

Making a Difference

Part Two: Highlights of our activities and outcomes following stakeholder engagement



Ofgem Electricity Transmission Stakeholder
Engagement Incentive Scheme 2019/20



This is Part Two of our submission to Ofgem’s Stakeholder Engagement Incentive for regulatory year 2019/2020.

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’*.

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Our submission is in two parts:

Part One

– Our strategy

Introduces our Stakeholder Engagement Strategy with evidence that we meet Ofgem’s minimum requirements.

Part Two

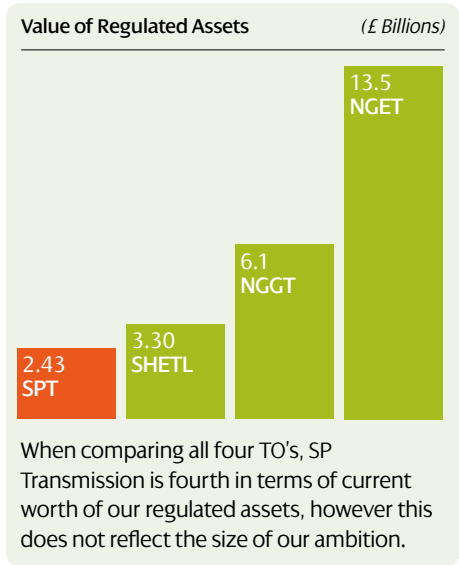
– Stakeholder engagement outcomes and impacts

Details key outcomes we delivered through stakeholder engagement during this regulatory year and the impacts for our customers and stakeholders.

About us

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

We play a critical role in providing security of supply across GB and in facilitating the connection of new renewable energy.



Covid-19

The content of this document details our activities which took place prior to and in the initial stages of the Coronavirus outbreak. Future commitments relating to project dates and timelines were correct at the time of writing. Any change to these will be made with direct involvement with our stakeholders.

In these unprecedented times and the challenges we are all facing with COVID-19, we are committed to our planned programme of engagement with all our stakeholders, adopting new and innovative solutions ensuring we continue to deliver benefits and value as stakeholder engagement remains central to everything we do.



Introduction from our CEO, Frank Mitchell

Stakeholder engagement is central to everything we do. We recognise that the only way to deliver the network our stakeholders and communities need is by responding to their ongoing feedback.

Our inclusive approach to stakeholder engagement means we obtain diverse stakeholder contributions for our business plans, strategies and projects from the outset and throughout.

In recent years, this approach has helped us exceed industry standards and position ourselves as leading the way across every part of our operations.

- ✓ **Leaders in managing network risk – ensuring optimum network resilience**
- ✓ **Delivering efficiently on our T1 commitments**
- ✓ **Leaders in innovation – with 102 new Innovation Champions across the business**
- ✓ **Providing a safe and reliable network – zero public incidents in 2019 and 99.6% of customers had no significant supply interruption.**

Engaging with stakeholders is a key focus at every level of our business – including the Executive Team. Their passion for speaking directly to stakeholders is embedded across our whole organisation. With a clearly communicated strategy in place, our teams can manage relationships efficiently – seeking engagement and feedback on topics aligned with our overall business strategy. Our internal processes then allow us to be flexible in how we respond to feedback.

Ultimately, good stakeholder engagement is a continual cycle – and we place the utmost emphasis on growing relationships that help us shape our plans and deliver the best possible outcomes for stakeholders, customers and wider society.

“Stakeholders are at the heart of everything we do. The changes we make are designed to give them a network which suits their needs. Our evolving approach continues to build on strategic changes to make sure we engage with the correct stakeholders using flexible methods, and that we act on their feedback efficiently.”

Our focus in 2019/20

This year, we have focused our submission on three key areas. Embedding innovation within our processes – **Transmission Customer Connections Portal** ensuring we deliver a network of the future, at the pace our industry requires. Supporting communities in the transition to Net Zero, a fundamental objective of the **Green Economy Fund** as well as being a strong focus area within the Scottish Government. Finally, our last key focus area is **Network Resilience**, as the reliability of our network is fundamental for society.

Like everything we do, our strategy for this future is shaped by talking to stakeholders – adjusting to meet their needs as we all strive to deliver a greener future together.

World-leading in stakeholder engagement, ranked in top 10% of companies assessed globally



1st Transmission Operator to fully fund electric buses



Outstanding Project of the Year Award – Green Economy Fund



Ahead of RII0-T1 connections target of 1,973MVA – with 2,000MVA to date



15,409 Stakeholders engaged in 2019/20



279 Stakeholder events in 2019/20



Network of the year 2019 shortlisted for 2020



Frank Mitchell

Frank Mitchell
Chief Executive Officer,
SP Energy Networks

Over the course of this year, we have engaged over **15,000 stakeholders** through a wide range of events. This level of engagement, has resulted in **106 outputs** being put into action this year, contributing to the positive outcomes we are delivering for our customers every day. Please see our full table of outputs at: www.spenergynetworks.co.uk/outputstransmission

As reported in our previous submission, we carried out extensive research early last year to understand what consumers expect from us as their network operator. This research led to our strategic focus to deliver a **Better Future, Quicker**.

We have focused on the key outcomes within this submission on the activities which are shaping our strategy to deliver a **Better Future, Quicker** at the best value for stakeholders and customers.

Better a sustainable network

We have a critical role to play in driving renewable generation connections and the decarbonisation of heat and transport. Building a sustainable network must be central to everything we do.

Future a resilient network

Ultra-fast communications, the electrification of heat and transport, and increasing generation demands – we need to make sure our communities are ready for the huge changes coming to the network.

Quicker an innovative network

Our goal is to accelerate the changes our stakeholders want to see. We collaborate, innovate and seek new ways to deliver this future vision as soon as we can.

 AccountAbility

Global Leaders
Top 10% in the world

Audited by global leaders in engagement

Again, we enlisted AccountAbility, the leading consultation firm who operate the global standard AA1000SE for stakeholder engagement to review our approach.

This year, we received an impressive score of **78%** (85% is the maximum score achieved by any company), placing us in the **top 10% of companies assessed globally** and in to the highest categorisation phase possible – **‘Mature’**.

“Stakeholder engagement is a key aspect of SP Energy Networks’ overall strategy as a business, and sub-strategies feature stakeholder engagement as a key practice.”

AccountAbility, 2020



Our Core Stakeholder Engagement Strategy

Within Part One of our submission, we provided a detailed account of our stakeholder engagement strategy. It details the processes we have in place to support all of our teams including the approach we take to governance, planning, identifying stakeholders, methods of engagement and collecting feedback. We have demonstrated how we act on feedback to deliver the best results for our stakeholders and customers.

