

Scottish Hydro Electric Transmission plc
Stakeholder Engagement
2017/18



Part 1:

Overview of Evidence



Scottish & Southern
Electricity Networks

1 Welcome

I am delighted to introduce this year's stakeholder engagement submission for SSEN's transmission business.

As an organisation, customer and stakeholder engagement is the responsibility of all employees, from the Board and senior management teams to front line development, construction and operational staff. Whilst this responsibility is not new, we recognise that we need to do more to demonstrate that we ensure the views, needs and expectations of our customers and stakeholders continue to shape and influence how we do things.

Since the beginning of the current price control period, with the collaboration and support of our customers and stakeholders, we have delivered a revolutionary transformation of the north of Scotland transmission system, a jigsaw which is still coming together today. Our strategic priority for the RIIO-T1 price control has been to enable the transition to a low carbon economy, building the infrastructure required to meet the demand for grid access from developers of renewable generation, predominately onshore wind. This is perhaps best illustrated by the substantial growth in renewable energy connected to our network, which has grown from 3.3GW in March 2013 to over 5.1GW today and is forecast to increase to over 6.9GW by the end of this decade.

We take our role as Transmission Owner in the north of Scotland seriously, and I am extremely proud of what we have achieved and the legacy it has created.

During the RIIO-T1 period we have spent circa £2.4bn, with a further £1bn spend planned during the remaining 3 years of the price control period. Notable projects include the Beaulieu-Denny 400kV overhead line, the Kintyre-Hunterston 220kV subsea cable, and the ongoing work to establish an HVDC link between Caithness and Moray. Projects of this scale will continue for the foreseeable future with significant work planned in the north east of Scotland, and proposals to deliver transmission connections to the Scottish mainland from the three Island groups – Orkney, Western Isles and Shetland. Our approach to the delivery of these projects will continue to be informed by the needs and views of all our customers and stakeholders.

As we work through the remainder of RIIO-T1, and plan for RIIO-T2, our customers and stakeholders will remain at the forefront of our minds. You'll see in Parts 1 and 2, evidence of the changes we are making as we begin this transition. We are undertaking a comprehensive review of our engagement activities to ensure they remain appropriate and relevant to our business and the requirements of our customers and stakeholders. This work commenced during 2017/18, with the support from our Stakeholder Advisory Panel, and is expected to take until the end of 2018/19 to be fully embedded within the business. We have brought on board engagement specialists, EQ Communications, to provide guidance and support during this period of change and have already made changes to our organisational structure with the creation of a dedicated engagement team within SHE Transmission. Also, in March, we held our inaugural SHE Transmission engagement event in Glasgow which I attended along with 57 delegates.

Our commitment to our customers and stakeholders will remain steadfast in the years ahead as we continue to deliver our strategic priority of enabling the transition to a low carbon economy. Whilst the future of the energy system will inevitably change and evolve, our customers and stakeholders will continue to be at the heart of all we do.



Colin Nicol
Managing Director, Scottish and Southern Electricity Networks



Key outputs 2017/18

Over the last couple of years, SSEN has become much more forward looking and willing to engage effectively with external stakeholders. The Panel allows for focused engagement, at a senior and strategic level, with the active participation of a relevant group of external experts that are connected to the Senior Executive level within SSEN.

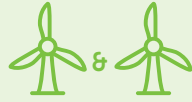
Norrie Kerr
Director, Energy Action Scotland,
and member of the SSEN Stakeholder Advisory Panel

