

Keeping the spotlight on safety

We work in an industry that can be dangerous, so we have an established and rigorous safety culture to lessen the risk of harm both to our people and the general public. This year we have halved the number of times employees needed at least a full day off work due to injury, continuing the downward trend we have seen in recent years. But complacency is the enemy of safety so we take every opportunity to learn from near misses as well as actual incidents.

Mark Davies
Edif ERA

“ In our experience we have found the UK Power Networks approach to health and safety management to be an effective blend of clear direction, good communication and collaboration. This was recently exemplified in setting up a new subcontract with Edif ERA to undertake specialist earthing testing and inspections at UK Power Networks substations.

UK Power Networks took the time to meet us on site to understand the work being undertaken and the associated risks. In a nutshell, a common sense approach was adopted which has resulted in a robust and practical safety management system.”



Stay Safe programme

Everyone in the organisation goes through our Stay Safe programme, which focuses on the behavioural elements that underlie a person's approach to safety. Using a mix of tools, techniques and insights, it helps us all to recognise our states of mind, our attitudes, the beliefs we hold,

and the habits we aren't even aware of. These all have a huge – and sometimes subconscious – effect on our behaviour. With a combination of robust processes, good habits and an open culture, we aim to be one of the safest network operators in the industry.

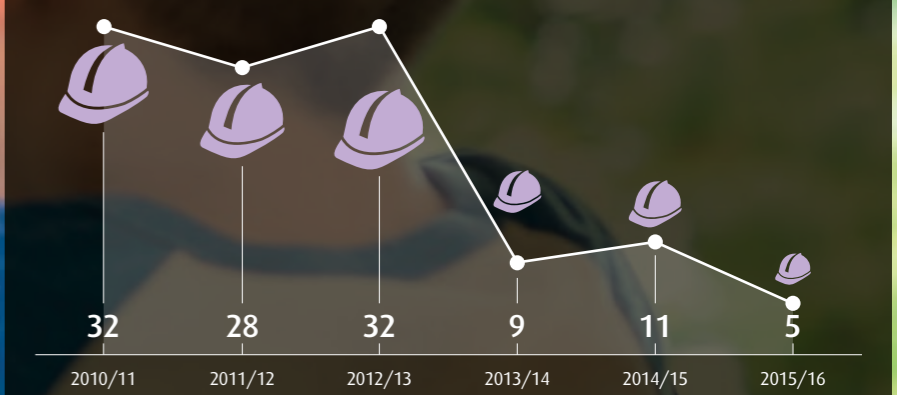
80%

Improvement in the frequency rate of Lost Time Incidents since 2010. This is the number of incidents needing at least a full day off work, per 100,000 hours worked

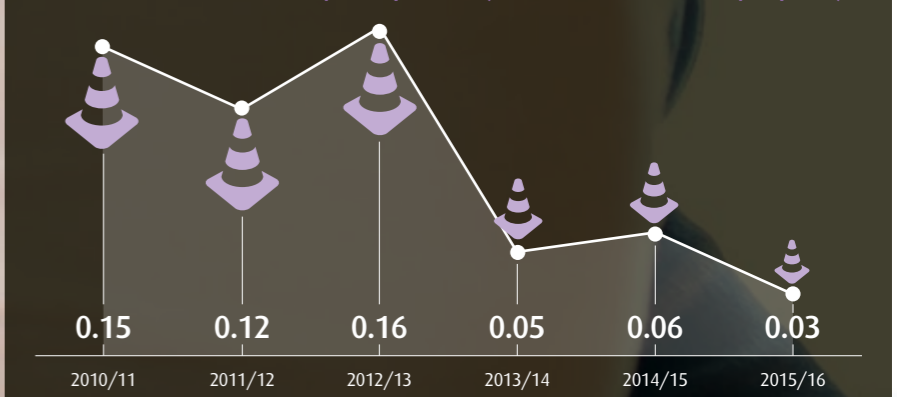
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The number of incidents where employees and contractors needed at least a full day off work due to injuries in 2015/16

Number of Lost Time Incidents (contractors and employees)



Lost Time Incident Frequency Rate (contractors and employees)



The year from April 2015 to March 2016 was a period of tremendous achievement for UK Power Networks. Customer satisfaction reached an all-time high. Reliability, as measured by the frequency and duration of power cuts, was our best ever. Safety measures, too, showed that we are continuing to accelerate improvements in this vital area.

We have achieved this success by keeping a laser-like focus on the following areas: safety, customer service and costs. We pride ourselves on leading innovation in our sector, and all the technology and new ways of working that we develop are designed to make the experience of our customers better, cheaper, greener, faster or easier, or to help us take better care of the safety and well-being of our employees and the general public. And sometimes they do more than one of these.

We are diligent about our role as a respected corporate citizen. We are working hard to earn our place at the heart of the society and the business community that we serve. That commitment includes the individuals and businesses that we support, the environment where we live and work, and the people who work for us, and their families.

