SP Energy Networks

Distribution Stakeholder Engagement 2012/13

Part 1

SP ENERGY NETWORKS

This Distribution Stakeholder Discretionary Reward submission explains our actions and the outcomes of our stakeholder engagement activity in the 2012-13 year.

This Part 1 of our submission covers how we have met the minimum requirements of the Stakeholder Engagement Incentive Scheme, which included outlining our stakeholder engagement strategy, describing the broad range of stakeholders we have engaged with, summarising our engagement activity, and demonstrating how we have acted on stakeholder feedback. We have set out the evidence to support our submission, including the Assurance process we have undertaken.

1.0 Supplementary Evidence

The following supplementary evidence has been included to support our submission:

- *Two Tomorrows Assurance statement*
- *SP Energy Networks Stakeholder Engagement strategy (summarised in section 3.0)*
- *Stakeholder engagement plans*
    - *RIIO ED1 stakeholder plan (summarised in section 3.0)*
    - *Innovation stakeholder plan (summarised in section 3.0)*
    - *Public safety engagement plan (summarised in section 3.0)*
    - *Customer care plan (summarised in section 3.0)*
    - *Market research plan (summarised in section 3.0)*
    - *Online community plan (summarised in section 3.0)*
    - *Customer service action tracker (summarised in section 3.0)*
    - *Connections – DG plan and customer engagement plan (summarised in section 3.0)*
- *Distribution stakeholder database (summarised in section 4.0)*
- *Explain reports – Database, Phase 1, Phase 2 and Online Community Results*
- *Audience Response Results from Phase 2 events*
- *Proposed changes to projected ED1 bill impacts as a result of stakeholder feedback*
- *Customer Awareness campaign – print ads*
- *Customer Awareness campaign – leaflet*
- *Actions from Explain database review*

2.0 Assurance

Ofgem Guidance

Part one of the submission is aimed at demonstrating the company has an engagement strategy in place that satisfies the minimum requirements as set out below. The company will have some flexibility as to how it will gather and present relevant evidence to meet these requirements. We note that in assessing the quality of stakeholder engagement activities and their effectiveness in bringing about positive change, we will need to be satisfied that the evidence presented is sound, robust and verifiable.

It was important to us to ensure that the information we provided in our submission was externally and independently evaluated / audited. However, it was even more important to us that we made sure we had an independent view of our stakeholder activity and an assessment of areas for future improvement.

We therefore asked Two Tomorrows to undertake independent assurance of our submission which included looking at our approach to stakeholder engagement. The assurance processes and deliverables will also help us identify potential improvements in our distribution stakeholder engagement moving forward.

Two Tomorrows is a leading provider of stakeholder engagement and independent assurance of corporate responsibility and stakeholder led reports. They have deep experience in the UK utilities sector and over the past 10 years they have undertaken well over 100 assurance engagements globally.

Two Tomorrows verified our submission, interviewed senior managers and a selection of stakeholders as part of the assurance process. They have provided us with an Assurance Statement which we have included in the supplementary evidence and included their opinion:

'On the basis of the work undertaken, nothing came to our attention to suggest that the SPEN electricity distribution submission does not meet Ofgem's minimum requirements for stakeholder engagement.'

Two Tomorrows
– a DNV company

Section 3: Engagement Strategy

Strategy / Stakeholders / Engagement Mechanisms / Acting on Feedback

Minimum requirement 1 (Ofgem guidance):

The network company has a comprehensive and up to date stakeholder engagement strategy, which sets out:

- *how it keeps stakeholders informed about relevant issues, business activities, decision-making and other developments;*
- *how it enables timely input and feedback from stakeholders via appropriate mechanisms to inform decision making.*

3.0 Engagement Strategy

Senior Management

Our CEO, Frank Mitchell, presented his vision for SP Energy Networks to the Gas and Electricity Markets Authority (GEMA) in November 2012. He shared his vision for us to be a business that is customer service focussed, trusted by the communities we serve and the stakeholders we depend upon. He promised we will listen, learn and act on the feedback we receive.

We are on a journey towards becoming a truly stakeholder-focussed business. Big improvements have already been made, including a number of activities that have been achieved for the first time (such as the customer awareness campaign and seminars for Distributed Generators), but we know there is more work to be done to integrate our engagement strategy across the entire Distribution business.

SP Energy Networks Stakeholder Engagement Strategy

In the past year we have prepared a new stakeholder engagement strategy for our Transmission and Distribution businesses (see supplementary material) that encompasses the overarching principles of our engagement activity. The purpose of our strategy is to improve our performance by listening to and acting on stakeholder feedback.

We aim to seek a wide range of stakeholders' views through a variety of communication channels. We believe that developing stronger and more constructive relationships with our stakeholders, at both national and local levels, will help to deliver increased customer and stakeholder satisfaction.

