

May 2016

SHE Transmission Submission Document Part 2:

Part 2: Outcomes and Outputs

2

Ofgem Stakeholder
Engagement
Incentive Scheme

2015/16



**Scottish and Southern
Energy**
Power Distribution

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Introduction

I am pleased to introduce this publication, demonstrating SHE Transmission's stakeholder engagement activity for 2015/16.

This report represents the third stakeholder engagement report we've submitted to Ofgem since the introduction of the RIIO-T1 price control. Looking back over that period to the present day, I believe we've come a long way, making a number of changes that allow our stakeholders' views to be heard and acted upon at all levels within our business.

The following pages set out our engagement activity for 2015/16, the resulting changes we've implemented and the benefits or anticipated benefits we expect to deliver. Illustrated in the table below are some of our highlights – the most significant engagement activities that have led to change in our business.

This year we've continued with our three tiered approach, focussing on the key issues affecting our stakeholder groups on an operational, organisational and strategic basis.


We've engaged extensively with contractors to improve our approach to working safely on our construction sites; worked constructively with a range of organisations to help mitigate the visual impact of some of our assets; and improved our communications offering with the introduction of our award winning quarterly newsletter, OpenLines.

Recognition from the utilities industry was the culmination of the progress we've made over the past year as we were shortlisted for the Utility of the Year Award by Utility Week. However, despite making significant strides in recent years, we realise there is more to be done if we are to live up to our new service standard, agreed by our parent company, SSE plc – 'to put the current and future needs of our stakeholders at the heart of everything we do'.

Looking ahead to 2016/17 there are a number of fundamental changes on the horizon that should further embed stakeholder engagement within the core principles and priorities of SHE Transmission.

Perhaps the most ground breaking of those changes will be the introduction of a Stakeholder Advisory Panel, representing what should be a revolutionary change to the way in which we involve stakeholders in our most important decisions.

Once established later in 2016, the Advisory Panel will become a vital check on our activities, helping to review and monitor our performance year-on-year. It should also ensure that stakeholders are properly embedded within our company's decision making procedures, creating a direct link between the outside world and the highest levels of management within SHE Transmission.



Dave Gardner
Director of Transmission



Our top six engagement highlights

Strategic Engagement

Scottish Islands Renewable Delivery Forum

To support the development of renewable energy on Scottish islands, we're working with stakeholders to quantify the economic opportunities available

Measuring economic, social and environmental impacts

Informed by stakeholders, our Sustainable Commercial Model helps calculate the value of the social, environmental and wider economic impacts of transmission line developments

Organisational Engagement

Land Rights Assembly

We've worked with landowners and representative organisations to agree new guidance for fair and balanced landowner compensation payments

Outreach for engagement on safety

Extensive engagement with our Principal Contractors is evolving our approach to safety

Operational Engagement

Contractor safety fora

Our quarterly contractor safety fora are supporting our number one priority – keeping colleagues and contractors safe

Working together for improvement

Engaging regularly with the other Transmission Owners is helping to identify common issues affecting our stakeholders and how we can address them in a coordinated way

In our Submission last year we said we would move to an issue-based approach to engagement. However, feedback from the Expert Panel last summer suggested that the stakeholder group approach was well-regarded, and that there were other, more pressing improvements to be made in how we structure our engagement. Taking this on board, we decided to continue structuring our core engagement activities around our stakeholder groups.

Our stakeholder groups are:

Principal Stakeholders

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

Community Stakeholders

Communities
Consumer groups
Elected representatives
Local authorities

Significant stakeholders

Innovation community
Non-governmental organisations
Scottish Power Transmission

Other stakeholders

Energy suppliers
Media

***Ensuring activities are rewarded only once** The engagement activities we have undertaken are described in more detail throughout this report. We are conscious that we should not seek recognition through the Stakeholder Engagement Reward for activity that is rewarded elsewhere. Where we refer to results that may be rewarded in other incentives, for example our stakeholder engagement satisfaction survey, we make that clear.

Embedding engagement in our business

Our framework for engagement

This year we have made good progress in embedding engagement in our business. By implementing a clear framework for engagement – our three-level approach – we are now engaging effectively right from the biggest issues our business faces – like how we keep bills as low as possible – to local issues that affect our customers' everyday lives. By doing that we will make sure that we deliver on our RIIO-T1 Business Plan commitments in a way that is responsive to the changing needs of our stakeholders.

Level of engagement	Our means of engagement	Status	Delivered by
Strategic	SSEPD Stakeholder Advisory Panel (due in 2016) • Review and challenge in relation to RIIO-T1 delivery	Due in 2016	SSEPD Board Stakeholder Engagement Team
	Bilateral and multilateral activities • Engagement with Scottish and UK governments and with the European parliament, and on issues involving high level multi-organisation groups	Ongoing	
Organisational	Issue-based engagement (ongoing) • Engagement with national organisations and regional bodies such as local authorities	Ongoing	Networks Leadership Team Subject matter experts Stakeholder Engagement Team
Operational	Issue-based engagement • Engaging with individuals and organisations on specific operational matters, including safety and environmental matters	Ongoing	Heads of Business Project liaison team
	Local engagement • Engaging to ensure that our investment projects are delivered in a way that meets the needs of both SHE Transmission and local stakeholders	Ongoing	(with support from the Stakeholder Engagement Team)

Our three levels of engagement

We shape our engagement with each of our stakeholder groups around three levels of engagement:

Strategic Engagement

Scottish Hydro Electric Transmission is a licensed Transmission Owner in Great Britain. In order that we play our part in the energy industry effectively it is important that we actively engage on a number of issues of national and international importance. Our Strategic engagement concentrates on engagement with Scottish and UK governments and with the European parliament. Outcomes of our Strategic engagement are typically affected via changes to primary or secondary legislation or via licence changes.

