

**SOUTH EAST ENGLAND COUNCILS
ALL-MEMBER MEETING**



Date: 7 February 2013

Subject: UK Power Networks South East business plan

Report by: Heather Bolton, SEEC Director

Recommendations:

Members are asked to:

- i) Consider a response to UK Power Networks, South East, on their business plan for 2015-23.
- ii) Consider points below for inclusion in the SEEC response.

1. Introduction

- 1.1 In autumn 2012 SEEC was invited to join a 'critical friends' stakeholder panel set up by UK Power Networks (UKPN) South East to provide feedback on their business plan for 2015-23. UKPN South East operates the power distribution network in Kent, Sussex and Surrey, turning high voltage electricity from the national grid into lower voltage power suitable for commercial and domestic use. UKPN do not supply homes and businesses directly – this is handled via consumer-facing energy companies such as EDF, British Gas, npower etc.
- 1.2 SEEC officers attended three panel sessions between October 2012 and January 2013 where UKPN set out its plans and priorities for period from 2015-23. UKPN is expecting a financial settlement to cover this period. UKPN South East is a monopoly provider working to performance targets set by the regulator Ofgem.

2. Suggested response topics

- 2.1 Panel sessions raised a number of issues where SEEC members may wish to provide formal comments to UKPN – for example:
 - the quality & cost of service provided for South East residents and businesses
 - local authority input into planning assumptions for economic growth and low carbon energy
 - mutual benefits from joint working with local authorities on emergency planning.
- 2.2 **Quality & cost of service**
UKPN costs contribute some 18% of consumers' electricity bills. While investment in maintaining the power infrastructure is vital, members may want to raise high level points about the balance between cost, quality and transparency, for example:
 - i) Accountability – low levels of consumer awareness of UKPN mean that many residents and businesses have had no input into UKPN priorities and decisions on cost vs benefits. Structured opinion research by UKPN would be one way to achieve this.

- ii) Although improving, UKPN South East performs poorly in national rankings for areas such as new electricity connections and customer service. It also misses Ofgem targets on minimising power cuts.
- iii) Delays in delivering new connections is a particular concern as this risks holding back economic growth by delaying developers' ability to complete projects.
- iv) Given low public accountability and significant areas of poor performance, a long-term financial settlement should include greater requirements on efficiency and cost effectiveness, similar to those imposed on other publicly-funded services.

2.3 **Planning assumptions**

UKPN needs to plan for an increase in demand for electricity by 2023 arising from, for example, new development and a switch to lower carbon electric cars and heating. Members may want to raise points about how local authorities could help address the challenges of predicting take-up and managing the environmental impact of additional infrastructure, for example:

- i) UKPN South East business plan estimates greater take up of electric cars in Kent, Surrey and Sussex than in London. This seems difficult to correlate to current trends but liaison with local authorities on planning requirements (eg car charging points) could help validate estimates.
- ii) Local authority planning teams could also to help validate estimates on take up of electric heat pumps, reflecting likely level of take up in new build homes and likelihood of retrofitting existing homes.
- iii) Local authorities would be pleased to work with UKPN to identify infrastructure forward plans – for example identifying development plots where it would be beneficial to have power infrastructure in place before building work begins.
- iv) Local authorities would also welcome working with UKPN and local communities where cosmetic works would help mitigate the impact of power infrastructure on the street scene and countryside.

2.4 **Constructive dialogue**

As outlined above, there is potential for greater co-operation between UKPN and local authorities to deliver benefits in a number of areas. In addition to the planning issues in section 2, joint working on emergency planning would be helpful.

- Councils' emergency planning teams would welcome closer working with UKPN to help communicate major power problems and manage the needs of vulnerable customers during power cuts.