Summary of our performance

Improvement since 2010/11



Lost time incidents improved by **80%**



Customer minutes lost improved by **53%**

* Since 2011/12



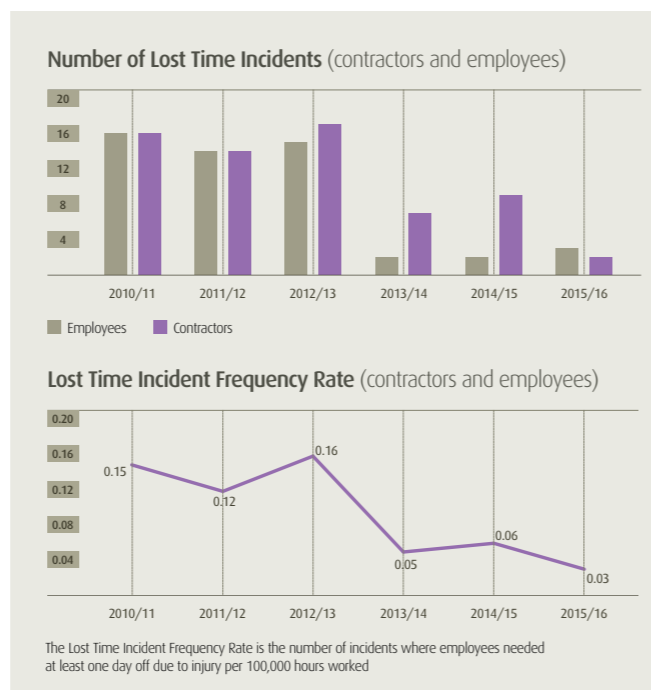
Customer interruptions improved by **42%**



Customer satisfaction increased by **15%***

Safety

Electricity can be dangerous. The safety of our people and the general public is paramount; ensuring they stay safe overrides all other considerations. We know from experience that a well-planned, careful business tends also to be both efficient and safe. It is our aim to have no one hurt as a result of any contact with our network. But accidents do sometimes happen and we are striving to reduce those occasions. The graphs below show that we are succeeding.



Our whole culture is designed to minimise harm. Everyone in the organisation is involved in our safety programme called 'Stay Safe' that we introduced in 2013. We know that no one behaves in a deliberately unsafe way, but it is human nature to lose concentration from time to time. What stops that leading to catastrophe is a combination of robust processes, good habits and a culture that allows anyone to bring a potential problem to the attention of others.

One in eight of our employees have volunteered to be safety coaches and that is helping to embed this open, honest approach to safety. We hold regular forums in which our craft workers such as cable jointers and linesmen discuss the reality of working in the field. We explore what gets in the way of employees always following the correct procedure in their day-to-day work. They told us that some procedures were cumbersome and just not practical. With their input, we were able to improve them so that they were practical, workable and safe. In other cases we realised that standards were not being met because people did not fully understand the implications of not following the correct process.

Case study

Speaking up to protect others

Creating an open safety culture is fundamental to improving safety performance. Earlier this year, one of our jointing teams experienced a very serious "near miss" incident, when a live high voltage cable was opened in error. Fortunately, nobody was hurt. They could have covered up the mistake – but they didn't. In fact, they wanted to share their experience about what had led up to the incident and how it could be avoided in the future. We are proud that the great work that we have invested in our Stay Safe safety culture programme has led to this point: an open and honest culture where employees are encouraged and confident to speak up, raise their concerns, and learn from each other in order to continuously improve our performance.



In these cases we undertook an extensive programme of communication and training to ensure that everyone affected understood exactly why it is essential for work to be carried out in the specified way.

Public safety and education

As well as keeping our employees safe and well, we want to make sure that no member of the public comes to harm as a result of our work or equipment. We also want to be a valued member of the communities where we operate, so we are heavily involved with safety education relating to electricity for children, young people and the general public.

Working with schools is a great way for us to get involved locally with our communities. We regularly run information events at schools in our area. This year we reached over 700 young people through school visits and we have developed a fun and informative website for a range of age groups. This website features games and quizzes that get the safety message across in a memorable way. And it is not just for youngsters. Our public safety events last year reached over 2,000 people across all our regions.



We reached 791 pupils through our Crucial Crew event, discussing electricity safety and energy efficiency.

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280,000

Young people, third parties and members of the public reached through our public safety events and programmes in 2015/16

2 Network reliability

Keeping the lights on

Our customers expect us to keep the lights on. There will sometimes be interruptions to the power supply but we are reducing the number of times the power is cut, the number of people who are affected and the length of time power cuts last. We make sure that our IT systems and processes help us restore electricity supply quickly and safely. We want to be at the forefront of innovations that will provide even more secure power supplies in the future.

Nimax Theatres
Executive Director

“A reliable power supply is absolutely essential for the success of West End theatres. In the event of a power cut we need to be able to recover our operations as quickly as possible to avoid losing shows and audiences and protect London theatres’ first class reputation around the world.”

UK Power Networks has worked with Nimax to understand our business priorities, look at ways of improving resilience and ensure good communication links both on the ground and at management level so that in the event of a power cut we can respond as quickly and effectively as possible to avoid disruption.”



Best in class technology

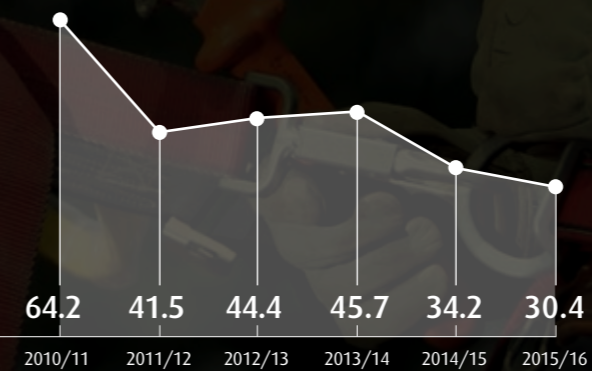
We are proud to be the first electricity distribution company to use the latest generation of self-healing power systems on our network. This technology, called Automatic Power Restoration System, is another way to reduce the impact of power cuts on our customers. When something goes wrong on the network, it automatically identifies and isolates the fault and reroutes the power. In many cases the power can be restored remotely, with no one needed to attend the site. This means that, even with major faults, the number of people affected is much lower and we can focus our attention on them and restore their power much quicker.

Customer minutes lost in 2015/16

30.4 CML

Customer minutes lost (CML) are the average length of time customers are without power, for power cuts lasting three minutes or longer.

On average, a customer connected to our network will be off supply for just over half an hour per year. This is a 53% improvement on 2010/11, when the average duration was 64 minutes.



