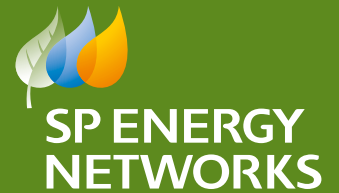


Making a Difference

Part One: Our strategy for stakeholder engagement



Ofgem Electricity Distribution Stakeholder Engagement
and Consumer Vulnerability Incentive Scheme 2021/22



PRINCIPAL PARTNER
**UN CLIMATE
CHANGE
CONFERENCE
UK 2021**
IN PARTNERSHIP WITH ITALY



This is Part One of our submission to Ofgem’s Stakeholder Engagement Incentive for regulatory year 2021/2022.

Ofgem’s annual Stakeholder and Consumer Vulnerability Incentive encourages Distribution Network Operators (DNOs) to: *‘engage proactively with stakeholders in order to anticipate their needs and deliver a consumer focused, socially responsible and sustainable energy service.’*

Our submission is in three parts:

Part One

– Our strategy

Introduces our Stakeholder Engagement and Consumer Vulnerability Strategy, with evidence that we meet Ofgem’s minimum requirements.

Part Two

– Stakeholder engagement outcomes and impacts

Details the actions we have taken to meet the needs, preferences and priorities of customers and stakeholders identified through extensive engagement.

Part Three

– Supporting vulnerable customers

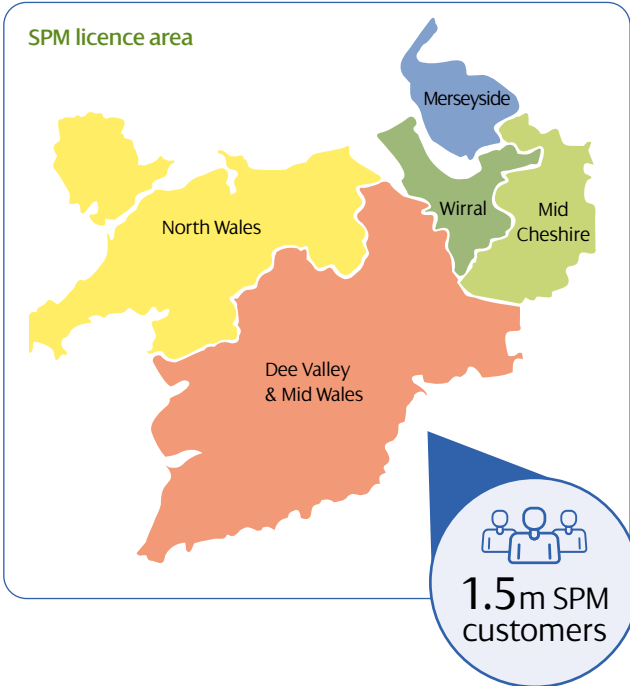
Details key activities we delivered to address consumer vulnerability issues and the outcomes achieved during this regulatory year.

About us

SP Energy Networks is the Distribution Network Operator that delivers electricity to homes and businesses in Central and Southern Scotland, Merseyside, Cheshire, North Wales and North Shropshire. We are the only network operator to work across three countries – Scotland, England, and Wales. We operate in **three of the UK’s largest cities (Liverpool, Glasgow and Edinburgh) accounting for 1.6m (43%) of our customers**, as well as three significant rural areas (North Wales, Scottish Borders and Dumfries & Galloway).

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GE

Exciting initiative
delivered in
technology, PTV Group
s, which aims
position towards

region that identifies where EV
geopoints are needed and can be
accommodated by the electricity
work. It will also pioneer Smart
ging Connections to accelerate
geopoint installation.

The Charge Project
developed a unique
ne solution designed
speed up the decision-
making process
ound chargepoint
installation.
It's called
ConnectMo



Introduction from our CEO, Frank Mitchell

At SP Energy Networks, we always strive to deliver a first class service for our customers – whether that's by enhancing the safety and reliability of our network, connecting new customers, or providing support to vulnerable customers when they need us most. Our role is becoming even more central as we seek to rapidly decarbonise generation, transport and heat systems on the journey to Net Zero. We are committed to ensuring our customers, stakeholders and communities are an integral part of this journey.

As the only Distribution Network Operator (DNO) to serve communities across England, Wales and Scotland, we have a critical role to play in supporting regional and national decarbonisation ambitions. We are focused on delivering a business in direct alignment with the priorities of our customers and stakeholders to tackle climate change and deliver the infrastructure and services required to deliver Net Zero. As our network spans three Government regions with their own Net Zero targets, we've set our own to stay out in front to **achieve Net Zero Carbon by 2035**. We recognise the importance of the current cost of living crisis and the impact it is having on us all, particularly those who are most vulnerable. We have an important role to play in supporting our communities through the energy transition and more – ensuring we go above and beyond for our communities and that no one is left behind.

We're working with government, local authorities and wider stakeholders to help deliver their decarbonisation plans across the UK.

We support the UK Government's newly published 'Heat and Buildings' and Net Zero strategies, outlining how the decarbonisation of the UK economy will be key to tackling the climate emergency.

Electricity will be at the heart of the Net Zero transition. We will see a consumer-led revolution in electric vehicles and heat pumps, as well as an increase in renewable generation and other new technologies, which we'll have to integrate into the distribution grid. **In short, there's no Net Zero without networks**. We've already recognised this by prioritising actions to tackle the climate emergency and delivering **£7 billion of investment into our networks between 2015 and 2023**.

Last year we welcomed COP26 to Glasgow where we were incredibly proud to be a Principal Partner. COP26 was a significant event and our partnership

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

Wanting change is a key step in our journey, but at SP Energy Networks we're acutely aware that the real task has already begun – and that's to take on our obligations to future generations and tackle the climate emergency by investing in our Net Zero future.

Stakeholder engagement is central to everything we do at SP Energy Networks. We are focused on delivering high quality engagement with our stakeholders, with their feedback shaping the future of our business. Our strategic priorities of **developing a network that's ready for Net Zero, being the trusted partner of our customers, communities and stakeholders and readying our business for a digital and sustainable future** have been created in direct alignment with the areas our customers and stakeholders have told us to focus on and we are committed to doing just that to create a better, future, quicker for all.



