Distribution

Annual Performance Report 2024/25

SP Energy Networks

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Our Performance Indicators

Ahead of Target | On Target | Below Target | Improvement on Previous Year | In line with Previous Year | Deterioration on Previous Year | Substantial deterioration

Welcome

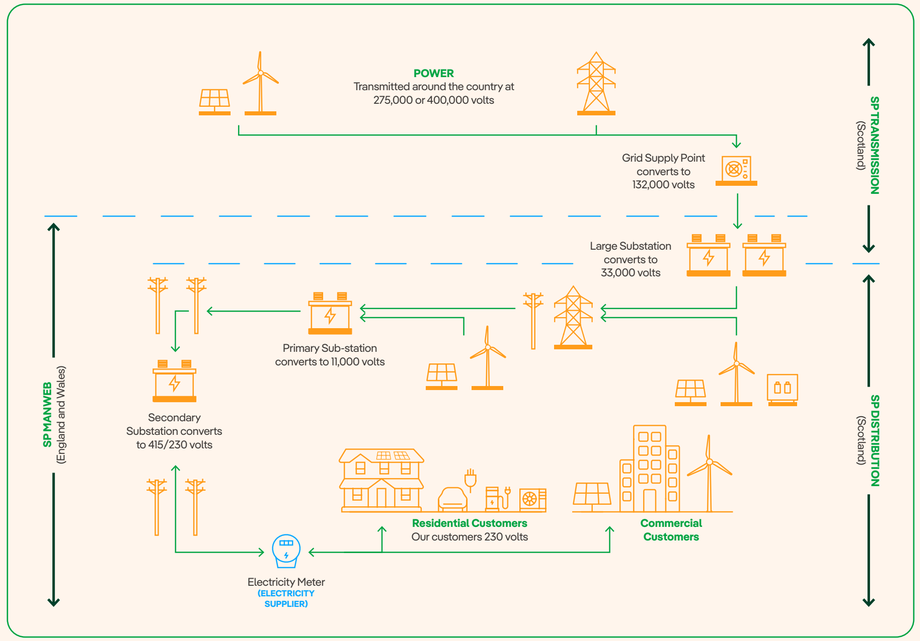
Our Business

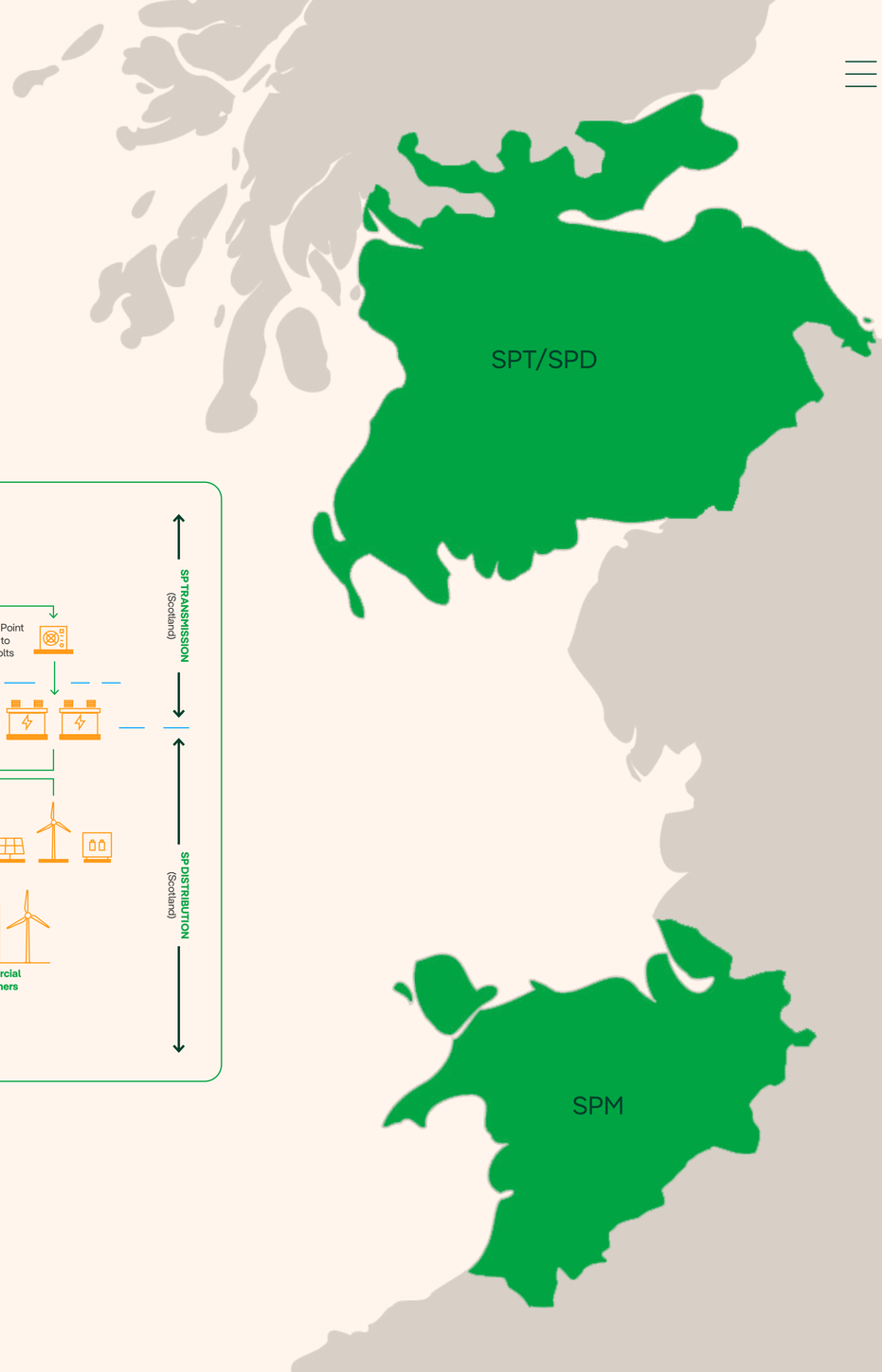
We transmit, distribute and connect electricity to and from homes and businesses across our network. SP Energy Networks (SPEN) owns three regulated electricity network businesses in the UK; SP Distribution plc (SPD), SP Manweb plc (SPM) and SP Transmission plc (SPT)*. This report relates to the performance of our distribution companies, SPD and SPM, during 2024/25.

SPD and SPM distribute power on behalf of energy supply companies through a network of cables and power lines that we own and maintain. We distribute and connect electricity to and from homes and businesses across our network. We work around the clock to keep the lights on 24 hours a day, every day of the year. We serve 3.5 million homes and businesses in three of the UK's largest cities (Liverpool, Glasgow and Edinburgh), as well as three large rural areas (North Wales, Scottish Borders and Dumfries & Galloway). We take electricity generated from power stations, wind farms and other sources, reduce it to the low voltage needed for homes and transport it through our vast network of cables and power lines. Our distribution network alone has 34,323 substations, 38,085km of overhead lines and 69,408km of underground cables.

We provide customers with new and upgraded connections to our network. For example, to large residential, retail and industrial developments, as well as sports stadia and leisure parks. As the UK builds towards a low carbon future, the nature of the electricity grid is changing. Consumers no longer rely solely on centralised energy generation to meet their electricity demands. There are increasing volumes of smaller distributed generation and low carbon technologies such as electric vehicles being connected to the network. As network operators we need to adapt to meet these challenges whilst maintaining low cost, reliable energy distribution for our customers.

**The acquisition by our parent company of SP Electricity North West (SP ENW), who own and operate the electricity distribution network in the North West of England, was cleared by the Competition and Markets Authority on 20 March 2025. Prior to that time, any integration was prevented. As such, SP ENW have produced their own report for this time period.*





3.5 million
homes and businesses in three of the UK's largest cities

107,743
Our Distribution network contains 38,085 kilometers of overhead lines and 69,627 kilometers of underground cables

1.5 million
SP Manweb Customers

2 million
SP Distribution customers

Message from our CEO

Welcome to our second Distribution Annual Report for the RIIO-ED2 price control period covering April 2024 to March 2025. This report details the progress we have made in delivering our Business Plan Commitments, including preparing the electricity distribution network for the Net Zero transition, maintaining safety and reliability whilst protecting the environment and our vulnerable customers.

Nicola Connelly
CEO, SP Energy Networks

As a Distribution Network Operator (DNO), our focus is to ensure our electricity network provides our customers with the safe and reliable service they need to meet their growing requirements, whilst supporting regional and national decarbonisation ambitions.

We are taking an industry leading proactive approach to ensure customers don't face barriers in the adoption of low carbon technologies, we are modernising customers on a looped service cable by which many older properties share a connection to the network. These connections generally cannot accommodate loads from heat pumps and electric vehicles. We have replaced the cables in over 17,000 homes, thus enabling those residents to access the benefits of low carbon technologies when they choose to do so. We continue our core network reinforcement programmes to create new network capacity at higher voltage levels to accommodate growing demands. We do this alongside our Asset Modernisation programmes that maintain reliability. Our programmes in SPD and SPM have exceeded performance targets in 2024/25.

Our exposure to more frequent and extreme weather events can be a challenge for network operators. During this winter we faced storms Darragh and Éowyn which impacted over 190,000 and over 265,000 customers respectively. We worked hard to provide quick and reliable support to these customers, and remain on track to achieve our ambitious ED2 Business Plan commitment of delivering 9.4/10 Customer Satisfaction across all service areas and channels we offer. We have outperformed Ofgem targets for complaints handling and have implemented a new technology platform to enhance the customer service experience. We have also improved major connections customer satisfaction rates and will continue to work to make further improvements in this priority area.

We look after our vulnerable customers in a range of circumstances: during emergencies, when experiencing fuel poverty and when making the shift to greener alternatives. Through the Network Innovation Allowance (NIA) funded Vulnerability in Energy System Transition (VEST) innovation project we developed an approach to measure the risk of being left behind, allowing us to prepare tailored, effective, and efficient strategies for addressing Low Carbon Technology (LCT) uptake for those most vulnerable groups in our community.

In line with our commitment to becoming a fully sustainable networks business, we have taken actions to bring about change. In Regulatory Year 2024/25 we diverted 94% of waste from landfill, and are working with our supply chain, the waste industry and regulators to encourage waste minimisation to reduce this even further. We have also funded biodiversity enhancements across our network including a wetland restoration and an extended wildflower habitat in Cheshire.

As we continue through ED2, we remain focused on creating a workplace where every voice is heard, every talent is nurtured and every employee is empowered to help shape a sustainable energy future. We gained accreditation as a Top Employer and have improved policies around paternity, caring, and neonatal leave.

We have delivered on our commitments during the first two years of the ED2 price control and will continue to build on these, all while delivering exceptional value for money with 99.99% reliability and excellent customer service for an average of 43p per day.

Performance Snapshot 2024/25

In the second year of ED2, we are proud of our performance, delivering on our commitments and making progress against our targets. We are delivering greater levels of network investment across reinforcement, modernisation, and resilience programmes whilst adopting smarter solutions and delivering greater network monitoring to enable Distribution System Operator (DSO) and flexibility services.

We continued to deliver strong customer service, evidenced through our Customer Interruptions (CI), Customer Minutes Lost (CML) and Broad Measure of Customer Service (BMCS) scores. We also continued to demonstrate strong scores on Stakeholder Engagement and have succeeded in several leading Innovation projects under the Network Innovation Competition (NIC) and Network Innovation Allowance (NIA) mechanisms. These projects allow us to develop a more flexible and cost-effective network in the best interests of the customer.

Our results allow us to further work towards our goal of becoming an industry leading utility of the future, ensuring that all customers benefit from improved levels of service, and that our network remains resilient. We are ready to facilitate low carbon aspirations and are innovating to ensure the smart networks of the future are flexible, resilient and accessible to all.

Safety

The health and safety of the public and the people who work on our network is central to all business operations. We have complied with legislation, actively engaged with 3rd parties and members of the public to enhance safety awareness and continued to deliver our Occupational Health monitoring programme throughout the second year of ED2.

Community Outreach

We remain committed to supporting community energy through extensive awareness campaigns, capacity-building, and educational outreach. In 2024/25, we delivered webinars and targeted communications to help local groups explore and develop energy projects.

Our Community Energy Engagement Managers in SPD and SPM continue to build strong partnerships with Community Energy Bodies across England, Wales, and Scotland, promoting collaboration and knowledge sharing. As headline sponsors of the State of the Sector report, we received detailed regional insights for both License areas. We also provide guidance and case studies to support community-led initiatives.

These efforts align with the ongoing update of our Community Energy Strategy, ensuring a consistent and impactful approach that drives growth across all three nations.

Environmental

Our Distribution Annual Environmental Report provides a comprehensive update of our performance against key metrics and our ongoing progress to deliver our RIIO-ED2 Environmental Action Plan commitments. It sets out our key activities to progress these commitments and gives examples of how we are supporting the societal transition to a low-carbon economy whilst seeking to minimise our impacts on the environment.

We have achieved a 39% reduction in our Business Carbon Footprint (BCF) (excluding losses) compared to our 2018/19 Science Based Target (SBT) baseline. We continue to reduce fugitive emissions and electrify our operational fleet. Notably, we installed the innovative Sabre EcoTec ring central unit, which replaces (sulfur hexafluoride) SF_6 with synthetic air, significantly reducing the environmental impact of our network operations. This marks a critical step in our journey to decarbonise the grid.

We remain committed to delivering biodiversity enhancements across our network. This year, we piloted our approach to offsite enhancement in partnership with the Cheshire Wildlife Trust. Following an upgrade to an overhead line crossing the Trust's land, SP Manweb funded two enhancement schemes on the site – a wetland restoration and the extension of an existing wildflower habitat.

Innovation

Innovation is embedded in our operations, accelerating our Net Zero transformation and delivering for our customers. Deploying our innovation learnings into Business-as-Usual (BaU) has already enabled us to deliver £18.6m in benefits in RIIO-ED2 and these benefits are forecasted to grow even further. This year we've brought even more projects closer to being deployment-ready, for example, our LV De-Mesh and Interconnected HV Substation Battery Monitor projects are ready for live field trials. Both projects have the potential to reduce disruption from unplanned outages – reducing the number and duration of interruptions for our customers.

Vulnerability

As a Distribution Network Operator (DNO), we are uniquely placed to support customers in vulnerable situations because we understand how different customer needs arise across the regions we serve, and how these needs can be significantly impacted during power cuts. We carefully consider where the most significant risks lie, who may need extra help, and what barriers they might face: whether that's during emergencies, experiencing fuel poverty, or in making the shift to greener energy. Throughout the past year we are proud to have increased our registrations of eligible households to 99% for our Priority Services Register (PSR). On top of this, we have delivered over 22,500 direct support services to help customers struggling with fuel poverty and adopting greener energy solutions, providing over £10 million in net benefits to customer who need it most.

Our snapshot SPD

			Actual (in Year)	Status	Year on Year Trend	Comment
Reliability and Availability	**Customer interruptions**	Recorded per 100 customers in 2024/25	31.29	Ahead of Target	↑	Exceeding of our CI regulatory target of 41.76
	Customer minutes lost	Unweighted, including exceptional events	25.76	Ahead of Target	↘	Exceeding our regulatory CML target of 29.56.
Customer Satisfaction	**Customer Satisfaction survey**	score out of 10	9.28	On Target	↑	Making good progress to hit our stretch target of 9.4 by the end of ED2.
Connections	**Time to quote (TTQ)**	(single premises)	2.37 days	Ahead of Target	↑	Our aim is to reduce how long it takes to provide a connection offer and the time it takes to make it happen. Similar to Year 1 of ED1, again we took on average less than 3 days to turn around our connection quotations. With a slight improvement seen across both TTQ and TTC.
	Time to connect (TTC)	(single premises)	21.64 days	Ahead of Target	↑	
	Number of completed connections per regulatory year		2,747		↘	
Financials	**Unrestricted Domestic Tariff Charge**	Not including domestic customer rebate	£102.56			Our daily charges are considerably cheaper than a TV licence, or typical domestic broadband services.
	Total Expenditure		£330.92m			
	Total expenditure as a % of allowed revenue		102.6%			
Network	**Number of customers**		2,017,857	On Target	→	
	Total network length	in km	59,726	On Target	↑	
Major Connections	**Aggregate customer satisfaction**	Score out of 10	8.87	Ahead of Target	↑	See our Major Connections Report here.
Distribution System Operator (DSO)	**DSO Performance Panel**	Score out of 10	6.08	Ahead of Target	↑	
	Stakeholder Satisfaction	Score out of 10	9.02	Ahead of Target	↑	

All costs within the Distribution Annual Report are in 20/21 price basis.

Ahead of Target · On Target · Below Target

↑ Improvement on Previous Year · → In line with Previous Year · ↘ Deterioration on Previous Year · ↓ Substantial deterioration

Our snapshot SPM

			Actual (in Year)	Status	Year on Year Trend	Comment
Reliability and Availability	**Customer interruptions**	Recorded per 100 customers in 2024/25	28.55	●	↑	Exceeding CI regulatory target of 33.00.
	Customer minutes lost	Unweighted, including exceptional events	34.54	●	↘	Falling slightly under CML regulatory target of 31.04.
Customer Satisfaction	**Customer Satisfaction survey**	score out of 10	9.22	●	↑	Making good progress towards hitting our stretch target of 9.4 by the end of ED2.
Connections	**Time to quote (TTQ)**	(single premises)	2.56 days	●	↘	Our aim is to reduce how long it takes to provide a connection offer and the time it takes to make it happen. Similar to Year 1 of ED1, again we took on average less than 3 days to turn around our connection quotations. This year saw a slight increase in the TTQ however, a large reduction in the TTC.
	Time to connect (TTC)	(single premises)	26.03 days	●	↑	
	Number of completed connections per regulatory year		3,882		↓	
Financials	**Unrestricted Domestic Tariff Charge**	Not including domestic customer rebate	£138.96			Our daily charges are considerably cheaper than a TV licence, or typical domestic broadband services.
	Total Expenditure		£335.75m			
	Total expenditure as a % of allowed revenue		100.2%			
Network	**Number of customers**		1,532,350	●	→	
	Total network length	in km	48,017	●	↑	
Major Connections	**Aggregate customer satisfaction**	Score out of 10	8.96	●	↑	See our Major Connections Report here.
Distribution System Operator (DSO)	**DSO Performance Panel**	Score out of 10	6.08	●	↑	
	Stakeholder Satisfaction	Score out of 10	9.02	●	↑	

All costs within the Distribution Annual Report are in 20/21 price basis.