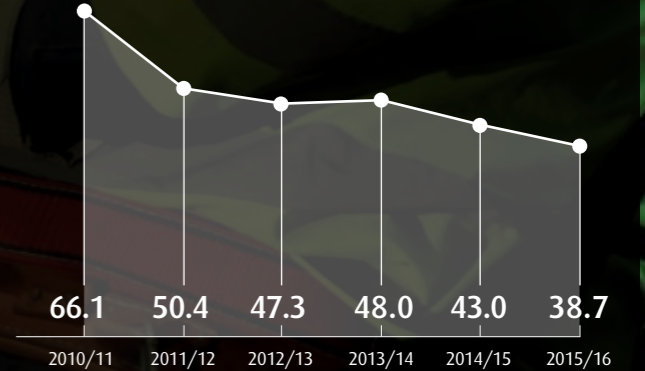
Figures are a weighted average of the three licence areas and exclude exceptional events

Customer interruptions in 2015/16

38.7 CI

Customer interruptions (CI) are the number of customers interrupted per 100 customers on our network.

This means that customers in 2010/11 were interrupted on average once every 18 months. Our performance improvement has resulted in customers now seeing an interruption on average less than once every two and a half years.



Figures are a weighted average of the three licence areas and exclude exceptional events

Network reliability

continued

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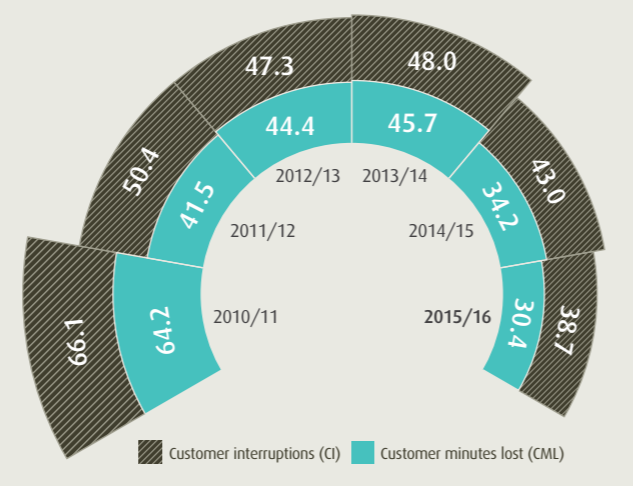
Customer satisfaction increased by **15%***

Network reliability

Our customers are, by and large, unaware of the service that UK Power Networks provides. That is how it should be. Most of our work takes place behind the scenes, keeping the lights on and the wheels turning. That is why our teams focus hard on keeping the number of power cuts to a minimum and, when they do happen, making sure they are as short as possible. We recognise the inconvenience of power cuts to our customers and the enormous reliance on electricity most people have these days. So both the number and the duration of power cuts are the main measures by which we track our reliability.

We have made these improvements on the one hand by investing in new technology and on the other hand by changing our internal culture. Thanks to a recent programme of training and communication, everyone in UK Power Networks understands the importance of great customer service. People know that they are accountable and take responsibility for putting things right. We have a range of measures and reports tracking reliability. That means our managers have a performance dashboard that keeps them up to date with problems and the progress we are making to resolve them. They can see what is happening in real time and problems are automatically escalated after a certain time. We set ourselves stretching targets to improve our reliability performance and the graph below shows that we are succeeding.

Customer interruptions



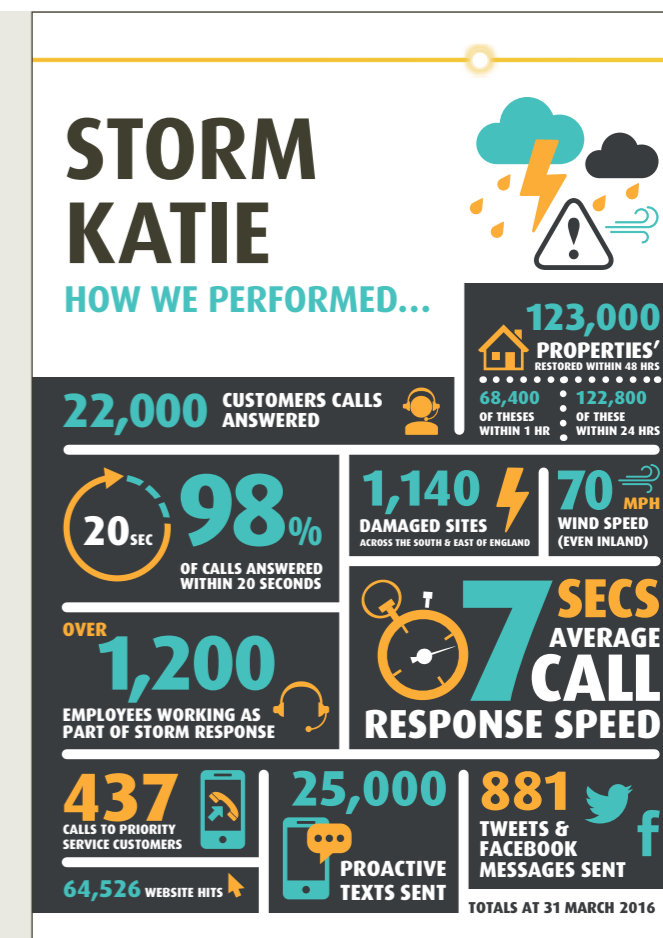
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We are making substantial investments in technology that plays a large role in improving reliability. Our ground-breaking 'self-healing' power systems on our networks are a world first. Thanks to them, faults can be isolated and power rerouted and restored without a person having to attend the fault.