 In excess of
150
consultation events

 **8/10**
stakeholder satisfaction
score (SMR survey)


**Connected
Aberdeen Offshore
Wind Farm
(99MW)**


Received and
completed **64**
generation connection
applications

**Progressed work
to connect**

227MW 220MW
Stronelaig Dornell
Wind Farms


Successful inaugural
stakeholder
engagement event
in Glasgow with
57 delegates


**Published
Sustainability
Strategy
consultation**


**Strategic Wider Works
funding application
submitted for Orkney
Link Project**

1 Welcome

Key outputs in 2017/18

Face-to-face

Bi-lateral Meetings

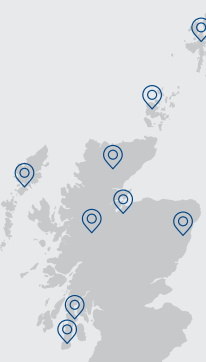


In excess of
300
meetings per
annum, a mix of
formal and ad-hoc

Community Liaison Events

Over the last 12
months we have held

+60 events
across the north
of Scotland



Website



110,000
page views in 2017/18



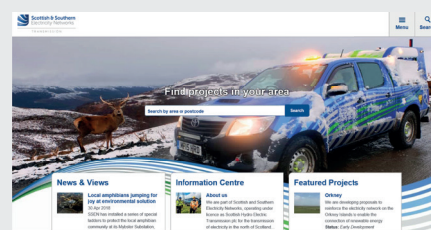
25-44
(50%) most popular
age bracket



81%
of users based
in the UK

73,000
New Users and

37,000
Returning Users



46 transmission
related stories
posted in 2017/18

Videos with text
(the shorter the better)
proved the most popular



75,000
"Like, Comment, Share"
from 540,000 hits



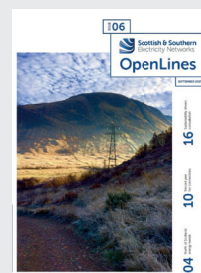
1,500
retweets



22
stories

Open Lines

Newsletter issued
via email to
450
customers and
stakeholders



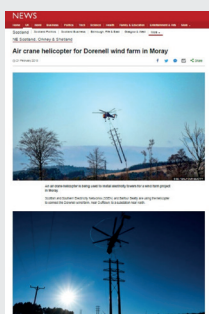
Consultations, Workshops and Industry Groups



+70 SSEN and/or
SHE Transmission events
or attendance at 3rd
Party events (e.g. NGET
Customer Seminars)

Press Releases

60 press
releases
over the last 12 months



'Flying in to the pole position'

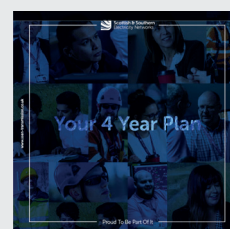
Publications



Annual
Performance
report



Environmental
Discretionary
Reward



Prepared a
"Four Year Plan"
to inform staff
(our Ambassadors)
of our future
business plans

2 Our current approach to engagement

Who are our customers and stakeholders?

Our customers are transmission connected generation/demand, and the incumbent Distribution Network Operator (i.e. SHEPD). Our stakeholders are those parties who are not connected to our network, but have an interest in what we do (e.g. national/local Government, statutory consultees, land owners and host communities).

The transmission network does not connect directly to private homes and businesses – so end-consumers (both domestic and non-domestic) are our customers' customers. We also work closely with the other GB Transmission Owners; SP Electricity Networks and National Grid.

Every day, across all activities at every level of our business, we engage with people who have an interest in what we do and how we do it. Understanding their individual and collective requirements and seeking their feedback is extremely important in shaping our business activities. As our business evolves, we work hard to establish and maintain these close working relationships. With support from staff across SHE Transmission, we have developed a database of key customers and stakeholders who we are in regular contact with, as we undertake our duties as Transmission Owner in the north of Scotland.

Customer and Stakeholder Engagement Activity



Over 1,500

customers and stakeholders
representing 550 individual
organisations



88% of staff

have contact with external
customers and stakeholders



71%

were daily/weekly engagements



60%

carried out either face-to-face
or via telephone

Principal customers and stakeholders



Transmission connected generation/demand



SHEPD and other utilities



Local authorities



Governments



Contractors and supply chain participants



Landowners



Statutory consultees



National Grid and SP Energy Networks



Consumer representative groups



Trade Bodies



Developers



Regulator



Consultants

Working collaboratively with the other GB Transmission Owners – SP Energy Networks, National Grid Electricity Transmission and National Grid Gas Transmission – is an important component of our engagement activities. Sharing experiences and ideas helps us all to develop best practice for all of our customer and stakeholders across GB.

David Gardner,
Director of Transmission



Scottish & Southern
Electricity Networks



nationalgrid

2 Our current approach to engagement

We recognise that not all stakeholders have an interest in the same issues or topics. Therefore, we regularly evaluate our principal stakeholder groups on both a strategic and project-by-project basis. This ensures we can identify which stakeholders are interested in particular issues, creating opportunities to collaborate, as well as the ability to influence and achieve positive mutual outcomes that are beneficial to all involved.

