

SP Energy Networks

RIIO-T2 Transmission Business Plan –
Willingness to Accept (WTA)

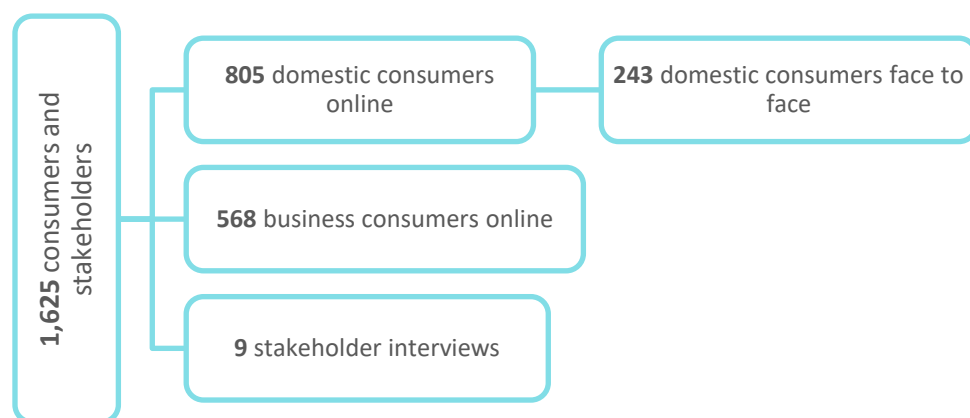
November 2019



Executive summary

Explain was commissioned by SP Energy Networks to conduct independent research with one central objective - to understand the extent to which your draft RIIO-T2 Transmission Business Plan is accepted by consumers and stakeholders.

To achieve this, we developed a bespoke online survey tool, which featured questions and videos which combined consumer-friendly commentary around your plan with supporting images and graphics. The tool was taken out to consumers around Great Britain (GB), with interviews completed face to face with domestic consumers, and online via panel with domestic and business consumers. In total, 1,616 consumers and nine key stakeholders were engaged in the research to date.



Results

Initial awareness

- Overall nationally representative figures show 17% awareness of SPEN and/or SPT amongst domestic consumers and 24% awareness amongst business consumers.
- Awareness of SPEN and/or SPT amongst domestic consumers was higher in-patch, with over half (55%) of those living in this area having heard of one or both before taking part in this research, compared to 15% of consumers who did not live in your licence area.
- Similarly, amongst business respondents a higher proportion reported having heard of SPEN or SPT amongst in-patch respondents (57%) than out-of-patch (24%).

Uninformed views on proposed bill impact

- Of domestic consumers, 76% of consumers living in your patch and 69% out of your patch, indicated that they accepted the average £4.99 bill impact value.
 - 6% in-patch and 5% out-of-patch did not accept this value.
 - 17% of domestic consumers living out-of-patch and 15% in-patch commented that they needed more information before determining if they accepted this value.
- Looking at the overall nationally representative results, 69% of domestic and 68% of business consumers accepted the £4.99 average annual bill impact value.
 - Over a fifth (22%) of business consumers felt they needed more information, as did 17% of domestic consumers.

Views on principles of your plan

- Among in and out-of-patch domestic consumers, 84% in-patch and 80% of out-of-patch consumers said that they agreed with the aim to drive cost and environmental efficiencies through a focus on innovation.
 - 2% - both in and out of your patch - did not agree with this aim.
- 83% of domestic respondents living within your patch and 80% of those living outside of your patch felt it was useful to incentivise companies to better deliver their targets.
 - 6% out-of-patch and 5% of in-patch domestic consumers did not think it was useful to incentivise companies in this way.
- Overall, business respondents were slightly more likely to think it was a useful idea to incentivise companies to better deliver their targets compared to domestic consumers (82% and 80% respectively). Despite that, the results show a majority of agreement with this principle.

Overall Willingness to Accept

- Of the 1,048 domestic consumers who took part, 85% of those living in your Transmission licence area said they found your business plan to be acceptable, 5% did not find the plan acceptable, and 10% did not know.
- Outside of your patch, willingness to accept the plan was slightly lower - 81% said they found the business plan acceptable, 5% did not accept the plan and 14% did not know if they accepted the plan.
- Overall, 82% of domestic consumers and 80% of business consumers who took part found your plan acceptable.

- Where respondents reported that they did not find the plan acceptable, they were asked an additional question to uncover the key reason for this.
 - Amongst in-patch domestic consumers, this was most commonly due to the average bill impact (68%), which was the same for 57% of out-of-patch domestic consumers.
 - For out-of-patch domestic consumers, 40% did not accept the contents of the plan; this was 9% amongst in-patch domestic respondents.
 - 22% of in-patch domestic respondents said the key reason was '*something else*'.
- Overall, five out of the nine stakeholders interviewed found your business plan to be acceptable. The remaining four interviewees were unsure if they accepted the plan, largely due to a desire for specific targets to be communicated and more background in terms of the calculation of numerical figures such as the average consumer bill impact to be provided.

Conclusions

Overall, the research found that a majority of consumers, both domestic (82%) and business (80%), found your RIIO-T2 draft Business Plan to be acceptable. When comparing the results between in-patch and out-of-patch audiences, willingness to accept was slightly higher amongst in-patch consumers than out-of-patch (85% versus 81% domestic and 83% versus 79% business). This could be driven, in part by higher awareness of SPEN and/or SPT before taking part in the research – 55% of domestic and 57% of business in-patch respondents had heard of one or both of the organisations, compared to 15% domestic and 24% business out-of-patch respondents. Literal comments from respondents demonstrated that consumers felt the plan looked reasonable and factored in areas of interest to them such as the environment (domestic) and innovation (business).

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1.0 Introduction

This section of the report outlines the background and objectives of the research alongside the chosen methodology.



Background

Alongside the other transmission networks, SP Energy Networks (SPEN) are required to submit their final business investment plans for the 2021 to 2026 period to Ofgem by 1st December. This plan will outline how you plan to spend and invest to secure and future-proof your network.

On 1st October 2019, you submitted a draft plan to Ofgem and their Consumer Challenge Panel for review, but before the final plan is submitted, it's important to understand if your plan is acceptable to consumers and your stakeholders.

Explain was commissioned to conduct independent research with this central objective - to understand the extent to which the current draft plan is accepted by consumers.

Methodology

The primary methodology used for this research was a survey which was completed through a bespoke online tool. This online tool consisted of four videos which outlined the role of SP Energy Networks and SP Transmission (SPT), why a business plan has to be submitted and the key points of the business plan, as well as five open and five closed questions designed to capture respondents' acceptability of the plan. The final closed question acted as the overall acceptability question.

Development of the online tool

To develop your bespoke survey tool, SPEN's draft business plan was first condensed down into a slide deck which included background, key points and imagery, which would form the basis of the videos within the tool. Commentary was then added to the slides, which would also form the voiceover of the videos. The questions to be asked throughout the tool were considered and added to the tool in order to capture the acceptability of the plan. Language was very carefully considered throughout, to ensure that the information was consumer-friendly and complex ideas were simple to digest and understand.

Before video production began, five cognitive interviews were carried out with individuals of varying ages and genders. Recruitment for these interviews was targeted towards those with lower awareness of the utilities sector. These interviews were carried out to test the wording and level of information proposed to be included within the online tool videos. This was to ensure that the information could be understood easily by those who might have limited knowledge of the transmission industry, and therefore enable them to give informed responses to the questions at

hand. During these interviews, respondents were shown a printout of the slide deck including the commentary and all visuals.

The wording of the questions within the tool, specifically the final acceptability question was also explored within the cognitive interviews. Some of the options for the final acceptability question that were considered included:

Do you accept our Business Plan for 2021-2026?

Are you willing to accept our Business Plan for 2021-2026?

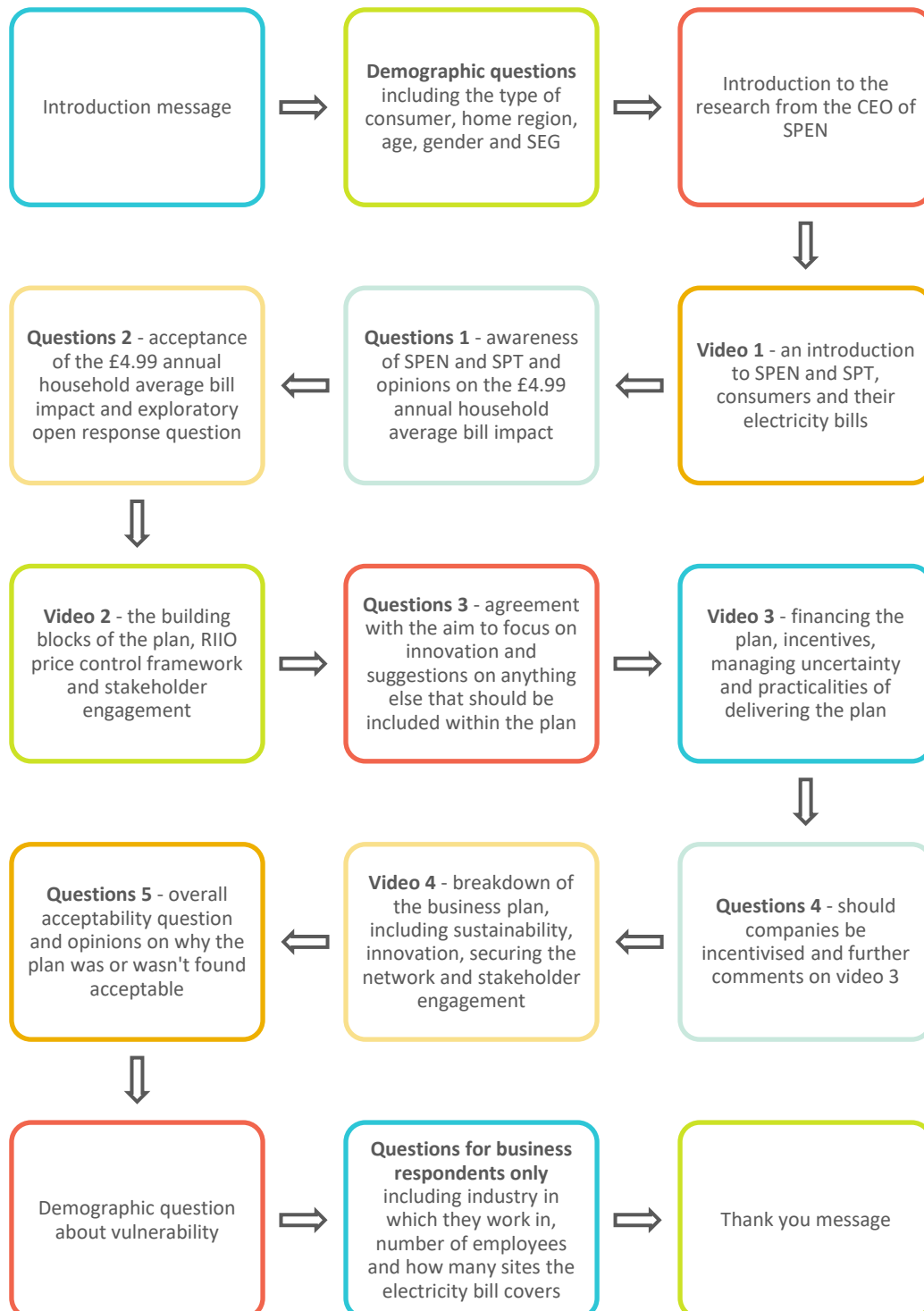
Do you accept the costs of our Business Plan for 2021-2026?

Do you agree with our Business Plan for 2021-2026?

Some of the comments that were made by cognitive interview respondents and the changes that we made included:

- Not understanding the difference between a consumer representative and a business representative; we changed this to be a domestic consumer of electricity or a business representative.
- Not understanding some of the terms including Net Zero, stakeholder, RIIO-T1, RIIO-T2, non-load, monopoly and low carbon energy, therefore we included a glossary of terms within the tool that respondents could access as needed.
- It was felt that there were too many different types of vulnerability options included within the demographic questions, so some were grouped for conciseness.
- It was felt in some instances that the language used included jargon and slightly wordy languages, therefore we revised these sections of commentary to make them more understandable.
- Respondents said that the graphs were useful to help understand the information as they pulled out key figures and numbers, therefore it was ensured that this type of imagery was included within the videos and numbers drawn out in the graphic imagery.

Once feedback from the cognitive interviews had been incorporated into the slide deck and commentary, video production began. The four videos were created by Explain and included imagery, voiceover and light background music. After videos were completed, you reviewed each and signed them off before they were incorporated into the online tool. The final tool had the following structure:



Principles of our research sample

As the patch your Transmission business operates in covers Central and Southern Scotland, 50% of respondents for this research lived within this region. This was done to ensure that the overall sample reflected the greater impact of your work there. However, as the costs of running transmission networks are nationalised across Great Britain (GB), it was important that we also engaged with consumers GB-wide. Therefore, the remaining 50% of the sample came from the other regions within GB. The map below is taken from the online tool and demonstrates the regions engaged.



Face to face interviewing

After the tool was finalised, face to face on street interviews were conducted. These interviews were conducted by experienced on-street interviewers, who went door to door to recruit respondents. Respondents each received £10 as a thank you for taking part in the research.

To ensure that the views and opinions of SPEN's direct consumers were represented within the sample, 50% of the face to face interviews were conducted in Central and Southern Scotland. The remainder of the responses were split across the rest of Great Britain. All interviewers aimed to meet quotas on age, gender and SEG group to ensure that individuals from a range of demographic profiles were engaged with as part of this research.

Interviews were conducted over 14 locations, and in total 243 face-to-face interviews took place. The number of completed interviews in each location is displayed below:



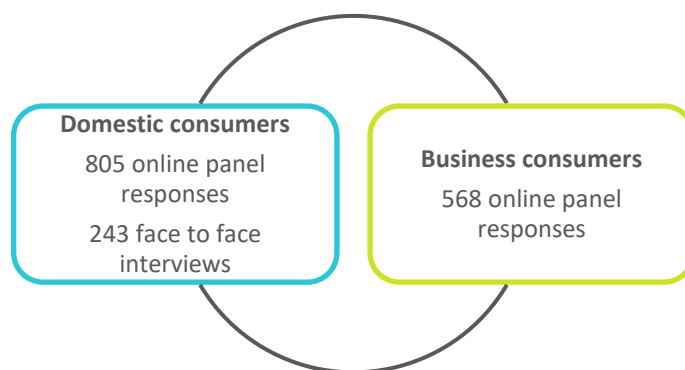
To ensure the validity of our data, 20% of responses from each of the locations were backchecked by Explain for quality checking and verification purposes.

Business and domestic sample

Targets of 50% of responses from Central and Southern Scotland were set, the remainder of responses were distributed throughout the rest of the United Kingdom. Demographic quotas were set on domestic consumer fieldwork to ensure a range of demographics across Great Britain were engaged with.

Some criteria for participation were set:

- All domestic consumers over the age of 25 were required to be electricity bill payers, those aged 18-24 could be responsible for the household bill, or not (if not, they were considered “future customers”)
- To take part, business consumers were required to be business decision makers.



The digital tool was distributed to business and domestic consumers of electricity via an online panel. Prior to launching the tool with the online panel, a pilot sample of 40 responses (20 domestic and 20 business) was completed. No changes were made after this pilot therefore these 40 responses were included within the final sample.

Stakeholder interviews

To support the responses gathered from consumers directly and ensure representation from groups such as fuel poor consumers and those with expertise in sustainability, in-depth interviews with **nine** of your stakeholders were carried out. Interviews lasted roughly 30 minutes and followed a pre-agreed discussion guide. Stakeholders were asked to complete the online tool prior to interview and their responses were referenced throughout.

Notes on analysis

In all graphs, results are broken by audience:

- **Domestic:** 1,048 domestic consumers who completed the online tool via online panel (805) or face to face with an interviewer (243)
- **Business:** This audience are business decision makers - 568 business consumers who completed the tool online via panel.

Percentages may not add up to 100% due to rounding, or where answers could be multi-coded by respondents.

Reliability of results

- **Domestic:** The combined sample of 1,048 gives an error rating of 3%.
- **Business:** This sample size of 568 gives an error rating of 4%.

These error ratings indicate that the results can be considered robust.

Weighting

Weighting has been applied to the samples in two ways:

1. **To give us 'in-patch' and 'out-of-patch' results;** here, weighting has been applied to allow for comparison of the results between those who live in your patch and those who live in the rest of GB but will pay for your plan due to nationalised costs.
2. **To give us a nationally representative sample;** here, weighting has been applied to the total sample at a national level, on the following demographic information; age, gender, socioeconomic group and region of residence.

RIM weighting has been used. This method allows for weighting on multiple variables, weighting the sample both up and down so that it matches target quotas - a weighting variable is applied which acts to correct the proportion by reducing or amplifying the affect each area of the sample has and to bring it in line with the proportions of the quotas.

Weighted percentages and base sizes are reported throughout, and the weighting approach is identified in the graphs. Due to the weighting method, the weighted base sizes vary from achieved samples.

2.0 Respondent profile

The profile of respondents engaged in the research can be found in this section.



