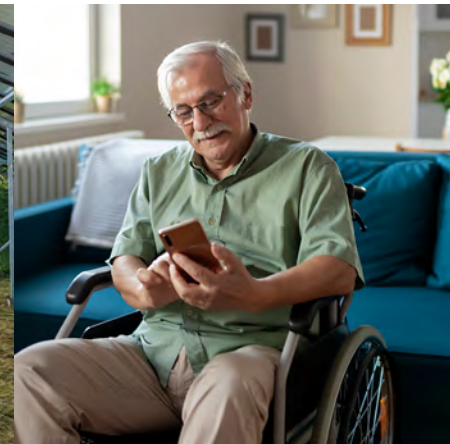


Just Transition Strategy

March 2023



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Foreword

Sustainable Today, Better Tomorrow

Tackling climate change is a moral imperative. At SP Energy Networks we are proud to be leading the way, facilitating the transition to Net Zero as a key part of the UK's energy system and "walking the walk", taking steps to become a fully sustainable networks business. The road to Net Zero will involve facing multiple intertwining social and environmental challenges. We must adapt to ensure that these are being tackled in the right way to deliver fair and equitable outcomes for all. On that basis, I am delighted to present our first ever Just Transition Strategy.

As an electricity network operator, it is our role to maintain, operate and invest in our networks, ensuring a safe, reliable, and economic service to 3.5 million homes and businesses across our licence areas. We are the only network operator in the UK to operate across Scotland, England and Wales and understand that there are no "silver bullet" solutions for reaching Net Zero. Part of a just transition is recognising that whilst decarbonising the energy system is a pressing global issue solutions will be inherently local.

The publication of this strategy comes at a pivotal time for the UK's energy system. The current cost-of-living and energy security crises underline how important it is that no one is left behind as a result of the transition. Similarly, the Scottish Government's recent Draft Energy Strategy and Just Transition Plan makes it clear that we must anticipate the social implications of the shift to a low carbon economy. Our most recent RIIO-2 Business Plans are our most ambitious to date and will see a minimum of £7.5 billion of investment in our networks in a decisive decade for both UK and global Net Zero targets. This includes significant infrastructure upgrades across our Transmission and Distribution networks, and numerous strategic projects to ensure we are actively meeting our customers' needs and implementing innovative digital solutions to deliver our plans efficiently and economically.

Our Just Transition Strategy – the first of its kind for a UK electricity network company – summarises the steps we will take to embed the principles of a fair and equitable transition into everything we do. It lays out our track record and future plans to support customers and enable transformational change to ensure a more sustainable future for all.

Our vision for a just transition to Net Zero is both a process and an end goal which we cannot achieve alone. We are committed to reviewing our progress regularly and working collaboratively with stakeholders including customers, our people, communities, regulators, and other industry players to develop and implement solutions that maximise our positive impact.

Achieving Net Zero is not a distant goal, it is here, now. I am confident that by working together to deliver our strategy, we can help to create a better future for all.

Vicky Kelsall
CEO, SP Energy Networks

£7.5bn

As a minimum will be invested in our networks in a decisive decade for both UK and global Net Zero targets.



Introduction

ABOUT US

SP Energy Networks is a Transmission and Distribution Network Operator that owns and operates three regulated electricity network business in the UK: SP Transmission plc (SPT), SP Distribution plc (SPD) and SP Manweb plc (SPM). We provide power on behalf of supply companies through a network of cables and power lines to homes and businesses across Central & Southern Scotland, North Wales, Merseyside, Cheshire and North Shropshire.

SPEN is a subsidiary company of ScottishPower UK plc, which is in turn part of the Iberdrola Group, one of the world's largest sustainable utility companies and a Dow Jones Sustainability Index and Global 100 listed company.

A just transition seeks to ensure that the benefits of the transition to a low carbon world are shared equally. It goes beyond trying not to leave those most disadvantaged behind and puts them at the heart of this vital societal shift.

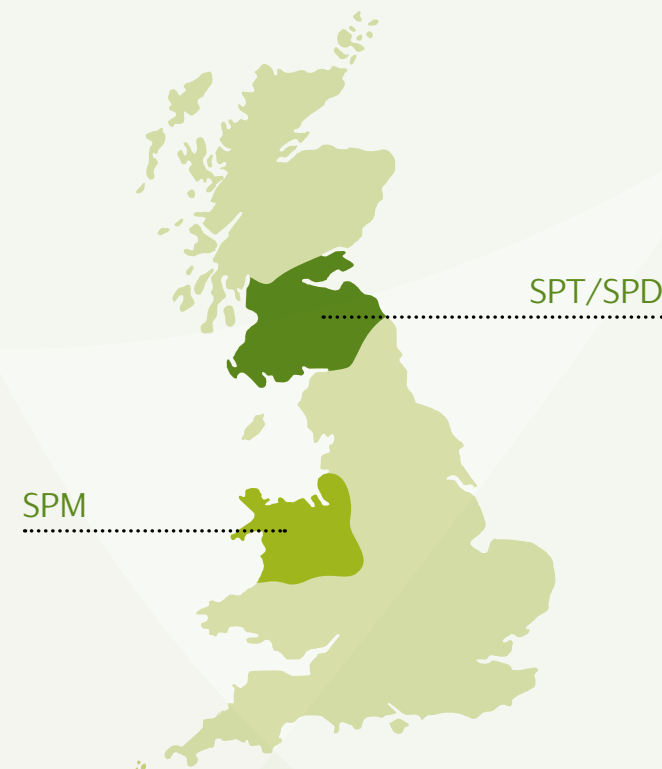
The energy sector plays a key role in this shift, already enabling rapid change to the way we live, work and play. The coming decades will see increasing decentralisation, democratisation and digitalisation of the UK's energy system, with local actors taking an ever more active role in determining their route to achieve Net Zero.

Globally, governments are taking action to ensure the transition is fair. COP26, held in Glasgow in 2021 saw the agreement of the Just Transition Declaration, which was signed by over 30 nations. The agreement commits them to developing strategies to ensure a well-managed, environmentally sustainable transition, with emphasis on social inclusion and poverty eradication. In the UK, devolved Governments are taking further steps to embed the just transition at the heart of their policies. Scotland's ground-breaking just transition Commission published their second recommendations report to Government in 2022, whilst The UK Government's Levelling Up White Paper and Welsh Government's consultation on their just transition to Net Zero Wales plan both show increasing ambition to support a wider dialogue around the social implications of our transition to Net Zero.

