



# Supporting Local Area Energy Planning and Community Energy Development

December 2019

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# About us

We are Scottish Hydro Electric Transmission (SHE Transmission), part of the SSE Group, responsible for the electricity transmission network in the north of Scotland. We operate under the name of Scottish and Southern Electricity Networks, together with our sister companies, Scottish Hydro Electric Power Distribution (SHEPD) and Southern Electric Power Distribution (SEPD), who operate the lower voltage distribution networks in the north of Scotland and central southern England.

As the Transmission Owner (TO) we own, maintain and invest in the high voltage 132kV, 275kV and 400kV electricity transmission network in the north of Scotland. Our network consists of underground cables, overhead lines on wooden and composite poles and steel towers, and electricity substations, extending over a quarter of the UK's land mass crossing some of its most challenging terrain.

We power our communities by providing a safe and reliable supply of electricity. We do this by taking the electricity from generators and transporting it at high voltages over long distances through our transmission network for distribution to homes and businesses in villages, towns and cities.



Figure 1: SHE Transmission network and operating area



# Introduction

The UK Government has committed to transition to a net zero economy by 2050 and the Scottish Government is aiming to meet the same target by 2045. Local energy planning will be a key enabler for this transition. The Scottish Government defines local energy as “involving a range of different organisations (both public and private sector), who are delivering and energy service for the benefit of local consumers operating within a defined geographic area<sup>1</sup>.”

The increasing focus on decarbonisation of our heat and transport sectors in addition to the continued decarbonisation of electricity means that there is a need for greater coordination of organisations and consumers within these defined geographic areas.

Both the Scottish and UK governments recognise the role of local energy and the need to bring stakeholders together using Local Area Energy Plans (LAEP) and Local Heat and Energy Efficiency Strategies (LHEES) to create a “a shared purpose around decarbonisation to drive forward the necessary step change to galvanise a whole range of stakeholders to deliver transformation to the local energy system over a longer time frame<sup>2</sup>”.

At the same time, the Scottish Government’s has set an ambitious target of delivering 1GW of community and locally owned energy by 2020 and 2GW by 2030. The definition of community energy is “the delivery of community-led renewable energy projects, whether wholly owned and/ or controlled by communities, or through partnerships with commercial or public sector partners”

Meeting the 2GW target will have its challenges. There is 695MW of community and local energy connected and operating in Scotland, 465MW of which is connected in the north of Scotland which has largely been driven by the availability of subsidies.

Our stakeholders have told us that as a result of subsidies being withdrawn, the business model for local energy has changed. Customers are more focussed on a whole system approach to address local energy needs.<sup>3</sup> Therefore, ensuring that the changing needs of this stakeholder group are accounted for in our business plan is essential if we are to enable local decarbonisation ambitions in addition to large scale projects.

Local stakeholders have been central to our network development activities during RIIO-T1, over this period we have supported local community connections; used our local knowledge to help shape national network development and supported customers with expertise on topics like Network charges and securities.

We intend to build on this in RIIO-T2. Our Business Plan is titled “A Network for Net Zero”. In preparing the plan, we were careful to ensure that the Certain View<sup>4</sup> provides baseline of investment for the north of Scotland transmission network to accommodate greater volumes of renewable generation connections during the RIIO-T2 period. This is complimented by uncertainty mechanisms that can be used to respond to change.

Engagement with stakeholders to understand their needs, especially having insight to local stakeholder’s area energy plan and supporting their renewable generation ambitions is critical for our ongoing business activities; driving efficiency in network development and ensuring we maximise the opportunity to make a significant contribution to GB Net-Zero targets.

This will allow us to more proactively respond to change and, as we continue to build intelligence, we will be able to reflect stakeholder needs in a Certain View for the future beyond RIIO-T2.

# Supporting Local Area Energy Planning and Community Energy Development

Our strategic objective for RIIO-T2 is to enable the transition to a low carbon economy<sup>5</sup>.

This is supported by four key themes:



Our plan includes a range of policies that build on these themes to realise our objective. This paper centralises the various policies of our Business Plan that will support local area energy planning and community energy development.

