

Phil Swift
Chief Executive
Western Power Distribution

24 May 2021

Dear Phil,

I write this open letter as chair of the independent Customer Engagement Group (CEG) to give you the CEG's view on the progress to date of Western Power Distribution in preparing its business plan for submission to Ofgem later this year and the main remaining issues we hope to see clarified.

Since I wrote to you in February, you have had further feedback from consultations on your second published draft plan business plan. We have seen you have several more ambitious targets and clarification of some commitments following feedback to your draft plans and demonstrated the impact of further engagement in your second draft plan. We also appreciate each draft plan published is adding to the extent of stakeholder input that we trust will underpin your final plan.

We are acutely aware this **Draft Business Plan** is still 'work in progress' and as you refine it further, the CEG hopes to see several important clarifications included when you publish in July 2021. These include:

1. Clear justification for the targets and commitments in the plan.

Targets in the two drafts of your business plan were tested on stakeholders, and further refined on the feedback received. We will be scrutinising your plan to evidence how you have demonstrated clear justification for the level of these targets, and the options considered, from the combination of feedback and your knowledge and experience as custodians of the distribution network. What cost/benefit and comparative analysis lies behind the targets and evidence the plan provides good value customer outcomes and longer-term impacts?

2. High levels of acceptability of the plan amongst your consumers.

You have continued to use extensive research to influence your plan and you have refined it based on feedback from stakeholders and customers through a range of engagement routes. We hope you would agree with us, high levels of acceptability by your paying customers for your proposals will add to the credibility of your business plan, and that will require them to clearly understand the impact on them.

3. Clarity on bill levels and efficiency targets underpinning the plan.

So far, WPD has suggested its bills will be "broadly flat" compared to current levels, while increasing investment above current levels. We would expect clarity on bill profiles, including the likely impact of inflation and any likely change due to regulatory mechanisms dealing with uncertainty, for example, related to different levels of progress (including

none or barriers to progress) towards “net zero” by consumers and stakeholders in your area.

We will be looking in more detail at your customer value propositions and whole systems approaches as these develop. In July we would also like to see clear efficiency levels within the plan to minimise bill impact on customers, while still meeting their expectations your draft plans have set as you consider embedding innovation, technology and an open approach to the delivery of your plan from April 2023 onwards.

Again, I thank you and your team for engaging so well with the CEG and for responding to our challenges to date. We remain committed to working with you and playing our part in seeking to ensure your plan fulfils the requirements of your consumers and broader stakeholders.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D McCombie', written in a cursive style.

Duncan McCombie

Chair of the Customer Engagement Group at Western Power Distribution