The pace of change we must achieve to reach Net Zero can seem stark, but such a significant period of advancement presents a huge opportunity to do things differently and, more importantly, better. As an electricity network company, SP Energy Networks (SPEN) has the opportunity to leverage our position for good, supporting local and national actors to achieve their low carbon ambitions

with speed and efficiency. Through our projects, supply chain, employees, and the many communities we serve across the UK, we have a significant sphere of impact and therefore opportunity to support and empower others.

Our ambitious [RIIO-ED2 Business Plan](#), originally published in November 2021 and developed through extensive stakeholder engagement, was the first time we took steps to formalise our approach to the just transition. The result is this: our first ever Just Transition Strategy. It sets out our approach to ensure fairness and equity are embedded as core tenets of our business, now and into the future. This won't be our last word on the topic; we are committed to working with stakeholders, communities, and customers to make sure our strategy remains fit for purpose.



Our Vision for a Just Transition

OUR VISION

We will work proactively with the communities we serve to enable a just transition to our Net Zero future. To achieve this, we will:

- Engage proactively with our customers and all relevant stakeholders to understand and address the challenges they face as part of the Net Zero transition, and ensure we are doing our utmost to address these, within our capacity as a network provider.
- Embed our just transition Principles into our business planning, decision making and business-as-usual activities, with executive level leadership to drive this forward. We will ensure that colleagues across the business understand what the just transition means for their areas of work, and are empowered to enact the principles in their day-to-day activities.
- Act with integrity and transparency, reviewing our strategy and approach on a regular basis and reporting progress towards our aims.

We are publishing this Strategy during one of the worst cost-of-living crises of a generation. We cannot escape the fact that many of our customers are struggling to make ends meet. In addition, the energy and social policy and regulatory environments are incredibly fast moving, with policymakers increasingly recognising the need to consider the just transition.

“This Strategy sets out a clear pathway for SPEN to enable and support a just transition”

Our regulator, Ofgem, sets expectations around how electricity network operators should manage and develop our assets in support of the Net Zero transition. This Strategy goes a step beyond these expectations, responding to our stakeholders' calls that we must go further, faster. It will be critical to ensure that the ambition of policymakers and local actors can be supported by electricity network companies, and that the just transition initiatives we drive as a business form a coherent part of the wider transition across the sector and the wider economy.

This Strategy builds on significant work to date and sets out a clear pathway for SPEN to enable and support a just transition to Net Zero. We consulted on our proposed approach with stakeholders in Autumn 2022. This collaborative approach helped us to challenge our internal thinking and supported the development of the proposals set out in this document. We have also worked closely with colleagues in the wider ScottishPower Group, whose updated [Just Transition Strategy](#) was published in December 2022.

OUR STRATEGIC PILLARS

We have aligned this strategy with our three organisational Strategic Pillars, listed below. Throughout this document the corresponding icons and colour-codes are used to denote the relevant pillar(s) against our Just Transition Principles and their corresponding areas of work.



**DEVELOP A SAFE,
SECURE AND
RESILIENT NETWORK
THAT'S READY FOR
NET ZERO**



**BE THE TRUSTED
PARTNER FOR
OUR CUSTOMERS,
COMMUNITIES AND
STAKEHOLDERS**



**INNOVATE TO READY
OUR BUSINESS FOR
A DIGITAL AND
SUSTAINABLE FUTURE**



OUR JUST TRANSITION PRINCIPLES

Our Strategy is based around four principles, which articulate our long-term ambition to a well-managed, socially inclusive transition to Net Zero:

1. A Purposeful Business
2. Leaving No One Behind in the Energy Transition
3. Together with our Communities
4. Sharing Knowledge and Opportunity

These principles can be aligned to specific areas of work underway across our business, as shown in the diagram opposite. Together these form the foundation of our Just Transition Strategy.

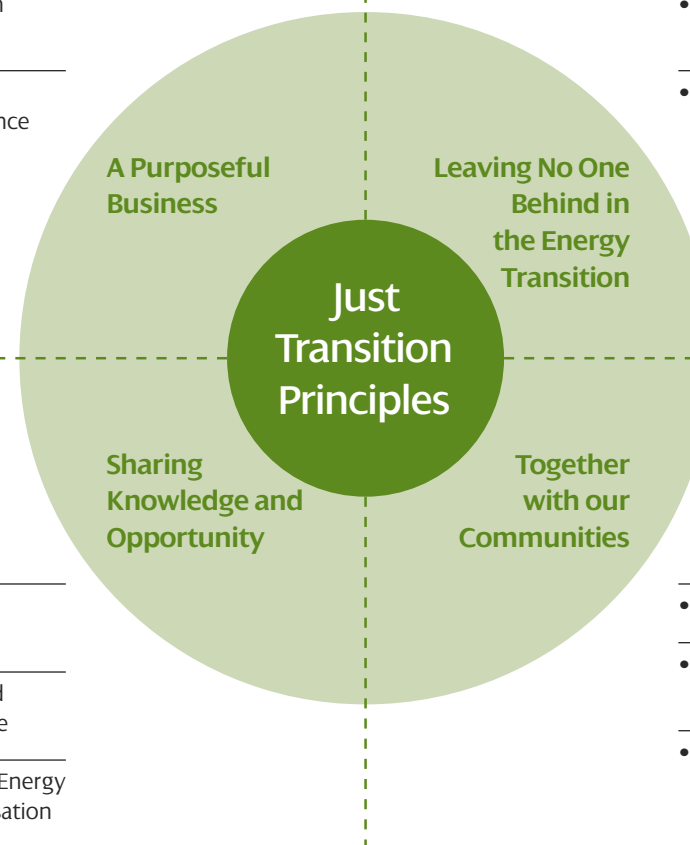
Similarly, the United Nations' Sustainable Development Goals (SDGs) provide a global framework for delivering improvements in all areas of sustainability by 2030. As part of Iberdrola, we support the UN SDGs and have embraced these as part of our Sustainable Business Strategy and corporate governance system.

- Becoming a Sustainable Networks Business
- Embedding Social Return on Investment
- Ensuring Transparent Executive Level Governance

- Investing in Knowledge Sharing and Reskilling
- Supporting Fair Work and Conditions for our People
- Increasing Access to the Energy System Through Digitalisation

- Supporting our Vulnerable and Fuel Poor Customers
- Supporting Universal Access to Energy Transition Benefits
- Optimising Net Zero Investment for the Right Long-Term Solution

- Engaging with Stakeholders
- Strengthening Local Supply Chains
- Energising Social Partnerships



GOALS



A Purposeful Business

To be successful in achieving our vision for the just transition, we must embody the future we want to see. As a purposeful business, we are committed to embedding the tenets of a fair transition to Net Zero into everything we do. This means understanding our potential impacts on the communities we serve and the natural environments in which we operate, maximising positive outcomes wherever possible. We are also taking steps to develop a governance structure that ensures our just transition principles are embedded across our organisation and holds us accountable to our aims.