Our proposed approach reflects the needs of our stakeholders<sup>6</sup> and our experience in promoting collaboration to respond to industry change. Overall, we have sought to reflect the Scottish Government’s Networks Vision<sup>7</sup> that “consumers and their representatives need to be central in deciding how our networks develop” a message that is fully endorsed by consumer groups such as Citizens Advice Scotland<sup>8</sup>

Set out in two parts, this paper sets out our commitment to:

**1. Act as a trusted partner and realise the benefits of collaboration through the development of Local Area Energy Plans (LAEP) and Local Heat and Energy Efficiency Strategies (LHEES):** We will build on our experience of collaboration to expand our existing relationships, acting as a trusted partner to local authorities as they develop LAEP and LHEES. Specifically, we will:

- Build on and expand the relationships that we have with our local authority stakeholders, understanding their needs and how we can work together to deliver LAEP and LHEES in each local authority in the North of Scotland throughout RIIO-T2.
- Share our expertise and advocate for industry change to deliver outcomes that will realise the whole system benefits of LHEES and LAEP.
- Work with SHEPD to maximise the value of our engagements and quality of information exchanged with LAEP partners.
- Recognise the diversity of local energy ambition across the north of Scotland and apply this in our stakeholder-led whole system strategy ensuring that our load and non-load investments account for local need.
- Enable LAEPs and LHEES to be developed in way that is complementary to the development of the national transmission network.



Figure 2: LEAP influences

**2. Support local and community energy development:** We will draw on the policies across our business plan to address barriers<sup>9</sup> that local communities have told use they face when taking a project from concept to delivery. Specifically, we will:

- Provide consistent and clear communication on the role of transmission in facilitating local and community energy connections.
- Enable our stakeholders to more easily identify connection opportunities across our network.
- Provide access to expertise and information necessary when seeking a connection to the transmission network.
- Implement queue management to bring forward projects that are ready to connect.
- Ensure that our communications are accessible and inclusive (including the detail in connection offers).

<sup>1</sup> <https://www.gov.scot/publications/scottish-governments-local-energy-policy-statement-consultation/>

<sup>2</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/consultationpaper/2019/10/scottish-governments-local-energy-policy-statement-consultation/documents/local-energy-policy-statement-consultation/local-energy-policy-statement-consultation/govscot%3Adocument/localenergy-policy-statement-consultation.pdf>

<sup>3</sup> <https://www.nesta.org.uk/report/local-energy-in-an-age-of-austerity-preserving-the-value-of-local-and-community-energy/>

<sup>4</sup> <https://www.ssen-transmission.co.uk/riio-t2-plan/planning-for-net-zero-scenarios-certain-view-and-likely-outturn/>

<sup>5</sup> <https://www.ssen-transmission.co.uk/media/3440/ssen-business-plan-summary-22780-artwork-for-webupload.pdf>

<sup>6</sup> Appendix 1, Local and Community Energy Roundtable discussion outputs, May 2019.

<sup>7</sup> <https://www.gov.scot/binaries/content/documents/govscot/publications/publication/2019/03/vision-scotland-electricity-gas-networks-2030/documents/vision-scotland-electricity-gas-networks-detail-2019-2030/vision-scotland-electricity-gas-networks-detail-2019-2030/govscot%3Adocument>

<sup>8</sup> [https://www.cas.org.uk/system/files/publications/cas\\_response\\_to\\_the\\_infrastructure\\_commission\\_for\\_scotland\\_final.pdf](https://www.cas.org.uk/system/files/publications/cas_response_to_the_infrastructure_commission_for_scotland_final.pdf)

<sup>9</sup> Local and Community Energy, Roundtable discussion outputs, 17 May 2019

# Commitment 1:

## Act as a trusted partner and realise the benefits of collaboration through the development of LAEP and LHEES

The Scottish Government has set out in its Local Energy Policy Statement Consultation<sup>10</sup> that it is focussing on its devolved powers around heat and energy efficiency by proposing to legislate for statutory minimum requirements through LHEES and to build on this with the use of LAEP.

LHEES is a Scottish Government initiative that focuses on the Government devolved powers to further heat decarbonisation. LHEES bring together key stakeholders to develop an investment prospectus to attract inward private sector investment and are intended to be introduced as a statutory minimum requirement for local authorities in Scotland.

LAEP are based on a framework developed by the Energy Systems Catapult and Energy Technologies Institute (ETI) to help local government, energy networks and other key local stakeholders take the lead in preparing for a low carbon future.

