

Distribution Annual Report

2020 – 2021



2020/21 Highlights

Customer Service – We continually strive to improve and maintain our position as an industry leader in customer service.

9.23/10 customer satisfaction score

Continued our progression to be a leader in customer service across the UK by once again improving on our industry measure of customer satisfaction score.



Despite constraints from COVID-19 restrictions. we have continued to provide ongoing STEM and career support to support educational facilities resulting in 24 young people joining the vocational placements to give them valuable work experience.







99.9% of the time.

reduction in fluid filled cable top ups in SPM with a leakage rate of 0.3%. SPD have 29km of fluid filled

cables with a very low leakage rate of 0.04%

Our highest scores to date for both SPD & SPM in the Stakeholder **Engagement and Consumer** Vulnerability Score, this positive score reflects the activities we do and relationships we have with a variety of stakeholders.

Service Delivery – We have delivered exactly what we said we would in our business plans, continuing to operate a safe and reliable network while saving customers money.



Our customer bills have fallen by 6% since 2015/16, with our customer's paying around 31p per day for our service – less than a Netflix subscription and a 2nd class stamp.



Provided financial support to several low-carbon local community projects through our Green Economy Fund, helping Scotland reach its green targets.

336mw Launched our biggest tender

for flexibility services to procure 336MW of flexibility service.

The amount of hours completed for our Vulnerability Training Programme is

whilst also achieving a 92% employee satisfaction rate over 7 different types of training.



We connect 1/4 of all GB's onshore wind

SPEN are at the forefront of decarbonising our energy system having connected ~2GW of onshore wind to our distribution network.



Support EV rollout

Ensuring people benefit from the wide scale EV uptake by finding innovative and cost-effective ways of developing, managing and operating EV charging infrastructure through our various projects (e.g. Project CHARGE).

Accelerating the development of the DSO concept through projects such as our ANM project in Dumfries and Galloway will help to achieve a reduction in CO₂ emissions of 522k tonnes by 2031 – equivalent to the annual emissions produced from 110,000 diesel/petrol vehicles.

Our Business

We transmit, distribute and connect electricity to and from homes and businesses over our network.



Edinburgh Berwick-upon-Tweed Stirling Glasgow Dumfries Liverpool Caernarfon Bangor Wrexham Chester

SP Manweh 1.5 million customers

SP Distribution

2 million customers

SP Energy Networks (SPEN) owns three regulated electricity network businesses in the UK; SP Distribution plc (SPD), SP Manweb plc (SPM) and SP Transmission plc (SPT). This report relates to the performance of our distribution companies, SPD and SPM during 2020/21.

We distribute power on behalf of energy supply companies through a network of cables and power lines that we own and maintain. We transmit, distribute and connect electricity to and from homes and businesses over our network. We work around the clock to keep the lights on 24 hours a day, every day of the year. We serve 3.5 million homes and businesses in three of the UK's largest cities (Liverpool, Glasgow and Edinburgh), as well as three large rural areas (North Wales, Scottish Borders and Dumfries & Galloway).

We take electricity generated from power stations, wind farms and other utilities, reduce it to the low voltage needed for homes and transport it through our vast network of cables and power lines. Our distribution network alone has 33,300 substations, 38,478km of overhead lines and 67,472km of underground cables.

We provide customers with new or upgraded connections to our network. For example, to large residential, retail and industrial developments, as well as sports stadia and leisure parks.

As the UK builds towards a low carbon future, the nature of the electricity grid is changing. Consumers no longer rely solely on centralised energy generation to meet their electricity demands. There are increasing volumes of smaller distributed generation and Low Carbon technologies such as electric vehicles being connected to the network. As network operators we need to adapt to meet these challenges whilst maintaining low cost, reliable energy distribution for our customers. It is our view that the right way to adapt is to extend the current role of the Distribution Network Operator (DNO), to that of a Distribution System Operator (DSO), which will allow us to plan and operate our networks more dynamically to meet changing customer needs.

Welcome

Foreword from Frank Mitchell, CEO of SP Energy Networks

Welcome to our sixth Distribution Annual Performance Report which provides our stakeholders with a comprehensive view of how we are tracking against the commitments we made in our Business Plan which covers the regulatory period from 2015/16 to 2022/23. Our report demonstrates that we have listened to stakeholders, and have seen great progress in many of the areas important to them. In our report, we hope it is clear that we have delivered exactly what we said we would in our Business Plans. We are a network operator which prides itself on its ability to follow through on its commitments whilst delivering superior customer service.

As the operator of critical national infrastructure, our priority is always to keep the power flowing to our 3.5million customers; in turn keeping us connected to family, friends and work. Working throughout the pandemic in the last year, we have continued to serve our distribution customers in the Central Belt and South of Scotland, Merseyside and North Wales by putting resilience at the forefront- delivering 99.99% reliability levels for 31p per day.

We are delighted to welcome COP26 to Glasgow this year. As a Principal Partner of COP26, we are well placed to show the importance of the work we do in helping to deliver Net Zero and to help enable the UKs transition to clean power. The UK and Welsh Governments have put stretching targets in place to bring all greenhouse gas emissions to net zero by 2050, and the Scottish Government by 2045. We're on the frontline to help deliver this – our electricity networks are the backbone of the energy system and are central to the success of this transition. We are already prioritising actions to tackle the climate emergency and achieve Net Zero, delivering £4.8 billion of investment into our network areas in North West England, Wales and Scotland from 2015 to 2023.

Within the next 10 years, we expect the number of electric vehicles we supply on our two distribution networks to increase up to 1.5million and Electric Vehicle charging can double the demand of a domestic property. Through innovation projects such as EV-UP, Charge and PACE, we have identified a key strategic role that we can play in the design and siting of cost effective EV charging infrastructure.

We will also play a key role in the decarbonisation of heat. Heat in buildings is responsible for a fifth of the UK's greenhouse gas emissions and we forecast up to 900,000 heat pump installations by 2030 across our two distribution license areas. We should not underestimate the challenges this will bring.

We've focused on developing plans across our networks to help facilitate the regional ambitions of the cities and rural communities we serve to decarbonise heat, transport and energy. All forecast scenarios show a significant increase in the volume of customer demand and generation that we will need to serve on our transmission and distribution networks. In the past year we have been working hard to ensure that the next price control running from 2023 to 2028, RIIO-ED2, is set in a way which readies the UK for an electric future. Our ED2 price control team have been engaging with you on our draft business plan which was submitted in July 2021 and will continue to work hard to finalise our plan which we will submit to Ofgem in December 2021. We believe that investing to deliver Net Zero targets presents a critical opportunity to help our economy recover, deliver much needed jobs, and inject sufficient pace into the Net Zero transition. We were delighted to have been awarded more than £60m from Ofgem as part of their Green Recovery Package. This outcome will allow us to take forward 40 projects which will create over 650MW of electrical capacity across our networks. We expect this to enable around 500 rapid or ultra-rapid vehicle chargers, 4,000 domestic heat pumps as well as numerous other significant connections. The projects represent the tip of the iceberg for our energy networks.

We strive to continue to be innovative and find best solutions that offer value for money for our customers. This year we facilitated competition by seeking to procure 1.4GW of flexibility for the period 2023-2028. In addition, we are also looking to procure flexibility services to support the network during the COP26 United Nations Climate Change Conference event due to be hosted in Glasgow in November 2021. The sites within the new tender have been chosen where there is expected to be a growing demand on the network in the coming years due to an increased uptake of electric vehicles, heat pumps and other low carbon technologies. This latest tender follows our procurement of 193MW of flexibility services from previous tenders, having received and accepted bids of 53MW and 140MW in October 2019 and October 2020 respectively.



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Summaries of all of the key indicators and data by area or theme, in tota

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- Health & Safety Protecting the public and the people who work on our network.
- Customer satisfaction

Keeping our customer well-informed, and responding quickly and

- Stakeholder engagement
 How we are working with our stakeholders, and involving them in a
- Consumer vulnerability strategy
 Supporting our customers and communities and tackling wider so
- Connecting to our network
 Meeting the needs of households, businesses and generators who
- Innovation and future networks

How we harness technological and commercial innovation to redu

Environment
 How we promote the low carbon economy, and minimise our own

Expenditure and Revenues

The key facts about our expenditure and revenue, and how it affects you

Looking forward

Our view of key up and coming topical issues for 2018/19.

Appendices

Further, more detailed and disaggregated information about our perform has been published on our website.

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Substantially ahead of 2020/21 target

On 2020/21 target

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l covering all of our commitments.	
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SPD performance snapshot 2020/21

Performance Snapshot for our licensed area in Scotland (SPD).



Innovation

We have challenged ourselves to deliver a highly ambitious innovation programme and have built a strong track record during RIIO-ED1 which reflects our capability.

The wider community benefits directly from at least 75% of our NIA innovation funding. So far in RIIO-ED1, nearly £14m has been shared with small and medium sized enterprises (SMEs), local communities and academic partners via our open, transparent and inclusive approach. We have worked with 186 SMEs and 13 Academic Partners. We benefit from their know-how and resources as for every £1 invested, we leveraged almost an additional £2 funding creating more value for our customers.

We recognise the importance of collaboration and regularly collaborate with UK and International partners.

Safety

We complied with Health and Safety Executive legislation, engaged with 3rd parties and members of the public to enhance safety awareness and continued to deliver our Occupational Health monitoring programme.

Environmental

At the start of ED1 we set ourselves a target to reduce leakage in our fluid filled cables. Since reporting year 2015/16 we have achieved an 85% reduction in fluid filled cable top ups.

In SPD we have 29km of fluid filled cables and topped up 39 litres in the 2020/21 reporting year with a leakage rate of 0.04%.

*excludes exceptional events

		Our network spans over once round the globe
Notwork	A stuck 2020 /21	
Network	Actual 2020/21	
	2,010,890	
Total network length (km)	58,816	
Reliability and Availability	Actual 2020/21	Exceeding our Cl Exceeding our Regulatory target of Regulatory CML target o
Customer interruptions* (Recorded per 100 customers in 2020/21)	43.4	50.2 by 41.1 by
Customer minutes lost* (Average number of minutes our customers had their supply interrupted)	30.2	19.3% 27.3%
Customer Satisfaction	Actual 2020/21	1 1 This is 13% better
Customer satisfaction survey score out of 10	9.23	than the regulatory target of 8.2. SPEN ranked 2nd overall DNO.
Connections	Actual 2020/21	Our aim is to reduce how long it takes to
Time to quote (single premises)	3.1 days	provide a connection offer and the time it takes to make it all happen. This year
Time to connect (single premises)	48.2 days	we took on average less than 4 days to turnaround our connection quotations.
Incentive on Connections Engagement (ICE)	No penalty	
Stakeholder Engagement and Social Obligations	Actual 2020/21	Our highest score to date – our positive score reflects the activities we do and
Stakeholder Engagement and Consumer Vulnerability score	7.08 out of 10	relationships we have with a wide variety of stakeholders.
Financials	Actual 2020/21 (2012/13 prices)	Our daily charges are considerably
Unrestricted Domestic Tariff Charge for a typical domestic	£84.54	stamp, a TV Licence or typical domestic broadband services.
customer		
customer Total expenditure	£207.6m	

SPM performance snapshot 2020/21

Performance Snapshot for our licensed area in England and Wales (SPM).

Innovation

We are committed to maintaining an electricity distribution network that can help deliver the Net Zero future that is so important to our business and our society. Our portfolio of innovation projects underpins our activities in a number of key areas, including the decarbonisation of transport and heat, and our efforts to accelerate the journey to Net Zero.

The North West has ambitious plans to become the first Net Zero region and SP Energy Networks is playing its part through network investment to enable the transition to low-carbon transport, heating and the connection of more renewable generation. Our innovation projects such as EV Up and Heat Up which model the increased uptake of electric vehicles and electrification of heat respectively can help inform this transition.

Safety

We complied with Health and Safety Executive legislation, engaged with 3rd parties and members of the public to enhance safety awareness and continued to deliver our Occupational Health monitoring programme.

Environmental

At the start of ED1 we set ourselves a target to reduce leakage in our SPM 132kV fluid filled cables. Since reporting year 2015/16 we have achieved an 85% reduction in fluid filled cable top ups in SPM.

In SPM we have 159km of fluid filled cables and topped up a total of 2,067 litres in the 2020/21 reporting year with a leakage rate of 0.3%.

*excludes exceptional events

Network

Number of customers

Total network length (km

Reliability and Availabi

Customer interruptions* (Recorded per 100 customers in

Customer minutes lost* (Average number of minutes or customers had their supply inte

Customer Satisfaction

Customer satisfaction su score out of 10

Connections

Time to quote (single pre

Time to connect (single p

Incentive on Connection Engagement (ICE)

Stakeholder Engagem and Social Obligations

Stakeholder Engagemen Consumer Vulnerability

Financials

Unrestricted Domestic Ta Charge for a typical dom customer

Total expenditure

Percentage of allowed expenditure

supply is available of the time

	Actual 2020/21 1,523,255	Not all electricity networks are the same. Large parts of the SPM network are configured as an interconnected mesh		
n)	47,374	whereas other distribution networks are mainly radial.		
		-		
lity	Actual 2020/21	Exceeding our Cl Exceeding our Regulatory target of Regulatory CML target of		
n 2020/21)	30.5	36.1 by 36.8 by		
ur errupted)	28.8	11.4% 5.2%		
	Actual 2020/21	This is 13% better than		
ırvey	9.24	the regulatory target of 8.2. SPEN ranked 2nd overall DNO.		
	Actual 2020/21			
emises)	4.4 days			
oremises)	43.2 days			
IS	No penalty			
nt	Actual 2020/21	Our highest score to date – our positive		
it and score	7.08 out of 10	score reflects the activities we do and relationships we have with a wide variety of stakeholders.		
	Actual 2020/21 (2012/13 prices)	Our daily charges are considerably		
ariff Iestic	£103.30	cheaper than a second class postage stamp, a TV Licence or typical domestic broadband services.		
	£207.7m			
	99%			

SP Energy Networks Distribution Annual Report 2020/21

2020/21 Outputs

2020/21 Outputs

Reliability and availability

A reliable supply of electricity to homes and businesses is priority number one; a message that our stakeholders consistently endorse. This includes when the network is put under pressure by extreme weather events.

