



## Stakeholder Engagement Incentive (SEI) - 2018/19

Part 2 Submission: Summary  
of Activities and Outcomes



## About us

This is Part 2 of our 2018/19 Stakeholder Engagement Incentive submission. Our Part 2 submission contains a summary of the activities and outcomes resulting from our stakeholder engagement activities during 2018/19.

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### Who we are

We own the transmission network in the North of Scotland. Our operating region covers a quarter of UK landmass.

We are responsible for the planning, design, construction and maintenance of a network which currently comprises 138 Grid Substations, 5100km of circuits and 11390 pylons and structures.



It has been a busy year! We completed and commissioned the Caithness – Moray HVDC link, connected 1GW of renewable generation and submitted two funding proposals to Ofgem for infrastructure works to connect both the Western Isles and Shetland to the GB mainland (circa £1.3b). Each of these projects contributes to stakeholder priorities on decarbonisation of our energy system.



Business planning for the next price control has been our other main strategic focus this year with our teams busy developing new strategies and policies, working hard to make sure that our decisions are driven by stakeholder needs and interests.

Even when you are busy it is important to make time to reflect on lessons learned and, if appropriate, amend your working practices, process and procedures to ensure we continue to deliver the transmission network and service expected by our customers and stakeholders. Throughout the year we have talked, listened and reflected on feedback from a wide range of stakeholders on a variety of projects and subjects.

In our project development engagements, we often hear “it’s too complicated” so during 2018/19 we have introduced new ways of making it easier for stakeholders to understand our project plans and impacts. For example, making greater use of 3-dimensional models and videos has been hugely valuable in addressing visualisation issues. Similarly, establishing

an interactive version of a development project Environmental Impact Assessment has proved a valuable alternative to the standard electronic or paper copy.

The development of our new engagement strategy has been a major project for the engagement team. The Stakeholder-led Strategy development approach that was applied with great success in developing our Sustainability Strategy last year has become a best practice approach and been applied to development of the engagement strategy and to numerous other strategies and policies in our business planning for the next price control.

In our projects and in our long term planning we have ensured that we are providing opportunities for stakeholders to meaningfully challenge and change our plans, rather than ratify proposals. This is resulting in increased visibility of meaningful outputs and increasingly quantifiable outcomes from our engagement.

**Rob McDonald**  
Managing Director of Transmission

### KPIs

Our regulatory obligations include a requirement to review our stakeholder KPIs during the price control. Stakeholders indicated that our KPIs are only effective if the indicators are relevant and understood by stakeholders, so to make sure that this process gave stakeholders opportunity to challenge our plans, we undertook an initiative to gather views from our broad stakeholder group and consult on the changes proposed as a result.

The initiative included collection of views and priorities via events and an online consultation on the resultant proposed changes which provided a feedback loop giving stakeholders clarity on the outcome of their engagement. Significant changes were proposed by stakeholders.

Our proposals to update the KPIs based on this feedback were reviewed and refined by our Stakeholder Advisory Panel to ensure our plans met stakeholder feedback and expectations.

The changes include new targets on carbon emissions and annual review of some targets to keep them relevant.

## 2018/19 Priorities

**Stakeholder priorities today** - At our stakeholder event in March 2018 we asked delegates to rate the following factors affecting the electricity transmission business - Security of Supply, Environmental Impact, Cost to Customers, Economic Impact (local / national), Impact on Local Communities and Consequences for Staff.

- 1 Security of Supply    2 Environmental Impact    3 Cost to Customers

In addition, feedback from our 2017/18 Stakeholder Satisfaction Survey indicated that stakeholders felt we should make safety, sustainability and service key priorities during RIIO-T1.

- 1 Safety    2 Sustainability    3 Service

**Stakeholder priorities for the future** - During 2018/19 we undertook a significant amount of engagement to inform our thinking on the future business priorities for RIIO-T2. This engagement highlighted the key priorities of each of our groups of stakeholders.

**Experts** - Specialist knowledge or previous experience of the topic. Early and ongoing engagement largely through face-to-face meetings.



- Reliable
- Affordable
- Sustainable

**High Impact** - Potential activities directly and materially affect the individual, community or stakeholder. Early and ongoing engagement largely through face-to-face meetings and events.



- Available
- Affordable
- Flexible

**Bill Payer** - Customer will incur the cost of the proposed activity generator, DNO or electricity user. Research, modelling and direct/indirect engagement including surveys, focus groups and forums.



- Vulnerable customers
- Environmental Impact
- Community Impact

**Everyone** - Transparency and use of 'networks' to extend reach. Best practice of others. Specific involvement from employees and investors.



- Decarbonisation
- Safe from threats
- Transparent

This insight on our stakeholder's focus was used to shape the business priorities and putting stakeholder priorities at the center of our business activities and engagement priorities for 2018/19 putting stakeholder priorities at the center of our business activities and engagement priorities.

### Business Priorities

Our priorities for 2018/19 fell into two tranches: Strategic priorities and Business Improvement Priorities, designed to deliver our business plan outputs and the expectations of stakeholders. Each of the priorities became an engagement requirement over and above our business as usual engagements.

Our 2018/19 engagement delivery plan and detailed project plans set out the engagement initiatives that would support these objectives and the resourcing of the initiatives. Through these we sought to respond to stakeholder feedback and expectations with notable action on sustainability and environment as well as efficiency to reduce cost to customers and a focus on improving service. **In this part 2 submission we outline some of the main engagement initiatives and their results.**

#### Business Improvement Priorities

- Listen to our customers and stakeholders and act on feedback
- Have an outstanding reputation for project delivery including environmental impact
- Improve our project development and capital delivery models to ensure sustainability and cost efficiency
- Implement new tools and technology
- Deliver improved safety performance.

#### Strategic Priorities

- Deliver a customer focused connections business
- Successful delivery of Caithness-Moray
- Delivery of an Islands Connection
- Take action to increase trust
- Have a stakeholder-led draft of our RIIO-T2 Business plan.



