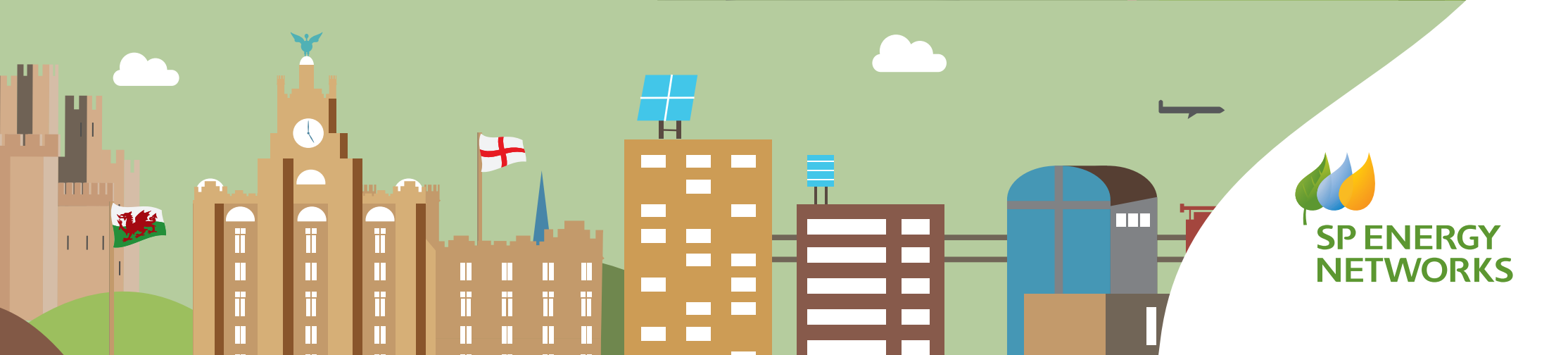


SP Energy Networks 2014–2015

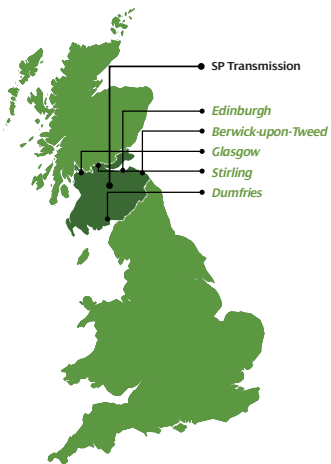
Electricity Transmission
Stakeholder Engagement
Submission Part 2 – Engagement Outcomes





Outcomes of our engagement – CEO Statement

As the Transmission network operator in the South of Scotland we play a pivotal role in helping to deliver a low carbon energy sector. The cases we set out below demonstrate that we are performing this role better than ever, in ways that inform and empower our stakeholders, encourage creativity and innovation in how we work together and solve problems, and are appropriately targeted towards the issues that matter most. I am very proud to provide such a strong report on progress.



We are the owner and operator of the Transmission network for Central and Southern Scotland.

We provide transmission services to National Grid, who as the GB System Operator (GBO) then provides transmission services to generators, electricity suppliers and large customers. Our engagement with our stakeholders reflects our role in this electricity supply chain. Whilst our relationship with end customers is managed through this supply chain, we still place their interests at the heart of all that we do.

Our transmission network comprises of over 4,000km of circuits and 130 substations operating at 400kV, 275kV and 132kV. Our network is a key UK strategic asset, facilitating the bulk transfer of power from thermal generating stations to large urban load centres. Our network is also instrumental in facilitating the transition to a low carbon energy sector by connecting renewable generators, and building the network to get this power to customers.

Our vision as a business is to be a customer-focused company trusted by our communities and stakeholders, an engineering company with strong stewardship of assets and world-class safety credentials, and a company that attracts and develops skills for the future from the communities that we serve.

Our approach to stakeholder engagement is embedded within this vision, and reflects both our role in the industry and the diversity of interests and challenges we face. Compared to our distribution business, we have a much smaller number of customers – who are generally direct participants in the wholesale market – including many smaller renewable generation projects seeking to enter the market. We engage with the local communities where our network has an impact and we also engage extensively with other network operators, most notably National Grid, in developing and delivering high quality transmission services.

Over the last two years, we have extended the breadth and depth of our approach to stakeholder engagement and progress has accelerated further this year:

- Driven by the needs of specific stakeholders, our ground-breaking approach to enabling collaboration and the sharing of new connection capacity between developers has reduced costs and enabled distributed generation to be connected more quickly;
- Our work through the Energy Upgrades Forum and with stakeholders in Dumfries & Galloway has enabled us to identify and work with a wider range of stakeholders to build awareness and understanding of the need – and options – for major network upgrades in the area.
- Acting on lessons learnt and sharing learning, our industry-leading approach to supply chain engagement, which is key to improving long-term, flexible access to the skills and expertise we need, has received very positive feedback from suppliers who understand our business and share our values.
- Our proactive work with National Grid and network users to seek out and realise opportunities to manage the transmission network more efficiently is making better use of the capacity we have;

In the following portfolio of examples, we demonstrate the depth and variety of our work with stakeholders in seeking to address the big challenges we face as a business providing the services critical to the long-term national interest. They also illustrate how we are building on what we learn – and making improvements to how we engage – in a structured and managed way.