Targets met (and in some cases exceeded) and good performance across range of indicators.

Examples of our performance in action

Storm Francis

'Storm Francis' impacted 13,643 customers within SP Manweb. 99.99% of all customers restored within 24 hrs.

LSS (Logic Sequence Switching)

We already manage the network by automatically restoring a proportion of customers after a fault.

We now have 1,828 LSS schemes built enabling 1.4 million customers to be restored within 3 minutes should they experience a power cut. That's 40% of our customer base.





of those interruptions reducing by 28%, we are already exceeding these targets.

weather events.

delivered by March 2021.



Substantially ahead of 2020/21 target

On 2020/21 target

SP Energy Networks, Distribution Annual Report 2020/21

Enhancing network resilience

We are currently ahead of our commitments to Ofgem and The Department of Business Energy and Industrial Strategy (BEIS), having achieved 100% compliance with the flood resilience standard (ETR138) in 2015. Subsequently, updated flood modelling and maps have been issued by the relevant environmental agencies. A further 82 sites were identified as potentially at risk of flooding; 20 of these have had detailed risk assessments which confirm they are flood resilient, with mitigation work completed at a further 12. We are currently assessing the implications of the latest issue of ETR138 which recommends additional level of resilience to substations with 10,000 customers. This is another significant step towards our long-term goal of making our whole network resilient to severe

No power cuts of more than 12 hours

S

 \bigotimes

By 2023 we aim to have no customers experiencing a power cut of more than 12 hours. An overall reduction of 93% was

Fewer and shorter power cuts

By 2023 we aim to have reduced the average amount of time our customers are off supply by 25%, by reducing interruptions by 7% and the duration of interruptions by 16%. With interruptions reducing by 17% and the duration





Partially or marginally below 2020/21 target

Substantially below 2020/21 target

Health & Safety

Electricity infrastructure is dangerous. The health and safety of the public and of the people who work on our network is paramount. We pride ourselves on our excellent track record and our rigour in retaining this world class level of performance.

Targets met and good performance across a range of indicators.

Examples of our performance in action

Safety Central, Lymm, Cheshire



Theatr Clwyd Pilot



Further background

• Powerwise – educational website from SP Energy Networks that teaches children and young adults all about electricity and how to stay safe around it

Vision and culture

We have a duty to ensure that our infrastructure is safe and all of our operations ensure the health and safety of everyone who comes into contact with its activities. Our vision is to deliver the highest standards of Health and Safety performance, where no injury, ill health is caused by our activities. The wellbeing of our customers, our people, our suppliers, and the public is our number one priority. We pride ourselves on sharing learning and pushing for best practice in everything we do and as such we are committed to promoting good health, safe behaviour and demonstrating care for the

Our safety culture is led by our senior leadership team, defined by our health and safety essentials and driven by the personal accountability and commitment from every employee.

COVID-19

environment.

Our staff have continued to operate throughout the pandemic providing a critical service to our customers. We have implemented strict controls throughout this time to protect our staff, customers and the public who we interact with. Our controls have aligned to, and in several areas surpassed, government guidance. We continue to monitor the situation closely and adjust our methods of working accordingly.

Public education

We consistently delivered clear, useful information on electrical safety. This has been carried out through safety campaigns, attendance at events and shows physically as well as virtually through the global pandemic.

We have reached over 100,000 individuals through our Powerwise website aimed at electrical safety for children over a 5-year period. We have also reached over 94,900 children through Fixed Safety Education Centres as well as carrying out over 300 'Crucial Crew' events.

We have continued to support the ENA in relation to public safety and assist with ongoing campaigns and new content as well as promoting the construction safety film 'Look Out Look Up'. We have attended numerous regional agricultural shows and through the pandemic we have made attendance virtually when it was not physically possible to attend.

OHSAS 45001

SPEN successfully achieved OHSAS 45001 Recertification in 2021 following a comprehensive audit process by our external certification body. There were numerous strengths identified, reflecting robust working practices and procedures and potentially can be used across our Business.

Making our networks safer

In 2020/21 we continued to reposition services and cables in older flats and tenement buildings to make them safer as part of our ongoing programme. We have also made progress on our programme to eradicate allow overhead line clearances across roads. We actively engage with the Health and Safety Executive to communicate progress on these initiatives.

Keeping our staff and contractors safe

We recognise that Vehicle and Plant movements are critical within our business and the wider industry. We have proactively established a Plant and Vehicle Working group, which includes contractor representatives working together to improve vehicle and plant management. This group supports the ENA vehicle and plant safety working group.

Our Utility Avoidance working group, is a forum which meets regularly with our contractors for sharing of best practices, ideas and discussion on reducing service cable strikes.

Good mental health and wellbeing is being acknowledged now more than ever. SPEN has a positive approach to mental health and wellbeing. In 2021 we employed a dedicated mental health and wellbeing specialist as part of our occupational health team.

2020/21 Outputs

Customer satisfaction

Our customers have every right to expect a good experience when they interact with us – whatever the reason. We are committed to delivering this, and to improving year-on-year against the standard industry-wide metrics.

Exceeding targets in most areas, and continuing a trend of strong, sustained improvement, resolving nearly 90% of all complaints within 1 day and exceeding customer satisfaction targets.

Examples of our performance in action

Raising customer awareness:

We are continuing to raise awareness of who SPEN are, and to provide our customers with information of when and how to contact us.

As a result of our targeted awareness raising activities since 2015 the campaign has seen the number of people who know who to call in a power cut (SPEN via the 105 number) rise from 13% to 51% and 34% of our customer base is registered for PSR. We have added 293,293 new vulnerabilities on our PSR, an increase of 7% compared to last year.



Customer satisfaction

Our vision for 2023 is to achieve a score of 9.42 out of ten for Customer Satisfaction in Ofgem's survey of DNO performance and to be a leader in Customer Service across the UK. This year's score of 9.23 in SPD and 9.24 in SPM is a result we are proud of and puts us ahead of where we committed to be on our journey to a score of 9.42.



Responding and communicating

Our customers need to know that they can pick up the phone and talk to us. We have received 697,360 calls this year - of which 504,443 relate to power cuts. Our average time to answer the 504,443 calls was 11.35 seconds with only 0.71% abandoned. Our speed of answer was impacted due to higher volumes of customer calls during storms Francis and Storm Christoph.

bandoned	This year		
	Target		
erage	This year		
answer	Target		

Substantially ahead of 2020/21 target

On 2020/21 target

Partially or marginally below 2020/21 target





Complaint handling



Our customers also need to trust us to handle any complaints properly. We handled 5,504 complaints and exceeded our target to resolve 80% of complaints within 1 day and 95% within 31 days against a target of 95%. We have received zero 'repeat' complaints and none of the seven complaints which were escalated to the Energy Ombudsman were upheld. See appendix A.

Further background

- Contact us
- Helpful advice during a power cut
- Home visits
- Flooding and power supply



Partially or marginally below 2020/21 target

Substantially below

Stakeholder engagement

Stakeholder engagement is central to everything we do. Our inclusive and proactive approach means we have a broad range of stakeholder contributions to our business plans, strategies and projects from the outset and throughout.

Global leaders in stakeholder engagement – achieving 81% in the AccountAbility audit – the highest categorisation phase possible of 'Advanced', an overall increase of 15% since our first healthcheck in 2018. We also continued our upward trend in the Ofgem's annual Stakeholder Engagement and Consumer Vulnerability (SECV) incentive this year, placing second out of all the DNOs.

Performance in action – responding to stakeholder feedback

This year we have further enhanced our Stakeholder Engagement Strategy to maximise the value of our engagement activities, adapting to new online methods ensuring our engagement programme continued throughout the pandemic. Our Stakeholder Engagement Strategy was agile enough to overcome a number of challenges, helping us shape new ways of working to ensure the pandemic didn't halt our commitment to proactive engagement with our stakeholders.

> Enabled more than £30m of network investment deferred through flexibility services

Created over 40 electric vehicle charging hubs across Lanarkshire consisting of fast and rapid chargers, supporting Scottish Government and Transport Scotland Net Zero ambitions

New strategic partnerships formed to co-create our Community Energy Strategy, ensuring no one is left behind in the energy transition We are leading the way for our customers and stakeholders on the journey to Net Zero, ensuring we continue to engage on the topics that matter most to them and directly embed their feedback within our investment decisions.

Our strategic priorities as a business are developed through extensive engagement with our customers and stakeholders to ensure we are delivering a business in line with their needs and preferences. These priorities flow through everything we do, providing key focus and strategic direction to all our activities and business decisions and are directly embedded across our entire organisation.

Developing a network that's ready for Net Zero

As national, devolved and local governments drive towards Net Zero, electricity distribution networks play an essential role in making these ambitions a reality. We are already prioritising actions to tackle the climate emergency and achieve Net Zero, delivering £4.8 billion of investment into our network areas in England, Wales and Scotland from 2015 to 2023.

We are preparing the electricity grid to enable the transition to low-carbon transport, heating and the connection of more renewable generation. With a critical role to play in the energy system transition, we are working with stakeholders to understand the optimal services and solutions we can deliver as Distribution Network Operator (DNO) and to support our transition to Distribution System Operator (DSO).

We are leading the way in exploring alternatives to traditional network reinforcement through commercial solutions, launching our largest ever tender for flexibility services to procure 37 MW at 1,138 locations. These include low voltage flexibility and investing in strategic EV partnerships with Scottish Government – creating over 40 electric vehicle charging hubs across our network, providing a test bed to demonstrate an innovative DNO led model for site selection and delivery of public EV charging.

Through engagement with the Scottish Government, we are working closely on Heat Electrification Partnership, sharing learning, aligning strategies and informing the draft Heat in Buildings strategy using our distribution future energy scenarios, providing the necessary information to facilitate their plans.

Empowering communities to lead the way in decarbonisation Community energy groups have an essential

role to play in the Net Zero transition, providing local energy solutions and influencing necessary behavioural changes.

Through our work with Think Tank WPI Economics and the creation of our Zero Carbon Communities (ZCC) Hub, we are helping organisations with planning and development of their projects by offering tailored consultancy advice, technical solutions and funding opportunities for new and existing local energy projects. This year, we engaged more on community energy, building on work in this area and gaining wider stakeholder insight and building this into our plans.

Following the launch of our ZCC Hub, we're working with two new community energy projects providing analysis, future energy scenarios, off-grid solutions and carrying out consumer surveys.

Ynni Llyn – provided resource to a project in a rural area of Wales with 43% of locals suffering from fuel poverty and 69% in transport poverty.

Tanygrisiau Community Heating Project – off gas grid area with high fuel poverty looking at future solutions for affordable heating – provided resource to carry out 20 year forecasting and provide solutions.

To further cement our commitment to supporting our local communities, we contracted Community Energy Scotland with support from Community Energy England and Wales to co-create our own specific Community Energy Strategy which will feed in to our future plans.

2020/21 Outputs

Stakeholder engagement (continued)

External validation

Creating a better future, quicker

COP26 is a significant event and our partnership will spotlight the performance of our teams, not only in Glasgow, but right across the UK. It will provide an opportunity to demonstrate that our people are delivering a real step-change in how we manage our entire network – driving innovation, and supporting a just transition to a decarbonised future for everyone.

At SP Energy Networks we're on the frontline to help deliver the aims of COP26, to keep global temperatures from increasing. We are collaborating with and supporting local and regional government on a range of exciting initiatives.

One of the most high profile initiatives we are involved in is Net Zero North West Cluster Plan, a partnership between government and industry to create the UK's first Low Carbon Industrial Cluster by 2030, and a Net Zero Cluster by 2040. We are expecting Net Zero North West to deliver 10m tonnes CO₂ savings a year by 2030 and 40m tonnes a year by 2040. Our collaborators on this include Liverpool City Region Combined Authority and Cheshire & Warrington Local Enterprise Partnership, as well as some key industrial partners in the area who make up the highly industrial area around Ellesmere Port and Runcorn.

We are working with stakeholders across Scotland, England and Wales to unlock the opportunities on the path to Net Zero as we plan for the future. We are taking a leading role to influence and disseminate key learnings, enabling others to create a better future for the whole of society. Our Chief Operating Officer is on the Board of 'Sustainable Glasgow' and is the Chair of it's supporting 'Green Recovery Hub', which is focused on engaging businesses across the city to the 2030 Net Zero target and plays a leading role in the Edinburgh Climate Compact, influencing new charters to encourage businesses to commit to sustainable principles to contribute to a green recovery and radically reduce carbon emissions.