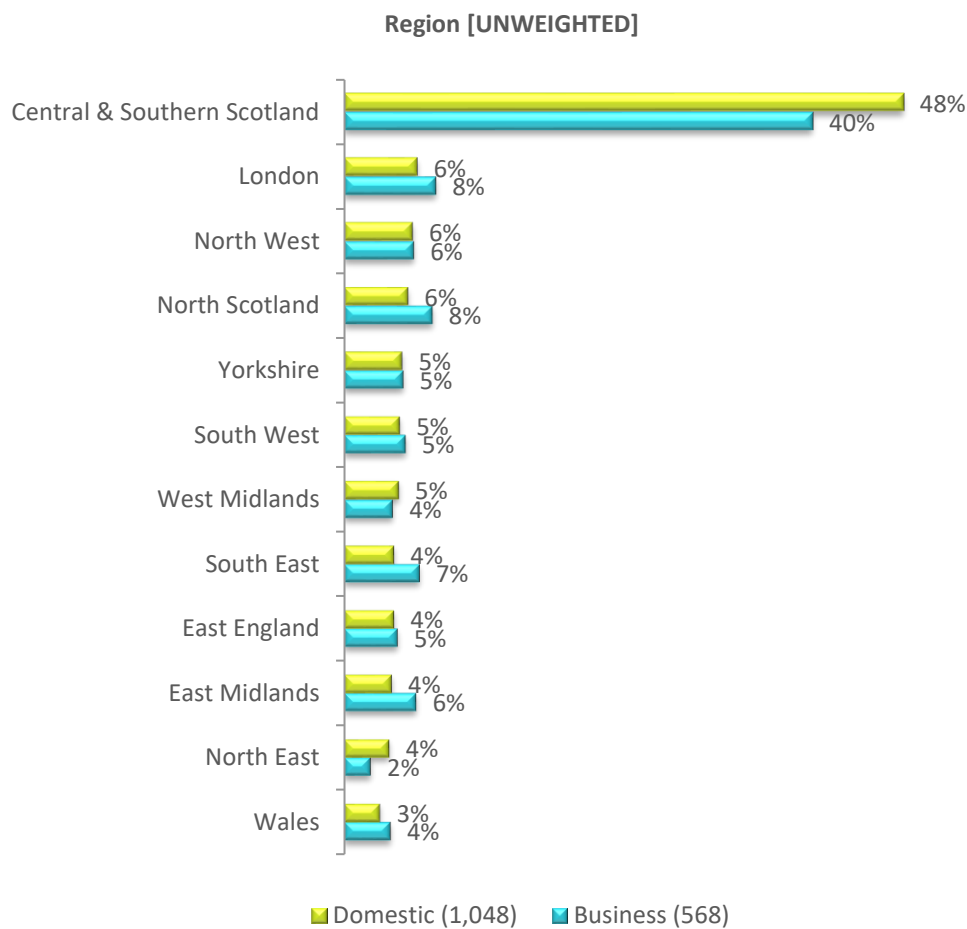
Respondent profile

In total to date, 1,616 consumers took part in this research. The sample was made up of:

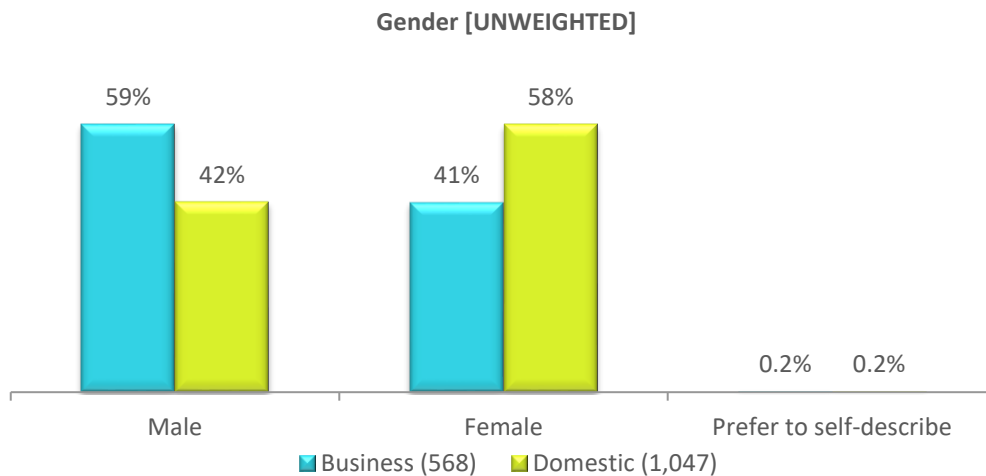
- 1,048 domestic consumers, 243 of whom completed the tool face to face with an interviewer and the other 805 took part via online panel,
- 568 business consumers, who took part via online panel.

Please note, profiles are presented in this section without weighting, to give you an understanding of the true participation sample.

Respondents took part across Great Britain (GB); just less than half of domestic consumers engaged lived in your Central and Southern Scotland operating patch, while this was 40% amongst business consumers. The remainder of respondents lived in regions across GB.

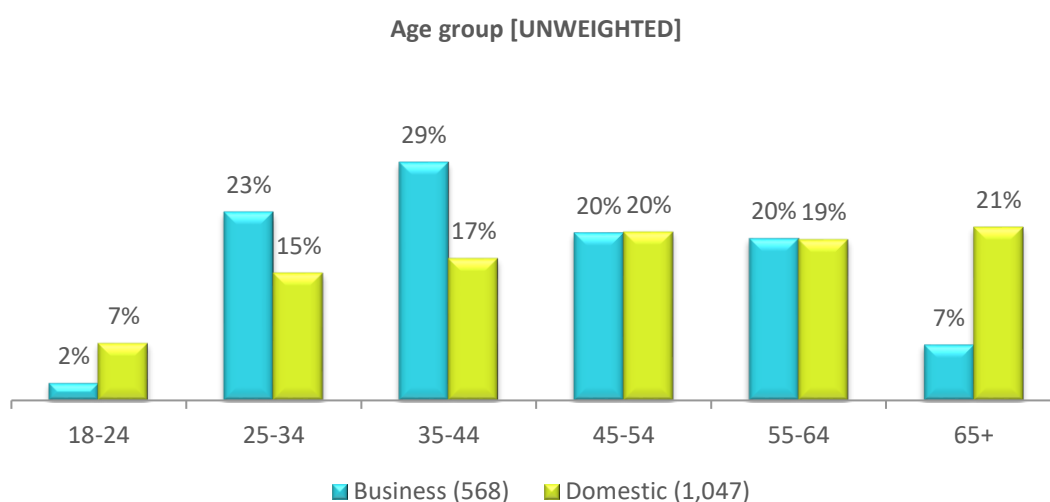


Domestic consumers who took part in the research were more likely to be female (58%), while business consumers were more likely to be male (59%). A very small proportion of both audiences preferred to self-describe (0.2%).

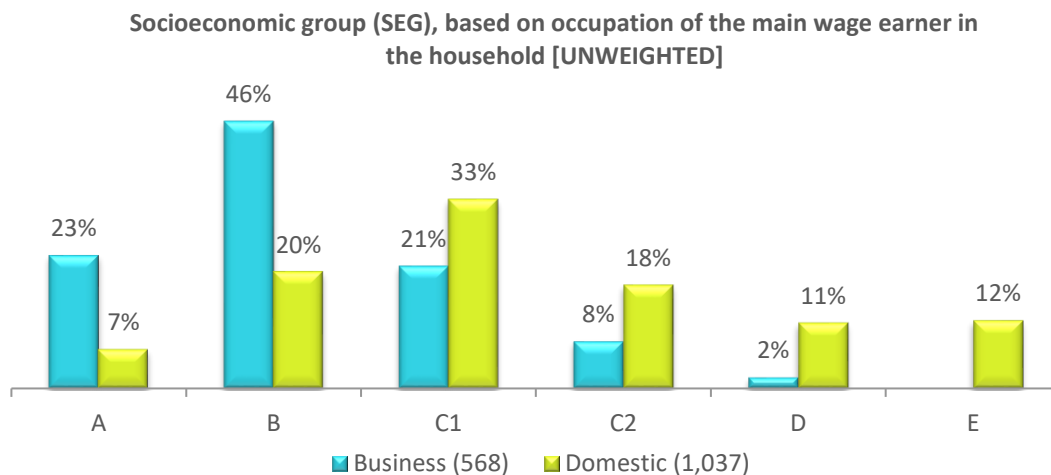


Amongst those who preferred to self-describe, a very small proportion of domestic respondents described themselves as *non-binary* and amongst business respondents one identified as *genderfluid*.

A variety of age groups were engaged across both audiences; amongst domestic consumers age groups varied, while business respondents were more likely to be aged 35-44 (29%) or 25-34 (23%).



Socioeconomic groups engaged again varied, with domestic consumers most likely to be group C1 (33%). No group E business respondents were engaged in the research, as respondents in this audience were required to hold a professional role in which they were a decision maker.



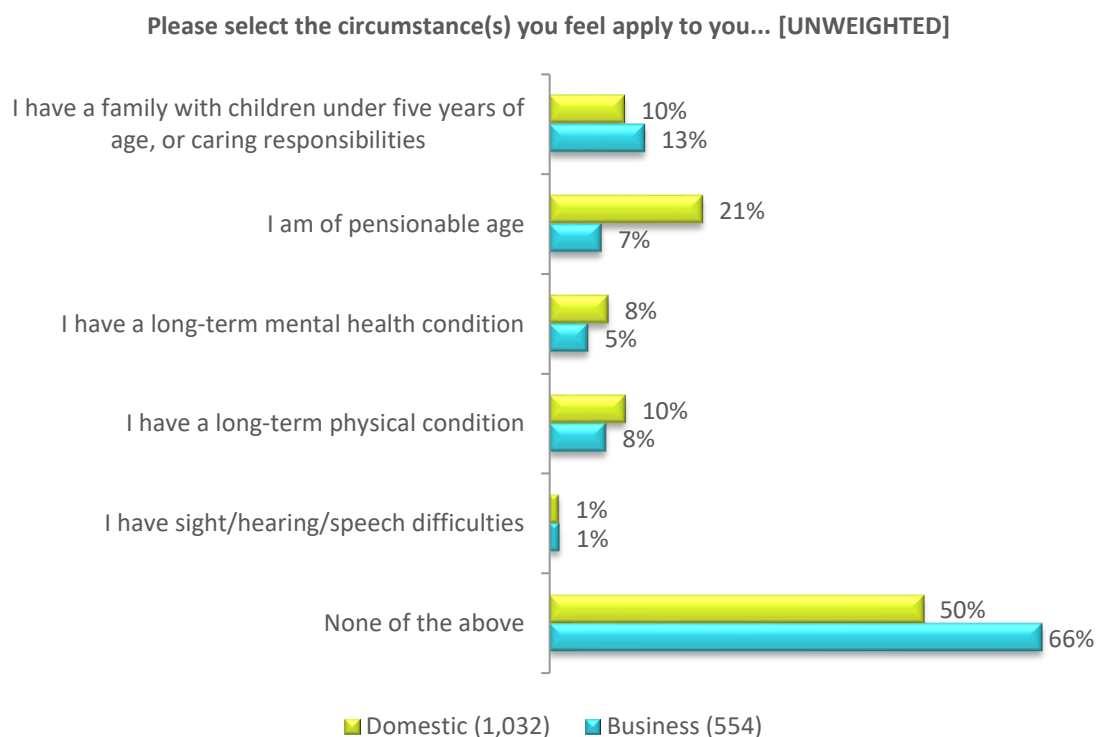
The following criteria is used to categorise the socioeconomic group (SEG) of respondents.

Group	Definition
A	Higher managerial, administrative, professional e.g. Chief executive, senior civil servant, surgeon
B	Intermediate managerial, administrative, professional e.g. bank manager, teacher
C1	Supervisory, clerical, junior managerial e.g. shop floor supervisor, bank clerk, salesperson <u>or</u> student
C2	Skilled manual workers e.g. electrician, carpenter
D	Semi-skilled and unskilled manual workers e.g. assembly line worker, refuse collector, messenger
E	Casual labourers, pensioners, unemployed e.g. pensioners without private pensions and anyone living on basic benefits

We sought to understand if respondents could be living in circumstances which made them more vulnerable. All respondents were asked if they felt any of the following applied to them:

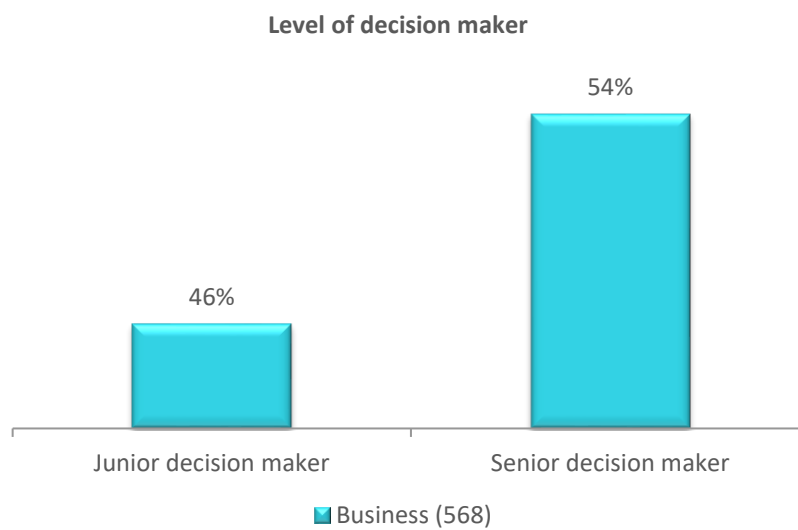
- I have sight/hearing/speech difficulties
- I have a long-term physical health condition
- I have a long-term mental health condition
- I am of pensionable age
- I have a family with children under five years of age, or caring responsibilities
- None of the above

Half of domestic (50%) and two thirds (66%) of business consumers did not consider any of the circumstances to apply to them. A fifth of domestic consumers (21%) were of pensionable age, which was lower amongst business respondents at 7%. 13% of business consumers and 10% of domestic consumers had a young family or caring responsibilities, while 10% of domestic and 8% of business respondents had a long-term physical health condition.



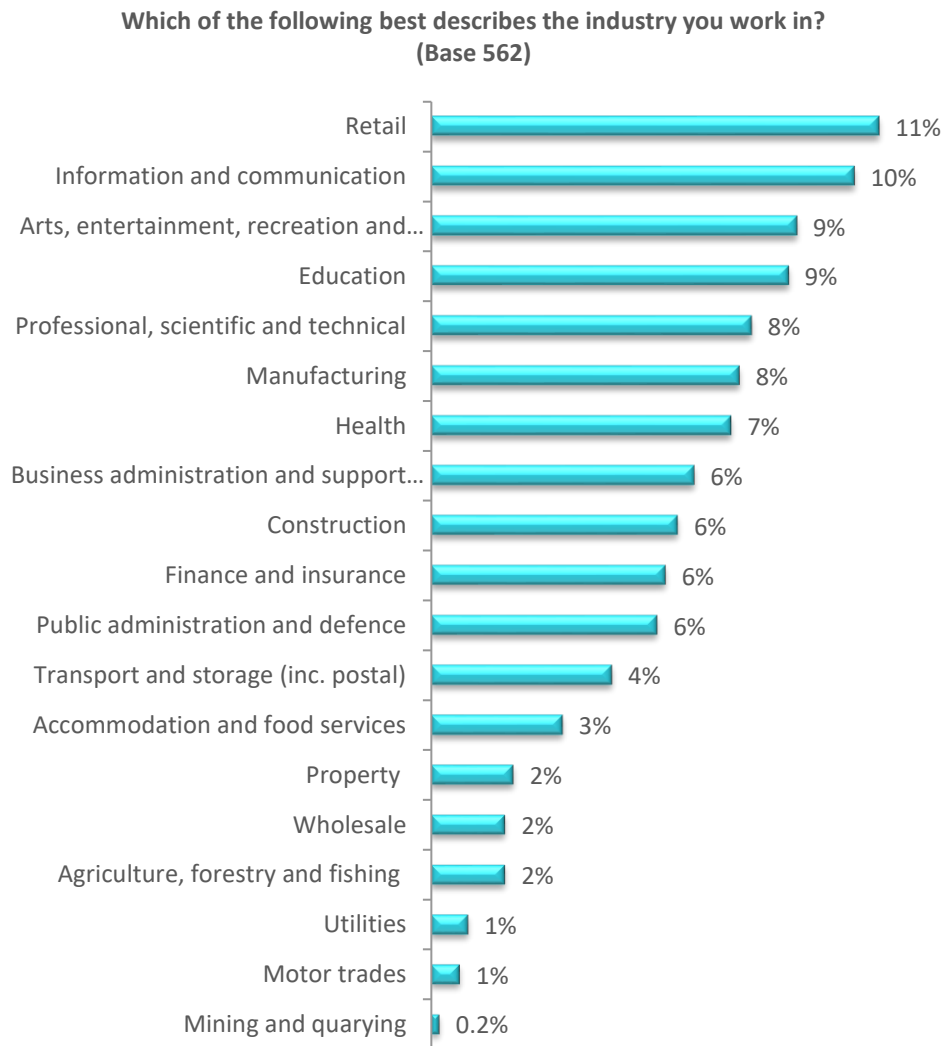
Business profile

Business consumers were required to be a decision maker within their organisation. Over half (54%) of those who took part in this research were senior decision makers, the remainder described themselves as junior decision makers.

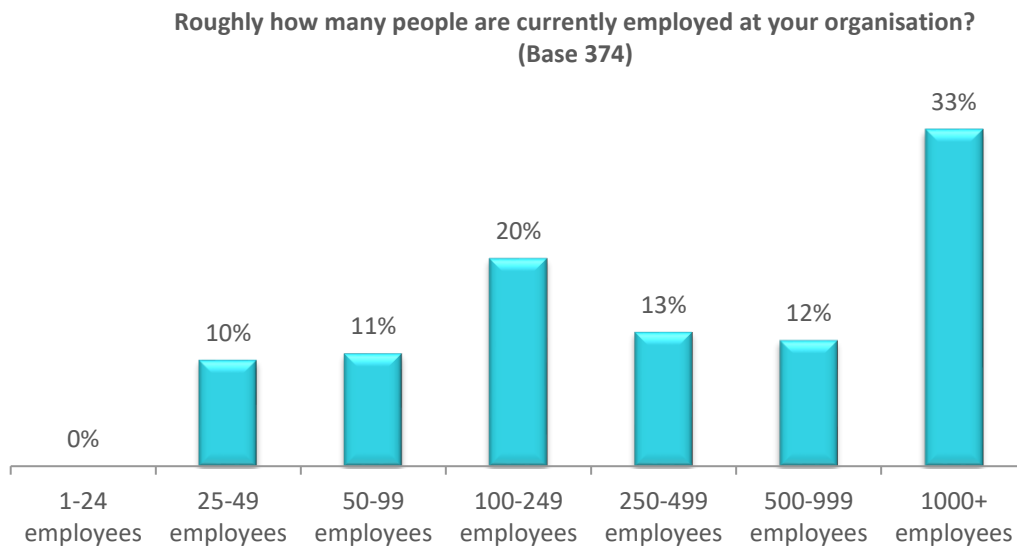


We sought to understand the range of business consumers engaged, so this audience was asked additional questions around the nature and size of their organisation.

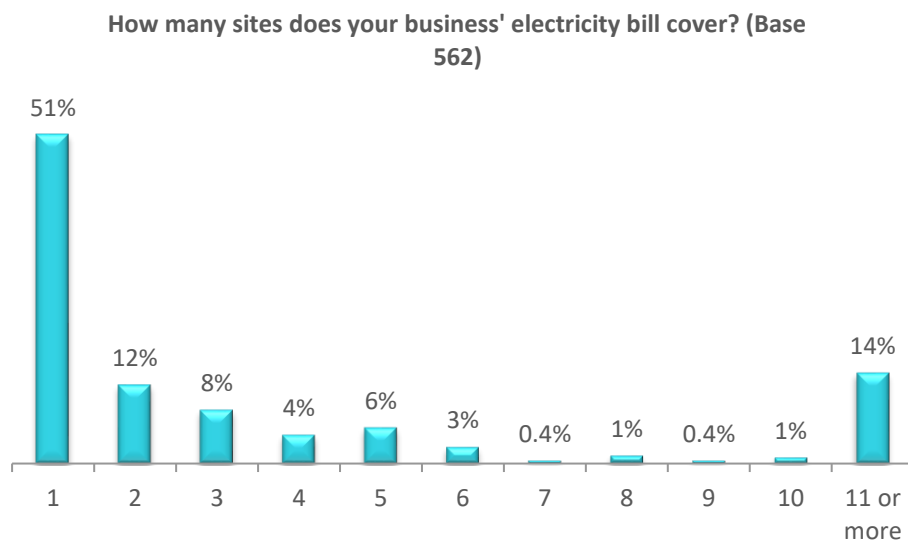
A wide range of business types were engaged; just 1% of business respondents worked in the utilities industry.



The size of businesses engaged also varied; a third (33%) were large with 1,000 employees or more, while a fifth (20%) had 100 to 249 employees.



The number of sites per business varied. Over half (51%) of business consumers reported that their organisation's electricity bill covered one site, while 14% said it covered 11 or more.



Spread of respondents

The following maps show the postcodes of those respondents to the domestic and business surveys that chose to provide this information, with one red pin per respondent. The images demonstrate the spread of participation across Great Britain, with higher participation levels in the Central and Southern belt of Scotland.

