



Scottish & Southern
Electricity Networks

TRANSMISSION



Leadership in Sustainability

A Network for Net Zero
Draft RIIO-T2 Business Plan



Leadership in Sustainability



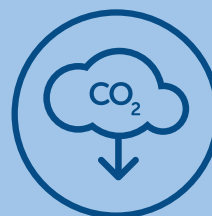
Strategic Objective

Leadership in Sustainability

Trusted partners of customers and communities, realising long-term benefit for society, economy and environment.

Our holistic stakeholder-led Sustainability Strategy provides a clear vision of a sustainable business. We have set six stretching ambitions to achieve this and be at the forefront of best practice. In our draft Business Plan we set out our proposed actions to deliver a truly sustainable transmission network into the next price control and beyond.

Clear goal



One third reduction in our greenhouse gas emissions

Reduce the scope 1 and 2 greenhouse gas emissions from our operations by 33% by 2026, compared to 2018/19 levels, consistent with 1.5 degree climate science pathway.



Targets for RIIO-T2

We are developing a set of targets by which our stakeholders can judge our progress against our strategic objective and six sustainability ambitions. The indicative targets currently proposed are set out below with reference to our current performance during RIIO-T1 as a benchmark where available.

		2018/19	2025/26
Connecting for Society Projects assessed through our new Cost Benefit Analysis framework GB homes powered by renewable energy transported through our network	Percentage Number	0% 5.3m	100% 10m
Tackling Climate Change Reduction in scope 1 and 2 greenhouse gas emissions from 2018/19 baseline SF ₆ leakage target**	Percentage Leakage Rate (kg)	Baseline* TBC*	33% TBC
Promoting the Natural Environment Biodiversity 'No Net Loss' outcome in projects gaining consent from 1 April 2020 Environmental Incident rate	Percentage Annual Target	N/A 0.58	100% 0.45
Optimising Resources Waste sent to landfill (excluding compliance waste) across all waste streams Recycling, recovery and reuse rate across all construction and demolition waste	Percentage Percentage	TBC* TBC*	0% 70%
Supporting Communities Employees trained to recognise and support vulnerable consumers and communities Approved suppliers located in licence area	Percentage Percentage	0% 27%	100% >25%
Growing Careers Employees trained to promote inclusion and diversity Apprentice, Graduate and Technical Staff Trainee intake is representative of local demographics	Percentage Percentage	0% Unknown	100% TBC

* Data is not currently available or the methodology is being developed

**Financial incentive

A roadmap to sustainability

What's in this section?

Some context... on our purpose to enable the transition to a low carbon economy, the importance of sustainability, and what we mean by sustainability.

Our thoughts on Leadership in Sustainability... we explain our principles for sustainability leadership, our six broad and bold sustainability ambitions and how we seek to contribute to the UN Sustainable Development Goals.

Our approach to embedding sustainability across our operations... based on our stakeholder-led Sustainability Strategy we have undertaken thorough analysis to develop and integrate this Sustainability Plan into our business processes. To deliver our sustainability ambitions, we are collaborating with our value chain and pursuing innovations for sustainability.

How stakeholders have been involved in the development of this draft Business Plan... the comprehensive targeted methodology we have followed, how the engagement to date has influenced and changed our proposals and includes our approach to costing these proposals.

A roadmap for each sustainability ambition... our draft Business Plan summarises our proposed activities for the next stage of our sustainability journey to 2026. We have identified outcomes that we expect to be industry norms during the RIIO-T2 period – we call this 'Business as Usual'. Alongside these, we have identified 'Stretching Ambitions' that provide better outcomes and represent step changes for leadership in sustainability. We are consulting on how far we should adopt our proposed 'Stretching Ambitions'. These are outcomes that can be measured, enabling stakeholders to hold us to account.

Our next steps... we will continue to develop this draft plan in collaboration with our employees and stakeholders for the final business plan submission. To refine our plan and targets, we will bench mark our key sustainability goals against government policy and industry best practice where possible.

Overview

Stakeholders have strongly and consistently emphasised their desire for us to show ambition and leadership in sustainability. Our holistic stakeholder-led Sustainability Strategy provides a clear vision of a sustainable business. This encompasses the full range of social, environmental and economic considerations.

In our draft Business Plan we set out our actions to deliver a truly sustainable transmission network into the next price control and beyond. We have set six stretching ambitions to achieve this and be at the forefront of best practice. This plan presents a roadmap for each sustainability ambition with defined sustainability goals to 2026.



Connecting for Society

Working collaboratively to deliver a whole system solution that promotes affordability, considers societal benefits and supports community renewable connections.



Tackling Climate Change

Managing resources over the whole asset lifecycle to reduce greenhouse gas emissions in line with climate science and become a climate resilient business.



Promoting the Natural Environment

Delivering biodiversity net-gain and driving environmental stewardship best practice.



Optimising Resources

Managing resources for a circular economy; achieving zero waste to landfill, increasing resource efficiency and using sustainable materials.



Supporting Communities

Meeting the needs of vulnerable consumers and maximising the local benefit of our investments.



Growing Careers

Ensuring a safe inclusive culture for our employees; adding value through good jobs, training and development.

To deliver these sustainability ambitions we are collaborating and working in partnership with our stakeholders and supply chain.

Introduction

Our strategic objective: Enabling the transition to a low carbon economy

As a business at the forefront of the transition to a low carbon economy, operating in some of Scotland's most precious landscapes, we are extremely proud of our contribution and commitment to helping tackle climate change. We have an equally strong commitment to positively manage the impact of our activities on the local environment and communities in which we live and work.

Leadership in Sustainability is one of our strategic themes and one of the four parts to our RIIO-T2 Business Plan. We define Leadership in Sustainability as being:

Trusted partners of customers and communities, realising long-term benefit for society, economy and environment.

You can read more about our strategic objective and strategic themes on pages 22-25.

The importance of sustainability

Sustainability now goes far beyond environmental issues, as society expects businesses to act responsibly, transparently and accountably in all of its current and future operations and impacts.

The actions of shareholders and businesses are demonstrating that sustainability is moving from the business side-lines into core mainstream activities and becoming integral to business strategy. The latest research² shows that sustainability is now seen as vital to companies' future success and sustainability related commitments are delivering real change.

The fundamental goal of a sustainable business strategy is to have a positive impact on the environment and society.

How do we define sustainability?

Sustainability, or sustainable development, seeks to balance environment, social and economic objectives to deliver long term equitable growth.

We follow the widely applied Brundtland definition of sustainable development³:

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Our commitment to sustainability

SHE Transmission is owned by the UK-listed SSE plc Group. SSE's vision is to be a leading energy provider in a low-carbon world.

As a responsible energy company, the SSE Board and senior management are passionate advocates of sustainability. This is captured in SSE's long-standing sustainability value:

"Our actions and decisions are ethical, responsible and balanced, helping to achieve environmental, social and economic well-being for current and future generations."

The SSE Chief Sustainability Officer is a Director of SHE Transmission and a member of our Board Sub-Committee on sustainability.

Earlier this year, SSE set stretching new targets for 2030 in a bid to tackle climate change and support the UN's Global Goals for Sustainable Development (the SDGs)⁴ (Figure 5.1).

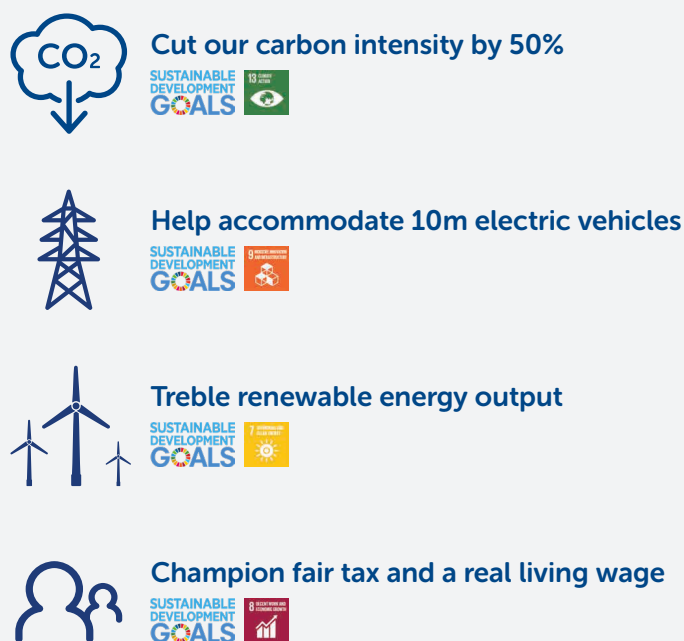


Figure 5.1 SSE Group 2030 goals

Read more about SSE's commitment and actions for sustainable business: www.sse.com/sustainability/

²See, for example, UN Global Compact-Accenture Strategy CEO Study (UN, 2016) available at: <https://www.accenture.com/gb-en/insight-un-global-compact-ceo-study>

³From Our Common Future report (World Commission on Environment and Development, 1987) available at: <https://sustainabledevelopment.un.org/content/documents/5987our-common-future.pdf>

⁴www.un.org/sustainabledevelopment/

Our journey to Leadership in Sustainability

Defining Leadership in Sustainability

Stakeholders have strongly and consistently emphasised their desire for us to show ambition and leadership in sustainability. Societal expectations on sustainability are rising and stakeholders want companies to take broader accountability outside of their own operations. We agree. We are determined to play a leading role in the years ahead:

- Meeting our stakeholders' expectations,
- Being at the forefront of best practice, and
- Helping to build a sustainable energy network.

Cambridge University Institute for Sustainability Leadership (CISL) defines sustainability leadership as **"someone who inspires and supports action towards a better world."**⁵

We are living through a period of significant change. The world is warming faster than we imagined even a few years ago. Social performance and related issues such as modern slavery, wages and tax are under closer scrutiny. The Paris Climate Agreement and the 17 SDGs challenge government and business to imagine a very different future. Our customers and stakeholders are looking for organisations they can trust to offer leadership, now and in the future.

Our approach to leadership in sustainability is based on three underlying principles:

1 Adopting a holistic approach for true sustainability.

Moving away from a narrow vision of environmental sustainability to include full socio-economic sustainability.

In the past, the energy networks industry has focused on decarbonisation and environmental sustainability. This is reflected in the RIIO-T2 price control framework high level objective for network owners "to mitigate the impact of their networks and business activities on the environment and to support the transition to a low-carbon energy future".

While enabling decarbonisation in pursuit of climate change goals is the most material contribution that we can make to sustainability, our economic, social and environmental impacts are also significant. Our stakeholders believe broader sustainability is equally important and expect our approach to consider socio-economic and resource sustainability.

Leadership in sustainability is implicitly about creating change in social contract with stakeholders and society. Moving away from a narrow vision of environmental sustainability will help support a truly sustainable low-carbon energy transition.

2 Taking stretching and ambitious action.

Committing to step change actions for continuous improvement and, ultimately, moving the frontier.

Taking broad and ambitious action based on informed decisions aims to drive continuous improvement and step changes for a sustainable energy system. Stretching commitments, targets and activities can be achieved through hard work, innovation, investment and collaboration.

Within our Sustainability Plan we have identified sustainability goals we expect to be industry norms during the RIIO-T2 period- we call this 'Business as Usual'. In addition, we have also identified 'Stretching Ambitions' that provide better outcomes for customers and encourage step changes for sustainability leadership. Our key sustainability goals will be benchmarked against government policy and industry best practice where possible to support the finalisation of our business plan.

Delivering leadership action will require more openness and rigour in how we approach the measurement and reduction of our impacts. Ongoing reporting and stakeholder engagement will be required to ensure performance accountability and transparency.

3 Supporting and influencing positive change.

Collaborating and engaging internally and externally to promote new thinking and the application of best practice.

We want to challenge the status quo in the GB energy networks sector and, through this challenge, encourage positive action from all for transformational change in our sustainability ambitions.

Internally, we will work with the SSE Group sustainability activities and organisational culture to promote the application of best practice across the organisation.

Looking beyond our business activities, we will engage and collaborate with other Transmission Owners, our supply chain, the wider network industry and cross-sector peer organisations, to share learnings, pursue thought leadership and encourage change.

