

# SP Energy Networks 2015–2023 Business Plan

Updated March 2014

## Annex

**Social Obligation Strategy**

SP Energy Networks

March 2014

# Social Obligation Strategy

March 2014

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# 1. Scope

This annex describes our comprehensive strategy and roadmap for delivering our social obligations through the current price control period (DPCR5), through ED1 and beyond.

## 2. Table of Linkages

This strategy supports our ED1 Business Plan. For ease of navigation, the following table links this strategy to other relevant parts of our plan.

Document	Chapter / Section
SP Energy Networks 2015–2023 Business Plan	Chapter B1 – About Us c. Our Customers
SP Energy Networks 2015–2023 Business Plan	Chapter C5 – Outputs and Incentives g. Social Obligations

## 3. Introduction

### 3.1. Rationale

At Scottish Power Energy Networks, we are fully aware of our communities and their reliance and affordability on the electricity we provide.

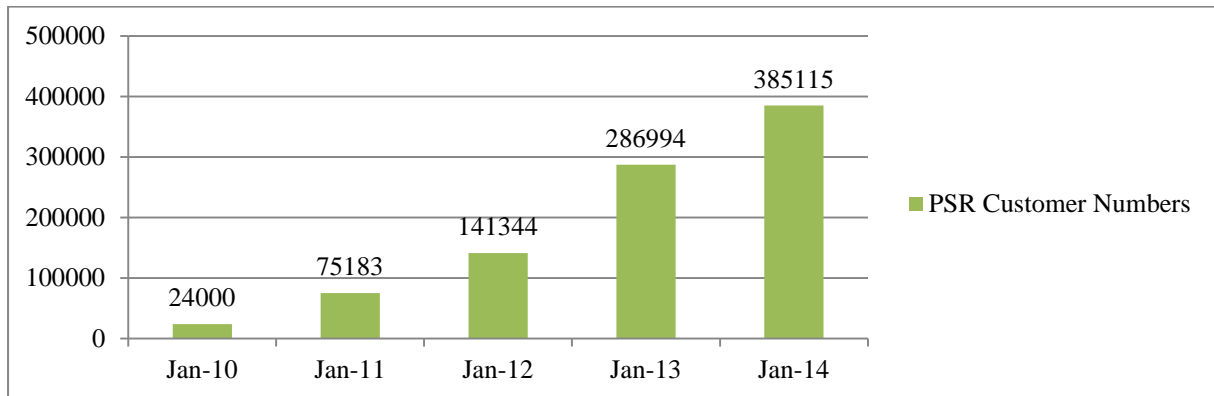
We place a strong importance on supplying a resilient service to all of our customers, from small domestic to large industrial customers and it is never more apparent how important electricity is to our everyday lives until we don't have it. In particular we know how important our service is to the vulnerable members of the communities we serve.

Our vulnerable customers encompass a broad range of customers, including:

- *customers who depend on us for the quality of their health;*
- *senior citizens who may need our support;*
- *fuel poor customers; and*
- *off gas grid customers who need our assistance.*

From our Priority Service Register (PSR) graph below, we can see that in January 2010 we had 24,000 customers on our PSR and we are now in a position where our registered customer numbers have risen to sixteen times its original figure and now sit at 385,115.

## PSR Customer Numbers Jan 2010 to Jan 2014



The increase in these figures highlights our proactive approach to obtaining PSR data and also how our society is changing. This information clearly supports the need for our well defined social obligation strategy that strengthens our commitment to our vulnerable customers.

## 4. Our Strategy

### 4.1. Our Four Pillar Strategy

The output of stakeholder feedback and partnership working led us to build a strategy based on four pillars:

1. Contact
2. Data and Information Sharing
3. Initiatives and Outputs
4. Continual Improvement and Enduring Engagement

### 4.2. Contact:

1. When a new customer joins our Priority Service Register we will send a welcome letter and information pack to make sure our customers understand how to contact us and what service we provide for them.
2. If there is a power cut that impacts a customer on our Priority Service Register we will make proactive contact to understand the customer's needs and provide any support they may need.
3. During the supply interruption we will contact our Priority Service Customers every four hours as a minimum, or at a time more convenient to them, to ensure they have everything they need and keep them updated.
4. We will build on our staff training to ensure all of our people know how to recognise vulnerable customers and ensure they are equipped to offer appropriate support.
5. If we have to carry out a planned supply interruption to improve our network, we will contact our Priority Services customers in advance by letter to inform them of the work. In addition to this we will make contact with them by telephone or by a visit to their property to make sure we understand their needs in advance.