Case study Storm Katie

In the normal course of events, customers are unaware of the service we provide. It is when events take an unusual turn that we show our true mettle. During and in the aftermath of Storm Katie in March 2016 UK Power Networks pulled out all the stops for its customers. We showed that in a crisis, even more than usual, UK Power Networks employees worked together brilliantly as a team. Their commitment to providing the best service they could in incredibly difficult conditions showed how truly embedded great customer service is for us.



3 Customer satisfaction

Keeping customers satisfied

We take every opportunity we can to listen to what our customers want, and we act on what they tell us. In particular, we pay attention to what our vulnerable customers want and need. We are proactive in the way we keep customers updated and we use multiple channels such as web and video chat. We are delighted that our customer satisfaction measure this year is our highest ever at 85%. We know there is even more that we can do, and that is one of our priorities for the coming year.



Supporting vulnerable customers

A customer called us in February to report a power cut. In the course of the call he told us that he had recently been discharged from hospital and was feeling cold. On hearing that, we sent our engineers right away and, as the fault was complex and would take some hours to repair, we connected the customer's home to a generator while the power was off. We also provided him with a Medipack, a temperature controlled mobile carrier that is

designed specifically to store refrigerated medicines in the absence of electricity. We arrange these for customers who have highlighted a specific need in preparation for planned outages or as a response to a concern raised about the resilience of the electricity supply to the property. We also added the customer to the Priority Services Register while he recuperated. His son called later in the week to thank us for the care we had taken with his father.

85%

Our highest ever customer satisfaction score

5,000

We have invested over 5,000 hours of customer service training in the year

Feedback from a customer

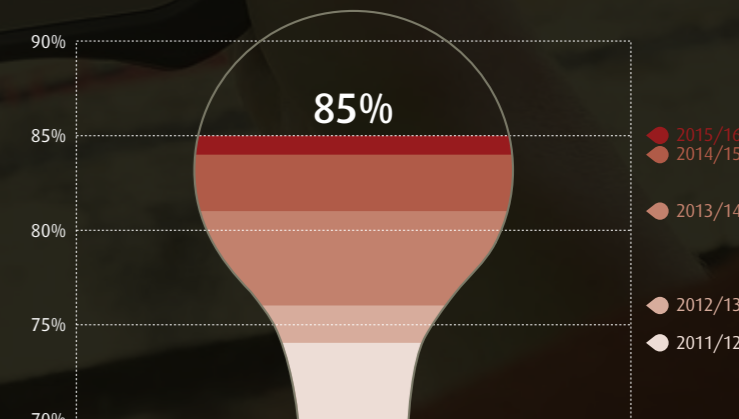
Abigail's mother was worried. Abigail has diabetes and had a fridge full of insulin when there was a power cut at her home. As soon as Abigail's mother told us we arranged for her to be added to the Priority Services Register (PSR). The PSR is a list of vulnerable customers who receive priority treatment during power cuts. We made sure that Abigail and her mother knew what was happening and when they could expect power to be restored. We also sent her a Medipack to keep her insulin safe.



Thank you for putting Abigail on the priority list, she was very grateful to receive the Medipack. She had been very ill since the weekend due to low body temperature and a virus. To be on the priority list in future would help enormously, thank you again for your help, it is most appreciated.



Broad measure of customer satisfaction



The regulator Ofgem asks our customers to score our service out of 10. Ofgem began this measurement in 2011.

Customer satisfaction

continued

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* Since 2011/12

Customer satisfaction

As long as everyone is safe and well, customer satisfaction is our driving force. The needs and preferences of customers are at the centre of our business and we have seen measures of customer satisfaction rise since we have adopted this position. Our score of 85% customer satisfaction this year is our best score ever and, among our vulnerable customers, we scored 87%, which is another record for us.

We operate where our customers live and work, so most of our interaction with them happens at a local level. That means we have people out and about in the community, getting to know those we serve.



Our customer care team engaging with customers in Hastings, East Sussex.

The strength of our service really only comes to light when there is a problem. Much of our customer satisfaction derives from times when there has been a power cut or some other problem. That's when we need to take steps to minimise the inconvenience or, in some cases, avert a potential crisis for our vulnerable customers such as finding a power source for medical equipment during a power cut.

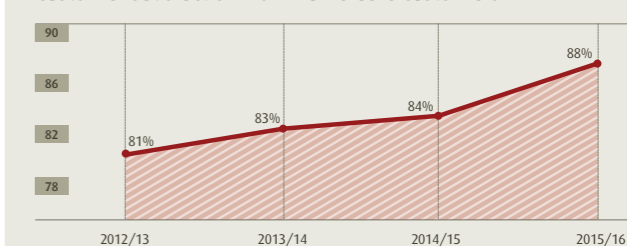
Our customers told us that what they want most of all during a power cut is information. They want to know in advance about planned power cuts and we do that through the channel they have told us they prefer. Once there is a power cut, they want to know how long it is going to last, what caused it and which areas are affected. We have developed a whole range of ways to keep our customers informed. Some of these are breaking new ground for our industry and we are happily sharing them with our peers. As well as phoning, texting or emailing, customers can use video chat or web chat through our website, and we have developed an online interactive power cut map to show which areas are affected. We have also ramped up our proactive communications about power cuts so customers don't have to contact us to find out what is happening. We will call or text them, depending on their preference. We made 680,000 proactive calls to customers from January to December 2015. This is more than twice the number we made last year.

When we hear ideas from our customers, or come up with them ourselves, we always test them out with a pilot group to make sure they work. In fact we often work with our stakeholders to co-design products and services that are useful for customers. Our 'You and Your Home' campaign that helped households identify ways to reduce their bills is an example of a co-designed service. And we worked with customers through local forums to redesign quote letters for new connections after they told us that the existing one was too long and difficult to understand. It is now much shorter and the options are clearer. We are grateful for the work and commitment our customer groups provide in helping us to improve our service.