We recognise the huge opportunity COP26 will bring for the UK and how together, we can play out part to deliver on Net Zero ambitions.

On 2020/21 target

AccountAbility

Substantially ahead of 2020/21 target

On 2020/21 target

Partially or marginally below 2020/21 target



Substantially ahead of 2020/21 target

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We continue to align our Stakeholder Engagement Strategy with the Stakeholder Engagement Standard AA1000 set by AccountAbility, the owners of the global standard. Every year, we are audited against this standard supporting our efforts to assess, design and implement our integrated approach to stakeholder engagement. It involves providing material evidence and detailed interviews with employees across 10 areas of the business from Directors to external stakeholders. This year we scored 81%, moving us up the maturity ladder to 'Advanced', the highest categorisation phase possible. This was a massive achievement, demonstrating our strong commitment to stakeholder engagement and our efforts to embed engagement into our organisational strategy, governance and operations.

Created a comprehensive set of over 50 actions on the back of every AccountAbility recommendation to deliver continuous improvement across our entire organisation.

"In the past year, SPEN has risen to the challenge of further embedding stakeholder engagement across its business and has deepened engagement work to integrate stakeholder needs and views into business planning. SPEN has received positive feedback on its transition to digital engagements, a reflection of the agility and stakeholder-centric focus of its processes and systems, as well as the outcomes delivered for its customers and impact generated."

Continuous improvements made in 2020/21 to our strategy

577 recorded ngagements in 2020/2' with over 284,000 stakeholder reach, through dialogue, consultations and information giving

Leading the industry with our Social Return on Investment (SROI) tool to measure value and provide a new level of insight into the value of our activities

Continuing to work in alignment with the principles of AccountAbility Stakeholder Engagement Standard AA1000 – Inclusivity, Materiality, Responsiveness and Impact

Further background

- Stakeholder events
- Stakeholder reports
- Stakeholder registration
- Join our online community

Partially or marginally below 2020/21 target

Substantially below 2020/21 target

Consumer vulnerability strategy

Our ambition, as laid out in our mission statement, in addressing the situations of vulnerability that may affect any of our customers is to: Safeguard our communities and deliver industry-leading value by addressing our customers' core needs.

Our vulnerability strategy turns this ambition into reality. It does this by setting out a continuous process of refinement that starts from understanding the needs of our customers and proceeds to deliver the best possible responses to these. This process was first introduced in 2015 and is now embedded across our company, translating our mission statement into everyday actions from the front-line to the boardroom. We are also engaging with stakeholders to understand how this mission statement should evolve to underpin our future strategy.





Six 'action statements' provide solid foundations for our strategy. Each statement represents a key function without which our strategy would fail to deliver optimal outcomes for vulnerable customers.

1. Engagement Ongoing engagement with customers and stakeholders plays a critical role in evolving our approach to vulnerability. The insight we gather on the situations of vulnerability that affect our customers and the underlying needs of those affected by specific situations lead us to new responses and delivery methods, ensuring we offer the right support to the right people.	3. Services While we strive to offer bespoke support that addresses the unique circumstances faced by customers, we have designed a wide portfolio of services that efficiently satisfies our customers' diverse needs.	5. Partnerships Our partnerships are vital to the success of our vulnerability strategy. From providing an expert view of our customers' needs to co-developing responses to these needs and gathering data on the impact of our actions, partners act as an extension of SPEN to deliver local impact across our diverse communities in England, Wales and Scotland.
We reached 96,917 customers and stakeholders through our engagement.*	We delivered 2.3 million advice and support services.	We have a network of 71 partners.
2. Data Comprehensive, up-to-date and granular data on the situations of vulnerability and the factors that drive these lead to insight that guides the evolution of our strategy. In practice, data plays a critical role in our day-to-day support, telling us who needs extra attention and bespoke support.	4. Training Addressing vulnerability is a company-wide effort. We provide extensive training, co-developed with our partners, to ensure that our staff, partners and contractors are well equipped to identify and respond to situations of vulnerability appropriately.	6. Measurement We employ the industry-wide Social Return on Investment (SROI) methodology across all vulnerability initiatives to ensure we are delivering value to our vulnerable customers and our wider customer base. This tool also informs our service design process, allowing us to target the most impactful responses to our customers' needs.
We now have 1.86 million vulnerabilities registered on our PSR.	<i>We delivered over</i> 2,666 hours <i>of training in 2020/21.</i>	We assessed all 38 initiatives aimed at supporting vulnerable customers.

2020/21 Outputs

Consumer vulnerability strategy (continued)

Delivering industry-leading value continued to be a priority over the past year.

How the strategy evolved this year

Our vulnerability strategy is designed to be flexible and is centred on the needs of our customers. The strategy lends itself to adopt different responses and ways of working in addressing the changing circumstances that impact our customers. Extensive engagement with our vulnerable customers, stakeholders, partners and our own staff as well as vulnerability data prompts us to continually challenge and update this strategy.

In 2020/21 we introduced a new Measurement Action to our strategy. This reflects our far reaching efforts to forecast and measure the impact of every action taken to support vulnerable customers to meet our ambition of delivering industry-leading value. Measurement is not new to our strategy, for the last three years we have consistently applied the Social Return on Investment model and led the implementation of the ALL DNO SROI model along with WPD. The addition of this action statement reflects the critical role measurement plays in our strategy.

We have further engaged on our Nexus of Partnership coalition model this year, refining our thinking about how this should be structured, evolving this from not only a coalition of organisations delivering services but also sharing data and creating one vulnerability register. The Terms of reference is currently being developed, recruitment of the organisations will commence in 2021 and the TOR refined and governance in place with the recruited organisations in 2022 to ensure everything is in place ahead of ED2.



As our ambition demonstrates, we see the value of our actions as central to our social role as a Distribution Network Operator. While on one hand we strive to identify vulnerability and design effective responses to our customers' needs, on the other, we have a duty to keep charges for our wider customer base of 3.5 million households as low as possible.

Our current approach to vulnerability is the result of a trade-off between the positive impact we can make on the wellbeing of our vulnerable customers and the costs of these initiatives to our wider customer base. In a bid to reconcile two opposing goals, we have been early adopters and champions of standardised and transparent value measurement approaches such as Social Return on Investment (SROI).

For the past 3 years we have consistently valued our vulnerability initiatives with the SROI tool and we have led the industry this year in developing the industrywide SROI approach in partnership with Western Power Distribution. This project delivered by Sia Partners included extensive stakeholder engagements to shape the model and ensure the values used were the most appropriate and conservative. Whilst this was developed for use in ED2 planning and beyond, we have used the tool as part of this years submission to ensure full transparency.



2020/21 Outputs

Consumer vulnerability strategy (continued)

The value we delivered in 2020/21

The table below presents the value we delivered to our customers, communities and society at large as a result of addressing our customers core needs: support in a power cut, fuel poverty and wider social support. The SROI figure, which presents a monetary value for the benefit delivered for every pound spent, highlights the cost effectiveness of the real and practical support we have delivered for over 2.3 million customers in vulnerable situations.

	Initiatives	Outcomes	Reach	Cost	SROI (per £1 spent)
Support in a power cut Provide support to vulnerable customers both before and during a power cut through site support, website accessibility, text updates, etc.	22 initiatives	Customers gain access to information quickly and easily in a wide range of formats to suit their preferences (web, mobile, in-person assistance) and needs (translation services, braille), a reduction in anxiety during a power outage, food and accommodation if needed, contact with SPEN easily and effectively.	2,347,553 customers supported (e.g. customer groups reaching Medically dependent on electricity, mental health, dementia, unable to communicate in english, etc)	£0.57 per customer	£2.20 per customer
<i>Fuel Poverty</i> Deliver a wide range of support services to fuel poor customers such as debt advice, energy efficiency advice, income maximization, best tariff.	6 initiatives	Customers receive many benefits through SPEN's wide network of partners: warm home discounts, energy efficiencies solutions (boilers, insulation, radiators, white goods), improved health & wellbeing, reduction in fuel bills, increased benefits from low carbon technology.	30,780 customers supported (e.g. customer groups reaching fuel poor, elderly, low income, etc)	£0.73 per customer	£22.37 per customer
Wider Social Support Deliver a wide range of support services to vulnerable customers to support wider social issues such as dementia, social isolation, etc.	10 initiatives	Customers receive many benefits through SPEN's wide network of partners: reduced grocery costs, improved health & wellbeing, increased benefits (such as carers allowance), support.	8,961 customers supported (e.g. customer groups reaching elderly, disabled, dementia, etc)	£3.43 per customer	£6.74 per customer

We have delivered a Total Gross Present Value of £3,374,898 this year with a £2.67 SROI for every £1 spent. This value is based on the conservative values of the new ALL DNO SROI tool developed this year.

Case Study

Provide information on key Low Carbon Technologies

Actions:

• We conducted research on future vulnerability trends and the impact of the DSO transition on situations of vulnerability. The research, and the engagement with customers and stakeholders that followed it, found five barriers faced by customers in the transition to Net Zero:

 Knowledge 	4 Opportunity
2 Financial	5 Willingness to Take Risks
3 Technical Capability	

- Based on this research we made a commitment to inform our customers of the benefit of Low Carbon Technologies, addressing several of these blockers.
- We delivered information on green energy technologies and identified grants and loans for our vulnerable customers to facilitate the uptake of low carbon technologies appropriate to the customers' unique circumstances.

- We also increased our support to vulnerable customers by delivering energy advice services through our partners Home Energy Scotland, Energy Projects Plus and NEST. As part of these services, we offer customers support and grants with technologies such as smart meters, heat pumps and solar panels.
- We updated our website page with advice on Low Carbon Technologies, particularly heat pumps and electric vehicles, outlining the details of connecting EV chargers to the grid, types of chargers available, and steps to follow to install an EV charging point and heat pump.

Outcomes:

- Through the initiatives delivered with our partners, £136,132 worth of benefits were delivered to our vulnerable customers.
- 326 customers benefited from information and advice on reducing energy bills, improving energy efficiencies and low carbon technologies advice.

SP Energy Networks, Distribution Annual Report 2020/21

Connecting to our network

We go the extra mile for our customers – far beyond the typical energy business remit - engaging through social media, innovating and preparing for the future.

Core engagement, such as connections stakeholder panels and in-depth annual surveys, help us to shape our strategic direction, confirming stakeholder priorities and identifying new themes as they emerge.

Workshops and panels delivered in 2020/21. Staff across our SP Energy Networks licence areas were trained in project management internally

Over Customers given the opportunity to engage



Organisations given the opportunity to engage



Substantially ahead of 2020/21 target

Monthly and Annual Survey **Results have** increased

On 2020/21 target

stakeholders.

In 2020/21, we have received excellent feedback on content, level of engagement and events hosted for our connections stakeholders. We are delighted to confirm we have made significant progress on the delivery of our 13 strategic improvement actions. Also, in response to stakeholder feedback from last year asking for enhanced opportunities to get involved, we have increased the number of ways to engage and reach more stakeholders than ever before.

Further detail on our performance in 2020/21 can be found within our latest ICE plan.

Partnership Meetings Held

> score as at March 2020

Stakeholder Engagement Reach

Through our robust and regular engagement programme, such as stakeholder engagement panels and in-depth annual customer surveys, we have been able to ensure that we support the needs, aims and aspirations of our





New Forms of Social Media Introduced



Partially or marginally below 2020/21 target

Provision of Quotations

In 2020/21, we received 12,402 enquiries in SPD and 12,569 in SPM. In SPD, 9,589 quotations were issued and in SPM 9,904 were issued.

In SPD, our average time to quote was 3.1 working days for single premises, and 5.9 days for multiple premises. The corresponding average time to connect was 48.2 days and 63.0 days, from accepted and payment.

In SPM, our average time to quote was 4.4 working days for single premises, and 8.3 days for multiple premises. The corresponding average time to connect was 43.2 days and 60.6 days, from accepted and payment.





Annual score for Communication through Delivery of the Project has seen an improvement



Local Government Strategic Boards

> Annual Land Rights score has shown an improvement



Substantially below 2020/21 target

Innovation and future networks

Our innovation focus remains firmly centred on our customers and stakeholders, who shape both our Innovation Strategy and innovation project portfolio, helping towards the successful delivery of our RIIO ED1 Business Plan.

Developing Our Innovation Strategy

During the reporting year we have been

in order to deliver financial savings for our

customers by embedding learnings from

our innovation projects into Business as

successful industry trials.

Usual (BaU) and adopting best practice from

We have engaged with our stakeholders and

the message is clear: in addition to building on

the success of RIIO-ED1 innovation activity, we

must increase levels of innovation ambition

in RIIO-ED2. We agree with our stakeholders'

ever if we are going to facilitate Net Zero,

and maintain safety and reliability, for our

We have been developing a detailed strategy

innovation themes - Energy System Transition

for how we will innovate during RIIO-ED2

which will support Ofgem's two high-level

customers in the most efficient ways.

and Consumer Vulnerability.

FUSION

ambition – innovation is more important than

developing our RIIO-ED2 Business Plan which

will be built on successful RIIO-ED1 innovation

Benefits of innovation projects are being realised and embedded into our business.