- Our Beaulieu Community Liaison Group (CLG) was established during Beaulieu – Denny and has been running since 2014, meeting on a bi annual basis at very least. It allows frank and honest discussions with community members with the aim of working collaboratively to achieve mutually agreeable solutions. In 2017, key SSEN staff met with the CLG to hold a Western Isles Workshop and in July 2019, SSEN staff took members of the CLG on a site visit to see Spittal Converter Station, so they could better understand the size, the noise emitted, the reason it was required and the mitigation methods which could be put in place

LAEP and LHEES will facilitate a more pro-active approach to this engagement working together with our stakeholders to define the need and shape the appropriate solutions.

### Reflecting local need in national infrastructure:

Our experience in developing the Needs Cases for the Strategic Wider Works solutions required to connect the Scottish Islands (Orkney, Western Isles and Shetland) demonstrates the value we place on having customers at the centre of our network development. Local ambition has played a significant role in informing our island connections development plans to ensure that they maximise the potential resource in these remote parts of the country, providing low cost clean electricity for the GB consumer:

- **Western Isles:** We have and continue to work closely with local stakeholders to build and present a detailed picture of the development pipeline, ensuring that the long-awaited transmission reinforcement meets the needs of contracted and future stakeholders. We also took this approach on Orkney and Shetland and coordinated several events to support stakeholders in understanding the unique challenges for islands customers in relation to securities and liabilities and network charges.
- **Orkney:** In addition, to meet the needs of the diverse group of stakeholders on Orkney, we proposed an Alternative Approach<sup>12</sup> to the traditional project securities process. This solution recognised that securities could act as a barrier to connection for smaller and community scale customers on Orkney while ensuring the consumer is not exposed to the risk of unnecessary investment.
- **Shetland:** The investment case for the Shetland needs case rests on conditions imposed by Ofgem and we are continuing to support our connecting customers as well as wider stakeholders to ensure those conditions are met. In addition, we have worked with our associated group company, Scottish Hydro Electric Power Distribution plc (SHEPD) to support its stakeholder-led whole system proposal.

At the same time the Scottish Government and Convention of Scottish Local Authorities (COSLA) have adopted a 'place principle' to encourage better collaboration, community involvement, and to improve the impact of combined energy resources and investment.

This principle requests that "all those responsible for providing services and looking after assets in a place need to work and plan together, and with local communities, to improve the lives of people, support inclusive and sustainable economic growth and create more successful places<sup>11</sup>"

### Role of SSEN Transmission

We have a strong connection to the places that we operate with a proven track record in recognising the needs of local communities and local connection customers. Over RIIO-T1, this has been reflected in the following activities:

### Community engagement:

Our customer and communities teams work extensively to ensure our plans and considerations for development are understood by the communities impacted and that we are able gather their views and address their concerns. This has, and always will, form part of our everyday operations and priorities. During RIIO-T1, our programme of increased engagement with local stakeholders, focusing on network development, has provided us with invaluable information and experience, allowing us to not only refine our approach to stakeholder engagement but also to become a trusted partner in local community development.

**Providing a regional context to energy network development:** Alongside our experience with the Scottish Islands, we have gone further to provide more regional and local context to National Grid's future energy scenarios recognising the future ambitions of local stakeholders with our own 'North of Scotland Future Energy Scenarios'. This recognises significant differences in electricity use in the north of Scotland when compared to the GB average – for example, residential electrical demand is around 10% higher than the rest of the UK and Gas consumption is lower (51% of properties use gas for heating compared to 81% across the UK).<sup>13</sup>

Working with local authorities to develop LAEP's and LHEES will further improve the granularity of information that we can reflect in our own future energy scenarios, improving our ability.

### Delivering on our ambition:

Our Business Plan recognises that more can be achieved than we note above and to do so greater collaboration is necessary. The policies set out across our Stakeholder Engagement Strategy<sup>14</sup>, Whole System Policy<sup>15</sup>, Asset Management Strategy<sup>16</sup> and our Capital Delivery Strategy<sup>17</sup> will both support and realise the benefits of greater collaboration.

Supporting local authorities in the preparation of LAEP and LHEES is an important first step. In order to act as a trusted partner and realise the benefits of collaboration through the development of LAEP and LHEES we will:

### Build on and expand the relationships that we have with our local authority stakeholders, understanding their needs and how we can work together to deliver LAEP and LHEES in each North of Scotland local authority over the T2 period.

The starting point for the LAEP engagement framework for RIIO-T2 is the Stakeholder Engagement Strategy. In order to create a framework to support LAEP activity we will build on the existing relationships that we have established with local authority stakeholders seeking input and sharing knowledge to build partnerships. This will allow us to adapt and respond to local need, while ensuring that our engagement is purposeful and timely.