Our sustainability ambitions

An ambitious plan

In late 2017 we started a conversation with our stakeholders about what a sustainable business would look like for us.

The insight provided by our stakeholders, along with our own experience and research, highlighted that we should:

- Expand our ambitions beyond standalone decarbonisation aims, and
- Ensure that our activities are mindful of other social, economic and environmental issues.

Based on that consultation, we published our stakeholder-led Sustainability Strategy in May 2018. This sets out six ambitions to deliver an overarching sustainability ambition to enable a smart, sustainable energy future (**Figure 5.2**). These ambitions are broad and bold.



Figure 5.2 Our sustainability ambitions

Contributing to the UN Sustainable Development Goals (SDGs)

The UN SDGs provide a common framework for targeting improvements in wider sustainability. As a responsible business that is part of the SSE Group, we are determined to play our part, alongside governments, civil society and individuals, to ensure that these goals are reached.

As part of the development of our Sustainability Strategy, we undertook a materiality assessment of how we contribute to the SDGs to identify those that we should incorporate into our sustainability ambitions.

In order of materiality, the SDGs we actively support are:



You can read our Sustainability Strategy and annual reports:

www.ssen-transmission.co.uk/sustainability-and-environment/sustainability-strategy/

A plan for action

Embedding sustainability across our operations

Embedding our Sustainability Strategy within our processes and operations will ensure we deliver our commitments, create innovative solutions and drive sustainable decisions as business as usual.

Following the publication of our Sustainability Strategy, we have undertaken a thorough review of existing business practices to define the actions required to meet our ambitions. This review showed that adopting our Sustainability Strategy will involve new approaches and ways of working, requiring a process of change management. Central to the change will be cross-functional team engagement to develop new working practices.

Longer term and on-going implementation responsibilities will sit within the appropriate business teams once the sustainability processes are firmly established in business operations.

An adaptable planning framework

We appreciate that solutions to some of today's challenges may not have been developed yet and planning our sustainability work will be an iterative and adaptive process. We have established a Sustainability Planning framework to continually assess progress and ensure we continue to apply best practice, pilot new approaches and innovate to drive sustainability leadership (Figure 5.3).

Following this framework, we will prepare every two years a Sustainability Plan setting out our proposed actions to implement our six sustainability ambitions, and report on progress to date.



Figure 5.3 Our Sustainability planning framework

Our Sustainability Plan: turning ambitions into action (2019/21)

In February 2019, we published our Sustainability Plan for consultation. This forward plan sets out the key activities to achieve our Sustainability Strategy ambitions with timebound milestones against which our performance will be measured, enabling our stakeholders to hold us to account.

The development of our Sustainability Plan formed part of our preparatory work for our draft Business Plan. The milestones within the Sustainability Plan aligns with our business preparations for RIIO-T2:

- Short term activities (2019) will further define the sustainability initiatives (methods, KPIs);
- Medium term activities (2020-2021) will ensure the necessary system and processes are in place; and
- The long-term activities are defining and shaping the processes to ensure the business can deliver continuous sustainability improvements during the next price control.

You can read our Sustainability Plan:

<http://www.ssen-transmission.co.uk/sustainability-and-environment/sustainability-strategy/>

Looking ahead to 2026

Our long-term Business Plan sets out the next stage of our sustainability journey which seeks to fully deliver our Sustainability Strategy during the RIIO-T2 price control. This draft plan presents a roadmap for each sustainability ambition with defined sustainability goals to 2026.

Each ambition of the Sustainability Roadmap does not attempt to cover everything that might be possible to fully embed and implement our Sustainability Strategy. As we understand more from implementing these activities, we will revise and update our approach through our biennial Sustainability Plans and annual strategy reviews.

This draft business plan therefore sets out our proposals for the next stage of our sustainability journey to deliver our Sustainability Strategy during RIIO-T2. We set out here a roadmap for each of our six sustainability ambitions with proposed business as usual and Stretching Ambitions for 2026.

Collaborating with our value chain

Sustainable procurement

Value chain sustainability is the management of environmental, social and economic impacts and the encouragement of good governance practices throughout the full lifecycles of goods and services.

To achieve the step change we want, we must look beyond our own operations and take responsibility to address environmental, social and economic issues across our entire value chain.

To deliver each of our sustainability ambitions we are collaborating and working in partnership with our supply chain and stakeholders.

Procurement is a powerful instrument for organisations wishing to behave in a responsible way and contribute to sustainable development. By integrating sustainability in procurement policies and practices, organisations can manage risks (including opportunities) for sustainable environmental, social and economic development across their value chains⁶.

Sustainable procurement can therefore be defined as, **'using procurement to deliver long term social, economic and environmental benefits'**.⁷

What we're going to do

There are increasing societal expectations for supply chains to minimise impact on the environment, respect human rights and increase transparency. Building on our Responsible Procurement Charter, we will engage and collaborate with our contractors and suppliers throughout RIIO-T2 to communicate our sustainability commitments, explain requirements and set improvement targets⁸. To achieve this, we will:

- Hold regular contractor and supplier engagement forums on sustainability to discuss best practice and opportunities for improvement;
- Introduce sustainability commitments and requirements (supplier code) into our procurement framework agreements to deliver sustainable outcomes from the materials, works or services provided by our supply chain; and
- Consider sustainability credentials in our tender evaluation criteria and processes to ensure sustainability is factored into investment decisions.

Responsible Procurement Charter

SSE takes a responsible approach to procuring goods and services. It has developed a range of tools to encourage responsible business practices, including its Responsible Procurement Charter and new clauses to cover sustainability topics in its standard contract forms.

It has zero tolerance of modern slavery in all its different forms, both in its business and in its supply chain and is a champion of the real living wage across its supply chain.

Read more about SSE's responsible procurement charter: www.sse.com/sustainability/reporting-and-policy/policies/

Creating partnerships for sustainability

Partnerships are a valuable tool to drive change towards more responsible, inclusive and sustainable growth. It is essential to actively engage with industry, government and leading organisations to define and promote sustainability best practice.

During the RIIO-T1 price control we have engaged in several partnerships to support our environmental programmes. For example, we have participated in the Scottish Infrastructure Circular Economy Forum (SICEF) and partnered with the Scottish Environment Protection Agency (SEPA) on the Technology Steering Board VALUES (Valuing Land Use change and Ecosystem Services) Project. This project delivered a tool that can be used to value potentially affected ecosystem services (such as erosion and landslide control, flood risk, drinking water, pollination and seed dispersal, preservation of archaeology, hydroelectricity and peat extraction) because of development planning.

During RIIO-T2 we will continue to collaborate and establish partnerships with other transmission owners, our supply chain, the wider network industry and cross-sector peer organisations to support our sustainability ambitions. This will allow us to share learnings, promote new thinking and the application of best practice.

⁶Sustainable Procurement – Guidance ISO 20400:2017 (International Organization for Standardization 2017) available at:

<https://www.iso.org/standard/63026.html> (accessed 26 June 2019)

⁷Supply Chain Sustainability – A Practical Guide for Continuous Improvement (UN, 2015) available at: <https://www.unglobalcompact.org/library/205>

⁸SSE Responsible Procurement Charter (SSE, 2018) available at: www.sse.com/media/530653/Responsible-Procurement-Charter_0818.pdf

Innovation for sustainability

Innovation

The energy industry is undergoing significant change driven by the need to provide affordable, clean and secure energy. Innovation will therefore play a central role in improving the sustainability performance of our network.

Our innovation policy sets out our framework for how we will approach and implement innovation across our business. We define innovation as **“identifying and proving new ways of working for the long-term benefit of our customers and stakeholders”**.

By embracing innovation, we aim to assist the transition towards a low carbon economy. Our innovation approach seeks to support our strategic priorities and continually improve the performance and management of our transmission network. This will enable us to provide energy in a safe, reliable and economical way, ensuring delivery of long-term benefit for society, economy and environment.

We will seek to develop and promote innovations during RIIO-T2 to support each of our sustainability ambitions, providing the framework to assess different options and make fact-based decisions for activities to become Business as Usual.

Innovation opportunities for sustainability will be identified and explored relating to the following three themes:

- 1 Maximising benefit for our customers: connecting for society and supporting thriving communities.**
- 2 Mitigating climate change: energy efficiency, optimisation and carbon saving innovations.**
- 3 Reducing our environmental impact: promoting the natural environment and optimising resources.**

You can read our Innovation Policy:

www.ssen-transmission.co.uk/media/3390/111regulatory-framework_final-draft.pdf

Creating a blueprint for future action

We need to find new ways to address stakeholder expectations while balancing technical practicalities. We appreciate that solutions to some of today's challenges have not been developed yet and planning our sustainability work will be an iterative and adaptive process.

Implementing our sustainability roadmap will involve new approaches and new ways of working. It will require a process of innovation, applying best practice, learning and change management to integrate these initiatives across our network.

To support this transition, we provisionally propose to design and deliver a demonstration project at the outset of RIIO-T2 aiming to implement these new approaches and bring these initiatives to life. Representing our six sustainability ambitions, the project aims to introduce a wide range of pioneering initiatives proposed in our plan such as using SF₆ alternatives, micro-generation, energy efficiency measures biodiversity enhancements, waste minimisation practices and using alternative sustainable materials where feasible. The project would also provide an opportunity to deliver tangible social benefits to local communities and the participation of local businesses in the supply chain.

Creating and implementing a vision for a more sustainable network of the future will encourage higher sustainability performance, demonstrate best practice and stimulate further innovation. This is an ambitious project that we hope will act as a blueprint for future projects to follow by developing the systems and processes to accelerate our sustainability roadmap roll out across the network.

As part of our RIIO-T2 planning we are in the process of scoping the practicalities and feasibility of undertaking this project at a suitable site.

Case Study – Sulphur Hexafluoride (SF₆) Alternative

SF₆ is an excellent insulating medium which we use in our high voltage assets as an insulating medium and to extinguish electrical arcs. However, it is around 23,500 times more harmful to the environment than carbon dioxide.

We have been working with equipment manufacturers to test alternatives to SF₆ and we are currently in trial stages for two new technologies. These projects have progressed without innovation mechanism funding, demonstrating our commitment to engage with contractors and suppliers where there are clear environmental benefits.

Meeting stakeholders' expectations

Stakeholder-led outcomes

As the transmission network owner in the north of Scotland, we seek stakeholder input on all aspects of our activities. To understand the expectation of our customers and stakeholders for sustainability in our business, we have undertaken a targeted programme of engagement and consultation since late 2017. We have consulted specifically on the development of our Sustainability Strategy and Plan. These consultations have informed this draft Business Plan alongside our targeted RIIO-T2 engagement programme.

Sustainability Strategy consultation

In developing our Sustainability Strategy, we have sought to understand the views and needs of our stakeholders. We developed our sustainability ambitions based on our internal analysis and the views of our stakeholders informed our decisions, goals and materiality of different issues.

In February 2018, we published our draft Sustainability Strategy for consultation. The responses to the consultation were used to refine our Sustainability Strategy and to help us with setting specific targets. For example, feedback indicated that there was a need for increased focus and targets on resource use which led to the development of an additional ambition on Optimising Resources and the material inclusion of SDG 12 responsible consumption and production.

Overall, the tone of responses was positive with stakeholders, including Government, welcoming our approach and acknowledging the alignment of our sustainability ambitions with current climate change and energy policy ambitions. There was also a strong and widely-held view that our targets should be short, measurable and ambitious.

Sustainability Plan consultation

In February 2019, we consulted on our draft Sustainability Plan that includes proposed activities to implement our Sustainability Strategy. The consultation provided stakeholders with the opportunity to ensure our action on sustainability is fit for purpose and meets their reasonable needs and expectations.

Feedback from the Sustainability Plan consultation indicated that our proposed activities are material, likely to be impactful and timescales are suitably ambitious. Further suggestions were also made that the following areas should receive greater focus and action: climate change adaptation; visual amenity; focus of the SSSEN community fund; and sustainable procurement. This feedback has been incorporated into our Sustainability Strategy update and this draft Business Plan.

RIIO-T2 stakeholder engagement

As part of our RIIO-T2 engagement programme, we consulted a wide stakeholder group at a RIIO-T2 stakeholder workshop in November 2018. We also held an environmental roundtable event with experts to consult on our environment plans in March 2019.

