WALES & WEST UTILITIES CRITICAL FRIENDS PANEL

FEEDBACK REPORT

FEBRUARY 2024

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INTRODUCTION

On 20 February 2024, Wales & West Utilities hosted a Critical Friends Panel. This was the first in-person panel hosted since 2019. The purpose of the panel was to seek feedback from Wales & West Utilities' key stakeholders on the following topics: People and Skills; Data and Digitalisation; and Innovation.

A total of 13 stakeholders, representing 12 organisations, participated in the panel, which took place at the International Convention Centre in Newport, Wales. The event began with a business update, given by Sarah Williams, Director of Regulation, Asset Strategy & HS&E. This was followed by three further presentations. The first focused on People and Skills, given by Bethan Jones. The second was on Data and Digitalisation, delivered by Ian Dunstan, and the final one focused on Innovation and was given by Geraint Herbert.

After each presentation, panel members were asked to give their feedback. Wales & West Utilities instructed EQ Communications, a specialist stakeholder engagement consultancy, to chair the panel and to take note of the comments given. This report summarises this feedback, including some of the verbatim comments, which have not been attributed to individuals in order to encourage candour and open debate.

EXECUTIVE SUMMARY

Business update

- Panel members attended for a variety of reasons, including to understand Wales & West Utilities' plans to decarbonise the gas network.
- Other members attended to foster closer links with the company, as they saw Wales & West Utilities as a key stakeholder.
- There were also references to skills development, with one panel member emphasising how they wanted to support Wales & West Utilities in preparing graduates for the workplace. In addition, there were references to how certain initiatives could help to decarbonise the economy while also saving customers money on their bills.

People and Skills

- There was consensus among the panel members that Wales & West Utilities should continue to invest in apprenticeships, as these were regarded as critical in attracting young people into the business. Stakeholders also called on the government to promote green jobs, and for Wales & West Utilities to do more to market themselves to young people as a 'green' company.
- However, panel members expressed concerns about the difference in opportunities available to those in Wales compared to England.
- Some panel members also felt that there was a stigma attached to the word 'apprenticeship' which could deter people from applying for certain training and job opportunities.

Data and Digitalisation

- Panel members were interested in accessing data, and gave many reasons for its importance, including being able to understand the network and predict future needs, to inform growth aspirations. One stakeholder suggested that a tiered approach would cater to different users' needs. For example, some stakeholders would be interested in detailed, granular data, while others would prefer more high-level information.
- It was felt that there needed to be a cautious approach regarding data, as panel members expressed concerns relating to security risks and its potential misuse.

Innovation

- Panel members expressed the need for funding to support innovation and encouraged expanding the criteria beyond solely those to deliver Net Zero and initiatives to support customers in vulnerable situations.
- It was suggested that virtual (reality) training be used to replicate high-risk situations.
- It was questioned whether biodiversity was the responsibility of Wales & West Utilities, although there was no consensus on this point.
- One panel member praised Wales & West Utilities for creating a culture of innovation.

SESSION 1: BUSINESS UPDATE

The first discussion session was introduced by Sarah Williams, Director of Regulation, Asset Strategy & HS&E. Sarah highlighted Wales & West Utilities' core business activities, including connections, network services, and supporting the whole energy system. Sarah also explained that distribution made up 13% of the average annual customer bill.

She also explained that their next regulatory period (RIIO GD3) would take place from 2026 to 2031, and that throughout 2024, Wales & West Utilities would be engaging with consumers to receive feedback on how its core business activities should evolve in the upcoming Business Plan period. She stated that the company's Business Plan would be submitted in December 2024.

Panel members were then asked to introduce themselves and give their reasons for attending. They attended the workshop for a range of reasons, including to learn more about what Wales & West is doing to provide training to upskill people in their operational area. They also highlighted the importance of renewable energy, particularly hydrogen, as their reason for attendance. One stakeholder expressed that they acted as a conduit between their university and the professional world, seeing the panel as a good way to build this relationship.

SESSION 2: PEOPLE AND SKILLS

The second discussion session was introduced by Bethan Jones, Head of HR. Bethan took members through Wales & West Utilities' current position in terms of employees, explaining the demographics of the company, as well as outlining their approach to professional development. Training provision was also detailed, along with their apprenticeship and graduate offerings.

Bethan explained that Wales & West Utilities had been able to lower the average age of its workforce. She also highlighted their aim to increase the percentage of females working within the company, which is currently at just 17%. Throughout her presentation, Bethan shared information on Wales & West Utilities' training provision and their use of training centres to support the skills development of their workers. There was also a focus on the company's apprenticeship and graduate programmes, with Bethan explaining that Wales & West Utilities were exploring new avenues to introduce apprentices within the business, and that there were plans to recruit up to five graduates in 2024.