Domestic consumers



Business consumers



Stakeholders

Interviews were conducted with nine stakeholder organisations via telephone. Each of these stakeholders completed the online tool prior to interview.

Catherine Pearce

Network Capacity Building Manager at Sustainable Network Scotland

Area of interest: Sustainability

Gillian Wilson

Head of Development at Community Energy Scotland

Area of interest: Consumer representative

Jamie Stewart

Strategic Lead (Markets) at Citizens Advice Scotland

Area of interest: Consumer representative

Nabil Kassatly

Director at Development Vectors Ltd

Area of interest: Sustainability

Matt Copeland

Policy Manager at National Energy Scotland

Area of interest: Consumer representative

Jamie Robinson

Energy Team Specialist and Energy Systems Strategy Lead at Scottish Enterprise

Area of interest: Business representative

Bruce McCall

Project Manager at Greener Kirkcaldy

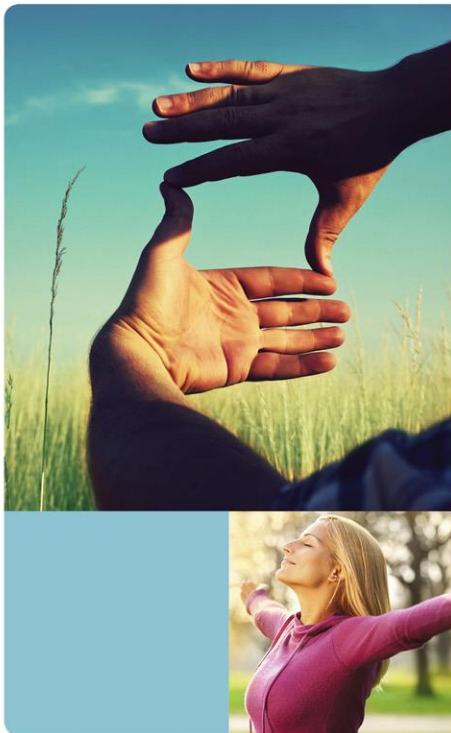
Areas of interest: Sustainability and Consumer representative

Two respondents wished to remain anonymous and not be listed as someone that we spoke to as part of the research.

All stakeholders held professional roles within or working with the energy industry, and some had dealt with SP Energy Networks before, through their work and through your stakeholder engagement activity.

3.0 Results

Findings from this research are detailed in this section.

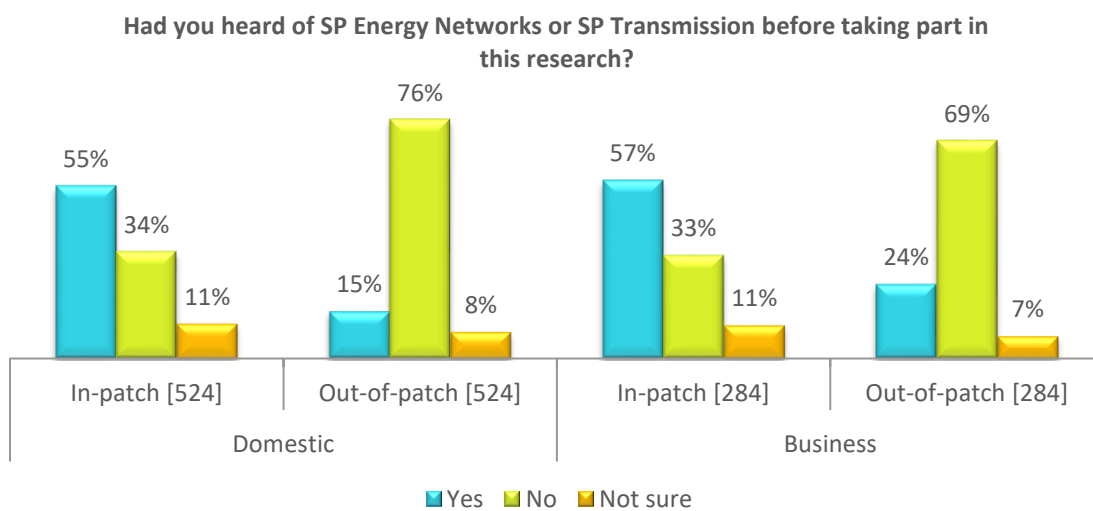


Results

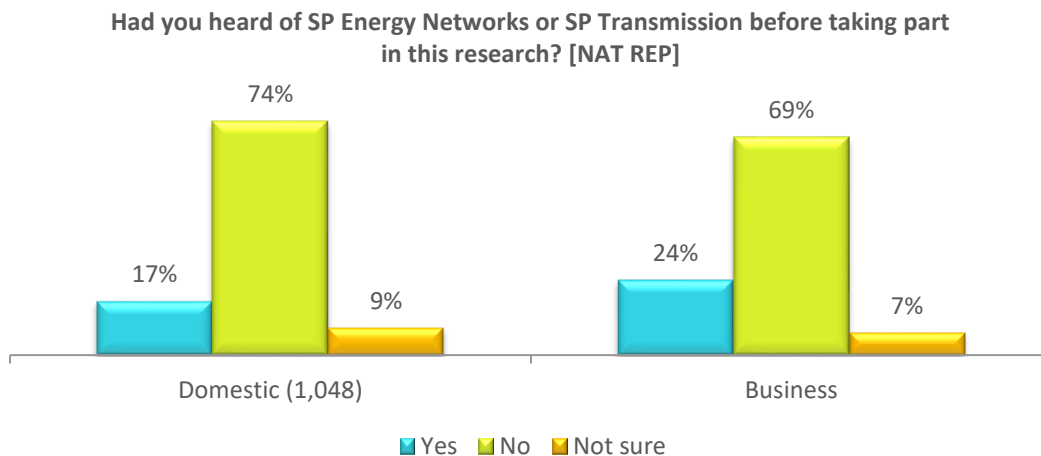
Initial awareness

After viewing the first video, consumers were asked if they had heard of either of these companies before being invited to take part in the research, in order to gauge level of initial awareness.

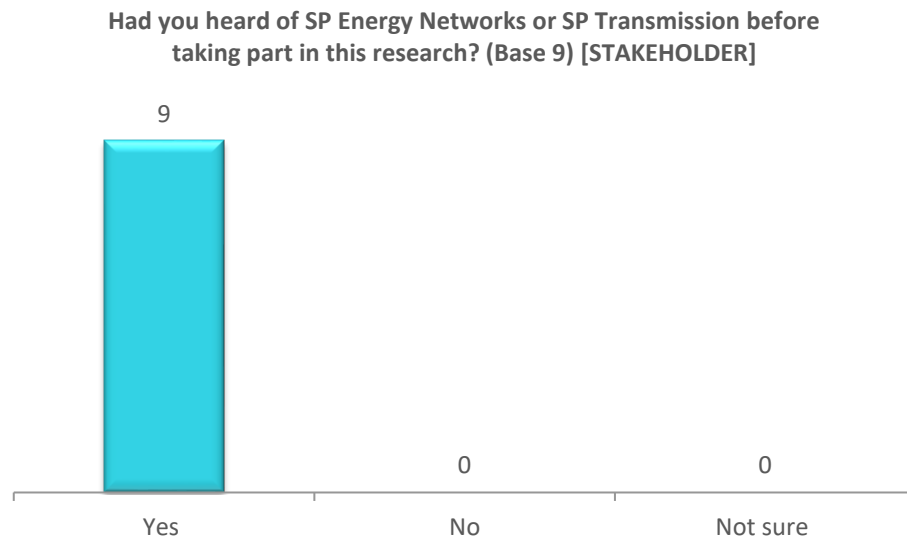
Overall, awareness of SPEN and/or SPT amongst domestic consumers was higher in-patch, with over half (55%) of those living in this area having heard of one or both before taking part in this research, compared to 15% of consumers who did not live in your licence area.



When considering the nationally representative results, overall awareness was higher amongst business consumers (24%) than domestic (17%).

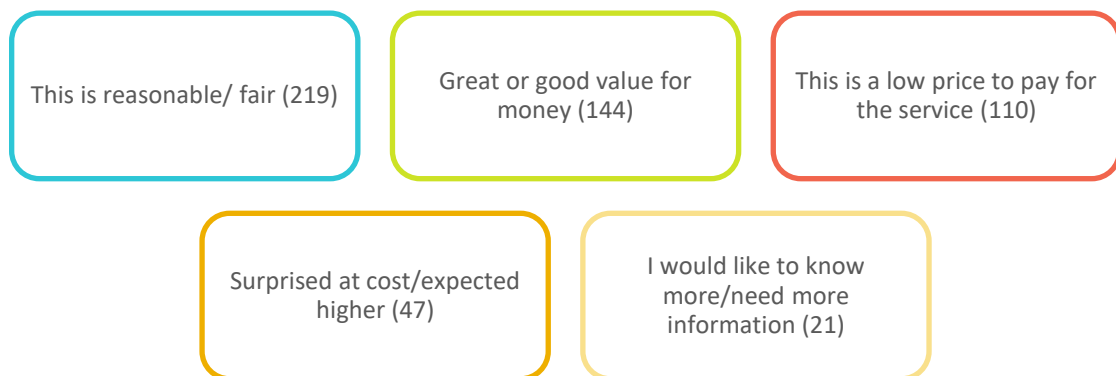


All nine of the stakeholders who took part in an interview had heard of SPEN and SPT before being invited to take part in an interview.



Uninformed views on proposed bill impact

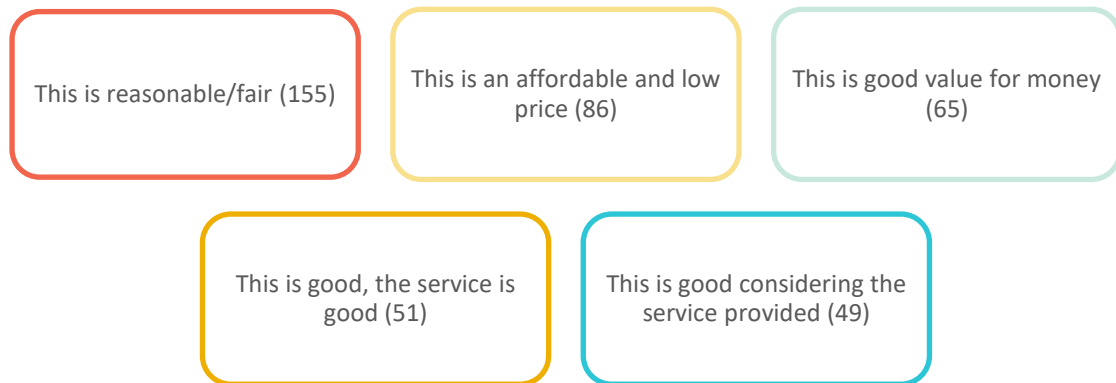
After an introduction to SPEN, your transmission business and the wider electricity system, and initially hearing that the average annual cost of your service per household will be £4.99 per year, consumers were asked their opinion on this. Some of the common themes identified amongst responses from domestic consumers included:



A selection of the comments from respondents included;

- *"£4.99 per year is a good price and SP Transmission do good work"* (Domestic consumer)
- *"I think it is extremely good value and I did not know about the other costs - governmental etc"* (Domestic consumer)
- *"This is a very worthwhile service, and at a low cost to the consumer"* (Domestic consumer)
- *"I am shocked at how little is paid to SP Transmission; I would have assumed it would have been a higher percentage"* (Domestic consumer)
- *"Hard to say without knowing how many households that the 4.99 is multiplied by"* (Domestic consumer)

Similarly, business consumers most commonly commented that they felt this was reasonable, affordable and demonstrated good value for money:



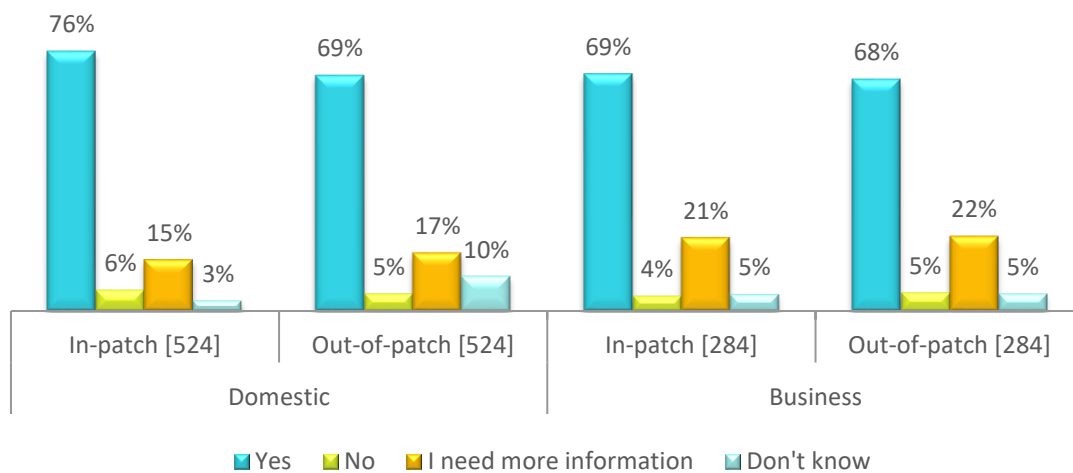
- *"I think given what they do, the infrastructure, the reliability and the cost of an overall energy bill, this on first appearance seems very reasonable"* (Business consumer)
- *"It seems reasonable - it's a lot of money when you consider the number of households, but maintaining supplies to more remote places will be expensive"* (Business consumer)
- *"I think, overall, it is cheap, and excellent value for money"* (Business consumer)

Themes identified within stakeholder responses aligned with those of business and domestic consumers, with a perception that the cost was reasonable/fair (5) being the most common theme among stakeholder survey responses. Other responses centred around being good value for money (1) and seeming cheap (1). However, some stakeholders were keen to have greater depth of information which supported understanding of whether the bill impact demonstrated efficient spend.

- *"It seems like a reasonable price - but it does not give comparison to what the price was before or how efficiently the business is being run"* (Jamie Stewart, CAS, via online tool)
- *"It does not seem like a lot of money from the pot to run such a vast network"* (Anonymous, via online tool)
- *"It seems reasonable, but is difficult to fully understand given the vast numbers involved at a UK level"* (Anonymous, via online tool)
- *"The company plays a vital role in the UK energy system and so this cost is justified"* (Jamie Robinson, Scottish Enterprise, via online tool)

Consumers were then given a brief overview of your plans for RIIO-T2 and were asked if they accepted the value of £4.99 of the average household electricity bill going to SP Transmission, to deliver your plan. Of domestic consumers, 76% of consumers living in your patch and 69% out of your patch, indicated that they accepted this value. Additionally, 17% of consumers living out-of-patch and 15% in patch commented that they needed more information before determining if they accepted this value. It should be noted that respondents had not heard about the contents of the plan by this stage of questioning.

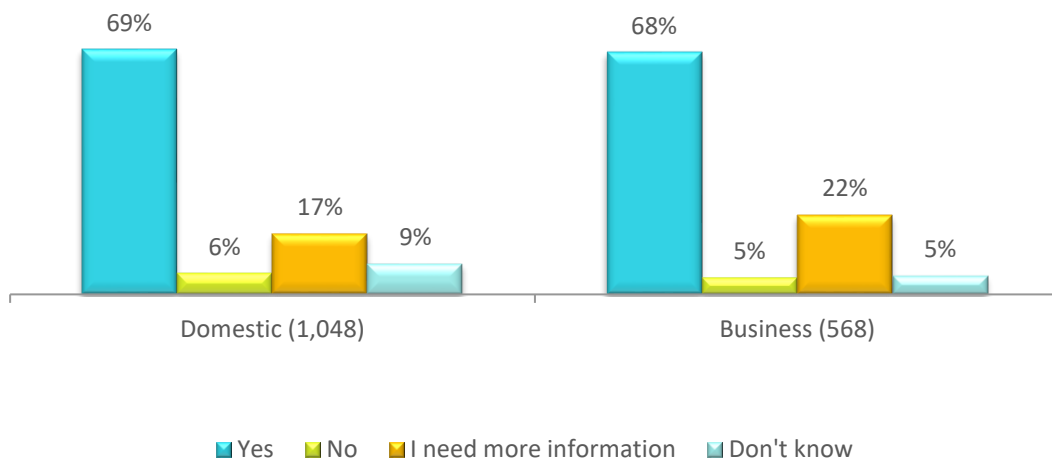
Based on what you have heard so far, do you accept the value of £4.99 of the average household electricity bill going to SP Transmission to deliver their plan for 2021 to 2026?



The findings from the business consumers were similar, with strong levels of acceptance amongst this audience which was slightly higher amongst in-patch respondents (69%) compared to out-of-patch (68%).

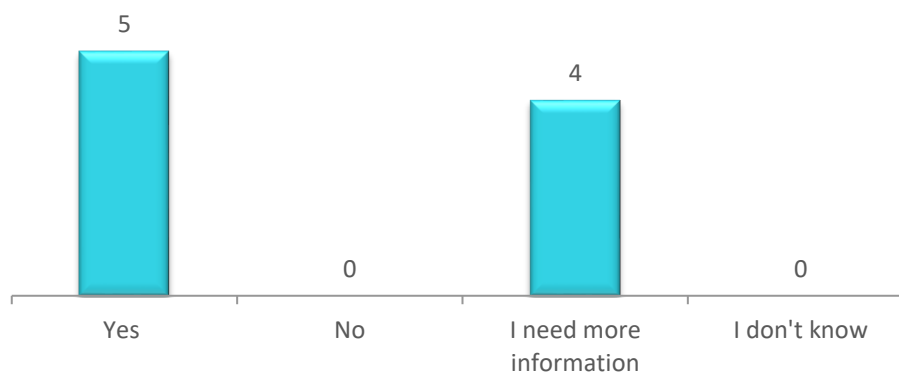
Considering the overall nationally representative results, 69% of domestic and 68% of business consumers accepted the £4.99 average annual bill impact value. Over a fifth (22%) of business consumers felt they needed more information, as did 17% of domestic consumers.

Based on what you have heard so far, do you accept the value of £4.99 of the average household electricity bill going to SP Transmission to deliver their plan for 2021 to 2026? [NAT REP]



When the stakeholders engaged were asked if they accepted the value of £4.99 of the average household electricity bill going to SP Transmission, five indicated that they did accept this value, whilst four indicated that they would like more information.

Based on what you have heard so far, do you accept the value of £4.99 of the average household electricity bill going to SP Transmission to deliver their plan for 2021 to 2026? (Base 9)
[STAKEHOLDER]



Respondents were given an open box to explain their reason(s) for accepting or not accepting this value.

I accept the value of £4.99

Among domestic consumers who did accept this value of £4.99, common themes among their responses included:



Examples of comments from domestic consumers included:

- *"Sounds like a reasonable price to pay for a plan that will balance environmental protection with support for customers"* (Domestic consumer)
- *"Seems a small price to pay for such an ambitious plan"* (Domestic consumer)
- *"The transmission of the electricity I use 365 days of the year for under a fiver? That's a bargain by anybody's standard"* (Domestic consumer)
- *"I think this would make a massive difference to the country or even the world's energy supply if this is well developed and if it is worked on efficiently, so I would love to support such a brave idea"* (Domestic consumer)

Similar themes were identified from the responses of business consumers who accepted the plan; 'this is reasonable/fair' (120), 'the cost is low and I could afford that' (50), and 'this is good/good value' (49). Other thoughts included an understanding and appreciation of the need for the costs (13), and awareness spend is necessary for the future (6).

