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Literature Review

Report prepared for NIE Networks

September 2019



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Background and policy content

This section provides background to the role of NIE Networks and contextualises the purpose and applicability of the present literature review. This section is structured under the following headings:

Background to NIE Networks

NIE Networks is the owner of the electricity transmission and distribution networks in Northern Ireland and is the electricity distribution network operator, serving all 860,000 customers connected to the network. NIE Networks is a regulated company and its business activities are overseen by the Utility Regulator in Northern Ireland.

The size and scale of NIE Networks' services are evident in its transmission and distribution processes. The organisation has over 1,200 employees and invests around £100 million in the network every year. The transmission and distribution network consists of:

- 2,200 kilometres of transmission network
- 47,000 kilometres of distribution network
- 300 major substations

In 2016, NIE Networks built or refurbished 1,800 kilometres of power lines and laid 24,000 metres of cable.

Consumer Engagement Advisory Panel (CEAP)

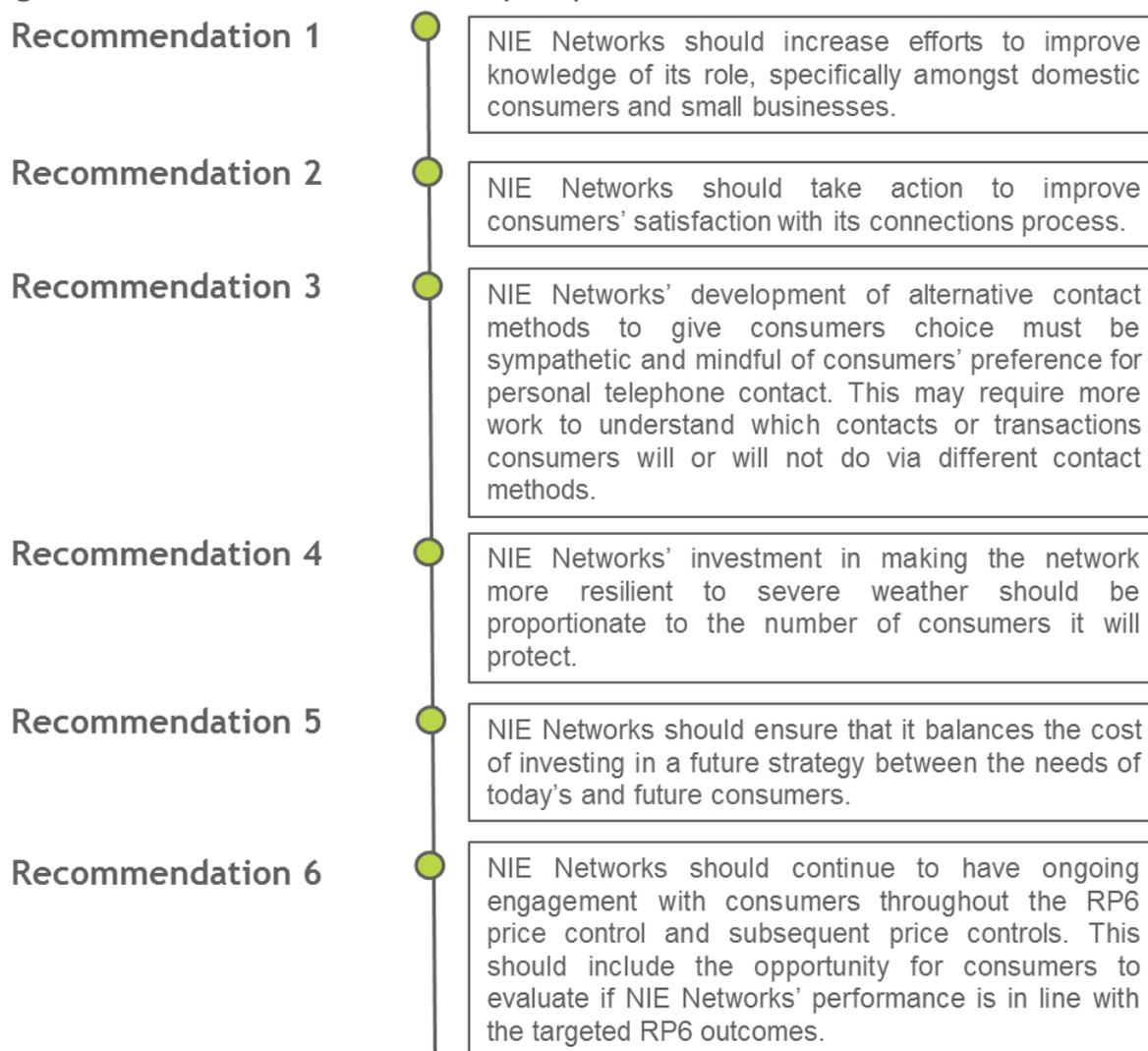
A joint advisory panel, made up of representatives of the Utility Regulator, Department for the Economy and the Consumer Council for Northern Ireland and NIE Networks, was established in 2014 to verify the approach to and to evaluate consumer and stakeholder feedback in the development of NIE's 2017 – 2024 plans for the RP6 price control period. It will continue in this role until 2024.

Empowering Consumers: beginning a conversation on consumer priorities for the Northern Ireland electricity network¹

Following extensive research undertaken in preparation for RP6, the CEAP published a document outlining in more detail the approach to be taken by NIE to consumer engagement going forward. The report is based around 6 core recommendations:

¹ Empowering Consumers: Beginning a conversation on consumer priorities for the Northern Ireland electricity network (CEAP; June 2016)

Figure 1.1: CEAP Recommendations (2016)



Investing for the Future: NIE Networks summary business plans 2017 - 2024²

Based on the above recommendations and the wider research programme, NIE developed and is currently implementing its business plan for the RP6 price control period (October 2017 – March 2024). The organisation has made the following ten promises to its customers for the coming years:

1. To invest approximately 145,000 outputs including refurbishing or replacing existing network assets.
2. 90% of customers will have power restored within 3 hours.
3. All customers will have power restored within 18 hours (excluding severe weather events).
4. We will invest over £40 million every year to replace old or worn parts of the network.
5. To spend £60 million to reduce risk of interference or vandalism in the network.
6. To prepare for a low carbon future by trialling technologies that have the potential to further reduce costs in the long term.