Organisational Engagement

Our business is involved in activities which affect, or require input from, a large number of organisations. Our Organisational engagement focuses on engagement with national organisations and regional bodies such as local authorities. Outcomes of this engagement are typically delivered via new working practices, policies or procedure.

Operational Engagement

Our day to day activities involve a wide range of stakeholders and our focus here is to engage effectively with communities, customers and

contractors. Our Operational engagement activities will often have outcomes that affect how we provide services to customers and how we work with communities as we invest in the electricity transmission network.

Going beyond business as usual

We are conscious that much of our day to day business is reliant on effective stakeholder engagement – gaining planning consent for infrastructure for example. We do not include such activities in this document; rather we report on activity that is 'beyond business as usual', which we define as being outside our core regulated activities.

Our principles of engagement

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.

Communities and elected representatives

Residents Community Councils Local Businesses Elected Representatives

Key issues

Economic development

We aim to operate sustainably, and wish to ensure that our construction programme and business as a whole leaves a legacy of social and economic benefits for local areas that host our assets.

Project engagement

Delivering a large portfolio of projects across the north Scotland requires a consistent approach to project engagement, ensuring communities are able to make informed decisions based on accurate visual information.

Strategic Engagement

Measuring economic, social and environmental impacts

SHE Transmission has established a 'Sustainable Commercial Model' ('the Model') for transmission line developments. Its development involved input from an Advisory Board consisting of senior stakeholders from academia, government, and accounting organisations, and included consultation with over 3,000 local, national and international stakeholders. The Model provides an analytical framework to quantify the value of the social, environmental and wider economic impacts of transmission line developments.

The Model was originally developed by using the key decisions relating to our Beaulieu-Denny transmission line which was commissioned in November 2015.

Activity this year

In 2015/16 we began to apply the methodology to a number of current and future projects. We also share our learning on this matter through a dedicated forum which includes other utilities and wider industry participants.

In autumn 2015, the Sustainable Commercial Model won the large business category of the Finance for the Future Awards. The judges said:

"SHE Transmission's holistic approach to measuring the total social, environmental and economic impacts of major capital projects impressed the judges, along with the visible

leadership from both the Finance Director and Group Sustainability Accountant.

"They were also able to demonstrate how the process had influenced decisions in practice to drive better outcomes for the business, environment and their local communities"

At the same awards, Dr George Cobb, SHE Transmission's Group Sustainability Accountant who led the development of the Model was recognised as 'Finance Leader of the Future' for his work on the Model.

Outcomes and benefits

- capital can now be allocated to the best value solution which doesn't just meet financial return requirements, but which also provides societal and environmental benefits
- compensation for 'mitigation measures' can be measured and financially quantified, so that customers' money used for these projects is being spent on the areas which matter most to communities and the environment
- SHE Transmission has now started to apply this methodology to current and future projects. Using this methodology, it is possible to implement a project which may have higher costs if it can be demonstrated there will be improved social and environmental outcomes

Organisational Engagement

Trialling 3D visualisation technology

In order to build electricity lines, substations and other assets to meet future electricity demand, we must provide sufficient information to communities so they can make an informed decision on each of our proposals.

Traditionally we've relied on lower cost options, such as line diagrams and 2D maps to illustrate where our infrastructure will be located if consent is granted. However, recognising there could be more effective options for public engagement, we are exploring the potential use of 3D technology to provide better representations of new infrastructure. We expect to trial the chosen technology on a live project by winter 2016/17 which will allow us to evaluate the benefits to stakeholders.

Activity this year

As part of the trial, we will be inviting community stakeholders to consultation events and using their feedback, along with the views of Statutory Consultees, to determine how and if we use the technology on future projects.

We anticipate the use of such technology on our projects will be assessed individually against set criteria, for example size, cost or proximity to communities, to ensure the benefits outweigh the costs.

To see how we are also engaging Statutory Consultees, please go to page 8.

Outcomes and benefits

- Increased transparency and confidence in how our assets will look in the local environment once built, enabling stakeholders to take a more informed view of our projects
- Vulnerable or hard-to-reach stakeholders who may be less engaged with written consultations may find it easier to have their say having been provided with high quality, accessible, 3D visualisation of the proposals

Operational Engagement

Improving compensation payment

SHE Transmission is the only Transmission Owner to pay compensation directly to customers who are affected by a prolonged power cut caused by a problem on its transmission network. In 2014/15 we involved over 300 stakeholders (who had experienced such a power cut) in a full review of the process involved in paying compensation to customers. As a result we introduced a range of changes to help speed up payments, and we committed to undertaking a survey next time we make compensation payments to assess how effective those process changes have been.