● Ahead of Target ● On Target ● Below Target

↑ Improvement on Previous Year → In line with Previous Year ↘ Deterioration on Previous Year ↓ Substantial deterioration

Health and Safety

The health and safety of the public and those who work on our network is at the forefront of our business. We pride ourselves on our outstanding history of success and thoroughness when it comes to maintaining a world class stature of health and safety performance.

Vision and Culture

We have a duty to ensure that our infrastructure is safe and that our operations uphold the highest standards of health and safety for everyone who interacts with our network. Our vision is to deliver the highest standards of Health and Safety performance, where no injury or ill health is caused by our activities. The wellbeing of our customers, our people, our suppliers, and the public is our number one priority. We pride ourselves on sharing learning and pushing for best practice in everything we do and as such we are committed to promoting good health, safe behaviour and demonstrating care for the environment. Our safety culture is led by our senior leadership team, defined by our Health and Safety Essentials, and driven by the personal accountability and commitment from every employee.

OHSAS 45001

SPEN successfully maintained OHSAS ISO 45001 Certification in 2024 following a comprehensive surveillance audit. There were numerous strengths identified, reflecting robust working practices and procedures, across our Business. By having an ISO 45001-certified management system our business can rapidly respond to emergency situations whilst also establishing, implementing and maintaining processes to mitigate hazards and reduce risks in the long-term.

Physical and Mental Health

We strongly recognise the 'Health' in health and safety and take measures to promote health and wellbeing for all our staff, promoting fitness and health as a lifestyle choice with initiatives such as the daily mile and access to gym facilities. Mental Health, wellbeing and the impact they can have continued to be a key focus, throughout the year and we provided a wide range of training and support services to staff.

Public Education

Our Public Safety engagement continues around the 4 Key themes, focusing on the information driven by current data/trend analysis and planning for our engagement. We are looking to maximise the use of social media, Influencers, and online channels to ensure the right people are seeing the safety advice and continue our support and partnership working with the Energy Networks Association (ENA).

Customers

- Essential Power safety advice for our customers
- DIY and Gardening
- Power wise website and Parent Influencers
- Continued promotion of 105 helpline
- Safety Centres & Crucial Crew Events

Agriculture

- Farm and Rural community Safety
- Agricultural Shows
- Farm life Influencers
- Farm Safety Videos
- Royal Highland Educational Trust

Construction

- Significant growth in construction industry
- Trade Associations and House builders
- Scottish Plant Owners Association
- Utility Strike avoidance group
- Look out-Look up campaigns

Specialist Trades

- Trade associations
- Federation of Window Cleaners
- Targeted Social Media campaigns (Relevant interests and Job roles)

To view, visit the SP Energy Networks website.

Ahead of Target On Target Below Target

Agricultural Shows

During 2024/25, we took our engagement efforts on the road – travelling from the scenic landscapes of Wales to the bustling heart of Scotland. Each event brought its unique atmosphere, from the charm of Anglesey to the grandeur of the Royal Highland Show. We connected with communities, farmers, and families, sharing vital information, listening to local concerns, and promoting safety around electricity. These events offered a unique opportunity to build relationships, raise awareness, and reinforce our commitment to the people we serve.

Our focus this year was on farm safety, specifically concerning health and safety around electricity. We promoted the "Look Out, Look Up!" campaign, with our overhead line (OHL) demonstration which helps raise awareness of the dangers of working near overhead power lines and encourages farmers and rural workers to stay vigilant and carefully consider their surroundings when operating tall machinery or equipment in the field. This initiative sparked engaging discussions and allowed us to share impactful tips that could save lives.

Interactive activities helped educate younger audiences about energy, while repeat visitors and familiar faces reinforced the value of consistent community presence. By the end of the event, visitors walked away with invaluable insights into electrical safety, equipped with real-life examples and strategies for preventing accidents.

We engaged with a broad range of stakeholders – from farmers and business owners to local residents – and every conversation, whether it was about hopes for the future, concerns about local infrastructure, or ideas for community improvements, provided insights that help to shape and inform our planning and delivery.

These events are not only about sharing information but also about building relationships and listening to the communities we serve. We appreciate the time and input from all who attended and remain committed to fostering safer, better-informed engagement across our network. It's these moments of connection that remind us why this work matters.

SP Energy Networks partnership with Scottish Association of Young Farmers Club

The focus of the SP Energy Networks partnership with the Young Farmers is to develop a longer-term strategic relationship with the farming community, to raise awareness of safety around electrical network infrastructure.

The Scottish Association of Young Farmers Clubs (SAYFC) is Scotland's largest rural youth organisation with 3,500 members. The partnership with SAYFC provides an opportunity to provide branded Health and Safety material for their farm ambassadors and contribute to in-person H&S awareness sessions through the Young Farmers Clubs and their annual conferences. A year-long customised communication plan will feature SP Energy Networks messaging about farming safety around electrical network infrastructure. SP Energy Networks branding, and messaging will also feature as part of the Young Farmers' presence at the two biggest agricultural shows in Scotland at Ingliston and Ayr.

8 top agriculture tips:

- Take note of the location of overhead lines on or near your land and ensure this is known to anyone working on it.
- Do not increase the level of the ground underneath overhead lines.
- Take time to plan storage areas. Never stack directly beneath or near overhead lines.
- Plan ahead to avoid high risk areas and use access routes that do not pass underneath overhead lines.
- Ask SP Energy Networks to supply the routes of overhead lines running across your land or near its boundaries and mark these on your farm maps/plans.
- A jet of water or slurry can cause a release of electricity and a high risk of fatal or severe injury, so it's not only equipment and machinery that presents a danger.
- If your machinery is in contact with an overhead power line, or within 5 metres of a grounded line, stay inside your vehicle until the Emergency Services or SP Energy Networks arrive unless there's a real threat of fire.
- Always treat powerlines as live, even if they are broken or touching the ground, they could still be live or be remotely re-energised at any moment.

For further information visit:
www.spenergynetworks.co.uk/safety

SP Energy Networks

Develop a Network Ready for Net Zero

Forecasting Network Needs

Our network planning looks years into the future to establish where, when, and how much capacity we need to accommodate customer growth and decarbonisation, and how best to deliver that in a safe, efficient, and timely manner.

We develop our network to accommodate our customers' demand and generation requirements. The first stage of network planning is to understand what customer requirements are likely to be over the coming decades. We develop Distribution Future Energy Scenarios (DFES) to do this. These are forecasts for a range of customer demand and generation metrics out to 2050. We develop these considering legislated targets, devolved government policies, regional developments, and stakeholder plans. A key development this year is that the data from all 22 local heat and energy efficiency strategies (LHEES) served by our Scottish network and nine long-range energy alternatives planning system (LAEPs) served by our Welsh network is directly entered into our DFES forecasts. In addition, we've inputted decarbonisation plans from three transport partnerships, three industrial clusters, and nine regional government bodies. Our stakeholders review our DFES forecasts and we make changes based on their well-justified feedback. Given the uncertainties out to 2050, we create forecasts for four energy pathways. These represent differing levels of customer ambition, government and policy support, economic growth, and technology development. Our stakeholders review our forecasts and we make changes based on their feedback.

A key part of our forecasting process is EV-Up and Heat-Up. These provide a granular view – they show us, for any DFES pathway, how Electric Vehicles (EVs) and heat pumps are likely to roll out across the network, i.e. which households will get them and in what timescales. This is valuable as these are the two main drivers of decarbonised demand growth.

This granular level of forecasting enables us to understand our customer needs at a domestic level and is combined with forecast and connection pipelines for major connections across the system to enable us to assess wide area strategic requirements at all voltage levels. We work closely with the Transmission Owners (TOs) and National Energy System Operator (NESO) to develop a coordinated whole-system suite of network interventions, and are working closely with the Regional Energy Strategic Planning (RESP) team as they develop their first RESP regional pathways.

With this forecast of capacity requirements, the next stage is to understand what we need to do on the network to accommodate them. We do this using network assessments. These show us how the forecast customer growth will impact the network, and where, when, and how much additional capacity we need to create. This assessment is done by our industry-leading Engineering Net Zero (ENZ) Model. This is a complete model of our network, from customers' cut outs up to the transmission network. It allows for complex network planning modelling, simulation, and scenario planning. It's a tool to help us make impartial data-driven investment decisions, and is an advancement on previous modelling techniques.

With this knowledge of network capacity needs, we can go out to market seeking flexibility services and identifying solutions. For High Voltage (HV) and Low Voltage (LV) investments, this process is supported by a linear optimiser, which impartially identifies the best combination and timing of solutions to meet the required network capacity, including the use of flexibility services. At Extra High Voltage (EHV) and above there are fewer constraints and solutions, therefore we conduct more in-depth design studies to support cost benefit and technical analysis across a range of credible solutions and deliverability.

Using this approach, we identify every likely network needs and the best intervention decisions for our customers.

Case Study:
Our Engineering Net Zero model enabling granular coordinated assessments of our networks

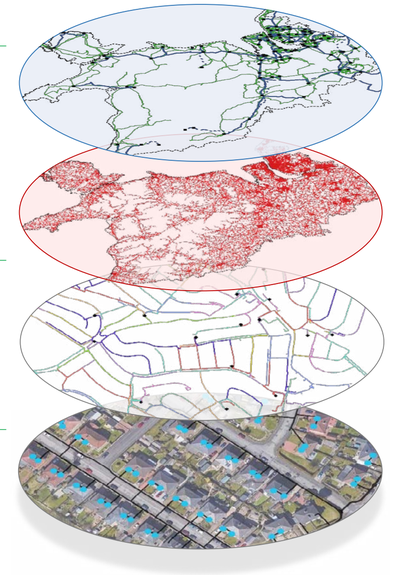
Over the last few years, we have enhanced our forecasting processes considering the underlying driving factors behind Low Carbon Technology (LCT) uptakes to produce micro-level forecasts down to street and property level. These feed into our ENZ model to systematically assess the whole network identifying timing, magnitude, and location of constraints.

This approach has enabled us to prioritise, optimise and coordinate our intervention plans at a granular level. This includes identifying and prioritising proactive interventions on looped service cables in areas where we have greater confidence over requirements and coordinating these works with any other reinforcements required at LV or the local substation.

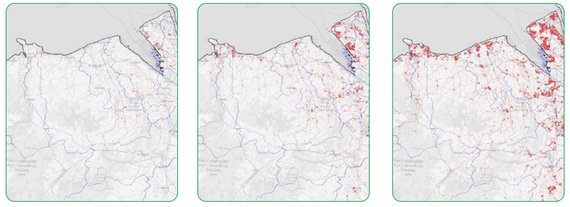
This approach is more cost-efficient, less disruptive, and means the capacity is ready when customers need it.

ENZ Platform:

1. Complete network model with asset data



2. Granular property-level forecasting



Delivering our Investment Proposals

Our RIIO-ED2 plans set out a step increase on RIIO-ED1, and we are delivering greater levels of network investment across reinforcement, modernisation, and resilience programmes whilst adopting smarter solutions and delivering greater network monitoring to enable DSO and flexibility services.

The start of a price control period is a catalyst for new supply and delivery frameworks, embedding new regulatory incentives and investment guidance, and aligning the business with refreshed stakeholder endorsed objectives. We must maintain strong delivery during this transitionary phase – but it is important to develop the tools to deliver for the duration of the five-year price control period.

In Year 1, we focused on establishing supply chain agreements, adjusting our plans in response to market lead times for plant and equipment, and exploring innovative ways to support our workforce. The start of RIIO-ED2 came at a time of wider market and socio-economic challenges with implications for costs forecast, resource plans, and delivery programmes. In Year 2, we focused on uplifting our delivery to ensure we meet our targets over the ED2 period.

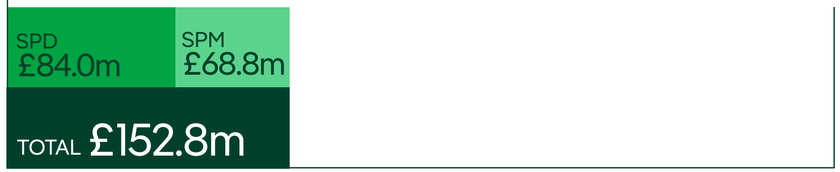
We have continued the strong performance across all programmes of activity. Within 2024/25, we delivered a totex programme of £330.92m in SPD, and £335.75m in SPM, an increase of 25% and 23% on prior year and in line with our allowances set by the regulator. In our Load and Non-load capital investment areas, we delivered £310.77m of investment, and we have outlined some of the outputs of the programme below.

Load – Developing the network of the future

The energy landscape is changing. To help our customers decarbonise, we are developing a network that's ready for Net Zero. Customers are increasingly turning to EVs and heat pumps, and we are seeing a leap in renewable generation as customers are actively participating in the energy system.

Understanding future network requirements is fundamental to the efficient planning, design, construction and operation of our network. In 2024/25, we developed and published our latest Distribution Future Energy Scenarios (DFES), forecasting levels of generation and demand to 2050, and delivered investment plans from our industry leading Engineering Net Zero (ENZ) Model. This forecast is developed by working with a wider range of stakeholders, including our Local Authorities, who's plan depend upon the evolution of our network. Going forward, we will continue to work closely with the National Energy System Operator (NESO) on Regional Energy System Planning (RESP), coordinating network design and developments towards Net Zero goals.

Spend to Date (Years 1 and 2)



Total ED2 Forecast Spend

Between 1.1m and 1.9m new EVs by 2030

Between 0.5m and 1.9m new heat pumps by 2030

Between +4.3GW and +10.4GW new Distributed Generation (DG) and storage by 2030

Our Unlooping Programme

Most modern domestic properties will have a single service cable which provides a direct connection to our network. However, many older properties are connected using a shared service cable – which is shared with their neighbour and called 'looped services'. Looped services are designed to accommodate historic levels of domestic electrical demand. However, as customers adopt more Low Carbon Technology (LCT) such as Electric Vehicles (EVs) and Heat Pumps (HPs), their demand increases significantly. The solution is to replace the looped service with a direct supply. We have identified that 560,000 (16%) of our customers are supplied by looped services, which are a potential barrier to adopting LCTs. To address this potential barrier, and support our customers decarbonisation needs, we will proactively unloop over 43,000 homes during RIIO-ED2, with a potential for a further 35,000 as part of our reactive programme to accommodate where these needs arise. So far in RIIO-ED2 (2023/24 to 2024/25), SPD and SPM have delivered this intervention to over 8,300 and 9,100 properties respectively.

Our Network Reinforcement Programme

We are continuing to deliver our core network reinforcement programmes, creating new network capacity at higher voltage levels to accommodate customers growing demands. Most reinforcement projects are multi-year and have commenced in year 1.

In SPD:

- We are nearing the completion of the Stonehouse reinforcement project to accommodate demand growth of over 1MW during RIIO-ED2. This major reinforcement project involved the installation of a new 11kV interconnector between Stonehouse and Strathaven utilising new and existing conductor routes.

In SPM:

- At Sandbach, all 11kV and 33kV plant is awaiting commissioning, increasing local network capacity by 7.5MVA and enabling new developments in the area.
- At Middlewich, primary plant assets have been delivered and will shortly be installed ahead of commissioning. When complete this will release a further 2.5MVA of capacity in the local area.
- We have also completed a number of fault level reinforcement works, increasing the amount of renewable generation that can connect to our 33kV system. Works are fully complete to upgrade the 33kV Ring Main Units (RMU) at Mannings Lane, Blundell Street, British Railway Shore Road and Mobil Oil Wallasey.

Responding to Challenges

- Due to challenges with the global supply chain, we are facing extended plant lead times we have responded by re-profiling our delivery schedule, accelerated works planned for future years where plant and equipment was available. This included accelerated delivery of our LV unlooping programme, enabling our customers to decarbonise quickly.

Non-Load – Delivering A Safe, Resilient, Reliable and Sustainable network

Our customers expect our network to be safe and sustainable and are increasingly dependent on a reliable supply of electricity as they transition to Net Zero.
The reliability, safety, and environmental impact of our network depends on the risk (condition & criticality) of our assets and their resilience to a range of external factors.

We have achieved a strong start across both our SPD and SPM Licenses, laying a solid foundation for accelerated delivery in the years ahead. Our outputs in 2024/25 exceeded our performance targets demonstrating a clear upward trajectory.

Our Asset Modernisation Programme

In SPD:

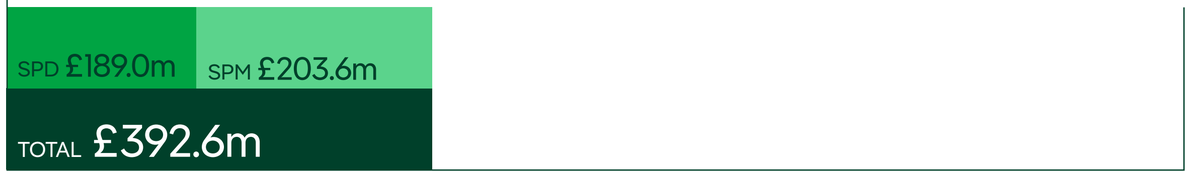
- In 2024/25, we replaced 1,489 x 6.6/11kV poles, similar to year 1 delivery but an increase of 106% (722) from 22/23.
- In 2024/25, we replaced 131 x 11kV RMUs, a slight decrease from year 1, but an increase of 32% (99) from 22/23.
- In 2024/25, we replaced 85 x 11kV Transformers (ground mounted), a slight decrease from year 1 but an increase of 73% (49) from 22/23.
- In 2024/25, we refurbished 11 x 33kV Transformers, similar to year 1 delivery.