1



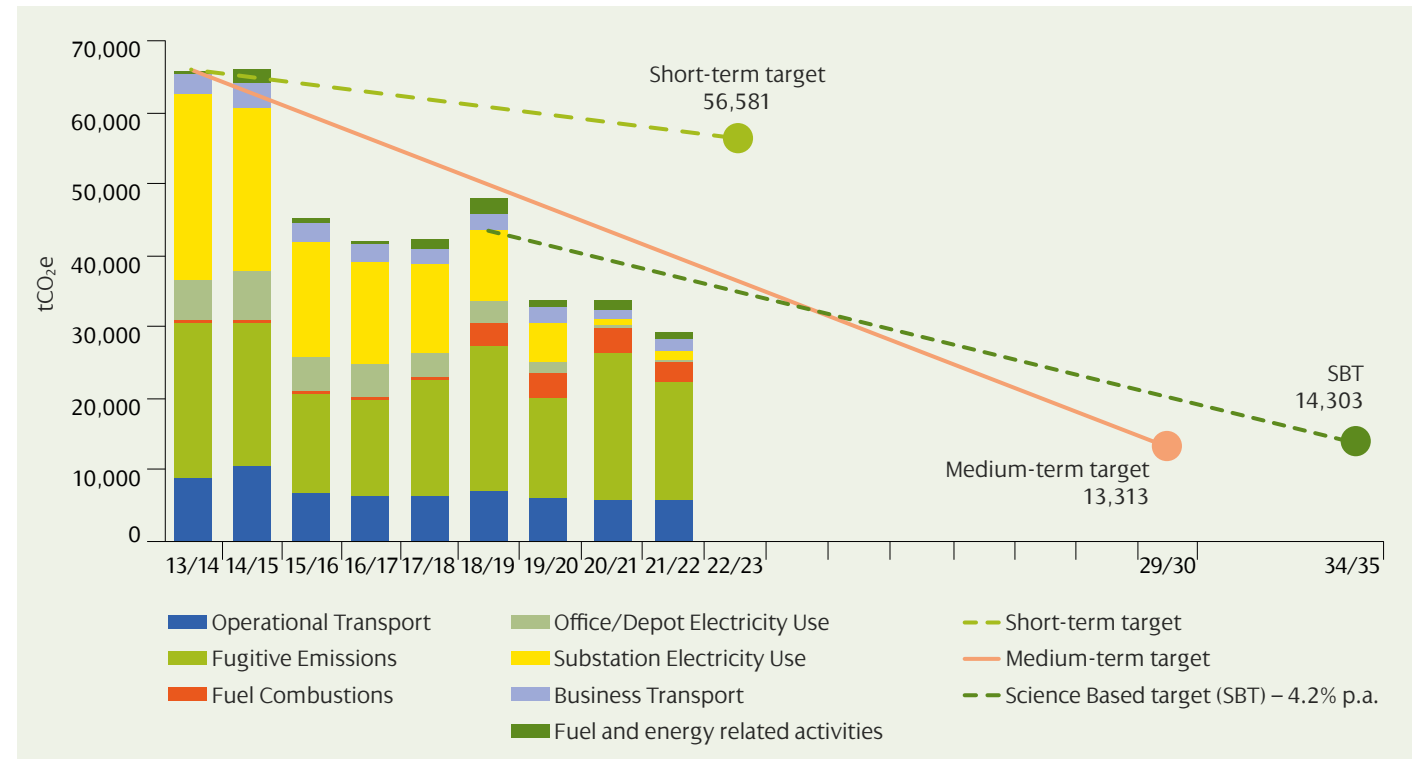
Becoming a Sustainable Networks Business

Our ability to collectively reach Net Zero hinges on the actions we take now to tackle the climate crisis. Recent years have seen an increase in extreme weather events and the real-time impacts of rising global temperatures. As an operator of critical infrastructure, we understand the seriousness of this. We know we must lead by example, which is why we are taking significant steps to decarbonise our own operations. We have not only set validated Science Based Targets for 2035, requiring a reduction in our total carbon footprint of more than 67% compared to our 2018/19 baseline, but we have committed to achieving Net Zero carbon by that same deadline, across our entire value chain.

However, long-term sustainability for our business and communities goes beyond carbon reduction. Our networks cover a variety of landscapes, habitats and communities that we must serve and protect. Our activities require a large and diverse supply chain, and we need to work with these suppliers to manage the environmental impacts of the services and products they provide us. By using innovation and investment built around our [Sustainable Business Strategy](#), we can support the low carbon transition, reduce our own impacts, support our supply chain, and address biodiversity loss to build a better future for all.

We also work closely with strategic stakeholders in the major cities we serve – including Edinburgh, Glasgow and Liverpool – to influence action towards and share best practice on sustainability.

Our current [RIIO T2](#) and [ED2](#) Business Plans include 84 environmental sustainability commitments spanning across several key focus areas. An important part of our approach to sustainability and the just transition is ensuring that we empower colleagues across the business to understand the role they play in helping to achieve our targets. This is why we have embarked on a comprehensive programme of climate literacy and practical environmental training for our staff and suppliers, enhancing our efforts to bring everyone with us on the journey to Net Zero.



Embedding Social Return on Investment



Everything we do is not only funded by our customers but is driven by our stakeholders, and has the opportunity to make a positive impact on the people we serve, our communities and the environment. Our continuous engagement with customers and stakeholders helps us learn about their needs, uncover opportunities for impact and suggestions for improvement. To realise these opportunities, we must embed a consistent, robust and transparent approach to make the right choices and deliver maximum value to our customers and stakeholders.

We have taken steps to embed our Social Return on Investment (SROI) model across our business over the past few years, which has laid the foundation of our efforts to lead the industry towards a unified approach to measuring social value across our sector. The SROI method allows us to quantify the financial, social and wellbeing benefits received by society as a result of an action we take and compare these to the costs involved. Our approach to social value will be an integral part of our Just Transition Strategy and will help shape our response to a very quickly changing energy landscape, allowing us to make better informed decisions on how we can best support our customers and deliver maximum value.

We use this method in two ways below:



To make decisions:

Once we have identified a customer or stakeholder need through our engagement, we work with them and our subject matter experts to define different options for how this could be addressed. Once a set of feasible and desirable options have been firmed up, we put each of these through the SROI tool. This tells us which of the options delivers maximum value for society. We weigh this information, along with the preferences of customers and stakeholders as well as operational factors in deciding the best way forward.



To ensure value was delivered:

Once a project is underway, we gather data on the results delivered and the outcomes enjoyed by customers and stakeholders. Putting these through the SROI tool allows us to ensure that value was delivered and to continually improve our ability to measure and forecast the impact of our actions. Continuous improvement plays a crucial role in our mission to do what's best for customers as we move towards Net Zero.

