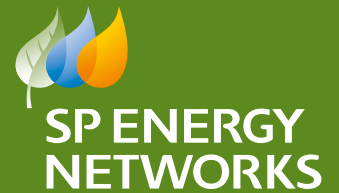# Making a Difference
Part One: Our strategy for stakeholder engagement

Ofgem Electricity Transmission Stakeholder
Engagement Incentive Scheme 2020/21

SP ENERGY NETWORKS

bsi Customer Service
KITEMARK™

This is Part One of our submission to Ofgem's Stakeholder Engagement Incentive for regulatory year 2020/2021.

Ofgem's annual Stakeholder Engagement Incentive encourages Transmission Operators (TOs) 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 two parts:

Part One
– Our strategy
Introduces our Stakeholder Engagement Strategy with evidence that we meet Ofgem's minimum requirements.

Part Two
– Stakeholder engagement outcomes and impacts
Details key outcomes we delivered through stakeholder engagement during this regulatory year and the impacts for our customers and stakeholders.

About us

SP Energy Networks is the Transmission Operator that delivers electricity to homes and businesses in Central and Southern Scotland.

We play a critical role in providing security of supply across GB and in facilitating the connection of new renewable energy.

Value of Regulated Assets   *(£ Billions)*

- 2.51 SPT
- 3.70 SHETL
- 6.50 NGGT
- 13.9 NGET
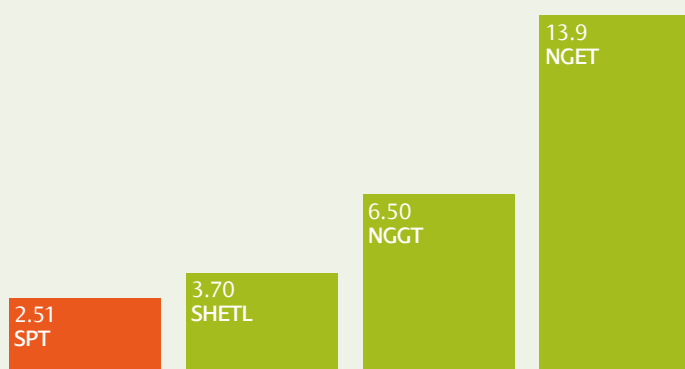
When comparing all four TOs, SP Transmission is fourth in terms of current worth of our regulated assets, however this does not reflect the size of our ambition.

Contents

SP ENERGY NETWORKS

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

Introduction from our CEO, Frank Mitchell

This year has brought with it new challenges as we adapted and responded quickly to the pandemic, continuing to deliver a safe and reliable service for our customers and our agile stakeholder engagement strategy allowed us to do just that. I am proud of how quickly and effectively my teams responded, going over and above to meet the needs of our customers and stakeholders.

With a strategic focus on Net Zero, we welcome recent government papers such as the UK Government Energy White Paper, Climate Change Committees' Sixth Carbon Budget and Scottish Government's Climate Change Plan 2018-2032, all shining a light on the pathway to a low carbon future. As the provider of critical national infrastructure, we have a pivotal role to support the changes needed to facilitate the energy system transition – delivering jobs, economic growth and environmental benefits. Ongoing engagement with our stakeholders from customers to local government and all vectors of the energy industry has been instrumental in setting our priorities to tackle the climate emergency and achieve Net Zero ambitions.

As we prepare for the future, our mature programme of engagement has allowed us to identify the priorities of our customers and stakeholders to deliver a business in line with their needs and preferences – summarised in to four strategic goals:

An energy revolution is underway and are already delivering positive outcomes to support the transition to Net Zero: investing £2.1 billion of investment into our network area in Scotland, modernising our network to be ready for Net Zero, enabling more renewables to connect and supporting local communities through our Green Economy Fund, helping them achieve their green ambitions.

As we push forward with our stakeholder engagement plans for 2021, COP26 will be taking place within our licence area in Glasgow. This offers a fantastic opportunity to showcase what is already being achieved in the UK to achieve Net Zero and we're proud to play our part as a principal partner. We are actively engaging with Government and relevant stakeholders in Glasgow and across Scotland to deliver projects focused on decarbonisation of generation and transport. COP26 will be a key platform to showcase these initiatives, raising awareness, gaining support and continuing to deliver similar projects at a greater scale to benefit our customers and society at large.

- **Leading the way to deliver Net Zero**
- Delivering benefits through innovation and whole systems solutions
- Maintaining world leading resilience and system operability
- Putting our customers, stakeholders and communities at the heart of our plans

Frank Mitchell,
Chief Executive Officer,
SP Energy Networks

Key outcomes this year

First TO to launch new Access Roads Framework – reducing aggregate waste

Published 1st Green Economy Fund Annual Report

55 full time jobs created through our Green Economy Fund

Drone technology deployed – reducing time on site by **60%**

First TO to launch a Transmission Connections portal

World first project demonstrating wind power can restore a black start

Supported the vital role of the NHS, by ensuring security of supply

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Community Engagement Award winner at The Planet Mark Awards 2020

Principal Partner for **COP26**

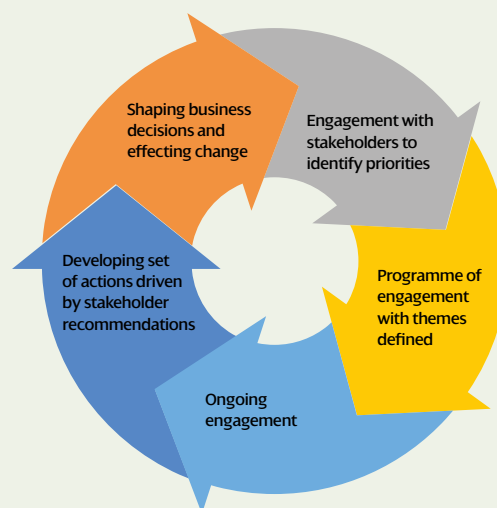Over **£2.1m** invested in community regeneration projects

How stakeholder engagement drives our business

We are focused on delivering our business in alignment with the priorities of our customers and stakeholders to tackle climate change and deliver the infrastructure and services required to deliver Net Zero. This is not a journey we can do alone, we engage with a huge range of stakeholders every single day to understand what they require both now and in the future. What is important to our customers and stakeholders is important to us. Engaging in an effective and meaningful way means stakeholder feedback shapes our business decisions from board level to our operational teams, with every decision we make aligning to our overarching strategic goals as guided by our customers and stakeholders. Together, we will ensure our efforts and investments are producing meaningful outcomes for a sustainable network and a better future, quicker.