Update

Prolonged power cuts on Transmission networks are infrequent occurrences. There were no such power cuts on our network in 2015/16 and we therefore did not undertake research on the effectiveness of our process changes. We remain committed to doing so should an event of this type occur in future.

Developers and trade bodies

Developers of generation Representatives of Developers

Key issues

Keeping developers informed

Our stakeholders have asked us to provide 'more contact' and 'more communication' around our project and business activities.

Orkney Islands

Understanding different generation scenarios on Orkney and the implications for the transmission network

Strategic Engagement

Facilitating connections on Orkney

The Scottish islands harbour some of the most favourable conditions in Europe for the generation of renewable electricity, particularly wind, wave and tidal technologies. Although the islands are ideally placed to accommodate the development of renewable energy schemes, the complexity around consents, subsidies and the cost to build and connect to the electricity network poses significant challenges.

The amount of renewable generation that can be exported from the Orkney Isles is limited by the capacity of two 33 kilovolt subsea cables that connect Orkney to the Scottish mainland grid. Presently the network is operating at full capacity and is unable to accommodate any new renewable energy projects unless the existing infrastructure is reinforced by a distribution and/or transmission upgrade.

The need for a transmission reinforcement between Orkney and the Scottish mainland has, in recent years, been driven principally by formal applications for connection from the developers of marine projects, both wave and tidal. In addition there has been a significant interest from small onshore wind projects.

Activity this year

To establish the potential volume of wind projects and following discussion with Scottish Hydro Electric Power Distribution (SHEPD), developers and Orkney Islands Council a new connection application process was introduced. This mechanism encouraged early engagement from prospective developers so a coordinated reinforcement programme could be established. When considered alongside marine generation, by adopting this process we've strengthened the case for reinforcement.

Together with SHEPD, we pro-actively engaged developers in a series of bi-lateral meetings and workshops on Orkney. This resulted in SHEPD receiving 63 applications to join the proposed consortium, which totals 435MW in capacity. These applications are currently in quote process with SHEPD and offers are due to be issued in summer 2016.

Stakeholders involved

- Orkney Islands Council
- Developers
- SHEPD
- Scottish Government
- Ofgem
- Orkney Renewable Energy Forum (OREF)
- Community Energy Scotland
- Local Energy Scotland

Outcomes and benefits

- Giving generation developers the certainty needed to make investment decisions, which in turn will allow SHE Transmission to develop a robust Needs Case for a transmission link between Orkney and the Scottish mainland

Organisational Engagement

Award-winning communication

In autumn 2014, we conducted our annual stakeholder satisfaction survey*, 26% of the respondents to which were developers. Whilst 90% of SHE Transmission stakeholders were satisfied with our communication, stakeholders suggested that 'more contact' and 'more communication' were areas where we could improve, and 96% supported the idea of a newsletter.

Activity this year

In response to this feedback, in September 2015 we launched 'OpenLines'. As the name suggests, we wanted to create an inclusive community through a regular channel of communication, where people are able to easily share ideas and knowledge, in turn helping to improve collaboration and shared learning across the transmission industry.

In particular, we wanted OpenLines to:

- Increase stakeholder confidence in our commitment to change the way we operate in line with our stakeholders' expectations
- provide more regular and relevant information on SHE Transmission and wider issues affecting the sector and improve knowledge and understanding of the challenges facing the industry and background as to why certain decisions are made

- ensure stakeholders have an easy avenue to get in touch and feedback their views on how we are performing
- provide a more personalised approach to communication as opposed to a more corporate voice.
- ensure hard-to-reach stakeholders are kept informed of our activities

Question	Stakeholder score
Was the information provided in this newsletter useful and relevant to your interests?	86%
Please rate the overall look and feel of the newsletter.	90%
How easy was it to find your way through the different sections?	82%
Please rate the quality and usefulness of our videos.	72%
Overall, how would you score this newsletter?	86%

Institute of Internal Communication Scotland: Best e-zine

In March 2016 we were delighted to hear that OpenLines was the winner of its category ('Best E-Zine') in the annual Scottish Institute of Internal Communication Scotland Awards. We were particularly pleased to receive this award as it specifically recognises the appropriateness of the balance between style and content; the quality of writing, imagery and design; and, most importantly how effectively OpenLines meets the needs of the audience.

Outcomes and benefits

- More regular and relevant information on SHE Transmission and wider issues affecting the sector will improve knowledge and understanding of the challenges facing the industry and background as to why certain decisions are made.
- Stakeholders have an easy avenue to get in touch and feedback their views on how we are performing.
- Hard-to-reach stakeholders are kept informed of our activities

* Part of the Stakeholder Satisfaction Incentive

Industry regulators and political stakeholders

Ofgem
European Parliament
UK Government
Scottish Government
Electricity Networks
Strategy Group

Key issues

Delivery of large infrastructure projects

Developers want to know when transmission infrastructure will be developed and the effect that has on bringing new renewable energy generation to market

European energy policy

Establishing an internal energy market and supporting the European energy and climate agenda

Strategic Engagement

Scottish Islands Renewable Delivery Forum

As Transmission Owner, SHE Transmission plays an important role in supporting the development of renewable energy generation schemes on Scottish islands.