- *"I would be quite happy for the sum to be raised slightly if it were guaranteed that there would be uninterrupted 24/7 power. Honestly, the need for there to be a way to maintain the network is *slightly* more important than saving a little money here and there"* (Business consumer)

Online comments from stakeholders who accepted this value included concerns about how those who are fuel poor are factored into the costs of the plan, and a positive perception that the £4.99 will support delivery of the Net Zero targets.

- *“The plans should be set out in clear form, for the customer to understand better on the activities, intentions and goals for SP Transmission. Extra care must be taken for those on low incomes, fuel poor etc. Are there ways to allow compensation for those on low incomes?”*
(Catherine Pearce, Sustainable Scotland Network, via online tool)
- *“Net Zero is likely to cost more than outlined here, but happy to see increased cost on electricity if it means less on energy in general and it helps Net Zero”* (Anonymous, via online tool)
- *“The work of companies like SP Transmission is vital to meet our low carbon energy targets. They have a responsibility to deliver on this and as such require adequate resource to do so”*
(Jamie Robinson, Scottish Enterprise, via online tool)

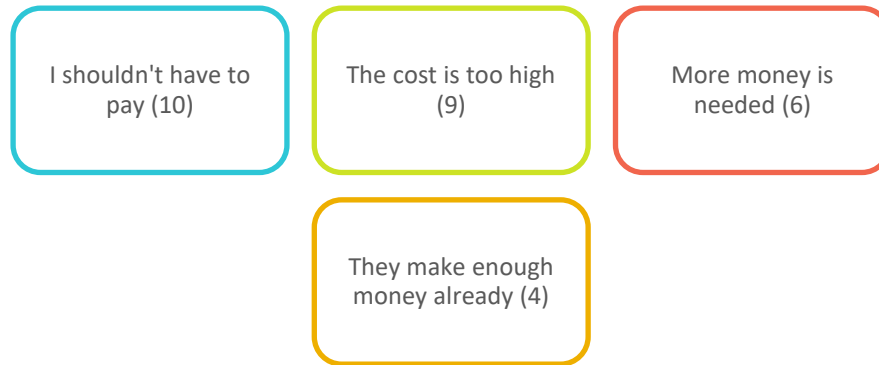
Additionally, within in-depth interviews stakeholders indicated that they felt the value of £4.99 was reasonable, however some were keen to see a comparison in costs between SP Energy Networks and other networks. Others surprised at how low this value was considering what is/will be delivered for it.

- *“My reaction to that was it seems reasonable, but I think with all of the costings the same thing would apply that I think it is useful for SP Energy Networks to show its comparison with the equivalent figures with other DNOs”* (Gillian Wilson, Community Energy Scotland, in-depth interview)
- *“It’s an acceptable value and I’m surprised because it’s low and I do feel that people understand that investment costs money”* (Anonymous, in-depth interview)
- *“£4.99 is peanuts and in my view home users will be sitting back and wondering why all of the fuss, they are charging us £5 for a year and they are asking all of these questions but what is the problem?”* (Nabil Kassatly, Development Vectors Ltd, in-depth interview)




I do not accept the value of £4.99

Consumers who did not accept the £4.99 value were also asked to provide an explanation for this.

Themes that emerged among responses from domestic consumers included:



Some examples of comments made by consumers can be found below:

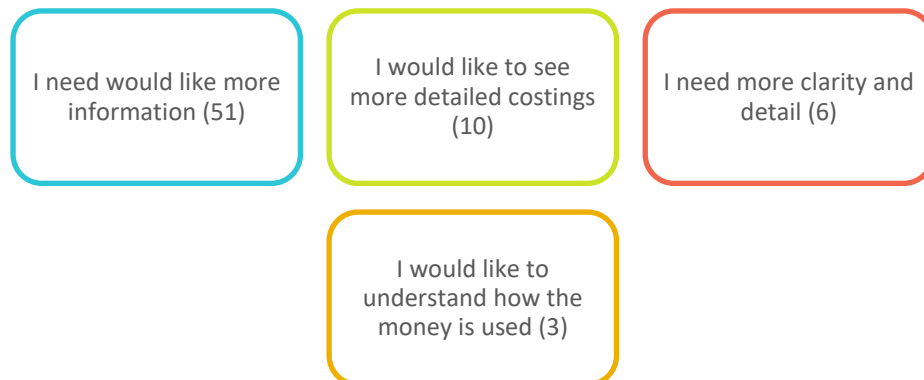
-  *"Too expensive already. It should not be paid by individuals"* (Domestic consumer)
-  *"Seems a lot per household"* (Domestic consumer)
-  *"Prices are high enough already"* (Domestic consumer)

Business consumers who did not accept the value had a perception that power companies were overpaid (4) and therefore did not feel consumers should pay more (3).

-  *"We pay enough, they are raking it in already"* (Business consumer)

I need more information

Consumers who indicated that they needed more information before accepting the £4.99 cost were asked to provide some reasoning behind their response. The most common themes in responses of domestic consumers were:



Some examples of comments from consumers which have been included in these themes are:

- *"I'd need to find out how much the other companies charged in comparison"* (Domestic consumer)
- *"Would need to know more of the 2021-2026 plan and how they plan on being 'net zero'"* (Domestic consumer)
- *"Without knowing the precise components of what is paid for, to whom, in actual figures I cannot formulate an accurate opinion"* (Domestic consumer)
- *"It really needs more clarification about how it will use this money collected. No sense of accountability was mentioned"* (Domestic consumer)

Business consumers who felt they needed more information wanted to know more about the budget and costs (19), noted it was complicated (9) and that a lack of awareness of SPEN and your industry prior to taking part in the research made it difficult to form an opinion (8), and some called for comparable information to help them determine if the value was acceptable (6).

- *"I do not know enough about the industry, or exact measurable outputs, to make a decision now"* (Business consumer)
- *"I would need to see an independent review on this matter"* (Business consumer)

Stakeholders who felt they needed more information made comments surrounding a need for more about how the £4.99 compares to other transmission networks and the costs during previous price controls, as well as the parameters used to calculate this value, before they could truly determine if the £4.99 was acceptable.

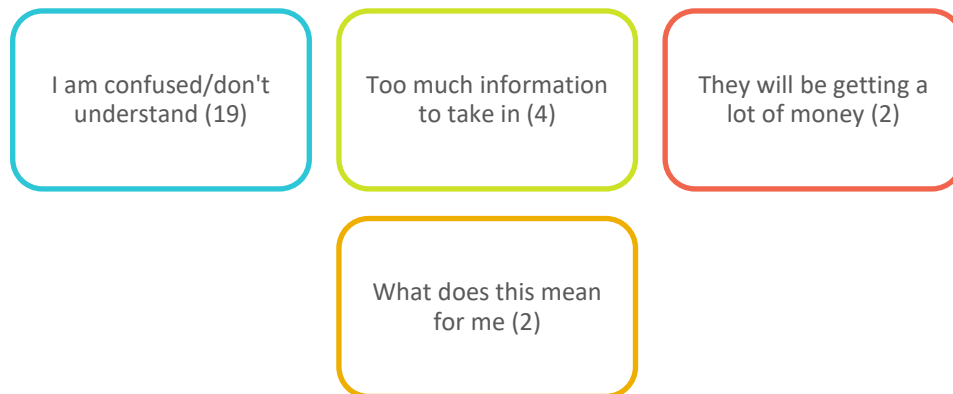
- *“Useful to know the cost of SP Transmission in comparison with the equivalent cost for SSEN and National Grid - is it higher or lower than their cost per household per year or the same?” (Gillian Wilson, Community Energy Scotland, via online tool)*
- *“I would like more information about how the cost compares to the previous regulatory period and with a breakdown of the £4.99 into constituent parts” (Jamie Stewart, CAS, via online tool)*
- *“I need to know the parameters used in the computation” (Nabil Kassatly, Development Vectors Ltd, via online tool)*
- *“It’s very easy to endorse a cost that looks low without knowing actually how does it compare to other companies or the past, could it be delivered for £3.00? Every single bill payer is paying for this, the difference between £3.00 and £4.99 for an individual person doesn’t seem that much, but when you add it up around the whole of GB, it’s an enormous difference in terms of cost. So, I guess that’s where my caution comes from in terms of supporting the £4.99” (Jamie Stewart, CAS, in-depth interview)*

Some stakeholders commented that they felt the value of £4.99 was reasonable, however they would be unsure if consumers who were on low incomes and/or fuel poor would accept this value; this was an area of concern. It was also highlighted that fuel poor and vulnerable consumers will be unlikely to benefit from investment in infrastructure to support electric vehicle charging as they are unlikely to own an EV, therefore the fairness of this was challenged.

- *“It’s maybe fair to me but not for someone who is on a low income or who is on universal credit or equally fuel poor. I don’t know how that is corrected or compensated; I would raise that as an issue” (Catherine Pearce, Sustainable Scotland Network, in-depth interview)*
- *“Electric vehicles are great, I don’t have a problem with them, they are coming, but it’s a pathway cost for the vulnerable people who will never be in a position to own an EV or benefit from it” (Anonymous, in-depth interview)*

I don't know

3% of in-patch domestic consumers and 10% of out-of-patch indicated that they did not know if they accepted the £4.99 average bill impact value. The most common themes in comments from these respondents were;



- *"I really don't know enough on this to comment"* (Domestic consumer)
- *"I'm not sure how this would directly impact me"* (Domestic consumer)

Similar themes were seen amongst business consumer comments: 'I need more information' (4), 'this doesn't make sense to me' (4), 'this is too expensive' (2) and 'what is the impact on me?' (1).

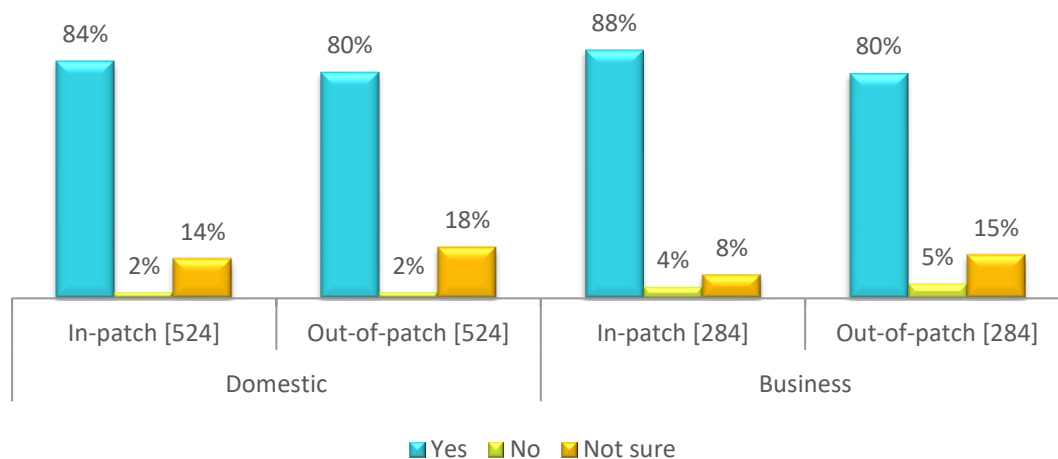
- *"The figure seems reasonable but I'm unsure what impact this has on me"* (Business consumer)

Views on the principles of your plan

After viewing the second video around the building blocks of your plan, domestic consumers were asked if they agreed with SPT's aim to drive cost and environmental efficiencies through innovation. Among in and out-of-patch consumers, responses were similar with 84% in-patch and 80% out-of-patch domestic consumers saying that they agreed with this aim. Business consumers from in-patch were slightly more likely to agree with this aim – 88% of this audience said they did agree.

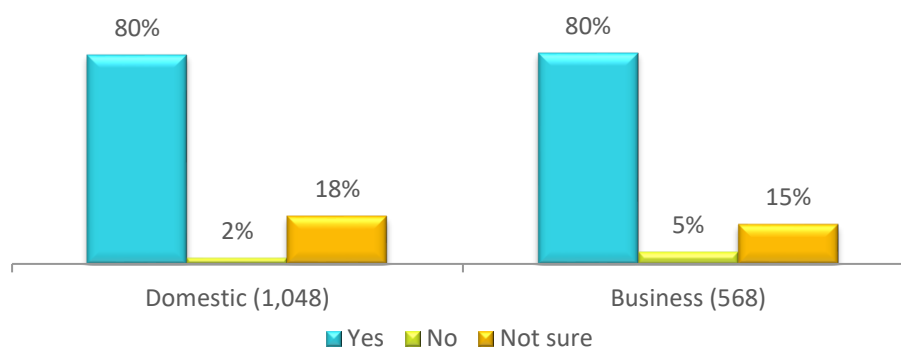
2% of domestic consumers both in and out of SPT's patch did not agree with this aim. This was slightly higher at 4% and 5% respectively amongst business consumers.

Do you agree with SP Transmission's aim to drive cost and environmental efficiencies through a focus on innovation?



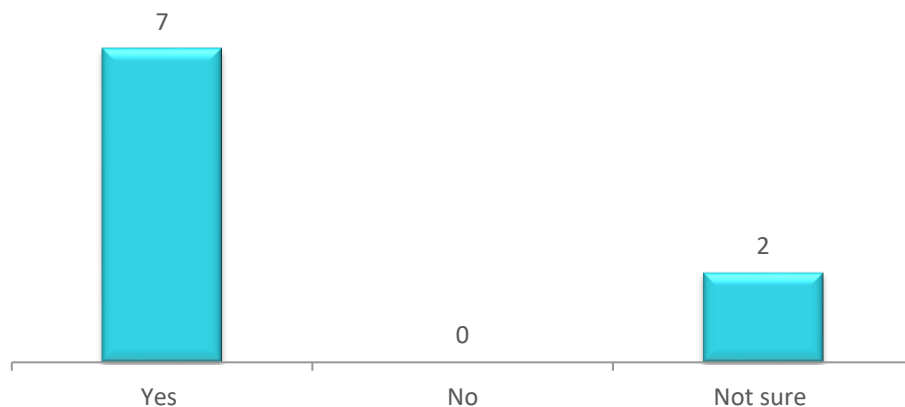
Considering the overall results, 80% of both domestic and business consumers agreed with the aim of driving cost and environmental efficiencies through innovation.

Do you agree with SP Transmission's aim to drive cost and environmental efficiencies through a focus on innovation? [NAT REP]

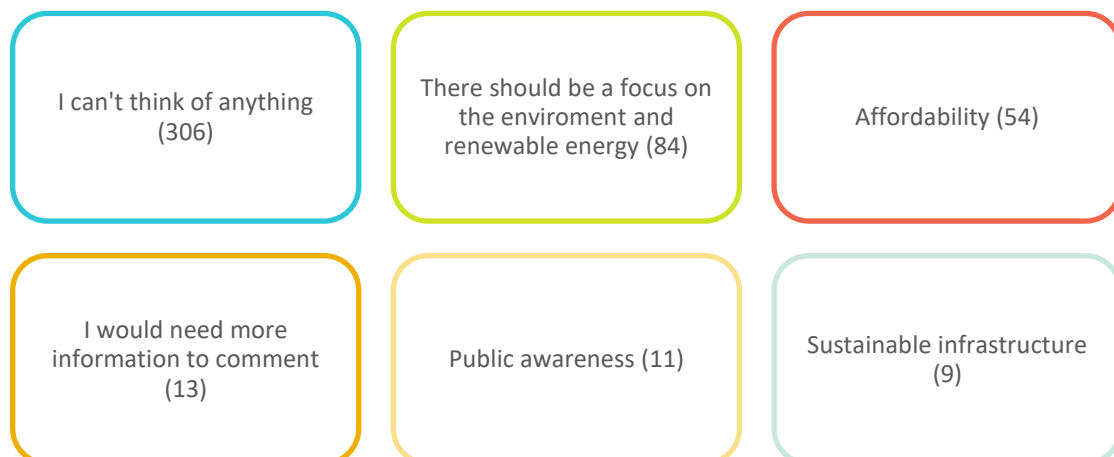


Among stakeholders, a majority (seven interviewees) indicated that they agreed with the aim to drive cost and environmental efficiencies from SP Transmission. However, two stakeholders were unsure if they agreed with this aim.

Do you agree with SP Transmission's aim to drive cost and environmental efficiencies through a focus on innovation? (Base 9)
[STAKEHOLDER]



All consumers were asked if there is anything else which SPEN and SPT should be considering within their business plan. The most common themes which emerged from domestic responses were:



Examples of comments made by respondents included;

- “A focus on renewable energy” (Domestic consumer)
- “Ensuring that decisions are being made as locally as possible and with climate change targets are the main concern” (Domestic consumer)
- “How to save customers money whilst providing renewable energy” (Domestic consumer)

- *“Maybe TV adverts to ask people to limit their consumption in the environmental crisis. e.g. turn off all standby electronics and turn off lights when exiting a room”* (Domestic consumer)
- *“Future sustainability and environmental protection”* (Domestic consumer)

Other themes identified included, Brexit (8), transparency of information (7), public engagement (7), proactive communication with customers (6), fuel poverty (6), energy efficiency advice (4) and educating consumers (3).

From those business respondents who made suggestions, these included that there should be a focus on the environment/renewable energy (64), ensuring costs are affordable for all consumers (32) and stressed the importance of sustainability (17) and a consumer-orientated approach (14).

- *“Undertake to provide a tracker that shows the cost and efficiencies as they go along”* (Business consumer)
- *“I guess at the end of the day, two things matter to me: The environment, and the cost of living. I think all utilities should be in public ownership, not private companies”* (Business consumer)

Comments made by stakeholders included a need for the plan to consider how fuel poor and vulnerable consumers could be supported, and consideration given to those who will pay for innovation but may not benefit from it.

- *“How the plan would support people in or in danger of being in fuel poverty due to the coming changes would be good”* (Anonymous, via online tool)
- *“There should be a focus on how they can be more socially conscious, for example helping vulnerable customers with their bills”* (Matt Copeland, National Energy Action, via online tool)
- *“There needs to be consideration given to those who’ll end up paying for innovation and not necessarily benefiting”* (Anonymous, via online tool)

The importance of innovation was highlighted by stakeholders within in-depth interviews, with comments that they would be concerned if companies such as SP Energy Networks were not making efforts to innovate.

- *“It stands to reason really; I think I would probably be worried or concerned if there was a flat response of ‘innovation is not really one of our priorities’”* (Catherine Pearce, Sustainable Scotland Network, in-depth interview)

Other stakeholders highlighted the importance of innovation specifically within the context of the current conditions which SPEN are operating under and the fact that they have targets surrounding sustainability and climate change to meet.

- *"I understand the importance of innovation, in this particular context, it's very important because of the situation SPEN find themselves in, obviously overseeing an ageing network with a number of new demands coming to them. Compared to previous years, there are ever increasing environmental and climate targets that are sort of imposed upon them at the moment and the changing face of the network"* (Jamie Robinson, Scottish Enterprise, in-depth interview)
- *"I would assume it was across the board really, certainly for a business the size and the nature of SPEN to be successful for it to be part of a Net Zero future it has to innovate in terms of all the different aspects of innovation"* (Catherine Pearce, Sustainable Scotland Network, in-depth interview)

Another area you were keen to understand the views of your stakeholders around was Net Zero. All stakeholders interviewed agreed that SPEN and SPT have a key role to play in meeting the targets set.