## Key facts from 2018/19



### Over 100

Consultations, news & views articles and videos published



### Over 80

Community engagement events and

**300** associated bi-lateral meetings



### Issued 89

generation connection offers



### 134,307

web-site hits. Top-5 items – Projects, Orkney, Caithness-Moray, Shetland and Western Isles



### 34 million

Social media impressions



### £500k

spent on engagement activities



### £1.3bn

Submitted funding applications for connections to Western Isles and Shetland



**20** Renewable generation projects  
connected circa **1GW**



### £435m

Average annual expenditure

# Listening to our customers and stakeholders and acting on feedback

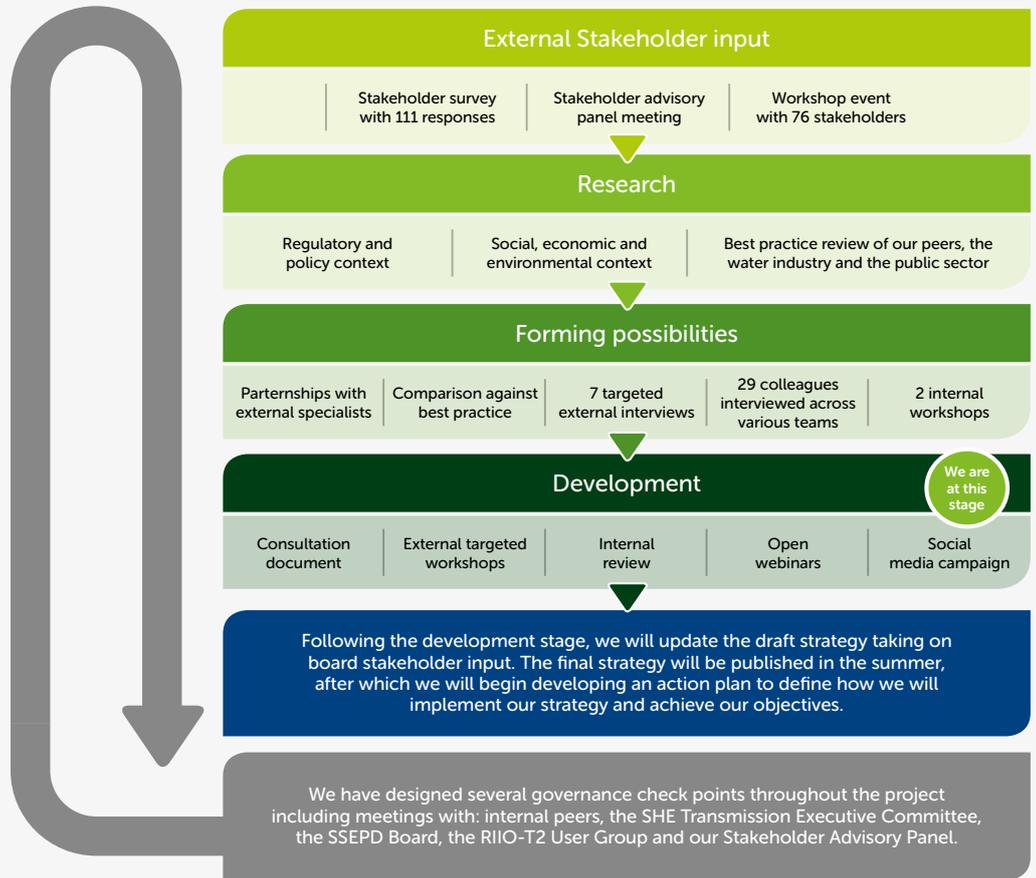
## Developing a new engagement strategy

Good performance is inextricably linked to effective engagement. During the past couple of years, we have not kept up with best practice and we acknowledge that our current stakeholder engagement strategy needs to be improved. To create a new direction and scope for stakeholder engagement we started with input from our stakeholders, gathering information on our previous approach and how they would like us to improve. This was considered alongside research on external influences and best practice.

Using this information from a wide range of people and sources, we developed the findings into a draft strategy by asking further questions such as what 'stakeholder led' truly means, what we should tackle first to achieve it and what outcomes we should seek from engagement.

To deliver this project we employed a new Communications Policy Manager tasked with developing a new ambitious strategy and brought in Corporate Culture (external specialists in employee and stakeholder engagement, and strategic and creative delivery) to provide unbiased evaluation of best practice, conduct anonymised interviews and help us construct a draft strategy which we are now developing further in collaboration with stakeholders, publishing the final strategy in summer 2019.

Employees from across the business have been actively engaged in the development of the new strategy which is helping embed a culture of engagement. The draft strategy includes specific objectives to drive culture through clear responsibilities, new processes and behavioural training.



### Activities

**Review**  
Review of best practice undertaken by Corporate Culture.

**Workshops**  
Attended by 133 expert and high impact stakeholders representing circa 50 different organisations.

**External Interviews**  
6 targeted interviews and a dedicated session with our Stakeholder Advisory Panel.

**Internal Interviews**  
Interviews with 28 colleagues from across the business.

### What we heard

From this review it's evident we need a clear ambition for stakeholder engagement with supporting objectives that is driven from the top. We have learnt that by changing our intention to stakeholder engagement, new behaviours will develop within the business. However, we need to build robust processes and training to direct this and ensure we build a proactive and positive culture of engagement.

Attendees gave us direction on how to improve our tactics including publishing data on our network reliability, increasing the number of events in locations around our network, adding further contact details to our website and engaging with stakeholders at an earlier stage. They also requested that we improve our planning to ensure we are clear when there is scope for stakeholders to inform our thinking.

Stakeholders have requested that we create an ambition that puts serving customer needs at the heart, that is solution focussed, innovative and open, and underpinned by a clear structure and processes to embed consistent delivery. They believe a "stakeholder led" organisation will be empathetic and understanding of the needs of different groups and will be able to show how stakeholders influence outcomes.

Colleagues see a need to increase our engagement maturity, with an ambition to move towards a position of leadership and differentiation in a fast, paced manner. They want to see an ambition that is inclusive and responsive to customer needs, which drives business improvement and efficiency.

With the help of Corporate Culture, we conducted internal workshops to review the analysis of this input and draft a high-level strategy. By reviewing the input from our stakeholders, we were in a better position to define a new level of ambition for engaging and determine how we can use engagement to meet our stakeholder's needs. It demonstrated that we need to be more ambitious. Therefore, we will actively strive to be at the forefront of engagement practice by increasing our insights, working collaboratively through partnerships and taking action to achieve real benefits for our customers, the GB end consumer and society.

## Embedding and extending best practice from 2017/18

This year we also used feedback from stakeholders to select and embed best practice from our previous engagement and to identify new approaches for trialling in 2018.

### Sustainability Engagement

The current focus of licence obligations and business plan outputs on sustainability is limited to environmental considerations, particularly reducing carbon emissions. During 2017/18, in response to requests from stakeholders, we initiated a sustainability engagement initiative to inform development of a new strategy. Extensive engagement with our broad stakeholder group determined that stakeholders expected us to adopt a holistic sustainability strategy which included social and economic sustainability ambitions as well as environmental ones. This led to a complete replacement of our sustainability strategy to include these elements.