6. We will provide winter packs and make them available for our Priority Service customers. This is an emergency pack for customers which includes an analogue phone which means our customers can contact us at any time.
7. During power interruptions if an outage is going to be prolonged we will arrange facilities within our communities and will work closely with local authorities and other agencies to open community centres and other local buildings. We will offer hot food and drinks to our customers and make sure they have the most up to date information.
8. We will continue to work in local communities impacted by outages to ensure they have access to hot meals, drinks and company.
9. We will continue to work with Emergency Planning Officers to provide support to our vulnerable customers during outages.

#### 4.3. Data and Information Sharing:

1. We will proactively write to all our Priority Service Customers at least once every 2 years to confirm we continue to hold the correct details and to ask if anything has changed.
2. We will actively promote our Priority Service Register to ensure customers are aware of it and encourage them to join so we can provide them with the right support.
3. We will roll out a Partnership Engagement Strategy to build on our current partnerships working in our communities. We will work with these partners to ensure that the vulnerable customers are directed to us and included in our priority services register.
4. We will share services with other agencies so we can jointly support our most vulnerable customers and communities.
5. Through our annual customer awareness campaign we will continue to engage with community GP surgeries, libraries, post offices and pharmacies and other community buildings to ensure we increase awareness of SP Energy Networks and our Priority Services Register.

#### 4.4. Initiatives and Outputs:

1. For all of our Priority Service registered customers who are off supply for greater than six hours we will provide information to the relevant Emergency Planning Officers of their local authority to find out if any additional support is required and ensure appropriate social service partners are updated.
2. We recognise in severe weather, where supplies can be lost for longer periods, we need to do something different. Where we have vulnerable customers off supply for 12 hours we will offer and arrange hotel accommodation for them. If we have a significant storm and any customers are off supply for more than 48 hours we will offer and arrange hotel accommodation for them also.
3. We know in these tough economic times some of our customers can be more vulnerable due to hardship and poverty. We will understand our fuel poor areas and target specific initiatives to support customers in these communities
4. In addition to this we know some of our most vulnerable fuel poor customers also may not have a mains gas supply and recognise that for these customers an interruption to their electricity supply has a significant impact. For that reason we will understand where we have off gas grid customers in our fuel poor areas to identify our most vulnerable communities and prioritise our initiatives in these areas.
5. We will work with Suppliers to encourage them to host drop in sessions for customers to give advice on reducing their energy bills. We will encourage our field staff to promote the services offered in the community buildings we have enhanced. This will help our customers and ensure SP Energy Network staff are working at the heart of our communities.

