



Scottish & Southern
Electricity Networks

TRANSMISSION

Stakeholder Satisfaction Incentive Proposed Key Performance Indicators

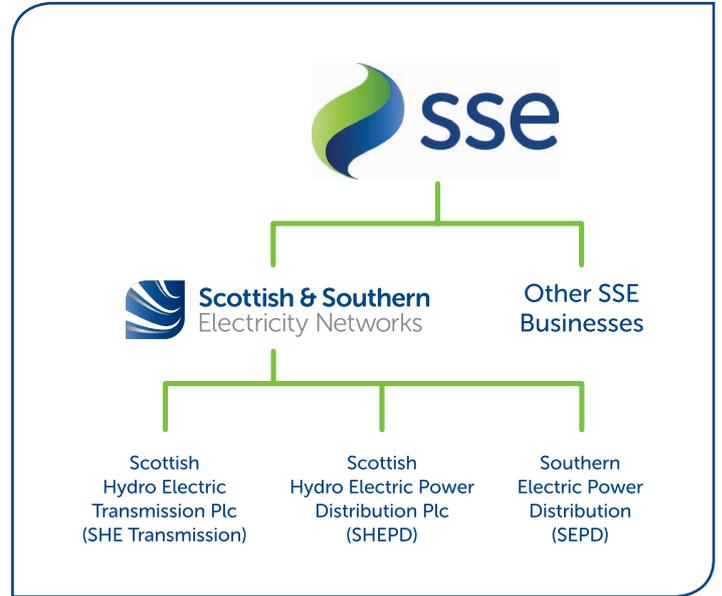
March 2019



About us

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

As the Transmission Owner (TO) we maintain and invest in the high voltage 132kV, 275kV and 400kV electricity transmission network in the north of Scotland. Our network consists of underground cables, overhead lines on wooden poles and steel towers, and electricity substations, extending over a quarter of the UK's land mass crossing some of its most challenging terrain. We power our communities by providing a safe and reliable supply of electricity. We do this by taking the electricity from generators and transporting it at high voltages over long distances through our transmission network for distribution to homes and businesses in villages, towns and cities.



Introduction

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 KPIs¹ 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.

Our annual performance against the suite of KPIs is available on our website².

In October 2018 we published a document³ that stated our intention to review the existing suite of KPIs with the aim of developing a revised suite that provides better measures of stakeholder satisfaction. This consultation presents an opportunity for stakeholders to ensure that our proposed revised suite for KPIs meets their reasonable needs and expectations. There are questions at the end of the document asking for your input on the recommendations and proposals in relation to the review of our existing suite of KPIs, the stakeholder suggestions for new KPIs and our proposed revised suite of KPIs. The responses to this consultation will be used to refine our proposed revised suite of KPI. Our intention following this consultation is to submit a revised suite of KPIs to Ofgem in accordance with paragraph 3D.25 of our Special Licence Conditions for use in 2019/20.

¹<https://www.ssen-transmission.co.uk/media/1320/she-transmission-stakeholder-kpis.pdf>

²<https://www.ssen-transmission.co.uk/information-centre/industry-and-regulation/transmission-price-control-review/>

³http://www.ssen-transmission.co.uk/media/3012/she-transmission-review-of-stakeholder-satisfaction-key-performance-in_.pdf

Developing a revised suite of KPIs

Reviewing our existing KPIs

During the second half of 2018 we sought input from a targeted group of Stakeholders (these being our Stakeholder Advisory Panel, Staff Advisory Panel and selected stakeholders) on our existing suite of KPIs. The purpose of the engagement was to determine Stakeholder views on how meaningful our existing suite of KPIs are as a measure of Stakeholder Satisfaction of our performance. Importantly, we asked them to tell us whether we should retain, amend or remove each of the existing 19 KPIs and asked them to provide their supporting reasoning, which is summarised in Appendix A. From this activity, we propose the following:

KPI No.	KPI Title	SHE Transmission Proposal
1.1	Reportable safety incidents for our staff, contractors and the public	Amend
1.2	Average duration of interruption per customer	Amend
1.3	Transmission network outages planned in current year	Amend
2.1	Stakeholder satisfaction survey score (overall)	Retain
2.2	Average working days to acknowledge written correspondence regarding general enquiries	Remove
2.3	Number of complaints received, and percentage resolved within 30 days	Amend
3.1	SHE Transmission overall expenditure (actual vs allowed, on a rolling basis)	Remove
3.2	Major transmission projects delivered within year	Remove
3.3	Other transmission projects delivered within year	Remove
4.1	Site environmental audits carried out	Remove
4.2	Reportable environmental incidents	Amend
4.3	Number of new trainee posts created	Remove
5.1	Timely submission of Connection Offers to System Operator	Retain
5.2	Approved suppliers located within licensee area	Retain
5.3	Volunteering days donated to the community	Remove
6.1	Network Innovation funded projects with two or more external collaborators and/or research providers	Remove
6.2	Learning from Network Innovation funded projects established as Business As Usual	Remove
6.3	Business improvement measures and innovation put in place	Remove
7.1	Annual performance against Our Commitments is reported on time, in an understandable format and covers our key outputs and obligations.	Remove

Table 1

Discussing new KPIs

In addition to the stakeholder feedback on the existing KPIs, we also sought stakeholder views on what new KPIs they would like included in a revised suite of KPIs. The table below summarises this stakeholder feedback along with our response and proposal.

Stakeholder request for KPIs related to:	SHE Transmission Response	SHE Transmission Proposal
Corporate Social Responsibility	There are a variety of social responsibility KPIs that could be developed related to trainees (see 4.3 in Appendix A), gender diversity, gender pay gap etc. Through our sustainability activities we are developing internal reporting and metrics related to the corporate social responsibility and expect to have these developed with historical data for utilisation in the RIIO-T2 period.	No new KPI included in proposed revised suite
Emissions and carbon footprint	We have developed a new KPI related to our controllable Business Carbon Footprint which forms part of our proposed revised suite of KPIs.	One new KPI included in proposed revised suite
Environmental incidents	The feedback here was that our current KPI does not report certain environmental incidents. Furthermore, as per 4.2 in Appendix A, there is desire for a positive outcome focused KPI. At this moment in time we do not track positive environmental outcomes and as such are unable to develop a corresponding KPI. Taking on board the feedback we propose to amend the existing KPI to broaden the scope of the incidents we report on.	One amended existing KPI included in proposed revised suite
Asset related indices in terms of health, criticality and reliability	We currently report our network reliability of supply performance through our Annual Performance Report and furthermore are incentivised through the Energy Not Supplied mechanism. In addition, we are enhancing our asset management capability which will deliver improved performance reporting and expect to have these developed with historical data for utilisation in the RIIO-T2 period.	No new KPI included in proposed revised suite
Innovation generally and where it leads to reduced connection costs	We understand the importance of innovation to drive efficiencies in our business however we are faced with contrasting stakeholder feedback on the value of innovation KPIs – see 6.1 and 6.2 in Appendix A. We do not propose to introduce any new KPIs related to Innovation.	No new KPI included in proposed revised suite
MW of generation lost to outages	The MW lost due to an outage depends on the available generation during that outage period. The available generation will be constantly changing. This coupled with the fact that we believe the System Operator is best placed to report on this means that we do not propose to introduce a new KPI related to this.	No new KPI included in proposed revised suite
MW connected during the year	Enabling the transition to a low carbon economy is our strategic priority and we see benefit in having KPIs related to both the new MW connected during the year and the additional capacity that we add to our network during the year. We therefore propose to introduce one new KPI related to this piece of stakeholder feedback.	One new KPI included in proposed revised suite
No. of projects that are over budget	Cost performance is of clear interest to our stakeholders and we support transparency of our cost performance. We currently report on our expenditure against allowances by work category in our Annual Performance Report. We therefore do not propose to introduce a new KPI related to this given the existing reporting we undertake through Regulatory Reporting and the Annual Performance Report.	No new KPI included in proposed revised suite

Table 2

Proposal for a revised suite of KPIs

We have given a lot of thought to the makeup of a revised suite of KPIs and have listened carefully to our stakeholders on the existing ones and their suggestions for new ones. The conclusion of this targeted engagement is that we propose the following as a revised suite of Stakeholder Satisfaction KPIs:

No.	KPI Title	Measure	Annual Target	Contributory (Y/N)
1	People going home safely	%	99.50	Y
2	Environmental Incident Rate	Ratio	0.58	Y
3	Loss of supply incidents	Number	0	Y
4	Planned Outage Performance	%	45	Y
5	Business Carbon Footprint	Number (tCO2E)	3,436	Y
6	New generation connected during the year against plan	%	100	Y
7	Capacity increase during the year against plan	%	100	Y
8	Complaints responded to within 15 working days	%	100	Y
9	Response to Stakeholder feedback published within 40 working days	%	100	Y
10	Approved suppliers located within the licence area	%	25	Y
11	Prompt Payments	%	60	Y
12	Energy not supplied	MWh	120	N
13	Stakeholder Satisfaction Survey	Number	7.4	N
14	Stakeholder Satisfaction KPI	%	85	N
15	Stakeholder Satisfaction - External Assurance	Outcome	Compliant	N
16	Stakeholder Engagement Incentive	Number	5	N
17	Timely Connections	%	100%	N
18	SF ₆ Leakage	kg	386.26	N
19	Environmental Discretionary Reward	Outcome	Engaged	N

Table 3

As with the current suite of KPIs we see value in including KPIs that are important measures of our performance which are incentivised elsewhere through the licence and existing incentives. Therefore, in addition to the 11 KPIs that contribute to the overall Stakeholder Satisfaction KPIs score we propose to include eight non-contributing KPIs.

Please refer to Appendix B for further information on the proposed individual KPI targets and the targets score for the overall Stakeholder Satisfaction KPI part of the SSI.

Appendix C sets out the methodology used to derive the actual score for the overall Stakeholder Satisfaction KPI. Please note that the methodology is aligned to that used currently, save for minor amendments to reflect the unique nature of 2 of the individual KPIs.

Using actual, assumed and forecast performance data for 2017/18 and 2018/19 we have derived an overall KPI score for the proposed new suite of KPI for each of these years, this is summarised below in Table 4. We propose to set a target score for the overall Stakeholder Satisfaction KPI for 2019.20 of 85%. This sets a performance improvement target against the forecast score for 2017/18. We acknowledge that this is lower than the forecast score for 2018/19. However, given that we have used assumed and forecast performance data to derive these numbers, we feel it is appropriate to target a score between the historical forecast performance for the two years.

	Overall KPI score for proposed revised KPI suite
2017/18 Actual plus Assumptions	82%
2018/19 Forecast plus Assumptions	91%

Table 4

We propose to continue with the cap and collar mechanism currently applied to the existing suite of KPIs and propose that this is set with a cap and collar of plus or minus 15%. Therefore, a score of 85% is neither penalty or reward, anything higher produces a positive (reward) contribution to the overall SSI as per Table 6.1 of RRP; anything lower produces a negative (penalty) contribution to the overall SSI as per Table 6.1 of RRP.

Furthermore, we recognise that in some areas of our performance the individual KPI target should be updated annually to reflect continuous improvement and contemporary business plans. With that in mind we plan to propose to Ofgem that we set new targets for the contributory KPIs numbered 1, 2, 4, 5 and 11, to ensure they continue to be a dynamic, relevant and meaningful measure of our performance.

Finally, we recognise that KPIs are not only measures of performance but also catalysts for driving action and change. With that in mind we propose to publish a KPI Report and Action Plan each year to set out what actions we plan to take in response to our actual KPI performance.

Appendix A:

Stakeholder recommendations on existing 19 KPIs

KPI No.	KPI Title	Stakeholder feedback	Stakeholder recommendation
1.1	Reportable safety incidents for our staff and contractors and the general public	All stakeholders recognised that Health and Safety is the number one priority for SHE Transmission and that it is important to have a KPI related to safety performance. The current Total Recordable Injury Rate (TRIR) used for this KPI is an industry recognised measure of performance but some of the stakeholders felt it focused on negative outcomes. The Stakeholder Advisory Panel queried whether it was possible to report against a positive outcome focused KPI.	Amend
1.2	Average duration of interruption per customer	The Staff Advisory Panel felt that our ability to “keep the lights on” is an important measure of our performance and that a KPI in this area was a must. This view was shared by the Stakeholder Advisory Panel. It was pointed out by one of the stakeholders that the current KPI is counter intuitive as in the event of a loss of supply event, the KPI performance would be better for the more customers affected. Our stated aim is to operate a zero-fault network and the Staff Advisory Panel felt that the KPI could be amended to focus on this rather than average interruption duration.	Amend
1.3	Transmission network outages planned in current year	The current KPI records the number of planned outages against the target specified. All stakeholder groups believed this KPI as currently constituted does not measure performance as it reports only on what happened and makes no reference to workload. Furthermore, a better score is achieved by taking more outages whereas ultimately, we are looking to reduce the number of outages required. It was felt that a KPI that measures our performance against plan would be more meaningful as a measure.	Amend
2.1	Stakeholder satisfaction survey score (overall)	This KPI is seen as a valuable measure of performance by those we spoke to as it is scored solely by Stakeholders. Currently this KPI does not contribute to the KPI score that is taken forward into the SSI as the survey score itself contributes 60% of the SSI output. It was recommended that this arrangement be retained in any proposed revised suite of KPIs.	Retain
2.2	Average working days to acknowledge written correspondence regarding general enquiries	We received consistent feedback on this KPI that it provided little if any value as a measure of our performance for stakeholders. The intent of the KPI was acknowledged in that it tries to demonstrate our response to enquiries from stakeholders but given the low number of general enquiries we receive, it was felt that this was not proportionate to report on performance responding to them.	Remove
2.3	Number of complaints received, and percentage resolved within 30 days	Our stakeholders were confused as to why there are two elements to this KPI and why only the first element formed part of the KPIs. As with the KPI above the feedback was that this offered little value as a performance measure. They acknowledged that minimising complaints is clearly a target but measuring performance against the number of complaints received is not necessarily a fair measure given the scale and nature of the works we undertake. It was noted that a KPI should focus on the process of responding to complaints recognising that in some instances it is not possible to resolve complaints to the complainant’s satisfaction.	Amend

3.1	SHE Transmission overall expenditure (actual vs allowed, on a rolling basis)	Different opinions were expressed about this KPI. The Stakeholder Advisory Panel felt that the current measure was not useful and should be removed. In its place they suggested a KPI that reported on the value gained from the expenditure. The Staff Advisory Panel agreed that this KPI was not meaningful and suggested that our expenditure be reported against our allowances and approved expenditure. This already happens via the Annual Performance Report that we publish at the end of September each year. Currently this KPI is one of the four non-contributing KPIs.	Remove
3.2	Major transmission projects delivered within year	Given the long-term nature and limited number of projects in this category, which includes Strategic Wider Works (SWW) projects such as Kintyre Hunterston and Caithness Moray, it was felt that there was little value in having a KPI related to project completion. That said the feedback was that, even if the projects were more frequent and of smaller duration, reporting only on completion versus target (whilst useful as a measure of project completion) provides little insight in to the quality of the project delivery. This is reflected in the pointed feedback from one stakeholder of "so what? What does this tell me about your performance?".	Remove
3.3	Other transmission projects delivered within year	Whilst Other projects are more frequent and shorter in duration than Major projects, the stakeholder feedback on this KPI is the same as that provided against KPI No. 3.2.	Remove
4.1	Site environmental audits carried out	Our Stakeholder Advisory Panel felt that this KPI does not provide any outcome related value and focuses only on outputs. They felt that the act of completing an environmental audit is not a meaningful measure of performance as it does not offer any value as to the scope of the audit or the findings of the audit. It was however recognised that committing to and subsequently undertaking a prescribed number of environmental audits is a positive behaviour that should continue irrespective of whether there is KPI or not.	Remove
4.2	Reportable environmental incidents	Feedback on this KPI was consistent with that provided for the Safety TRIR KPI (No. 1.1). In that there is merit in having a KPI related to environmental incidents and importantly that it is targeted on achieving and reporting on positive outcomes.	Amend
4.3	Number of new trainee posts created	The KPI sets a target for new trainee posts each year including engineering and craft trainees. It was recognised that investing in trainees is something that we should do, and it was felt that this was not a meaningful measure of our performance. Suggestions from the different stakeholder groups was that we could set targets and report our performance in areas such as the gender pay gap, disabled employees, women in senior management positions.	Remove
5.1	Timely submission of Connection Offers to System Operator	This is one of the four non-contributing KPIs and relates to our compliance with System Operator – Transmission Owner Code (STC) in providing offers to the System Operator. The views offered on this KPI was that its usefulness as a stakeholder measure of performance was not immediately apparent. However, after explanation as to what the metric was looking at there was an understanding as to why it was originally included but the recommendation was to remove.	Retain
5.2	Approved suppliers located within licensee area	All stakeholder groups recognised and called out the importance of maintaining a focus on engaging, where it is possible and economic to do so, with local suppliers. It was acknowledged that due to the scale and technical nature of the works undertaken by SHE Transmission that works often can't be awarded to local suppliers. That said, the feedback was clear that this measure should be retained.	Retain