- *"Yes, definitely, one of the major roles I would suggest to get us to where we need to be. I would totally agree with that"* (Anonymous, in-depth interview)
- *"Absolutely, SP Energy Networks have a key role"* (Anonymous, in-depth interview)
- *"Yes, absolutely. I think all parts of the energy system has a key role to play, if anyone doesn't do it then we aren't going to make it"* (Matt Copeland, National Energy Action, in-depth interview)
- *"Yes, they definitely do. I think it's definitely right that they are committing to facilitate that, but I do think all the players involved need to be as open as possible as to what that means, in terms of ambition and what that means in terms of cost"* (Jamie Stewart, CAS, in-depth interview)

Several stakeholders highlighted the importance of the role which SPEN play in the decarbonisation of heat and transport, which will help to achieve the Net Zero targets, and transparency was called for around the challenges and costs associated with doing this.

- *"Absolutely because they have a huge influence on how much renewable energy gets onto the network and have a big influence on planning for things like decarbonising transport and heat"* (Gillian Wilson, Community Energy Scotland, in-depth interview)

- *“Yes, obviously our energy and electricity use in particular is a key contributor to our overall emissions ... I would say going forward as noted in the video, the increasing trend of electrification of heat and transport is something I think we are going to see coming forward, more strain on the network which makes their role even more important” (Jamie Robinson, Scottish Enterprise, in-depth interview)*
- *“Being open and transparent about the costs and challenges associated with delivering a plan which facilitates Net Zero ambitions - both in terms of the business carbon footprint and the delivery of new infrastructure” (Jamie Stewart, CAS, via online tool)*

Stakeholders also commented on the importance of engaging with consumers - a majority felt it was a good idea that SPEN were engaging with consumers as they will be paying for it through their electricity bills, but there is a balance to be struck and expertise should be tapped into more widely.

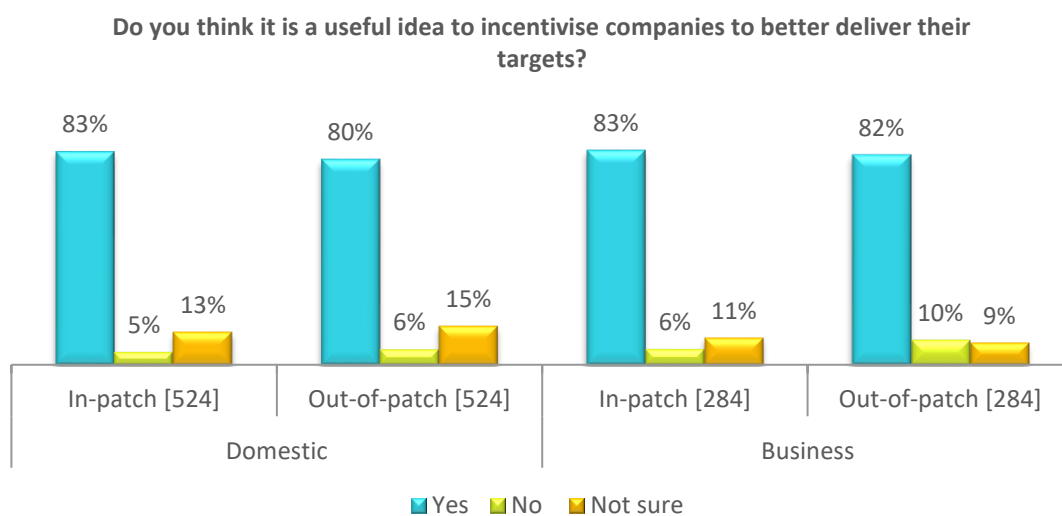
- *“I think it is good that they are doing more engagement, but I think it should be proportional so it should potentially be not as much as a distribution company should do. I do think it’s important considering that customers are paying for the delivery of the business plan basically. I do think it is important that people are consulted” (Jamie Stewart, CAS, in-depth interview)*
- *“I do think it is important. I think the balance of customers vs stakeholder experts is quite difficult because obviously there are different expertise there and I wouldn’t want it to move too much away from engaging with experts who understand this fully but also it is really important that consumers are able to comment on what is happening because they are the ones paying for it” (Matt Copeland, National Energy Action, in-depth interview)*

It was recognised to be challenging to engage with a less informed audience but was suggested that information should be presented as simply as possible in order to be accessible.

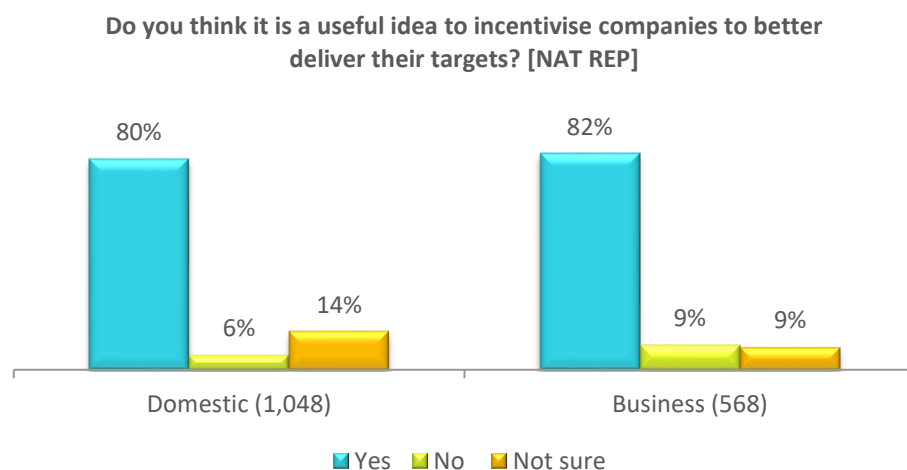
- *“It’s making it as easy language as possible and as accessible as possible, so someone like myself who is working in the area or maybe will read the newspaper or whatever will have a general understanding of what this means” (Catherine Pearce, Sustainable Scotland Network, in-depth interview)*
- *“Engaging with consumers about areas that they are not hugely knowledgeable about is always challenging” (Anonymous, in-depth interview)*

After watching a video which explained how SPT is regulated and incentivised by Ofgem to better deliver and meet your targets, consumers were asked if they believed it was a useful idea to incentivise companies to achieve their targets.

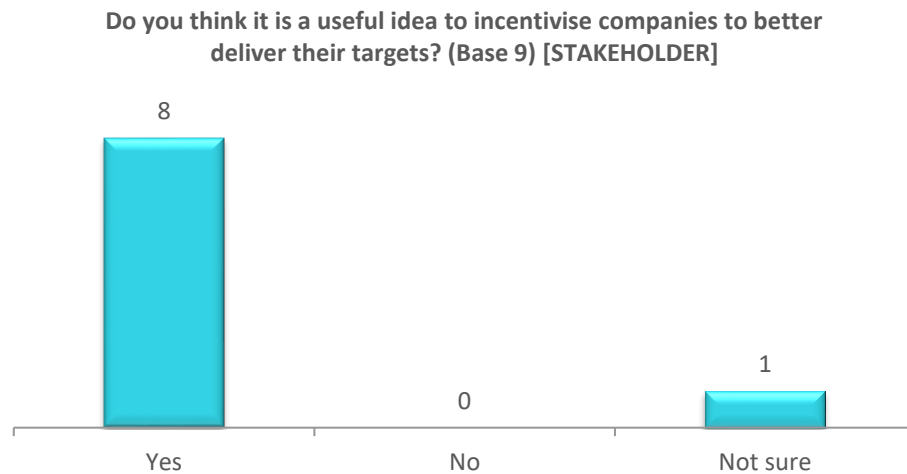
83% of domestic respondents living within SPEN's patch and 80% living outside of their patch, felt it was useful to incentivise companies. Only 6% of out-of-patch and 5% of in-patch domestic consumers did not think it was useful to incentivise companies in this way; this was slightly higher amongst business respondents at 10% out-of-patch and 6% in-patch.



Overall, business respondents were slightly more likely to think it was a useful idea to incentivise companies to better deliver their targets compared to domestic consumers (82% and 80% respectively). Despite that, the results show a majority of agreement with this principle.



Within the tool, a majority of stakeholders (eight) indicated that they felt incentivising companies was a useful idea; one stakeholder was unsure.



Consumers were then asked if they had any comments about incentives. Aligned to the quantitative results, many felt positively about the idea of incentives, however some did not feel that companies should be awarded for meeting targets. The most common themes identified among responses included:



350 domestic consumers did not have any further comments to make on the information they had just heard, and 27 would have liked more information.

Examples of literal comments included;

- *"Finding it very informative and I am so far fully supportive"* (Domestic consumer)
- *"I think is a good idea, due to the monopoly in that field, so if the company does well, they get rewarded"* (Domestic consumer)
- *"I totally support this approach"* (Domestic consumer)
- *"By incentivising companies to achieve targets encourages greater improvements and targets being achieved"* (Domestic consumer)
- *"It's a good way to keep the company focused on its target"* (Domestic consumer)
- *"As mentioned in the video, it's also good to punish those who don't meet that target"* (Domestic consumer)

Themes in response amongst business consumers were similar: 'the incentive is a good idea/positive' (128), 'this is a good idea, it sounds fair and reasonable' (30), 'performance will improve' (25), 'they will work harder to ensure they hit targets' (22).

- *"I think putting incentives on key goals is a brilliant idea. That takes care of quality assurance as well as it provides motivation for the service provider to give better performance"* (Business consumer)

Among the comments from stakeholders, some of the themes that emerged included adding sub goals and more detail to the targets, having more numerical information available and incentivising behaviours that companies would not usually engage in.

- *"Adding greater detail, or sub goals to each target would be helpful, and to allow better understanding of the complexity of each target, interlinkages etc. For me the key target is Net Zero, as well as broader social targets, to address fuel poverty for example, and understanding broader environmental impacts, such as biodiversity, the sustainable development goals etc"* (Catherine Pearce, Sustainable Scotland Network, via online tool)
- *"It would help if more numerical information were to be provided to establish benchmarks and where these would come from. As the old adage goes, if you can't measure it you can't improve it"* (Nabil Kassatly, Development Vectors Ltd, via online tool)
- *"Incentives should be used to encourage new behaviours in new areas which wouldn't normally be undertaken by a company or in an area where there is poor performance"* (Jamie Stewart, CAS, via online tool)

Willingness to Accept your plan

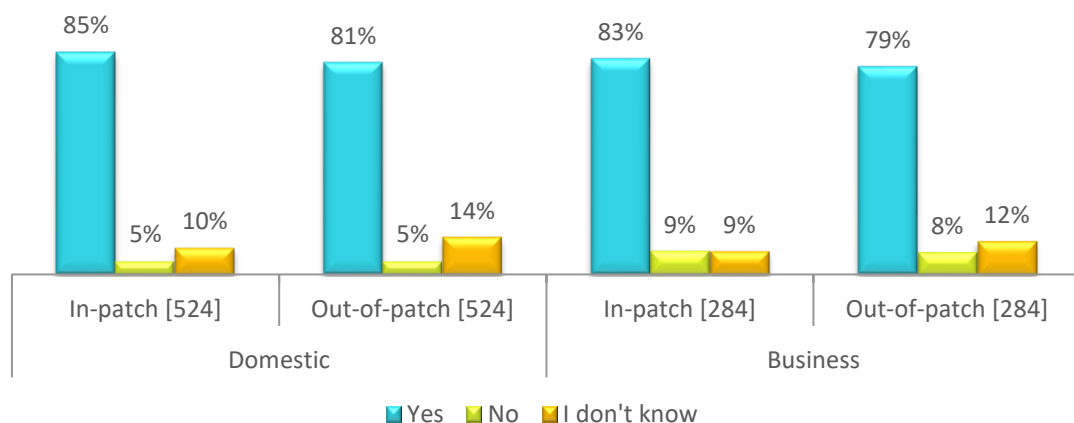
After consumers had viewed all the information and had a full overview of your 2021-2026 business plan, respondents were asked if they found the plan to be acceptable.

Of the 1,048 domestic consumers who took part, 85% of those living in your Transmission licence area indicated that they accepted your business plan, 5% expressed that they did not accept the plan, and 10% did not know if they accepted the plan. Outside of your patch, willingness to accept was slightly lower - 81% of domestic respondents said they found the business plan acceptable, 5% did not accept the plan and 14% did not know if they accepted the plan.

Similar was seen in the business results – 83% of in-patch respondents found your plan acceptable, which was lower amongst out-of-patch business consumers at 79%.

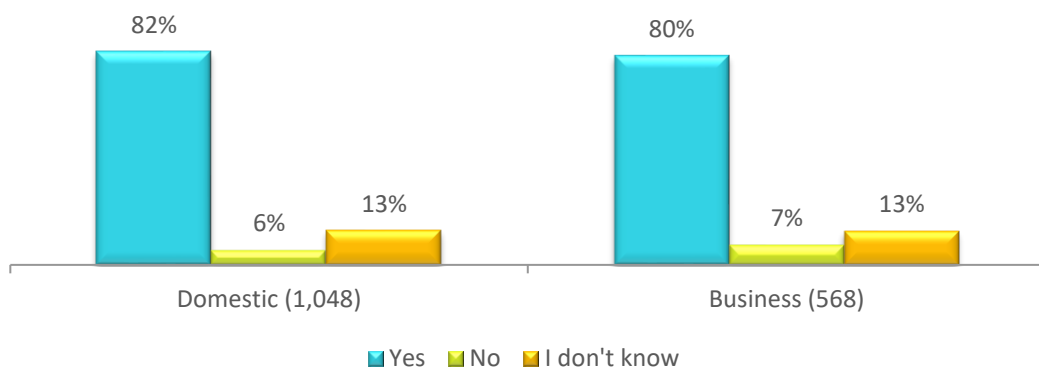
Higher proportions of ‘don’t know’ responses were seen amongst both out-of-patch audiences.

Based on everything you have heard about the Plan, and remembering that the average cost of delivering it will be £4.99 per year of the average household electricity bill, do you find SP Transmission's Business Plan for 2021 to 2026 to be acceptable?



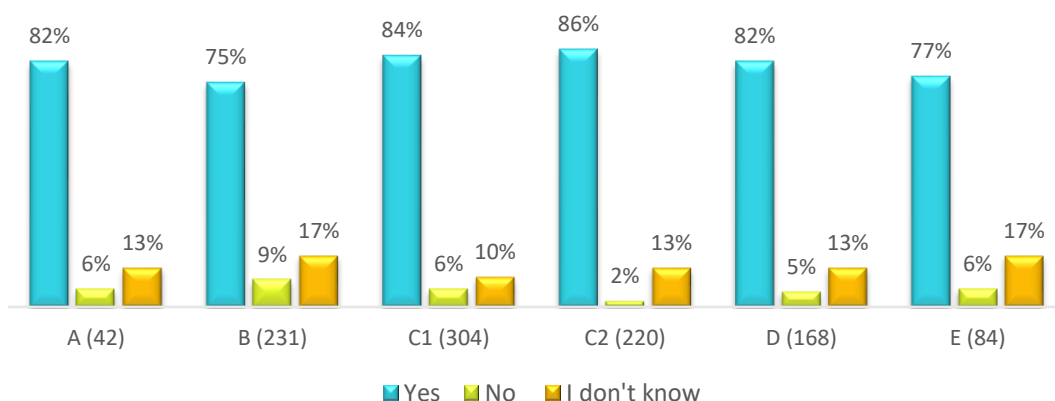
When considering the overall nationally representative results, these aligned more closely with the out-of-patch results – 82% of domestic consumers and 80% of business consumers who took part found your plan acceptable.

Based on everything you have heard about the Plan, and remembering that the average cost of delivering it will be £4.99 per year of the average household electricity bill, do you find SP Transmission's Business Plan for 2021 to 2026 to be acceptable? [NAT]



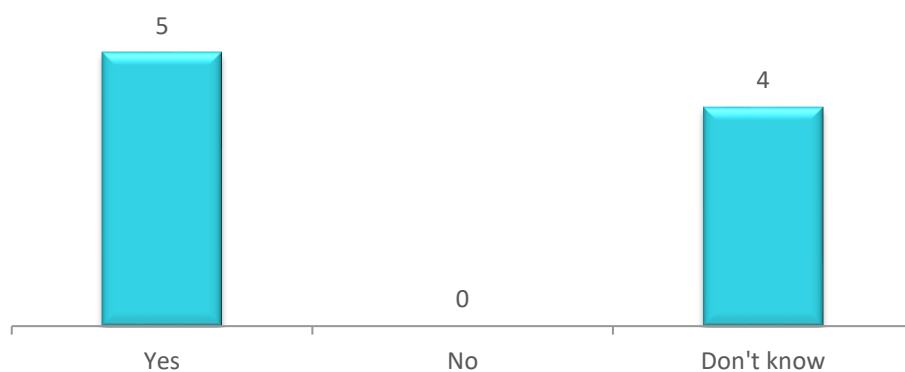
When split by socioeconomic group, the results show high acceptability across the groups. Acceptability was as high as 86% and 84% amongst groups C2 and C1 respectively. The groups with lowest levels of acceptability of your plan were B (75%) and E (77%).

Do you find SP Transmission's Business Plan for 2021 to 2026 to be acceptable? by SEG group [NAT REP]



Among stakeholders, responses were split between finding the plan acceptable and being unsure - five stakeholders found the plan acceptable overall, and four said they didn't know. None of the stakeholders interviewed said they did not find the plan acceptable.




Based on what you have heard about the Plan, and remembering that the average cost of delivering it will be £4.99 per year of the average household electricity bill, do you find SP Transmission's Business Plan for 2021 to 2026 to be acceptable? (Base 9)
[STAKEHOLDER]



Respondents who indicated that they did accept the business plan were asked to explain their response. The most common themes among answers from **domestic** consumers included:



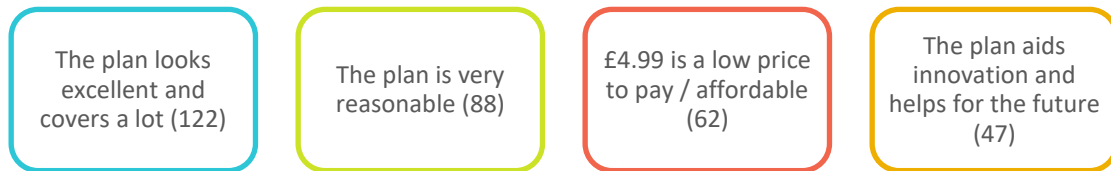
Some examples of comments made by domestic consumers included:

-  "It seems to be doing the right things with the funds that are available" (Domestic consumer)
-  "I think it will help to deliver sustainable results which are needed going forward" (Domestic consumer)
-  "Small amount for each household to pay considering the benefits" (Domestic consumer)

- *“When you consider all the benefits, it is a small amount to pay”* (Domestic consumer)
- *“In the long run it will save households a lot of money and be better for the environment”*
(Domestic consumer)
- *“I think it will help to deliver sustainable results which are needed going forward”* (Domestic consumer)
- *“It seems like a good scheme that will be beneficial to many households, and makes sure to cover the main issues of safety for its workers and the development of sustainable energy”*
(Domestic consumer)
- *“I think the plan seems detailed and for the price is good investment”* (Domestic consumer)

Some further themes identified from the comments given by domestic respondents included the plan is clear and easy to understand (23), the plan covers all aspects (13), forward thinking (12), affordability (8) and the plan improves the network and infrastructure (7).

