

Making a Difference

Our strategy for stakeholder engagement

Ofgem Electricity Transmission Stakeholder Engagement Incentive Scheme 2016–17
Part One

“During our interviews with SPEN management and external stakeholders, we observed that stakeholder engagement was considered a key activity for the business.”

DNV GL Independent Review 2017



SP ENERGY NETWORKS

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This is SP Energy Networks' Transmission Part One submission to Ofgem's Stakeholder Engagement Incentive for the regulatory year 2016-17.

We are the licensed Transmission Owner (TO) for the Central Belt and South of Scotland. Our transmission network comprises just under 4,000 kilometres of circuits and 140 substations operating at 400kV, 275kV and 132kV. Our system maximum demand is 3.4GW and we currently have over 8.7GW of generation connected to our network.

Ofgem's annual Stakeholder engagement incentive encourages Transmission Operators to 'engage proactively with stakeholders in order to anticipate their needs and deliver a consumer focused, socially responsible and sustainable energy service'.

This year, we have restructured our submission to demonstrate the direct relationship between our stakeholder engagement strategy and our strategic priorities as a business, and the breadth and depth of the ways that engagement in helping how we deliver against these priorities.

Our Transmission submission is made up of two parts:

Part One: Our strategy for stakeholder engagement, demonstrating that we meet Ofgem's minimum requirements.

Part Two: Highlights of our activities and outcomes following stakeholder engagement, demonstrating our strong performance improvements year on year.

100% stakeholder records reviewed and refreshed

Everyone's job – Engagement fully embedded with 72 Senior managers and staff owning plans and all staff responsible for effective engagement

439 separate engagements with over 2,000 stakeholders

100% stakeholder panel meetings director-led

Focus and priorities underpinned by annual stakeholder surveys and 70 stakeholders involved in strategic panels

From top to bottom and throughout our entire business, we've never been closer to our stakeholders than we are right now.

Our stakeholder engagement strategy has always been solid and is the foundation of our entire programme. Yet we've uncovered new ways to strengthen it further, so stakeholders' voices are clearly heard and acted upon – from the suppliers we work with every day to inspiring the next generation of young engineers.

Every single member of our staff has responsibility in the delivery of at least one of

our 14 engagement plans. Engaging, listening and implementing change for our stakeholders is everyone's job.

And our new industry-leading Tractivity IT stakeholder engagement management system gives managers instant access to every element of our stakeholder engagement. Nothing is left behind.

The benefits shine through. Our initiatives are creative and innovative, we build genuine partnerships and collaborations that make a real difference to how we work and to our customers' lives.

We measure ourselves against the most demanding of benchmarks – our stakeholder engagement strategy and activities are independently reviewed annually against

AA1000 Stakeholder Engagement Standard.

Part 2 of our submission shows our highlights on how we are delivering the benefits that stakeholders value most. But these highlights are just a snapshot of the breadth and depth and indeed many benefits our extensive engagement brings.

Our engagement is a way of life, underpinned by our integrity, openness and determination to be a business that doesn't just tick boxes, but puts our stakeholders' opinions and expertise at the heart of what we do.



Frank Mitchell
CEO of SP Energy Networks



Highlights of some key outputs

Safety	<p>0 public safety incidents in the last year on Transmission network.</p> <hr/> <p>518 potentially dangerous sites provided with safety packs and offered site visit.</p>
Connected customers	<p>Connected customers in annual survey rated satisfaction up 25% and response rate up 80% year on year.</p> <hr/> <p>2 proactive outage planning meetings offered per year to connected customers</p> <hr/> <p>Restructured our outage planning team around the new processes for customers.</p>
Reliable, resilient and efficient network	<p>New large fuel tanks added to 18 substations and installing standby generators at all remaining transmission sites over a three year programme – ensuring we can restore power as quickly as possible in an emergency.</p>
Skills to deliver	<p>10 Graduates, 12 apprentices and 3 Adult Craft Trainees have specifically joined our transmission licence since the start of RII0-T1.</p>

Efficient connections

Our agreed plan for Dumfries and Galloway will now save over £400m for customers, costing less than £100m in total, whilst accommodating all the proposed generation 95% of the time.

Upgrading the network

New 3D modelling – proposed lines and towers plotted on satellite imagery.

Tailored flythrough for members of public's perspective of how new lines would look for them.

New interactive investment maps online.

Some route changes suggested in Dumfries and Galloway were viable options. Modifications have been taken forward near Polquhanity, Darsalloch, Stroan Loch, Slogarie and Edgarton.

Working in our communities

54 personalised and tailored community liaison plans for the needs of the community in which we are working.

Community liaison plans now owned by delivery team on site.

Supply chain

New simplified terms and conditions for suppliers agreed and implemented on projects worth £33.7m already, making it easier to tender.



Awards and recognition

Achieved best performance on record for Ofgem's Environmental Discretionary Award.

Awarded £15.6m, nearly half of the total Electricity Network Innovation Competition funding allocated to all distribution and transmission operators combined.

Winner of Scottish Green Energy Award and nominated for Scottish Green Energy Young Professionals Award.

DNV GL Independent Opinion Statement Conclusion 2017

In 2016–17, we continued to observe improvements in SPEN's approach to stakeholder engagement. The business continued to evolve and make progress on its stakeholder engagement strategy, which has resulted in it being more embedded across the organisation. Moreover, through our interviews with SPEN we consistently noted that stakeholder engagement was considered a key activity for the business.