Our SROI modelling is already utilised by many customer-facing areas of our organisation, particularly to inform our consumer vulnerability offerings to support those who need it most.



Ensuring Transparent Governance

A robust approach to delivering a just transition requires a robust governance framework, one which ensures accountability to our stakeholders and customers. Under our regulated structure, our Business Plans define the work we do, and how we do it. Each Business Plan is developed through extensive engagement with our stakeholders; around 19,000 customers and stakeholders supported the development of our recent ED2 Plan.

Through delivery of this Strategy, we will make sure that our just transition Principles are central to the delivery of these plans and inform our future work beyond RII02. A significant proportion of our work will directly contribute to delivering and enabling a just energy transition, some of which is highlighted in this strategy.

Our commitments that will have the greatest direct impact on the just transition can be broken down into eight key areas:

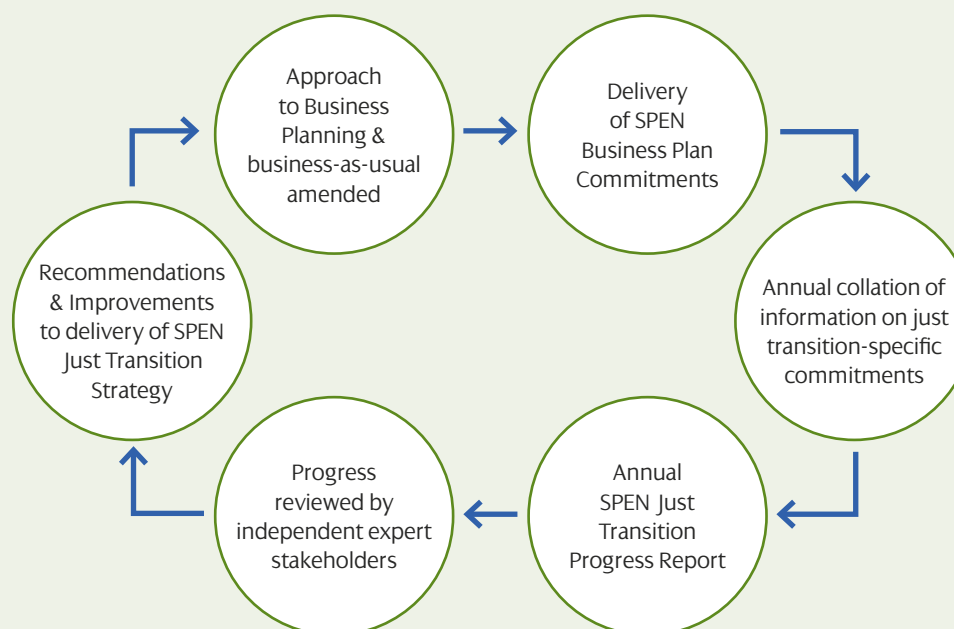
-  1. Customer service and vulnerability
-  2. Sustainability and environment
-  3. Stakeholder engagement
-  4. Developing a Net Zero workforce
-  5. Supporting our supply chain
-  6. Community partnerships; including community benefit and supporting local energy projects
-  7. Digitalisation, data accessibility and sharing information
-  8. Operating as an ethical business for example, delivery of our diversity and inclusion commitments

Through existing regulatory reporting structures, we will track the progress of specific commitments across each of these areas. This will form the basis of an annual progress report, detailing our activities to support and enable a just transition, the first iteration of which will be published in 2024.

Our annual just transition governance cycle will ensure that our commitments are being delivered in accordance with our Just Transition Principles. SPEN's Independent Net Zero Advisory Council (INZAC) - comprising of industry and consumer experts – will provide informed, independent oversight, ensuring that our strategy and approach remains sufficiently ambitious and fit for purpose.

Within this structure, we will remain flexible in our approach to updating our Just Transition Strategy, ensuring that we can adapt our approach in response to significant societal or political and regulatory events. The current energy sector landscape is rapidly changing, and we firmly believe that our Just Transition Strategy must continue to reflect the needs of our stakeholders and customers.

To ensure our Just Transition Strategy remains at the forefront of our work, our annual governance process will be overseen by our existing Executive Sustainability Steering Group, with Director-level ownership. Our Annual Progress Report will have input from multiple business areas, helping to embed our just transition principles across our various areas of activity.



Leaving No One Behind in the Energy Transition

Getting to the UK's 2050 Net Zero target will take a holistic, whole system approach, with supportive market conditions that allow for multiple solutions enabling the decarbonisation of sectors, such as heating and transport, to come forward. As an energy network company, our duty of care goes beyond simply “keeping the lights on”; it means ensuring that no customer is left behind in the energy transition, and that they can live a better quality of life because of it. This is particularly pertinent considering the cost-of-living and energy security crises.

2



Supporting Our Vulnerable and Fuel Poor Customers

OUR VULNERABILITY MISSION STATEMENT

“We will be a service leader in the UK providing proactive and tailored services based on customers preferences and needs. We will also deliver focused support to our vulnerable and disadvantaged customers that is easy to access, helping them save money, access the benefits of the low carbon transition, make use of technology and receive support for wider social issues.”