5.3	Volunteering days donated to the community	The benefit of this KPI was questioned by stakeholders and all suggested that it should be removed. The active encouragement of staff to spend time working on community projects was praised however the reporting of the number of volunteer days completed was not seen as a useful measure of performance.	Remove
6.1	Network Innovation funded projects with two or more external collaborators and/or research providers	It was acknowledged that innovation should be a focus, but it was felt that this measure is not useful to stakeholders. Furthermore, it was recognised that innovation projects by their nature are unique and therefore setting annual targets for completion through a generic KPI was not seen as useful or something that the stakeholders wanted to see.	Remove
6.2	Learning from Network Innovation funded projects established as Business As Usual	Feedback on this KPI is as per 6.1 above.	Remove
6.3	Business improvement measures and innovation put in place	Stakeholders' views on this KPI were that business improvement to which this KPI relates is controllable by SHE Transmission and that continuous improvement shall always be happening. For this reason, they were clear that this KPI should be retained.	Remove
7.1	Annual performance against Our Commitments is reported on time, in an understandable format and covers our key outputs and obligations.	The stakeholders were clear that as the obligation to report annually on outperformance is a licence requirement, there is no need for this to be retained as a performance KPI and should be removed.	Remove

Table 5

Appendix B:

Percentage of people going home safely

This performance metric will measure the percentage of the total number of staff and contractors going home safely during the year. It is calculated as follows:

$$\frac{(\text{Total number of staff and contractors}) - (\text{Number of reportable and first aid treatment injuries})}{(\text{Total number of staff and contractors})}$$

Target for 2019/20: 99.50%

Target derived from performance data for 2017/18 and year to date performance for 2018/19.

Environmental Incident Rate

This performance metric will measure the Environmental Incident Rate for all of our activities including contractors working on our behalf. It is calculated as follows:

$$\frac{\text{Number of Incidents} \times 100,000 \text{ hours}}{\text{Total Hours Worked (Staff and Contractors)}}$$

Target for 2019/20: 0.58

Target derived from performance to date for 2018/19 financial year. The measure was introduced in April 2018 therefore data is only available for that period. Given that the data set is relatively small we have defined a KPI target that is slightly higher than performance to date to recognise the impact that one incident can have on the metric.

An incident is defined as:

1. An incident is any unplanned and / or undesired circumstances which lead to or has the potential to cause harm to the Environment (e.g. pollution of air, land or water) that is categorised as 'Minor', 'Serious' or 'Major' within SSE's 'Incident reporting and investigation management standard' (MS-SHE-010).

No. of loss of supply incidents

This performance metric will report on the number of interruptions to supply for our customers that result from an incident where our network did not operate in accordance with GB network security and quality of supply standards (SQSS). The SQSS criteria defines the planning, design and operating standards for our network. Supply interruptions relating to customer choice connections not meeting SQSS, or of duration less than three minutes will be excluded as these are considered outside our control. Equally exceptional events where they have been notified to and agreed by Ofgem are excluded.

Target for 2019/20: 0 loss of supply incidents

Our target is to have zero loss of supply incidents as defined by this KPI. Our performance over the preceding four complete financial years is a total of six no. loss of supply incidents.

Planned outage performance

This performance metric will report on the percentage of planned outages that were undertaken within the calendar week they were originally planned. A planned outage is defined as an outage that is booked with the System Operator in Week 49 of the calendar year and that is for the following financial year (April to March). For example, planned outages booked in Week 49 of 2018 are planned to be taken during the period April 2019 to March 2020.

