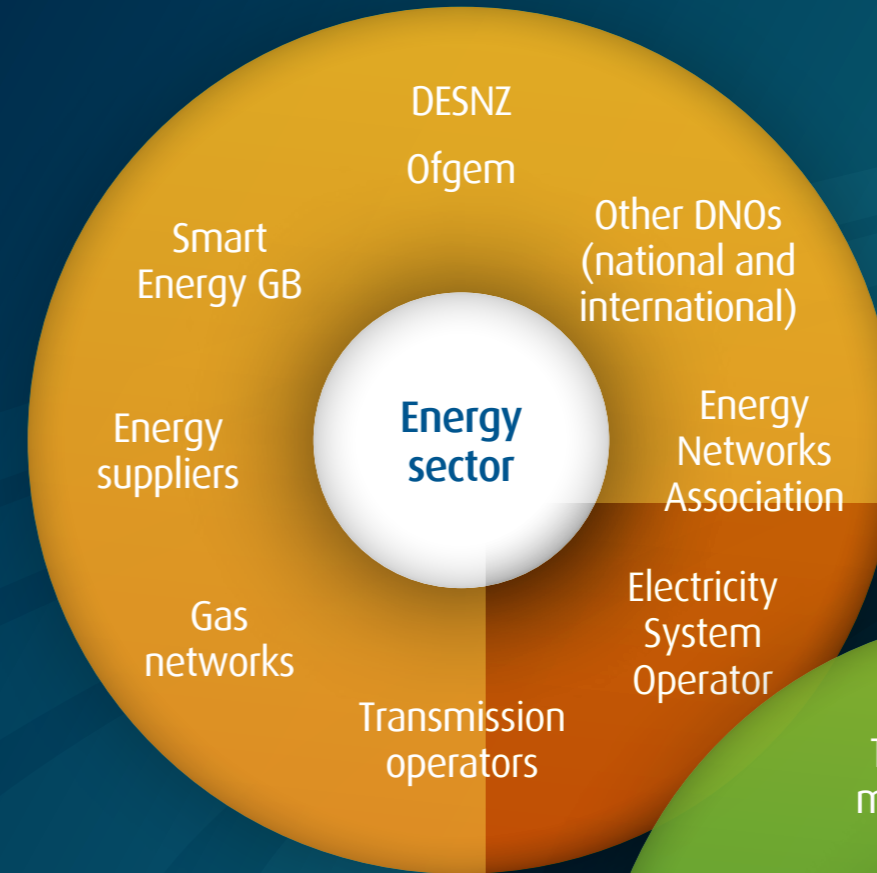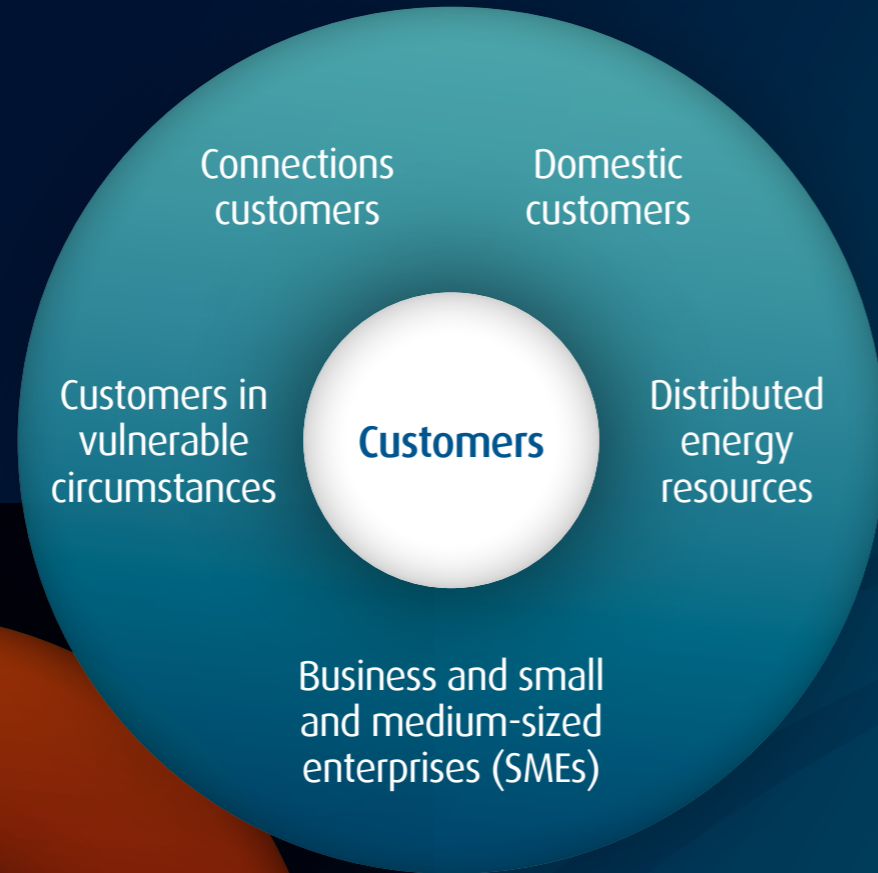
We combine engagement and creative impact measurement approaches to **understand the value** of our Open Data:
- We engage with a broad and representative range of stakeholders, from local authorities to technology companies to academics, to understand which **datasets they would value and why**. This feedback informs how we prioritise datasets for publication, so the datasets we publish are likely to be valuable to a wide range of stakeholders
- We engage with stakeholders on **how they would like to view the data**, recognising different levels of data literacy. Some advanced data users prefer APIs, while other users prefer visualisations such as graphs and maps. This feedback informs the range of options we offer for consuming datasets, to maximise the usability and value for as many users as possible
- When users contact us directly, we ask for their feedback on **how they are using the data and the value it delivers**. While not comprehensive, this provides anecdotal insights into how our data is being used and how it benefits users and their customers. We capture and share these case studies on our Open Data Portal, to illustrate the potential value of datasets to other users.

We **track user interactions** with our Open Data:
- Number of views and downloads of individual datasets – helps us understand which datasets are most popular and, by inference, are likely to be most valuable to stakeholders
- Number of monthly users of our Open Data Portal – helps us understand trends in interactions, as an indicator of the interest in and usefulness of our Open Data.

Examples of who we engaged with this year

Customers
- Connections customers
- Domestic customers
- Customers in vulnerable circumstances
- Distributed energy resources
- Business and small and medium-sized enterprises (SMEs)

Energy sector
- DESNZ
- Ofgem
- Smart Energy GB
- Other DNOs (national and international)
- Energy suppliers
- Energy Networks Association
- Gas networks
- Electricity System Operator
- Transmission operators

Communities
- Local authorities
- Local resilience forums
- Community energy groups

Sectors beyond energy and international peers
- **ENHANCED** Transport, including micromobility service providers, HGVs
- Technology
- Banking
- **NEW THIS YEAR** Ofwat
- **NEW THIS YEAR** Emergency services
- US energy networks
- Water companies
- **NEW THIS YEAR** Property owners, managers, occupiers and advisers

Service providers
- Low-carbon technology providers
- Flexibility providers and aggregators
- Installers and operators
- Delivery partners supporting customers in vulnerable circumstances

Subject matter and best practice experts
- Institute of Customer Service
- Vulnerability experts
- Academia
- Sustainability organisations
- Open Data Institute

www.ukpowernetworks.co.uk