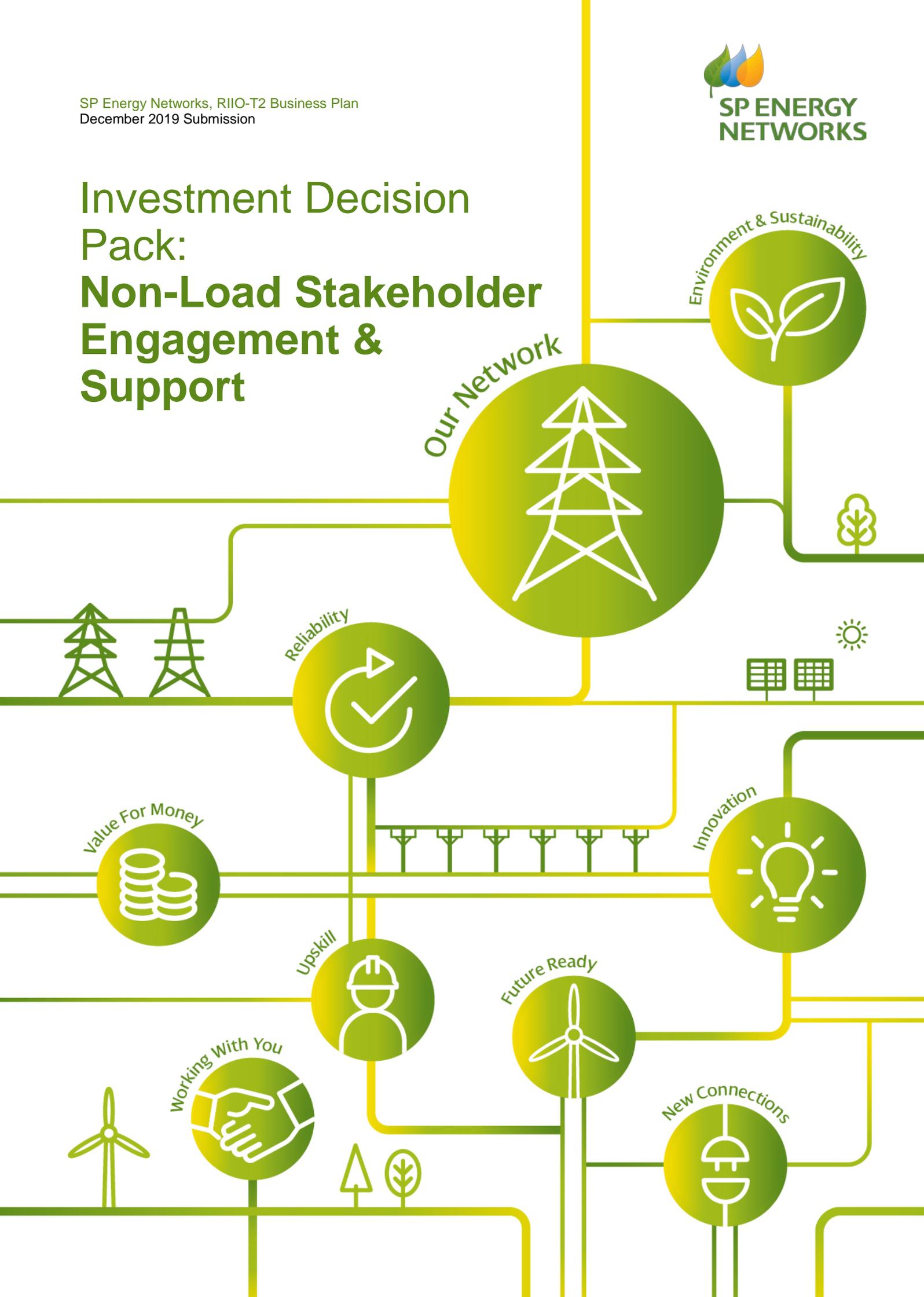


# Investment Decision Pack: Non-Load Stakeholder Engagement & Support



## CONTENTS

1.0	Introduction	1
2.0	Stakeholder engagement Approach	1
3.0	Stakeholder Engagement Activities	1
3.1	Managing Asset and Network Risk workshops	1
3.2	Centre for Energy Policy Event	2
3.3	All-Energy 2019	3
3.4	Innovation Strategy Webinars	3
3.5	Managing Asset and Network Risk Public Consultation	3
4.0	Input Sought From Stakeholders	3
0	Responses	4
6.0	Conclusions	4

REVISION	Date	Comment
1	28/06/19	Initial issue
2	09/12/19	Updated reflecting stakeholder engagement activities

## 1.0 INTRODUCTION

Often seen as ‘too technically complex’ and with a limited number of informed stakeholders, we decided to take a different approach in RIIO-T2 to ensure more inclusive and meaningful stakeholder engagement in relation to our non-load asset and network risk.