Our strategy document sets out the principles that underpin our stakeholder engagement, who we engage with, how we prioritise, and which engagement methods are available to use. It also sets out what we do with the feedback we receive and how senior management play a key role in stakeholder engagement and our measures of success.

3.1 Centralised Stakeholder Engagement Plan

At present our approach to business-as-usual stakeholder engagement is more localised than centralised and this is an area for improvement. To address this we have created the post of Stakeholder Engagement Manager to bring a more centralised approach to our business-as-usual stakeholder engagement across the organisation. This will take time to achieve and will have a number of challenges including the establishment of a centralised stakeholder database that is used by the business, co-ordination of stakeholder engagement activity, reporting structure for engagement activity, consistency of approach to stakeholder engagement and sharing best practice.

This year has been different from previous years because of our engagement around business plan preparation, where there has been timely use of feedback in preparing our plans for the next decade and a more centralised approach to stakeholder engagement with involvement from all areas of the business. We plan to build on this for future engagement.

This year, the role of Stakeholder Engagement Manager has been focussed on delivery of the business plan stakeholder engagement. Next year the focus will move to building on the engagement that already takes place within the business and begin to bring this together into a more centralised approach.

3.1.1 RIIO ED1 Business Plan Stakeholder Engagement Plan

In 2012, as part of preparing our RIIO-ED1 well justified business plan, we developed a stakeholder engagement plan to support preparation of the business plan.

The plan established a three phase approach to engagement to ensure that stakeholders were involved in shaping our plan from the beginning to end. When setting out the strategy the principles laid out in the Stakeholder Engagement Strategy were considered.

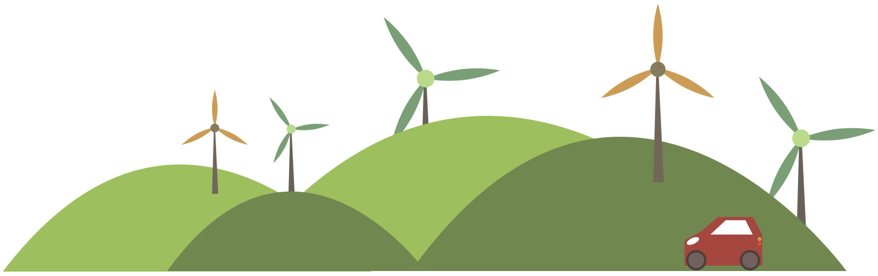
It was decided who to engage with, what the business wanted from the engagement, what tools we were going to use for engagement and how changes to the plan would be communicated. The plan changed as the process continued to ensure we were flexible in taking on board what worked well and what didn't work so well.

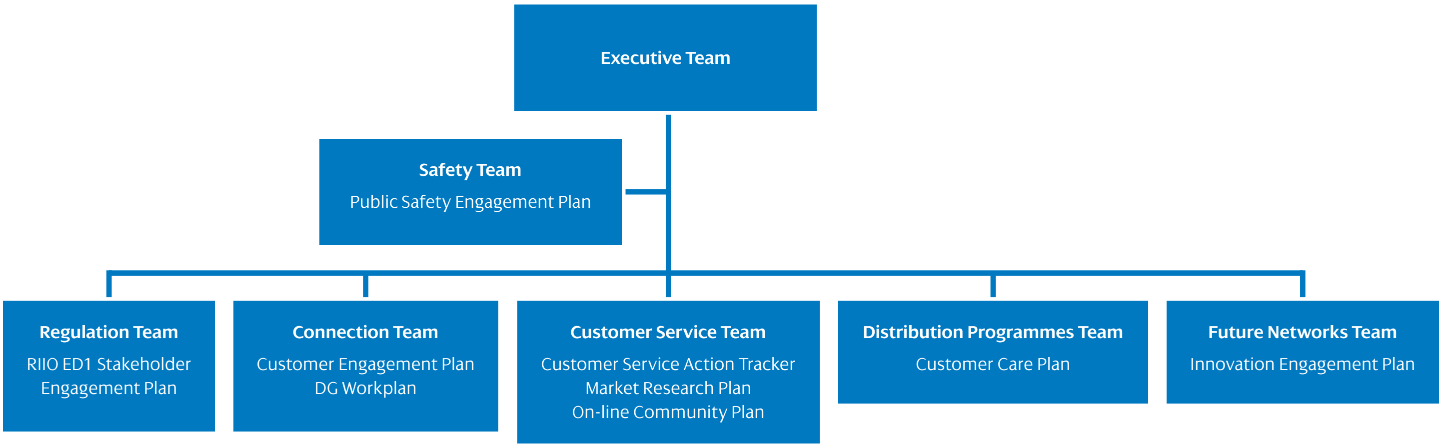
A monthly competitor analysis process was established to review what our competitors were doing in relation to business plan stakeholder engagement, allowing us to adopt best practice as we moved through the process. As a result of this process, we made a number of changes to our engagement including the introduction of a stakeholder video to explain the challenges for the RIIO ED1 period (Part 2, section 1.4) and presenting stakeholders with options on the level of investment we could include in our plans (Part 2, section 1.2).