### Share our expertise and advocate for industry change to deliver outcomes that will realise the whole system benefits of LHEES and LAEP

The transition to net zero will require unprecedented change to the codes, regulations and rules that underpin the industry.

Over RIIO-T1 we have worked through the Energy Network Associations, open networks project to shape the definition and direction of travel of whole system, we have responded to consultations on the changes to the electricity network charging arrangements and Contract for Difference framework<sup>18</sup> where we identified issues that would have a negative impact on our island customers. Over RIIO-T2 we will continue actively participate in industry change as a committed advocate for customers, society and the environment – including local and community energy customers.



<sup>10</sup> <https://www.gov.scot/publications/scottish-governments-local-energy-policy-statement-consultation/>  
<sup>11</sup> <https://www.gov.scot/publications/place-principle-introduction/>  
<sup>12</sup> <https://www.ssen-transmission.co.uk/news-views/articles/2018/6/solving-orkney-s-catch-22/>

<sup>13</sup> <https://www.ssen-transmission.co.uk/information-centre/industry-and-regulation/future-energy-scenarios/>  
<sup>14</sup> <https://www.ssen-transmission.co.uk/media/3560/shet-stakeholder-engagement-strategy-finaldocument.pdf>  
<sup>15</sup> <https://www.ssen-transmission.co.uk/media/3451/ssen-whole-system-strategy-20pp-22990-artwork-forweb-upload-with-links-final.pdf>  
<sup>16</sup> <https://www.ssen-transmission.co.uk/riio-t2-plan/a-risk-based-approach-to-asset-management/>  
<sup>17</sup> <https://www.ssen-transmission.co.uk/riio-t2-plan/capital-development-and-delivery/>  
<sup>18</sup> <https://www.gov.uk/government/publications/contracts-for-difference/contract-for-difference>

## Commitment 1:

### Act as a trusted partner and realise the benefits of collaboration through the development of LAEP and LHEES

#### Work with SHEPD to maximise the value of our engagements and quality of information exchanged with LAEP partners

The Whole System policy has set out an expectation that “We will need to tailor our engagement approach, being wide reaching in who we engage with and open minded to understand what their requirement is of the energy networks. It might be that a local authority is keen to understand the network capacity that could be realised and made available, for say EV infrastructure”.<sup>19</sup>

A robust data management and internal communication policy is important to ensure that insights gained from LAEP engagement feed into relevant work areas across the business. This will support whole system working, asset replacement and capital delivery.

In order to achieve this, we will be following and implementing the recommendations of the Energy Data Taskforce through our ‘Digital Strategy’<sup>20</sup>. Aligned with the presumption of ‘Open Data’ we will be able to share appropriate data with local authorities and will also look to utilise data from local authorities to inform and coordinate our activities. The detail of the channels and methods for data sharing will be included in implementation plans driven by our ‘Digitalisation Strategy’.

#### Recognise the diversity of local energy ambition across the north of Scotland and apply this in our stakeholder-led whole system strategy ensuring that our load and non-load investments account for local need.

Having a framework for engaging with Local Authorities and City Councils will enable a route to understand their LAEP ambitions and accurately reflect that in whole system planning activities as we progress towards the Electricity and Whole Energy stages outlined in the Whole System document – looking at whole system solutions across transport, gas and heat networks to create GB society value.

This means that we will not take a one size fits all approach, investing the time necessary to understand the different priorities across the towns, cities and communities in which we operate (11 local authorities and 3 city councils) as they each seek to address the challenge of Net Zero across electricity, heat and transport infrastructure.

For example, we will work closely with SHEPD, and Scottish Government under the EV Strategic Partnership agreement, to investigate whole system planning modelling. We will be undertaking a Network Innovation Allowance (NIA) funded project to investigate the impacts of low carbon technologies for Dudhope Grid Supply Point (GSP) in Dundee city centre and the associated four primary substations. A whole system approach will require a two-way interaction with local decision makers to understand local strategies, requirements and economic and sustainable action plans in order to understand the impacts on the electricity grid.

#### Enable LAEPs and LHEES to be developed in way that is complementary to the development of the national transmission network

Our transmission asset development process underlines the need to engage with wider stakeholders once technically viable options are identified. Creating a framework for engagement, understanding local ambitions and building key relationships with our stakeholders, the LAEP framework provides us with an opportunity for more proactive engagement on network development activities giving stakeholders a stronger voice. This is in line with the principles of a ‘risk based approach to asset management’ which seeks to shape investment decisions through stakeholder engagement and our approach to network development, correctly identifying the need and delivering on our promises.