In SPM:

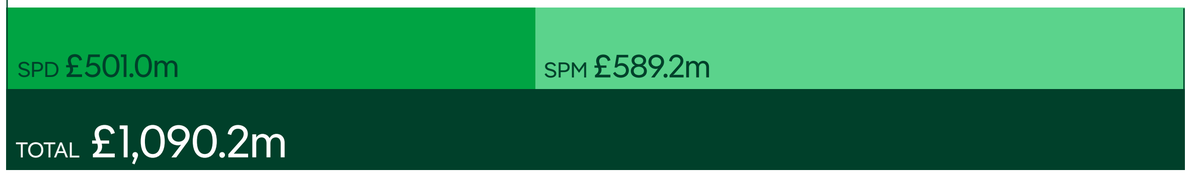
- In 2024/25, we replaced 966 x LV poles, an increase of 33% (729) from year 1, and an increase of 324% (228) from 22/23.
- In 2024/25, we replaced 1,496 x 11kV poles, a slight decrease from year 1, but an increase of 24% (1,206) from 22/23.
- In 2024/25, we replaced 110 x 6.6/11kV RMUs, an increase of 12% (98) from year 1, and an increase of 67% (66) from 22/23.
- In 2024/25, we completed 285 x 132kV Tower refurbishments, an increase of 4% (273), with 0 volumes in 22/23 (424 throughout entirety of ED1).

	In SPD			In SPM		
	2022/23	2023/24	2024/25	2022/23	2023/24	2024/25
6.6/11kV Pole replacements	722	1652	1489	228	729	966
6.6/11kV RMU replacements	99	161	131	1,206	1,771	1,496
6.6/11kV Transformer (GM) replacements	49	102	85	66	98	110
33kV Transformer Refurbishments	0	12	11	5	0	7
132kV Tower refurbishments	N/A	N/A	N/A	0	273	285

Spend to Date (Year 1 and 2)



Total ED2 Forecast Spend



Our Network Resilience Programme

Alongside asset modernisation network assets, we have delivered several initiatives to improve the reliability, performance and resilience of the distribution network.

- We have deployed 5,179 LV monitors in 24/25, providing enhanced network visibility of our connected customers, supporting design and connection works and enabling the early identification of network faults. This is an increase from the 1,358 deployed in year 1.
- We have deployed more Network Controllable Points (NCPs) on our HV network in year 2, allowing greater network control and automation, meaning power cuts affect fewer customer and don't last as long.
- We have removed 3,546 polychlorinated biphenyl (PCB) contaminated pole mounted transformers, reducing the risks associated with leaks and creating Net Zero capacity. This is an increase from 1,763 replacements in year 1.

Responding to Challenges

- Investment in overhead lines (OHL) has faced a national shortage of resource, and competition from delivery of our PCB programme. We have responded by establishing a new bespoke OHL training relationship with Coleg Menai in Anglesey.

Whole System Strategy

For the energy sector to meet climate change targets, we must ensure our networks can create additional capacity for Low Carbon Technologies (LCTs) and the electrification of sectors like heat, transport, and industry. Enabling this future is dependent not only on network companies but also on effectively co-ordinating with other parties on their decarbonisation journey.

Our approach

Our strategy embeds Whole System thinking across our business; from innovation and investment decision making, to collaboration within and beyond the energy sector.

Through our role, we coordinate with other network operators, Local Authorities, regional bodies, and utilities to increase effectiveness while improving transparency of our network planning activities. Through network planning and operational data, we create opportunity for innovators and investors to build complimentary products and services. Knowledge about our network unlocks benefits for others, and our dedicated teams are working to support the development of our stakeholders' ambitions.

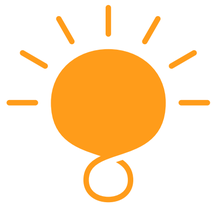
Whole System thinking is a method used to understand how elements and systems are related, and how they influence one another. Whole System thinking helps us to understand linkages among elements, cause and effect, feedback loops and to identify leverage points.

Develop a network that is ready for Net Zero

Think beyond the electricity sector to support other energy vectors including heat, transport, and hydrogen by using innovation, markets and smart grid networks to push the boundaries of Whole System thinking.

Be a trusted partner for customers, communities and stakeholders

Use Whole System thinking to support a just transition to Net Zero to establish Strategic Partnerships and deliver Strategic Optimisation to enhance our approach and achieve better Whole System outcomes.



Ready our business for a digital and sustainable future

Embed Whole System thinking in our organisation, culture, and ways of working to deliver better Whole System outcomes while also considering appropriate Open Data that can support Whole System solutions.

Our Strategic Optimisation Team

Our Strategic Optimisation team work pro-actively with regional and national government and have built Strategic Relationships with all 40 Local Authorities across our licence areas, alongside building relationships with 12 Regional Growth Deals/Regional Bodies, 3 Regional Transport Partnerships and the 3 large scale Industrial Clusters.

In supporting our stakeholders to develop local, regional and national energy plans (such as local heat and energy efficiency strategies (LHEES) and long-range energy alternatives planning system (LAEPs) we align them with our future network development plans to ensure their ambitions are reflected in our forecasts.

We foster relationships that enable us to understand each regions specific requirements, needs, and aspirations to input into our network planning process to support the development of future infrastructure requirements that can help facilitate each local area's industrial, commercial, and domestic decarbonisation plans.

We support Local Authorities, regional growth deals, regional bodies, regional transport bodies and industrial clusters by:

- Supporting the development of local, regional and national energy plans.
- Providing low carbon technology (LCT) optioneering to support early-stage development of electric vehicles (EVs), heat pumps (HPs) and solar (PV) infrastructure.
- Informing our Distribution Future Energy Scenarios (DFES) and future network planning.
- Recognising Whole System opportunities and feeding into appropriate plans and registers.

Figure 1:
Our Strategic Optimisation Team: 'What we do'

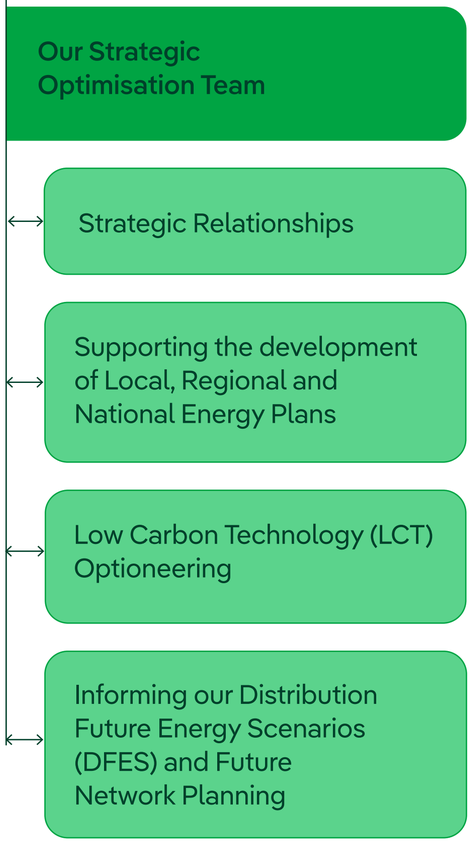


Figure 2:
Our Strategic Relationships

Our Progress in 2024-2025

Our team undertake low carbon technology (LCT) optioneering, the identification and optimisation of intervention opportunities, to support Local Authorities in understanding how to optimise LCT investment in their network. In the last regulatory year, we have supported the identification and optimisation of over 2000 locations across our network. Our initial work in 23/24, had our team supporting larger scale Combined Authorities and transport bodies to provide insight that can support the development of their LCT plans.

Some of the key projects we have supported this year include:

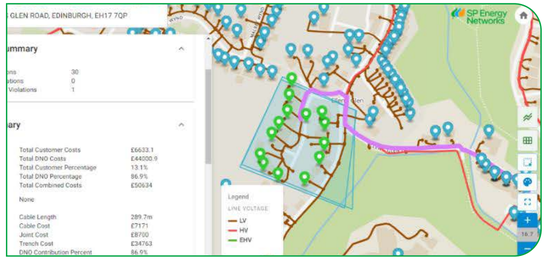
- Over 850 EV optioneering sites evaluated as part of our work with the South-East Scotland Transport Partnership (SESTran).
- Over 350 EV optioneering sites evaluated across 6 Local Authorities as part of our wider work with Liverpool City Region Combined Authority.
- Over 300 EV optioneering sites evaluated across North, East, and South Ayrshire to support their wider growth deal development.

Our Strategic Optimisation team has provided insight into the electricity network through our optimisation analysis and through sign posting what information is available on our Open Data portal. This network analysis and optioneering support has helped stakeholders make more informed decisions on their heat, transport and industrial decarbonisation plans. The early engagement with Local Authorities and other bodies also provides our network planning team with evidence on stakeholder ambitions to inform future forecasting and investment planning requirements.

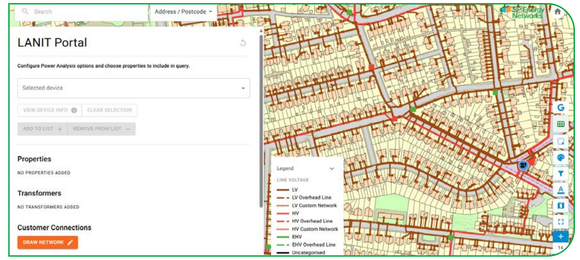
Through this work we have supported our Strategic Relationships across three main areas:

- **Regional heat decarbonisation**
  we are working with our Strategic Relationships who are undertaking heat decarbonisation planning to ensure they have the information available on network availability, network development plans and future load predictions to best inform their planning decisions.
- **Regional transport partnerships**
  we are working with regional transport authorities to collaborate on improving our EV uptake forecasts in our DFES, share our network information and incorporate regional plans into our network development planning.
- **Industrial cluster decarbonisation plans**
  we are working with the industrial clusters within our licence area to support and understand their ambitions and pathways to decarbonisation and ensuring these are incorporated into the core of our DFES and network development plans.

1,500+
EV optioneering sites evaluated across SPD and SPM



Renewable Generation optioneering
Support and analysis for local energy projects and opportunities



Heat Pump optioneering
Analysis and cost/timescale estimates for heat pump rollout in off gas grid areas and social housing

EV Charge Point optioneering
Feasibility studies for the rollout of public EV chargers

Managing Asset Risk

We have continued to combat asset risk this year through targeted risk reduction initiatives and improvements to our risk modelling techniques and platforms.

We continuously review our planned interventions to ensure that the highest priority issues are addressed as required within the price control. One example is the VMX HV switchgear issue that initially emerged over 2023 – we developed a targeted approach to mitigate these through advanced inspection with new technology and prioritised replacement and refurbishment of highest risk assets. We have continued this process in the last year to ensure we continue to manage our list of assets for replacement alongside emerging risks from type issues.

We further improved public safety and network resilience this year through a number of technical risk reviews, including a review into the resilience of sites that feed critical national infrastructure, and a review to understand opportunities for new refurbishment interventions for wood poles. We instigate internal technical risk reviews as and when potential hazards arise, to identify mitigations prior to impact and build resilience to risks that could affect our ability to continuously supply our customers safely and efficiently.

We are a key contributor to the Energy Networks Association (ENA) Network Asset Risk Management (NARMs) working group which is currently developing new asset models for inclusion in Common Network Asset Indices Methodology (CNAIM) V3 for use in RIIO-ED3. As part of this we have proposed methods of determining condition and consequence of failure for new assets, using our internal methodology and learnings from data collection and assessment. We are working alongside the wider working group to test the validity of these new models, ensuring that risk is accurately assessed through sufficient data and relevant methods.

Last year we began development of our asset data platform for Overhead Lines (OHL) to combine all asset data into a single model, including LIDAR results, condition information, GIS and weather data. This new digital model has improved our ability to identify the highest risk assets and protection zones for a pilot number of circuits. This includes trialling simulation of storm scenarios using Finite Element Analysis to predict asset failures.

Alongside this work, we have initiated a review into our OHL strategy, assessing all processes from asset data collection, training, and inspection technology, through to investment planning, design of schemes, and governance and assurance. The outputs of this strategy will be embedded in our future business plans to ensure we are leveraging available technology and data to its maximum potential, whilst delivering the correct intervention to the required standard.

Increase performance and reliability

Vegetation Management
Our overhead lines remain in managed cutting cycles in order to meet statutory obligations for safety clearance under ESQCR legislation and ENATS 43-8 guidance. These cycles reduce the risk of unplanned outages caused by tree related issues. During the regulatory year we have undertaken vegetation clearance cuts on 57,088 spans.

Each year we invest in delivering compliance with Engineering Technical Report 132 (ETR 132) to improve network resilience and performance under abnormal weather conditions. We have increased the amount of our network that complies with ETR in the latest reporting year to 38% and 21% in SPD and SPM respectively.

Worst Served Customers
Within the second year of RIIO-ED2 we have commenced 35 Worst Served Customer (WSC) Schemes, taking the ED2 total to 119, affecting around for 12,941 customers – an increase of 2,767 this year. We have invested £1.35m on these schemes this year, including the strategic deployment of additional network controllable points providing early performance improvement for some of worst served customers.

Network Automation
Strategic deployment of network controllable points (NCPs) allows us to rapidly re-configure the network in fault conditions. We have continued to deploy new NCPs and replace legacy automation systems to improve performance in the second year of RIIO-ED2.

Manage safety and resilience

OHL Safety
Over and above our 6-year visual inspection cycle of our overhead assets, we continue to survey our overhead network at all voltages using LIDAR technology, flying one third of our network per annum.

Flood Resilience
Our original RIIO-ED2 plan front ended the undertaking of detailed risk assessments at substations identified at risk of flooding. Design and delivery of interventions to achieve resilience with industry Flood resilience standard (ETR138) are now being progressed where required following these assessments.

Fire Safety
We have completed fire risk mitigation at 117 substation locations within year 2 of RIIO-ED2. This includes fireproofing, ventilation, retrofitting equipment with lower risk alternatives, and fire compartmentation.

Rising Lateral Mains
Within RIIO-ED2 we are continuing our risk-prioritised modernisation programme by upgrading poor condition rising and lateral LV main assets where they are identified. Almost 7,474 customers have benefited from asset replacement investment within the second year of ED2.

Link Boxes and Pillar Replacement
Using industry asset risk-based approach (CNAIM V2.1) for RIIO-ED2, we have proactively replaced 1,169 of our poorest condition LV link boxes and pillars in year 2.

LV Monitoring Deployment
In year 2 of RIIO-ED2 we have installed 5,094 LV monitors, to a total of 6,452 so far in ED2. This programme significantly increases our visibility of the LV network improving connection and reinforcement design as well as LV fault finding.

Civils Condition
We have invested over £7.7m on replacing and refurbishing of our poorest condition civil assets, ensuring safety and security of our substation assets while maintaining a safe environment for operation. We are continuing to review network buildings to identify any sites with potential Reinforced Aerated Autoclaved Concrete (RAAC).

Electricity System Restoration (ESR)
We are increasing the resilience of our network to enable ESR, including a further £0.9m on asset resilience in year 2. This year we submitted our proposal for the Electricity System Restoration Re-Opener, with initiatives to support the National Electricity System Operator including through Distribution Restart Zones (DRZ) in line with the latest Electricity System Restoration Standard (ESRS) Policy Statement from the DESNZ.

Network Resilience, Reliability and Safety

Our customers are increasingly dependent on their electricity supply as they decarbonise transport and heating. The electrification of heat and transport will increase network power flows, meaning our assets are working harder than ever before.

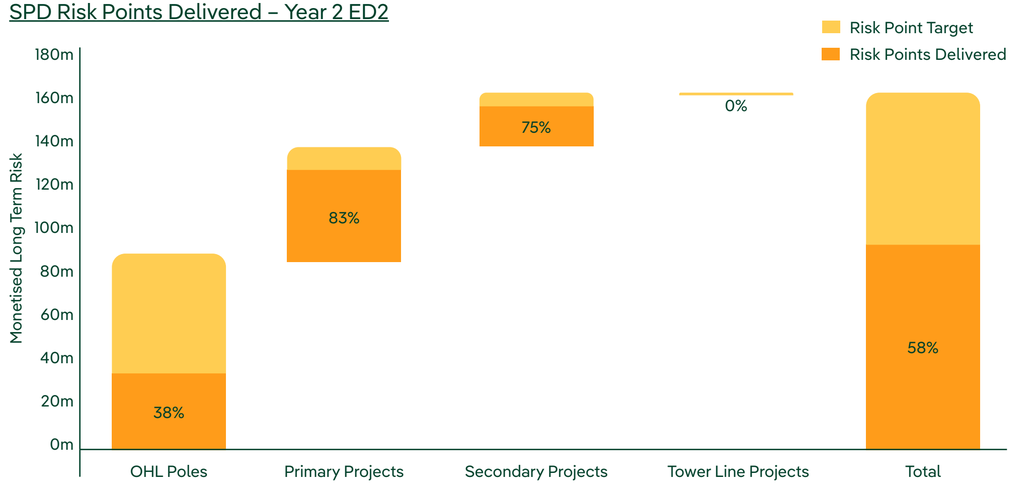
To support our customers, communities, and country with Net Zero we are delivering across three main areas to manage our network's safety, reliability and overall resilience:

- Manage overall risk (health and criticality) of our network.
- Increase the performance and reliability of our network.
- Manage the safety and resilience of our network.

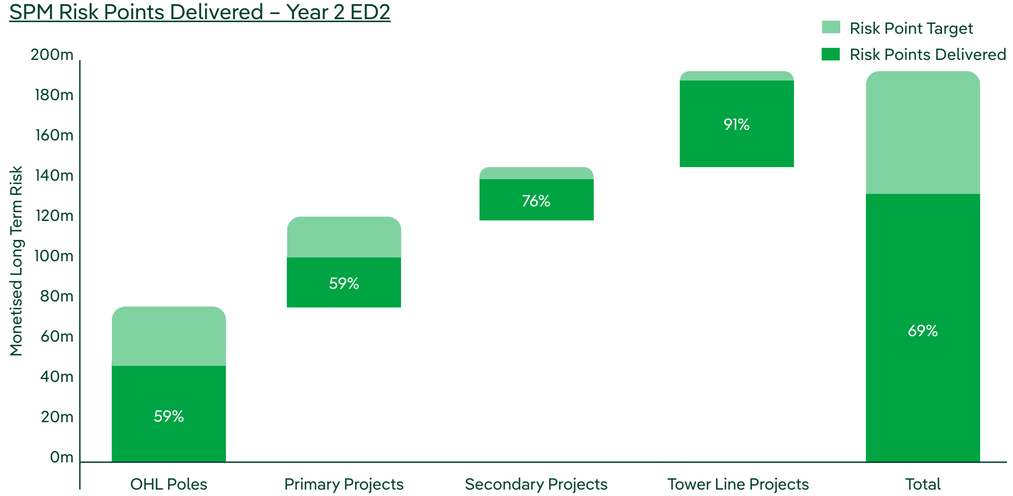
Network Asset Risk Metric (NARM) Assets

- Our RIIO-ED2 asset modernisation programme was developed to target the right assets with the right intervention, at the right time. We utilise CNAIM, developed with all other UK DNOs and approved by Ofgem, to determine the future asset risk by assessing health and criticality. Our interventions are underpinned by engineering justifications and are optimised into work packages to ensure we continue to operate a safe, reliable, and resilient electricity network.
- Our plan in RIIO-ED2 is to reduce the long-term monetised risk of our NARM assets by £359.3m in SPD and £454.2m in SPM. This ambitious target builds upon our successful RIIO-ED1 delivery of managing asset risk and continues to focus on modernising our poorest condition assets.
- Our RIIO-ED2 second year outputs have demonstrated that we have delivered 26% and 29% of our 5-year plan in SPD and SPM respectively. This delivery is behind a linear delivery target of 40% for the RIIO-ED2 period and is largely due to external market challenges in OHL programmes and primary projects.
- OHL delivery has been impacted by a national resource shortage which is impacting our planned modernisation programme, this is compounded by a demanding polychlorinated biphenyl (PCB) programme which requires OHL resource to remove contaminated equipment by December 2025.
- Primary plant projects have been impacted by long lead times and delays in equipment delivery in year 1 and continues into year 2, though we expect this to be recovered in years 3 and 4 of the price control.
- Our SPM 132kV investment programme is linked to key individual projects, unlike other high-volume programmes with more stable delivery profiles this results in peaks in outputs. This has resulted in large delivery of our 132kV Tower Line and 132kV Switchgear in year 2.
- We remain committed to delivering our original risk targets and are continuously reviewing progress, mitigating risk of shortfall with proactive recovery actions to deliver our total asset risk reduction targets over the remainder of the period.

