



# RIIO-T3 Delivery Plan Launch 22 February 2023, Glasgow

www.ssen-transmission.co.uk

Stakeholder Feedback Report





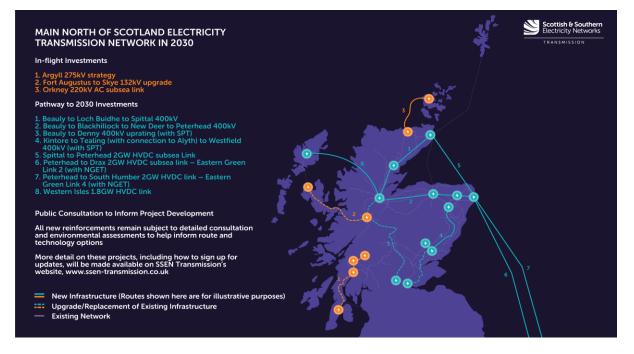
We are SSEN Transmission (the trading name for Scottish Hydro Electric Transmission). Following a minority stake sale which completed in November 2022, we are now owned 75% by SSE plc and 25% by Ontario Teachers' Pension Plan Board. We are responsible for the electricity transmission network in the north of Scotland maintaining and investing in the high voltage 132kV, 220kV, 275kV and 400kV electricity transmission network.

Our network consists of underground and subsea cables, overhead lines on wooden poles or steel towers, and electricity substations. It extends over a quarter of the UK's land mass, crossing some of its most challenging terrain and powering our communities by providing a safe and reliable supply of electricity. We do this by taking the electricity from generators and transporting it at high voltages over long distances through our transmission network for onward distribution to homes and businesses in villages, towns and cities.

Scotland's transmission network has a strategic role to play in supporting delivery of the UK's Net Zero target. We are already a mass exporter of renewable energy, with around two-thirds of power generated in our networks area exported south. By 2030, the north of Scotland will need 22GW of renewable energy capacity, increasing to 45-50GW by 2050 to support net zero delivery. For context, we currently have just over 9GW of renewable generation connected in the north of Scotland.

We are committed to inclusive stakeholder engagement, conducting regular external assurance audits on both our Stakeholder Engagement Strategy and delivery plans and were recently awarded 'Accomplished' status by AccountAbility, the international consulting and standards firm.

Find out more: www.ssen-transmission.co.uk





## Introduction

Ofgem, the GB regulator, is currently considering the most appropriate regulatory framework for the challenges and opportunities that lie ahead in delivering a network which will help the UK deliver its Net Zero aspirations. In September 2022, Ofgem published an <u>Open Letter</u> on the next network price control review process which outlined its initial views, but has yet to publish its final decision on what the next price control, currently known as RIIO-T3, should contain.

Our RIIO-T3 Delivery Plan will require approval by Ofgem who will determine how much revenue we are allowed to earn for constructing, maintaining and renovating our transmission network in the north of Scotland. These costs are shared between all those using the transmission system, including generation developers and electricity consumers.

In anticipation of Ofgem's guidance for the 2026-2031 period, we launched our RIIO-T3 Delivery Plan development process at an event in Glasgow on 22 February 2023. We believe timely stakeholder engagement improves outcomes and helps us make better decisions, we wanted therefore to maximise the amount of time given to stakeholder engagement so we can gain valuable insight into stakeholders' needs and expectations to inform our approach.

The event presentation slides, speakers' transcriptions and the notes from the round table discussions were published on our website and circulated to participants within two weeks of the event. We have, however, taken more time to collate and analyse the feedback received from the event to consider how best the feedback received and topics raised during the event can be factored into the planning and development of our RIIO-T3 Delivery Plan.





We decided to begin our RIIO-T3 Delivery Plan development planning in advance of receiving price control content guidance from Ofgem.

The aim of the event was to provide stakeholders with an introduction to our early thinking on the proposed strategic themes which will be important during the next price control period. The purpose of the event was to:

- formally begin our RIIO-T3 Delivery Plan development
- seek early stakeholder views on our proposed strategic themes for RIIO-T3 of Net Zero; Energy Security; and Economic, Social and Environmental Legacy, as well as provide the opportunity to share our thinking
- gather feedback to ensure the proposed themes will provide the focus required to meet net zero aspirations; and
- ensure our thinking is aligned with stakeholders' needs and expectations

The event was promoted widely to encourage a wide range of stakeholders to attend.