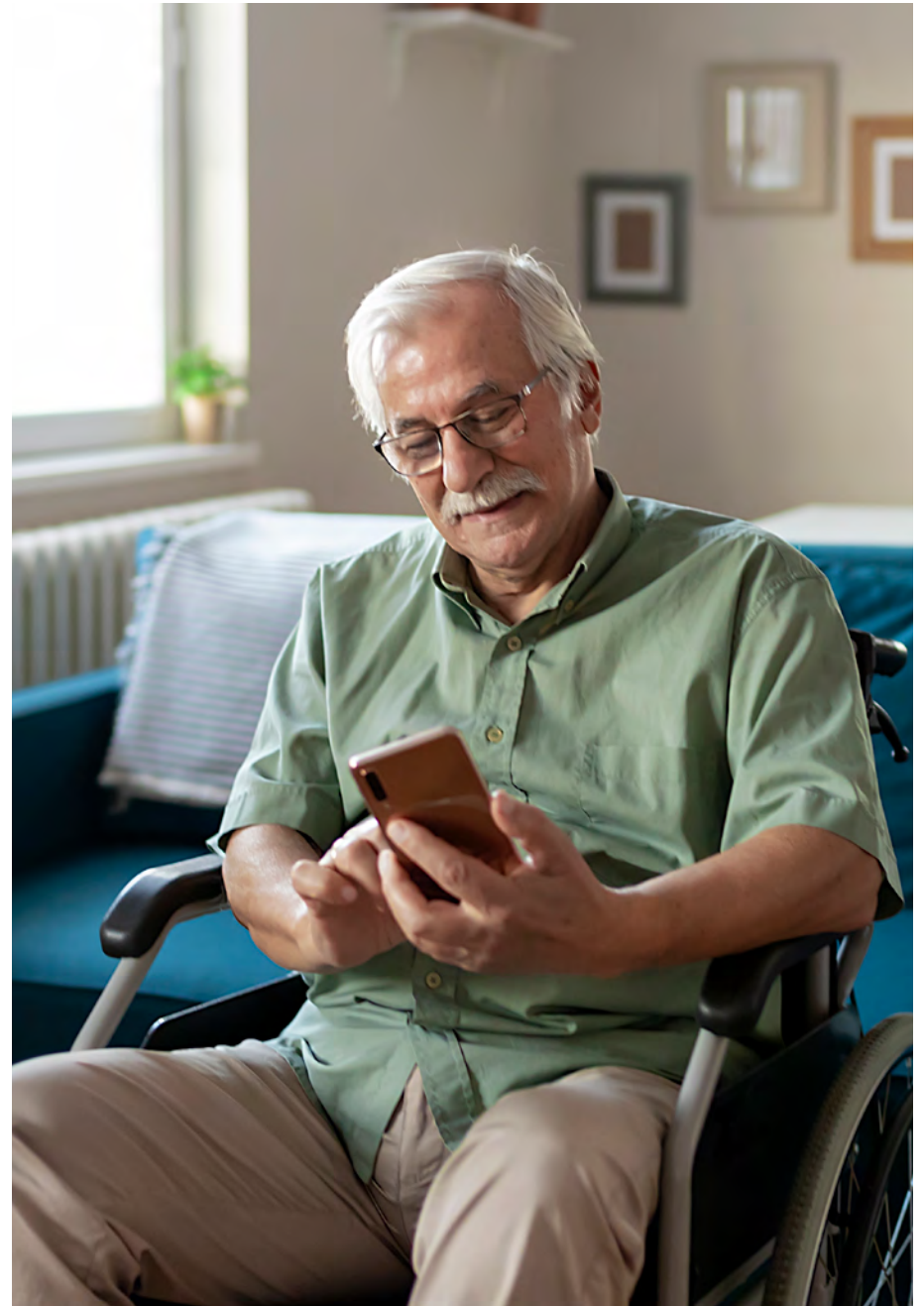
SPEN's [RIIO-ED2 Vulnerability Strategy](#) sets out our commitments to provide a level of support far exceeding anything we have delivered to date. This is in recognition of the changing landscape and the additional support customers will require over the next few years, be this: additional support during a supply interruption; help with energy efficiency and reducing costs (especially for those customers in, or at risk of fuel poverty); or ensuring customers can access the benefits that low carbon technologies bring and help remove barriers that may prevent their adoption.

We will work closely in our communities, build our partnership network and through gathering and utilising appropriate data, enable the delivery of this support. In line with this, we have developed a series of commitments focused on reaching customers previously not captured by SPEN, either those in hard-to-reach groups or those where they don't traditionally fall into a vulnerability category as defined by standard industry codes.

We have developed a strategy that places these customers at its heart and have developed a series of ambitious commitments that will deliver the support these customers require when they require it and to a high standard at all times. Our Commitments are laid out in full in our [RIIO-ED2 Business Plan](#).

Our Vulnerability Strategy and actions are shaped around three key areas:

- Reaching all customers who need support and going beyond traditional needs;
- High quality data and process to ensure we can deliver effective services; and,
- Delivering services to customers to remove barriers and tackle current and future trends.



Supporting Universal Access to Energy Transition Benefits



The UK's energy system is complex and requires careful planning to ensure that the benefits of the Net Zero transition are spread fairly. The energy system of the future will present increasing opportunities for customers to act as prosumers as technologies such as batteries, thermal storage and solar PV become more common and allow end customers more flexibility in terms of when, and how, they consume energy.

Through delivery of our T2 Business Plan, we enabled an additional 186MW of low carbon, renewable generation to connect to our transmission network in 2021/22, and have processes in place to deal with increasing connection requests. Through an analytical

data-led approach we invest in the right areas of our network ahead of time to enable smooth, easy uptake of low carbon technologies (LCTs) such as electric vehicles and heat pumps. We have built upon innovation projects such as [Heat-Up](#) and [EV-Up](#) to inform our ED2 network upgrade plans, and will continue to develop these through open dialogue with, for example, local authorities, housing associations and heat pump installers. We are committed to ensuring that all of our customers can take advantage of LCTs through providing free, proactive unlooping services across our SPM and SPD licenses, and will conduct prioritisation assessments of all of our customers, to ensure targeted advisory support regarding new technologies is available for those who need it most.



Optimising Net Zero Investment for the Right Long-Term Solution



Between 2021 and 2028, SPEN will leverage around £7.5bn of investment into our networks. Our RIIO-T2 and ED2 Business Plans, which provide a detailed break down of this spend were developed and sense checked by a wide range of topic specific and expert stakeholders. Additionally, through employing our just transition Governance framework, we will continue to monitor delivery of our plans. We will create change with our communities, rather than doing it to them.

For example, we have a dedicated strategy for Community Energy included within our [RIIO-ED2 plan](#) for 2023 to 2028. It outlines how we plan to build on our existing support for communities, working more closely and strategically with community anchor organisations, our customers, and stakeholders, to address some of the main barriers limiting the growth of essential community energy solutions, ensuring that our communities understand Net Zero, what it means for them and how they can maximise the benefits within their local areas. Our Community Energy Strategy will be embedded across our business and sets out our approach of leveraging resources to cost-effectively support community energy projects across our licence areas.

Community anchor organisations also represent a unique source of local knowledge, sensitive to local needs and histories. Such information will be essential to our ability to facilitate a just transition as it allows us to continue to tailor our RIIO-2 investments in a way that is responsive to social needs as well as network conditions. We believe it is only right we play a part in building the capacity of such groups by investing in developing local knowledge and awareness of changes coming to the energy system, supporting local groups to participate in local energy schemes that meet their needs and through creating green jobs and skilled, local workforces.

We will work in partnership with local support organisations to deliver community energy awareness campaigns at scale and educational outreach activities to raise knowledge and awareness of the changes coming to the energy sector and how individuals and their communities can participate and benefit. We will review our engagement, including who/how best to deliver information, throughout ED2 and remain flexible and innovative in our approach. Through dedicated Community Energy advisors, we will also offer technical advice and optioneering as well as signposting to impartial, local support organisations and local energy planning activities and hand-hold local groups in need of additional support through our connections process.