Continuous stakeholder engagement cycle

- Shaping business decisions and effecting change
- Engagement with stakeholders to identify priorities
- Programme of engagement with themes defined
- Ongoing engagement
- Developing set of actions driven by stakeholder recommendations

Our COVID-19 Response

Even throughout this time of uncertainty, the UK continues to have one of the most reliable energy networks in the world. Our top priority is always to keep the power flowing for our 2million customers, while ensuring critical national infrastructure sites like hospitals receive the vital electricity supplies they need.

Central to the unprecedented challenges faced in operating a safe and reliable network and serving our customers, especially those in vulnerable circumstances, is engagement. Our stakeholder engagement strategy was agile enough to overcome these challenges, helping us shape new ways of working and ensuring the pandemic didn't halt our commitment to proactive engagement with stakeholders.

We adapted quickly through strategic engagement with BEIS, Ofgem, Scottish Government, Energy Networks Association and other network operators. We held 59 meetings with trade union partners to ensure continuity of service and safety of our workers and the public.

We maintained top quality engagement across our business as usual activities and continued to deliver against project milestones however our methods of engagement had to change. We conducted extensive research into best practice methods for digital engagement through round table discussions with industry peers such as Scottish Water, National Energy Action, SHET, UKPN, SSEN, NPG and SGN and embraced these new technologies. We hosted online webinars across our strategic topic areas, as well as holding bilateral engagements with key stakeholders. We have embraced the benefits of adopting new methods of engagement, for example, distance is no longer a barrier for stakeholders to attend our Strategic Stakeholder Panels, particularly for third and public sector organisations who often faced budget and time constraints of travelling to events. This has led to increased attendance amongst stakeholders such as new Local Authority representation and Sustainability First who attended for the first time this year.

Our new methods for online engagement allowed us to further broaden our engagement reach. Holding our annual supply chain event virtually extended our reach with international stakeholders, bringing in new levels of knowledge and expertise. This new format has been welcomed by stakeholders as travel barriers are no longer an issue which provided stakeholders greater exposure and interaction with peers from different areas.

During this time, we increased our engagement activity to continue to support our customers and stakeholders through hosting virtual town hall consultations and increased engagement with our supply chain. In addition, we utilised partnerships to launch videos highlighting why our engineers are classed as essential workers and used traditional methods such as bus advertisement and radio ads. This ensured hard to reach stakeholders remained a key priority and were targeted via the right means. We also leveraged a number of our Green Economy Fund projects to support local communities during the pandemic – transporting food and medicine, supporting the vaccine roll-out by providing transport solutions and providing schools with STEM resources. This extra level of engagement allowed us to continue to deliver our industry leading standards of service for our customers and communities.

"We swiftly adapted to new ways of working to ensure that our robust stakeholder engagement programme continued throughout the pandemic, adapting to new technologies and allowing us to keep our stakeholders at the heart of our plans."

Guy Jefferson, *Chief Operating Officer, SP Energy Networks*

Continuous consultation on our business priorities

We conduct extensive engagement with our customers and stakeholders to understand their priorities as well as their specific needs and preferences. Engagement with over 6,000 stakeholders using methods such as focus groups, in-depth interviews and surveys, has supported the development of our strategic priorities. These efforts allowed us to gather a clear understanding of the priorities of our customers and stakeholders and deliver a business in direct alignment with their needs.

This year, we carried out additional research to validate these priorities through our annual transmission stakeholder survey. Feedback highlighted key focus areas of maintaining existing levels of system reliability and connecting new renewable generation to our network were detailed as top priority areas. We have lost no time in delivering against our strategic priorities – they flow through everything we do, providing key focus and direction to all our business decisions. Part Two of this submission demonstrates how we have engaged, delivered and impacted customers and stakeholders in the areas they see most important.

Strategic Goals	What this means in practice
Leading the way to deliver Net Zero	Taking a leading role building a healthier, more accessible energy model – one which leaves the carbon economy behind.
Delivering benefits through innovation and whole systems solutions	With smarter solutions, we are doing more with less – deploying new technology, processes and ways to share data.
Maintaining world leading resilience and system operability	Adapting our world-class network to meet challenges, including extreme weather and black start events – delivering ever-higher performance for consumers, network users and wider stakeholders.
Putting our customers, stakeholders and communities at the heart of our plans	Listening and learning even more from our stakeholders, allowing us to continue to raise our efforts as we work to improve lives, create jobs and protect vulnerable consumers.

External accreditation on our stakeholder engagement strategy

SP ENERGY NETWORKS
AA1000 STAKEHOLDER
ENGAGEMENT PERFORMANCE
ADVANCED 2021

We continue to align our stakeholder engagement strategy with the Stakeholder Engagement Standard AA1000 set by AccountAbility, the owners of the global standard. Every year, we are audited against this standard supporting our efforts to assess, design and implement our integrated approach to stakeholder engagement. We place great value in the AccountAbility audit and this year, created a comprehensive set of over 50 actions on the back of every recommendation to deliver continuous improvement across our entire organisation. This year we scored **81%**, moving us up the maturity ladder to 'Advanced', the highest categorisation phase possible. This was a massive achievement, demonstrating our strong commitment to stakeholder engagement and our efforts to embed engagement into our organisational strategy, governance and operations.

AccountAbility Healthcheck Progress

Year	Score
2021	81%
2020	78%
2019	72%
2018	66%

Foundational (0-20%) → Evolving (21-40%) → Committed (41-60%) → Accomplished (61-80%) → Advanced (81-100%)

Maturity Ladder

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, regardless of the engagement topic. It shows our commitment to the AccountAbility AA1000 principles for stakeholder engagement and is composed of four key parts.

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 to ensure our strategy is still fit for purpose and agile enough to deal with any new challenges. Key improvements and actions taken within the last year have been highlighted throughout the rest of our Part One submission.

1. Mission Statement

2. Principles

3. Approach

4. Supporting tools and processes

1. Our mission statement

"Our engagement places our stakeholders and customers 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."

