

May 2014

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SHE Transmission Submission Document Part 2: The outcomes and outputs

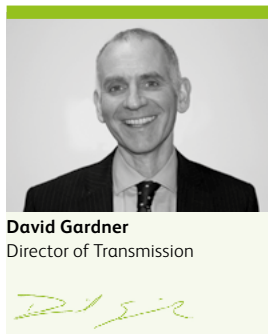
2013/14

Ofgem Stakeholder Engagement
Incentive Scheme



Placing stakeholders at the centre of our business

Engaging with stakeholders every step of the way



David Gardner
Director of Transmission

As Director of Transmission, I'm very conscious of the responsibilities that Scottish Hydro Electric Transmission has as the licensed Transmission Owner for the north of Scotland. As well as being in charge of keeping power flowing through the area's highest voltage power lines, we must also make sure that we invest in our network to provide connections for generators who wish to connect their developments to our network. And most importantly, we need to do all that safely. To achieve this, and more, it's vital that we engage our stakeholders in the planning and delivery of our business activities. 2013/14 was a year of intense activity for our business, and we were privileged to continue working closely with our stakeholders every step of the way, establishing and nurturing Long-term relationships.

Planning and managing our engagement

Our Stakeholder Engagement Strategy and Implementation Plan sets out, stakeholder group by stakeholder group, what we have learned are the key issues for them and for us. In it, we clearly state how we will engage with our stakeholders on those issues, and the kind of changes we hope to deliver as a result. Our 2013/14 performance was independently assessed by ERM CVS and we were delighted that they confirmed that we had indeed complied with our plan. [See Part 1 Appendix 5.](#)

We set up a Stakeholder Engagement Business Group in 2013 to make sure that stakeholder engagement became a consciously considered matter, embedded right across our business. We began a programme of stakeholder service training for all our colleagues in SHE Transmission, encouraging them to develop specific action plans to ensure they consistently deliver a winning service to stakeholders. Our Board has made a positive commitment to delivering overarching business change as a result of engaging with stakeholders.

Delivering diverse and substantive changes

- The changes we've delivered are diverse both in terms of their nature and the stakeholders they benefit.
- We've re-vamped our quarterly Major Transmission Projects Update to help stakeholders better understand the progress we're making on investing up to £5bn in our Transmission network.
 - We've introduced compensation payments for householders and businesses affected by major power cuts caused by faults on our Transmission network.
 - We've doubled the size of the team who look after connections to our network and made sure they are much easier to contact and much more active in supporting connecting customers.
 - We've changed our standard contracts to make sure our contractors stick to the rules we agreed with landowners when they are building on their land on our behalf.
 - We've established forums to allow issues of regional importance to be explored by our stakeholders.

- We've established that our stakeholders like to engage via new mechanisms as well as established channels and forums. Positive feedback from stakeholders involved in innovative engagement activities such as our Speed Dating event and our academically-led Risk Workshop has encouraged us to further explore new ways to engage.
- We've established a social media presence to encourage stakeholders to engage with us, providing both important updates and more lighthearted content to keep the conversation flowing.

Within this document, I firmly believe we give the strongest indication that we – myself, my management team and our colleagues throughout SHE Transmission – are absolutely committed to delivering a comprehensive programme of stakeholder-driven change, which is innovative, inspiring and ultimately beneficial to those we serve.

About this document

Page 02 We demonstrate our approach to engagement and report on some key engagement and how it relates to our stakeholders

Pages 03–10 We demonstrate, with each of our Principal Stakeholder groups, how we have delivered change that is specific to them

Assessment Criteria Key
Ofgem identified five Assessment Criteria which our initiatives are measured against using the following key
<p>✓ Outreach To best serve specific interests of challenging groups of customers/communities/future stakeholders and result in measurable benefits</p>
<p>✓ Innovative To reflect innovative thinking in responding to the needs of stakeholders</p>
<p>✓ Embedded in our business Part of an holistic approach embedded in the business</p>
<p>✓ Robust management Supported by robust project management processes and appropriate resources</p>
<p>✓ Replicable Results from stakeholder engagement activities which may be recognised as smart practice and could be replicated across the industry</p>

Overview of our 2013/14 stakeholder engagement activity
<p>Focused and effective engagement We concentrated on delivering substantive change focused on issues that really matter to our stakeholders</p>
<p>Compliance with our plan Independent assessors concluded that we complied with our Stakeholder Engagement Strategy and Implementation Plan</p>
<p>Business buy-in We introduced internal processes to keep stakeholder engagement on the agenda of all key business meetings</p>
<p>Innovative engagement Stakeholders involved in new methods of engagement gave exceptionally positive feedback</p>
<p>Inclusivity Establishing a social media presence took our engagement to new audiences and extended our reach by encouraging people to join our stakeholder community</p>

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Strategy and implementation plan

Principal Stakeholders

UK Government
Scottish Government
Supply chain participants
Landowners
Statutory consultees
National Grid
Electricity Networks
Strategy Group
Trade bodies
Developers
SHE Transmission employees
Ofgem

Community Stakeholders

Consumer groups
Communities
Local authorities
Elected representatives

Significant Stakeholders

Innovation community
Scottish Power Transmission
Non-governmental
organisations

Other Stakeholders

Media
Energy suppliers

Our seven Customer Commitments

We will develop, maintain and operate our networks safely at all times.

We will seek to provide our customers and stakeholders with the best possible service.

We will maintain our commitment to delivering value for money across our activities.

We will operate in a sustainable manner, with consideration to the long-term impact of our activities.

We will build and maintain lasting, mutually beneficial relationships with those affected by our activities.

We will work smarter, deploying innovative solutions where these can assist us in developing, maintaining and operating our networks.

