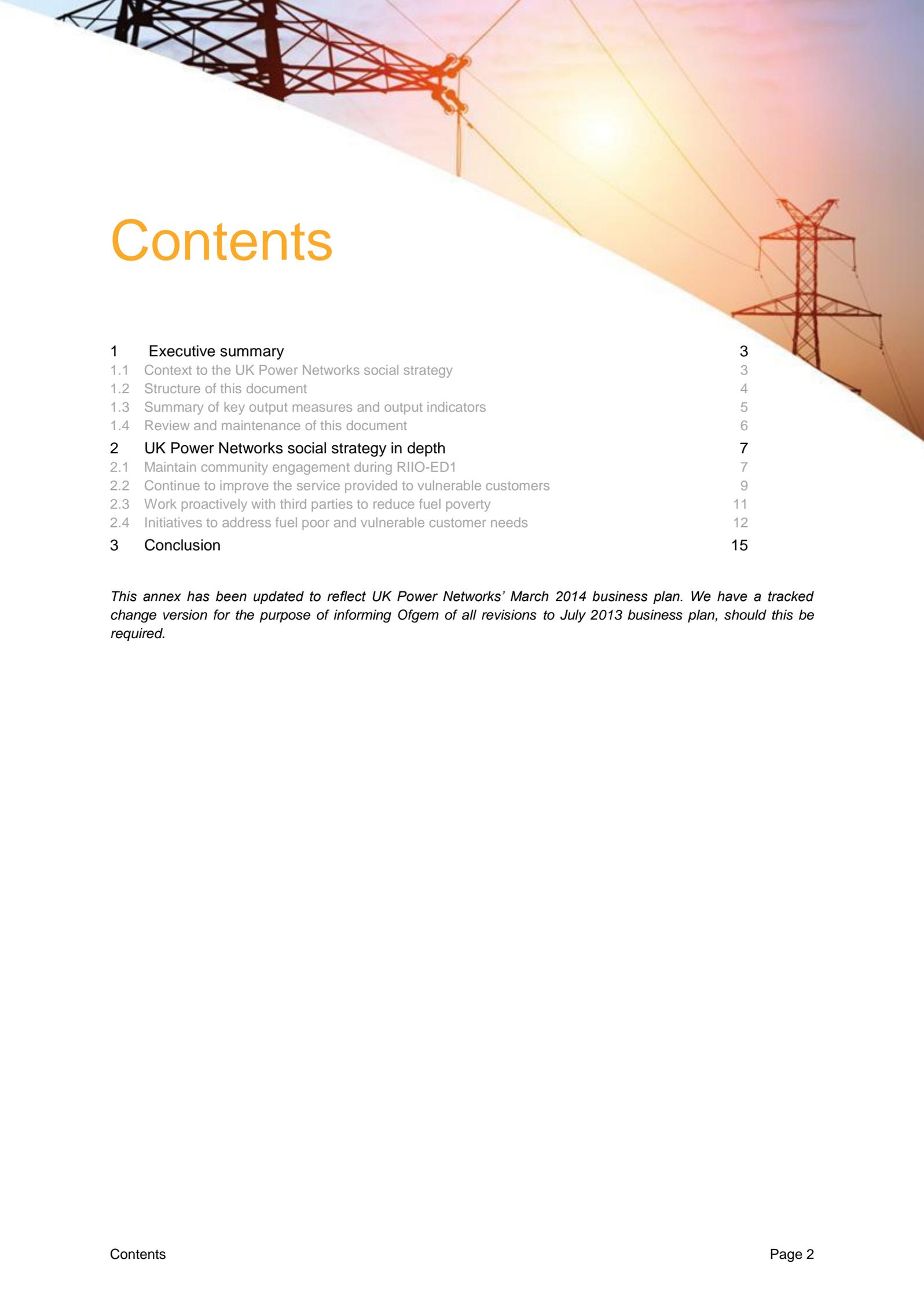


# UK Power Networks Business plan (2015 to 2023) Annex 5: Social Commitments

March 2014

“ A reliable... an innovative...  
and the lowest price electricity  
distribution group. ”



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*This annex has been updated to reflect UK Power Networks' March 2014 business plan. We have a tracked change version for the purpose of informing Ofgem of all revisions to July 2013 business plan, should this be required.*

# 1

## Executive summary

This Social Strategy forms part of our wider RIIO-ED1 submission. It provides an overview of our current initiatives with fuel poor and vulnerable customers as well as the future initiatives that we intend to develop.

### 1.1 Context to the UK Power Networks social strategy

UK Power Networks is extending the role it plays in providing social services to electricity customers. This has been driven by several factors including:

- (i) An increase in energy prices and the expected growth in customers experiencing difficulty energy bills
- (ii) The growing complexity of the energy system with new products and services such as smart meters and distributed generation providing challenges for some disadvantaged customers
- (iii) Our objective to improve our performance as a responsible company with an emphasis on engaging with all our stakeholders, regardless of their personal circumstances.