3.1.2 Customer Service Action Tracker

Our customer service action tracker and associated governance structure ensures that we make progress in achieving better service for our customers right across our business, in a centralised manner. The plan uses feedback from the Broad Measure of Customer Satisfaction to form the basis of improvements we will make within the business, both now and in the near future. The aim of tracking improvements in this way is to ensure there is a clear link between customer feedback and business change.

There is a centralised governance structure in place that sees actions escalated to the monthly Governance forum, hosted by the Customer Service Director, where progress on actions is not as expected (section 6.1). This has led to the implementation of a series of improvements in our business, including improved letters and call-handling (Part 2, section 2.4), a new approach to communication in connections (Part 2, section 3.3) and new working hours, response times and generators to improve our customer care (Part 2, section 2.6).





3.2 Local Stakeholder Engagement Plans

There are a number of local stakeholder engagement plans across our various business units that have been used to drive this year's programme of stakeholder engagement and these are summarised below.

We recognise that our approach to business-as-usual stakeholder engagement is more localised than centralised at present and that this is an area for improvement.

3.2.1 Connections Customer Engagement Plan

This document sets out our plan to effectively manage and coordinate our Connections customer engagement. It is aimed at ensuring we support our customers throughout their journey by improving ease of contact, ensuring that our process is clearly explained, increasing communication and providing straightforward installation of connections (Part 2, section 3.3). This engagement takes a number of forms including direct marketing, events, seminars, account management and business development. Our aim is to provide a solid platform of communication from which we can effectively serve our existing customers, strengthen our customer relationships, and deliver growth through new prospects.

3.2.2 DG Workplan

The DG workplan covers the high level plan for key areas such as customer service, the application process and information provision for those wishing to connect Distributed Generation (DG) to our network. The plan documents progress in each area and the current status against target (Part 2, section 3.1).

3.2.3 Online Community Plan

Our Online Community was launched in 2011 and now has 724 members providing us with honest, unfiltered feedback. Our online community engagement plan lays out all the engagement topics that we will seek feedback on throughout the course of the year using three core engagement tools which are (1) polls, (2) surveys and (3) topics.

Quick polls are a simple question with multiple answers that are easy and quick to respond to and are popular with the community. Surveys are generally longer, and provide more in-depth feedback on a topic and allow for free-form text. Finally, topics allow us to post discussion topics that members can discuss through the community. Examples of each are shown below.

Example polls:

Would it be useful to provide updates on power cuts through Facebook or Twitter?

We will always notify you if we are carrying out planned maintenance works that will mean your electricity is shut off, but how much notice should we give you?

If after you have reported a power cut we need to give you an update on the situation, how is it best to do this?

Example surveys:

Connections Cost Calculator

New leaflets

Keeping you updated via text message during a power cut

Example topics:

What is your best energy saving tip?

Handy hints - asking for comments on handy hints page that goes on the back of planned interruption letter

What do you think of our new website?

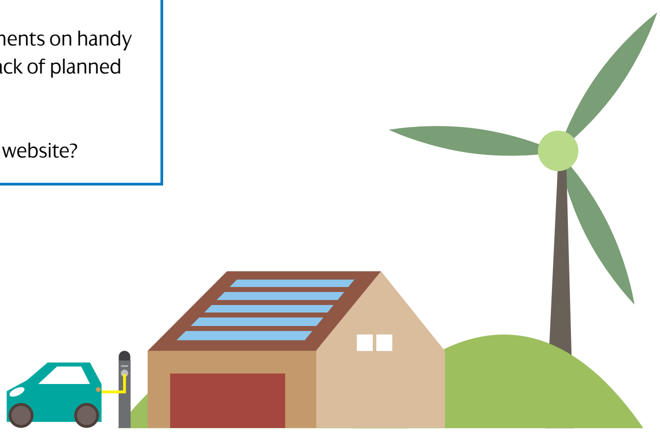
A report on community feedback is prepared by the community administrator each month and topic refinement is discussed monthly. The feedback is considered and actions for improvement or further research are identified (Part 2, section 2.3).

3.2.4 Market Research Plan

To improve our customer service offering we ask our customers and stakeholders where they think we need to improve to give us a strong evidence base for timely input into decision making. We have developed a market research plan for a third year to give us a basis for making service improvements. The market research plan for this year included the following topics:

- *Loss of Supply Customer Journey Focus Groups*
- *Connections Computer Assisted Telephone Interviewing (CATI calls)*
- *Planned interruptions CATI calls*
- *General services CATI calls*
- *Vulnerable people in-depths and CATI*
- *Stakeholder online survey*

From the output of the research work, some improvements could be made quickly but some will take longer and some require further research to give us a deeper understanding of the topic (Part 2, section 2).



