UK Power Networks
Delivering your electricity

South Eastern Power Networks (SPN)

Business Plan

Key facts about our network

UK Power Networks:
- Is among the most reliable network groups with the 2nd lowest average customer minutes lost;
- Has the lowest average distribution use of system prices (SPN 7th out of 14); and
- Is the most innovative network group with the highest share of the Low Carbon Networks Fund (Tier 2)

We have transformed our performance since 2010 when UKPN was created. Customer interruptions and customer minutes lost are down for SPN 31% and 48% respectively, customer service is improving, and our costs are now efficient.

Owner: Consortium of investors owned by Cheung Kong Group
Geographical location:parts of South London, Kent, East Sussex, West Sussex and parts of Surrey

Number of customers:	2,257,968
Length of underground cables (km):	39,968
Length of overhead cables (km):	12,485
Total units distributed annually (GWh):	20,993
Number of employees (full-time equivalent):	1,400
Area covered (sq kn approx.):	8,300
Peak demand (MW):	4,107

Figures quoted are correct as of 31 March 2013

What we plan to do

SPNs' business plan and 74 output commitments for 2015 to 2023 aim to ensure that we remain innovative, reliable and the lowest priced DNO group throughout RIIO-ED1:

1 - We will cut prices. The average over the RIIO-ED1 period is 5% lower compared to the end of DPCR5
2 - Our £1.9 billion of forecast net expenditure (excluding pensions) is a 1% increase on our DPCR5 forecast but delivers more investment volumes and lower operating costs
3 - We will raise £0.6 billion of debt and £0.2 billion of equity capital to finance our plan, at a cost significantly below our cost of capital for DPCR5
Customer:
4 - We will invest £50 million of shareholder funds to upgrade our systems and processes to further improve customer service by the start of RIIO-ED1, improving customer satisfaction from an average of 7.6 to 8.3 (out of 10)
5 - Our plan has been significantly influenced by feedback from our extensive engagement process with hundreds of stakeholders, including publishing two draft plans including forecast revenues
6 - We will ask our stakeholders, through independently chaired DNO critical friends' panels, to continue to improve, influence and review our RIIO-ED1 operational performance & delivery record
Safety:
7 - We will build further on our good safety record and continue with innovative internal safety programmes, achieving at least one year with no lost time incidents for employees and contractors and the public
8 - We will improve reliability at shareholder cost, reducing CMLs by more than 19%, getting the lights back on for 90% of HV power cuts within 2 hours
9 - We will maintain network health and reduce network utilisation over RIIO-ED1, optimising work volumes to ensure we only do what we need to do, and reducing our unit costs by 10%
Connections:
10 - We will achieve an average time to quote of less than 8.2 days for simple low voltage connections, provide the service our large connection customers request, and offer two hour time-banded appointments for connection site visits
Environmental:
11 - We have built on our innovation track record to cater for industry changes such as the move to a low carbon economy, the arrival of smart meters and the transition to smart grids – we include £45 million of smart savings
12 - We will reduce our business carbon footprint by 2% per annum, underground more than 80km of overhead lines in areas of outstanding natural beauty and maintain our community fund investments of £100,000 per annum
Social commitments:
13 - We will work to improve the service we provide to vulnerable customers through dedicated phone lines, information packs and additional support through third parties
14 - We will improve our operational capability by recruiting and training over 400 technically skilled staff and targeting high employee satisfaction by improving on our 'one to watch' rating in the Sunday Times Top 100 Best Companies

How much we propose to spend and how it will be financed

Cost of Equity	6.0 %	Notional Gearing	65 %

All amounts in 12/13 prices	Total spend £m over the course of the price control	Annual average Percentage change from DPCR5
Network Investment	909	8.2 %
Operating Costs***	959	-9.7 %

How this will impact domestic customer bills

Distribution charges make up 16% of the average overall domestic bill*

All amounts in 12/13 prices	2014/15**	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Percentage change in distribution costs	n/a	-12.9 %	2.7 %	2.7 %	2.7 %	2.7 %	2.7 %	2.7 %	2.7 %
Annual change in £s	n/a	-£11.57	£2.09	£2.15	£2.21	£2.26	£2.33	£2.39	£2.46
Total distribution charge	£89.67	£78.10	£80.19	£82.34	£84.55	£86.80	£89.13	£91.53	£93.99