We are committed to improving further, and are making the necessary investments in system and process – and expertise – to support this. We are therefore confident that we can work with our stakeholders to build on these successful examples of engagement and collaboration in the future.

Frank Mitchell
CEO, SP Energy Networks





Our Green Network platform - working with local communities to mitigate visual impact and improve local amenities

We have scaled up our 'Green Network' initiative, working collaboratively with local stakeholders to mitigate impacts and improve local amenities affected by the Beauly to Denny transmission upgrade. This year it is delivering improvement schemes, with more community-generated ideas in the pipeline.

The challenge

Key strategic issue – reducing adverse impact on our communities. The transmission upgrade between Beauly and Denny is critical to the achievement of GB renewable uptake targets, but it also has the potential to impact on the land and the communities along the route. Typically, undergrounding transmission lines causes much greater and more prolonged environmental impact than pylon lines, but pylon lines have a greater visual impact. The pylon line extends through a variety of landscape types and communities. Our challenge is to listen to local concerns and identify and implement effective measures to address these concerns and reduce adverse impacts.

How we engaged

- **Creating the right platform** – Active collaboration throughout the year through our Partnership Group (with Scottish Govt, Stirling Council and Central Scotland Green Network), our Project Implementation Group and the Beauly Denny Legacy Steering Group. Also outreach with RSPB and the Forestry Commission.
- **Enabling the best ideas** – Working with stakeholder to develop ideas, which are then submitted for assessment under the Green Network banner. Over 70 proposals have come forward. Feedback was provided direct to stakeholders on outcomes, plans and timetables.
- **Delivering** – Engaging with stakeholders has also helped us to deliver these good ideas on the ground. One example of this is our joint work with the Forestry Commission to relocate and improve parking and improve paths and signage for walkers at Pendreich Way.

Evaluation

IMPACTS

Engagement with local communities and interest groups has enabled us to:

- Reduce the visual impacts of our development.
- Improve cost efficiency and reduce project delivery risk by building community buy-in for non-traditional mitigation methods
- Improve local amenities, such as car parks and paths
- Set guidelines for other future projects
- Receive positive media coverage

COMMUNITY BENEFITS AND BUY-IN

LEARNINGS

The benefits of this type of engagement activity are maximised through

- engaging early in the process,
- tailoring engagement to encourage ideas to emerge directly from the communities affected, and
- providing appropriate levels of resource to undertake and act upon engagement

EARLY ENGAGEMENT

COSTS AND BENEFITS

£4.7m ENVIRONMENTAL IMPROVEMENTS

The Green Network project will bring £4.7m of environmental improvements along the route of the overhead line, delivering mitigation which is only possible with the assistance of our partners and the communities. This is substantially more efficient than other direct forms of mitigation, including undergrounding, and if replicated across other projects, could bring considerable further benefit.

Feedback views and data

"Whilst mitigation for overhead lines often revolves around solutions close to the line itself, where traditionally SPEN has worked with affected landowners, working with our partners and local communities has allowed us to address impacts over a much wider area. This approach offers a wider scope for a greater number of benefits to both the environment and the local communities."

Ross Baxter, Environmental Planning Manager, SP Energy Networks

Timeline

COMMUNITY

SPEN

DELIVERY TEAMS

Q2 2014

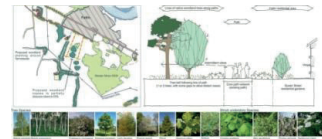
Q3 2014

Q4 2014

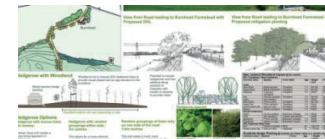
Q1 2015



Pendreich Way car park



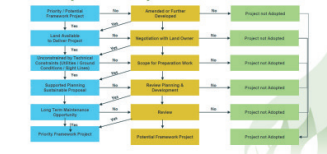
Green Network plans



Setting Priorities for Project Adoption Relevance of Project & Benefits



Setting Priorities for Project Adoption Delivery Practicality





Creating the right strategies for working with the stakeholders impacted by our investment routes

We are applying innovative, more inclusive approaches to stakeholder engagement in the long-term process of designing and delivering major infrastructure improvements. This specific case relates to a major reinforcement of our transmission network in Dumfries & Galloway.

The challenge

Key strategic issue – gaining stakeholder buy-in for major investment works.

The process of converting a generally accepted case for upgrading the transmission network into a specific plan of work is arduous.

There are many competing interests to balance – including affordability for the silent majority and the stakes can be high.

Infrastructure projects can be delayed by years, or even decades, if not supported by sufficient buy-in from relevant stakeholders. The risks of delays and unnecessary costs are many and varied, and put immense weight on effective stakeholder engagement.

How we engaged

Early engagement – early on in the process, we engaged extensively with stakeholders to develop and road test our rationale for carrying out the infrastructure improvement. We carried out stakeholder mapping exercises, and worked with others to expand our reach – including the Energy Upgrades Forum. We also utilised conferences to provide updates on our progress. We surveyed 95 key stakeholders.

New methods of planning & implementation - We set up new engagement structures, including our Stakeholder Liaison Group, and applied new methods, including our Stakeholder Survey, to deepen our understanding and manage the process efficiently. We were assisted in this by experienced stakeholder engagement practitioners.