We consulted stakeholders at the RIIO-T2 workshop on our approach to carbon reductions, sustainable resource use and our community support. Specific feedback indicated that focus should also be placed on reducing Scope 3 (supply chain) carbon emissions as contractors and suppliers expressed interest and support for carbon reduction initiatives. Stakeholders also highlighted that there is a significant opportunity for us to support the circular economy. Relating to our optimising resources activities, stakeholders felt that commitments relating to minimising waste, resource efficiency and sustainable materials were equally important.

Our targeted environmental roundtable event held in March 2019 provided experts the opportunity to comment and provide feedback on our environment policies for biodiversity, landscape and visual amenity, forestry and woodland, noise and oil management. Feedback strongly reinforced our decision to include biodiversity as a core ambition of our plan and that visual amenity considerations is a key topic of interest during project consultations. Stakeholders were supportive of plans to improve communications on visual amenity and agreed our approach to oil and noise management should be risk based. This feedback and input refined this draft Business Plan and Sustainability Strategy Review update.

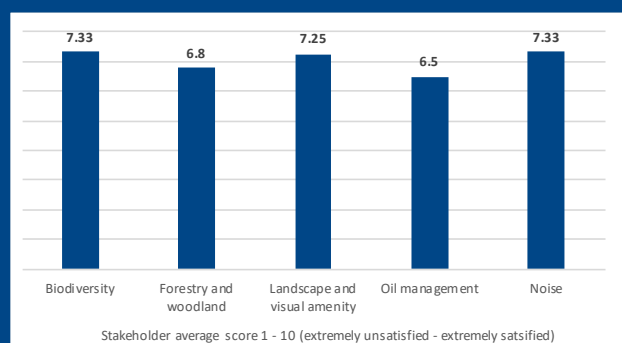
You can find the reports from the consultation events we have held about RIIO-T2: www.ssen-transmission.co.uk/information-centre/industry-and-regulation/riio-t2

Further engagement

We are committed to continuing dialogue with our stakeholders as we progress our sustainability journey. There are consultation questions throughout this draft Plan for each sustainability ambition which we welcome your input and feedback. The responses will be used to refine and finalise this Sustainability Roadmap.

Over the summer we will also assess the findings of the willingness to pay research for environmental and sustainability considerations and we plan to further consult our supply chain on our sustainability goals ahead of the final Business Plan submission.

The cost of these proposals



As shown above, attendees at our environment roundtable event expressed satisfaction with our environment proposals in all five areas. Respondents to our Emerging Thinking Consultation argued for bolder action: “enable carbon free future”, “strive for Environmental Net Gain” and “welcome positive work on transparency”.

How much will our proposals cost?

This draft Business Plan does not include the costs of delivering the proposed outcomes. Our approach to costing is as follows.

Business as Usual goals

For each of our six sustainability ambitions, we have clearly set out the goals that we view as business as usual.

We have defined business as usual as outcomes that are necessary to meet UK or Scottish Government policy targets or the minimum standards for our business plan set out in regulatory guidance. We also view existing and future legislative obligations as business as usual.

All business as usual goals will be incorporated into the efficient costing of the activity to deliver the outcome. We do not believe it is practical to meaningfully separate out this cost. Examples of this approach include:

- The Scottish Government national target for recycling, re-use and recovery of 70% of construction and demolition waste by 2025. The majority of our waste is associated with our construction activities, and the achievement of this target is costed into our capital investment forecast (including the contractual obligations we place on our supply chain partners).
- The minimum targets that will be set by Ofgem for SF₆ leakage. We have included the efficient cost of managing leakage within our capital investment and operating costs forecasts for our draft Business Plan, and will update this as we get visibility of Ofgem’s expectations.

We note that Ofgem has proposed financial penalties where some minimum standards are funded but not met, including for SF₆ leakage target described above. We fully support this approach.

Stretching Ambitions

For each of our six sustainability ambitions, we have also proposed goals that we call stretching ambitions.

Stretching Ambitions go beyond business as usual, and seek to provide better outcomes and a step change that shows leadership in sustainability. We have identified our proposed areas for stretching ambitions from the views of customers and stakeholders about where we should be more ambitious.

An example of a stretching ambition is our proposals to support vulnerable customers and communities. Our regulator has been clear that this is not a business as usual activity for transmission licensees. However our stakeholders have told us that we do have a role to play – so long as we do not seek to duplicate or replace services best provided by others (including civil agencies and distribution licensees).

We have not included the cost of delivering our stretching ambitions outcomes in our draft Business Plan. We are seeking views on our proposals. We will engage further to develop these proposals over the summer, including presenting costed options and ideas for appropriate funding mechanisms.

Back office costs

There are costs associated with the delivery, assurance and reporting of our Sustainability Strategy. This is largely our internal employees’ costs, along with third party costs for audit, assurance and specialist consultancy.

We have included an operating cost of £1.7 million for these back office costs during the price control.



Connecting for Society

Working collaboratively to deliver a whole system solution that promotes affordability, considers societal benefits and supports community renewable connections.

Our goals

Business as Usual



Apply the new social, environmental and economic Cost Benefit Analysis framework on all new projects for the start of the price control.



Meet the quality of customer experience targets throughout the price control period⁹.

Stretching Ambition



Implement activities to actively support local community renewable energy connections by the end of the price control.

What does it mean

Our main strategic driver over the past decade has been the timely delivery of large-scale capital investment in new infrastructure to accommodate increasing levels of renewable electricity generation across the north of Scotland. Connecting customers remains our primary business driver for the RIIO-T2 period.

There are three parts to this ambition:

1. To deliver the 'optimal' connection solution, taking into account technical, social, environmental and economic aspects.
2. To deliver timely and efficient connections.
3. Being stakeholder-led, so continuing to be responsive to customers' and stakeholders' needs for low carbon energy connections.

This sustainability ambition compliments our wider Whole System Planning Strategy and Commercial and Connections Policy.

Why are we doing it

Government and regulators continue to support our primary focus on delivering effective decarbonisation of the energy network. Customers and stakeholders have also consistently told us about our critical role in providing the route to market via network capacity for renewable generation, hence contributing to GB's ambitious climate change targets.

Social, environmental and economic Cost Benefit Analysis

Where we are now

It is widely recognised that conventional accounting practices and economic analysis are failing to fully quantify impacts and risks, particularly those associated with environmental and social aspects¹⁰ (often referred to as natural and social capital).

What we are doing

We are working to expand the scope of our planning by analysing and quantifying wider social, environmental and economic impacts of projects to inform decisions. Our ambition is that the measurement of environmental and social impacts become essential to our decision making.

During 2019, we are developing a new Cost Benefit Analysis (CBA) methodology that incorporates social, environmental, economic and stakeholder values.

This methodology will use whole-life costing and assess whole-system solutions. This should enable the identification of alternative 'non-standard' approaches to system planning and network development, including the implementation of our innovation strategy, where these can deliver better value, whether that value is economic, social or environmental. We will share the outcomes with our stakeholders to show the trade-offs we make in our decision making.

To develop our new Cost Benefit Analysis methodology, we have reviewed previous Cost Benefit Analysis work undertaken and best practice from other networks and wider industry.

⁹Ofgem has proposed a financial incentive with penalties for not meeting and rewards for exceeding business as usual targets.

¹⁰Accounting for Sustainability, (A4S,2019) available at: <https://www.accountingforsustainability.org/en/index.html>

What success looks like

- We will apply our new Cost Benefit Analysis framework to all major and innovation investment decisions during RIIO-T2;
- We will integrate the learning from projects using innovative approaches (such as new system designs, new commercial arrangements, or new technologies) into our standard business specification and policies; and
- We will report annually on our progress and the estimated carbon displaced by the low carbon technologies that we have connected.

Delivering timely connections solutions

Where we are now

Industry standard arrangements tend to be 'one size fits all', and so do not always provide the connection solution or service needed for our customers' individual projects' economics and timescales. In some instances, this could inhibit or delay low carbon energy connections that are essential to contribute to meeting renewable energy and decarbonisation targets.

What we are doing

We have developed our Commercial and Connections Policy proposals for the RIIO-T2 period based on our customers' feedback that we must focus on the quality of the connection service during each stage of the customer experience. Importantly, to arrive at the most optimal connection solution for the customer, the connection service, solution and products must be accessible and tailored to suit each individual customers' need. For example, for customers who wish to connect earlier we have proposed the implementation of a new queue management service with a new acceleration product to facilitate the acceleration of their connection date.

You can read the details of our Commercial and Connections Policy proposals: www.ssen-transmission.co.uk/media/3405/ssen-riio-t2-commercial-connections-policy-paper-28pp-22782-artwork.pdf

What success looks like

- We will collaboratively develop connection and services solutions with connections stakeholders, for accelerated connections, including a queue management service to accommodate accelerated requests;
- We will set an annual target to accept and deliver on all reasonable requests for acceleration of connection dates, and report on outcomes; and
- We will meet targets outlined in the new Quality of Customer experience satisfaction survey.

Supporting community and locally owned renewable energy projects

Where we are now

As our energy system democratises, Scotland's Energy Strategy¹¹ argues for "a smarter local energy model" with a commitment to: "Empower our local communities, supporting the development of innovative and integrated local energy systems and networks".

Community engagement in the energy transition is high across Scotland, with over 1,000 community-owned renewable energy projects¹². We understand from our conversations with stakeholders that this is likely to grow further during RIIO-T2 and potentially expand in scope.

Who our future connection customers will be is uncertain, as outlined in our Future Energy Scenarios; this could range from an increase in offshore marine and wind project or a move towards a more democratised energy system. Regardless of the type of customer, our connections process should be accessible to all including community and local energy projects.

Our thinking

The customer experience should be accessible with simple, transparent and efficient processes which are fit for the future. To achieve this accessibility our draft Business Plan aims to represent, collaborate and be advocates for our customers. Although this applies to all customers, this aims to support the development of local and community renewable energy.

We are reviewing the challenges that our current connections processes pose for customers to determine the steps required to remove barriers and facilitate their connections. This review will determine our approach for supporting community and locally owned renewable energy projects during RIIO-T2 and will support our plans for an accessible connection process.



We welcome views on how we can best support community and locally owned renewable energy projects, **and what outcomes (if any) we should strive for during RIIO-T2?**

¹¹The future of energy in Scotland: Scottish Energy Strategy (Scottish Government, 2017) available at: <https://www.gov.scot/publications/scottish-energy-strategy-future-energy-scotland-9781788515276/>

¹²Community Energy reports (Energy saving trust, 2018) available at: www.energysavingtrust.org.uk/scotland/communities/community-renewables/community-energy-reports



Tackling Climate Change

Managing resources over the whole asset lifecycle to reduce our greenhouse gas emissions in line with climate science and become a climate resilient business.

Our goals

Business as Usual



Set a science-based greenhouse gas emission reduction target for the start of the price control.

Provide transparent greenhouse gas emission reporting by emission scope (including losses) for consistent reporting across the price control



Introduce substation energy efficiency programme on new sites by the middle of the price control.

Pilot substation micro-generation on new substations by the middle of the price control.



Reduce SF₆ leakage relative to network holding and asset growth (target tbc) during the price control¹³.



Update climate risk assessments and integrate into business planning by the end of the price control.

Stretching Ambitions



Introduce a programme for alternative fuel use operational vehicles during the middle of the price control.

Deliver greenhouse gas emission reduction programme across new and existing sites to meet the science based carbon target and introduce supply chain reduction initiatives by the end of the price control.



Adopt SF₆ alternatives where technically and commercially viable to support the science-based target carbon reductions during the price control.

What does it mean

Climate change is no longer a distant threat, but a visible reality. The most recent report by the UN Intergovernmental Panel on Climate Change (IPCC) highlighted again the very real and serious risks that climate change represents¹⁴.

As the owner of the transmission network in a region rich in renewable energy, our most material contribution to action against climate change is in enabling the transition to lower carbon electricity generation. While acting on this, we are also determined to:

1. Reduce our own greenhouse gas emissions; and
2. Make our business resilient to the future risks from climate change.

Why are we doing it

All our stakeholders, including our shareholders, want us to take ambitious action on climate change and reduce our emissions following best practice in climate science through the Science Based Target (SBT) initiative. Our ambition is to reduce our greenhouse gas emissions to facilitate the necessary level of decarbonisation critical to limit rising global temperatures by 1.5 degrees celsius.