² Investing for the Future: NIE Networks summary business plans 2017 - 2024

7. To deliver £55 million of efficiency savings.
8. To respond to 80% of complaints within two days and 100% within five days.
9. To continue to minimise the impact of their business on the environment.
- 10. To continue to engage with and listen to the needs of customers and stakeholders.**

Consumer and stakeholder engagement has therefore been built into the company's strategy going forward in commitment 10 with the aim of assessing the ongoing satisfaction of customers with the approach and deliverables of the company. This reflects the belief that, as consumers are being asked to pay for business plans, they should be consulted when those plans are being developed and delivered, to ensure that their priorities are taken into account.

RP6 Research (Phase 4: Literature Review³)

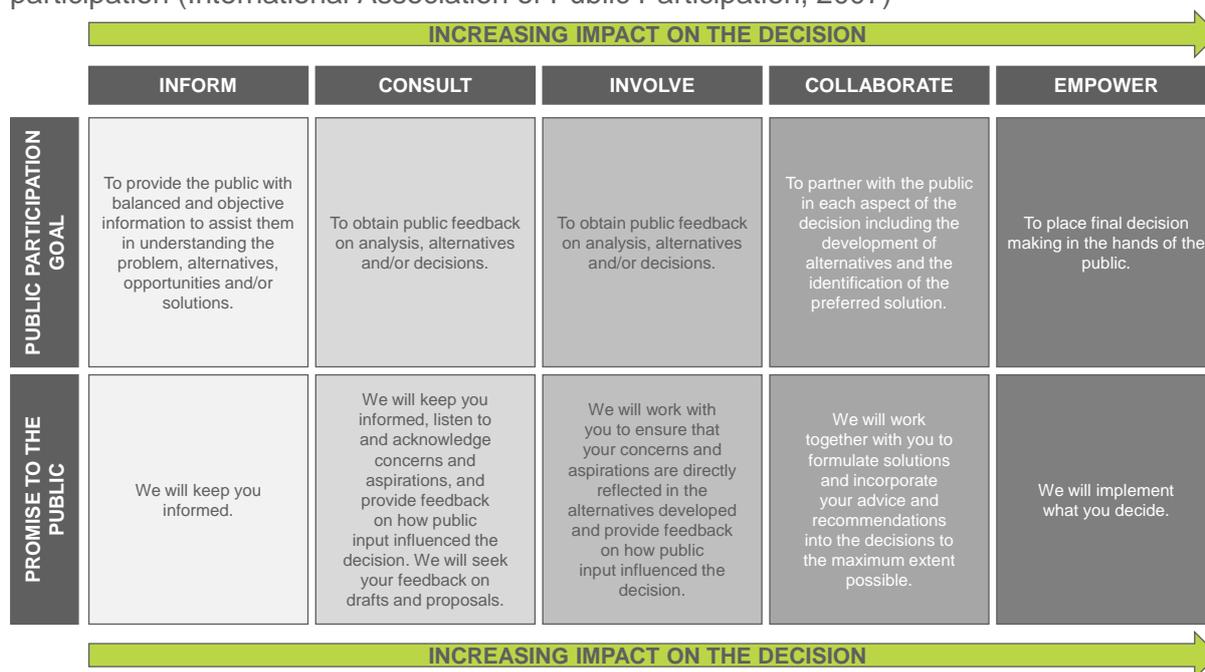
The importance and format of consumer engagement was considered in Phase 4 of the extensive research process undertaken in 2015/2016. This consisted of a comprehensive literature review which advised on potential models of consumer engagement and examples of best practice for use throughout RP6. The following section summarises the main findings from that report and highlights areas of learning for the current research proposal.

Defining consumer engagement

Many of the documents reviewed highlighted the importance of defining consumer engagement prior to the commencement of any consumer engagement activities. The preferred definition for this purpose was that of the International Association of Public Participation (2007) shown in the diagram overleaf. In this definition, consumer engagement entails a spectrum, from, informing through to empowering the consumer – with the likely impact of the consumer on the final decision increasing along this spectrum.

³ Phase 4: Literature review & final consumer engagement – Customer engagement methods and examples of best practice (Perceptive Insight; April 2016)

Figure 1.2. IAP2's Public Participation Spectrum (International Association of Public participation (International Association of Public Participation, 2007))



Considering consumer engagement in this way will allow NIE Networks to set clear boundaries and make early decisions about the extent and form of public involvement in the decision-making process. This will, in part, involve defining clear objectives behind undertaking consumer engagement activities. Commonly emerging aims from the literature were:

- Emphasising the importance of consumer engagement;
- Empowering the consumer; and
- Supporting wider strategic and social aims.

Best practice examples to illustrate these aims included Scottish Water's Customer Forum which was created in September 2011 in an effort to give water customers a voice in setting water prices and service performance levels with the organisation (Scottish Water, 2015). The forum was created in the context of Scottish Water's business planning for 2015-2021; but its legacy went beyond the content of the business plan itself to embed the customer voice within the structure of industry decision-making. In-keeping with the principle of supporting wider social aims, the UK's Environment Agency adopted a catchment-based approach to establish common ownership of problems and their solution with the hope of generating more co-ordinated local "on-ground" action on environmental issues (Environment Agency, Department for Environment, Food and Rural Affairs et. al., 2011-2013).

Recommendations of the 2016 review

1. Review the IAP2 Public Participation Spectrum to determine its potential use for NIE Networks.
2. Prior to the commencement of engagement activities, decide upon a fit-for-purpose definition of consumer engagement and align desired outcomes of the engagement process with key activities. The definition and desired outcomes should be clear and realistic.
3. Consider the potential benefits of designing a consumer engagement 'process' rather than a 'programme'. Should this option be unfavourable, NIE Networks should facilitate engagement which takes place on a regular basis.
4. Continue to acknowledge the importance of consumer engagement and support with continued action to engage with consumers.
5. Place customers at the heart of organisational processes by continuing to provide the opportunity for customers to voice their opinions thereby allowing for customer feedback to feed directly into price control setting and other organisational decisions.
6. Assess current organisational policies and strategies, as well as sectoral or governmental aims, in order to better align consumer engagement endeavours with wider strategic aims.

