1.3 Annex

SP Energy Networks 2015–2023 Business Plan

Stakeholder feedback - Final report

Explain

May 2013

SP ENERGY NETWORKS

explain
market research

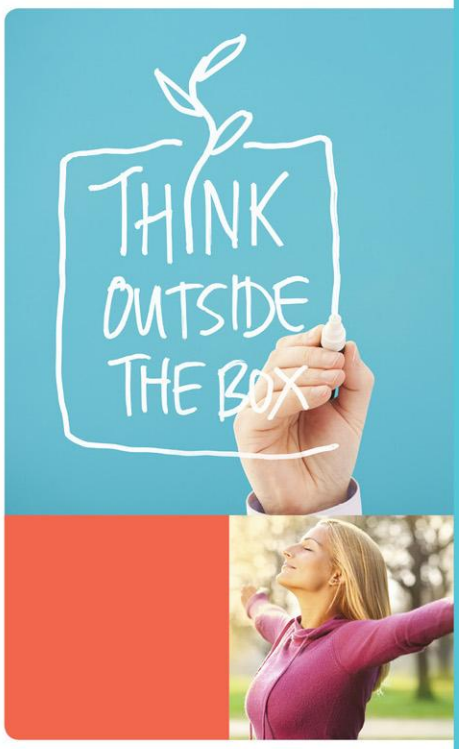
SP Energy Networks

RIIO Phase 2: Final report

May 2013

1.0 Introduction

The background to this research can be found in this section alongside detail on the methodologies that have been employed.



Project background

Ofgem has undertaken a major overhaul of the framework for regulation of networks companies, and introduced its 'RIIO' model of regulation. One of the largest shifts from previous regulatory practice is the enhanced role of customers, network users and other stakeholders in developing and scrutinising company business plans.

SP Energy Network's business plan will ultimately be submitted to Ofgem as part of its next regulatory price control (known as RIIO-ED1) and must be informed by the views and priorities of its stakeholders. SP Energy Networks therefore commissioned Explain to conduct research with domestic customers, connections customers and wider stakeholders.

The initial phase of research was completed in the Autumn of 2012 and involved two stakeholder workshops (47 attendees in total), 33 in-depth interviews and eight focus groups with domestic customers. Feedback from this engagement was used to identify a list of priorities to be considered as part of business planning. SP Energy Networks has used this feedback to inform a draft version of their business plan outlining the potential investments that could be made over the period 2015 to 2023 and the impact this would have on the customer bill.

It was important to test the draft plan with a range of stakeholders including:

- Domestic customers
- Business customers
- Wider stakeholders
- Employees

Explain was commissioned to design an approach to engage these audiences in the consultation to gain their feedback on the proposals outlined within the draft plan.

Methodology

Strand one

To collect initial feedback SP Energy Networks organised two stakeholder workshops in order to present the draft plan and invite stakeholders to give their views. Explain was commissioned to facilitate the discussions at each event.

One workshop was held in the SPD licence area and one in SPM, the locations, dates and times of the workshop are summarised below:

Location	Time	Venue	Date	No. of attendees
Liverpool	9.30 – 3.30	Crowne Plaza Liverpool	Wednesday 13 February	24
Edinburgh	9.30 – 3.30	COSLA Conference Centre	Friday 15 February	27

On the day, stakeholders were split onto round tables with six to ten stakeholders on each table. The event opened with a series of presentations to set the scene of the day and outline the overall draft plan and the impact that would have on the customer bill. It is important to note that the bill changes presented in SPD were different to SPM.

The remainder of the event was split into topic groups:

- Topic Group 1
  - Invest for storm resilience
  - Invest for poorly served customers
- Topic Group 2
  - Customer service activities
  - Customer service in connections activities
  - Local authority strategic engagement
- Topic Group 3
  - Low carbon scenarios presentation
  - Future proofing
- Topic group 4
  - Strategic approach to network development (changing trigger level)

    - Innovation – future spend
- Topic group 5
    - Service provision inspection
    - Flood prevention

The format of the sessions within each topic group was consistent. The session opened with a presentation outlining current performance in relation to the areas covered in that topic group alongside the level of investment that was currently included in the draft. The presenter then handed over to the Explain facilitators (one located on each table) to moderate a discussion with stakeholders in order to identify how important each area was and whether the level of investment outlined in the draft plan was appropriate. Respondents were also given a crib sheet which outlined all of the potential investment areas and the investment choices that were being posed in order to help stakeholders see the big picture of what was being discussed across the day. SP Energy Networks scribes took notes on each of the tables in order to produce a record of the feedback. On conclusion of the discussions stakeholders used voting key pads to respond to a number of questions regarding each topic.

The notes taken at each table were compiled and, alongside the results from the voting exercise, were collated into a results report.

NB. The levels of investment that were discussed are included in the relevant sections throughout this report.

Strand 2

Once the stakeholder research had been completed, which demonstrated overall support for what was being proposed, there was a need to test the plan more widely and thus Explain designed a questionnaire to be used with the general public. The aim of the questionnaire was to look at each investment area and understand importance and then whether respondents were willing to pay the proposed amount that was included in the draft plan to allow the investment to happen. The investment areas that were covered in the questionnaire are summarised below:

	SPM		SPD	
	Proposed work	**Proposed cost**	**Proposed work**	**Proposed cost**
Increasing storm resilience	Improve storm resilience to around 10% of customers so they are less likely to lose power during a storm	£2.10 per year	Improve storm resilience to around 10% of customers so they are less likely to lose power during a storm	£1.62 per year
Improving service to poorly served customers	Improve service to 40% of poorly served customers	£0.50 per year	Improve service to 40% of poorly served customers	£0.49 per year
Future proofing	Help prepare the network for the future by installing monitoring equipment	£0.17 per year	Help prepare the network for the future by installing monitoring equipment	£0.12
Strategic investment	Upgrade the network in constrained areas to avoid delays if someone wants to connect a new building in that area	£3.56 per year	To upgrade the network in constrained areas to avoid delays if someone wants to connect a new building in that area	£1.08 per year
Service position inspection	Each customer has their equipment inspected every 5 years	£0.28 per year	Each customer has their equipment inspected every 5 years	£0.26 per year
Flood protection	Protect the 120,000 customers that would be affected by a 1 in 100 year flood	£0.10 per year	To protect the 48,000 customers that would be affected by a 1 in 200 year flood	£0.05 per year
Innovation	Innovation research and trials to try and create savings in the future	£0.50 per year	Innovation research and trials to try and create savings in the future	£0.50 per year

In the first section of the questionnaire, respondents were taken through each investment area and given some background information to provide more detail as to the type of work SP Energy Networks could undertake. They were then asked to rate how important they felt it was that SP Energy Networks made investments in each area on a scale of 1 to 10 where 1 was not at all important and 10 was very important.

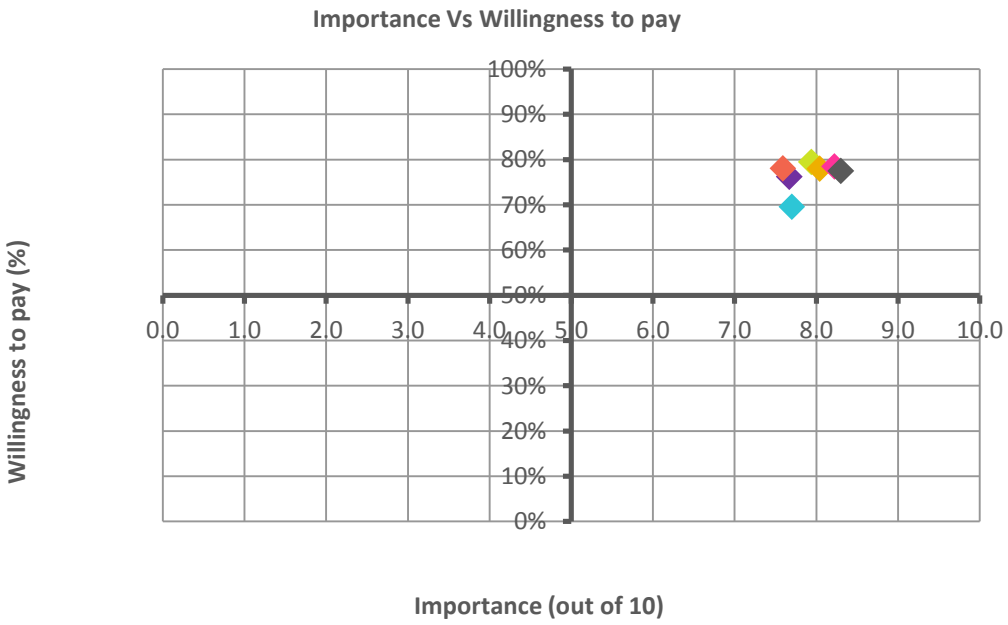
Respondents were then informed of the current annual bill for distribution (£121 in SPM, £96 in SPD) and told the future bill amount was to be decided. Respondents were informed that a proportion of their bill (£114.85 in SPM, £91.32 in SPD) would go towards maintaining current service levels, but that they could choose to 'add on' investment in any of the areas that were being discussed. For each investment area respondents were given four options to choose from:

✓	**OPTION 1** I do think this should be in the plan and I am happy with the amount proposed
+	**OPTION 2** I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
-	**OPTION 3** I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
x	**OPTION 4** I don't think this should be in the plan or added to the base bill

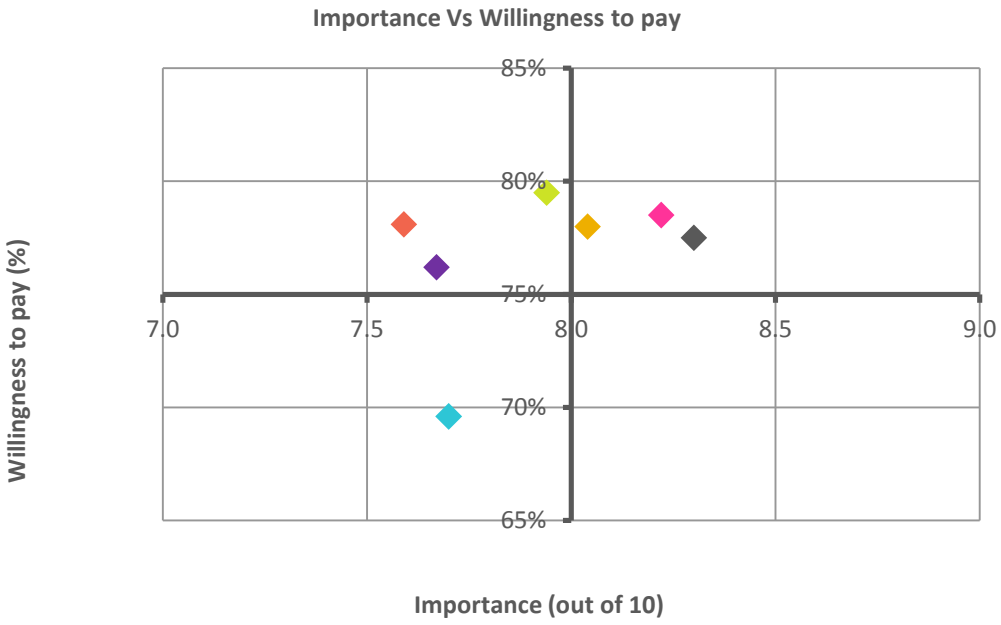
If respondents selected options 2 or 3 for an investment area, they were asked how much more or less they wanted to pay in that area in comparison to the draft plan. This allowed calculation of the average value allocated to each investment area across the sample.

On completion of the exercise, the total amount respondents had selected was calculated. If respondents felt that this amount was too high or too low, they were given the opportunity to complete the exercise again.

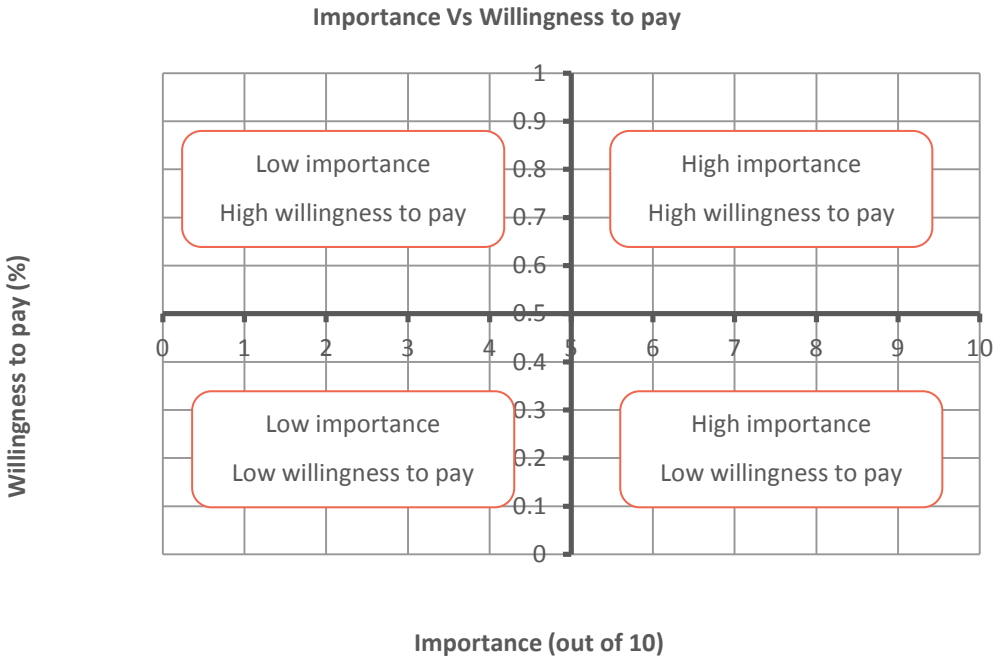
The questionnaire was designed to allow the principles of simalto analysis to be applied, plotting importance against willingness to pay. Typically when initially plotted, all investment areas appeared in the upper right hand quartile, as demonstrated in the example graph below.



In order to prioritise investment areas, the scales are then shortened as demonstrated in the example below:



The location of each investment area on the graph can then be interpreted as follows, with those featured in the top right hand quartile identified as a top priority:



Initially the questionnaire was developed to be used in an on-street survey. 1034 interviews were completed across the SPM and SPD areas as shown in the table below:

SPM		SPD	
Liverpool	30	St Andrews	30
Chester	22	Glenrothes	28
Wrexham	30	Dunfermline	14
Caernarfon / Bangor	17	Stirling	28
Pwllheli	27	Livingston	30
Rhyl	27	Airdrie / Greengairs / Glen Mavis	29
Colwyn Bay	30	Edinburgh	30
Anglesey	30	Dunbar	30
Holywell	29	Jedburgh	30
The Wirral	24	Dumfries	30
Northwich / Winsford	27	Castle Douglas	31
Crewe / Nantwich	30	Stranraer / Dunragit	30
Ellesmere Port	30	Kilmarnock	20
Mold	19	Kirkintilloch	29
Southport	30	Lanark	29

Machynlleth	12	Gallashiels	30
Bala	29	Lockerbie	32
Newtown	19	Bathgate /Armadale	29
Warrington	33	Glasgow (G1, G3, G4)	30
	495		**539**

The questionnaire was also scripted and hosted online. The online survey was distributed to all stakeholders, business customers, employees and online community members for completion. The total number of online responses received is summarised in the table below:

	SPM	SPD
Stakeholders and business customers	28	19
Community members	12	21
Employees	179	258
TOTAL	**219**	**298**

In addition to stakeholder engagement conducted internally, through the research Explain has been commissioned to carry out, 1602 individuals have provided their feedback on the SP Energy Networks draft plan.

An individual report has been provided for each strand of the research as follows:

- Stakeholder workshops
- Domestic customer survey
- Employee survey
- Customer and stakeholder survey

This report brings together the findings from each strand of research by investment area, summarising the thoughts of each audience involved in the consultation. Further detail as to the results from each audience can be found in each individual report.

Notes on analysis

This results chapter of the report is split into SPM and SPD findings. Within each section results from the stakeholder workshop and customer, employee and stakeholder/community member surveys are detailed. The findings detailed from the stakeholder workshops highlight the results of the voting exercises and detail from the discussions. Please note, full detail on the discussions that took place can be found in the stakeholder workshops report, this report draws on those findings specific to investment planning going forward consolidating with information captured in the quantitative survey.

Results of the surveys are summarised in tables. The table headings should be interpreted as follows:

- **Proposed amount:** This is the level of investment that has been proposed within the draft plan
- **Mean value –** This is the mean value respondents in the survey allocated to this investment area, based on all respondents' choices including those who chose not to keep that investment in the plan
- **Difference from draft plan –** This figure highlights the difference between what respondents were willing to pay and what was included in the draft plan
- **Proportion who kept it in the plan –** This is the proportion of respondents who selected option 1, 2 or 3 thus keeping the investment area in the plan at some level
- **Importance rating –** This is the rating out of 10 achieved for the question 'On a scale of 1 to 10, how important is it that SP Energy Networks make investments in this area?'
- **Simalto position –** This is the position of that investment on the simalto graph i.e. importance vs willingness to pay relative to the other investment areas that were discussed

2.0 Results

The results from all research strands carried out are summarised in this section.