We used the survey results to provide feedback and identify where further in-depth work and meetings were required. All attendees at the Liaison Group agreed that this method of engagement provides the most appropriate format for the communication of key planning and environmental matters over the course of the project.

Evaluation

IMPACTS

Our engagement approach has established a strong platform for all stakeholders to be informed and to contribute fully at the right time. This has enabled us to gain vital buy-in from our stakeholders, enabling us to reduce the risk of delay and the potential associated costs.

LEARNINGS

We have leveraged our existing stakeholders to improve our reach to harder-to reach stakeholders. Our survey approach worked well with good involvement and new insights. Scope to replicate across other projects, and skill base broadened by working with engagement practitioners.

COSTS AND BENEFITS

We have had the support of experienced stakeholder engagement practitioners for stakeholder mapping, setting up the on-line Stakeholder survey, preparing the content and setting up follow up meetings. We have spent circa £18k and expect more collaborative problem solving through the life of the project. This will bring about a reduction in issues where previously we have experienced issues which could potentially impact timelines.

DELIVERY RISK ↓

SURVEYS HELP

BRINGING IN EXPERIENCE

Feedback views and data

"We are extremely pleased with the open and honest engagement that we have had with SPEN on the Dumfries and Galloway project to date and we look forward to continuing this engagement as the project develops."

Michael Rieley, Senior Policy Manager
– Grid and Markets Scottish Renewables

"RenewableUK welcomes the approach SPEN has taken to engaging us in this project. Early contact with SPEN has allowed us to assess the significance of this proposed upgrade to membership and plan our engagement accordingly..."

SPEN's willingness to engage interested parties this early in the process is to be commended and using our circulation lists in addition to their targeted efforts helped ensure wide coverage and good response rates... All in all, SPEN's engagement has been very effective and appreciated and we look forward to continuing this relationship as the project progresses."

Nik Perepelov, Onshore Wind Development Manager, RenewableUK

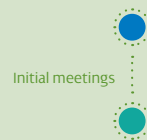
Timeline

RENEWABLE BODIES

SPEN

STAKEHOLDERS

Q2 2014



Q3 2014

Early environmental workshops with stakeholders including Scottish Natural Heritage.

Q4 2014

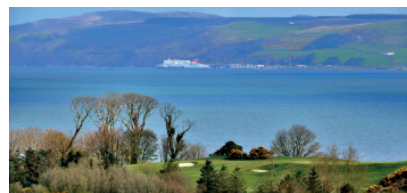
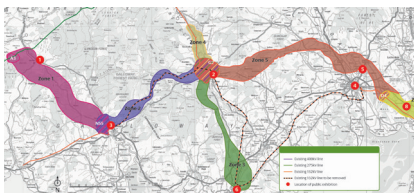
Conference call to agree circulation lists and targeted engagement

Survey launched at local forum meeting

Q1 2015

NG customer seminars and Scottish Renewables conference

Analysis of survey results





Leveraging stakeholder relationships to manage unexpected events during construction

Our investment in building strong links with local community stakeholders helps us manage unexpected events during construction - in this case, a major archaeological find - in ways that respect special interests, without introducing additional costs or delays. It also illustrates how our established links with stakeholders enable the rapid deployment of the relevant technical expertise.

The challenge

Key strategic issue – reducing adverse impact on the environment and communities. Each project to upgrade or extend our network comes with the potential to have an impact upon local communities and landscapes. We make detailed plans to mitigate these potential impacts, but occasionally we come across new issues as we progress the work. In these circumstances, our challenge is to manage these unexpected issues sensitively and efficiently, while minimising the risk of increased costs or risk for the public and network users.

How we engaged

- **The situation** – during work on a converter station and its associated infrastructure at Hunterston, we came across a previously unidentified site of archaeological significance.
- **We were prepared** – Our existing Community Liaison Group had already established strong ties, and good levels of trust. We also had strong open communication channels with relevant bodies such as North Ayrshire Council and the West of Scotland Archaeological Society, and subject matter experts (GSK). We engaged with them and brought them in - as a result of the land surveys.
- **We resolved the issue** – Because we had already built relationships with the relevant support network, we were able to secure the right expert resource to protect the site quickly and appropriately, minimising delay. After protecting this valuable archaeological resource we looked for ways to share this with the local community through exhibitions and school visits.

Evaluation

IMPACTS

SOCIAL BENEFITS, NO DELAYS

We helped establish a significant cultural resource for the country, in a manner supported by and embedded in the local community. And with minimal disruption to the planned converter station and associated infrastructure at Hunterston.

LEARNINGS

BEING PREPARED

The finding was a surprise, but our capability to handle efficiently was not. It was built on a platform of strong, pre-existing community engagement.

COSTS AND BENEFITS

LOCAL ENGAGEMENT, LOCAL IMPACT

Project managed by Community Liaison Officer. Main costs were for local venue hire, local newspaper advert, hiring local artist, amounting to circa £3k.

Feedback views and data

No delay to the Hunterston converter station development and grid connection project.

More than 1,800 features of archaeological interest, such as pits, postholes and deposits, were recorded by the field team during the course of the work.

103 attended public engagement event on findings - extra seats brought into venue.

Approached by other archaeological groups and schools, asked to conduct further presentations during 2015.