We have had a Stakeholder Engagement strategy embedded in our business since 2013. Since then we have continually improved and evolved our strategy to meet the changing needs and requirements of our stakeholders and customers. This has been driven by our learnings, stakeholder input, external accreditation and benchmarking across industries.

It's part of our culture

Our CEO, Frank Mitchell, and his Executive Team have engagement at the top of their agenda. Their passion to deliver the right service for our customers, based on their needs filters through our whole business.

✓ **188 total engagements carried out by Executive Team**

✓ **128 meetings attended**

✓ **34 panels / workshops / steering groups attended**

✓ **26 presentations / events / key note speeches**

To continually embed our core strategy we:

- Carry out regular internal training sessions
- Communicate activities and outcomes using internal channels
- Make supporting tools available to everyone, e.g. a new toolkit available providing a range of processes and templates for planning and delivering engagement activities
- Incorporate stakeholder engagement into staff induction training and job descriptions.

Key steps of our strategy to deliver

Step 1 Define the purpose

With a clearly defined objective, we can tailor our engagement to deliver the best results. This maximises the value of our efforts, and minimises costs by applying the most effective solution – focusing on value for money.

Step 2 Identify and map stakeholders

Depending on the purpose of the engagement, different individuals will be best placed to offer the insight required. We need to understand: *a) who are the relevant stakeholders* and *b) what is their level of knowledge on the specific topic*.

Step 3 Tailor the engagement

To ensure the maximum value is gained from the event, we tailor three distinct aspects of the engagement: content, method of engagement and communications.

Step 4 Engage

The result of our planning phase is an inclusive, tailored and value for money engagement event, ready to be delivered.

Step 5 Capture feedback

Feedback remains crucial in designing and delivering services that are right for those affected by any area of our business. This year, we have built on the foundation of our approach to data and the suggested content of feedback to collect, and the means with which our users can record it.

Step 6 Determine wants and needs

Analysing feedback to determine needs and services that could be improved, or potential for improving resources, focusing the actions on areas of business change that customers and stakeholders care most about, demonstrating authentic engagement.

Step 7 Develop priorities and actions

We aim to provide value for money – a principle that lies at the heart of everything the business delivers. Demonstrating value rests on our ability to measure potential outputs and prioritise accordingly.

Step 8 Act

Each step, from capturing feedback, determining wants and needs, and developing actions that will make the services we offer better.

Step 9 Close feedback loop

With our engagement complete, our feedback collected and our actions taken, the final step of approach is to close the feedback loop. This step consists of measuring the success of actions taken, identifying how we can improve our engagement approach and providing progress reports to our stakeholders.

*This year we have delivered
106 outputs for our customers
across all of our topics.*

*We go a step beyond and measure the
economic value of the benefits we deliver
(see measurement tool on page 3).*

Strategic management to deliver excellent engagement

Our outputs and goals are always aligned to our core strategy to deliver a 'Better Future, Quicker'. Everything we do and deliver comes back to our pillars and our strategic plans set out in each. We engage with focus and purpose to deliver a service that stakeholders and customers both need and want.

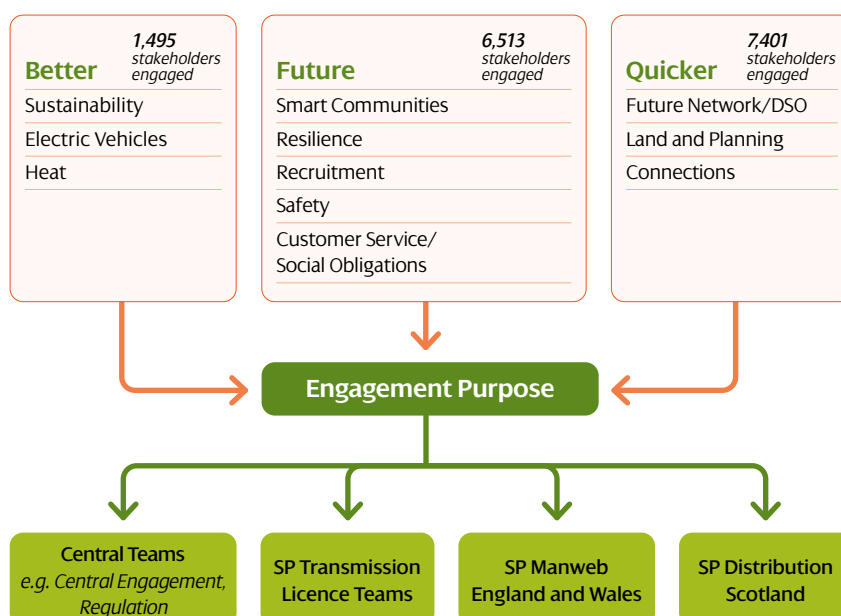
We engage with the right stakeholders, on the right topics, with the right level of expertise to best help us shape our plans.

To do this, we:

- Have 11 strategic engagement plans for our 'Business as Usual' topics with a Senior Management team owner. *(For further details, see Part One).*
- Categorise our stakeholders by knowledge level across these topic areas.

This method of segmentation provides greater insight relating to our stakeholders from a central source, allowing us to tailor our engagement activity and easily identify gaps in our engagement.

Senior Team owners are responsible for regular cross-team meetings and brainstorming sessions for engagement planning and stakeholder mapping to drive the plans forward consistently.



Engaging challenging and hard-to-reach groups

As outlined in our Part One submission, identifying and prioritising a broad and inclusive range of stakeholders is very important to us.

We put measures in place to ensure our teams are committed to creating and maintaining relationships with hard-to-reach groups to ensure they have a voice and to continue to deliver real benefits.

Our engagement approaches are then translated into tangible actions to ensure we are delivering initiatives that address the needs and wants of challenging groups of customers, communities and future stakeholders across every aspect of our business.



Throughout our Part Two submission, we have used our challenging and hard-to-reach icon to clearly highlight projects and initiatives which deliver real benefits for harder to reach groups.

Our approaches in action:

Seeking alternative perspectives from hard-to-reach groups. 1

We held an 'Understanding SP Transmission' workshop with a group of customers from varying demographics, as well as future bill payers. With the changing energy landscape, we need to present often complex information in a simple way. This interactive session provided feedback on how we best engage with our customers both now and in the future.

Utilising our strong links with key stakeholders who represent the voice of large hard-to-reach groups. 2

Through our Green Economy Fund engagement, project owners now sit on our Strategic Stakeholder Panels to represent the voice of large customer and stakeholder groups – allowing us to reach a wider audience addressing fuel poverty and transport challenges within local communities.