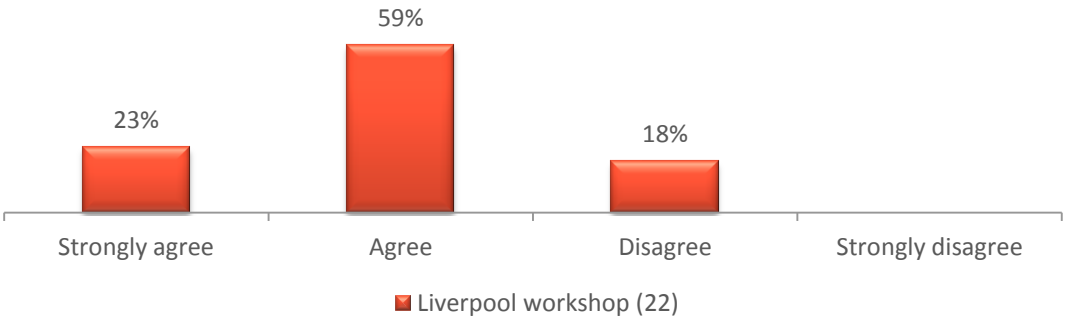
SPM

Investment area 1: Storm resilience

Workshops

In the Liverpool workshop 82% of respondents agreed that storm resilience was a top priority for SPM.

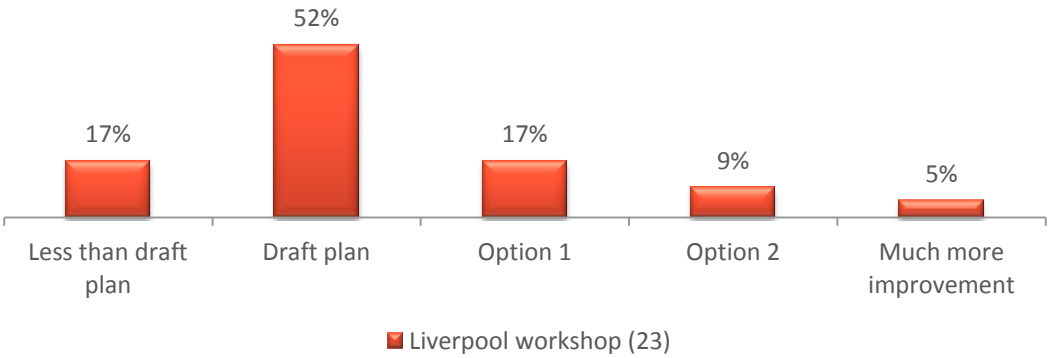
Improving storm resilience is a top priority for SP Energy Networks. Do you...



Respondents were presented with the table below and asked to vote on the level of investment they felt should be included in the draft plan. The large majority of respondents selected the level of investment already proposed in the draft plan, or more than that.

	Over 8 yrs (£m)	Domestic bill component	Impact
Draft plan	£123	£2.10/yr	Improves resilience to >10% customers
Option 1	£141	£2.42/yr	Improves resilience to >11.5% customers
Option 2	£160	£2.73/yr	>13 % improvement

Which option do you think we should adopt to improve storm resilience?



Quantitative survey

Looking at the survey results, which are summarised in the table below, importance ratings for storm resilience were similar across all three audiences and ranged from 7.7 to 8.0. Employees provided the highest importance rating of 8.0 out of 10. Employees and stakeholders/community members ranked this investment area as a top priority (high importance, high willingness to pay) in the Simalto analysis.

The mean investment values were lower than what was proposed in the draft plan across all three groups, particularly amongst customers. However, it is important to note that, in support of the workshop findings, the majority of respondents in all three groups chose to keep this investment area in the plan (76% to 92%).

It is recommended that storm resilience continues to be included in the plan, however the level of investment directed towards this area may need to reduce to increase acceptability amongst customers.

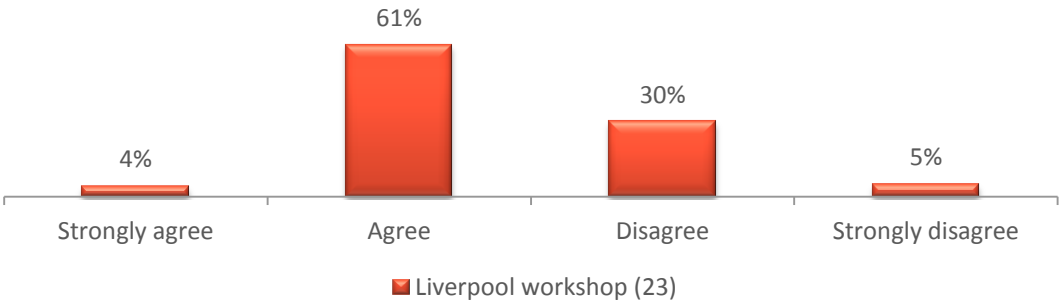
	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£2.10	£1.59	**-£0.51**	76%	7.7	Low IMP, High WTP
Employee survey		£1.91	**-£0.19**	92%	8.0	High IMP, High WTP
Stakeholder / community member survey		£1.82	**-£0.28**	90%	7.8	High IMP, High WTP

Investment area 2: Worst served customers

Workshops

In the SPM workshop, 65% of respondents agreed that improving service to poorly served customers was a top priority for SP Energy Networks.

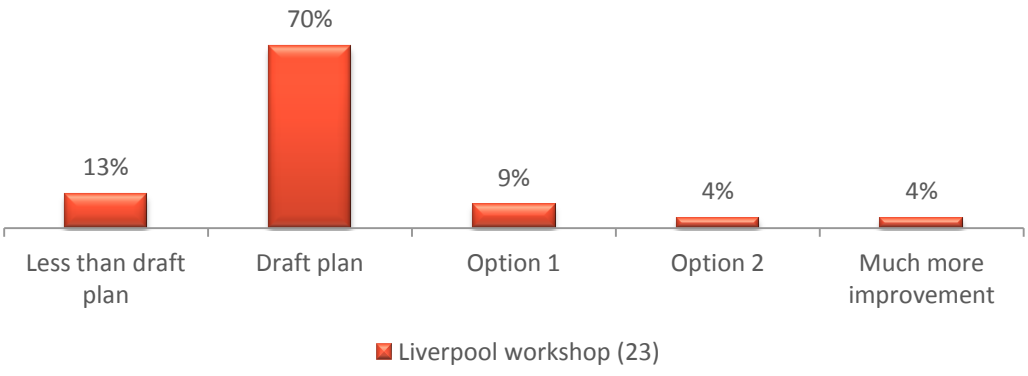
Improving service to poorly served customers is a top priority for SP Energy Networks. Do you...



When presented with a range of investment options, including the current proposal within the draft plan, the large majority of respondents at the workshop chose to stick with the current proposal of improving service to 40% of poorly served customers for £0.50 per annum.

	Over 8 yrs (£m)	Domestic bill component	Impact
Draft plan	£29m	£0.50/yr	Improve service to 40% of poorly served
Option 1	£59	£1.00/yr	Improve service to 60% of poorly served
Option 2	£88	£1.51/yr	Improve service to 70% of poorly served

Which option do you think we should adopt to improve service to poorly served customers?



Quantitative survey

Examining the survey results, importance ratings for this investment area were similar across all three groups ranging from 7.9 to 8.0. The majority of respondents in all three groups also chose to keep this investment area in the plan (80% to 94%). In line with the workshop findings, mean investment values showed little difference from what was proposed in the draft plan.

Employees and stakeholder/community members ranked investment in this area as a top priority based on its positioning in the simalto analysis. Customers did see this area as important; however there were other investment areas that domestic customers gave a greater priority to.

On the basis of this information, it is recommended that improving service for worst served customers remains in the draft plan at the proposed investment level.

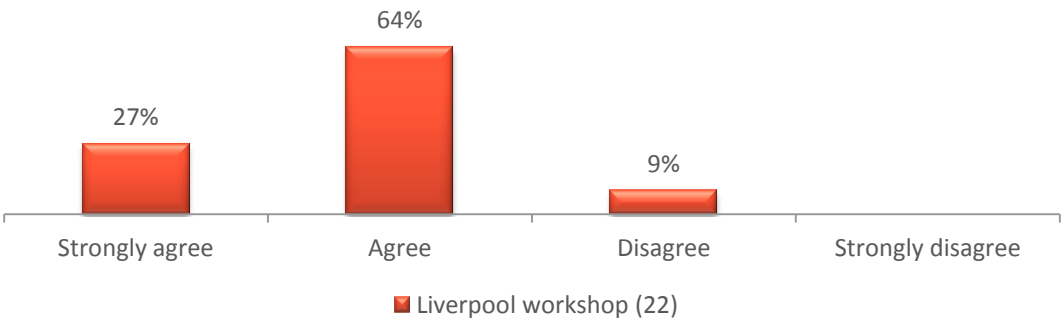
	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.50	£0.44	**-£0.06**	80%	7.9	Low IMP, High WTP
Employee survey		£0.51	**£0.01**	94%	8.0	High IMP, High WTP
Stakeholder / community member survey		£0.48	**-£0.02**	93%	7.9	High IMP, High WTP

Investment area 3: Improving customer service

Workshops

In this topic area, respondents were not asked to make a choice in terms of investment levels. In the workshops stakeholders had a general discussion around customer service during a power cut and how it could be improved. In the vote, the majority of stakeholders agreed that improving customer service in a power cut was a top priority for SP Energy Networks.

Improving customer service in a power cut is a top priority for SP Energy Networks. Do you...

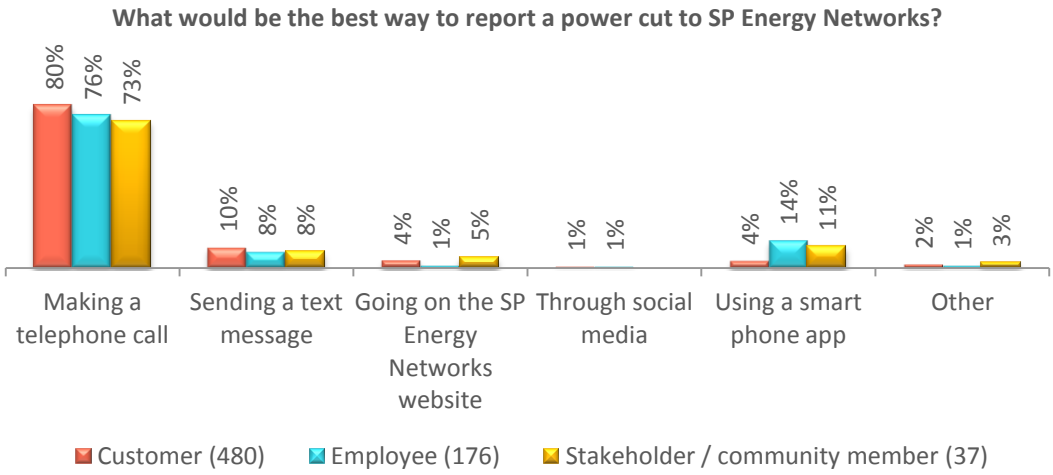


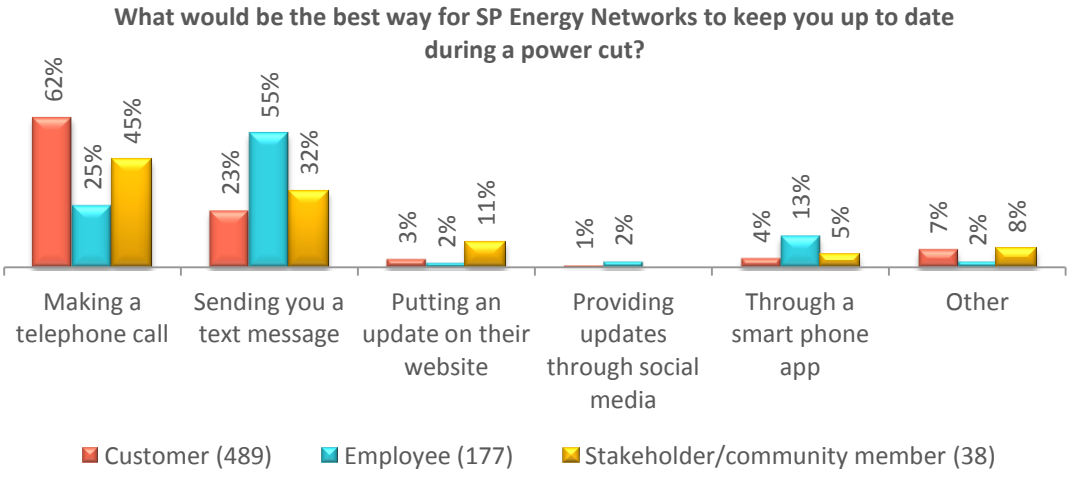
In the workshops respondents were asked to vote for the service improvements they felt should be adopted for communication during a power cut. As respondents were able to select up to three options a total of 83 votes were received in Liverpool. The graph below demonstrates, of the total number of votes received, the proportion allocated to each option. In Liverpool 22% of votes went to receiving text updates and 20% to the development of a smart phone app.

Which of the following service improvements do you think we should adopt for communication in a power cut? (Select all that apply)

Quantitative survey

Respondents at the workshops felt that although the communication channels highlighted could be useful in the future, being able to telephone SP Energy Networks and speak to an agent to report or discuss an issue would always need to be at the centre of any communication strategy, particularly for older generations. This finding was supported in the quantitative surveys that were conducted, in that although there was a small appetite for new technologies such as a smart phone app, the majority of respondents would prefer to report a power cut by telephone and receive an update by telephone or text.





Investment area 4: Energy advice (workshops only)

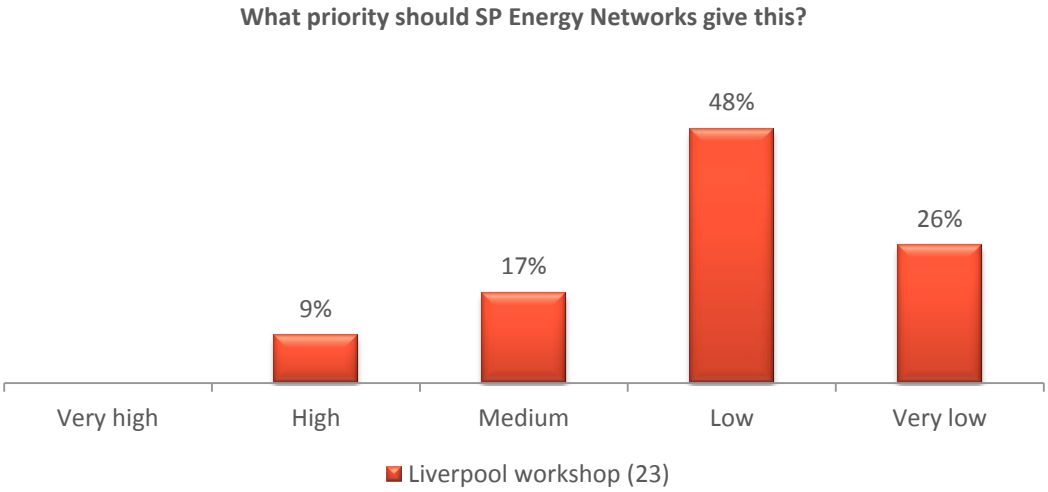
This area was only discussed in the workshops. In the first workshop that took place in Liverpool, respondents were asked whether they felt that SP Energy Networks should develop a team of experts to provide energy efficiency advice to customers. The majority of respondents disagreed (61%). In the discussions it was clear that respondents were unsure of SP Energy Networks role in relation to this area and potentially this blurred the line of responsibility with suppliers. Expertise was felt to exist already with local authorities and housing associations and that partnerships should be developed to help other organisations provide this information.

SP Energy Networks should develop a way of providing independent energy efficiency advice to customers. Do you...

The majority of respondents did not feel that all customers should pay for the provision of this advice.

Should all customers pay for the provision of the independent energy advice?

The majority of respondents felt that the priority SP Energy Networks should give to developing this service was low or very low.



Investment area 5: Local authority engagement (workshops only)

In the presentation at the workshop, SP Energy Networks outlined that they were responding to stakeholder feedback and looking to develop strategic relationships with local authorities. The proposal that was presented was to start with the largest local authorities in terms of populations and work backwards with the aim of having developed strategic relationships with all local authorities in the medium to long term. Respondents were asked whether they felt this was the best approach. In Liverpool, 65% of stakeholders agreed that it was.

SP Energy Networks should target strategic engagement at local authorities with the highest populations in the short term. Do you...

In terms of providing geographic maps with future investment activity, the majority of respondents agreed that this would be useful to local authorities.

The provision of geographic maps with future investment activity will be useful to local authorities. Do you...