Timeline

COMMUNITY

SPEN

STAKEHOLDERS

Q2 2014

Q3 2014

Q4 2014

Q1 2015

Community Liaison Group - engagement with community on best way to engage on findings

Decision made to dig trenches. Work begins on main site

Public engagement event with community and with local school on findings

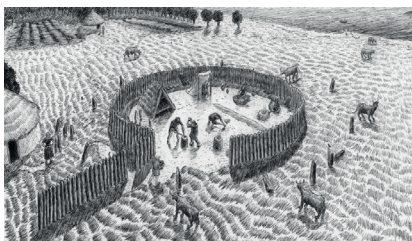
Community Liaison Group

Engagement with local museum and schools

Community Liaison Group

Community Liaison Group

Ad in West Kilbride news



Local artist impression



Archaeological dig in progress



Madam Pauline Hunter of Hunterston attending community event



Public engagement event

“Congratulations on an informative presentation of the archaeology found on the HVDC site at Hunterston. You certainly enthused the school children that came to your talks at the Barony Centre on the following day. We had feedback from the community that many more wished that they could have attended. It was obvious to us that the children's minds were intrigued about having an ancient civilization not far from their school. The hands on archaeology with the tools and replica artefacts went down very well and gave the children an insight into how the dig was carried out and the type of objects that might have been created on the Hunterston site.”

Madam Pauline Hunter of Hunterston, 30th Laird and Clan Chief of Clan Hunter



Developing innovative and collaborative approaches to deliver benefit from connection 'clusters'

We are solving complex technical and commercial challenges by taking a mature, proactive approach to engaging with generation project developers. In this case, we are handling multiple connection applications affecting our substation at Coalburn, Lanarkshire – in a manner that supports collaboration to reduce both costs and timescales significantly.

The challenge

Key strategic issue – meeting the demands of extensive renewable generation uptake due to the scale of demand for new generation connections.

In some parts of the network there are clusters of connection applications, where two or more developers wish to connect to the network at the same point. The safe option for our business, entirely consistent with our role in the connections process, would be not to explore collaboration - and to build for each connection individually, in sequence.

These 'clusters' constitute a three-way challenge:

- First, we need to respect the commercial confidentiality of the individual developers;
- Second, we need to realise potential benefits in cost and timing through appropriate collaboration;
- Third, we need to ensure that any collaborative working does not 'over-reach' into National Grid's role as System Operator.

How we engaged

With the developers: We took proactive steps to engage with each developer in the cluster, to explore their potential interest in a collaborative approach. We worked through the arrangements for how the commercial confidentiality of each developer would be maintained. Our design team then worked intensively with each developer over a period of a year to explore technical options.

With National Grid: We also worked closely with National Grid (NG) to establish processes for handling information sensitively, but in a way that allowed the collaborative elements to progress. We then worked closely with NG to present various technical options to all parties together, and refine the options to the point of an agreed solution by end 2014. Contracts were issued in March 2015.

Evaluation

IMPACTS

INDUSTRY-WIDE IMPACT POTENTIAL

We are already rolling this process out in another area (first workshop held Feb 2015) and we are now committed to thinking differently when we see requests clustering in the same area. There is huge potential for this initiative to deliver benefit across the wider industry.

Our reputation is changing amongst developers; we are beginning to be seen as a company that takes an innovative cooperative approach to connection solutions.

LEARNINGS

BUILDING TRUST

Securing commitment from the developers was the most important success factor. We had to demonstrate we were willing to discuss openly, with complete honesty. The importance of keeping our promises was fundamental.

COSTS AND BENEFITS

STRONG COST BENEFIT

Our cost benefit analysis of this approach demonstrates our investment of £69,564 delivers potential stakeholder value of around £19 million on the connection cost alone.

Feedback views and data

"SPEN investment of £69,564 delivered potential stakeholder saving of £19 million on connection costs alone"

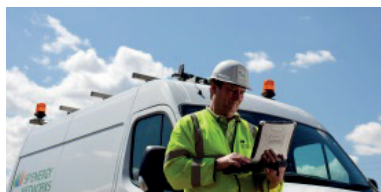
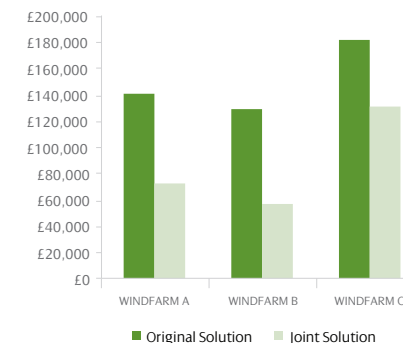
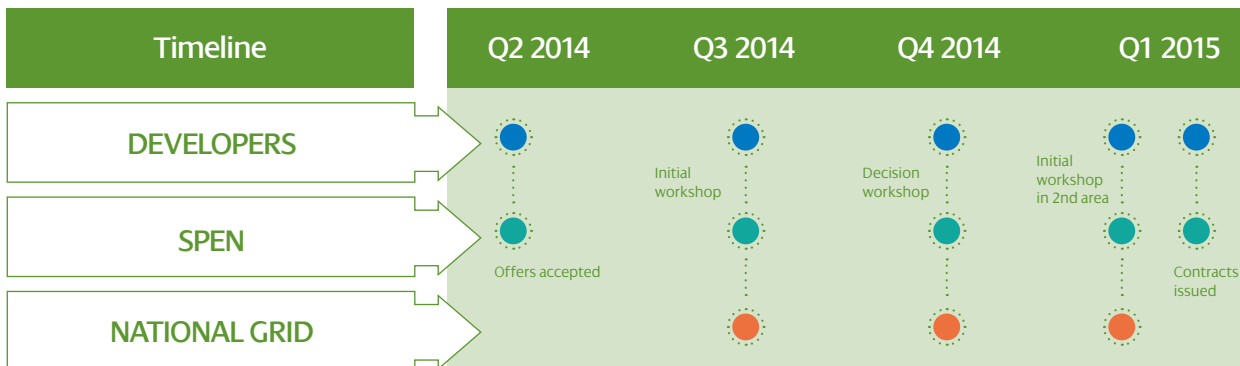
"Infinis has been really impressed by the leadership, collaborative approach and flexibility demonstrated by the Scottish Power connections team on its Galawhistle project. Their initiative and industry leading approach in establishing a working group with other developers has resulted in significant programme gains, better utilisation of the assets and also lower costs for the developers, for Scottish Power, and ultimately, the consumer."