The most common themes as to why **business** consumers found the plan acceptable were:



Some examples of comments made by business consumers that were included within these themes were as follows:

- *"£4.99 seems a reasonable price to achieve the stated benefits"* (Business consumer)
- *"I am still staggered that SP Transmission can deliver all of this for just £4.99 per year per household"* (Business consumer)
- *"I think it is well planned and helpful to us in the long term"* (Business consumer)
- *"I think that we as customers will be getting so much out of this plan. The cost of £4.99 is nothing compared to the gains. It is very thorough and seems to cover all the points I would want to know about"* (Business consumer)
- *"I think that the scope of work and objectives is overwhelming, in that the £4.99 per customer is covering an immense range of tasks and goals and thus offers incredibly good value for only being an annual charge and if they can deliver all that is promised for this price it is certainly justifiable given the price of the overall bill"* (Business consumer)

Other themes identified from the comments given by business consumers included good value for money (40), the plan benefits the environment (31), the plan is not much to pay considering the service (30) and the plan is customer orientated (21).

Comments made by stakeholders who found the plan acceptable noted a sense that the goals set aligned with upcoming changes and the plan focused on the areas which it would be expected to. However, it was felt that the goals could go further to address vulnerability and support vulnerable consumers.

- *"The broader goals reflect changes ahead, in terms of climate change, changing population, increased demands on the network etc. This requires investment, innovation, collaboration etc. I think it's generally a good approach to take"* (Catherine Pearce, Sustainable Scotland Network, via online tool)
- *"The plan seems to focus on the key areas you would expect and is taking into account the communities' thoughts"* (Anonymous, via online tool)

- *“It is acceptable, in that it meets the minimum requirement of what I would expect SP Transmission to be doing. I think it could go further though, especially with addressing consumer vulnerability” (Matt Copeland, National Energy Action, via online tool)*

Stakeholders who accepted the plan were given the chance to further explain why this was the case within in-depth interviews. Some commented that they accepted the plan as they felt all bases were covered and also included elements that had not been heard before such as the training of mental health first aiders amongst employees.

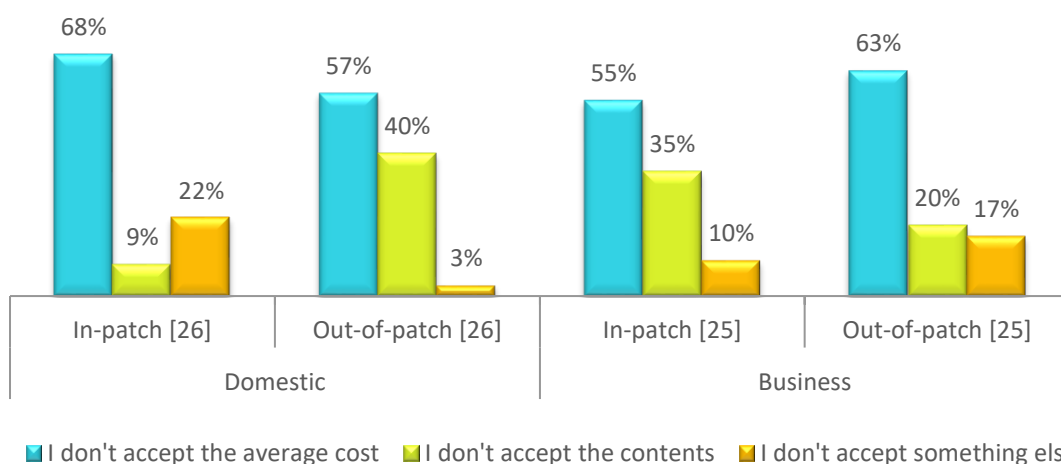
- *“In a nutshell, all of the bases are covered, the financial side of it is covered and the environmental side of it is covered. The community engagement side of it, there’s room in the plan of engagement, and as a plan everything’s in it that should be in it. I suppose it’s how the information and fermentation of that plan makes sure that all those boxes are ticked” (Anonymous, in-depth interview)*
- *“I think it is all covered quite well actually, something I would raise as being particularly good and something that I haven’t seen before is the mental health first aiders, I think that is really interesting and I think needs to be thought about and something that needs to be praised because I think it is fantastic” (Matt Copeland, National Energy Action, in-depth interview)*
- *“I think it’s clear even from the video that a lot of work has gone into it, they have clearly set out their priorities and gone into great detail to understand what it is going to take to achieve their goals and therefore what it’s going to cost and how that cost will be passed to consumers” (Jamie Robinson, Scottish Enterprise, in-depth interview)*

One comment was made that the plan could be more ambitious, but due to the regulatory environment in which the transmission networks operate, it was understood why this wasn’t the case.

- *“I think, given the background to how they’ve devised this plan, it’s acceptable, it could be more ambitious and there could be a little bit more drive to it but you can understand the background to which it’s been predicted that it’s difficult for them to push these boundaries because of the regulatory people on the other side” (Anonymous, in-depth interview)*

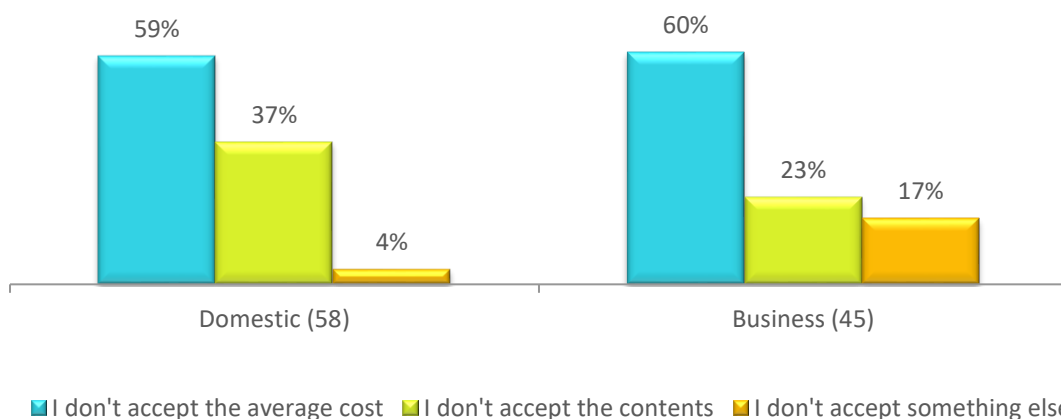
Those respondents who did not find the business plan acceptable, were asked to indicate the reason for this in an additional closed question. The most common reason for not accepting the plan amongst domestic respondents, both in (68%) and out (57%) of patch, was due to not accepting the average cost. Additionally, 40% of those out-of-patch did not accept the plan due to its contents, and 22% of those in-patch did not accept the plan due to something else.

Please could you indicate the key reason why you do not find the business plan to be acceptable?



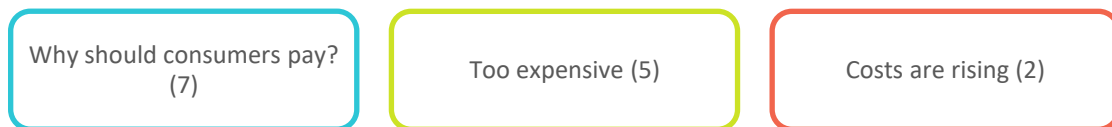
Looking at the overall results (nationally representative) 60% of business and 59% of domestic consumers reported that they didn't accept the average cost of £4.99 within consumer bills. Domestic respondents were more likely not to accept the contents of the plan than the business audience (37% and 23% respectively).

Please could you indicate the key reason why you do not find the business plan to be acceptable? [NAT REP]



Do not accept the average cost

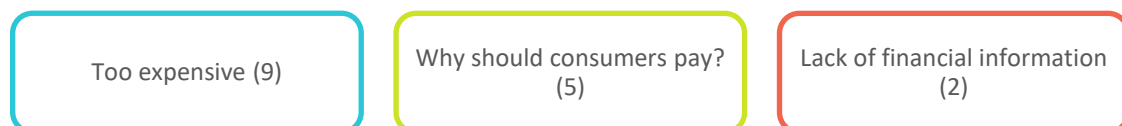
Domestic consumers who did not accept the average costs of the business plan were asked to explain why this was the case. The most common themes among their responses included:



Some of the comments made by respondents which fit into these themes include:

- ❏ *"I believe they make enough profit from the consumer already without the adding the £4.99"* (Domestic consumer)
- ❏ *"I don't accept that we should be paying for a load of rubbish of a hidden extra that should be paramount of safety, the consumer isn't really that interested in glossy targets as long as gas and electric is provided into their homes"* (Domestic consumer)
- ❏ *"Electricity costs have already risen in the last year"* (Domestic consumer)

Those **business** consumers who indicated that they did not accept the average cost of the plan were asked to explain why this was the case, the most common themes identified were:



Some examples of comments made by consumers which fit into these themes included:

- ❏ *"Too much given the cost of energy"* (Business consumer)
- ❏ *"Take it out of their billions of pounds of profit instead of passing it on to the households"* (Business consumer)
- ❏ *"I don't believe in or trust a single word that has been communicated. Only when renationalised will I believe anything from utility companies"* (Business consumer)

Other identified themes included a lack of financial information (2), no justification of the cost (1), unfairly distributed cost (1), and a perception of the incorrect bill average (1).

- *“The £4.99 cost is misleading, as its split across all households in GB, whereas SPT doesn't cover whole of GB. Also, a small amount per household per year adds up to £100s of millions over GB over several years. You will be well aware of that” (Business consumer)*
- *“Can you tell me once the project is in profit, will these profits be passed on the customers, or will you just continue to add £4.99 onto every household bill” (Business consumer)*
- *“I understand the need for profit, but you didn't justify the £4.99 cost” (Business consumer)*

Do not accept the contents of the plan

9% of **domestic** consumers within your patch (base size 26) and 40% of domestic consumers outside of your patch (base size also 26) indicated that they did not accept your business plan due to its contents. When asked to explain their reasons for this, themes among their responses included poor concept (3) and a lack of information (2).

Some of the comments made by domestic consumers who didn't accept the plan due to its content included:

- *“More 'fluff'. Your 'key driver' is the generation of profit and to ask consumers to accept that using any part of their cash to fuel spending of this kind is insulting. The energy industry is profligate and needs to be put into place. Ofgem is a toothless wonder answerable to all but the consumer. No wonder there's so little confidence in what you do” (Domestic consumer)*
- *“The UK government environmental targets are not "ambitious" and do not go far enough, fast enough. Nor does your plan” (Domestic consumer)*

23% of **business** consumers who did not find the plan acceptable (base size 45) indicated that they did not accept the contents of the plan. When asked to explain on why this was the case, comments made by respondents varied and included:

- *“Why are we paying for health and safety training for your staff? That should be you not passed on to us. Not impressed with that. Why do we pay for charging points? This should be on the government. This is a joke and your network should pay not us” (Business consumer)*
- *“So much hot air and pretentious nonsense when the fees due to be charged will be incorporated into our bills in any event whether we support the plan or not” (Business consumer)*
- *“Your £4.99 figure is, in a very important sense, just plain wrong. But more importantly you have forgotten the most important stakeholder - the planet. The focus on cost which drives the plan is simply the wrong focus. Given that the stakeholders you have identified have short*

term goals (they have finite lives and working careers) your business plan fails to address the long-term sustainability of electricity generation/transmission” (Business consumer)

Do not accept something else

Overall, 4% of **domestic** consumers who did not find the plan acceptable (base size 58, nat rep weighting applied) indicated that they did not accept the plan due to *something else*. This was the same for 3% of consumers living out-of-patch. From the small number of open responses, it was suggested that the focus should be on reducing cost (2). Examples of comments made by consumers who did not accept something else within the plan included.

- *“I think you should be concentrating on reducing costs to the consumers” (Domestic consumer)*
- *“You’re adding a small amount of £4.99 on top of a much larger bill and trying to justify it. It’s disgusting” (Domestic consumer)*

I don’t know

Amongst those who reported that they did not know if they found the plan to be acceptable, this was typically because they found the information confusing (12), felt it was too much information (7), while others needed more detail (7) or more time to think about it (6).

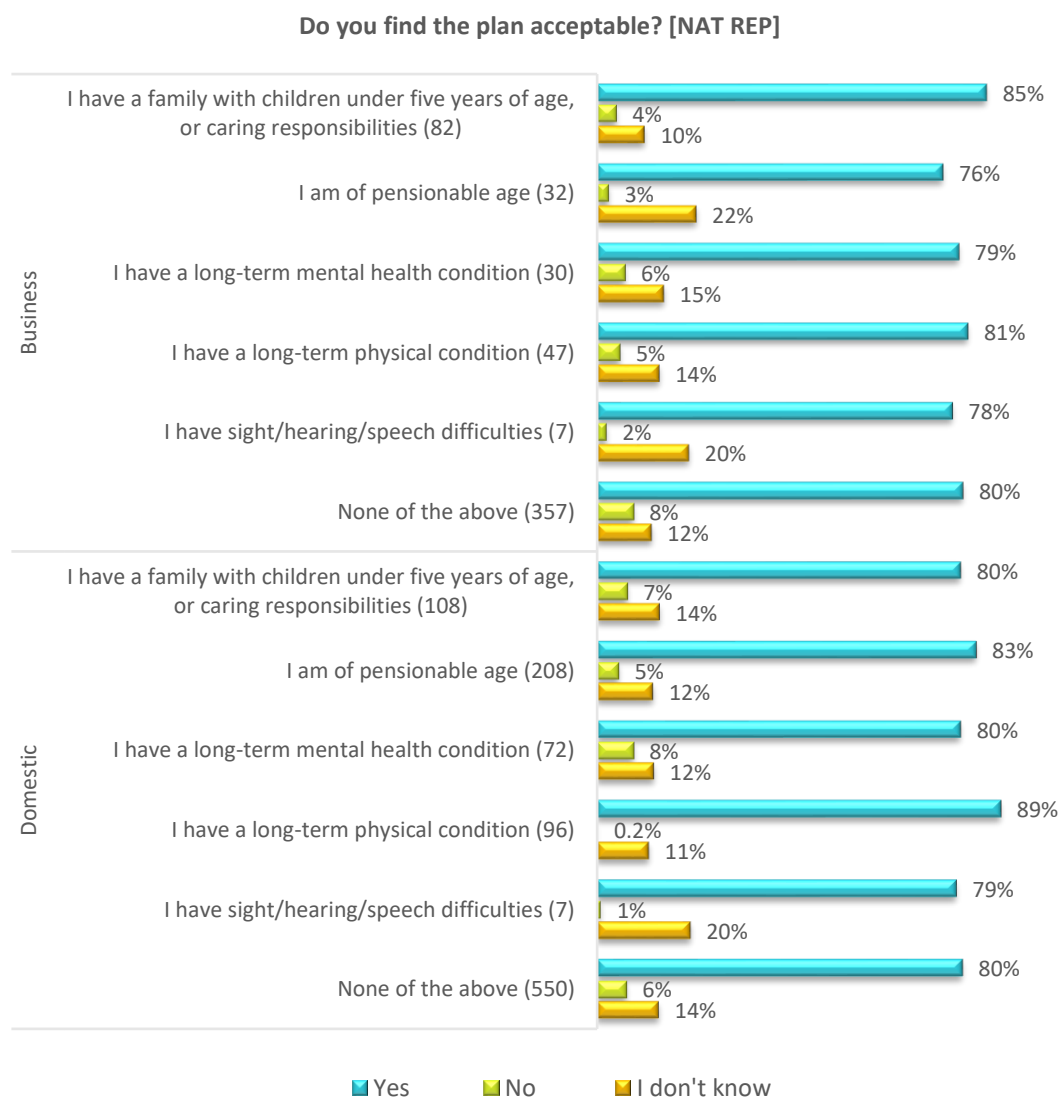
- *“I am totally confused with information overload” (Domestic consumer)*
- *“I think I do but I need more information I can look at and take my time to read” (Domestic consumer)*

Among stakeholders who were unsure if they found the overall plan to be acceptable, some of the ideas among their comments included there being little information about how the final bill impact was calculated and wanting more information on the targets set out within the plan.

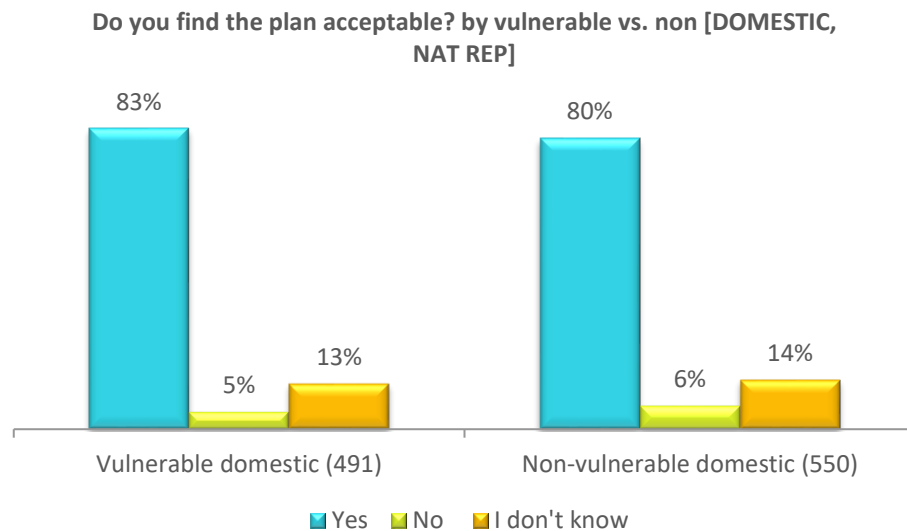
- *“Although it makes sense conceptually there is very little numerical information provided to gauge how the final figure is arrived at” (Nabil Kassatly, Development Vectors Ltd, via online tool)*
- *“The cost seems reasonable, but I'd like to see how it compares to the previous costs and what cost of capital assumptions the 4.99 is based on” (Jamie Stewart, CAS, via online tool)*
- *“The key aims, and values seem agreeable but there is very little detail or targets within them and so it is difficult to understand how they will be implemented or how far they will be achieved. What, for example, will be measured when considering social return on investment, what specific benefits will users receive from the investment proposed, will your targets be in line with annual targets set by Scottish Government in their energy and climate plans (for example) or do you have internal targets of your own in terms of renewable energy generation enabled each year or other targets? I appreciate some of these targets can only be measured in collaboration with the distribution grid, but still valuable to know” (Gillian Wilson, Community Energy Scotland, via online tool)*

Vulnerable consumers

It's important to you that the acceptability of your plan is considered from the perspective of consumers who are living in more vulnerable circumstances. The graph below shows the proportions of consumers engaged who reported that they found your plan acceptable. The results demonstrate a majority of acceptance of the plan across the sub-groups of those who considered themselves to live in the vulnerable circumstances listed. Please be cautious of fluctuating base sizes between sub-groups when comparing these results.



If we bring the sub-groups together, we can see a higher level of acceptability of your plan amongst those in the vulnerable categories (83%) compared to amongst those who were not in one of the categories listed (80%).