In our interviews we continued to note senior management support for stakeholder engagement across the company, which they consider a core business value and integral to the way SPEN do business.

The establishment of the Transmission stakeholder panel has been a notable event in 2016–17, it has enabled engagement with

Transmission stakeholders on specific topics and issues that were not previously being covered by other panels. Overall, we observed that the topics discussed at both Transmission and Distribution panels were aligned with strategic business issues.

The implementation and roll-out of SPEN's stakeholder engagement database system, has improved the operational management of stakeholder engagement. This includes oversight and visibility of information to business owners (including stakeholder prioritisation), which resulted in a positive reception and high use of the system.

In our full statement we make a number of recommendations that should be considered by SPEN to help further improved stakeholder engagement activities.

Our strategy for stakeholder engagement

Our strategy aim: continually improve how we engage with stakeholders across all aspects of our business – allowing stakeholders to influence, guide and steer our activities, enabling us to better deliver against our vision as a business.

Strong foundation

When you are building for success, you need a solid foundation. Our strategy is evaluated against the AA1000 Stakeholder Engagement standard, and we rigorously manage engagement to meet its high requirements.

At the core of our strategy sit three principles:

Inclusivity:

We're accountable for what we do. We accept our responsibilities and engage at all levels to achieve better outcomes.

Materiality:

We pinpoint the issues that are most relevant to us and our stakeholders and prioritise effectively.

Responsiveness:

We respond to feedback from our stakeholders and take action to improve performance.

Our strategy is comprehensive

Working hand in hand with stakeholders is a vital ingredient in our business. That's why we have ensured our strategy for engagement is comprehensive and robust.

We don't merely tick boxes. Our commitment runs broad and it runs deep. Responsibility for engagement is fully embedded across our whole business, via 14 engagement plans, 72 senior managers and all teams. **Engagement is part of everyone's job.** The way we engage is embedded and constantly reviewed and challenged at senior level. Our strategy is updated annually, signed off by our CEO and senior management and supported by our central coordinating team.

It's at the heart of how we develop and deliver services.

Our strategy is delivering positive outcomes and constructive change for our customers, in everything we do.

Industry-leading stakeholder engagement management system

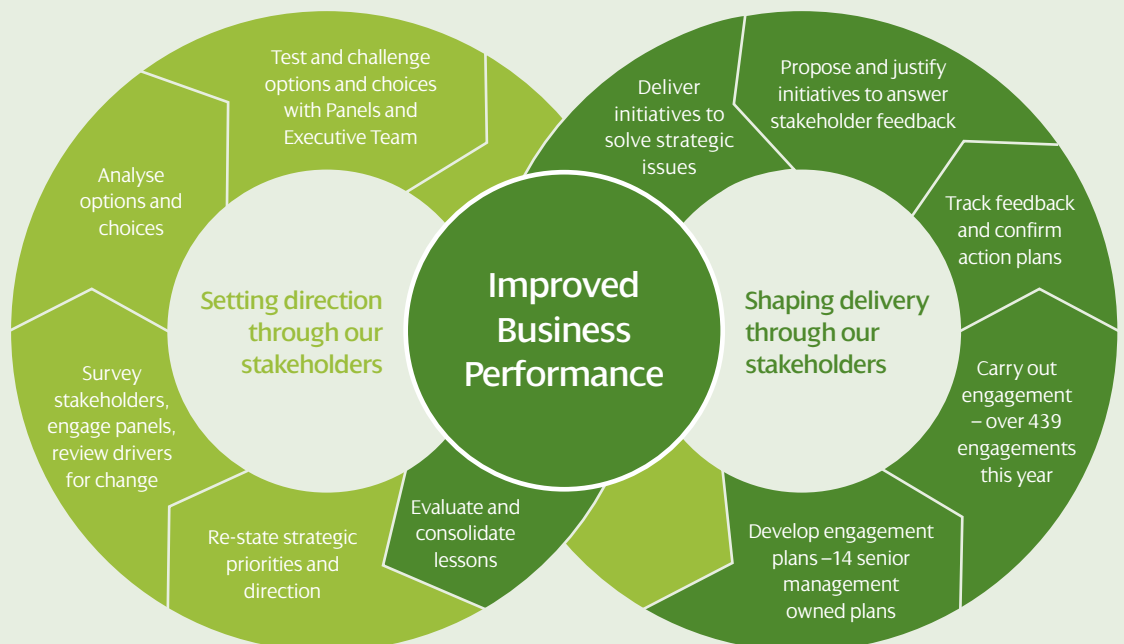


We are the **first network operator to fully embed a game-changing new stakeholder engagement management system** into our business, explicitly managing the stakeholder and feedback loop and going much further than a traditional customer relationship management system. This system, **Tractivity**, allows full visibility across our whole business – ensuring every aspect of engagement planning, delivery, tracking and reporting is more efficient, joined-up, and is entirely evidence-based, carrying out tailored engagement with confidence. **It significantly strengthens our adherence to all three engagement principles and enables unprecedented data granularity and analysis.**

All engagement plan owners and their teams have access to, and have been trained to use, the new system. They have collective responsibility to ensure that it is kept up to date throughout the year. Having all the information on stakeholders, engagements, feedback and actions in one central shared space enables the teams to identify opportunities and efficiencies and to avoid duplication of effort. **See page 7 for more information about our Tractivity system.**

Engaging with stakeholder to drive improvements is a process, not a single event

All stages of our feedback loop are supported by our Tractivity system and core engagement programme.