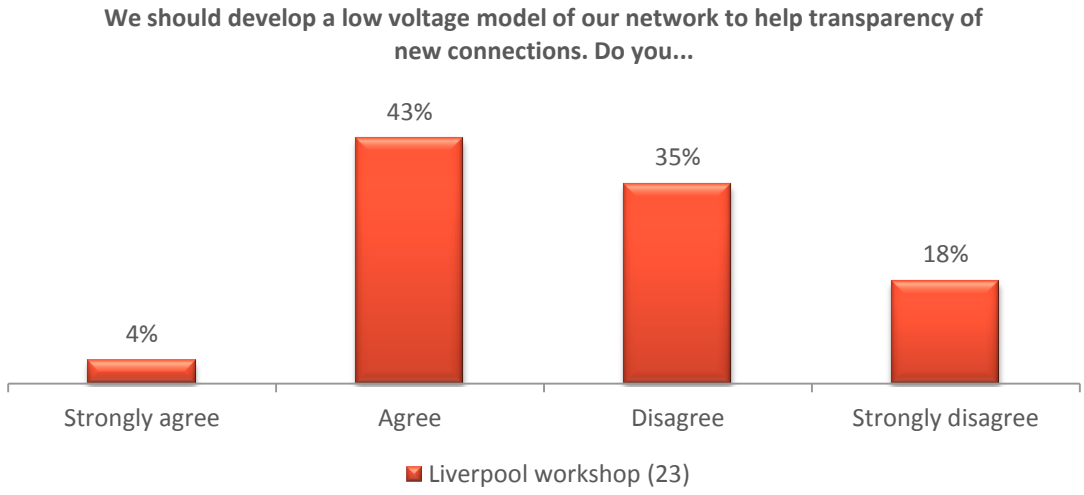
Investment area 6: Transparency in connections (workshops only)

Based on feedback from phase 1 of the stakeholder consultation, SP Energy Networks proposed that they develop an online model of their low voltage network in order to improve transparency for customers wishing to connect to the network. The model would allow customers to select a connection point based on available capacity and subsequently self quote.

The development of this model was not included in the draft plan currently, however if stakeholders supported the idea it could be paid for by all customers by adding an additional 11p onto the draft plan.

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	-	-	-
Option 1	£6m	£0.11/yr	Improved transparency for connecting customers

In the vote respondents were asked whether they agreed that SP Energy Networks should develop the model. 47% of respondents in Liverpool either agreed or strongly agreed that the model be developed.



The majority of respondents agreed that the cost for the development of this model should be borne by connections customers only and it was not felt to be appropriate to socialise the cost.

Who should pay for the development of a low voltage model to help transparency of new connections?

Investment area 7: Preparing the network for a low carbon future (workshops only)

SP Energy Networks presented respondents with the Department of Energy and Climate Change's (DECC) low carbon scenarios alongside SP Energy Network's proposal as to the scenario they would prepare for as shown in the table below:

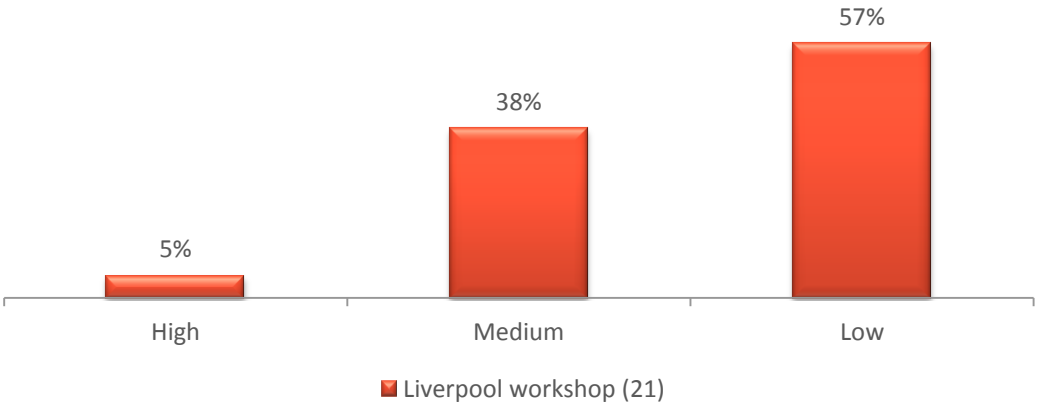
SPD	Heat Pumps	Electric Vehicles	Photovoltaic	Energy Efficiency	National Grid
High Heat	High	Medium	Medium	Policy (Medium)	Gone Green
High Transport	Medium	High	Medium	Policy (Medium)	Gone Green
High Electrification	High	High	High	No Change (Low)	Gone Green
International Credits	Low	Low	Low	No Change (Low)	Slow Progression
SP Energy Networks View	Medium	Medium	Medium	Medium	Gone Green

79% of respondents in Liverpool agreed that preparing the network for the low carbon future was a top priority for SP Energy Networks.

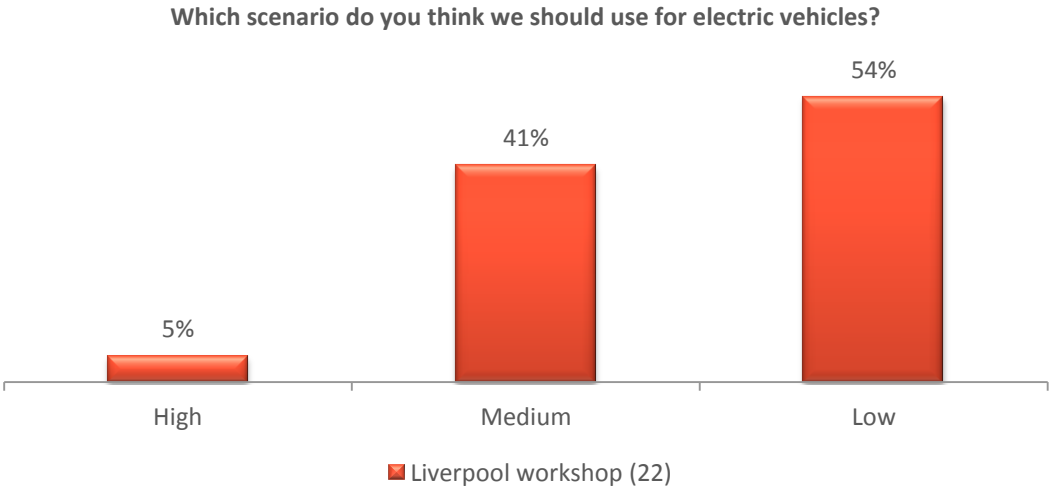
Preparing the network for a low carbon future is a top priority for SP Energy Networks. Do you...

In terms of what stakeholders felt would be the most likely scenario for heat pumps the large majority of respondents selected medium or low.

Which scenario do you think we should use for heat pumps?

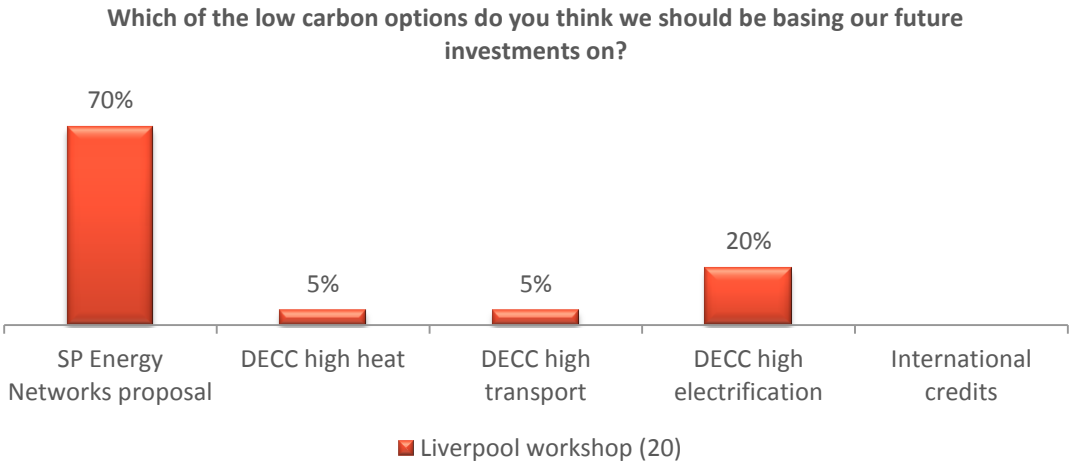


Around half of respondents felt that SP Energy Networks should adopt the low scenario for uptake of electric vehicles.



45% of respondents in Liverpool felt that SP Energy Networks should use the medium scenario for the uptake of photovoltaics.

In terms of the low carbon option that SP Energy Networks should base their future investments on, the majority of respondents felt that out of the scenarios presented the SP Energy Networks proposal was the most appropriate. Note should also be taken to the fact that there was difference in opinion as to whether respondents felt there would be a low, medium or high uptake of electric heat pumps, electric vehicles and photovoltaics and in particular the majority of respondents felt that there would be low uptake of electric vehicles.



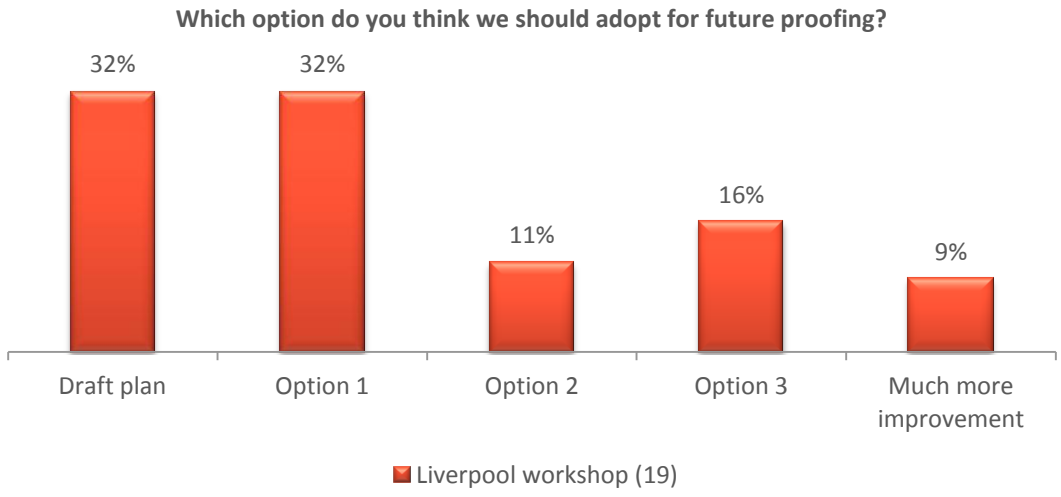
Investment area 8: Future proofing

Workshop

In the workshops respondents were informed that, based on the predictions that had been made, uptake of electric vehicles, heat pumps and photovoltaics would be slow during the ED1 period and thus the impact would more likely be seen in ED2. Respondents were therefore asked whether they felt SP Energy Networks should make investments to future proof the network now to offset future costs that may arise in the next period and smooth the spending profile in the long term. No investment for future proofing had been included in the draft plan and thus respondents were presented with a number of investment options to discuss:

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	-	-	No future proofing included
Option 1	£10m	£0.17/yr	More intelligence on network for future investment decisions
Option 2	£30m	£0.51/yr	More cable capacity and less recurring investment
Option 3	£106m	£1.80/yr	Additional OHL capacity

68% of respondents at the Liverpool workshop agreed that there needed to be some element of future proofing in the draft plan.



In particular respondents were supportive of investment in monitoring in order to allow future investments to be made in the right places. It was therefore this proposal that was used in the quantitative survey.

Quantitative survey

In the surveys ratings for future proofing were fairly middling, ranging from 7.1 to 7.6. However, willingness to pay was high across the three groups with the majority of all respondents voting to keep future proofing in the draft plan and only positive changes suggested to the monetary value allocated to this area. Again, for customers there were other areas that they felt were more important, however based on the information below and the workshop findings, it is recommended that future proofing continues to be included in the draft plan in the SPM area with focus on investment in monitoring equipment.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.17	£0.17	**£0.00**	78%	7.6	Low IMP, High WTP
Employee survey		£0.20	**£0.03**	96%	7.1	Low IMP, High WTP
Stakeholder / community member survey		£0.18	**£0.01**	93%	7.5	High IMP, High WTP

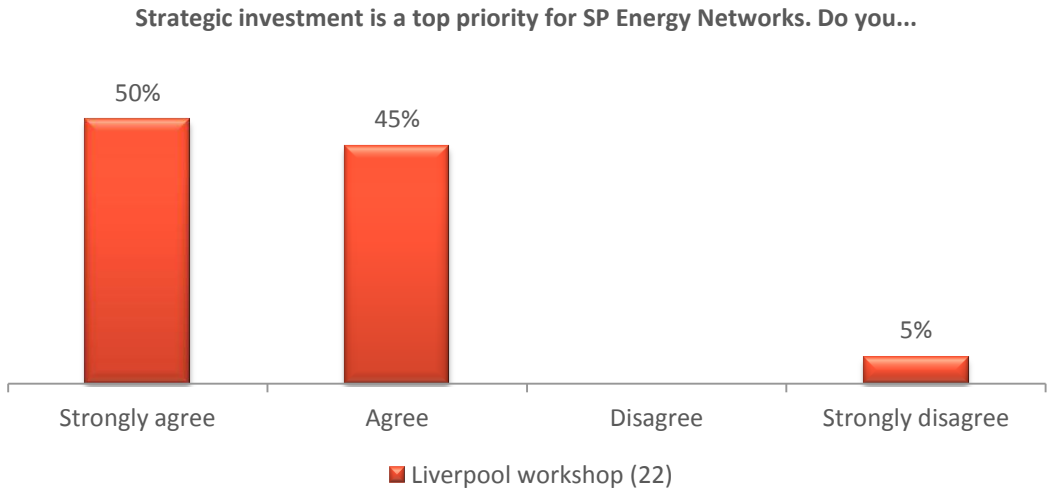
Investment area 9: Strategic investment

Workshops

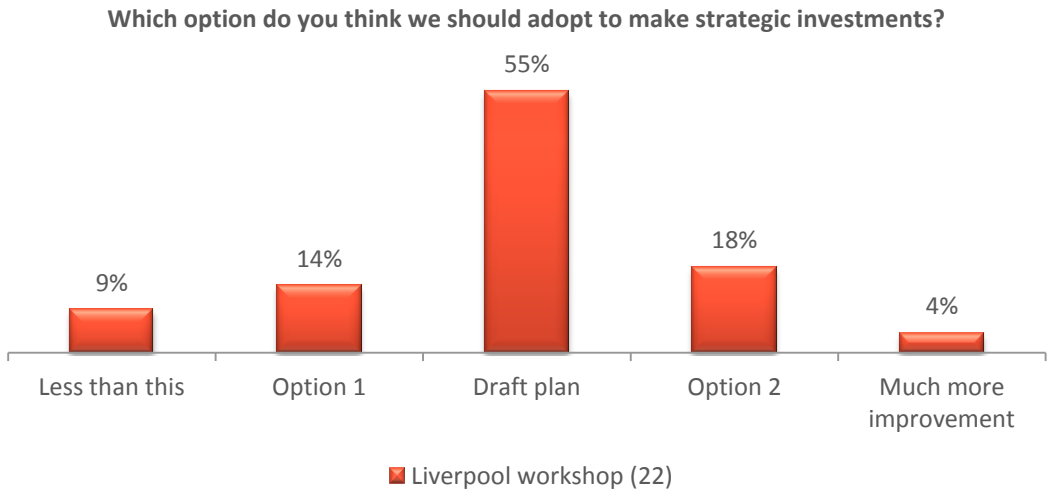
At the workshop, SP Energy Networks explained that connections can be delayed due to a need to reinforce the network, but that investment could be made to do more proactive reinforcement to avoid these delays and ultimately promote economic growth. Respondents were presented with the level of strategic investment currently included in the draft plan alongside an option to do more or do less:

	Over 8 yrs £m	Domestic bill component	Impact
Option 1	£144m	£2.46/yr	18 uprated sites
Draft plan	£209m	£3.56/yr	6 new grid circuits or transformers, 30 new or uprated primary sites
Option 2	£449m	£7.66/yr	77 new or uprated sites

In the vote the large majority of respondents either agreed or strongly agreed that strategic investment was a top priority for SP Energy Networks.



55% of respondents in Liverpool were in support of SP Energy carrying out the proposed level of investment included in the draft plan and 22% voted for more than this.



Quantitative survey

In the survey, results were not as positive. Importance ratings for strategic investment were middling, ranging from 7.2 to 7.9. In addition, this investment area fell into the low willingness to pay quartile across all three groups, with a significant reduction in monetary spend recommended based on the mean value of what respondents were willing to pay.