Supporting vulnerable customers

The impact of power cuts on vulnerable people can, in a number of ways, be far greater than it is for the general population. People with long-term medical conditions, for example, may be highly dependent on electric-powered medical equipment; someone with Alzheimer's disease may become highly distressed or confused by a lack of power. We work hard to understand the needs of vulnerable customers. We work with a number of charities such as the Alzheimer's Society, Age UK and the Royal Association for Deaf people to learn what they want from us. Working closely with the charities, as well as several parish councils, we publicised the Priority Services Register (PSR). This is a list of vulnerable customers who receive priority treatment during power cuts and advance warning and information if we know about cuts before they happen. With the help of the community groups, we let people know how they could go on the register and what the benefits to them are. Anyone who feels that they have special requirements can elect to go on the PSR and some people may be on it temporarily, such as those recovering from surgery, or families with a new baby. We introduced the concept of temporary vulnerability as a direct result of feedback from our customers who said they wanted to be treated as individuals, rather than be categorised. The work we do is having a real impact, as shown by the satisfaction score among our customers on the PSR.

Customer satisfaction from vulnerable customers



Customer satisfaction continued

680,000

We made 680,000 proactive calls to customers this year. This is more than twice the number we made last year

Case study

Customer and community support team

We have a dedicated team that goes out and about in our community support van during power cuts. They provide hot food, blankets and information for those on the PSR. Our team in the call centre make sure they get in touch with everyone on the register to tell them what is happening, what help we will be providing for them and when to expect it.



Case study

Putting ourselves in the shoes of our vulnerable customers

People dealing with conditions such as arthritis and impaired vision told us that they wanted us to have a better understanding of what it was like to be in their shoes. We acted on that request. With the help of Age UK, we developed a training programme, attended by most senior people in the company, as well as those who deal directly with customers. The sensory training allowed us to experience for ourselves how difficult it was, for example, to use a trip switch with stiff fingers or to read a meter or one of our leaflets with poor eyesight. Everyone who has taken part in this training will remember vividly how it felt. This has brought a new level of empathy to our call centre staff and helps all of us when we are in contact with people who contend with such challenges in their day-to-day lives. It has also led us to redesign many of our leaflets and forms.

Our employee, trying to use trip switches whilst wearing a glove that restricts movement to replicate arthritis.



4 Value for money

Keeping costs down

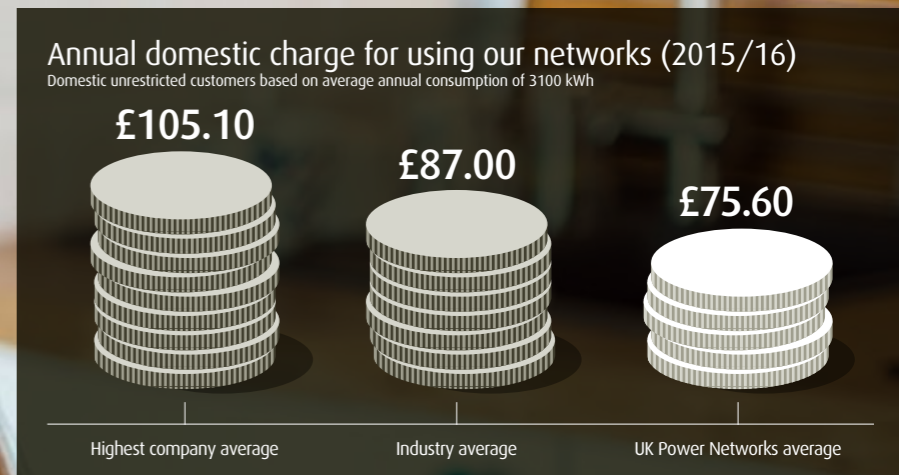
With more than 10% of English households in fuel poverty and our customers telling us that reducing their bills is important to them, we want to provide value for money. Our domestic charges are on average the lowest in the industry. We achieve this through a combination of technological advances, improvements to our processes, a relentless focus on efficiency, and the nature of our network. In association with a number of Community Energy Companies, we run public workshops on how to reduce fuel bills. We rolled out a referral programme and booklet called 'You and Your Home' that we produced in partnership with Citizens Advice to help those facing difficulties in paying their bills.

Edison Alliance: working together

As well as looking for savings for individuals, we are also pursuing other strategic ways to save costs. We established the Edison Alliance in 2015 to work with infrastructure contractors to improve the efficiency of all our processes. Our partners in this are:

- Amec Foster Wheeler
- Clancy Docwra
- Morrison Utility Services
- McNicholas

All our construction projects are now operated through the Alliance. This allows us to share and embed best practice in collaboration with our Alliance partners to continue to improve efficiency. We have a single, robust way of working across the delivery of all our major construction projects.



£6.30

Our domestic customers pay us an average monthly fee of only £6.30 (£0.21 per day) for a reliable electricity supply

Jonathan Walley
Managing Director,
Infrastructure

“ At McNicholas we believe the Alliance will create a step change in the way that works are delivered.

We have already seen the benefits of early contractor involvement in the development and planning of projects and the direct relationship with UK Power Networks.

With the ability to take a programme management approach with forward visibility of the work we can together deliver the targeted improvements in Customer Service, Safety, Sustainability and Network Reliability within this funding period set by Ofgem.”

McNicholas
KEEPING THE NATION CONNECTED

Value for money

continued

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Cutting our costs is the most direct way we have of bringing down our customers' bills. Whenever we do make savings, whether it is through technological breakthroughs, improvements to our processes, or in other ways, this results in lower bills for customers.

£6.30

Our charges mean that the average domestic customer pays us only £6.30 per month (£0.21 per day) for a reliable power supply as part of their electricity bill.