Embedding engagement and culture change

'As in previous years, we saw significant evidence of commitment at a senior level to the stakeholder engagement strategy, as well as executive and senior management participation in a variety of stakeholder engagements and events. This continued to be well received by the stakeholders we interviewed. We observed that this active involvement contributed to stakeholder feedback being considered and acted upon by the Executive Team.' DNV GL Independent Review 2017

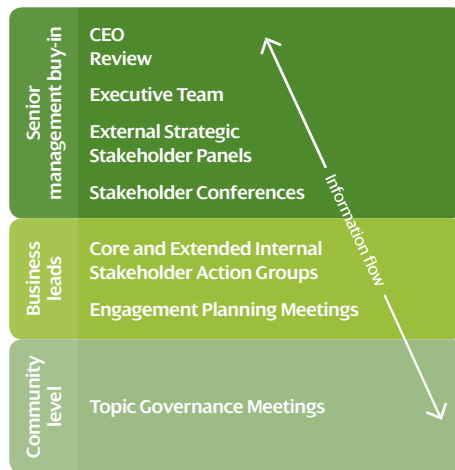
Embedding stakeholder engagement throughout our business

The central stakeholder team define the strategy, collate and report on engagement outcomes and actions, and support engagement owners throughout the business in defining and delivering engagement. They ensure that external stakeholder panels are balanced and representative, and they lead the monthly Core and Extended Internal Stakeholder Action Groups (ISAG).

Senior business leads develop strategic engagement plans, share feedback and learnings through ISAG meetings, Topic governance meetings, and identify strategic issues for discussion with the External Strategic Stakeholder Panels. The ISAG meetings are central to our governance as the forum where stakeholder leaders from across the business meet regularly to discuss engagement, plans, feedback and actions, both forward and backward looking.

This approach facilitates information sharing across the business, cross pollination between business plans, extended resourcing and support from different areas. It promotes a holistic approach and has significantly contributed to changing our culture and deeply embedding engagement within our organisation, all underpinned by our Tractivity system.

Our Embedded Governance Structure



Governance and Accreditation

Our organisational structure and our embedded governance structure enables information sharing between all levels of the organisation. It provides several touch points throughout the formal structure to facilitate the flow of information and feedback from the front line teams to the executive team and back again. This enables us to gather and develop strategic opinions and make decisions, implementing them in line with stakeholder feedback and themes.

Our governance structure supports compliance with the AA1000 Stakeholder Engagement Standard. To ensure that our services are fair, accessible and represent the interests of all vulnerable customers, we have achieved the BSI 18477 Standard: *Inclusive Service Provision – Requirements for identifying and responding to consumer vulnerability*. We also hold ISO9001 accreditation.



Embedded engagement responsibility	Comprehensive Stakeholder Engagement Strategy	Broad and Inclusive Stakeholders	Tailored Engagement Mechanisms	Acting on Feedback	Positive Outcomes
<p>Executive Team</p>	Takes ownership of strategy issues, challenges and reviews.	Ensures stakeholders are drawn from a wide variety of backgrounds.	Drives innovative methods to ensure engagement is most effective.	Uses feedback in high level business decision making.	Challenges and reviews engagement outcomes.
<p>Central Stakeholder Team</p>	Sets strategy and works to improve it. Runs central and strategic engagement programme.	Looks for gaps in stakeholder presence and seeks to fill them.	Identifies best practice and guides teams to use innovative and tailored methods of engagement.	Analyses feedback themes and ensures responses are consistent.	Engagement is measured and evaluated effectively.
<p>Licence Stakeholder Team</p>	Integrates strategy into licence engagement plans and engages with licence level stakeholders.	Watches for emerging licence issues which require stakeholder input and identifies the further stakeholders we need to engage with.	Identifies needs and priorities of licence stakeholders. Tailors engagement accordingly.	Makes sure feedback is answered and acted upon across all licences and districts.	New licence initiatives are designed with stakeholders in mind.
<p>Topic Engagement Plan Team</p>	Ensures strategy is woven into topic-level engagement plans. Engages with stakeholders.	Identifies new topic themes which would benefit from stakeholders' voices.	Tailors engagement to meet the needs and priorities of topic-specific stakeholders.	Ensures feedback is acted upon and answered across all topics.	Topic-specific initiatives take into account stakeholders' feedback.

A cultural transformation

Our culture change programme has delivered industry-leading improvements in customer service, but we aren't stopping there.

We're using the same principles to reinforce our personable, flexible and efficient culture as we look to the future.

Stakeholder Engagement: multi-layered engagement training for all staff, industry-leading Tractivity stakeholder engagement management system enables embedded engagement with clear lines of sight.

Open Innovation: staff across the business involved in 'hatching a challenge', thinking about light, fast innovation close to home.

Asset Management: leading position achieved through everyone having a role to play and access to the information they need.

Sustainability and Environment: multi-layered training for all staff, cementing industry-leadership position.

Winner of Scottish Green Energy Award and nominated for Scottish Green Energy Young Professionals Award.



Winners of 4 industry awards for customer care, innovation and major infrastructure projects and shortlisted for 16.