Distribution network operators (DNOs) have existing obligations with respect to vulnerable customers related to the establishment and maintenance of a Priority Service Register (PSR). However, the supplier hub principle has meant that we have largely been one step removed from the end customer. For these reasons, we have traditionally had limited engagement with fuel poor and vulnerable customers outside of our obligations related to the PSR.

We already offer services to vulnerable customers via the PSR but recognise the potential for us to play a broader role with both vulnerable customers and the fuel poor. In this strategy we have developed a number of new output objectives and output targets relating to our social obligations.

We intend to update and evolve this social strategy over time as our understanding of the types of services that we can provide to fuel poor and vulnerable customers matures. Our ultimate objective is to establish a sophisticated social strategy which allows us to maximise our role in understanding, identifying and dealing with customers in vulnerable situations.

#### 1.1.1 We have developed a customer charter which incorporates our social obligations

We want a focus on customer service and customer satisfaction to be ingrained within our culture. To deliver in line with this vision, we have developed a customer charter which supports putting the customer first. Our commitments to our customers are set out below; we have highlighted those which we feel are relevant to our social strategy:

##### Your needs drive what we do – we run our network for our customers

1. We will take the time to understand your personal situation and requirements.
2. We will do everything we can to give you an appointment time that suits your needs

##### We make things easy for you

3. You can contact us 24 hours a day, 7 days a week
4. We will always keep you updated on the progress of your request in the way that best suits you
5. We will help you with any preparatory activity that you need in order for us to successfully complete our work

##### We are honest and upfront with you

6. We will provide easy-to-understand useful information about the services we provide and the options available to you, including telling you about other companies that can help with your request

### We run a safe and reliable network

7. We will get the lights back on for 90% of power cuts within 2 hours
8. We will give you multiple ways to stay regularly updated on the estimated time to get your electricity back on and we will tell you as and when this changes
9. If you are one of our registered vulnerable customers, we will proactively call you to offer support if you are without power

### We continually improve our service to you

10. Your satisfaction with the quality of our service will be a key part of how we reward our staff
11. We will listen to your feedback and act upon it
12. We will proactively engage with communities and stakeholders

At the end of chapter 1 we provide further output objectives and targets (which we intend to review and expand on a regular basis).

## 1.2 Structure of this document

The structure of this document is aligned with the structure of the performance measures in the social outputs section of our RIIO-ED1 business plan. This section provides an overview of the main body of the Social Strategy, each of which are explored in more detail in section 2.

1. Maintain community engagement during RIIO-ED1

(Section 2.1 for more details)

In the RIIO-ED1 business plan, we recognise the role that UK Power Networks has in helping to sustain livelihoods and lifestyles for our customers. In this respect, we can help to strengthen local economies and communities through infrastructure investment as well as everyday actions including how we are working together with charitable organisations e.g. the British Red Cross. Where we engage with representative parties from across these local communities this will provide insights on their priorities and allow us to deliver services that better meet their needs; particularly those of our fuel poor and vulnerable customers. For this reason, we recognise the importance of continued and regular stakeholder engagement with a range of our customers on an on-going basis. We also recognise that we could attain significant insights on the best way to effectively engage our fuel poor and vulnerable customers through partnerships with organisations that have expertise in this area and this factor is one of the key drivers of our recent decision to become a National Energy Action (NEA) business member.

2. Continue to improve the service provided to vulnerable customers

(Section 2.2 for more details)

In compliance with Standard Condition 10 of our licence, we have established and maintain a PSR; the intent of which is to provide a clear picture of the vulnerable customers connected to our network and the drivers of their vulnerability to allow us to provide an enhanced service to them in the event of an interruption to their service. As part of our RIIO-ED1 stakeholder engagement, we held a workshop session specifically focused on the needs of fuel poor and vulnerable customers. This highlighted a number of areas in which we could improve our approach to the PSR and we have identified actions which we are progressing to address the areas of concerns outlined. In particular, we are working to update our PSR to ensure that it captures all of the vulnerable customers connected to our network. In addition, we are exploring ways to more effectively share information on vulnerable customers with local authorities as well as ways to more effectively coordinate efforts, between ourselves, charities and local authorities, to provide support to vulnerable customers in the event of an interruption.

3. Work proactively with third parties to reduce fuel poverty

(Section 2.3 for more details)

As outlined above, we held a workshop session specifically focused on the needs of fuel poor and vulnerable customers as part of our business-as-usual stakeholder engagement. At the workshop a suggestion was made that DNOs could have a role in facilitating energy efficiency and that this could go some way toward offsetting increases in prices that are likely to be observed as a result of the transition to a low carbon economy. Reflecting upon these comments, we are currently exploring ways in which we could achieve this via a Low Carbon Network Fund (LCNF) Tier 2 project. Specifically through the provision of tools to customers in fuel poverty which would allow them to engage in energy efficiency and

demand side activities. We are also keen to understand further initiatives that we could progress for customers in fuel poverty and, as mentioned earlier, we have signed up as a NEA business member; with the intent of benefiting from their expertise in this area.