This was not a top priority for any of the three groups and the bottom priority for customers and employees. On this basis, if strategic investment is to stay in the plan, it is recommended that the level of investment is lowered resulting in a smaller impact on the customer bill.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£3.56	£2.45	**-£1.11**	70%	7.7	Low IMP, Low WTP
Employee survey		£2.89	**-£0.67**	83%	7.2	Low IMP, Low WTP
Stakeholder / community member survey		£3.01	**-£0.55**	88%	7.9	High IMP, Low WTP

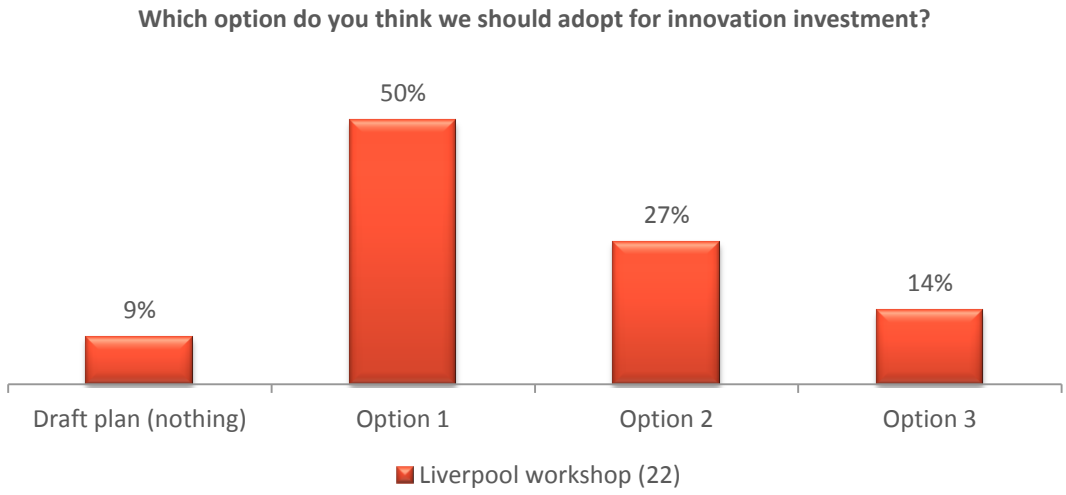
Investment area 10: Innovation

Workshop

At the workshop, respondents were informed that no investment into innovation was included in the draft plan and were therefore presented with a number of options as to the level of investment that could be made into innovation going forward as shown in the table below:

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	-	£0.00/yr	Nothing
Option 1	-	£0.50/yr	Short-term focus
Option 2	-	£0.75/yr	+ medium–Term
Option 3	-	£1.00/yr	+ long-term

The minority of respondents felt that no investment should be made in terms of innovation. 50% of respondents in Liverpool voted for option 1 which would have a £0.50 impact on customers' bills. This option was therefore incorporated into the quantitative survey.



Quantitative survey

In the survey, innovation was the only investment area that featured in the high importance, high willingness to pay quartile across all three audiences in SPM and SPD. This alone demonstrates its importance in the investment plan going forward. Overall, the mean value of what respondents were willing to pay was very similar to what is currently proposed in the draft plan and thus it is recommended that innovation remains in the draft plan at the level proposed.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.50[1]	£0.41	**-£0.09**	78%	8.3	High IMP, High WTP
Employee survey		£0.48	**-£0.02**	93%	7.5	High IMP, High WTP
Stakeholder / community member survey		£0.45	**-£0.05**	98%	7.9	High IMP, High WTP

[1] Following strong support for innovation in the workshops, innovation was added to the draft plan at £0.50 a year

Investment area 11: Service position inspection

Workshops

The penultimate topic that was discussed at the workshop was service position inspection. Respondents discussed whether SP Energy Networks should roll out a regular program of inspections to assess the service position. An inspection every five years had been included in the draft plan as shown below:

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	£16m	£0.28/yr	Inspection every 5 yrs

70% of respondents in Liverpool either agreed or strongly agreed that service position inspection was a priority.

The majority of respondent also agreed that customers should pay for a regular program of inspections.

Quantitative survey

In the survey, Employees and stakeholders/community members were considerably less likely to feel service position inspection was important in comparison to domestic customers, perhaps due to confusion around where responsibility lay which was also highlighted in the workshops. Domestic customers in SPM highlighted this investment area as a top priority as it featured in the high importance, high willingness to pay quartile. The majority of all respondents in the survey voted to keep this investment area in the plan. It is recommended that further work is conducted internally to establish responsibility of service position inspection and if it is felt responsibility does lie with the DNO this area continue to be included in the plan at the proposed level due to the high propensity to pay amongst customers.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.28	£0.24	**-£0.04**	78%	8.0	High IMP, High WTP
Employee survey		£0.26	**-£0.02**	89%	6.9	Low IMP, High WTP
Stakeholder / community member survey		£0.23	**-£0.05**	83%	6.1	Low IMP, Low WTP

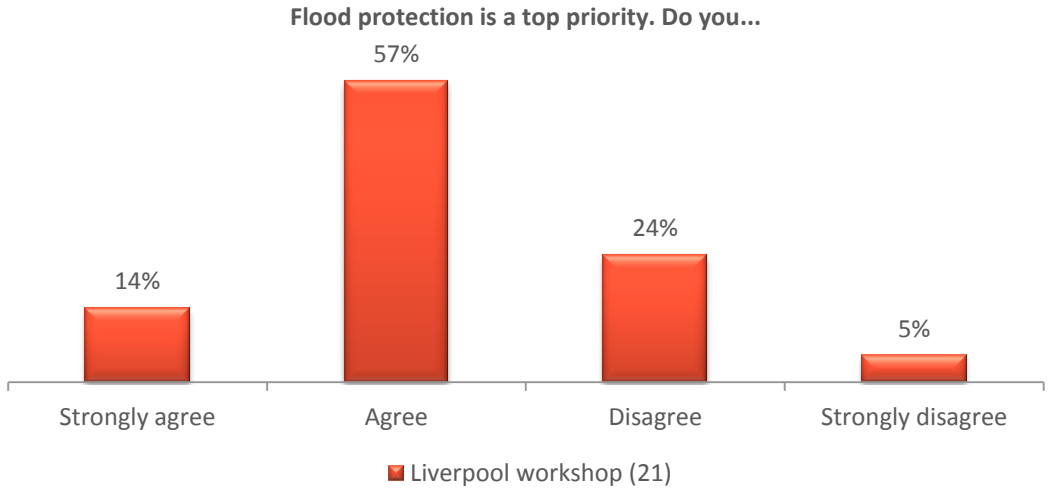
Investment area 12: Flood protection

Workshop

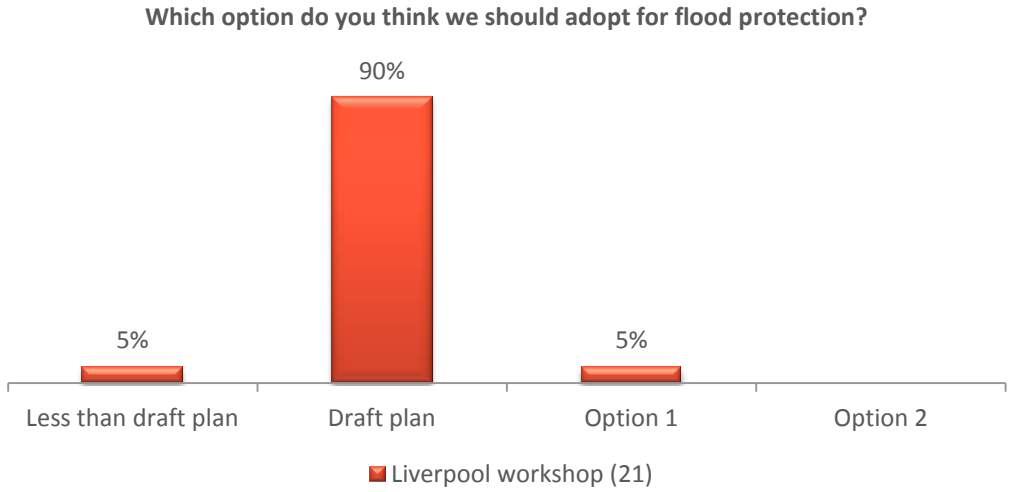
In the workshop, respondents discussed whether the proposed level of investment into flood protection, demonstrated in the table below, was appropriate.

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	£6m	£0.10/yr	120,000 customers, 1 in 100 year
Option 1	£198m	£3.38/yr	1,047,000 customers, 1 In 1000 year event

71% of respondents in Liverpool either agreed or strongly agreed that flood protection was a top priority.



The majority of respondents in Liverpool felt that the level of investment proposed within the draft plan was the most appropriate.



Quantitative survey

Flood protection was also seen as a top priority amongst customers and stakeholders/community members in the quantitative survey, however, was deemed less important amongst employees. All three groups demonstrated a high level of willingness to pay with the majority of all respondents choosing to keep flood protection in the draft plan. In addition, all three groups were comfortable with the proposed cost. On this basis it is recommended that flood protection remain in the draft plan at the level proposed.

	Proposed amount	Mean value	Difference from draft plan	Importance rating	Simalto position
Customer survey	£0.10	£0.13	**£0.03**	8.2	High IMP, High WTP
Employee survey		£0.10	**£0.00**	6.8	Low IMP, High WTP
Stakeholder / community member survey		£0.12	**£0.02**	8.2	High IMP, High WTP

SPD

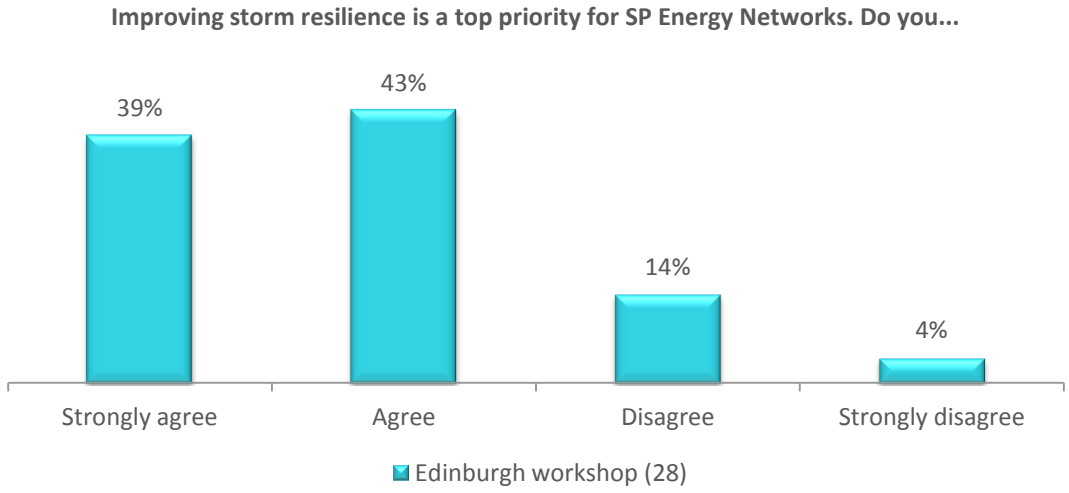
Investment area 1: Storm resilience

Workshops

In the workshops stakeholders were provided with some background information on storm resilience then outlined the level of investment included in the draft plan, this information is summarised below:

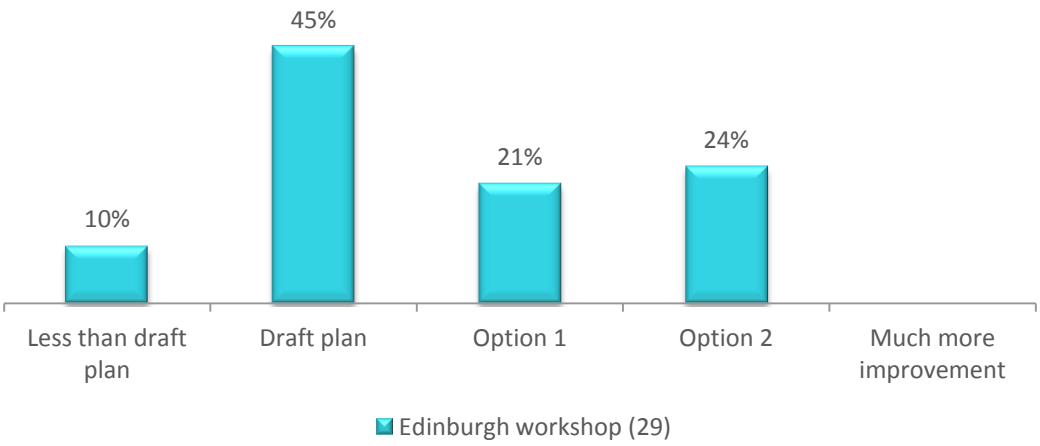
	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	£126	£1.62/yr	Improves resilience to >10% customers
Option 1	£145	£1.87/yr	Improves resilience to >11.5% customers
Option 2	£164	£2.11/yr	>13 % improvement

Initially respondents were asked whether this was an important part of the business plan, in the vote 82% of respondents selected 'strongly agree' or 'agree' in relation to the statement 'Improving storm resilience is a top priority for SP Energy Networks.'



When asked which option they thought SP Energy Networks should adopt to improve storm resilience nearly half of respondents (45%) agreed that the draft plan was the correct level of investment. Respondents were comparatively more likely to feel that SP Energy Networks should be doing more than the draft plan rather than less.

Which option do you think we should adopt to improve storm resilience?



Quantitative survey

Customers and employees rated the importance of investing to increase storm resilience highly (8.9 and 8.0). However, based on its position in the simalto analysis, there were other investment areas that customers gave a greater level of priority. The large majority of employees and stakeholder / community members opted to keep this investment area in the plan as did 67% of domestic customers.

Based on the perceived importance of storm resilience, it is recommended this remains a part of the draft plan, however potentially consideration could be given as to how the impact on customer bills could be lowered.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£1.62	£1.09	**-£0.53**	67%	8.9	Low IMP, High WTP
Employee survey		£1.56	**-£0.06**	95%	8.0	High IMP, Low WTP
Stakeholder / community member survey		£1.44	**-£0.18**	88%	7.2	High IMP, Low WTP

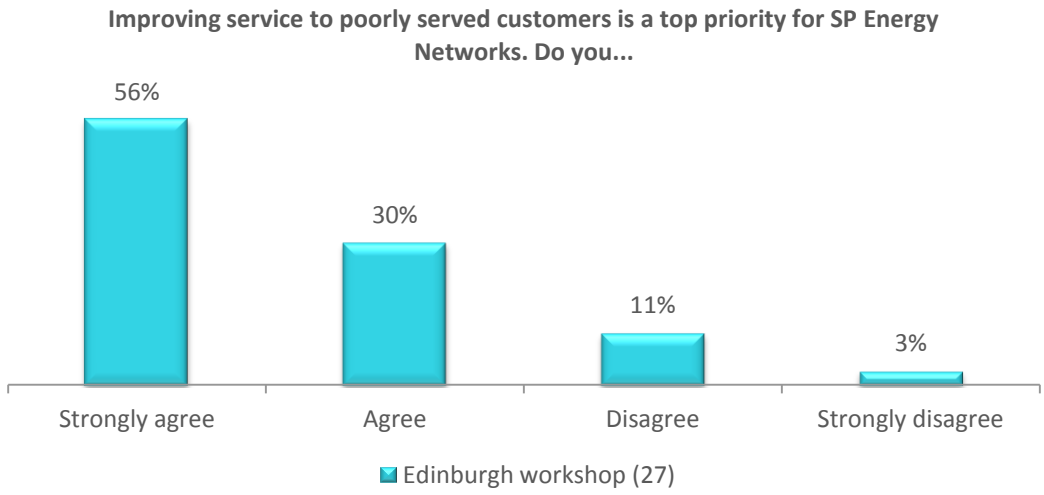
Investment area 2: Worst served customers

Workshops

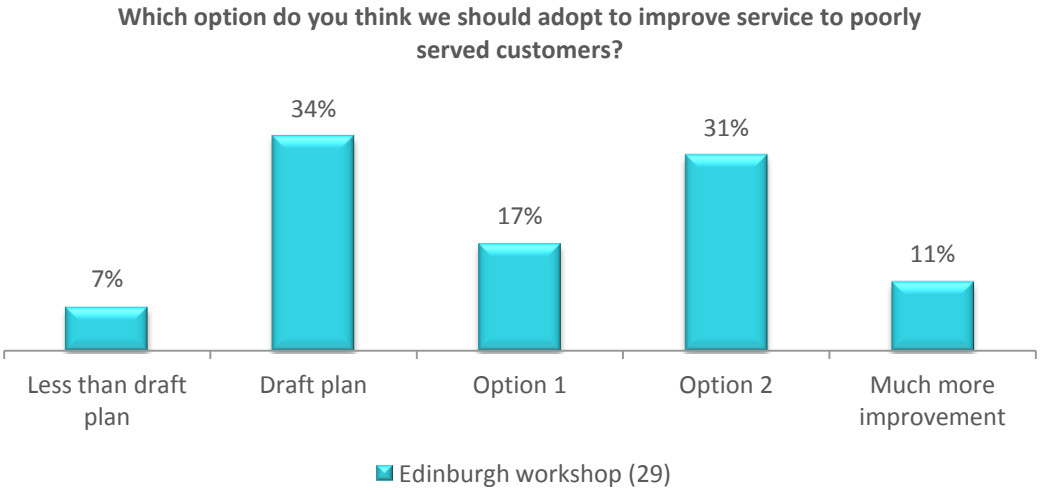
The next area covered was worst served customers. Respondents at the workshops were presented with the investment level currently included in the draft plan alongside two additional options as shown below:

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	£38m	£0.49/yr	Improve service to 40% of poorly served
Option 1	£77m	£0.99/yr	Improve service to 60% of poorly served
Option 2	£115	£1.48/yr	Improve service to 70% of poorly served

A total of 86% of respondents in Edinburgh agreed or strongly agreed that improving service to poorly served customers was a top priority for SP Energy Networks.