6. We will develop partnerships to help us to deliver these initiatives such as that established with Energy Action Scotland (EAS). We are working with EAS to roll out an initiative targeted at our off gas grid fuel poor areas. This initiative will look to work with MP's and MSP's to identify community buildings in their areas for energy efficiency improvements. EAS will survey the buildings and facilitate the work to help us to improve community buildings. This will ensure the building is improved for the community and will demonstrate the benefits of energy efficiency. In addition to this we will host education sessions in the community buildings to show our customers how they could transfer this into their own homes to save money. We are developing a similar process with National Energy Action.
7. We are developing partnerships with other agencies and bodies to roll out initiatives tailored to the communities we serve.
8. We will also develop partnerships with Suppliers and Social Housing Providers to deploy energy efficiency initiatives in off gas grid fuel poor areas through the use of Distributed Generation and Heat Pumps. We will actively promote the roll out of photovoltaic to social housing providers in these areas to deliver benefits directly to fuel poor customers
1. 8 We will support the Energy People Trust by advising our communities that this programme of assistance is available and actively encourage the generation of ideas from our communities that look to benefit the most vulnerable customers in our communities.
9. We will make automatic compensation payments to all Priority Service Registered customers should we fail to restore their supply within 12 hours following a fault.
10. We will ensure our network is ready for off gas grid customers to transition to new electric heating systems.
11. We will deliver initiatives that will help the fuel poor by working with agencies such as Energy Action Scotland, National Energy Action, Scottish Government Fuel Poverty Group.
12. Development of a social obligation stakeholder working group. Please see detail in next section
13. We want each customer to be treated as an individual and we are introducing technology to allow our people to be able to deliver a tailored service to each customer through our new Customer Relationship Management system (CRM).
14. We will be introducing a promise tracking system to make sure that we have a robust way of making and keeping our commitments to our customers.
15. As a business we support Cancer Research UK to support our communities. We will work with Cancer Research and other partners in the future to build on this work. We encourage our teams to hold fundraising activities which build team spirit whilst also supporting the communities we serve.
16. Facilitating Future Networks - Facilitating customers and communities to play their part in the low carbon transition is a key component of our social obligations. Adoption of these technologies such as Electric Vehicles, Photovoltaic, Heat Pumps and uptake of other energy efficient technology will be customer led and as the DNO we must help to enable these technologies to be connected to our network. Over the course of DPCR5 we have undertaken a number of projects to improve our understanding of the impact of such technology connecting to the network including LCNF Tier 2, Flexible Networks for a low carbon future, IFI project (Solar PV on Anglesey) and Ashton Hayes low carbon village and will look to continue to replicate our approach from these projects where appropriate across ED1. Please see Ashton Hayes case study in our Outputs and Long Tern View section to understand in more detail the approach we have taken.
17. We will utilise the data obtained from Smart Meter technology to understand the capability of our network. By better understanding the full capability of our network through this data, we will avoid the need for costly reinforcement and therefore reducing energy costs for our customers. Whilst this initiative will deliver benefits for our fuel poor customers by reducing energy consumption, it will also deliver benefits to the Social Housing provider who would benefit from the government sponsored feed in tariffs.



## 4.5. Continual Improvement and Enduring Engagement:

1. To make sure we understand how we are performing we have engaged with the Institute of Customer Service to independently assess our business and tell us how successful we are now. We will use this information to target improvements across our business and deliver training and coaching where it is needed.
2. We will continue to engage with a market research partner to work with our employees to drive improvement ideas for our customers so that our staff are fully engaged in our improvement solutions
3. We will hold regular learning sessions with every team as well as our customers to look at how our service has been delivered and how it could have been improved or made more personal for our customers.
4. We will conduct tailored Customer Service Training to all of our staff across the business to meet the needs of their role and where we have front line and call centre staff we will coach them regularly in recognising and dealing with vulnerability in our communities.
5. Our teams are encouraged to generate ideas and initiatives to improve the service we deliver and we award our staff for great ideas which we deploy.
6. Our people are all managed through a performance management framework to make sure we deliver against our commitments. As part of this we measure the behaviours and attitude of our people as well as their performance to build an organisation capable of delivering exceptional service to all of our customers.
7. With the assistance of our Social Obligation Working Group, we will work hard to understand social issues and the part we can play. Activities for the Working Group will be suggested and outputs endorsed by our CEO and Social Working Group Board.

# 5. Process

## 5.1. Building the Plan with Our Customers and Stakeholders

The development of this strategy has been informed by our customer/ stakeholder views and feedback and also with our partnership working with Energy Action Scotland and National Energy Action. To strengthen our strategy further we have also developed our dedicated Social Obligation Working Group who have also helped to inform our strategy (further details on this working group can be found in section six of this strategy document)

Both customer/stakeholder feedback and our partnership working has been key to driving our strategy to ensure we are delivering what the customer wants and has allowed us to create a plan that ensures we have a focused strategy that not only meets but exceeds the needs of our vulnerable customer population.

As part of this overall process we have engaged with 2000 customers and stakeholders from a variety of different areas to ensure our plan was truly representative of our customer and stakeholder base.