We will report regularly on our performance so stakeholders can assess how we are delivering on these commitments and our wider obligations.

Assessment Criteria Key

- ✓ Outreach
- ✓ Innovative
- ✓ Embedded in our business
- ✓ Robust management
- ✓ Replicable

Our SSEPD Board-approved Stakeholder Engagement Strategy and Implementation Plan for 2013/14 (our Plan) has been central to the way in which we have delivered a programme of effective, innovative engagement and business change.

Our Plan, which we review and update each year, sets out our simple but effective strategy. It considers our stakeholders, group by group (see left), and presents the issues we have learned are of greatest mutual importance, stating the mechanism through which we will engage on these issues and the type of change we are working to deliver.

In addition to declaring the specific activity we will undertake, our Plan also brings together the general activity we will undertake to ensure that we work with our stakeholders in line with our strategy – for example, carrying out an annual review of stakeholders, understanding our stakeholder groups by mapping them on an interest/influence matrix and making a commitment to communicating in plain English. Our Plan also sets out how we will ensure that we engage with stakeholders in a variety of ways, depending on the nature of the issue to be explored and the preferences of our stakeholders.

Key Performance Indicator

Our Board like to be kept closely informed of the changes we are delivering through our engagement with stakeholders. One of the ways in which we do that is by reporting on our performance via a Key Performance Indicator, which is:

"The number of business processes and procedures which have been implemented or changed as a result of stakeholder engagement targeting a minimum of one per licensed area per quarter."

Our annual Stakeholder Survey



Our annual Stakeholder Survey is an effective way of monitoring the service we provide to stakeholders. In autumn 2013 we contacted all of the stakeholders on our database and invited them to take part in our annual survey. 51 people agreed to take part. The aim of the survey was to establish how satisfied our stakeholders are with us and to identify ways in which we can improve the service we provide. The questions we asked in our survey were influenced by the seven Customer Commitments (see left) which we adopted, following stakeholder consultation, in 2013.

Stakeholder service training



Providing a high level of service to stakeholders is important to us. From making sure we pay invoices in good time, to managing complaints effectively, many key aspects of good service have been enshrined in policies and procedures, and supported by internal communication campaigns to make sure all our colleagues are aware of the role they have to play.

However we are conscious that policies and procedures alone are not enough to deliver the level of service our stakeholders deserve. That's why, in 2013/14, we committed to ensuring that, by the end of 2014/15, all members of the SHE Transmission team would have received face to face training on stakeholder service and all teams would be tasked with developing a plan for improving the service they

Our outline strategy

1. Identifying our stakeholders

We have developed a list of stakeholders who we felt could add particular insight into our business. We have in place a Stakeholder Engagement Database, a contact and record management system to enable us to actively manage engagement across the business. This is managed in accordance with our Data Protection Standard.

2. Understanding our relationship with our stakeholders We have categorised our stakeholders based upon our existing relationships with them; the level of influence they have over our business; and their interest in helping us shape it.

3. Actively engaging our stakeholders

We offer a range of ways to engage with us, tailored to the wishes of our stakeholders. We aim to continually monitor and evaluate our mechanisms of engagement to ensure they sustain constructive engagement. We also aim to increase the number and diversity of stakeholders with whom we engage.

4. Informing our stakeholders

Reports on our business will be made publicly available in a range of formats. We will regularly update our documentation in line with feedback from our stakeholders.

5. Listening and responding to stakeholders

We aim to publish key themes arising from our stakeholder consultation processes and our response to them so that our stakeholders know what action we will be taking to improve our business.

6. Being accessible to our stakeholders

We are committed to being open and easy to talk to. We want to make sure our stakeholders can contact the right person easily. We will write in plain English and avoid jargon.

We found that the area of greatest concern for many stakeholders seeking connections to our network, is a perception that our service is inflexible. We therefore introduced a programme of change to address this matter, including pre-application and portfolio meetings. We also began a training programme called 'Winning Service' through which the Connections team have been encouraged to investigate and plan a range of service improvements.

provide to their stakeholders. In March 2014, we delivered a pilot training session to assess whether the proposed training course would achieve the objectives of increasing colleagues' commitment to providing excellent service and helping teams create action plans.

Short-term outcome

A pilot training session was developed and delivered, and feedback from participants gathered.

Long-term outcome

All members of staff to be trained; all teams to develop an action plan and service to be improved as a result.



Communities and elected representatives

Residents, community councils, local businesses and elected representatives (local authority councillors and members of the Scottish, UK and European parliaments)

Investing in our communities	Key stakeholder issues in 2013/14						
<p>Providing a safe, reliable transmission system to the communities we serve is our primary responsibility. And while our sister company, Scottish Hydro Electric Power Distribution, is ultimately responsible for dealing with power cuts, we work very closely with SHEPD and our community stakeholders to help plan for the rare occasions when power is interrupted due to a fault on the Transmission network.</p> <p>We intend to invest up to £5bn in our network between now and 2021 and have a responsibility to be a good neighbour as we plan, construct and commission our new assets. Our investment programme brings a wealth of business opportunities to local people for training and long-term employment, so we actively engage with local education, enterprise and employment authorities to ensure these opportunities are well publicised and easily accessible.</p>	<p>Communities</p> <table border="1"> <tr> <td>Supply reliability</td> <td>Involving communities in planning for emergencies and ensuring confidence in the reliability of our network.</td> </tr> <tr> <td>Project matters</td> <td>Involving communities in the provision of information on local projects – going beyond the statutory minimum.</td> </tr> <tr> <td>Economic development</td> <td>Ensuring communities understand and have access to business, training and employment opportunities.</td> </tr> </table>	Supply reliability	Involving communities in planning for emergencies and ensuring confidence in the reliability of our network.	Project matters	Involving communities in the provision of information on local projects – going beyond the statutory minimum.	Economic development	Ensuring communities understand and have access to business, training and employment opportunities.
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Communications	Elected members are interested in ensuring that they and their constituents receive the correct level of information relating to our work in their area.						

