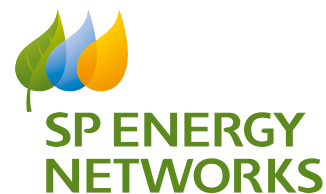


Making a Difference

Our strategy for stakeholder engagement



Ofgem Electricity Transmission Stakeholder
Engagement Incentive Scheme 2017–18
Part One



Winner –
‘Team of the Year’
for Stakeholder
Engagement at
the 2017 Utility
Week Awards



Using the power
of Data Analytics
to change our
business




850
engagements
tracked
this year



Placed in top
27% of
organisations in
Healthcheck from
AccountAbility,
receiving ‘Advanced
maturity’ score



Winner
of three 2017
Utility Week
Stars Awards



Single end to
end engagement
system

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This is **Part One** of our submission to Ofgem’s Stakeholder Engagement Incentive for regulatory year 2017–18.

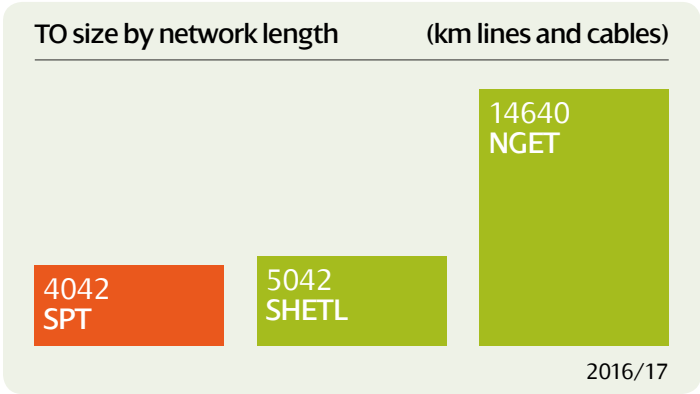
SP Energy Networks is the Transmission Operator that delivers electricity to homes and businesses in Central and Southern Scotland.

Ofgem’s annual Stakeholder Engagement Incentive encourages Transmission Network Operators (TOs) to ‘engage proactively with stakeholders in order to anticipate their needs and deliver a consumer focused, socially responsible and sustainable energy service’.

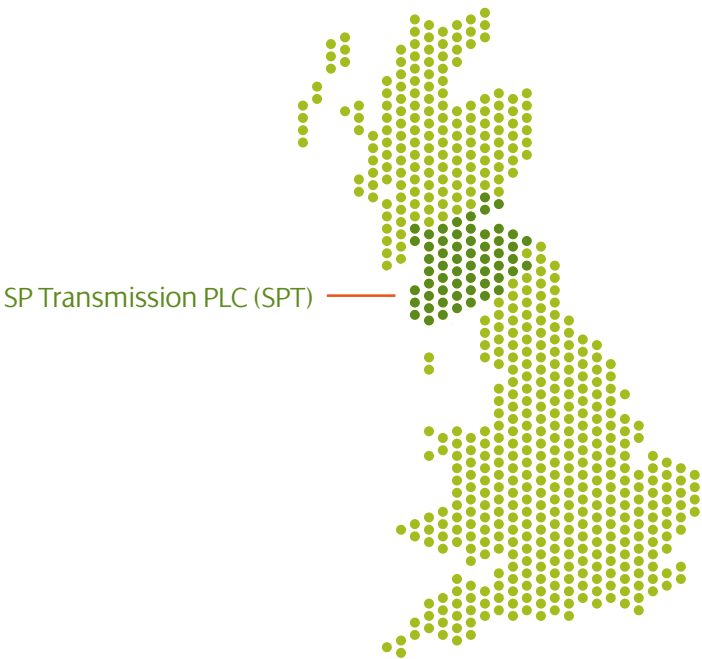
Our Transmission submission is made up of two parts:

Part 1: Our strategy for stakeholder engagement and demonstrating that we meet and exceed Ofgem’s minimum requirements.

Part 2: Highlights of our activities and outcomes following stakeholder engagement, demonstrating our strong performance improvements year on year.



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Company size and scale

Last year, the panel told us that they would welcome us showing the size and scale of our business in relation to the other Transmission operators, so that the submissions could be read in context with each other. As a result we have laid this out up front.

SP Transmission is third in terms of the size of our network, but not the size of our ambition, when comparing all three electricity TOs. We play a critical role in providing security of supply across GB and in facilitating the connection of new renewable energy.

We're proud of the benefits delivered for our stakeholders



We have always placed stakeholders at the heart of informed decision making – challenging us and revealing new insights.

Our strong culture of stakeholder engagement starts with me, extends throughout our business, and strengthens year by year.

Stakeholder views are a formal part of board discussions, and we have added two non-executive directors selected specifically to ensure the views of hard to reach groups are heard at the top of our organisation. I also empower my leaders and their teams to do the same, ensuring that a broad range of stakeholders have a major impact on what we do, driving forward change.

All this is possible due to our robust engagement strategy, focused on inclusivity, materiality and responsiveness. The strategy enables us to identify and understand important issues as they emerge and develop,

influence national and international policy for the benefit of our stakeholders, and work together with other network operators to provide a seamless service.

In the last year, our strategy has enabled us to be more responsive than ever – introducing stakeholder conferences, enhancing the role of consumers through willingness to pay analysis and launching new engagement with future stakeholders to act on the three key themes of Going Low Carbon, A Resilient Network and Shaping the Future.

Frank Mitchell, CEO



Confidence in our approach



This year we engaged AccountAbility, owners of the AA1000SE standard to conduct a healthcheck on our performance against this standard. The AA1000 AccountAbility Stakeholder Engagement Standard (2015) is the most widely applied global stakeholder engagement standard, supporting organisations to assess, design, implement and communicate an integrated approach to stakeholder engagement.

Advanced Maturity

Placed in the top 27% of scored organisations

AccountAbility said: "SP Energy Networks demonstrated a strong performance across the various elements of AccountAbility AA1000SE, 2015. With a **total score of 66%**, the organisation lies within the **Advanced Stage** of the AccountAbility Stakeholder Engagement maturity ladder."

"The score is a very strong score, notably for a first time assessment."