Regularly reviewing our relationships with stakeholders to identify potential new partnerships, adding value and informing our approach. 3

The Transmission Community Liaison Team work with Erskine Care Homes and Rotary Clubs to identify new communities and groups to extend our engagement reach. As a result, we have formed new relationships and carried out Teccy Bite sessions within these local communities. (See Part One for detail).

Tailoring our engagement methods to target challenging and hard-to-reach groups. 4

Recognising stakeholders have different engagement requirements, we formed a partnership with the Scottish Rugby Union to offer tailored, local messaging to traditional hard-to-reach stakeholders, especially landowners.

Measuring benefits

Everything we do as a business is funded by our customers – that's why it's crucial we strive to provide value in everything we do. We have made it a priority to find an accurate and credible way to measure value beyond the financial and track the social benefits of our investments.

We are the **first TO** to consistently apply a Social Return on Investment (SROI) methodology. It provides a level of insight into the value of our activities like never before.

We are leading the industry with this tool and are carrying out engagement to consider this as a joint shared value approach to deliver insight and consistency.

What it helps us achieve

Recognising that Willingness to Pay alone is not enough, greater insight is achieved by using information from a number of different sources and collating evidence collected from stakeholders and partners and proxy data from respected resources like HSE and Government bodies, such as the Scottish Government and HM Treasury.

The tool uses our Willingness to Pay studies when proxies are not available. To make sure we're using up-to-date statistics, our proxies are updated annually.

The tool allows us to:

- Quantify and forecast the costs and benefits of projects over time
- Demonstrate the net benefit created for customers by every pound we spend on a service
- Prioritise projects with a greater social return on investment
- Justify projects with a positive social return on investment.

By using this tool, we can justify the decisions we make based on stakeholder feedback. We use the tool in two ways:

1. Before we start a project

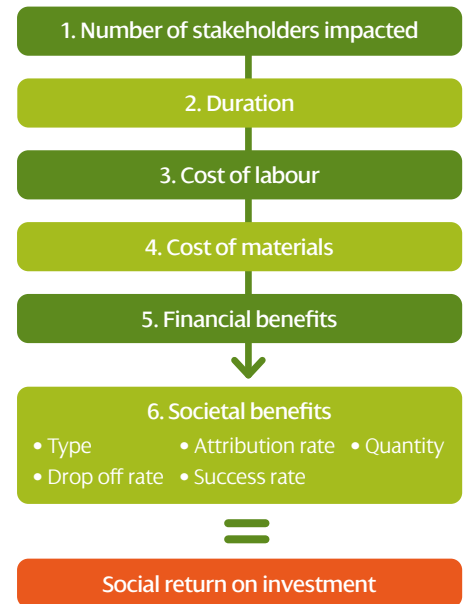
We input the details of the project and compare them against alternative solutions to see which will deliver the greatest social value to customers.

2. After we finish a project

We can see the value the project has generated, we then know what is viable to take forward, scale up or discontinue.

How the tool works

Our SROI tool is an intuitive system that allows users to compare up to four projects in a step-by-step approach using a simple range of inputs.



Outputs

Net Present Value (NPV): The sum of all costs and benefits for the project. There are three ways to calculate NPV:

1. NPV – Financial: Sum of financial costs and benefits.
2. NPV – Social: Net Present Social Value is the sum of financial costs and social benefits.
3. NPV – Total: Sum of all inputs - financial costs, financial benefits, and social benefits. This gives a comprehensive view of the value of the project.

Payback period: How long project needs to run before it will break even.

Value per stakeholder: This shows value created by the project for each stakeholder impacted.

The SROI: The Social Return on Investment (SROI) is a measure of how much net benefit an initiative delivers for society above and beyond what it costs us to deliver it.

SROI in action

In the example below you can see how we used the tool to calculate the Social Return on Investment for our Warmworks project outlined on page 7.

Warmworks – Battery storage technology

Inputs (over 15 years)

Project costs	Green Economy Fund Award: £1.25m
Financial benefits	Reduced energy bills: £469k
	Battery storage unit avoided cost: £1.29m
	Switching advice: £609k
	Job creation: £2.19m
Societal benefits	Having better rights and entitlement: £215k
	Reduced healthcare costs: £1.81m
	Estimated carbon savings: £24k
	Engaging with community energy scheme: £5.8k

Outputs

SROI – Over its first year, we estimate that this project has already generated a **net benefit of £1** for every pound we have spent

Over the next 15 years, we expect that this initiative will deliver a:

Total Economic Value of

£3.18m

Social Return on Investment (SROI) = the value to customers for every £1 spent.

View a summary of our SROI calculations at: www.spenergynetworks.co.uk/sroitransmission

The following pages use icons to signpost the progress and focus of our projects:



Planned Phase



Developing Stage



Embedded Initiative



Areas where we are innovating/demonstrating smart practice/replicable



Initiatives which serve specific interests of challenging groups



Measuring benefits

Innovation built in

“If we are to deliver the network of the future at the pace our industry requires, we can’t afford to stand still.

We must continue to explore ways in which we can deliver a greener future for all – and innovation is at the heart of that journey to manage the predicted demand of more renewables connecting to our network.

All of our efforts continuously strive to deliver a better future, quicker for our customers. A key step in this process is engaging with our stakeholders using tailored methods to seek assurance and challenge on our plans. This was the case with our connections process.

We have listened closely to feedback, ensuring any process improvements implemented directly reflect the needs and wants of our stakeholders, providing tangible and clear benefits to them.

We have outlined key actions we have taken which have been embedded across the company, to make the connections journey smarter, more efficient and transparent for our customers.

We are implementing smarter, innovative solutions within our business – leading to greater efficiencies for stakeholders.

We have co-created a new Online Customer Connections Portal with our stakeholders to ensure this new innovative solution improves and streamlines our connections process, improving the overall service we provide to customers.”



Gareth Hislop
Transmission Policy
& Commercial
Manager

Key Outcomes

16 key stakeholders registered to take part in our pilot test of the Online Customer Portal

New Agile Project Management methodology adopted – nine sprint sessions taken place

Launched new Pre-Application Customer Engagement Form to improve the connections process

New automated database launched to streamline transmission contracts

Innovative, smarter connections



We continuously look at new ways to improve the service we provide to our customers. To optimise their journey through the transmission connections process, we identified a key improvement area: Interested in Connecting to the Network.

As we move to a greener future, the number of connections customers has increased five-fold since 2017. The current process is manual, with projects often taking a number of years to progress through to completion – with no simple way for customers to monitor the status of their project.