3.2.5 Customer Care Plan (pilot)

This year we have piloted a new project to introduce a customer care plan when conducting work on overhead lines on our Distribution network that may have a significant impact on the local community (Part 2, section 2.6). This is based on a customer plan which we already use for major cable works. The pilot customer care plan was considered in advance of the work commencing to give timely input for decision making and details the potential impact on the community, timelines, key contacts and available communication channels.

A key component is an engagement plan, categorised by stakeholder group, which details the type of information this group is likely to find useful, the likely communication channel to be used, and the current status. The customer care plan is approved and signed by the project manager, programme manager and authoring manager.

In the past year the plan has been piloted at a project in our SPD area, near Cumbernauld. It has been successful and will be rolled out to other projects in 2013/14.

3.2.6 Innovation Plan

Our Future Networks team have developed a stakeholder engagement plan to coordinate annual engagement activity. The plan is categorised in five ways: engagement relating to policy and regulation, business as usual, internal communications, external communications and activities relating to the Low Carbon Networks Fund or the Innovation Funding Incentive. The plan includes conferences, external events, industry forums and internal events, and lists projects that will require specific dedicated engagement work, in particular those involving local community engagement.

3.2.7 Public Safety Engagement Plan

Our public safety engagement plan covers all strategic initiatives planned by our public safety team across the year and notes key achievement milestones. Initiatives covered include the development of our educational programmes (Part 2, section 5.1), coordination of events and how communications are targeted to high risk groups such as the agricultural community.

3.3 Driving Culture Change within the Business

Our organisation is going through a significant culture change journey that will allow us to become a truly customer and stakeholder focussed organisation. We have traditionally focussed on our assets and are becoming an organisation that focuses on listening to what customers say and putting this at the forefront of what we do.

We have used the Broad Measure of Customer Satisfaction scores to share with the organisation what customers think of our service. Coupled with a strong Director led governance structure for customer service improvement, we are driving out service improvements from within the business (section 6.1).

Communicating with customers and stakeholders in terms that they can understand has been, and still is, a culture challenge for a largely engineering led organisation. It is our duty to keep the complexity of our business internal to us and to focus on communicating with customers and stakeholders in language that responds to what they have said is important to them.

Our customer service scores have improved over the last year and we have received positive feedback from stakeholders on our stakeholder events, so we believe we are seeing evidence that culture change is happening.

We have gathered significant feedback on what customers and stakeholders want from us through this year's market research and stakeholder engagement programmes, as well as the monthly Broad Measure of Customer Satisfaction scores. In 2013/14 we will test how far the culture change has spread across the organisation as part of our market research plan, changing the focus from external engagement to internal engagement.

We will also embark upon benchmarking work with the Institute of Customer Service to understand more about customer perception of us, both within our industry and across all service organisations. We will start with an employee survey to understand how embedded customer service is in our organisation.

Section 4: Stakeholders We Have Engaged With

Strategy / **Stakeholders** / Engagement Mechanisms / Acting on Feedback

Minimum requirement 2 (Ofgem guidance):

A broad and inclusive range of stakeholders have been engaged.

4.0 Stakeholders We Have Engaged With

Stakeholder Database

This year, as part of the groundwork for the RIIO ED1 business plan engagement activity, we identified which stakeholders we wanted to engage with and established a database of Distribution stakeholders. At the start of our engagement process we had identified 1,200 stakeholders. The database evolved throughout the course of our engagement and we have now added a further 600 stakeholders.

The large Excel database was created in order to store contact details for relevant contacts within key organisations in one place. Further benefits include the ability to monitor participation in stakeholder engagement activity and to categorise contacts by stakeholder group.

Sourcing Stakeholder Data

To provide the most comprehensive overview of our stakeholders, data was sourced from a range of internal sources, where it had been collated for operational reasons in specific areas of the business. For example, lists of key emergency planning contacts, lists of contractors or suppliers who have a contract with the company, and lists of commercial or housing developers who wish to connect to our network.

This information was expanded with external research, which provided a more comprehensive picture of groups that, although stakeholders of SP Energy Networks, had never been collated together in one database. Examples include key contacts from relevant local authorities, sourced from individual council websites, and renewable developers, sourced from a BWEA (now RenewableUK) database.

Register Your Interest as a Stakeholder

In addition we provided opportunities for stakeholders to proactively join our database through a dedicated web form on our website. This form allowed the stakeholder to select which stakeholder group they belonged to and express their area of interest. In addition, we advertised our RIIO-ED1 consultation email address across our web pages and on all our communications to stakeholders. This made it possible for interested parties to request engagement as part of the RIIO-ED1 process.

Data Cleansing

The database was continuously updated throughout the last year. We found that invitations to events and subsequent reminders and post-event mailings were helpful ways to cleanse the data, by identifying email addresses that no longer existed. We specifically asked those who received the mailings to pass them on within their organisation to the most relevant people. This allowed us to develop a range of new contacts and to change key details if they were found to be out of date or incorrect.