We Innovate in Collaboration

Collaboration is essential for enabling innovation. This includes projects within our NIA portfolio that are collaborative with other networks - this allows us to share knowledge, and jointly steer new developments for the benefit of the industry as a whole. We are actively engaged with a number of forums that facilitate these collaborations, in addition to academic and European collaborations. Two key forums that SP Energy Networks is actively engaged in are:

Power Networks Demonstration Centre The Centre has the aim of **accelerating**

the adoption of innovative research and technologies from early stage research into business as usual adoption by the electricity industry.

The Energy Innovation Centre

The Centre works with a number of UK energy networks to improve collaboration with Small and Medium sized Enterprises (SMEs) to accelerate innovation performance to enable the transition to a low carbon economy.



Substantially ahead

On 2020/21 target

Partially or marginally below 2020/21 target

We are continuously thinking big, starting small and scaling fast with our world-leading

innovation projects. Our NIC Portfolio covers the major challenges which the power

industry is facing, and is delivering solutions to allow us to meet these challenges.

LV ENGINE

FLEXIBILITY **▲**£

Substantially below 2020/21 target

CHARGE

SP Energy Networks, Distribution Annual Report 2020/21

Our NIC Projects: FUSION (£5.9m)

Our FUSION project is a Distribution System

Operator (DSO)-transition project aimed to

demonstrate the commoditisation of the

demand-side flexibility through a structured

and competitive market-based framework,

unlock the value of local network flexibility.

The project adheres to the Universal Smart

Energy Framework (USEF) principles and is

helps DNOs to harness local flexibility to

efficiently manage the modern network.

successfully developed and commissioned

its USEF compliant DSO trading platform and

commences its live trial (phase-I) in September

2021. The project has also launched its second

trial phase-II starting in April 2022. This tender

process is due to concluded in December 2021.

competitive flexibility tender process for its

In the past 12 months FUSION has

ANGLE-DC

focused to inform how a standardised approach

enabling the DNO and other market actors to

Innovation and future networks (continued)

Our innovation focus remains firmly centred on our customers and stakeholders, who shape both our Innovation Strategy and innovation project portfolio, helping towards the successful delivery of our RIIO ED1 Business Plan.

Our NIC Projects: LV Engine (£8.2m)

Our LV Engine project is a key enabler of a future DSO by bringing flexibility and controllability to LV Networks. This 5-year flagship smart grid project will carry out a globally innovative network trial of Smart Transformers to facilitate the connection of low carbon technologies whilst delivering value for money for our customers. We lead the project in partnership with UK Power Networks and a number of other external partners.

We have been able to refine the design of the Smart Transformer, answering the challenges of a power electronic connection to the 11kV network. We have been making good progress with our LVDC trial site, agreeing to supply an ultra-rapid EV charger and working to develop the site to make it ready for the Smart Transformer.

The LV Engine project will demonstrate an alternative approach to conventional network design and operation providing the DSO with a number of tools necessary to operate more intelligently within the LV distribution network.

ANGLE DC is an innovative project which converts two existing 33kV AC distribution circuits to operate as DC circuits between Llanfair PG substation, on Anglesey, and the Bangor 33kV substation, on the North Wales mainland. At each end of the circuit, an AC -DC Voltage Source Converter (VSC) station has been installed. This will provide independent reactive and real power control capability on and between both AC networks, which will improve the voltage profile in the local region and reduce the operating losses in the networks through real power control. This has never been done at the Medium Voltage level. The VSC stations are a novel application of drive technology on the distribution network. The two converter stations have been installed with commissioning taking place in 2021 with an aim for real power transfer between the two converter stations by the end of 2021. Electrical losses will be reduced by controlling power through the DC link. This results in better utilisation of the AC circuits on Anglesey and North Wales. Because the AC cables and overhead lines are better utilised, AC circuit reinforcement can be deferred for many years into the future. The feeder load balancing also frees up capacity for Distributed Energy Resource (DER). Angle-DC can enable up to 60% extra DER capacity onto the distribution network.



MVDC Converter Station for Angle DC



Our NIC Projects: Angle DC (£15m)

Our NIC Projects: CHARGE (£8.4m)

The aim of our Charge project is to accelerate the deployment of public charging infrastructure through three linked Methods:

Method 1 - involved the production of a transport model, the first of its kind to be done by a DNO. This highlights the likely demand for public charge points from 2020 to 2050 based on travel patterns of EV vehicles and EV uptake.

Method 2 – concerns the role and applications of "Smart Charging Connections" on the electricity network. A number of sites have been selected within our DNO area to understand available capacity at these locations. This may provide connection customers with greater flexilbility in the types of connections that can be offered and will shape our design philosophies for the future.

Method 3 - will provide customers, who are looking to install public charge points, with a self-service tool, ConnectMore. These customers will be able to view the transport model data and the high granularity capacity maps to give the customer a view of spare capacity on the LV and HV networks down to feeder level. They will also be able to generate their own design and budget estimates through the same tool indicating whether this will be a conventional connection or Smart Charging Connection.

The first phase of this project was released in September 2021 with the launch of the ConnectMore Interactive Map (CIM) and this will give the customer the opportunity to view the complete Transport Model and data associated with this. It will also give a view of the high granularity capacity map for the LV network.



Further background

- NIA Distribution Annual Report 2021
- Innovation strategy

Partially or marginally below 2020/21 target

Substantially below 2020/21 target

Environment

2020/21 Outputs

Environment (continued)

We have a key role in enabling greater adoption of low carbon technologies (LCTs), such as Electric Vehicles and micro-generation. We are also focussing on reducing the environmental impacts of our own operations.

In this 2020/21 distribution report we provide an overview of our environmental performance against our ED1 Commitments and give examples of the specific initiatives driving progress as part of our longer term strategic plan.

Our own carbon footprint

In 2020/21 we have achieved a 57 % reduction in our combined (SPD & SPM) carbon footprint, excluding losses, since setting our 15% reduction target in 2013/14. The Business Carbon Footprint graph shows our progress through ED1. This represents a 35% reduction in SPM and a 68% reduction in SPD.

In comparison to 2019/20 we have reduced our carbon footprint by 21% in SPM and 20% in SPD. We have reduced our buildings energy carbon in comparison to 2019/20 figures by 90% in SPD and 98% in SPM. This is a result of our move to a REGO (Renewable Energy Guaranteed Origin) tariff last year which provides us with guaranteed zero emission electricity. As a result, our buildings energy use now makes up only 2% of our total carbon

footprint excluding losses, compared to 64% in 2013/14. Since 2019/20, our operational vehicle carbon has reduced by 3% in SPM and 6% in SPD. Our emissions from travel have decreased by 52% in SPM and 50% in SPD, mainly due to the impacts of Covid-19 and the introduction of an updated company travel policy. In SPM our SF₆ (Sulphur hexafluoride) emissions have increased by 23% (from 1,466 tco₂e to 1809 tco₂e and in SPD have increased

Monitoring and reducing the energy used within our site portfolio

by 9% (from 1,040 tco₂e to 1,138 tco₂e).

Until this year, energy consumed within our depots and substations was our second biggest emissions contributor after losses, and it was therefore imperative that we work to reduce the carbon emissions related to energy use at our sites. Our amended tariff REGO provides us with guaranteed zero emission electricity. This action has resulted in a reduction of 98% in SPM and 90% in SPD against 2019/20 and energy used at our sites now represents 2% of our total carbon footprint excluding losses, down from 21% in 2019/20. While we recognise that annual fluctuations in grid carbon intensity and our move to a REGO tariff contribute greatly

to the reduction in the carbon footprint of our depots, substations and buildings however, we must also concentrate on reducing the kWh consumed. In this reporting year we have installed a modern efficient heating, ventilation and air conditioning system at our depot at Berwick. We also upgraded our Kirkintilloch Datahall cooling units for improved reliability and energy efficiency. Lastly, existing lights were replaced with high efficiency LED panels on two floors within our HQ in Glasgow. We estimate that these additions will save 346,000 kWh of energy annually. In future years, we will continue our programme of replacement and refurbishment of inefficient older buildings to further reduce our energy use.



SPEN and First Glasgow's all-electric commercial bus



Substantially ahead of 2020/21 target

On 2020/21 target

Partially or marginally below 2020/21 target



Visual amenity in Areas of Outstanding Natural Beauty (AONB), National Scenic Areas (NSA) and National Parks

We continue to target measures to reduce the visual impact of our network by removing over head lines from Areas of Outstanding Natural Beauty (AONB). This year we removed a further 1.49km of overhead line and installed 1.76km of underground cable in AONB. Further projects were started but unfortunately put on hold due to the impact of Covid-19. However, these delayed projects are due to be completed in the 2021/22 period. The two pictures show before and after work which was carried out around the picturesque village of Aberdaron, within the Llyn peninsula AONB.



Aberdaron before OHL removed



Aberdaron after OHL removed



In September 2019, our parent company Iberdrola signed up to The Climate Group's EV100 initiative. The agreement will see Iberdrola electrify their vehicle fleet (subject to local market conditions) by 2030. We have been at the forefront of this initiative, focusing our efforts on ensuring we have optimal vehicle charging facilities whilst procuring the most effective electric vehicles to become an essential part of our operational activities.

Reduce oil leaks by 50% through the replacement of poorly performing 132kV cable in SPM

At the start of ED1 we set ourselves a target to reduce leakage in our SPM 132kV fluid filled cables. Since reporting year 2015/16 we have achieved an 85% reduction in fluid filled cable top ups in SPM.

In SPM we have 159 km of fluid filled cables and topped up a total of 2067 litres in the 2020/21 reporting year with a leakage rate of 0.3%.





SP Energy Networks, Distribution Annual Report 2020/21



SPEN staff using new electric bikes

Further background

- Distribution Environment & Innovation Report
- Losses Report

Partially or marginally below 2020/21 target

Substantially belov 2020/21 target

COVID

COVID-19 has transformed many aspects of our lives, from where we work to how we live our everyday lives.

Last year, we witnessed an unprecedented challenge in keeping the power flowing to our customers; in turn keeping customers connected to family, friends and work. Our entire workforce rose to the challenge, doing everything they could – going above and beyond to deliver what was needed.

In responding to the Pandemic we:

- Developed ontingency plans with other network operators, Scottish Government, Welsh Government, Ofgem, BEIS and Local Resilience Groups to ensure we maintained optimum security of supply.
- Shared best practice with other electricity networks and the ENA to strengthen our collective response – ensuring consistency of messaging. This was further shared internationally, extending best practice on a global scale.
- Proactively engaged with our entire Supply Chain and contractors at the beginning of the pandemic. Digital surveys issued to our contractors to understand impacts and mitigate risks, ensuring essential projects continued.
- Conducted comprehensive review and monitoring of our infrastructure around hospitals, nursing homes, water treatment works and food supply businesses across Central and Southern Scotland to ensure continued security of supply to these critical sites.
- Rescheduled outages and re-prioritised works to provide additional capacity and more electricity where it was needed, supporting the NHS.
- Engaged stakeholders throughout outage re-planning, ensuring they were supported and satisfied with plans.
- Worked with Scottish and Welsh Governments, and NHS England to make sure new field hospitals had the connections, capacity and resilience required to adequately fight the spread of the virus.
- Proactively advanced our shunt reactor programme to balance over-generation and low demand to manage network fluctuations in preparation for the UK population working from home.
- Managed demand risk through weekly operability meetings with all TOs, DNOs and NGESO to remove the risk of an over supply on the network.
- Dedicated COVID-19 response team established to identify key workers and implement safe working practices enabling critical work to continue in our communities.
- Established sub-group of union representatives to outline appropriate standards and practices across the business to maintain security of supply.
- Embedded innovative solutions such as our iHUB drone project to inspect overhead lines.
- Continuous engagement with the National Health and Safety committee (HESAC) sharing key learnings on new working practices adopted to keep our staff, contractors and customers safe.
- Provided feedback to over 110 Trade Union questions in advance of HESAC calls, outlining working procedures and risk assessments ensuring the health and safety of our colleagues and customers.
- Signed the C-19 Business Pledge, demonstrating our commitment to help society at large through the COVID-19 crisis.

Our efforts achieved the following outcomes:

- Maintained 99.999902% reliability throughout the pandemic, protecting the most vulnerable and ensuring supply to critical sites such as hospitals, nursing homes, water treatment works and food supply businesses.
- Customers were not impacted by fluctuations in demand as a direct result of proactively advancing our shunt reactor programme.
- Over 185 contractors completed our COVID response survey to proactively mitigate risks, ensuring essential works continued.
- Inspections proactively completed at over 120 substations around critical sites to maintain resilience – ensuring life-saving support continued to be provided 24/7.
- Reduced on site contact with landowners during the pandemic through adopting drone technology for site inspections.
- Improved health, safety and employee wellbeing as a result of enhanced level of engagement across network operators and Trade Unions which will be an enduring legacy.



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SP Energy Networks Distribution Annual Report 2020/21

Expenditure and revenues

'RIIO' is Ofgem's framework for setting price controls for network companies. RIIO stands for Revenue = Incentives + Innovation + Outputs. Effectively, this means that we are only rewarded for delivering exceptional performance in our incentive, outputs and innovation.