Inclusion of consumer engagement within organisational policy

The review identified an increase in the inclusion of consumer engagement within organisational strategy. NIE Networks have followed this move towards strategy inclusion through commitment 10 of their 2017-2024 business plan:

To continue to engage with and listen to the needs of customers and stakeholders.

Good faith implementation of the strategy and trust building between a company and its consumers was nevertheless seen as an essential factor to subsequent effective customer engagement.⁴

Recommendations of the 2016 review

7. Firmly embed consumer engagement activities within organisational policy.
8. Ensure strategic consumer buy-in by ensuring that organisational policies are flexible, will withstand scrutiny and will encompass the needs of all consumers.

Approaches to engagement

Case studies explored as part of the review illustrated significant variability in the approaches taken to consumer engagement which presented a challenge to assessing the relative merits of the many initiatives. A qualitative approach was predominant across almost all examples and no examples were found of a purely quantitative approach.

⁴ How we can drive real consumer engagement with energy' (SSE plc and YouGov, 2014)

The approaches which stood out as best practice examples were those that utilised a mixed methodology, through the use of qualitative and quantitative assessment; and also utilised multiple qualitative platforms. Western Power Distribution and Yarra Valley Water were most notable for their comprehensive engagement programmes (Western Power Distribution, 2015). Both companies employed a multi-layered approach to customer engagement which included focus groups, workshops and forums with varying stakeholder demographics and at different stages throughout the planning process. These were supplemented by quantitative surveying. In the case of Yarra Valley this consisted of utilising handheld audience response devices to gather individual responses to quantitative questions, a written survey conducted at a round-table event and a quantitative survey conducted online with 800 customers (Yarra Valley Water, 2015).

The table overleaf provides a summary of the various approaches to engagement found through the 2016 review.

Table 1.1: Summary of approaches to engagement (2016 review)

Project / organisation (Country)	Qualitative											Quantitative	
	Pilot / test phase	Literature review	Customer focus groups / workshops	Stakeholder focus groups / workshops	Customer depth interviews	Stakeholder depth interviews	Customer forum	Stakeholder forum	Presentation / roundtable event	Development of committee or advisory groups	Interactive website / online portal	Quantitative survey (including online or face to face)	Audience response technology
Western Power Distribution (United Kingdom)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Yarra Valley Water (Australia)			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Scottish Water (United Kingdom)			✓	✓	✓	✓	✓			✓	✓		
Consumer Utilities Advocacy Centre (Australia)		✓			✓	✓		✓	✓				
The Australian Energy Market Commission (Australia)				✓			✓	✓	✓				
Consumer Council for Water (United Kingdom)			✓	✓	✓	✓							
Government of Tasmania R&D planning (USA)	✓			✓	✓	✓				✓			
U.S. National Oceanic and Atmospheric Administration (USA)				✓		✓				✓	✓		
Government of Australia Domestic Gas Strategy (Australia)			✓	✓			✓	✓					
Scotland Gas Networks (United Kingdom)			✓	✓	✓						✓		
Government of Ontario (Canada)				✓		✓				✓			
UK Environment Agency (United Kingdom)	✓			✓						✓			
Office of Rail Regulation (United Kingdom)			✓		✓						✓		
SSE Plc (United Kingdom)						✓						✓	
Police Service of Northern Ireland (United Kingdom)										✓			
NIE Networks	✓	✓	✓	✓	✓			✓	✓	✓		✓	

The number and type of participants involved varied considerably across the range of literary examples and in many cases exact details regarding this were not made clear. High importance was placed on the involvement of experts and indeed approaches considered to be more comprehensive tended to utilise a wider variety of participants from more varied backgrounds; such as, businesses, policy advisors, governmental bodies, education sector representatives as well as the general public. Members of Scottish Water’s Customer Forum were drawn from experienced public figures across consumer affairs, law and regulation, business and policy; but crucially members were asked to participate in a personal capacity and not as ‘stakeholders’ representing an organisation or group of customers. In this way, participants were able to contribute their own views which could evolve freely through interaction with the Group or Scottish Water (Scottish Water, 2015).

Other elements of good practice discussed in relation to engagement approaches included adequately informing participants of what level of input is expected from them during the process. The literature review noted that requirements should not be downplayed in an effort to encourage participation. In fact, more effective engagement was found to result when participants were given opportunities to make their voices heard and were given responsibilities within the process. The importance of achieving genuine buy-in from all parties involved was evident in the literature. As such, any sense of tokenism or predetermined outcomes or an organisation appearing unwilling to have its position challenged should be avoided (Consumer Utility Advocacy Centre, 2014).

In terms of communication methods, avoidance of a “one-size-fits-all” approach was key. Scottish Gas Networks (2014) determined that an effective engagement plan should employ a range of communication channels including letters, press releases, information leaflets, a project webpage, the use of social media channels, direct correspondence (e.g. by email) and telephone contact alongside qualitative research initiatives. In all cases, they suggested the information presented should be ‘jargon free’, unbiased and tailored to be relevant to the participant.

Recommendations of the 2016 Review

9. Continue to utilise a mixed approach to consumer engagement (including qualitative and quantitative strands of research).
10. Consider adapting existing consumer engagement activities to include the development and maintenance of a customer/stakeholder advisory panel.
11. Focus participant recruitment on obtaining quality rather than quantity – i.e. including stakeholders and experts in the discussions.
12. Include a diverse range of participants across all stages of consumer engagement.
13. Consider including stakeholders in engagement activities but ask them to comment from a personal perspective in order to profit from freedom of speech, while also benefitting from expert knowledge.
14. Endeavour to inform participants of the level of commitment and responsibility required prior to engagement.
15. Endeavour to undertake genuine engagement with consumers which should include support from top-level management and senior executives i.e. engagement should have a meaning and purpose and should not be considered a ‘tick-box’ exercise.