Ryan Donovan, Head of Technical Services, Galawhistle Wind Energy

"Discussions were open and transparent with developers sharing their respective costs and planning aspirations. The joint cable solution arrangement is now moving forward and we are pleased that the new arrangement will provide a more economic and efficient connection arrangement. Clearly CWEL very much appreciate the approach, and interactions with John Rodger and SPT throughout the process, and can see the benefits of this type of arrangement being repeated in other locations throughout the UK."

CWEL, Cumberhead Wind Energy Limited

Timeline



"Banks Renewables welcomed this approach as it is refreshing to see the SO & TO help break down barriers between competing developers, in order to try and achieve a joint approach. Overall we were impressed by the proactive, professional and timely manner these discussions were facilitated, held and concluded. We would be pleased to see this approach repeated for any similar connection points in future."

Jason McCall, Development Engineer, Banks Renewables



Leveraging innovation to overcome operational and technical challenges for our stakeholders

The challenge

Key strategic issue – managing the network efficiently to provide the required capacity at efficient cost.

Determining how best to develop and deploy new technology is part of the answer – and doing this well requires active engagement with a range of stakeholders

How we engaged

- Context:** Visor is an innovation project led by SPEN, in partnership with NGET, SSE and the University of Manchester. It was successful in the Network Innovation Competition. It creates tools to monitor stability, and to fine-tune transmission boundary limits in real time.
- Building partnerships to make the case:** We engaged with NGET, SSE and our chosen academic partner to develop and specify the project – formalised in partner agreements. The engagement with NGET was particularly important, given that VISOR supports system operation. We also engaged with potential equipment and service providers to award contracts.
- Building partnerships to capture and communicate the learnings:** The project plan has extensive engagement with GB and international stakeholders. This year we have created these links, e.g. through a programme of presentations and meetings, including holding a stakeholder workshop for experts from across Europe in Edinburgh in June 2014.

Evaluation

IMPACTS

↑ CAPACITY ↓ COSTS

Partnership agreements in place and contracts awarded – installation of monitoring devices progressing. Target benefits are to ↑ available capacity, ↓ constraint costs, and to improve general system stability monitoring, safeguarding over £2 billion of investment between 2014-22.

LEARNINGS

PARTNERSHIP WORKING

Structured, well-resourced project management – and working with partners to articulate the case clearly – have been critical to getting the project up and running.

COSTS AND BENEFITS

DECREASE IN CONSTRAINT COSTS

£7.4m research budget, managed through SPEN project team with external reporting, which will lead to a decrease in constraint costs.

Feedback views and data

"The thing I enjoyed most about this event was sharing our experiences of the wider monitoring system across Europe and across the interconnection and how this works".

Renata Rubesa,
HOPS (Croatia) Attending Edinburgh Stakeholder workshop

Timeline

SP ENERGY NETWORKS

NATIONAL GRID

SSE

UNIVERSITY OF MANCHESTER

SUPPLIER PSYMETRIX

Q2 2014

Q3 2014

Q4 2014

Q1 2015

VISOR Stakeholder workshop

Collaborative planning for project delivery and supplier selection for WAMS deployment

Substations identified for all TOs for WMU installations

Kirkintilloch, Perth and Wokingham identified as data hubs

UoM sets up lab for WAMS testing

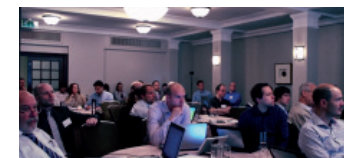
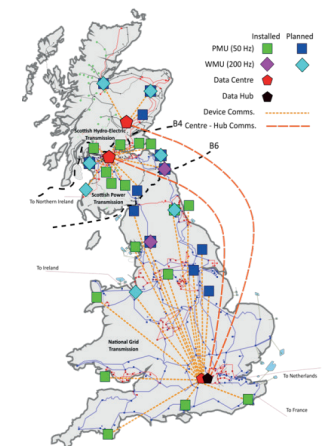
Psymatrix selected as WAMS partner

First WMUs installed and tested

WAMS server installation completed and first data received

UoM presents VISOR at Cigre, IET and IEEE

VISOR Deployment



Edinburgh stakeholder workshop



Making the joint arrangements between SPEN, SSE and National Grid work better for transmission users and consumers

In this case we illustrate how initiatives we have led, developed, advocated and implemented are producing tangible benefits for network users, and ultimately, consumers. Our ability to engage with and work through the other transmission companies in innovative, pragmatic ways has been critical to identifying and realising benefits.