## 5.2. What Our Stakeholder Told Us

Our stakeholders want us to:

1. Raise the profile of the Priority Service Register to ensure the right people are registered.
2. Identify vulnerable customers by working with third parties such as charities, GPs and social services.
3. Provide regular updates during an extended power cut to vulnerable customers and work in partnership with third parties to provide support.

4. The fuel poor were a concern for stakeholders; however they struggled to suggest a specific role for SP Energy Networks in supporting this sector of society.
5. Continue to be involved with charitable initiatives and raise the profile of this activity.

### 5.2.1. Helping vulnerable customers

Stakeholders and customers often discussed their concern for vulnerable people during a power cut, even before we asked their views. There was very low awareness of the Priority Services Register and a strong view that we should be working with other agencies to help vulnerable customers and increase awareness of the register.

### 5.2.2. Helping the fuel poor

Stakeholders struggled to see a role for us in helping the fuel poor. Stakeholders did not want us to provide energy efficiency advice direct to customers, but thought we should help other agencies deliver the energy efficiency message to the fuel poor communities.

We proposed developing a way of providing independent energy advice to customers. At our SPM workshop 61% disagreed with this proposal stating clearly that we should be working with agencies to deliver this rather than directly with customers. At our SPD workshop we changed the proposal to offer advice to agencies and 80% of stakeholders did agree, but 74% suggested customers should not pay for this. We took this feedback on board and developed our plan to target fuel poor communities through independent and trusted agencies.

### 5.2.3. Helping our worst served communities

Stakeholders suggested engaging with the worst served communities in order to understand the issues the company is facing in their area and any plans in place to improve the service.

### 5.2.4. Helping customers during extended power cuts

Stakeholders also said it was important to engage with those communities who experience the most impact in terms of supply interruption, in order to understand the issues the impact on our communities and to communicate clearly the plans in place to improve the experience.

## 5.3. Maintaining and refining our strategy over time

The social obligation strategy has been developed and informed by customers and stakeholders and each of the deliverables and initiatives are aimed at providing our vulnerable customers with excellence in customer service.

Over the ED1 period as we implement our roadmap for delivery we will begin to see further step change benefits for our vulnerable customers and will monitor this closely through our engagement strategy to ensure we are delivering against our social obligation responsibility in line with our vulnerable customer needs. Whilst we have formed our plan through stakeholder and customer engagement we want to work closely with the Social Obligations Working Group to further refine our plan and make sure we are working on the real priorities as we go through ED1 period. We are conscious that priorities and issues may change over this period and the Working Group will help us to review and amend our delivery plan so we continue to deliver the biggest impact for the customers we serve.

## 6. Outputs & Long Term View

### 6.1. Our track record

Our social obligation work to date has seen us work closely with local communities not only to provide exceptional service in the event of power cuts but to also ensure we are providing a service that our customers need and want. We have done this via our annual customer awareness campaign to let our customers know what services we provide and we have listened to their feedback and adapted our approach to accommodate their changing needs. This work can be seen by the increase in the number of customers on our Priority Service Register and the initiatives, as mentioned in this strategy that we are already undertaking.

Our track record remains very strong in the area of social obligation as we are very aware of the particular demographics of our DNO and the challenges the people in our community face from vulnerability to fuel poor and off gas grid customers.

#### 6.1.1. Ashton Hayes Low Carbon Village Case Study

Ashton Hayes Low Carbon Village is a community of circa 1000 people based in rural Cheshire that is aiming to become England's first low carbon neutral community. Working in partnership with Ashton Hayes we received Ofgem Low Carbon Networks (LCN) Funding to assist the objectives of the Ashton Hayes Smart Village project. Ashton Hayes started out their journey in Nov 2005 to embark on behavioural changes to reduce their personal carbon footprint and with the support and assistance of ScottishPower Energy Networks they have managed to achieve their aim of reducing their carbon emissions by 23% such as switching off appliances and changing to low energy light bulbs. Some people have cut the costs of their energy bills by 50% through focusing on improved insulation and careful energy use.