The development of renewable generation schemes on outlying Scottish islands, which have some of the best wind resource in Europe, is hampered by a number of factors including the high cost of construction of both generation and grid infrastructure of such assets in such remote locations. The Scottish Islands Renewables Delivery Forum has been established to address the issues which have prevented the delivery of the huge renewable energy potential of the Scottish islands. The Forum is co-chaired by the Scottish and UK governments and includes in its membership key decision makers from industry and the public sector.

Activity this year

This year, our key participation in this forum has been as a key contributor to an independent and authoritative analysis of the estimated potential economic value of large-scale renewable electricity projects on the Scottish islands, specifically the Western and Northern Isles.

Economic Opportunities of Renewable Energy for Scottish Island Communities Published in March 2016, the report, carried out by expert consultancy Baringa, provides new independent analysis that quantifies the economic opportunities available to

the Scottish islands from further deployment of renewable energy.

The report states that with appropriate investment in grid infrastructure and generating assets, renewable energy deployment on the Scottish Islands could grow rapidly to 1 gigawatt by the early 2020s with potential for a further 1.4 gigawatts by 2030. Delivering this increased level of deployment could result in:

- Economy benefits up to £725 million (gross value added) for Island economies from 2015 to 2040 as a result of construction and operation of renewables generation
- Of this, community benefit payments totalling up to £230 million from owners of renewable energy projects direct to local communities
- This boosts Island economies by up to £83 million a year in the peak development phase or an additional 5% increase in the Islands' economic output
- In addition, ownership revenues totalling up to £390 million for local communities by 2040 with equity stakes in Island generation projects – producing a valuable income stream for Island communities of up to £43 million a year at peak
- Extra employment with up to 2,000 jobs created in the respective peak development phases of renewables projects across the Scottish Islands
- Greater network capacity that would cut grid constraints costs by (i) increasing income to existing wind developments – worth in the Orkney Islands alone £2.7 million annually – and (ii) greatly reducing the fuel element of the Shetland cross-subsidy.

Outcomes and benefits

The findings of the report have provided key decision makers within the UK and Scottish Governments with valuable economic information which can be factored into decisions about the provision of subsidies to support the development of renewable generation on Scotland's Western and Northern Isles. Those decisions will be central to whether or not the renewable energy potential of the islands can be realised.

Strategic Engagement

Supporting the development of a European Energy Union

ENTSO-E

SHE Transmission is a member of ENTSO-E, the European Network of Transmission System

Operators for electricity. ENTSO-E is established under primary European legislation, and in addition to undertaking required functions, aspires to being the professional body to which European and national policy makers, regulators and market participants turn for competent guidance. It prepares proactive proposals and objective assessments for technical, market and policy issues related to the European electricity systems. It interacts with power system users, EU institutions, regulators and national governments.

ENTSO-E has a statutory role in the development of the European Network Codes that are fundamental to an Energy Union. SHE Transmission has contributed to the development and implementation of the codes in Great Britain (Network Code HVDC in particular) through the UK Joint European Stakeholder Group (JESG).

Activity this year

SHE Transmission is a consortium member in the PROMOTioN HVDC research and innovation project launched in January 2016 and is partially funded by the EU under its Horizon 2020 programme.

The four year project aims to develop and demonstrate three specific technologies that are key to the evolution and cost reduction of meshed HVDC grids and a single European energy market.

A regulatory and financial framework will also be developed for the coordinated planning, construction and operation of integrated offshore infrastructures, including an offshore grid deployment plan (roadmap) for the future offshore grid system in Europe.

The consortium partners intend to hold a series of stakeholder workshops and events to ensure that knowledge and experience beyond that of partners is incorporated, and that the knowledge sharing obligations associated with EU funding are fulfilled.

Outcomes and benefits

By playing its part in the work of ENTSO-E, SHE Transmission contributes to the development of a European Energy Union, and through the JESG, supplements engagement with non-ENTSO-E members in the UK.

Through its participation in the PROMOTioN project, SHE Transmission will assist the development of technologies key to facilitation of a single European energy market.

Industry colleagues

SHE Transmission employees Transmission Owners System Operator

Key issues

Industry collaboration

We believe, where appropriate, that solutions and new ways of working more effectively should be shared across the Transmission industry for the benefit of stakeholders across Great Britain.

Future Energy Scenarios

We also need to work well together to share information and plan for the future of the Transmission system in GB.

Stakeholder service

We have redefined our Service value to emphasise the central role of customers across all SSE's businesses so that we 'put the current and future needs of customers at the heart of everything we do'.

Strategic Engagement

Future Energy Scenarios

National Grid Electricity Transmission (NGET) in its role as System Operator each year publishes its UK Future Energy Scenarios document. This annual publication describes the System Operator's new analysis of credible future energy scenarios out to 2035 and 2050. The Future Energy Scenarios help Government, customers and other stakeholders make informed decisions.

