



STAKEHOLDER ENGAGEMENT STRATEGY

Overview

Scottish and Southern Energy Power Distribution (SSEPD) comprise three Licensed electricity companies – Scottish Hydro Electric Power Distribution (SHEPD); Southern Electric Power Distribution (SEPD); and Scottish Hydro Electric Transmission Limited (SHETL). All operate to the same stakeholder arrangements that have been, and are still being, developed since 2009. This document describes how stakeholder engagement forms a core part of what we do and draws out particular aspects pertaining to the two Distribution Network Operators (SHEPD & SEPD).

Stakeholder Engagement Strategies

SSEPD distribute electricity to over 3,500,000 customers in the north of Scotland and south of England. The Licence areas are very different geographically and each presents unique challenges to ‘keeping the lights on’ and addressing stakeholder concerns. However we believe that by taking a customer and community focussed approach to engagement we can best ascertain who our stakeholders are, identify their concerns and shape our services, processes and policies to address them.

We note below examples of our stakeholder engagement initiatives that demonstrate the wide breadth, future facing and customer focused nature of our plans.

Power 2 Serve

Power 2 Serve is our vanguard approach to improving customer service by surveying customer views, analysing feedback and adapting processes for improvement. We survey a representative customer sample of our New Business and Supply Restoration jobs and employ an advocacy scoring system that has been benchmarked against world class companies in competitive markets. We use ‘Learning Teams’ to extract the issues from recorded calls and use this information to both improve our call handling and develop our processes. Since Power 2 Serve started around three years ago we have seen a large improvement in our customer processes and advocacy scoring as indicated below for our supply restoration activity.

| | Net Promoter Score 2009 | Net Promoter Score 2011 |
|--------------|--------------------------------|--------------------------------|
| SHEPD | 54% | 84% |
| SEPD | 64% | 74% |

Competitive New Business Markets

SSEPD is the leading Distribution Network Operator in the competitive new business market. We believe this important area should be stakeholder led and that customer service will be a key differentiator between companies. We have therefore organised face to face meetings with Independent Distribution Network Operators and Independent Connection Providers to ask them how we can further help them to progress in the market. These meetings have given us a very good insight into how the issues faced by these customers and excellent pointers for how we might modify our processes to assist them.

Future Networks and Differing Customer Needs

Ofgem have already flagged up the importance of future networks with their ground breaking Low Carbon Networks Fund (LCNF). Being one of the few remaining integrated companies in the UK, SSEPD also fully understand that the networks of the future will look and operate very differently to those of today. We have therefore built a high level of stakeholder engagement into our LCNF proposals which reflect the views of suppliers, generators, Local Authorities and customers amongst others. Our Shetland 'NINES' proposal contains many elements of learning obtained from this engagement. As it develops we will continue to consult widely to ensure we develop a project that truly reflects an appropriate UK model and takes into account the views of a wide range of stakeholders.

We have also engaged with generators widely in a number of other projects that aim to increase the penetration of Distributed Generation into the energy market. For instance in Orkney we have consulted widely with customers, suppliers, the Local Authority and generators to introduce a world first Active Network Management System that is now fully up and running providing the potential to add many MWs of generation to the island network.

It is important that customers who want to put Distributed Generation onto the networks and feed into the grid are given all of the information that they need to progress with their project. We believe it is our role to smooth this process and make it as seamless as possible for them and are in the process of significantly enhancing our website to provide as much targeted information as we can to these customers. As well as information on how the application process works, this will include worked case examples to allow them to estimate the potential cost of their connection and the time it may take for them to get connected to the network. We also regularly meet with customers to discuss their plans and assist in any way we can. An example is the Forestry Commission, who we are currently meeting with to review their future plans and assist in the deployment of their generation onto the grid.

Supplier Pricing

UK electricity suppliers are subject to Use of System charges from the UK DNOs. We believe it is important to explain these to them and any cost increases that are required. As well as sending information out to suppliers quarterly, we also hold quarterly teleconferences to describe our processes, discuss any future trends and changes, and allow customers to raise any questions or provide feedback.

Where there are specific developments or changes we consider workshops to be the best way to communicate with stakeholders, for example we held two workshops in both the North and the South to discuss the development of the EHV Distribution Charging Methodology.

Finally, we use our website as a tool to keep stakeholders up to date. We have a dedicated stakeholder information section on our website which is regularly updated to provide the latest information including charging models.

Community at Heart

Communities are at the heart of all we do as network operators. We impact on the lives of people across a number of areas such as the environment, road use, amenity, supply restoration, safety and many more. We believe it is our role not only to behave responsibly in these areas but also to give something back to the communities we serve.

SSEPD therefore now operates a 'Community at Heart' scheme that encourages staff to engage with our local communities and determine how our skills, expertise and enthusiasm can make a difference to the lives of others. This has been very successful this year and upwards of 30% of staff have given their time, as a company paid day off, to aid local communities.

As we develop the scheme more in coming years it provides an excellent vehicle for wider assistance and understanding as we forge strong links and get first hand information on those areas where we can assist both from a business and community perspective. For instance our staff working in the local communities are already hearing of potential Priority Customers that we can add to our database and assist in the future.

We note below examples of communities who have already benefited from the scheme.

St Margaret's Somerset Hospice

19 members of the Yeovil SSEPD team worked at the hospice over 2 days. They applied wood treatment to the external areas of the building and cleared large areas of hedgerow. With the use of bucket trucks access to normally inaccessible areas was easily achieved. The amount of work completed over the two days was huge due to their enthusiasm and dedication to put something back into the community they serve. Mrs Lynn Tanswell, Estates Manager, for the hospice recently expressed her

appreciation for their efforts ‘On a personal note I would like to say that the Yeovil SSE team is a credit to your organisation, they all worked hard to achieve the project and are a sociable and respectful group’.

Blandford and Sturminster Newton Trailway

The Trailway is immensely popular with locals and visitors alike and is perfect for use by walkers and horse riders, as well as mobility vehicles and parents with push chairs. It had become overgrown and difficult to access. Staff from our Poole Depot spent a day clearing over hanging branches and leaf litter improving access and allowing much more light into shaded areas. There are 72,000 journeys on the Trailway every year and our hard work will have improved the experience for these travellers and hopefully encouraged more to come in the future.

Pulteney House Care Home, Wick

Three of our Wick team volunteered to help out in the over grown garden of this long established care home. They removed huge quantities of stones from the garden and planted it out with plants and shrubs they had secured from friends and neighbours. Senior Social Care Worker, Laurette Farmer, wrote ‘The staff and residents have nothing but praise for the work done and state that they will, next year, be able to sit in a beautiful and serene setting’.

Refurbishment of Overhead Lines

SSEPD refurbish several thousand kilometres of overhead lines annually. Inevitably this impacts on a wide range of local stakeholders in the communities we serve. We therefore engage at a very early stage of these projects by letter, community meetings and one to one contact in order to inform communities of our intentions, look for synergies with local needs and ensure everyone feels involved and understands the benefits that will come once this work is completed.

Investing in the Future – Engagement with our Young Engineers and Scientists

At SSEPD we understand the future of our company, industry and communities will be guided and driven by today’s young engineers and scientists. We believe we are well placed to help educate and inform our young people and have an active programme of engagement with local schools and colleges. Over 2010/11 almost 4,000 students have visited and engaged with our teams at a variety of levels and on a plethora of subjects.