We opted to target both existing and new stakeholders, including those that may be hard to reach either because they are uninformed in this area or previously unengaged. We made use of information-provision and deliberative engagements to aid stakeholder understanding and opportunity to feedback in to our non-load related plans.

## 2.0 STAKEHOLDER ENGAGEMENT APPROACH

The main methods of engagement for Non-Load are listed below.

Method	Number of participants (approx.)	What did we do?
Dialogue	50	Managing Asset and Network Risk workshops TO User Group meetings Bilateral meetings
Consultation	100	Public web consultations Centre For Energy Policy Energy Conversation
Information Giving	100	All-Energy ‘PechaKucha’ session

## 3.0 STAKEHOLDER ENGAGEMENT ACTIVITIES

Please find below a summary of some of the key stakeholder activities carried out in relation to Non-Load engagement.

### 3.1 Managing Asset and Network Risk workshops

Network and asset risk management is the cornerstone of the non-load related investment plan. Our approach to stakeholder engagement for this area was focused and targeted. The subject matter is technical and complex, with multiple interdependencies in our strategies and decision making, and a tailored approach was required to generate high quality engagement.

We produced a stakeholder facing document<sup>1</sup> to explain the principles of the network asset risk management (NARM) monetised risk methodology and its role in investment planning. It explained how we would use asset condition and risk to identify and prioritise interventions when creating our plan. We also explained the importance of non-lead assets and how they are integrated into the investment planning process.

We held a round-table event in March 2019 to have a more detailed conversation with our key stakeholders in this area. We held a follow-up meeting in September 2019. Participants in the round-table discussion were provided with the outputs of their involvement and given more detailed information relating to level of activity, the impact on network risk and the costs of

<sup>1</sup> [https://www.spenergynetworks.co.uk/userfiles/file/SPEN\\_Managing\\_Asset\\_and\\_Network\\_Risk\\_Strategy\\_Artwork.pdf](https://www.spenergynetworks.co.uk/userfiles/file/SPEN_Managing_Asset_and_Network_Risk_Strategy_Artwork.pdf)

investment decisions. This was an opportunity for individuals and the stakeholders they represent to shape our plan ahead of the October and July submission.

Our focus on the stakeholder group was in three areas:

- End-consumer advocates and representatives
- Our transmission customers and direct users of the network
- Government and associated bodies
- Wider, informed stakeholders and academia
- New market entrants and community energy.

These stakeholders included:

- Scottish Government
- Scottish Enterprise
- Citizens Advice
- Centrica
- EDF Nuclear
- Network Rail
- Community Energy Scotland
- Independent Renewables Consultant

We have engaged with our independent user group throughout this process. We have demonstrated the planning process and gone into detail on the individual elements of the plan.

### **3.2 Centre for Energy Policy Event**

Engaging wider with stakeholders was one of the key drivers in the Non-load area, especially to find those who may be hard to reach or have not previously engaged with us in this area before. We worked with Professor Keith Bell from the University of Strathclyde and member of the UK's Committee on Climate Change to formulate a suitable, deliberative topic for the Centre of Energy Policy's regular 'Energy Conversations'. Making use of this network allowed us to target stakeholders who have a broad interest in the energy sector but who were not necessarily informed in relation to the transmission network.

#### 'Keeping the lights on': what is it worth?'

The main aim of the event was to create an open and honest discursive space, whereby we could introduce the concept of risk management in terms of our transmission assets and explain the methodology that we apply to our Non-Load RIIO-T2 plan. This would then lead to further discussion from stakeholders that may have experience from different areas that we could discuss.

The main discussion points at the event were as follows:

- What role does the transmission network play in keeping the lights on?
- How critical is the existing network and its existing assets relative to other parts of the electricity system? What sort of services does the transmission network enable?
- How do we currently value those services?
  - What value should we put on those services and hence the assets that underpin them?
- Do we value them enough?
  - What are the key challenges for the exiting transmission network?

The event attracted roughly 75 attendees, with great discussion and positive feedback on the evening.

The main insight from the event was that our stakeholders had increased awareness of the RIIO-T2 process and how this relates to non-load investment. Participants were made aware of our approach to risk management at a high level and the proposals we have in our RIIO-T2 Plan to continue to keep the transmission service at the level of reliability that they expect. This was seen as a 'no brainer'.

We received great support at the event, stakeholders welcomed the opportunity to comment our approach and commented that it was a new area for them to discuss.