We engage extensively with NGET in the development of Future Energy Scenarios, through a series of meetings and via consultations and seminars, to contribute to continual improvement in the quality of analysis that feeds into the scenarios.

Our role in helping shape the Future Energy Scenarios focuses on sharing data relating to the extent, nature and location of generation for which we have received applications for connection to our network.

Activity this year

This year we were able to contribute even more effectively to the 2016 Future Energy Scenarios publication. Our additional input was made possible because we have instigated a programme of tri-partite meetings with developers seeking connection for generation in the north of Scotland, in which SHE Transmission, National Grid

Electricity Transmission and the developer meet in advance of the formal connection application and during the post contractual process.

Outcomes and benefits

- We are able to understand in greater detail than ever before the nature and timing of the development and any additional factors such as planning consent and Contract for Difference subsidies that may affect its journey to completion.

Organisational Engagement

Transmission Owners and System Operator working together to deliver effective engagement

National Grid Electricity Transmission, SP Energy Networks and SHE Transmission have established a Working Group to share best practice on stakeholder engagement. Key activities and outcomes are summarised here and described in more details in the TO/SO Joint Appendix.

1. Engagement for a sustainable supply chain

Sharing best practice on ensuring smaller and local businesses have equal access to business opportunities

Outcomes: National Grid Electricity Transmission progressing a similar system

2. Coordinating communications

How best to coordinate stakeholder communications on matters of common interest

Outcomes: Links established between TO and SO communications teams to minimise clashes and maximise the opportunities for stakeholders to get involved

3. Maximising benefits from stakeholder surveys

Ensuring that annual stakeholder satisfaction surveys are undertaken in a coordinated manner.

Outcomes: Each TO's annual stakeholder surveys references the others Plans in place for additional common questions in future years to improve usefulness of survey data.

4. Improving the Customer Connection Experience

Providing a better experience for customers applying to connect to the transmission network.

Outcomes: The teams have adapted the approach to providing information to connecting parties at regular events. Quarterly reports are now published on TO websites to provide information on network reinforcements.

Operational Engagement

Winning Service: Involving everyone in SHE Transmission

In 2014/15, with the backing of the SSEPD Board, we completed a business-wide training programme for all employees in SHE Transmission to help colleagues play their part in making sure that SHE Transmission delivers the very highest service for our stakeholders. 90% of colleagues took part in our 'Winning Service' programme delivered jointly by the SHE Transmission Stakeholder Engagement team and the SSE Group Training and Development team.

The training helped colleagues;

- Understand the concept of stakeholder service and its importance for SHE Transmission
- Develop an appreciation of what good stakeholder service looks like for SHE Transmission
- Identify over-arching service improvements that SHE Transmission as a whole can deliver

The course had a significant impact on staff knowledge and understanding of the importance of good stakeholder engagement to SHE Transmission, including a 33 percentage point increase in staff understanding of what good stakeholder service is and a 22 percentage point increase in understanding the benefits of good service.

Activity this year

Examples of changes implemented in 2015/16:

1. Our Future Networks innovation department and Caithness-Moray project team have launched newsletters, keeping stakeholders updated with key construction dates and new technologies that we're developing.

2. Generation developers now have the option to submit feedback via post application meetings on their experience of the connections process, helping us to identify areas for improvement.

3. Our 'NetBus' travelled to dozens of sites throughout the north of Scotland to promote our safety culture to contractors, increase on-site safety performance, and provide feedback to our safety team.

Outcome and benefits

- Over 25 action plans produced from each business department, designed to improve performance and better meet our customers' needs.

Innovation community and landowners

Engineering and technology companies

Academic institutions

Business experts

Other network operators

Key issues

Access to the right people and visibility of ideas

It's important that SHE Transmission colleagues can make contact with organisations who may have solutions to challenges they face

Equitable payments

Landowners want the payments we make to them for use of their land, and the associated terms and conditions, to be equitable

Organisational Engagement

Innovation speed dating

In March 2014, in conjunction with the Energy Innovation Centre, we ran a rapid-fire event, inspired by social speed-dating to match innovative solutions to SHE Transmission challenges. At the event 64 focused conversations took place in one day.

Activity this year

Several strands of innovation opportunity were pursued as a result of the speed-dating event and in 2015/16 a number of projects inspired by the event were progressed.

Outcomes and benefits

The Projects that we have decided to take forward cover a range of technologies:

- a sophisticated multi-channel weather prediction system
- spotting faults on our equipment before they cause problems (known as partial discharge monitoring)
- understanding the thermal characteristics of cables laid in peatland¹
- IT solutions to make the most of data on our systems relating to our Distribution business²

¹This project has now been established as a Networks Innovation Allowance Project

²Colleagues whose responsibilities span our Transmission and Distribution businesses identified the opportunity to apply a technology to our Distribution business, an example of how we are engaging in a way that maximises the benefits for stakeholders.

Organisational Engagement

Optimising electricity submarine cable protection

With substantial amounts of renewable energy generation expected to connect over the next few years, the installation of electricity submarine cables within certain parts of our transmission license area looks set to rise.