The challenge

Key strategic issue – meeting the demands of extensive renewable generation uptake utilising collaboration to improve our service to transmission customers.

Our fundamental objective is to provide the excellent service that our stakeholders and customers deserve.

The high volume of demand for renewable generation connections can at times make it difficult for us to meet these expectations, and so our challenge is to ensure we deliver on our commitments despite these difficulties.

We are focused on working with National Grid Electricity Transmission (NGET), Scottish Hydro Electric Transmission (SHET) and SP Distribution (SPD) to identify new opportunities & mechanisms to deliver our obligations.

How we engaged

- Combined portfolio meetings - By listening to feedback from our stakeholders, we now offer combined portfolio meetings in conjunction with SPD. This innovative arrangement benefits those parties with a portfolio of projects spanning across transmission and distribution, especially for projects impacted by transmission works thus ensuring a co-ordinated approach by both network companies.
- Working Together Initiative - We have taken a more proactive approach to our engagement with SSE and NGET to identify and implement opportunities to reduce costs and improve performance. Through our collaborative Working Together Initiative, we have agreed a joint approach for customer seminars and improved the connections offer process.
- Network Access Policy - We have further developed our Network Access Policy. Our active engagement with other TOs is helping to realise significant costs savings for consumers, and new commercial opportunities for network users.

Evaluation

IMPACTS SYSTEM MANAGEMENT COSTS ↓

Our contribution to developing and operating more integrated, co-ordinated processes has saved GB consumers £millions – despite no direct financial benefit for SPEN.

LEARNINGS ALIGNING WAYS OF WORKING

For our engagement to be effective we needed to make our input easy to use – and we did this by changing and aligning how we operate, e.g. planning horizons.

COSTS AND BENEFITS SAVING ON CUSTOMER BILLS

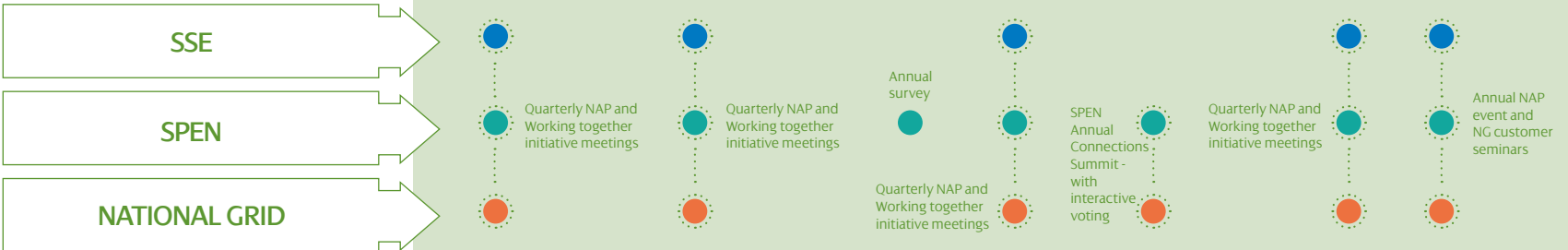
In line with what we committed to do under our Network Access Policy, changing of a planned outage at short notice cost us approximately £20,000 (recouped from NG), but working together saved over £5m of system costs which would eventually have been borne by the customer.

Feedback views and data

Interactive voting results from stakeholders present at SPEN Connections Summit (Dec 14):

- 100% agreed they found the presentations delivered to be useful
- 78% strongly supported and 13% might support a joint meeting with SPT and NG to discuss the detail of a **draft** offer.
- 73% strongly supported and 18% might support a joint meeting with SPT and NG to discuss the detail **upon receipt** of a connection offer.

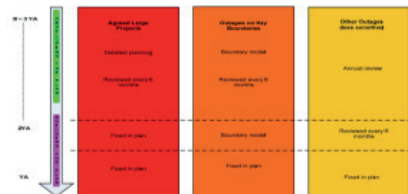
Timeline



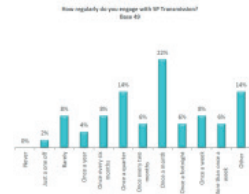
Quotes from developers via SPEN feedback forms at NG customer seminars

"Good general update"

"Positive approach"



Networks Access Policy



Annual Stakeholder Survey



Scottish Renewables Conference





Building collaboration and partnership to maintain the excellent safety culture among our staff and contractors

We are refreshing our initiatives to promote staff, contractor and public safety, including using new forms of collaboration, led from the top. We have worked hard to embed our safety culture, and we are alive to the opportunities of reinforcing this culture through targeted, well-designed stakeholder engagement.

The challenge

Key strategic issue – continually improving safety and extending our ethos to third parties to bring workforce safety together.