Respondents at the Edinburgh workshop were most likely to feel that SP Energy Networks should do more than the draft plan to help poorly served customers with a total of 59% of respondents selecting option 1, option 2 or much more improvement.



Customer survey

In line with the workshop findings, in the survey all three audiences prioritised investing to improve the service delivered to poorly served customers in the simalto analysis. This investment area appeared in the high importance, high willingness to pay quartile across all three groups. In addition, employees and stakeholders/community members, on average, were happy with the amount of investment proposed in the draft plan. The mean value that domestic customers were willing to pay was lower than the other two groups and £0.16 lower than what is currently being proposed.

Based on this data, it is recommended that this investment area remains in the draft plan as a priority without the need for any significant changes from the levels of investment proposed.

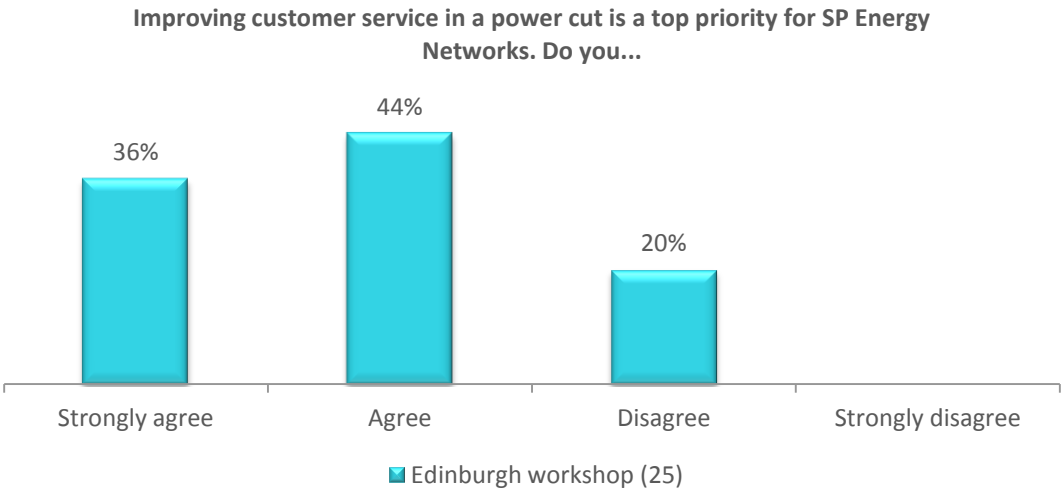
	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.49	£0.33	**-£0.16**	63%	9.1	High IMP, High WTP
Employee survey		£0.51	**£0.02**	96%	7.9	High IMP, High WTP
Stakeholder / community member survey		£0.49	**£0.00**	90%	7.8	High IMP, High WTP

Investment area 3: Improving customer service

Workshops

In this topic area, respondents were not asked to make a choice in terms of investment levels and instead had a general discussion around customer service during a power cut and how it could be improved.

In the vote, the majority of stakeholders agreed that improving customer service in a power cut was a top priority for SP Energy Networks.

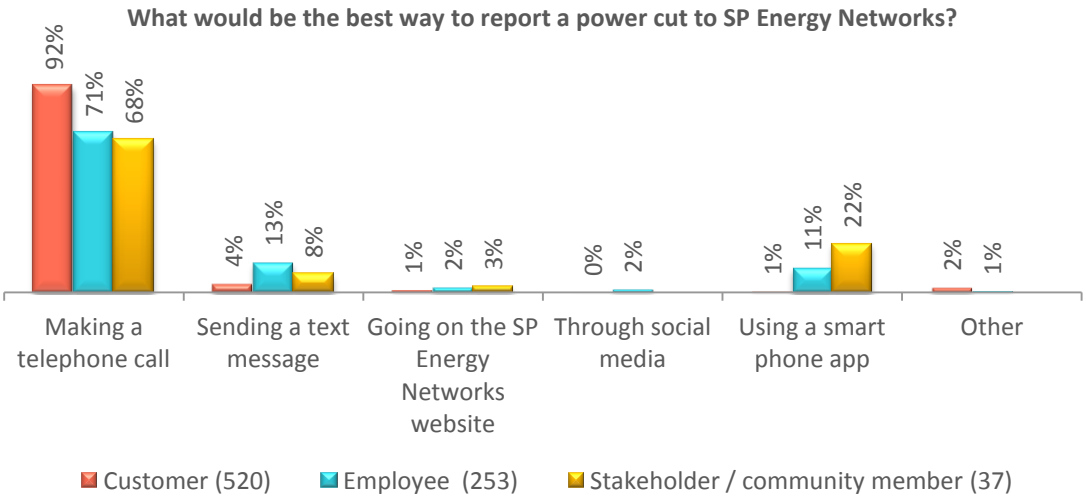


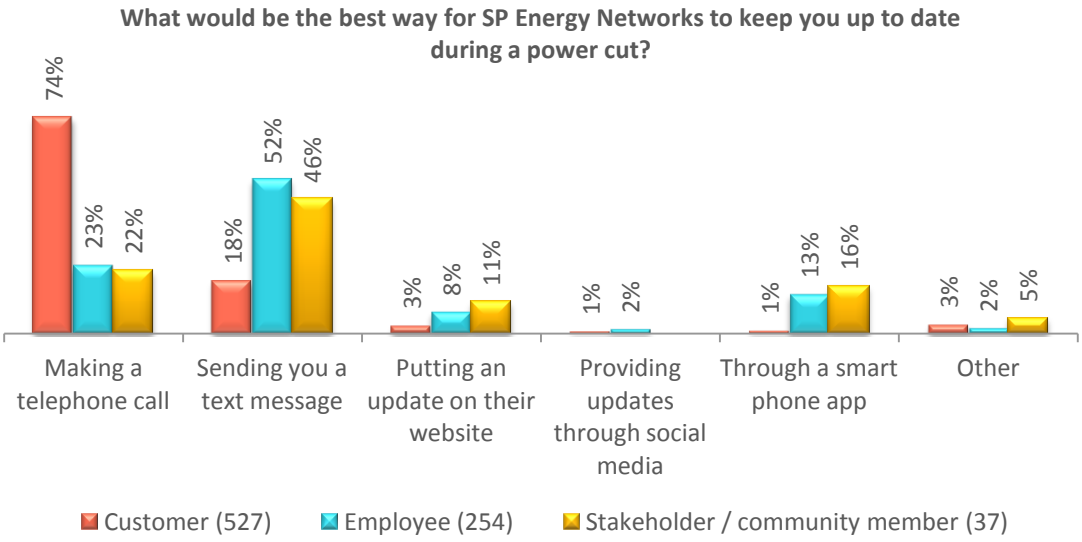
Respondents were asked to vote for the service improvements they felt should be adopted for communication during a power cut. As respondents were able to select up to three options a total of 70 votes were received in Edinburgh. The graph below demonstrates, of the total number of votes received, the proportion allocated to each option. In Edinburgh 30% of votes were allocated to receiving text updates and 24% to receiving telephone updates.

Which of the following service improvements do you think we should adopt for communication in a power cut? (Select all that apply)

Quantitative survey

In the workshops, respondents felt that although the communication channels highlighted could be useful in the future, being able to telephone SP Energy Networks and speak to an agent to report or discuss an issue would always need to be at the centre of any communication strategy, particularly for older generations. This was supported in the survey findings where the majority of respondents would want to report a power cut by making a telephone call and be updated via telephone / text message. There was also an appetite for the development of a smart phone app.





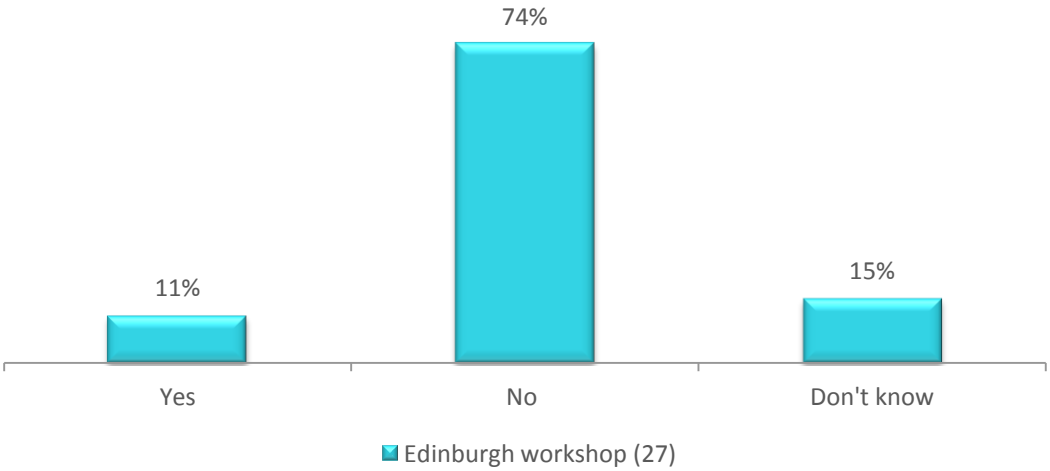
Investment area 4: Energy advice (workshops only)

In Edinburgh respondents were asked whether SP Energy Networks should develop a team of energy experts to provide energy advice to stakeholder organisations such as local authorities and housing associations. In total 70% of respondents selected 'strongly agree' or 'agree.'

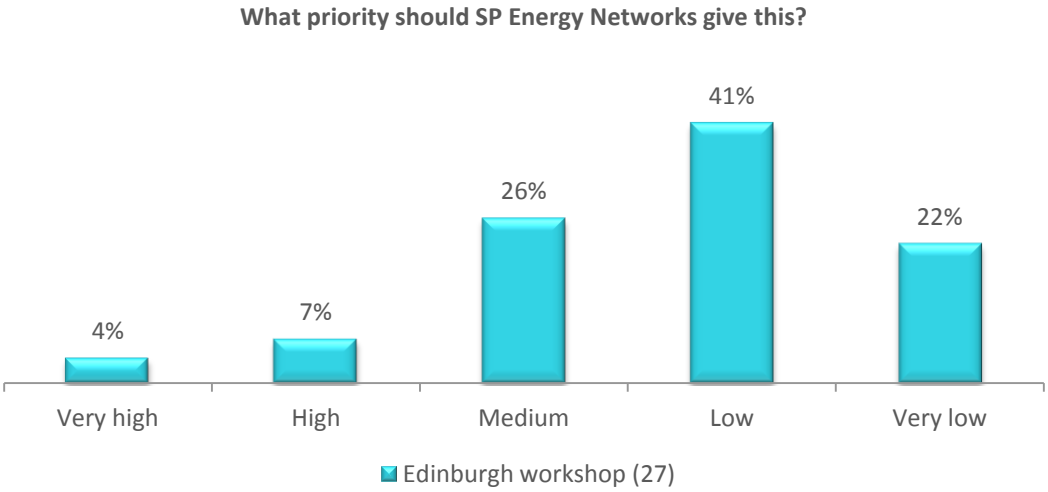
SP Energy Networks should develop a way of providing independent energy advice to stakeholder organisations. Do you...

However, the majority of respondents did not feel that all customers should pay for the provision of this advice.

Should all customers pay for the provision of the independent energy advice?

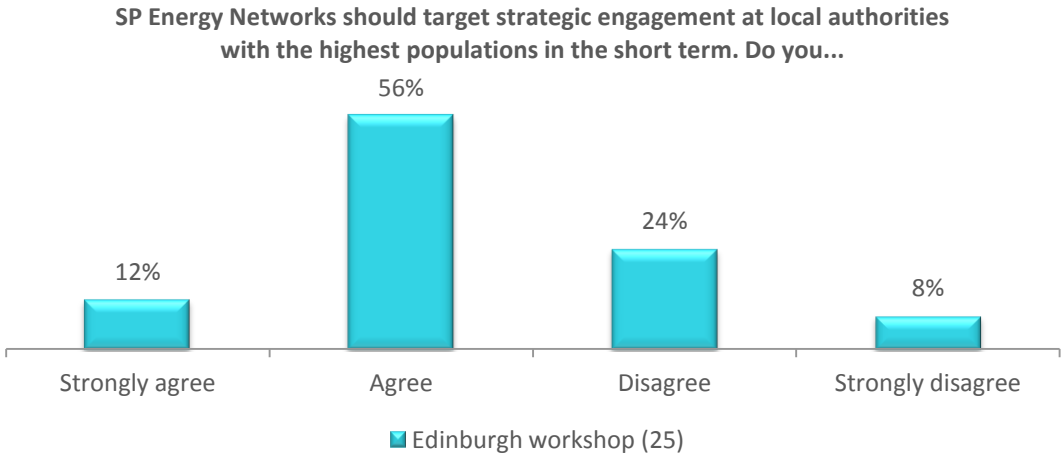


The majority of respondents felt that the priority SP Energy Networks should give to developing this service was low or very low.

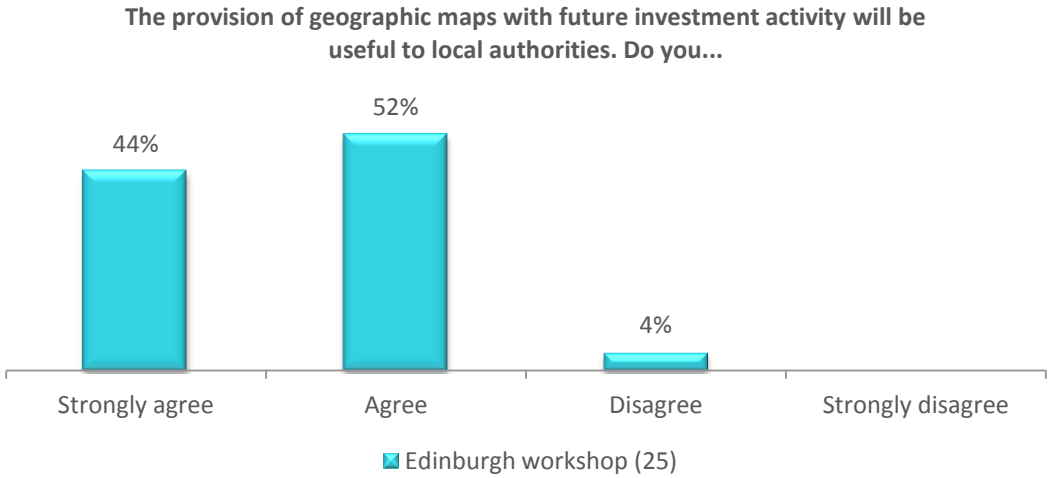


Investment area 5: Local authority engagement (workshops only)

In the presentation, SP Energy Networks outlined that they were responding to stakeholder feedback and looking to develop strategic relationships with local authorities. The proposal that was presented was to start with the largest local authorities in terms of populations and work backwards with the aim of having developed strategic relationships with all local authorities in the medium to long term. Respondents were asked whether they felt this was the best approach. 68% of respondents in Edinburgh agreed this was the right approach.



In terms of providing geographic maps with future investment activity, the majority of respondents agreed that this would be useful to local authorities (96%).



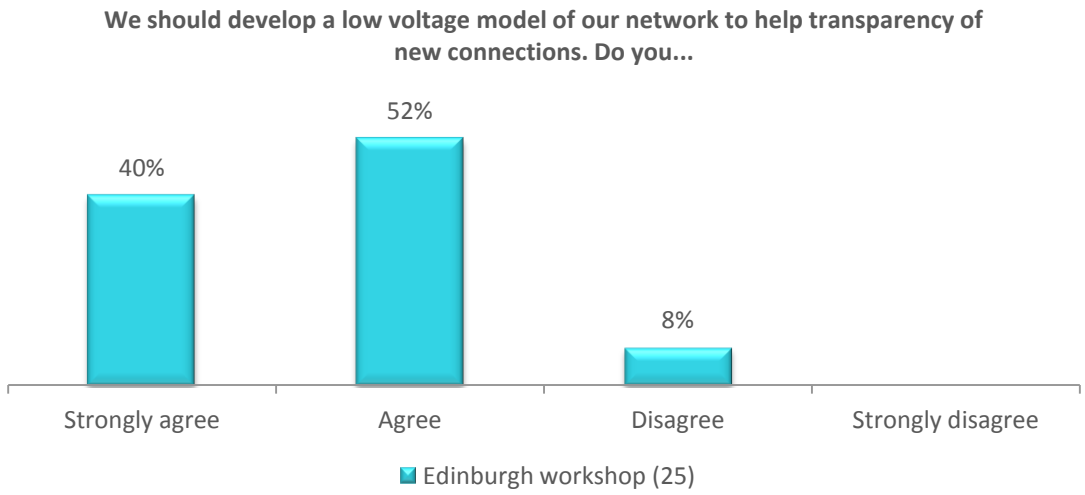
Investment area 6: Transparency in connections (workshops only)

Based on feedback from phase 1 of the stakeholder consultation, SP Energy Networks proposed that they develop an online model of their low voltage network in order to improve transparency for customers wishing to connect to the network. The model would allow customers to select a connection point based on available capacity and subsequently self quote.