Frank Mitchell

Chief Executive Officer, SP Energy Networks

Industry leading achievements



Accepted **555MW** of Flexibility Service Tender Bids

First UK DNO to tender for Reactive Power Services

200% increase in public EV charging across two local authorities in SPD through Project PACE



Innovative trial to support fuel-poor customers with new heating systems – saving **£136** on bills per annum

10,000 properties in an area of high fuel poverty are benefiting from smart control technology to improve storage heater performance

Benchmarked 1st against the top 50 companies in all UK service sectors for customer service



Introduced two pilot projects to improve customer facing processes with a forecast annual benefit of **£2.5million**

Trialling the **UK's First** 'Clean Air' Substation

Launched a new 'Interactive Chatbot' on our external website to improve our customers' experience

Engagement highlights



Global leaders in stakeholder engagement – **achieving 85% in the AccountAbility audit and in the top 10% of companies assessed globally**



385 engagement opportunities



Customer and stakeholder reach of over **191,169**



9.4/10 for customer satisfaction



Winner of the 'Best Return on Customer Service Investment Award' for our SROI tool at the 2021 UK Customer Satisfaction Awards

The importance of stakeholder engagement on the journey to Net Zero

We're leading the way for our customers and stakeholders on the journey to Net Zero, ensuring we continue to engage on the topics that matter most to them and directly embed stakeholder feedback within our strategic decision making.

At such an important time, it's more essential than ever that our customers and stakeholders have their voices heard in this process. We're committed to helping deliver wider benefits and positive social outcomes in our communities by:

1. Ensuring a Just Transition

We're putting the impacts on our communities at the heart of this energy transition. Supporting the most vulnerable means leading by example, and building a roadmap for others to follow.

2. Taking a whole systems approach to Net Zero

We're collaborating not only with other electricity companies, but also key stakeholders, including gas and water networks, innovators, network users, local authorities and communities to ensure efficient investment in the electricity network and a whole-systems approach to Net Zero.

3. Investing ahead of need

If we're to play our crucial role in developing a network that's ready for Net Zero, we must be able to deliver substantial investment in the network to enable this transition and face the challenges of growing levels of embedded generation, increasing the up-take of electric vehicles and facilitating the electrification of heat.

Our robust approach to stakeholder engagement not only takes into account the changing energy landscape, but accounts for the stakeholder landscape, which could change dramatically as systems become smarter and more electric. As a result, we have embraced innovative methods within our approach to stakeholder engagement (referenced throughout the rest of Part One) to ensure our stakeholder engagement strategy and activity remains reflective and current.

"The challenge to achieve legislated Net Zero targets will impact every part of society, with electricity at the heart of the solution. Listening and taking direct action on the back of stakeholder feedback is vital to turning these targets into a reality."

Frank Mitchell, CEO, SP Energy Networks



Being a Principal Partner of the COP26 Climate Change Conference provided the perfect opportunity to highlight the critical work we're doing to help deliver the UK's ambitious Net Zero targets – driving innovation, and supporting a Just Transition to a decarbonised future for everyone.

Over the course of the two week conference, we lost no time in engaging extensively with key policy makers on both a national and local level, highlighting key innovations taking place across our network to fast track the journey to Net Zero and crucially, seeking key feedback from stakeholders on how we can support them in their journey too.

We presented at the SP Green Zone stand over a nine day period covering topics such as transport, heat, data and digitalisation, community energy and just transition, providing optimum opportunity to engage with influential stakeholders across a range of key topics.

A huge part of how we'll meet the Net Zero targets for the country is the electrification of transport and heat. Transport is now responsible for 27% of the UK's greenhouse gas emissions, with over 90% of that being road transport. While heat currently contributes to around a quarter of all UK gas emissions, we're committed to taking a combined effort with Government, the regulator and wider industry to develop solutions for our customers and stakeholders. We already know that the scale and pace of electric heat pump installation is rapidly increasing with the anticipation that up to 3.1 million heat pumps will be connected to the network by 2050. In order to support the decarbonisation of other sectors like transport, we know there is a lot of work to do on supporting infrastructure – to support the increase of 35,000 public charge points available currently, to the forecast of 400,000 required across the whole of the UK. We're on the frontline to help deliver this, working closely with our customers and stakeholders – pushing forward towards a cleaner, greener decarbonised future.

We're driving innovative projects that help us understand what that future will look like, reflected in our Part Two submission. Together, we will ensure our efforts and investments are producing meaningful outcomes for a sustainable network and a better future, quicker for our customers, stakeholders and society as a whole.

**PRINCIPAL PARTNER
FOR COP26**

31 October-12 Nov 2021 Glasgow

Continuous consultation on our business priorities

Maintaining a relevant and up-to-date understanding of the needs of our customers and stakeholders is part of our DNA. We're committed to delivering a business in line with these needs, both today and in the future. Developing our business priorities is not something we can do alone. We engage with a broad range of customers and stakeholders every single day to develop a comprehensive understanding of their needs and preferences and crucially, what they want us to deliver as a network operator. Through our dedicated engagement programme, we have engaged with more than 19,000 customers and stakeholders in our largest ever engagement exercise to date to make sure our strategic priorities and business goals continually align to the needs of our customers and stakeholders.

As a result, we have confirmation that our nine key priorities continue to align to the areas our customers and stakeholders want us to deliver against. Whilst our future plan is designed to achieve these priorities, we have lost no time taking direct action to meet these needs. Parts Two and Three of this submission demonstrate how we have engaged, and delivered direct impact to customers and stakeholders in the areas they see most important.

Strategic Goals

Our customer and stakeholder priorities



Develop a network that's ready for Net Zero

Develop the network of the future
Ensure a safe and reliable electricity supply
Provide timely and efficient connections



Be a trusted partner for our customers, communities and stakeholders

Deliver excellent satisfaction and enhanced services for all customers
Support vulnerable customers and communities to ensure no-one is left behind
Work with our communities to facilitate the energy system transition



Ready our business for a digital and sustainable future

Deliver an environmentally sustainable network
Build a Net Zero workforce
Embed digitalisation and unlock the value of data

Embedding our hybrid engagement model

Over the last year, we have maintained top quality engagement with our customers and stakeholders, despite increased levels of uncertainty and changes as the Covid-19 pandemic evolved. Our proactive approach to engagement helps us build trust and strong relationships with our stakeholders, which is fundamental to delivering an effective Stakeholder Engagement Strategy – ensuring evolving needs and priorities sit at the core of our business.

We continued to conduct extensive research and engagement into best practice methods for engagement through round-table discussions with industry peers and embraced these best practice methods and technologies within our approach.

Our hybrid engagement model enables us to continue delivery of our mature programme of engagement, whilst also ensuring inclusivity and driving diversity across all of our engagement activities. It builds on our engagement learnings and brings together a combination of in person and digital engagement to appropriately tailor our engagement to the broadest range of stakeholders – from national policy makers to local-level engagement.