#### 6.1.2. How did we help?

We monitored the electricity use in four parts of the village and provided the community with reports and analysis on their electricity consumption. This information sharing enabled the community to take proactive steps towards reducing their energy use and as a result their carbon footprint.

#### 6.1.3. What have the Community Learned?

They have learned more about how they can engage as a community to assist in the reduction of the overall community's carbon footprint by undertaking behavioural changes based on data. The community also reduced their carbon emissions by 23%

#### 6.1.4. What Did We Learn?

The project has enabled SP Energy Networks to better understand the local network, and how low carbon technologies can be connected without jeopardising the quality of supply and also how secondary substation monitoring can be automated.

With its relatively small scale, the project has been quick to establish and deliver findings to the DNO, and to provide the University of Chester with real life network data for academic research. More information about the project is available in a short video: [http://www.youtube.com/watch?v=wTG9M5\\_tnDU](http://www.youtube.com/watch?v=wTG9M5_tnDU)

### 6.2. Benefits for Our Customers

This entire four pillar strategy that is supported and monitored by our roadmap for delivery is based solely around providing a wider service for our vulnerable customers. While we will continue to deliver our current services we

will embark on wider initiatives as laid out in this strategy where we can really make an impact in the community. This coupled with our partnership working and social obligation working group will ensure we maintain our focus on providing excellent customer service to the vulnerable members of our community.

### 6.2.1. A Dedicated Social Obligations Working Group

As part of the formation of our external stakeholder panel, we developed a proposal for a working group on social obligations (proposal below). After sharing the proposal with key stakeholders and getting a positive response, we have now established the social obligations working group. The working group has also helped to inform our social obligations strategy.

### 6.2.2. The purpose

The purpose of our Stakeholder Working Group is to advise on and influence SP Energy Networks policy in addressing social issues, as we move from a traditional reaction to power cuts, to a much wider contribution to the social agenda.

We recognise that historically the role of the Network Operator has been to manage customers and communities through power interruptions. We know we could make a greater contribution to the social agenda in the communities we serve by working with other agencies in a collaborative way and working to our strengths.

We have made great progress in this area, working on much improved relationships and arrangements with other support agencies, and will continue to do so. We provide a service to all customers in a specific geographic area and as such are a constant presence in their lives giving us a unique opportunity.

There are customers in our area that are vulnerable, not just when there is a power cut and not just those who are on our priority services register and it is important we recognise them.

### 6.2.3. Key Areas of Focus for SPEN:

1. Many households are living in fuel poverty and we want to look at initiatives to help support these customers.
2. Reducing the consumption of energy is a primary way for customers to reduce costs and we want to help educate customers to make these reductions.
3. Reducing consumption of energy also reduces the need to invest in additional infrastructure to cope with higher electricity demand; this in turn will reduce the amount the customer pays.
4. Circa four million customers in the UK have no gas supply and are therefore more reliant than most on their electricity. We want to target initiatives to help these customers, particularly the fuel poor, in reducing overall energy costs.

### 6.2.4. We want to work with stakeholders and customers to understand their view on a number of areas:

1. How can we help customers and stakeholders who are impacted by these issues and play a greater role in respect of social issues?
2. How can we best help these households to reduce their electricity consumption? Where should we be targeting? How and where can we create the biggest impact?
3. What can we achieve by collaborating with other stakeholders with an interest in these issues, to the benefit of customers?
4. What role do our stakeholders want us to play?

### 6.2.5. Why stakeholder dialogue will help:

1. We would like to pool knowledge and experience with other stakeholders in order to increase creativity, identify opportunities for collaboration and innovation whilst challenging our thinking about the issues and potential solutions.
2. We suspect there is much positive change to be gained by effectively harnessing the natural network of support organisations for mutual gain.