16. Engagement processes should be tailored in such a way so as to ensure that the participant feels valued. Amongst other attributes, this should include keeping the participant informed, incorporating their feedback into decisions and eliminating bias.
17. Employ a range of methods when communicating with various participants.
18. Careful consideration of how information is presented to each type of participant should be made in advance of any engagement activity. This should include the use of plain English, ensuring material is relevant to the participant and ensuring information is accessible.

Timetabling and costs

There was little or no uniformity in the amount of time dedicated to consumer engagement activities across the various organisations reviewed in 2016 and ranged from a couple of months to seven years. Continuous and ongoing consumer engagement was thought to be more indicative of a greater embedding of consumer engagement within organisational policy and practice and to elicit a better response from consumers. Little information on the costs of this process were publicly available.

Recommendations of the 2016 Review

19. Consumer engagement processes, and their timings, should be tailored to individual organisational needs. NIE Networks should therefore design an engagement plan and timetable that is specific to their own requirements and deadlines.
20. NIE Networks should not underestimate the costs and resources required to undertake genuine, valued and meaningful engagement.

Outputs and use of consumer engagement findings

The majority of case studies reviewed used consumer engagement to feed directly into policy or regulatory processes. Other helpful outputs included more efficient investment across both demand and supply sides and plans and strategies that were more likely to withstand public scrutiny.

Recommendations of the 2016 Review

21. NIE Networks should determine the desired outputs of consumer engagement in advance of the engagement activities. (I.e. a practical, policy or customer driven initiative). This early planning will enable NIE Networks to develop tailored and appropriate consumer engagement activities and mechanisms for delivery and to better understand the potential benefits of engagement from the outset.
22. Upon completion of the consumer engagement period, NIE Networks should take the time to evaluate and review of engagement tools, mechanisms and activities. This evaluation may also take place at intervals throughout the engagement process. This should include an evaluation of any key outputs.

Update on consumer and stakeholder research

This section provides an update on consumer and stakeholder engagement research within the utilities sector since preparations for RP6 were undertaken. This is a valuable exercise to understand how consumer and stakeholder engagement has evolved over the preceding 3 years, how consumer priorities have changed in this time and the possible implications for both the qualitative and quantitative research that NIE Networks wishes to undertake currently.

Research in the utilities sector

Ofgem's RIIO-2 business planning process: 'Consumer involvement in the price control process' (2018)⁵

Ofgem began consultations in 2018 in preparation for RIIO-2, the next price control period for gas and electricity transmission and distribution in Great Britain (commencing from 2021). As part of this, they undertook specific research looking at consumer involvement in the price control process.

The aims of the research were as follows:

- To allow Ofgem to consider the consumer voice when developing policies;
- Understand consumer views on key energy market issues;
- Analyse and compare consumer attitudes and behaviour;
- Find ways to help consumers engage with the energy market.

Key findings

The research revealed a number of key points around consumer involvement in the price control process:

- Most felt better placed to prioritise their needs in relation to areas such as customer satisfaction, which they saw as more '**tangible**' or '**relatable**', but looked to external bodies or experts to translate their 'thoughts' into clear actionable initiatives.
- Consumers focused on **short-term impacts** with immediate relevance to them when discussing price controls, despite understanding the need for long term planning in relation to areas such as renewable energy sources.

⁵ Consumer involvement in the price control process: Findings from the Ofgem Consumer First Panel – Wave 2 Report (January 2018)

- There was widespread suspicion of a **box-ticking motivation** behind seeking consumer views and some wanted greater transparency about how they would impact on the process.
- Others expressed difficulty with the **technical nature** of the discussions and suggested seeking more targeted input from consumers on specific topic areas may be more valuable.
- Consumers wanted to feel more informed about the areas they were being asked to contribute on, but recognised that any additional information should be **appropriately pitched** so as not to create “experts” from the “average consumer.”

When discussions turned to the ways in which consumers could become engaged or involved in the price control process, panel participants made a number of observations:

- **Face-to-face discussions** were preferred over surveys as consumers valued the open and deliberative process and felt comfortable to give their opinions. This highlights the pitfalls of using online methodologies to gain an understanding of consumer engagement versus the benefits of using face-to-face methodologies (depth of understanding, strength of feeling, customer voice and building rapport).
- Consumers felt that having these discussions in a room with an expert who was also contributing would be off-putting but acknowledged the **role of experts** in further developing consumer prioritisations.
- Participants recognised, in particular, that consumers at times found it difficult to discuss topics **objectively** and instead defaulted to their own personal circumstances and experiences, therefore missing the **wider implications** of their decisions.
- Consumers felt an expert opinion was especially necessary in relation to financial decisions and thought an **impartial representative** (e.g. Citizens Advice) would be required to ensure their needs are met.

Outcome

Informed by workshops such as those held in January 2018 and lessons learned in the development of RIIO-1, Ofgem has published guidance for enhanced stakeholder engagement⁶ to inform this next generation of business planning. The guidance lays out Ofgem’s proposals for the creation of:

- In distribution, a ‘Customer Engagement Group’; and
- In transmission, a ‘User Group’.

The aim of the group is to represent stakeholder interests and challenge company business plans for the next round of price controls. Ofgem will also create a RIIO-2 Challenge Group as a parallel and additional enhancement of stakeholder influence. Each Group will be independent from the companies and Ofgem and provide reports to Ofgem on the level to which stakeholder interests are represented in the plans.

⁶ Ofgem RIIO-2 Enhanced Stakeholder Engagement Guidance – Version 1 (9th April 2018)

An independent Chair will head up each of the Groups. Membership of the Customer Engagement Groups will not be prescribed but will be jointly drawn up by individual companies and Chairs. It is envisaged that the User Groups will include suppliers, generators, large users, alongside consumer representative bodies and other stakeholders capable of providing necessary challenge and input.

Ofgem also proposes to hold “open hearings” to address any areas of contention flagged by the Groups. This would then allow arguments to be heard from the companies, the Chairs and other interested stakeholders in favour of or against proposals.