4. Initiatives to address fuel poor and vulnerable customer needs

(Section 2.4 for more details)

This category was not explicitly included as a performance measure for social outputs within the RIIO-ED1 business plan but encapsulates themes that run through the social outputs section. The work in this area is focused on initiatives covering both fuel poor and vulnerable customers. There are two main initiatives that fall into this category: the first is the Community Investment Fund; and the second is the Vulnerable Customer and Energy Efficiency project which we are working up into a full bid for submission to Ofgem’s Low Carbon Networks Fund (LCNF) Tier 2 competition. Both of these initiatives are focused on exploring novel ways in which we could support and / or provide services to fuel poor and vulnerable customers during the transition to a low carbon economy.

### 1.3 Summary of key output measures and output indicators

We have developed a number of social obligation output measures and targets for inclusion in our RIIO-ED1 Business Plan.

Output Measure	Output Target
Continue to improve the service provided to vulnerable customers	Proactively call registered vulnerable customers to offer support in power outages. Our target is to call 100% of those on our database and as many others as possible if we obtain additional information from local authorities and community service provider. Achieving this target will require a significant enhancement of our IT systems (this process that commenced in the framework of the Business Transformation project in April 2013 and is expected to be completed before the start of RIIO-ED1).
	Share vulnerable customer data with other Category 1 and 2 responders – this includes emergency services, local authorities and health bodies
	Work collaboratively with local authorities and county councils during power cuts. We have already launched a pilot, which will be extended across our geographical footprint. Triggers for notifying relevant authorities will be developed further and standardised. We will closely monitor the benefits that this collaboration brings to our customers and encourage local authorities to adopt best practice
	Simplify and enhance the communications process by improving our telephony platform, reducing the current lag in call delivery (currently around 5 seconds) down to a couple of hundredths of a second
	Seek to double the number of customers registered on the PSR and continue to improve the quantity and quality of its data. For instance, automating the process led to a 66% increase in the number of customers registered on PSR in the first five months of 2013 alone
	Provide vulnerable customers with targeted information on how to improve energy efficiency by including fuel efficiency material in the brochure given to all vulnerable customers when registering on the PSR
	Distribute Welcome Packs to all new PSR customers, providing them with a luminous sticker highlighting our contact details and useful information on how to cope during a power cut and how to improve energy efficiency. In addition, those customers with a medical dependency on electricity will receive a support pack that includes items that will come in handy during a power outage
Maintain community engagement during RIIO-ED1	Hold 3 Critical Friends stakeholder engagement panel sessions in each DNO every year to discuss key issues of interest to our stakeholders. These sessions will give us a chance to ask a diverse audience about issues relating to vulnerable customers and fuel poverty
	Host 2 subject-specific priority issue focus groups on vulnerable customers and fuel poverty every year
	Maintain our Community Matters Investment fund for initiatives that are of benefit to the community. UK Power Networks has committed £300,000 towards this fund in

Output Measure	Output Target
	<p>2013/14</p> <p>Publish a public annual Stakeholder Engagement report, which will contain a dedicated section on UK Power Networks' initiatives and progress in the areas of vulnerable customers and fuel poverty. The report will be shared and discussed at the Critical Friends panels and other appropriate forums; feedback will also be sought online. A copy of the report will be posted on our website and hard copies will be made available on request.</p>
<p>Work proactively with third parties to reduce the level of fuel poor in our three networks</p>	<p>Work in partnership with National Energy Action to develop a joint project that maps and profiles vulnerable customers within our geographic footprint. Understanding our customers better will enable us to undertake targeted initiatives such as expand our community surgeries programmes for vulnerable residents more effectively (see below)</p> <p>Publish targeted information on how energy efficiency and demand- side activity can be used to manage energy consumption better</p> <p>Publish a strategy to explain how smart meters can be used to reduce fuel poverty</p> <p>Deliver a series of targeted consumer surgeries for vulnerable residents designed to raise awareness around key topics including energy efficiency in the home and how to manage energy bills, the causes of fuel debt and how to apply to fuel poverty alleviation programmes</p> <p>Develop an information booklet that would be used as stand-alone educational tools for distribution. These will act as teaching aids for use by teachers during school activities, giving useful information around safety, fuel efficiency and the support available through UK Power Networks</p> <p>Explore the possibility of offering assisted connections to vulnerable customers, understanding what work should be included and what level of discount would be considered meaningful. The first phase will be limited to undertaking market research</p> <p>Work with Consumer Futures to help those 'hardest hit' by energy policies, targeting those groups that have been shown to be worst off as a result of policy costs, yet have lower-than-average income and expenditure. One approach being considered involves reducing their energy costs through energy efficiency measures</p> <p>Support the development of local community energy champions among UK Power Networks employees through training such as the City &amp; Guilds Certificate in Delivering Energy Efficiency Projects 6281-40</p> <p>Develop a project with NEA that engages young carers through training workshops. These would be targeted specifically to them and their families and focus on basic energy efficiency advice, information on how to deal with a power cut, electrical safety issues and support on where to seek assistance with energy bills</p> <p>We will work with a third party to organise and deliver school activity days. These will be a series of one-day activity workshops in local schools across our three licence areas. The aim will be to encourage behavioural change by educating school children to be more thoughtful, efficient and safe in their use of energy. The activities will incorporate a mix of interactive drama and practical discussion around energy efficiency and the safe use of electricity</p>