How we've engaged
'Village hall' events
Community council meetings
Written consultations
Local authority forums
Newsletters and local updates
Social media
YouTube content
News releases
Site visits
Multi-agency community resilience planning events
Letters to customers affected by extended power cuts

Our engagement highlights

Depot Open Doors Days ✓✓

Supports stakeholder issues: Communities: Supply reliability; Project matters; Economic development

Open Doors Days at our main depots helped people with a relatively low interest in our business to understand its relevance to them. 97% want to attend events in future.

Improved project communications ✓✓✓

Supports stakeholder issues: Communities: Project matters; Elected representatives: Project specific issues, Communications

We continued to engage via events in local venues timed to accommodate people's different lifestyles; we highlighted plans for, or progress on, nearby construction projects and provided project-specific plain English newsletters and updates. We also committed to a set of Principles of Written Consultation which include using written consultation only where it is the best approach; ensuring timescales are appropriate; encouraging participation; presenting our consultations consistently; making our consultations easy to understand; and reporting back.

Community resilience planning ✓✓✓✓✓

Supports stakeholder issues: Communities: Supply reliability

In July 2013, we checked with a representative survey of domestic customers, from both our network areas, that they agree with our approach to resilience planning. Our survey confirmed 93% agreed that we should be working with communities, and vulnerable customers, to help them become more resilient during power cuts. Accordingly we accelerated our programme of engagement, inviting more people to visit our depots and becoming more active in local Resilience Planning Partnerships.

Combating metal theft ✓✓✓✓✓

Supports stakeholder issues: Communities: Supply reliability

Metal thieves who target power infrastructure endanger their own lives and other people's. We helped tackle this by providing resources and training to police officers to help them recognise our materials. We attended a national summit on the matter and we continue to work with related agencies on this.

Key changes implemented

Compensation for power cuts ✓✓✓

Supports stakeholder issues: Communities: Supply reliability

Having asked over 200 stakeholders for their views, and involved consumer representatives in round table discussions, in 2013 we became the first and only Transmission Owner to offer compensation to customers affected by a power cut caused by a fault on the Transmission network.

Short-term outcome	Long-term outcome
Implemented compensation process for first qualifying power cut in March 2014.	Committed to conducting a survey of affected customers to refine and improve the compensation procedure.

Speed camera trial ✓✓✓

Supports stakeholder issues: Communities: Project matters

Our complaints database showed the most common cause for complaints to be the behaviour of our site traffic.

Short-term outcome	Long-term outcome
Trialling a new-to-the-UK speed camera to manage vehicle speeds.	If trial successful, will install this type of speed camera at other sites.

Priority Services leaflet ✓✓✓

Supports stakeholder issues: Communities: Supply reliability

SHE Transmission teams are being encouraged to promote Distribution Priority Services leaflets to local communities.

Assessment Criteria Key
✓ Outreach
✓ Innovative
✓ Embedded in our business
✓ Robust management
✓ Replicable



Developers and trade bodies

Individuals, communities, organisations and their representatives

Making good connections	Key stakeholder issues in 2013/14						
<p>Developers and those planning to develop electricity generation projects in our Transmission area have a keen interest in our activities and performance as we represent the link between them and National Grid when they are applying for a network connection for a new source of electricity generation. In many cases the timing and cost of that connection may depend largely on us delivering a construction project. As this can be a deciding factor in whether a generation development is economic, we are very conscious of our responsibilities to this stakeholder group.</p> <p>In relation to our stakeholder engagement work, we define trade bodies as being the representatives of developers, key bodies in this context being Scottish Renewables and Renewable UK.</p>	Developers						
	<table border="1"> <tr> <td>Ease of access and information</td> <td>Helping developers easily make contact with the right person in SHE Transmission and then keeping them informed.</td> </tr> <tr> <td>Explaining the process</td> <td>Making the complex connections process more easily understood for an increasingly diverse range of developers.</td> </tr> <tr> <td>Speed of delivery of connections</td> <td>Addressing concerns from developers about the length of time it may take to connect to the network and helping identify alternative solutions.</td> </tr> </table>	Ease of access and information	Helping developers easily make contact with the right person in SHE Transmission and then keeping them informed.	Explaining the process	Making the complex connections process more easily understood for an increasingly diverse range of developers.	Speed of delivery of connections	Addressing concerns from developers about the length of time it may take to connect to the network and helping identify alternative solutions.
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	Explaining the process	Making the complex connections process more easily understood for an increasingly diverse range of developers.					
	Speed of delivery of connections	Addressing concerns from developers about the length of time it may take to connect to the network and helping identify alternative solutions.					
Trade bodies							
Being kept informed of plans and project progress	Communicating effectively with trade bodies who play a key role in communicating news on project plans and progress to stakeholders.						

Our engagement highlights

Learning from our stakeholder survey ✓✓✓

Supports stakeholder issues:
Developers: Ease of access and information

The results of our 2013/2014 Stakeholder Survey encouraged us to implement a range of improvements. Key changes include developing a comprehensive communications plan to support developers throughout the connections process.

[Stakeholder survey, Page 02](#)

Our Guide to Connections ✓✓

Supports stakeholder issues:
Developers: Explaining the process

Following analysis of the results of our Stakeholder Survey, we have created a new Guide to Connections to help developers better understand the Transmission connections process.