Maturity ladder

Mature stage (76–100%)



Advanced stage (51–75%)



Early stage development (26–50%)



Beginner stage (0–25%)



We're changing for the better – how we've responded to feedback on our strategy

Each year we use feedback from our stakeholders and the Ofgem stakeholder engagement panel to drive a more strategic, future focused approach to engagement delivery and reporting.

The table below shows the key feedback we received on last year's submission, and the action we've taken in response:

You said...	We did...
<p>Most of the stakeholder engagement seems to be about improving current services, rather than thinking about future challenges.</p> <p>Overall, they are improving on stakeholder engagement, but it seems that it is mainly to deliver business objectives and is not yet seen as vital to shaping the business.</p> <p>A number of companies claimed credit for activities that were more about providing good day-to-day operational customer service than stakeholder engagement.</p>	<p>Reflecting on this feedback, we recognised this was an issue in our engagement planning process. This year we have taken some of the big future strategic issues and challenges for our business – electric vehicle impact, strengthening the consumer voice and network resilience, and have engaged widely to tackle these. Our main focus has been ensuring the resulting feedback is directly driving executive level decision making and influencing national policy for the benefit of our stakeholders.</p>
<p>Good evidence that they are considering value for money as all initiatives need to be internally justified. However, there was not much information on the costs and benefits of projects.</p> <p>There was confusion between outputs and outcomes – an output is what is delivered and an outcome is measuring its impact.</p>	<p>Measuring the impact of our stakeholder engagement is the biggest challenge for all network operators. Often the most robust measurement methodologies cost more in resource and budget than undertaking the initiatives themselves. In the last year the Transmission Operator Best Practice Group (TO BP) have been discussing how we can move to a more consistent model to measure the impact of our activities and have been evaluating different methods, frameworks and suppliers for achieving this.</p> <p>In the last year the Transmission Operator Best Practice Group (TO BP) have been discussing how we can move to a more consistent model to measure the impact of our activities and have been evaluating different methods, frameworks and suppliers for achieving this.</p> <p>To help provide consistency for the panel, the TOs have agreed and committed to each use a consistent set of definitions of key terminology for our submission documents. We welcome the chance to clarify outcomes and have labelled them clearly throughout our submission using the AA1000SE standard definition.</p>
<p>It is not always clear how stakeholders have been involved in a project and what their input is. To improve, they should explain what they did because of stakeholder engagement and how they benefitted from it.</p>	<p>We have taken this feedback on board and believe we have made this much clearer in this year's submission, clearly describing what stakeholders said, what we have done, and the resulting outcomes and impacts.</p>
<p>The Panel noted that the strategy was very similar to that used in their distribution network.</p> <p>Part 2 of the submission was much clearer and easier to read than part 1.</p> <p>Avoid repeating the same projects – it is better to describe the project once with all the components and benefits together.</p>	<p>Our stakeholders tell us that they want a seamless service from us across transmission and distribution. Our 'Ditch the Label' approach is underpinned by our single, unified engagement strategy for all stakeholders, aligned to the universal AA1000 standard. This provides strong direction and a robust toolkit for engagement across the board, with enough flexibility to tailor how we deploy engagement across Distribution and Transmission to cater for a range of stakeholders and needs. We have reworked this year's submission to demonstrate this, and to make the documents clearer, simpler and easier to understand.</p> <p>We have simplified the flow and content of Part 1 this year to enhance readability, and avoided repeating projects in Part 2.</p>
<p>The panel wants to see more ambition – this is not just in terms of new ambitious initiatives, but also in terms of rolling out the initiatives that work to a more ambitious scale.</p> <p>Hard to tease out progress year on year, reach of initiatives – could this be better summarised for the panel? What metrics could help the panel?</p>	<p>This year we have put a big focus on scaling and replicating these across our business and for each have tried to provide a good indication of the scale of our ambition against the size of our business.</p> <p>We have included a table showing the ambitious reach of our engagement throughout the year.</p> <p>We have used specific icons throughout our part 2 submission to clearly indicate where we have increased or replicated activities, activities that reach hard to reach stakeholders, and activities considered as best practice or innovative.</p>
<p>54 personalised & tailored community liaison plans – unclear what these are delivering.</p> <p>Identifying 'time poor' as hard-to-reach and working through children is a good idea, but this is only on a small-scale.</p>	<p>Building on last year's programme, we have continued to develop tailored community plans for each area we impact, with 64 now in place. As a result, our satisfaction score amongst local community residents has continued to substantially rise from 8.0/10 last year, to 9.1/10 this year.</p> <p>Recognising that community engagement focuses on improvement to current services rather than future challenges, we give a brief update on page 1 of Part 2 only.</p> <p>We have integrated our tailored approach to reaching time-poor community members across our whole personalised and tailored community liaison portfolio.</p>