Our 7 pillar strategy embeds consistency

'During the year, SPEN implemented a database system specifically designed for managing stakeholder engagement data. This has been a notable step forward in managing the programme as it provides visibility across the business of contact details, engagement, feedback and actions.'

DNV GL Independent Review 2017

At the centre of our strategy sit the seven pillars which underpin all of our activity.

The structure ensures we deliver a clear, consistent programme of engagement, facilitating an environment in which stakeholder feedback is integral to the development of our business to deliver a service which best serves those we impact.

	Improvements made in 2016–17:
<p>Data</p> <p>A single, centrally managed register of stakeholders, engagements, feedback and actions</p>	<p>Our new Tractivity stakeholder engagement management system has dramatically improved the way we track engagement and monitor improvements</p>
<p>Governance</p> <p>Strategy is owned and advocated by senior management. They hold regular review meetings and track internal groups</p>	<p>Introduced new Transmission Strategic Stakeholder Panel and steering groups for Sustainability and Distribution System Operator</p>
<p>Planning</p> <p>Our plan is focused on key material and strategic issues identified with our stakeholders</p>	<p>We act on data and feedback to continuously refine and improve our response to stakeholders' needs</p>
<p>Tools</p> <p>We use various tools to help us plan, record and deliver our activities</p>	<p>Tractivity stakeholder engagement management system including feedback tracking, stakeholder database, reporting, event management and communication tools</p>
<p>Feedback loop</p> <p>We use various channels to communicate findings, engage with interested parties and show impacts</p>	<p>Feedback and associated business actions now logged in Tractivity. Users have their own dashboard with reminders to keep us on track</p>
<p>Resources</p> <p>Engagement is embedded throughout our organisation</p>	<p>New organisation has driven culture change and integrated engagement throughout our licence and priority areas</p>
<p>Assurance & Accreditation</p> <p>External assurance confirms our strengths and helps identify weaknesses</p>	<p>DNV GL have noted improvements made in their independent review against AA1000 Stakeholder Engagement standard – opinion statement featured on page 1</p>

Our 4 step engagement planning process – at the heart of all that we do

We align stakeholder engagement activities with our strategic business priorities to maximise the benefits of stakeholder engagement.

In 2015, we introduced a new engagement planning tool to assist managers in using the four-step process; to identify strategic issues, prioritise stakeholders, plan and deliver fully tailored engagement and record and analyse stakeholder feedback. We used our experience and lessons learned to take this a step further in 2016 and implemented a brand new IT system which would allow us to take our engagement and analysis to the next level. Offering full visibility across our organisation, and data at our

fingertips we can carry out tailored engagement with confidence.

14 senior managers from across our business have each developed an annual engagement plan using our methodology. By employing this consistent step by step thinking, we are aligning our engagement with our strategic issues, prioritising our stakeholders effectively, selecting the right methods of engagement and turning feedback into actions.

The engagement planning tool and subsequently Tractivity, supported by our robust governance structure, has been pivotal in deeply embedding engagement into the heart of our organisation.

‘SPEN continued to identify further levels of stakeholders during the year, building on the comprehensive range already in place’.

‘The engagement plans appear to cover all the material issues that SPEN is engaging with its stakeholders on. We noted that the plan owners interviewed had good visibility of engagement on other topics through the monthly extended ISAG meetings, allowing co-ordination where appropriate. Plan owners interviewed also demonstrated how they were leveraging established communication channels to engage with stakeholders, and we noted the majority of plan owners interviewed had sought feedback on relevant issues at strategic panels during the year’.

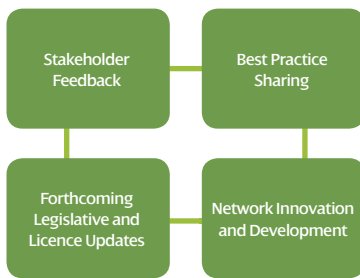
DNV GL Independent Review, 2017

Step 1:

Identifying Strategic Issues and Risks

As the needs of our business and our stakeholders evolve, we know that it is important to continually refine and improve our approach. We use existing engagement, including strategic stakeholder panels and in-depth annual surveys to identify and validate business and stakeholder priorities and emerging themes. We identify stakeholder and business priorities from a variety of different sources.

Stakeholder and business priorities



Using these stakeholder and business priorities, senior managers identify the stakeholder and business strategic issues and risk across each of the 14 licence and topic-specific engagement plans. See Part 2 page 2 for our summarised list of priorities.

133
stakeholder and business issues and risks identified and prioritised.

Step 2:

Identifying and prioritising a broad and inclusive range of stakeholders

Mapping and prioritising stakeholders is a key part of our engagement planning process. Senior managers select the stakeholder groups and hard to reach stakeholders applicable to their area from a master list of 139 categories.

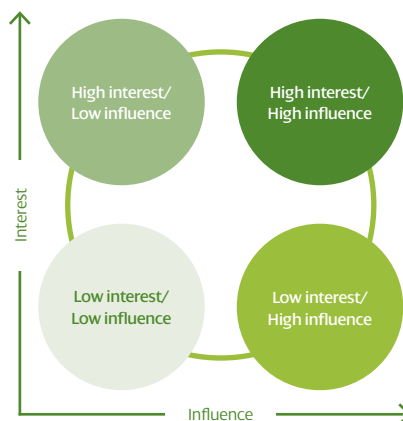
From this list, they attribute a prioritisation rating to each stakeholder group, based on two key criteria:

- Interest in this subject
- Influence over our organisation on this subject

The subsequent ranking produces four levels of stakeholders on our interest/influence matrix.

