

Value for money

Two central elements of our vision are to be a respected and trusted corporate citizen and to be sustainably cost efficient.

Our performance highlights

Annual domestic charges 2023-24

Domestic unrestricted customers based on a typical annual consumption value of 2,700 kWh.

22% lower

annual domestic charges than the industry average

£88.22

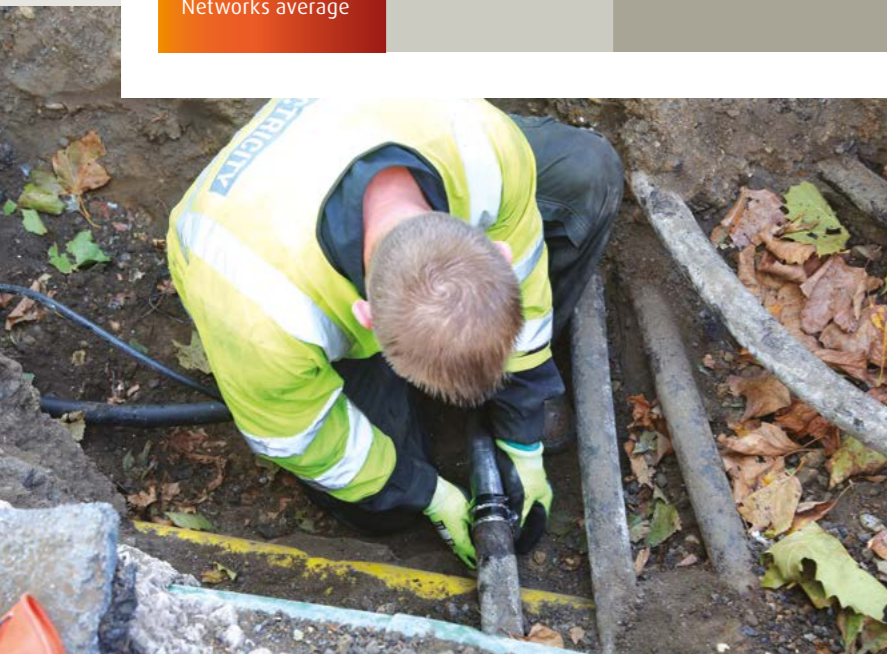
UK Power Networks average

£107.93

Industry average

£137.95

Most expensive DNO group average



Providing value for money for our customers is a fundamental responsibility that we take with the utmost seriousness, particularly in these times of financial pressure caused by the cost-of-living crisis. Many of the innovations we have introduced in 2023/24 are designed with value for our customers' money in mind.

Customer videos speed up LCT connections

As people want to connect equipment such as EVs and heat pumps in ever-greater numbers, more of them are coming directly to us rather than going through installers. The Fuse Upgrade that is required is complicated and requires information customers don't have and uses technical language many won't understand. This can lead to them submitting incorrect information which makes the process longer and more complicated for the customer.

Building on work we've already done to make the process easier for installers, we can now use video surveys that customers complete at their own convenience. These allow our staff to identify what work is required, without the need for complex, technical questions. For example, an external view of the customer's home tells us if their supply is fed through overground or underground cables, and this is not necessarily apparent to customers. The information we gather allows us to assign the correct engineer for the job quickly and increases the proportion of work that is delivered right first time. This speeds the process up considerably, reducing customer frustration and saving both time and money.

During 2023/24, we supported 300 customers through video calls and in 100 cases, the video calls told us that the faults were internal; without those calls we would have sent an engineer to investigate, so we saved 100 unnecessary engineer visits.

We are building on the success of this project, and are now looking to roll this solution out to other areas of the business to make better use of our resources, thereby reducing our operating costs thanks to fewer aborted connections engineer visits.

On this page you will see how we have performed against the following Sustainable Development Goals:



Automated Tunnel Data Capture

In 2023/24, we started using a robot (see page 35) to carry out tunnel and shaft inspections. The robot can work tirelessly and accurately, with none of the safety risks involved in sending a person into these confined spaces. It works more quickly and, thanks to AI, detects anomalies and defects that are not obvious to the naked, human eye, so we fix the problems sooner. This project was funded by UK Power Networks, and the savings that it will make on behalf of customers are significant.

Flex provides saving on reinforcement costs

We consistently market test all future network needs to identify the lowest cost option to deliver capacity. This year we market tested £470m of network investment across 450 sites through our twice-yearly flexibility tenders and delivered £91m benefits to customers by using flexibility to defer distribution network investment. The independent DSO Supervisory Board (see case study, right) challenged us to ensure our network investment levels remain sustainable to meet future demand, while keeping costs low for consumers. We are on track to deliver our business plan commitment of a £410m reduction in network reinforcement spend during RIIO-ED2. 100% of these savings flow to bill-payers rather than shareholders. The savings this year will result in customer bills being lower than they would otherwise have been.

£1.3m worth of free electricity for 24,000 households

We worked with Octopus Energy to launch an offer that allows customers with a smart meter to use spare green electricity at no cost (see page 41). 24,000 customers enrolled for this in 2023/24, with 77% taking part at each event. The offer makes use of the excess green electricity that is generated when it is sunny or windy. This is another example of us finding ways to provide value for our customers.

We ran sessions with Octopus Energy, to share our learnings with other DSOs, to support the service to scale up, so that more customers across Great Britain can take part. We are pleased to see National Grid Electricity Distribution (NGED) committing to introduce demand turn-up from 2025. Building on the success of our work with Octopus, we engaged with other energy suppliers with significant customer bases to understand their appetite to provide flexibility and identify any barriers we could help address. This resulted in us awarding contracts to British Gas and OVO which, together with Octopus, supply energy to more than 50% of domestic customers in the UK.

Find out more: See our DSO strategy document →

How we are...

looking after the interests of our customers

OUR INNOVATION STRATEGY



CREATION OF THE DISTRIBUTION SYSTEM OPERATOR (DSO)

Our stakeholders told us that their top priority was maximum transparency of decision-making about the potential conflicts of interest relating to choosing between flexibility and network investment. To ensure that we are providing value for money for our customers, we opted to form a Distribution System Operator (DSO) that is legally separate from the UK Power Networks Distribution Network Operator (DNO). We now have the world's first legally separate DSO, overseen by an independent Supervisory Board that approves investment decisions, ensuring we deliver capacity at the lowest overall cost to consumers.

The DSO Supervisory Board challenges and approves the recommendations made by the Distribution Network Options Assessment process, through which we identify needs for additional capacity on the network and evaluate flexibility and network solutions on a level playing field.

“UK Power Networks' full legal unbundling of the DSO and the appointment of an independent Supervisory Board is a radical shift that moves our focus towards the needs of customers and away from the way DNOs have always done things.”

Michael Walsh
Chair UK Power Networks DSO Supervisory Board

What this means for our customers

The DSO panel reviewed £470m of additional potential investments in detail. We challenged the DSO to maximise flexibility, unlocking the potential for an additional £81m of customer savings during RIIO-ED2, while ensuring that this does not build a problem for the future.