After extensively engaging with stakeholders on these challenges, we’re transitioning to a centralised portal to manage information over the lifecycle of a connection, continuing all the way through to disconnection.

Our key objectives:

- ✓ Utilising the methodology of our stakeholder engagement strategy to ensure customers are involved in the development and testing of the new Customer Connections Portal, acting on feedback and implementing in to future system development.
- ✓ Increase the quality of transmission connections applications and improve overall flexibility by helping ‘self serve’ prior to formal application.
- ✓ Use Agile Project Management methodology to keep end users (Customers, Electricity System Operator (ESO) colleagues, internal staff) at the centre of the portal design.

Our new innovative Customer Connections Portal will be launched in 2020, with a number of additional customer-centric initiatives implemented this year to improve the customer experience in the lead up, focusing on providing a better service, faster and an easier, more consistent customer journey.

Improving the connection process

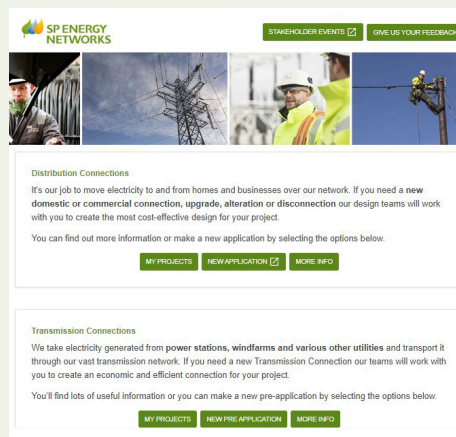


Co-creating the portal with our customers

Our aim was to create an online connections portal which focuses on the needs and requirements of our customers, allowing them to view connections projects and provide key project management updates of their new connection online.

The Customer Connections Portal will continuously evolve, ensuring we adapt to the needs of our stakeholders. This year, we co-created an innovative solution to further enhance the overall customer journey in line with ever-changing requirements. Part of this process was to look at key elements of the connections journey and select a number of focus areas.

New Customer Connections Portal



How we engaged our stakeholders

In July 2019, we held a stakeholder focus group involving developers and the ESO to map out the new online process. Through this method of engagement, tangible stakeholder feedback was collected, such as improving transparency and clarity within the process, putting stakeholder needs at the forefront of this project. As the focus group was smaller than a usual panel environment, stakeholders also fed back they preferred this more relaxed setting – providing useful insight for future connections engagement sessions.

Throughout 2019, our internal project team attended a number of conferences to present the new online portal and collaborate with other Transmission Operators. At these conferences, members of the project team held roundtable discussions to share key findings and map out the new process.

A faster way to realise ideas

Internally, to help us identify any knowledge gaps, find innovative suggestions and highlight any challenges which may arise, we adopted a new approach to project management. This was achieved by introducing sprint sessions with key internal stakeholders who are part of the connections process. These were formed of closed time-bound sessions, breaking the project in to manageable chunks to conduct a deeper dive in to each area to implement key deliverables based on stakeholder feedback.

Our sprint sessions formed the basis of user requirements for the project. In addition, our Business Change teams have been part of the engagement process, making sure the project has support at all levels of the business.

What you told us following our engagement:

The new Customer Connections Portal is for our customers, so co-creating the new system with them was extremely important to us. Following our engagements, we gathered feedback from a broad range of stakeholders, and they said:

- They find the SPEN Transmission website difficult to navigate and would prefer more up front information to help new entrants to the market.
- Applicants need increased transparency in terms of project status – *"There is not a joined-up approach, things are getting missed."* (Transmission Stakeholder 2019).

- Internal and external stakeholders noted lack of clarity on SP Transmission key contacts, as connections projects progress – *"We're not sure of who to contact all the time."* (Transmission Stakeholder 2019).
- More information needs to be readily available and risks such as capacity hurdles should be identified earlier – *"More involvement at an early stage of the connections process would help with the predictability of what to expect in the offer."* (Feedback from SPT 2018/19 Annual Survey).

- Our stakeholders and customers made it clear they wish to be fully engaged throughout the full process.
- **16 stakeholders** came forward to help with the soft launch and have committed to provide feedback in the lead up to the main launch.
- Stakeholders also encouraged us to implement "quick win" solutions to enable us to overcome any current constraints ahead of the launch of the new system.

The actions we've taken following feedback: Following feedback, we kicked off a number projects covering multiple work-streams, with a focus on improving the transparency and visibility of the overall transmission connections journey.

1 Providing a better service, faster



Stakeholders wanted an easy-to-complete pre-application form, with consistent questions and for it to be readily accessible on our website. In December 2019, we launched the Pre-Application Customer Engagement Form (PACE).

Weekly 'connections surgeries' have been embedded within our processes to facilitate one-to-one engagement between us and customers, on average 10 days after their pre-application request has been submitted.

We asked stakeholders who have used the new PACE form for feedback: *"The online PACE form was easy to use and the fields were easy to understand."* (Transmission Connection Stakeholder 2020).

Access our new form here:
www.spenergynetworks.co.uk/paceform

Impacts

- With improved consistency in the information being collected, time is saved when processing connections requests, resulting in a quicker connections process for customers. ✓
- Trialling the PACE form has allowed us to act upon stakeholder feedback ahead of embedding within the new portal, aligning this to their needs ahead of its launch. ✓
- 10 days gives internal staff enough time to review the application and prepare, ensuring the surgery is as efficient as possible for both parties – as fed back by our customers. ✓
- Dedicated internal resources allocated to every 'surgery' session ensure the correct stakeholders are in attendance – timescales and expectations managed from the outset. ✓

2 Ensuring a consistent customer experience



Our Customers told us they wanted 'better uniformity'. We have worked closely with the other TO's and ESO to share our progress in order to keep customers at the centre all of our work.

To ensure consistency, we have collaborated with distribution licence colleagues on this project, and there is a 40% commonality with our new online Customer Connections Portal – meaning both transmission and distribution connections customers will have a similar experience.

Impacts

- As part of the first release of the Customer Connections Portal, feedback will be collected from customers, internal staff and NGENSO, providing us with a broad view on how to shape the future evolution of the portal. ✓
- Created an area within the portal to help customers navigate our website for specific connections information to aid them prior to formal application. ✓
- Sharing our progress on the Customer Connections Portal – this works towards ensuring all TO's portals are established with similar functionality in direct response to shared customer feedback. ✓
- Thanks to a unified look and feel across the portal, customers will have a consistent experience. ✓
- Internal training across distribution and transmission on the new portal will be the same, resulting in shared training programmes and knowledge. ✓

3 An easier customer journey



Customer feedback on the connections process challenged us to improve the quality of the contracts. In response, we developed a new automated database, APOLLO, which we use to drive all workstreams associated with the production of our transmission connections contracts and agreements. This tool details all connection projects in a user-friendly manner, containing key project information to help our staff ensure quality and consistency within our connection agreements.