In developing our hybrid engagement model, it was vital to co-create this with our stakeholders to make sure our approach best serves their needs. At our

recent Strategic Stakeholder Panel we conducted quantitative research on our new hybrid approach with 67% and 33% of stakeholders voting our online format works 'well' to 'very well'. Online panels were the preferred engagement method due to time and travel barriers, however stakeholders still recognised the importance of face-to-face engagement.

Our hybrid engagement model continues to be Director led, evidenced from 91% of our strategic stakeholders who either agreed or strongly agreed that director-led engagement is very important to them and is a key driver to attend events.

We have worked hard over the last year to embed this model in our business, for example in November 2021, we held our first ever hybrid event providing stakeholders the option to either attend in person or virtually – with 100 attending in person and 18 attending online. Additionally, we have reintroduced face-to-face engagement events for connections customers and stakeholders who requested this as their preferred method of engagement, with the option to still host virtual engagement sessions at regular touch points throughout the year.

We will continually seek feedback from our stakeholders to help shape and evolve our hybrid engagement model based on their needs.

We're already seeing the success of our new model*:



Increased stakeholder attendance by 53%



Value for money increased by 37%



Increased director attendance



170kg reduction of CO₂e from event travel

*From our 2021/22 Strategic Stakeholder Panels

External accreditation on our strategy



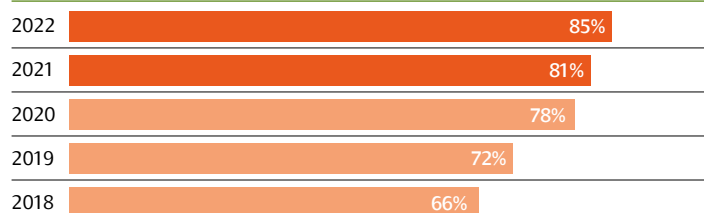
To ensure our strategy continues to be fit for purpose, we enlist AccountAbility to conduct a full health check audit of our engagement strategy and processes. The standard is an internationally accepted, principles-based framework and guidance designed to enable organisations to respond to stakeholders in a comprehensive and balanced way to material issues, impacts, and opportunities. The audit takes form of a quantitative assessment to inform our decision making and drive improvements in stakeholder engagement performance – identifying strengths and gaps of engagement practices.

Last year, we created a set of over 70 robust actions as a result of each recommendation derived through our annual audit. The resulting impact has continued to drive our programme of continual improvement in stakeholder engagement to deliver quality engagement across our entire business.

This year, we're extremely proud to announce we remain to be one of the top scoring utilities for our AccountAbility healthcheck, with a score of 85%, a 19% improvement since our first healthcheck in 2018. We're not only one of the top scoring utilities for stakeholder engagement, but one of the top 10% of companies assessed globally, spanning multiple industries.

This enhanced performance and continuous improvement has allowed us to maintain in the highest phase of the maturity ladder, demonstrating our strong commitment to stakeholder engagement and our efforts to embed engagement into our organisational strategy, governance and operations.

AccountAbility Healthcheck Progress



Transforming strategic recommendations into action

We also seek feedback and guidance from a range of other stakeholders as part of our strong governance process, including reviews with industry experts and our Strategic Stakeholder Panels. The table below includes some examples of external recommendations as part of our programme of continuous improvement:

Recommendation 2021/22	Action we took	Resulting impact and outcomes
Conduct further engagement with other sectors to seek advice and learnings on industry best practice in stakeholder engagement.	Held bilateral engagement sessions with every UK GDN and Water companies to share learnings on engagement best practice and leverage key insights to adopt within our approach.	Feedback supported the evolution of our hard to reach framework and new digital methods to promote proactive engagement.
Widen sustainability topic scope beyond environment and set up working groups to address economic and social sustainability at the same strategic level as environmental sustainability.	Held social and economic sustainability workshops with key stakeholders to develop our Just Transition Strategy.	Co-created a new Just Transition strategy with stakeholder feedback at the core and embedded this within our future business plan.
SPEN should adopt an educational role to engage with stakeholders who lack interest and knowledge in Net Zero.	Developed a new Net Zero campaign to educate our customers and stakeholders and adapted messaging through our rugby partnership to include Net Zero messaging as well as promoting '105' power-cut safety awareness.	Extending our reach and delivering Net Zero messaging to a broader range of customers and stakeholders – ensuring those with limited knowledge are not left behind.

Our Stakeholder Engagement Strategy

We first implemented a dedicated Stakeholder Engagement Strategy in 2013 and since then have made significant changes, through improvements and a desire to continuously evolve. Our strategy is driven by our CEO and Executive Team, supported by the Central Stakeholder Engagement Team and embedded across our entire organisation. It shows our commitment to the AccountAbility AA1000 principles for stakeholder engagement and is composed of four key parts:

1. Mission Statement

Our mission statement defines our engagement. This ambition builds on our current strengths, while focusing on what will make future engagement valuable and effective for our customers – *“Our engagement places our customers and stakeholders at the centre of what we do. With a tailored and locally focused approach, we will prioritise their needs and preferences in a consistent manner across our business. We will deliver safe, reliable services, sustainable value and a better future, quicker.”*

Our five principles drive our engagement efforts and underpin delivery of our mission statement – Inclusive, Authentic, Tailored, Innovative and Value For Money. These principles are derived from how we currently operate and how we want to operate in the future, allowing us to be responsive to stakeholder needs and look to better our approach.

2. Principles

3. Approach

4. Supporting tools and processes

Our approach to stakeholder engagement

Our nine step approach to engagement provides our teams with a roadmap to follow when carrying out all phases of engagement to ensure a consistent approach across our whole organisation, helping us understand the needs and preferences of our customers and stakeholders.

Planning our engagements – steps 1-4

1. Define the purpose

Engagement planning starts with a clear purpose. This purpose, or objective, is clearly defined, understood and recorded for each event and acts as the foundation of all the following steps.

Example in practice:

We defined the purpose of our Strategic Stakeholder Panels by hosting kick-off sessions with project leads to understand business requirements, as well as analysing stakeholder feedback from our previous panels to shape our strategic engagement topics.

2. Identify and map stakeholders

We identify key stakeholders through a robust mapping exercise which ensures breadth, inclusivity and engagement gaps. A compulsory step in our planning is to consider engagement with hard-to-reach groups.