## 1.4 Review and maintenance of this document

We are committed to reviewing and updating our Social Strategy over time and the Strategy will evolve as we attain a better understanding of the initiatives that deliver desirable outcomes for our fuel poor and vulnerable customers.

The ultimate objective is to establish a comprehensive Social Strategy which allows us to maximise our role in understanding, identifying and dealing with customers in vulnerable situations.

# 2

## UK Power Networks social strategy in depth

Our social obligations and community engagement are important objectives for any socially responsible DNO, this section presents an in depth overview of our current approach toward the provision of services to fuel poor and vulnerable customers.

### 2.1 Maintain community engagement during RIIO-ED1

We have undertaken a comprehensive and inclusive stakeholder engagement programme from the outset of our RIIO-ED1 planning in early 2011.

This has been fully integrated with our business-as-usual stakeholder engagement and has addressed the issues that customers could face over the course of RIIO-ED1.

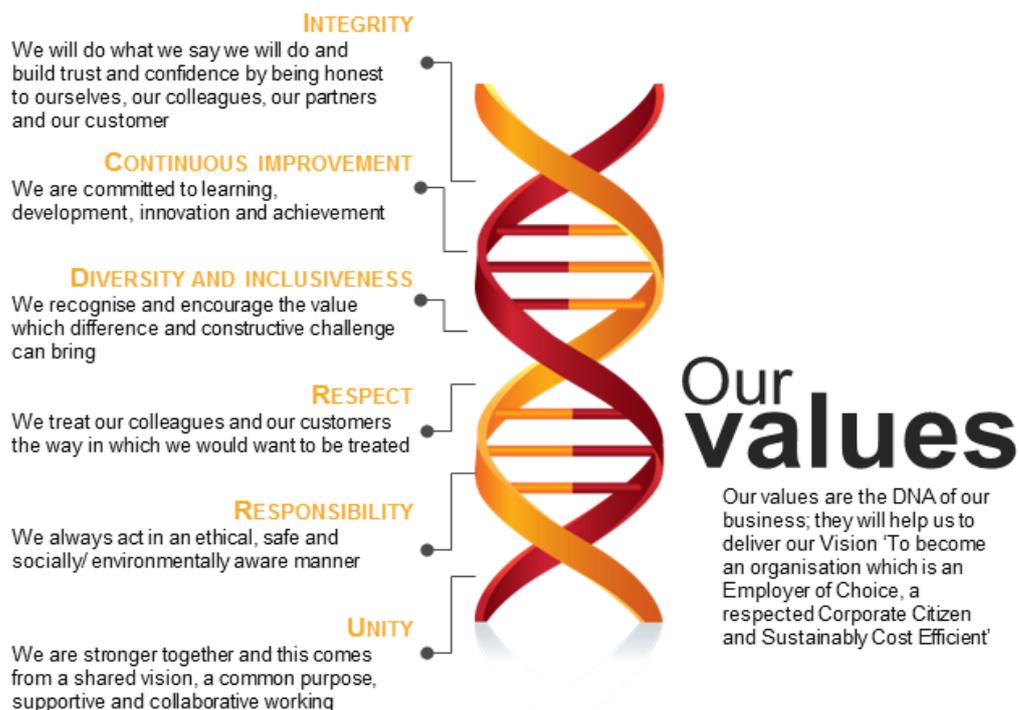
This section looks at:

- our approach to stakeholder engagement
- our newly formed relationship with the NEA

#### 2.1.1 RIIO-ED1 stakeholder engagement approach

As illustrated in Figure 1, stakeholder engagement is at the core of our values.

Figure 1 Stakeholder engagement is at the core of our values



A crucial element in the development of our RIIO-ED1 business plan has been the engagement with a range of our representative stakeholders. This has provided insight regarding their views and needs on a range of topics related to the operation of the distribution network over the RIIO-ED1 period and helped us to better understand the types of services that we can deliver which will satisfy these needs.