Where it all begins – our strategy for stakeholder engagement

Strong foundation

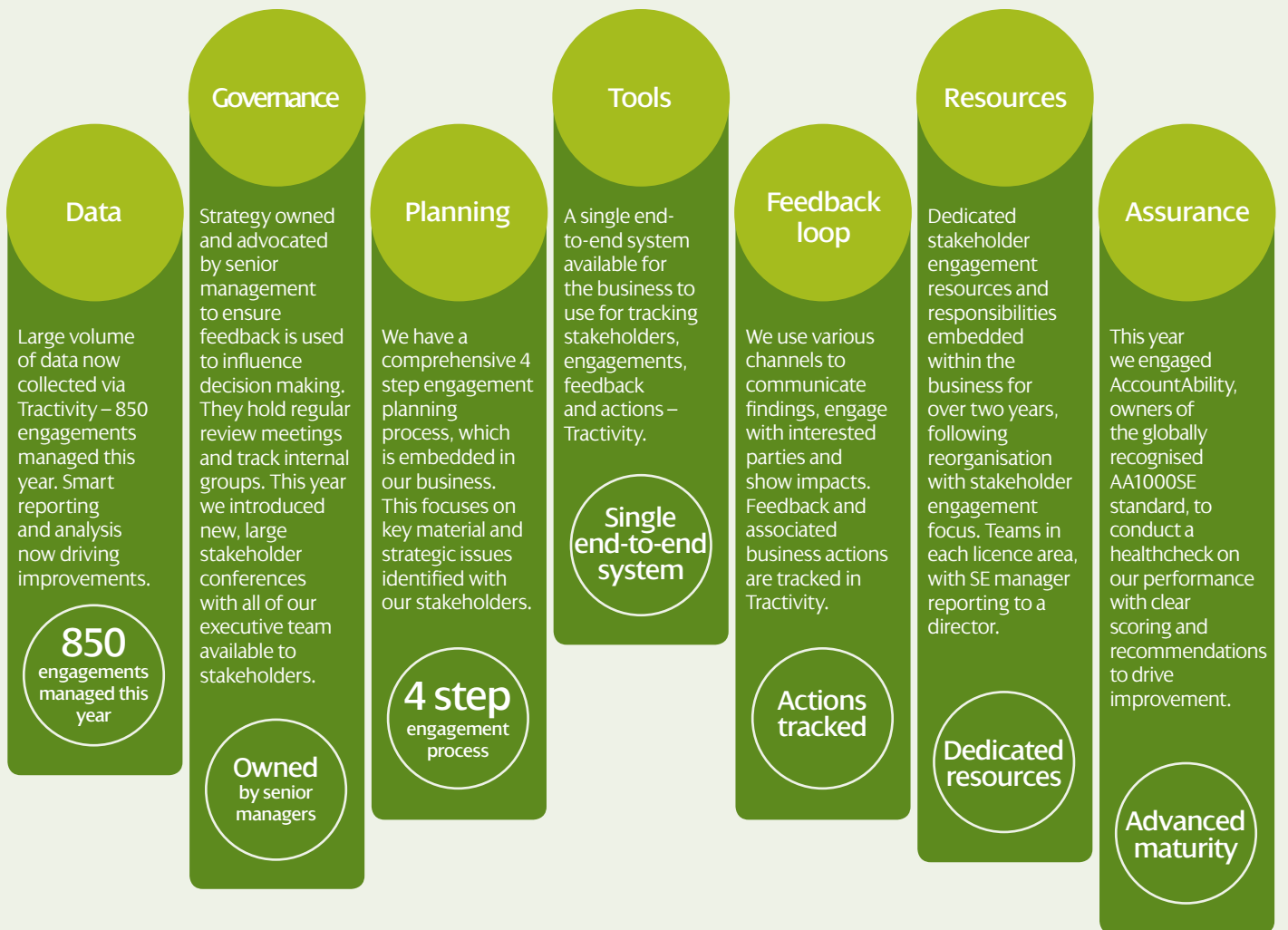
Our strategy is built upon the globally recognised AA1000 Stakeholder Engagement Standard. We have fully committed to the three principles of Inclusivity, Materiality and Responsiveness. AccountAbility have assessed our strategy and evidence of our performance against it during their recent Healthcheck.

Comprehensive and robust

Working hand in hand with stakeholders is a vital ingredient in our business. That's why we have ensured our strategy for engagement is comprehensive and robust. Responsibility for engagement is fully embedded across our whole business and is at the heart of how we develop and deliver our services.



Our 7 pillars underpin our strategy and embed consistency



The key is in the planning – at the heart of all we do

We have a comprehensive 4 step engagement process. Senior managers from across the business have specific responsibility to create, develop and refine their engagement plans. This process flexibly enables us to tailor engagement to transmission-specific issues and stakeholder groups, whilst ensuring consistency of delivery across our business, implementing best practice ideas, and ensuring we follow the full engagement cycle.



Step 1:

Identifying strategic risks

We use a variety of sources, including existing engagement, such as strategic stakeholder panels and in-depth annual surveys to identify and validate business and stakeholder priorities and emerging themes.

Managers then identify the stakeholder and business strategic issues and risk across each of the 14 licence and topic-specific engagement plans.

Stakeholder and business priorities



Step 2:

Identifying and prioritising a broad and inclusive range of impacted stakeholders

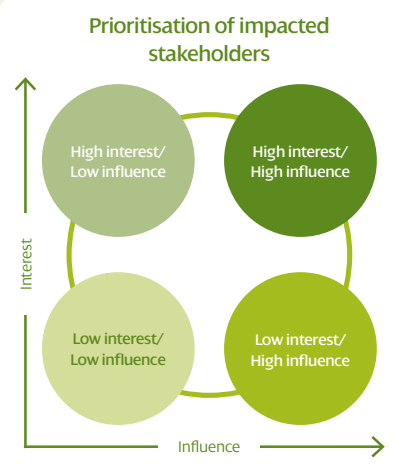
Senior managers select impacted stakeholder groups applicable to their area, from a master list of 139 categories.

At this stage managers also select hard to reach stakeholder groups.

From this list they attribute a prioritisation rating to each stakeholder group, based on two key criteria:

- interest in this subject
- influence over our organisation on this subject

This subsequent ranking produces four levels of stakeholders on our interest and influence matrix.



We have completed this mapping in each of our engagement plans and built and prioritised our engagements against the resulting rankings.



Step 3:

Informing and engaging stakeholders through a variety of mechanisms

Managers tailor engagement as appropriate to the interest and influence level of the stakeholder groups, using the spectrum of engagement types to plan their work. This ensures our engagement is targeted using a variety of appropriate mechanisms.

This step is fully explained on page 5



Step 4:

Recording feedback and taking action

Gathering feedback, analysing it and then taking the right action is where it all comes together. Our new Tractivity stakeholder engagement management system is where this information is logged, keeping us on top of stakeholder feedback and our associated actions.