Having published our new Sustainability Strategy in May 2018 based on this initiative, stakeholders advised that they wanted to understand and inform the specific initiatives, targets and measures that we will adopt to deliver our sustainability ambitions. To address this, we scaled up our sustainability engagement initiative to provide opportunity for stakeholders to input to detailed planning and target setting.

For this next stage of the initiative we targeted stakeholders with knowledge and expertise in different aspects of sustainability (such as non-governmental organisations and special interest groups) and those who will be impacted by our sustainability plans (such as our supply chain). Engagement included a round table at our November stakeholder event, meetings with experts and discussions with other organisations implementing sustainability best practice.

This engagement informed our draft Sustainability Action Plan which was published for consultation in February 2019 and emailed to the target group. The draft action plan received excellent feedback from stakeholders.

**"We consider that the proposed actions are both material and likely to be impactful and the proposed timescales are suitably ambitious"**

**"The plan appears to be comprehensive and incorporates tangible actions to deliver our commitments. The Measurements for progress (KPIs) are clear and consistent"**

Our targeted engagement in this area increased consultation response rates from 7% to 14% in the year and was so effective that one expert stakeholder invited to respond to our RIIO-T2 Emerging Thinking consultation responded that they saw no need to respond as their interests had been covered in the Sustainability engagement. Some examples of action taken to address stakeholder feedback on the plan are included in the table below. The lead benefit of the engagement is that stakeholders have helped build our plans and now have a sustainability action plan against which they can measure our progress. The outcome of the action plan engagement is that it will deliver increased training and development for employees, action to support communities and prioritised waste management.

Stakeholder ask	Our action
Additional area of focus on climate change e.g. extreme weather events and accelerated rates of coastal erosion.	Broadened our ambition to include Climate Change Adaptation and initiated the development of a Climate Change Impact Assessment Policy.
Community engagement goals are "light weight".	Broadened ambition workstream to include focus and activities that support vulnerable customers.
Greater support could be provided to communities which want to access transmission connections.	Review of local and community energy developer needs undertaken during 2018/19 to identify SHE Transmission can meaningfully contribute. Development of a new connections policy that will provide tailored solutions and services for all our connection customers.

### Our Stakeholder-led strategy development approach

The success of this sustainability engagement model made it the exemplar for stakeholder-led development of new strategies and policies across the business. Further strategies applying this model during 2018/19 include Stakeholder Engagement, Connections and Innovation. The process is summarised in the diagram below.



### Sharing information from our energy scenarios

In 2017 we started a significant engagement initiative which was built to inform the development of north of Scotland Future Energy Scenarios to be applied in our RIIO-T2 business plan. The final scenarios report was published in May 2018 but the engagement initiative has continued as we build and refine the first set of scenarios to increase accuracy for the business plan. The continued engagement has included: revisiting local authorities for updates on local development plans, open consultation on new specialist topics including industrial and commercial demand, and increased discussions with parties involved in the roll out of electric vehicle infrastructure in our network area.

Stakeholder feedback on the scenarios report also identified illogical outcomes due to weakness in our modelling approach for electric vehicle uptake. In response to this we commissioned a specialist study on this and other elements of changing electricity demand in our network area which have been applied as corrected values in the business plan analysis.

The result of this initiative is that consumers will benefit from a higher level of accuracy in our business plan forecasts, providing a robust, evidence-based range of potential costs for investment during a period of high uncertainty. The inclusion of scenario (at the request of stakeholders) which shows the network capacity required to make our contribution to the NetZero challenge on decarbonisation ensures that our business plan contains flexibility to meet this challenge. The Committee on Climate Change has confirmed that delivering NetZero in GB by 2050 will have a lower overall cost to consumers (current and future) than delaying decarbonisation efforts.

This initiative has been resourced by teams from: Insights, System Planning, Commercial Connections, Stakeholder Engagement and Corporate Affairs, Project Managed by the Scenarios Senior Analyst in the Insights Team.

### Sharing information from our research and analysis

Having received positive feedback on the quality of our engagement in this area and recognising the value of the information on future stakeholder needs, we added an additional workstream to our programme of engagement designed to promote the scenarios and share the information that they provide.

We shared our scenario findings and our analysis with:

- The Great Britain System Operator (GBSO) for application in their GB Future Energy Scenarios (FES) and the Networks Options Assessment (NOA);
- The Scottish Government to inform their Networks Vision;
- The department for Business Energy and Industrial Strategy to inform their policy development;
- Transport Scotland Electric Vehicle Working Group to inform their considerations for EV roll out in Scotland;
- Other TOs and DNOs to inform their own local future network analysis through the ENA Open Networks Project and development of a GB Core View as part of the RIIO-2 process;
- Local authorities to inform their local development plans;
- Other interested stakeholders through presentations at events reaching around 400 stakeholders including vulnerable consumers at electric heating events in the north of Scotland.

This has ensured that a more accurate representation of north of Scotland network needs are included based on stakeholder needs and expectations including stakeholders that we engaged, such as local and community energy groups, who would not always have access to these decision-making parties. It has also informed other network companies on best practice scenarios engagement approach which effectively included hard to reach stakeholders including community energy companies, rural consumers and local authority planning teams.

The information sharing included provision of our privately commissioned technical analysis of changes in local energy supply and demand when aggregated to transmission level which were provided to our local DNO. By sharing this with the DNO in our area, they will benefit from improved understanding of what may be required and have avoided any need to replicate the analysis at additional cost to the consumer of around £45,000.

Our contribution to the GBSO's FES and NOA work contributed to the determination that development of projects in the north east is a least-regret option and should proceed.

On this basis we are developing two projects in the north east one providing capacity for a further 610MW of generation and the other 480MW comprising mainly of low carbon generation i.e. onshore wind, offshore wind and hydro. Creating capacity to transfer this renewable generation out of our area will contribute significantly to GB renewable energy requirements. The potential carbon displacement benefit could be over £1bn over the life of the generation assets.