To inform the approach that we took to stakeholder engagement as part of RIIO-ED1, we established ‘critical friends’ panels comprising a number of representatives with experience in a range of areas including fuel poverty, vulnerability and customer engagement. During these sessions, it quickly became clear that how we support vulnerable customers on our network is of utmost importance to our stakeholders. As a result we set up a dedicated session to discuss this issue and engaged representatives from community groups including Age UK, British Red Cross and National Energy Action. This open forum session focused on the following key areas.

- How to best support vulnerable customers during a power cut
- How UK Power Networks could better support fuel poverty initiatives

Section 2.2 and 2.3 provide an overview of some of the key findings from these sessions as well as highlighting details of the initiatives we intend to progress to address these issues.

Overall, the stakeholder engagement sessions we have held to inform our RIIO-ED1 submission have proven invaluable in helping us better understand our customer and informing our views regarding the best way to respond to their needs. We have recognised the significant benefits this has brought and have committed to continuing to use the ‘critical friends’ panels to inform our future approach to stakeholder engagement. We intend to complete an assessment of our approach to stakeholder engagement at the end of the RIIO-ED1 process recognising the value that we could attain from understanding those elements that worked well and those that could be improved in the future. This process will help to inform our future strategy for engagement and ensure that we evolve our approach over time; reflecting on lessons learned and best practice.

**2.1.2 Relationship with National Energy Action**

National Energy Action (NEA) is a national charity focused on eradicating fuel poverty and taking action to help those that are fuel poor and vulnerable. The charity has been working to alleviate some of the difficulties that fuel poor and vulnerable customers experience for a number of years. It achieves this through a range of methods including research and analysis, the provision of advice and guidance, the development of national qualifications, campaigning for energy efficiency programmes and developing demonstration projects.

Our stakeholder engagement highlighted the potential benefits that we could attain from closer working with the NEA and in 2013 we took the decision to become a NEA business member. Given their expertise in this area we anticipate that NEA will have the ability to provide invaluable insights with respect to the approach that we take to the delivery of services to fuel poor and vulnerable customers. We are currently in the process of exploring the types of activities that we may progress with NEA; specifically focused on fuel poor and vulnerable customers. A selection of these potential areas is set out below in Table 1.

**Table 1 Overview of potential initiatives with NEA**

Area	Objective
Customer profiling	Attain details of the demographics of the three UK Power Networks licence areas to allow us to (a) target resources more effectively and (b) develop a clearer understanding of vulnerability in our footprint
School resources	Develop stand-alone educational tools to be used as teaching aids by teachers during school activities to educate children about safety, energy efficiency and the support that we provide to our customers
School activity days	This initiative could act as a complement to the ‘school resources’ initiative and would involve a series of activity days to reinforce learning. The aim will be to encourage behavioural change by educating children to be more thoughtful, efficient and safe in their use of energy
Community surgeries	Deliver a series of customer surgeries targeted toward vulnerable customers to raise awareness around key topics such as safety, the PSR, advice following an outage, energy efficiency and fuel poverty alleviation
Young Carers	This project focuses on supporting young carers who do not currently benefit from the support offered to vulnerable (adult) customers. Through training workshops and tailored resources, the aim is to raise their awareness of fuel poverty and energy efficiency issues, as well as how to cope with power cuts and the support available from UK Power Networks

We will continue to engage with NEA on potential initiatives we could develop in collaboration with them to enhance the services that we provide to our fuel poor and vulnerable customers. In taking any decisions in this area, we will have regard to the way that any such initiatives would align with the suite of services we already provide (or are preparing to provide) which are discussed in more detail in the remainder of this document.

## 2.2 Continue to improve the service provided to vulnerable customers

As a respected corporate citizen, we want to ensure we do everything possible to identify and support our vulnerable customers. This aligns with our cultural values as well as our regulatory obligations.

In this section, we provide:

- An overview of our role in the priority service register (PSR)
- A high level account of the questions raised by stakeholders regarding vulnerable customers and the actions we are taking to more effectively deliver services to vulnerable customers

### 2.2.1 The Priority Services Register

Standard Licence Condition 10 places an obligation upon us to establish and maintain a Priority Services Register which contains details of Priority Service Register Customers. For the purposes of compliance with this condition we segregate vulnerable customers into the following three discrete categories:

- **Category 1:** OAP Normal, Elderly (60+), Disabled, Speech Difficulty, Foreign Language, Learning Difficulty, Restricted Movement, Dementia and Other, Parents with Infants
- **Category 2:** No Life Support, Mobility Problems, Blind, Partially Sighted, Deaf, OAP Vulnerable, Hearing Impairment, Stair Lift and Bath Hoist
- **Category 3:** Life Support Equipment, Nebuliser, Heart/Lung Machine, Kidney Dialysis, O2 Concentrator, Ventilator, Apnoea Monitor and Medical Dependant on Electricity

The profiling of our vulnerable customers in this way ensures we have a clear understanding of the drivers of vulnerability for these individual customers. As such, it allows us to tailor the services that we provide to them in the event of a customer interruption and, more generally, on an on-going basis. This approach is replicated in PowerOn, our network control system, which flags customers that are registered on the PSR using a colour-coordinated method to indicate the category of vulnerability that customers fall within and the rationale for their inclusion on the PSR.