Digital signatures will replace the current process of relying on postage and signed hard copies.

Impacts

- Increased internal visibility of associated projects, and customer information – minimising the risk of duplication of work. ✓
- Improved efficiency as the workflow gives staff increased visibility of required actions – resulting in key milestones being met. ✓
- APOLLO provides key management information to enable quicker and better decision-making at a time that is best for the project and customer needs. ✓
- Contracts will be signed faster as all parties will receive automatic approval notifications. ✓
- Reduction in paper usage – supporting our ambition to reduce waste and become more sustainable. ✓

For every £1 spent = £4.06

expected societal benefits over
10 years for the PACE form



iHub – our innovative space

In 2019 we launched our 'Year of Innovation' programme, designed to drive a culture of innovation within our organisation and encourage employees to take an active role by participating in real business challenges. The three-year programme is aimed at building on the innovative approach across our business through direct employee contributions and turning these ideas in to action. One such campaign we ran this year – titled "What big efficiency improvements can we deliver quickly in SP Transmission" – looked at what new technology could be implemented within a six month period. The campaign generated 50 new, innovative ideas and over 360 internal stakeholders were engaged.

Ideas we've actioned

- Use of drones for site assessments, reducing time on site for land condition surveys.
- Thermal imaging camera for smartphones to avoid future faults or unplanned outages.
- Real time video communications – endoscopes, reducing inspection time.

This new, innovative programme leverages internal stakeholder feedback to the benefit our customers and stakeholders through improved business processes and efficiencies as well as driving a positive step change in organisational culture.



Facilitating the transition to a Net Zero future

“We play a critical role in enabling the transition to a Net Zero future and helping meet the UK’s ambitious climate change targets. Network companies are a key enabler of this journey, not simply by investing in the network but by facilitating low carbon projects, directly benefitting the communities we serve and society as a whole.

Our commitment to make sure no one is left behind in the transition to a greener future is one of our key focus areas, delivering positive impacts such as economic growth and job creation. The race to Net Zero is not one we can do alone – engagement with customers and stakeholders across multiple sectors is central to this to identify new ways to build a better, more sustainable network for all.”



Scott Mathieson
Network Planning &
Regulation Director

Key Outcomes

The only TO with a Green Economy Fund of this scale and size



Shortlisted for the ‘Stakeholder Engagement Initiative of the Year’ in the 2020 Network Awards



Outstanding Project of the Year Award – Scottish Renewables Green Energy Awards



First Green Economy Fund annual report to be published in summer 2020



Launched Glasgow’s first ever all-electric minibus fleet

41 direct and 542 indirect jobs created through the fund



Green Economy Fund Awards

Supporting local communities to achieve Net Zero



We have voluntarily contributed £20m over the last two years through our innovative **Green Economy Fund (GEF)** to support initiatives which directly benefit the people of Scotland as well as supporting Scotland’s ambitious green energy plans and local economic growth. We have funded **36** projects with a wide geographic spread across our network area.

This initiative isn’t just about green projects, but about creating and accelerating a green economy. Our GEF projects specifically target key areas where major transmission work is being carried out, allowing us to provide direct benefit and support to our local communities.

Creation of the fund

The GEF criteria was established following a gap analysis of existing funds available focused on low carbon ambition and acceleration. We had a clear goal to enable a fund which would go a step further than anything else and enable other funds to gain greater potential.

An independent panel of experts was established to assess and select successful project applications, based on the GEF criteria. The panel were selected due to their specialist areas of expertise to ultimately recommend the best projects for funding.

Funding dedicated to the GEF was focused on initiatives which drive towards our central pillars of delivering a **Better Future, Quicker** and supporting communities to achieve Net Zero. As a result, three key focus areas were identified; **heat, transport and education**. This ensured the selection of projects to be awarded funding would cross several key focus areas, helping to make sure our initiatives best serve the specific interests of a broad range of challenging groups of communities, customers and stakeholders.

Project funding doesn’t just help the projects themselves and their communities, it also allows us to build strong relationships with key stakeholder groups to continue to learn and support one another on the journey to Net Zero.

How we engaged our stakeholders

Engagement with key project stakeholders is central to the successful delivery of these ambitious low carbon projects. Vital to this process is ensuring we adopt and implement robust project management processes. Each project has a dedicated Project Liaison Officer, who along with us, maintains continual contact with each project team, understanding project outputs and key milestones as well as working with them to overcome any challenges. The team regularly conduct project visits to meet each project owner as well as attending all project launches to provide ongoing support.

Enhancing our GEF engagement

Over the last year, we have taken great strides to enhance our engagement, by proactively hosting engagement events, sessions to stimulate debate and share key learnings between projects.

Our extensive programme of engagement has enabled us to:

- Further define the criteria for the GEF and project selection, ensuring they meet the level of escalation required to achieve local community Net Zero ambitions.
- Keep projects on track through active project engagement – assessing KPIs and key deliverables along the way.

Funding innovation

In July 2019, we hosted a Green Economy Fund awards event to present a further £10 million of funding to innovative projects. This gave us the opportunity to celebrate the fund and individually recognise the efforts of each project and the benefits they deliver to communities.

Attended by a wide range of stakeholders including: local MSPs, local councillors, officials, businesses and third sector contacts. The event coincided with our Turning Scotland Green campaign, which involved lighting up Scottish landmarks green and calling for action in the race to Net Zero – **120 stakeholders attended**.

Building support systems

In October 2019, we held a project networking event. The focus was to bring all projects together in one room to share learnings and progress updates. This was an opportunity to reiterate the help we can provide, including ongoing project support, managing scope changes, processing payments, reporting, press releases, events and marketing. The event offered projects the opportunity to raise any challenges faced and discuss key steps taken to overcome them. By hosting various engagement events we have built a sense of community between projects – **60 stakeholders attended**.

Expert collaboration

In November 2019, we held a Net Zero event, bringing the country’s top energy experts, policymakers and influencers for a debate on the race to Net Zero. The primary objective was to stimulate discussion not only from a policy and regulatory perspective, but at a practical level, allowing us to showcase some of the great work being funded through our GEF – **over 300 stakeholders attended**.