There was a strong consensus among stakeholders on the importance of continuing to invest in apprenticeships, while widening access to training programmes. Apprenticeships were seen as crucial in attracting young people into the business, and some panel members were supportive of Wales & West Utilities asking for additional funding to support apprenticeships and training programmes.

There was concern about the challenges of recruiting new apprentices, and there were calls for training programmes to be tailored to support the shift towards Net Zero carbon. It was suggested that some apprenticeships should be developed with future energy uses in mind, with the inclusion of hydrogen modules referenced.

It was also noted that there were currently discrepancies between what opportunities were available to people in Wales and those in England, and concern that those in Wales were being let down in comparison to their English counterparts due to the potential removal of funding. Some stakeholders suggested that there was a stigma attached to the word 'apprenticeship' which could deter people who were already skilled from applying for certain training and job opportunities. It was suggested that there should be more of an emphasis on reskilling people who were currently in employment elsewhere.

Stakeholders discussed marketing strategies to attract individuals who were unaware of Wales & West Utilities and of the sector more generally. There was an emphasis on sustainability and on the company's role in addressing existential threats to attract the next generation of workers. Stakeholders also noted the need for clear, effective communication strategies that highlight Wales & West Utilities' commitment to sustainability and innovation, along with the use of mentoring schemes and adjusting education funding models to ensure equitable access to training opportunities.

1. **How important is it to you that we continue to invest in our People & Skills strategy, including the offering of apprenticeships, so that we can futureproof our workforce and ensure they are skilled for the future of energy?**

- "I'm in favour of apprenticeships, especially technical apprenticeships. It gets complicated with Wales and the other devolved administrations having different frameworks. The content and mechanisms are different. Apprenticeships are a good recruitment area and a vehicle for delivering the transition to Net Zero because young people are interested in this area. The government should emphasise these are genuinely green jobs that contribute to reducing carbon emissions."
- "We all agree apprenticeships are a good thing, but it's unclear if recruitment or funding is the major challenge. Your graduate training aims should be more ambitious."
- "The training programmes you offer are a good way for Wales & West to engage with universities."
- "It's important to widen access, as people coming in through that route wouldn't necessarily go to university."
- "There's a split in what is available to people in Wales and people in England."
- "In Wales, you're letting down a whole generation of people."

2. **How does your organisation or do organisations you work with fund apprenticeships?**
   a. **If your organisation doesn't offer apprenticeships, are there other schemes or sources of funding that we could tap into?**

- "How much would it be per bill?"
- "We're looking at flexible learning. They can't just take time out of their lives, they've got children etc."

3. **Would you support us asking for additional allowances for apprenticeships, should we need to (bearing in mind, this will come at a cost)?**

- "The shift to zero carbon involves some wrong incentives. I was surprised by the number of gas programmes in the gas bill. Gas should be relatively more expensive than electricity."
- "What is essential to keeping people on this career path is training. My students ask for a hands-on approach. The training must be at a state-of-the-art level so trainees can deal with natural gas and potentially hydrogen too. I would advocate for training centres being adapted, and green jobs. This could be paid for in the bills."

4. How do we ensure that we attract and retain the best people (especially given the lack of clarity on the future of energy; e.g., hydrogen) while diversifying our people?

- "How we engage is key. Is Wales & West talking to high schools and incentivising people? A problem we're facing as a university is that we need thousands of technicians."
- "Few things. First of all, some of the apprenticeships should be thinking about futureproofing. E.g., have hydrogen modules. You might not be working with hydrogen today, but in the future. Maybe look at the content."
- "There's a lot of focus about apprenticeships, could you reskill people. The word 'apprenticeships' already puts off people who are skilled. Maybe change the terminology."
- "There's a connotation that apprenticeships aren't as good."
- "Wales & West Utilities need to be seen as an evolving organisation."

5. How can we market ourselves as an employer to people who may never have heard of us or wouldn't think of working with us?

- "Coming from a university point of view, if you turn up at university, we need to get the messages right. This generation is more tech savvy, more health conscious, and if you turn up and say, 'we're a gas company', you could lose them quickly. There are ways of getting our students excited about what you're doing."
- "You need to be upfront about the problems you're facing. Young people love a challenge."
- "It would appear that education is expensive and costs money. It's two funding streams. The hint is that if you're in Wales you might not be as generously awarded with funding. There should be a strong case to Ofgem to balance out the funding. I've got a daughter who doesn't want to go to university and has been farming for two years. Someone like her needs something more practical, so she knows that there are opportunities for her going forward."
- "Sustainability is the big thing amongst our students and they want to make a difference."
- "Are there are internal mentoring schemes?"

SESSION 3: DATA AND DIGITALISATION

After a short break, Ian Dunstan, Asset Strategy Manager, gave the panel a presentation on Data and Digitalisation. Ian outlined the data best-practice principles, as well as relaying Wales & West Utilities' current data delivery. He also explained the data types that Wales & West Utilities currently have, including operational data, capacity, and demand/supply.