We recognise the importance of having an accurate picture of the vulnerable customers that are connected to our network which is then reflected in the PSR. This will help us to avoid taking actions that could lead to negative impacts for these customers and, in the event that they are subjected to an interruption, will ensure that we can provide services to them that are targeted to their needs.

We endeavour to keep our PSR updated and reflective of the vulnerable customers connected to our network. We use a range of methods to ensure these customers have routes available to either select themselves for inclusion on the PSR or for us to proactively identify them and ensure they are registered. Figure 2 below provides an overview of the various methods we have in place to facilitate this process.

**Figure 2 Methods to identify vulnerable customers**



The discussions that we have taken forward as part of our RIIO-ED1 stakeholder engagement have highlighted that there is further action that we could take to keep these records up to date and we intend to explore these during RIIO-ED1. These initiatives are discussed in more detail in the sections below regarding stakeholder engagement and vulnerable customers.

For those customers registered on the PSR, there are a number of enhanced services that we will proactively provide to meet their specific needs. Table 2 below provides an overview of these services.

**Table 2 Services provided to customers registered on the PSR**

Category	Specific service provided
Customer information provision	Customers registered on the PSR receive a welcome pack which contains luminous stickers with contact details and practical advice on preparing for a power cut A priority number is provided to all customers on the PSR
Specialist services	Customers registered on the PSR can create a password for their account to ensure increased security
Internal UK Power Networks systems	Customers registered on the PSR are flagged in PowerOn as vulnerable customers including details of the category of vulnerability that they fall within
Support during a power cut	Real time updates are offered by way of a call back or SMS A coordinated service is provided with the British Red Cross who offer to provide blankets, hot food and drinks Generators are offered to care homes, critically ill customers and those with a medical dependency Hotels / meal allowances are offered under certain circumstances There is an offer of a home visit from the engineer that dealt with the fault that caused the power cut before they leave the site

## 2.2.2 Stakeholder engagement and vulnerable customers

Stakeholder engagement has been a crucial element in the development of our RIIO-ED1 business plan. It has provided insight across a range of areas and one of these areas relates to how we could best support vulnerable customers during a power cut. Discussions at this session covered a number of issues related to vulnerable customers and the PSR. An overview of the key issues discussed and the responses we provided is set out in Table 3 below.

**Table 3 Feedback on vulnerable customers during RIIO-ED1 stakeholder engagement**

Issue	UK Power Networks response	Future Actions
How do you maintain a register of Vulnerable Customers?	<ul style="list-style-type: none"> <li>We do not currently have an up-to-date database</li> <li>Work is underway to build a database</li> <li>Self-addressed envelopes have been produced so our customers can inform us, free of charge, if they require any special consideration</li> </ul>	<ul style="list-style-type: none"> <li>We intend to develop a robust tracking system</li> <li>We will contact customers on the PSR on an annual basis to update our records</li> <li>We will continue to work with community organisations and use advertising to identify vulnerable customers</li> </ul>
How do you handle data around Vulnerable Customers?	<ul style="list-style-type: none"> <li>We reviewed the Civil Contingencies Act 2004 and have set up a project to share customer data with local authorities</li> <li>All local authorities will be contacted to collect data on known vulnerable customers on our PSR</li> </ul>	<ul style="list-style-type: none"> <li>We have set up a project to build relationships with our Local Authority partners</li> <li>We will undertake to monitor the success of our partnership with Local Authorities</li> </ul>
Sometimes more than one organisation will attend a Vulnerable Customer during an outage	<ul style="list-style-type: none"> <li>We have taken steps to ensure that we notify Local Authorities of a British Red Cross or Customer Champion activation</li> </ul>	<ul style="list-style-type: none"> <li>We have developed a panel of Local Authorities with whom we will agree a communication strategy. This will determine a wider set of triggers for notifying Local Authorities of an outage</li> </ul>

## 2.3 Work proactively with third parties to reduce fuel poverty

While we do not have specific obligations with respect to fuel poor customers, we recognise the impacts of increasing energy prices for customers on low incomes and the need for an end-to-end system approach to address this.

If we were to take forward initiatives in isolation, it may not be possible for us to effectively alleviate the challenges faced by fuel poor customers but there is scope for us to work jointly with other parties e.g. suppliers and community actors to identify ways to support these customers.

As set out above in 2.1, stakeholder engagement has been a crucial element in the development of our RIIO-ED1 business plan. It has provided insight across a range of areas and one of these related to the way that UK Power Networks could better support fuel poverty initiatives. At the session we held, there were two main areas of discussion.