We have focused on establishing and maintaining strong working relationships with key customers and stakeholders who are directly impacted by our day-to-day activities; at present, predominately development and construction related. In addition, we have maintained our website and social media presence for a wider audience. This approach has been recognised by both our customers and stakeholders.



...the website, with different sections and attachments for events, is great and easy to use. There's enough that people need to know without going into too much detail...

Infrastructure/Engineering Representative who attended Stakeholder Event
March 2018



Survey based on a sample of
158 customers and stakeholders



8/10

stakeholder satisfaction score (SMR survey)



61%

regarded their relationship with SHE Transmission as being akin to a partner/friend/colleague

87%



preferred to be kept up to date at least monthly



94%

said that personal contact (i.e. face-to-face meetings or phone calls) was their preferred format for receiving updates



98%

were satisfied with how SHE Transmission handles communications

Why do our customer and stakeholder views matter to us?

As a natural monopoly provider, we strive to do the best we can to provide a service which is affordable, sustainable and reliable for our customers and stakeholders. To measure our success in achieving this, we need to know what our customers and stakeholders think.

Listening to customers and stakeholders allows us to obtain their feedback on our business performance, identify areas for improvement and change, and help us make the business decisions that result in us providing the best service we can.

We listen and act on these views in three ways:

1 in day-to-day operations;

2 in our forward planning; and

3 in the development of policy and strategic development plans.

Our commitment is to engage timely and constructively; to listen, share what we have heard, and then feedback our response in an open and honest manner.



In 2017 the Beaulay-Denny transmission project was awarded the 'Greatest Contribution to Scotland' award at the prestigious Saltire Civil Engineering Awards.

2 Our current approach to engagement

To ensure our approach adheres to best practice in the energy industry and beyond, in 2017/18 we have been working with the standards firm, AccountAbility, to refine our processes and procedures with a view to obtaining the AA1000 Stakeholder Engagement Standard. This has resulted in the adoption of a six-point approach to stakeholder engagement.



1 Identify customers and stakeholders

We recognise that a broad range of customers and stakeholders are impacted by our activities, and we need to consult with them and include them in our decision-making. We routinely review our existing customer and stakeholder contacts and identify any new groups or individuals. We recognise that one size does not fit all, and we can't engage with everybody at the same time, in the same manner.

4 Engage with purpose

Having a clear purpose is key to achieving successful outcomes. We make sure that all parties have a clear understanding of what we are trying to achieve to ensure the engagement process is meaningful and inclusive for all involved. To integrate the views of different customer and stakeholder groups, we often triangulate engagement methods so that the robustness of the conclusions we draw from engagement activity can be reliably corroborated by other sources.

2 Identify material issues

Naturally, not all customer and stakeholder groups will be interested in, or affected by, every aspect of our activities. Our targeted engagement programme focuses on the most pertinent issue/s for each customer and stakeholder group, to encourage active participation and ensure meaningful feedback. We therefore regularly engage with our principal customer and stakeholder groups to identify the key issues facing that organisation or company to make sure our engagement is inclusive and responsive as possible. We then seek to understand how we can work together to achieve mutually beneficial outcomes.

5 Share feedback

In the interests of transparency, following robust analysis, we summarise and share feedback received from the engagement process to evidence what customers and stakeholders have told us. Where customers and stakeholders have consented under the new General Data Protection Regulation (GDPR) principles, we send feedback directly to contributing customers or stakeholders, or publish reports that are publicly accessible on our website.

3 Plan engagement

Once we have identified our customers and stakeholders, asking them what their key issues are, we endeavour to find the most effective tools to inform, consult or collaborate with them. Because each customer and stakeholder is different, we offer a range of ways to engage with us, using only the most appropriate mechanism/s. We regularly review the suite of engagement methods which our teams can use as we look to adopt new techniques that better support our aims and objectives.

6 Act on learning

We commit to being responsive and acting transparently on material issues where we have the ability to enable positive outcomes. On occasion, there may be circumstances when we are not able to act on customer or stakeholder feedback. Where this is the case, we will always look to explain the reasons for not doing so.

2 Our current approach to engagement



Fort Augustus-Skye community liaison event.

How do we engage with our customers and stakeholders?

SHE Transmission has built its reputation on being open, honest, flexible and approachable. This is something we are extremely proud of and work hard to maintain. Within SHE Transmission, we strongly and passionately believe in the importance of face-to-face communication. Working collaboratively with customers and stakeholders to overcome barriers and address concerns is something we take extremely seriously, and delivers the best outcomes for all parties. This has challenged the way we think and operate, and has opened the business to new ideas for conducting our core activities.