Where domestic consumers in one of the vulnerable categories (base size 23) did not find the plan acceptable, 56% said they did not accept the average cost and 43% said they did not accept the contents of the plan.

4.0 Conclusions

Based on the findings, conclusions are outlined in this section.



Conclusions

A key element of our questioning was around uninformed consumer views of the proposed average bill impact of your plan. Even before having heard about your plan in more depth, 69% of domestic and 68% of business consumers overall reported that they accepted the value of £4.99 of the average household electricity bill going to SP Transmission to deliver your plan. The open comments from respondents told us that this was typically because it was felt a reasonable or low price to pay, which demonstrated good value for money, particularly in light of the services you provide, and the environmental pledges made in your plan.

The proportions of respondents who said they did not accept the value were low – 6% amongst domestic and 5% amongst business consumers engaged. This was typically because respondents felt that bills for their energy supply were already high.

A majority of respondents (80% of both domestic and business audiences) agreed with your aim to drive cost and environmental efficiencies through a focus on innovation. These figures were higher amongst in-patch consumers than out-of-patch, particularly amongst business respondents where 88% of in-patch agreed with this aim. These principles were reflected in the open question where respondents were invited to provide suggestions as to anything else which you should be considering in the development of your plan – the most common themes in response included focus on the environment, renewable sources of energy and affordability.

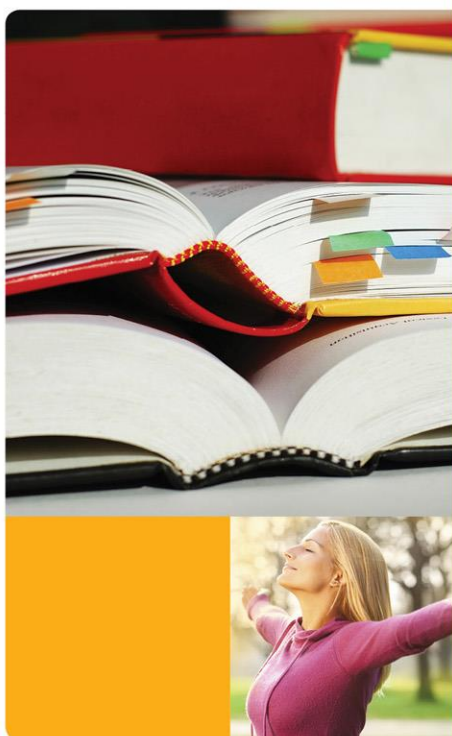
Overall, the research found that a majority of consumers, both domestic (82%) and business (80%), found your RIIO-T2 draft Business Plan to be acceptable. When comparing the results between in-patch and out-of-patch audiences, willingness to accept was slightly higher amongst in-patch consumers than out-of-patch (85% versus 81% domestic and 83% versus 79% business). This could be driven, in part, by higher awareness of SPEN and/or SPT before taking part in the research – 55% of domestic and 57% of business in-patch respondents had heard of one or both of the organisations, compared to 15% domestic and 24% business out-of-patch respondents. Literal comments from respondents demonstrated that consumers felt the plan looked reasonable and factored in areas of interest such as the environment (domestic) and innovation (business).

It's also important to note that the results demonstrated a majority of acceptance of the plan across the sub-groups of those who considered themselves to live in vulnerable circumstances such as those living with a long-term physical or mental condition or having a young family or caring responsibilities.


Amongst the stakeholder audience, five out of the nine interviewed said that they found the business plan acceptable. The other four were unsure if they accepted the plan largely due to targets not being clearly defined in the information provided and a lack of numerical information surrounding the calculation of the average consumer bill impact.

5.0 Appendices

Copies of research tools, including screenshots of the online tool, can be found here.



Appendix one – Example screenshots of your online tool



[Part One
Welcome](#)[Part Two
First impressions](#)[Part Three
More about our plan](#)[Part Four
Your views](#)[Part Five
A bit about you](#)

Introduction to exercise

Hello! Thank you for taking the time to participate in this research.

It is being conducted on behalf of SP Energy Networks by independent research agency, Explain Market Research, who abide by the Market Research Society (MRS) Code of Conduct. Please be assured that your responses will be treated in confidence.

It is designed to help SP Energy Networks understand what you think about their business plans for the period 2021-2026, so they can make the best decisions for the future of the electricity transmission network in Great Britain.

Navigate through and click 'Submit' at the end to send us your responses.

[Continue](#)



[Part One
Welcome](#)[Part Two
First impressions](#)[Part Three
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Your views](#)[Part Five
A bit about you](#)

Who are you? *

☐ A domestic consumer of electricity

☐ A business representative

Select which best applies.

Are you solely or jointly responsible for paying the electricity bill? *

☐ Yes

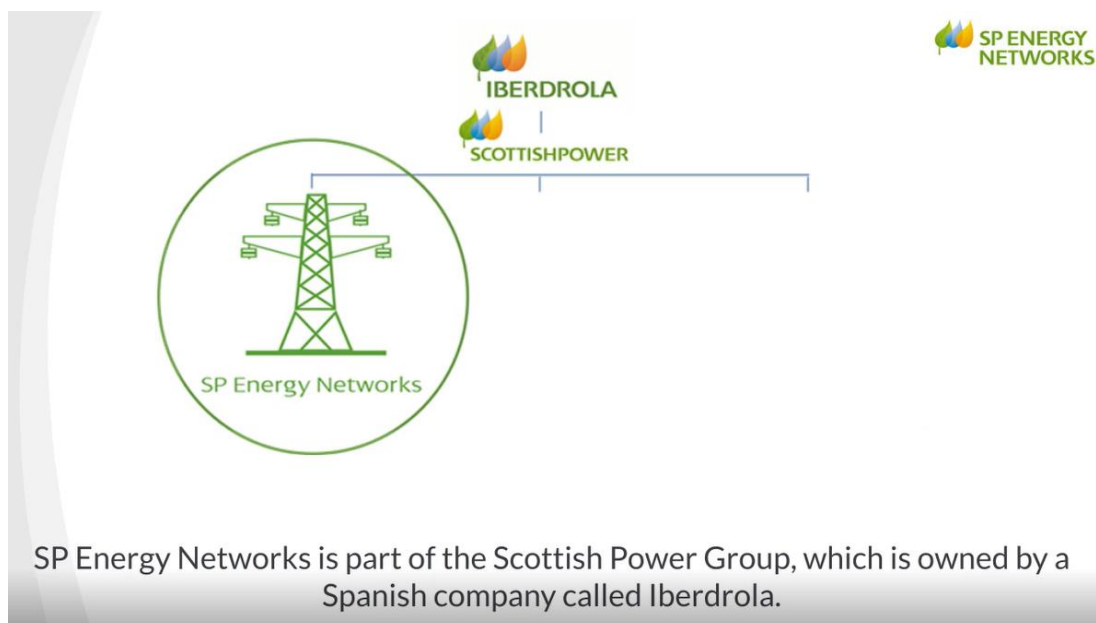
☐ No

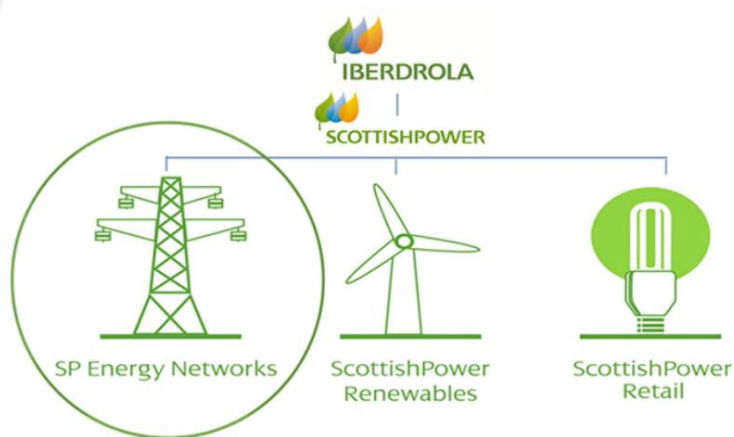
Which area do you live in?

Please select your area on the map for analysis purposes.*



Appendix two – Video one – An introduction

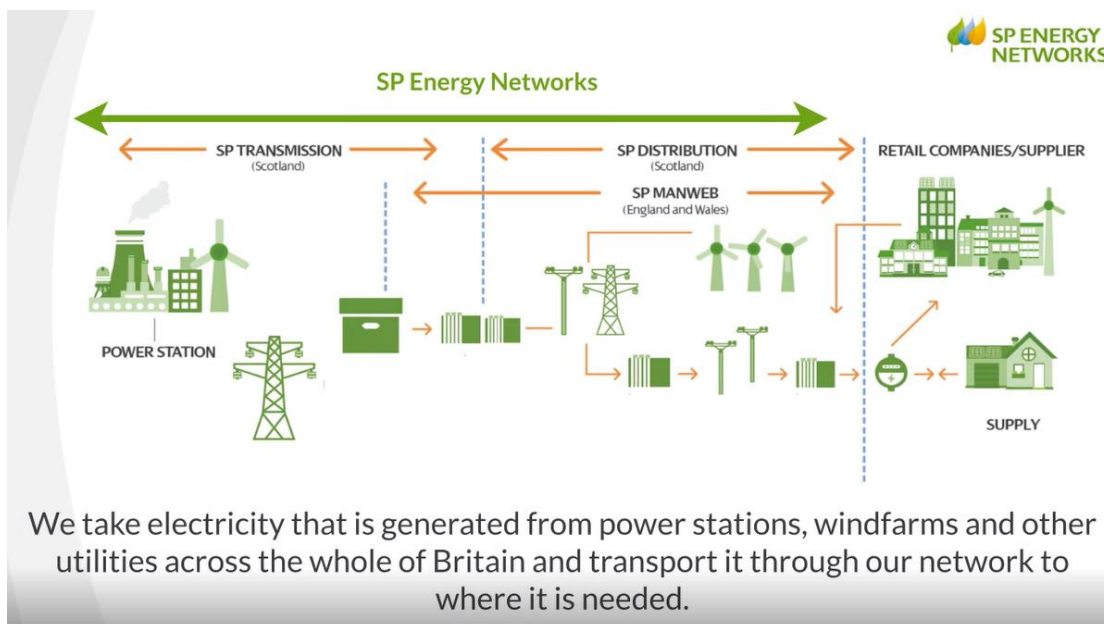
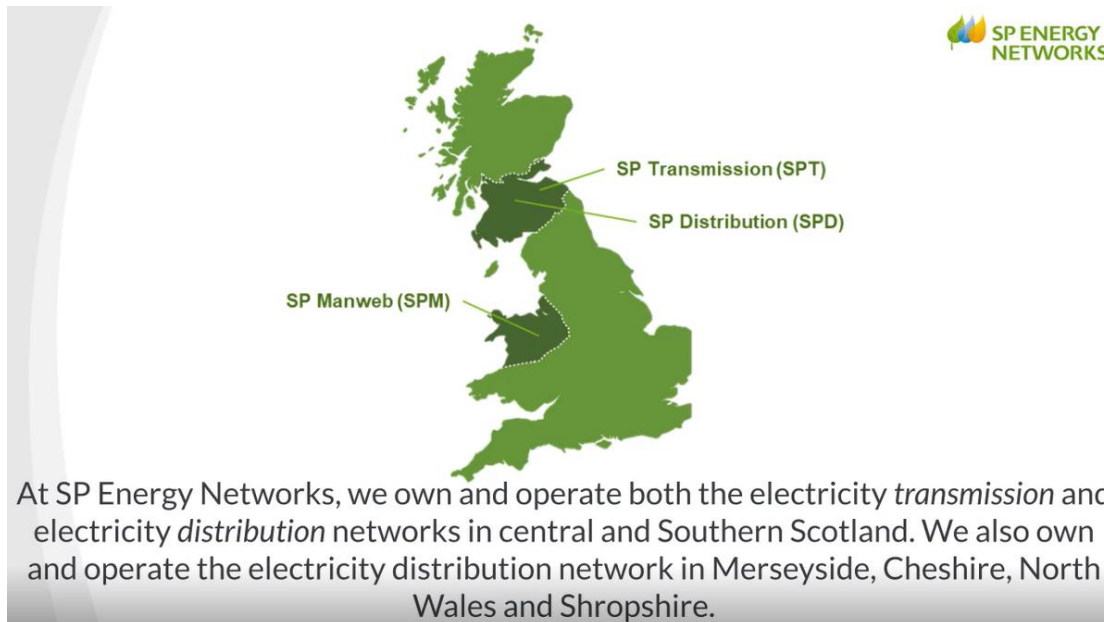




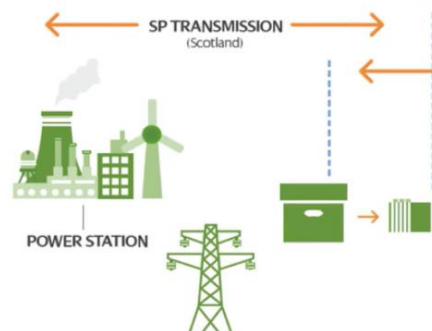
The Scottish Power Group is made up of SP Energy Networks, Scottish Power Renewables and Scottish Power Retail. These are legally separated companies and operate entirely separately from one another.



It's SP Energy Networks we are focusing on in this research!



An Introduction to SP Transmission



SP Transmission is owned by SP Energy Networks (who you were introduced to earlier on), and looks after the transmission of electricity in and through central and southern Scotland. For example, we transport electricity generated from renewables in the highlands and islands onwards towards highly populated areas of England and Wales.

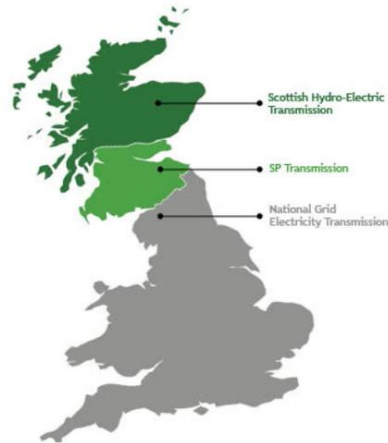
The Ofgem logo is displayed in a large, bold, orange sans-serif font.

Making a positive difference
for energy consumers

All electricity network operators are regulated, so SP Transmission and the other electricity transmission network operators have their revenues set and approved by the industry regulator, Ofgem (the Office of Gas & Electricity Markets).

A green rectangular graphic with a white circle in the center. The circle contains the text 'Consumers and their Electricity Bills' in a dark blue, sans-serif font. A white vertical line runs through the center of the circle and extends to the top and bottom edges of the green rectangle.

**Consumers
and their
Electricity
Bills**



There are only three companies who look after the transmission of electricity in Great Britain, which between them cover the whole of Britain.



The money required to run and invest in the three transmission networks covering the whole of Great Britain are added together. These costs are then divided across the whole of Great Britain as a proportion of each electricity consumer or electricity generator's bill - no matter which electricity supplier they pay their bill to.

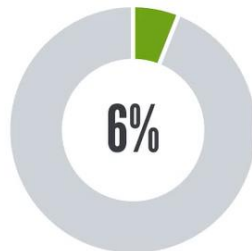


That's why it's important that we ask for the views of people all over Great Britain as part of this research.

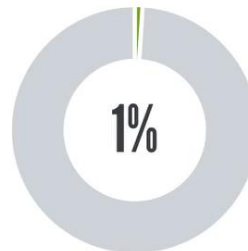


£577 per year

Let's think about bills in a bit more detail... the average annual household electricity bill in the UK is £577.

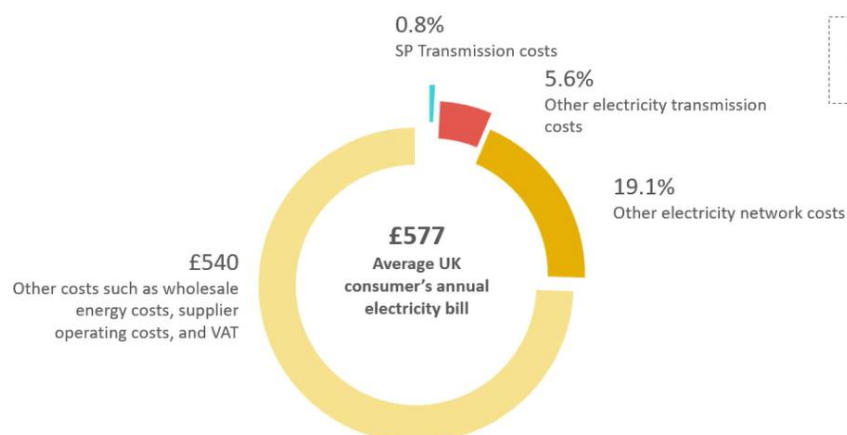


goes to GB network transmission costs



goes to SP Transmission

Of this £577, 6% (£37 on average) goes to the costs of the three transmission networks in Great Britain. Less than 1% of the average bill (£4.99 on average) goes to us at SP Transmission each year.



The rest of the electricity bill goes to costs such as the costs of buying the energy itself, the operating costs of electricity suppliers like their staff and offices, environmental and social costs the government says have to be paid, and VAT too.

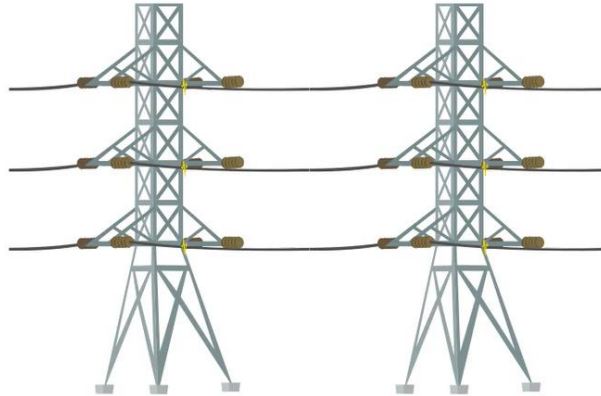


**Now we'd
like to know
what you
think!**

Appendix three – Video two – The building blocks



You might now be wondering, 'What is this Business Plan they keep referring to?'
Before we tell you more about what's in our Business Plan for 2021-2026, we
first need to explain why the plan is so important.



SP Transmission operates in a monopoly environment, which means we are the only company who owns and operates the transmission network in our areas. This is the same for the other two transmission operators working across Britain. It is also true for many utility companies for example water, gas, rail, roads or telecoms.



Where natural monopolies exist, it is common for industry regulators to put rules and regulations in place to mimic market competition and ensure value for money for consumers.



The diagram features a large green circle with a white border. Inside the circle, the text "RIIO Price Control Framework" is written in white. A white line extends from the top of the circle, and another white line extends from the bottom of the circle, both pointing towards the center of the circle.

RIIO Price Control Framework



ofgem

Making a positive difference
for energy consumers

Revenue = Incentives + Innovation + Outputs

Ofgem is the industry regulator for all gas and electricity companies. Ofgem uses a framework for controlling prices which is known as RIIO. The RIIO model stands for: Revenue = Incentives + Innovation + Outputs and it sets rules around how electricity and gas companies can earn their money.




And this is where our business plan comes into it. As part of RIIO, SP Transmission need to tell the regulator how we plan to invest in, look after and operate our transmission network. We agree a contract to deliver a particular set of outputs through our business plan and will receive a penalty if we fail to deliver them.