### 2.3.1 Fuel poverty and energy efficiency

Discussions highlighted that if fuel bills continue to rise, fuel poor customers will likely respond by turning down their heating. A suggestion was therefore made that UK Power Networks could seek to identify ways in which we could reduce their overall energy bill by, for example, providing them with the tools to engage in energy efficiency and demand side measures. There was also recognition that, in some cases, fuel poor customers will not place trust in their energy suppliers and that there was therefore a need to identify ways of ensuring they can engage with trusted advisers. In cases where UK Power Networks effectively secures assistance from parties that are trusted by fuel poor customers, this could also improve the perception of us as a 'trusted operator'. Reflecting on these discussions, we recognised the potential role we could play in this area and developed a LCNF Tier 2 project focused on Vulnerable Customers and Energy Efficiency (V-CEE) which is discussed in detail in Section 2.4.

### 2.3.2 Advice and support from fuel poverty specialists

The discussions at the session highlighted the importance that we should attach to having a better understanding of the types of initiatives that we could progress to support our fuel poor customers and the role that specialists in this area could play. Our partnership and possible initiatives with NEA were outlined in Section 2.1.

## 2.4 Initiatives to address fuel poor and vulnerable customer needs

As a socially responsible network operator, we place significant weight on developing initiatives that will address the needs of both vulnerable and fuel poor customers.

This section provides an overview of two initiatives that we are currently progressing with the intent of providing support and / or services that will alleviate the challenges faced by fuel poor and vulnerable customers:

- The Community Investment Fund
- Our LCNF Tier 2 project: Vulnerable Customers and Energy Efficiency (V-CEE)

### 2.4.1 The Community Investment Fund

The community Investment Fund was launched in March 2013. In essence, the scheme makes available financial grants for community based projects which meet one of the criteria set out in Figure 3 below.

**Figure 3 Criteria for approval under the Community Investment Fund**



There are three funds available under the scheme and each covers a respective UK Power Networks' licence area. Under the scheme £300,000 of funding will be made available, £100,000 in each licence area in the first year of the programme. Through partner collaboration, we have also secured funding from the British Red Cross, Wildlife Trusts, Education bodies, public safety bodies, the charity aid foundation and BitC membership. In total these contributions comprise £190,500 which means we are able to make available £490,500 in total across our three licence areas. The available funds will be split equally between these three areas, recognising that although the SPN and EPN areas are significantly bigger, the LPN area is facing the biggest customer service challenges.

The funding will be awarded quarterly and investments of between £1,000 and £10,000 will be made available for successful projects. In exceptional circumstances where we are persuaded that there would be significant benefits associated with the proposal, we will award up to £25,000 to any one project.

Applications for funding will be welcomed throughout the year and resources will be available from the UK Power Networks website. The fund will also be publicised by local MPs and councils, local media and via the stakeholder panels that we hold as part of our continued process of engagement. The promotion of the fund will be particularly targeted toward worst served customers and those that experience significant disruption as a result of construction works. Any applications received will be assessed against the criteria highlighted above in Figure 3.

The intent of the fund is that it will be customer and stakeholder focused. In this respect, we anticipate that customers and stakeholders will highlight areas where investments / grants are needed most; making the fund flexible to customer needs and effectively community led. This will ensure that the funding addresses local priorities such as fuel poverty and poor housing. Through the application process, we are keen to ensure that the scheme remains inclusive of our diverse customer base; covering a range of customer types and statuses as well as a range of different types of customer areas e.g. inner city, suburban and rural areas.

We are committed to securing the success of the Community Investment Fund and therefore intend to complete a review of the scheme every two years. We also want to secure transparency regarding the performance of the scheme to ensure there are opportunities for lessons to be learned and that, where appropriate, projects can be replicated elsewhere. To this end, we will publish information regarding all of the projects progressed under the fund including details of project objectives, beneficiaries, budgets and key outcomes.

#### **2.4.2 Vulnerable Customers and Energy Efficiency (V-CEE)**

As outlined in Section 2.3, our RII0-ED1 stakeholder engagement highlighted a potential role for UK Power Networks in identifying ways to support reductions in overall energy bills for fuel poor and vulnerable customers. For example, we could help to equip these customers with appropriate smart solutions to allow them to make more informed decisions about their energy consumption and thereby provide opportunities for them to engage in energy efficiency and demand side activities. There was also recognition at the stakeholder engagement sessions that fuel poor customers may not place trust in their energy suppliers and that we may therefore need to identify routes for engagement with trusted advisers.

We assessed ways in which we could progress these ideas and took the decision to develop and submit a proposed project to the LCNF Tier 2 competition in 2013, which would build on these suggestions. This project (V-CEE) was successful and has been awarded funding by Ofgem. Our proposed project recognises the significant strides that will be needed to meet the government commitment to eradicate fuel poverty by 2016 given the challenges fuel poor and vulnerable customers currently face. The project also recognises the benefits that could be attained from the development of an end-to-end system approach. In this respect, we consider that, if effectively utilised, touch points between suppliers, community actors and DNOs may deliver customer benefits and that the scope for collaboration should therefore be assessed.