Within SHE Transmission we strongly and passionately believe in the importance of face-to-face communication

How do we act on our customer and stakeholder views?

Our engagement strategy is reviewed every year to keep pace with the rate of change in the industry, and the issues affecting our customers, stakeholders and our business.

Our strategy is structured on three levels – strategic, organisational and operational – and tailored appropriately to each issue. Each level is supplemented by research activities, ongoing throughout the year, which provide key insight from our customers and stakeholders.



Examples of our three-level approach and research activities:

Strategic: Advisory Panels

Our Stakeholder Advisory Panel and Staff Advisory Panel meet regularly throughout the year to provide strategic advice on relevant business activities, for example, our future sustainability strategy and our approach to customer and stakeholder engagement.

Organisational: Informing Staff

Our staff are our most valuable resource when it comes to customer and stakeholder engagement as they both work and live in the communities we operate within; they are our ambassadors, all 427. In response to staff feedback related to our future business plans, we prepared a document for staff that looked back over the first four years of RIIO-T1 and looked ahead at the remaining four years and beyond. The document was titled 'Your Four Year Plan'. This document not only provided staff with the information they were looking for, but also gave them valuable information to share with our customers and stakeholders, and in doing so, maintaining our commitment to openness and transparency.



Primary School visit to Farr Substation.

Operational: Community Engagement

Throughout the year, we have undertaken an extensive programme of community engagement (+60 events), primarily relating to transmission infrastructure project development and construction. This has involved a wide range of activities right across our territory from Campbeltown in Kintyre to Kirkwall in Orkney.

Following feedback, initiatives have ranged from amending our weekend working practices to honour the Sunday Sabbath, encouraging staff and contractor staff to support a local shop to prevent it from closing, and arranging visits and educational tours of our various sites.

Research: Insight Analysis

To inform our work on identifying the business requirements for RIIO-T2, a series of insight events were held during 2017/18 to develop thinking and understanding of the potential future energy trends for the north of Scotland.

3 Our future approach to engagement – a growing voice for customers and stakeholders



SHE Transmission engagement event in Glasgow.

Over the last five to ten years, our business has been heavily focused on the delivery of large capital projects, primarily driven by the rise in renewable generation projects seeking access to the GB transmission system in the north of Scotland. Our success to date has in part been down to establishing and maintaining positive working relationships with our customers and stakeholders.

As our network has grown, and customer and stakeholder requirements change, we felt that the time was right to review our current approach to customer and stakeholder engagement, to ensure it remains appropriate and effective going forward. 2017/18 has been a year of transition which we aim to conclude and embed during 2018/19.

Work completed during 2017/18



Outcomes



3 Our future approach to engagement – a growing voice for customers and stakeholders

What's next?

1

Valuable feedback received at engagement event relating to business perception, operational arrangements, communications/engagement, reporting and future direction of business. Respond to feedback and develop and implement associated action plan.

2

Use feedback to shape development of future engagement strategy.

3

Conclude review, consult and implement revised set of KPIs across business.

4

Organise follow-up event to share review outcome with customers and stakeholders.

5

Continue to provide staff with the relevant information to inform customers and stakeholders of our business activities.

March engagement event summary (G)



Delegates found the workshop to be either **interesting (45%) or very interesting (55%)**



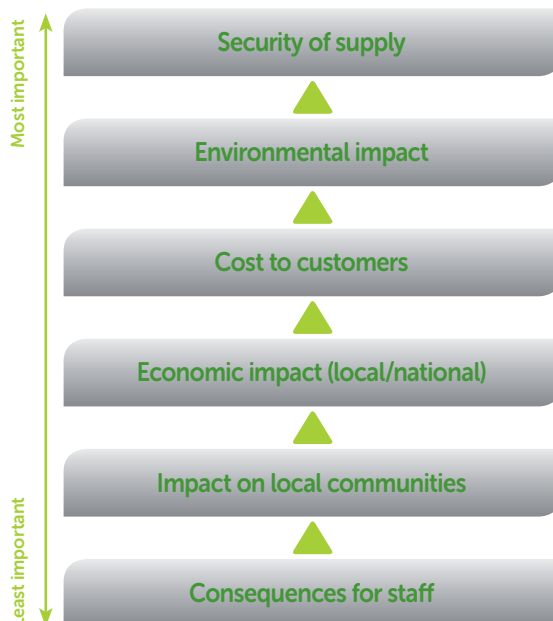
92% of delegates indicated they would be interested in attending future workshops



100% of delegates found they had the opportunity to make points and ask questions

All issues raised have been listened to and impressed by commitment to further discussions.