Our stakeholders also tell us we need to adapt to the consequences of climate change. The Met Office¹⁵ has recently published detailed analysis that indicate further significant and serious changes this century. Future climate scenarios suggest that summer temperatures could rise by 5.4 degrees celsius by 2070, making heatwaves the norm and flooding will be a major issue as sea levels around the country rise.

¹³Ofgem has proposed a financial incentive with penalties for not meeting and rewards for exceeding Business as usual leakage targets

¹⁴Global Warming of 1.5°C (The Intergovernmental Panel on Climate Change, 2018) available at: <https://www.ipcc.ch/sr15/>

¹⁵UK Climate Projections – UKCP18 (Met Office, 2018) available at: <https://www.metoffice.gov.uk/research/collaboration/ukcp>

Setting a Science Based Target (SBT) for our greenhouse gas emissions

Where we are now

During RIIO-T1 we have reported annually on the main components of our greenhouse gas emissions: business carbon footprint, SF₆ leakage and the electrical losses on our network. During this period, we have targeted SF₆ leakage improvements and targets to reduce building and transport emissions.

Following stakeholders' feedback, in May 2018 we committed to setting a SBT for greenhouse gas emissions as part of our stakeholder-led Sustainability Strategy. We committed to set our SBT by summer 2020, at the latest.

What we are doing

To improve the quality of our emissions reporting, we have established a quarterly business carbon footprint (BCF) reporting system and have introduced mandatory carbon reporting in contract requirements for all new projects. This gives us confidence in the baseline for setting our SBT.

We are now reviewing the different approaches to setting a SBT to determine the approach that is applicable to our business.

What success looks like

Setting a SBT will provide us with a clearly defined and transparent pathway that specifies how much and how quickly we need to reduce our emissions. Success will be achieving our SBT and we are committed to report annually to our stakeholders on progress.

Emerging thinking on setting our SBT

Work to-date indicates our SBT will require a 45% absolute reduction in scope 1 and 2 carbon emissions by 2030 to meet the 1.5-degree climate science pathway from a 2018/19 baseline. As our network is expected to continue to grow to accommodate renewable generation during this time period, this is a stretching and ambitious target.

What is a Science Based Target?

Targets adopted by companies to reduce greenhouse gas emissions are considered "science-based" if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. You can read about the Science Based Target initiative here: www.sciencebasedtargets.org/

Scope 1¹⁶

Direct greenhouse gas emissions occurring from sources owned or controlled by the company e.g. our vehicles and SF₆ emissions;

Scope 2

Indirect greenhouse gas emissions from the generation of purchased electricity consumed by the company; and

Scope 3

All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions e.g. business travel, grid losses, production of purchased materials and contractor emissions

We want to be ambitious and drive business activities that reduce our carbon footprint throughout RIIO-T2 to meet our SBT at the trajectory to achieve zero net emissions. To achieve this, we have set a clear goal to reduce our scope 1 and 2 greenhouse gas emissions by a third compared to 2018/19 levels. This is challenging, has not previously been achieved and there is uncertainty of all actions required so a range of solutions may be developed for this. We are determining the treatment of uncertainty and network growth scenarios to our SBT and will provide an update on this in December.

To demonstrate the leadership our stakeholders demand, we also propose to set a scope 3 emission target that demonstrates best practice.

Our main material emission areas for scope 1 and 2 emissions are substation emissions (building electricity use), SF₆ emissions and operational transport emissions. These are the emission areas that will be prioritised for reduction. Other less material scope 1 and 2 emissions include office energy use and non-mobile generation fuel use.

Our scope 3 emissions include supply chain emissions, business travel, embodied carbon and losses. We are currently defining an appropriate approach and target for scope 3 emissions that meets best practice. Note that whilst losses on our network are a large emission source, they are predominantly influenced by the overall power dispatch, affected by the capacity and location of the generation and demand, and controlled by the Electricity System Operator (ESO).

Read our Losses Strategy:
www.ssen-transmission.co.uk/riio-t2-plan/

¹⁶GHG Protocol Corporate Accounting and Reporting Standard (2004) available at: <https://ghgprotocol.org/corporate-standard> <<https://ghgprotocol.org/corporate-standard>>

Delivering emission reductions across our activities

To achieve our SBT, we will be required to make targeted greenhouse gas emission reductions across our scope 1, 2 and 3 emissions as defined the Greenhouse Gas Protocol (**Figure 5.4**).

As part of the process of setting our SBT, we are identifying emission reduction initiatives for each of our emissions' areas. We are currently undertaking scenario analysis and technical feasibility assessments of the proposed measures that will form our carbon reduction plans for RIIO-T2.

Substation emissions

We propose to introduce energy efficiency measures and microgeneration to reduce electricity consumption, cost and carbon emissions. To achieve this, we will:

- Install electricity monitoring on a representative sample of existing substations and install electricity metering on all new substations;
- Install Photovoltaics (PV) or other suitable micro-generation on our existing and future sites to reduce their direct electrical consumption where viable;
- Implement an energy efficiency programme for existing substations built prior to RIIO-T1 and design new efficient substations; and
- Use a renewable "green" tariff for substations, subject to Cost Benefit Analysis.

SF₆ emissions

We propose to reduce our leakage rate and minimise our SF₆ mass holdings increasing due to network growth. To achieve this, we will:

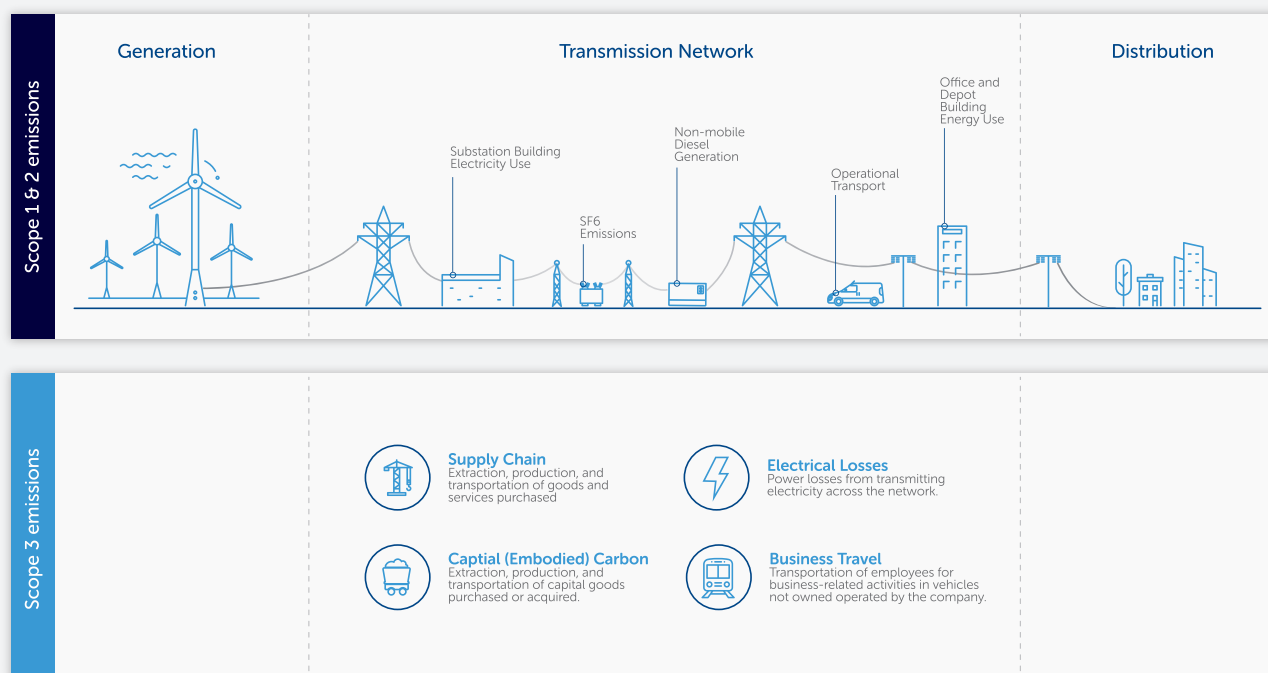
- Set a SF₆ leakage reduction target for the RIIO-T2 period;
- Published our SF₆ strategy for stakeholder consultation;
- Introduce real time monitoring on all new GIS SF₆ installations;
- We will no longer install SF₆, where there is a technically and commercially viable alternative and subject to Cost Benefit Analysis; and
- Collaborate with our suppliers and other network operators to improve the viability of the SF₆ alternatives supply chain.

We will report on the outcomes from our SF₆ alternative trials of GE's g³ gas at New Deer and Fort Augustus substations and Siemens blue SF₆ alternative at our Dunbeath substation.



We welcome views on our proposal to take a cost-benefit approach to adopting SF₆ alternatives and the decarbonisation of our operational fleet. **Is this acceptable, or should we go faster?**

Figure 5.4 Sources of Carbon Emissions from our Network



Operational transport emissions

We propose to introduce alternative fuel use vehicles where suitable vehicles are available for our operations. To achieve this, we will:

- Introduce fuel efficient and alternative fuel vehicles (hybrid, electric) in our operational fleet when viable; and
- Develop and implement a plan to reduce our operation vehicle mileage where possible without compromising quality of service to our customers and stakeholders.

Losses

We propose to increase visibility of losses in the development and operation of the network. To achieve this, we will:

- Publish our losses strategy for stakeholder consultation;
- Include losses accounting within our new Cost Benefit Analysis framework;
- Introduce a clear transparent methodology for calculating lifetime losses of new assets within our procurement process.

Supply chain

We will collaborate with our supply chain to target reductions in our scope 3 emissions from our contractor emissions and asset embodied carbon. We will:

- Work with contractors and suppliers to set carbon reduction targets in future contracts; and
- Include carbon accounting projections in contract tenders.

Planning for climate resilience

Where we are now

There are many definitions of resilience available, but we use the definition of resilience adopted by the Cabinet Office in their 2011 Natural Hazards and Infrastructure report:

“Resilience is the ability of assets, networks and systems to anticipate, absorb, adapt to and/or rapidly recover from a disruptive event.”

Changes in land use over the last fifty years have caused changes to the natural environment, for example, the extent of flood plains. We must continually assess these changes and their impact on our assets.

Our operations in the north of Scotland are highly exposed to the impacts of extreme weather events and other landscape changes that have attributed by many commentators to climate change. During RIIO-T1 security of supply has been affected by both winter storms and landslides.

What we're going to do

The flood risk to substations was our focus in RIIO-T1, and we propose to focus on risk assessments for overhead lines during RIIO-T2. For new project sites, we proactively assess the risk of flooding and other environmental factors and introduce recommended control measures. Key actions for RIIO-T2 include:

- Keep our risk assessments in line with best practice, using the latest Met Office forecasts and climate change projections;
- Use Lidar assessment technology to assess landslide risk around our assets; and
- Undertake a proactive monitoring and sampling programme of the concrete foundations on sites near floodplains.

What success looks like

To ensure business resilience to climate change, we will proactively assess the material risks that extreme weather events poses to the resilience of the transmission network. We will continue to invest in maintenance and emergency response solutions identified for climate change adaptation.

Case study – substation flood prevention scheme

At our Tealing substation near Dundee, we introduced comprehensive flood defence work to protect the substation from a 1 in 1000-year weather event.

The flood prevention scheme was designed and constructed in collaboration with Angus Council and the Scottish Environment Protection Agency, as the substation had a history of local flooding from the adjacent Fithie Burn.

The risk of flooding in the local area has been significantly reduced safeguarding the infrastructure within the Tealing high voltage substation.



Tealing Substation flood prevention scheme



Promoting Natural Environment

Delivering biodiversity net-gain and driving environmental stewardship best practice.

Our goals

Business as Usual



Achieve biodiversity 'No Net Loss' on new projects gaining consent in 2020 onwards. Achieve biodiversity 'Net Gain' on projects gaining consent in 2025 onwards.



Attain 'No Net Loss' of native (or near native) woodland cover on new projects consented from 2021.