Where gaps emerged we were able to contact the relevant organisations in order to find the most appropriate contact for future engagement. For example, when a low response rate for event attendance was identified from Scottish local authorities, we individually telephoned each large and medium sized local authority in our licence area to find a contact for future engagement.

Independent Report

It's important that our stakeholder database is comprehensive and so we commissioned our external market research agency, Explain, to produce an independent report to identify any gaps, (see supplementary evidence).
The report found that further stakeholders needed to be identified in a series of categories. In some cases not enough stakeholders were represented, in other cases the database had an uneven spread across licence areas. For each recommendation of the report, we assigned an appropriate action. For example, the report noted that Trade Unions in the SPM licence area were under-represented in our database and this was subsequently addressed through engagement with our HR department.

Stakeholder Engagement Managed Through CRM

We recognise that our current, Excel based, stakeholder engagement database has limitations, including limitations on accessibility across the organisation and limitations on the information we can store against each stakeholder. We also recognise the importance of ongoing engagement activity and are preparing to introduce a stakeholder module as part of the implementation of a new Customer Relationship Management (CRM) system.

This system is due to go live in 2014 across the business to improve the customer experience and will also allow us to collate stakeholder data in a more suitable format, easily accessed by all those engaging at an operational, tactical and strategic level. System design requirements will also allow us to record in more detail engagement activity with a stakeholder and track any actions in relation to that stakeholder.

Stakeholder Categorisation

To ensure we accounted for all Distribution stakeholders, it was important to categorise our contacts in a comprehensive manner. We produced a stakeholder map, below, which groups our stakeholder database into four broad categories: Customers, Internal, External and Regulator. Grouping our stakeholders in this way highlights the importance of these four groups to the company:

- *It is important to us to deliver a good service to our* ***customers****. Direct customer feedback can help us identify and resolve operational issues that have an immediate effect on our customers.*
- *By segmenting* ***internal*** *and* ***external*** *stakeholder groups we recognise the influence of outside organisations in the way our company operates, as well as acknowledging the role of those within the company itself. Through listening to the views of these groups and acting on their feedback we can change the way we operate the business in the future for the benefit of customers. The views of these groups are crucial in forming future priorities for service and investment.*
- *Operating within the unique environment of the UK energy sector as a DNO, the* ***regulator*** *Ofgem is an important stakeholder. It is important to maintain a positive working relationship and engage in order to understand how best to achieve future performance targets.*

On occasion we have adapted and modified sections of our map in order to accommodate more stakeholders or to move individual contacts to a more appropriate section. This adaptability is important for the future.

The independent Explain report on our stakeholder database, referenced above (see supplementary material) concluded that they did not feel that any stakeholder group was missing from our map. They further added in their findings that:

> 'SP Energy Networks has the foundations of an extremely comprehensive and inclusive stakeholder database'

Competitor Awareness

We analysed how other DNOs in the UK grouped their stakeholders, to help us identify any remaining gaps in our categorisation. From this we found slight variations in approach, but there was no stakeholder group that we felt was not accounted for within our own mapping.

Harder to Reach Stakeholders

We identified that our stakeholder database had very few charitable organisations. To address this, we added the contact details of around 50 charities we had engaged with through market research in a previous year.

We have stakeholders and customers in North Wales who prefer to communicate with us in Welsh so we have made changes to our website so that it can be read in Welsh (Part 2, section 2.2). We also issued our online stakeholder survey for the business plan in Welsh to help target feedback from Welsh stakeholders (Part 2, section 1.3)

SP Energy Networks Distribution Stakeholders

Customers	Internal	External						Regulator
		Electricity Industry	Delivery	Developers	Interest groups	Research & Development	Government	
Consumer groups	Individual Employees	Competitors	Contractors	Commercial & housing developers	Business Groups	Academic institutions	Local Government	
Distributed generation customers	Trade Unions	Energy Suppliers	Suppliers	Renewable developers	Environmental groups	Research Bodies	Central Government	
Large demand customers	SPEN management		Service providers		Conservation groups	Manufacturers R&D		
Individual Domestic customers	Iberdrola management		Skills & Resourcing		Charities			
			Statutory planning Consultees					

Section 5: Engagement Mechanisms We Have Used

Strategy / Stakeholders / **Engagement Mechanisms** / Acting on Feedback

Minimum requirement 3 (Ofgem guidance):

The company has used a variety of appropriate mechanisms to inform and engage their stakeholders – these have been tailored to meet the needs of various stakeholder groups, and are fit for purpose in allowing a detailed analysis of a breadth of stakeholder perspectives.