Example in practice:

Once the purpose and topic is set, we were then able to identify key stakeholders who should be in attendance, such as ensuring we had representation from Skills Development Scotland at our SPD Panel to provide insight into our employability requirements on the journey to Net Zero.

3. Tailor the engagement

1) Tailored content – information presented should be tailored to the specific audience.

2) Tailored methods – enabling us to reach a wide and varied stakeholder base depending on stakeholder profile.

3) Tailored communication – we invite and brief stakeholders with information tailored to their knowledge levels.

Example in practice:

Worked with project leads to tailor content and ensure it was relevant – this included tailoring technical aspects of our projects to suit the needs of a non-technical audience.

4. Engage

The result of our planning phase is an inclusive, tailored and value for money engagement event, ready to be delivered. We provide teams across the business with a toolkit which outlines resources required and associated risks.

Example in practice:

In March 2022, we held our Strategic Stakeholder Panels across our SPM and SPD licences, bringing together 22 industry experts from a broad range of stakeholder segments focused on strategic investment and optioneering to deliver Net Zero.

Our tools and processes

Each strategic topic is owned by a senior manager, responsible for curating engagement efforts by experts and local teams who are in direct contact with customers and stakeholders. An engagement planning workshop is held at the beginning of the year for each of our strategic topics.

We use our online stakeholder database 'Tractivity' to manage our contacts. Methods such as PESTLE and STEER are carried out to expand our initial segmented lists from Tractivity. We continually update our stakeholder database to ensure we hold relevant and up to date stakeholder information.

We tailor our engagement based on knowledge and influence. For example, an expert knowledge stakeholder with high influence would best engage at a panel meeting or working group, whereas a low influence stakeholder with good knowledge, would be better suited to a public meeting or conference.

We have taken guidance from the AA1000SES accreditation to ensure that our engagements are facilitated well and deliver the intended results. This year, we have enhanced our stakeholder engagement toolkit available on our intranet to include detailed information on managing and overcoming engagement risks.

Continuous improvements made in 2021/22

- ✓ Mid-year updates embedded to identify any gaps in engagement on each topic.
- ✓ Enhanced stakeholder surveys – 24 senior stakeholders have shaped future panels ensuring discussions remain relevant.
- ✓ Out of the 24 respondents across SPD and SPM over Oct 2021 and March 2022 panels – 38% found the panel to be 'Very Interesting' and 62% found the panel 'Interesting'.

- ✓ Evolved our hard to reach stakeholder framework based on stakeholder feedback.
- ✓ Co-created new stakeholder mapping tool with Tractivity.
- ✓ Embedded horizon scanning approach to stakeholder mapping to consider the changing energy landscape.
- ✓ New Mappolitical system embedded to accurately map political stakeholders on both national and local level.

- ✓ Increased membership by 11% on our online stakeholder community.
- ✓ Live chat support during Strategic Stakeholder Panels.
- ✓ Achieved an open rate of 33% from our recent Network Development Plan mailer due to enhanced segmentation, demonstrating our content is going to the correct audience.
- ✓ New STEM activation embedded through Scottish Rugby partnerships – 'Science of Rugby'.

- ✓ Embedded new hybrid engagement model.
- ✓ Enlisted the help of EQ Communications to conduct additional engagement events for 2021/22 – experts in virtual engagement.
- ✓ Internal communication plan embedded to increase awareness of toolkit and hybrid engagement model.

Reviewing our engagement – steps 5-9

5. Capturing feedback

Our engagement process and business decision making is driven by the feedback we receive from stakeholders, therefore we need to capture meaningful feedback in a consistent and purposeful way.

Example in practice:

Our Strategic Stakeholder Panels are independently facilitated with an expert scribe who details all key stakeholder feedback to help us develop and prioritise future actions based on robust feedback.

6. Determine needs and preferences

Once feedback has been recorded against an event, we review the output, updating our understanding of the wants and needs of the individuals affected by our business.

Example in practice:

Our stakeholders told us at our October 2021 Strategic Stakeholder Panel event they would like us to continue our hybrid approach to engagement. This year, we hosted a fully virtual panel, allowing us to reach a wider geographic spread of stakeholders.

7. Develop and prioritise actions

We aim to provide value for money through all our services. Demonstrating this value rests on our ability to measure the value of our outputs and prioritise accordingly.

Example in practice:

We use our 'Social Return on Investment' method 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. This has been embedded in the business for five years, and laid the foundation to our efforts in leading the industry towards a unified approach to measuring the value we deliver to society through our activities.

8. Act

Each step, from capturing feedback, determining needs and preferences, to developing and prioritising actions, leads to a list of actions for the business to complete.

Example in practice:

We have further embedded our stakeholder feedback action tracker within the business to ensure we track and monitor actions on the back of key stakeholder feedback. For example, our October 2021 Strategic Stakeholder Panel generated a set of 12 key actions for us to drive forward within the business.

9. Close the feedback loop

With our engagement complete, our feedback collected, and our actions taken, the final step of approach is to close the feedback loop.

Example in practice:

We reach out to our stakeholders who have given specific feedback as soon as we've actioned it to close the feedback loop. We use our Online Stakeholder Community to update stakeholders throughout the year on the delivery of actions derived from key feedback.

Our tools and processes

We use our central stakeholder database Tractivity to record feedback as a central source of data – we have a Tractivity lead embedded across every business function to allow for a whole suite of engagement reporting covering our entire business.

We use synthesis reports to collect stakeholder feedback from various channels of engagement. This ensures all feedback is tracked in one place and stakeholder needs and preferences can be determined based on key feedback.

We were the first DNO to consistently apply a Social Return on Investment (SROI) methodology, enabling the industry to monetise the value of our actions – see page 10 for how we have developed this even further this year.

We track and monitor actions through, Tractivity, allowing us to report on associated events, topics or stakeholder category, feeding back to our Executive Team and Senior Managers.

We use Tractivity to record engagement specific feedback, track who attended and monitor lessons learned. This information ensures we add value to future engagement opportunities.

Continuous improvements made in 2021/22

- ✓ Introduced recording of **Tractivity training disseminating** areas of best practice.
- ✓ **Templates embedded** driving consistent feedback to be reported.
- ✓ **Stakeholder surveys** embedded in all virtual panel sessions.
- ✓ **Consistent survey questions** to identify year on year progress and areas of improvement, enabling KPIs to be set.

- ✓ Further embedded **feedback tracker** to prioritise actions as a result of stakeholder feedback.
- ✓ **Improved dissemination** of stakeholder feedback across the business.
- ✓ 83% of our stakeholders agree and 17% strongly agree our **strategic topics are correct** and relevant.
- ✓ **Co-created future engagement plan** topics with stakeholders – enabling them to set the agenda.