Target for 2019/20: 45%

The target has been derived using the performance data from 2017/18 (22.61%) and the year to date performance data for 2019/20 (33.07%). We recognise that this is an area where we want to and need to improve hence why we have set an improvement target of 45% for 2019/20.

Business carbon footprint

This performance metric will report on the controllable carbon footprint, in tonnes of carbon dioxide equivalent (tCO₂E) of our activities and operations that includes building energy use, substation electricity use, operational transport, fuel use and business travel. The metric excludes:

- Carbon emissions attributable to SF₆ leakage as this is incentivised through other licence mechanisms.
- Contractors emissions as we are in the process of improving our reporting in this area and aligning it with Science Based Target work.
- Electrical losses which are largely a result of how the System Operator operates the network.

Target for 2019/20: 3436 tCO₂E

The target has been derived by applying a 1.67% per annum year on year reduction factor, as specified by the UK Climate Change Committee, to the actual performance data for the last completed financial year – 2017/18. As this target will apply to 2019/20 we have applied the reduction factor twice.

New generation connected during the year against plan

This performance metric will measure the actual Sole Use generation that is connected to our network during the financial year against a target which will be set annually in the quarter that precedes the financial year in question. Sole Use generation is defined as new or additional generation from a single generating station that connects to a part of our network or is connected to a distribution system which in turn connects to a part of our network.

Target for 2019/20: 100%

Our historical performance in this field is consistently strong and we have achieved 100% for each of the price control period. Currently and unusually there is no Sole Use generation planned for connection in 2019/20.

Network capacity (MVA) increase during the year against plan

This performance metric will measure the actual Shared Use capacity increase on our network during the financial year against a target which will be set annually in the quarter that precedes the financial year in question. Shared Use capacity is defined as the cumulative system capacity of transmission infrastructure works in MVA associated with the connection of more than one new or additional generating station to a part of our network or connected to a distribution system which in turn connects to a part of our network.

Target for 2019/20: 100%

Our historical performance in this field is consistently strong and we propose a target of 100% for 2019/20. Currently we plan to increase shared-use capacity by 1002 MVA in 2019/20.

Complaints responded to within 15 working days

This performance metric will measure the percentage of complaints where we respond to the complainant within 15 working days. Where “respond to” means that we will have investigated and provided a response to the complainant. If it is not possible to resolve the complaint within 15 working days, we will contact the complainant to provide an update on our progress.

Target for 2019/20: 100%

We currently target the resolution of complaints within 30 days and therefore do not have performance data to inform the definition of a target for this KPI. That said it is right and reasonable for all complaints to responded to within 15 working days and therefore we propose a target of 100% for this KPI.

Response to stakeholder feedback published within 40 working days

This performance metric will measure our performance against publishing a stakeholder feedback response document within 40 working days following each stakeholder engagement event. A stakeholder engagement event for example could be a public consultation event related to a project; or a RIIO-T2 workshop.

Target for 2019/20: 100%

We do not have any performance data to inform the definition of a target for this KPI. However, we feel it is important that we clearly respond to Stakeholder feedback in a reasonable timescale following an engagement event and therefore we propose a target of 100% for this KPI.

Approved suppliers located within the licence area

This performance metric will measure the percentage of the approved suppliers that are located within our licensed area, based on our vendor database, at the end of the reporting year.

Target for 2019/20: 25%

This KPI is retained from the current suite of KPIs and we propose to retain the same target.

Prompt payments to our suppliers/contractors

This performance metric will measure the percentage of payments made to our suppliers and contractors within the agreed payment period.

Target for 2019/20: 60%

Our performance in 2017/18 and to date during 2018/19 falls short of where we aspire to be. We therefore propose a target that whilst still leaving scope for improvement sets a stretch target when set against our current performance.