[Stakeholder survey, Page 02](#)

Boosting our presence at industry events ✓✓

Supports stakeholder issues: Developers: Ease of access and information; Explaining the process

During 2013/14 we continued to increase and improve our presence at key industry events including at All Energy in Aberdeen in May 2013 (the UK's biggest energy exhibition and conference) where we engaged with around 40 Transmission connections customers, explaining the connections process and discussing progress on individual projects. Through a prize draw, we increased our stakeholder contact base by around 25%.

At February's National Grid Customer Seminar event we invited delegates to review our presence and suggest improvements. This resulted in National Grid increasing our event profile and introducing a conference session dedicated to the progress of our construction programme.

Key changes implemented

Improving service standards ✓✓✓

Supports stakeholder issues: Developers: Ease of access and information; Explaining the process

Informed by surveys and general feedback, we have made several changes to help provide consistently high standards of service to developers.

Short-term outcome

- Doubled the size of the team
- Recruited people with extensive experience of providing high levels of customer service

Long-term outcome

- Established stakeholder engagement objectives for team members
- Committed to reviewing all aspects of communication with developers

Accelerating connections ✓✓

Supports stakeholder issues:
Developers: Speed of delivery of connections

In developing our RIIO-T1 business plan, research told us that timescales associated with connections are a key concern for developers. Developers need us to deliver our investment programme quickly (to ensure they get the highest possible price for their energy) and cost effectively (as ultimately they will share the cost of the connection with bill payers).

Outcome

- Introduced a 'framework' approach to awarding contracts to speed delivery (see page 10)
- Outages (the times that parts of the network are switched off to facilitate work) are efficiently planned
- Best practice project management is used on all projects

How we've engaged
26 portfolio meetings
30 pre-application meetings
147 construction meetings
71 industry meetings
Developer-specific questions in our survey
Depot Days
Strong presence at major industry events
Creation of Guide to Connections
Post-connection satisfaction checks

Assessment Criteria Key
✓ Outreach
✓ Innovative
✓ Embedded in our business
✓ Robust management
✓ Replicable



Industry regulators and political stakeholders

Ofgem, UK Government, Scottish Government and the Electricity Networks Strategy Group (ENSG)

Managing industry and government expectations

It is important that we actively engage with Ofgem, the regulatory body for Transmission Owners; the UK and Scottish Governments who set the policy environment in which we operate and are the consenting bodies for many aspects of our work; and ENSG who identify and coordinate work to help address key strategic issues that affect the electricity networks in the transition to a low-carbon future.

Key stakeholder issues in 2013/14

Ofgem	
Regulatory compliance	Responsibility for regulatory compliance rests entirely with the boards of directors of the companies that it regulates; Ofgem's role is to ensure that regulatory obligations are clear.
Strategic Wider Works projects	Ofgem review and approve the funding for large capital projects (which are not pre-approved) on a case by case basis through this mechanism.
RIIO-T1 Business Plan	Ofgem review the implementation and delivery of our commitments in accordance with our Business Plan submitted under the RIIO-T1* framework, including performance against incentive mechanisms.
UK and Scottish Governments	
Timescale of delivery of infrastructure projects	We must address this group's concerns about the effect of any delays in our investment programme on economic development and our ability to meet renewable energy targets.
Providing sufficient capacity to meet future demand	We need to strike a balance between providing capacity for generation we know is going to be built, and for generation that we have good reason to believe is very likely to be built.
Effect of the cost of infrastructure projects on generation developers and consumers	We need to strike a balance between the impact of our construction projects on customer bills, and the benefit for the UK as whole of allowing new generation to connect to the Transmission network.
ENSG (jointly chaired by the Department of Energy and Climate Change (DECC) and Ofgem)	
Effectively sharing information with interested parties	Information from the ENSG is very valuable to stakeholders who are not part of the ENSG itself.
Lack of common understanding of future generation scenarios	A lack of a common understanding on future energy scenarios makes it difficult for the industry as a whole to make informed decisions and contributes to delays in progressing new transmission projects.
Island affordability	The ENSG is the main industry forum for discussion on Government research, including DECC's Scottish Islands Renewables Project, which considers whether the development of renewable energy generation on the UK's outlying islands represents value for electricity customers.

*RIIO stands for Revenue = Incentives, Innovation and Outputs; T1 indicates that it is the first price control of its kind for Transmission Owners. The price control restricts how much money a Transmission Owner can make from its business and requires the company to meet certain standards of performance.

How we've engaged

Ofgem

- Bilateral meetings
- Working groups
- Site visits
- Project-specific updates on website

UK and Scottish Governments

- Face to face meetings
- Project-specific forums
- Quarterly Projects Update mailed to key stakeholders, published on website and publicised via social media
- Site visits

Assessment Criteria Key

- ✓ Outreach
- ✓ Innovative
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- ✓ Replicable

Our engagement highlights

Engagement in relation to island energy matters

Supports stakeholder issues: UK and Scottish Governments: Effect of the cost of infrastructure projects on generation developers and consumers; Providing sufficient capacity to meet future demand

Outlying Scottish islands* have some of the best wind resources in Europe, but building generation infrastructure and connecting to the mainland network is both costly and logistically challenging. This has implications for customer bills and is also subject to some uncertainty about economic viability, making island energy development a complex and sensitive issue. We work closely with a range of stakeholders to both explain the regulatory system and explore every option to support the development of generation on the islands.

*SHE Transmission's area of responsibility includes all of Scotland's inhabited islands, including the Western Isles, Orkney and Shetland.

Island summit

We took part in the Islands Grid Summit in Stornoway, on the Isle of Lewis, organised by the Scottish Government and chaired by the Energy Minister, Fergus Ewing.

Attended by a wide range of parties including DECC, Ofgem, developers and Scottish Renewables, it was a collaborative approach to addressing various outstanding issues which stand in the way of progress.