- ✓ Embedded Accountability recommendation to include a **priority rating** next to each piece of feedback.
- ✓ Continued our leading role to standardise approach to social value with a **consistent methodology**.
- ✓ **Expanded use of SROI tool** across the business. E.g. now part of the decision making process for innovation project selection and supporting our Just Transition and Community Energy strategies.

- ✓ Implemented over 70 **AccountAbility recommendations** this year.
- ✓ Doubled **user testing of new Tractivity** platform – ensuring it is fit for purpose.
- ✓ **Increased accountability** of wider teams to act upon stakeholder feedback.

- ✓ **Greater dissemination** of 'You Said, We Did' through our Online Stakeholder Community.
- ✓ Further enhanced giving our **stakeholders a voice** in identifying additional stakeholders to attend events.
- ✓ **Enhanced internal communications** from our CEO highlighting success of stakeholder events and outcomes.

Cross-industry collaboration to enhance our strategy

This year, we have conducted extensive engagement on our strategy through a series of bilateral engagements with industry peers, our Strategic Stakeholder Panels and our wider stakeholder community to leverage key areas of best practice in stakeholder engagement and ensure our strategy is agile enough to deal with any new challenges. We did this by engaging with more than 140 stakeholders across more than 120 organisations to support the continual development and co-creation of our strategy. Key improvements and actions taken within the last year have been highlighted throughout our Part One submission.

Our framework to engage hard to reach stakeholders

A compulsory step in our planning process is to consider engagement with hard to reach and challenging groups. These groups vary depending on the topic we're engaging on and we have measures in place to ensure our teams are committed to creating and maintaining effective relationships with hard to reach stakeholders to deliver real benefit.

To ensure the decisions we make are in the best interest of a wider and diverse range of stakeholders, we have continued to evolve and strengthen our hard to reach framework.

We have achieved this through extensive engagement with our Strategic Stakeholder Panels, industry peers and consumer representative organisations who are best placed to provide advice on behalf of individual consumer groups. Stakeholders such as British Youth Council, Good Things Foundation – a charity who work to overcome barriers to digital exclusion – and CEMVO, who are a strategic partner to the Scottish Government Equality Unit, who have guided and shaped the development of our framework which, in turn has led to positive outcomes for our stakeholders and wider society.

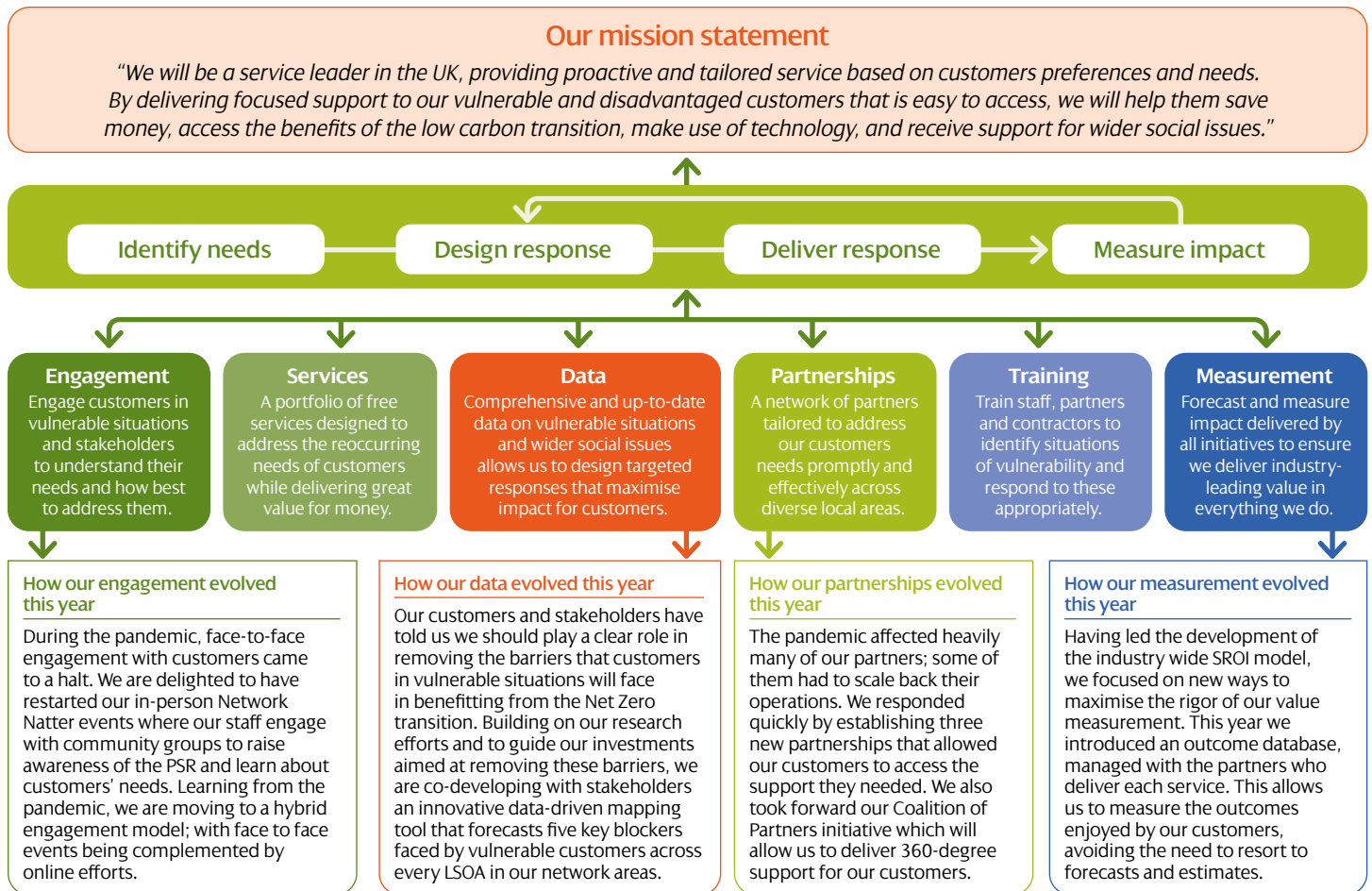
Key Driver	Our commitment	What we have delivered
Partnerships 	<i>We utilise our strong links with stakeholders who represent the voice of hard to reach groups and use their channels to extend our reach.</i>	<p>Some examples of our strong partnerships include:</p> <ul style="list-style-type: none"> Working with Gwynedd County Council to help them identify EV charging points. Working on collaborative communication materials with E.ON to help educate our communities on Net Zero. Working on a two year engagement plan with GTC and CALA homes to support their housing developments and installation of Low Carbon Technologies (LCTs).
Inclusivity 	<i>We embed inclusivity and diversity in our engagement and engage with consumer representative organisations to review our stakeholder mapping and close any gaps.</i>	<p>We carry out regular stakeholder mapping and gap analysis at each engagement phase. Our most recent gap analysis was carried out by each strategic topic workstream, allowing us to cleanse our central, existing stakeholder lists and updating contact information in Tractivity for future engagement. As subject matter experts, with extensive knowledge of the key organisations and individuals working in their respective areas, each list was verified and shaped by workstreams. This exercise allowed the review and cleanse of over 10,000 stakeholder contacts.</p>
Language & Health 	<i>We work with stakeholder partners to identify customers whose health and language acts as a barrier to engagement.</i>	<p>We provide a service tailored to customers' needs, using their preferred language and channel at all times. For example, when conducting consumer research in 2021, we asked our market research partners to provide a Welsh translation service for our customer telephone interviews to best cater for customers in our SPM Manweb licence area, using their preferred language.</p>
Barriers to Technology 	<i>We offer additional engagement methods to those who may be digitally excluded.</i>	<p>Working with our research partners, we conducted telephone interviews and 'buddy-up' interviews for those who may be digitally excluded – focusing on 'Inclusivity', a key pillar within our strategy.</p>
Lack of Awareness 	<i>We are committed to educating and informing stakeholders of our role as a network operator.</i>	<p>We utilised our rugby partnerships to highlight how we are enabling Net Zero. Launched our new Net Zero Campaign aimed at reaching as many of SPEN's audience groups as possible to help raise our profile and how we're critical to the UK reaching Net Zero.</p> <p>Developed a 'Glossary of Terms' for our stakeholders which details each acronym used in our business. This sits on our company website and is continually reviewed and updated.</p> <p>Use of NAR (No Acronym Rule) at our Sustainability Stakeholder Working Groups to make sure topic experts interacting with stakeholders appropriately tailor our messaging in line with our stakeholders level of knowledge on a particular topic.</p>
Regionality 	<i>As the only DNO to operate across Scotland, England and Wales, we are committed to promoting breadth in our engagement to embed regional views within our plans.</i>	<p>We carried out extensive engagement across our licence areas to gain a breadth of regional stakeholder views, helping shape all our future plans. For example:</p> <ul style="list-style-type: none"> We engaged with every single local authority in our SPM and SPD licence areas on our green recovery plans. Hosted a 'Preparing for Net Zero' conference with over 60 regional stakeholders from a wide geographical spread across our licence area, ranging from Warrington Borough Council to Fife Council.
Future Customers 	<i>Ensure our engagement is inclusive of the views of future consumers.</i>	<p>We carried out a number of engagement sessions with our 'future customers' to help develop our plans for the future. This includes:</p> <ul style="list-style-type: none"> Gamified survey with future customers. "Energy Invention Task" with school children where we ran a competition and awarded prizes for the best innovation idea on energy use. "Future spark" project with Strathclyde University future customer engagement. <p>We also changed the messaging throughout our Rugby Partnerships, to help educate our communities on Net Zero and highlight our role. The new message role out coincided with the Mens and Womens Six Nations to further extend our reach.</p>