SPD Risk Points Delivered – Year 2 ED2



SPM Risk Points Delivered – Year 2 ED2



Connections

At SP Energy Networks, we recognise that the success of our major connections services relies not only on the timely delivery of infrastructure, but also on the quality of the relationships with our customers. Our approach to customer engagement is built around early dialogue, transparent and clear communication, and a strong commitment to continuous improvement informed by stakeholder feedback.

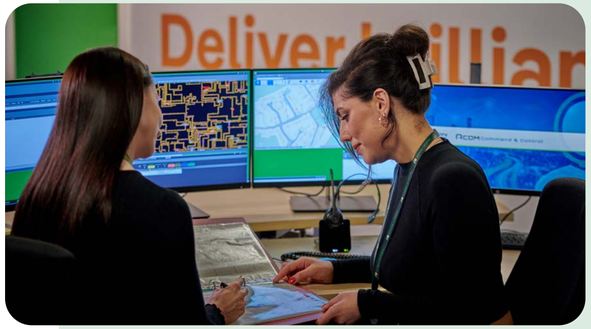
During 2024/25 we have been carefully analysing customer feedback to gain deeper insight into how we can better meet the needs of the communities we serve. This feedback has been invaluable in helping us identify areas for improvement across our services. One of the key areas highlighted was the functionality and accessibility of our website. In direct response to this feedback, we have initiated a comprehensive review and full redesign of the site to deliver a more intuitive, informative, and accessible user experience. This work is now well underway and is on track to be completed by the end of the year.

We are also maintaining regular engagement with our stakeholders throughout this process – providing updates at key milestones and creating opportunities to gather further input and feedback. This ongoing dialogue ensures that the improvements we make are well informed, transparent, and aligned with the expectations of the people and communities who rely on us. SP Energy Networks remains fully committed to putting customers and stakeholders at the heart of what we do, using their feedback to shape meaningful improvements now and into the future.

Major Connections Customer Satisfaction Survey Results

As part of our regulatory and stakeholder commitments, SP Energy Networks undertakes weekly Major Connections Customer Satisfaction Surveys to understand the experiences of our major connections customers and identify opportunities to improve our services.

In 2024/25, customer satisfaction continued to improve across all key areas of the connection journey. These results reflect the tangible impact of targeted initiatives aimed at simplifying the connection process, enhancing communication, and ensuring timely, professional delivery. This year, the survey captured feedback from a diverse customer base across SP Energy Networks two licenced distribution areas – SP Distribution (Central and Southern Scotland) and SP Manweb (Wales, Merseyside, Wirral & Mid Cheshire).



The survey achieved a response rate of 14.3% in 2024/25, an increase from 11% in 2023/24

Overall satisfaction Highlights:

- Quality feedback on what our Customers valued most.
- Overall satisfaction (FI & RI) has increased by 0.46 in SPD (8.41 –> 8.87) and 0.54 in SPM (8.43 –> 8.96).
- Reflecting ongoing efforts to enhance customer engagement and streamline processes.
- High-quality technical guidance and access to experienced engineers.
- Communication and professionalism remain strong areas, with SPEN staff praised for their approachability, technical expertise, and proactive engagement.
- Consistent, proactive communication through single point of contact.
- Customers reported improved clarity and responsiveness during pre-application phase, largely attributed to updates and customer engagement events.
- Enhanced digital tools, including improved self-serve guidance and project status updates.

The upward trend across all categories demonstrates the effectiveness of customer focused process reforms introduced in the past 12-18 months.

Future Outlook

SP Energy Networks is poised to play a pivotal role in the UK's transition to a low-carbon future, focusing on enhancing its major connections infrastructure. We continue to evolve our design and development strategy to meet the increasing demands for largescale electricity connections. The 2024/25 period brings unprecedented surge in connections demand and also marks a critical phase where future-focused infrastructure planning, digital innovation, and customer-centric design principles are being embedded into every aspect of the major connections process.

Be the trusted partner for Customer, Communities and Stakeholders

Customer Satisfaction

Within our RIIO-ED2 plan we set our ambitious commitment of delivering 9.4/10 Customer Satisfaction across all service areas and channels we offer. We have set targets increasing each year across ED2 to reach 9.4 and remain on track after our Year 2 performance.

SPD customer satisfaction in 2024/25

9.28/10

SPM customer satisfaction in 2024/25

9.22/10

Ahead of Target On Target Below Target

Complaint handling

Our customers also need to trust us to handle any complaints properly. We handled 6,079 complaints with 87% resolved within 1 Day and 98% resolved within 31 days. We received zero repeat complaints, and no complaints were upheld by the Energy Ombudsman. This has ensured that we have continued our strong performance in this area from RIIO-ED1 and significantly outperformed the regulatory targets in this area.

Responding and communicating

Throughout the year, our teams have remained steadfast in their commitment to provide quick and reliable support during power cuts. The winter period was particularly challenging, marked by severe weather events, including two significant storms – Storm Darragh impacted over 190,000 households and Storm Éowyn affected over 265,000 households. Despite the scale of these disruptions, we maintained a strong focus on customer service. Over the course of the year, we received a total of 735,075 customer calls, with 614,064 specifically related to power cuts.

Institute of Customer Service (ICS) Benchmarking

We benchmark regularly against the Top 50 companies in the UK and in 2024/25 we achieved a score of 88, higher than the No. 1 Ranked Company.

Some of our RIIO-ED2 Customer Satisfaction Highlights

Our Consumer Vulnerability Strategy

We first launched our Vulnerability Strategy during ED1 and have continued to build upon it to ensure that we continue to respond appropriately to the evolving nature of vulnerability. Our Vulnerability Strategy is a flexible, data-led approach that enables this dynamic response and helps us deliver the right support, at the right time, to the people and places that need it most.

During 2024/25, we refreshed the strategy to align with Ofgem's latest Consumer Vulnerability Strategy. We recognise that not every customer lives in standard accommodation and that vulnerable communities affected by our power cuts may not always be our direct customers. As such, we are working to better understand these customers and their vulnerabilities through research, community engagement, and networking. At the heart of our approach is a clear mission statement supported by six enablers.

Partnership Model

We will transition our partnership model to be proactive by creating a coalition of organisations with shared goals and data-sharing governance to deliver holistic and efficient support.

This change will bring together a range of partner organisations whose purpose is to support people in need. This innovative network of support bodies offers a standardised approach to recording customer needs and sharing referrals across organisations based on the needs that have been identified. Through a centralised function, the Coalition of Partners (CoP) integrates the support of all partners to provide a holistic support package to customers that addresses their situations of vulnerability to bring about material and lasting change.

Status Update

Following the 23/24 initial trial phase in the Glasgow area, we are in the process of implementing a set of strategic and operational modifications to ensure the CoP evolves into an increasingly scalable model. Our progress is as follows:

- We launched a secure, easy-to use online referral platform. This allows our partners to record and track customer referrals in real time, making it easier to share information on customer journeys, allowing us to make quicker decisions, and deliver a better experience for the people we support.
- We simplified our Data Sharing Agreement, making it easier for new partners to join.
- We are rolling out the CoP Platform to contracted delivery partners and onboarding additional third sector organisations across the Scottish and Manweb Regions with continued process improvements based on partner feedback.

Single Shared Vulnerability Register

We will lead the creation of a single vulnerability register which our Priority Services Register (PSR) will be part of, linking the organisations in our coalition partnership model. This 'Register Once' service will make it easy for customers to register for vulnerability services with multiple organisations.

A central register through which referral partners have holistic visibility of customer requirements, beyond common utilities needs codes (e.g. digitally excluded customers, those with low or no qualifications).

Status Update

We developed and implemented an end-to-end process that provides partners with visibility of customer needs as part of the Coalition of Partners. This process includes the following tools:

- An individual data form is now in place.
- A central database is now in place.
- We have now developed an online portal to allow all partners to share customers' needs enabling a much richer set of services to be delivered to our customers.

Reaching those who need help

We will register 80% of customers across every common needs code for PSR Registration by 2028 based on nationally available data.

Comprehensive coverage of eligible customers across common need codes will ensure we can support them effectively during different scenarios. We leverage our valued partnerships to drive PSR awareness and uptake. All our partners have a role to play in this.

Status Update

The commitment remains on track to being fully delivered within the ED2 period. This year we registered over 102,000 new households and reached 98.9% of eligible households registered to the PSR. We also improved our targeting using 2021 Census data and removed over 81,000 outdated records. Our refined process has ensured greater accuracy, relevance, and coverage of vulnerable customers across our network.

102,000

New households registered for the Priority Service Register

Broadening PSR to capture wider vulnerability

We will broaden our view of vulnerability, capturing needs broader than common utility codes, and building these into our service offerings and coalition partnership model.

Establishing a broader understanding of the situations of vulnerability beyond the PSR need codes will allow us to better address needs during power cuts, tackle situations of fuel poverty and remove blockers faced to the energy system transition.

Status Update

We defined an approach to measure the risk of being left behind by linking direct customer research with publicly available datasets that capture situations of disadvantage (e.g. rural or off grid homes, low-income areas, areas with high volume of rented properties). We then built a risk of being left behind index based on this approach. This was achieved via the NIA-funded Vulnerability in Energy System Transition (VEST) innovation project.

This tool has helped us build a more developed understanding of what blockers feature in certain regions, allowing us to prepare tailored, effective, and efficient strategies for addressing LCT uptake for those most vulnerable groups in our community.

We are expanding the unified view of vulnerability already achieved by expanding the 'risk of being left index'. The expanding index will consider both personal characteristics and aspects of customers living circumstances and will be an industry first innovation.

Keeping our records updated

We will contact 100% of all our vulnerable customers every 2 years, achieving a minimum of 60% fully validated data.

Frequent customer contact will drive enhanced data quality that is essential to support customers effectively during emergencies and business-as-usual situations. We will employ a range of proactive and reactive channels to contact and update the information of all PSR customers on the register on an ongoing basis.

Status Update

As of the end of 2024/25, we have contacted 100% of all vulnerable customers over the past two years – this standard will be maintained at the end of the 2025/26 regulatory year. This year we introduced referral level tracking and duplicate matching logic to further improve record accuracy – these enhancements ensure our PSR is more accurate, better targeted and ready to support customers where it matters most. As part of our cleansing, we removed 81,000 outdated PSR records.

1,232,263
Households on the PSR at the start of ED2

1,395,702
Number of households on the PSR as of March 2025

+5.71%
as of March 2025

102,000
PSR records added over the past year

98.9%
Of eligible customers registered on the PSR

176,000
PSR records updated or cleansed over the past year

We have attempted to contact 100% of our registered PSR customers to verify their data over a 24-month period

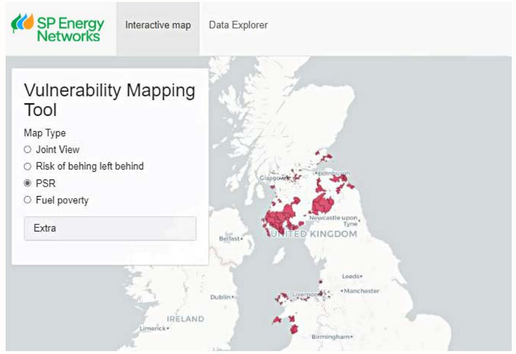
Prioritising customers for Low Carbon Technology support

We will use data creatively to understand customers likely to face barriers in accessing low carbon technology due to social factors and overlay this with technology data to create a LCT Prioritisation ranking enabling us to best target our services.

Enhanced service targeting, which will allow us to better address the needs of customers and remove blockers they face to the energy system transition. This is closely linked to the 'Broadening PSR to capture wider vulnerability' commitment.

Status Update

We developed an approach to merge Fuel Poverty data, PSR data and the risk of being left behind index to produce a first-of-a-kind unified view of vulnerability. This was achieved via the NIA-funded VEST innovation project and continues as part of our commitment to broadening wider vulnerability reach.



Customer needs in a power cut

We will support customers in several ways during a power cut and capture their individual needs through our contact channels with no less than 99% of needs being met.

Offering a range of flexible power cut support services ensures that we can address customers' individual needs flexibly during emergencies. At the same time, capturing and recording their needs, allows us to gather a better understanding of their individual circumstances and address these proactively as required in the future.

Status Update

In 2024/25, we supported customers through multiple major storms, including Darragh and Éowyn. We delivered or reimbursed hot meals, booked and reimbursed hotel stays and provided generators, alongside 140,000+ proactive customer contacts. Our PSR satisfaction score was 9.05/10, reflecting strong delivery across both SPD and SPM.

Advisors now use a customer needs tracker within our Salesforce CRM platform to record specific support needs (e.g. hot food, hotel stays, generators) in real time. The system ensures these are actioned through defined Service Level Agreements (SLAs) and enables accurate, timely reporting, and governance.

Delivering support to customers in all aspects of vulnerability

We will deliver direct support services to 100,000 vulnerable and disadvantaged customers.

We aim to lift customers out of fuel poverty and/or mitigate the negative impact of living in a situation of fuel poverty as well as removing blockers that customers face to the energy system transition. We will work closely with delivery and referral partners to deliver the in-depth support programmes and referrals to welfare services.

Status Update

In 2024/25, we supported over 22,000 customers through fuel poverty services and 764 through LCT support, delivering over £10m in NPV benefits and £179k in LCT-related social value. Customer satisfaction remained high, with average scores of 9.54 (fuel poverty) and 8.41 (LCT).

We are on track to deliver the updated target volume of:

(i) 60,000 Fuel Poverty in-depth services, and

(ii) 40,000 LCT in-depth services.

176,000 support services were removed from the commitment being tied to Consumer Value Propositions (CVP's) not accepted at final determinations.

Stakeholder Engagement

Engaging effectively with stakeholders is essential to everything we do. We continue to refine our approach to ensure it remains strong, relevant, and impactful. Our strategy is anchored in five core principles of engagement, which shape our nine-step engagement process and support clear, collaborative communication with stakeholders.

In early 2025, we carried out our annual stakeholder survey to revisit our engagement priorities, seeking the most recent stakeholder perceptions of our Strategic Pillars to make sure we capture any new emerging themes. Further detail can be found in our Stakeholder Engagement Strategy.

The new survey results show our strategic direction remains strongly aligned with stakeholder expectations – enabling the energy transition and how providing trust and partnership is highly valued, reinforcing the importance of approach to ensure transparency through our engagement

We have used the insights captured from our survey and incorporated them into our engagement planning for this year, for example introducing improved and innovative new methods of engagement. This includes, strengthening our stakeholder involvement and self-serve, through increased use of our online engagement portal which is enhancing information accessibility, participation, and efficiency in our engagement activities.

Our dedication to continuous improvement is reflected in our ongoing alignment with the AA1000 Stakeholder Engagement Standard and the use of Social Return on Investment (SROI) modelling. These practices mean we are in line and consistent with the rest of the industry and help us meet stakeholder expectations and deliver outcomes that are both meaningful and measurable.

1 Driving Engagement

Delivering the most meaningful engagement is through strong communication and collaboration. We work closely with our stakeholders to foster mutual understanding, ensuring their voices are heard and meaningfully influence strategic decisions. This approach helps us reduce risks, shape project outcomes, and ultimately deliver a high-quality network and services for both our customers and stakeholders.

A Tailored Approach

Originally launched in 2013, our Stakeholder Engagement Strategy is a well-established framework for delivering impactful engagement. It is reviewed annually to build on strengths and identify areas for improvement. The strategy is guided by five core principles: Inclusive, Authentic, Tailored, Value-for-money, and Innovative. It also outlines a nine-step process for planning, reviewing, and closing engagements, supported by a suite of innovative tools.

As part of our ongoing commitment to stakeholder engagement, we conducted our Annual Stakeholder Priorities Survey. This research builds on previous surveys, enabling us to monitor trends over time and ensure our Strategic Pillars remain relevant and valued by our stakeholders.

In addition to testing strategic priorities, we gathered insights on broader business areas and assessed the effectiveness of our engagement assurance process. The survey was shared with contacts in our Tractivity stakeholder management system and promoted through social media channels to maximise reach and participation.

Our Strategic Pillars

Develop a safe, secure and resilient network that's ready for Net Zero

- Network investment & development
- Security of supply
- Supporting decarbonisation

Be the trusted partner for our customers, communities and stakeholders

- Customer service
- Vulnerability
- Work with our communities and stakeholders

Innovate to ready our business for a digital and sustainable future

- Data & digitalisation
- Investing in our people and their skills
- Sustainability

Survey Insights and Integration into Engagement Plans

We received survey responses from 111 stakeholders to help us improve and shape our ongoing engagement strategies. There was broad representation across the respondents including local government, utilities, community groups, energy consultants, and renewables developers. The geographic spread was across Scotland, England and Wales and nationwide organisations.