# Having an outstanding reputation for project delivery

**Much of our day to day engagement with stakeholders is on project delivery. We want to get that right and so have been implementing engagement initiatives that deliver new approaches designed to achieve exceptional, not just satisfactory, outcomes for stakeholders, taking our project delivery beyond industry standard. This is essential in achieving an outstanding reputation for project delivery. This action helps to drive the whole industry forward by setting a new benchmark for performance.**

### Promotion of our project delivery excellence

Stakeholders have previously told us that we do not do enough to promote our positive work. Sharing our good work creates visibility with other organisations and increases the opportunities for our innovative and best practice approaches to be adopted by others to deliver further benefits for stakeholders. To address this, we have established a promotion campaign that includes increased communication of our achievements through press releases, social media posts and internal promotion to colleagues who act as ambassadors for these approaches when engaging with other organisations.

Another element of this campaign to enhance our reputation for project delivery has been the promotion of our activities amongst our peers via industry awards. In 2018/19 we won six awards and received nominations in three others, all for best practice in elements of project delivery. This included a Green Apple Award and a BIG Biodiversity Challenge Award for our partnership with the Bumble Bee Conservation Trust which started as one off project enhancements on some sites in the Caithness Moray project in support of the rare Great Yellow Bumblebee, and developed into an enduring relationship and collaboration across multiple sites in our project portfolio in 2018, delivering a programme of positive biodiversity action that has been adopted as best practice for future projects. This expanded relationship and initiative includes involvement of local schools, colleges and communities to continue the planting work that started with our projects.

### Reducing cost and risk on land use and access

Costs associated with land and access are a major factor in our capital project developments. This is also a risk area for cost overrun when agreement cannot be reached with landowners or compensation claims are lodged. Additional costs in these aspects will impact on the cost to end consumers.

To address this, during 2018 our Land Assembly Team designed and adopted a new Land Assembly strategy that focuses on project timescales and up-front negotiation to deliver robust land rights whilst utilising statutory process to underpin negotiations. This process allows for a focused approach to forecasting and budgeting as the bulk of compensations are agreed ahead of construction in exchange for land rights in perpetuity. Statutory process is utilised where voluntary agreement can't be reached and ensures that compensations and settlement is managed appropriately and in line with regulated business requirements, demonstrating best value for consumers. Compensation claims can run into millions of pounds so this approach is delivering real value for consumers.

In addition to securing rights for new apparatus, the Land Assembly Team leads a Transmission wide Injurious Affection and Terminations working group whose roles and responsibilities are to deal with claims and terminations lodged with the business, safeguarding security of supply. The working group has helped to address many outstanding claims and helped build trust with landowners and stakeholders. As the working group evolves, a proactive approach will develop, allowing for an upfront approach to be made to developers whose proposals may impact on our infrastructure in the future.

By being proactive and consistent in our approach we have improved the process for land stakeholders, reduced the impact on consumer bills and developed and demonstrated a successful approach that could be adopted by other energy networks and infrastructure companies.

### Innovation partnerships

Collaboration with our supply chain partners is driving improvements in our project delivery that benefit our directly connected customers, communities and wider society. When the expectations of multiple stakeholder groups are hard to meet through traditional solutions innovation can deliver real benefits. A significant proportion of our innovation activity, including the examples below, does not seek funding from the innovation funding mechanisms (NIC and NIA) as partnerships share risk and deliver increased value realisation potential which make projects justifiable on cost reduction and stakeholder benefit without external funding.

### Delivering faster, lower impact connections

The focus of connecting customers on faster connections of their renewable generation to meet subsidy deadlines needs to be balanced with expectations of statutory consultees and local communities about the impact on the local environment. During 2018 we delivered a connection for the Dorenell Windfarm that balanced stakeholder needs through innovation partnerships.

We had initially considered using towers or a wood pole design, however the local community challenged us to do something different to reduce visual impact and environmental stakeholders challenged us to deliver a lower impact on the local environment.

We set the challenge for an alternative solution to our contractor, Balfour Beatty. They proposed a composite pole construction and helicopter installation. This allowed us to gain approval from the local community, get planning approval and complete the connection in August 2018. We established a community group between ourselves, local parties and the developers to ensure we kept the engagement going throughout the construction.

This construction type is now built into our specs and is available for future schemes where it makes technical/commercial sense to do so. All use of the concept and the benefits will be tracked through the innovation framework. This was the first use of this concept on the GB transmission network and was not funded through innovation funds.

### Benefits to customers and communities

- Faster installation
- Reduced environmental impact and disruption to land
- Reduced visual impact
- Reduced disruptive enabling works
- Increased longevity of the assets reducing cost to future consumers.

The number of connections delivered early through innovative approaches is tracked as an executive KPI on customer benefit.



### Moving away from SF6 gas

We are currently incentivised to reduce leakage of SF6 gas from our network assets but stakeholders have asked us to go further and move away from using SF6 entirely, not just reducing leaks. SF6 is a gas which we use in switchgear as an insulant. It is a greenhouse gas with a global warming potential 23,900 times greater than that of CO2 and an atmospheric life of 3,200 years. Leakage of SF6 also has safety implications as exposure to sufficient concentrations can cause rapid suffocation, dizziness and diminished mental alertness. The challenge with this stakeholder ask is that there are not currently technically and commercially viable alternatives to SF6 gas that can be used at all voltage levels on the network.

We have been working with multiple suppliers on developing alternative to SF6 gas and in March 2019, in collaboration with GE we committed to using their product, g3, on two substations. The installation at our Fort Augustus Substation will be the first transmission site to only use g3 in GB.

### Benefits to Customers and communities

- Avoided installation of approx. 200,000 tons of CO2 equivalent equating to over £13m worth of carbon saved
- Reduced legacy safety issue for employees and the public of toxic gas with potential to leak.

## Improving our project development and capital expenditure

Because development engagement is such a big part of our day to day interactions with stakeholders it is vital that we keep innovating to deliver value from the engagements, providing real opportunities for stakeholders to influence. In 2018 we have implemented six initiatives focussed on this:

### Improving efficiency and effectiveness of our engagement - FAQs

**Issue:** Traditional engagement methods provide limited access for stakeholders who cannot attend events. And high volumes of questions meant provision of responses would fall outside consultation window restricting stakeholders ability to make fully informed contributions.

**Initiative:** To ensure everyone was informed on issues and developments during 2018/19 we trialled in Orkney and North Argyll the publication of "Frequently Asked Questions" (FAQs). In addition, we made use of webinars (hosted by subject-matter experts) to capture feedback on specialist topics (e.g. capacity allocation, securities and liabilities) from stakeholders who could not attend our events in person.

**Benefits:** Publishing FAQs has enabled stakeholders to better understand the broad spectrum of views we receive from stakeholders which in turn has led to a much richer more informed debate on key issues. Webinars have enabled us to extend our reach and secure input from a wider group of stakeholders.