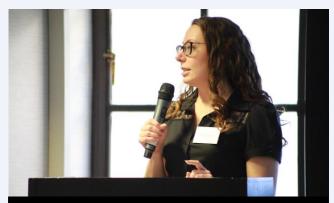
- Targeted invitations were issued to stakeholders with established relationships with us as well as those with whom we would like to build relationships
- Colleagues were encouraged to promote the event when engaging with stakeholders as part of day-to-day business activities
- Social media posts on SSEN Transmission's LinkedIn, Instagram and Twitter accounts provided stakeholders with the opportunity to register for the event
- SSEN Transmission's website advertised the event prominently on the front page and our Events page provided details of the event with a link to the registration form



Rob McDonald, Managing Director, SSEN Transmission



Aileen McLeod, Director of Business Planning & Commercial



Christianna Logan, Director of Customers & Stakeholders

# Stakeholder participation

When planning stakeholder engagement we follow the principles set out in our Stakeholder Engagement Strategy, namely ensuring timely engagement with a wide range of stakeholders to achieve mutually acceptable outcomes.

Stakeholder profiling and mapping identified stakeholder groups which have a direct or indirect interest or influence in the development of our next price control delivery plan. Care was taken to invite representation from these groups and to distribute stakeholder groups across discussion tables to share perspectives and encourage debate. Gaps in stakeholder representation were noted after the event and will be followed up as part of the wider stakeholder engagement plan.

The event was structured around presentations on three principal themes given by the SSEN Transmission team, with the themes explored further with targeted questions at key points during the formal presentations and in more detail during facilitated discussions. Participants answered ten questions using real-time digital polling to provide feedback during the event.

Evaluation of the event showed that 88% of respondents felt the event provided a better understanding of our approach to developing our next delivery plan and 84% agreed that we have the right level of ambition for the RIIO-T3 period.

Our stakeholder engagement programme for the RIIO-T3 period is planned to ensure that a representative crosssection of stakeholders have had the opportunity to participate in the development of our Delivery Plan.



159 registrations



82 participants



65 Organisations represented



10 questions asked



3 facilitated round-table discussions





## Your feedback

The purpose of this event was to launch our RIIO-T3 Delivery Plan development process and to seek stakeholder views on our proposed strategic goals. The strategic goals of **Net Zero**, **Energy Security** and **Economic, Social and Environmental Legacy** will be supported with specific targets or measures of success. Adoption of these strategic goals will enable us to refresh our current SSEN Transmission business plan objectives (RIIO-T2) through to 2031, with the RIIO-T3 Delivery Plan being one workstream of many required to deliver the necessary activities to achieve net zero.

Feedback received from stakeholders at the launch event was in the main positive and analysis of the feedback has helped us understand stakeholders' priorities and needs, as well as meet our objectives for the event.

We asked those present at the end of the event to consider, having heard our thinking and participating in the discussion, whether the themes proposed are the right ones for RIIO-T3; over 80% of respondents agreed or strongly agreed that this is the case. We were also keen to understand whether stakeholders felt that the chosen themes would help or support the purpose of their organisation. 61% of respondents felt this was the case, with 29% being neutral in their view.

- 75% of respondents agreed that SSEN Transmission has the right level of ambition for their next Business Plan, with 9% in strong agreement. 16% of respondents were neutral on the matter, and there were no respondents who disagreed or strongly disagreed with the statement
- 68% of participants agreed and 20% strongly agreed that the event provided them with a better understanding of the company's approach to developing their next Business Plan. Only 5% strongly disagreed, and 7% were neutral
- 70% agreed that they had sufficient opportunity to share their feedback on the three themes identified for the next Business Plan. 18% strongly agreed, while only 2% strongly disagreed, and 9% were neutral on this
- 57% agreed that the event provided them with information on how they can work with SSEN Transmission to shape their future Business Plan in the months ahead, while 5% strongly agreed. 25% were neutral, 14% disagreed, and no stakeholders strongly disagreed with this proposition
- When asked whether they would like to engage with SSEN Transmission further on any of the subjects covered in the event as they start to shape their next Business Plan, 61% of the respondents agreed and 36% strongly agreed. Only 2% were neutral, while none disagreed or strongly disagreed

#### **Net Zero**

Stakeholders were enthusiastic about achieving net zero, with 65% of respondents agreeing or strongly agreeing that it believes Scotland is on a pathway to Net Zero by 2045. However, some expressed concern regarding how the exacting targets could be met. The challenges highlighted in the discussions included supply chain sustainability, the connections process, the sheer amount of investment required, and the need to minimise the impact on communities. In addition, the lack of a skilled workforce and the need to train new recruits was a common theme that was brought up throughout the day.