The following are the **top three stakeholder priorities** identified:

1. Ensuring that electricity supplies remain reliable and secure.
2. Developing the network of the future to enable the energy system transition and facilitate Net Zero targets.
3. Supporting Vulnerable Customers and Communities.

Other Notable Priorities included:

- Timely and Efficient Connections
- Environmental Impact
- Workforce Development

These insights are being actively incorporated into our engagement strategies across each of the relevant business areas.

Support for Strategic Direction
A strong majority of stakeholders expressed support for our strategic pillars and overall vision, indicating their priorities remain consistent.

Connections and Capacity
Stakeholders highlighted importance of delivering timely and efficient network connections. In response, we've hosted joint webinars and engagement events in collaboration with local authorities, NESO and professional planning and property networks and our community energy teams, focusing on network capacity, connections processes and reform, and open data.

Engagement Satisfaction
Overall, participants reported satisfaction with the level of engagement, though some would like to see increased interaction. We have acted on this through increased engagement activities in several areas across the business, including flexibility, open data, connections, workforce resilience and community energy.

Framework
We remain committed to using the AA1000SES framework to guide our stakeholder engagement strategy. We continue to refine and enhance our engagement practices through ongoing review, cross team working and improved engagement planning and action processes.

Priorities

Ensuring that we keep electricity supplies reliable and secure.

Delivering timely and efficient connections to our networks.

Making a positive impact on the natural environment.

Developing the network of the future to enable the energy system transition and facilitate Net Zero targets.

Providing new and enhanced services to our customers and excellent satisfaction levels.

Providing new and enhanced services to create opportunities for our customers and stakeholders to maximise Net Zero benefits.

Supporting vulnerable customers and communitites to ensure no-one is left behind in the energy system transition.

Enhancing our workforce with skilled jobs from the communitites that we serve.

2 Effective Delivery

Enhancing stakeholder engagement through increased use and integration of digital tools

We continue to strengthen our stakeholder engagement system, Tractivity, improving flexibility and accessibility to support more effective interaction. With over 18,000 contacts and 9,000 organisations in our database, we can accurately identify and connect with stakeholders most relevant to each topic.

We continue to use our Online Engagement Portal, powered by Engage-360, to support targeted outreach, publish surveys and events, and allow us to share outcomes and actions from engagement activities. Content is easily distributed across our website, social media, and email.

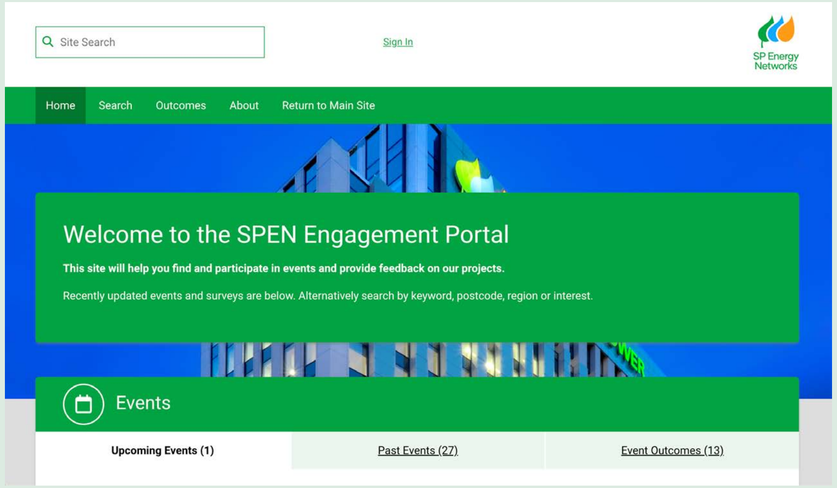
Additionally, we use Mapolitical to map political stakeholders across project routes and regions, using real time data. We were the driver to integrate Mapolitical with Tractivity which allows us to tailor stakeholder lists and consolidate engagement data in one system. This integrated approach supports delivery across Community Energy initiatives, storm response, project execution, and regional licence operations.

We've strengthened digital engagement through regular training and specialist support. Enhanced stakeholder mapping and tailored communications made our outreach five times more effective, engaging four times more stakeholders. Engagement views rose from 45,500 in 2024 to 184,500 in 2025.

Our Online Engagement Portal, accessible via updated stakeholder webpages, offers a clear view of our strategy. Since launch, participation has increased by 5.45%, with more stakeholders contributing to and shaping our work.

We also began developing a Data Integrity Framework to support regular data cleansing and governance. Working with other DNOs, we're sharing best practices to improve stakeholder data management.

Access to the SPEN Engagement portal can be found here.



Strategic Engagement Programme

Over the past year, we have delivered a programme of stakeholder engagement aligned to our strategic priorities. This included director-led initiatives to ensure strategic alignment and senior-level commitment to our stakeholders through forums, such as the Sustainability Working Groups, collaboration with Chambers of Commerce, industry and government bodies, academia and strategic dialogue with our independent stakeholder group.

These activities enabled us to address key issues with authority and insight, strengthening relationships and fostering meaningful collaboration.

Enhancing our Stakeholder Engagement Activities

In response to stakeholder feedback, we enhanced our engagement programme with new strategic events and initiatives, designed to foster collaboration, share critical information, and support stakeholders on their journey toward a Net Zero future.

Flagship Events and Strategic Engagements

- We successfully launched our first Distribution Annual Summits in Glasgow and Liverpool, featuring National Energy System Operator (NESO) as guest speakers and focusing on Connections Reform. These events provided stakeholders with clear insights into upcoming change and encouraged collaborative dialogue.

- Following last year's successful DSO Annual Conference in Glasgow, we hosted the next in Liverpool. Attendees welcomed the chance to engage with our teams and learn about initiatives supporting stakeholder involvement in the DSO transition.

- We also held our first Flexibility Summit in Liverpool, highlighting stakeholder opportunities in flexibility markets and supporting a more resilient and responsive energy system.

Youth and Community Engagement

We held our first Youth Engagement Event at Glasgow City Chambers, engaging 90 pupils from 12 schools to inspire future energy leaders and raise awareness of the electricity grid and Net Zero transition.

Knowledge Sharing and Capacity Building

We launched a series of webinars to support stakeholders on topics such as opportunities to become a flexibility service provider, guidance on securing connection offers, local investment planning, adoption of low carbon technologies, and community energy support.

Commitment to Continuous Improvement

These activities reflect our ongoing commitment to transparent communication, inclusive engagement, and collaborative progress. We remain focused on ensuring stakeholders are informed, empowered, and actively involved in shaping the future of our energy system.

3 Ensuring Impact

Annual Assurance Audit

AccountAbility's AA1000 Stakeholder Engagement Standard (AA1000SES, 2015) is a globally recognised framework for stakeholder engagement. Founded on the principles of Inclusivity, Materiality and Responsiveness, it helps organisations create engagement processes that are purposeful, robust, and capable of delivering meaningful results.

To ensure the highest quality of consistent stakeholder engagement processes and transparency, we commission external accreditors AccountAbility to carry out an independent annual audit of our strategy, governance and processes.

We are delighted to have once again improved our score to an exceptional level in 2025. SPEN lies within the 'Advanced' stage of the AccountAbility Stakeholder Engagement Maturity Ladder with a total score of 93% in 2024/25, and this a testament to our robust engagement strategy which underpins everything we do, and the improved strategies adopted by our teams to enhance our stakeholder engagement practices each year.

Moving forward, we are dedicated to continuously reviewing and enhancing engagement practices, guided by the recommendations from the AccountAbility Healthcheck.

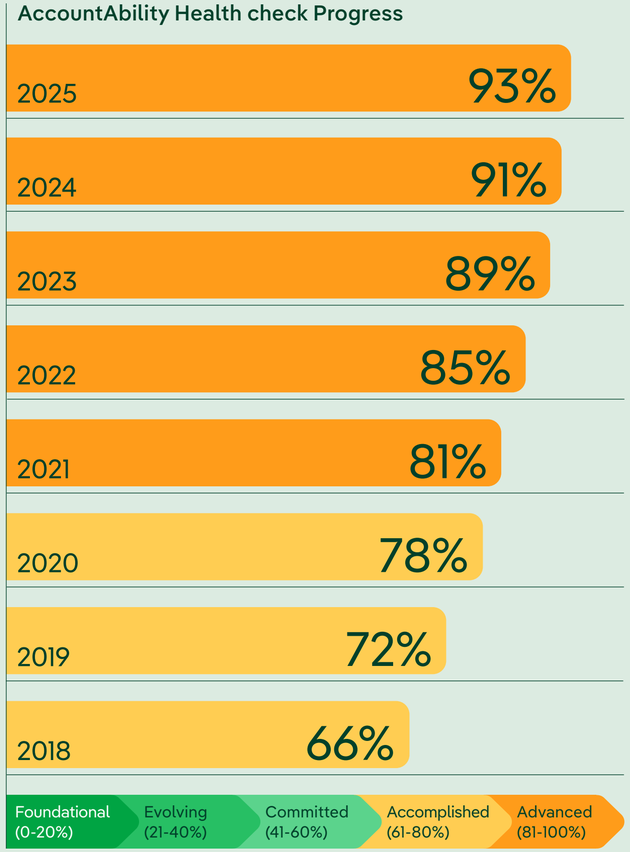
AccountAbility AA1000 Stakeholder Engagement Standard:

Advanced

SP ENERGY NETWORKS AA1000 STAKEHOLDER ENGAGEMENT PERFORMANCE ADVANCED 2025

"SPEN have prioritised stakeholders by ensuring the stakeholder engagement strategy is integrated into roles at different levels of the company. Training and building the capacity of teams such as SPEN's engineers has led to a process that is inclusive, accountable, and responsive, cultivating internal champions to enhance the approach to be more responsive and integrated."

AccountAbility Healthcheck 2025



Measuring Social Value

Projects that deliver additional, often qualitative benefits can be challenging to quantify and compare. To address this, we collaborated with other network operators to develop and adopt a consistent social value framework that integrates Social Return on Investment (SROI) modelling. This method enhances traditional cost-benefit analysis by also capturing and valuing the social impacts of our work – those that are typically harder to measure but equally important.

The value types considered include:

- Financial benefits to customers and communities, such as savings or avoided costs
- Economic benefits, like creation of jobs
- Fiscal benefits, like changes in government spending
- Environmental benefits, including biodiversity improvements and reduced emissions
- Social benefits, such as improvements to health and wellbeing.

Strengthening Our Approach to Measuring Social Value

Our SROI model uses a bespoke tool supported by strong governance to measure the forecasted and actual benefits of our actions and investments. We continue to embed its use across the business through training and awareness.

We're also expanding its application into new areas of the business, using social value insights to inform decision-making. Two key examples this year include:

Supporting customers in Fuel Poverty

In response to rising demand highlighted by our partner organisations, we expanded our fuel poverty support this year – delivering 22,755 services through tailored advice and practical assistance.

We used the SROI methodology to calculate the value our programme delivers. This includes both immediate savings and longer-term financial improvements for customers. The results show us that our targeted support is not only helping people today, it's also delivering lasting benefits. The support delivered this year will unlock value which will continue to benefit our customers in the future.

DSO Benefits Framework

We are expanding our current Benefits Framework to include the broader social impacts of the DSO's work. By building SROI measurement into the framework – in line with industry best practice – we will be able to better measure the social impact of DSO activities on customers, communities, and the environment. This will help us make more informed, impact driven decisions as we shape a cleaner, more flexible energy system for the future.

Ready our Business for a digital and sustainable future

Environment

We are committed to becoming a fully sustainable networks business and continue to play our part in enabling societal decarbonisation whilst ensuring our activities have a net positive impact on people and planet. This report highlights the tangible actions we've taken to drive meaningful change.

Our Sustainable Business Strategy has been developed through several years of collaboration with our stakeholders and is regularly updated in response to internal and external policy developments. Our aim in publishing this Strategy is to develop and share our approach to meeting the climate and biodiversity emergencies while delivering social, environmental and economic value to our customers and stakeholders.

In 2024/25 we launched our Countdown to 2035 campaign, marking the beginning of a 10-year journey toward achieving Net Zero greenhouse gas emissions by 2035. To date, the campaign has engaged over 3,000 employees, empowering our workforce to embed sustainability into their everyday operations. We also retained our ISO 14001 certification, reaffirming our commitment to environmental management and regulatory compliance.

Sustainability extends beyond our operations. This year, 65% of our priority suppliers met our enhanced environmental standards. We were also pleased to see membership in the Supply Chain Sustainability School increase from 44% to 57%, demonstrating the value our supply chain places on this partnership.

We've achieved a 39% reduction in our Business Carbon Footprint (excluding losses) compared to our 2018/19 Science Based Target baseline. We continue to reduce fugitive emissions and electrify our operational fleet. Notably, we installed the innovative Sabre EcoTec ring main unit (RMU), which replaces SF_6 with synthetic air, significantly reducing the environmental impact of our network operations. This marks a critical step in our journey to decarbonise the grid.

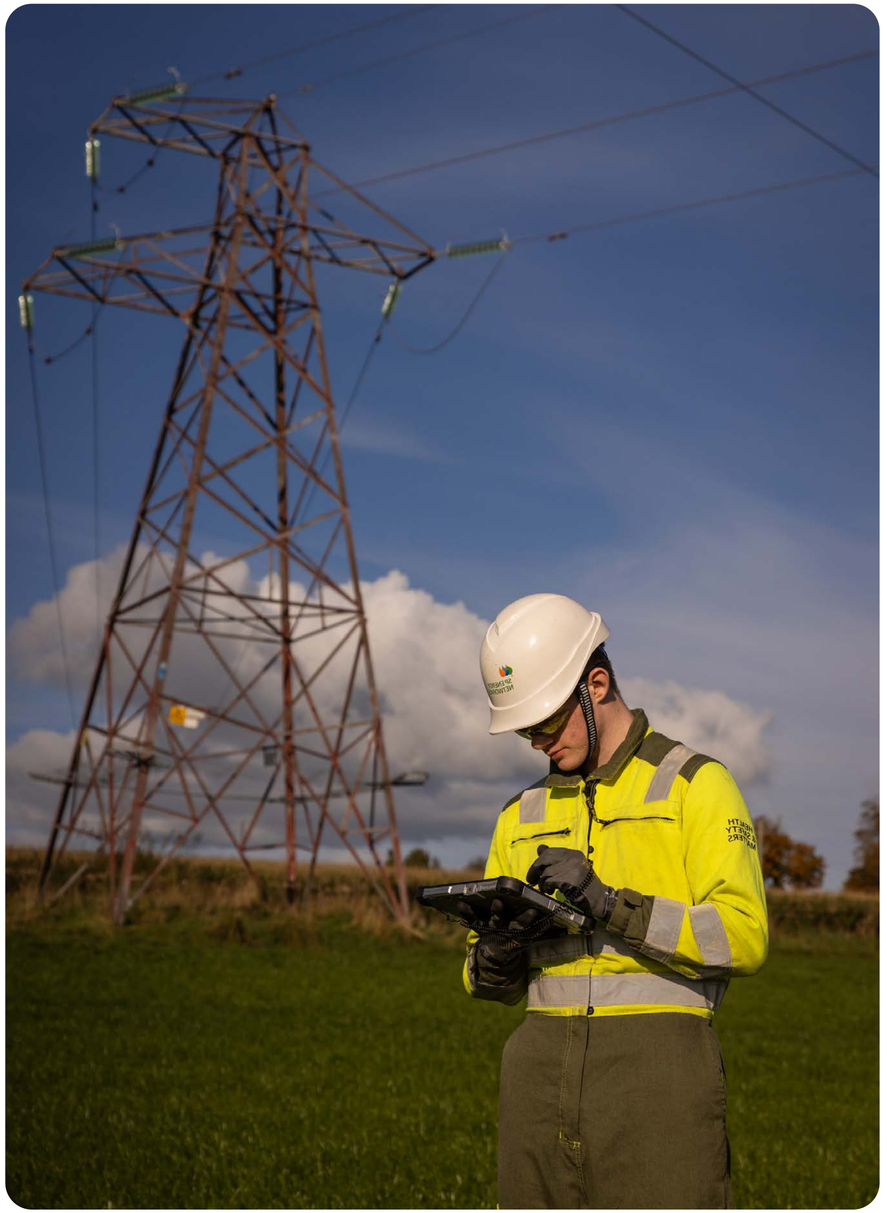
We remain committed to delivering biodiversity enhancements across our network. This year, we piloted our approach to offsite enhancement in partnership with the Cheshire Wildlife Trust. Following an upgrade to an overhead line crossing the Trust's land, SP Manweb funded two enhancement schemes on the site – a wetland restoration and the extension of an existing wildflower habitat.

We've made significant progress in embedding circular economy principles across our operations. In 2024/25, we achieved a 94% landfill diversion rate, and the implementation of the Qflow tool has enhanced real-time waste tracking. Our new supply chain engagement plan and circular economy strategy will further drive resource efficiency and sustainable procurement.

Our teams have made remarkable strides toward building a fully sustainable networks business. The achievements highlighted reflect our unwavering dedication to sustainability and innovation.

However, our journey is far from complete. We remain committed to achieving our own sustainability goals whilst playing a pivotal role in delivering the Government's Clean Power 2030 mission and a cleaner, fairer and more resilient energy future for all.

We prepare a Distribution Annual Environmental Report which provides a comprehensive update of our performance against key metrics and our ongoing progress to deliver our RIIO-ED2 Environmental Action Plan commitments. It sets out our key activities to progress these commitments and gives examples of how we are supporting the societal transition to a low-carbon economy whilst seeking to minimise our impacts on the environment.



High level Highlights

1 Countdown to 2035

Our business is steadfast in its commitment to achieving our ambitious Net Zero greenhouse gas 2035 target. The 'Countdown to 2035' campaign, launched at the start of 2025, is designed to showcase our efforts through comprehensive internal and external communications. This campaign serves as a strategic platform to drive accelerated behaviour change, inspire aspirational solutions and encourage others to follow our lead. By highlighting our current achievements and identifying areas for further improvement, we aim to maintain transparency and authenticity in our journey towards Net Zero.

Running throughout 2025 and beyond, the campaign will have significant impacts both internally and externally. Internally, it will equip our staff with the necessary resources and knowledge to integrate sustainability into their daily activities, fostering a culture of shared success and responsibility. By empowering our workforce to drive innovative thinking, we aim to embed sustainability deep within our processes and projects. Externally, the campaign will communicate our ambitious goals and pragmatic approach to stakeholders, customers and communities, showcasing our commitment to a just transition to Net Zero. This dual approach ensures that we lead by example, building trust and demonstrating our leadership in the sustainability arena.