Apply modern interactive technology to inform stakeholders of possible changes to landscape and visual amenity in new project proposals. Publish a technical options position statement for new transmission infrastructure at the beginning of the price control.



Undertake a risk assessment of oil storage measures and contaminated land across existing substation sites. Deliver contaminated land remediation action at identified high risk sites by the end of the price control.



Undertake baseline noise monitoring and noise assessments for our strategically important substation sites at the beginning of the price control.

Stretching Ambitions



Participate in external forums to help develop, trial and where appropriate adopt a common approach to natural capital reporting by the end of the price control.

Expand our biodiversity planning to existing assets – define baseline and implementation plan by the end of the price control.

Engage stakeholders and define Environment Value improvement opportunities for the marine environment by the end of the price control.



Extend the scope of VISTA¹⁷ outwith designated landscapes based on CBA and stakeholders' views.



Install synthetic ester-based transformer fluid at new high risk and environmentally sensitive sites where technology is available by the middle of the price control.



Implement noise management plans for strategic network sites that will support future projects and network flexibility during the middle of the price control.

What does it mean

Promoting our natural environment encompasses many areas including (but not limited to) biodiversity, woodland and forestry, visual amenity, oil and noise management. This broad definition is consistent with the international standard for environmental management, ISO 14001, under which we are being certified.

Based on our statutory obligations and stakeholders' views, we propose the following areas of focus for RIIO-T2:

1. Protecting and enhancing biodiversity
2. Woodland and forestry
3. Visual amenity
4. Oil management
5. Noise

The activities presented within this plan are based on our Environment and VISTA Policies.

Why are we doing it

There are strong views in the north of Scotland and across GB that our actions must be environmentally sensitive. Our consultations have strongly recommended that biodiversity planning across our portfolio be a core ambition of our future plan and visual amenity is a key topic of interest during project consultations. Stakeholders believe other areas of environmental values such as oil management and noise reduction should be prioritised on a materiality and risk basis.

As a responsible network owner, we have a responsibility to protect and promote the natural environment that we rely on. It is essential that we pursue environmental stewardship and ensure our activities are undertaken in a sustainable manner to protect our natural environment now and for future generations.

www.ssen-transmission.co.uk

¹⁷Visual Impact of Scottish Transmission Assets (SSEN Transmission, 2018) available at: <https://www.ssen-transmission.co.uk/sustainability-and-environment/vista/>

While we work to ensure our operating policies follow best environmental practice (for example, for noise, oil leakage, woodland and forestry, species management), our stakeholders tell us we can, and should, go further.

The UK and Scottish Government alongside other environmental agencies are setting forward looking plans and targets for 2030 and beyond. For example, the Department for Environment, Food and Rural Affairs (DEFRA) 25-year plan¹⁸ sets ambitious targets for the next quarter of century with the intention to pass nature on to the next generation in a better condition than in which they inherited it. The Scottish Government has also recently consulted on 'Scotland's Forestry Strategy – 2019-2029'²⁴ that aims to promote sustainable woodland expansion, appropriate forestry management and integrating forestry with other land uses and businesses. All to support a strong economy and to play a great part in Scotland's Natural Capital.

Protecting and enhancing biodiversity

Where we are now

Whilst biodiversity¹⁹ is valuable in its own right, it is also crucial to the maintenance of the natural systems on which we all depend such as the crop pollination, flood management and air quality.

The focus on biodiversity over the RIIO-T1 has been centred on impact minimisation and legal compliance. Biodiversity is currently considered throughout our project optioneering and development phase. This incorporates assessments of habitats and protected species when we select new routes for overhead lines and sites for substations. We manage our construction and operational works by following Species Protection Plans (SPPs) that have been agreed with Scottish Natural Heritage (SNH) to ensure that impacts are minimised.

We have been recognised for our forward-thinking approach to biodiversity management and were awarded two Scottish Green Apple Awards²⁰ for Environmental Best Practice in recognition of its Great Yellow Bumblebee biodiversity project at Thurso South substation in Caithness and its osprey mitigation works near Alyth in Perthshire. In addition, we were also awarded 'Overall Winner' of the BIG Biodiversity Challenge Awards in 2018.

What we're going to do

The outcome of our Sustainability Strategy consultation was that our activities should not only maintain the existing biodiversity balance, but help to enhance biodiversity, targeting a 'Net Gain'²¹. We will utilise the mitigation hierarchy by avoiding impacts by considering biodiversity in project design.

The Defra 25-year Environment Plan includes a key commitment to embed an 'Environmental Net Gain' principle for development, including housing and infrastructure.

Specifically, for the marine environment it also includes a commitment to reverse the loss of marine biodiversity and, where practical, to restore it.

As we plan for RIIO-T2 and based on a review of existing biodiversity guidelines and governance documents, we are developing 'Biodiversity Net Gain' assessment guidelines and a tool to calculate biodiversity units pre- and post- development of future infrastructure (on the land). These procedures will be incorporated into environmental impact assessments and construction contracts during 2019/20.

Over the past year we have trialled incorporating 'Biodiversity Net Gain' principles into substation design. This has proved successful with most substation projects capable of delivering a 'Net Gain' by incorporating changes in layout and landscape reinstatement design.

Our next steps include:

- Consulting on our 'Biodiversity Net Gain' approach
- Setting and monitoring biodiversity
- Develop and implement procedures for 'Net Gain' on new projects gaining consent from 2025 onwards
- Engage stakeholders and review operational Wayleave vegetation management activities of overhead lines to identify opportunities for reduce activity and enhancement.
- Engage stakeholders and review biodiversity management opportunities for marine projects.

What success looks like

To positively contribute to the UN and Scottish Government Biodiversity strategies²², we aim to achieve an overall 'No Net Loss' on new infrastructure projects gaining consent in 2020 onwards and achieving 'Net Gain' on projects gaining consent in 2025 onwards.

Further thinking on Natural Capital

An emerging trend receiving attention in government policy is the promotion of the term 'Environmental Net Gain' / Natural capital²³. However, the integration of biodiversity valuation into natural capital reporting is still in its infancy and there is currently no industry wide accepted methodology for these assessments. We propose to:

- Engage with our stakeholders to further understand the opportunity to use existing natural capital valuation methodologies in our business decision making.
- Participate in external forums to help develop, trial and where appropriate adopt a common approach to natural capital reporting mechanisms in the future.

¹⁸We recognise this plan is for England and Wales, however, the principles are equally relevant to Scotland. A Green Future: Our 25 Year Plan (DEFRA, 2018) available at: <https://www.gov.uk/government/publications/25-year-environment-plan>

¹⁹The term Biodiversity, short for biological diversity, refers to the diversity of life forms, species, genetic variation, and ecosystems. UK Biodiversity Indicators, (DEFRA, 2018) available at: www.jncc.defra.gov.uk/pdf/UKBI_2018.pdf

²⁰SEN Transmission pips rivals to scoop prizes at Scottish Green Apple Awards (SEN Transmission, 2019) available at: <https://www.ssen-transmission.co.uk/news-views/articles/2019/3/ssen-transmission-pips-rivals-to-scoop-prizes-at-scottish-green-apple-awards/>

²¹Net Gain is an approach to development that aims to leave the natural environment in a measurably better state than beforehand.

²²2020 Challenge for Scotland's Biodiversity (Scottish Government, 2013) available here: <https://www.gov.scot/publications/2020-challenge-scotlands-biodiversity-strategy-conservation-enhancement-biodiversity-scotland/>

²³Natural capital is a wider term for the stock of renewable and non-renewable resources that combine to yield a flow of benefits to people.

Woodland and forestry

Where we are now

In our operations and the development of our network we regularly interact with different types of woodland. This includes the felling of corridors for the construction of new overhead lines, or the selective felling of trees encroaching on safety and clearance distances.

Woodland and forestry resource are currently integrated at the earliest level of our planning and decision making. When we develop new overhead lines, we adopt a mitigation hierarchy for our impact on woodland on forestry. Where possible we avoid impacts. Any impacts that cannot be avoided are then assessed and where necessary measures to reduce these are identified. This can include activities such as encouraging the regeneration of previous corridors or planting new trees.

What we're going to do

We believe we can make an active contribution to the Scottish Government's vision for sustainable forest management²⁴.

Focusing on native and nearly-native woodland²⁵, we propose to adopt a combination of the following approaches:

- Promote appropriate natural regeneration of old corridors;
- Manage regeneration of new corridors; and
- Where there is still a 'Net Loss', the balance would be delivered through building partnerships and supporting local woodland.

What success looks like

Our aspiration is to attain 'No Net Loss' of 'native' and 'nearly-native' woodland for new projects consented from 2021.

Visual Amenity

Where we are now

We recognise that our infrastructure and activities have a landscape and visual impact on people and the natural environment. We are committed to minimise the impact of our infrastructure on the visual amenity of landscapes, while balancing the provision of cost efficiency and ensuring a safe and secure supply of electricity.

The landscape and visual implications of our infrastructure are one of the most important topics in our stakeholder consultations.

For new overhead infrastructure, landscape and visual considerations are an important part of each stage of site selection. Typically, our preferred approach is an overhead line solution due to efficiency, flexibility and fault detection benefits, and preventing environment risk from undergrounding.

Where it can be demonstrated that a particular impact associated with an overhead line is significant and alternatives such as re-routing will not sufficiently reduce the impact, we will consider the option of undergrounding.

What we're going to do

There is strong support for the steps we are taking under our Visual Impact of Scottish Transmission Assets (VISTA)²⁶ scheme to mitigate existing landscape and visual impacts and a desire from stakeholders for us to extend this further during RIIO-T2.

We will continue to learn from our experience and seek to adopt best practice in communicating with our stakeholders on landscape and visual amenity considerations.

From the beginning of RIIO-T2 we will:

- Publish a technical options position statement for new transmission infrastructure;
- Use modern interactive technology to help inform stakeholders and members of the public, of the possible changes in landscapes and visual amenity that are likely to result from our developments (e.g. 3D visualisation software, virtual reality and new technology) (**Figure 5.5**).
- We are going to propose an extension to the scope VISTA outwith designated landscapes based on Cost Benefit Analysis and stakeholders' views.

What success looks like

We operate in Scotland's most precious rural landscapes, yet our essential operations require infrastructure that can be to the detriment of visual amenity. Our ambition is to ensure that the visual impact of new infrastructure is fully considered in our projects from conception and is reduced as far as practical in line with our social, environmental and economic Cost Benefit Analysis. For new project proposals, we also believe it is important to consider new ways in which we can ensure stakeholders have the best possible information in which to inform their views and these are fully and transparently considered in our project development process.



Figure 5.5 Finstown Substation 3D visualisation. Read more: <http://www.ssen-transmission.co.uk/projects/orkney/>

²⁴Scotland's Forestry Strategy 2019–2029 (Scottish Government, 2019) available at: <http://www.gov.scot/publications/scotlands-forestry-strategy-20192029/>

²⁵Native and nearly native woodland is defined in Scotland's Native Woodlands - Results from the Native Woodland Survey of Scotland, (Forestry Commission Scotland, 2014) available at: <https://forestry.gov.scot/forests-environment/biodiversity/native-woodlands/native-woodland-survey-of-scotland-nwss>

²⁶Visual Impact of Scottish Transmission Assets (SSEN Transmission, 2018) available at: <https://www.ssen-transmission.co.uk/sustainability-and-environment/vista/> (accessed 26 June 2019)

Oil Management

Where we are now

To operate and maintain our network we store and manage large quantities of oil. Oil is a toxic substance and, if leaks occur, has the potential to harm the environment.

For all new substation sites and upgrades to existing sites, we design our oil storage, transformer bays and site drainage to the highest standards meeting all regulatory requirements²⁷. This is further reinforced by a design agreement with the Scottish Environment Protection Agency (SEPA) that sets out the parameters and specifications that our contractors must meet.

However, a significant proportion of our transmission network was built in the 1950s and 1970s. Since this period, there has been a significant increase in the scope and granularity of regulatory requirements, for the design and construction of electricity transmission infrastructure, including in relation to oil management. While we have very few oil incidents, there is potential for contaminated land on our older sites (designed to historical requirements) that requires remediation.