5.0 Engagement Mechanisms We Have Used

Innovative engagement for 2012-13

This year we have used more innovative engagement methods to target new audiences:

- *We developed a new suite of customer leaflets, including our very first customer awareness leaflet. We delivered this leaflet to every domestic household we deliver electricity to (Part 2, section 2.2).*
- *We have used in-depth telephone interviews to engage with our customers in the past but this year we used them with stakeholders. The aim was to reach a broader range of stakeholders and ensure we engaged with as many stakeholder sub-groups as possible (Part 2, section 1.3).*
- *We have used audience response equipment at internal employee events in the past, but this year we used it for the first time with our stakeholders. The format was first piloted at our contractor/supplier events in an attempt to promote discussion amongst a group of stakeholders that may have been reluctant to speak out in front of their competitors. The feedback we received at these events prompted us to extend the format to our business plan stakeholder workshops (Part 2, section 1.2).*
- *We produced a DVD to explain the upcoming RIIO-ED1 price control review and the changing requirements on the network over the coming years to our customers, stakeholders and employees, in terms that made sense to them (Part 2, section 1.4).*

Business Plan Engagement – Tailoring Engagement Mechanisms to the Audience

For our business plan stakeholder engagement we used a number of different methods of engagement that were targeted at different audiences as detailed in the table below.

At the core of our engagement process for the business plan were four stakeholder events for a broad range of stakeholders. We used an external company to facilitate the discussions to ensure that all stakeholders had an opportunity to contribute and that contribution from our employees in responding to questions did not dominate the discussions. This worked well and we used the same approach in Phase 2.

We used in-depth telephone interviews to target stakeholder sub-groups that were not well represented at the stakeholder events, offering a time slot that was convenient to them. Whilst this allowed us to capture a significant insight from under-represented groups, for Phase 2 we went further still by developing an online survey that was quicker to fill out and available to stakeholders at a time that suited them. This proved popular with our stakeholders and was extended so we could capture feedback from our employees and show them what had been shared with our stakeholders.

Recognising the complexity surrounding our investment plans and the expected level of knowledge or understanding of the network, we engaged with domestic customers face-to-face. In Phase 1, customers shared their priorities with us through local focus groups, providing an environment in which customers could have an open forum to share their thoughts. As we moved to presenting specific investment options in Phase 2, we used face-to-face surveys to reach 1,100 domestic customers. It was hoped this approach would help customers to digest our draft plans and allow them to provide more informed feedback on our projected customer bill impacts for RIIO-ED1.

We also shared all our engagement material online, so it can be accessed by any of our stakeholders at their leisure. For example, after our Phase 2 events we published the presentations, audience response results and projected bill impacts on the relevant page of our website, and followed this up a few weeks later with the changes we were proposing as a result of feedback provided at the event. We emailed all relevant stakeholders to tell them that this information was available.

	PURPOSE	ENGAGEMENT MEDIA	TARGET AUDIENCE
PHASE 1	IDENTIFY PRIORITIES ahead of drafting plan	Facilitated events Telephone interviews Tailored event Focus groups Facilitated event	All stakeholders All stakeholders Contractor/supplier stakeholders Customers Employees
PHASE 2	SHARE DRAFT PLAN providing options around priorities	Facilitated events On-line survey Face-to-face survey On-line survey	All stakeholders All stakeholders Customers Employees
PHASE 3	SHARE REVISED PLAN showing where plan has been changed	On-line consultation Tailored event Web publication On-line consultation	All stakeholders Political stakeholders Customers Employees

Appropriate resources

We are mindful of ensuring that our stakeholder engagement activities are supported by robust project management and appropriate resources. There are number of specific examples where this is demonstrated across the business at present (as detailed below), however a systematic approach will be developed in the future and is not yet in place across the entire business. This is an area of improvement for the future.

Example 1 – How should we engage with more stakeholders?

Our business plan engagement was centred around large stakeholder events that gathered together a broad range of stakeholders in one location. This proved successful for answering questions in person and in sharing views across a number of stakeholder groups. However, in order to reach out to more stakeholders than those who could attend the events, we felt it was a more appropriate use of resources to spend time developing telephone interview discussion guides and on-line surveys that could be used by stakeholders at a time convenient to them.

Example 2 – How should we deliver a customer awareness campaign?

Our customer awareness campaign was borne out of repeated feedback from customers and stakeholders telling us that it was not easy to contact us as customers were confused about the difference between electricity suppliers and distribution network operators. When considering the elements of the customer awareness campaign, we felt that a leaflet delivered to every household was the most effective way to reach every customer. To minimise the cost associated with this approach, we used a mail-drop service that was considerably less expensive than an addressed mail-shot. Post campaign measurement showed that the leaflet was well-received (Part 2, section 2.3)

Example 3 – How many Customer Liaison Officers should we have?

We currently have two Customer Liaison Officers (CLOs), one for each licence area. The role of the CLO has changed from primarily reactive to a more proactive role, in terms of community engagement, and as a result we have introduced two new CLO positions. We considered introducing more than this but decided that having a CLO to support each of the four regional operational areas was a more appropriate use of resources than introducing one per individual operational zone (of which we have twelve). This ensures that the CLO stays focussed on engagement activities.