There was widespread recognition that the challenges faced by the islands are not the responsibility of one individual party to resolve and also that while there are some common issues, the islands need to be looked at individually.

We continue to work with Government, developers and Ofgem to tackle the various administrative and regulatory obstacles we face and have recently launched a consultation seeking feedback about the very specific challenges faced by the Orkney Islands. Our work also continues with the same group of stakeholders on the particular issues faced by the Western Isles.

Key changes implemented

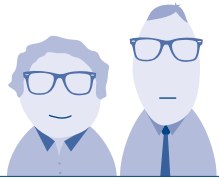
Improved project updates

Supports stakeholder issues: UK and Scottish Governments: Timescale of delivery of infrastructure projects

A review of our quarterly Major Transmission Projects Update publication, of which UK and Scottish Government representatives are a key audience, showed that the content was in some places too technical, requiring the reader to have a sophisticated understanding of the regulatory and economic landscape as well as a background knowledge of the projects to which the publication referred.

Outcome

Quarterly Major Transmission Projects Update made more accessible and engaging: content, language and layout reviewed, making it simpler to understand and more informative. Promoting Update via social media to extend its reach.



Industry colleagues

Transmission Owners and Operators, SHE Transmission employees

<p>Involving colleagues in our business development</p> <p>Transmission Owners (TOs) build and maintain Great Britain's electricity transmission networks while Transmission System Operators (SOs) coordinate and direct electricity flows onto and over the transmission system, balancing generation supply and user demand.</p> <p>We want to make sure that our colleagues are fully engaged with our business and understand the direction it is taking. And we also want to learn from them and introduce ways in which their ideas can be incorporated into our plans.</p>	Key stakeholder issues in 2013/14	
	Transmission Owners and Operators	
	Operational information sharing	As a TO, we have a responsibility to communicate effectively with the two GB TOs and the SO to ensure that we all deliver on our operational responsibilities.
	Delivering an effective programme of stakeholder engagement	TOs and SOs have many stakeholders in common and, in some instances, the performance of one party may affect stakeholder perception of the other.
	Strategic planning	TOs and SOs must work effectively together to help meet the long-term energy challenges of tackling climate change and ensuring secure, clean and affordable energy.
	SHE Transmission employees	
	Ensuring that all colleagues understand our aims and priorities	Our colleagues need to be kept informed about the issues that matter to our stakeholders and how they, as employees, can contribute to the success of our business.
Knowledge and learning	We want to capture the knowledge and learning generated by our colleagues to help us continually improve and run our business more efficiently.	
Innovation	We actively listen to and support our colleagues' ideas for new and better ways of running our business and bring those ideas into play as quickly as possible.	

Our engagement highlights

How we've engaged
Meetings
Forums
Facilitated events
Publications
Social media
Survey
Traditional media
Site visits
Conferences
Exhibitions

The 'Working Together' group ✓✓

Supports stakeholder issues: TOs and SOs: Delivering an effective programme of stakeholder engagement

We worked with National Grid and Scottish Power Energy Networks to establish a 'Working Together' group to act as "a means to pursue opportunities for enhanced communication to improve the overall level of service provided to customers and stakeholders within GB".

The group meets to generate informed discussion on outcomes from surveys and other engagement activities and to provide an opportunity for all parties to openly and frankly discuss progress in relation to improving overall customer and stakeholder satisfaction. The scope of the group includes:

- outcomes from surveys and other engagement activities
- development of shared action plans
- development of shared seminars, materials and other initiatives.

Outputs have included a commitment to improve communication with developers seeking network connections as well as, in response to stakeholder feedback, more information at National Grid Customer Seminars on Scottish Power Energy Network's and our own activities.

The 'Great Place to Work' survey ✓✓✓

Supports stakeholder issues: SHE Transmission employees: Ensuring that all colleagues understand our aims and priorities

Every year, across the SSE Group, we invite our colleagues to take part in the 'Great Place to Work' survey, the results of which are distilled into an Employee Engagement index which measures respondents' commitment to SSE – defined as the level of our colleagues' willingness to invest personal effort in the success of the business. The three key measures are:

- Say:** Strongly advocating the organisation
- Stay:** An emotional commitment to the organisation and a desire to stay
- Strive:** Providing sustained additional effort in line with organisational goals

Our colleagues' overall responses to all three of these key questions was scored as 'positive' (ie 5% or more greater than the overall score). An additional 40 detailed questions allow managers to better understand the opinions of their teams. All line managers receive a personalised report and must create and deliver an action plan aimed at improving their team members' scores.

Multi-channel communication

In 2013/14 we revitalised our internal communications by introducing a newsletter, telephone-based podcasts from our Director of Transmission and poster campaigns to highlight key activities. We also put in place specially designed tools to ensure that the SHE Transmission works efficiently and effectively, including 'lessons learned' and skills databases.

Assessment Criteria Key
✓ Outreach
✓ Innovative
✓ Embedded in our business
✓ Robust management
✓ Replicable

Key changes implemented

Bringing our work to life via film ✓✓✓✓

Supports stakeholder issues: Insert SHE Transmission employees: Ensuring that all colleagues understand our aims and priorities

With a large proportion of our colleagues working in office-based support functions, many staff members rarely have the chance to see at first hand the scale and complexity of the work we are undertaking to build new power lines and substations. The importance of helping people understand what our investment programme is all about contributed to our decision to commission a suite of videos which bring to life the story of our construction activity.

Short-term outcome

16 videos produced with topics including: key technologies we use; how we look after the environment; how we engage with communities; how we support local economies.

Long-term outcome

Videos will be promoted via social media and shared with a range of stakeholder groups in various forums.