Citizens Advice - Strengthening the voice of consumers in energy networks’ business planning⁷

A recent review of customer engagement within the UK energy sector by Citizen’s Advice praised steps taken by energy network companies in the lead up to RIIO-1 to engage with their consumer base; but observed that the majority of current practice is limited to the ‘inform’ and ‘consult’ levels of the IAP2 engagement spectrum described earlier. They made a number of recommendations to energy companies, Ofgem and Government to secure their vision for the future of consumer engagement.

Recommendations for energy network companies

According to the report, energy network companies should:

- Broaden the range of topics that consumers are engaged on to reflect the amount and complexity of change in the energy system (i.e. beyond reliability, service standard and prices to their priorities attitudes and values in relation to more complex and long-term challenges);
- Employ deliberative methods in order to meaningfully address these more complex, technical issues;
- Improve transparency around trade-offs and disagreements during the business planning process; including which groups might be disadvantaged by certain decisions and how to mitigate this;
- Consumer voices should be heard and represented in multiple forums, to include: through direct engagement, through representatives on stakeholder panels and in challenge groups.

The report also highlighted areas of good practice that Citizen’s Advice would like to encourage. These included:

- Collaborating and lesson-sharing between companies to improve learning and avoid engagement fatigue among customers;
- Network companies must demonstrate how and where customer engagement has impacted on business planning through robust monitoring and evaluation;
- Network companies should do more to support their stakeholder panels to develop a better understanding of domestic and small business consumer views on complex and emerging

⁷ Citizens Advice, ‘Strengthening the voice of consumers in energy networks’ business planning’ (2018)

issues; perhaps setting up consumer panel following the examples of Ofgem's Consumer First Panel or the Irish Public Water Forum.

Recommendations for Ofgem and Government

In relation to Ofgem and the UK Government, Citizen's Advice suggested the following:

- To generally increase engagement with domestic and small business energy consumers on issues that affect the whole energy network industry, on systemic risks, decisions lying with the regulator and long-term issues.
- To develop a standard evaluation framework that helps evaluate the quality and effectiveness of consumer engagement.
- To extend the use of challenge groups beyond the business planning process.

Utility Regulator: Consumer Protection Strategy Review and Proposed New Consumer Protection Programme commencing April 2019⁸

In October 2018, the Utility Regulator laid out its proposals for a review of their Consumer Protection Strategy (CPS). The consultation paper put forward the Utility Regulator's decision to move from a standalone CPS to an identifiable Consumer Protection Programme (CPP) within the new Corporate Strategy (2019 – 2024) from April 2019.

The decision was made following a process of continuous stakeholder engagement and a Consumer Summit held in April 2018. The summit aimed to:

- Provide Summit participants with key information on recent major changes in the energy and socio-economic context that impact on utility in NI; and, subsequently,
- Invite participants to give their views on how the existing CPS might be refined/reshaped to address the current context and challenges. Specifically, participants were invited to consider and deliberate on:
 - The continuing relevance of the existing objectives;
 - The need for new/refined objectives;
 - The need for new actions; and
 - The need for UR to have further information to enable it to prioritise its work and assess its impact/effectiveness.

Key findings

The Summit confirmed that each of the objectives of the current CPS are still relevant; namely, affordability, equal access and empowerment. However it may interest NIE Networks to note that emerging areas of priority were:

- **The consumer journey**

⁸ Utility Regulator - Consumer Protection Strategy Review and Proposed New Consumer Protection Programme commencing April 2019 (Consultation Paper: October 2018)

- Following the stages of the customer journey and experience and better understanding the needs at each stage.
- **Listening and understanding-**
 - The need to listen to and understand consumer opinions, views, needs, priorities, preferences and capacities.
 - Outcomes based working.

These ranked above policy clarity, leadership and innovation in stakeholder preference. This is positively in line with CEAP, reflected in their recommendation 6 and promise commitment 10.

Outcome

Based on the findings of the Consumer Summit, the Utility Regulator proposed amending the existing 'Leadership' objective to 'Leadership and Engagement' to include:

- Increased and better engagement to improve listening and understanding;
- Conducting research to better understand customer needs/journey;
- Publication of research results and other information in an easy to understand manner to inform the policy debate; and
- Engage with stakeholders to ensure that they are listened to and understood, and ensure that all policy decisions and publications for the Utility Regulator are clear and easy to understand.

Yarra Valley Water- Citizens' Jury (2017)⁹

Yarra Valley Water was highlighted as a particularly strong case study of excellent customer engagement practice during the previous phase of NIE Network's consumer research in 2015/2016. Since this time the company has appeared to strengthen their approach further. As well as utilising Umbrella Advisory Committees, a Community Advisory Group, and Community Panels to inform their business planning, the company created a 'Citizens' Jury' for the first time in 2017. Yarra Water gave 30 jurors (selected to reflect the diversity of the consumer body) the information they needed to make an informed decision to the following question.

“We need to find a balance between price and service that is fair for everyone. How should we do this?”

The company sent 30,000 invitations to participate to randomly selected people living and working in their service area. The final 30 members were selected through an independent process. Yarra Water worked with the jury for 800 hours over six months as they made recommendations which will shape future services and prices up to 2023.

The central principle behind the initiative was expressed by Iain Walker, newDemocracy Foundation Executive Director as follows:

⁹ Yarra Valley Water Citizens' Jury – Our response to the recommendations (2018)

“Much like a jury in a court case, we want people to weigh all the evidence and find common ground rather than having organisations influenced by quick survey responses. There’s no point asking people what they think if you’re not going to give them time to think – and that’s what this process gives to Yarra Valley Water customers.”

Key findings

The jury finalised ten recommendations in response to the original question posed. While a number of these recommendations are specific in relevance to the water sector, the general values prioritised may be useful as indicators of transferable trends in consumer thinking:

- Equitable (in terms of price impact and service access)
- Representative (consideration given to all groups)
- Transparent and visible (in relation to information and pricing)
- Affordable (affordable service and support for those who need help)
- Flexible and responsive (provides choice and meets differing needs)
- Consistent service standards (for customers within the same service area)
- Sustainable over the long-term (reinvestment)

The importance of protecting the environment and safeguarding future water supply as well as assistance for vulnerable customers were common threads running through the seven points listed above.