2. Our principles of engagement

Engagement principle		Examples of principles in practice
Inclusive	*We engage all customers and stakeholders impacted through our work, with a specific focus to ensure those who may be hard to reach are given a voice.*	We have implemented a structured framework within our strategy to promote inclusivity within our engagement across the whole business. For example we have sponsored the Community Energy State of the Sector report and survey together with Community Energy Scotland, giving local community groups a voice to help influence industry policies.
Authentic	*Our engagement works to understand the significant issues affecting our customers and stakeholders, before acting on them in a meaningful way.*	Stakeholders who were engaged during the creation of our Transmission Connections Portal have continued to be involved as we move in to phase two of the process. They highlighted some key updates which have been included in the next phase, demonstrating our commitment to ensure the portal is continually evolving based on stakeholder requirements.
Tailored	*Our approach is designed to make sure each initiative is planned and delivered in the most appropriate way.*	To disseminate key learnings from the Green Economy Fund, we held tailored, topic specific engagement sessions with key stakeholders. We targeted stakeholders with a good to high knowledge and influence on heat, transport and education to ensure lessons learned can be shared across the wider industry.
Innovative	*We aim to better our approach each year, continually looking for new methods to improve how we engage and deliver against needs and preferences.*	Covid-19 has not stopped us from engaging. In fact, virtual methods used for community consultations ahead of reinforcement works were so successful with increased engagement and positive feedback, we will continue this method as part of our blended approach to engagement in the future.
Value for money	*An inherent focus on prioritising high value/low cost activities, aiming to maximise the overall customer benefit.*	Innovative and 'challenging the norm' thinking has been embedded within the business to encourage teams to re-think traditional working practices to implement time and cost efficient methods into our operations. For example, conducting site assessments in two days instead of five using drone technology, reducing the need for face-to-face interaction, minimising inconvenience for landowners.

Commitment from our Senior Teams

Our CEO and Directors lead by example when it comes to stakeholder engagement. This has been further highlighted by AccountAbility through our recent audit that *"A notable improvement in greater Director and Executive level buy-in, which is helping to cascade the purpose and importance of stakeholder engagement throughout the organisation."* Each senior leader is involved in strategic engagement with regulatory bodies, national and local government and key stakeholder representatives. All 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. As part of our annual programme of events, our Strategic Stakeholder Panels are completely Director led. They are involved throughout the full event planning from topic selection, stakeholder mapping, presenting to taking direct action on the back of stakeholder feedback.

A structure to deliver

Working closely with our stakeholders is the bedrock on which we are growing and developing our business and preparing a sustainable network for the future. This year our Executive Team took the decision to bring together our central engagement team and our RIIO price control engagement team placing them all within one Directorate. This decision followed an extensive stakeholder engagement improvement programme and independent review with industry specialists, Sia Partners. Building on our already strong central/local engagement delivery model, which is a strong platform for best in class engagement, this re-alignment of stakeholder activities means we are organised in a way to maximise our full potential of reaching the broadest range of stakeholders to deliver greater improvements, all while reducing instances of stakeholder fatigue – a key area of feedback highlighted by our stakeholder community.
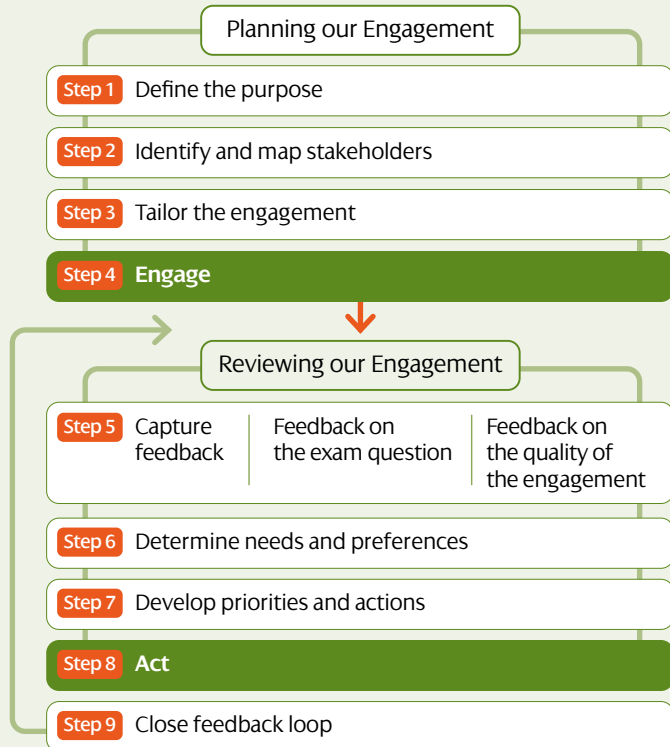
"Our new structure has allowed us to further integrate our stakeholder-driven goals deeper into our business, informing future investment and ensuring we deliver quality outcomes for customers and stakeholders both now and into the future."

Tracy Joyce, *Head of Stakeholder Engagement and Communications, SP Energy Networks*

3. Our approach to 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 stakeholders.

Planning our Engagement

Step 1	Define the purpose
Step 2	Identify and map stakeholders
Step 3	Tailor the engagement
Step 4	**Engage**

Reviewing our Engagement

Step 5	Capture feedback	Feedback on the exam question	Feedback on the quality of the engagement
Step 6	Determine needs and preferences
Step 7	Develop priorities and actions
Step 8	**Act**
Step 9	Close feedback loop

4. Supporting tools and processes

To support efficient delivery of our stakeholder engagement strategy, we have multiple tools and processes in place accessible to our teams to support every aspect of their engagement activities. These provide consistency of approach and ensure our strategy is fully embedded across the business. Some examples of our industry-leading tools and processes include:

✓ **Tractivity stakeholder database, event planner and survey tool.** Used for engagement planning, gap analysis, stakeholder segmentation and mapping. With over 6,500 stakeholders on our database we carry out an annual data cleanse to maintain relevant and quality stakeholder data and ensure better targeting of our communications. Our enhanced approach to stakeholder mapping through Tractivity was identified as a key strength in the 2021 AccountAbility audit.

✓ **Stakeholder toolkit**, guidance notes, planning templates for capturing feedback and stakeholder reporting available on our intranet accessible to the entire business to help drive industry-leading stakeholder engagement practices.

✓ **Strategic topic engagement plans**; driven by directors, senior managers and central engagement teams aligning to our four strategic priority areas.

✓ **Regular engagement topic planning workshops** including risk management and hard to reach sessions to equip the business with the appropriate skills to drive inclusion and diversity in their engagement as standard practice.