Innovation community

Engineering and technology companies, academic institutions, business experts, other network operators

Applying innovation to meet new challenges	Key stakeholder issues in 2013/14	
In Transmission, the need for innovation is driven by a change in the demands being placed on our extra high voltage networks which, in turn, places an increasing and urgent demand on SHE Transmission to provide the capacity required for the development of renewable energy generation. Our innovation stakeholders are people and organisations with an interest in new solutions to these challenges who are working or wish to work with us, who are expert in areas relating to our business or who face similar challenges. To deliver benefits for both the innovation community and our own business, we aim to be accessible, approachable and facilitating.	Access to the right people	We want to hear from people in the innovation community who have relevant ideas, products or services – and they want to speak directly to the right people in our business.
	Visibility of ideas	Many innovation community members have specific ideas that they wish to promote to us and, similarly, we are seeking solutions to specific challenges. As well as looking for the right people, we are looking for the right ideas.
	Access to third party funding	Many European and UK funding streams require projects to involve several types of organisation including, for example, academia, commercial, public sector and SMEs. By engaging with the innovation community, we can identify opportunities for collaborative working to access such funds, leading to cost-saving or service-improving innovations for our business, as well as new business for innovation community stakeholders.

Our engagement highlights

Innovation ‘Speed Dating’



Supports stakeholder issues: Access to the right people; Visibility of ideas

In March 2014, a rapid-fire event, styled on social speed-dating, allowed 64 focused conversations to take place in a single day between representatives from our own business and companies involved in innovating for the energy industry.

Conceived by SHE Transmission, and organised in conjunction with the Energy Innovation Centre (EIC), the event (held in the new Power Networks Demonstration Centre) aimed to accelerate the development of innovative solutions to Transmission challenges.

Our colleagues provided advance notice of key challenges to which they were seeking solutions and the EIC ensured

that the delegates they were fielding represented a relevant range of technologies and approaches. Each participant rated each ‘date’ for compatibility and identified common ground and potential areas for innovation. Over the following month, each participant was contacted to assess what future innovation projects were worth pursuing and decisions will be made in Q1 of 2014/15.

Feedback from delegates was extremely positive:

- 94% of delegates said they identified potential innovation projects
- 100% enjoyed the event
- 100% were satisfied with the event overall

Improving our website



Supports stakeholder issues: Access to the right people; Visibility of ideas; Access to third party funding

In our Stakeholder Engagement Plan we committed to delivering improvements to our website to allow stakeholders to contact us more easily to discuss potential innovation projects and achieved this through:

- better navigation
 - a dedicated ‘Contact Us’ function
 - more details on our innovation projects and how individuals and businesses can get involved
- Stakeholder survey scores relating to our website were improved compared to last year.

Key changes implemented

Multi-terminal Test Environment



Supports stakeholder issues: Access to the right people; Visibility of ideas; Access to third party funding

It is likely that High Voltage Direct Current (HVDC) technology will be introduced in the next few years – an efficient alternative to traditional alternating current (AC) for transporting large quantities of electricity over long distances. One important aspect of the adoption of this in the UK is to ensure that the various technologies involved are compatible with each other.

In November 2013, SHE Transmission, together with National Grid Electricity Transmission Limited (NGET) and Scottish Power Transmission Limited (SPT), secured funding to establish a collaborative facility – the Multi-Terminal Test Environment (MTTE) – to support the planning, development and testing of HDVC.

Short-term outcome

We brought together a wide range of stakeholders in partnership and supporting roles, including Scottish Enterprise, ABB, Alstom, Siemens, Power Network Demonstration Centre (PNDC), Electric Power Research Institute (EPRI), University of Aberdeen, Imperial College London, University of Manchester, University of Nottingham, University of Southampton, University of Strathclyde and University of Warwick.

Long-term outcome

We are working with our partners to ensure we meet the final project direction agreed with Ofgem.

How we've engaged
Face to face meetings
Workshops
News releases
Attendance at conferences

Innovation targets

We run a programme called ‘Licence to Innovate’ which encourages colleagues to develop new ideas. This year, we implemented 21 ideas and surpassed our targeted annual savings threefold with £3.4m worth of savings realised.

Assessment Criteria Key
✓ Outreach
✓ Innovative
✓ Embedded in our business
✓ Robust management
✓ Replicable



Landowners

People or organisations in whose land our assets are situated or through whose land we must move

Making landowner agreements clear, equitable and fair

Landowners are an important group of stakeholders with whom we wish to positively engage. In our day-to-day business, we aim to comply with all the conditions of our agreements with landowners, to be responsible when working on their land and to be responsive to any concerns they may have regarding our activities or those of our contractors. Wayleaves – the means of providing rights for us to install and retain our wires and cables across private land in return for annual payments to the landowner – are a critical aspect of our engagement with this group.

Key stakeholder issues in 2013/14

Understanding wayleaves agreements	The Landowners' Forum has identified that the terms and conditions of wayleaves agreements are difficult to understand which can lead to misunderstandings and resources being taken up managing disputes.
Equitable payments	Through the Landowners' Forum we know that landowners want the payments we make for use of their land, and the associated terms and conditions, to be equitable. We want this too, so that we don't overpay (wasting our customers' money) or underpay (risking time consuming negotiations and potential legal challenges).
Contractor compliance with wayleaves agreements	Via the Landowners' Forum and direct discussions with landowners, we are told that contractors working on our behalf often fail to comply with the terms of wayleaves agreements.