##### **The proposed project**

The roll out of smart meters in the UK represents a perfect opportunity to consider the needs of fuel poor and vulnerable customers as it will provide these customers with the tools and support to facilitate energy efficiency and demand side activity. However, the DECC review on demand side response (DSR) in the domestic sector highlighted that 'there is little UK-based evidence on low income customers and DSR and no trials have looked specifically at vulnerable customers'. This emphasises the need for additional research to ensure measures to ensure demand side incentives are appropriately targeted.

The V-CEE project is taking forward trials involving vulnerable customers and fuel poor that will consist of the following key elements.

1. The development of innovative partnerships focused on increasing the penetration rate for smart meter installs above that seen so far for fuel poor and vulnerable customers.
2. The provision of smart meters and in-home displays to these customers.
3. The provision of additional, appropriate enabling technologies such as time switches to enable these customers to make informed decisions about their energy consumption.
4. The provision of improved information to these customers during interruptions, including information to friends and families, to secure the provision of an enhanced service.
5. The scope to offer these customers a static Time of Use (ToU) tariff.

The combination of these elements will allow us to ensure that we tailor the approach that we take to the provision of services to our fuel poor and vulnerable customers; being cognisant of the specific needs that they have. Collaborative relationships with partners from across the supply chain e.g. suppliers, social housing landlords, local councils and charity bodies such as NEA, will facilitate the development of an engagement strategy that draws on best practice and secures high levels of success. More generally, the trials will support improved profiling of our fuel poor and vulnerable customer base; building a foundation of knowledge to can be used to inform future initiatives.

From a DNO perspective, the trials will provide valuable information about the potential for these customers to engage in energy efficiency / demand side activity following installation of smart meter and the impact that this could have on future reinforcement needs. This is an area that has not previously been given significant consideration and information obtained from the trials will therefore inform future debates on the impact that energy efficiency and demand side response could have on reinforcement.

# 3 Conclusion

We anticipate that the transition to a low carbon economy will have significant beneficial impacts for the environment, the economy and for customers. However, one of the potential negative impacts that could result is an increase in prices for end customers; with the hardest hit by this being fuel poor and vulnerable customer groups.

Within this context it is incumbent upon all energy industry participants to consider their social strategies and associated initiatives that could help to alleviate the impact of price increases on fuel poor and vulnerable customers. As a complement to this, there is need to consider initiatives to improve overall levels of satisfaction with the service they receive and to thereby facilitate improved value for money for these customer groups.

Our Social Strategy sets out the approach that we intend to take to address, and deliver against, our social obligations. We anticipate that our strategy will evolve over time as we better understand our role in this area as well as the appropriateness and relevance of the initiatives we are seeking to progress. At present our Social Strategy combines a number of features intended to facilitate delivery against the social outputs agreed as part of RIIO-ED1.

**Table 4**

Social Strategy	Description
Continued engagement with a range of stakeholders	Where we take forward meaningful engagement on an on-going basis, it will ensure that we better understand the preferences of our customers and can offer services that effectively meet these needs. The relationship that we are developing with NEA will also help to inform the specific engagement we carry out regarding fuel poor and vulnerable customers
A focus on improved service provision for vulnerable customers.	There are a number of elements that will contribute to this outcome including initiatives to improve the accuracy of the PSR and coordination of activities with other charitable bodies that have a role in supporting vulnerable customers. We will monitor the effectiveness of these initiatives in delivering a service targeted to the needs of vulnerable customers and continue to assess the potential scope for improvement
Working proactively to address fuel poverty	We are currently exploring our role in the delivery of services that will alleviate the challenges faced by customers in fuel poverty; potentially through initiatives focused on energy efficiency and demand side response. We will regularly assess the outcomes of these initiatives to determine whether amendments may be required to more effectively facilitate desired outcomes.
Initiatives focused on addressing fuel poor and vulnerable customer needs.	We are seeking to commence two initiatives focused on improving services provided to both fuel poor and vulnerable customers. This includes the Community Investment Fund and the vulnerable Customers and Energy Efficiency project for which we are seeking to attain funding via the LCNF Tier 2 competition. We will regularly assess the outcomes from these projects and how they may be improved for either customer group

As a socially responsible DNO we are keen to better understand how we can fully support the needs of all of our customers; this is particularly relevant for fuel poor and vulnerable customer groups given the challenges that they face. We recognise that our role in this area has traditionally been limited due to the emphasis placed on the supplier hub principle and the associated importance attached to having a single point of contact. However, we are ready to make a step change to our approach and want to embrace RIIO-ED1 as a period of learning about the best way to effectively deliver against our social obligations.