Our Consumer Vulnerability Strategy

Our support for customers in situations of vulnerability aims to achieve two key outcomes:

- Safeguarding our communities, and
- Deliver industry-leading value by addressing our customers' core needs.

These outcomes guide our consumer vulnerability programme and our wider actions as a business are captured by a mission statement defined with customers and stakeholders in 2018, and updated in 2021. The mission statement, along with three key focus areas, and capabilities that support their achievement, make up our strategy.



An embedded culture of stakeholder engagement

Engagement is everyone's responsibility at SP Energy Networks, and each employee takes pride in building genuine and trusting relationships with their stakeholders. This ultimately leads to stronger collaboration and co-creation to deliver impactful outcomes. Stakeholder engagement is fully embedded right across the business, with each member of our workforce understanding the importance of conducting effective engagement.

Our CEO and Directors lead by example when it comes to stakeholder engagement. This has been further highlighted by AccountAbility through our recent 2022 audit which stated:

"There is a clear integration into operational governance and organisational strategy by allocating stakeholder engagement responsibilities across technical positions and dedicated stakeholder engagement roles."

Each senior leader is involved in strategic engagement with regulatory bodies, national and local government and key stakeholder representatives. Senior leaders are measured on stakeholder engagement scorecards, demonstrating the commitment from the top. Senior Managers and Directors are involved in the strategic direction

of our engagement plans and regularly speak at industry events to contribute and influence important debates on the future of our industry.

Our senior leadership team sit on a range of strategic boards, engaging and helping build stronger relationships with our stakeholders and customers. Some of these include:

- Developing the Young Workforce – Engineering Forum
- Dumfries and Galloway Chamber of Commerce
- Liverpool City Region Local Enterprise Partnership – Clean Growth Board
- Strategic Board for the Clyde Gateway, Community Energy Project at Dalmarnock
- Member of the Exec Committee for Scottish Engineering
- South of Scotland Energy Transition Team
- Lanarkshire Local Resilience Partnership
- Board member of Sustainable Glasgow
- Sustainable and Inclusive Growth Commission – Cheshire and Warrington LEP

It is crucial for us to equip our staff with the knowledge and resources they require to continue to support our stakeholders, as employee engagement works in synergy with stakeholder engagement. To continue to support our embedded culture of engagement within SPEN, we hosted a variety of internal engagement sessions with senior leaders including our District General Managers covering every regional area across our licences in SPM and SPD.

In addition, our Central Stakeholder Engagement team continues to hold internal engagement sessions with topic leads across the business, helping to support and build engagement plans to promote proactive and meaningful engagement across a broad range of stakeholder groups covering multiple topic areas.

We have also updated our internal stakeholder toolkit which sits on our company portal to help encourage a self-service engagement approach and continue to embed a culture of stakeholder engagement within the business.