RIIO-T1

We're currently in the price control period known as "RIIO-T1", which runs for eight years.



A green background with a white circle in the center. The circle is connected to the top and bottom edges by white lines. Inside the circle, the text "Stakeholder Engagement" is written in a dark blue, sans-serif font.

Stakeholder Engagement



Talking with our stakeholders is a really important part of our planning. "Stakeholders" mean: network users (such as wind farm owners), consumers (bill payers) as well as other parties such as government, other network operators, local authorities, technology developers, charities, universities, etc.



We have listened to the views of our stakeholders on every aspect of our Business Plan, to be able to understand their needs and build a collaborative plan. Through this research today, we would like to find out if what we have set out in our plan is accepted by them and you.



4482
stakeholders
through a variety
of events

#ChallengeOurPlan
social media
campaign

Online activity
via the website
and the press

While we've been developing our plans for 2021-2026, we have spoken to over 4,482 stakeholders through a variety of events, conferences and consultations. We ran a #ChallengeOurPlan social media campaign as well as online activity via our website and the press which extended our reach even further to over 138,000 people.



To strengthen our engagement strategy, we set up an independent Transmission User Group. This group have used their industry expertise to challenge and give feedback on our Business Plan at every phase of its development.

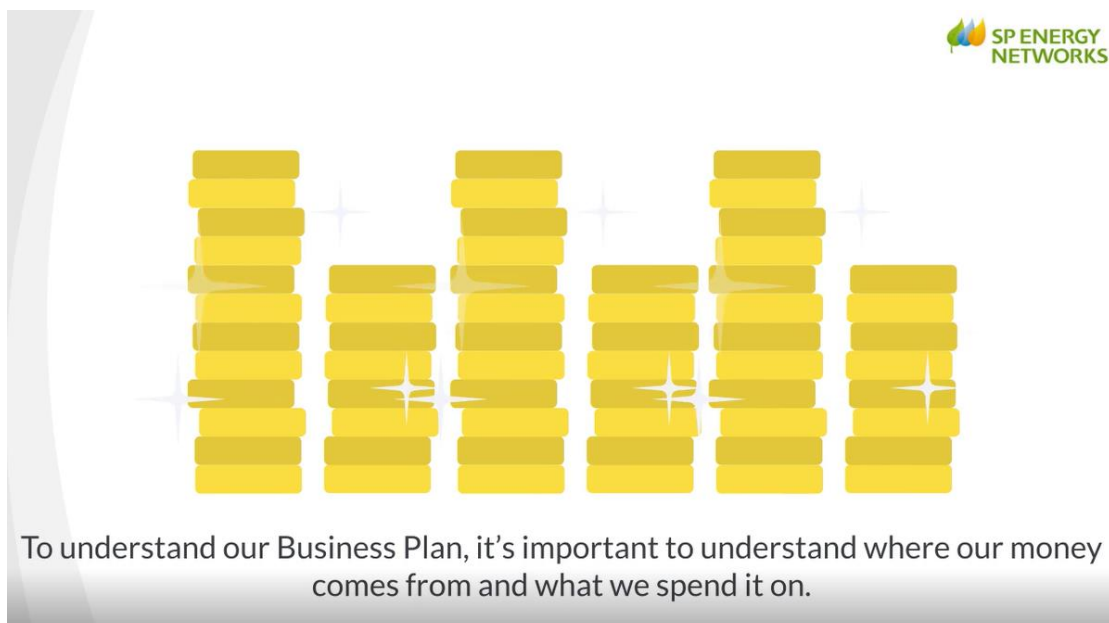


In addition, to help provide confidence in our Business Plan, we have a robust assurance and governance framework, which responds to challenge from a team of internal and external experts, including our board, the Project Team and independent challenge groups.



Now we'd
like to know
what you
think!

Appendix four – Video three – The practicalities





Shareholder investment

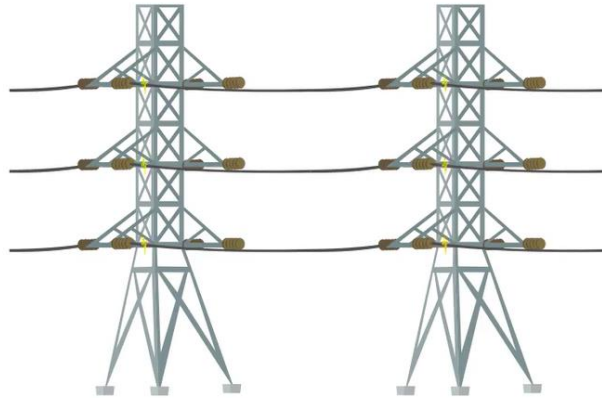


External lenders

SP Transmission is funded through shareholders and external lenders who provide us with money to invest in our networks. Our network earns a revenue which we use to cover the annual operating costs and to pay back our shareholders and lenders in exchange for their investment (at a rate set by the industry regulator, Ofgem).



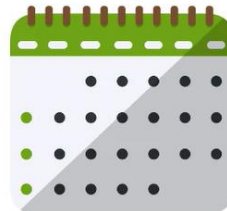
The revenue which Ofgem tells us we are allowed to recover, is paid by all network users in Britain including householders, businesses and electricity generators.



These revenues are used to pay for the day to day running of the network, and also to pay for the long term investment required to make sure the network remains reliable and allows for future changes.



The day to day running costs are passed on to consumers in the year they happen, while the costs of investment in the network are recovered over the lifetime of the equipment, which is typically 45 years.



**Intergenerational
fairness**

This makes sure that every user over time pays proportionally for their use of the network; this is referred to as intergenerational fairness.



Our electricity network has served the needs of network users in Britain for many, many decades. The scale of investment needed has therefore increased in recent years as large parts of our network reach end-of-life at the same time, as we must act to facilitate a Net Zero future whilst always making sure our transmission network is safe and reliable.



As a reminder, of the average household electricity bill of £577, the forecast cost for SP Transmission for 2021–2026 will be roughly £4.99 in total per year. This £4.99 is the revenue we mentioned earlier and the proportion of the total of the average bill that will be needed to fund SP Transmission's network.

Incentives



Through the RIIO incentive scheme we told you about earlier, we are incentivised to provide a service that delivers some specific outputs which are beyond our core business activity. If we achieve them, we are financially rewarded, however if we do not achieve those levels we receive a financial penalty.



This incentive scheme helps to improve the service that network companies like us provide, and has proven to deliver better value for consumers. Our incentives in the current plan period have driven a real change in our performance.



For example, we had an incentive to ensure that we reduce the time of faults on our network. As a result, we have achieved a 75% improvement in this area since 2013.

- 01** Meeting the needs of consumers and network users
- 02** Maintaining a safe and reliable network
- 03** Delivering an environmentally sustainable network

Our incentives are built on three categories of: 1. Meeting the needs of consumers and network users, 2. Maintaining a safe and reliable network, and 3. Delivering an environmentally sustainable network.



7p per year

We expect that these incentives will cost up to 7p per year of the average consumer bill.

**Managing
uncertainty,
considerations
and changing
needs**



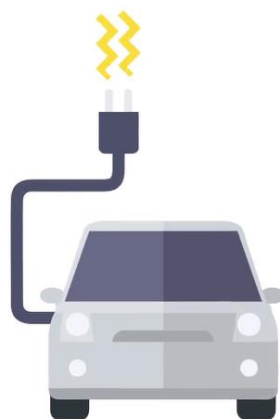
When developing our Business Plan it was important for us to consider the uncertainties of the world that we work in.



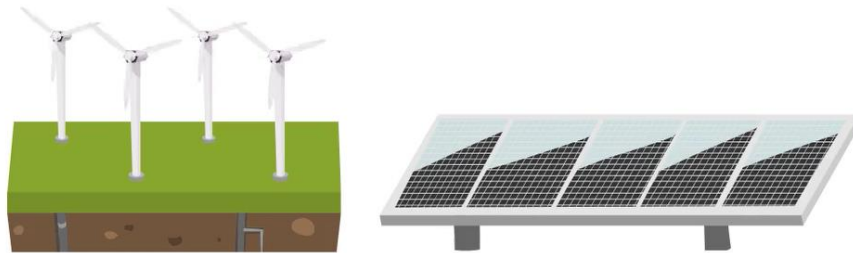
These can be varied, but some examples include: financial uncertainties, such as inflation levels; political uncertainty; or changes in the way consumers use electricity.



For example, over the last 10 years, demand for electricity has reduced due to increases in energy efficiency measures, such as the use of low energy lightbulbs.



At the same time, the demand for electricity is also set to increase in the future as transport and heating switch from dirty, traditional fuels – such as petrol and diesel, oil and gas - to electricity that can be generated by renewable energy.



How our electricity is generated is also expected to continue to change with more electricity being generated at a local and household level (through things like solar panels and wind turbines). This means our system needs to be ready to support this too.

**Practicalities
of delivery**



Developing the programme of work we need to achieve everything set out in our Business Plan is a thorough and complex process, but we are committed to working in innovative, safe and transparent ways to ensure the delivery of our RIIO-T2 Plan in full, on time, and to cost.

- Number of staff we have and their skills
- How long our proposed work will take
- How it will affect the existing electricity network

To make sure we deliver our plan, we'll think about things such as the number of staff we have, whether their skills are appropriate, how long our proposed work will take, and how it will affect the existing electricity network.

544 jobs in our
company

1,000 jobs
delivering our
projects

Our plan for 2021-2026 will ensure 544 jobs within our company, and a further 1,000 jobs delivering our projects in our communities.

Now we'd
like to know
what you
think!

Appendix five – Video four – The plan



- 01 Take the lead to build a sustainable, low carbon future
- 02 Increase efficiency through constant innovation
- 03
- 04

Our four goals are that SP Transmission will: 1. Take the lead to build a sustainable, low carbon future, 2. Increase efficiency through constant innovation, which just means new ways of doing things,

- 01 Take the lead to build a sustainable, low carbon future
- 02 Increase efficiency through constant innovation
- 03 Adapt our world-class, resilient network, to meet the new challenges we face
- 04 Keep network users and consumers at the heart of our decisions

3. Adapt our world-class, resilient network, to meet the new challenges we face (such as changes in demand for electricity and how consumers use it) and
4. Keep network users and consumers at the heart of our decisions.

OUR PLAN...

Aspects of Our Plan



Across everything we do, health and safety is at the forefront – this is an important and fundamental element of the plan. Our 'Health and Safety Matters' initiative ensures that safety underpins all work activity that our employees and contractors deliver, and also through all interactions with the public.



For example, we will train a minimum of 2% of our staff as mental health first aiders by 2026.



OUR PLAN...

Delivering an
environmentally
sustainable
network



At SP Transmission, we play a really important role in meeting the UK's ambitious climate change targets, which is also referred to as "Net Zero" and in enabling the change to a carbon neutral economy.



While we do this, it's important that our business reduces its own environmental impact and delivers value for current and future consumers in a way which is sustainable.



In our Plan for 2021-2026, we think about sustainability in all of our decision making. We will work with our supply chain and other organisations to achieve neutral or positive environmental and social impacts, including...



Reducing our carbon footprint, ensuring a minimum of 'no net loss' of plant and animal life in the areas in which we work and minimising resource use, avoiding waste and maximising reuse/recycling.



OUR PLAN...

Innovation



Our innovation strategy is a core part of our business plan. We are committed to delivering a balanced range of innovation projects and schemes that will help us accelerate a zero carbon future. Through innovation we can adapt to technological advancements or changes in policy and regulation. Innovation also helps us make sure our networks are reliable through increased use of digitisation and local energy schemes.



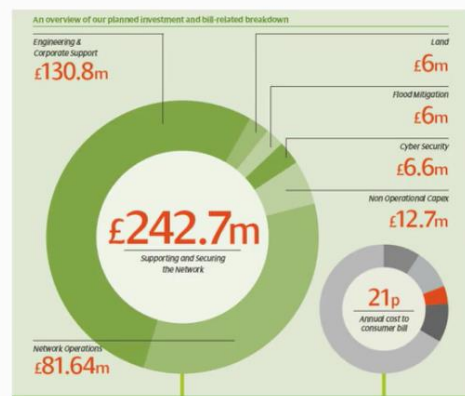
Our key driver for innovation is to create value for consumers. Our Business Plan for 2021-2026 will deliver benefits of more than £30million, due to the success of innovation projects led by us in the current price control period which are currently being put into action.



In 2021-2026, through our innovation strategy, we plan to invest £18.65million which will result in benefits worth over £70million for our consumers by 2031.

OUR PLAN...

Supporting and securing our network



In our plan, we will make sure we look after the network we have, to operate and maintain it, and keep it secure from threats like cyber attacks. This includes work we need to do to make sure our substations will not be affected by flooding. We also have to factor in running costs like our employees, offices, vehicles and computer systems.



Annual cost to
consumer bill

The cost for SP Transmission to do this between 2021-2026 will be, on average, 21p per year per household. This is part of the £4.99 we talked about earlier.

OUR PLAN...

Looking after
what we've
got





OUR PLAN...



Investing for
the future



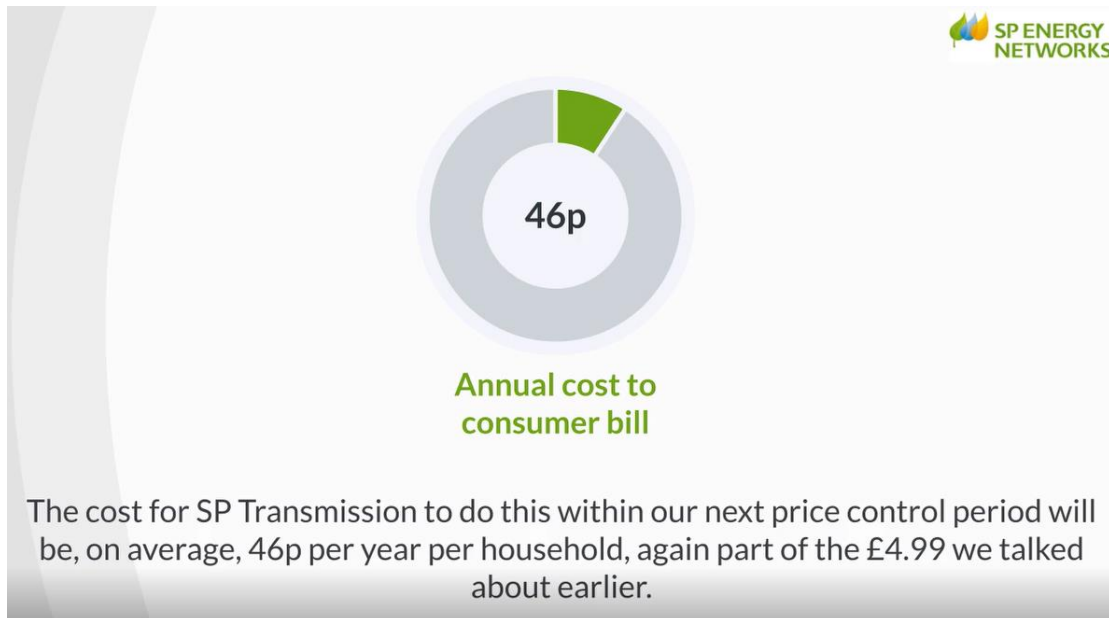
Our plan also looks to the future. Part of the role of SP Transmission is to connect customers including electricity generators, such as new wind farms, to the transmission network. We will continue to do this in 2021-2026, and we need to make sure that the power which is generated in different parts of the country can be transported to where it is needed.

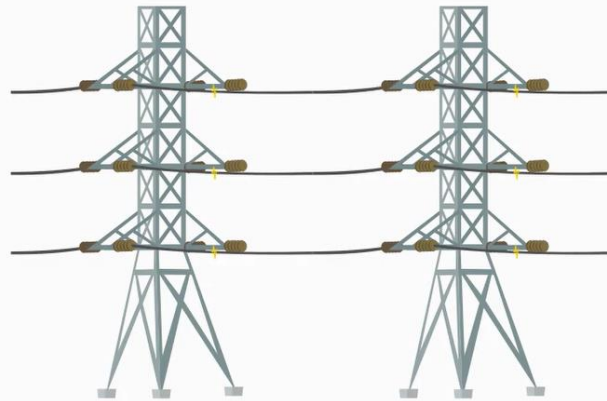


We also need to invest in the network to make sure it's ready for greater demands for electricity, for example from take-up of electric cars and population growth.



There are some trade offs we need to consider in our plans: we want to ensure that the transmission network is ready for these changes and doesn't delay the connection of new sources of electricity to the network or stop customers from charging a new electric car, but without investing too far ahead that we create costs when they are not yet required, while also considering consumer bills.

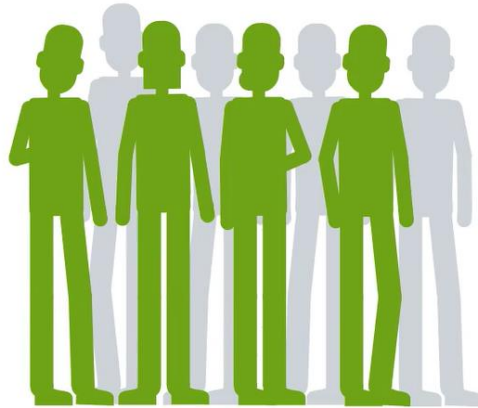




To deliver a smart and efficient network, we need to coordinate our transmission network with the distribution network and other network operators, the generation connected to it and the demand it serves.



As our economy moves to low carbon heat and transport, we also need to work more closely with the companies who operate the gas network, and with new stakeholders, such as providers of electric vehicle charging points.



In our plan for 2021-2026, we will also continue to work with customers in the communities impacted by our work, as well as those who are potentially most vulnerable in the event of a power cut. For example, we plan to introduce a 'Net Zero Fund', to help fund low carbon initiatives with a focus on communities in vulnerable circumstances.



Low carbon initiatives we have supported in the past have included funding the replacement of diesel fleets which support vulnerable members of the community in Glasgow and Dundee with electric vehicles.



"Our engagement places our stakeholders and consumers at the centre of what we do. With a tailored and locally focused approach, we will prioritise their wants and needs in a consistent manner across our business. We will deliver safe, reliable services, sustainable value, and a Better Future, Quicker"

Our Stakeholder Engagement strategy mission statement is: 'Our engagement places our stakeholders and consumers at the centre of what we do. With a tailored and locally focused approach, we will prioritise their wants and needs in a consistent manner across our business. We will deliver safe, reliable services, sustainable value, and a Better Future, Quicker'



Our stakeholder engagement principles are to be inclusive, authentic, tailored, value-for-money and innovative.



- 01 To go through a rigorous external 'healthcheck' audit each year
- 02 To embed an annual programme of engagement in our business
- 03
- 04

In our Business Plan, we make four key commitments for our stakeholder engagement activity during 2021-2026. 1. To go through a rigorous external 'healthcheck' audit each year, 2. To embed an annual programme of engagement in our business, allowing stakeholders to register for events via the SP Energy Networks website,



- 01 To go through a rigorous external 'healthcheck' audit each year
- 02 To embed an annual programme of engagement in our business
- 03 To report annually on our latest engagement performance
- 04 To develop our online engagement tool and stakeholder community platform

3. To report annually on our latest engagement performance and show a 'social return on investment' from our activities and 4. To develop our online engagement tool and stakeholder community platform.



Now we'd
like to know
what you
think!

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