What you told us following our engagement:

- Support ambitious government carbon reduction targets and take a lead in enabling local communities to benefit from decarbonisation opportunities.
- Enable the decarbonisation of heat, transport and electricity.
- Influence national and local government policy to the benefit of all customers and stakeholders.
- Increase opportunity to network and build new partnerships and share learnings across other charities and organisations.
- An enhanced level of project support would be beneficial to ensure key milestones are met, resulting in successful project delivery.

The actions we've taken following feedback:

- Supported 36 projects through the GEF to help achieve their green ambitions.
- Lit up iconic buildings across Scotland to motivate businesses to follow our lead in building a green economy.
- This year, publishing our GEF Annual Report, sharing key learnings and outcomes.
- Key project stakeholders now sit on our Strategic Stakeholder Panels – influencing future decision-making.
- Facilitated increased alignment between different GEF projects, for example, Community Transport Glasgow have provided support to Foodtrain on sourcing vehicles.
- Our Liaison Officer and weekly project meetings have resulted in timescales being met and improved external awareness of our GEF.
- Governance sessions have been established to share updates and challenges at a senior and executive level, continuing the feedback loop.

Impacts

- 41 new Green Economy Fund jobs created in local communities. ✓
- 24 electric vehicles purchased through the fund with 10 new electric vehicle charge points installed. ✓
- 2,681 energy customers received support directly through the fund. ✓

A highlight of projects from our Green Economy Fund



The following case studies were chosen from our 36 GEF projects. Each one showcases the impact on our local communities across three key areas: **heat, education and transport**.

1 Project: **Keeping Mobile through Electric** Focus area: **Transport** Strategic priority: **Better**

Community Transport Glasgow (CTG) applied for funding to upgrade its ageing fleet from diesel to low carbon vehicles. CTG's purpose is to provide not-for-profit transport solutions to enable affordable, reliable and accessible transport to vulnerable communities.

We funded Glasgow's first ever all-electric minibuses, giving us the ability to provide a test bed for the operation of electric minibuses across the country. CTG will utilise these minibuses to provide transport solutions to 75,000 passengers each year.

CTG commented that, as a third sector organisation the funding received has been transformational as it has enabled them to renew an ageing fossil fuel fleet with new fully electric vehicles.

*For every £1 spent = £19.00
expected societal benefits over 1 year for the
Community Transport Glasgow project*



Impacts

- This project helps to reduce social isolation and loneliness by helping vulnerable, disadvantaged and elderly people across the city access vital appointments and community activities. ✓
- An estimated saving of 216 tonnes of CO₂ over a five-year period – the same as 174 return flights between London and New York. ✓
- Low carbon vehicles allow CTG to continue to run services into Glasgow's city centre – Scotland's first low emission zone. ✓
- This project can be used as a blueprint for the rest of the UK to upgrade ageing fleet to cleaner, greener modes of transport. ✓

2 Project: **Warmworks** Focus area: **Heat** Strategic priority: **Future**

Through the project, battery storage technology will be installed in 150 off-gas homes in the Stewartry area, where fuel poverty is disproportionately high. A major transmission substation is also being upgraded nearby allowing us to give back to local communities directly impacted by major network upgrades.

The target properties are off-gas grid and electrically heated. These households have been specifically identified as in or at risk of fuel

poverty. For the people living here, the project will have a significant impact on their quality of life by helping to make energy bills more affordable.

The project has also allowed us to understand what effect a decentralised storage facility will have on managing demand and reducing carbon emissions. Additionally, this project will help us evaluate the real-life performance and reliability of battery storage equipment and controllers to prevent overcharging.

*For every £1 spent = £3.00
expected societal benefits over 10 years
for the Warmworks project*

Impacts

- A tested, viable and scalable commercial model and platform for development that both addresses fuel poverty and informs demand management. ✓
- Predicted carbon savings of 754 tonnes of CO₂ over the lifetime of the battery units, the equivalent to energy consumption of over 700 medium-sized homes for one year. ✓
- 178 energy customers received energy advice directly through this project. ✓
- Eight jobs have been created, with another four jobs secured, increasing employment opportunities within the area. ✓

3 Project: **Dumfries and Galloway Project** Focus area: **Education** Strategic priority: **Quicker**

Dumfries and Galloway College are building a renewables technology hub as a result of the funding they received from the GEF. So far, the college has installed a wind turbine, heat pumps, solar arrays and electric vehicle charging points.

Students and businesses can use the centre to learn about renewable energy and how to install and maintain the technology, providing valuable skills within the local community.

Dumfries and Galloway has approximately 15,000 social housing units. Through this project we will educate as many as 70% of tenants on renewable energy by training in person, or through online learning tools.

The College has installed technology at the STEM Hub to primarily be used as teaching aides but also to provide a minimum of 75% of energy for this building is generated from renewable sources.

*For every £1 spent = £9.22
expected societal benefits over 10 years for
the Dumfries and Galloway project*

Impacts

- The project will upskill at least 20 qualified tradesmen per year, bridging the skills gap within the local area. ✓
- It will also provide renewable training to over 1,000 future bill payers through local schools and colleges. ✓
- The hub will produce around 137,000kWh of renewable energy each year, saving 56 tonnes of CO₂ each year. ✓

Maintaining world-leading resilience

“Our priority is to create a better future, quicker for consumers, network users and wider stakeholders.

We work hard to maintain a reliable and resilient network for the communities we serve. This, along with a structured move to renewable generation, is a key focus for us. We have processes in place to prepare for the future, and the way our business operates has adapted in order to embrace new systems and means of communication, as well as ensuring we have a resilient workforce to match.

As we move to the future, we have the responsibility to maintain world-leading resilience and system operability to preserve security of supply throughout the energy transition. We also have an important role to play to support resilience within communities, by providing resources to aid their transition to a greener future.

The future planning of our business has been driven by local and national government targets, as well as the key priorities of our stakeholders. With planned closures of power stations, such as Torness and Hunterston, we need to future-proof our network to maintain this reliability without these sources of generation.

Planning ahead of need by looking at future scenarios ensures our business can maintain a high level of resilience for our customers. We have the teams, infrastructure and technology in place to prepare and react to any challenges we may face.”



Pearse Murray
SP Transmission
Director

Key Outcomes

Shortlisted for the **‘Engineering Project of the Year’** – Network Awards 2020

30,000m² of land made available for local community energy projects

Whole system approach to secure reliability during COVID-19 – prioritising hospitals and vulnerable customers

Number of female graduates have more than **doubled** since 2017

On track to deliver the **UK’s first Hybrid-Synchronous Compensator**

Ensuring optimum network reliability



Decarbonisation, decentralisation and digitalisation, together with rapid changes in power system technologies, mean our industry as a whole faces huge challenges in adapting and learning to make the most of new opportunities. We are adjusting our network to meet these challenges and implementing measures to overcome issues experienced by extreme weather – all to ensure security of supply as we continue to deliver a high-performing network for our customers and stakeholders.