Following feedback from marine stakeholders during the construction of the Kintyre-Hunterston project and comments from Marine Scotland on SHEPD's electricity submarine cable consultation, we're leading a project to assess the environmental implications of cable protection methods on the marine environment.

With stakeholders (SHEPD, Marine Scotland, fishing associations, Renewables Grid Initiative, and the Scottish Association for Marine Science) we're applying to the Natural Environment Research Council for funding worth £200,000 and have already passed an initial assessment. Typically, electricity submarine cables are protected by either narrow trenches or by rock dumping. Though these methods represent an increase in installation costs, they may also offer environmental, social, and economic benefits, which are currently not well defined. The proposed research will result in better understanding around the costs and benefits, identifying 'best practice' to optimise cable laying and decision making.

Outcomes will be shared with The Crown Estate and the fishing and utilities industries to inform a common 'best practice' approach to electricity submarine cable protection that is both cost effective for consumers and environmentally sustainable.

Outcomes and benefits

- collaboration between SHEPD and SHE Transmission with regulators and academia should ensure consistent decision making across transmission and distribution electricity submarine cable projects, with the potential to be expanded to other transmission and distribution projects across Europe
- working with fishing organisations to ensure our cable protection procedures are sensitive to their industry and their views

Strategic Engagement

Land Rights Assembly

Engaging on Land Rights to create a robust legal basis for the SHE Transmission network.

Why

In 2015/16 we undertook an extensive engagement programme to reduce the uncertainty of landowner compensation costs over the RIIO-T1 price control.

Background

Sometimes we request access to land to carry out maintenance checks, repairs or to build new assets on our network. In the past we've used annual wayleaves payments to compensate landowners. Over a period of years however, landowners are becoming more likely to convert their annual wayleaves payment into a one off lump sum. To accommodate increasing demand for this different means of payment, we've engaged landowners to produce our Land Rights Assembly guidance, delivering better value for money and greater clarity on anticipated costs.

How we engaged

We have engaged with a range of stakeholders through the Scottish Electricity Wayleaves Forum:

Phase 1 April 15 – October 15

Learning and engaging with Colleagues

We discussed different approaches to Land Rights assembly with other Transmission Owners and conducted other research.

Phase 2 November 15 – March 16

Stakeholder Engagement through key Industry Representatives

We reviewed our draft Land Assembly Guidance for New Electricity Transmission Infrastructure with National Farmers Union – Scotland and Scottish Land & Estates..

Phase 3 April 16 – Ongoing

Broader Stakeholder Engagement

We will engage with a variety of stakeholders through written consultation and face to face workshops.

Phase 4 2016/17 onwards

We will apply our new Land Assembly Guidance to all transmission projects so that land agreements are fair, balanced and robust for landowners and reduce annual costs to the consumer.

Outcomes and benefits

- Reducing costs to the consumer via annual wayleave payments while fairly compensating landowners

Statutory Consultees

Historic Scotland
Scottish Environmental
Protection Agency
Scottish Natural Heritage
Local Authorities
National Park Authorities

Key issues

Reducing the visual impact of our assets

Some of our assets are located next to National Parks and National Scenic Areas. We are working with stakeholders to mitigate this impact.

Illustrating our projects before construction

We want Local Authority planners and communities to see accurate depictions of how our infrastructure will look once built to make informed judgements on our planning proposals.

Conserving the marine environment

With the potential to connect more islands to the mainland Transmission system over the coming years, we are working with organisations to understand how to minimise our footprint.

Strategic engagement

Visual Impact of Scottish Transmission Assets (VISTA)

With stakeholders and landscape architects, we have been assessing the visual impact of our infrastructure within National Parks and National Scenic Areas. Together we have identified sections of our network which jar with the natural landscape; and developed ways to remove, reduce and divert attention from the infrastructure. We have also created a shortlist of visual impact mitigation proposals for our infrastructure in these designated landscapes.

This learning has been included in our policy and methodology to ensure selection of best value projects to improve visual amenity.

In partnership with the distribution business, we have been drawing stakeholder attention to their scheme for reducing the visual impact of their infrastructure so that the two schemes can work together to maximise improvements in visual amenity.

Stakeholders involved

- Local Authorities
- National Park Authorities
- Scottish Government
- SNH

- Historic Environment Scotland
- Forestry Commission Scotland
- Landowners
- SP Energy Networks in Loch Lomond and Trossachs National Park
- SHEPD

Outcomes and benefits

- Co-creation of a policy and methodology to ensure selection of best value projects to improve visual improvement amenity
- Creation of visual impact mitigation plans which we will propose to Ofgem for consideration under the fund to reduce visual impact
- Maximising visual amenity by highlighting scheme to reduce impact of transmission and distribution infrastructure

Disclaimer

Ofgem has provided an opportunity to apply for funding of up to £500m (2013-21) for Transmission Owners to reduce the visual impact of existing infrastructure in National Parks and National Scenic Areas (NSAs).

Organisational Engagement

3D visualisation

To gain consent to build electricity lines, substations and other assets, we must provide sufficient information to local authority planners to make an informed decision on each of our proposals.