Our financial performance

The key facts about revenues and expenditure this year:

Our allowed revenues

The amounts we are permitted to recover from our customers for using our network services during 2020/21. In total, and what it implies for our Unrestricted Domestic Tariff Charge:

	SPD (£m)	SPM (£m)
Total Allowed Revenue	438.5	406.3
	SPD (£)	SPM (£)
Unrestricted Domestic Tariff charge	84.54	103.30

Our expenditure on our network (2012/13 prices)

A breakdown of how we are using our revenues to strengthen and extend our networks:

	SPD (£m)	SPM (£m)
Engineering and support Activities	78.8	76.2
Asset Replacement and Refurbishment	40.7	48.9
Network operating costs	36.0	41.1
Rising lateral mains	5.1	2.0
ESQCR low ground clearances	13.9	21.6
General reinforcement	21.8	8.0
Non-operational capex	3.7	3.3
Connections	0.6	1.0
Others	6.9	5.6
Total (£m)	207.6	207.7



Total Expenditure across SPEN (SPD and SPM) (2012/13 prices)

Asset Replacement and Refurbishment	22%
Rising Lateral Mains	2%
ESQCR (Low Ground Clearances)	8%
Connections	0%
General Reinforcement	7%
Non-operational Capex	2%
Network Operating Costs	19%
Engineering & Corporate Support Activities	37%
Other	3%

Expenditure and revenues

Our financial performance (continued)

The key facts about our performance this year under the various financial incentives that all DNOs are subject to.

In 2020/21, we earned a £18.1m reward for going above and beyond delivering a safe, secure and reliable service to our customers and meeting our stakeholders' needs (2012/13 prices).

Performance-related financial incentives

How our performance this year translates to rewards or penalties under the various financial incentive mechanisms put in place by the regulator, Ofgem, and applied to all DNOs.

	SPD (£m)	SPM (£m)
Reward or penalty schemes		
Interruptions incentive	+7.5	+1.4
Customer satisfaction	+3.1	+3.4
Penalty-only schemes		
Incentive on Connections engagement	0	0
Reward-only schemes		
Stakeholder engagement incentive		
Customer vulnerability incentive	+1.0	+1.0
Time-to-connect incentive	+0.6	+0.1
	+12.2	+5.9
Total licensees combined (£m)		+18.1





Interruptions incentive example: Maintaining our network and being well prepared for severe weather events.

Further background

- Interruptions Incentive (See pages 33-35 of Ofgem's ED1 Strategy Decision)
- <u>Customer Satisfaction (See pages 62-64 of Ofgem's ED1 Strategy Decision)</u>
- Incentive on Connections Engagement (See pages 81-82 of Ofgem's ED1 Strategy Decision)
- Stakeholder Engagement Incentive and Consumer Vulnerability Incentive (See Ofgem's Stakeholder Engagement and Consumer Vulnerability Incentive Guidance)
- Time to Connect Incentive (See page 81 of Ofgem's ED1 Strategy Decision Outputs, incentives and innovation annex)

Stakeholder engagement and consumer vulnerability incentive examples Tackling wider social issues such as loneliness, social isolation, depression, anxiety and independence.

Bill impact

The key facts about the make-up of distribution network costs which represent your annual domestic electricity bill in 2020/21.

SPEN's Distribution component of domestic customer bills has fallen by 6% in real terms since the start of the current price control.



31p per day

SPEN's Distribution component of domestic customer bills is around 31p per day – less than a Netflix subscription and a second class stamp. Average customer bills have also fallen by 6% in real terms since the start of the current price control.

Further Split: 2020/21 Distribution Costs included in 23% opposite

Distribution component of electricity bill (SPD and SPM Combined 2020/21)



SP Energy Networks Distribution Annual Report 2020/21

Looking forward



GENERGY WORKS

Breakdown of an average electricity bill 2020/21

Electricity bill make up



Operating costsVAT

5%



The distribution system operator

To meet the challenges of a Net Zero future fundamental changes will be required to the way we operate and design our networks.

The UK's Network Operators have a significant part to play in meeting Government carbon reduction targets. Our ultimate aim is to empower our cities and communities to achieve the economic and health ambitions which can be realised from a low carbon economy.

Looking forward

The challenge that will touch every part of our society is to halt the effects of climate change. To do this, we need to achieve Net Zero carbon emissions. This will lead to huge shifts in how we live our lives, most prominently as we replace the use of fossil fuels for transport and heat. Electricity will be at the heart of the solution, through electric vehicles and heat pumps. These low carbon technologies will need to be powered by more renewable generation and other technologies, which we will have to integrate into the distribution grid.

We forecast that up to 1.5 million Electric Vehicles (EV), 900,000 Heat Pumps, and over double the amount of distributed generation, will be supported by our networks by the end of this decade. This is a radical increase on what we have today, and it will impact every part of our business. There is still a lot of uncertainty on when and how – and how fast – some of these changes will happen. But the direction from our national, devolved and local Governments is clear: Net Zero is not an option – we must ramp up now to meet future targets.

Our electricity distribution system will face the biggest changes to its design and operation for over half a century. Distribution networks were designed for predictable, stable demand. With Net Zero, electricity demand, generation, and consumer behaviour, will all change. Our networks are the product of a century of incremental evolution; the opportunities from new technology and innovation will lead to a consumer-led revolution in the use and operation of our system.

Essential to this is the evolution of the **Distribution System Operator** (DSO) model. The future will bring a more active and dynamic network as both consumers and generators interact more through **Flexibility Services** with the electricity system.

We recognise the complexity in navigating to Net Zero for national and local government. In RIIO-ED1 we have tested new collaborative initiatives for public Electric Vehicle charger roll-out. This has saved costs for both the taxpayer and billpayer through joined-up planning and design, and if extended from two local authorities to cover the 37 across our licence areas, could save up to £30m, while enabling more of our customers to enjoy the benefits if public EV charging.

COP26

In November 2021, we welcome the UN Climate Change Conference to Glasgow. Signing up as a Principal Partner for COP26 is a fitting culmination of our journey to Net Zero so far.

This will be the most important international meeting on the environment since 2015 and could be remembered as a significant milestone on the journey to Net Zero. To help the UK hit its world leading climate change targets, we need to double our efforts, and we are proud that our people are going to extraordinary lengths to play their part. We hope that a 'Glasgow Agreement' that delivers a strong commitment to change will be the outcome of COP26.– And we're backing them with the ambitions you'll read about in our RIIO-ED2 Business Plan.

Underpinning the core themes of enabling Net Zero – more wind power, an electric pathway for home heating, the shift to EVs – is the role of our electricity network. Net Zero is the prism through which we take business decisions, and that's a profound change. It's a key reason for us becoming a Principal Partner of COP26, the largest summit ever hosted on UK soil. To do more than talk about a revolution, we need the same sort of paradigm shift across industry and the economy.

Equipped with a clear strategic steer and a mandate to deliver Net Zero, COP is the ideal opportunity for Glasgow, Scotland and the UK to showcase this in abundance and demonstrate just what can be achieved by working together towards a common goal and a shared vision. That's why we're incredibly proud to be playing our part as a Principal Partner.



The distribution system operator (continued)

Green Recovery

SP Energy Networks has been working with Ofgem and the Energy Networks Association (ENA) to unlock £300m to support the transition to Net Zero and deliver a green economic recovery from Covid-19.

Earlier this year we launched a six week call for evidence across our two distribution network areas (Central and Southern Scotland and Cheshire, Merseyside and North & Mid Wales) in order to identify green projects that we believe can benefit from quick deployment of network investment in the next two years. The call for evidence was designed to understand and validate the state of readiness of proposals and plans that developers, local authorities and other stakeholders are considering around the areas we have identified. This will enable us to create a priority order of network investment and implement this over the next two to three years. It will also inform longer term network development in RIIO-ED2 and beyond.

We are delighted to confirm that we have been awarded more than £60m of funding through the Green Recovery investment programme to take forward 40 of these projects, 18 of which are in Scotland, 16 in England and six in Wales.

The projects we are taking forward over the next 18 months will provide additional electrical capacity to enable the connection of a host of low carbon technologies (LCTs) such as electric vehicles (EVs) and heat pumps.

The investment will create over 650MW of electrical capacity across our networks. We expect this to enable around 500 rapid or ultra-rapid vehicle chargers, 4,000 domestic heat pumps as well as numerous other significant connections.



EVs

There is a growing certainty that the rate of uptake and ultimate scale of EV adoption will have a major impact on electricity networks in the future. This impact will be a function of: the rate of uptake; charging technology; customer charging behaviour and; the level of electric vehicles (EV) charging management that can be implemented.

Combined with the Scottish Government's target to remove the need for carbon emitting cars by 2032 and the prediction that EV will become cheaper than traditional vehicles by 2022, we can expect mass uptake of EV in the next decade. To enable the wide scale roll out of EVs, it is key that the UK's electricity networks can facilitate suitable charging infrastructure for customers at a reasonable cost. We anticipate that we need to invest around £300m in each of our electricity network areas in the next decade in order to cope with the increased demand from the electrification of transport – Charging an average domestic at home every night would almost double the electricity consumption of the home.

We have been working closely with the Scottish Government, Transport Scotland and Local Authorities to accelerate the uptake of EV charging infrastructure in Scotland and to help meet Scottish Governments EV aspirations. PACE our joint-funded project between SPEN, SSEN and the Scottish Government, has been focused on providing innovative ways to deliver EV charging infrastructure and is helping us to understand how to integrate charging infrastructure into our grid in a way that not only reduces pressure on the network, but also benefits consumers. Liverpool City Region are developing Zero Carbon Refuelling Stations to deliver both electric and hydrogen refuelling across the 6 Local Authorities in the LCR Combined Authority. SPEN provided detailed capacity analysis of 38 possible locations for these ZERCs, which was then used during the Local Authority Consultation to determine the 10 viable solutions. Development of the first ZERCs is now underway as the Combined Authority moves closer to the target of zero carbon transport by 2025.

We have also worked closely with Warrington Borough Council to help facilitate their ambitious plans for EV Charging as they developed a new 500 space public car park with EV Charging, and we continue to help plan their further aspirations as the region develops transport plans with the introduction of widespread economic growth from the 100,000 new homes required for the HS2 developments taking place across the Cheshire & Warrington area.

Electric Vehicle Uptake Modelling (EV-Up) is one of our Network Innovation Allowance (NIA) projects with the aim to develop an evidence base for estimating the effects of electric vehicle uptake on the SP Energy Networks area in Scotland, England and Wales. This project will help to drive our Innovation Strategy 'Smarter Flexible Network' vision, enabling our customers to take advantage of new technologies and opportunities while paving the way for a low carbon economy.

The distribution system operator (continued)

EVs continued

The EV-Up model is based on key indicators such as the ability of each household to park off street, combined with sociodemographic information such as age profile and economic activity. EV-Up provides greatly enhanced visibility of Low Carbon Technologies (LCTs) uptake and allows SP Energy Networks to overlay this information on our electricity network. This will help to quantify the effects LCT uptake will have and where reinforcement solutions are required.

This improved understanding allows us to optimise resources and complete work in large strategic areas as opposed to sporadic individual properties, bringing cost and logistical benefits to both our customers and our business. The outputs have been used as evidence to support around £100m of LCT related investment in the ED2 price control period.



Heat

The complete decarbonisation of heat is also essential by 2050 if the UK's carbon reduction targets are to be achieved. Whilst the UK's strategy is currently considering all possible technologies for this transition under all scenarios electrification of heat has a major role to play. This has the potential to place additional demand on networks several times that of customers adopting EVs due to the higher energy requirements of these systems.

As with EVs, facilitating this transition will require major network reinforcement. However, what is currently less certain is the predictability of the uptake of electric heating. Following the success of EV-Up, the same platform and a similar methodology has subsequently been utilised for our Heat-Up project, which has provided insight to our customers' ability to transition to electrified heating Heat-Up was launched in August 2020, with investment through the Network Innovation Allowance (NIA) funding mechanism. The purpose and scope of both projects being to provide ready access to data-rich analytics, giving detailed, highly accurate information on current and future EV and heat pump use, which would allow SP Energy Networks to ready its infrastructure for the demand ahead of need, and to share this insight with the entire industry, supporting shared goals towards a greener energy future. Again, the outputs from the project have provided evidence to support around £100m of LCT related investment in the ED2 price control period.

We remain vigilant on national policies and the uptake of decarbonised heating by our customers. We have engaged with partners including Scottish Government, Welsh Government and local authorities to explore the possibility of electrification of heat trials. The aim of such trails is primarily to understand the network impact of decarbonised heat and how we can use technology or commercial tools to mitigate that impact, ultimately reducing the cost of achieving Net Zero to our customers.



The distribution system operator (continued)

The UK's Network Operators have a significant part to play in meeting Government carbon reduction targets. Our ultimate aim is to empower our cities and communities to achieve the economic and health ambitions which can be realised from a low carbon economy.

DSO Role

The UK's energy networks have been operating under a traditional model whereby the DNOs deliver electricity in one direction from centralised power plants, to our homes and communities.

Looking forward, the evolution of the energy sector towards a smarter system will only be possible if DNOs play an active coordinating role between all market participants, facilitating markets and services in a neutral and non-discriminatory manner. This can be achieved by extending the current role of DNOs to that of Distribution System Operators (DSOs). This year we published our updated DSO Strategy, detailing the exact functions, activities and enablers we see as necessary from now through to the end of RIIO-ED2 (2028), delivering this vital development for the GB electricity system.