2 Pioneering Progress. UK's First Lucy Sabre Ecotec Non-SF_6 Switchgear Energised by SP Energy Networks

Installed at a substation in our Mid-Cheshire district, the innovative Sabre EcoTec ring main unit (RMU) replaces SF_6 – a potent greenhouse gas – with synthetic air, significantly reducing the environmental impact of our network operations. This marks a critical step in our journey to decarbonise the grid.

Designed to meet UK distribution network specifications, the Sabre EcoTec RMU offers a seamless transition from traditional switchgear. It occupies the same footprint and can be directly mounted to transformers, eliminating the need for costly infrastructure adaptations. This makes it a practical and scalable solution for sustainable substation development.

This first installation is more than a technical achievement—it's a testament to our collaborative innovation. Our long-standing partnership with Lucy Electric has been instrumental in shaping EcoTec's design and functionality. Together with other UK distribution network operators, we've ensured the RMU meets both current operational needs and future demands, including integrated automation as standard.

3 Winner of 'Net Zero Heroes' award at CeeD Awards

Scottish Business Climate Collaboration (SBCC), with ScottishPower as a core partner, has won the 'Net Zero Heroes' award at the 2025 CeeD Awards. The SBCC was recognised for its pivotal role in promoting the benefits of a low carbon economy. One of their significant achievements is the development of the Climate Action Hub, a free and accessible tool that centralises various resources and tools. Stakeholder feedback during the development phase highlighted the need for such a centralised information bank, given the overwhelming number of resources available and the difficulty in verifying their accuracy. This tool is crucial in supporting SMEs on their journey to Net Zero, ensuring they have equal and fair opportunities when competing for contracts, which aligns with our Just Transition Strategy.

4 Migration to alternative fuel source – White Diesel to HVO

The transition to a more sustainable fuel source (HVO – Hydrogenated Vegetable Oil) within our strategic generator hire framework has been a great success, yielding positive returns and supporting the overall business strategy as we strive towards Net Zero Greenhouse Gas. Overall, we estimate that we will save more than 6,000 tCO2e over the course of RIIO-ED2 – equivalent to more than 2,000 household's emissions for a year. The price of HVO is now comparable with diesel alternatives and has been trending downwards year on year complementing the success of the strategic decision to migrate to a more sustainable fuel source.

Performance Metrics

Climate Action	Reduction in Scopes 1 & 2 including Business Travel (excl. losses) from 18/19 Science Based Target (SBT) baseline	**39%**	↑
	Reduction in Scopes 1 & 2 (excl. losses) from last year	**3%**	↑
	Increase in SF_6 emission from last year	**15%**	↓
	Losses avoided	**2,027MWh**	↑
Circular Economy	Waste diverted from Landfill	**94%**	→
Supply Chain	Supply Chain Sustainability School partner	SUPPLY CHAIN SUSTAINABILITY SCHOOL	
	% Suppliers (by value) meeting our enhanced environmental standards	**65%**	↑
	Development partner for Scottish Business Climate Collaboration	SCOTTISH BUSINESS CLIMATE COLLABORATION	
	Suppliers with Science-Based Targets	**34%**	↘
Action for Nature	Pollution prevention plans implemented on 132kV projects	**100%**	→
	Reportable environmental incidents	**4**	↘
Social Sustainability	Gender pay gap	**11%**	↘
	AA1000 Account Ability Stakeholder Engagement Performance	SP ENERGY NETWORKS AA1000 STAKEHOLDER ENGAGEMENT PERFORMANCE ADVANCED 2025 **93%**	↑
	Overhead lines undergrounded for visual amenity	**2.7km**	↘
	ISO14001 EMS certification	bsi. ISO 14001 Environmental Management	

↑ Improvement on Previous Year → In line with Previous Year ↘ Deterioration on Previous Year ↓ Substantial deterioration

Climate Action

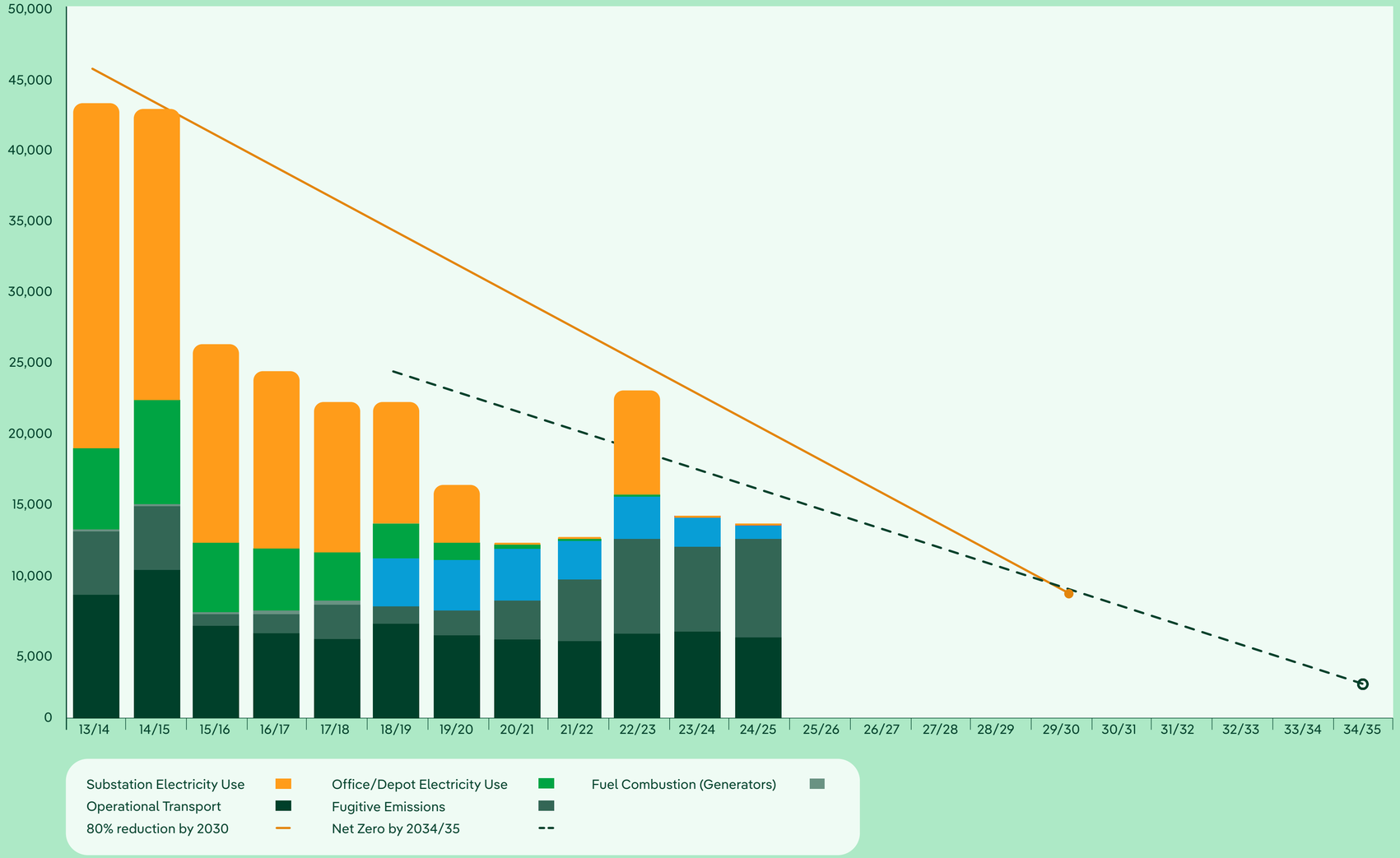
Our Business Carbon Footprint (excluding losses) has decreased by approximately 3% from last year. We are on track to reach our medium-term target of an 80% reduction in greenhouse gas emissions by 2030 (set in 2013/14). The most significant reduction this year was due to the continued introduction of Hydrogenated Vegetable Oil (HVO) to replace diesel. While SF_6 gas leaks were similar to last year's levels, and leaks from disposed assets decreased in SPD, leaks from disposed assets in SPM increased. SPM has worked with their scrap contractor to increase the frequency of degassing disposed assets once in the contractor's care, reducing the time lag in receiving data for the SF_6 recovered and reducing the risk of our disposed asset leaking prior to the degassing process.

Overall emissions associated with losses increased by 14%. This was driven by two factors:

1. An increase in amount of electricity distributed during the year
2. An increase in the overall electricity lost during energy transfer from the grid to where it is used, including theft.

These factors, beyond our direct control, have contributed to us not achieving Planet Mark certification this year which requires a 5% reduction in Scopes 1 & 2 including losses). We did however receive assurance verification for our GHG emissions data.

Carbon Footprint Scope 1 & 2 (excl. Losses)



Sustainable Society

During regulatory year 2024/25 SPEN maintained our certification to ISO14001 with an external rectification audit of our Environmental Management System. We are continuing to partner with the Supply Chain Sustainability School to provide training to our staff, contractors and supply chain. We have continued to roll out internal *Leading with Sustainability* and *Managing with Sustainability* training courses to increase our leaders' and managers' understanding of sustainability, our commitments as a business and what role they can play in turning these commitments into reality.

In September 2024, SPEN published its first Just Transition Report which summarised the steps we have taken so far to embed the principles of a fair and equitable transition into everything we do. We have also been developing Key Performance Indicators (KPIs) for each of our four Just Transition principles. These KPIs are being established to provide clear, measurable benchmarks that will help us track progress, ensure accountability and guide continuous improvement in delivering on our commitment to a fair and inclusive transition.

This year we produced our Sustainability Data and Reporting Strategy. This strategy outlines our vision for data collection, analysis and reporting, as well as the necessary digital tools and timelines to achieve our goals.

Circular Economy

In calendar year 2024 we diverted 94% of waste from landfill, just short of the trajectory required to achieve 100% by 2030. Part of our strategy is to increase supply chain engagement and focus on areas where waste is going to landfill. In November 2024, we launched a new AI-powered waste and resource tracking tool called Qflow. This innovative system enables our supply chain to capture and record waste data in real time through photographic evidence.

We are working to establish a baseline, metrics and targets for waste reduction per £1m of total annual expenditure and are working with the planning and design teams to gather the data to enable these targets to be set.

We have been engaging with the materials industry to encourage and influence the reuse of materials. One focus area has been on treating excavated soils and stone, which accounts for the majority of our waste. By reprocessing these excavated materials, recycled sand can be produced and used in other processes such as filling trenches as compaction material.

To help us tackle the final 6% of waste still going to landfill we will develop a Waste and Circular Economy implementation plan to focus our activity for the remainder of RIIO-ED2.

Supply Chain

Supply chain engagement is a critical component for the delivery of carbon reduction, circular economy implementation and many other areas of sustainability, including biodiversity and societal impacts. We have invested in a new and innovative software package to track waste from and deliveries to our sites and to give us the data to view new metrics such as the carbon emissions per £m spend on projects. We are working to evolve that system to serve our requirements to help reduce waste arising and the embodied carbon emissions of our materials.

We use our enhanced environmental supplier standards to enable us to benchmark the progress of our priority suppliers in incorporating sustainability into their businesses.

These standards include:

- GoSupply Platform – used to assess suppliers' environmental, social and governance (ESG) performance through a structured, scored questionnaire.
- Supply Chain Sustainability School – a learning platform that helps evaluate and improve suppliers' sustainability knowledge and capabilities.

We have assessed the top 80% (by spend) of our supply chain and 66% are meeting our enhanced environmental standards in SPM and 65% in SPD. This puts us on track to meet our target of 80% by the end of RIIO-ED2. We have recorded a slight decrease in the percentage of our top 80% of suppliers that have Science Based Targets, and we are working with suppliers that have previously held these, to recommend actions to get us back on track. We recognise that there is a significant proportion of our supply chain that are SMEs and may require additional support to set SBTs. This will be a focus area for 2025/26 and the rest of RIIO-ED2. We are pleased to see an increase in priority suppliers that are registered with the Supply Chain Sustainability school up from 44% last year 2023/24 to 57% in 2024/25.

We continue to work with and maintain Gold partnership status membership with the Sustainability Supply Chain School. We will continue this for the duration of RIIO-ED2. This membership provides training resources and other materials necessary for our supply chain to up-skill and to meet our sustainability standards.

65%

of our Suppliers are meeting our enhanced environmental standards

Action for Nature

After publishing our Action Plan for Nature in year one of RIIO-ED2, we have been focussing on implementation and delivery of this ambitious strategy. To deliver enhancement across our own land, and offsite in partnership with external organisations, a review of our internal processes has been necessary. In 2024 we established the SPEN Nature Board to ensure that SPEN has the right policies, procedures and decision-making processes in place to deliver nature positive investment effectively.

In 2024 we piloted our approach to delivering offsite enhancement with the Cheshire Wildlife Trust (CWT). Following a recent upgrade of an overhead line crossing the Trust's land, SPM funded two enhancement schemes on the site – a wetland enhancement scheme and the extension of an existing wildflower meadow. The aim was to improve habitat for wetland waders and pollinators. These were delivered in July and September 2024, and progress of the habitat interventions is being closely monitored by our partners at the CWT to ensure success.

In Scotland, nature-positive development is guided by the National Planning Framework 4 (NPF4), which emphasises the need for significant biodiversity enhancement. Unlike England's statutory Biodiversity Net Gain (BNG) approach, Scotland does not yet have a standardised biodiversity metric to quantify ecological improvements. However, the Scottish Government has commissioned NatureScot to develop a bespoke biodiversity metric tailored to Scotland's planning system. This initiative is being shaped through extensive stakeholder engagement and SPEN, alongside our stakeholders and colleagues in SSEN Distribution, have been actively participating in consultations. These efforts aim to ensure that the emerging metric and accompanying NPF4 implementation guidance allow SPEN to effectively support the delivery of Scotland's biodiversity and natural capital objectives, within the parameters of SPEN supporting the UK countries' Net Zero objectives.

In SPM, we are using DEFRA's statutory Biodiversity Net Gain (BNG) metric. This year, we piloted the BNG metric using survey data from a 33kV substation project at Chester Motorway Services near Elton. The result was that SP Manweb needed to deliver additional compensation off site to achieve the 10% net gain required by the project's planning condition. CWT agreed to provide 1.99 biodiversity units on its land at Owley Wood, Weaverham as BNG mitigation and compensation. CWT are responsible for creating the habitat maintaining and monitoring the site for 30 years and complying with the Biodiversity Site Management Plan and other BNG documentation.

Investing into our Data Driven Future

As we strive towards Net Zero, we must fundamentally transform the way we plan and operate our network. By increasing our use of network monitoring and strengthening our capabilities in data analysis and interrogation, we will unlock greater value from our data. We will securely share data with our customers and stakeholders, and deliver more effective, integrated whole system solutions. This will support our commitment to enhance our maturity against Ofgems Data Best Practice principles.

Harnessing the value of Data

Since the start of ED2, we have continued to make significant progress on enhancing the visibility of our LV network through the installation of LV monitors. The data from these monitors means that our Engineering colleagues can now accurately measure the utilisation of our secondary substations this means that additional LV capacity is being identified to enable customer connections (including LCTs) on our LV network. The data from our LV Monitors can be used alongside our aggregated smart meter data to provide more visibility of our secondary network. This allows the data to be used to complement LV monitoring data, and combined is allowing us to make more accurate assessments of changing behaviors on our network stemming from increasing LCT penetration.

Data Governance

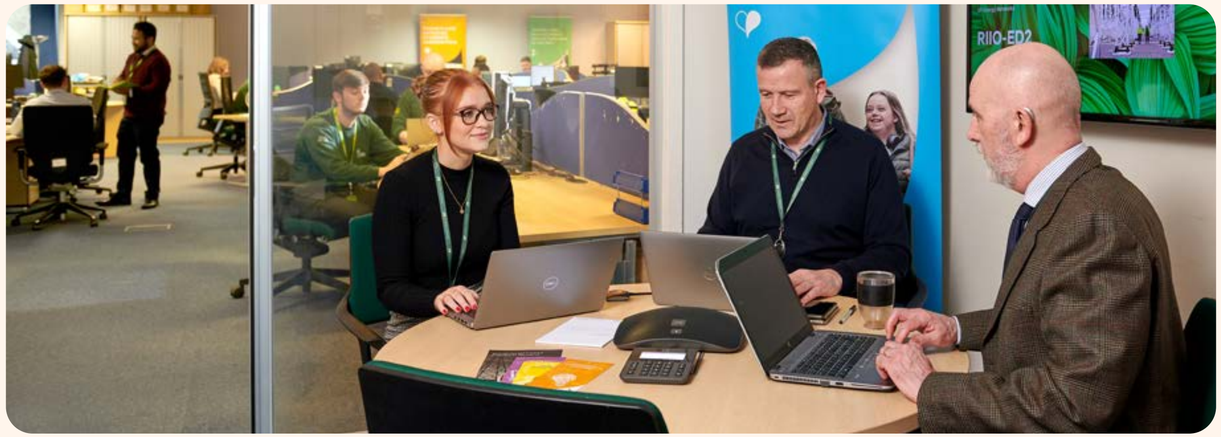
We are continuing to establish our Data Governance framework across the organisation. Our Data Governance platform, Informatica, is a key enabler for this, allowing us to build a centralised inventory of all data assets, capturing their key attributes and enhancing visibility. One of the core functions of Informatica is its' capability to carry out quantitative assessments of the quality of our data. Measuring data quality gives us a detailed understanding of whether the data is fit for purpose or requires improvements. We have leveraged this capability to complete data quality assessments for all datasets published on our Open Data Portal and have made the results available on our Portal to support transparency and build trust with our Data Users. These insights have informed targeted action plans to address identified gaps and drive continuous improvement in data quality.

Sharing Data with our Stakeholders

To meet the needs of our stakeholders we have published our Data Roadmap which sets out our planned deliverables across 2025. The roadmap was built to align with the feedback we received from our stakeholders in the annual Open Data survey, and we will repeat this process for 2026. We have also launched 20 new data developments including new datasets, data quality improvements and feature pages based on what our stakeholders told us they want to see. We now publish our data triage documentation to ensure transparency in how we share data and to show the safeguards in place to protect sensitive information. This helps stakeholders understand our decision-making and the reasoning behind each dataset we publish.