What we're going to do

For existing sites, we propose to use risk assessments to categorise our sites identifying the risk of existing contaminated land or future releases of oil. It will identify where no action is required, ongoing monitoring and containment should take place, or where immediate remedial work should be instigated to protect the environment.

We will also consider the installation of:

- Synthetic ester-based transformer fluid (which is readily biodegradable) at new high risk and environmental sensitive substations sites where technology is available (currently 132kV assets).

What success looks like

Oil management is a key aspect of our ISO 14001 environmental management system. In the design and construction of new sites, we will continue to ensure regulatory compliance and apply best practice for oil storage. For pre-existing sites and legacy oil storage measures, we will adopt a proactive and risk-based approach to identify and undertake any remedial action required.

Noise

Where we are now

Noise impacts on residential properties are a material consideration in the planning process and it is necessary to demonstrate no adverse impact. In addition to noise considerations within the planning process, noise impacts can be considered by the local authority at any point under the statutory nuisance provisions²⁸.

As part of planning applications for new substations we routinely undertake a noise impact assessment with proposed noise reduction mitigation measures necessary to reduce noise to an appropriate level. We have updated our overhead line route selection and substation site selection guidelines to incorporate noise thresholds distances as part of our standard technical parameters.

What we're going to do

Alongside compliance with noise emission regulations, we will identify strategic hub substations that will require ongoing modifications as part of our network development activities. For these sites we will:

- Undertake baseline monitoring and establish noise assessment models;
- Design in future mitigation options (e.g. space for barriers, separate cooler banks on transformers) where necessary;
- Develop and implement long term noise management plans for sites at or near current noise capacity where necessary.

What success looks like

Local residents should not be unduly affected by noise from our assets. We will work proactively to address this issue, taking action in a timely, effective manner.



We welcome views on whether our proposals are sufficient, or too, ambitious. **In particular, we seek views on whether we should adopt our proposed Stretching Ambitions?**

²⁷Oil management in Scotland is now regulated by the Scottish Environment Project Agency (SEPA) and controlled through the Water Environment (Controlled Activities) (Scotland) Regulations 2011 (as amended)

²⁸Environmental Protection Act (1990)



Optimising Resources

Managing resources for a circular economy; achieving zero waste to landfill, increasing resource efficiency and using sustainable materials.

Our goals

Business as Usual



Provide transparent waste reporting for all waste streams from the start of the price control.



Achieve recycling, re-use and recovery rates for construction and demolition wastes at or above the national target (70%) by the end of the price control.



Provide transparent resource use reporting and establish efficiency targets by the end of the price control.



Establish a management system for assessing and trialling innovations in sustainable materials by the end of the price control.



Define industry approach for embodied carbon assessment, reporting and management by the end of the price control.

Stretching Ambitions



Accelerate zero waste to landfill²⁹ across all waste streams by the middle of the price control.



Achieve recycling, re-use and recovery rate target (70%) across all waste streams by the end of the price control.



Introduce a re-manufacturing pilot scheme for "end-of-first-life" assets by the end of the price control.



Implement sustainable material initiatives on large capital construction projects by the end of the price control.



Ensure all new large capital construction projects are compliant with PAS 2080 Carbon Management in Infrastructure by the end of the price control.

What does it mean

Many of the resources we use in building our infrastructure are non-renewable resources, such as steel, aluminium and copper. Increasing material scarcity, the environmental impact of manufacturing these resources and inconsistency in local end-of-life material solutions, for example recycling facilities, that we need to work harder to ensure we make best use of resources.

These environmental pressures require us to rethink how we use, manage and dispose of materials to ensure we use resources in a responsible and sustainable way. Our ambition has three key areas of focus:

1. Minimising waste
2. Resource efficiency
3. Using sustainable materials

The activities presented within this plan are based on our Asset Management, Engineering and Procurement policies.

Why are we doing it

Stakeholder feedback on our Sustainability Strategy indicated that there was a need for increased focus and targets on resource use. It was highlighted that there is significant opportunity for us to support the circular economy through the reuse, repurposing and remanufacturing of assets.

There are also significant external drivers focused on sustainable resource use, with several national and international targets. For example, the Scottish Government Circular Economy Strategy³⁰ sets out clear priorities and targets to move to a circular economy, where products and materials are kept in high value use. The UK Government's 25-year environment plan³¹ has also set our future direction and the ambition to work towards zero avoidable waste by 2050.

²⁹Including construction and demolition waste, excluding compliance waste.

³⁰Making Things Last: A Circular Economy Strategy for Scotland (Scottish Government, 2016) available at: www.gov.scot/publications/making-things-last-circular-economy-strategy-scotland/

³¹A Green Future: Our 25-year plan to improve the environment available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/693158/25-year-environment-plan.pdf

The UK Government and regulators such as the Scottish Environment Protection Agency (SEPA) are also increasingly interested in the assessment and reduction of embodied carbon in resources³². Embodied carbon can be defined as emissions that result from the production and manufacturing of materials used in the construction of new assets. Reducing this carbon helps realise cost efficiencies, drive innovation and enhance environmental improvement.

Emerging business management standards to support the circular economy and infrastructure carbon management are increasingly being promoted in the industry. For example, PAS 2080 'Carbon Management in Infrastructure' provides a management framework for the measurement and monitoring of carbon throughout an infrastructure project. In addition, the recently published BS8001 Circular Economy Standard provides the world's first practical framework and guidance to implement the principles of the circular economy in organisations.

Minimising waste

Where we are now

Much of our waste and resource use is associated with our construction and field-based activities. Waste from our construction activities is generally handled by our principal contractors and each of our projects are required to have site-specific waste management plans to ensure duty of care and waste regulation compliance.

To establish a baseline position for our performance, we are currently working with our supply chain and contractors to collect consistent data and define a streamlined reporting process. We are also updating our waste management procedures and introducing mandatory data reporting by waste streams in contracts for new projects. Going forward, improving our waste data quality will inform our hotspot analysis and the identification of improvement initiatives.

What we're going to do

Our aim is to substantially reduce waste generation from our main offices and sites through prevention, reduction, re-use and recycling. Specifically, we propose to target recycling, re-use and recovery rates across waste streams at, or above the Scottish Government National Target (70%), with an ambition to deliver continuous improvement against this target:

- Each year we will report on our waste sent to landfill, resource, re-use and recycling;
- We will work with our contractors to ensure that they follow the principles of zero waste to landfill on our projects from the outset of the price-control to meet our stretch target.
- Develop and roll-out site waste segregation best practice to all contractors to improve our recycling rates and meet our recycling targets; and
- External assurance of our waste reporting, zero waste to landfill and recycling targets.

What success looks like

We propose to accelerate our ambition to achieve zero waste to landfill and expand this commitment across all waste streams by the middle of the price control. This will prevent any waste material from our operations, being disposed of in landfill sites, in turn reducing our environmental impact.

Resource efficiency

Where we are now

The assets we install can have a life of up to 80 years. This means there is an opportunity to re-use assets when they are decommissioned before end-of-life.

We have also undertaken targeted innovations to re-use resources while upgrading infrastructure. For example, we have undertaken projects to reconductor parts of our existing network with more efficient Aluminium Conductor Core (ACCC) Monte Carlo conductors avoiding the need to build new infrastructure.

What we're going to do

In line with circular economy principles, we will seek to keep assets in use for as long as possible, extracting the maximum value from them whilst in use, then recover and regenerate products, materials and resources at the end of each service life. This includes:

- Introducing Building Information Modelling (BIM) technology to enable more efficient designs;
- Developing a materials passport methodology for buildings and update design specifications to enable more efficient materials recovery at "end-of-first-life";
- Implementing targeted interventions on critical assets to increase lifespan through refurbishment based on risk analysis; and
- Developing a scheme for re-manufacturing of assets at "end-of-first-life".

³²Strategic Infrastructure (Transport and Utilities) Sector Plan Consultation available at: <https://consultation.sepa.org.uk/sector-plan/strategic-infrastructure-transport-utilities/>

What success looks like

Our aim is to upgrade rather than replace assets wherever viable and, in cases where replacement is required, we aim to re-use as much as possible. We will ensure that asset life extension decisions factor into metrics of resource use.

Using sustainable materials

Where we are now

Due to the complex nature of assessing the impact of materials, there is no single accepted definition of 'sustainable materials'. To frame our approach, we define sustainable materials as;

"Those materials with lower environmental impacts through their production and life cycle, compared to their traditional counterparts".

We seek to use construction materials that are as sustainable as possible which reduce environmental impacts associated with their manufacture or transport to site. During the development of our construction projects, we deploy innovations to reduce the need for resources and use alternative lower impact materials.

During 2019, we are reviewing Life Cycle Assessment (LCAs) and responsible sourcing approaches across different industries to determine and inform our approach for assessing product sustainability during RIIO-T2. This will include approaches to managing embodied carbon.

What we're going to do

We will identify and adopt sustainable materials where feasible, including through our innovation process to enable us to more rapidly assess commercially available sustainable materials and reduce barriers to adoption.

We are exploring options for a management framework for assessing and managing embodied carbon in our construction projects that incorporates PAS 2080 compliance.

What success looks like

Where appropriate, we will seek to develop our network assets using materials which are as sustainable as possible, adopting new products to reduce our reliance on finite natural resources and considering our embodied carbon within project design and construction.



What actions do you think we should take on embodied carbon and by when?



Case study - composite poles

To connect the Dorenell Wind Farm to our Blackhillock substation near Keith, we installed 140 new composite poles instead of the traditional wooden poles or steel lattice towers. Using the composite poles reduced environmental impacts during construction and meant only one overhead line was needed rather two parallel lines that would have otherwise been used. These poles also demonstrate a longer lifespan, require no preservatives and can be repurposed or recycled at the end of their useful life.



Supporting Communities

Meeting the needs of vulnerable customers and maximising the local benefit of our investments.

Our goals

Business as Usual



Report on local content and the socio-economic impact of our large investments (>£100m) during the price control.

Introduce Meet the Buyer Events for large capital construction projects at the beginning of the price control.



Maintain employee volunteering in the community through the 'Be the Difference' programme during the price control.

Stretching Ambitions



Publish a company social value statement at the start of the price control³³.

Provide mandatory training for employees to recognise consumer vulnerability and have knowledge of the support services available by the middle of the price control.

Introduce accessible communications and consultation media at the start of the price control.

Create partnerships with third parties to help deliver and promote our activities in addressing consumer vulnerability by the middle of the price control



Deliver suitable community fund support (to be confirmed).

What does it mean

Our ambition is to ensure we meet the needs of vulnerable customers and support local supply chains when developing, constructing and operating assets so that communities benefit from our investments. We can also provide additional support to our communities across our network through our employees committing their time to support community projects and possible community support funds.

Why are we doing it

Stakeholders and society expect companies to introduce measures to support and contribute to the communities in which they operate. Supporting vulnerable customers and tackling fuel poverty is vital to ensure a fairer, socially just and sustainable future. The Scottish Government has also recently consulted on a draft Fuel Poverty Strategy for Scotland (2018) that sets ambitious targets to support the goal of eradicating fuel poverty.

There is no simple definition that captures every aspect of consumer vulnerability in the energy sector. Based on stakeholder feedback, we believe it is vitally important to address high-risk categories of consumers in the north of Scotland and islands. This includes customers living in rural communities, suffering from fuel poverty or reliant on electric heating.

A recent report commissioned by Citizens Advice Scotland (CAS)³⁴ on consumers in vulnerable situations highlights good practice in the energy sector in providing support but concludes there is not yet an integrated approach between essential service providers. As a result, not all vulnerable consumers eligible and wishing to receive additional support are aware of the services available. We are supportive of all policy measures that will help to support energy efficiency and reduce fuel poverty especially for our most vulnerable customers.

One of the most significant impacts we have on the areas we operate in is the local economic benefits created through some of our major development projects. Without the continued support of the communities, we would not be the business we are today or become the business we want to be in the future.

www.ssen-transmission.co.uk

³³Our regulator, Ofgem, has decided that transmission companies should not consider actions to support vulnerable customers and communities as business as usual. Hence we define these proposed goals as stretching ambitions. For further information please see:

www.ofgem.gov.uk/publications-and-updates/riio-2-sector-specific-methodology-decision

³⁴Making it Easy: Simpler Registrations for Customers in Vulnerable Situations (Citizens Advice Scotland, 2018) available at: <https://www.cas.org.uk/publications/making-it-easy-simpler-registration-consumers-vulnerable-situations>

Meeting the needs of vulnerable consumers

Where we are now

Addressing consumer vulnerability has not previously been seen as a core function for GB transmission owners; however stakeholders' expectations have changed.