To increase transparency, we are exploring the potential use of 3D technology to provide better representations of new infrastructure, and expect to trial the technology on a live project before the winter.

Activity this year

To make sure we involve our stakeholders in this decision, in January 2016 we hosted a meeting in Inverness attended by representatives from Statutory Consultees.

Their feedback is shaping how we take this project forward, and alongside further input from Statutory Consultees and community representatives during the trial, will determine how and if we use the technology on future projects.

We anticipate the use of such technology on our projects will be assessed individually against set criteria, for example size, cost or proximity to communities, to ensure the benefits outweigh the costs.

Stakeholders involved

- Highland Council
- SNH
- SEPA
- Scottish Government

To see how we are also engaging communities, please go to page 3.

Outcomes and benefits

- Potential for faster and more efficient planning decisions by providing a simple and quick way of answering planners' questions

Marine Licensing

We are developing marine license proposals for subsea electricity cables which will allow the flow of renewable energy to and from the UK grid and the Scottish islands. The consenting process requires that we consult with a range of statutory stakeholders to ensure we consider the impacts of our cables on the marine environment.

Working with the Whale and Dolphin Conservation Society we have been building our understanding of the impact which our survey and cable installation vessels have on cetaceans and mitigation actions we can take. For example, we use now routinely use hydrophones to check for cetaceans in the area before deploying sonar equipment and wait for twenty minutes to allow them to leave the area. We have worked closely with the Whale and Dolphin Conservation (WDC) in Scotland, both sharing data and to develop our Marine Mammal Protection Plans for our offshore survey and cable installation works. Due to our successful working relationship we have taken part in BBC radio programs, with WDC, which were aired both in the UK and on BBC world service.

Stakeholders involved

- Marine Scotland
- Scottish Natural Heritage
- Whale and Dolphin Conservation Society

Outcomes and benefits

- Early engagement allows the marine licensing process to be more meaningful for stakeholders

Supply chain participants

Participants in our supply chain include main contractors and smaller businesses

Key issues

Contractor safety

The SSE Group's Contractor Total Recorded Injury Rate (TRIR) is much higher than that for SSE Group employees. SHE Transmission has more contractors working on our behalf than any other part of the SSE group, and a greater responsibility to ensure contractors adhere to our safety culture.

Organisational engagement

Contractor safety forums

To support our continual safety improvement, our newly established Safety, Health and Environment Leadership Team is responsible for delivering an improved safety performance over 2016/2017.

So that we achieve our objective of delivering a sustained improvement in Safety, Health and Environmental performance, Contractor Safety Forums have been established between SHE Transmission and some of our main contractors. The forums will meet on a quarterly basis to ensure specific SHE issues are regularly identified and monitored with contractors so that we can work together to resolve these issues in a constructive manner and contribute to the reduction of the Total Recorded Injury Rate of our contractors.

Recognising the difference in safety practices and procedures relating to the installation and maintenance of certain transmission infrastructure, the forums have been split into three distinct asset groups; high voltage transmission line (33kV to 400 kV), high voltage cable (33 kV to 275kV) and substation (33kV to 400 kV).

The remit of the groups will be to;

- work together to share best practice, safety innovations, intelligence sharing and lessons learned
- review and share approaches to managing common risks including safe working at height, slips trips and falls, plant and people segregation, working with electricity and occupational ill health risks

- improve communications – ensuring that intelligence from incidents and near misses is shared effectively with all interested stakeholders

Outcomes and benefits

- Improved understanding of and adherence to our safety culture
- We anticipate this engagement activity will reduce the Total Recorded Injury Rate of our contractors

Operational engagement

Outreach for engagement on safety

Maintaining the safety of our communities, staff and contractors is the number one priority across the entire SSE plc Group where we abide by the principle that activities are either carried out safely or not at all. That principle extends to our contractors just as much to our own staff since they undertake the majority of construction work associated with our network upgrades.

In 2014/15, the reported injury rates of our contractors were a cause for concern as it was marginally but notably higher than that of our own staff.

To address this, our Safety Performance Manager visited several of our construction sites, inviting people to speak freely about safety and suggest how we could improve. The feedback from site workers suggested SHE Transmission's approach to site safety focussed too heavily on identifying problems, rather than working constructively with contractors to find solutions.

In 2015/16 therefore, we've worked with principal contractors and site workers to understand their safety concerns and move away from the 'inspect and challenge' model to a more constructive, more engaging, approach to improving contractor safety.

We conducted an extensive research and engagement programme with contractors working on our largest capital project, the Caithness-Moray project, to consider, discuss and suggest solutions to a range of safety issues and challenges.

In September 2015, our research partners surveyed some 200 site operatives via depth interviews, focus groups and a quantitative survey to elicit the views of a wide range of stakeholders including SHE Transmission, principal contractors and subcontractors.

To consolidate the findings, we hosted a deliberative event with over 70 representatives from our contractors.