✓ **Social return on investment (SROI) measurement** tool for use before, during and after a project/initiative has been undertaken – aligning to our 'value for money' principle.

✓ IT systems such **MS Teams and Zoom** to conduct interactive engagement sessions as well as innovative tools such as Mentimeter – a stakeholder interaction tool which turns feedback into real-time exportable data.
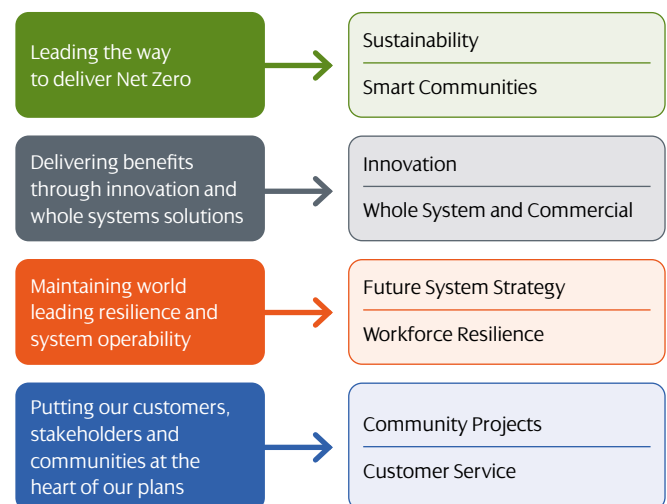
How we plan our engagements

Step 1   Define the purpose

Engagement planning starts with a clear purpose. It's important our engagement aligns to the areas our customers and stakeholders have told us we should be focusing on. To do this, we have aligned our engagement topics to our four strategic priority areas, co-created with our stakeholders. Each engagement topic is owned by a member of our Executive team who has overall responsibility for the engagement plan with a senior manager aligned under this, responsible for delivery – providing senior-level ownership and direction. Plans are then supported by our central stakeholder engagement team to drive and co-ordinate so that engagement runs through all levels of our organisation.

This approach allows us to drive the purpose and outcomes of our engagement to the needs and preferences of our stakeholders, keeping aligned to their priorities. Having a central visibility of all engagement taking place means we are able to quickly identify gaps, alleviate stakeholder fatigue and positions stakeholder engagement at the core of our business.

Continuous improvements made in 2020/21

✓ Based on AccountAbility recommendations, we developed stronger links between engagement activities and business objectives e.g. we developed a forward plan for the year of topics of discussion at our Strategic Stakeholder Panels. This is shared with stakeholders and we seek their ongoing input.

Leading the way to deliver Net Zero	→	Sustainability
		Smart Communities
Delivering benefits through innovation and whole systems solutions	→	Innovation
		Whole System and Commercial
Maintaining world leading resilience and system operability	→	Future System Strategy
		Workforce Resilience
Putting our customers, stakeholders and communities at the heart of our plans	→	Community Projects
		Customer Service

✓ We have re-aligned our strategic topics of engagement with the over-arching objectives based on stakeholder feedback (see above diagram), clearly defining the purpose of our engagements prior to planning.

Step 2   Identify and map stakeholders

We identify key stakeholders through a robust mapping exercise ensuring breadth, inclusivity as well as highlighting any gaps in our engagement. Our stakeholder management database, Tractivity has been embedded within our business since 2016, which now has over 6,500 stakeholder records. This data is segmented into stakeholder categories and levels of interest and influence. Our stakeholder mapping involves the following steps;

• PESTLE and STEER analysis (political, economic, socio-cultural, technological, legal, environmental and regulatory) to understand macro-environmental factors.

• Stakeholder categories, ensuring all relevant sectors and stakeholder groups are represented.

• Segmenting stakeholders by interest/influence and by level of knowledge on a particular topic.

• Geographical spread for representation across Scotland.

• Identifying hard to reach stakeholders including, but not limited to, regionality, barriers to technology, language, health factors, lack of awareness and those who represent the voice of future consumers.

Continuous improvements made in 2020/21

✓ To ensure relevant and quality information, we update our database on an ongoing basis, however this year we carried out a robust data cleanse with account handlers reviewing their stakeholder contacts. We have grown our stakeholder database from 4,800 stakeholders last year to over 6,500 this year.

Hard to reach and challenging stakeholders

We recognise the definition 'hard to reach' stretches beyond 'vulnerability' alone and we have made it a priority to find a credible way to extend our engagement reach, develop new stakeholder relationships and make sure those who are typically harder to reach are given a voice. This is something we have always inherently done as we recognise the importance of diverse and inclusive stakeholder views but this year, we wanted to take this even further. Adopting best practice and learnings from RIIO-T1, we have formalised our approach to targeting and engaging hard to reach stakeholders into an overarching framework. This was informed by our Strategic Stakeholder Panels, industry peers and hard to reach representative organisations. For examples of our hard to reach approaches in action, see page 2 of Part Two.

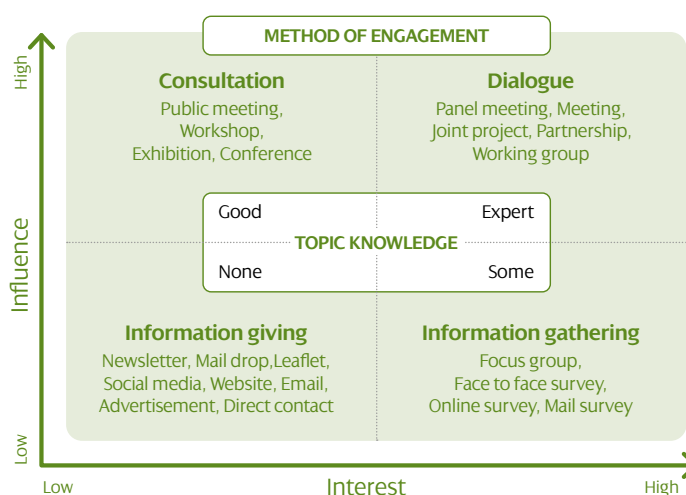| Key driver	Our commitment	How we meet these commitments
Partnerships	We utilise our strong links with stakeholders who represent the voice of hard to reach groups and use their channels to extend our reach.	We continue to collaborate with stakeholder organisations to deliver mutually beneficial goals, aligning to the needs of our customers.
Inclusivity	We embed inclusivity and diversity in our engagement and engage with consumer representative organisations to review our stakeholder mapping and close any gaps.	We conduct a gap analysis of our engagement data to ensure inclusivity in our engagement and combat engagement isolation e.g. mapped 847 new stakeholders to target new stakeholder groups.
Barriers to technology	We offer additional engagement methods to those who may be digitally excluded.	We conduct face-to-face and telephone engagement where required to minimise digital exclusion, particularly as the effects of the pandemic have increased the use of digital engagement.
Lack of awareness	We are committed to educating and informing stakeholders of our role as a network operator.	We use our formal channels and engagement opportunities to educate our customers and stakeholders on our business, making sure everyone has a voice, regardless of knowledge.