Research by electricity distribution companies

Western Power Distribution: RIIO-ED2 business planning

Western Power Distribution (WPD) is in the early stages of its customer engagement for RIIO-ED2 to begin in 2023. The company’s engagement plan is similar to that carried out for the RIIO-ED1, but with some key differences at the fourth and fifth stages.

The five stage plan¹⁰ is as follows:

- **Preliminary engagement:** Identify initial stakeholder priorities (area within which outputs and performance improvements are expected)
- **Willingness to pay:** Identify specific improvement levels within each priority area and their value to customers
- **Business plan development:** Draft their commitments with stakeholders and indicate likely costs
- **Business plan refinement:** Negotiate output levels and refine/clarify their commitments
- **Business plan acceptance testing:** Present the final plan to stakeholders for review (and voting) before submission to Ofgem.

The company intends to publish a first draft Business Plan for stakeholder review by September 2020.

¹⁰ Western Power Distribution- Session 1: Introduction to WPD & Our RIIO-ED2 engagement plan (2019)

The table below presents an overview of the company's engagement activities in 2018/19.

Figure 1.3: Summary of Stakeholder Engagement (Western Power Distribution, 2019)

Surveys

Activity	Description	Reach
Major Customer Survey	A WPD commissioned monthly customer satisfaction survey of connections customers covering the market segments under the ICE scope. The style of the survey remains in line with that conducted under the Ofgem Broad Measure Survey.	1,779
DG Survey	A WPD commissioned customer satisfaction survey of Distributed Generation connections customers. The style of the survey remains in line with that conducted under the Ofgem Broad Measure Survey.	397

Steering groups

Activity	Description	Reach
CCSG	Panel of experts across the connections market to inform, influence and feedback on WPD connections plans and activities. The outputs from this group also feed into our overarching customer panel.	35
Customer panel	Customer panel meetings help to inform WPD's strategy and action plans for a variety of areas.	38
UMS User Groups	Meetings held for Local Authorities in the Midlands, South West and South Wales, allowing the LA's to discuss connection issues and feedback on performance.	37
WPD CiC Group	The CiC group brings together representatives from Independent Connection Providers and Independent Distribution Network Operators to influence and feedback on WPD connections plans and activities relating to the competitive connection processes and identify areas for improving processes.	11
WPD DG Owner Operator Forum	Four meetings were held throughout 2018/19. The forum enables WPD to gain an understanding of DG owner/operator needs to develop actions to improve the services we provide.	73

Engagement events

Activity	Description	Reach
WPD Stakeholder Workshops	Workshops covering a wide range of topics, including connections, were held at various locations across all 4 WPD licenced areas.	330
WPD Local Investment Workshops	WPD's Distribution Managers hosted a series of stakeholder workshops throughout the regions. Stakeholders in attendance included councillors, council planning officers, developers and others involved in the growth agenda. The workshops were designed to provide local stakeholders with an update on their local network investment, obtain feedback on where stakeholders saw capacity challenges as a result of local development and strengthen working relationships between WPD and local stakeholders.	Over 200
Community Energy Events	8 WPD community energy workshops and a community energy site visit were held throughout the year along with 2 joint DNO and ENA community energy events with workshops.	467
Connection Surgeries	Connection surgeries are held to facilitate customers and ICPs having face-to-face discussions with one of our engineers about their connection requirements.	11
Electric Vehicle events	WPD hosted two dedicated electric vehicle events for local authorities in addition to taking part in the EV Energy Taskforce meetings and presenting at a number of other engagement opportunities, such as the ENA EV forums workshop, local authority hosted events, the Future Networks Conference, Smart Energy Marketplace hosted by Regen and the IET EV Event.	5,547
Low Carbon Networks & Innovation Conference	An industry event to be held in October 2018 to share information and feedback on innovation projects including innovative connection related projects.	100
Future Networks Events	The Future Networks Conference included a WPD presentation on creating network headroom, developing electric vehicle strategies and the role of V2G. In addition, WPD's Future Networks Manager was interviewed by New Power, providing information on energy storage, network flexibility, low carbon technologies and network performance and disseminated information relating to future networks through the use of webinars.	284
Strategic Network Investment	We complete a cycle of engagement consisting of a pre-analysis workshop to demonstrate our approach and seek feedback, followed by a webinar explaining results and answering queries.	110
WPDs Balancing Act Conference	WPD will be holding a conference including a presentation on Facilitating Neutral Markets: Signposting Distribution System Needs. Signposting will provide information on WPD's distribution system needs in areas which we expect to become constrained for demand in the near future.	320
Wales Energy Conference	We presented at this event on making supplies fit for the future, including DSO transition and flexible networks to raise the profile of innovation work we are doing in Wales.	90
South Gloucestershire Show	An energy summit event including WPD representation on community energy	120
Utility Week Live	We exhibited throughout the week at the 2018 event. In January 2019, we presented on our transition to DSO and the flexibility services we are able to offer.	5915
Power responsive annual event	The 4th annual power responsive event including discussions on demand side flexibility, markets for the energy system and an ability to engage with flexibility providers. We also disseminated learning and new zones for our ENTIRE project	250

Engagement events (continued)