The development of the FAQs for the Orkney project allowed the engagement team to respond to over 400 enquiries within the consultation period, ensuring stakeholders could provide informed responses and reducing time spent responding by 90%, providing an efficiency saving of around £7,200 purely on that one project engagement alone.

### Interactive Environmental Impact Assessment

**Issue:** EIA reports are lengthy, complex and hard to navigate making it difficult for non-expert stakeholders to understand impacts.

**Initiative:** We have an obligation to produce EIA reports as part of the planning process but wanted to make these more accessible for stakeholders to increase their utilisation. In 2018 we trialled the application of web-based Environmental Impact Assessment (EIA) Reports on the Inveraray to Crossaig project. This interactive report format makes the EIA report much more accessible for stakeholders and helps develop their understanding of the potential impact of our project.

The interactive summary includes: interactive maps, visualisations and other information and is designed to be viewed on a wide range of devices and formats, including phone and tablet. This makes the information more accessible, particularly for harder to reach stakeholders who cannot attend local consultation events.

**Benefits:** By sharing this report and referring to it internally we have increased our consistency and timeliness when engaging. We have also been able to gain more clarity on our stakeholders needs as they are more informed. This in turn helps us to respond and adapt in a much more efficient and productive manner.

The feedback so far has been positive particularly from the Scottish Government Energy Consents Unit and local council planners. Feedback from community stakeholders has been limited.

### Using new technology to improve engagement

**Issue:** Our engagement highlighted that stakeholders could not easily understand the impact of our new network developments, for example: size, height, type of equipment.

**Initiative:** In response to this feedback, in 2017 we trialled the use of 3D-dimensional modelling on one of our projects in Argyll to help allay concerns regarding visual impact on landscape. This was then rolled out to other projects in 2018. The 3D modelling helps viewers better visualise the extent of our infrastructure work.

First trialled in Argyll at a cost of £20,000 and delivering immediate cost reductions of £15,000 on production of visuals, the model helped a statutory consultee conclude that there is no significant visual effect and that it will not require undergrounding, the cost of which would have been millions of pounds.

Following the success of this trial, in 2018/19 we have adopted additional visual tools to be able to include visibility in early engagement when there is still time for stakeholders to influence project decisions. On our Orkney project, our engagement tools included 3D modelling and short videos showing how we planned to construct key sections of the project.

**Benefits:** These models empowered stakeholders to challenge in an informed way, based on a key views where sites are very visible to local residents and road users. This reduces the risk of planning refusals and the associated costs.

In Orkney, by undertaking collaborative design using the model, the substation platform was lowered by 1 metre and additional excavated material added to the landscaping to reduce views of the site.

### Sharing successful engagement initiatives – local procurement

**Issue:** Stakeholders consistently prioritise the need to ensure local businesses benefit from our construction projects.

**Initiative:** We have two main initiatives in this area, our online platform, Open4Business and our local "Meet the buyer" events which aim to attract local businesses to tender for work on our large projects, enhancing the benefit to local communities.

During 2018, in response to interest from the local community and councillors, we held a meet the buyer event in the village of Rothienorman to allow the local supply chain the opportunity to meet the SSEN project team and the contractors and get involved.

The following business types were invited to attend the event; accommodation, security, catering, cleaning services, aggregate services, local labour services, road gritting, building and wholesaler merchants. On the day 24 persons representing various local businesses attended. We are committed to running similar events in 2019 including in Peterhead for a new substation project.

**Benefits:** This successful engagement means we can work with local contractors, which not only contributes to the local economy, but also provides opportunities for these businesses to bring their own local knowledge to the project.

In just over five years the portal awarded more than £174 million in contracts to local businesses, directly contributing to the economic well-being and sustainable development of the communities SSE operates in. The success of this initiative has been such that Highlands and Islands Enterprise, who have collaborated with us in recent events, will now take on ownership of the Open4Business portal, using it to connect other organisations with local suppliers.

### Honest conversations, building relationships to addressing challenges

**Issue:** In late 2018, during project focused Community Engagement in the North East, we received specific feedback from a local pressure group, WAPA (West Aberdeenshire Pylon Action) that we were not presenting the 'whole picture'. They felt we were presenting projects in a 'piece meal' way and not showing the true impact or the scale of our proposals in the region.

**Initiative:** We followed up in writing and offered to meet with the group to discuss their concerns. This meeting provided our Regional Development Project Manager the chance to give a detailed overview of the suite of projects in the North East, explaining how our incremental approach to upgrading the network over time has been designed to save costs to the end consumer. Whilst further information on the relationship and processes between SSEN, National Grid and Ofgem helped the group develop their knowledge and generated a great discussion.

We were keen to build this relationship and shared our publication which tells the whole story of projects in the North East and East Coast, so that members of the group could reflect on the information after the event. [www.ssen-transmission.co.uk/media/3289/north-east-400kv-eastern-reinforcements.pdf](http://www.ssen-transmission.co.uk/media/3289/north-east-400kv-eastern-reinforcements.pdf)

**Benefits:** The group were very appreciative of our open and honest approach. They were particularly positive towards our planned Regional Roadshows which will take place in 2019 and offered constructive insight and feedback on things to include. Going forwards, there was an agreement from all parties of the benefits to having the group consult and work alongside us during these stages of projects – rather than them sitting firmly on the opposition side of things.

### Options-based engagement on VISTA projects

**Issue:** The Visual Impact of Scottish Transmission Assets (VISTA) project is delivering projects that offer significant reductions in visual impact of existing infrastructure in nationally designated landscapes in our network area, as selected by stakeholders. Now reaching the detailed design stage we wanted to extend this stakeholder choice to detailed design (going beyond the regulatory requirements of the scheme).

A previous initiative to provide choice in detailed design on our Orkney project received negative feedback from local stakeholders expressing their confusion at the amount of options they were being asked to comment on. They felt that by showing a number of technical solutions and possible routes and locations was simply too challenging to decipher. We wanted to avoid a repetition of these issues.

**Initiative:** Allowing stakeholders to challenge our BAU approaches by providing one standard and one non-standard choice. By keeping it simple we avoided the confusion experienced in previous stakeholder choice initiatives.

Our usual approach on undergrounding projects is to use sealing end compounds. On our Cairngorms undergrounding project stakeholders were given the option of this approach or an alternative approach of using tower platforms. Stakeholders opted for tower platforms due to reduced visual impact. This approach has also resulted in cost savings of around £450,000 on the project and a much smaller land requirement which has made the project easier to consent.