Whilst we agree the central provision of support should be provided by the most capable and directly relevant organisation, we believe we have a role to play in addressing consumer vulnerability and we want to do more in RIIO-T2. We have been actively engaging with stakeholders directly and via our Stakeholder Advisory Panel to understand where we can best contribute.

What we're going to do

We have identified five targeted actions for RIIO-T2:

- Create a social value commitment statement for our stakeholders and customers with relevant supply chain requirements;
- Deliver mandatory training to ensure employees are proficient in recognising signs of consumer vulnerability and have knowledge of the support services available;
- Introduce accessible communications and encourage accessible consultations events. We will adopt an accessibility software solution for our website that allows customers to view content in different languages and alter text sizes. This will promote accessible information that is particularly important for consultation documentation;
- Utilise a risk mapping tool already used by Distribution Network Operators (DNOs) to assess how many consumers may be impacted by a planned outage. This will allow us to make proactive contact with customers on the Priority Services Register; and
- Create partnerships with third parties to help deliver and promote our activities in addressing consumer vulnerability during our stakeholder engagement activities.

What success looks like

There is an opportunity for us to take a supporting role and co-ordinate activities with the DNO, Local Authorities and other agencies to support and meet the needs of vulnerable consumers. It is important to ensure that the customers and stakeholders we interact with, who are both eligible and wishing to receive support are aware of the services available.



We have identified a difference of opinion between our regulator and our stakeholders in our role in supporting communities. **We would welcome your views on whether we should adopt the goals described here.**

Using local supply chains

Where we are now

Building on the SSE Responsible Procurement Charter³⁵ that encourages the use of local supply chains and ensuring that we continue to maximise the local benefit of our investments, we aim to support local employment and local supply chains where feasible during the development, construction and operation of our assets.

In 2012, SSE established the Open4Business (O4B) Highlands and Islands portal to link small and medium sized businesses in the Highlands and Islands to the business opportunities from our construction projects. Alongside the financial success of the portal, there have been several key achievements including over 750 opportunities posted, over 465 contracts awarded and over 1600 organisations registered. This portal is set to begin its next chapter of success under the stewardship of Highlands and Islands Enterprise (HIE).

Over the last few years, we have engaged independent consultants to quantify the contribution that our major projects make to the UK and Scottish economies. For example, this analysis has included the measurement of the local-socio-economic benefits of our Beaulieu Denny and Caithness Moray projects. The Caithness Moray project added approximately £643m of value to UK GDP, of which at least £265m will be contributed to the Scottish economy³⁶.

What we're going to do

We are committed to ensuring that the local supply chain is utilised where possible on our projects. Each of our project requirements are different, but there are a range of possible opportunities for local businesses. To build on our approach during RIIO-T2, we will:

- Hold meet the buyer engagement events between our primary project contractors and local businesses at the outset of large capital projects to discuss local business opportunities;
- Look to set a minimum threshold for the share of local content in our portfolio projects where practical under procurement regulations;
- Continue to promote the 'Open for Business' programme for the north of Scotland; and
- Undertake and publish socio-economic impact assessments for all investments >£100m.

What success look like

We will measure and understand the impact we have on communities, through the local socio-economic impact of each pound spent during our investments and the local content ratio of our major project investments.

³⁵Responsible Procurement charter (SSE, 2018) available at: www.sse.com/media/530653/Responsible-Procurement-Charter_0818.pdf

³⁶Caithness Moray Delivering economic and social benefits (SSE, 2018) available at: www.sse.com/media/421062/Caithness-Moray-Delivering-economic-and-social-benefits.pdf

Giving back to communities

Where we are now

Our investments in these communities are not only financial. Our employees also commit their time to supporting projects in our communities through the SSE 'Be the Difference' programme; an initiative through which employees volunteer in the community for a day.

We also currently provide additional support to communities across our network area through our Resilient Communities Fund, allocating a minimum of 33% of any Stakeholder Engagement Incentive income that we receive to the communities in which we work. The fund is currently used to support projects that will help the community during extreme weather events or when electricity supply is lost, with a focus on vulnerable customers.

What we're going to do

We will continue to offer our employees the opportunity to volunteer through our 'Be the Difference' programme during RIIO-T2.

We want to ensure that our community support investments continue to benefit our local communities and maximise the benefits they receive. During 2019, we will review the suitability of our community fund support to determine our approach for RIIO-T2.

What success looks like

We want to ensure that our works continue to benefit our local communities and that we are maximising the benefit that they receive from our project investment, community support investment and local volunteering.



Case study - Be the Difference programme

We value the importance of employees giving back to their local communities and offer them the opportunity to volunteer a working day each year through the 'Be the Difference' programme. We also match employee fundraising up to £150. In 2018/19 our employees volunteered around 1,185 hours with community groups and projects. You can read about the Be the Difference programme: www.sse.com/communities/bethedifference/



We currently provide support to communities through our resilience community fund, **are there other more impactful and beneficial ways to provide support to communities?**



Growing Careers

Ensuring a safe and inclusive culture for our employees; adding value through good jobs, training and development.

Our goals

Business as Usual



Establish a 5-year resourcing plan that includes talent pipelines and succession plans that are reviewed annually for the start of the price control.

Ensure inclusive job advertisement and training delivered to all hiring managers from the start of the price control.



Provide mandatory Inclusion and Diversity (I&D) training to all employees by the middle of the price control.

Establish and adopt targets based on 2021 census demographic data for network area by the middle of the price control.

Ensure the Apprentice, Graduate and Technical Staff Trainee intake is representative of local demographics.

Stretching Ambitions



Undertake research programme to seek deeper insight into the behaviours and processes required for an inclusive workplace delivered at the start of the price control.

Provide inclusive meeting facilitation training to all managers by the middle of the price control.

Deliver a programme to influence inclusive workplace behaviours by the end of the price control.

Undertake a positive action campaign through university and career fair engagement by the end of the price control.

What does it mean

Our ambition is to attract, develop and retain a sustainable pipeline of highly engaged employees, and in doing so, help to address the skills shortage and lack of diversity in our industry.

Complementing the SSE Group strategy³⁷ on human capital, Inclusion and Diversity (I&D) and the Networks People Strategy, we have created a sustainable workforce strategy that forms the basis of this plan.

Why are we doing it

We rely on our people to be a successful business; our long-term success depends upon the people we can attract, retain and develop. The past decade has been a period of rapid change in the energy sector and, for Transmission, huge growth. Our workforce has grown significantly to support this. With an aging workforce and set against a projected industry skills gap in the future, our expanding network requires an increasing number of skilled employees to keep it running effectively and to manage the transition to an increasingly decarbonised and decentralised system.

While some stakeholders do not think I&D is a priority, Ofgem and the Government have called on the industry to tackle I&D and make real improvements. Ofgem have published a diversity and inclusion strategy³⁸ that focuses on three priorities: (1) reflecting the demographics of their customer base; (2) changing workplace culture; and (3) influencing other companies in the power sector to improve diversity.

In addition, the Scottish Just Transition Commission³⁹ has been established to advise on maximising the opportunities of decarbonisation, in terms of fair work, and tackling inequalities, while delivering a sustainable and inclusive labour market.

www.ssen-transmission.co.uk

³⁷SSE's Inclusion Strategy 2017 – 2020 Valuing Difference Report (SSE, 2017) available at: www.sse.com/media/481527/DiversityReport_FINAL.pdf

³⁸Ofgem diversity and Inclusions strategy (Ofgem, 2019) available at: www.ofgem.gov.uk/system/files/docs/2019/03/march_2019_diversity_and_inclusion_strategy_1.pdf

³⁹Just transition commission (Scottish Government, 2019) available at: www.gov.scot/groups/just-transition-commission/

Where we are now

Our expanding network requires an increasing number of skilled employees to keep it running effectively and to manage the transition to an increasingly decarbonised and decentralised system.

We have taken a cautious approach to the growth of our workforce, making sure that we understand and are confident in the skills needed before recruiting. This has meant using contractor resource to manage 'peaks' in workload or fill short term skills gaps. When we do recruit, we have sought to offer high quality posts that have genuine opportunities to expand, achieve and develop.

To support a pipeline of new skilled employees into the business, we operate several training schemes – such as the Technical Staff Trainee (TST) programmes, apprenticeship and graduate programmes alongside targeted job role specific training. For example, we spend an average of £80,000 per TST to develop their talent. It's an investment in their future – and ours.

What we're going to do

Our network is developing and the skills we need and utilise is constantly evolving. We have a responsibility to ensure our workforce has the required skills and opportunities to meet our future business requirements; we are committed to investing in our employees and adding value through the creation of good jobs, training and development.

By doing this, it's not just us or the wider company that benefits – society and the individuals do too. For example, our TST programme has been estimated to provide £7.65⁴⁰ benefit to society for every pound spent through the programme.

Looking to the RII0-T2 period, our workforce will change and so we propose to:

- Introduce a rolling 5-year resourcing plan, including talent pipelines and succession plans that are reviewed annually;
- Establish a 'Future Network' development framework to build leadership and project management capability for future network needs that complements job role specific training and personal development planning;
- Build talent, mentoring and coaching programmes, designed to build and test capability for future progression;
- Promote inclusive recruitment - ensuring job advertisements are as open as possible and ensure all hiring managers have undertaken diversity and inclusion training; and
- Work collaboratively as a sector to drive change by, challenging ourselves to do things differently, sharing best practice and delivering sector priorities.

What success looks like

We want to ensure we are able to provide opportunities within our organisation for people to develop and continue their careers with us.

Action not excuses - promoting fairness, inclusion and diversity

Where we are now

The energy industry has for many years been imbalanced, being viewed as a male dominated engineering sector. As a result, the diversity of our workforce does not reflect the communities and society we serve.

At the centre of SSE's inclusive and respectful culture is our longstanding commitment to the Real Living Wage in the UK as set by the Living Wage Foundation. Since April 2014, we have been rolling the Living Wage out through our supply chain.

What we are doing

SSE Group's strategy on inclusion and diversity has been to initially address gender diversity, however inclusion in its widest sense is also important. Women comprise around 18% of our workforce and we must take action to encourage women IN to our business, support women to stay ON in the company and help women progress UP in the organisation. We call this our 'IN, ON, UP' inclusion strategy. The SSE Group has several targets to implement this strategy such as making the Executive Committee and Direct Reports to the Executive Committee from 20% women at present to 30% women by March 2021.

In 2019, SSE was instrumental in the creation of the Energy & Utility Skills (EU Skills) sector wide inclusion commitment that encourages employers to focus on the real measurable action proven to drive more inclusion and diversity in our sector. We also have a 'Shadow Board' and see this as a key way to bring diversity of thought and fresh thinking to real business challenges, helping avoid the risk of group think, but also offering increased exposure of future talent to the leadership team.