- In the electronic voting after the discussion session, a large majority, 88%, of stakeholders agreed or strongly agreed that 'environmental impact is important when planning the grid'.
- SSEN Transmission's proposals were seen to be heading in the right direction in terms of achieving net zero, but stakeholders expressed concern about the ambitious 2045 deadline. The need to lobby government to create a policy framework was stressed in the discussions. It was also noted that the economic viability of certain projects needs to be demonstrated.

- The opportunity for job creation, training and upskilling the workforce was seen as a benefit of the proposals put forward by SSEN Transmission. Stakeholders praised the company's technical expertise and communication however expressed concerns about achieving the levels of resourcing required.
- When asked to vote in response to the statement, "I think community impact is important when planning the grid," 48% agreed and 24% strongly agreed, while only 18% disagreed or strongly disagreed.
- Grid reliability and flexibility were underscored, and stakeholders were encouraged by new efforts in the field of Active Network Management (ANM). Concerns were raised about the visual impact of transmission infrastructure, although many believed that educating the public on the necessity of transmission projects would mitigate this.
- Workforce resilience, including recruiting, training, and retaining staff to support net zero, was highlighted as a need, and timeframes for grid reinforcement were suggested before permissions are granted.
- The upgrading of overhead lines that are no longer fit for purpose was deemed vital and the UK government was called upon to support this. Collaboration and communication between utilities, contractors and local authorities was requested and more workshop sessions were suggested to determine how best to approach the planning process.
- Anticipatory investment was strongly supported. 58% strongly agreed with this, while just 9% disagreed, strongly or otherwise. Stakeholders were nonetheless keen for SSEN Transmission to manage its impact on communities and the environment, and suggested that the company made the data behind its investment decisions as transparent as possible.

"We have a very strong directive to be net zero by 2030, and we've from now said absolutely no oil or gas use. It's controversial but shows the commitment to going green. It's a big market for us, so we need customer support for that investment." Supply chain

"I am optimistic about the target. The amount of work involved will be immense and there will need to be huge cooperation between public and private sectors to meet the targets. There needs to be a lot of work done, but I am optimistic." Local authority

"Young resource is hugely missing. We spent £2 billion on the capacity market. We should be putting billions into supporting young innovative people in training and joining the industry." Utility company

"Rural communities want to see job creation, try and keep the young ones in the area to maintain or regain stability." Electricity generator

"Connections are a key aspect. We depend on the reliability of the grid and timescales for import and export. Perhaps we need to look at synergies?" Utility company

"We need to talk about visual impact and incorporate it into the cost. We are slowly killing ourselves, so we need to tell the public why we are doing it. Education is vital." *Local authority* 

> "Be ambitious and plan ahead. It's not just about generation, it's the demand connections as well." Local and regional group

"I think we need to work more closely in collaboration with the utilities sector. Before 2050 becomes a reality, we need to have more sessions to see how best we can deliver net zero. At the moment, there is a lack of it, especially on the ground. The progress is lacking." Supply chain

"We've met the problem of getting local authority buy-in. We hit the barriers all the time about planning permissions, it takes such a long time. ... It's about getting that local authority buy-in to help us at an earlier stage." *Transportation* 

### **Energy Security**

Stakeholders strongly supported futureproofing the network with 56% strongly agreeing and 29% agreeing that extra capacity and capabilities should be built in, even if this means more upfront cost to customers. However, a minority suggested that the focus should be on maintaining the same level of low risk rather than investing in gaining that 'extra 0.01%' in reliability.

- Suggestions were made for SSEN Transmission to work more closely with local stakeholders to better manage outages across the network, including balancing assets and deciding which upgrades are the most important to avoid outages. The importance of communicating the real cost of SSEN Transmission's work to the consumer was highlighted, along with a suggestion that the company takes a more innovative and flexible approach to asset management.
- Stakeholders were concerned about the prospect of severe weather incidents becoming more prevalent in the future and called for better planning and communication to avoid power outages in the coming years.
- It was broadly felt that futureproofing SSEN Transmission's assets was essential both for financial reasons and to ensure that the network delivers social value.
- Stakeholders felt that investment in cybersecurity to protect energy infrastructure is crucial and emphasised the need for contingency plans in case of a successful cyber-attack. Participants suggested that companies need to be proactive in monitoring cybersecurity and have a specialised team to prevent these attacks. However, some stakeholders expressed concern that investing in cybersecurity could be a 'blank cheque' exercise, and suggested that companies should have a better understanding of what they are protecting. Participants emphasised the importance of having all plans in this area audited and scrutinised by an independent body.
- Most stakeholders believed that having spare assets was the right approach to avoid prolonged outages, with some suggesting that strategic stockpiling of spares should be utilised and banked as assets within the company.