This example demonstrates the multiple benefits of well managed stakeholder choice initiatives. This approach has been adopted in new projects in the North East and our RIIO-T2 planning.

## Delivering a customer focused connections business

**As the volume of low carbon generation connecting in the north of Scotland continues to increase the expectation of our directly connected customers is that we will look for innovative ways to work with them and improve our customer service. The current regulatory incentives and outputs are focused on timeliness in delivery of connection offers but we are expanding beyond this, engaging with stakeholders to develop and deliver an exceptional customer experience.**

### New Stakeholder-led strategy - Connections process

The Stakeholder-led Strategy engagement model which was successfully trialled on the Sustainability Strategy in 2017 was used in developing a new Policy for Commercial and Connections for the remainder of this price control and the next.

The approach involved starting with a retrospective review of performance and then systematically developing a level of detail, testing it with stakeholders, revising and then developing a further level of detail until the policy was complete.

The engagement initiative included three main activities comprising a roundtable session in November 2018, a public consultation in December 2018 and a further roundtable session in February 2019. Each iteration baked in stakeholder feedback and built upon that for the next level of detail.

These developments shaped by our stakeholders will also benefit the wider industry as certain initiatives are proposed for GB implementation. For example, we have included new ways of managing connection queues to ensure that capacity is allocated and used as quickly as possible by parties ready to build. This will release renewable energy capacity currently stuck in connections queues across the country.

This high level, strategic document has formed the foundation of our T2 connections plans and supports our overall T2 Business Plans. It is the sum of our engagement so far and includes ambitions and initiatives which have been designed to meet our stakeholders needs.

### Partnerships to proactively identify stakeholder needs and design solutions to challenging expectations

Following the announcement from the Crown Estate Scotland on its intention to run a further leasing round for commercial scale offshore wind energy projects in Scottish Waters. The 'New Offshore Leasing for Scotland: Discussion Document' was published which set out the proposed approach to the leasing process. This will enable prospective offshore wind projects to begin the application process in late 2018 with a target of securing options by late 2019/ early 2020.

Given the range of sea depths covered by the proposed areas, it is anticipated that both fixed and floating developments will be under consideration. This is likely to bring new entrants to the market and increased competition to secure the most economic sites. In this competitive environment with significant time pressure on the application process, stakeholders will need fast and accurate access to network accessibility information. This information must also be suitable for new entrants with limited technical knowledge of the connections process and network constraints.

With this in mind, we coordinated engagement with key stakeholders (Marine Scotland, Scottish Government, National Grid) to consider potential stakeholders and their needs. For example, to determine the viability of prospective sites, developers will be keen to understand the potential grid costs associated with each area. Therefore, there could be multiple developers seeking the same information ahead of any grid application being made. Offshore wind developers may be new entrants to the market (with no or limited experience in the grid application process) and may require early support from SHET and NGET.

Following these engagements, a coordinated approach working with Marine Scotland, Crown Estate and the offshore wind industry, was identified as having the potential to ensure all customers have access to the necessary information. This will deliver a more efficient process benefiting customers and reducing resource costs for ourselves and the system operator by avoiding repeat requests and speeding up response times. This improvement supports delivery of the renewable energy required to meet GB decarbonisation targets and supports growth of the offshore wind industry. As a result we will continue to explore the coordination of the necessary analysis required to provide industry parties with information to inform the leasing process and support the Scottish Government understanding of the network capability to support future offshore wind growth.

If this improved, coordinated approach was not delivered there is significant future value at risk as significant renewable energy volumes at best cost to the consumer could be missed through lack of suitable information provision within the application timeframe.

### Sharing knowledge and technical expertise

Through customer engagement, SHE Transmission has identified a need to help its stakeholders build knowledge on several subjects. Some of these are more relevant to our relationship with the system operator but they can have a significant impact on project development. For example, during recent engagement on the Scottish Islands projects, stakeholders requested granular detail on issues such as Transmission Network Use of System (TNUoS) charges and securities.

While SSEN is not directly in control of the methodology for either securities or TNUoS, we acknowledge that without intervention from the TO there is a risk of miscommunication and duplication of effort as numerous contract managers seek to resolve the same issues on a project by project basis.

Over the last 12 Months (2018/19) we ran two workshops with input from the system operator on TNUoS charging in addition to an event on securities and a webinar on the same subject.

The first TNUoS workshop in April 2018 focussed specifically on charges for remote island wind customers. As a result of this engagement the SO raised a CUSC modification to clarify the assets that are included in the calculation of the local circuit charge and the SO and TO agreed a process for updating costs associated with the local circuit. This will reduce the additional risk islands generators are exposed to.

The second workshop was focussed on all customers and provide attendees the opportunity to increase their understanding of the following topics: Networks Charging, Connections Use of System Charges (CUSC) Methodology, current CUSC Mods and wider Networks Charging Review.

The Securities workshop helped stakeholders navigate their securities by improving their understanding of the methodology and the relationship between SSEN and National Grid. The timing of this workshop was aligned to coordinate with changes to the STC that were taken forward to improve consistency in the way securities are applied across TOs. Feedback from the workshop was extremely positive.

### Reducing risk of engagement fatigue through collaborative events

Throughout industry there are numerous topics being consulted upon including RIIO 2 plans, DSO transition and charging reforms. Each is for the benefit of stakeholders either directly or indirectly.

Whilst this engagement is positive, stakeholders have raised the issue of this being too resource intensive. We are addressing this through increased collaborative events with other network companies and through engagement at wider industry events which stakeholders are attending.

For example, for events we are in control of, we seek to collaborate across relevant topics and parties; this can be seen in our Innovation/Connections/ Whole System roundtable which we held in February 2019 to discuss our plans and seek views on suitability. This was attended by 21 stakeholders across 15 different organisations.

Additionally, we attend, present and hold roundtable sessions at the National Grid Customer Seminars, attended by developers and other transmission parties. These were held during October 2018 and March 2019. We, and our end consumer, benefited from these engagement as it allowed us to gain feedback on and develop our RIIO-T2 business plan. More importantly, these sessions help developers as they can have discussions with all relevant parties to understand the market opportunities, rather than attending separate events and various consultations.

