

**SP ENERGY NETWORKS**

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**Response to consultation on  
changes to the  
Stakeholder Engagement  
Incentive Scheme and  
Stakeholder Engagement and  
Consumer Vulnerability  
Incentive Scheme guidance**

## Response to consultation on changes to the Stakeholder Engagement Incentive Scheme and Stakeholder Engagement and Consumer Vulnerability Incentive Scheme guidance

### Overview

SP Energy Networks (SPEN), represents the distribution licensees of SP Distribution plc and SP Manweb plc. We own and operate the electricity distribution networks in the Central Belt and South of Scotland (SP Distribution) which serves two million customers, and Merseyside and North Wales (SP Manweb) which serves one and a half million customers. We also own and maintain the electricity transmission network in the Central Belt and South of Scotland (SP Transmission).

We welcome the opportunity to respond to this Ofgem consultation, which sets out, and seeks views on proposed changes to guidance documents for the Stakeholder Engagement Incentive Scheme (SEIS) and Stakeholder Engagement and Consumer Vulnerability Incentive Scheme (SECV). It is proposed that the revised SEI and SECV guidance documents will take effect from April 2019, in time for the 2018-19 assessment in summer 2019.

### Proposed changes

We have provided our views on each of the proposed changes below.

<b>Proposed change</b>	<b>SPEN response</b>
Clarify that the Part 1 Submission is not scored by the Panel, but that it does inform the Panel's assessment of the Part 2 (and Part 3 for the DNOs) Submissions.	We welcome this clarification. It is important for network operators to have the space to explain their strategy, but we believe it is important to clarify the purpose of the document. The panel often find that it contains duplication with the other documents, but the guidance requires network companies to cover off specific criteria. It should be made clear that the Part 1 submission is designed for Ofgem, to determine entry to the incentive and for DNO's to lay out their stakeholder engagement & consumer vulnerability strategy this should therefore not be repeated in Parts 2 and 3. In previous years DNO's have been penalised for not replicating the strategy in part 3 specifically and so it is an important area to clarify. Part 1 should set the scene, lay out the strategy and be a context for the panel when assessing parts 2 and 3.
Increase the Panel Session from 20 minutes to 40 minutes, within which network companies would give a 10 minute presentation. The presentation would be based on supplementary questions provided by the Panel to the network company, no later than 10 days prior to the Panel Session.	The increased duration of panel session will help provide the network companies with more time to explain their approach in more detail. However, we are concerned that proposals which remove independent, detailed audits and replace them with 10 minute presentations is a step backwards. Our view is that the assessment process which has been in place for Consumer Vulnerability should have been extended to Stakeholder Engagement to ensure that



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	<p>there was an opportunity to test the submission and demonstrate how this is really embedded into the business through processes systems and culture.</p> <p>We are concerned that this will also drive more companies to lobby OFGEM through the year with regard their activities. There is a danger the incentive will be based around perception rather than testing the reality how this is working.</p>
Remove the Entry Form and all references to the Entry Form.	We are very supportive of this change. At present network operators entering the incentive submit an entry form, originally considered to be an overview of evidence. However, as the incentive matured, Ofgem considered that there was no longer any requirement for network companies to directly submit evidence files as part of their submission. We believe this has led to the entry form becoming entirely redundant and does not help inform decision making.
Amend the process for providing feedback on network company performance including the introduction of a Panel Report.	We are supportive of a transparent panel report. In order for network companies to improve their performance, there should be clarity on where gaps exist and what best practice looks like.
Apply the changes to the Guidance Documents from April 2019.	We are supportive of applying the changes from April 2019.
Clarify what the Panel is assessing against when evaluating the Part 3 Submissions.	We are very supportive of further clarity around what is being assessed in Part 3. It is important to have complete clarity around what the Panel are assessing and what if anything needs to be replicated.
Remove 'Consultant Assessment against the Consumer Vulnerability Criteria' section	As previously stated, we do not agree with the proposal to remove independent audits.
Remove Consultants and all references to Consultants and the Consultants' Report.	As previously stated, we do not agree with the proposal to remove independent audits.
Clarify what Panel Assessment Criteria (e) comprises. Retain Consumer Vulnerability Criteria and include as subcriteria to Panel Assessment Criteria (e)	We are supportive of this proposal.
Retain detailed Consumer Vulnerability Sub Criteria in the Appendix as a guide for the Panel, but remove references to the subcriteria as scoring requirements.	We are supportive of this proposal.