## 6.3. Our long term view

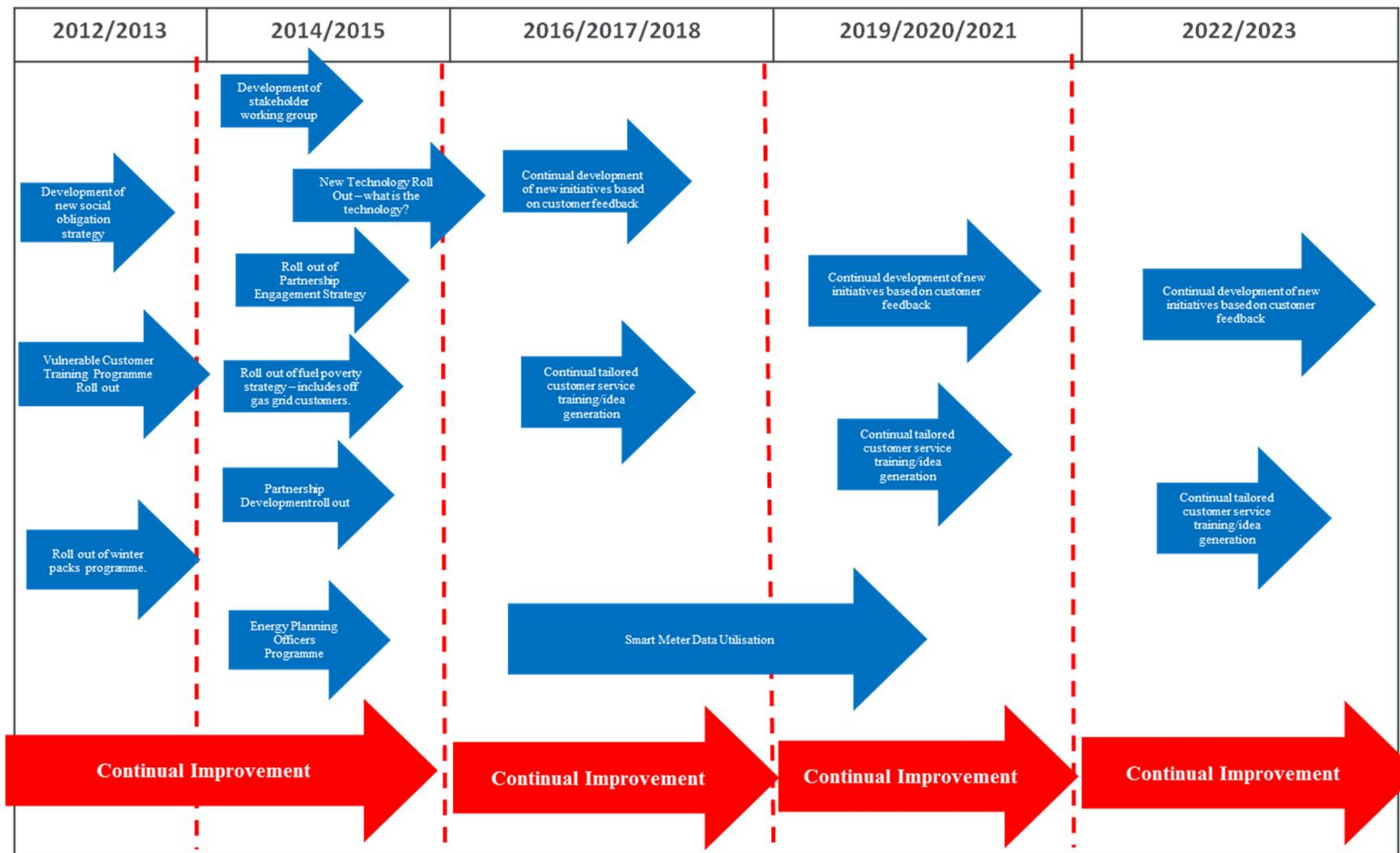
The UK energy industry is entering the most exciting period for half a century. We have an unprecedented opportunity to play a major part in the UK's low carbon transition and help set the industry blueprint for the next 50 years. We recognise that the needs of our customers will evolve over time:

- *Access to Smart metering data will allow us to revolutionise our customer relationship to be much more proactive.*
- *We will use innovation to reduce costs, improve service, and lay the foundations for a smart network.*
- *Uptake of low carbon technologies will increase our customer's dependence on electricity*

We will monitor the evolving situation closely through our engagement strategy to ensure we are delivering against our social obligation responsibility in line with our vulnerable customer needs throughout the ED1 period and beyond.