We provided delegates at our workshop with a list of key topics and asked them to rank them in order of importance



How well do you think SHE Transmission engage with their stakeholders?

SSEN do it very well. Our guys have lots of good access at all levels. We know we can pick up the phone to senior leadership and they will be accessible.

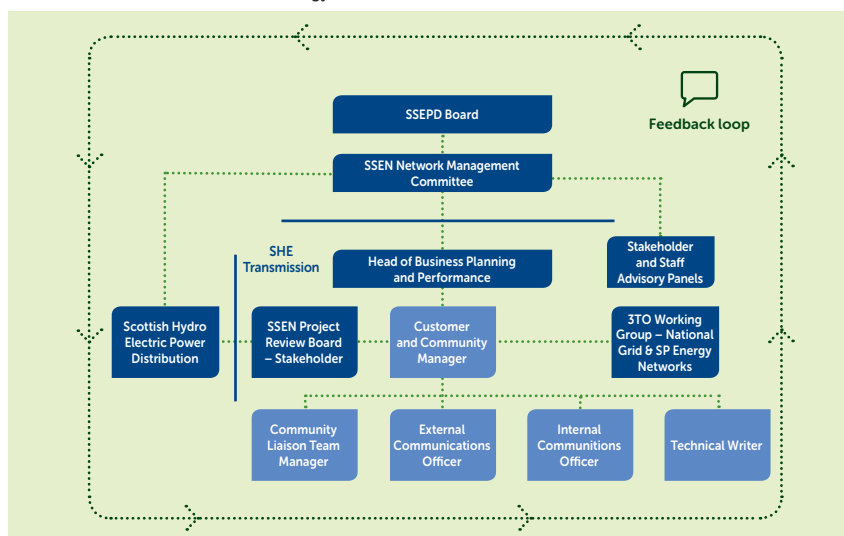
Infrastructure/engineering representative

Compared to the other utilities in the UK, SHE Transmission are leading the way in stakeholder engagement.

Business representative

New organisational structure

We have strengthened our engagement and communications capability by expanding our Community Liaison team and introducing new roles with specific responsibility for internal and external communication. We continue to work collaboratively with our Stakeholder Advisory Panel and colleagues in SHE Power Distribution, National Grid and SP Energy Networks.



4 Assurance and accreditation

External assurance

In April 2018, ERM Certification and Verification Services (ERM CVS) conducted an independent assessment of our performance against our Stakeholder Engagement Strategy and Implementation Plan for 2017/18. The assurance methodology is based on the International Standard on Assurance Engagements ISAE3000 (revised).



The Terms of Reference, agreed by Ofgem, detail what level of performance we had to achieve to be assessed as either having complied, exceeded compliance or failed to comply with our Plan. ERM CVS concluded that SHE Transmission had complied with its Stakeholder Engagement Strategy for 2017/18. The Terms of Reference define compliance with SHE Transmission's Stakeholder Engagement Strategy and Implementation Plan as:

"The evidence provided to the assessor provides sufficient confidence that SHE Transmission is proactively engaged in delivering its Stakeholder Engagement Strategy and Implementation Plan, in particular:

- understanding of the six elements that form the basis of its stakeholder engagement strategy and implementation plan are demonstrated by SHE Transmission personnel;
- activities equal to, or equivalent to, those activities set out in its stakeholder engagement strategy and implementation plan have been undertaken; and
- variation from its stakeholder engagement strategy and implementation plan can be justified by reference to stakeholder preferences or alternative approaches have been adopted to meet the same overarching objective."

AA1000 Stakeholder Engagement Standard (2015)

We worked with AccountAbility to successfully achieve the AA1000SES Stakeholder Engagement Standard.

The AA1000SES standard aims to provide a reference for the implementation of quality stakeholder engagement and focuses on the need to significantly integrate stakeholder engagement activities with governance and strategies.