## Other strategic priorities

### Delivery of Caithness Moray

**The Caithness Moray project was energised in late 2018. This success rounded off three years of engagement with the local community on the impacts of the construction phase of the project.**

2018 also saw the project win multiple awards for the positive approach to promoting biodiversity, and for the project's strategic contribution to the energy transition and engineering excellence. As the project neared completion the engagement team concentrated on ensuring that commitments made to stakeholders during the development and construction of the project were built in to project sign-off requirements to ensure these are completed before the project is officially handed over to the operations team. This is a requirement of our large capital projects gate process and associated governance that ensures commitments are met, including enduring commitments to stakeholders.

Delivery of an Islands Connection through collaboration with stakeholders.   

There has been a long-standing need to connect Scotland's three island groups, home to some of the best renewable sources in the country, to the GB transmission system. Each of the island groups has unique and complex challenges associated with providing transmission connections, with often competing interests between developers and the communities.

These conflicts had become a barrier to progress so we implemented initiatives that: brought the parties together to discuss this in meetings and events, valued the benefits of the project to wider society and advocated for best outcomes for consumers and society in our submission of needs cases to Ofgem informed by stakeholder views and the valuations.

By working in close collaboration with our generation customers, local communities, elected members and governments, all three islands needs cases are now with Ofgem and we have never been closer to unlocking the renewables potential of Scotland's three island groups. Several obstacles remain and progress will ultimately depend on Ofgem's final needs case decision and developers demonstrating commitment to their projects.

**Orkney:** Ofgem minded-to approve proposal for a 220MW link, subject to developers meeting certain conditions. We have worked closely with the local community to seek to address any concerns about the associated on-island transmission infrastructure required as part of the project. Our innovative, stakeholder led 'alternative approach', will allow generators to proceed when they are 'ready to connect'. The project has the potential to unlock £240m of socio-economic benefit. This advocacy of the interests of stakeholders who do not have the resources and contacts to influence industry decisions is a core element of our engagement initiative for the Islands.

**Western Isles:** Ofgem minded-to reject 600MW link and instead has indicated it could support a smaller, 450MW link, subject to developers securing a Contract for Difference in the 2019 auction. We continue to make the case for a 600MW link which has strong stakeholder support, particularly to support community renewables and address their concern that private developers will take most of capacity of smaller link. The project has the potential to unlock £200m of socio-economic benefit.

**Shetland:** Ofgem minded-to approve 600MW link, subject to developers securing a Contract for Difference in the 2019 auction. We are also working with our distribution business as part its whole system recommendation to secure Shetland's future energy needs, which would see distribution contribute to the cost of the transmission link based on value of services it would obtain from the link, saving GB consumers £150m compared to cheapest alternative to secure future energy needs. The project has the potential to unlock £230m of socio-economic benefit.

### Action to increase trust

Whilst satisfaction levels with our customers and stakeholders remains relatively high, we recognise trust amongst energy consumers remains low. To test our view, we commissioned a poll by YouGov which validated our position that trust levels remain low. As a provider of an essential service, we have an increased responsibility to do the right thing and are determined to restore and increase trust with our stakeholders, including energy consumers.

We recognise we don't have all the answers, so we sought advice from leading consumer representatives, Citizens Advice and Citizens Advice Scotland, about how we should go about improving trust. This led to the following positive initiatives:

**Increased transparency:** working with Citizens Advice we are developing a new, transparent reporting framework. This will include reporting of our Financial, Service and Societal performance. [www.ssen-transmission.co.uk/media/3224/reform-in-riio\\_transparency.pdf](http://www.ssen-transmission.co.uk/media/3224/reform-in-riio_transparency.pdf)

**Consumer input to Business Plan development:** we are committed to understanding and reflecting the views of energy consumers across GB in our future business plan. To date we have focussed our engagement on consumer representative groups. We included secondary research on consume priorities and primary research on consumer willingness to pay in our development of our draft business plan and have included direct consumer engagement in our engagement plan for the draft business plan consultation.

**Reconnect our business with our communities:** every year, our colleagues can take a day away from their workplace to help a local charity or good cause. We have placed a renewed focus on this, encouraging our people to give something back to the communities where we live and operate in. This has seen the total number of employee days in 2018/19 increase from 89 last year to 158.



## Have a stakeholder-led draft of our T2 Business Plan

### Strategic priorities and ambition for RIIO-T2

Price control reviews involve a fundamental review of business priorities and delivery approaches across our sector. This presents an exciting opportunity where stakeholders, and we ourselves, have greater scope to influence at a strategic level; building on what has worked in the previous price control and challenging areas that are not delivering.

In November 2018, almost 18 months of engagement culminated in finalisation of our strategic objectives for RIIO-T2 based directly on stakeholder needs and expectations. To give stakeholders clarity over the outputs that these strategic objectives will deliver, we have developed five goals for the five year business plan period that can be measured and reported against. These will be published as part of the launch of our draft business plan in summer 2019.

With our strategic objectives determined, much of 2018 was focused on developing more detailed requirements including specific strategies and plans. In this next stage of our engagement we recognised that not all stakeholders will be interested in, or affected by, every aspect of our plan. We have adopted a targeted engagement programme which focuses on the most pertinent issues for each stakeholder group. There were three elements to this approach:

1. Identifying the reasons why we engage and targeting methods of engagement appropriately
2. Using our four step process to ensure we seek input in areas where stakeholders can influence and that our ability to respond to their asks is not conflicted with our legal obligations
3. Involving all stakeholders: expert, high impact, bill payers and everyone, through a range of inclusive and accessible methods of engagement.

Stakeholder views	Strategic Objectives
Security of supply is most critical factor	<b>Safe and Secure Network Operation</b> Network performance is already very good for our network, we must ensure that things continues amongst the challenges that come with operating an increasingly decarbonised and decentralised network. By using data efficiency, we can increase our visibility of our network conditions, predict issues before they arise and get the best network performance.
Importance of cost	<b>Sector-leading efficiency</b> Taking an integrated approach to development and operation ensuring that we consider whole life costs, we will deliver value for current and future customers. We will be open about the trade-offs between costs and delivery of the clean energy transition. Using risk-based engineering will make sure that we invest efficiently in maintaining a safe and secure network.
Need for more, earlier and better engagement; more customer focus and more involvement in policy decisions	<b>Stakeholder-led Strategy</b> Energy networks are built and operated to meet the needs of current and future customers, and so customers' needs must be the drivers of all activities. Consideration should be given to the interests of wider stakeholder groups and visibility of the influence of this on decisions provided. Taking a whole system approach will ensure best outcomes across the energy system in meeting stakeholder needs.
Environmental and social factors are highest considerations behind security of supply and costs and are of increasing importance	<b>Leadership in Sustainability</b> By committing to and delivering upon ambitious targets on the social, economic and environmental sustainability of our activities we will realise long term benefit across all of these areas. To achieve this, we must be a trusted partner of customers and communities.