Our embedded programme of engagement

As the foundation of our enhanced engagement activities, we operate a core annual engagement programme. Through these mechanisms, we reach a broad and inclusive range of stakeholders. Each event is tailored to target the audience knowledge levels to maximise meaningful and in-depth conversations and relevant feedback. 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 groups. In the table below, we have presented some examples of our engagement activities carried out this year from our mature programme of engagement:

Knowledge/influence	Engagement method	Example of outcomes	Reach
Expert/high knowledge 	4 x Strategic Stakeholder Panels (COO and Managing Director Level) <i>Community Energy Groups, Local Authority, Government, Developers, Citizens Advice, Academia, Rural Communities, Consumer Representative Organisations</i>	Gained stakeholder support for SPEN's proposals to carry out detailed EV ChargePoint Optioneering with local authorities within our future business plans. Confirmation that SPEN's planned network interventions within the Network Development Plan was a positive step forward.	44
	Strategic Boards <i>Liverpool City Region Local Enterprise Partnerships – Clean Growth Board, Project Charge Board, Sustainable and Inclusive Growth Commission</i>	The Sustainable and Inclusive Growth Commission involves us working with the public, private, and third sector in Cheshire and Warrington to create plentiful opportunities for all generations, tackling environmental challenges and to promote equality and wellbeing.	184
	74 x CEG sessions	In response to CEG feedback about the issue of a Just Transition, we engaged heavily on the topic with our stakeholders and established a series of Just Transition principles with a commitment to devising a long-term strategy, going beyond RII0-ED2 price control.	14
Good knowledge  	4 x high profile COP26 events: <i>Supplier Net Zero event, ENA event, Green Economy Fund event and Net Zero North West.</i> We had key stakeholders in attendance, including: <i>Ofgem, Government and other DNOs.</i>	Showcased our role in Net Zero and the actions we're taking to deliver the network of the future today. As well as our in person and virtual events, we also ran a COP26 social media campaign on our channels.	1,303,827 impressions
	6 x Connections Focus Groups	Stakeholder feedback at these focus groups have helped shape and continuously develop our connections strategy.	9
	6 x Community Energy Bilaterals	Highlighting our commitment to work with our communities to help identify what steps they need to take, specific to them, to meet the country's Net Zero targets.	12
	4 x Sustainability Workshops	Showcased our pivotal role in facilitating Net Zero and enhanced our sustainability ambitions aligned to our stakeholders needs and preferences.	53
	4 x DFES and Strategic Optimiser Workshops	Feedback from stakeholders asking us to refine our geographical allocation of uptake within our regions.	18
Some knowledge 	4 x Net Zero Conferences	Educating a wide range of regional stakeholders on how to prepare for EV, Heat Pumps and Heat Networks.	415
	5 x Project Learning Dissemination Webinars DNOs, Government Bodies	Continuing to share best practice and learnings from our projects, including EV-UP, Project PACE and Heat-up.	240
No knowledge 	Customer and Community Engagement – Campaigns	Our most recent Winter Campaign for 2021/22 focused on raising awareness of the '105' help in a power cut number and our Priority Services Register (PSR).	76.3K click throughs on our website
	4 x Customer Service – Vulnerability and Low Carbon Technology Surveys	Engaging with hard-to-reach groups.	52
	Customer and Community Engagement – Partnerships	Partnering with social media influencers, the Royal Horticultural Society, Rugby partnership, celebrity farmer Adam Henson and trade news publications. This was delivered via traditional media, social media, partnership work to broaden our engagement reach.	6.3m opportunities to see

How engagement has led to stakeholder outcomes

Within the table below, we have provided an overview of key outcomes we have delivered throughout this regulatory year based on key stakeholder feedback – more information on these outcomes can be found in Parts Two and Three of this submission.

Priority area	Method of engagement	Reason for engagement	What we did to act on stakeholder feedback	Measurable outcomes	
Develop a network that's ready for Net Zero	Develop the network of the future	Bilaterals and consultation meetings.	Stakeholders told us we must focus on delivering flexibility services as a priority if we are to provide the network of the future.	Issued our largest ever tender for flexibility services, procuring 1.4GW of flexibility in total across 1,554 LV locations – the most out of all DNOs.	Accepted 555MW of Flexibility service bids – this could provide 700MW of flexibility every year.
	Ensure a safe and reliable electricity supply	Bilateral meetings with Health and Safety Executive (HSE).	Safety and security of supply continues to be the number one priority of our stakeholders.	Further developed relationship with the Health and Safety Executive. We regularly meet to review the actions we take to improve public safety.	Outcomes include modernising rising and lateral mains, resolving low ground clearance issues with overhead lines, and mitigating the risks associated with looped services, end-of-life cut outs, and fused neutrals.
	Providing timely and efficient connections	Bilateral meetings with connections customers.	Stakeholders asked us to focus on making the connections process easier for inexperienced people, citing a high standard of service personnel and operatives as key success factors.	Established a new Business Transformation team to build and enhance our connections processes and systems whilst readying our people, our skills and our mindset.	Introduced two pilot projects to improve customer facing processes with a forecast annualised benefit of £2.5million.
Be a trusted partner for our customers, communities and stakeholders	Deliver excellent satisfaction and enhanced services for all customers	Internal and external stakeholder workshops and bilaterals.	Customers have asked us to offer a range of communication options for them to engage with us, catering to a range of preferences.	Improved our customers' experience of the SP Energy Networks website by introducing an interactive Chatbot.	310,806 customer conversations through Chatbot in the last year alone, an average of almost 783 per day.
	Leave no-one behind in the energy transition	Partnerships with community energy groups – bilaterals, workshops and materials.	Community energy stakeholders told us it was important that we play a key role in educating and helping them access low carbon technologies.	Enhanced our support and advice to community energy projects, created a new Community Energy Booklet to guide stakeholders through the connections process and produced a 'Net Zero Book of Knowledge' for our communities, to help empower local communities and build knowledge.	Two of the community energy projects we supported were successful in obtaining additional funding to deliver their low carbon projects, bringing benefits to entire communities in which they operate. This wouldn't have been possible without our support, optioneering studies, advice, and engagement.
	Work with customers, stakeholders and communities to facilitate the energy system transition	Bilateral meetings, Connections Panels, Strategic Partnerships.	Stakeholders stressed the importance of a holistic view of the energy mix rather than consider gas and electricity in silos and that a whole systems approach is required, particularly with regard to the decarbonisation of heat.	We're committed to whole systems working to benefit low carbon solutions for customers, therefore we're working with Cadent Gas to develop a whole-systems local energy plan to identify which properties are more suited to hydrogen or heat pumps.	More than 650 homes will benefit from a reduction in carbon emissions of 7,000 tonnes of CO ₂ per annum.
Ready our business for a digital and sustainable future	Deliver an environmentally sustainable network	Engagement with our Sustainability Working Group, delivering sustainability workshops internally and externally, bilateral meetings with stakeholders and customers.	Feedback highlighted three broad areas of importance to customers and stakeholders: decarbonisation of our network and operations, our impact on the natural environment and pollution.	Trialling the UK's First 'Clean Air' Substation using 'clean-air' technology.	Innovative new equipment is being trialled at our new Net Zero Substation with the aim of reducing associated carbon emissions by 15%, which equates to 2.6 tonnes of CO ₂ equivalent, and enabling greater control and monitoring of the low voltage (LV) network.
	Embed digitalisation and unlock the value of data	Surveys and bilateral meetings with major connections customers.	Stakeholders highlighted that the use of network data, such as energy usage data (as localised as possible) would benefit new and existing services the most and help to deliver a low carbon energy system quicker.	Our NAVI project brings together all information we have about the network, allowing LV circuits to be traced, mapped, and information displayed in just a few mouse clicks.	NAVI has allowed us to identify where there are voltage issues and prevent faults from happening – this proactive management has resulted in reduced customer faults, as well as saving 4,974 hours of staff time.
	Build a Net Zero workforce	Stakeholder workshops, surveys, new training programmes.	Stakeholders stated we should be as ambitious as possible in building a diverse and resilient workforce and believed that upskilling existing employees is essential for us to achieve Net Zero ambitions and thrive in the digital age.	Launched our largest recruitment drive in over 20 years for 152 green jobs to help support multi-billion pound network investment.	We have successfully recruited over 600 trainees and grown our range of programmes from 5 to 15 to give a diverse range of disciplines and entry points.