AccountAbility conducted an extensive programme of interviews with selected internal stakeholders to review:

- Strategy, governance, senior management buy-in and culture
- Engagement planning and implementation
- Monitoring, evaluation and outcomes
- Consumer vulnerability



The assessment indicated the strong leadership and involvement of SSEN's senior management in not only setting the stakeholder engagement vision and approach of the organisation, but also inputting to and reviewing strategic action plans, as well as supporting the need for stakeholder feedback to drive future efforts.

AccountAbility assurance statement,
April 2018

SP=EED Programme



5 members of staff
enrolled on SP=EED programme.

Programme certified by Planning Aid for Scotland (PAS)

SP=EED® is a practical guide to undertaking effective community engagement in planning. It is referred to in the Scottish Government Planning Advice Note 3/2010 as a benchmarking tool for community engagement.



5 Engagement outcomes

Impacts of some of our key activities

During 2017/18 we undertook a considerable amount of customer and stakeholder engagement relating to our operational activities, but also in relation to our future business plan. The extent of these activities can be demonstrated by focusing on three examples.

Activity	Action	Benefits
Orkney Link Project Bring forward plans to reinforce the grid network between Orkney and the Scottish mainland.	<p>Provide grid access in a timescale that aligns with the proposed CfD timetable and meets the needs of the local developer community; April 2021 at the earliest. Following a consultation on the potential reinforcement options, we brought forward a proposal to build a 180MW 220kV transmission link connecting Orkney to the Scottish mainland.</p> <p>Consider both transmission and distribution together. We worked with our colleagues in SHEPD to develop a 'whole system' solution.</p> <p>Strengthen the business case for investment by allocating capacity to parties who are ready, able and willing to connect. Through consultation with customers and stakeholders we developed an access proposal (the Alternative Approach) that would provide capacity to those developers that are most ready, avoiding capacity sterilisation.</p>	<p>Given the unique nature of the project, as well as its history, our engagement plan focused on inclusivity, collaboration and openness.</p> <p>Adopting this approach helped to mitigate the following risks associated with the project:</p> <ul style="list-style-type: none"> • Dismissal of the proposed engineering solution by the generation developers and local community; and • Dismissal of the capacity allocation Alternative Approach. <p>This work culminated in the submission of a funding application ("Needs Case") to Ofgem in March 2018.</p>
Future Energy Scenarios Understanding the potential future drivers of investment in transmission infrastructure.	<p>There were four stages in our Scenarios engagement approach in 2017/18:</p> <ol style="list-style-type: none"> 1. Targeted interviews to confirm the need for localised scenarios, identify issues affecting customers and stakeholders and agree best methods for future engagement. 2. Broad, public consultations on identified areas of uncertainty with a regional element. SHE Transmission consulted on five papers: <ul style="list-style-type: none"> • North of Scotland Energy Trends • North of Scotland Onshore Wind Repowering • North of Scotland Electric Vehicles • North of Scotland Energy Efficiency and Heat • North of Scotland Generation and Storage 3. Reviewing consultation findings (including a range of potential outcomes) and proposed scenario development methodology with targeted customers and stakeholders. 4. Publication of a 'North of Scotland Future Energy Scenarios' summary paper in Summer 2018. This paper will include a summary of the feedback received through the earlier engagement, how this feedback has influenced the scenario development, and the results of this – the scenarios themselves. 	<p>These findings are being used to develop the scenario ranges that will be used in the North of Scotland Future Energy Scenarios that we will use as the basis for our Load Related Expenditure plans and uncertainty mechanisms for the RIIO-T2 price control. They will also inform our view on what outputs and incentives will be required to promote the needs of our customers and stakeholders.</p>
Our future approach to engagement – a growing voice for customers and stakeholders Ensuring our approach remains appropriate and effective.	<p>As we move towards becoming a more operationally-focused business, and as we consider the business requirements for RIIO-T2, we felt that the time was right to review our current approach to customer and stakeholder engagement.</p> <p>With assistance from EQ Communications (a leading industry stakeholder engagement consultancy) this involved reviewing our current engagement purpose, strategy and associated business KPIs.</p> <p>Initial proposals were presented at the SHE Transmission Engagement Workshop in March 2018 in Glasgow.</p>	<p>Ensures our approach to customer and stakeholder engagement remains appropriate and effective for SHE Transmission, and our customers and stakeholders.</p> <p>Engaging EQ Communications has given us a fresh perspective on our approach and has provided us with valuable insight on best practice.</p>