Step 3   Tailoring our engagement

We tailor our engagement with stakeholders in two ways;

1. Content needs to be presented at an appropriate level depending on interest, influence and knowledge level.

2. The method of engagement is also determined by these factors as seen in the diagram below.

Continuous improvements made in 2020/21

Throughout the Covid-19 pandemic, we have been committed to maintaining our engagement with stakeholders. We were able to tailor our methods to target key groups, for example:

✓ Increased use of our stakeholder online community, identifying multiple topics in our annual programme of events and promoting two-way conversation through this channel in between formal engagement events.

✓ Leveraged partnerships in new ways e.g. rugby players from Scottish Rugby and Glasgow Warriors supported with videos in this years safety campaign as well as promoting our Priority Services Register – 80,000 reach increase.

✓ Further extended our STEM engagement with schools – disseminated STEM resources produced in partnership with Glasgow Warriors.

✓ Increased click rates of newsletters through improved targeting e.g. recent SP Transmission Major Project mailer achieved 39% click rate, higher than the average marketing benchmark.

METHOD OF ENGAGEMENT

High / Influence / Low — Low / Interest / High

Consultation
Public meeting, Workshop, Exhibition, Conference

Dialogue
Panel meeting, Meeting, Joint project, Partnership, Working group

Good   Expert
TOPIC KNOWLEDGE
None   Some

Information giving
Newsletter, Mail drop, Leaflet, Social media, Website, Email, Advertisement, Direct contact

Information gathering
Focus group, Face to face survey, Online survey, Mail survey

Step 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. Senior managers use this toolkit to proactively identify engagement risks, demonstrating buy-in to our strategy.

Continuous improvements made in 2020/21

✓ Introduced new technology to maintain engagement levels.

✓ Ran virtual town hall consultations ensuring engagement remained at the forefront in the communities we serve.

✓ Collaborated with other utilities to share engagement best practice and will adopt a hybrid model of digital and face-to-face engagement post Covid-19.

✓ Employed new independent facilitator, EQ Communications, experts in online engagement to make sure we are adopting the best digital practices.

✓ Learnings from online events has prompted us to reduce duration of events and number of topics, but increase frequency throughout the year, allowing us to engage with our key stakeholders on a more frequent basis.

Reviewing our engagement

Step 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.

We use our central stakeholder database Tractivity to record feedback as a central source of data which can be accessed by every team.

Continuous improvements made in 2020/21

✓ New and improved stakeholder panel reports created by independent facilitators containing detailed stakeholder feedback and recommendations.

✓ With increased number of bilateral meetings taking place, new templates were put in place to capture feedback in a consistent mannar.

✓ Introduced recording of webinars and panel sessions to ensure all key feedback is captured and stakeholders who could not attend, still have the opportunity to influence our plans.

✓ Critical feedback reports put in place dedicated to Covid-19 engagement and contingency planning.

✓ New survey tools introduced to capture live feedback from stakeholders, resulting in increased survey participation.

✓ Carried out review of available technology options with Mentimeter being identified as most innovative platform.

✓ Connections Customers are now able to submit feedback on the new Transmission Connections Portal which is monitored daily. (See Part Two, page 7).

Our approach in action
See page 8 of this document for examples of stakeholder feedback, actions taken and impact.

Step 6   Determine needs and preferences

A clear understanding of the needs and preferences of our customers and stakeholders is vital to the effectiveness of our strategy and the future direction of our business.

We carefully analyse feedback gathered across a variety of channels to identify unmet needs, potential improvements to existing services and processes or simply the priorities of different groups of customers and stakeholders.

Continuous improvements made in 2020/21

✓ Our new strategic objectives were embedded this year based on the priorities of our stakeholders.

✓ Embedded live surveys at engagement events to gather feedback on priorities which has been key in determining our annual programme of events.

Our approach in action
From various stakeholder workshops, we have been able to create an Online Connections Portal based entirely on the needs of our customers and stakeholders. We conducted a robust pilot test of the portal to continue embedding key feedback ahead of its launch in summer 2020 – see Part Two, page 7 for more detail.

Step 7   Develop and prioritise actions

In line with the priorities of our customers and stakeholders we deliver high-impact actions as soon as possible. In practice, we prioritise the actions that can address customers' needs and preferences by measuring their impact via methods like Social Return on Investment (SROI) which we have pioneered in the industry. Our recent efforts have focused on adding structure to our approach and championing the adoption of our measurement tool across the industry.

Continuous improvements made in 2020/21

✓ New stakeholder action log created outlining key feedback, along with internal accountability to ensure action is taken and fed directly in to the business.

✓ Lead role in bringing other networks together to develop a standardised, industry-wide SROI tool. This results in consistent and comparable measurements which is dependable across the industry.

Step 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. Each action is recorded and monitored, providing visibility of the full process from engagement conducted, to feedback collected and action taken. We track and monitor actions through our database, Tractivity allowing us to report on associated events, topics or stakeholder category, feeding back to our Executive Team and Senior Managers. This ensures we take the best approaches to feedback received through our engagement activities. The actions and associated outcomes of our engagement are presented in our Part Two submission.

Continuous improvements made in 2020/21

✓ Actions which have come from stakeholder feedback continue to be presented back stakeholders in a 'You said, we did' format – providing transparency that their input drives real change within our business.

✓ Mapped out our requirements to move to a new version of Tractivity, as a result of identifying key improvement areas with internal users. This move was required to improve the process of team reporting, with core report templates set up. This provides topic owners with regular overviews of actions and status.

Step 9   Close the feedback loop

With our engagement complete, our feedback collected and actions taken, the final step of approach is to close the feedback loop. We then take time to review the outputs and see how these can help shape our business.