Feedback from the event suggested that;

- A majority (61%) of delegates said that to improve subcontractor safety they would consult and engage with principal contractors and subcontractors about safety risks and how they are being managed on an ongoing basis
- 40% of respondents believe that sometimes health and safety rules are not really practical
- 30% said that due to adverse weather they have taken risks on the road just to get to site
- 83% found the event format useful in having their say
- 100% agreed the event was an effective way for SHE Transmission to engage with stakeholders

To take forward some of the suggestions provided by our contractors, we've committed to establishing a joint working group between SHE Transmission and all of our principal contractors, which include ABB, Balfour Beatty and Siemens. Collaboratively the group will develop and deliver a strategy based on the top recommendations put forward by our stakeholders in an effort to reduce the number of onsite injuries.

Stakeholders involved

– Principal contractors (ABB, Balfour Beatty, DFL, Graham Construction)

Outcomes and benefits

- We anticipate this engagement activity will reduce the Total Recorded Injury Rate of our contractors

Engagement summary: At-a-glance guide to our engagement activity

Stakeholder group/s	Engagement activity	Key achieved or anticipated benefits
Communities and elected representatives	Measuring economic, social and environmental impacts	<ul style="list-style-type: none"> Public money is spent on the areas which matter most to communities and the environment Investment is based on societal and environmental benefits, as well as financial
	Trialling 3D visualisation technology	<ul style="list-style-type: none"> Increased transparency and confidence in how our assets will look in the local environment once built, enabling stakeholders to take a more informed view of our projects Vulnerable or hard-to-reach stakeholders may find it easier to have their say
	Improving compensation payment	<ul style="list-style-type: none"> Energy consumers are swiftly compensated for prolonged power cuts caused by problems on the transmission network
Developers and trade bodies	Facilitating connections on Orkney	<ul style="list-style-type: none"> Giving generation developers the certainty needed to make investment decisions, allowing SHE Transmission to develop a robust Needs Case for a transmission link between Orkney and the Scottish mainland
	Award-winning communication	<ul style="list-style-type: none"> More regular and relevant information on SHE Transmission and wider industry issues will improve knowledge and understanding Stakeholders have an easy avenue to get in touch and feedback their views on how we are performing Hard-to-reach stakeholders are kept informed of our activities
Industry regulators and political stakeholders	Scottish Islands Renewable Delivery Forum	<ul style="list-style-type: none"> Providing key decision makers in Government with valuable economic information which can be factored into decisions about the provision of subsidies to support the development of renewable generation on Scotland's Western and Northern Isles
	Supporting the development of a European Energy Union	<ul style="list-style-type: none"> Contributing to the development of a European Energy Union to secure affordable and sustainable energy for European businesses and citizens
Industry colleagues	Future Energy Scenarios	<ul style="list-style-type: none"> This year we were able to contribute even more effectively to the 2016 Future Energy Scenarios publication, supporting more informed decisions by the UK energy industry
	Winning Service: Involving everyone in SHE Transmission	<ul style="list-style-type: none"> Over 25 action plans produced from each business department designed to improve performance and better meet customer needs
	Working together for improvement	<ul style="list-style-type: none"> Sharing best practice on ensuring smaller and local businesses have equal access to business opportunities Links established between TO and SO communications teams to minimise clashes and maximise the opportunities for stakeholders to get involved Plans in place to include common questions in each TO's annual stakeholder surveys to improve usefulness of survey data Providing more information to connection customers at regular events
Innovation Community and Landowners	Innovation speed dating	<ul style="list-style-type: none"> Spotting faults on our equipment before they cause problems (known as partial discharge monitoring) Identifying viable alternatives to wooden poles (some of our lower capacity transmission lines are carried on wooden poles rather than metal pylons) Understanding the thermal characteristics of cables laid in peatland IT solutions to make the most of data on our systems relating to our Distribution business
	Optimising electricity submarine cable protection	<ul style="list-style-type: none"> collaboration between SHEPD and SHE Transmission with regulators and academia should ensure consistent decision making across transmission and distribution electricity submarine cable projects, with the potential to be expanded to other transmission and distribution projects across Europe working with fishing organisations to ensure our cable protection procedures are sensitive to their industry and their views
	Land Rights Assembly	<ul style="list-style-type: none"> Ensuring good coverage of land rights across the network Better compliance with compensation regulations Reduced annual wayleave payments
Statutory Consultees	Visual Impact of Scottish Transmission Assets (VISTA)	<ul style="list-style-type: none"> A new policy and methodology will ensure selection of best value projects to improve visual improvement amenity Maximising visual amenity by reducing the impact of transmission infrastructure
	Trialling 3D visualisation technology	<ul style="list-style-type: none"> Increased transparency and confidence in how our assets will look in the local environment once built, enabling stakeholders to take a more informed view of our projects Potential for faster and more efficient planning decisions
	Marine licensing	<ul style="list-style-type: none"> Early engagement allows the marine licensing process to be more meaningful for stakeholders Environmental mitigations are informed by research, ensuring positive outcomes
Supply chain participants	Outreach for engagement on safety	<ul style="list-style-type: none"> Anticipated reduction in the Total Recorded Injury Rate of our contractors
	Contractor safety forums	<ul style="list-style-type: none"> Improved understanding of and adherence to our safety culture Anticipated reduction in the Total Recorded Injury Rate of our contractors