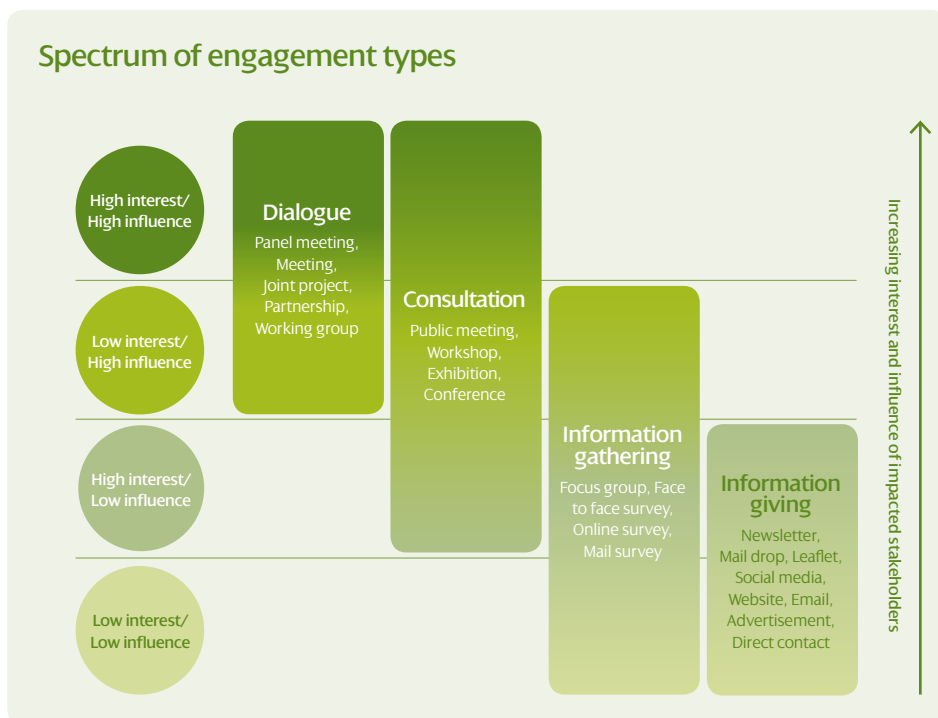
This step is fully explained on pages 7 and 8

Tailored engagement – to meet the needs of our stakeholders

Using the information gathered in our planning process and the results of our stakeholder mapping, we tailor our engagement using appropriate mechanisms.

Senior managers are guided by our spectrum of engagement types, using this to select the most appropriate mechanisms for engagement based on the needs of impacted stakeholders.

Each engagement plan is reviewed by the central stakeholder team and tracked by smart reporting in our stakeholder engagement management system, Tractivity.



Transmission engagement – challenging our service and plans

Engagement	Engagement type	Number	Reach	Purpose	Example outcome
Strategic Stakeholder Panels	Dialogue	4	61	Key independent stakeholders, including other operators and system users, influencing executive decision making.	Stakeholder-supported lobbying points in twelve key consultations, influencing national energy policy for the benefit of all customers.
NEW Stakeholder Conferences	Dialogue	1	34	Open events with whole SPEN executive team present.	Set RIIO-T2 direction for strengthening consumer voice.
Topic Working Groups and Seminars	Dialogue	64	640	Key stakeholders lead strategy on specific topics, e.g. Sustainability.	New sustainability collaboration fund enables focus on delivery of key sustainability objectives.
Recorded stakeholder workshops and events	Consultation	525	105,556	Large volume of engagement across SP Energy Networks.	Potential savings benefits from the 10 open innovation challenges amount to at least £480,000.
NEW Young energy force panel	Consultation	1	9	Pilot of a panel with future bill payers.	Updated prioritisation of key future priorities and updated social media strategy.
Best Practice Sharing	Dialogue	10	4 TOs	Sharing best practice with other network operators.	Agreed to undertake joint Willingness to Pay research and agreed a scope for appointing a single supplier.
Customer Focus Groups	Information Gathering	3	38	Market research to uncover preferences and trends.	Insights on the level of detail domestic customers needed to be able to participate in engaging on network costs and value shaped our Willingness to Pay digital tool.
Stakeholder surveys	Information Gathering	1	48	Market research to uncover preferences and trends.	20 connection offers accelerated by 12 months through trial of revised statement of works process across 4 strategic sites.
NEW Willingness to Pay tool	Information Gathering	1	999	New digital tool for customers to assess value for money.	Output from the tool is legitimising our RIIO-T2 business plans and further enhancing the role of consumers in decision making.
UPDATED Online Communities – Customer and Stakeholder	Information Gathering	1	766 domestic customers and 131 stakeholders	Market research to uncover preferences and trends.	First TO to produce a comprehensive sustainable business strategy, developed with stakeholders.

Using the power of data analytics – to change our business

We are using data analytics to transform the way we plan and deliver our engagement with stakeholders. To do this, we have invested in a game-changing new engagement management system.

Data analytics used to improve performance

With a total of 850 engagements logged across our business in the last year, the data now generated is significant. We are able to use this data to drive improvements in our future engagement – fully closing the engagement loop for the first time:

Changing how we plan engagement

We're now more focused and agile in engagement planning, with the ability to target the right people and for us to identify and close gaps.

When planning our conferences we knew which stakeholders had already engaged with us in the previous year and when we analysed the categorisation we could see gaps, which we were then able to fill.

Changing what we engage on

Key themes which emerge from engagements are then drawn into future planning.

We realised there was a lack of consistency in stakeholder knowledge on Electric Vehicle impacts and took the topic across to our Strategic Stakeholder Panels, Stakeholder Conferences, Scottish Government bilaterals, set up our own dedicated internal working group and set up a team of 6 to understand future network scenarios.

More strategic in our communications

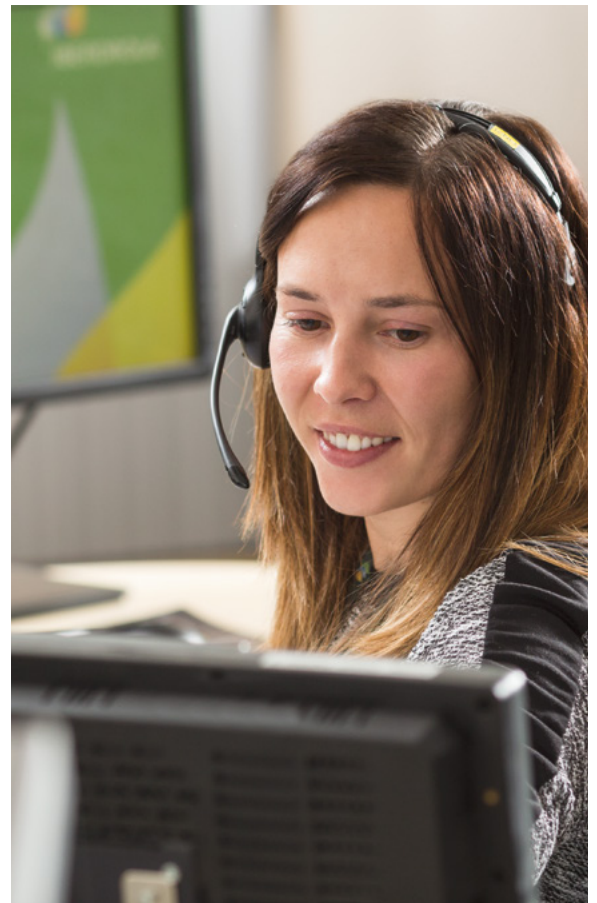
We use stakeholder interests to drive our stakeholder engagement and target it to the right place.