This information is recorded on Tractivity to make sure we add value to future events and engagement opportunities. After each engagement we ask ourselves: *"Did we speak to the right stakeholders?"*; *"What lessons can we take forward?"*

Continuous improvements made in 2020/21

✓ New debrief meetings introduced immediately after stakeholder events with our senior management team to discuss successes, issues, learnings for future and stakeholder gaps.

✓ We continually ask our stakeholders if they see attendee gaps in our engagement e.g. one of our Green Economy Fund projects highlighted a local authority gap. As a result, we have now invited along the suggested local authority representation to upcoming Green Power Hour sessions.

✓ Stakeholder feedback is now fully embedded within Executive team monthly presentations.

Our robust project management processes

As a business we make sure stakeholders remain part of the journey across each and every project. This is done through robust project management processes and stakeholder engagement planning, ensuring every project delivers its expected benefits and continues to align to stakeholder requirements.

Within Part Two of our submission, we have highlighted several case studies that demonstrate a variety of project management processes. These include monthly governance meetings, dedicated project teams, project sprint sessions and bilateral engagements. Methods such as agile project management methodology and sprint sessions have been further embedded within the business, bringing many benefits including reduced project delivery time and risk mitigation. These methodologies are now integral of future project plans.

A committed workforce to deliver stakeholder needs and preferences

Stakeholder engagement is fully embedded right across the business, with each member of our workforce understanding the importance of conducting effective engagement. 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.

This year employee engagement has never been more important, with a large proportion of our workforce moving to remote working. Proactive engagement with our staff has been at the forefront with new platforms and communication methods rolled out to ensure business objectives are clear for all our employees;

- **The WIRE** – a new monthly employee newsletter. The Wire launched in 2020 and has kept our staff informed on key business activities, ensuring they are equipped with relevant messaging and business updates – average open rate of 65%.

- **Q&A with Iberdrola Chairman** – delivered our key business objectives for the year ahead, outlining our role and plans to enable Net Zero, resulting in knowledge dissemination across the business.

- **Director Q&A sessions** – our directors have played a key role in ensuring teams right across the business are fully up to speed with our business deliverables. This has enabled employees to turn these deliverables in to reality, to deliver positive outcomes for our customers and stakeholders.

- **iHUB** – our innovation platform, iHUB is designed to drive a culture of innovation within our organisation and encourages employees to take an active role in participating in real business challenges. This platform has played an important role throughout the pandemic, when face-to-face engagement was significantly reduced, as it has allowed for innovative ideas to continually be suggested.

Efficiency areas are outlined by Directors to inspire staff to think of new, innovative solutions to ultimately benefit customers, stakeholders and communities through cost efficiencies or improved ways of working. We received over 55 suggestions from our recent SPT efficiency campaign, with 10 solutions being progressed following internal review. Please see Part Two, page 6 for further details.

- **E-learning** – as we work towards COP26 and continue to drive our plans to fulfil Net Zero ambitions, we recognise the importance of further educating our staff on climate change. This year, we launched a climate e-learning course which was completed by over 880 employees. This course is designed to equip our staff with the correct knowledge about the climate crisis and the need to accelerate action to deliver climate solutions.

It is vital we equip our workforce with the correct tools and knowledge to conduct meaningful engagement with stakeholders and deliver business objectives aligned to the needs and preferences of our customers, stakeholders and communities alike.
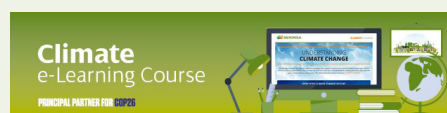
Stakeholder engagement runs through all levels of our organisation – its everyone's responsibility. We engage with customers and stakeholders in meaningful way to facilitate real change and positive outcomes for all. The table below demonstrates everyone has a key role to play in stakeholder engagement.

Embedded engagement responsibility	Stakeholder engagement strategy	Broad and inclusive stakeholders	Tailored engagement mechanisms	Acting on feedback	Reporting on feedback
Executive Team	Ownership of strategy issues, challenges and reviews.	Work with stakeholders from a broad range of backgrounds.	Drive innovative methods to ensure effective engagement.	Feedback is used in high level business decision-making.	Review and challenge outcomes of engagement.
Central Stakeholder Team	Strategy is embedded and is central to all engagement programmes. Provide and train wider teams on processes and supporting tools.	Carry out stakeholder mapping to identify gaps. Conduct research to identify new stakeholders.	Use innovative methods to ensure most effective engagement to ensure value for money. Tailored methods used to make sure hard to reach stakeholders are included.	Analyse feedback and assign actions to topic owners. Ensure all feedback is acted upon in a timely manner.	Use Tractivity to track and evaluate engagement. Core monthly engagement reports are created and shared with topic owners.
Licence Stakeholder Team	Stakeholder Engagement Strategy is embedded throughout engagement plans and licence level stakeholders are engaged.	Observe for emerging licence issues which require stakeholder input. Robust stakeholder mapping to ensure broad scope of stakeholders at events.	Identify most appropriate engagement methods based on local requirements and knowledge levels.	Responsible for gathering feedback based on stakeholder requirements and delivering appropriate action plans.	Actions and outcomes are recorded on Tractivity and reported internally. This allows key learnings to be shared across the business.
Relevant topic engagement Leads	Strategy is embedded and woven into engagement plans.	Identify additional stakeholders we need to engage with and monitor gaps.	Deliver tailored and cost efficient engagement based on local requirements and knowledge levels.	Responsible for collecting feedback based on stakeholder requirement and deliver required action plan.	Actions and outcomes are tracked on Tractivity and are reported internally to share key learnings across the business.

From engagement to impact

Within this regulatory year, we have delivered a total of 140 positive outcomes (i.e. benefits) through our ongoing engagement with our stakeholders.

The table below shows just a few examples of the outcomes and their related benefits we provided for stakeholders. Please see Part Two for further details.