We have completed this mapping in each of our 14 key priority areas and built and prioritised our engagements against the resulting rankings.

Stakeholder prioritisation by interest and influence



New for 2016–17: Engagement planning process updated to proactively identify and engage further hard to reach stakeholders in all engagement plans.

Our comprehensive engagement plans:

Licence

SPD licence strategic (inc. Connections, Supply Chain and Community)

SPM licence strategic (inc. Connections, Supply Chain and Community)

SPT licence strategic (inc. Supply Chain and Community)

SPT licence connections

Topic

Core engagement (new)

Customer and emergency preparedness

Future networks

Land and planning

Public safety

Recruitment

Regulator, policy and market reform (updated)

Smart metering

Social issues & vulnerability

Sustainability

Demonstrating our progress in 2016-17

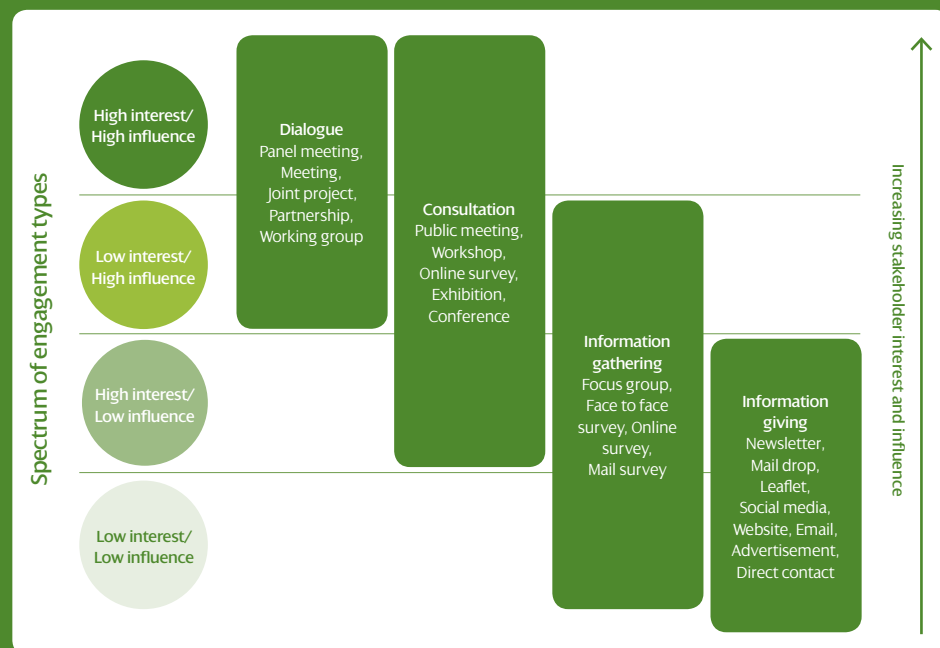
- **Increased relevance** – Over 2,500 stakeholder contact records reviewed or updated.
- **Increased diversity** – covering 139 stakeholder groups, up 26% from 2015-16, demonstrating that we have further extended our base to get closer to those that are hard to reach.
- **Accurate targeting** – Stakeholder priority level mapped for every stakeholder across each of 14 engagement plans.
- Focus and priorities underpinned by annual stakeholder surveys and 70 stakeholders involved in strategic panels.
- **Improved visibility** – 133 stakeholder and business issues and risks identified.
- **Improved response** – 14 engagement plans, representing 439 engagements with stakeholders, created and carried out to manage issues and risks.

‘The licence and topic engagement plans were all examples of tailored engagement each with a range of engagement activities combining established channels, one-to-one engagement and bespoke engagement. We noted that a number of plans such as Sustainability, Social Obligations and DSO, included stakeholder working groups which provided a strong opportunity for topic specific input from experts and leaders’.

DNV GL Independent Review, 2017



Tailoring our engagement and selecting appropriate mechanisms



Step 3:

Informing and engaging stakeholders through a variety of mechanisms

When developing their engagement plans, senior managers consider their core issues and the results of their stakeholder mapping identified in steps one and two. They tailor engagement as appropriate to the interest and influence level of the stakeholder groups identities and work to ensure breadth and depth of engagement across their areas. They select methods from the Dialogue and Consultation end of the Spectrum of Engagement Types for high interest/high influence stakeholders and Information Giving and Gathering for low interest/low influence stakeholders.

All individual plans are built in Tractivity, enabling full visibility for all engagement plan owners and their teams, highlighting the range of engagement methods used, and allowing further analysis at a higher strategic level.

Step 4:

Recording feedback and taking action

Gathering feedback, analysing it and then taking the right action is where it all comes together.

Our new Tractivity stakeholder engagement management system is like a sorting office for feedback. It's here that all feedback from stakeholders is logged and linked to an associated contact and business action. 196 actionable items were logged in 2016–17.

It helps us keep on top of stakeholders' feedback and track our actions, so we can see instantly what we have to do and how progress is being made.

All members of our Internal Stakeholder Action Group and their teams can access it, so they have the chance to identify opportunities and efficiencies, and to avoid duplication.

It means we can track our progress across all 14 engagement plans. It shows the aim of each engagement, its link to specific strategic issues, the stakeholder groups involved, date and type of engagement. Using this clear vision of activity, engagement plan owners can quickly access up to date information, enabling them to make informed and joined up decisions.