Value for money

Our customers often tell us that they want their bills to be lower. We recognise how important this is, and we are always looking for ways to cut costs. Cutting our costs is the most direct way we have of bringing down our customers' bills. Whenever we do make savings, whether it is through technological breakthroughs, improvements to our processes, or in other ways, this results in lower bills for customers.

According to the Department of Energy and Climate Change, over one in ten English households are in fuel poverty (Annual Fuel Poverty Statistics Report, 2015). As a responsible corporate citizen we take seriously our responsibility to do as much as we can to help these families. We do our best to make sure they have access to our expertise and help them to reduce their fuel bills as much as possible. Working with local charities and organisations such as housing associations, we have developed a number of programmes designed to alleviate the difficulties people face. Fuel poverty has three main drivers: low income, energy costs and energy efficiency. We held a series of energy efficiency workshops to help people who are worried about paying their electricity bills.

As well as tips and advice on how to use energy efficiently and switch tariffs, the workshops pointed people towards initiatives such as the Warm Home Discount to help them save money. We also work with housing association staff to spread the word about how to cut electricity bills.

To build on this work and to give customers ever-greater value for money, we formed a partnership with Citizens Advice. We spoke face-to-face with over a hundred customers and, based on what they told us, we launched 'You and Your Home'. This service provides free and impartial advice on how to reduce energy bills, improve efficiency, find the best energy tariff, manage fuel debt and check benefits entitlement.



'You and Your Home' is part of our wider community energy programme. Community energy companies are well placed to sign up local people to our Priority Services Register in both urban and rural areas. They play a powerful role in local communities, talking on doorsteps and in customers' living rooms about their energy needs. Crucially, they are seen as trusted intermediaries and sources of advice on energy matters.

As well as helping customers individually, we are also pursuing other strategic ways to reduce costs. We have established an alliance with four infrastructure contractors with whom we share and embed good ideas to improve efficiency of all our processes. Called the Edison Alliance, we and our partners aim to achieve fundamental improvements in the performance of our major construction projects. Working in collaboration, we believe we can provide better value service, continuously improve efficiency and at the same time improve our understanding of the cost of ownership of our assets.

Energywise

Our innovation project, Energywise, is a partnership with ten organisations exploring how residential customers struggling with fuel bills can manage their energy usage better. This includes trialling energy-efficient devices such as eco kettles and LED lighting, along with time-of-use tariffs. The project is currently working with over 300 social housing tenants in the London Borough of Tower Hamlets. To date, we have delivered eight workshops with five housing associations and a further 14 housing providers said they were interested in running sessions in the future.

Keeping close to our communities

We are firmly rooted in the areas we serve and strive to be a valued and respected member of the community. Our relationships with parish councils have been extremely helpful in encouraging vulnerable customers to join our Priority Services Register. Local Citizens Advice groups are valuable partners as we reach out to local communities. As a distribution network operator we help protect the environment through constant innovation and support the transition to a low carbon economy. We aim to reduce our own impact on the environment and we are steadily reducing our Business Carbon Footprint. We also track our waste management and are diverting at least 70% of the waste we produce away from landfill.

Engaging with communities on safety

Our safety, health and education team arranges activities and attends public events to communicate our safety messages, especially to young people and key target groups such as agricultural workers.

A typical example is a Crucial Crew event we attended in Norfolk where we spoke with over 170 school children aged 10-12 about electricity safety and energy efficiency through a series of ten-minute group sessions.

5,000

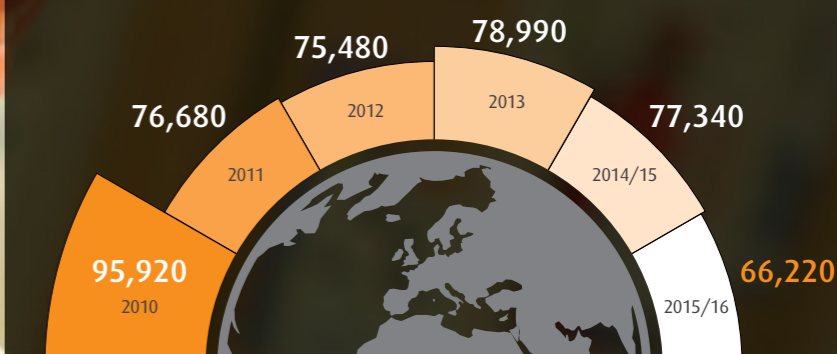
Over 5,000 employee volunteering hours in the year

-31%

31% reduction in our business carbon footprint since 2010/11

Business Carbon Footprint (tCO₂e)

Figures exclude losses



Councillor Steve Gallant
Suffolk Coastal District Council



“ I have been very impressed with the work that UK Power Networks has been trying to do for vulnerable customers and in particular with respect to fuel poverty. I’m hoping that there is a great deal of synergy between us and UK Power Networks working in partnership to see how we can both help the people that need the most help in our community. ”

Communities & environment continued

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Part of the fabric of our communities

We feel privileged to provide the service we do to the domestic and corporate communities in which we operate. We want to be fully immersed in those communities and to be welcome in them. So we do our best to listen carefully to what those communities tell us they need and want. We don't just listen. We act on suggestions from our stakeholders whenever we can. It's all part of being a respected corporate citizen and that is at the heart of our vision for UK Power Networks.

Local communities

We go out of our way to get to know the communities in which we work. In particular, we have developed strong links with parish councils in our more rural regions and these have led to some fruitful relationships that have helped us improve our service, particularly to vulnerable customers. Parish councils are known and trusted by the people they represent, so by getting to know them we are able to establish a channel through which people can learn about UK Power Networks and what we can do for them. Nine parish councils worked with us to let local people know about the Priority Services Register and what benefits there might be for them in signing up to it. We also join forces with the Red Cross throughout the region to establish what vulnerable people want and need in the event of a power cut. We work in partnership with the Red Cross locally to deliver emergency boxes for those who need them. These boxes contain useful items such as a torch, contact details and phones that work during power cuts.