Together with our Communities

Change at a local level can be enabled by those in positions of greater resource and influence. We recognise that we must not only look at what drives us as a network business, we must also support our communities and societies to build their knowledge, then recognise and realise their green ambitions.

3



Engaging with Stakeholders

Engagement with our customers and stakeholders is central to all aspects of our business, and we will continue to build upon our strong track record as we work towards a just transition.

Through our [Stakeholder Engagement Strategy](#), we have five principles that underpin our engagement efforts; that they will be: Inclusive, Authentic, Tailored, Innovative and Deliver Value for Money.

These principles govern how we operate now and how we want to operate in the future, allowing us to be responsive to stakeholder needs and ensuring we engage on the topics that matter most.

Of course, stakeholder and customer priorities may change and evolve in line with a shifting industry landscape, as we have seen through the recent energy security and cost-of-living crises.

We are therefore committed to making sure our customers and stakeholders have the opportunity to set the agenda and influence our business priorities and strategic decisions. Throughout RIIO-2, we will continue to test our existing priorities to make sure our strategic direction is informed by stakeholder needs and preferences.



We will do this through methods including advisory panels, focus groups, workshops, open consultations and both qualitative and quantitative surveys. Each activity will be tailored to audience knowledge levels in order to facilitate meaningful and in-depth conversations and relevant feedback.

Additionally, to ensure the decisions we make are in the best interests of a wider and diverse range of stakeholders, we have continued to evolve and strengthen our hard-to-reach framework. Stakeholder mapping is carried out on a regular basis to ensure we reach new voices and representatives from each of our stakeholder groups including specific targeting of hard-to-reach and vulnerable groups.

Beyond using engagement to inform our plans and strategies, we are committed to being an active stakeholder and will continue to liaise directly with local authorities and communities to help inform local energy planning.

Having carried out engagement, we then reconcile any relevant feedback within our strategic decision-making processes, embedding these within commitments that will benefit our communities as we strive to reach Net Zero.

To ensure our strategy continues to be fit for purpose, we enlist external accreditors AccountAbility to provide an independent audit of our strategy, governance and processes. We are fully committed to continuing this robust assessment process through both ED2 and T2 Price Control periods.



Strengthening Local Supply Chains

We recognise that, as a large company, we cannot fulfil our ambitions to support societal decarbonisation and, in turn, decarbonise our own operations, without support from our supply chain. We have a responsibility to support them, ensuring that they have the capacity and skills to respond to the challenges presented by the Net Zero transition.

Supply chain sustainability is central to our skills plans. SP Energy Networks is a partner of the [Supply Chain Sustainability School](#), a platform providing resources and training on a range of social and environmental sustainability topics and is free for all of our supply chain to sign up to. We are also working proactively with our suppliers as we look towards achieving our commitments around supporting our supply chain to meet our enhanced environmental requirements and supporting them to set externally validated Science Based Targets. We also engage with strategic collaboration groups such as the [Scottish Business Climate Collaboration](#) to ensure we are supporting our supply chain, particularly SMEs, in line with wider sector approaches. More detail on our supply chain sustainability activities can be found in our [Sustainable Business Strategy](#).

It is also key that we ensure our supply chain has the capacity it needs. We have completed a strategic skills and resources review to establish the future needs for our own workforce and our supply chain and are working closely with our supply chain to ensure they have the visibility and support to grow. We share our approach to workforce programmes and ensure access to training. Further detail on our workforce programmes and our commitments are detailed in our [RIIO-ED2 Business Plan](#).



Energising Social Partnerships

We believe all our customers have a stake in our business and through our engagement with them and through partnerships with other organisations, we are able to make a real difference to our communities, reaching out to support the more vulnerable in our society, making sure people know how to stay safe around electricity, who to call when there is a power cut, promote our priority service register and provide education on Net Zero.

SP Energy Networks is at the heart of the communities in which we operate. We have several key community partnerships including the Glasgow Warriors, Scotland's women's rugby team, and Wrexham football club. It has become clear the synergies that can be drawn from sport and applied to business which has allowed us to work on joint initiatives such as encouraging females into sport/engineering, effective teamwork, mental health initiatives. These partnerships allow us to engage differently with some of our harder to reach stakeholders, deliver our key messages or share information with our communities.



CASE STUDY: TRANSMISSION NET ZERO FUND

Launched in August 2022, our [Transmission Net Zero Fund](#) replaces our award winning Green Economy Fund. It has been established with the aim to enable vulnerable communities within our Transmission operational area to develop robust routes to achieving Net Zero, particularly targeting those communities who have been or will be impacted with our works to upgrade our network to support the Net Zero transition. The creation of a Net Zero Fund enables a just transition and is something practical that we can do to support fair change for the communities we operate within. We want to empower our communities decarbonisation plans and support a just transition for all, through this fund. The fund is a £5m fund, aimed at providing guidance and support to consumers and communities in vulnerable situations and contributing to the UK's Net Zero objectives. The fund will support and build knowledge capacity within communities to decarbonise buildings, electrify transport and rethink how they power and heat their homes.

PRACTICAL SUPPORT FOR OUR COMMUNITIES

There are three distinct phases of our Transmission Net Zero fund which allows us as a funder to help projects at concept stage right through to delivery. We aim to work closely with our communities, guiding them each stage of their project ultimately to delivery and realisation of the benefits.

Stage 1 – We will offer Knowledge Sessions as part of the first phase of the fund. We will run two distinct types of sessions, **General sessions** which will help organisations or communities understand what 'Net Zero' means for them and what they can consider. We will also offer Tailored session which will explore the particular needs for a local community.

Stage 2 – The second phase of the fund we will look to help communities look at the viability of a particular project and help to build up a rationale for a project going ahead and seeking funding.

Stage 3 – The third phase of the fund will offer funding so that the project can be delivered, and the benefits realised for the community.



Sharing Knowledge and Opportunity

Getting to Net Zero will require new ways of thinking and approaching challenges. One of these will be getting the right people, in the right places, to do the right jobs. Thousands of workers from high carbon sectors have knowledge and skills that can be utilised in a low carbon economy. As a large employer, it is our responsibility to build a workforce that is up to the challenge of reaching Net Zero, through creation of high quality green jobs. We also need to make sure those people have the right tools to do those jobs, through increasing innovation and digital solutions.



4

Investing in Knowledge

Sharing and Reskilling



We acknowledge that achieving Net Zero presents significant challenges and opportunities in terms of the people and skills required to deliver the transition. We have set out our approach to invest in our people to ensure we have the correct skills to deliver our plans, benefiting both our people and the communities we serve. We have committed to creating opportunities for our employees, both now and in future, by delivering our workforce plans in line with our Just Transition principles.