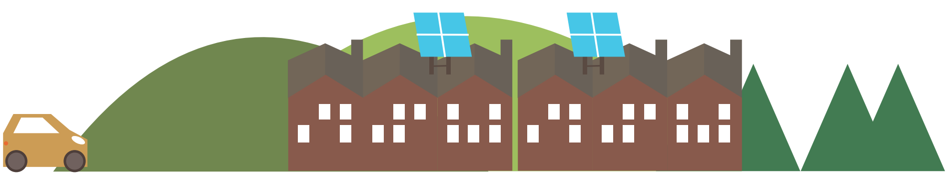
Using the engagement tool-kit and sharing best practice

In 2012-13 we introduced a range of new engagement activity across our business and across our stakeholder groups. We are engaging more than ever, in new and innovative ways. However, one of the challenges we still face is ensuring that the various parts of our Distribution business are able to share best practice and work together from a centralised strategy and approach to engagement.

Our new stakeholder engagement strategy sets out the various methods available for the business when engaging with stakeholders (see figure below). When deciding which method is most suitable, we will aim to take into account which stakeholder groups we would like to target and in what number. We will aim to consider any previous feedback we have had from these stakeholders about how they would prefer to engage with the company, and we will seek to look at the purpose of the engagement, whether that is to inform, to gather views or to involve:

- *To inform – sharing information on a specific project or issue*
- *To gather views – seeking feedback on a topic, proposal or plan*
- *To involve – working together to deliver outputs or make improvements*

Engagement methods	Selection criteria
Face to face engagement • *Workshops, Bilateral meetings, Regional events, One to Ones*	**Stakeholder Involved** • *Category and number of stakeholders likely to be impacted.*
Online engagement • *Online community, Online surveys, Email enquiries*	**Purpose** • *Reason for engagement*
Media campaigns • *Newspaper, Radio*	**Previous feedback** • *Taking into account previous feedback from stakeholders on preferred communication channels.*
Written Communications • *Leaflets in public places, Leaflets to customer premises*	
Engagement via third parties • *Market research, Telephone surveys*	



Section 6: Acting on Feedback

Minimum requirement 4 (Ofgem guidance):

The company can demonstrate it is acting on input / feedback from stakeholders.

6.0 Acting on Feedback

Overview

In order for our stakeholder engagement activity to deliver real and demonstrable benefits to the business and our stakeholders it is important that we record the feedback we receive, act on that feedback, and communicate these actions back to stakeholders.

Recording the feedback loop

Our stakeholder engagement has improved considerably in the last year, with various parts of the business demonstrating good practice in acting on stakeholder feedback. Our next challenge is to ensure consistency across the business and establish a more coordinated approach to engagement activity.

In 2012 we introduced the position of Stakeholder Engagement Manager and during this year the focus has been on supporting the Distribution business during the business planning process. During the second half of 2013, the Stakeholder Engagement Manager will begin to establish a more consistent approach to stakeholder engagement across both Transmission and Distribution.

6.1 Good Practice Area 1 – Customer Service Action Tracker

This good practice area demonstrates improved decision making through recognising the needs of stakeholders and also how we have involved stakeholder views in delivering outputs and making improvements.

One area of the business in which action is taken as a direct result of stakeholder feedback is in Customer Service, where feedback from customers and associated business change is tracked monthly using a lean sigma approach (section 3.1.2).

The Customer Service Action Tracker uses feedback from the Broad Measure of Customer Satisfaction (BMCS) to form the basis of improvements we will make within the business. Each month, senior managers from the Customer Service Team meet with each business area to analyse the BMCS scores, review verbatim comments provided by customers and identify actions to improve customer service performance. The Customer Service Action Tracker is used to log new actions and track previous actions, with an escalation process to a monthly governance forum hosted by the Customer Service Director where outstanding actions are addressed.

Analysis of results and administration of the action tracker is the responsibility of a dedicated Customer Service analyst. The number of Customer Service analysts has been increased from one to four to support other areas of the business in analysing their customer service data (Part 2, section 2.6).

Our Customer Service Team have also made improvements to our collaboration on emergency resilience measures (Part 2, section 2.8) and approved two new Customer Liaison officers (Part 2, section 2.6).

6.2 Good Practice Area 2 – RIIO-ED1 process and investment changes

This good practice area demonstrates how stakeholders have had an input in designing how they participate, how stakeholders were provided with the information required to participate in a meaningful way and how our stakeholder engagement has informed stakeholders about how their input affected the outcome.

Whilst engaging with stakeholders as part of our business plan process (Part 2, section 1.1) we made a number of changes to our plans based on stakeholder feedback:

- ***Updating investment plans***
  Stakeholders told us at the events they wanted to see how our investment plans would change to reflect voting received on the day. Rather than wait for publication of our revised plan, we produced details of how event voting had altered our thinking on areas of investment and published this on the website after the events (Part 2, section 1.2 and supplementary material).