### **3.3 All-Energy 2019**

All-Energy event is a fantastic platform attended by over 4000 informed and uniformed stakeholders many of whom are hard to reach. It is also attended by a number of our well-engaged stakeholders who we know are limited in number and asked to partake in a number of activities. By speaking with them at All Energy therefore, we reduce our impact on stakeholder time and limit engagement fatigue. We took the opportunity to provide information to stakeholders and ask for their feedback. In terms of Non-Load, we organised an informative and deliberative event to support the activity which was also attended by our CEO:

#### **PetraKucha view of SP Energy Networks' RIIO-T2**

PechaKucha is an innovative PowerPoint story telling presentation format where the presenter has limited time on each slide, and must explain their topic against a visual background with minimum text. To make it as easy as possible for stakeholders to understand the different aspects of RIIO-T2 and provide informed feedback, we challenged the transmission business-leads at SP Energy Networks to adopt a PechaKucha format to discuss the key aspects of their plans. This transmission-focused lunchtime discussion was held at All-Energy in Glasgow, to give stakeholders the opportunity to #ChallengeOurPlan including our Non-Load Plan, as we prepare our network for the low carbon future.

The All-Energy event was a success with 79% of attendees stating that they felt more informed transmission and the future of transmission.

### **3.4 Innovation Strategy Webinars**

Innovation is embedded throughout our business plan, not least in non-load investment. Feedback has told us that stakeholders find innovation a challenging area to understand and recognising that our stakeholders' time is precious so we held two discursive webinars to help explain our current and future innovation activities. The webinars explained how we are preparing for and making use of innovation within our RIIO-T2 Plan and enabling the energy system of the future. We explained how our innovation priorities map to the challenges on the path to net zero and the costs and forecast benefits of our plan. We took live questions and feedback from the audience.

Feedback was positive and stakeholders advised that they were confident in our approach.

### **3.5 Managing Asset and Network Risk Public Consultation**

Views were invited from stakeholders on our approach to managing asset and network risk. This document provided an overview of the processes and frameworks we currently apply to quantify and understand risk, as well as our current thinking on how we address risk in relation to our non-load activities and investment.

The document was sent to our known stakeholders via Tractivity, published online, promoted at All-Energy, shared through LinkedIn and also discussed at bilateral meetings with key stakeholders to collate their feedback and inform our plan going forward.

## **4.0 INPUT SOUGHT FROM STAKEHOLDERS**

We asked for feedback from both the web consultation and the round-table sessions. We noted and recorded the stakeholder input during the round-table sessions in the form of agreed minutes and actions and questionnaires which we asked participants to fill out on the day.

Our approach to non-load related engagement has been to describe and test the principles of our investment planning process. As this is a complex area that is unfamiliar to even very informed stakeholders, our first step was to explain the concepts of monetised risk. We then explained how we use monetised risk and its components to identify interventions and to prioritise them for inclusion in the business plan. We asked for feedback on our approach to establishing asset condition and our use of the data in planning investments. We also explored our long-term strategies, how we have prioritised investments and sought feedback on whether we have struck the right balance between cost and risk.

Our engagement with the User Group has been extensive and detailed. We initially presented our intended approach to building the plan and the methodologies involved. We presented on several occasions to demonstrate how we had taken their feedback and interpreted it in our plan. We checked with the User Group at each step and to make sure that the group were happy with our responses.

## **5.0 RESPONSES**

Our stakeholders were clearly supportive of our approach and that it gave them confidence that we would make the right choices in our non-load related investment plans. They agreed that the longer term risk objective should be based on the detailed understanding of asset condition and deterioration and that prioritisation on risk was important. They agreed that the absolute value of monetised risk at any point in time was not directly linked to the level of reliability seen by customers. They were supportive of the need to understand the trend in absolute risk but that the detailed approach would ensure that the right investments were being made.

They also said that we had to be sure that we were only intervening in assets whose condition warranted investment. In response to this we have verified that we are doing this. We have also clearly explained where other factors were driving investment, such as our approach to managing the amount of SF<sub>6</sub> gas we have on the network.

They asked us to make sure that we didn't focus too much on the individual asset. They said that we should 'zoom out' and consider the role that asset will play now and in the future. We've made sure that this type of test is the first thing we do when planning interventions.

We received feedback that by getting the process right, there would be confidence in the individual interventions required and the inclusion of these in the business plan. They expressed that we have the best information, knowledge and experience to determine the right course of action for each asset.

We have received feedback that we have got the right balance between risk and costs to current and future consumers. There was agreement that only selecting the cheapest projects in RIIO-T2 would not achieve this balance as it would impact on costs to future consumers and may not adequately manage risk.

## **6.0 CONCLUSIONS**

We have presented our stakeholders with the details of how we have compiled the Non-Load section of the business plan, the details of the investments, the impact on network risk and sought their feedback on this process. They have affirmed that the investment planning process will lead to the appropriate investments being included in the business plan, that we have taken account of their input when creating the plan and that the plan is the right balance of cost and risk.