Taking a leading role to deliver greater social and economic value within our communities



A key pillar within our Stakeholder Engagement Strategy is to deliver maximum value, at the least cost to our customers. For the last five years, we have worked hard to develop our Social Return on Investment (SROI) methodology, from being the first social value measurement model introduced among DNOs, to being the basis of the industry-wide SROI model introduced last year.

Our social value measurement framework incorporates SROI modelling and builds upon traditional Cost Benefit Analysis (CBA) by also measuring and accounting for typically qualitative, social impacts of a project. This is done by using financial proxies, as well as bespoke social value research to quantify societal benefits that are not generally monetised.

The tool allows us to:

- Quantify and forecast the costs and benefits of projects over time.
- Demonstrate the net benefit created for customers for every pound we spend on a project or initiative.
- Prioritise and justify projects with a greater social return on investment.

Our SROI tool is an intuitive system that allows users to compare multiple projects in a step-by-step approach. By using this tool, we can justify the decisions we make, based on stakeholder feedback.




Our innovative SROI tool was awarded the 'Best Return on Customer Service Investment' Award at the 2021 UK Customer Satisfaction Awards' demonstrating our commitment to develop a credible way to calculating and delivering social value across all of our business activities.

To continue to embed our SROI approach even deeper within our business we:

- ✓ Set up working groups with all DNO's and key stakeholders to develop a consistent methodology and agreeing a standardised framework
- ✓ Held 15 workshops sessions in key areas of the business to further embed use of the SROI tool to inform our decision-making
- ✓ Sought independent assurance and audit of our 2021/22 valuations
- ✓ Established an internal roll-out plan, enabling all teams within the business to utilise the tool to maximise the value delivered to our customers and stakeholders
- ✓ Created new toolkit for teams to use when gathering all inputs to the tool for ease of use across the business

Collaboration and sharing best practice

Stakeholders continue to tell us the importance of collaborative working and sharing best practice to deliver the best outcomes in a consistent and fair way for the whole of society and beyond our own licence areas. It is an excellent way for us to improve performance and productivity, and helps fill knowledge gaps through collaboration with experts. We share lessons learned to encourage others to follow suit. In the table below, we have provided some examples of our strategic partnership working, further detail can be found in our Part Two submission.

Priority	Case Study	Method	Outcomes
Develop a network that's ready for Net Zero 	Driving the Decarbonisation of Heat.	Working with the Scottish Government to share learnings of our project Heat-Up, allowing them to produce a framework to support energy network companies and enable more flexible investment.	Played a pivotal role in supporting the Scottish Government framework to support energy network companies in delivering heat decarbonisation.
	Partnership with CALA Homes, to support our customers 'home of the future'.	Strategic partnership with GTC (one of the largest Independent Connections Providers in the UK) and CALA homes (one of the UK's leading new home developers), on a two-year engagement plan to help calculate the impact of renewable technologies on housing developments in the East End of Edinburgh, an area of high fuel poverty.	CALA Homes planned the network capacity growth of their 600-home housing development using the calculator, and realised they would have demand shortage between 2024-2026. A new primary substation has been built in the area and will mitigate the shortfall for these two years.
Be the trusted partner of our customers, communities and stakeholders 	Partnership with Cadent Gas to deliver the Hydrogen Village project.	Working with Cadent Gas to determine any future network reinforcement requirements and develop a whole-systems local energy plan to identify which properties are more suited to hydrogen or heat pumps.	Working together to build a whole-systems local energy plan, providing alternative low carbon solutions for customers and reduce the climate impact of buildings in the UK.
	Supporting hard-to-reach communities to lead the way in decarbonisation.	Enhanced our support to our existing Community Energy Projects – Ynni Llyn and Tanygrisiau – giving expert advice and knowledge, allowing them to receive further funding to address fuel poverty in the areas and support the communities transition to a low carbon economy.	Developed 3 x feasibility studies to help address network constraints in the Ynni Llyn area and lower costs for customers. The project have submitted these to the 'smart local energy system fund' and received funding to deliver these. Carried out an optioneering analysis for Tanygrisiau Community Heating Project, which led to the project being successful for Green Recovery funding. This wouldn't have been possible without our support and engagement.
Ready our business for a digital and sustainable future 	Collaborating to develop the world's first real-time fault level measurement system.	Partnered with Outram Research to develop the world's first real-time fault level monitor, helping generators to connect more quickly and at lower cost.	We estimate that rolling the technology out across our electricity network could potentially save £5 million per year, with more potential savings nationally too.
	Collaboration with the Supply Chain Sustainability School (SCSS).	Continued collaboration with Supply Chain Sustainability School (SCSS) for all new contractors to sign up and engage with sustainability training, encouraging them to complete a self-assessment to enable them to identify gaps and create an action plan.	Launched SCSS to all employees to upskill our workforce on environmental literacy. Over 1,000 e-learning resources have been completed to date amongst SPEN employees.



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