OUR STRATEGIC WORKFORCE PRINCIPLES

1. We will use just transition principles to develop and grow our workforce for the future
2. Grow our own talent to be the modern workforce we need for our delivery plans
3. Inclusive recruitment from the communities we serve to build a diverse workforce
4. Attract new entrants into our industry through a wider range of channels and collaborative working
5. Safeguard the health and wellbeing of our people and support their needs as an inclusive employer.

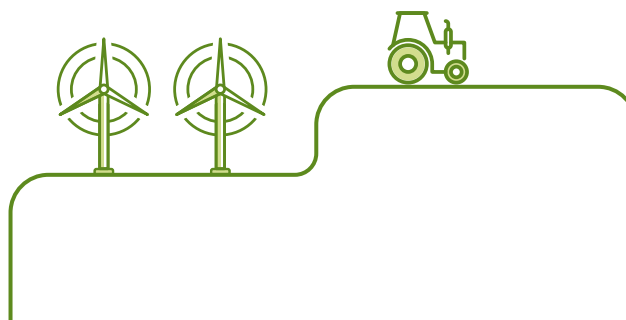
Our strategic principles guide our approach and action plans to build our Net Zero workforce and with input from our stakeholders have shaped and defined our five Commitments.

1. We work with our skills and academic partners like EU Skills, SAAB, Colleges and Universities on the range and content of training programmes to enable place-based recruitment and training of our trainees.
2. We employ a range of pre-employment and social programmes to support disadvantaged groups into the employment pipeline.
3. We create opportunities for our staff to develop new skills through development, upskilling and training plans through annual internally recruited trainee programmes and annual upskilling plans for our people.
4. We will continue to ensure we maintain our current skills through our established training and refresher programmes alongside the upskilling driven by digital advancements and to embed sustainability into our day-to-day activities.
5. To support the development of our workforce we must also support our future leaders. We support our future leaders to have personal leadership development plans, in line with our leadership journey map.

Our Adult Craft Trainee programme is a great example of where we are growing our own talent but also able to work with key partners or with high carbon sectors who are downsizing. This programme is a fast-track version of our apprenticeship which forms a conversion programme for people with transferable skills and experience from other companies or industries. It has proved to be highly successful in bringing new talent and other experience into our industry.

Another programme which has been very successful is our award-winning Breaking Barriers programme. This is delivered in partnership with The University of Strathclyde and Enable Scotland. It includes access to mainstream university, where learners study for a Certificate in Applied Business Skills at Strathclyde Business School, a graduation ceremony and an eight-week work placement within the company. The programme supports young people with learning disabilities, providing equal opportunities to access university courses and supported work placements. The programme has led into us being part of the first accessible Graduate Apprenticeship running in Scotland.

“We have committed to creating opportunities for our employees, both now and in future, by delivering our workforce plans in line with our Just Transition principles”



Supporting Fair Work and Conditions for our People



Our Net Zero Workforce Strategy sets several commitments around wellbeing, diversity and inclusion, namely:

- We are continuing our long-standing commitment to safeguard the physical and mental health and wellbeing of our people to achieve a resilient, engaged workforce.
- We engage with staff and implement actions plans from their feedback through our LOOP survey every two years and topic-specific PULSE surveys.
- We will continue to develop strong support for the mental health of our workforce through our mental health steering group and will increase the number of our mental health first aiders to meet the established standard we have for first aiders.
- We will continue to be relentless in our drive to achieve a truly inclusive and diverse workforce through our improved policies, recruitment processes and by supporting and training our people leaders in D&I Legal training, inclusive recruitment and inclusive leadership.

Our strategy for embedding a more inclusive culture is focused on three areas:

1. Engagement and awareness – telling the diversity and inclusion story through the eyes of our employees and customers to inspire an inclusive mindset. This is in conjunction with and supported by our numerous employee led networks.
2. Inclusive leadership – delivering tools and programmes that support leaders on self-awareness and understanding their role in building an inclusive culture.
3. Policies and approaches – formalising policies and approaches that build a more inclusive culture. For example around maternity, paternity and adoption leave, and hybrid working models.

“Our Net Zero Workforce Strategy sets several commitments around wellbeing, diversity and inclusion”



Increasing Access to the Energy System Through Digitalisation



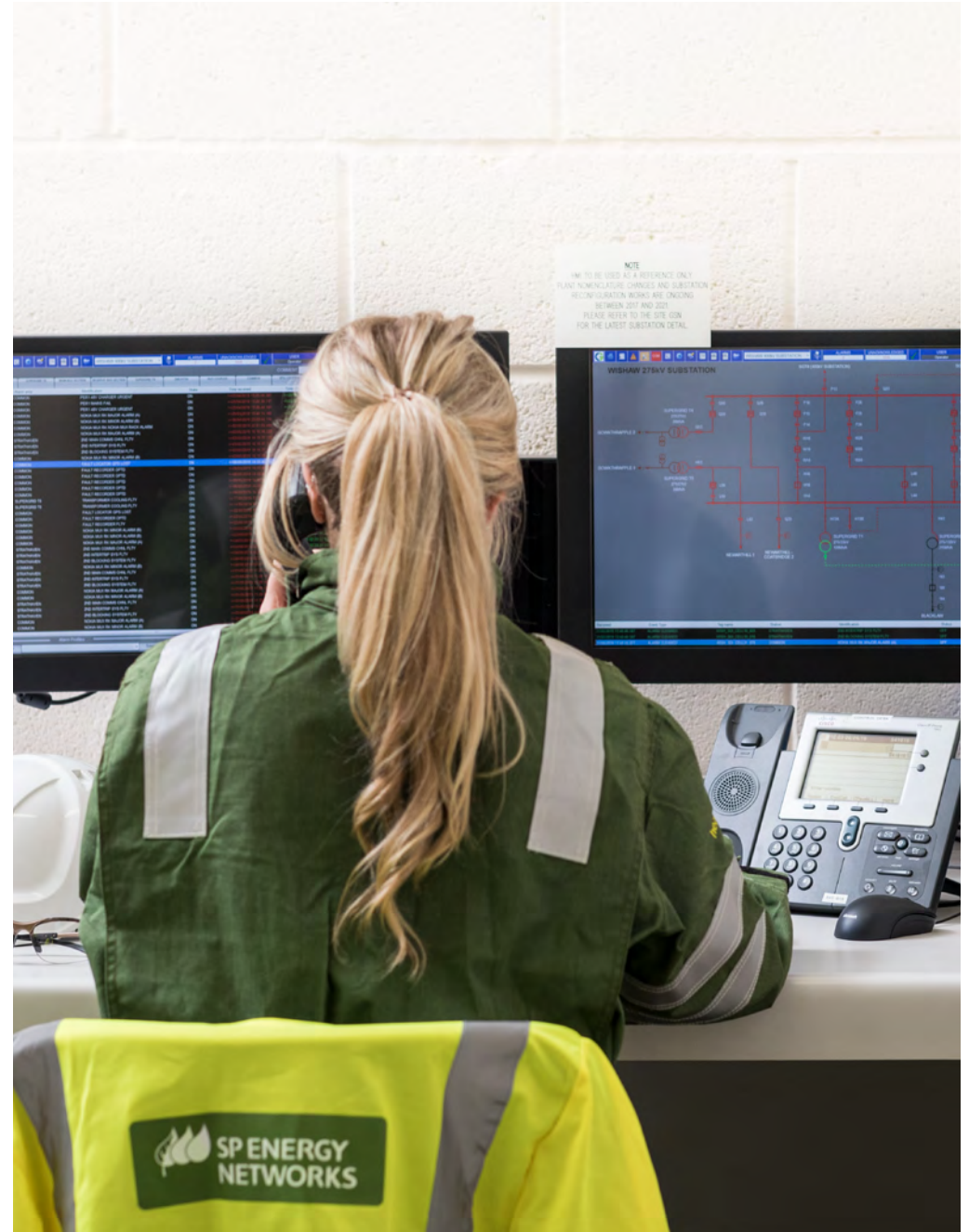
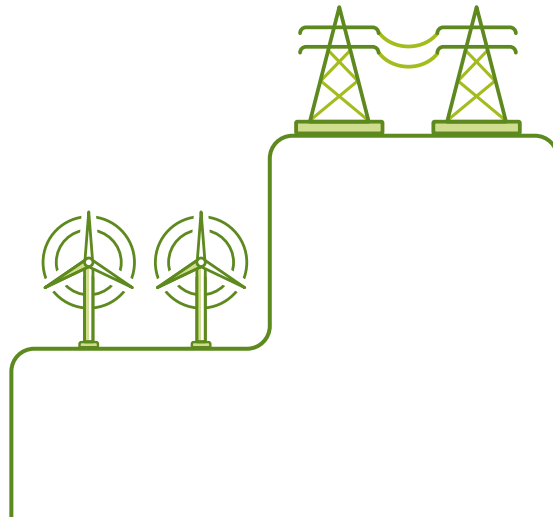
Digitalisation presents us with an opportunity to be more ambitious around improving customer experience, engaging with a wide range of stakeholders, and driving efficiency across many areas of our business.