Data Innovation

In the innovation space, we are paving the way for secure, seamless data sharing across the UK energy sector. Our Data Transformation team, part of the Network Data and Intelligence function, has collaborated with the NESO and four other network operators to pilot the Data Sharing Infrastructure (DSI) – an innovative system designed to enable trusted, interoperable data exchange between organisations. The successful pilot is a critical milestone in building an integrated, collaborative energy sector. It enhances operational efficiency by reducing duplication across networks and promotes innovation through shared insights and advanced analytics. The DSI lays the foundation for industry wide interoperability, ensuring that our organisation is ready for digital transformation.



42,000+
Downloads of data

2,200+
Registered Portal users

250+
Users accessing our feature pages

7
New datasets published on Portal

Open Data Roadmap

	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Developing data aligned with our stakeholder needs	GIS shapefiles for each local authority Smart Meter penetration data	Live outage data Connections data – volumes by market segment	Faults data and supporting information	2026 stakeholder led roadmap published
Developing data aligned with our regulatory framework	LV Monitoring data Flex Procurement – past & present competitions and bids Flex – Registered Asset data	Flexibility data – DER dispatch (and volumes) Distribution Network Options Assessment 11kV feeder data / characteristics	Improved network flow data (inclusion of boundaries) SPT heatmap improvements (future looking)	Historic feeder MW / MVA utilisation Capacity management systems data (i.e. ANM schemes) Non-firm connection insights data
Improving transparency, accuracy and accessibility	Data quality assessments published Commence publication of data method statements Launch of how our stakeholders are using our data	Open Data survey results and improvement plan published Improved dataset descriptions How we measure data quality education video NDP feature page	Launch of our Open Data Portal ‘how to’ guides Open Data Portal homepage development and consultation Flexibility activity dashboard	Secondary network visibility dashboard Open Data Portal homepage implementation Distribution Network Options Assessment feature page
Opportunities to engage with us	Our DSO Events Chester – 18/3 Glasgow – 25/3	“Hands on with our Data” (Webinar)	SPEN Flex Summit	Launch of our 2025 Open Data survey Open Data Webinar

Key: Analysis, Maps, Stakeholders, Dashboards, Page, Datasets

Digitalisation

RHYTHM

We have completed the delivery of our RHYTHM workflow which streamlines the delivery, installation and commissioning of new network monitoring and automation assets onto the network. The tool integrates with our core asset and network management systems to source data, perform financial calculations, and check compatibility, ultimately reducing manual handling and increasing data accuracy by creating a suite of standard processes. We will be deploying thousands of smart network devices during ED2 using the RHYTHM workflow tool, with the first use case now live to support the installation of Network Controllable Points (NCPs).

386
Commissioned sites with NCPS*

567
Planned sites commissioned by end of 2025

>90%
Process time reduction

Mobility & Scheduling

Within the last 2 years we have made great progress within our Mobility & Scheduling initiative by implementing a digital solution that optimises our work allocation, streamlines our work execution in the field, and improves end user experience. Initial focus has been on 5 operational workstreams: Inspections, Maintenance, Investments, Connections and Reactive Work. The end-to-end process for Substation Inspections and Maintenance has been transitioned into Salesforce Field Service meaning all work in these areas are scheduled, despatched, and carried out within the one system which gives optimised routes, easier data capture, improving quality, and better visibility for management within the back office.

Focus has now moved to the development and integration of the remaining 4 workstreams. We have also rolled out Start Risk Assessment within Salesforce, meaning all field staff are completing on-system risk assessments to ensure safe on-site conditions before work commences. This solution improves the ease and speed of access to risk assessments for back-office staff. Our Mobility and Scheduling programme will continue throughout RIIO-ED2 with many additional use cases on our roadmap for delivery.

>3,000
Service Appointments have been completed in Salesforce Field Service*

Storm Éowyn

During Storm Éowyn, SPEN's digital technology played a crucial role in supporting our contact centres, online services, and field staff. The technology facilitated efficient communication and coordination, ensuring that all teams were well-equipped to handle the challenges posed by the storm. We experienced a huge volume of traffic to our online Power Cuts map tool providing customers updates on the status of the power outage affecting them. We also pro-actively kept customers up to date with SMS and voice messages sent from our Customer Relationship Management (CRM) system.

94,000+
Customer Calls Handled by Our Telephony Platform

260,000+
SMS and voice alerts sent to customers

1.3m
Website Visits Including 508,277 Postcode Lookup & Power Cut Map Views

Standard Price Quotes

The standard quotes methodology has gone live for APOS (Alteration to Point of Supply) applications in February 2025, which utilises existing property data and historical information on the proposed connection type, enabling us to offer the customer a price for their connection before application, where eligible. This provides customers with a better experience as they no longer have to wait for their application to be processed by our internal teams before they receive a quote. This early understanding of cost allows customers to plan and budget accordingly, resulting in a higher quote acceptance rate.

28%
Quote acceptance rate increased

Informatica

We have built over 350 Data Quality rules in our Data Catalogue tool, Informatica, which has enabled us to carry out over 1,900 individual Data Quality checks on our datasets. This provides us with a quantitative measure of our data quality that we can monitor and use to establish improvements plans where required.

356
Data Quality rules built in Informatica*

**Data points are as of June 2025.*

Supporting Vulnerable and Digitally excluded Customers

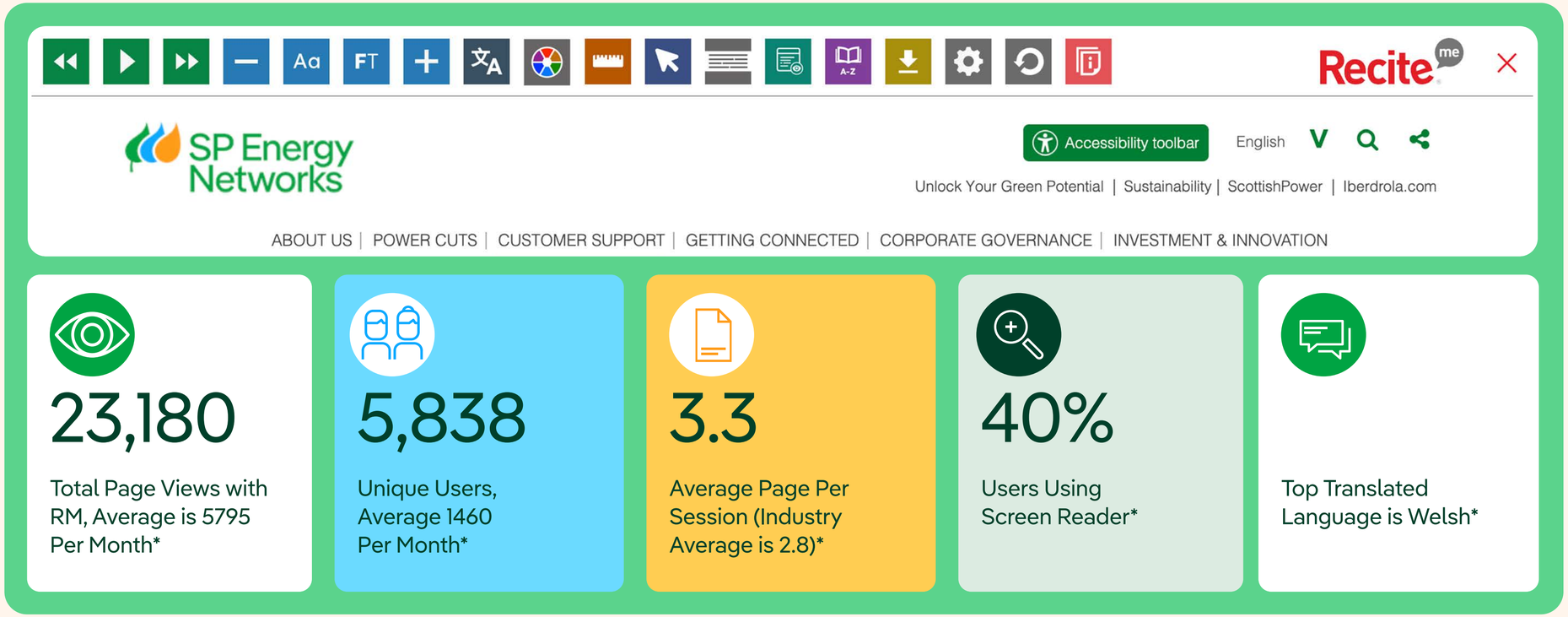
Ensuring our online products and services are accessible to all of our customers and stakeholders is a core objective to SPEN. Over the past 2 years we have made a significant effort to enhance our website and online applications to aid accessibility. We also continually monitor and improve the underlying technical infrastructure to ensure the website is reliable and available when our customers need it most.

Recite Me

Recite Me is a cloud-based assistive accessibility toolbar. It offers a range of on-demand accessibility solutions that support us in conforming to WCAG standards and ensure that our website is user-friendly for individuals with disabilities, situational challenges and language support, through customisable options. This went live on our website in November 2024. We are currently working with our Open Data Portal provider, Opendatasoft, to test Recite Me on our Portal and plan to roll this out in 2025.

Launched on the SPEN Website in November 2024

**Data points are as of June 2025.*



Key Features of the toolbar:

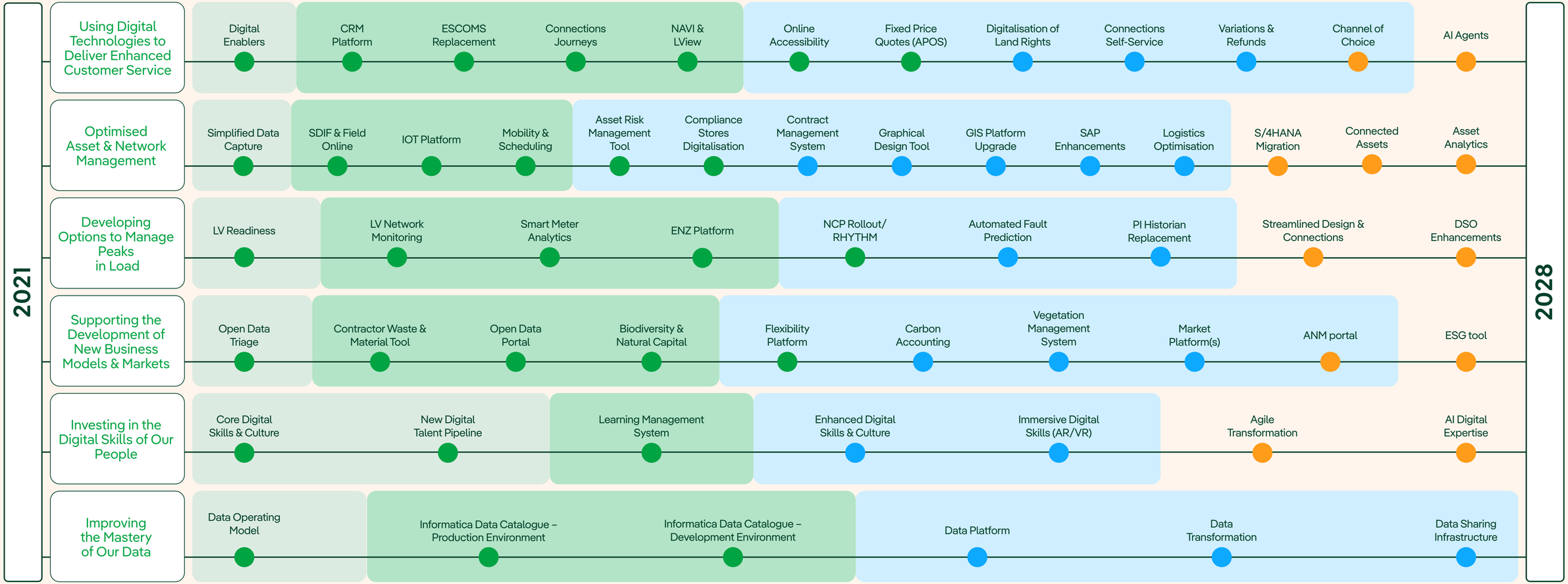
Built-in Screen Reader
Recite Me includes a screen reader that reads the content of a page to the user in their selected language, and gives the option to click through the content.

Text Options
Users can increase and decrease the text size, change the font and enable dyslexic text weighting. There is also the option to change the line height and character spacing.

Colour Contrast
This feature gives users the ability to change the background, font and link colours. Users can select one of the present options or set their own combinations.

Translation
Recite Me supports translation of our content for over 100 languages, including screen reader translation.

Digital Roadmap



Legend

Strategy building block

Digital enablers (2021 – 2022)

Digital foundation (2023 – 2024)

Digital operations (2024 – 2026)

Digital core (2026 – 2028)

complete in progress planned

Note: The milestones indicate the completion of a mature product or service. In many cases this will be followed by a continuous improvement programme throughout the RIIO-ED2 period.

People and Culture

At SP Energy Networks, our people are the driving force behind our success. As we move through the RIIO-ED2 price control period, we're not just investing in infrastructure – we're investing in individuals. Our People & Culture strategy is shaping a workplace that's inclusive, resilient, and ready for the future of energy.

We're proud to have gained **accreditation as a Top Employer** by Top Employer Institute, reflecting our commitment to creating an environment where people feel valued and inspired to perform at their best.

Listening that Leads to Action

During 2024, we transformed our biennial employee survey into a continuous listening model, enabling us to respond more quickly and meaningfully to employee feedback. Short, topic-focused pulse surveys now run throughout the year, targeting key stages of the employee journey.

Our 2024 Loop survey revealed:

- **Engagement jumped from** 57% to 65%
- **Satisfaction rose** from 6.5 to 7.0
- **73%** of employees said they are **proud to work here**
- **88%** feel their manager was **open to feedback**.

Reaching the Unheard: Listening Where It Matters Most

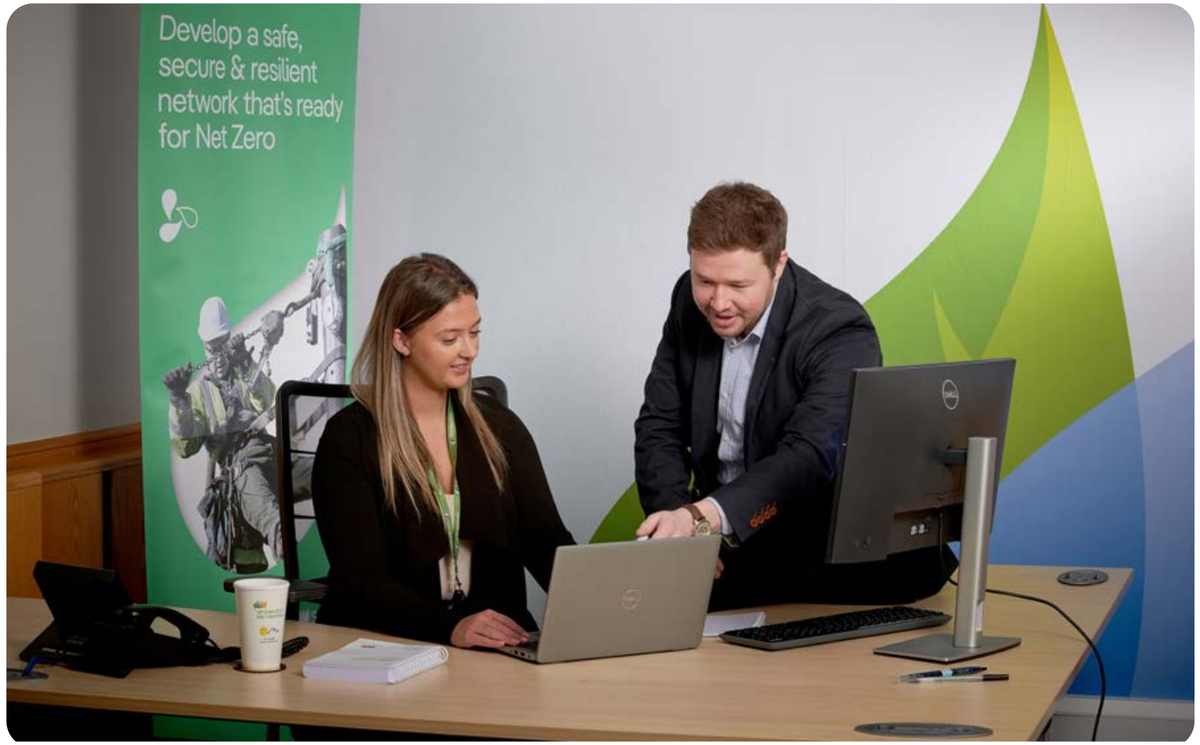
We've taken deliberate steps to **better connect with our field engineers** – teams whose voices are vital but sometimes overlooked. In 2025, we launched **targeted focus groups across** SP Distribution and Manweb, creating space for open dialogue and real change. Building trust, surfacing insights, and shaping improvements is what matters most to our people.

Inclusion That Drives Change

This year we've worked closely with our Connected Women and Parent & Carers networks to **improve policies around paternity, caring, and neonatal leave**. We also partnered with Scottish Power Advanced Research Center (SPARC) and our IT team to **deliver faster support for employees** using accessibility software.

Our recruitment practices are evolving, with balanced shortlisting and interview panels now standard for senior vacancies. All employees now have access to **Diversity & Inclusion training via our Workday Learning platform**, and we've proudly launched our **first senior leadership Allyship programme** with more to follow.

Diversity and Inclusion data collection has increased to **43%**, which is **up 27% since October 2023** – an important step in measuring and improving representation.



Wellbeing That Works

Supporting the physical and mental wellbeing of our people remains a priority. Our Occupational Health, Hygiene and Wellbeing team leads a programme of health promotion and improvement, backed by colleagues across ScottishPower.

We've completed the first phase of the **See Me in Work Programme**, designed to address stigma and promote inclusion around mental health. This programme included a survey which will be used to inform a 2025 improvement plan.

As of December 2024, **417 people managers have been trained in mental health awareness** in partnership with Scottish Action for Mental Health (SAMH), and we now have **84 trained Mental Health First Aiders** across SPEN. Quarterly network meetings and annual forums help strengthen this support network.

Our new **Workplace Wellbeing Platform**, launched in 2024, offers tools tailored to individual needs to support their health. We've also delivered campaigns on men's and women's health, alcohol awareness, and more – alongside activities like step count challenges, free health checks, and PowerClub initiatives – all of which are helping **employees take charge of their health in ways that work for them**.