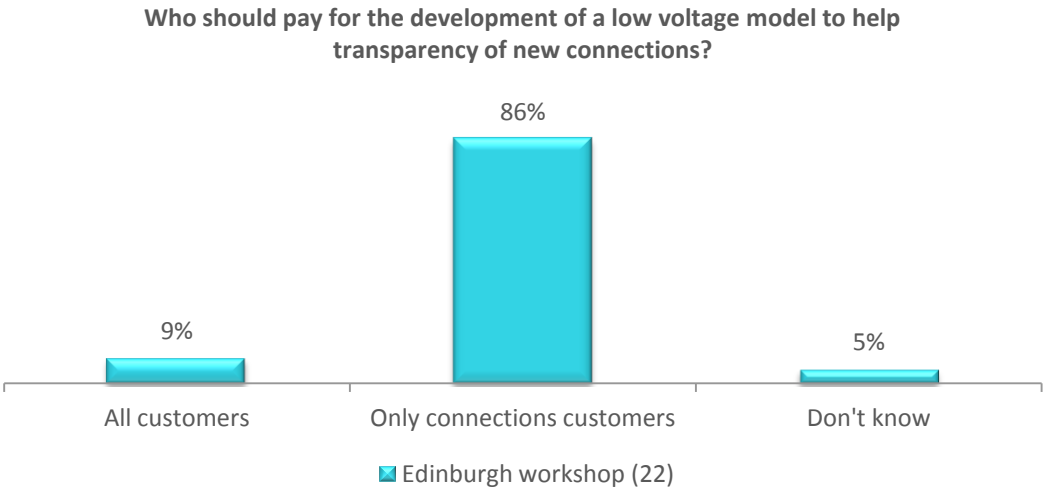
The development of this model was not included in the draft plan currently, however if stakeholders supported the idea it could be paid for by all customers by adding an additional 11p onto the draft plan.

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	-	-	-
Option 1	£9m	£0.11/yr	Improved transparency for connecting customers

In the vote respondents were asked whether they agreed that SP Energy Networks should develop the model. 92% of respondents in Edinburgh agreed that this model should be developed.



The majority of respondents agreed that the cost for the development of this model should be borne by connections customers only and it was not felt to be appropriate to socialise the cost. One organisation at the Edinburgh event suggested that the model could perhaps be accessible via a subscription. It is important to note that the cost to connections customers of the development of the model was not presented and thus it is important this cost is calculated and connections and DG customers consulted with to determine willingness to pay.

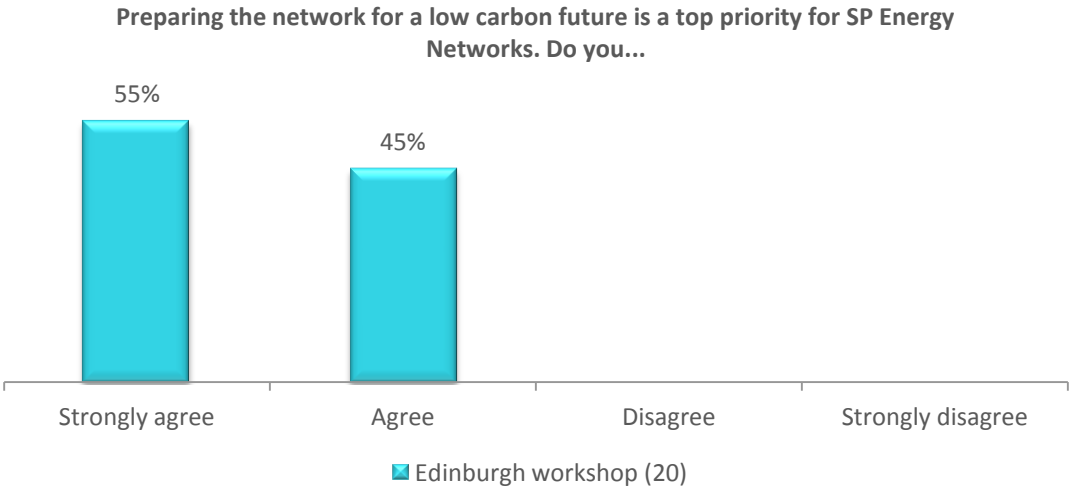


Investment area 7: Preparing the network for a low carbon future (workshops only)

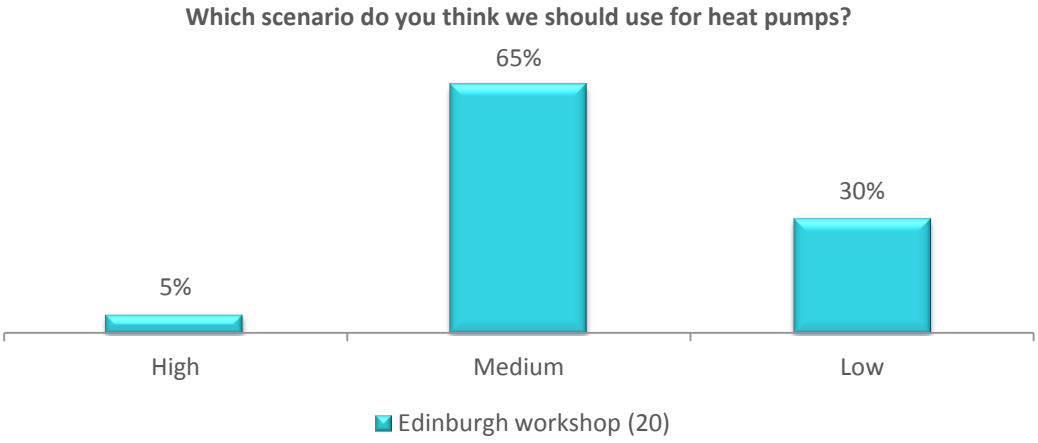
SP Energy Networks presented respondents with the Department of Energy and Climate Change's (DECC) low carbon scenarios alongside SP Energy Network's proposal as to the scenario they would prepare for as shown in the table below:

	Heat Pumps	Electric Vehicles	Photovoltaic	Energy Efficiency	National Grid
High Heat	High	Medium	Medium	Policy (Medium)	Gone Green
High Transport	Medium	High	Medium	Policy (Medium)	Gone Green
High Electrification	High	High	High	No Change (Low)	Gone Green
International Credits	Low	Low	Low	No Change (Low)	Slow Progression
SP Energy Networks View	Medium	Medium	Medium	Medium	Gone Green

All respondents in Edinburgh agreed that preparing the network for the low carbon future was a top priority for SP Energy Networks.

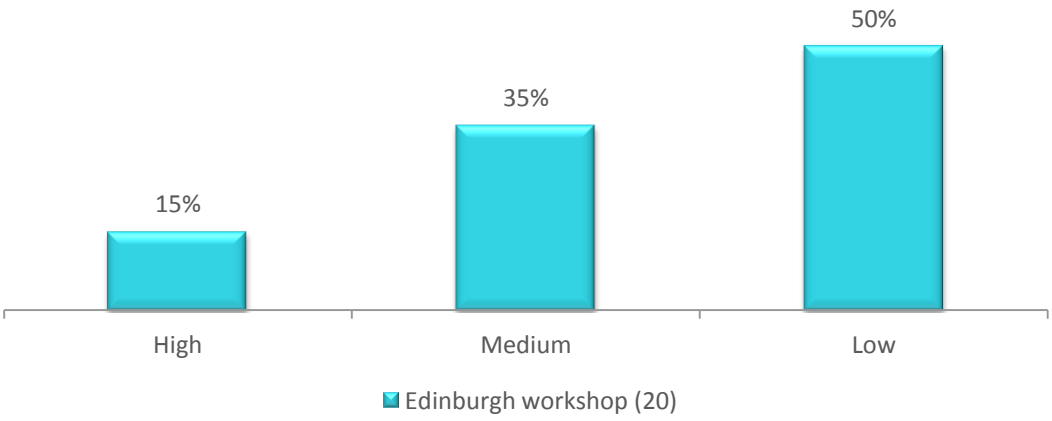


In terms of what stakeholders felt would be the most likely scenario for heat pumps 65% of respondents in Edinburgh selected the 'medium' scenario.



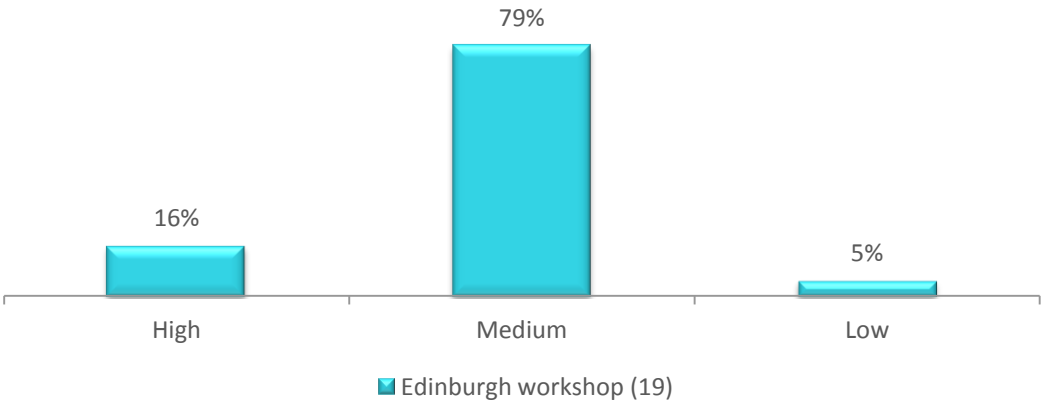
50% of respondents in Edinburgh felt that SP Energy Networks should adopt the low scenario for uptake of electric vehicles.

Which scenario do you think we should use for electric vehicles?

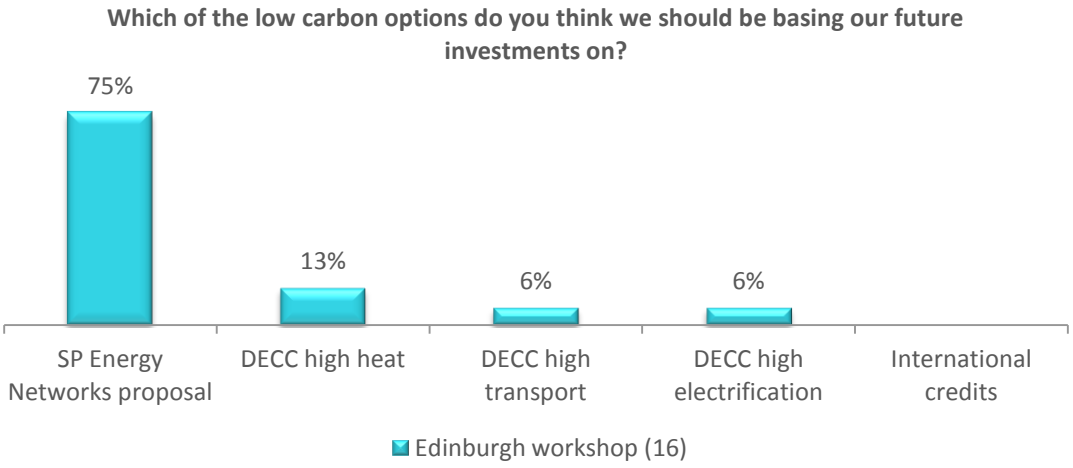


In terms of photovoltaics, 79% of respondents at the Edinburgh workshop felt that SP Energy Networks should prepare for medium uptake of photovoltaics.

Which scenario do you think we should use for photovoltaics?



In terms of the low carbon option that SP Energy Networks should base their future investments on, the majority of respondents felt that out of the scenarios presented the SP Energy Networks proposal was the most appropriate. Note should also be taken to the fact that there was difference in opinion as to whether respondents felt there would be a low, medium or high uptake of electric heat pumps, electric vehicles and photovoltaics and in particular the majority of respondents felt that there would be low uptake of electric vehicles.



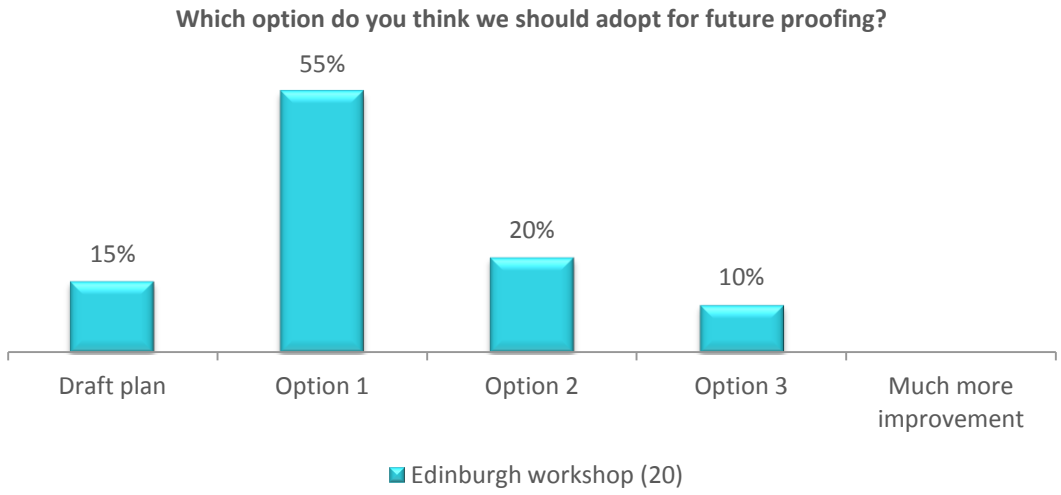
Investment area 8: Future proofing

Workshops

Respondents were informed that based on the predictions that had been made uptake of electric vehicles, heat pumps and photovoltaics would be slow during the ED1 period and thus the impact would more likely be seen in ED2. Respondents were therefore asked whether they felt SP Energy Networks should make investments to future proof the network now to offset future costs that may arise in the next period and smooth the spending profile in the long term. No investment for future proofing had been included in the draft plan and thus respondents were presented with a number of investment options to discuss:

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	-	-	No future proofing included
Option 1	£10m	£0.12/yr	More intelligence on network for future investment decisions
Option 2	£30m	£0.39/yr	More cable capacity and less recurring work
Option 3	£189m	£2.43/yr	Additional OHL capacity

55% of respondents in Edinburgh voted for option 1 i.e. investment in intelligence and monitoring equipment.



In particular respondents were supportive of investment in monitoring in order to allow future investments to be made in the right places and thus this was incorporated into the quantitative survey.

Quantitative survey

In the survey, there was a high level of willingness to pay for future proofing across all three audiences, particularly amongst employees and stakeholders where nearly all opted to keep this investment in the draft plan. Customers also rated this area as important, although perhaps not as important as some of the other investments that were surveyed.