A recent report from Baringa estimated that the DNO becoming the DSO will provide best value to customers through the avoidance of up to £3.5bn in costs by 2030 and up to £21bn by 2050. We are already demonstrating benefits of system operation through transport planning, digital substations and artificial intelligence in our Active Network Management (ANM) and sequence switching schemes, as well as our market-making flexibility tenders. Our ANM project in Dumfries and Galloway will help to achieve a reduction in CO2 emissions of 522k tonnes by 2031 – equivalent to the annual emissions produced from110,000 diesel/petrol vehicles.



Flexibility

Flexibility refers to the ability to react to the fluctuating needs of the electricity system and is primarily used to reduce peaks on electricity network demand while maintaining security of supply. The flexibility introduced by storage, digitisation and smart devices (including EVs) will not only keep costs of upgrading the electricity network down but will be key to facilitating the pace of change required to support the low carbon transition as we may not always be able to build new assets in time to meet the demands of EVs or heat Pumps. By agreeing to turn up or down demand or generation at specific times customers can support our network and be reimbursed for doing so.

We believe that we are at the forefront of promoting and developing flexibility, and that we should be seeking to use flexibility where it is the best value solution for current and future consumers. To do so, it is essential to understand the true value of flexibility, and therefore important to be transparent about how that value is calculated.

This year we have successfully concluded our second round of Flexibility tenders seeking 95MW of Flexibility across 10geographical locations. We have accepted bids from providers to supply 81MW of Flexibility, demonstrating that we are committed to developing and supporting Flexibility markets. We will also be seeking 1.4GW of Flexibility for the entire RIIO ED2 time period, informing our investment plans and laying out our long term Flexibility requirements through to 2028.

Smart meters

By 2024, energy companies will have offered 50 million customers a smart gas and electricity meter.

Although the installation of Smart Meters is carried out by energy supply companies, DNOs have an important role to play.

Smart Meter Systems and data

Electricity Suppliers have been installing smart meters for several years. SP Energy Networks can communicate with these meters through the UK smart infrastructure, managed by the Data & Communications Company (SmartDCC).

By the end of the 2020/21 regulatory year, approximately 326k SMETS2 smart meters had been installed across our two licence areas, a relatively low 9% of our connected customers, and we were unable to communicate with SMETS1 meters. Suppliers' meter installations during the year were also significantly lower than expected due to the Covid-19 pandemic.

As SMETS1 meters are now being made available via SmartDCC, SP Energy Networks' smart metering systems were upgraded to communicate with them in April 2021, shortly after closure of the 2020/21 regulatory year. This effectively doubled our population of contactable smart meters.

We expect to be able to connect to an increasing number of smart meters and their data over the coming years. Our Smart Meter Systems team focus on using this data to give more detailed information about the status of our network. This will better inform the design and management of the network as we respond to the uptake of low carbon technologies. It will also help us identify power outages, and consequently improve our service to customers.

We again identified benefits from smart meters in 2020/21, albeit at values which reflect the low proportion of customers who had communicating smart meters. The roll-out programme continues and is scheduled to conclude by the end of 2024.



Championing a better customer experience

In a number of our customers' properties, we are required to upgrade our assets to enable the fitting of a Smart Meter (or a conventional meter) or to respond to an emergency situation. This activity is known as an intervention.

This year we have completed just over 8,000 interventions. This is considerably less that previous years and solely due to the pandemic. The key focus during the pandemic was on safety, following government guidance, and only completing essential works. In periods between UK lockdowns we were able to complete non-essential works and we liaised closely with customers to ensure adherence with government guidance, particularly on social distancing.

We continued to work with the multi-party team including DNOs, Suppliers, Meter Installers, MOCOPA, BEIS and OFGEM, to ensure we had the most up to date information to support customers, extending this to our supplier bilateral meetings to check the customer contact information for those customers where we have difficulty gaining access. In addition, we have promoted our dedicated "Smart" mailbox for assistance with specific customer issues, working together to reach a resolution.

We have reviewed our safety governance and added further robust measures to our process. We review each safety incident with Suppliers to take away learnings and implement a best practice approach.

We continue to work with Suppliers and are taking further steps to establish the Smart Clinic initiative with those we can, enhancing the process where needed to ensure we jointly provide the best possible experience for customers, supporting our fix first time approach.



Contact us

How you can get involved

Stakeholder engagement workshops

If you are interested in our services and projects, if our work has the potential to impact you, or if you have an influence over the work we do, then you are a stakeholder. We want to know your views on our plans, so that we can deliver the best service possible.

We already work with a wide range of stakeholders, including domestic customers, local authorities, charities, other utilities, people wishing to connect to our network, school pupils, vulnerable customers and innovators amongst others.

Registering as a stakeholder is easy and enables you to have your say on our projects and services. Please register here: www.spenergynetworks.co.uk/register

General enquiries

Please call us free on: 0330 1010 444 Email: customercare@spenergynetworks.com

Central and Southern Scotland

Customer Service SP Energy Networks SP House 320 St Vincent Street Glasgow G2 5AD Cheshire, Merseyside, N. Wales and N. Shropshire Customer Service SP Energy Networks PO Box 168 Prenton CH26 9AY

To report a power cut or damage to electricity power lines or substations, call the new national Freephone number – 105.

POWER CUT? CALL 105

You can still reach us on our existing numbers:

Central and Southern Scotland

0800 092 9290

Cheshire, Merseyside, N. Wales and N. Shropshire

0800 001 5400



SP Distribution and SP Manweb Annual Performance Report 2020/21

Appendix A

Our business plan commitments in full

Appendix A

Reliability and availability

We are committed to improving the reliability of supply to our customers. Strong stewardship of our assets is achieved through knowing the health and criticality of our equipment in order to target our investment appropriately.

	Commitment	SPD this year	SPM this year
\$	Reduce by 100% the number of customers experiencing a power cut greater than 12 hours by 2023.	A reduction of 96% by March 2021 against our baseline. Still on track to achieve target by 2023.	A reduction of 89% by March 2021 against our baseline. Well on track to achieve target by 2023.
*	Reduce the average number of times our customers lose their power supply by 7%. Reduce the length of time those customers are without power by 16%. By doing this reduce the average time our customers are off supply by 25%.	Interruptions down by 22% and average duration down by 17%. Well on track.	Interruptions down by 6% and average duration down by 13%. Well on track.
•	Improve service to 40% of our poorly served customers.	Improved service to 41%. Well on track for 2023.	Despite initial improvements, Storm Francis August 2020 caused performance to slip.
*	Mitigate pluvial flood risk at 28 high risk grid and primary substations.	Action completed in 2015 – continuing to monitor and mitigate against new risks.	Action completed in 2015 – continuing to monitor and mitigate against new risks.
•	Ensure all rural customers benefit from resilient to severe weather events network by 2034.	Incorporated into investment/ modernisation plans, on track to deliver.	Incorporated into investment/ modernisation plans, on track to deliver.
•	25% of rural high voltage network and a further 16% of low voltage resilient to severe weather by 2023.	Incorporated into investment/ modernisation plans, on track to deliver.	Incorporated into investment/ modernisation plans, on track to deliver.
•	Deliver a guaranteed standard to reconnect our customers within 36 hours after storm events.	0 customers were off supply greater than 36 hours.	0 customers were off supply greater than 36 hours.
•	Accelerate Fluvial Flood protection plans to complete by March 2015.	Action completed in 2015 – continuing to monitor and mitigate against new risks.	Action completed in 2015 – continuing to monitor and mitigate against new risks.
*	Increase substation resilience to 72 hours.	Action completed in 2015 – continuing to monitor and mitigate against new risks.	Action completed in 2015 – continuing to monitor and mitigate against new risks.



Customer satisfaction

We engage regularly with our customers to understand what they want from us and act on feedback to improve our service. We have made consistent sustained improvement which has made a significant impact on customers experience.

	Commitment	SPD this year	SPM this year
•	Answer calls in less than 10 seconds and never force disconnect.	11.97 seconds average. Zero calls forced disconnected.	10.73 seconds average due to Storm Francis and Storm Christoph. Zero calls forced disconnected.
•	Ensure abandoned calls are less than 1%.	0.80% in Faults and Emergencies.	0.57% in Faults and Emergencies.
•	Provide restoration time for every outage.	Embedded in standard business process.	Embedded in standard business process.
\$	Write to all customers in advance of planned interruptions and day before reminder by SMS (text).	Embedded in standard business process plus face to face visits targeting 100% Vulnerable Customers ahead of every planned outage.	Embedded in standard business process plus face to face visits targeting 100% Vulnerable Customers ahead of every planned outage.
*	Respond and resolve all complaints quickly.	88.28% of all complaints resolved within 1 day.	88.87% of all complaints resolved within 1 day.
•	Reduce number of complaints by understanding root causes.	Ongoing analysis understanding root cause including impact of weather conditions.	Ongoing analysis understanding root cause including impact of weather conditions.
\$	Achieve a 20% improvement in industry measure of customer satisfaction scores by 2023.	Improvement of 17.6% with a score of 9.23. Well on track.	Improvement of 17.7% with a score of 9.24. Well on track.
•	Hot meals and accommodation provided after 48 hours to all customers during exceptional events (after 12 hours for vulnerable customers).	Embedded in standard business process.	Embedded in standard business process.
*	Benchmark industry performance utilising Institute of Customer Service.	ICS Benchmarked SPEN 1st place against ALL UK service sectors.	ICS Benchmarked SPEN 1st place against ALL UK service sectors.
•	Invest in people at every level.	Designed in to management systems and reporting.	Designed in to management systems and reporting.
•	We will include info about our Guaranteed Standards of Performance (GSOP) in our annual customer awareness campaign.	GSOP information is communicated to customers annually.	GSOP information is communicated to customers annually.
•	We will contact customers impacted by an outage to keep them informed via different channels.	We communicate with customers through multi channels during power outages.	We communicate with customers through multi channels during power outages.
•	We will use Smart Meter data to proactively help customers.	The volume of smart meters which we can communicate with was expected to accelerate in 2018. This would have allowed us to monitor network load and voltage, enabling us to make improvements to our network for the benefit of our customers. The forecasted increase in Smart Metering installations has not materialised. Accordingly, we have not been able to fully realise the benefits of Smart Metering.	The volume of smart meters which we can communicate with was expected to accelerate in 2018. This would have allowed us to monitor network load and voltage, enabling us to make improvements to our network for the benefit of our customers. The forecasted increase in Smart Metering installations has not materialised. Accordingly, we have not been able to fully realise the benefits of Smart Metering.

Substantially ahead of 2020/21 target

On 2020/21 target

Substantially below 2020/21 target

Partially or marginally below 2020/21 target

Appendix A

Consumer vulnerability strategy

We now deliver a range of services available to all vulnerable customers which have been developed in our most vulnerable communities. We strive to exceed our business plan commitments to ensure that the customer receives the best service possible.

	Commitment	Jointly across SPD and SPM this year
•	Send a welcome letter and info pack to every new customer on the Priority Services Register (PSR).	Embedded in standard business process.
•	Contact vulnerable customers every 4 hours during an unplanned outage.	Embedded in standard business process where a customer is confirmed off supply – with flexibility for more frequent contact if needed.
\$	Contact all vulnerable customers in advance of planned power interruptions.	Embedded in standard business process to contact by letter and phone – face to face visits targeting 100% Vulnerable Customers ahead of every planned outage.
•	Hot meals, drinks and company offered to vulnerable customers after 12 hours during exceptional events.	Embedded in standard business process.
•	Winter packs issued to PSR customers.	Delivered to all of our PSR registered customers who request a pack as a standard business process – with assistance from Red Cross partners during significant events.
•	Automatic compensation payments following a fault to all PSR customers post 12 hour restoration during exceptional events.	Embedded in standard business process.
•	Proactively contact all PSR customers at least every 2 years.	Embedded in standard business process.
\$	We will always ensure our people are trained to recognise and deal with vulnerable customers sensitively.	Our Vulnerability Training Programme has resulted in 2,666 hours of training delivered to our staff over 2020/21 with a 92% employee satisfaction rate over 7 different types of training.
•	We will continue to establish mechanisms to share information on vulnerable customers with other agencies and authorities.	Data sharing through informed consent in place. 71 partnerships, up from 66 last year, helping shape our strategy, provide delivery of support services to our customers and support customers throughout events.
\$	We will engage with our communities to make them aware of our Priority Services Register and work in local communities impacted by outages to ensure they have access to hot meals, drinks and company. We will continue to work with Emergency Planning Officers to provide support to our vulnerable customers during outages.	Targeted awareness carried out to promote Priority Services Register in our communities through a number of channels specifically aimed at reaching vulnerable customers. Stretching targets in place to ensure we have 80% of customers signed to our register for each category where they are eligible.
•	We will establish an additional fund within ScottishPower's existing Energy People Trust to target initiatives to help vulnerable customers.	As part of our ongoing review of our social plan and in conjunction with our stakeholders we have removed this from our plan and have focused our initiatives in areas of greater need.
*	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, etc.	We work with 71 local partnerships to deliver support services to our customers which delivered a total economic value of delivered on average £22.37 value to customers for every £1.
•	We will continue to work with agencies to understand how we can collaborate to best support our customers and communities.	We have worked closely with a number of agencies to understand vulnerability, customer needs and how we can best offer support.