Developing, justifying and delivering stakeholder initiatives

Developing stakeholder initiatives

Some feedback aligns strongly with strategic issues or risks and results in the development of initiatives that change our organisation for the better.

We work with external and internal stakeholders to develop needs cases and to work in collaboration to deliver them.

Our Part 2 submission is structured to demonstrate our strategic approach and highlight the breadth and depth of our engagement and outcomes across our priority areas.

Justifying initiatives and maximising value for money

We've worked hard to develop and extend the ways we use analysis to maximise value for money. We use a strong suite of evaluation and measurement tools on every project. We continue to use 'full' and 'light'

expressions of Cost Benefit Analysis as appropriate to justify our engagement and the resulting initiatives. We're committed to evaluation and believe it is important to have a flexible approach to measure all types of engagement.

We've spent time benchmarking best practice in evaluation and measurement across utilities and beyond, giving us confidence that our approach is helping us target our initiatives to deliver the best outcomes for our stakeholders.

However we're not stopping there – our CEO and Directors have helped develop our new approach to Willingness to Pay and interactive stakeholder conferences. Building on best practice, we're working with relevant experts to develop surveys and econometric analysis to test willingness to pay amongst our stakeholders.

Priority	Initiatives
Safety	<ul style="list-style-type: none"> Robust processes for Public Safety Safety culture
Connected customers	<ul style="list-style-type: none"> Looking after our connected customers
Reliable, resilient and efficient network	<ul style="list-style-type: none"> Using international technical innovation to solve big industry issues Our plan for if the lights go out
Skills to deliver	<ul style="list-style-type: none"> Ensuring we have the skills to deliver Our workforce for the future delivers innovations and customer benefits
Efficient connections	<ul style="list-style-type: none"> Developing an efficient future transmission system saving millions for consumers Better, more accessible information
Upgrading the network	<ul style="list-style-type: none"> Tailoring our consultations for the hard to reach 'Ditch the label'
Working in our communities	<ul style="list-style-type: none"> Going above and beyond for our local communities
Supply chain	<ul style="list-style-type: none"> Rewriting our procurement processes

Game-changing stakeholder engagement management system – Tractivity

One of the key reasons we invested in Tractivity is that it significantly strengthens our strategy across all of our 7 pillars and underpins all 3 core principles of the AA1000 Stakeholder engagement standard.

Tractivity is an entirely unique and innovative system as it doesn't just manage the customer and associated actions like a traditional Customer Relationship Management system, it manages the stakeholder and the full engagement and feedback loop and encompasses all aspects of our 4 step process.

All engagement plan owners and their teams have access to, and have been trained to use the new system. They have collective responsibility to ensure that it is kept up to date throughout the year, ensuring that engagement is embedded across all parts of the business. Having all the information on stakeholders, engagements, feedback and actions in one central shared space enables the teams to identify opportunities and efficiencies and to avoid duplication of effort.

There are four main elements to the Tractivity system:

Stakeholder Organisations and Contacts – this is the register of all stakeholders: It is updated by each engagement plan owner, and, along with the usual names, companies and contact details, categorises each person in terms of stakeholder group and priority level across each engagement plan. It shows which engagement each stakeholder has received throughout the year, and also enables

us to identify stakeholder interest in particular licence or district.

Engagement tracking: Each engagement taking place across all engagement plans is tracked on the system. It shows the aim, linked to specific strategic issues, the stakeholder groups involved and the date and the type of engagement.

Feedback & Action tracking: We use the system to track the feedback we receive via our engagements, the actions that we have promised to complete, and the updates on these actions – categorised by engagement and stakeholders.

Reporting: The reporting module within Tractivity is extremely flexible and allows us to build customised reports which aids us in gap analysis and planning. Reports can be run on an ad-hoc basis or scheduled to run from within the system at regular intervals.

Having access to all our data at the touch of a button is transforming how we can analyse our stakeholder base and associated engagement and plans, extending our reach and looking for best practice replication across our local and district plans.

Some additional features offered by Tractivity include:

- Event invitations and professionally designed newsletters.
- Each engagement plan owner sees their own dashboard of engagements and activities.
- Stakeholders can be assigned to multiple stakeholder groups for greater granularity.
- Attachment of emails/meeting notes/presentations to individual stakeholder records.

Sharing best practice

Customers benefit when we share best practice to deliver and replicate GB-wide initiatives. We are proud that TO's have delivered a wide range of useful outcomes for our customers and stakeholders.

Sharing our best practice with others

Tractivity stakeholder engagement management system: demonstrated industry-leading stakeholder management system to all TO's.

Ditch the label: Shared approach with National Grid and agreed for our staff to support consultation events they hold in our Manweb licence area.

Sustainability: sharing leadership approach industry-wide through working groups.

Replicating others' best practice

Investment maps: building on Northern Powergrid's approach.

Willingness to pay and Stakeholder Conferences: building on Western Power Distribution's approach for 2017.

Our strategy in action – Case study

Listening to our suppliers and making real tangible changes to our business.