Summary of our performance

Improvement since 2010/11



Lost time incidents improved by **80%**



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* Since 2011/12

Corporate stakeholders

We also engage with stakeholders at a corporate level across the region. Much of that engagement is around low carbon readiness and initiatives that we lead to enable businesses to enter the low carbon technology industry.

The government is a key stakeholder for UK Power Networks and government policy is driving unprecedented growth in renewable energy installations such as wind and solar farms. Electricity storage is another hot topic, closely linked to the increased use of electric vehicles and the completion of smart meter roll out by 2020. UK Power Networks is a key player at the forefront of shaping and driving these exciting developments.

Sustainability and the environment

As a responsible business, we play our part in reducing emissions and looking after the environment. As well as the technological innovations that we are developing as a distribution network operator, we also do our best to protect the environment where we work. Our sustainability projects aim to make UK Power Networks as fuel efficient and sustainable as we can be by reducing our Business Carbon Footprint (BCF). We are steadily increasing the efficiency of our buildings, through careful fuel use and the introduction of LED lighting. And we are closely monitoring the emissions and fuel consumption of our vehicle fleet. We are meeting our target of a 2% reduction in our BCF year on year. We also track how we manage waste and we are meeting our target of diverting at least 70% of our waste from landfill.

A good employer

Our role as an employer, at our head office and across the region, is central to our corporate citizenship. We are proud to feature in the Sunday Times Top 25 Best Big Companies to Work For and to hold the coveted Gold award from Investors in People. And when it comes to taking care of our environment, we empower and encourage our employees to get involved. Through our Employee Volunteering scheme, our employees can use two workdays a year to support a charity of their choice. Last year over 5,000 hours were spent working for charity and many of our employees got involved with our partnership with the Wildlife Trust.

Case study

Employee volunteering: Wildlife Trust

UK Power Networks has had a partnership since 2011 with the nine Wildlife Trusts in our region. Recently, we have helped the Sussex Wildlife Trust construct a new wildlife garden. We donated £10,000 to help fund the garden and we also spent time helping them to build it. To date, two work groups from UK Power Networks have each spent a day working on the garden.



Keeping stakeholders involved

We engage with all stakeholders connected with our business. Our work with local schools and charities is vital to our ability to provide excellent service to our customers. We also want to know and understand our corporate and strategic stakeholders. These include government bodies and major infrastructure organisations and much of our work here is around preparation for the low carbon economy. We are proactive in seeking and understanding our customers; we work with them to co-design solutions, we personalise those solutions and treat people as individuals, and we don't just listen, we act on what they tell us.



Supporting the transition

We are leading the way in London and throughout our operating region to support organisations with the move to electric vehicles. We have made contact with some major organisations outside the utility industry such as Transport for London, Hertz, Stagecoach, Metroline, ARRIVA and UPS.

We wanted to see how we could help them during their transition to electric vehicles by sharing our expert knowledge. We ran a series of workshops that attendees told us they found useful and interesting and which gave them confidence to progress their plans for electric vehicles.

No. 2

We ranked second in the industry for our stakeholder engagement performance in 2015/16, as evaluated by the regulator Ofgem. This is a 29% improvement from our performance the previous year

39,000

The number of stakeholders we engaged with in the year

Transport for London

“UK Power Networks has been very supportive in helping us plan our transition to low carbon emission transport. By organising a session with our bus operators, they have started to bridge the gap between new customers and the information they will need on their future electric requirements.”



Stakeholder engagement

continued

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We have achieved this success by keeping a laser-like focus on the following areas: safety, customer service and costs. We pride ourselves on leading innovation in our sector, and all the technology and new ways of working that we develop are designed to make the experience of our customers better, cheaper, greener, faster or easier, or to help us take better care of the safety and well-being of our employees and the general public. And sometimes they do more than one of these.

We are diligent about our role as a respected corporate citizen. We are working hard to earn our place at the heart of the society and the business community that we serve. That commitment includes the individuals and businesses that we support, the environment where we live and work, and the people who work for us, and their families.

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7 Innovation

Keeping ahead of the game

We want to lead the field in innovation but it's not innovation for its own sake. For us to invest in any new idea it has to result in our service being better, cheaper, easier, greener or safer. Once we have researched and tested a new idea, we bring it into the business and run with it. Recent developments include power networks that repair themselves and apps that help our field staff communicate with non-English speakers. Innovation is our lifeblood.

15

Customers can find information and communicate with us through 15 different channels at any time

448,000

Proactive messages sent to customers about power cuts

Innovative communication

We were the first electricity distribution company to launch web chat for customers. We also tested the video chat concept with our customers and it proved popular, so we launched our own. Since then, 4,800 customers have used these methods to communicate with us, with an 88% satisfaction rating.

We know that customers want to know what is happening in their area during a power cut. So, in an innovation unique among utilities, we displayed tweets from customers on our online power cut map. We were effectively answering their questions before they asked them.



How we use Twitter

Our customers enjoy communicating with us through Twitter. That's why we've held more live question and answer sessions this year, along with a 12-hour live Tweetathon. We sent 99 live updates from 8am to 8pm about all aspects of the business.

Innovation

continued

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We have achieved this success by keeping a laser-like focus on the following areas: safety, customer service and costs. We pride ourselves on leading innovation in our sector, and all the technology and new ways of working that we develop are designed to make the experience of our customers better, cheaper, greener, faster or easier, or to help us take better care of the safety and well-being of our employees and the general public. And sometimes they do more than one of these.

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Innovation

Innovation is a key element of our vision for UK Power Networks. It is a standing agenda item for the executive management team and we take pride in our industry-leading position for innovation. We are not interested in innovation for its own sake, however. Any idea that we develop must result in something that is better, easier, greener, cheaper or safer.