## 7. Roadmap for Delivery

### 7.1. Our long term view



The roadmap above represents the key deliverables and associated years of implementation within the ED1 period for our Social Obligation strategy. This roadmap may be subject to additional deliverables dependent on the output of our continual improvement strategy



## 8. Efficient Expenditure

### 8.1. Our approach to maximising efficiency

Our approach to maximising efficiencies through the social obligation strategy will be derived in the main from our technology improvements and our partnership initiatives through our work with Energy Action Scotland, National Energy Action and a selected trust partner. We will ensure that any initiatives supported via the processes we have set up to assist with community projects will be as effective as possible, by ensuring there is no overlap to initiatives already being undertaken within the organisation.

Some of these specific initiatives are listed below:

Initiative	Description
Education resources/review	Preparation of 4 lesson plans for early years and key stages 2,3, and 4; developing interactive games for the Powerwise website and downloads for families to access at home.
Community Buildings	Energy Audits of community buildings to improve the efficiency of the buildings energy performance.
Establishment and Training of Energy Champions	Scottish Power Energy Networks and NEA will work together to identify a number of volunteers to give them the knowledge, skills and resources to be able to confidently advise householders on the importance of energy efficiency and to guide them to get assistance where applicable.
Fuel Poverty/Health and Vulnerability Training	Scottish Power networks staff who interact with vulnerable customers either by telephone or home visits will undertake a half day training course developed by the NEA so our staff can understand the needs of vulnerable customers and make appropriate referrals.
Promoting the role of new generation electric heating in providing affordable warmth	Scottish Power Energy Networks will work with the NEA on understanding the deployment of new generation electric heating and manage the network balancing and load reduction activities ensuring security of supply whilst supporting the utilisation of low cost heating sources.

### 8.2. Our planned expenditure

The planned expenditure for the social obligation strategy in the main comes from investment in community and our partnership initiatives. We will be investing through a nominated partner for the eight year ED1 period. The value of this investment will be determined before April 2015 as we consolidate all of our stakeholder's interests. We will be investing at least £240k across the ED1 period with EAS and NEA initiatives (£120k each).

There are costs associated with welcome packs and letters to vulnerable customers, as they are added to our Priority Service Register and the 2 year contact points to confirm details. This is currently assessed at £250k per annum. However this will be constantly reviewed to find the most cost effective and efficient way of completing these critical communications.

## 9. Uncertainty & Risk

Uncertainty	Mitigating Action
Uncertainty surrounding the volume of vulnerable customers we will need to provide support to.	We will proactively manage our Priority Service Register contacting customers every two years and we will engage with local community organisations e.g. GP Surgeries, Libraries and Pharmacies to ensure we are advising the communities of our services and to register with us. We will work with our partners to share some responsibilities in supporting our most vulnerable.
Adverse weather conditions and impact on quality of customer service to our vulnerable customers	We have a tried and tested response plan for adverse weather conditions. This will be reviewed as it is at present and we will review our vulnerable customer strategy with our customers and stakeholders on a regular basis to ensure actions are still relevant.
Innovation: Implementation of Smart Meters and data availability	We will ensure we have the system and process capabilities in place to access all available data and use this information to understand and assist our customers.
Uncertainty around the energy market and potential future price increases.	We will ensure that we manage our social obligation agenda effectively and continue to address the fuel poor issue via our dedicated fuel poor initiatives.
Ensuring that our initiatives are making a difference to the fuel poor communities	We will continually assess our contribution to our fuel poor communities via the initiatives set out in the continual improvement and enduring engagement pillar of our strategy. We will define what success looks like with our social working group.
The volume of fuel poor customers as we begin to roll out our initiatives could significantly grow.	Our fuel poor initiatives will be continually monitored to ensure we provide a good level of service to fuel poor customers and we deliver appropriately to maximise benefit to them.
Risks	Mitigating Action
Inability to deliver key initiatives from our improvement plan in the timescales stipulated	We will closely monitor our deliverables on a programme management basis and in line, where applicable, with our Business Change Department.