For example, stakeholders who had expressed an interest in connections or supply chain were provided with regular targeted newsletters and invited to one-on-one supply chain and connections portfolio interface meetings.

Reducing stakeholder fatigue

By identifying and reducing engagement overlaps between departments we have been able to become more efficient in our engagement and reduce fatigue amongst key stakeholder groups.

For example, noticing a trend for an increasing number of events on Decarbonisation we invited panel members from our Transmission panel along to Distribution panel meetings to avoid duplication.



How do we do it?

Investment in a new IT system allows us to manage the full engagement and feedback loop. There are 4 main elements to the system:

Stakeholder organisations and contacts

This is the full database of contacts. Each individual record is categorised according to stakeholder group and then prioritised in terms of their interest and influence over each of our 14 main business areas.

Engagement tracking

Each engagement is tracked on the system and also added to the record of each stakeholder who was engaged.

Feedback and Action tracking

Users can record feedback received and associated actions for the business.

Smart, automated reporting

The flexible reporting module allows us to build customised reports and schedule mailouts to senior managers.

Feedback is key

Our engagement process and subsequent work is driven by the feedback we receive. This is crucial in designing and delivering a service that is right for those affected by any area of our business.

Setting direction through our stakeholders

Our part 2 document covers the outcomes which have resulted from our stakeholder engagement activities. We have not arrived at these areas by chance – our delivery is entirely shaped by our stakeholders.

This year stakeholders told us to concentrate on three main areas:

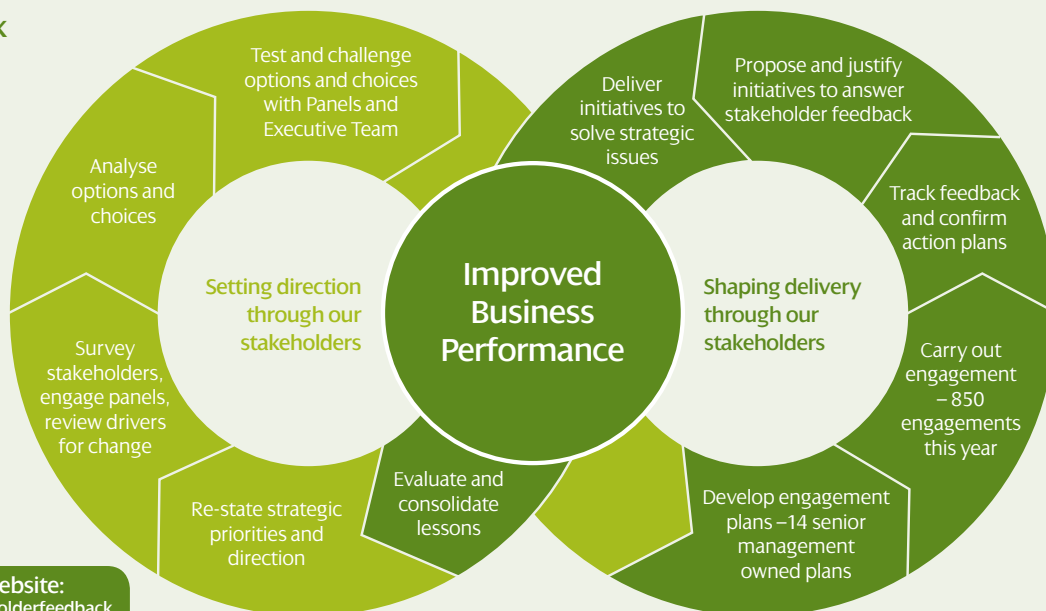
Going Low Carbon

A Resilient Network

Shaping the Future

Our perpetual feedback loop drives relentless service improvement

All stages of our feedback loop are supported by our Tractivity system and core engagement programme.



Full list available on our website:
www.spenetworks.co.uk/stakeholderfeedback

The table below provides a snapshot of just some of the outcomes achieved from stakeholder feedback.