Ian discussed the next steps that would support Wales & West Utilities' data and digitalisation initiatives for the RIIO GD3 Business Plan period, including data interoperability and the energy transition. The panel was then asked to give its feedback on open data, and on the type and format of data that they would like to receive.

Panel members did express a cautious approach to data being presumed open, highlighting concerns relating to security risks and the potential for misuse. One panel member suggested that artificial intelligence be used to counter such misuse.

Data was seen by members as being crucial to understanding the network, providing a tool to help resolve major disruptions and to act as a predictor of future demand and generation. Data on where Wales & West's assets were hydrogen ready were also requested. There was support for the increased use of data; however, stakeholders wanted data to be presented in an accessible way. Panel members varied in the level of data they wanted. There were suggestions that data should be summarised, but also that technical data should be available to those who required it. One panel member suggested a tiered approach to data that would accommodate different user needs.

1. **Do you support the principle of data being presumed open? i.e., open to anyone and freely accessible for any?**

   - "Area data rather than individual data is what I want. My concern with data interoperability is what has happened in the States with Chinese hackers. Could showing your data risk interference from Russia and your networks being shut down or taken over?"

   - "You need AI and machine learning to do thinking for you, as there's a concern that people are very creative and can take data and paint a picture."

   - "With the hacking safety put to one side, sharing data with other organisations is really crucial to knowing what our network is like. We share loads of data at CSE: who's got a credit meter, water meter etc, and you get a bigger picture. Utilities work together to create the PSR register. Working together securely will help to know which houses are most vulnerable."

   - "It's also about the ability on how you present it. You can go into systems and not be able to explain in. Present it in a way that is more accessible."

   - "It's modelling for the future."

2. What sort of data would you want from us?

- "We don't want the data to be too granular. We risk having too much data. We want data on a summary level."

- "If lots of data was suddenly made open, there would be a lot of commercial value. Consultants would profit. Is there a way the value of this data could work better for consumers? You could have non-regulated business partnership between those who have the data and those who have ideas."

- "Hard technical data is what interests me, such as quality of the gas. We need to know where potential leaks could emerge. A clever interface could also be beneficial. Provide something lower level for the average user."

- "Consider the impact on industrials and consumers. Information that can proactively help work to resolve major disruptions is good."

3. How would you like us to present this data?

- "You need to be used to the setup. Then you need guidance sheets on how to operate it. Don't overcomplicate it. If you want extra data you could move on to stage two."

- "If you're looking for one individual property, it doesn't need to be complicated. But if you're looking at a whole network it's different."

- "It should be done on three levels."

4. What sort of data could be useful? To you? Others?

- "I've been asking you guys for stuff for ages. Two things come to mind. I'm sending schools information about hydrogen. For example, I'm also looking at a site where there are WWU assets and I need to know that they're hydrogen ready. But that was a one-off. I'd like to know when areas are hydrogen ready. I know where the regulators are. There's tonnes of stuff I'd love."

- "We work closely with local authorities who want the data that we've captured."

SESSION 4: INNOVATION

The fourth and final presentation was given by Geraint Herbert on the topic of Innovation. Geraint outlined how Wales & West Utilities were funded for innovation, highlighting the Network Innovation Allowance (NIA) and the Strategic Innovation Fund (SIF). Geraint also discussed how innovation had supported Wales & West Utilities' Net Zero ambitions, using a range of case studies to outline this, including NextGen Electrolysis, which investigated using wastewater to produce green hydrogen.

Following this, Geraint mentioned other areas where Wales & West Utilities could become more ambitious. The panel was then asked to provide feedback on areas where Wales & West Utilities could demonstrate more innovative thinking.

The panel recognised the potential of innovation within Wales & West Utilities' work, and there was support for increased active participation in innovation. However, caution was expressed by one panel member regarding the financial viability of hydrogen and the extent to which innovative methods were pursued, although it was stated that innovation on projects to reduce carbon emissions is valuable.

Panel members expressed the continued need for funding, and supported expanding the criteria beyond innovation projects in order to deliver Net Zero and those to support customers in vulnerable situations, with one panel member suggesting that innovation to improve security was missing. The point was also made that innovative projects to tackle poverty would be supported.

One stakeholder suggested that virtual reality training be used to replicate high-risk situations, lowering costs in the process. There was also discussion about how innovation could be used to increase network resilience, particularly in the context of more extreme weather events. Panel members questioned whether biodiversity was the responsibility of Wales & West Utilities, and it was suggested that this could be viewed as a PR exercise.

One member praised Wales & West Utilities for creating a culture of innovation, and members called for there to be a fair billing system to reduce costs for customers through innovation.