Our engagement highlights

Working with Grantors: Our revised code of practice



Supports stakeholder issues: Understanding wayleaves agreements; Equitable payments; Contractor compliance with wayleaves agreements

In 2012/13, we issued a preliminary Grantors' Charter, a Code of Practice setting out the standards of care that landowners who have granted wayleaves can expect from us and people working on our behalf. We asked key stakeholders – in particular the two biggest landowner representative bodies in Scotland, the National Farmers Union Scotland (NFUS) and Scottish Land and Estates (SLE) – to review the charter and give us their feedback.

As a result, we developed a new publication, Working with Grantors, in 2013/14 as a collaborative publication, approved by NFUS and SLE.

The changes that were implemented following this engagement with NFUS and SLE focused on setting out more clearly who we are and what our equipment looks like. This will help landowners understand who, in our organisation, they should talk to about matters of concern.

Key changes implemented

Necessary Wayleaves



Supports stakeholder issues: Understanding wayleaves agreements; Equitable payments; Contractor compliance with wayleaves agreements

A Necessary Wayleave is a statutory right which confers powers on the licence holder to install their electricity lines and associated equipment on, over or under private land, to keep the electricity line there and to have access to that land for the purposes of inspecting, maintaining, repairing, adjusting, altering, replacing or removing the electricity line or equipment.

We generally attempt to negotiate a Voluntary Wayleave with landowners but, in cases where no agreement can be reached, we may opt for a Necessary Wayleave, as we are permitted to do under the terms of our Transmission Owner licence. In 2013/14, the Scottish Government carried out a consultation on Necessary Wayleaves.

We were closely involved in the development of this consultation with our legal team providing extensive input to key aspects of the proposal. And we were broadly supportive of the principles the consultation sought to establish, including the development of a standardised Necessary Wayleaves template to replace the individually written documents that have been used in the past.

Short-term outcome

The intention of the standardised agreement is to:

- increase the efficiency of the process
- decrease costs for Transmission Owners, wayleaves grantors and other stakeholders
- make the documentation easier for all stakeholders, including contractors, to understand.

Employing experts



Supports stakeholder issues: Equitable payments

To deliver our services in the most cost effective way, thereby minimising the effect on customer bills, we employed two specialists in 2013/14 – a Land Settlements Manager and an Acquisitions and Disposals Manager – after an assessment indicated that in-house provision would be more effective and cost-effective than out-sourcing.

Outcome

Our new colleagues provide expertise in assessing the impact of our infrastructure on land and property values, making it easier to agree equitable payments with landowners.

How we've engaged

One-to-one meetings with landowners, wayleaves grantors and their agents

Participation in the Landowners' Forum

Supporting Scottish Government's Wayleaves Development Manager

Assessment Criteria Key

- ✓ Outreach
- ✓ Innovative
- ✓ Embedded in our business
- ✓ Robust management
- ✓ Replicable



Statutory consultees

Historic Scotland (HS), Scottish Environmental Protection Agency (SEPA), Scottish Natural Heritage (SNH), Local Authorities, Transport Scotland and National Parks Authorities

Engaging with specialists to protect our environment

Statutory consultees are the organisations with whom we are required to consult when we propose developments to our network which may impact on the natural and built landscape, and on the wildlife whose natural habitat we are disturbing. By engaging with specialists in the associated fields we can ensure that we are treating our past, present and future with respect and due care and attention.

Key stakeholder issues in 2013/14	
Historic Scotland	
Awareness of historic issues	HS have asked us to approach historic environment issues with the same rigour and passion that we apply to the natural environment. We are equally keen to achieve this in order to reduce delays in the planning and construction phases of projects by ensuring adequate attention is given to historic matters from the outset.
Scottish Natural Heritage	
Species protection plans: developing best practice for construction projects	SNH have advised us that they'd like to share the knowledge we gained from our species protection work on the Beauly–Denny transmission line as they recognise that it represents best practice for construction projects.
Scottish Environmental Protection Agency	
Controlled Activities Regulations (CAR)	These Regulations govern activity around watercourses and are stringent and detailed. Ensuring compliance requires substantial resource from ourselves and SEPA, who enforce the Regulations, and discussions have confirmed that we are both keen to make the relevant processes and procedures quicker and easier.

Our engagement highlights

Preserving General Wade's Road ✓✓

Supports stakeholder issues: **Historic Scotland: Awareness of Historic Issues**

Following the failed Jacobite rebellion of 1715, General Wade was sent to restore order in the Highlands and is famed for building 250 miles of road which are now part of the fabric of Scotland's cultural and historical landscape. During the Beauly-Denny transmission line build we uncovered several stretches of road, lost for hundreds of years. We worked closely with local authorities and specialists, including Northlight Heritage, to both investigate and preserve this find.

Enhanced awareness of archaeology ✓✓✓

Supports stakeholder issues: **Historic Scotland: Awareness of Historic Issues**

When building any new infrastructure, we need to have an archaeologist on site for areas with known archaeological remains. However, in some places there is 'unknown archaeology' where the history or landscape suggests there may be archaeology that has not yet been uncovered. Although it is not a legal requirement, to ensure we do not damage what may be a significant find, we choose to always have an archaeological consultant on site who can halt operations if archaeology is discovered.

Key changes implemented

SNH: Species Protection Plans ✓✓✓✓

Supports stakeholder issues: **Scottish Natural Heritage: Species protection plans: developing best practice for construction projects**

Species protection plans determine how an organisation will carry out work in areas where certain designated animals and plants are present, to avoid causing them harm. We have worked with SNH to develop a number of these plans and included them in our construction handbook for the Beauly-Denny project, covering otters, badgers, bats, pine martens, wild cats, freshwater pearl mussels, red squirrels, water voles, reptiles and birds. These plans will be used for all our future construction projects.