### Timescales:

#### Short term (by March 2021, the end of the RIIO-T1 price control):

- Engage with all local authorities in North of Scotland to explain our ambition in supporting local area energy planning (LHEES and LAEP).
- Work with SHEPD and colleagues across the transmission business that are engaging with the same stakeholders to align engagement and provide a consistent message.
- Work with SHEPD on the NIA project for Dudhope Grid Supply Point (GSP) in Dundee city centre.
- Incorporate local authority plans within our Aberdeen City Strategy.
- Ensure data from LAEP and LHEES is captured in the North of Scotland Future Energy Scenarios.

#### Medium term (by March 2023, the middle of the RIIO-T2 price control):

- Build on lessons learned from Dudhope GSP and apply to other non-load driven investment.
- Build on lessons learned from Aberdeen City Strategy to provide input for all local authority LAEP’s and LHEES.
- Support whole system approach.

#### Long term (by March 2026, the end of RIIO-T2 price control):

- Support all North of Scotland Local Authorities in the preparation of LHEES and LAEP.
- Refine and expand the role of LAEP and LHEES in line with the ‘whole energy’ stage of the whole system policy.

## Commitment 2:

### Support Local and Community Energy

#### The Scottish Government has ambitious plans to support 1GW of local and community energy by 2020 and 2GW by 2030.

The benefits of supporting these developments go much further than contributing to national targets:

- reducing reliance on more expensive and polluting forms of generation in remote areas of our network;
- reducing the impact of fuel poverty; and
- providing local economic benefit in addition to greater social and health benefits such as building social capital and community cohesion around the project.

Our stakeholders have told us that the business model for local energy has become increasingly challenging. The withdrawal of subsidies has meant that communities are now focussing on the socio-economic and environmental benefits that arise from Digitisation, Decentralisation, Decarbonisation and Democratisation of the energy system.

There is 695MW of community and local energy connected and operating in Scotland and 465MW connected in the North of Scotland. It is our view that we will need to support a further 839MW of local and community energy to connect to our network if we are to meet the target of 2GW by 2030.

#### Delivering on our ambition:

The policies proposed in our Commercial and Connections Policy<sup>21</sup>, Stakeholder Engagement Strategy<sup>22</sup> and Sustainability Strategy<sup>23</sup> will address barriers<sup>24</sup> that local communities can face when taking a project from concept to reality.

In order to support local and community energy we will:

#### Provide consistent and clear communication on the role of transmission in facilitating local and community energy connections:

Local and community energy customers will typically connect to the distribution network. However, with the distribution network in the North of Scotland largely constrained, most connections will require some interaction with transmission.

We have heard from our stakeholders that this can be difficult to understand the relationship between transmission and distribution, and that delays that occur on the distribution network as a result of transmission can lead to frustration.

Under our Stakeholder Engagement Strategy, we have committed to “Work with SSEN Distribution to improve how we engage with our shared stakeholders.” We will use one system to capture stakeholder information to help us identify common stakeholders<sup>25</sup>. We will also develop a new collaboration agreement with supporting processes so stakeholders can quickly and easily get access to the correct information.

#### Enable our stakeholders to more easily identify connection opportunities across our network:

Our Accessible Connection process within the Commercial and Connections Policy will equip customers with digitised information. This will enable local communities and related stakeholders to identify where there are current and future opportunities for connection. This can be an important first step for local and community energy projects where the identification of opportunity may be the necessary catalyst to unlock the benefits that local energy can bring.

We intend to introduce a live ‘capacity availability map’ on our website. We will work with external specialists to engineer and implement the map, as well as working with them to create an automated process/system to gather live data such as capacity on the network and curtailment information.

#### Provide access to expertise and information necessary when seeking a connection to the transmission network:

Feedback from stakeholders’ points to a connections process that confuses local energy stakeholders, “There is a lack of clarity on the role of transmission and how it can impact your ambitions<sup>26</sup>”. They request better engagement with transmission to gain awareness of alternative options in certain circumstances. Even where these stakeholders have been able to engage with the transmission business, there is a sense that without a clear technical understanding it can be a missed opportunity, “we need someone to answer the questions we should have asked<sup>27</sup>”

Our Commercial and Connection Policy aims to provide tailored services and products that matter to our customers today and in the future throughout the customer experience. With this in mind we intend to work with the Electricity System Operator to develop digitised tools that will support customers through the connections process.