Stakeholder and customer priorities	Method of engagement	What stakeholders said	What we did	Benefit to customers and stakeholders
Leading the way to deliver Net Zero				
Develop the network of the future.	Strategic engagement such as Scottish Government Network Leadership Group and Scottish Energy Advisory Board.	Network companies need to be enablers not blockers when facilitating the connection of renewables to the Transmission network.	Lobbying key policy makers to ensure policy is in place to drive the framework and 10-point plan to achieve Net Zero.	Access to clean, renewable energy and supports the alignment of our resources and strategies to deliver a sustainable future energy system.
Support Scotland in its green energy ambition.	Strategic engagement with Transport Scotland.	Share key learnings and best practice to encourage others to follow suit to adopt low carbon alternatives.	Shaping policies through engagement with Transport Scotland to share outcomes, challenges and learnings from our Green Economy Fund (GEF).	20 electric buses to be introduced to Glasgow as a result of two electric buses purchased by the GEF – giving bus operators confidence to commit to the technology, enabling them to further roll-out electric vehicles across their fleet.
Total number of outcomes 61				
Delivering benefits through innovation and whole systems solutions				
Enable efficient and timely connections.	Sprint sessions with stakeholders and pilot test event.	More upfront information on the connections process to help new entrants to the market.	Created an area within the portal to help customers navigate our website for specific connections information to aid them in their application process.	We were the first TO to roll this out and now with National Grid we have shared best practice to improve the customer journey – our customers may deal with multiple TO's so we made sure the portal had the same functionality to provide consistency in the customer journey.
Promote collaboration to facilitate rollout of innovative solutions.	Generator stakeholder visit to substations, information giving sessions with Scottish Government and BEIS.	Collaborate with other industry players and academics to have a joined up approach to identify new technology which could aid our transition to Net Zero.	Demonstrated the technical and economic advantages of deploying Hybrid- Synchronous Compensator (H-SC) technology, setting a blueprint and sharing key findings.	Increase network stability due to the ability to manage demand across the network.
Total number of outcomes 23				
Maintaining world-leading resilience and system operability				
Ensure a safe and reliable electricity supply.	Consultations through the Scottish Energy Advisory Board and sharing best practice with other TO's through workshops.	Collaborative approach during COVID-19 to ensure security of supply.	Worked in partnership with other TO's and NGET to develop an outage plan as we re-prioritised our plans to ensure network resilience would not be impacted as we adapted to change in demand due to COVID-19.	Implemented our robust, well-practiced contingency plans to make sure our resilient network continues to deliver. Stakeholders were fully involved when new outage plans were being proposed.
Maintain security of supply.	Engagement with internal staff, contractors and local authorities through workshops and bilaterals.	Implement measures to ensure resilience of the network should damage occur. For example storm damage.	Advanced our Emergency Restoration System (ERS) using innovation solutions. Employees have been trained on new ERS and technology has been deployed.	Minimised disruption to stakeholders, customers and communities when resolving overhead line issues by using the ERS to divert around the damage.
Total number of outcomes 15				
Putting customers, stakeholders and communities at the heart of our plans				
Design a network with aligns with stakeholders, customers and communities needs.	Engagement with local community groups through workshops and virtual road shows.	Act as a 'critical friend' and provide technical support and guidance within communities.	We co-created a Community Energy Strategy with Community Energy Groups. We have developed and embedded this strategy in our plans for the RIIO-T2 period.	Reduced barriers to entry due to the central source of information to customers and stakeholders – helped them move forward with projects quicker.
Deliver excellent service for customers.	Engaged with a core group of 15 connections customers through virtual workshops and surveys.	More visibility and transparency of the connections process.	Continually evolving the connections portal following feedback and requirements from stakeholder feedback.	Portal is now a self- serve information hub, providing customers with project status updates along with project team information.
Total number of outcomes 41				

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 conversation and relevant feedback. Stakeholder mapping is carried out on a regular basis to ensure we reach new voices and representatives from each or 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.

Stakeholder knowledge level	Engagement method	Example outcome	Reach
Expert knowledge	**4 x Strategic Stakeholder Panels (CEO, Managing Director and Senior Director Level)** *Community Energy Groups, Citizens Advice, Ofgem, Local Authority, Government, Government Bodies, Technology, Rural communities, House builders*	Commitment to develop set of Just Transition principles. Priorities outlined shaping our vision for social and economic sustainability.	27
	4 x Sustainability Stakeholder Working Groups *e.g. SEPA, Scottish Government, Sustainable Scotland Network, 2050 Climate Group, Scottish Wildlife Trust, Keep Scotland Beautiful*	Shared practice and learnings of our new partnership with the Supply Chain Sustainability School, inspiring others to follow suit.	25
Good knowledge	**Annual Supply Chain Conference** *Supply Chain and Contractors*	As a result of the annual conference, we have now set up a focused subgroup of 20 suppliers who will take part in virtual workshops, informing our future plans.	70
	Dialogue with Connected and Connecting Customers *Developers, large connections customers, Renewable and Transport stakeholders*	Reduced barriers to entry by launching new Online Connections Portal with all information required to support their connections journey.	229
Some knowledge	**2 x SPT Health, Safety, Environment and Quality Forums** *Construction, Infrastructure stakeholders, Land and estate Management stakeholders*	Shared our environmental commitments, emphasising the crucial role suppliers play in supporting our ambitions, with their expertise critical for success.	139
	Transmission Stakeholder Newsletters *Supply Chain, Developers, Contractors*	Enabled us to identify barriers ahead of need and mitigation of potential risks.	604
No knowledge	**Customer and Community Engagement** *e.g. partnering Citizens Advice, National Farmers Union, Scottish Rugby Union, Glasgow Warriors. Additionally via mail drops, virtual town hall consultations*	Increase in reach of over 80,000 in our 20/21 winter awareness campaign through using rugby partner channels – growing awareness of 105 and PSR.	Over 200,000
	Customer Surveys *e.g. Annual satisfaction survey*	Validation of our SPT priorities and achieved our highest annual satisfaction score of 8.6/10.	Over 100

Key achievements of RIIO-T1

Ⓟ **Planned**   Ⓓ **Developing**   Ⓔ **Embedded**

As a business it is important for us to look back at what we have delivered throughout RIIO-T1. We have used our PDE mechanism to show how our projects mature from planning stage to becoming fully embedded. This mechanism is used throughout our Part Two submission to clearly demonstrate the current status of every project.

The table below summaries the stakeholder feedback and the status of a number of our RIIO-T1 initiatives. As we move in to RIIO-T2 key learnings from all our projects will be taken forward, ensuring lessons learned benefit our stakeholders, ensuring we continue to deliver and facilitate the network of the future.