⁴⁰Valuable People: understanding SSE's Human Capital (SSE, 2014) available at: https://sse.com/media/306295/SSE-Human-Capital_Final_For-Web.pdf

What we're going to do

We propose to use best practice to continue to evolve our workforce towards greater inclusion and diversity, including:

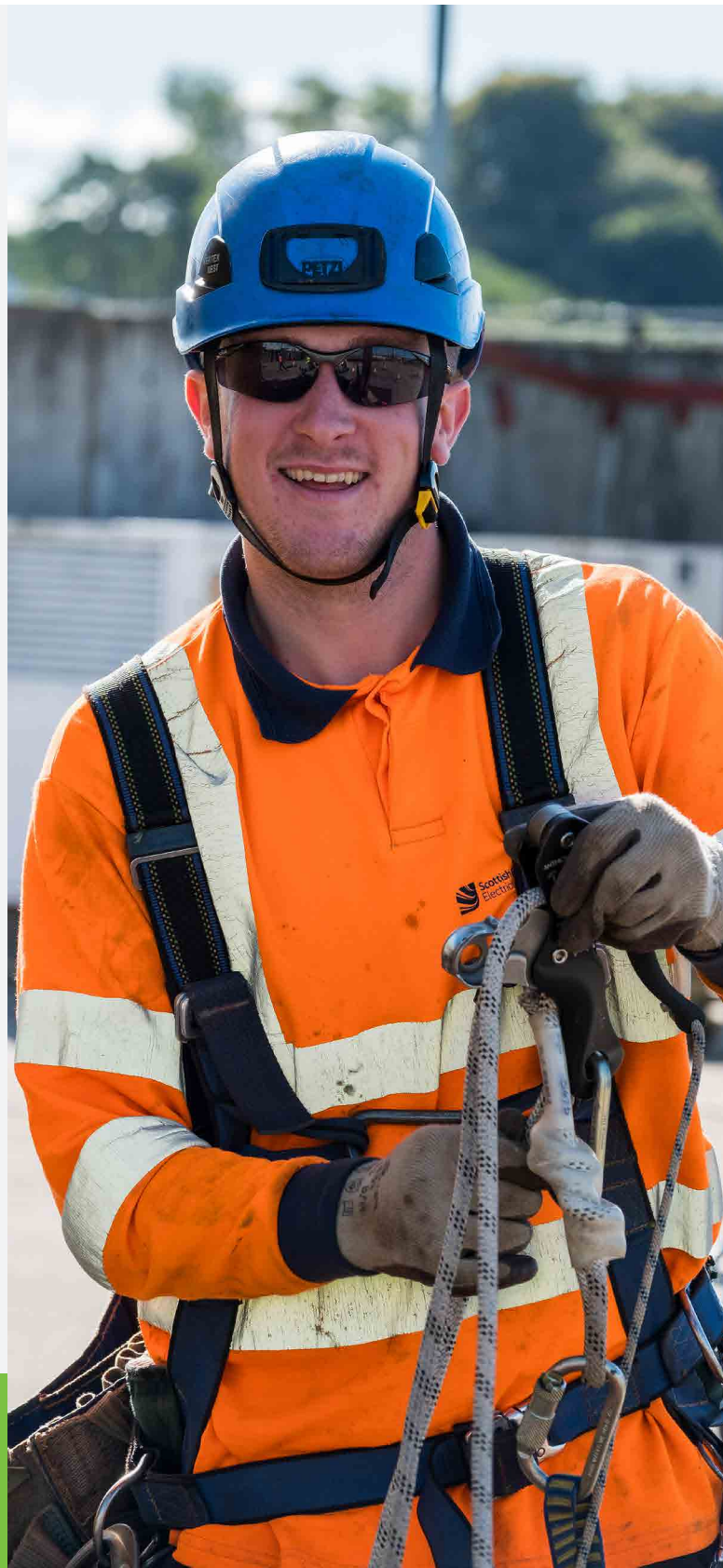
- **Targets:** Measure and report progress in our organisations and as a sector annually adopt targets based on 2021 census local demographic data that will encourage practical inclusive behaviour. We will benchmark our I&D scorecard against other TOs and other sectors. We also aim to ensure apprentice, graduate and TST intake is representative of local demographics by the end of the price control;
- **Training:** Deliver mandatory I&D training to all employees and inclusive hiring training to all our managers. With the aim to accelerate culture change we also propose to introduce inclusive meeting facilitation training for managers;
- **Benefits:** A working environment and benefits that reflect the real-world challenges of our employees, including flexible working and child care provision;
- **Workplace Culture Change:** to supplement the behavioural training we will seeking to gain deeper insight into the real and perceived challenges of our minority group employees through research and focus groups to inform a culture change programme. A compressive employee engagement and communication programme would then be delivered, promoting fairness, diversity and inclusion that conveys SHE Transmission as a good place to work for all; and
- **University engagement:** We aim to design and deliver a positive recruitment campaign through university and career fair engagement.

What success looks like

Our goal is for our workforce to reflect the diversity of the communities we serve, and to have a work culture of fairness, respect and dignity.



We welcome views on other steps we could take to provide rewarding and fulfilling careers



Transparency

Ongoing engagement

Our Sustainability Strategy, Sustainability Plan and draft ambitions for RIIO-T2 have been developed following detailed conversations and input from our stakeholders.

We are committed to continuing that dialogue as we progress our sustainability journey: does our Sustainability Strategy still meet stakeholders' expectations; is our progress with our Sustainability Plan, and our proposed activity, consistent with meeting our ambitions? We expect to do this through one-to-one meetings, industry events and specific consultations.

We will follow the principles set out in our new Stakeholder Engagement Strategy in undertaking this engagement.

Governance

Appropriate and effective governance is essential to giving stakeholders confidence in our plans, activities and outcomes. Increasingly there is a demand, in particular from shareholders, for specific governance in relation to sustainability.

SSE's Chief Executive has overall lead responsibility for sustainability across the SSE Group, including at board level. The three electricity networks owned by SSE plc are managed separately from other SSE plc businesses under the ownership of Scottish and Southern Energy Power Distribution (SSEPD) which trades under the name Scottish and Southern Electricity Networks (SSEN).

SSEPD has a separate Board with independent non-executive members. Under this structure, the Managing Director of Transmission has responsibility for implementing the Sustainability Strategy within our business.

The Sustainability Sub-Committee of the SSEPD Board was established in 2017 to oversee the development and delivery of the Sustainability Strategy, the transition to low carbon energy systems and high standards of environmental management. The remit of the Sub-Committee also includes ensuring consideration of sustainability in other business activities, including: strategy, network planning, connections, networks development, and innovation. It is chaired by the Managing Director of Transmission, and includes non-executive representation from other SSEPD Board members.

We intend to continue with this strong governance structure during RIIO-T2, adapting as required and in line with best practice.

A comprehensive reporting framework

Our approach to stakeholder engagement is based on a commitment to openness, transparency, and accessibility. This includes reporting.

As part of our development of our draft Business Plan, we consulted on proposals for a new reporting package to increase the transparency of the activities and outcomes of energy networks.



"Companies are required to publish complete information on their performance, financial structures, gearing and ownership" – RIIO-2 Principle

Building and expanding upon existing reporting obligations, we are proposing a reporting framework for RIIO-T2 that would cover three distinct areas:

- 1 Service Performance**
- 2 Financial Performance**
- 3 Performance for Society**

Performance for Society report

Purpose: Customers and stakeholders can see the contribution that energy networks make to society through the delivery of an essential public service.

Outcomes: Easy-to-access reporting; Evidence of the impact of activities on communities and society.

Approach: The types of things that might be included in the Annual 'Responsible Business' Report are: Gender Pay Gap, Inclusion and Diversity measures, Living Wage policies, Modern Slavery Statement, socio-economic contributions, greenhouse gas emissions, and waste.

Reporting

Our commitment to transparent reporting

Sustainability outcomes

As part of our sustainability governance, we are committed to setting measurable targets and activities, and reporting on these so our stakeholders can monitor our performance. Internally, our Sustainability Sub-Committee track progress on a quarterly basis and oversee the delivery of the Sustainability Plan.

As we have set out in our draft Business Plan, we are committed to:

- An annual review of our Sustainability Strategy, with a public report on the outcome of that review;
- Any changes to our Sustainability Strategy will be developed through open and transparent consultation, and changes (and the reasons for them) clearly presented;
- Publishing every two years a Sustainability Plan that sets out measureable, time bound milestones for delivery against our sustainability ambitions. Open and transparent reporting of progress against those milestones;
- Any changes to our Sustainability Plan will be developed through open and transparent consultation, and changes (and the reasons for them) clearly presented; and
- An annual Sustainability Statement, incorporated into our Performing for Society report, that describes the progress that has been achieved in the past year.

You can read our sustainability reporting:

www.ssen-transmission.co.uk/sustainability-and-environment/sustainability-strategy/

SSE Group sustainability reporting

The SSE Group publishes an annual Sustainability Report on SSE's key policies, management and performance in relation to its economic, social and environmental impacts.

One of SSE's four strategic pillars is Being Sustainable. SSE defines a sustainable company as one that offers profitable solutions to the world's problems. In support of its vision, purpose and strategy, SSE has adopted four fundamental business goals for 2030 which are directly aligned to the UN Sustainable Development Goals (SDGs). These Goals put addressing the challenge of climate change at the heart of SSE's strategy at the same time as addressing sustainable social development. The aim is to enable the Group to realise its vision of being a leading energy company in a low-carbon world.

The SSE Group strategy also applies to our business and so the SSE Group reporting on sustainability encompasses our outcomes.

You can read SSE's Sustainability Report 2019:

www.sse.com/investors/reportsandresults/

SSE's Sustainability Report 2019 includes our Gender Pay Gap reporting

81% men, 19% women

93% men, 7% women in upper quartile pay band

27% Mean hourly pay difference between male and female employees

32% Median hourly pay difference between male and female employees

40% of men and 37% of women receive a bonus



Our regulator, Ofgem, has decided that we must publish an **Environmental Plan and an annual environmental report**. Our initial thinking is to incorporate this into our overall sustainability reporting. **We welcome views on this approach.**

Leadership in Sustainability: next steps

One of our four strategic themes is for Leadership in Sustainability. This theme was developed following a review of our strategic objective, when stakeholders strongly and consistently emphasised their desire for us to show ambition and leadership in sustainability. This is aligned with external drivers for change and the social narrative. We have set a clear goal of a third reduction in greenhouse gas emissions.

Our **stakeholder-led Sustainability Strategy provides a clear vision** of the sustainable business we want to be. Our Sustainability plan provides the basis for this sustainability roadmap to 2026, with our governance processes and reporting to ensure transparency.

We have described our draft **goals and activities for each sustainability ambition** intended to achieve leadership in sustainability during RIIO-T2. We have identified sustainability goals we expect to be industry norms during the RIIO-T2 period- we call this 'Business as Usual' In addition, we have also identified 'Stretching Ambitions', that provide better outcomes for customers and encourage step changes for sustainability leadership. Our key sustainability goals will be benchmarked against government policy and industry best practice where possible to support the finalisation of our business plan.

We are continuing to work with our business teams and stakeholders to **refine and finalise our sustainability roadmap**. We are actively engaging with our supply chain to finalise our waste targets and appropriate supply chain carbon targets. We will also prepare our Environmental Plan (including assessment methodology) for the final business plan submission.

Further **consultation** on our approach for vulnerable consumers, workforce resilience, local energy support, losses and our community fund will inform our final plan.

Our ambition is to achieve leadership in sustainability and be a trusted partner of customers and communities, realising long term benefit for society, economy and environment. The proposals that we have set out here are intended to enable us to achieve that ambition during RIIO-T2.

Find out more...

Sustainability Strategy
Sustainability Plan
Losses Strategy (consultation)
Approach to implementing Biodiversity Net Gain
(consultation to be published mid-July)
Connections and Commercial Policy
Innovation Policy
VISTA Methodology

Tell us what you think

We invite your views on the proposals we have set out here. We welcome comments on any aspect of our activities, and in particular on:



Do you think the activities we are proposing are suitably ambitious?



Are there any other activities that you consider missing from our Sustainability Plan?

We would also appreciate if you could provide feedback on the following questions specifically related to our sustainability ambitions:



We welcome views on how we can best support community and locally owned renewable energy projects, **and what outcomes (if any) we should strive for during RIIO-T2?**



We welcome views on our proposal to take a cost-benefit approach to adopting SF₆ alternatives and the decarbonisation of our operational fleet. **Is this acceptable, or should we go faster?**



We welcome views on whether our proposals are sufficient, or too, ambitious. **In particular, we seek views on whether we should adopt our proposed Stretching Ambitions?**



What action do you think we should take on embodied carbon and by when?



We have identified a difference of opinion between our regulator and our stakeholders in our role in supporting communities. **We would welcome your views on whether we should adopt the goals described here.**



We currently provide support to communities through our resilience community fund, are there other more impactful and beneficial ways to provide support to communities?



We welcome views on other steps we could take to provide rewarding and fulfilling careers.



Our regulator, Ofgem, has decided that we must publish an **Environmental Plan and an annual environmental report**. Our initial thinking is to incorporate this into our overall sustainability reporting. **We welcome views on this approach.**