

Reliability and Resilience Working Group meeting with UK Power Networks



UK Power Networks
**Customer
Engagement
Group**

Time and date

12.00pm – 1.00pm, Wednesday 10th February 2021

Attendees

RRWG

Jeff Hardy
Nigel Cornwall
Ashleye Gunn
Peter Bennell
Peter Atherton
John Hargreaves
Nick Pollard
Ann Bishop
Phil Lawton

UK Power Networks

Ben Lonsdale
Colin Nicholl
Sam Bould (KPMG)

Agenda

1.00pm	Introduction
1.10pm	Overview of regional cost differences
1.30pm	Overview of expenditures and ongoing efficiency
1.50pm	AOB

Meeting summary

UKPN and the RRWG met to discuss:

- (i) Regional cost differences and labour adjustments, with UKPN outlining how these regional labour adjustments are based on the Annual Survey of Hours and Earnings government datasets;
- (ii) Key factors in the creation and use of the regional labour adjustments and how company specific factors are considered when calculating these;
- (iii) DSO based costs and the extent to which these are considered within the cost assessment proposals; and
- (iv) The UKPN ED2 approach to ongoing efficiency.

Discussion

Key discussion and steer focused on:

- (i) How additional expenditures in some areas might be efficient, as they could lead to decreases in externalities such as road closures / other knock on effects

- (ii) The group highlighted how there could be asymmetries leading to an upward trending in costs, with UKPN noting how external consultants had worked to account for both upward and downward regional effects; and
- (iii) The approach to measurement and delivery of ongoing efficiency with the CEG providing views on UKPNs point around double counting of innovation-based savings.

Actions and next steps

Action – UKPN to respond to CEG with information on regional labour and salary information.

Action – UKPN to review terms of external consultant reports to inform the CEG on the issue of cost asymmetries.

Action – UKPN to provide information on the extent information will show direct savings attributed to the DSO investment.