Energy Not Supplied

= SpL 3C (Specifically Part C and Part D of this Licence Condition)

Stakeholder Engagement Incentive

= SpL 3D.11 – 3D.12 (Part D of Licence Condition)

Stakeholder Satisfaction Survey

= SpL 3D.13 – 3D.17 (Part E of Licence Condition)

Timely Connections

= SpL 3G.6 – 3G.11 (Part B of Licence Condition)

Stakeholder Satisfaction KPI

= SpL 3D.18 – 3D.27 (Part F of Licence Condition)

SF6 Leakage

= SpL 3E.8 – 3E.12 (Part B of Licence Condition)

Stakeholder Satisfaction - External Assurance

= SpL 3D.28 – 3D.36 (Part G of Licence Condition)

Environmental Discretionary Reward

= SpL 3F

Appendix C:

Proposed key transmission KPIs methodology

Measuring our performance

These KPIs constitute one of three components comprising the Stakeholder Satisfaction Incentive (SSI). To support a clear and transparent calculation of the incentive, our methodology develops a single “bottom line” figure, which we refer to as the Aggregate Performance Score, to represent the KPI component and this is reflected by the term SKPIt-2 in our licence.

The development of these KPIs has taken into account a number of factors:

- The specific measures and the outputs they produce for our stakeholders
- The performance level target in each area, based on our stakeholders’ expectations and our previous performance in these areas, and
- The final rating, which is an Aggregate Performance Score, which will determine the incentive for when we perform well and the penalty when we do not.

We have developed targets against each of the 11 contributory KPIs to ensure that they provide a meaningful measure of SHE Transmission’s performance and we believe these targets will serve as a gauge of what our stakeholders have come to expect from us.

Performance targets

Our performance targets are intended to challenge ourselves to improve in a continuous manner. SHE Transmission has long established innovation and business improvement mechanisms that are driven by the targets we set ourselves. Balancing the performance needs of our stakeholders against the cost to them of delivering that level of service is a deciding factor on what we aim to achieve.

Weighting

All 11 KPIs are accorded an equal weighting as we believe they are all of equal importance to our stakeholders and for their criticality to our core objectives for RIIO-T1.

Rating

We propose to allocate each individual KPI a rating on a scale of 0 to 3 depending on how we perform against each KPI target. The main advantage of this is that it limits the distorting influence of any statistical outliers by allocating an absolute maximum score. For 9 of the 11 KPIs we have assigned ratings according to the percentage banding shown below:

Rating	Performance against target
0	Performance is below 49% of target
1	Performance is between 50% and 68% of target
2	Performance is between 69% and 89% of target
3	Performance is above 90% of target and above.

However, for 2 of the 11 contributory KPIs "People going home safely" and "Loss of supply incidents" these percentage bands are not appropriate as they would always generate a score of 3. Therefore, we have proposed a specific range to reflect the sensitivities of actual performance against these two KPIs.

For KPI 1 "People going home safely" we have assigned ratings according the following percentage bandings:

Rating	Performance against target
0	Performance is below 98.99% of target
1	Performance is between 99% and 99.19% of target
2	Performance is between 99.2% and 99.44% of target
3	Performance is above 99.45% of target and above

For KPI 3 "Loss of supply incidents" we have assigned ratings according the actual volumes of loss of supply incidents:

Rating	Performance against target
0	Performance is 3 Loss or supply incidents or above
1	Performance is 2 Loss or supply incidents
2	Performance is 1 Loss or supply incidents
3	Performance is 0 Loss or supply incidents

Note: All contributory KPIs with target met or exceeded will be scored as 3

Aggregate Performance Score

The rating for each of these 11 contributory KPIs are added together to provide the Aggregate Rating Score. An Aggregate Performance Score % for KPIs is then generated by taking the Aggregate Rating Score and dividing this by the maximum score based on the 11 contributing KPIs (i.e. 33).

Responding to this consultation

We are inviting responses to this consultation by 25 April 2019. If you have any queries on the content of this paper, please get in touch with us at: transmission.performance@sse.com



What are your views on the proposed changes to the existing suite of KPI?



What are your views on the proposed new KPI?



What are your views on the proposed individual and overall KPIs targets?



What are your views on the proposal that some individual and the overall KPI targets are reviewed and amended for 2020/21?

Information provided in response to this consultation may be used in future documents related to the Stakeholder Satisfaction KPIs. Responses will be generalised and not attributed to specific respondents. If you would prefer the information that you provide to be treated as confidential, then please make us aware of this when responding to the consultation.

This paper will be hosted on
www.ssen-transmission.co.uk/information-centre/

Post: Michael Blake, Performance Manager, Scottish and Southern Electricity Networks,
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