Our safety culture is core to our vision as a company. The enduring challenge is how we maintain this strong culture. This is particularly challenging when the volume of work is very high. Our monitoring data show that contractor and staff safety risks are particularly acute for our overhead line working - and we wanted to do things differently. One aspect of the challenge is how best to work with contractors to understand the nature and level of risks - across a growing number of organisations we work with.

How we engaged

- **Visibility of message:** We have innovated in how we emphasise key messages – standing down staff and contractors on the anniversary of a fatality.
- **Continually fostering the right culture:** to improve our long term delivery capability we have changed how we engage with the market, including with new contractors. Instilling the right culture has been a constant theme in our engagement - and reflected in our contracts. We worked in collaboration to develop new universal safety critical routes.
- **New structures to monitor:** We have taken additional steps this year to increase visibility and reports of safety events, so that we can review and learn. We have increased the number of safety forums, and joined forces with SSE to deliver them and to share learnings. Driving this forward has become a shared responsibility.

Evaluation

IMPACTS

↑ WORKER SAFETY

Positive results on key indicators: Increase in the number of safety incidents being reported, and reviewed for lessons – including where this delays work. Active leadership by contractors in joint forums. Positive response to joint approach with SSE – further strengthens messages.

LEARNINGS

OWNERSHIP IS KEY

The lesson we learned was that the contractors efforts to improve safety had much more impact when we facilitated a cross sector approach. We had to work with contractors to create one clear universal safety culture across overhead lines.

COSTS AND BENEFITS

MAN HOURS

Absorbed cost of standing workforce down to demonstrate the value we place on safety.

Feedback views and data

"Babcock recognise the value of holding combined, cross party safety forums in order to openly share experiences and best practices across the industry with a view to continuously improving safety standards. Bringing this forum together amongst client organisations would ensure a consistent approach and be a more effective use of all resources and time and would be fully supported by Babcock."

David Maddocks, Operations and Technical Director, Babcock International Group

Timeline

Q2 2014

Q3 2014

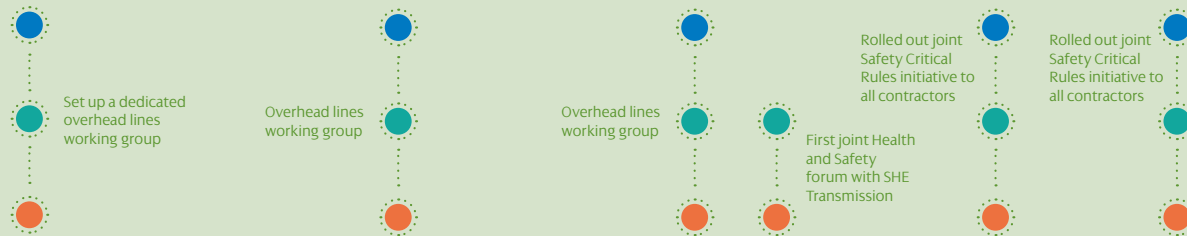
Q4 2014

Q1 2015

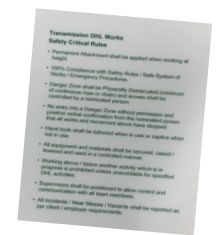
SUPPLY CHAIN

SPEN

SHE TRANSMISSION



Universal safety critical rules





Accelerating the evolution of our skills base to deliver increased volumes of work

We have engaged with our supply chain, skills bodies and our international partners to develop a solution to the strategic issue of delivering an increased volume of work, implementing it in an efficient way that enables us to bring costs down and accelerate development.

The challenge

Key strategic issue – availability of a sufficiently skilled workforce to deliver increased volumes of work

We need to increase our skilled and experienced workforce to deliver the large increase in investments on the transmission system. The skills required include project management and engineering design, and we recognise that we need to work in new and different ways to ensure that our skills base evolves in line with increases in workload.

How we engaged

Engaging on our skills gap

- We have addressed our skills gap at each of our annual supply chain stakeholder events – with representatives from Skills Development Scotland and Scottish Enterprise in attendance.
- We work with a range of organisations to develop our skills programme including the National Skills Academy for Power and the Engineering Development Trust and have worked in partnership with these organisations to deliver some of our skills work programmes - led by our Workforce renewal manager.

- Engaging with Iberdrola to transfer knowledge from other countries.
- Addressing our skills gap**
- Direct recruitment to create skills base.
 - Up-skilling existing members of staff.
 - Creating an ongoing in-house training programme.
 - International assignments – bringing in talent from other countries to add to mix for short periods.

Evaluation

IMPACTS

- By investing in new skills internally we have avoided contracting out significant volumes of work, which we estimate to create an efficiency of around **2.5% per annum**, which directly impacts customer bills.
- Creation of 402 new job opportunities.

CUSTOMER BILLS

LEARNINGS

Important to provide role enrichment and a clear career path for individuals joining the company. Easy to lose talent which we have brought in.

KEEPING TALENTED PEOPLE

COSTS AND BENEFITS

£20k per year membership to National Skills Academy for Power for SPEN – sharing costs with others in Energy industry for wider impact on skills development. The 2.5% saving which directly impacts customer bills can be calculated as £8m per annum.