What stakeholders told us	Action we took	Customer and stakeholder benefit
Support ambitious government carbon reduction targets and enable local communities to benefit from opportunities resulting from decarbonisation.	Establishment of a new innovative £15m Green Economy Fund. We will contribute up to £15m of investment over a two-year period, completely over and above existing committed expenditure to fund initiatives that will support Scotland's ambitious green energy plans and local economic growth. Supported by the appointment of a new manager and team of 2 to run the Green Economy Fund.	Not just supporting green projects, supporting the creation of a new green economy in Scotland. We estimate creating 4 times our investment, around £60m, in wider societal benefits. New jobs will be created as funding flows through the supply chain, generating local community and societal benefits. Initiatives funded from the Green Economy Fund are targeted to those that may ordinarily struggle to access funding and may include vulnerable groups, social housing associations, start up businesses and green commercial enterprises.
Enable decarbonisation of heat, transport and electricity – building appropriate capacity within future energy planning.	A new team of 6 established to ensure the views of users, stakeholders and consumers on future energy scenarios directly influence our next business plan. Analysing projections of the likely uptake of various low carbon technologies and building a plan which maps out the most efficient and effective way to realise the ambitions of our stakeholders.	By projecting future trends accurately, we can avoid constraints on the network. The costs of constraints are borne by GB consumers to a value of £375m in 2017/18.
Enable decarbonisation of heat, transport and electricity – building appropriate capacity within future energy planning.	Developed new electric vehicle modelling and shared analysis with the Scottish Government and Transport Scotland.	By projecting future trends accurately, we can avoid constraints on the network. The costs of constraints are borne by GB consumers to a value of £375m in 2017/18.
Enable decarbonisation of heat, transport and electricity – building appropriate capacity within future energy planning.	Future Energy Scenario engagement outputs, best practice and data sharing with National Grid system operator and SSEN for shared Scottish perspective, leading to greatly improved network modelling.	By projecting future trends accurately, we can avoid constraints on the network. The costs of constraints are borne by GB consumers to a value of £375m in 2017/18.
Influence government and regional policy to the benefit of all customers and stakeholders.	Stakeholder-supported lobbying points in twelve key consultations, influencing national energy policy for the benefit of all customers.	Ensuring government and regulatory policy reflects the views of our stakeholders and that plans are integrated and coordinated in an efficient and effective manner.
Lead the way in the low-carbon transition with your own ambitious targets	Industry first Sustainability Vision has been welcomed by WWF and Scottish Wildlife Trust. Transparency and accountability gives customers and stakeholders comfort that we are moving towards a more sustainable future.	Customers benefit from the economic impact of a more diverse supply chain, stronger collaborative decision making, and the opportunity to participate in co-creating innovative solutions.
Lead the way in the low-carbon transition with your own ambitious targets	Worked with key stakeholder groups to develop new funding, focusing on the delivery of key sustainable objectives in our strategy.	All other TOs and DNOs are using our learning and best practice in the development of their own strategies, saving them time and resource.
Lead the way in the low-carbon transition with your own ambitious targets	Additional internal fund, empowering staff to deliver small changes with big impacts for their local communities.	Customers benefit from the economic impact of a more diverse supply chain, stronger collaborative decision making, and the opportunity to participate in co-creating innovative solutions.
Make it quicker to connect renewable energy to the Transmission network.	Distribution Network Operators have an obligation notify the System Operator and Transmission Operators of any connection that may have an impact on the Transmission network. Users have, for some time, advised that the existing process is a frustrating and lengthy experience. As a result, we have developed and trialled a revised process with our Distribution business, which provides visibility of the transmission impact upfront as part of their distribution offer, rather than waiting up to 12 months.	The trial has, to date, enabled in excess of 20 offers to be made that would otherwise have taken up to 12 months to determine the transmission impact through the existing application process.
Make it quicker to connect renewable energy to the Transmission network.	We trialled our new process across 4 key strategic sites. Each Grid Supply Point was selected on account of different issues raised by users, in order to maximise the benefit of the learning.	This process provided increased certainty and control, reduced timescales and costs, removed invoicing issues and provided better visibility of new generation to the system operator. The revised approach has also resulted in more effective queue management with a reduction in speculative projects 'reserving capacity'.
Make it easier to connect renewable energy to the Transmission network.	We have continued our work around queue management, aimed at removing blockages caused by stalled projects to the benefit of construction-ready renewables projects. Our approach seeks to ensure effective queue management and minimises contracted queues being established if projects are not advanced enough.	We have led the development of a common policy and publication of a new GB roll out plan, working with all network companies and the System Operator through the Open Networks project.