For example, we have a project that aims to determine how energy storage could be used as an alternative to conventional network reinforcement. It will also evaluate the additional income that can be gained to maximise value and make storage a more cost-effective alternative than it is at the moment.

Not all of the innovations that we develop are high tech engineering solutions. Sometimes we develop ideas that meet human needs where we find them. For example, a large proportion of our customers have a first language other than English and this can cause difficulties when we need to attend customers' homes to repair a fault. To address this, we use a smartphone app that our employees take with them on home visits. This app has a number of common relevant phrases built into it and it enables the engineer to communicate with the customer via the translator in real time, so that the visit can achieve its purpose.

We are not just interested in innovation for its own sake. Any idea that we develop must result in something that is better, easier, greener, cheaper or safer.

26,000 homes

The UK Power Networks 'Big Battery' has enough storage capacity to power over 26,000 homes for one hour during average electricity demand times

Case study

The 'Big Battery'

In 2015 we built and now operate the first and, to date, the largest energy storage facility in Great Britain. The Smarter Network Storage (SNS) project features a 6MW/10MWh storage solution comprising approximately 50,000 lithium-ion batteries, located in Leighton Buzzard, Bedfordshire. This technology has enabled UK Power Networks to manage electricity demand at peak times without building excess capacity. By charging during the day, the 'Big Battery' stores electricity that can then be dispatched in the evening when residential customers in the town of Leighton Buzzard need it.

Explaining how the 'Big Battery' control software works to **Jeremy Pocklington, Director General of Markets and Infrastructure Group at the former Department of Energy and Climate Change.**



Keeping low carbon in focus

At UK Power Networks we are leading the way towards the low carbon future. Renewable energy installations, such as wind and solar farms, are on the rise and we are well positioned to shape and respond to these developments. We are leading innovation in electricity storage technology with our state-of-the-art Smarter Network Storage facility. We are also closely involved in preparations for the likely increase in the use of electric vehicles and the completion of the smart meter roll out by 2020.

Flexible distributed generation

Flexible distributed generation is a cutting-edge service that connects power sources such as wind or solar (otherwise known as distributed

generation) to constrained areas of the network. It delivers cheaper and faster connections, and enables previously unviable schemes to become feasible.

3.7 GW

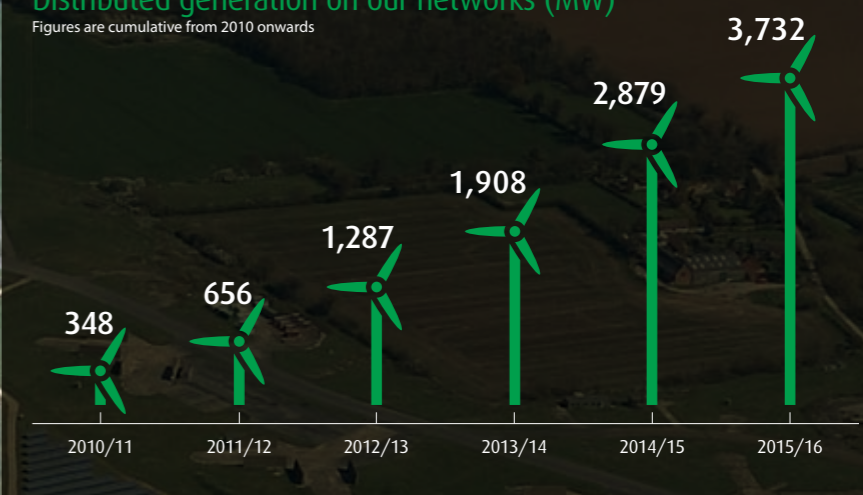
Distributed generation capacity connected to our network

£62m

We have reduced distributed generation connection quotes by over £62m in 2015/16

Distributed generation on our networks (MW)

Figures are cumulative from 2010 onwards



Lightsource



“ Lightsource would like to thank UK Power Networks for their support and hard work in connecting all of our sites, from March to December 2015, on their target connection dates. Together we connected eight solar farms in the region, totalling 38MWp. This is an outstanding achievement and we very much look forward to working together in 2016. ”

Low carbon readiness

continued

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Low carbon readiness

Government policy has led to an unprecedented growth in renewable energy installations, such as wind and solar farms. Electricity storage technology is advancing and is expected to play a major role in the next few years. A potential increase in the use of electric vehicles is also foreseen along with the completion of the smart meter roll out by 2020.

3.7 GW

We have 3.7 GW of distributed generation connected to our network

UK Power Networks is leading the way to respond to and shape these changes, and the Low Carbon Readiness project aims to ensure that we are organised and ready to deliver low carbon services in the next few years. The move towards a low carbon economy will inevitably present UK Power Networks and our customers with challenges. For example, the significant increase in the deployment of renewable generation can lead to increased connection costs for generation customers because of the need for network reinforcement.

One of our responses to this is to deploy, as business-as-usual, a recent innovation project: Flexible Plug and Play. This cutting edge service connects distributed generation (DG), such as wind or solar power, to constrained areas of the electricity distribution network. It delivers greater commercial flexibility in accommodating cheaper and faster DG connections, as well as enabling previously unviable DG schemes become feasible.

We have led the engagement with Transport for London to discuss their needs for the projected uptake of electric vehicles and electrification of public buses in London. Through delivering our Low Carbon Networks Fund energy storage project, we now have the best experience in the UK in this technology and have become storage experts. As a response to the increased interest in storage, we hosted a workshop with over 25 developers on the subject and have facilitated more than 30 visits to our battery storage site in Leighton Buzzard, to share what we know.

Distributed generation on our networks (MW)

Figures are cumulative from 2010 onwards

— East - - London South East