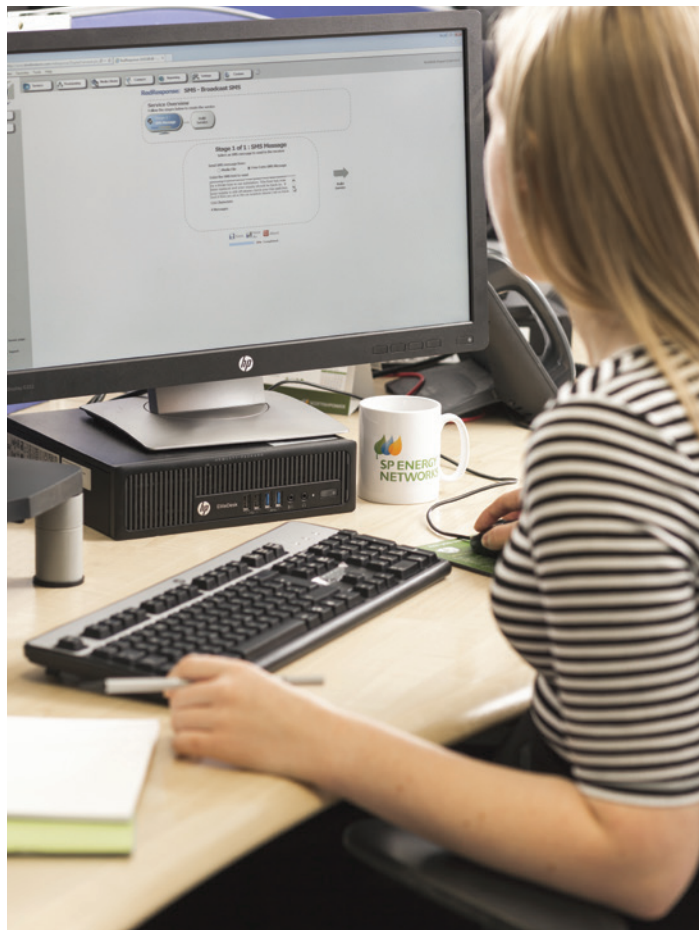
Step 1: Identifying strategic issues and risks

Our RIIO-T1 commitments were substantial – a massive £2.2bn capital programme to upgrade the network over eight years. We identified in our business plan that a key strategic challenge would be ensuring our supply chain could deliver the workload. We made an active decision to use a wider, more diverse range of contractors. Our engagement with our suppliers has been central to the delivery of our plans. Having the best processes for working with our suppliers will lead to the best value for money for our customers. Senior managers identified this as a strategic issue for our business during our engagement planning process.

Step 2: Identifying and prioritising a broad and inclusive range of stakeholders

Suppliers were identified as highly interested stakeholders and are also very influential over the delivery of our promises and commitments to stakeholders, with over 80% of our delivery undertaken by our supply chain.

All our suppliers have been added to our new Tractivity stakeholder engagement management system. Each one has been ranked in terms of their interest and influence against each of our 14 business wide engagement plans.



Our new simplified terms and conditions have now been agreed and implemented, with

£33.7m

worth of work tendered using them already.

Contractor representatives and Scottish Council for Development and Industry representatives were also added to new Transmission Strategic Stakeholder Panel.

Step 3: Informing and engaging stakeholders through a variety of mechanisms

We put in place individual SPEN contact points for all of our contractors and distributed a “meet the SPT management team” presentation and innovative personal video message responding to survey feedback. We complemented this with new face to face meetings to build understanding and test out new ideas, e.g. standardising Pre-Qualification Questionnaires.

Contractor representatives and Scottish Council for Development and Industry representatives were also added to new Transmission Strategic Stakeholder Panel to ensure influence on executive decision making.

We also launched a new quarterly supplier newsletter through Tractivity, tailored to respond to previous feedback received from suppliers. This newsletter focuses on practical information, for example forward tender view, process guides, investment map. Also used to reinforce safety culture messaging.

Step 4: Recording feedback and taking action

Our suppliers told us that our procurement process was repetitive and complicated. Our terms and conditions originated from 1987. They were unhappy with them, found them outdated and struggled to follow all the amendments we had added over time and told us that they did not facilitate simple interactions on site.

We listened to feedback about how complex they had become and completely rewrote these from scratch. Following the full feedback loop, we sent these to our biggest suppliers for comment, further adapted them and responded to all contractors individually. Following best practice, where we had decided not to use their feedback or suggestions, we explained why not.

Our new simplified terms and conditions have now been agreed and implemented, with £33.7m worth of work tendered using them already.

We’re making the changes our suppliers have been asking for, in collaboration with them and continuing to engage to make sure we’ve got it right.

NEW Transmission Strategic Stakeholder Panel

Our Strategic Stakeholder Panels are an opportunity to bring together the most interested and influential of our stakeholders in an independently facilitated open forum with members of our executive team. We bring real strategic challenges being faced by the business – usually an area where we don’t have all the answers – and discuss with our panel members.



Establishing our panel

In 2016 we identified that our more strategic influence for our Transmission licence specifically could be achieved through taking the best practice model we had developed in Distribution and establishing a dedicated Transmission Strategic Stakeholder panel. We held a workshop with stakeholders where they told us they would strongly support the establishment of a strategic forum and 100% said they would like to be involved.

Since then we have formally convened our panel and used this new forum to discuss security of supply, the connection of more low carbon generation, current energy policy in Scotland and the implementation of our new Sustainability strategy.

The next price control period RII0-T2 may not begin until 2021, but we’ve already been engaging with the panel about their priorities for this period. We’re laying the groundwork now – reviewing the current status of key topics that will be relevant during the collation of our RII0-T2 business plan.