We will use new technology to automate communication and keep our customers informed in ways that work for them. Through implementation of our [Innovation, Data and Digitalisation](#) Strategies, we will embed learnings from industry-wide innovation projects that provide better visibility of our network into our business-as-usual practices. For example, we are currently taking part in the [Bethesda Home Hub Innovation Project](#), which is exploring a method for customers to shift their electricity usage to

times of the day or night when demand on the network is traditionally lower. This will not only support customers to save money on their bills, but the learnings from the project will be used to enable greater domestic flexibility across other areas of our network.

Digitalisation will also allow us to provide better customer service through enabling customers to contact us and receive information about their network supply through a wider range of platforms. We recognise that each of our customers is unique, and with this in mind, over the course of ED2, we will do more to engage our digitally excluded customers, ensuring that they can engage with us in ways that best suit them.

“We will use new technology to automate communication and keep our customers informed in ways that work for them.”



Conclusions: *Where Do We Go From Here?*

Our Just Transition Strategy marks a decisive shift in SPEN's approach to sustainability and social inclusion. The plans set out in this document showcase our ambition to improve energy and social inclusion for all customers and stakeholders across our network, and to embed the principles of a fair, inclusive transition at the heart of our business.

However, the actions of one organisation will only go so far. The issues we must tackle to get to Net Zero don't exist in discreet boxes; they're connected, often in messy and complicated ways. That means continuing to work together to share knowledge, ideas and continually improve our approach. It also means challenging "the way we've always done things" and looking for new innovative solutions to problems.

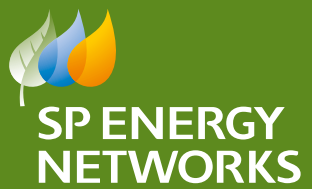
We're committed to continuing to work with communities, customers, industry peers and government to deliver our proposals. There is lots yet to be done if we are to achieve our vision and this strategy represents an important step. We would love to hear your feedback as to how SPEN can take further steps to develop our approach and play our part in delivering a just transition.



Glossary of Terms

COP26	The 26th United Nations Conference of the Parties, hosted in Glasgow in November 2021.
DNO	Abbreviation for Distribution Network Operator, who is licensed by Ofgem to develop, operate, and maintain the local electricity distribution network. There are 14 licence distribution network operators in Britain owned by 6 different companies. Each DNO is responsible for a regional distribution services area.
Net Zero	Achieving a scale of value-chain emissions reductions consistent with the depth of abatement achieved in pathways that limit warming to 1.5C with no or limited overshoot. Also, neutralising the impact of any source of residual emissions that remains unfeasible to be eliminated by permanently removing an equivalent amount of atmospheric carbon dioxide.
RIIO-ED2	Abbreviation for Revenue = incentives + innovation + outputs for electricity distribution 2. RIIO-ED2 is the price control framework set out by our regulator Ofgem that sets the outputs that the 14 DNOs must deliver for their customers and the associated revenues the DNOs are allowed to collect for the 5-year period from 1 April 2023 to 31 March 2028.
RIIO-T2	Abbreviation for Revenue = incentives + innovation + outputs for electricity transmission 2. RIIO-T2 is the price control framework set out by our regulator Ofgem that sets the outputs that the 3 TOs must deliver for their customers and the associated revenues the TOs are allowed to collect for the 5-year period from 1 April 2021 to 31 March 2026.
SPD	Abbreviation for ScottishPower Distribution, a wholly owned subsidiary of SP Energy Networks responsible for the distribution of electricity in central and southern Scotland (33kV and below).
SPEN	Abbreviation for ScottishPower Energy Networks, holder of the SPT, SPD and SPM licences awarded by Ofgem, the regulator for the gas and electricity markets.
SPM	Abbreviation for ScottishPower Manweb, a wholly owned subsidiary of SP Energy Networks responsible for the distribution of electricity in North Wales and in Merseyside, Cheshire and North Shropshire in England (132kV and below).
SPT	Abbreviation for ScottishPower Transmission, a wholly owned subsidiary of SP Energy Networks responsible for the transmission of electricity in central and southern Scotland (132kV and upwards).
SROI	Social Return on Investment is an outcomes-based measurement tool that helps organisations to understand and quantify the social, environmental and economic value they are creating.





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