"Work with stakeholders at local level with regards to masting. Manage outages better all over the network. Assets need to be balanced, decide which upgrades are the most important to avoid outages. Can we do refurbishment with regard to what's happening elsewhere?" *Regulator* 

"A more innovative and flexible approach is needed. And an understanding that situations will be different. We are trying to move to digitalisation, but it is difficult to gather data. If they have an understanding of what is generating when, then they are able to make much better decisions on how to upgrade." *Electricity generator* 

"I think futureproofing is implicit, for every reason: financially, socially, it's wise in every way. To not do it would be folly." *Local authority* 

"I think the whole industry needs to invest more in cybersecurity. We are all worryingly underprepared for the very real and viable threat to energy in the UK." *Regulator* 

"Clearly it is, as a large amount of the UK's energy comes from Scotland, then it's important to protect the infrastructure." Business and domestic end user

"I think there are spare transformers set up in the network. It would be a bit naïve not to have spares and critical infrastructures in place. It's giving you the resilience that people are after and the protection to the system so that you're not waiting for months for transformers if it goes down." Business and domestic end user

"The problem with stockpiling strategic spares is where the money comes from to buy it. How do we facilitate that initial strategic upfront investment? Again, this is something tricky to justify to schemes, investors and shareholders." Regulator

## Economic, Social and Environmental Legacy

#### **Community Legacy Fund**

Stakeholders suggested that SSEN Transmission conducts local area assessments to identify specific needs of each community and tailors funds accordingly to prevent 'free-for-all' access to funds. Seed funding was seen as crucial to enabling local communities to plan and create generational assets that would have a long-term impact and raise money on their own.

- Affordable housing, energy efficiency, load shifting and smart local energy solutions were identified as priority projects, particularly for rural communities. Community-based solutions were also highlighted as important, particularly for projects in areas with a lack of resources and accommodation.
- Some stakeholders argued against defining a specific monetary figure for the level of funding in advance and suggested a more nuanced approach, considering factors such as impact on property values.
- Measures of success for the fund were discussed, with some expressing concerns about relying solely on metrics, while others believed that getting a community to net zero was a measurable goal. The importance of engaging local communities to identify the appropriate use of funding was emphasised throughout the discussions.
  - "We should talk about the impact on and socio-economic conditions in the area. It's not one size fits all. We need to consider various criteria: the impact on the properties' values, the local area, etc. We can't come up with a fixed number. Before you have the number, you need to define the outcome you're going for." *Regulator*
- "It depends on the actors in the area, as the needs will be different in different areas. It could be projects focused on employability and skills if that's what's needed in that area. In other areas, a different project could perhaps be appropriate." *Regulator* 
  - "You need a local area assessment to identify gaps and tailor that fund to that community." Utility company

"Part of the problem is that that huge investment and the economic boost that naturally follows is not seen by local communities. The long and short-term economic value needs to be highlighted to local communities." Utility company

"It's really important that each community area gets to decide where that money is spent." Local and regional group

"It should be case specific. Some communities might be more isolated than others, might benefit more. Make it a learning opportunity for them too. Engagement, education and transparency are important." Utility company

#### **Greenhouse Gas Emissions**

Most stakeholders believed that reducing emissions by connecting more renewable generation is beneficial, regardless of network growth and the associated increase in emissions that this brings. It was suggested that measuring and reducing embodied carbon is important and it was noted that there is currently no incentive for energy networks to do this. Balancing emission reductions and cost increases through innovation was considered especially necessary.

- It was felt that smaller companies and suppliers should be part of the solution and it was commented that SSEN Transmission's Scope 3 impacts<sup>1</sup> should not be overlooked.
- Stakeholders argued that the design process presents the most effective opportunity for GHG reduction. However, some stakeholders were of the view that science-based targets are often too focused on specific elements and did not look at the bigger picture.

<sup>&</sup>lt;sup>1</sup> <u>SSEN Transmission Sustainability Report 2021/22</u>

- Some attendees expressed concerns about rigid specifications, and highlighted the need for more guidance and flexibility.
- Transparency and accountability were considered necessary for long-term solutions.
- Replanting native woodlands close to SSEN Transmission's assets and monitoring water quality and biodiversity when restoring peatlands, were widely supported as ways to mitigate the impact of SSEN Transmission's operations.