Membership

We formed our panel in an innovative way, conducting a full PESTLE analysis of our Transmission environment, in order to make sure we didn’t just include people or organisations known to us or those we were used to engaging. This approach has helped us to develop relationships with business groups like SCDI and consumer groups like Citizens Advice Scotland.

The following organisations are all represented on our panel:



“I think it is an excellent forum to do some proper thinking and analysis away from the business-as-usual discussions”
Transmission Strategic Panel Member

“They facilitate the meetings to a very high standard”
Transmission Strategic Panel Member

Our key impacts and outcomes

Safety

- 0 public safety incidents in the last year on our Transmission network.
- 518 potentially dangerous sites provided with safety packs and offered site visit.
- 100% of enquiries met our own stringent targets for appointments and response.
- Everyone who we are in contact with is provided with direct control room phone number for emergencies.
- Significant year on year reduction in incident rate – from 1.37 incidents per 100,000 hours worked in 2014 to 0.38 incidents in 2016.
- Reducing vehicle and plant incidents by implementing full 360° visibility for operators at all times, through mirrors or cameras, and the installation of an external seatbelt indicator on all plant.
- Safety Critical Rules revised based on feedback. All employees now sign up to these. Over 200 staff briefed.
- Our major contractor Babcock took the Working at Heights groups approach & scaled it up over their entire organisation – equivalent to double the man hours of our contractor base.

Connected customers

- Connected customers in annual survey rated satisfaction up 25% and response rate up 80% year on year.
- 2 proactive outage planning meetings offered per year in addition to existing annual interface meeting to all connected customers.
- Restructured our outage planning team around the new processes for customers.

- 4 EDF control engineers trained and authorised to carry out switching instructions from SPEN control engineers, increasing efficiency for one of our major connected customers.
- Reduced major connected customer outage from 6 weeks down to 36 hours, through identifying new technology from best practice.

Reliable, resilient and efficient network

- Our CBA, based on conservative estimates, indicates implementation will result in real benefits to customers. Use in just 3 GB locations will result in £42m of net present value benefit and 662MW of capacity release.
- Increasing duration of standby diesel generators at existing major sites to take account of potential for longer outages.
- New large fuel tanks added to 18 substations and installing standby generators at all remaining transmission sites over a three year programme – ensuring we can restore power as quickly as possible in an emergency.

Skills to deliver

- 10 Graduates, 12 apprentices and 3 Adult Craft Trainees have specifically joined our transmission licence since the start of RIIO-T1.
- 320,000 people visited the innovative Powering your Future exhibition in 2016/17, including 1,288 schools. 98% of visitors asked rated the exhibition as excellent or good.
- 93% of teachers rated The Electric Detective workshop as excellent.
- Leading the field – Transmission graduate Cristina Fundulea nominated for Scottish Young Professionals Green Energy award, demonstrating the recruitment of high calibre staff.

Efficient connections

- Working with the system operator, we developed a ground-breaking plan to build a smarter, more efficient network in Dumfries and Galloway to give much of the same capacity and functionality whilst greatly reducing price, disruption and environmental impact.
- Based on the revised plan for Dumfries and Galloway, we quickly developed and issued updated connection offers for all 30 waiting projects, representing a massive 1298.4 MW of generation, and securing the potential for substantial local economic benefit.
- Our agreed plan for Dumfries and Galloway will now save over £400m for customers, costing less than £100m in total, whilst accommodating all the proposed generation 95% of the time.
- New Getting Connected guide sent to 300 developers and published online. In annual survey 75% had read the document and 100% of them agreed it was useful.
- Year round engagement ambition – New twice-yearly newsletter timed to fill gaps between Developer Forums and launched new, innovative stakeholder online community platform.
- 112 portfolio review meetings held for 88 ongoing connections.

Upgrading the network

- New 3D modelling – proposed lines and towers plotted on satellite imagery.
- Tailored flythrough for members of public's perspective of how new lines would look for them.
- Some route changes suggested in Dumfries and Galloway were viable options. Modifications have been taken forward near Polquhanity, Darsalloch, Stroan Loch, Slogarie and Edgarton.

- Received praise for engagement from high profile protest group.
- Public information messaging distributed in 8 hard to reach hotspot areas, identified through innovative data mapping.
- New interactive investment maps online.
- Infamous WWI 'Sea-monster' u-boat find featured heavily in international media. #1 news story on BBC News. International documentary channel creating 2 hour feature about find, with potential reach of up to 10m UK households and 409m worldwide.

Working in our communities

- 54 personalised and tailored community liaison plans for the needs of the community in which we are working.
- Community liaison plans now owned by delivery team on site.
- This year our teams have gone the extra mile for our neighbours – from moving to night-shift working to avoid closing single track roads to arranging a new vehicle drop off point for a junior group of young disabled golfers who would otherwise not be able to access the course.

Supply chain

- New simplified terms and conditions for suppliers agreed and implemented on projects worth £33.7m already, making it easier to tender.
- New standardised Pre-Qualification Questionnaires adopted for all tenders, replacing the resource intensive previous process.
- Quarterly publication of circa 45 future tenders – leading the industry in helping suppliers plan effectively for the future.
- New quarterly face to face meetings with 12 biggest suppliers – an additional 48 meetings per year to improve relationships.



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