Initiatives	Stakeholder feedback (date)	Planned	Embedded	Shared best practice	Embedded in RIIO-T2
Green Economy Fund	*"Enable decarbonisation of heat, transport and electricity – building appropriate capacity within future energy planning."* (2017)	2017	2018	2021	✓
Wishaw Plastic Roads	*"Go above and beyond good practice to make a major impact on the environment."* (2019)	2019	2019	2020	✓
Active Network Management	"Demands have changed over the last 10-15 years and the current capacity is no longer fit for purpose." (2018)	2018	2020	2020	✓
Digital Substations – FITNESS	*"Explore innovative options to keep costs low for consumers, while enhancing safety and maintaining high network availability."* (2017)	2018	2019	2019	✓
H-SC Technology – Project Phoenix	*"Work with other industry players and academics to take a collaborative approach to identify new innovative technology solutions."* (2018)	2018	2020	2021	✓
Black Start	*"Security and safety of supply must remain stable and a high priority within the energy industry."* (2014)	2015	2016	2016	✓
Outage Planning	*"Transmission owners should offer flexibility to ensure connected customers can retain returns during modernisation."* (2017)	2018	2019	2019	✓
Zero Carbon Communities	*"Bring together evidence and examples of what other have done and their successes to share learnings with communities which could encourage ambitions."* (2018)	2018	2020	2020	✓

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. We are transparent in this approach as we want to deliver a better, future quicker for all. Below we have provided a few examples which demonstrate our approach to sharing best practice.

Priority	Case Study	Method	Stakeholder
Lead the way to deliver Net Zero	Stimulated learning discussions with 1,045 other organisations and produced a Green Economy Fund annual report to allow wide dissemination of key learnings.	Annual Report	Local Community Groups, DNO's and TO's, Strathclyde University, SEPA, Energy Skills Partnership, Transport Scotland
		Information Giving 'Green Power Hour' sessions	Dumfries and Galloway Council, Dumfries Chamber of Commerce, Skills Development Scotland, Citizens Advice
Delivering benefits through innovation and whole system solutions	We led a £100m innovation programme and used this opportunity to engage with a global audience and share best practice. One example was sharing findings and demonstrating the benefits of our digital substation projects which resulted in outage time and restraints being reduced and improved safety.	Facilitated events – e.g SEGRID, IT smart grid forums	Industry Players, Renewables
		Visits to substation	Ofgem, SSEN, our senior Global management team
Maintaining world leading resilience and system operability	Shared key learnings from the recent Dersalloch black start trial, demonstrating renewables can play a critical role in the event of a black start (See Part Two, page 9 for more detail).	Virtual panel	Wind suppliers, Academics, Network Operators, Scottish Government
Putting customers, stakeholders and communities at the heart of our plans	Developed a Community Energy Strategy with Community Energy Scotland in addition to the WPI report we produced in 2020, looking at job creation and community energy schemes.	Community Energy Roadshow	Local Community Groups, Community Energy Scotland
		Information giving sessions	Ofgem, Local Authorities, Policy makers

Delivering value to our customers and communities

Everything we do is funded by our customers, that's why it's crucial we find ways of delivering the maximum value for the least cost – a key pillar within our Stakeholder Engagement Strategy. Throughout RIIO-T1 we have made it a priority to find an accurate and credible way to measure beyond just the financial and measure the value of our activities and prioritise our actions accordingly.

We have worked hard to develop our ground-breaking social value measurement tool. This tool models the financial costs and benefits used in a traditional Cost Benefit Analysis but also includes the estimated financial value of qualitative 'social' benefits we've delivered for example, reduction in CO_2 emissions or the creation of new jobs etc.

Continuous development of our measurement approach:
We were the first TO to consistently apply a Social Return on Investment (SROI) methodology, providing our teams with a level of insight into the value of our activities like never before. Whilst we feel this is something we have always inherently done, we have progressed the development of our tool on an industry-wide scale, ensuring consistency of approach and to improve the robustness of our assessments. In the last year we have taken a leading role to standardise our methodology across all network companies in the UK to establish a common and standardised approach to measuring social value. This provides the industry with a common methodology and a shared set of proxies for social outcomes that allow us to monetise the value of our actions. The outcome of this joint approach is for network operators to be able to compare the benefits of projects in a fair and standardised format, both internally and externally, with the ultimate aim of maximising the value enjoyed by customers all over the UK.

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.

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.
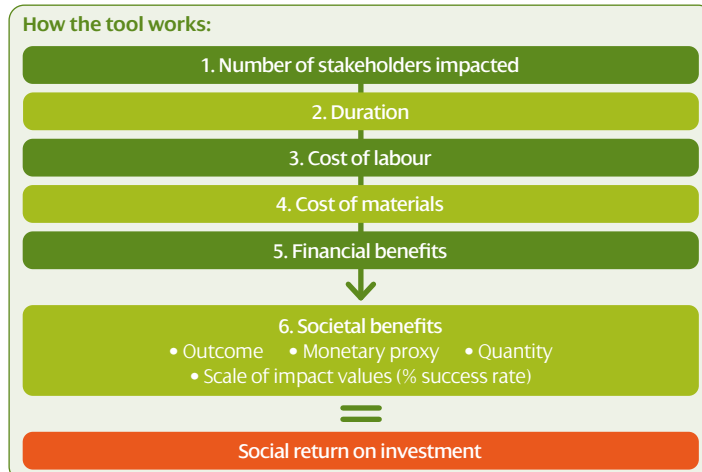- Prioritise and justify projects with a greater social return on investment.

Outputs
Net Present Value (NPV): The sum of all costs and benefits for the project. There are three ways to calculate NPV:
1. **NPV – Financial:** Sum of financial costs and benefits.
2. **NPSV – Social:** Net Present Social Value is the sum of financial costs and social benefits.
3. **NPV – Wellbeing:** Net Present Wellbeing Value is the sum of all financial and wellbeing benefits.
4. **NPV – Total:** Sum of all inputs – financial costs, financial benefits, wellbeing benefits and social benefits. This gives a comprehensive view of the value of the project.

The SROI: The Social Return on Investment (SROI) is a measure of how much net benefit an initiative delivers for society above and beyond what it costs us to deliver it.

See Part Two for more detail on how we have used this innovative tool to inform our decision making and deliver maximum customer benefit.

How the tool works:
1. Number of stakeholders impacted
2. Duration
3. Cost of labour
4. Cost of materials
5. Financial benefits
6. Societal benefits
   - Outcome   • Monetary proxy   • Quantity
   - Scale of impact values (% success rate)

=

Social return on investment

SP ENERGY NETWORKS