- ***Conflicting feedback***
  Stakeholders at the events were supportive of our draft plans to introduce earlier reinforcement of the network and wanted us to go further. However, customers rated this as the least important element of our investment options, attracting the lowest willingness to pay result. As the stakeholder and customer feedback was polarised, we decided to maintain the level of early reinforcement proposed in the original draft plan.

- ***Using audience response equipment***
  We introduced audience response equipment at the contractor/supplier events to collect feedback and share this with the stakeholders present. This worked really well and allowed for a much more interactive session. Those present told us they felt more inclined to contribute to the debate when they knew some other people in the room shared their view, and we will be using audience response equipment at future events, where appropriate (Part 2, section 1.2).

- ***Filling in stakeholder sector gaps***
  We analysed the attendance at our stakeholder events and targeted in-depth interviews at stakeholders who hadn't been represented. Local authorities in Scotland were not well represented at our events and in Phase 2 we made direct calls to seek out the most appropriate attendees and invite them to the events (Part 2, section 1.3).

- ***Listening to internal feedback***
  The results of the audience response voting at the stakeholder events were shared internally with senior managers from across the business. Managers in our SPM licence area fed back that although there was some representation from stakeholders in Wales, more would have improved the breadth of feedback received. We acted on that feedback and targeted stakeholders from Wales to participate in the online stakeholder survey (Part 2, section 1.3), and produced a Welsh language version of the survey.

- ***Using a range of locations***
  Stakeholders at our first set of workshops told us they felt it was important to hold our events in a range of locations. We took this feedback forward into Phase 2 and held future events in different venues (Part 2, section 1.2).

- ***Providing fewer speakers***
  Our stakeholders told us they felt there were too many speakers at our first events. We took this feedback on board and reduced the number of SPEN employees presenting at our contractor/supplier and Phase 2 events to one small core group (Part 2, section 1.2).

- ***Attracting attendees***
  Whilst preparing for the Phase 2 stakeholder events we were aware of the difficulty of attracting attendees. We proactively targeted key groups with follow-up emails, direct mail and telephone calls to ensure broad representation of our stakeholder groups. This work doubled the number of attendees who came to our Edinburgh event and ensured that there was a broad range of stakeholders present.

6.3 Good Practice Area 3 – Customer Care During Planned Outages

This good practice area demonstrates how we have listened to stakeholders and changed our business process as a result.

Our delivery team is working harder for the communities we serve by listening to customers who have experienced power outages when we conduct planned work on the network. Planned outages used to start as early as 6am and finish as late as 8pm but we now require our service partners to restrict outages to between 9am and 4.30pm, except in exceptional circumstances. As a result, customers have electricity when getting ready for work and school, and again when they return.

As well as restricting outage times, we have also significantly increased our use of generators during planned outages to reduce the number of customers who go off supply in order for us to undertake work on the network.

We have also piloted a new customer care plan for overhead line projects to inform local communities about what we are doing, taking into consideration the impact our work will have on that community (Part 2, Section 2.6).

6.4 Good Practice Area 4 – Customer Care In Response to General Enquiries

This good practice area demonstrates how we have listened to stakeholders and changed our business process as a result.

When a customer contacts us regarding a general enquiry, such as an untidy substation or earthing to their property, we now offer them a survey appointment within 48hrs. We are responding to customers much quicker than before and providing them with information about what will happen next (Part 2, section 2.6).

6.5 Good Practice Area 5 – Customer Awareness Campaign

This good practice area demonstrates improved decision making through recognising the needs of stakeholders and also how we have involved stakeholder views in delivering outputs and making improvements.

A common theme that emerged from stakeholders at our events, focus groups, and in-depth interviews was a lack of awareness about who we are and what we do. Of particular note was a confusion of our role and who to contact during a power cut.

We recognised there was a need for increased general awareness of our brand and what we do, particularly amongst domestic customers. This year we proactively addressed this by launching our first ever customer awareness media campaign (Part 2, section 2.1), which included extensive press and radio advertising; complemented by the delivery of a leaflet to every household we deliver electricity to.

Effectiveness of the campaign was measured and comments sought on the material used, which will influence our customer awareness campaign in 2013/14.

6.6 Looking to the future and RIIO ED1

SP Energy Networks has lobbied for changes to the Broad Measure of Customer Satisfaction metric during RIIO ED1. By moving to an absolute threshold, instead of a moving threshold compared to other DNOs, this will create a better environment for sharing of best practice, to the benefit of all customers. We look forward to increased industry collaboration in the future as a result.

We are particularly focused on ensuring all customers have the opportunity to speak to an agent if they want to, even during times of high customer calls. We monitor the number of dropped calls; customers who drop off the line before they reach an agent. If a customer can't reach us they are not receiving good customer service, and this needs to monitored. We lobbied for dropped calls to be included Broad Measure of Customer Satisfaction metric in RIIO ED1, as a result.