To help us more accurately anticipate how changes in electricity demand and generation might impact our network, we need to predict and understand our stakeholders changing electricity needs. This enables us to make more efficient investment in our network, helping to keep costs low for customers.

How we engaged our stakeholders

We carry out an extensive programme of engagement to understand how to best develop our network to meet the needs and preferences of current and future stakeholders across central and southern Scotland.

Expert collaboration

We have engaged with government policymakers on Black Start and the Electricity System Operator (ESO) on system operability to continue the conversation to deliver a resilient network without large generation sites, such as Torness and Hunterston.

Proactive engagement with manufacturers and the Scottish Government took place to look at new control technology to connect batteries and wind farms, allowing them run at a constant speed, bringing more stability as we connect more renewable generation.

Engagement through the Independent Commercial Working Group, which includes representatives from Generators, other DNOs, and government policymakers such as BEIS and the Scottish Government, who share the remit to contribute to the roll-out of Hybrid-Synchronous Compensator (H-SC) within the UK. The roll out of H-SC technology will help create demand stability in the grid, as they react when extra power is needed and provide more control over voltage. These meetings have occurred throughout this year to review ongoing and completed commercial work and to consider how the project will interact with other industry initiatives.

Sharing information with our communities

Project teams have gone above our baseline requirements, set out by the Network Innovation Competition (NIC). Using our embedded stakeholder approach, we engage proactively with stakeholders on a continual basis by holding knowledge dissemination events at Neilston Substation with both internal and external stakeholders. This includes presenting on the need for H-SC technology, the benefits and key learnings from the project to date and a look ahead to scheduled work before an escorted tour showcasing the different technology.

As an extension to our Tecy Bites programme, we took our education sessions to a local veterans care home we support – Erskine, to teach them about the advances in new technology which support network resilience. The engineering veterans are keen to hear about and discuss our engineering challenges and this allows us to engage with and give back to the communities we serve.

Supporting Industry-wide Learning

We recognise the central role we play in facilitating industry change and have an active role in various research projects and knowledge sharing initiatives. One example is our engagement with researchers and technology providers through projects run by the National HVDC Centre. In 2019/20 we provided resources to support work by Electric Power Research Institute on network energisation, to Strathclyde University on network reliability and to support Cardiff University on improvements to the Grid Code. Our ongoing commitment to these projects and our willingness to engage with stakeholders at knowledge-sharing events and other collaborative technical forums allows us to play our part in helping the industry tackle the challenges faced with system operability in the short and longer term.

Collaboration through a pandemic

At the beginning of COVID-19, we worked closely with other network operators, Governments and the electricity regulator, Ofgem to develop contingency plans to ensure we continue to keep the lights on, maintain network resilience and the health, safety and wellbeing of our colleagues and customers during this challenging time.

What you told us following our engagement:

Our stakeholders felt it was important to invest ahead of need by taking a proactive approach to future-proofing the network and ensuring security of supply as we transition to renewable generation.

One of the biggest challenges highlighted by our stakeholders was the significant costs associated with constraining generation due to reduced system capacity caused by balancing supply and demand during planned outages.

Analysis and experiences in other countries has shown that with low levels of synchronous generation, operability problems on the network start to emerge.

The ESO recently reported growing concern about managing low demand and voltage on the transmission network during the Coronavirus lockdown, with the majority of the UK working from home. Therefore, more emphasis has been placed on progressing innovation projects to help support system issues.



The actions we've taken following feedback:

Stabilising the network



As we move away from traditional energy generation to renewables, innovative solutions need to be in place. For example Project Phoenix, looks at the design, installation and operation of H-SC. This project focuses on enhancing system security resulting from the progressive closure of traditional thermal generation sites, giving us confidence that a carbon-free network is achievable.

There is more emphasis on innovation projects to help support system issues in order to manage the challenges with low demand, which is why this project has been classed as essential to the transmission network during the coronavirus outbreak.

To connect with a number of our stakeholders, we had a prominent stand at the All-Energy 2019

conference to discuss and demonstrate key learnings of the project. The project team also presented at 2019 Low Carbon Networks and Innovation (LCNI) Conference to increase awareness and understanding of H-SC technology.

Additionally, stakeholders such as CIGRE and University groups have been shown around the site at Neilston substation to increase their awareness of this innovative solution.

*For every £1 spent = £10.54
expected societal benefits over 10 years
for Project Phoenix*



Impacts

Rollout of this technology is a step in the journey to Net Zero by enabling a future transmission network that can benefit from clean energy resources without compromising security and quality of supply to our customers. ✓

With large manufacturers and factories closing due to COVID-19, our innovative technology helps to manage low demand on the network to maintain system balance. ✓

On track to deliver the UK's first H-SC – helping to achieve a carbon-free network. ✓

Keeping the power flowing



COVID-19 has affected UK electricity consumption, with demand significantly lower compared to this time last year. In February 2020, at the beginning of the pandemic, we forecasted a number of problems caused by a lack of demand and accelerated a number of essential projects which were close to completion.

Across our transmission network shunt reactors have been upgraded and installed, which help offset high voltage on a lightly loaded system. This programme of installation was accelerated in response to support our stakeholders and the ESO, ensuring security of supply for customers during periods of anticipated low demand. Additionally, it supports continued system operability during the upcoming summer period and unprecedented changes to demand profiles during the COVID-19 pandemic.

We have revised and actioned a whole systems approach between our transmission and distribution businesses to manage the risk and security of the network for hospitals and vulnerable customers.

We are committed to continue any critical maintenance and repair work that secures the resilience of the electricity network in the short and medium term to keep the power flowing – prioritising power cuts and urgent safety issues.

We have also rolled out additional measures such as changes to shift patterns and taken steps to train and secure additional resource, to maintain workforce resilience.

Impacts

Ensured security of supply to critical sites such as hospitals during these challenging times. ✓

Ensured the resilience of our workforce is maintained throughout COVID-19 as critical work continues. ✓

3 voltage management projects have been fast tracked as a result of COVID-19, ensuring power continues to flow in the communities we serve. ✓

Inspiring resilience and diversity in our workforce



A resilient, reliable network needs a resilient and diverse workforce to match. As we look to the future, we make sure our staff have the right skills and experience to best serve our customers and communities.

How we engaged our stakeholders

We have engaged with recognised Trade Unions and Energy and Utilities Skills Groups to map out future workplace skills and requirements, responding to feedback.