In addition, we learned from our experience during RIIO-T1, that the considerations of smaller parties such as local community projects were not factored into the industry policy development over the period. We will therefore work to ensure that our customers are not omitted from any policy changes, debates or opportunities.

<sup>21</sup> <https://www.ssen-transmission.co.uk/riio-t2-plan/commercial-and-connections-policy/>

<sup>22</sup> <https://www.ssen-transmission.co.uk/media/3560/shet-stakeholder-engagement-strategy-final-document.pdf>

<sup>23</sup> <https://www.ssen-transmission.co.uk/sustainability-and-environment/sustainability-strategy/>

<sup>24</sup> Local and Community Energy, Roundtable discussion outputs, 17 May 2019

<sup>25</sup> Tractivity is our new stakeholder engagement management system which is used to store and manage stakeholder information including activity, stakeholder feedback and our associated actions.

<sup>26</sup> Appendix 1, Local and Community Energy, Roundtable discussion outputs, 17 May 2019

<sup>27</sup> Appendix 1, Local and Community Energy, Roundtable discussion outputs, 17 May 2019

<sup>19</sup> <https://www.ssen-transmission.co.uk/media/3451/ssen-whole-system-strategy-20pp-22990-artwork-forweb-upload-with-links-final.pdf>

<sup>20</sup> <https://www.ssen-transmission.co.uk/riio-t2-plan/digital-strategy/>

## Commitment 2:

### Support Local and Community Energy

#### Implement queue management to bring forward projects that are ready to connect:

Queue management is the process by which network companies manage contracted connections against limited capacity. To date this has largely relied on a 'first to contract, first to connect' principle.

However, as the customer base across transmission and distribution has evolved with growth in renewable generators and the introduction of new technologies, there is some concern that the existing framework no longer delivers the best outcome for network companies and their customers.

Local and community energy customers have shared their frustration in not being able to progress developments due to projects that are higher in the queue order delaying. The Alternative Approach on Orkney included a new policy framework that would enable projects to move down the connection queue if they were delayed, while allowing projects that are ready to connect to progress where appropriate.

We have built on our experience in developing this policy for Orkney and worked with all UK DNO's and TO's through the ENA Open Networks Project<sup>28</sup> to create a GB queue management policy, which we will implement over RIIO-T2.

#### Ensure that our communications are accessible and inclusive (including the detail in connection offers):

We have committed to "Enable and encourage stakeholder input by providing easy access to ourselves and appropriate information as well as ensuring our communications are inclusive" as part our Stakeholder Engagement Strategy.

Stakeholders regularly point to the issue of 'jargon' as a barrier to entry. Customers with fewer resources such as local and community energy developers can often struggle to engage with this complexity. This can lead to unsatisfactory outcomes such as additional costs (for example, customer hiring consultants unnecessarily) or unrealised potential (customers choosing not to explore development or innovation opportunities.)

Our Stakeholder Engagement Strategy and Action Plan<sup>29</sup> will support these stakeholders by providing easy access to appropriate information – this will include improvements to our website, providing communications in different languages where appropriate and ensuring all engagement activities meet current and future stakeholders needs.

#### Timescales:

##### Short term (by March 2021, the end of the RIIO-T1 price control):

- Work with ESO and SHEPD to provide stakeholder support for connection applications.
- Continue advocacy for local and community energy customers.

##### Medium term (by March 2023, the middle of the RIIO-T2 price control):

- Introduction of queue management to allow projects that are ready to connect to progress.
- Roll out of digitised tools in coordination with the Electricity System Operator.

##### Long term (by March 2026, the end of RIIO-T2 price control):

- Continue to refine products and services against the needs of local and community energy customers.