"Smaller companies and suppliers need to be made part of our solution. We've got extremely demanding carbon reduction targets and you have to have the data to support that. Digital data is helping us with that." *Supply chain* 

"Yes. I think it's important to make sure that scopes are well documented and reduced where possible." Business and domestic end user

"For us in terms of asset delivery, the most effective moment for carbon reduction is in the design process." Supply chain

"Designing projects that impact the least on the natural environment, people and so on could mitigate some of that, but it would be hypocritical not to follow that." Business and domestic end user

#### Visual Impact of existing Scottish Transmission Assets (VISTA)

Stakeholders believed that VISTA projects had great value in preserving the beauty of national parks. They believed that VISTA provided great value for money, particularly given the benefits it brings to local areas in terms of tourism. However, some attendees thought that the VISTA projects were not worth the money and argued that people should focus on wider environmental issues. Some stakeholders were also concerned that implementing VISTA projects in areas where it is not needed would impact the bill payer.

- Attendees debated whether there should be a needs-based qualifying criteria for VISTA projects, instead of a blanket approach. Others argued that such criteria would result in communities demanding these projects as business as usual.
- Stakeholders generally agreed that direct visual impact should be given high priority. However, attendees recognised that in Scotland there are fewer choices about where to put overhead lines because of its geography and often mountainous terrain.

"In Scotland we have fewer choices about where to put overhead lines, design wise, because we don't have much flat land. There has to be a compromise somewhere." Supply chain

"The whole industry is waiting on grid connections, it's critical for us to reach net zero. Any delays in that should be avoided." Business and domestic end user

"There has to be a balance in places of high importance to tourism; national parks should be prioritised and the conductors are still visible, so the visual impact is a bit messy. Prioritise areas of great importance, including nature." Supply chain

"You should put up the infrastructure to get us to net zero. Once that is achieved and only then we can look into reducing the visual impact of that infrastructure." *Electricity generator* 

#### **Natural Capital**

Stakeholders agreed that prioritising the environment and making operations environmentally friendly is essential. Some stakeholders suggested emphasising the importance of local supply chains and upskilling the workforce as the best approach to demonstrate the value of growing natural capital. The point was made that increased transparency could help strike a balance between environmental concerns and commercial interests.

- Working with partner organisations, including The Woodland Trust, and supporting community initiatives such as 'Scenic Sandbank' were suggested.
- Local communities' involvement in assessing impacts on nature was seen as crucial due to their valuable knowledge and insights. However, it was noted that local community groups face difficulties in accessing information on environmental impact.
- Stakeholders argued that SSEN Transmission must have a solid evidence base for all of its decision-making in this area. The Scottish government's biodiversity strategy was seen as a good model for this.
- Ancient woodland was identified as an irreplaceable habitat that must be protected. It was felt that avoiding these habitats at the earliest possible stage would increase the likelihood of a positive biodiversity outcome.

"There will always be a trade-off between that and commercial interests. As long as you're transparent about and justify why you are taking a certain route, that would be acceptable." *Business and domestic end user* 

"In my experience, in every community there will be knowledgeable people that will guide you and have local connections. I would definitely recommend stakeholder engagement as this will also highlight any issues further down the line. The more you engage with local communities the more they feel heard." Campaign group

"Evidence is the key thing in terms of biodiversity. The biodiversity strategy of the Scottish government is a good model." Business and domestic end user

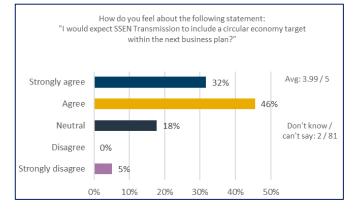
"If you're thinking about mitigating approaches, mosaics of habitats to allow integration of species and ensuring that habitats are connected is important." *Campaign group* 

"There's also a benefit that can be taken from the community as they know what's going on 'on the ground' and can think of real things people behind a screen can never ever think of." *Business and domestic end user* 

#### **Circular Economy**

While we already have measures in place to manage waste from our construction and operational sites, along with schemes for reusing materials when it is safe and efficient to do so, we wanted to understand whether stakeholders have an expectation that we should be moving more closely to a circular economy approach as a business.

Stakeholders were asked whether they would expect us to include a circular economy target within our next business plan as an electronic voting question. There was strong approval, 32% strongly agreed and 46% agreed, however 18% were neutral and 5% strongly disagreed with the proposition.



