



Scottish & Southern
Electricity Networks

SHE Transmission

Review of Stakeholder Satisfaction Key
Performance Indicators



Introduction

We are Scottish Hydro Electric Transmission plc and we are part of Scottish and Southern Electricity Networks. We own, operate and develop the high voltage electricity transmission system in the north of Scotland and remote islands.

This statement provides an update on the Key Performance Indicators that we publish to allow customers and stakeholders to monitor our progress in delivering our RIIO-T1 Business Plan.

Background

As a regulated business, we operate under a price control framework covering fixed periods of time. The current price control model, RIIO (Revenue = Incentives + Innovation + Outputs), is an output led framework and the RIIO-T1 period runs from April 2013 to March 2021. There are six primary output categories in the RIIO framework which are safety, reliability and availability, environmental impact, conditions for connection, customer satisfaction and social obligations.

As part of the RIIO-T1 price control settlement, we are responsible for delivering our approved Business Plan which includes targets for five of the six output categories outlined above (the social obligations output was not applied to electricity transmission licensees). Our Business Plan clearly sets out what our customers and stakeholders can expect of us and how much we can charge for providing this essential service. Our RIIO-T1 Business Plan included a proposal for Key Performance Indicators (KPIs) that would monitor our performance in delivering the Business Plan. These KPIs form part of the Stakeholder Satisfaction Incentive (SSI) mechanism.

We developed, consulted on and implemented our current suite of KPIs in 2013 and, whilst there have been a couple of Ofgem amendments to the baseline overall KPI target and the KPIs' weighted contribution toward the overall SSI, the individual KPIs and their respective individual targets remain unchanged from their inception five years ago.

Our annual performance against the suite of KPIs is available on our website¹

Review of the SHE Transmission Stakeholder Satisfaction KPIs

We recognise that our industry, business and stakeholders' interests have evolved in the five years since we developed and introduced the KPIs and we wanted to understand how relevant the current KPIs are as a measure of performance for our customers and stakeholders.

We therefore initiated a review of the current KPIs to determine if they continue to provide an objective satisfaction measure of the service we provide to our stakeholders. This review has identified that several of the KPI measures and associated KPI targets no longer provide the best stakeholder satisfaction measure.

As part of this review we consulted with our stakeholders at a Stakeholder Workshop held in early 2018 and sought guidance from our Stakeholder Advisory Panel (SAP)².

We presented our existing KPIs and our early thoughts on a revised suite of KPIs at a Stakeholder Workshop in March 2018. In response to our presentation we had round table sessions to gather stakeholders' views on our KPIs. The slide pack and report on the Stakeholder Workshop, produced by an independent organisation, are available on our website³. The independent report summarises the Stakeholders' views on the suite of KPIs as follows: "Although stakeholders saw the need for KPIs it was noted that they are perhaps of more relevance to the regulator than to customers. It was also felt that there should be more KPIs associated with the company's Corporate Social Responsibility".

We have met twice with our SAP on the KPIs, before and after the Stakeholder Workshop. In general, the SAP was supportive of the current 19 KPIs being revised to reflect the current challenges of our business and wider industry. The panel noted that the KPIs were perceived as internal checks and balances rather than suited to an external audience and that they would like to see the KPIs focussed more on budgets, deadlines and the amount of MW connected. They also advised that time and care should be taken to ensure we continue to meet the needs and expectations of our customers and stakeholders when developing revised KPIs.

Next Steps

The review undertaken by SHE Transmission has clearly identified the need to update our RIIO-T1 KPIs. However, as we are already half way through the 2018/19 reporting year we will continue with the existing KPIs and targets for this year. In parallel, we will work with stakeholders to develop and implement a refreshed suite of KPIs for 2019/20 onwards. The programme for this activity is shown in the table opposite.

Working with our stakeholders to identify a refreshed suite of KPIs that provide a meaningful measure of SHE Transmission's performance is an opportunity not just to re-visit our stakeholders' expectations today, but also to look ahead to future needs. We believe that KPIs provide a valuable tool for our customers and stakeholders to contribute to setting targets and then be able to openly monitor progress in delivery. Thus, we will use this development process to also explore the benefits that KPIs can bring to the upcoming RIIO-T2 price control period that will start on 1 April 2021.

Timeline of new KPIs

Action	Title
New KPIs - Internal and external targeted consultation with Stakeholders on new KPIs	Sept - Dec 2018
KPIs - Publish written consultation on new KPIs	Jan 2019
KPIs - Submit request for new KPIs to Ofgem	Mar 2019
KPIs - Ofgem determine on new KPIs	Apr - Jul 2019 (TBC)

If you would like to provide any feedback on our KPIs, or to be added to our distribution list for future updates, including the KPI consultation we are planning in the coming weeks and months, please contact us at: Network.development.team@sse.com.

¹<https://www.ssen-transmission.co.uk/information-centre/industry-and-regulation/transmission-price-control-review/>

²SSEN's Stakeholder Advisory Panel was appointed to provide advice and guidance to our business and Board as representatives of our wide range of customers and stakeholders. For more information about the Panel see: [news.ssen.co.uk/news/all-articles/2017/03/advisory-panel](https://www.ssen.co.uk/news/all-articles/2017/03/advisory-panel)

³<https://www.ssen-transmission.co.uk/talk-to-us/stakeholder-engagement/>