We held three consumer focus groups with SP Transmission across both urban and rural areas to understand their views on our business priorities, specifically seeking feedback on how we can best support our local communities.

What you told us following our engagement:

Energy and Utilities Skills Groups and Trade Unions have acknowledged the skills shortage facing our industry. Analysis and the move to a low carbon future shows we need to recruit and train new staff, maintaining a resilient and highly skilled workforce.

Stakeholder feedback supports this requirement for attracting new skill sets, with a focus on broadened diversity to meet the demand for innovation and problem solving – from increasing multidisciplinary backgrounds, to finding alternative methods to communicate with young people, encouraging a career in engineering.

Consumer feedback stated it is important for us to play a role in supporting local communities, including educational activities for younger generations.

The actions we've taken following feedback:

We are partners of Glasgow Warriors and the Scotland Women's Rugby Team, which provide us with a platform to spread awareness that engineering and rugby are #NotJustForBoys. As we continue to strive for a diverse and equal workforce, these partnerships help attract more girls into engineering. This year we produced 'Day in the life of' videos showing similar skill sets between professional rugby players and engineers, which were included within STEM packs provided to schools as an educational resource.

Introduced a number of mechanisms to focus on creating an innovative, integrated organisation where people feel valued, inspiring them to perform at their best. Many members of our team are actively involved, ensuring a diverse and balanced workforce at every level including our senior leadership team.

Some of these initiatives include:

- Employee Networks - VIBE (Voice of Inclusion and Balanced Ethnicity) Network, Connected Womens Group "I consider the VIBE network helps to promote different cultures. Embedding this principle of inclusion will benefit developing both our professional careers and personalities." Ehsan Mian – Senior Innovation Engineer.
- Community Programmes – STEM activities through Young Engineers and Science Clubs. We also have employability programmes such as Breaking Barriers and Returners.

Impacts

2,000 children provided with STEM resources as a result of the 2020 SP Energy Networks Warriors Championship. ✓

A record of 405 girls took part in the 2020 SP Energy Networks Warriors Championships. ✓

Since 2017, the number of female graduates has more than **doubled**, demonstrating that engineering is #NotJustForBoys – inspiring the next generation of engineers. ✓

PowerPaired – enabling community resilience



This year, we established a new partnership with PowerPaired, a community matchmaking service. The partnership connects local energy groups to asset owners aiming to increase the volume of community energy projects within the UK.

POWERPAIRED
the community energy matchmaker

PowerPaired is funded through the Forum of the Future and provides us with direct access to local community groups which are typically harder to reach without support from critical partners such as PowerPaired. The partnership allows us to offer up available land around our substations to support local green energy projects, enabling resilient, sustainable communities of the future.

As a business we are heavily focused on preparing our network for the future and ensuring no vulnerable customers are left behind and local community energy schemes are vital to this. Successful projects will help communities take control of their energy, save money and tackle the climate crisis – all at the same time.

How we engaged our stakeholders

We engaged with local community groups in January 2020. This involved selecting suitable substations and identifying nearby community groups who may be interested. We engaged with Local Energy Scotland to reach out to communities – utilising our strong links with key stakeholders to encourage community uptake.

Through existing relationships with a number of Green Economy Fund projects, we were able to identify areas where there is a need for this community initiative. This was a great opportunity to find new partners, again utilising key links with our stakeholders to target challenging and hard-to-reach community groups.

What you told us following our engagement:

By engaging with local communities in the areas we serve, we received feedback from a community energy group who struggled to find land to install solar panels to generate renewable energy. Stakeholders agreed it is important for us to be a facilitator for community energy groups in their transition to Net Zero.

"We can get access to funding, but the issue is that we can't get land to use."

Local Community Group 2019



The actions we've taken following feedback:

Since the launch of PowerPaired, we have made 30,000m² of land available in Falkland and Kilwinning from legacy sites we own.

To increase the amount of available land in future, we are continuing to look at additional sites which could be offered to local communities through this partnership.

Additionally, we have engaged with our distribution business to utilise their new online community energy hub, as part of the Zero Carbon Communities initiative. The hub is full of practical links and information on local energy projects, from design through to delivery and ongoing management. As part of this, PowerPaired is included within the hub as an additional communication method to showcase this matchmaking partnership between us and the communities we serve.

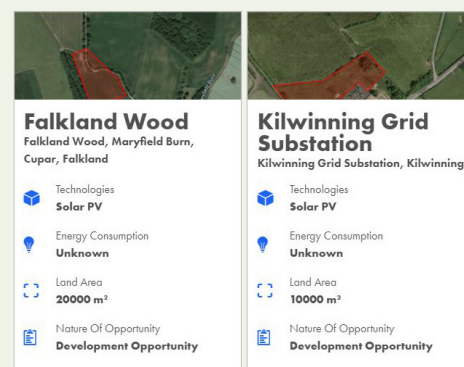
Looking forward, we will increase engagement with local community groups, leveraging key feedback to best support this initiative.

Impacts

Two areas of land deemed suitable have been made available to local communities – resulting in local renewable projects having land to achieve their green ambitions. ✓

Alternative ways to best utilise empty land has been ingrained throughout the SPT team, resulting in new suggestions of land to be made available. ✓

Local Energy Scotland have submitted a notification of interest on both available sites – providing a platform to reach out to hard-to-reach community groups who would benefit from the land. ✓



For every £1 spent = £8.83

*expected societal benefits over
5 years for PowerPaired*



Embedded Projects



As outlined in Part One, our PDE mechanism (Planned / Developing / Embedded) allows us to track and monitor projects and drive these into becoming fully embedded within our business. The timeline below includes a sample of projects and initiatives we have presented in previous stakeholder submissions which have now reached the 'embedded' phase of our maturity mechanism. These projects are now adopted as common practice and business as usual within our organisation.

2015/16

Aligning transmission and distribution knowledge

Black Start

Innovative project trials

Moving assets underground to improve views – formed new partnerships to highlight new opportunities

2016/17

Robust safety processes – scaled up engagement with our contractors

Developed innovative customer-centric solutions

Addressed the industry skills gap

Dumfries and Galloway – wind farm generation

2017/18

Enabling decarbonisation – of heat transport and electricity

T2 engagement plan – strengthening the role of stakeholders and customers

Whole System Planning – alignment of gas, electricity, heat and transport

2018/19

SF₆ switch – move to alternative gases to reduce environmental impact

Outage flexibility – working closer with stakeholders to reduce disruption

Increasing knowledge levels within communities – Teccy Bites

Digital Substation – FITNESS



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