### Setting our strategic goals and analysing stakeholder feedback

We decided to begin our RIIO-T3 Delivery Plan development planning in advance of receiving price control content guidance from Ofgem so we were able to provide stakeholders with an introduction to our early thinking and our proposed strategic themes for the next price control period of 2026 to 2031.

Participants in the event provided strong support for our chosen strategic goals of **Net Zero**, **Energy Security** and **Economic, Social and Environmental Legacy** which build on those of the RIIO-T2 price control period. Affirmation that the right thematic goals have been identified and feedback from the event has helped us structure our approach to RIIO-T3 planning and to focus in areas delivering to identified stakeholder need and to areas required to help deliver GB's Net Zero aspirations. Throughout the Delivery Plan's development we will continue to inform and challenge our thinking with stakeholders' insights to ensure our planning is both stakeholder-led and fosters good decision making.

Continued stakeholder engagement is vital as we develop our Delivery Plan. Stakeholders are identified, mapped and prioritised using a power/influence matrix with feedback and insights weighted to reflect the relative interest, power of, and the impact on individual stakeholder groups. We also regularly review any gaps in stakeholder involvement and seek to develop new ways of encouraging participation. Stakeholder feedback will be aligned with our strategic goals and targets, with any feedback falling outside of RIIO-T3 deliverables, but potentially relevant to other teams or SSE businesses, being passed to our colleagues to consider.

Feedback is also assessed in consideration of the volume of feedback received on specific topics, with a judgement being made on the likely potential benefits based on the nature of the feedback, as well as our having a sufficient level of confidence that the request can be delivered and supports a positive return on investment.



## $\rightarrow$ Next steps based on your feedback

Feedback from stakeholders has provided valuable insight and is helping us to develop a structured approach to the development of our RIIO-T3 Delivery Plan. The opportunity to engage at an in-person event so early in the planning process has facilitated informative debate on the topics raised, as well as provided the opportunity for different stakeholder groups to share their perspectives on what is important for us to consider for the RIIO-T3 Delivery Plan.

We have taken time to review the feedback and, in the absence of specific guidance from Ofgem, understand what the RIIO-T3 Delivery Plan should contain given certain projects, for example the Accelerated Strategic Transmission Investment (ASTI) programme, now sit outside of this price control submission.

We have created a number of RIIO-T3 workstreams to develop our plans. Each workstream has support to identify, prioritise and consider how best to engage with stakeholders to inform their thinking.

Our three strategic goal areas of **Net Zero**, **Energy Security** and **Social**, **Environmental and Economic Legacy** have now been set in light of feedback from the stakeholder event. We are currently working on developing appropriate targets to measure our performance in each strategic theme so that we build on RIIO-T2 deliverables and remain on track to meet our Net Zero obligations. This is an ongoing exercise with targets being refined as plans are taking shape. These goals and targets will in part be delivered by the RIIO-T3 Delivery Plan, one element of the wider SSEN Transmission business plan. We plan to share our draft targets with stakeholders in due course.

We asked participants in the event what they considered to be the barriers or challenges to delivering Net Zero and the responses have been reviewed by the RIIO-T3 workstreams and will be factored into our planning, with some topics already being engaged upon with relevant parties.

We are planning to hold formal stakeholder events at key stages of our RIIO-T3 Delivery Plan development process. The event in February 2023 was the first in a series of engagement activities which will be undertaken with a wide range of stakeholder groups. The next formal event is likely to be scheduled after we have received formal guidance from Ofgem on their expectations for the next price control period of 2026-2031.

During the intervening period, stakeholder engagement will be on-going, both internally and externally, to gather further insights from our stakeholders to inform our planning. At key stages in the Delivery Plan development, we will revisit stakeholder mapping and profiling to review engagement undertaken and to identify under-represented stakeholder groups. Where gaps or under-representation exist, we will seek new ways to engage to encourage and maximise stakeholder participation.

We will provide a report to illustrate our Stakeholder Engagement Strategy when we submit our RIIO-T3 Delivery Plan to Ofgem, currently targeted for late 2024.

If you would like to take part in future events or activities to help us develop our RIIO-T3 Delivery Plan, please sign up for updates on our dedicated <u>webpage</u> where you can also access the presentations and transcripts from the event.





If you have any questions about this report, please get in touch with transmission.stakeholder.engagement@sse.com



TRANSMISSION







assencommunity

ssen-transmission.co.uk