#### Reasons we engage

##### Research

- Identifying the needs and priorities of different stakeholder groups
- Fact finding and data gathering
- To uncover best practice.

##### Collaborate

- Co-development of new policies, approaches and frameworks that meet stakeholder needs
- Validation of our plans through involvement of subject matter experts and innovators.

##### Consult

- Reaching consensus on the appropriate treatment of multiparty issues or areas of conflicting priorities
- For challenge by consumers or those working in their interest.

##### Inform

- To inform stakeholders of the impact of different decisions and provide an opportunity for challenge
- To generate interest in our plans and build our stakeholder network for future engagement.

#### A four-step process

We have followed a four-step process in the development of our RIIO-T2 Business Plan.

##### 1. Legal obligations

We operate under rules set out in legislation and our licence that are overseen by regulatory bodies. We must follow these rules.

##### 2. Understand current and future customers' needs

Energy networks are long life, and we make decisions today that will affect customers many years into the future.

##### 3. Identify options

Once we have identified the need to act, then we must identify all of the different options to achieve that outcome.

##### 4. Preferred option

The decision on the preferred option will consider a wide range of factors including legal obligations, cost to the customer, technical solution and environmental impacts.

We have sought to involve stakeholders in all four steps of this process. In late 2018 we published an overview of our approach to give visibility to stakeholders and to promote how they can get involved.

#### Involving all stakeholders

Our stakeholder classification ensured we engaged with the full range of GB stakeholders, and to date we have used 16 different methods of communication and participation.

##### Emerging thinking

Consideration of issues seven years into the future can seem abstracted from current issues, creating a unique challenge to make content relevant so that stakeholders can provide valuable input.

We published our Emerging Thinking document in February 2019 as a consultation to help our stakeholders understand our potential activities and costs.

**Engagement approach:** Online consultation publicised via social media including over 700 direct engagements, and press releases in industry publications. This approach prompted focused written feedback which was encouraging.

Also, direct engagement with consumer representatives, high impact and expert stakeholders.

**Engagement result:** A lot of support for our plans as well as areas for further development such as providing more information on our whole-system approach and vulnerable customer approach, now a priority for 2019 engagement.

## Strategic priorities and ambition for RIIO-T2

Business planning for a price control is different to our everyday engagement. Price control planning spans subjects from expected changes in energy demand and supply through project planning to network operations. Stakeholders told us that for RIIO-T2 we should prioritise the following requirements:

- Safety
- Sustainability
- Service
- Reliable
- Affordable
- Available
- Flexible
- Vulnerable Customers
- Environmental Impact
- Community Impact
- Decarbonisation
- Safe from Threats

These priorities determined topics for further, in-depth engagement including, but not limited to, the activities below.

### Engaging on operations and security of supply

Having identified network security and reliability as a strategic objective based on stakeholder prioritisation we engaged stakeholders to inform asset management and operations strategy and policies.

The engagement included:

- Determination of priorities and preferences of high impact stakeholder expectations through surveys and events
- Engagement workshop for experts to give their preferences on different options with increasing investment requirements
- Public consultation on future network operations needs
- Inclusion of reliability in willingness to pay survey of bill payers.

Stakeholders expectations were initially for us to perform above minimum standards across all aspects.

When costs were revealed, stakeholders downgraded their option preference on Black Start investment due to the scale of costs and increased their expectations on protection and control due to relatively low cost and substantial benefits. Our plans have been varied on that basis, saving bill payers around £200m on black start and increasing investment proposals by around £3m towards protection and control.

### Willingness to pay

During 2018 we undertook a joint Willingness to Pay study with other Transmission Owners (TOs) to help understand what is important to end consumers. This collaboration with other TOs reduced costs by £65K and brought together experts to develop the methodology. Citizen's Advice and Citizens Advice Scotland also inputted into this approach and methodology.

The survey included willingness to pay for service improvements/ investment. Almost 1700 electricity customers across GB surveyed. Focus groups across the country informed the research materials.

The findings will be applied qualitatively alongside other evidence in finalising our priorities for investment in our T2 plan.

### Stakeholder-led strategy - Innovation

The development of the new innovation strategy followed our new approach to stakeholder-led strategy development that was trialled on the Sustainability Strategy in 2017/18. This involved engaging with stakeholders at several stages so that they could input, critique and challenge our ideas.

Several stakeholders stressed the risks associated with fast-paced changes in innovation. In response we developed a Cost Benefit Analysis methodology which will ensure value for money from innovations. This model shows that the value of innovation projects so far in T1 has been around £29m.

The format of the engagements followed the T2 approach, targeting expert and high impact stakeholders. It included working with several universities, attending conferences and directly engaging one to one with innovation contacts. Engagement of bill payers and increasing our transparency was conducted by including innovation in the willingness to pay research, engaging with Citizens Advice and conducting an online consultation for everyone.

### Supply chain engagement to identify cost reductions

Review of our procurement and contracting activities in T1 and engagement with stakeholders indicated potential for procurement efficiency improvements in T2 to save 3-10% on some project cost elements. The engagement on the new procurement strategy also followed the new stakeholder-led strategy development approach.

Engagement undertaken included surveys and interviews with our existing framework contractors to determine feedback, lessons learned, opportunities, and experiences with other TOs (including internationally) in terms of contracting approach. We also engaged with the wider supply chain via issue of a questionnaire to relevant contractors so that our focus was not solely upon those contractors who have historically worked with SSE. Asking the supply chain to provide insight into experiences with other TOs, including internationally, helped identify best practice.

### Complementing enhanced engagement with existing stakeholder input and governance

In August 2018, we established our independent RIIO-T2 User Group, the group consists of eight experts from varied backgrounds. The User Group will work on behalf of stakeholders to ensure we submit a robust business plan that delivers a sustainable and efficient network.

Best practice from our well-established Stakeholder Advisory Panel was applied to the set-up of the planning, recruitment and induction of the RIIO T2 User Group. In addition, the User Group Chairperson has attended the Stakeholder Advisory Panel to understand the objectives and nature of the topics discussed. This has been complemented by the recruitment of a serving Panel member to the RIIO T2 User Group. The Panel are providing comprehensive support to the RIIO T2 plan, dedicating an additional two days to review and challenge the business plan drafts before submission to the regulator.





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