Ensure your strategic investment plan aligns to the investment plans of users.	Our Transmission Economic Connections Assessment (TECA) Steering Group reviews and adjusts our best view of the contracted generation background to 2021. This is resulting in more accurate projections of renewable development in Scotland.	The information from TECA feeds into our Transmission Business Plan on an annual basis, ensuring our investment best meets the needs of users and customers.
Reduce disruption to users of the system who are already connected.	New process has now been adopted for the design of our accelerated renewable schemes, responding directly to stakeholder feedback. Provided a new facility where the developer gets a signal, to give them time to ramp down their turbines.	By allowing 228MW of generation to connect early, these schemes have potential to displace approximately 1 million tonnes of CO2 when compared to the mix of conventional generation methods.
Reduce disruption to users of the system who are already connected.	Identified a technical solution with our stakeholders which is capable of dealing with the harmonics issue. Knowledge sharing with the other Transmission operators to enable a common GB approach.	Resolving issues on behalf of renewable generators, to the benefit of society. Quantifying the issue is really difficult. If harmonic levels are allowed to get out of hand, the impact could range from a minor annoyance to equipment damage, or anything in between. We are helping windfarms to connect with less risk, whilst also cleaning up harmonics.
Look for innovative ways to bring down the length of time it would take to get customers back on supply.	World-leading temporary tower system – Discovered through global benchmarking, invested in 9 temporary masts that can be erected quickly in an emergency. If a tower was to collapse and line come down, we have the capability to restore at least one circuit. The kit is now on site and is being stored in strategic locations.	By potentiality significantly enhancing our ability to restart the electricity network, we could save Scottish society the estimated hundreds of millions of pound daily impact of a Black Start event. The loss of one major Transmission line during a major event could have a significant multi-day impact, hampering efforts to bring the network back to full strength and restoring power to customers. Now our emergency response system means we have the materials and skills to get customers back on quicker. Procuring the storage and deployment solution from an SME in our local community supports local economic growth and jobs. It also ensures fast, local response during severe weather conditions.
Use local, regional and national resilience forums and groups to ensure there is a joined up planning approach.	The National Risk Register being updated to reflect the number of days a Black Start may now last, as a result of engagement with BEIS and Governments.	Community preparedness improved – More prepared for worst case scenario and risks analysed.
Use local, regional and national resilience forums and groups to ensure there is a joined up planning approach.	Network Rail – Co-ordinated and integrated emergency plans now in place.	Community preparedness improved – More prepared for worst case scenario and risks analysed.
Use local, regional and national resilience forums and groups to ensure there is a joined up planning approach.	New process to review and revise our 'Protected Customers' list and every single customer contacted, following engagement with working groups.	Community preparedness improved – More prepared for worst case scenario and risks analysed.
Use local, regional and national resilience forums and groups to ensure there is a joined up planning approach.	During a 'Black Start' event hospitals would have to restrict public services to essential "life and limb" services and GP facilities would shut down. As a result of our engagement, NHS Scotland have agreed to test their fleet of standby generators to check the operational capabilities.	Ensuring hospitals have enough fuel to run backup generation will ensure essential services will not be severely compromised.
Work in close collaboration with industry players to influence a quicker restoration plan in the event of a major event.	Final report produced from the Black Start Task Group System Resilience workstream, with further recommendations. The report has been accepted by BEIS.	The changes we are influencing and leading will result in substantial benefits to customers across GB, increasing the resilience of our electricity system.
Work in close collaboration with industry players to influence a quicker restoration plan in the event of a major event.	Following engagement with National Grid System Operator, we carried out a joint Voltage Reduction exercise in collaboration with colleagues from the SO. Formal report produced following the voltage reduction test and shared with National Grid System Operator.	Following our tests the System Operator is now expanding our approach and is looking to conduct similar tests with other network operators.
Improve the resilience of your operations –ensuring your own employees have the equipment and training for worst case scenario events.	A prolonged power cut would impose unprecedented challenges in maintaining a secure food supply for the population. We have procured fuel tanks, food and water for essential employees for 7 days and stored in strategic Transmission locations to ensure these do not impede our ability to restore supplies to our customers.	Our operations and employees are now more resilient to major emergency events as a direct result
Improve the resilience of your operations –ensuring your own employees have the equipment and training for worst case scenario events.	Training completed with key strategic Transmission employees on the new Emergency Response System.	Our operations and employees are now more resilient to major emergency events as a direct result
Improve the resilience of your operations –ensuring your own employees have the equipment and training for worst case scenario events.	New business continuity system –Implemented to allow us to contact employees quickly in an emergency, with 64% of employees responding to the first test of the system.	Our operations and employees are now more resilient to major emergency events as a direct result
Strengthen the role of stakeholders and consumers in setting and agreeing business plans.	Enhanced business plan engagement – Used stakeholder input to design new proposals for a RIIO-T2 User Group, providing challenge to our business plan approach and engagement.	Business plans will more accurately reflect what consumers are willing to pay for.
Engage appropriately with future customers, to give them an opportunity to set out their priorities.	Held our first Young Energy Force panel to enable future stakeholders to influence our priorities and plans. Reaching Future customers. We hosted ten diverse future stakeholders to understand their expectations and priorities. 100% of Young Energy Force panel members said they would like to attend again.	Business plans will more accurately reflect what consumers are willing to pay for. Young Energy Force top priority was to invest in innovation to create a more efficient and sustainable electricity network with lower costs.
Innovate to find new ways of educating and informing consumers about electricity networks.	Digital 'Willingness to Pay' tool – Developed an online tool to let customers prioritise the 'flexible element' of the bill, over and above the essentials we require to deliver a safe and reliable electricity supply. This has enabled 999 diverse end consumers so far to reflect their needs and preferences. It provides ongoing benchmarking information, legitimising our RIIO-T2 business plans and further enhancing the role of consumers in decision making.	Business plans will more accurately reflect what consumers are willing to pay for. Those involved in our trial chose not to reduce their bills – opting to maintain the same overall spend on networks. Consumers' top priority was to invest in innovation, to create a more efficient, sustainable electricity network.
Innovate to find new ways of educating and informing consumers about electricity networks.	Joint Transmission operator approach – All 3 Electricity Transmission operators and National Grid Gas Transmission operators have agreed to a joint 'Customer Insight' tender exercise, to appoint one market research company. This Willingness to Pay research will be used to inform our RIIO-T2 business plans in a consistent and comparable way – improving transparency and accountability for customers.	Business plans will more accurately reflect what consumers are willing to pay for.
Contribute positively to energy planning cross-system to ensure an integrated and consistent approach.	Energy scenarios developed for Transmission which take into account hydrogen and gas. Off-gas grid properties have been considered for the potential uptake of heat pumps as an alternative source of heating.	By reaching out beyond our formal role and embracing a whole-system planning approach, we are delivering a more efficient and sustainable overall energy system for users and consumers.
Contribute positively to energy planning cross-system to ensure an integrated and consistent approach.	We have recommended to Ofgem a whole system assessment is undertaken in both electricity and gas for RIIO-2 and then look to combine these frameworks together, along with other sectors e.g. heat and transport in RIIO-3, allowing time to resolve any legislative constraints.	By reaching out beyond our formal role and embracing a whole-system planning approach, we are delivering a more efficient and sustainable overall energy system for users and consumers.
Contribute positively to energy planning cross-system to ensure an integrated and consistent approach.	Common methodology agreed for asset risk amongst Transmission operators.	Agreeing common methodology and a consistent tool is helping us ensure we replace our assets at the optimum point, decided by stakeholders.
Contribute positively to energy planning cross-system to ensure an integrated and consistent approach.	Agreed to implement the same asset risk management system as SHE Transmission, taking and sharing best practice from our distribution licence.	Agreeing common methodology and a consistent tool is helping us ensure we replace our assets at the optimum point, decided by stakeholders.
Leverage the benefits of being a Transmission and Distribution System Operator to the benefit of users.	We are seeking to lay the foundations for the distribution system operator business model and have established the SMART Zone project in Dumfries and Galloway. The project will be undertaken over a number of years, with completion phased, across Transmission and Distribution, from 2020 to 2023.	To build the network capable of connecting peak generation in Dumfries and Galloway in the traditional way would cost approximately £500m. So avoiding the need for this costly reinforcement, while still providing attractive conditions for optimised renewable generation to connect, is essential.
Leverage the benefits of being a Transmission and Distribution System Operator to the benefit of users.	Proposed a new, innovative £5m Generation Export Management System, backed up by commercial solutions, in Dumfries and Galloway. This is designed to facilitate the connection of new users on the Distribution and Transmission systems through Active Network Management agreements, without incurring significant reinforcement cost for the end consumer.	The new solution opens up a new System Operator commercial market for curtailment that all users can participate in.

We're in this together – enhancing consumer voice and collaboration

Our aim is to continually strengthen the impact of engagement upon our business, and to collaborate widely to deliver robust outcomes.

We:

Regularly refresh engagement programmes to build the legitimacy of our forward plans

Share best practice with other operators for UK-wide benefit

'Ditch the labels' to enable seamless engagement

Our enhanced engagement regime for RIIO-2

We are strengthening and diversifying the consumer voice to legitimise future business plans. This year we kicked off our T2 engagement.