On 2020/21 target

Substantially ahead of 2020/21 target

Stakeholder engagement

We put stakeholders at the heart of what we do; it's part of our culture. Our comprehensive strategy has grown in maturity, and is embedded in our organisation at all levels. We deliver it with passion, belief and strong executive leadership, placing robust, meaningful engagement at the core of all our activities.

	Commitment	Jointly across SPD and SPM this year
*	We will continue our annual customer awareness campaign to raise awareness of who SPEN are, and information of when and how to contact us.	 Within this regulatory year, we have delivered 475 articles in the press with a reach of 124,208,663. We increased our PSR registrations by 120,985 households this year with 293,293 new vulnerabilities added (i.e. multiple vulnerabilities per household). We increased our overall PSR registrations from 1,070,710 to 1,191,995, an overall increase 10%. Our winter customer awareness campaign had a total reach of 8.7 million with 342,000 views and 66 pieces of coverage, delivering key safety messages and 105 awareness to our customers and communities. Phone Kiosks and Bus Streetliners were implemented to increase our high street presence to support the delivery of these key messages throughout our communities using cost effective methods. We activated tactical short term storm activity across large, high impact digital roadside formats during periods of
		bad weather. Over 3,100 community hubs and shops displayed our posters and postcards. We continue to utilise our rugby partnership with Scottish Rugby Union to extend our reach to our customers and communities, delivering key safety and PSR messaging. Our rugby partnership launch received national media coverage and a reach of over 125,000 people on social media.
•	We will report our performance against plan and outputs at an annual stakeholder event.	Performance is reported to stakeholders at several times a year through our Strategic Stakeholder Panels and events and annual district updates.
•	We will provide an annual stakeholder communication on our engagement activities and actions.	Annual stakeholder engagement report is provided to Ofgem and key stakeholders and published on our website detailing our activities, actions and outputs. We produce regular online newsletters, social media posts and event updates for stakeholders with details of industry developments, innovations and investment. We publish our full calendar of engagement on the SPEN website, allowing stakeholders to participate in engagement activity.
•	We will further develop our online community to support our stakeholder, customer and employee engagement programmes.	Our online community is a digital platform to facilitate two-way conversation between the business and our stakeholders to compliment traditional engagement methods. We continue to engage with industry experts to identify areas of best practice in online engagement, particularly as the effects of the pandemic have impacted physical engagement events. Our stakeholder online community now has 247 members, almost a six-fold increase since its launch in 2017.
•	We will introduce an annual programme so stakeholders know what engagement to expect.	Embedded mature programme of engagement for both business as usual and ED2 business planning supported by our stakeholder database system – providing a robust, multi-layered annual engagement programme rolled across the entire business.
*	We will embrace stakeholder engagement as 'business as usual' and will build on the approach of more focused and centralised engagement.	Our score has risen from 6.85 to 7.08 in 2020/21 for the Stakeholder Engagement and Consumer Vulnerability (SECV) incentive, placing us second out of all the DNOs. This demonstrates our continued upward trend in scores and our commitment to robust, proactive engagement to deliver positive outcomes for our customers, stakeholders and communities. We are leading the way in stakeholder engagement as recognised by external auditors, AccountAbility. Following robust analysis of our governance, processes and strategy our maturity score has risen to 81%, placing us in the highest categorisation possible of

Appendix A

Connections

Our network is expanding to accommodate renewable generation more quickly than any other DNO. We are providing a better service for new connections by adhering to our business plan commitments.

	Commitment	SPD this year	SPM this year
•	Contact the customer within 1 working day of receiving their application to provide a single point of contact to manage their project through our quotation process.	We endeavour to contact the customer within 1 working day of receiving their application as a standard business process.	We endeavour to contact the customer within 1 working day of receiving their application as a standard business process.
•	Reduce the average time taken to issue quotations year on year.	Improved performance, average from last year decreased from 3.3 to 3.1 days for single premises.	Improved our average for single premises from 4.6 to 4.4.
•	Contact the customer within 2 working days of receiving their payment to provide a single point of contact to manage their project through our delivery process and where possible provide a date for connection.	95.3% contacted within 2 days, small improvement year on year.	98.7% contacted within 2 days.
•	Engage and proactively work with our customers to meet their preferred completion and 'power on' date.	99.8% of completion dates are as agreed with customer, improvement year on year.	99.6% of completion dates are as agreed with customer.
•	Reduce the average time to deliver connections year-on-year. (The Time to Connect targets are 42.08 for a single property and 52.70 working days for multiple properties).	Our Average time to Connect was 48.2 working days for single premises and 63.0 working days for multiple premises a small improvement year on year.	Improved the time to connect averages for both single premises from 55.8 to 43.2 and multiple premises from 73.2 to 60.6.
•	A 'Process Explained' leaflet will be issued to all customers at initial enquiry stage and is available on the website.	Embedded in standard business process.	Embedded in standard business process.
•	Ask our customers when they want their quote and work with them to deliver a fast-track quotation and connection when they need it.	72.0% of quotes provided within timescales agreed with customer, small improvement year on year.	74.9% of quotes provided within timescales agreed with customer.
•	Continually develop and improve our processes, based on our customer's expectations and customer feedback.	Ongoing activity – as per our ICE plan.	Ongoing activity – as per our ICE plan.
•	Our processes and internet site will be continually developed and improved, based on our customer expectations and feedback.	Wide range of customer-facing improvements delivered with supporting feedback received from our Major Customer Monthly Survey.	Wide range of customer-facing improvements delivered with supporting feedback received from our Major Customer Monthly Survey.
•	Incentive on Connections Engagement ICE.	Engagement drove 13 improvement actions – 100% of which already delivered.	Engagement drove 13 improvement actions – 100% of which already delivered.
•	Ensure our average time to deliver connections is in the top group of DNOs.	11th in the DNO league table in Ofgem's 2019/20 Annual Report.	12th in the DNO league table in Ofgem's 2019/20 Annual Report.
•	Reduce our general load investment trigger by 20%, enabling quicker connections in future.	We are on-target and delivering against our load related reinforcement plan to facilitate capacity in demand congested areas of network.	We are on-target and delivering against our load related reinforcement plan to facilitate capacity in demand congested areas of network.

Substantially ahead of 2020/21 target



Substantially ahead of 2020/21 target

On 2020/21 target

SP Energy Networks, Distribution Annual Report 2020/21

Connections (continued)

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Environment

We recognise the significance of our impact on the environment, both as a direct result of our operations and, indirectly, by helping stakeholders achieve their own environmental goals.

	Commitment	SPD this year	SPM this year
•	Use innovative solutions to meet the uptake of low carbon technologies.	We have connected customers using non-firm flexible connections and will be deploying wide scale Active Network Management over the next few years.	We have connected customers using non-firm flexible connections and will be deploying wide scale Active Network Management over the next few years.
•	Ensure our customers are kept informed of the connection process throughout every stage.	Embedded into business process – monitoring and reporting in place to deal with exceptions.	Embedded into business process – monitoring and reporting in place to deal with exceptions.
•	Be proactive in our approach, minimising the need for customers to have to contact us – we will contact them first.	Embedded into business process – monitoring and reporting in place to deal with exceptions.	Embedded into business process – monitoring and reporting in place to deal with exceptions.
•	Communicate with our customers through their media channel of choice.	Customers preference of available channels captured in our systems.	Customers preference of available channels captured in our systems.
•	Develop communication plans tailored to meet individual needs.	Customer communications recorded in our systems, monitoring in place to drive continuous improvement.	Customer communications recorded in our systems, monitoring in place to drive continuous improvement.
•	Through our communication plans we will remove any uncertainty.	Ongoing activity – as per our ICE plan.	Ongoing activity – as per our ICE plan.
•	Actively engage customers and stakeholders through events, monthly surgeries, surveys and one to one meetings to understand their ongoing needs.	Ongoing activity – as per our ICE plan.	Ongoing activity – as per our ICE plan.
•	Continue to work with our major customers to further improve the service we offer.	Ongoing activity – as per our ICE plan.	Ongoing activity – as per our ICE plan.
•	Build our business, operating and improvement plans around the needs of our customers and stakeholders.	Ongoing activity – as per our ICE plan.	Ongoing activity – as per our ICE plan.
•	We will continue to work proactively with 3rd party groups wishing to connect to our network.	Partnerships and bi-annual workshops established in 2017.	Partnerships and bi-annual workshops established in 2017.
•	We will continue to promote competition in every way we can.	Covered in our adoption of Competition in Connection Code of Practice, for example additional data on loadings and network maps provided.	Covered in our adoption of Competition in Connection Code of Practice, for example additional data on loadings and network maps provided.
•	We will continue to engage with Ofgem and ICPs to extend the boundaries of competition.	Ongoing engagement – including 2 dedicated workshops in SPD's area.	Ongoing engagement – including 2 dedicated workshops in SPM's area.

	Commitment	Jointly acro
•	Utilise Smart Meter technology to ensure all generation sources are supported quickly.	During 202 Smart Meter enhanceme opportunit smart meter increased v target refin modelling. benefit fror fault costs l confirms th
•	Connect 4.5GW of Distributed Generation by 2018, with up to 5.5GW of generation connected to our network by 2023.	We have no to the exist
•	Carry out 'Smart' asset replacement — using future proofed assets where justified.	Our LV Engi connection for our cust Transforme ensure that preparing c of analysis such as LV (connect an connecting
•	Identify low carbon technology hotspots using network monitoring, data from Smart Meters and stakeholder engagement.	We have no have been and are ava connection
•	Underground 85km of overhead lines in Areas of Outstanding Natural Beauty.	We continu by removin (AONB). Thi 1.76km of u unfortunat delayed pro pictures be pictures que
•	Install lower transformers to reduce losses by 50% at more than 1,111 of our secondary substations.	During the transforme replaced a saving 96,8

Substantially ahead of 2020/21 target

Partially or marginally below 2020/21 target



oss SPD and SPM this year

20/21, SP Energy Networks implemented further refinement to our ering IT application, introducing new functionality and systems ents. Further improvement is planned for 2021/22, including the ty to communicate with older SMETS1 devices enrolled in the UK ering infrastructure. We have continued to make preparations for volumes of smart data as and when this becomes available. We nement in our system application, network monitoring and data For the 2020/21 regulatory year, we did identify a limited financial m the SMETS2 meters currently installed. This relates to reducing by avoiding unnecessary visits to premises where the smart meter he electricity supply to be on.

ow connected 4.45 GW combined generation over SPM and SPD ting network.

ine project is a trial of Smart Transformers to facilitate the of low carbon technologies whilst delivering value for money stomers. We have completed the detailed design of our Smart er and completed an initial Life Cycle Analysis of the product to t our solution considers the environmental impact. We are also our trial sites to receive the Smart Transformers through a series and enabling works, as well as introducing other new smart assets Circuit Breakers. Finally, our Smart Transformer will be used to ultra-rapid DC-fed EV charger at the start of the Electric A9, an electric vehicle by LVDC for the first time.

ow fully implemented the next generation of heat maps. These developed through extensive consultation with our stakeholders ailable on our website: www.spenergynetworks.co.uk/pages/ _opportunities.aspx

le to target measures to reduce the visual impact of our network ng over head lines from Areas of Outstanding Natural Beauty is year we removed a further 1.49 km of overhead line and installed underground cable in AONB. Further projects were started but tely put on hold due to the impact of Covid-19. However, these ojects are due to be completed in the 2021/22 period. The two elow show before and after work was carried out around the e village of Aberdaron, within the Llyn peninsula AONB.

2020/21 reporting year we have installed 94 lower loss er's in SPM and 53 lower loss Transformers in SPD. We have so far combined SPD and SPM total of 609 transformers during ED1, 892 MWh of losses and 34,095 tonnes of CO₂ equivalent.

Environment (continued)

Environment (continued)

	Commitment	Jointly across SPD and SPM this year
*	Reduce our carbon footprint (excluding network losses) by 15% by 2023.	In 2020/21 we have achieved a combined (SPD & SPM) 57 % reduction in our carbon footprint excluding losses since setting our 15% reduction target in 2013/14. The Business Carbon Footprint graph shows our progress through ED1. This reduction represents a 35% reduction in SPM and a 68% in SPD. Electricity losses (energy lost or stolen from the network as it travels from source to user), remains the largest contributor to our Business Carbon Footprint and also the most influenced by external factors.
•	Use electronic vehicle management system to optimise our vehicle utilisation keeping vehicle numbers, broadly similar in ED1.	Our vehicle tracking system continues to allow us to track our mobile assets and their emissions effectively. Vehicle numbers remain the same as we progress towards electrification of our fleet. Since the start of ED1 our carbon emissions from fleet vehicles have increased by 5% in SPM and reduced by 30% in SPD.
	Monitor and reduce the energy used within our substations, invest in lower carbon buildings and reduce energy use in existing buildings.	Until this year, energy consumed within our depots and substations was our second biggest emissions contributor after losses, and it was therefore imperative that we work to reduce the carbon emissions related to energy use at our sites. Last year, we amended our tariff to REGO '(Renewable Energy Guaranteed Origin)' which provides us with guaranteed zero emission electricity. This action has provided a reduction of 98% in SPM and 90% in SPD against 2019/20 and energy used at our sites now represents just 2% of our total carbon footprint excluding losses, down from 21% in 2019/20. While we recognise that annual fluctuations in grid carbon intensity and our move to a REGO tariff contribute greatly to the reduction in the carbon footprint of our depots, substations and buildings, we must also concentrate on reducing the kWh consumed. In this reporting year we have installed a modern efficient heating, ventilation and air conditioning system at our depot at Berwick. We also upgraded our Kirkintilloch Datahall cooling units for improved reliability and energy efficiency. Lastly, existing lights were replaced with high efficiency LED panels on two floors within our HQ in Glasgow. We estimate that these additions will save 346,000 kWh of energy annually. In future years, we will continue our programme of replacement and refurbishment of inefficient older buildings to further reduce our energy use.
•	Reduce costs to customers by developing modern "Smart Grid" network solutions.	We are carrying out a wide range of projects utilising Smart Grid network solutions to reduce customer costs and encourage greater market flexibility. We have identified specific opportunities and challenges split across three themes in this priority area namely: Faster, Easier Connection, Preparing the Network for Low Carbon Technologies and Network Flexibility and Communications.
\$	Increase the use of electric vehicles and charging points.	In September 2019, our parent company Iberdrola signed up to The Climate Group's EV100 initiative. The agreement will see Iberdrola electrify their vehicle fleet (subject to local market conditions) by 2030. SP Energy Networks has been at the forefront of this initiative, focusing our efforts on ensuring we have optimal vehicle charging facilities whilst procuring the most effective electric vehicles to become an essential part of our operational activities.