Based on the high willingness to pay for future proofing and the strong support from stakeholders and employees, it is recommended that this area of investment remains in the draft plan.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.12	£0.12	**£0.00**	66%	8.9	Low IMP, High WTP
Employee survey		£0.17	**£0.05**	97%	7.1	Low IMP, High WTP
Stakeholder / community member survey		£0.22	**£0.10**	98%	7.8	High IMP, High WTP

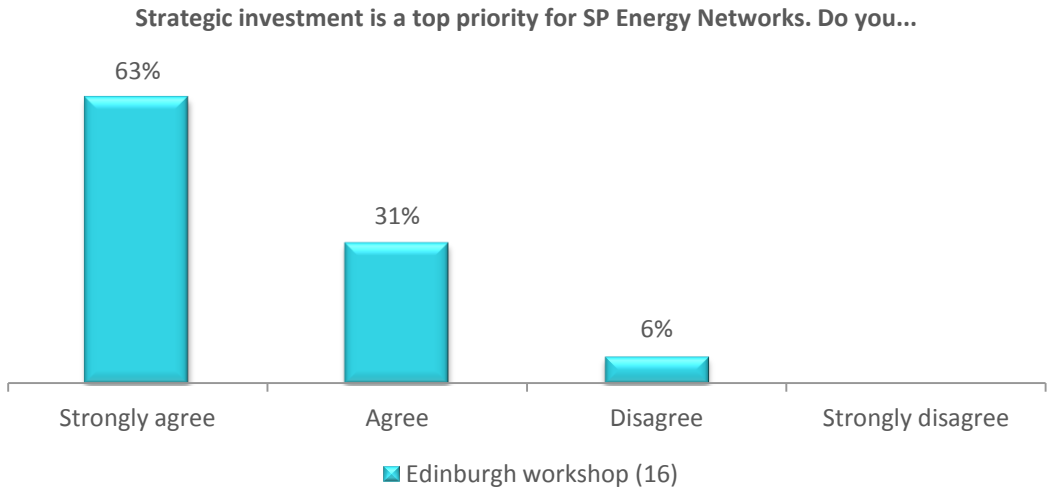
Investment area 9: Strategic investment

Workshops

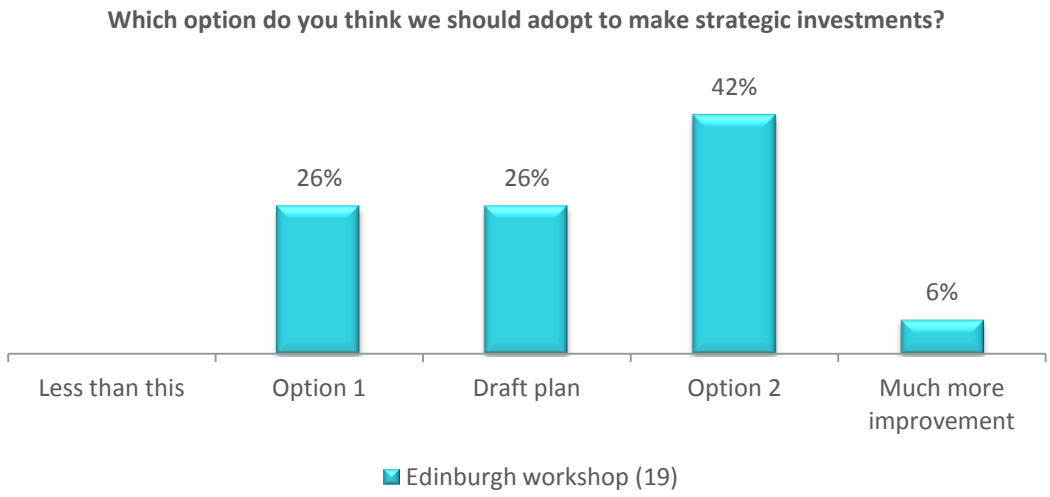
SP Energy Networks explained that connections can be delayed due to a need to reinforce the network, but that investment could be made to do more proactive reinforcement to avoid these delays and ultimately promote economic growth. Respondents were presented with the level of strategic investment currently included in the draft plan alongside an option to do more or do less:

	Over 8 yrs £m	Domestic bill component	Impact
Option 1	£44m	£0.56/yr	11 uprated sites
Draft plan	£84m	£1.08/yr	7 new grid or primary sites & 14 uprated sites
Option 2	£120m	£1.55/yr	27 new or uprated sites

In the vote the large majority of respondents (94%) either agreed or strongly agreed that strategic investment was a top priority for SP Energy Networks.



48% of respondents in Edinburgh voted for more investment than was currently included in the draft plan.



Quantitative survey

In the survey, customers and employees did not prioritise strategic investment. When the simalto analysis was conducted this investment area featured in the low importance, low willingness to pay quartile for both groups. In line with the findings from the stakeholder workshop, stakeholders/community members did feel that strategic investment was a top priority.

Based on customer feedback the level of investment directed towards this investment area should be lowered, however it may be important to still ensure it features in the draft plan in line with stakeholder feedback whilst ensuring the impact on the customer's bill is not as significant as what has been proposed in the draft plan.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£1.08	£0.59	**-£0.49**	55%	8.9	Low IMP, Low WTP
Employee survey		£0.99	**-£0.09**	93%	7.3	Low IMP, Low WTP
Stakeholder / community member survey		£1.01	**-£0.07**	93%	7.9	High IMP, High WTP

Investment area 10: Innovation

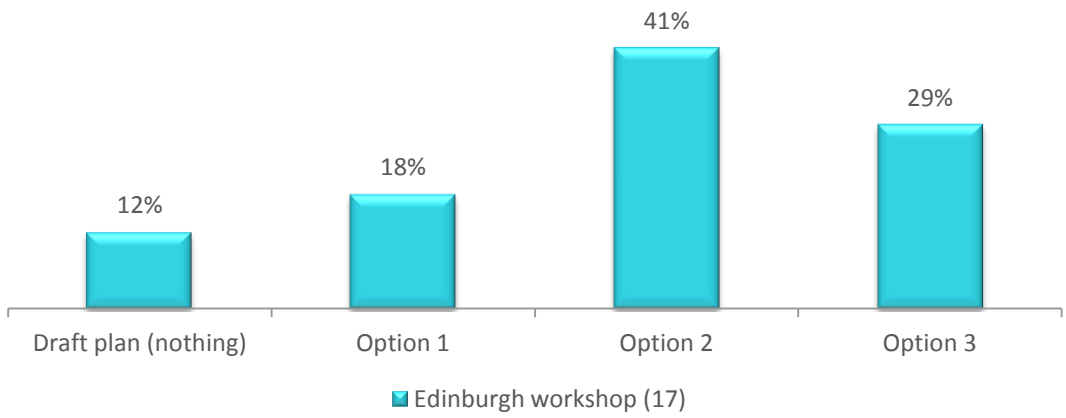
Workshops

In the workshops respondents were informed that no investment into innovation was included in the draft plan and were therefore presented with a number of options as to the level of investment that could be made into innovation going forward as shown in the table below:

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	-	£0.00/yr	Nothing
Option 1	£13m	£0.50/yr	Short-term focus
Option 2	£19.5m	£0.75/yr	+ medium–term
Option 3	£26m	£1.00/yr	+ long-term

The large majority of respondents voted for some level of future proofing to be included in the draft plan.

Which option do you think we should adopt for innovation investment?



Quantitative survey

Based on stakeholder feedback, innovation was added into the draft plan and included in the quantitative survey with a proposed cost of £0.50 per annum added to the customer bill. When simalto analysis was conducted, innovation featured in the high, importance, high willingness to pay quartile for all three groups. Based on the mean values of what respondents were willing to pay for investment in this area, there has been little change suggested from what is proposed in the draft plan. Stakeholders/community members have suggested that investment be increased.

It is recommended that innovation remain in the draft plan at the proposed level due to the importance placed on this investment area, amongst all three audiences.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.50[2]	£0.34	**-£0.16**	65%	9.1	High IMP, High WTP
Employee survey		£0.49	**-£0.01**	96%	7.5	High IMP, High WTP
Stakeholder / community member survey		£0.57	**£0.07**	95%	8.0	High IMP, High WTP

[2] Following strong support for innovation in the stakeholder workshops this was added to the draft plan for the quantitative survey at a value of £0.50 per year

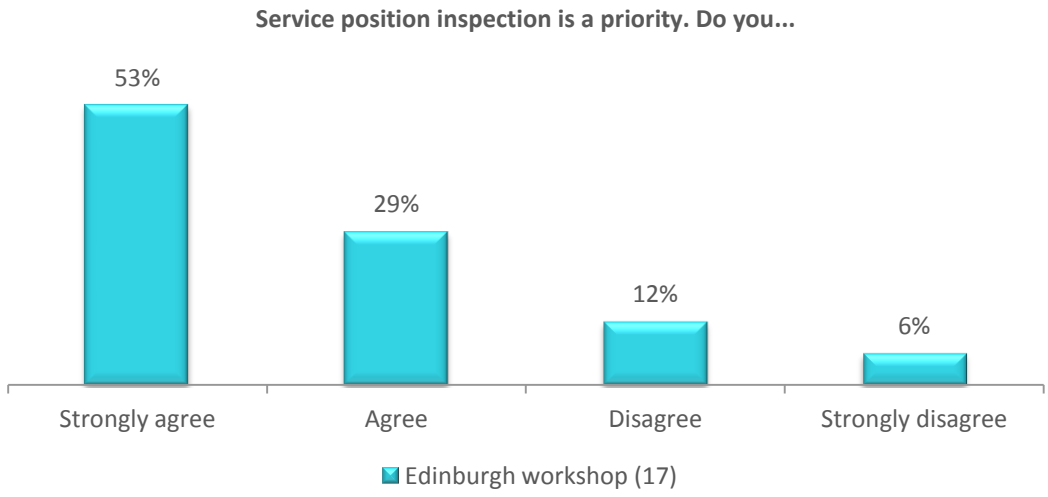
Investment area 11: Service position inspection

Workshops

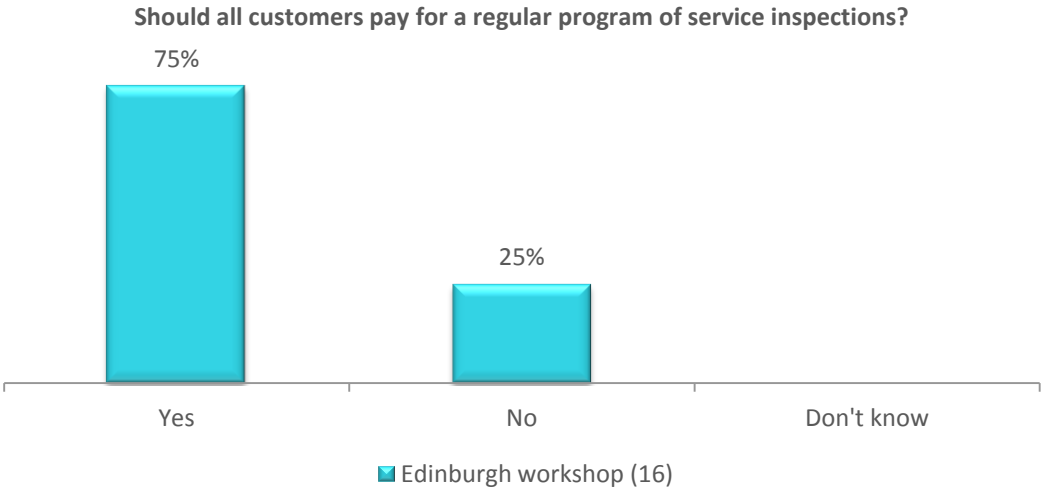
The penultimate topic that was discussed was service position inspection. Respondents discussed whether SP Energy Networks should roll out a regular program of inspections to assess the service position. An inspection every five years had been included in the draft plan as shown below:

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	£21m	£0.26/yr	Inspection every 5 yrs

82% of respondents in Edinburgh either agreed or strongly agreed that service position inspection was a priority.



The majority of respondent also agreed that customers should pay for a regular program of inspections.



Quantitative survey

In the survey, employees and stakeholders/community members saw service position inspection as a lower priority area and it featured in the low importance, low willingness to pay quartile for both groups, perhaps due to confusion around whose responsibility this was which was highlighted in the workshops. Customers were more likely to view this area as important, however there were other investment areas that were prioritised ahead of this. The majority of all three audiences did however opt to keep this in the plan and based on the mean value respondents were willing to pay, there needs to be little change from the level of investment currently proposed within the draft plan. It is therefore recommended that responsibility of service position inspection is reviewed internally and if it is felt that responsibility does lie with the DNO this continues to be included in the business plan at the proposed level.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.26	£0.19	**-£0.07**	64%	8.8	Low IMP, High WTP
Employee survey		£0.26	**£0.00**	94%	7.4	Low IMP, Low WTP
Stakeholder / community member survey		£0.21	**-£0.05**	83%	6.0	Low IMP, Low WTP

Investment area 12: Flood protection

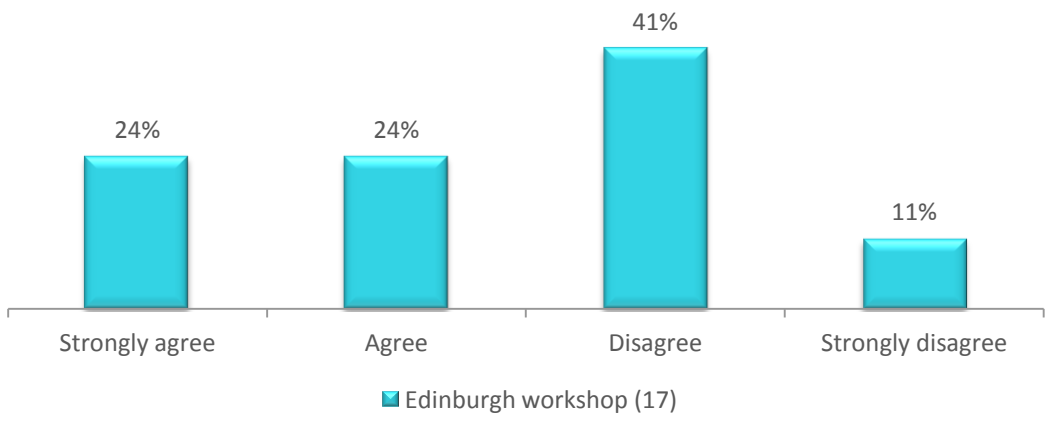
Workshops

In both SPD and SPM a level of investment had been incorporated into the draft plan to protect primary substations from flooding. Respondents went on to discuss whether the proposed level of investment, demonstrated in the table below, was appropriate.

	Over 8 yrs £m	Domestic bill component	Impact
Draft plan	£4m	£0.05/yr	48,000 customers protected, 1 in 200 year, 7 primary substations
Option 1	£7m	£0.18/yr	58,000 customers protected, 1 in 200 year, 12 primary substations
Option 2	£65m	£0.83/yr	486,000 customers protected, 1 in 1000 year

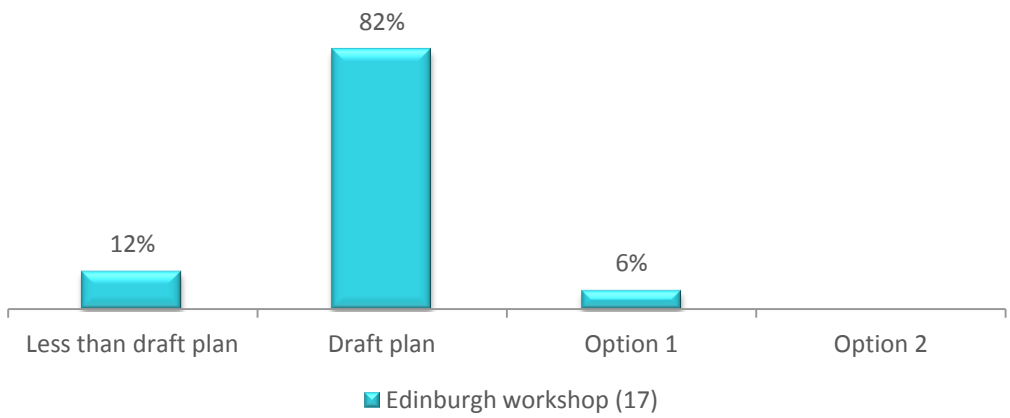
Respondents in Edinburgh were split almost 50:50 in terms of whether they felt flood protection was a top priority for SP Energy Networks. In the discussions, some respondents highlighted the fact that flooding had not been a particular issue for Scotland in the past.

Flood protection is a top priority. Do you...



The majority of respondents in Edinburgh felt that the level of investment proposed within the draft plan was the most appropriate.

Which option do you think we should adopt for flood protection?



Quantitative survey

Customers and stakeholders/community members prioritised investment in flood protection. Willingness to pay for this investment was high with the majority of respondents opting to keep it in the plan. There is also potential that customers may accept a slightly higher level of investment than what is currently being proposed. Overall, it is suggested that flood protection remain in the draft plan at the level proposed.

	Proposed amount	Mean value	Difference from draft plan	Proportion who kept it in the plan	Importance rating	Simalto position
Customer survey	£0.05	£0.09	**£0.04**	67%	9.2	High IMP, High WTP
Employee survey		£0.07	**£0.02**	93%	7.1	Low IMP, Low WTP
Stakeholder / community member survey		£0.09	**£0.04**	90%	7.3	High IMP, High WTP

Total bill

The table below summarises the average cost per annum to a domestic customer based on the investment choices that were made in the survey. In both areas, domestic customers have the lowest mean cost per annum and employees the highest. There is little variation between the three groups in SPM with only £0.88 difference between customers and employees. Slightly more variation is seen in SPD with a difference of £1.86 between customers and employees.

The mean values across all three groups in SPD were lower than the current annual distribution charge of £96. SPM mean values were all very close to the current bill level of £121. On this basis it is not recommended that the annual distribution charge increases in the 2015 to 2023 business plan, and if possible should actually decrease, particularly in the SPD area.

	SPM	SPD
Customer survey	£120.28	£94.07
Employee survey	£121.16	£95.36
Community / stakeholder survey	£121.07	£95.35

4.0 Conclusions and recommendations

Guidance as to how the draft plan can be developed in line with the feedback collected is outlined in this section.