Controlled Activities Regulations (CAR) ✓✓✓✓

Supports stakeholder issues: **Scottish Environmental Protection Agency: Controlled Activities Regulations (CAR)**

Regulations to avoid any negative impact of construction on watercourses are typically based on watercourse characteristics which vary little from day to day or across the seasons. However many of our projects take place in areas where there is huge variety – wild torrents after rain or as snow melts but only a tiny trickle of water in a dry summer. As a result, compliance with CAR is extremely challenging, but failure to comply can result in sites being closed down.

Outcome

We shared our plans with Scottish Power Transmission who have recognised our species protection plans as best practice and have adopted them for use in relation to their own transmission construction plans.

Short-term outcome

In close consultation with SEPA, we developed our own procedures which have been approved by them. Our new procedures apply the values of CAR but are tailored to the types of watercourse we most commonly encounter.

Long-term outcome

We intend to share our learning and procedures with other organisations that work in similar terrain.

Regional projects meetings

To complement our project-specific meetings with statutory consultees, we have, at their request, instigated regional project meetings which bring together statutory consultees to discuss matters which span multiple projects occurring in the same area.

“The Beauly to Denny project has given us a unique opportunity to examine the Wade road network in considerable detail... This has provided a much more solid, evidentiary basis of our understanding of how it was constructed, and where and why different approaches to the building of the road, or the materials used in its construction, may have been adopted.”
Dr Alan Leslie,
Northlight Heritage

How we've engaged
Regular bilateral meetings
Site visits

Assessment Criteria Key
✓ Outreach
✓ Innovative
✓ Embedded in our business
✓ Robust management
✓ Replicable



Supply chain participants

Main contractors, small businesses

<p>Working collaboratively to deliver efficiently</p> <p>We have identified supply chain issues as being key to the timely and cost efficient delivery of our investment programme. We have a shared interest in developing and maintaining a healthy, competitive supply chain and will engage with appropriate stakeholders – from those delivering multi-million pound projects on our behalf to those providing services at a local level – to help us work effectively together to achieve this.</p>	<p>Key stakeholder issues in 2013/14</p>	
	<p>Keeping costs down</p>	<p>Costs relating to our transmission infrastructure projects are passed to the people who pay electricity bills. We have a responsibility to keep those costs as low as possible and will maximise our relationship with supply chain stakeholders to achieve that.</p>
	<p>Resource availability</p>	<p>Our investment in new transmission infrastructure coincides with a high level of similar activity in many other countries which means that there is a global market for the skills and materials required for this work. As we are relatively small players in a market where demand at times outstrips supply, we could face delays and extra costs if we cannot secure the right staff skills and resources at competitive prices.</p>
	<p>Contractor safety</p>	<p>The SSE Contractor Total Recorded Injury Rate (TRIR) is 0.58, over five times the rate for the SSE Group. This is a matter of concern to us as we are currently responsible for more contractors than any other part of the SSE Group.</p>
	<p>Tender process concerns</p>	<p>Our qualitative research in 2012 showed that supply chain participants were the least satisfied of the stakeholder groups surveyed. Of particular concern was their lack of certainty over projects put out to tender, based on experiences where suppliers had submitted tenders for projects that were subsequently withdrawn.</p>

Our engagement highlights

An engaging academic approach to managing project risks ✓✓✓

Supports stakeholder issues: Keeping costs down; Resource availability

Major construction projects are delivered on our behalf by a number of main contractors and we agreed with them that it would be helpful to apply some academic rigour to risk identification and mitigation. To achieve this, we employed two University of Strathclyde professors to facilitate a Risk Workshop using their specialist Group Explorer system which allows concerns to be raised anonymously and to be discussed in a constructive, non-confrontational way.

During the workshop, a risk map was produced that contained 183 risk statements, structured around eight risk themes and establishing 286 links between the risks.

Interim outcome

As a result of the workshop, we identified 32 possible actions against those risks that were believed to have the most significant effect on the success of our future projects.

Long-term outcome

We will review in depth the possible actions and implement those which offer the most efficient way of managing risks.

90% of attendees found the day beneficial and said they were 'very satisfied'.

Key changes implemented

Open4Business ✓✓✓✓✓

Supports stakeholder issues: Keeping costs down

Open4Business is an SSE Group initiative that provides a platform for us to promote transmission business opportunities originating in the region, and allows local suppliers to view SSE opportunities, register as a supplier and respond to notices free of charge. Users of the site can advertise their own opportunities (including subcontracting work for SSE projects) to the local supplier base. The site, which also connects to other regional supply chain initiatives, is promoted via a range of media including social media and local events.

Outcome

31 opportunities advertised, nine contracts awarded totalling £190k.

Standardising safety expectations ✓✓✓✓

Supports stakeholder issues: Contractor safety

In 2013/14, we adopted a new Safety, Health and Environment Specification document to provide a baseline for all our contracts with regards to expectations on safety, health and environmental considerations. Feedback from contractors, including via specialist safety forums, has been very positive.

Frameworks for sustainability ✓✓✓✓

Supports stakeholder issues: Resource availability, Keeping costs down, Contractor safety

We have established a new framework approach for the delivery of the some of the major works which form our investment programme.

Outcome

Joint ventures appointed under framework approach are committed to:

- ensuring the necessary material and human resources are available
- providing a training and development plan that shows that local communities will have a legacy of skills as a result of the projects
- supporting community initiatives by donating time, skills or other resources
- promoting all subcontracting opportunities through our Open4Business portal
- demonstrating their unerring commitment to environmental and safety matters.

- How we've engaged**
- Meetings
 - Forums
 - Facilitated events
 - Publication of quarterly Major Transmission Projects Update
 - Survey
 - Exhibitions

Assessment Criteria Key
✓ Outreach
✓ Innovative
✓ Embedded in our business
✓ Robust management
✓ Replicable