### Stakeholder Benefits

Our LAEP policy statement aims to deliver the following outcomes:

Policy Ambition	Deliverable	Benefits
<b>Act as a trusted partner and advocate the benefits of collaboration through the development of Local Area Energy Plans (LAEP) and Local Heat and Energy Efficiency Strategies</b>	<ol style="list-style-type: none"> <li>1. Build on and expand the relationships that we have with our local authority stakeholders, understanding their needs and how we can best assist</li> <li>2. Share our expertise and advocate for industry change to deliver outcomes that will realise the whole system benefits of LHEES and LAEP</li> <li>3. Recognise the diversity of local energy ambition across the north of Scotland and apply this in our stakeholder-led whole system strategy</li> <li>4. Enable LAEPs and LHEES to be developed in way that is complementary to the development of the national transmission network</li> <li>5. Work with SHEPD to maximise the value of our engagements and quality of information exchanged with LAEP partners</li> </ol>	<p>Insight into LAEPs assist in making our network development and investment plans more efficient</p> <p>Working with LAEPs will facilitate Whole System Solutions</p>
<b>Support local and community energy development</b>	<ol style="list-style-type: none"> <li>1. Enable our stakeholders to more easily identify connection opportunities across our network</li> <li>2. Provide access to expertise and information necessary when seeking a connection to the transmission network</li> <li>3. Ensure that our communications are accessible and inclusive</li> </ol>	<p>Supporting local and community energy to meet Scottish Government targets could require an additional 1.3GW of local energy schemes in the North of Scotland by 2030. This would result in £250m of carbon savings.</p>



<sup>28</sup> <http://www.energynetworks.org/electricity/futures/open-networks-project/open-networks-projectstakeholder-engagement/public-consultations.html>  
<sup>29</sup> <https://www.ssen-transmission.co.uk/information-centre/our-stakeholder-engagement/implementing-the-strategy/>

## Stakeholder-led

Throughout RIIO-T1 we have sought to understand the needs of our stakeholders. The following issues have been highlighted as a matter of priority. In the table below, we have set out our response and how these issues have been addressed in our business plan.

Issue	Response
<b>Funding early stages of projects:</b> While there is a small but available source of funding for taking projects from concept to reality. Getting communities resourced to form the concept is much more challenging, and it tends to be the communities that are less resourced that get left behind	Local Area Energy Planning is designed to create an 'investment prospectus'. Ensuring that local and community generation is represented in LAEP planning will support a greater awareness of opportunity across all communities.
<b>Understanding detail in connection offers:</b> Connection offers are technical documents and legalistic. While there is a need for this it may be helpful if the information that feeds in to these from Transmission could be better explained	Our commercial and connections policy has committed to providing online tools and resources to support the connection process Our Stakeholder engagement strategy has set out an ambition to ensuring our communications are inclusive
<b>Bringing forward projects that are ready to connect:</b> The connection queue is a well understood issue for industry. Communities are equally frustrated if they are blocked by projects that they know wont progress.	We will adopt and implement the queue management policy developed under the ENA open networks project in the RIIO-T2 medium term.
<b>Finding the right information:</b> Finding the right information from SHE Transmission is a challenge throughout project development (including operational projects)	We have committed to improvements to our website and communications to ensure that our customers and stakeholders have better access to ourselves and the information that they need
<b>Having a voice in the energy debate:</b> Changes to policy and regulation could have significant impact on current and future local energy projects, however communities often struggle to know what changes are happening let alone be able to influence decisions.	Our objective to actively participate in industry change as a committed advocate for customers, society and the environment
<b>Awareness of opportunity:</b> A joined up approach to direct communities to available resources will be required to meet government target of 2GW local energy	We intend to introduce a live 'capacity availability map' on our website. We will work with external specialists to engineer and implement the map, as well as working with them to create an automated process/system to gather live data such as capacity on the network and curtailment information
<b>Knowing the questions to ask:</b> It is often the case that community developers don't know the right questions to ask "we need people who will answer the question we need to ask"	We have worked with the ESO and other industry parties (including SHEPD) to support local and community energy customers expertise on issues like securities and liabilities and TNUoS. We will continue to provide this support and review further opportunities to share expertise.

In order to inform our approach to support local and community energy we have engaged with a range of key stakeholders through:

- Attending and presenting at conferences and events,
- Bi-lateral engagement
- A roundtable session with participants from Community energy Scotland, Awesome Energy, Local Energy Scotland, Scottish Government, Delta-EE and SHEPD.

The outcome and feedback gathered through this engagement is detailed in Appendix 1.

The actions in this paper address the concerns raised by our stakeholders through these engagements and through our wider stakeholder engagement in preparation of our RIIO-T2 plan.

## We want to hear from you

The actions from this document "Supporting Local Area Energy Planning and Community Energy Development" will be delivered during the RIIO-T2 period, from 1 April 2021 to 31 March 2026.