	Commitment	Jointly acros
•	Install oil containment around all new and high risk plant containing high volumes of oil.	In SPD durin install oil cou In SPM durin install oil cou
•	Exceed IEC international standards for SF ₆ switchgear by specifying a maximum leakage rate five times more stringent for 33kV and below and twice as stringent for higher voltages.	In 2020/21 v equipment requiremen Internationa setting inter equipment) maximum le equipment
\$	Reduce oil leaks by 50% through the replacement of poorly performing 132kV cable in SPM.	In SPD we have a constrained of fluid filled reporting year a target to receive a constrained of the second of the
•	Engage on the environmental impacts of our developments from a very early stage.	We have a de engineers ar business pro
•	Utilise low carbon alternatives to travel, through the use of technology and smarter ways of working.	Since the sta by 65%. This our licenses awareness of seen a dram combined, of travel and te target this a

Substantially ahead of 2020/21 target

Partially or marginally below 2020/21 target Substantially below 2020/21 target



oss SPD and SPM this year

ing ED1 we have worked on 68 pieces of plant equipment to ontainment with 10 taking place in the reporting year 20/21. ing ED1 we have worked on 66 pieces of plant equipment to ontainment with 10 taking place in the reporting year 20/21.

I we continued to drive the supply chain towards developing t with reduced SF₆ leakage rates, having embedded this nt in our procurement and specification processes. The hal Electro-Technical Commission (IEC), the body responsible for ernational guidance recommends a leakage rate of 0.5% (indoor t). Our equipment specifications demand a more stringent leakage rate of 0.1% for all indoor and 1% for all outdoor t each year.

have 29km of fluid filled cables and topped up 39 litres in the eporting year with a leakage rate of 0.04%. In SPM we have 159 km ed cables and topped up a total of 2067 litres in the 2020/21 year with a leakage rate of 0.3%. At the start of ED1 we set ourselves reduce leakage in our SPM fluid filled cables. Since reporting year we have achieved an 85% reduction in fluid filled cable top ups.

dedicated Environmental Planning team who engage with our and legal teams in our developments early stages as a standard rocess.

tart of ED1 we have reduced our business travel carbon emissions his overall reduction is a result of accurate apportionment between es, travelling less, competitive rail pricing and increased staff of carbon emissions from travel. Additionally, In 2020/21 we have matic decrease of 51% in emissions in travel across SPM and SPD , due to the global COVID-19 pandemic. The introduction of new teleworking policies during this time will allow us to continue to area for sustained and further reductions in the coming years.

Health & Safety

Health and safety goes right to the heart of all our operations, it cannot be achieved successfully unless it is fully integrated with all other aspects of day-to-day business management.

	Commitment	Jointly across SPD and SPM this year
•	Lead the industry for public safety.	Zero Improvement Notices, Prohibition Notices or Prosecutions.
•	Maintain a positive relationship with the Health and Safety Executive (HSE) through positive engagement.	A range of discussions held with the HSE on a number of network related topics including HSE Priority Interventions with all DNOs, managing public safety and metal theft.
•	Lead an effective risk based public safety programme.	Wide range of initiatives including demonstrations and stalls at numerous agricultural shows including the Royal Highland Show, Anglesey Show and Royal Cheshire Show, support of safety education centres and Crucial Crew events.
•	Safeguard residents of flats and tenement buildings by continuing our major investment programme to modernise service positions and cables.	SPEN spent £14.2m modernising the electricity supply to residents of flats and tenement buildings in 2020/21.
•	Eradicate all low overhead line clearances across roads by April 2015 and continue to enhance public safety by upgrading all of our overhead line clearances to the latest industry technical standards by 2020.	SPEN spent £35.0m on OH Clearances in 2020/21.
•	Increase the rate at which we modernise our substations by over 20%, improving safety and security of supplies at a lower overall cost.	SPEN replaced 1,921 items in High Voltage Substations in 2019/20.
•	Meet or improve upon our accident rate performance metrics defined within our internal continuous improvement Health and Safety operating plans.	Staff Lost Time Accident Rate of 0.27. In 2020/21 we saw an increase in the LTA Rate for staff from 2019/20.
•	Conduct thorough incident investigations, learn lessons quickly and implement changes to make our business safer.	3 Panels of Inquiry were conducted in 2019/20.
•	Help our contracting teams to reduce their accident rate.	Contractor Lost Time Accident Rate of 0.50. In 2020/21 we saw an increase in the LTA Rate for contractors from 2019/20.
•	Put the 'Health' into Health and Safety – our employees will benefit from a risk based occupational health monitoring programme.	627 employees attended Health Surveillance Monitoring appointments in 2020/21.
•	We will safeguard our staff, members of the public and minimise disruption to supplies by implementing additional security measures to reduce the impact of interference and metal theft at our high-risk substations.	Substation security continues to improve by means of asset modernisation and enhanced civils. We are also continuing to roll out e-padlocks on a priority basis.

SP Distribution and SP Manweb Annual Performance Report 2020/21

Appendix B

Our business

Substantially ahead of 2020/21 target

Partially or marginally below 2020/21 target





Our biggest assets are our people

Develop and train our staff for a 'smarter' future and replenish our ageing workforce from the communities that we serve so that the investment that we make in recruitment and training continues to deliver in the long-term.

We have continued to progress with our plans to develop our internal team members and new recruits to the business despite the constraints from COVID-19. We recruited our traditional programmes of Craft Apprenticeships and Graduates complemented by our Adult Craft Apprenticeship for candidates that join the business with enhanced skills and maturity. We have broadened the disciplines we have recruited within our graduate intake to include digital skills such as data analytics, cyber security and systems electronics. In addition, we have continued to recruit Power Engineering Apprentices and Project Management Apprentices. This year we have introduced a new programme for graduate level apprentices. This covers the disciplines of cyber security, data analytics and business in engineering.

For our internal teams we have delivered a new wave of Engineering Trainees for our Industrial Staff Trainee programme which will upskill our Industrial Team Members to Operational Engineers within the business. The combination of these programmes has seen the business spend over 84,000 hours of Technical Training in our Technical Training Centres at Hoylake and Cumbernauld.

Industrial Trainees

We delivered against our plans to continue to grow our own talent and develop our teams from grass roots. To achieve this we recruited 16 Apprentices and 9 Trainee Craftpersons to complement our industrial trainee talent pool. We are developing this team to reach multi craftsperson level across all three trade types of Fitting, Jointing and Overhead lines.

Engineering Skills

Despite constraints imposed from COVID-19 restrictions we have continued to strive to provide ongoing STEM and career support to local schools, colleges and Universities, with some events moving on-line. To balance the reduced STEM activity, we expanded our Year in Industry programme through the Engineering Development Trust and vocational placements to take 24 young people into the business to give them valuable work experience, with a number of them ultimately moving onto our trainee programmes. We also have a Returners programme which supports people who have STEM experience back into work after a career break. By supporting these programmes we are positively promoting our business, supporting the communities we serve and are providing opportunities for local people and our trainees to develop their interpersonal skills, providing them with a more holistic training programme.





Appendix C

Glossary

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Glossary

Means protected landscapes in England, Wales and Northern Ireland as defined in the National Parks and Access to the Countryside Act 1949 (and includes National Scenic Areas in Scotland, as comparable to AONBS). Ofgem provide DNOs with an allowance for undergrounding overhead lines in these areas.

Customer Satisfaction Broader Measure of Customer Satisfaction (BMCS)

This is an industry-wide survey of the views of our customers on our levels of service. It covers customer satisfaction, social obligations, complaint handling and how we engage with our stakeholders. It both rewards and penalises performance against the targets.

Customers Interrupted (CI)

The number of customers in every 100, whose supplies have been interrupted per year over all incidents, where an interruption of supply lasts for three minutes or longer, excluding re-interruptions to the supply of customers previously interrupted during the same incident.

Customer Minutes Lost (CML)

The duration of interruptions to supply per year – average customer minutes lost per customer per year, where an interruption of supply to customer(s) lasts for three minutes or longer.

Distributed Generation (DG)

Generation connected to the distribution network, such as wind turbines, domestic solar panels, photovoltaic farms, hydroelectric power and biomass generators.

Distribution Network Operators (DNOs)

DNOs are the organisations that look after the networks transporting electricity to end users such as homes and businesses. In England and Wales, DNOs manage the network from 132,000 down to 230 volts. In Scotland, DNOs manage the network from 33,000 volts to 230 volts. The UK distribution network is divided into 14 distribution areas and these are managed by 6 DNOs.

Distribution System Operator (DSO)

The DSOs role will be to maintain system security and quality of service in distribution networks in order to serve network customers. The DSO will help with market facilitation, encourage transparent and non-discriminatory access, and ensure security of system and quality of service.

ED1

ED1 (Electricity Distribution) price control set the outputs that the 14 electricity Distribution Network Operators (DNOs) need to deliver for their consumers and the associated revenues they are allowed to collect for the eight-year period from 1 April 2015 to 31 March 2023.

Exceptional Event (Often referred to as a Severe Weather Event or Significant Event)

An event where the number of incidents caused by the event at distribution higher voltage in that period is equal to or greater than the commencement threshold number. In SPD the threshold is 76 and in SPM the threshold is 68. 'Distribution Higher Voltage' means any nominal voltage of more than 1,000 volts up to and including 132 kilovolts (except in Scotland, where it means any nominal voltage of more than 1,000 volts).

Fluvial Flood

Flooding that occurs as a result of flooding from rivers and watercourses.

Guaranteed Standards of Performance (GSOPs)

These are the minimum levels of service to be met across a range of customer facing activities, including how we manage power cuts, connections and customer complaints. If we fail to provide the level of service required, we make a payment to the customer affected. There can be certain exemptions to these compensation payments, for example during extreme weather events.

Appendix C

Glossary (continued)

Health and Safety Executive (HSE)

The government body responsible for enforcing health and safety legislation.

Incentive on Connections Engagement (ICE)

This is an incentive designed to encourage DNOs to improve the way they communicate with major connections customers.

Interruption Incentive Scheme (IIS)

The Interruptions Incentive Scheme (IIS) sets targets for planned and unplanned electricity power cuts. Performance is measured by both number and duration of power cuts. The mechanism both rewards outperformance and penalises underperformance against the targets.

Low-carbon Technology (LCT)

Technologies designed to reduce the amount of carbon we use, including electric vehicles, heat pumps, wind turbines and solar panels.

National Parks

Means the areas that are designated as protected areas as defined in the National Parks and Access to the Countryside Act 1949.

National Scenic Areas

Means the areas that are defined in the Town and Country Planning (Scotland) Act 1997 as being of outstanding scenic value in a national context.

Network Operating Costs

Expenditure on operating and maintaining the network, e.g. fault repair, tree cutting, inspection and maintenance, engineering and business support costs.



Priority Service Register (PSR)

Our register of vulnerable customers, enabling us to provide additional support when required. Stakeholder Engagement and Consumer Vulnerability (SECV) Incentive Drives network companies to engage with stakeholders and address consumer vulnerability issues. The SECV Incentive is designed to only reward network companies for high quality activities or outcomes that go beyond business as usual. Network company provide a submission to the regulator in relation to engagement activities carried out during the regulatory year in question. The regulator will assess this submission in three stages (internal assessments, panel assessment and an external consultant assessment for the consumer vulnerability).

Smart Meter

Advanced gas and electricity metering technology that offers customers more information about, and control over, their energy use (such as providing information on total energy consumption in terms of value, not only volume), and/or allows automated and remote measurement.

Time to Connect and Time to Quote

This new incentive will measure the time taken from initial application received to the issue of a quotation and the time taken from quotation acceptance to connection completion. The incentive will capture minor connections customers. No exemptions apply.

The Time to Quote targets are 8.21 working days for a single property and 11.73 working days for multiple properties.

The Time to Connect targets are 42.08 for a single property and 52.70 working days for multiple properties.

Unrestricted Domestic Tariff

The estimated annual cost of distribution to the typical domestic customer under the Common Distribution Charging Methodology, assuming a certain level of consumption for the chosen customer category and the total allowed income that is being targeted (reflecting previous under/over recoveries and various incentives).



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