



Inveralmond House  
200 Dunkeld Road  
Perth  
PH1 3AQ  
jenny.smith@sse.com

James Veaney  
Head of Distribution Policy  
Ofgem  
9 Millbank  
London  
SW1P 3GE

20 March 2014

Dear James,

**Re: Changes to the Stakeholder Engagement Incentive Guidance Document**

Thank you for the opportunity to respond to the changes to the Stakeholder Engagement Incentive Guidance Document. On behalf of Scottish and Southern Energy Power Distribution and Scotia Gas Networks, please find our comments below.

Should you have any questions on these, or wish to discuss this, please let me know on 01738 512909.

Yours sincerely,

Jenny Smith  
**Regulation, Networks**

## **Changes to the Stakeholder Engagement Incentive Guidance Document**

Overall we welcome the changes to the Stakeholder Engagement Incentive Guidance Document. However, we have a few comments and proposed amendments detailed below.

### **General**

We believe the proposed mechanism to facilitate the supplementary questions is appropriate and helpful to the assessment process, and agree with the changes proposed in relation to specific years as this makes the Guidance more simple and enduring.

However, we feel there are key differences between electricity transmission, and gas and electricity distribution due to the nature of the industries. For example, electricity transmission companies have a very different relationship with their customers than electricity and gas distribution companies have with their customers. As a result, we suggest considering the option of developing two separate sets of Guidance: one set for electricity transmission, and another for gas and electricity distribution. This would mean the Guidance would be more specific and tailored to the network company it applies to.

Further to this, with regards to electricity transmission, we feel there should be further explanation with regards to the focus on 'outcomes' as a result of each submission. Whilst we appreciate that for engagement to be effective, it must lead to change, we feel that the outcomes of engagement can sometimes be long term and not fully evident in one year. This issue is particularly relevant to transmission where the complexity of the transmission industry arrangements and the long timescales associated with some activities means that it is often not possible to generate outcomes from an initiative introduced in the same year. Our main concern is that there may be an incentive to put more focus on the short term initiatives without investing time and effort into progressing longer term engagement with stakeholders over a number of years which could be of significant benefit.

### **Scope of the scheme**

Whilst we agree that where appropriate, consistency is desirable, we are concerned to see that under the title 'Scope of the Scheme' of the proposed Guidance, which is intended to apply to Transmission Owners (TOs) as well as Gas Distribution Network Operators (GDNs) and electricity Distribution Network Operators (DNOs), there is the following statement:

*"We expect network companies to pay particular attention to stakeholders that represent the interests of vulnerable customers"*

TOs have the responsibility to ensure they operate efficiently, contribute to keeping bills down, and to build and maintain a network which is reliable, helping keep electricity flowing to homes. These are our key responsibilities in relation to customers. However, we do not agree with the inference that TOs should place the same degree of focus on vulnerable customers as is expected of GDNs and DNOs, to which such customers are directly connected.

### **Panel Members**

We are pleased to note the clarification of the matters Ofgem will address in the guidance it provides to the Panel as noted in the 'Panel Members' section. We welcome further clarification of what the Panel will be briefed on, and suggest the following:

*“the different roles and responsibilities of energy network companies” rather than “the role of energy network companies”*

We believe differentiating between the different roles and responsibilities is a pre-requisite in understanding the nature of the stakeholder activities carried out and responses received. This is particularly relevant to transmission.

### **Format of the application**

We feel that the proposed change to the wording of the 'Supplementary information' section is not sufficiently specific to meet the aim of ensuring the amount of supplementary information provided is manageable. We suggest the following amendment to the current wording:

*“Supplementary information – at the network company’s discretion, however network companies should only provide concise information which is directly relevant, and essential to their case as part of their submission.”*