- We further utilised our core engagement programme, by discussing value for money and business planning with our strategic panel and at a range of Citizens Advice and Ofgem bilaterals.
- We introduced our new Young Energy Force Panel to understand the priorities and expectations of future stakeholders.
- Our Executive Team engaged with a broad range of stakeholders on options for enhancing the consumer voice in the development of our forward business plans, through two new Stakeholder Conferences.
- Domestic customer focus groups revealed insights on the level of detail they needed to be able to participate in engaging on network costs and value.
- We introduced an intuitive online interactive Willingness to Pay tool, enabling customers prioritise the 'flexible element' of the bill, over and above the essentials we require to deliver a safe and reliable electricity supply.

'Ditch the Label' initiative

In 2016 we launched our 'Ditch the label' approach, which is now an integral part of our engagement strategy.

Our stakeholders told us that labels such as 'Transmission' and 'Distribution' are meaningless – they want us to remove these labels and be more visible to communities. Following on from the success of this initiative over the past two years, our collaborative approach has now become a key business-as-usual part of our engagement strategy.

- We provide joint Transmission and Distribution engagement in all districts. All district staff understand both Distribution and Transmission investment in their area and are able to assist customers with enquiries about both.
- Customers can access our interactive online investment map, integrating all forthcoming Transmission and Distribution investment into one easy-to-use tool.
- We look for opportunities to join up engagement, targeting hotspot locations and communities where vulnerability and Transmission and Distribution investment programmes intersect to give a holistic programme of engagement.
- We link engagement at local agricultural shows or schools careers events to local investment.

Peer-to-peer Best Practice Sharing

Recognising the wealth of knowledge and experience in our peer group, our engagement strategy encourages us to identify and incorporate best practice from our peers.

With this in mind, and sharing our experience from the Distribution side of our business, we initiated the Transmission Owner Best Practice (TO BP) group in 2015.

Meeting every two months, the TO BP Working Group considers all aspects of engagement where working together will lead to benefits for stakeholders.

Working together to coordinate high quality engagement across the industry, the group consists of representatives of transmission owners SP Energy Networks Transmission (SPEN); Scottish and Southern Electricity Networks Transmission (SSEN) and system operators and transmission owners National Grid Electricity Transmission (NGET) and National Grid Gas Transmission (NGGT).

The following list describes the activities undertaken by the group in the last year, and how they relate to the SPEN engagement strategy:

- Shared our best practice to align approaches to engagement under the globally recognised AA1000SE standard, ensuring that collective discussions are more focused and lead to tangible outcomes for all stakeholders – **SPEN have aligned to this standard since 2013 and this year we followed best practice from National Grid, undertaking a full Healthcheck from the owners of the standard, AccountAbility.**
- Investigated the long-term options for consistent measurement and comparability of activities and aligned the language and terminology used in our engagement submissions for consistency – **SPEN have made improvements to part 2 to indicate outcomes and impacts consistently.**
- Mapped 'Hard to Reach' stakeholders and agreed to maintain a shared list of hard to reach groups – **SPEN have included a new step to specifically identify hard to reach stakeholders in our engagement process.**
- Agreed to undertake joint Willingness to Pay research and agreed a scope for appointing a single supplier – **SPEN have developed and undertaken initial Willingness to Pay research and continue to provide learnings to the TO BP group.**

New Young Energy Force Panel established

'Ditch the Label' – joint engagement for seamless service and reduced stakeholder fatigue

Full engagement Healthcheck against AA1000 – achieved Advanced Maturity

New intuitive Willingness to Pay tool to understand end consumer priorities

This is a team effort – embedded responsibility and our culture of change

We embed stakeholder engagement across our business, resulting in extremely effective information sharing, cross pollination between business plans, extended resourcing and support from different areas.

Central stakeholder team

Defines the strategy, collates and reports on engagement outcomes and actions, and supports engagement owners throughout the business. Ensures that external stakeholder panels are balanced and representative, and leads the monthly core and extended internal stakeholder action groups (ISAG).

Senior business leads

Develop strategic engagement plans, share feedback and learning through ISAG and Topic governance meetings, and identify strategic issues for discussion with the external Strategic Stakeholder Panels.

Robust Governance

Our embedded governance structure enables information sharing between all levels of the organisation and ensures feedback is used to inform decision making. It provides several touch points throughout the formal structure to facilitate the flow of information and feedback from front line teams to the board and back again.

Dedicated licence stakeholder engagement teams

Each of our licence areas have their own stakeholder teams, who lead the planning and delivery of tailored, high quality engagement and outcomes in their own area.

Everyone's job

Engagement is fully embedded with 72 senior managers and staff owning plans and all staff responsible for effective engagement.

A winning team

SPEN's Stakeholder Engagement and Communications Team was named the Team of the Year in the 2017 Utility Week Awards. The team have helped embed stakeholder engagement within the company's DNA.

Our Embedded Governance Structure



WINNER
Team of the Year
- Customer Facing



Embedded engagement responsibility	Comprehensive Stakeholder Engagement Strategy	Broad and Inclusive Stakeholders	Tailored Engagement Mechanisms	Acting on Feedback	Positive Outcomes
Executive Team	Takes ownership of strategy issues, challenges and reviews.	Ensures stakeholders are drawn from a wide variety of backgrounds.	Drives innovative methods to ensure engagement is most effective.	Uses feedback in high level business decision making.	Challenges and reviews engagement outcomes.
Central Stakeholder Team	Sets strategy and works to improve it. Runs central and strategic engagement programme.	Looks for gaps in stakeholder presence and seeks to fill them.	Identifies best practice and guides teams to use innovative and tailored methods of engagement.	Analyses feedback themes and ensures responses are consistent.	Engagement is measured and evaluated effectively.
Licence Stakeholder Team	Integrates strategy into licence engagement plans and engages with licence level stakeholders.	Watches for emerging licence issues which require stakeholder input and identifies the further stakeholders we need to engage with.	Identifies needs and priorities of licence stakeholders. Tailors engagement accordingly.	Makes sure feedback is answered and acted upon across all licences and districts.	New licence initiatives are designed with stakeholders in mind.
Topic Engagement Plan Team	Ensures strategy is woven into topic-led engagement plans. Engages with stakeholders.	Identifies new topic themes which would benefit from stakeholders' voices.	Tailors engagement to meet the needs and priorities of topic-specific stakeholders.	Ensures feedback is acted upon and answered across all topics.	Topic-specific initiatives take into account stakeholders' feedback.



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