Summary of conclusions

Investment areas

As summarised in the table below, despite some differences in findings between SPM and SPD, recommendations are consistent across the two. Consideration should be given to how all investment areas can continue to be included in the plan, with a lower level of investment directed to storm resilience and in particular, strategic investment. It is important to note that both storm resilience and strategic investment were the most 'expensive investments' to customers, meaning that willingness to pay was likely to be affected in comparison to those areas that had a smaller impact on the bill.

It is also recommended that further review is required in relation to responsibilities of service position inspection. If it is concluded that this is the DNOs responsibility then it is recommended that this continues to be included in the plan as importance and willingness to pay amongst customers was high.

In the survey, innovation was the only area that was prioritised across all three audiences in both areas. This demonstrates the importance of this investment area going forward and the need to communicate the outcomes of innovation to all stakeholder groups.

Investment area	Proposed value in SPM	Proposed value in SPD	Remain in plan?	Change to investment level?
Storm resilience	£2.10	£1.62	✓	↓
Worst served customers	£0.50	£0.49	✓	↔
Future proofing	£0.17	£0.12	✓	↔
Strategic investment	£3.56	£1.08	✓	↓
Innovation	£0.50	£0.50	✓	↔
Service position inspection	£0.28	£0.26	✓	↔
Flood protection	£0.10	£0.05	✓	↔ ↑

Customer service

In the survey, the majority of respondents in all three groups felt that 'making a telephone call' was the best way to report a power cut. There was a mix of opinion as to the best way to receive an update during a power cut, however 'making a telephone call' and 'sending you a text message' were the most popular. There was also some appetite for the development of a smart phone app which should be considered as part of future communications.

Energy advice

There was some support for SP Energy Networks working with housing associations and local authorities to provide energy advice although these activities were seen as a relatively low priority on the whole. Respondents did not agree that all customers should pay for the development of this expert team and subsequent delivery of service.

Local authority engagement

Discussions confirmed that strategic engagement with local authorities was important. The proposal to start with the largest local authorities first was supported by the majority however in workshop discussions there was suggestion to take other aspects into consideration such as load usage, onset of distributed generation and growth. The development of investment maps would also be useful for local authorities going forward.

Transparency in connections

The majority of respondents agreed that SP Energy Networks should develop an online model of their low voltage network. In the discussions this was highlighted as one part of a stepped change to increase transparency and that consideration should also be given to the higher voltage network and the ability to have a pre-application discussion with an expert at SP Energy Networks as to the best way to connect. Respondents were in agreement that the cost for development of this model should not be borne by all customers, but connections customers only although it was unclear what the cost would be in this instance.

Low carbon scenarios

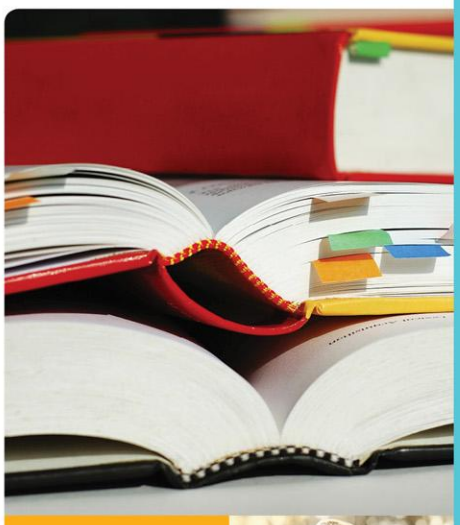
Respondents were supportive of SP Energy Networks proposal in comparison to the four DECC scenarios that were presented. However there were differences of opinion in terms of the whether respondents felt there would be high, medium or low up take of heat pumps, electric vehicles and photovoltaics. In particularly, the majority of respondents felt that there would be a low uptake of electric vehicles.

Recommendation

Based on the feedback collated in this report it is recommended that the SP Energy Networks business plan is amended with a reduced level of spend towards strategic investment and storm resilience to ensure that customer bills do not increase and, if possible, decrease as a result of a lower annual distribution bill than is currently charged.

5.0 Appendices

Please find copies of the questionnaires used in the quantitative survey in this section.



Appendix 1 - Questionnaire

SPM

Thank you for clicking through to complete this survey!

SP Energy Networks is the electricity distributor in Cheshire, Merseyside, North Shropshire and North Wales. This means that we own and operate the network of cables and power lines that transport electricity to around 1.5 million homes. We distribute the electricity on behalf of electricity supply companies and it is our role to operate and maintain the electrical supply system in these areas.

Around 18% of what you pay as part of your electricity bill goes to SP Energy Networks to look after the network. We are in the process of deciding where we should be investing in and around our network and want customer views as to what you feel is the priority.

Let us know what you think by completing this short survey!

You will first be taken to a short background section, then onto a series of questions which will take around 5 to 10 minutes to complete.

Use the 'back' and 'next' buttons to navigate the survey and when you have answered all the questions just hit 'submit' to send your responses.

Background

You currently pay about £121 per year to SP Energy Networks to distribute the electricity to your home. SP Energy Networks is in the process of working through how much you will need to pay for the period 2015 to 2023.

At the moment we estimate that we will need to spend £114.85 on replacing equipment (electricity lines and substations) to maintain our current levels of service and reliability of supply. On top of maintaining our service levels, our customers and stakeholders have identified a number of additional priority areas for investment. We are interested in your views on which of these investment areas should be included in our investment in 2015-2023.

We will look at which of the investment areas you see as most important, we will then look at how much these will cost and then give you the opportunity to select which you think should be included.

Click 'next' to start answering the questions.

Investment area 1: Increasing storm resilience

SP Energy Networks can invest more money in storm resilience by continuing with our tree cutting programme (trees cut back from around power lines so less likely to blow onto lines during a storm) and rebuild lines to be more resilient to storms.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is that SP Energy Networks make investments to improve storm resilience?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 2: Improving service to poorly served customers

Around 1% (or 15,000) of customers experience more than 5 power cuts per year. Their service is at least 10 times worse than average. SP Energy Networks could invest to replace poorly performing equipment in these areas to improve the reliability of their power supply.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks invest to improve the service to poorly served customers?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 3: Future proofing

The way customers use the network is changing and in the future this may change even more if people start to use electric cars or more people get solar panels on their roof. SP Energy Networks could invest money in installing monitoring equipment on the network so that we know where we need to upgrade our network when people do start to use these types of technologies more.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks invests in monitoring equipment to get the information we require to know where they need to upgrade the network in the future ?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 4: Strategic investment

In some areas the network is up to capacity. This means that if someone wanted to build a new factory, for example, the network would need to be reinforced first. This can cause delays of up to two or three years. This can impact on the economy as there is a delay in the building work and thus opportunities for employment.

SP Energy Networks can invest to increase capacity in areas which are close to full capacity now to avoid delays in new developments.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks increase capacity in the network to avoid delays in new developments?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 5: Service position inspection

At the moment the electrical equipment that is in your home is checked over when someone comes out to read your meter. In the future we will all have smart meters which automatically send information back to your electricity supplier to let them know how much electricity we use. This means that no one will be coming out to your home to check the safety of the electrical equipment.

We propose that we could carry out an inspection of electrical equipment every five years to make sure it is safe.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks carry out inspections of our electrical equipment within people's homes?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 6: Flood protection

If any of the substations were to flood this would cause damage to equipment and mean the power supply in that area was cut off. SP Energy Networks could invest in flood protection measures at our substations to make sure that if there is heavy rain, the substation is not affected.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks invest in flood protection measures at our substations?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 7: Innovation

SP Energy Networks also invest money in research and development in order improve our network and find ways to lower the cost of our work, making bills lower for customers. In the past SP Energy Networks has spent £15million on innovation and produced £35million in savings. SP Energy Networks could invest more in innovation to try and create further savings.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks invests in innovation research to try and achieve further savings?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

As we mentioned earlier, your bill for electricity distribution is currently £121 per year.

The future bill amount is to be decided. Around £114.85 will go towards maintaining current service levels but you could opt to add on any of the things we have talked about. SP Energy Networks have calculated how much each of these things would cost each customer and these amounts are shown below.

For each investment area decide whether you think it should be in the plan and whether you are happy with the amount proposed, or would like to pay more or less. If you select option 2 (paying more) you will be asked how much more. If you select option 3 (pay less) you will be asked how much less.

At the end of all the questions the total cost of the items you have selected will be summarised for you so you can decide whether you are happy with that amount or whether you want to go back through and make any adjustments.

Storm resilience

Storm resilience - £2.10 per year to improve storm resilience to around 10% of customers so they are less likely to lose power during a storm

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Poorly served customers

Poorly served customers - £0.50 per year to improve service to 40% of poorly served customers

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Future proofing

Future proofing - £0.17 per year to help prepare the network for the future

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Upgrade network in areas close to full capacity to avoid delays

Upgrade network in areas close to full capacity to avoid delays - £3.56 per year to upgrade the network in constrained areas to avoid delays if someone wants to connect a new building in that area

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Service position inspection

Service position inspection - £0.28 per year meaning that each customer has their equipment inspected every 5 years

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Flood protection

Flood protection - £0.10 per year to protect the 120,000 customers that would be affected by a 1 in 100 year flood

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Innovation

Innovation - £0.50 per year for innovation research and trials to try and create savings in the future

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

The costs of the choices you have made are summarised below:

Storm resilience: £
Poorly served customers: £
Future proofing: £
Upgrade network in areas close to full capacity to avoid delays: £
Service position inspection: £
Flood protection: £
Innovation: £

These amounts total to £ , adding this on to the base cost of £114.85, means you would pay £ each year for distribution, compared to the £121 you pay now. If you are happy with this amount click 'next.' If you are not sure, go back through and adjust your selections. You might want to see more investment to make more of an impact in some of these areas or you might think this is too high and want less investment in some of these areas.

Comments

Do you have any comments to make about any of these areas we have gone through?

Just a last couple of questions about customer service...

If you wanted to report a power cut, what would be the best way for you to do this?

- Making a telephone call
- Sending a text message
- Going on the SP Energy Networks website
- Through social media e.g. Facebook or Twitter
- Using a smart phone app
- Other (please state below)

What would be the best way for SP Energy Networks to keep you up to date during a power cut?

- Making a telephone call
- Sending you a text message
- Putting an update on their website
- Providing updates through social media e.g. Facebook or Twitter
- Through a smart phone app
- Other (please state below)

SPD

Thank you for clicking through to complete this survey!

SP Energy Networks is the electricity distributor in Central and Southern Scotland. This means that we own and operate the network of cables and power lines that transport electricity to around 2 million homes. We distribute the electricity on behalf of electricity supply companies and it is our role to operate and maintain the electrical supply system in these areas.

Around 18% of what you pay as part of your electricity bill goes to SP Energy Networks to look after the network. We are in the process of deciding where we should be investing in and around our network and want customer views as to what you feel is the priority.

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Background

You currently pay about £96 per year to SP Energy Networks to distribute the electricity to your home. SP Energy Networks is in the process of working through how much you will need to pay for the period 2015 to 2023.

At the moment we estimate that we will need to spend £91.32 on replacing equipment (electricity lines and substations) to maintain our current levels of service and reliability of supply. On top of maintaining our service levels, our customers and stakeholders have identified a number of additional priority areas for investment. We are interested in your views on which of these investment areas should be included in our investment in 2015-2023.

We will look at which of the investment areas you see as most important, we will then look at how much these will cost and then give you the opportunity to select which you think should be included.

Click 'next' to start answering the questions.

Investment area 1: Increasing storm resilience

SP Energy Networks can invest more money in storm resilience by continuing with our tree cutting programme (trees cut back from around power lines so less likely to blow onto lines during a storm) and rebuild lines to be more resilient to storms.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is that SP Energy Networks make investments to improve storm resilience?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 2: Improving service to poorly served customers

Around 1% (or 20,000) of customers experience more than 5 power cuts per year. Their service is at least 10 times worse than average. SP Energy Networks could invest to replace poorly performing equipment in these areas to improve the reliability of their power supply.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks invest to improve the service to poorly served customers?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 3: Future proofing

The way customers use the network is changing and in the future this may change even more if people start to use electric cars or more people get solar panels on their roof. SP Energy Networks could invest money in installing monitoring equipment on the network so that we know where we need to upgrade our network when people do start to use these types of technologies more.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks invests in monitoring equipment to get the information we require to know where they need to upgrade the network in the future ?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 4: Strategic investment

In some areas the network is up to capacity. This means that if someone wanted to build a new factory, for example, the network would need to be reinforced first. This can cause delays of up to two or three years. This can impact on the economy as there is a delay in the building work and thus opportunities for employment.

SP Energy Networks can invest to increase capacity in areas which are close to full capacity now to avoid delays in new developments.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks increase capacity in the network to avoid delays in new developments?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 5: Service position inspection

At the moment the electrical equipment that is in your home is checked over when someone comes out to read your meter. In the future we will all have smart meters which automatically send information back to your electricity supplier to let them know how much electricity we use. This means that no one will be coming out to your home to check the safety of the electrical equipment.

We propose that we could carry out an inspection of electrical equipment every five years to make sure it is safe.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks carry out inspections of our electrical equipment within people's homes?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 6: Flood protection

If any of the substations were to flood this would cause damage to equipment and mean the power supply in that area was cut off. SP Energy Networks could invest in flood protection measures at our substations to make sure that if there is heavy rain, the substation is not affected.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks invest in flood protection measures at our substations?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

Investment area 7: Innovation

SP Energy Networks also invest money in research and development in order improve our network and find ways to lower the cost of our work, making bills lower for customers. In the past SP Energy Networks has spent £15million on innovation and produced £35million in savings. SP Energy Networks could invest more in innovation to try and create further savings.

In general, on a scale of 1 to 10, where 1 is not at all important and 10 is very important, how important is it that SP Energy Networks invests in innovation research to try and achieve further savings?

1	2	3	4	5	6	7	8	9	10	Don't know
○	○	○	○	○	○	○	○	○	○	○

As we mentioned earlier, your bill for electricity distribution is currently £96 per year.

The future bill amount is to be decided. Around £91.32 will go towards maintaining current service levels but you could opt to add on any of the things we have talked about. SP Energy Networks have calculated how much each of these things would cost each customer and these amounts are shown below.

For each investment area decide whether you think it should be in the plan and whether you are happy with the amount proposed, or would like to pay more or less. If you select option 2 (paying more) you will be asked how much more. If you select option 3 (pay less) you will be asked how much less.

At the end of all the questions the total cost of the items you have selected will be summarised for you so you can decide whether you are happy with that amount or whether you want to go back through and make any adjustments.

Storm resilience

Storm resilience - £1.62 per year to improve storm resilience to around 10% of customers so they are less likely to lose power during a storm

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Poorly served customers

Poorly served customers - £0.49 per year to improve service to 40% of poorly served customers

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Future proofing

Future proofing - £0.12 per year to help prepare the network for the future

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Upgrade network in areas close to full capacity to avoid delays

Upgrade network in areas close to full capacity to avoid delays - £1.08 per year to upgrade the network in constrained areas to avoid delays if someone wants to connect a new building in that area

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Service position inspection

Service position inspection - £0.26 per year meaning that each customer has their equipment inspected every 5 years

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Flood protection

Flood protection - £0.05 per year to protect the 48,000 customers that would be affected by a 1 in 200 year flood

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

Innovation

Innovation - £0.50 per year for innovation research and trials to try and create savings in the future

- ✓ I do think this should be in the plan and I am happy with the amount proposed
- \+ I do think this should be in the plan and I would be willing to pay more to make more of an impact in this area
- — I do think this should be in the plan but think less work should be carried out thus the bill amount would be lower
- X I don't think this should be in the plan or added to the base bill

+ How much more?

+10p | +20p | +30p | +40p | +50p

— How much less?

-10p | -20p | -30p | -40p | -50p

The costs of the choices you have made are summarised below:

Storm resilience: £
Poorly served customers: £
Future proofing: £
Upgrade network in areas close to full capacity to avoid delays: £
Service position inspection: £
Flood protection: £
Innovation: £

These amounts total to £ , adding this on to the base cost of £91.32, means you would pay £ each year for distribution, compared to the £96 you pay now. If you are happy with this amount click 'next.' If you are not sure, go back through and adjust your selections. You might want to see more investment to make more of an impact in some of these areas or you might think this is too high and want less investment in some of these areas.

Comments

Do you have any comments to make about any of these areas we have gone through?

Just a last couple of questions about customer service...

If you wanted to report a power cut, what would be the best way for you to do this?

- Making a telephone call
- Sending a text message
- Going on the SP Energy Networks website
- Through social media e.g. Facebook or Twitter
- Using a smart phone app
- Other (please state below)

What would be the best way for SP Energy Networks to keep you up to date during a power cut?

- Making a telephone call
- Sending you a text message
- Putting an update on their website
- Providing updates through social media e.g. Facebook or Twitter
- Through a smart phone app
- Other (please state below)

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