1. What are your views on our case studies?

- "I think it goes to shows how different the innovations can be. You think about health and safety, but you'd think surely there's enough industry knowledge to know what we can do, but perhaps that isn't the case."
- "My issue is, do more of it. There are portals and the process can be quite complicated, so how do they know more than you? I'm not saying don't go down this route but are there ways to go about the funding route. Pensions etc."

2. Would you like to see us do more of this sort of work?

- "You must find the balance in terms of how far you go."
- "I've looked at the financial viability of hydrogen. I don't see a good case for it. How confident is Wales & West about transitioning to hydrogen?"
- "Is biodiversity a responsibility of Wales & West? I advocate innovation where it drives the business rather than nice-to-haves."

3. Should we seek to expand the criteria beyond Net Zero and vulnerable customers?

- "Focus on measures to reduce carbon emissions. The biodiversity aspect is more PR. Mainstream technology should be sufficient to deliver carbon reductions rather than innovation."
- "Security innovation is seriously missing. Ultimately, the supply must be maintained. Innovate beyond sustainability and go for reliability. Look to other countries, like Germany and China."
- "It's paramount funding continues given the poverty rate in Wales."
- "Is your network susceptible to cutting of subsea cables? This risk is underestimated."
- "We're looking at virtual reality training. It saves a lot of money. It can recreate high-risk situations. The government should be willing to fund this."
- "If you can save money and then reduce people's bills. You can't just keep putting people's bills up as so many people are in fuel poverty."

4. We are currently not funded on operational efficiency innovation. Should we broaden innovation to include this?
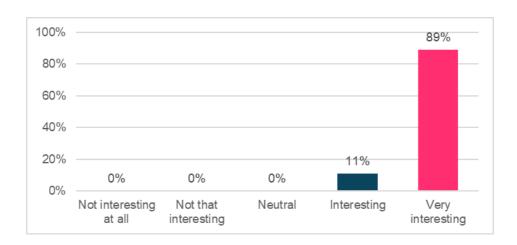
- "WWU are creating a culture – people know what they're doing and they're helping to foster a spirit of innovation."
- "Do you connect regularly with European gas operators?"

5. Would you be prepared to see an increase in customers' bills in order to fund Net Zero and vulnerable customers initiatives?
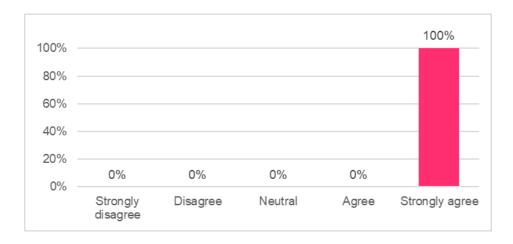
- "It's about having a fair bill system. Fuel poverty is just increasing and increasing. And that's an innovative project in itself."
- "The goal should be to reduce costs. If we move to hydrogen, we can draw costs of gas down significantly. Part of the innovation should be to reduce costs."
- "There is money out there; however, the criteria for funding is sometimes not clear."
- "If you are saving other companies money, OFGEM should give you money for that. Even if it's 0.05% back as part of innovation money."
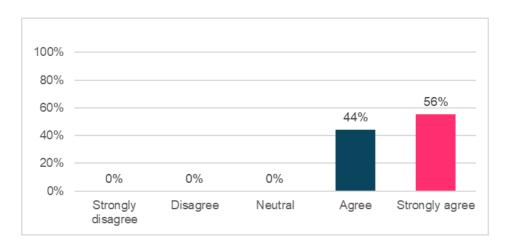
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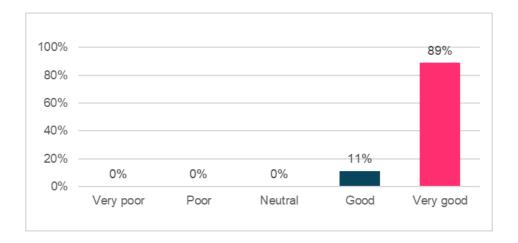
1. Overall, did you find this panel to be:

2. Did you feel that you had the opportunity to make your points and ask questions?

3. Did we cover the right topics for you on the day?

4. What did you think of the way the panel was chaired by your facilitator?

5. Do you have any suggestions for topics you would like to see covered at future panels?

Answers included:

- "How to get better coherence of skills policy across the four UK nations."
- "Well covered on topics."
- "Continue the discussion for hydrogen and the future…"
- "Challenging the matter of whole systems, which will help tackle the nonsense of the NIC report. Seek our support for investment ahead of need with hydrogen etc."
- "More emphasis on vulnerability work."

6. Do you have any final comments?

Answers included:

- "Great session."
- "Very well planned, very interesting and good cohort. Very happy to keep supporting these panels."
- "Good event, thank you."