Activity	Description	Reach
Electricity Innovation Forum	We attended this event and delivered a presentation on carbon tracing	70
MP Visit to a WPD Site	We invited an MP to visit site to demonstrate our DSO transition with new automated switchgear, highlighting the benefits to the local community. We also visited an 11kV underground cable reinforcement site, noting that in some instances reinforcement will still be necessary to support regional growth	4
The Energyst DSR Event	A DSR even with the latest information on flexibility services including a presentation on the learning from project ENTIRE. This was also an opportunity to engage with potential flexibility providers.	200
“Dragon’s Den” style event	WPD’s new Operations Director led an innovative new approach to engage parliamentarians, civil servants and key policy makers on DSO transition via a “Dragon’s Den” style event. This allowed showcasing of innovative smart network schemes and prompted discussion on key policy decisions required to facilitate a full roll out	90
Cornwall Local Energy Market	We engaged in discussions on the progress being made for bringing flexible, smart solutions to the UK	31
Local Authorities BCBC Smart Energy Plan	Bridgend County Borough Council and Energy Systems Catapult have been working together, alongside other partners, to accelerate innovations that decarbonise domestic heating to market. We participated in this event which allowed us to disseminate information about the Smart Energy Plan and project ideas alongside insights gained in the Smart Systems and heat programme.	50
Energy Storage Summit	We attended this leading summit supporting the deployment of Energy Storage across Europe, looking at why co-location is sustainable, what consideration for co-location are required and how grid connected technology will compare to the behind the meter market. This event included a WPD presentation on Future Trade Markets.	100
Digital technology revolutionising the energy sector	WPD attended this event and took part in the panel session to respond to questions from attendees. The event provided an overview of some of the potential IT challenges facing the energy sector and potential solutions.	30
The future of local flexibility	Engagement with community energy groups on local flexibility services, including a WPD presentation on the transition from DNO to DSO	100
ER G98 G99 Webinar	We held a webinar to disseminate information relating to the changes to be applied from April 2019 as a result of the implementation of Engineering Recommendations G98 and G99 relating to the requirements for generators.	116
Other DSO engagement	WPD have taken part in other DSO related engagement activities, including presenting at the Worcestershire Renewable Energy event on DSO and general local energy engagement on their strategy and presenting to the BHA Hydro Network on DSO transition and DER revenue opportunities	Over 3232
Other engagement	Other stakeholder engagement includes involvement in energy strategy workshops held by Local Enterprise Partnerships and local MP meetings to discuss WPD’s innovation work in specific regional areas	445
Senior manager Contacts	Major customers have been allocated a senior manager point of connection within WPD. This contact may be include discussions on issues relating to specific projects and overarching discussions on policies or processes.	83

Key findings

A number of key stakeholder priorities emerged from this engagement process:

- **Transition to DSO** – Continue to engage with stakeholders with information tailored to their knowledge and interest. Develop information signposting where flexibility services are required in the short and long term. Continue to work with other network and system operators to coordinate approach.
- **Availability of information-** Further improve information on outages and constraints increasing detail and scope, improve constraint and capacity information adding additional layers to existing services, provide assistance with understanding available information.
- **Network capacity allocation and reservation-** Engage stakeholders and review impacts of new policies and procedures for capacity allocation and reservation. Continue to engage on strategic network investment and forecasting.
- **Competition in connections-** Continue to engage CIC stakeholder in ongoing development of service improvements WPD have committed to deliver.

Customer Engagement Group

In line with the guidance issued by Ofgem, WPD have established a Customer Engagement Group with a dedicated portal on the company's website. The Group had its first session in March 2019¹¹ which introduced members to:

- The purpose and function of WPD;
- WPD's business culture and structure;
- The existing RIIO-ED1 Plan;
- Business KPIs, regulatory environment and incentives;
- The wider RIIO framework

The engagement processes also included a site visit to Leicester Primary School to provide real-life context to network operations, power cuts, connections and major projects. The CEG will play a vital role in challenging every area of WPD's business plan for RIIO-ED2 including sustainability, resilience and innovation; their transition to becoming a Distribution System Operator and their support for vulnerable customers.

Face-to-face and online stakeholder workshops

At the time of writing, the preliminary engagement phase has been completed with Stage Two to take place in Autumn 2019. Face-to-face stakeholder workshops took across WPD's four distribution areas; South Wales, South West, East and West Midland. For the first time, WPD has replicated these workshops online so that stakeholders can provide feedback even if they were unable to attend on the day.

Key findings

In electronic voting at the face-to-face workshop, the top five key priorities identified by voters¹² were:

- Network reliability;
- Building a smart network;
- Network resilience;
- Cyber resilience; and
- Innovation and new services.

Discussions at the workshop were heavily influenced by concerns over climate change bringing about the increasing regularity of severe weather events and fears over a repeat of the 2018 WannaCry cyberattack on the NHS among other organisations. Results from online voting varied slightly with adopting a 'whole systems approach' replacing 'cyber resilience' in the top five choices.¹³

¹¹ Customer Engagement Group (CEG): Western Power Distribution (Onboarding Session – Thursday 28th March 2019)

¹² Western Power Distribution Stakeholder Workshop : Summary Report (February 2019)

¹³ Western Power Distribution Online Stakeholder Workshop Report (March 2019)

Electricity North West Limited: Strategic Stakeholder Advisory Panel (2018)¹⁴

As part of its preparations for the RIIO-ED2, Electricity North West held a strategic stakeholder workshop in July 2018. The panel meeting gave stakeholders an opportunity to hear from Electricity North West about activities under its present business plan and key priorities for EIIO-ED2.

The summary report of the event made some key observations around how priorities have changed since the previous round of engagement in 2016:

- The transition to a low-carbon economy is a much higher priority than two years ago;
- Network reliability and resilience remain key priorities;
- Key topics such as safety and pricing (keeping bills to a minimum) have fallen out of the top six priorities;
- Possible additional priorities raised in open discussion were:
 - to incentivise use of domestic green energy solutions (solar/wind); and
 - to educate on energy use reduction and communicate energy system issues to the general public;
- Stakeholders preferred a customer engagement approach more tailored to local contexts; including holding of stakeholder events in more varied locations.

¹⁴ Electricity North West Limited - Strategic Stakeholder Advisory Panel (Capture Report of the Event held on 12th July 2018 in Manchester)

Key strategies for stakeholder workshops

This section of the review brings together the above literature to identify common themes and trends in the utilities sector which may influence NIE Networks in the design of its consumer engagement activities. For the purposes of this review, the focus will be on the content and structure of qualitative stakeholder engagement.

Multiple and continuous communication channels

A feature of the strongest examples of stakeholder engagement were those that gave interested parties **multiple and repeated opportunities** to engage. One practical example is that of WPD. Figure 2.2 illustrates cumulative levels of involvement through quantitative surveys, focus groups, workshops and conferences. Numerous opportunities to engage allow the stakeholder to build up and process information and knowledge of the sector throughout the business planning process and, as such, contribute in a way that is meaningful and valued by all parties involved.