Our approach is one of continuous development. To support that, this is a living document which you can directly influence by challenging and amending areas to increase its effectiveness. Please contact us if you would like to provide input on our proposed actions.

Information provided in response to this document may be used in future SHE Transmission documents. Responses will be generalised and not attributed to specific people. If you would prefer the information you provide to be confidential, please let us know.

If you would like to post us your feedback, please send it to:

**Michael Rieley, Commercial Policy, SHE Transmission, 1 Waterloo Street, Glasgow, G2 6AY.**

If you have any queries on this document, please get in touch with us at: [YourPlanOurFuture@sse.com](mailto:YourPlanOurFuture@sse.com)

**"The new National Planning Framework (NPF) that will incorporate revised Scottish Planning Policies will play a huge role in your operations going forward, so you need to consider that. All the strategies need to be joined up at a national level, so that everything connects together harmoniously."**

Local authority representative

**"Vulnerable / low awareness communities will struggle to recognise and realise opportunities"**

Local Energy Stakeholder

**"We need someone to answer the question we should have asked"**

Community Energy Developer

**"Culture of engagement needs to be proactive, more facilitated and not just about what fits or doesn't fit our model"**

Community energy developer



# Appendix 1:

## Local and Community Energy, Roundtable discussion outputs, 17 May 2019

### What are the barriers for local energy projects and how will they change?



**CURRENT**

- Difficult to identify contacts and relevant information
- Complex language and terminology used in lengthy documents
- No funding support for early stages of projects
- Inflexible processes don't support agility required for decentralised generation (e.g. Queue Management)
- Sporadic visibility of alternative options when you hit a challenge
- Clarity of Transmission and Distribution interaction (e.g. responsibilities and dependencies)

**FUTURE**

- Generators don't have a view of demand and how to link up with others
- Unknown unknowns... business models for new local energy products haven't been developed yet
- Changes to regulation and reform could have unintended consequences. There is the risk of a disconnect between policy of supporting local energy and the regulatory framework

**...It's a steep learning curve for communities**

### What support is available?



- ✓ The **CARES** scheme provides **funding and advice**
- ✓ **Local Energy Scotland (LES)** and **Community Energy Scotland (CES)** are well equipped to **direct projects to relevant sources of finance**

- ✗ There appears to be a **gap in supporting** early stages of projects to get to **initial concept**
- ✗ Business support can be left to circumstance and **having the right person in the community** to drive a project forward

*Vulnerable / low awareness communities will struggle to recognise and realise opportunities*

### What impact is regulatory reform having on local energy ambitions?




 If Transmission Network Use of System charges (TNUoS) change to standard charges **it will reduce the income on local generation**

#### How can these groups engage in the debate?

- Very complex to navigate
- General lack of awareness about regulatory reforms among impacted generators
- Resource constraints on local projects impact the ability to influence the debate

Business plans have been based on existing principles for charging...

There should be a transition phase to enable generators to understand / adapt (grandfather rights)

no one is making the case for this

*There is a potential political disaster if the viability of existing projects is threatened due to charging reforms*

### How would communities and local energy groups like to engage with networks?



<ul style="list-style-type: none"> <li>• No funding support for early stages of projects</li> <li>• Generators don't have a view of demand and how to link up with others</li> </ul>	Point out opportunities through transparent and accurate availability maps... sharing capacity and demand information
<ul style="list-style-type: none"> <li>• Difficult to identify contacts and relevant information</li> <li>• Clarity of Transmission and Distribution interaction (e.g. responsibilities and dependencies)</li> </ul>	Key point of contact Improve awareness of Transmission scope through clear consistent messaging from office and frontline staff e.g. T is important because....
<ul style="list-style-type: none"> <li>• Complex language and terminology used in lengthy documents</li> </ul>	Clear everyday language / executive summary
<ul style="list-style-type: none"> <li>• Inflexible processes don't support agility required for decentralised generation (e.g. current Queue Management)</li> <li>• Sporadic visibility of alternative options when you hit a challenge</li> </ul>	Culture of engagement needs to be proactive, more facilitated and not just about what fits or doesn't fit our model (adaptable / problem solving)  However, replicate success where consistency won't constrain
<ul style="list-style-type: none"> <li>• Changes to regulation and reform could have unintended consequences. There is the risk of a disconnect between policy of supporting local energy and the regulatory</li> </ul>	Being able to see a clear link between the need for reinforcement and policy targets for local energy and decarbonisation



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