

Key points and summary of Customer Engagement Group (CEG) questions/discussion sessions. NB: Not verbatim.

RIIO-ED2 Customer Engagement Group – Meeting 4		
Friday 24 th April 2020	12:30 – 15:30	Virtual Conference
Meeting called by	John Howard	
Type of meeting	Customer Engagement Group	
Facilitator	SP Energy Networks	
Note takers	Ross Williams	
Chair & Timekeeper	John Howard	
Attendees	John Howard (JH) Andy Billcliff (AB) Chris Clark (CC) Matt Cole (MC) Sam Ghibaldan (SG) Matt Hannon (MH) Teresa Perchard (TP) Benny Talbot (TB) Jan Webb (JW) Kankana Dubey (KD)	Andrew Jardine (AJ) Ross Williams (RW) Graham Campbell (GC) Dave Fort (DF) Alasdair Gaw (AG)

Agenda Topic: Welcome, agenda and minutes	
1230 - 1240	John Howard
Discussion	<p>Welcome, overview of the agenda, and the approval of previous meeting minutes.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> • How the minutes from CEG meetings should be edited before publication on SPENs' website • Ofgem's Covid-19 communication to network companies and the need for SPEN to closely monitor changes to the electricity demand profile and consider how this may impact on future plans
Agenda Topic: Distribution System Operator	
1240 - 1345	Graham Campbell, Head of DSO
Discussion	<p>Presentation on SPENs' approach to Distribution System Operator, including context, challenges and opportunities and current innovation projects. GC gave an overview of the company's DSO vision, including the engagement programme which will inform the company's RIIO-ED2 business plan proposals.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> • DSO within the context of acceptability testing and whether SPEN will press ahead with its plans for DSO regardless of whether they receive sufficient levels of acceptability from consumers. SPEN said that without DSO, society simply won't achieve its Net Zero targets, however stakeholder

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	<p>feedback may mean SPEN has to revisit its assumptions and change its direction of travel</p> <ul style="list-style-type: none"> • When SPEN will decide on the exact version of DSO it wishes to take forward. It was noted that DSO ambition levels and visions across network companies are quite distinct. SPEN said that the key consideration will be whether the model of DSO benefits society. The regulator's vision for the development of DSO had so far been vague, but SPEN has been engaging up to this point to build its own view such as through industry forums, challenge groups etc. • How will SPEN present its DSO vision, which contains some complex principles, simply so that stakeholders are able to take informed choices and feedback on SPENs' plans. SPEN said that its vision for DSO has so far been informed by engagement with stakeholders who possess a certain level of knowledge and expertise. The challenge now is relating the conversation to end consumers and explaining why it matters so that they can have a say
Agenda Topic: Update on CEG Chairs meeting	
1400 – 1410	John Howard, CEG Chair
Discussion	<p>JH provided an update on discussions from the latest Ofgem CEG Chairs meeting, concluding that the CEG should continue to focus on ensuring that SPEN's business plan seeks to address the needs and preferences of its customers and stakeholders as its core purpose.</p> <p>The group then further discussed the differences in definitions between customer, stakeholder and consumer and how these are applied interchangeably across the industry.</p>
Agenda Topic: Customer segmentation update	
1410 - 1425	Jan Webb and Matt Hannon, CEG members
Discussion	<p>JW and MH updated the group following their meeting with Kendal Morris (KM) and Nicky Taylor on 20 April to further discuss SPEN's approach to customer segmentation.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> • If DNOs and Ofgem had been liaising on best practice surrounding customer segmentation and whether there was a case for doing so. SPEN said that there is no formal guidance or requirement on DNOs to segment their customer bases however SPEN believes it is important to do so as a means of best practice. Certain organisations have used this in business plans across the water and gas sectors but for SPEN it is important to conduct this exercise as a first step and build its engagement on the back of this so it forms a backbone to the overall strategy. • The need to re-visit customer segmentation once Covid-19 lockdown measures are gradually lifted as the epidemic could have an impact on consumers' immediate outlook and priorities
Agenda Topic: Introduction to regulatory finance	
1425 - 1510	Alasdair Gaw, Regulatory Finance Manager

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Discussion	<p>AG provided an introduction to regulatory finance. Although outwith the formal scope of the group, it was felt necessary to give a general summary of SPENs' finances given the importance of financial considerations to the proposals set out in the RII0-ED2 business plan. Topics discussed included customer billing, total expenditure, regulated asset value, revenue collection and financing.</p> <p>Although financial considerations are outwith the remit of the group, it was felt necessary to provide an overview of financing given its importance to SPENs' business plan.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> • How SPEN will communicate with customers on the electricity element of domestic energy bills when conducting its willingness to pay and willingness to accept exercises
Agenda Topic: Challenge and action log	
1510 - 1520	John Howard, CEG Chair
Discussion	<p>The CEG discussed the challenge and action log, checking on the progress of previous actions and considering whether any new challenges or actions should be raised.</p> <p>Five challenges were clarified relating to the company's strategy and net zero, drivers behind DSO and the structure of the business plan.</p>
Agenda Topic: Next Meeting Agenda	
1520 - 1525	Ross Williams, CEG Secretariat
Discussion	RW gave an overview of the next meeting agenda on 11 th May.
Agenda Topic: Wrap-up and close	
1525 - 1530	John Howard, CEG Chair
Discussion	Group discussion and reflection on the day's content and actions for SPEN to take forward.