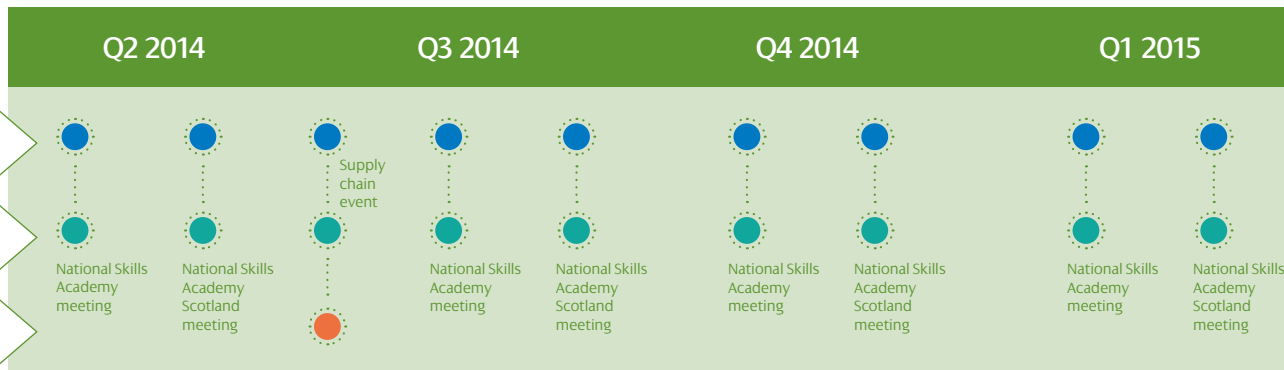
SHARING COSTS, WIDER IMPACT

Feedback views and data

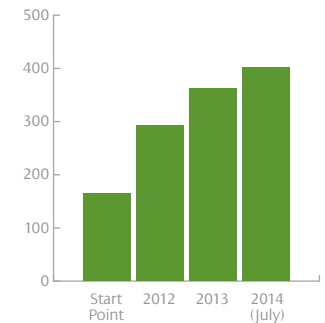
"This has given me an opportunity to get involved with a number of challenging projects. As part of an experienced team I have been able to increase my level of skills much quicker than I would have expected."

Gary Jenkins, Project Manager

Timeline



Increase in engineering workforce since 2012



New employees



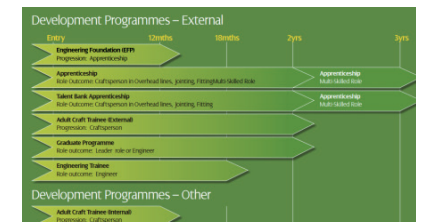
New employees



In-house training programme



New graduates



Skills programme



Nurturing a wider range of smaller, more flexible suppliers

Stakeholder engagement has been key to making profound, strategic changes to how we plan and deliver our capital programme. Taking more design work in-house and using a wider range of smaller contractors makes our delivery more efficient and flexible in the long term, but the success of this approach is founded upon active and meaningful engagement with existing and potential suppliers.

The challenge

Key strategic issue – transitioning to a new tendering model without losing capability.

The scale of investment on our transmission network is vast - given the key position of our network in facilitating renewables. To address this challenge we have redefined how we plan and deliver investment; taking more design work in house and using a wider range of smaller contractors. A key challenge is ensuring that the pool of new contractors is there for us, whilst retaining existing quality workforce.

How we engaged

Stakeholder briefings: Our more disaggregated approach to contracting is not common in the sector, and existing and potential contractors needed time to understand the model and what it meant for them. We implemented a targeted program of discussion and information provision, also providing 'mock tender' exercises to help new participants better understand the process - facilitated by senior management. Looking to the Nuclear industry we developed a similar approach to provision of information on upcoming tender activity. We have shared this at our annual supply change events, and online.

Working with suppliers: Ahead of this year's event we discussed with stakeholders what they would hope to gain from the event this year. In addition to tender information they wanted to discuss concerns with our tendering process in smaller groups. We changed the format of our event to include break outs to address the specific topics.

Some specific issues were brought to the surface on the day and we committed there and then to implement change and have successfully done so since.

Evaluation

IMPACTS

We have successfully redefined how we plan and deliver investment, innovatively taking more design work in-house and substantially expanding the range of smaller contractors we contract with to give a more flexible and robust model for delivering large-scale capital investment.

By engaging with our contractor base and other stakeholders throughout the process, we have enabled their high quality participation and understanding, which will enable us to jointly realise the full benefits of this new approach for network users and consumers.

LEARNINGS

Active engagement with existing and potential new service providers is vital to the success of this initiative. We applied learning from comparable stakeholder events in the Nuclear sector.

COSTS AND BENEFITS

Our cost benefit analysis shows that our c£20k per annum investment in this engagement has realised a benefit of approx. £1m reduction in tendering costs per annum.

MET OBJECTIVE

BENCHMARKING

£1M REDUCTION PER ANNUM

Feedback views and data

Quotes from feedback forms at event

"Market leading approach to supply chain engagement"

"It was a professional and well run event which was very informative"

"A good, constructive, well organised event"

"Thoroughly enjoyed supplier event, appropriate topics well delivered"

"I have a better understanding now"

"Very useful event"

"Very good meeting, more of them please"

"Open and honest"

"Positive event with correct focus"

Timeline

SPEN

SUPPLY CHAIN

Q2 2014

Q3 2014

Q4 2014

Q1 2015





**SP ENERGY
NETWORKS**