The importance of **ongoing communication** extends beyond the stakeholder event itself to the form and accessibility of information both before and after. Again examples from the literature favour ongoing and open modes of communication which allow the conversation to evolve away from face-to-face discussions. This could include the development and monitoring of a **project website or forum** (U.S. National Oceanic and Atmospheric Administration (NOAA, 2012) or **dedicated online portal** which facilitates participatory information sharing (Yarra Valley Water, 2015).

Further, participants in stakeholder engagement should receive **feedback** and be clearly informed about the impact that their involvement has had on company policy and practice. This will help contribute to a sense that the engagement process is genuine and that all parties have bought into the process in good faith. Where this is done well, the company will be able to draw a clear line from a **stakeholder priority to a clear and actionable commitment** in the business plan to how progress against this commitment will be measured and reported on in order to be accountable to consumers. One helpful example from the literature is that of the Yarra Valley Water's response to the recommendations of its Citizens' Jury (Yarra Valley Water Citizen's Jury – Our Response to the Recommendation, 2018) which presented well-defined and measurable commitments leading to priority outcomes which had been decided upon by a jury of 30 consumers over a 6 month period.

Presenting clear choices with real impact

The literature repeatedly emphasised the importance of engaging in **genuine stakeholder engagement** which avoided the impression that the business plan was already determined or the company were unwilling to engage with criticism. Nevertheless, the literature also indicates that stakeholders value having their thoughts and opinions formulated into distinct initiatives by **experts** with a better knowledge of the context and technical detail (Ofgem, 2018).

Western Power Distribution has developed a helpful technique for combining these two stakeholder needs. As part of their February 2019 Stakeholder Engagement Workshop, WPD invited open discussion on a range of broad topics such as ‘Delivering Value for Money’ and ‘Structuring our Outputs’ but then asked participants to choose between a number of viable options through electronic voting.

Example:

“In terms of structuring outputs within our Business Plan, which approach do you most favour?”

- 1. Limit our outputs solely to those that fit in the three output types set by Ofgem*
- 2. First develop outputs in the three types of output. Then allow stakeholder to suggest additional commitments that are so important they should be voluntary PCDs or ODIs*
- 3. Develop a pool of outputs stakeholders want us to deliver WPD will structure these within Ofgem’s framework – promising to deliver any that don’t fit as “wider commitments”.*

This approach indicates a sufficient flexibility from WPD in its business planning process to act on the input of stakeholder while also ensuring that stakeholders fully understand their role and appreciate the ways in which they can have real impact on decision making.

Transparency and adequate information

Transparency and adequately informing stakeholders in order to empower them in the engagement process also emerged as a recurrent theme in the literature. This had a number of elements:

- Improve **transparency** around trade-offs during the business planning process and how this might disadvantage certain consumers (Citizen’s Advice, 2018)
- Robust **monitoring and evaluation** of the quality and effectiveness of consumer engagement. (Citizen’s Advice, 2018)
- Adopting an outputs focus to stakeholder engagement.

Again the WPD February Workshop provided a number of examples of incorporating these into stakeholder engagement (WPD, 2019). The workshop helpfully presented a number of clear, jargon-free and well placed statistics to describe how the company was delivering on its

commitments to the consumer; while at the same time avoiding an amount of information which could be overwhelming or confusing to participants.

The WPD workshop also used experts in relevant fields to open up and introduce each session of the workshop. This has the effect of ensuring that stakeholders are provided with adequate and relevant insight to participate in open discussions while also indicating the level of importance placed on the stakeholder engagement process by dedicating valuable resources to it.

Building a social contract

The relationship between stakeholders and utility companies is changing. There is an increasing number of examples of utility companies creating opportunities for partnership working at a localised level – increasing the stake that consumers feel that they have in the energy network.

WPD demonstrated their commitment to building a positive and reciprocal relationship with their stakeholders through the vehicle of the **social contract**. Through this contract, the company takes account of its wider societal responsibilities. As part of this, WPD drew heavily on the concept of **trust**, asking participants to rank a number of organisations by the level of trust placed in them. According to WPD a social contract combines the following:

- Good service at a fair price
- Getting the basics right (with ongoing feedback from customers)
- Excellent corporate behaviours (and governance)
- Sustainability and climate change challenges met
- Links into (and an understanding of) the community it serves.

WPD plans to deliver the social contract through its Customer Engagement Group (described earlier) and by going beyond the standards required by Ofgem to set additional voluntary commitments determined directly by the stakeholders.

Elsewhere companies investing in their wider social responsibilities through local planning and partnership building with stakeholders. One practical example is that of Anglian Water's '**Local Plans**'.¹⁵ The company sets out its vision for partnership working between local authorities and Anglian Water to deliver economic growth and new housing, whilst also safeguarding the environment. Through a collaborative process, Anglian Water proposes to offer assistance on policy wording, site selection and share evidence and research in order to save Local Authorities time, money and effort.

Future proofing

It is evident from a review of recent literature that stakeholders are increasingly mindful of and looking to the future of energy use longer term. References to environmental concerns, reducing energy use and alternative energy sources pepper the discussion on stakeholder priorities. This represents a rapid change in the consumer viewpoint influenced by the media

¹⁵ Local Plans: An Anglian Water perspective (November 2018)

and current events. As such, energy companies must demonstrate through their stakeholder engagement that they are keeping pace with this changing landscape by planning for the long term.

WPD did this by dedicating a significant portion of their February 2019 stakeholder workshop to planned innovations to move from a 'Distribution Network Operator' to 'Distribution System Operator'. This has a number of central aspects:

- **Scenario based forecasting** to predict demand, generation and storage up to 2032
- **Increased flexibility** in energy provision (e.g. demand turn up or turn down, storing energy for later consumption)
- **Electric vehicle** readiness
- **Electrification** of heat

Other utilities companies have done this by adopting headline 'green' initiatives. One example of this is ESB's Green Bond as part of their Brighter Future Strategy. In June 2019, ESB placed a €500 million 1.125% fixed-rate green bond set to mature in June 2030. Proceeds from the transaction being allocated to finance eligible green projects, including renewable energy generation, network connections for onshore wind farms and electric vehicle charging infrastructure. The transaction was executed after an extensive European roadshow involving more than 100 leading investors (ESB Green Bond Roadshow Presentation (27th – 30th May, 2019).

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