People and Culture

Growing Talent, Building Futures

We're committed to developing new talent and growing our workforce from within. Across the 2024/25 reporting period, we delivered over **101,824 hours of training** to **1,654 employees** across SPD and SPM – a **61% increase** from the previous year. We also welcomed **161 trainees** in the 2024/25 reporting period across graduate, apprenticeship, and trainee programmes, including new roles in **software, engineering** and **sustainability**.

While **engineering and craft** remain central to our delivery, we've expanded into areas like **data and technology, real-time systems, quantity surveying,** and **project management**. These programmes – spanning graduates, higher skill apprenticeships, and graduate apprenticeships – are helping us close skill gaps and create new opportunities for the future.

Beyond technical training, we will be launching a new EMPower Programme in November 2025, offering ex-military personnel meaningful work experience as they transition to civilian life. We're also building future capabilities in **cyber and digital skills**, developing skills frameworks that maps IT and OT roles to tailored learning pathways.

With **unprecedented levels of investment and business growth**, the demand for training across ScottishPower has reached exceptional levels – impacting everything from our trainee programmes to the authorisation of service partners working on our SP systems.

Our **Training Centres** continue to evolve to meet this growing demand. At Dealain House near Cumbernauld, we identified the need for a **24% increase in capacity**, enabling us to better accommodate trainees, staff, and contractors. Building on our reputation for efficient, high-quality training delivery, this expansion ensures we remain agile and responsive to business needs.

Following the success in embedding a new authorisation system concerned with electrical and mechanical safe system of work, this approach is being expanded to include the areas of **General Safety, Environment, Technical Skills and Non-Technical Skills**, aligning with our **skills-based framework** to provide improved visibility of individual competence and knowledge levels.

Leadership That Inspires

Our leadership development programmes are designed to support employees at key transition points, underpinned by our new **Transformational Leader; Objectives Orientated; Taking care of People (T.O.P) Leadership Model**. We're also building specialist change management capability to ensure our leaders are equipped to guide teams through transformation.

A Culture of Commitment

From wellbeing and inclusion to skills and leadership, our People & Culture strategy is delivering **real measurable progress**. As we continue through ED2, we remain focused on **creating a workplace where every voice is heard, every talent is nurtured, and every employee is empowered** to help shape a sustainable energy future – together.

We welcomed our largest-ever trainee intake, hiring

161

people across graduate, apprenticeship, and trainee programmes

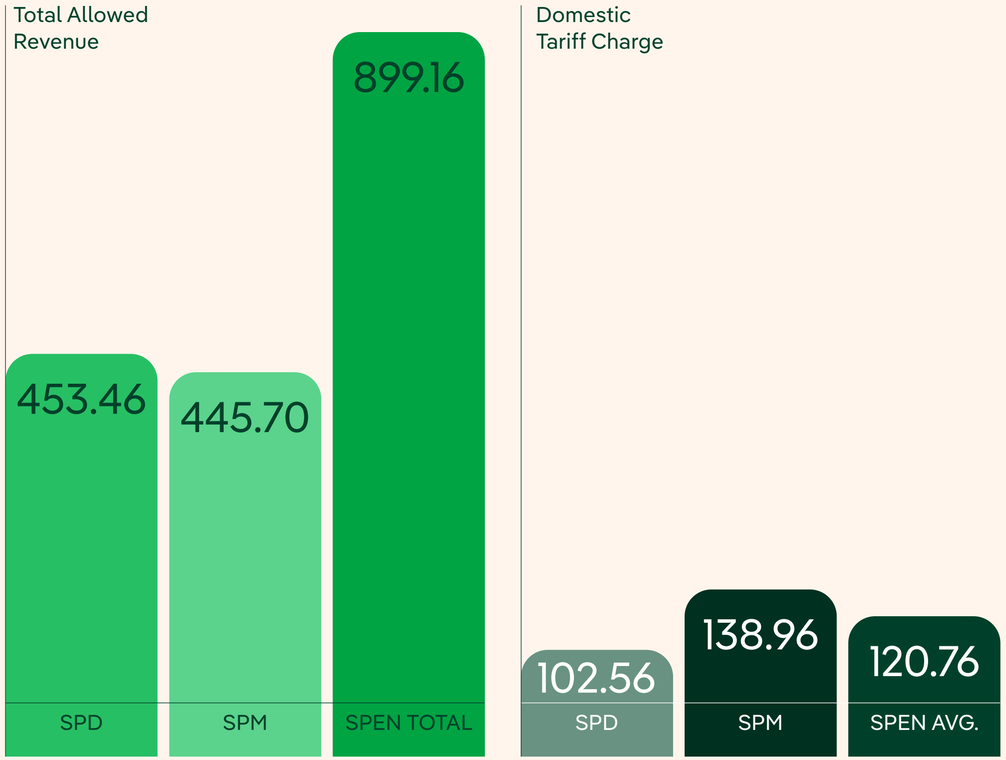
Expenditure and Revenues

Expenditure and Revenue

Our allowed revenues
Our revenues are set through regulation by Ofgem and represent a recovery of our expenditure that we invest into our networks as well as other unavoidable costs such as business taxes. We are also subject to performance related incentives which are used to drive performance in areas such as reliability, environmental and other policy goals.

SPEN's Regulated Revenue for the regulatory year 2024/25 was £899.16m, which we are permitted to recover from our customers for using our network services during 2024/25.

This is covered by the Unrestricted Domestic Tariff Charge:



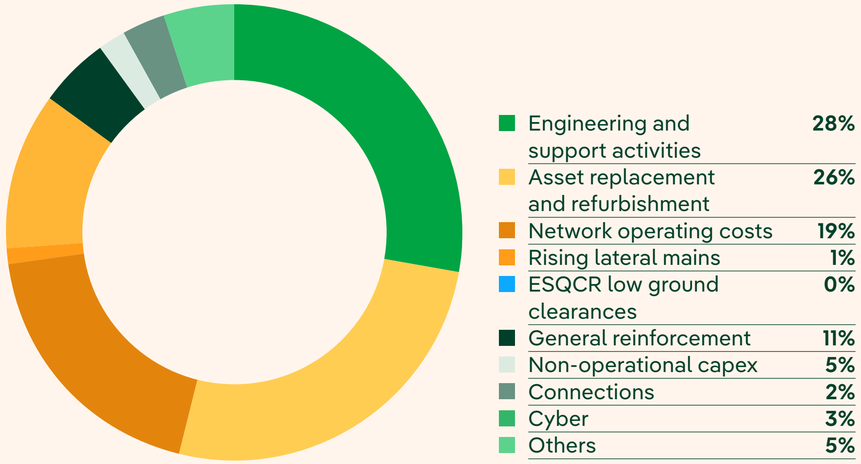
Performance-related financial incentives

How our performance this year translates to rewards or penalties under the various financial incentive mechanisms put in place by the regulator, Ofgem, and applied to all DNOs.

Output Delivery Incentives (20/21 prices)	SPD (£m)	SPM (£m)
Reward or penalty schemes	24/25	24/25
Broad measure of customer service	0.8	1.0
Interruptions-related quality of service	2.7	-0.6
Time to Connect Incentive	0.7	0.4
Distribution System Operator ODI	1.7	1.8
Consumer Vulnerability ODI	1.7	1.8
Penalty-only schemes		
Major connections ODI	0.0	0.0
Total	**7.5**	**4.5**

Reward
In 2024/25, we earned a £12m reward for going above and beyond delivering a safe, secure and reliable service to our customers and meeting our stakeholders' needs (2020/21 prices).

SPEN Expenditure	SPD (£m)	SPM (£m)
Engineering and support activities	89.12	94.92
Asset replacement and refurbishment	86.63	89.37
Network operating costs	61.04	62.50
Rising lateral mains	3.65	5.94
ESQCR low ground clearances	0.75	0.12
General reinforcement	43.55	32.78
Non-operational capex	15.53	15.34
Connections	4.04	7.32
Cyber	9.03	8.39
Others	17.59	19.06
Total	**330.92**	**335.75**
Total SPD SPM combined 20/21 Prices		**666.67**



Bill Impact

Our strategy is to responsibly invest in our network to balance the large scale of investment required to meet the needs of todays and future consumers, while also ensuring the level of costs to customers, via the network charge on electricity bills, stays at a reasonable level.

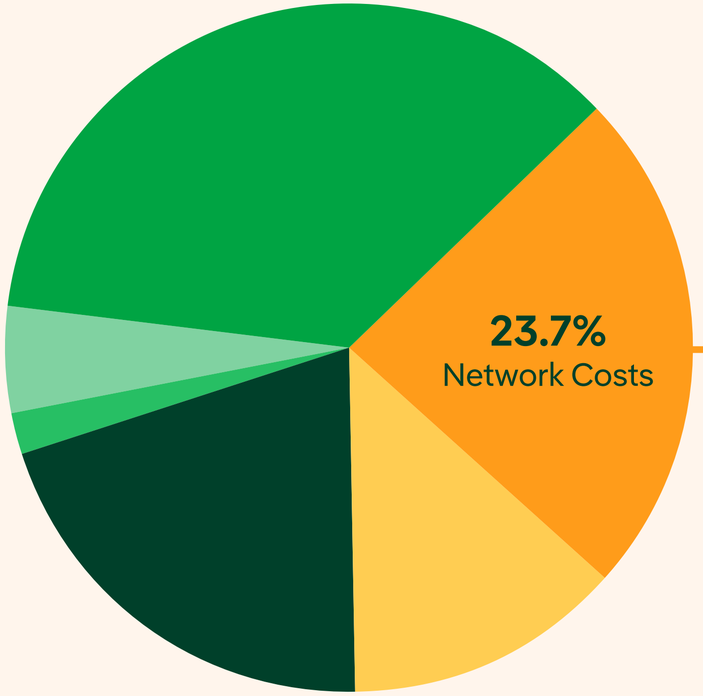
We are proud of our delivery and performance over the RIIO-ED1 period and are working hard to continue this into RIIO-ED2.

43p per day*

To provide our essential services it costs SPEN customers an average of 43p per day. This is less than a Netflix subscription.

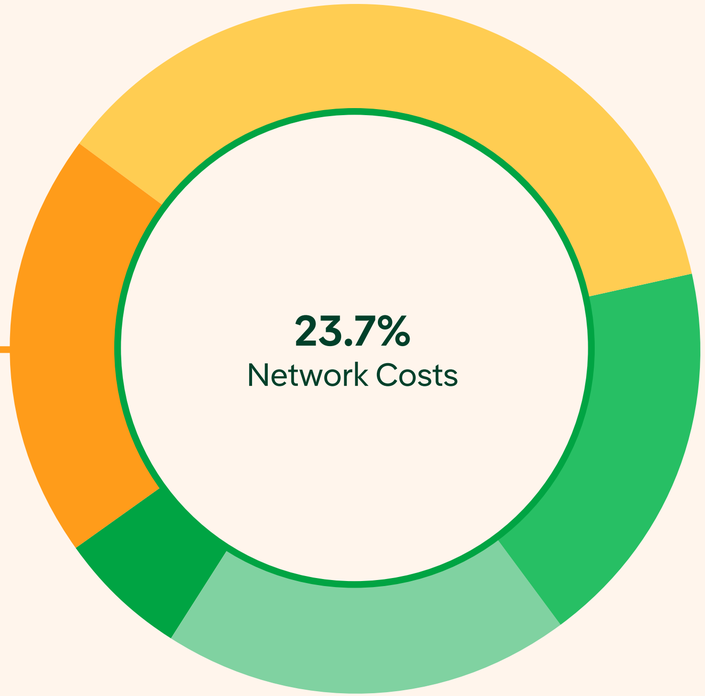
*in today's prices.

Breakdown of an average electricity bill 2024/25



Wholesale Costs	36.1%
Network Costs	23.7%
SoLR	0.0%
Operating Costs	13.2%
Environmental & Social Obligation Costs	20.2%
Other Direct Costs	2.0%
VAT	4.8%

Further Split 2024/25 Distribution Costs included in Network Costs



Cost of Maintaining the Network	20.3%
Future Proofing our Network	36.4%
Business Rates & Other Pass through	18.3%
Financing	18.8%
Other	6.1%

Based on electricity only portion of a dual fuel bill with ave. consumption of 2.7MWh, direct debit payments. Average of Ofgem price cap bill values for the period of 2024/25.

Financial Performance

Our Return on Regulated Equity (RoRE)

Investment into the electricity distribution network is a long-term project, the costs of which are spread out over the lives of assets.

Consistent with the RIIO price control framework Ofgem attached a financial reward/penalty to a number of the incentives. This has the effect of changing our Return on Regulated Equity (RoRE) opposite.

RoRE is calculated based on values in 20/21 prices and represents an average real equity return over the 5-year price control.

For detailed information about our financial performance, please see the SP Distribution and SP Manweb Accounts which are published annually, and our Regulatory Financial Performance Report.

Annual Reports and Accounts – SP Energy Networks

Regulatory Financial Performance Report – SP Energy Networks

5 Year Average RoRE – 2024/25	SPD (%)	SPM (%)
Base Return set by Ofgem for the 5-year period, reflecting movements in market conditions	**5.59**	**5.59**
Totex Efficency Savings Any savings we make on our investment plan are shared with the consumer, at this early stage in the price control we are forecasting the cost of delivering our business plan commitments will match what we set out in our business plan submission.	***-0.46***	**0.05**
Time to connect ODI	**0.09**	**0.05**
Broad Measure of Customer Service ODI	**0.10**	**0.11**
Interruptions incentive scheme ODI	**0.34**	***-0.07***
Major connections ODI	**0.00**	**0.00**
Consumer Vulnerability ODI	**0.21**	**0.21**
Distribution System Operator ODI	**0.21**	**0.21**
Innovation (NIA, CNIA, SIF)	***-0.01***	***-0.01***
RoRE – Operational performance	5.83%	6.01%

RAV (Regulatory Asset Value)

The Regulatory Asset Value (RAV) is a key building block of the price control and represents the value of outstanding investment yet to be recovered from consumers.

For every pound that we spend, we collect 30% of the costs in the same year and 70% of cost over life of the asset (added to the RAV).

30% of the costs in the same year

70% of the cost over life of the asset

Ofgem assumes that we fund this RAV by:

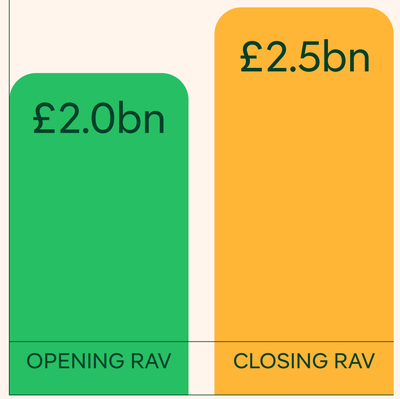
- 60% borrowing of which the allowance for interest payments is 3.17% in 2024/25
- 40% equity with return of 5.59% in 2024/25
- Weighted average cost is 4.14% in 2024/25

40% equity

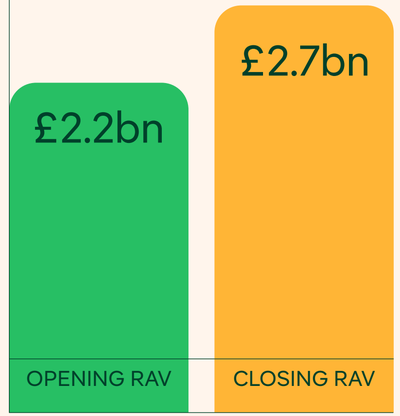
The RAV is the mechanism by which return allowances for shareholder investment and financing are collected over the long-term.

Over the course of the RIIO-ED2 price control, the scale of investment required to deliver a network for todays and future customers means we will see the RAV value growing across the whole period with the RAV for SPD and SPM growing by 24% and 18% respectively.

RIIO-ED2 Growth – SPD (2020/21 prices)



RIIO-ED2 Growth – SPM (2020/21 prices)



Looking Forward

Innovation and Future Networks

Innovation plays an essential role in the decarbonisation of the energy system – enabling us to work smarter and go faster towards the UK's Net Zero goals.

Through our Network Innovation Allowance (NIA), and successful Strategic Innovation Fund projects, we're delivering the next generation of network solutions to deliver excellent value-for-money for our customers.

Our innovation portfolio is improving the quality of service we provide to our customers, including: helping them to connect to our network faster, reducing the number and duration of outages and, reducing the costs of operating the network that customers pay through their bills.

We are proud of the tangible benefits our projects have already delivered. In RIIO-ED2, the solutions we've implemented from our NIA portfolio have delivered £18.6m in benefits across our SP Distribution and SP Manweb licence areas so far. We expect the future benefits of these solutions, already estimated to be in excess of £60.3m, will continue to increase over the coming years.

£18.6m in benefits delivered in RIIO-ED2

SPM **£6.2m**

SPD **£12.4m**

Our innovation strategy is built around six key themes that help us to develop a balanced portfolio:

- Power Electronics
- Network Modernisation
- Data & Digitalisation
- Whole Energy System
- Sustainability
- Consumer Vulnerability

Our track record of innovation leadership, mature innovation processes and highly skilled workforce are ensuring we continue to deliver on our strategy and commitment to energy innovation.

Accelerating the Energy System Transition and delivering benefits for our consumers

We're utilising our **Network Innovation Allowance (NIA)** to accelerate the Energy System Transition and address Consumer Vulnerability challenges. Below is a snapshot of our NIA projects showcasing the type of initiatives we are progressing and demonstrating some of the benefits we're delivering through innovation.

Interconnected HV Substation Battery Condition Monitor

Multiple times a year in interconnected HV distribution networks, unit HV zone protection at the nearest upstream secondary substations may fail to trip during a network fault due to faulty batteries. This forces the upstream HV protection at the primary substation to clear the fault, causing a larger outage. The proposed solution is a basic automated battery monitoring system using existing LV Monitors to remotely monitor battery condition and alert operators when intervention is required.

Progress

- We have defined and approved the Hardware Specification for a universal DC cable design to connect the LV monitor to the battery system.
- Developed and testing the Software Specification in lab trials which has proven the solution works as intended to raise alarms for certain voltage events.
- We're continuing to extend the compatibility of the solution so that it can operate with other LV monitor solutions.

Expected Benefits

- Faster restoration times during HV Faults on Y-type networks.
- Reducing frequency and duration of power outages for our customers.

LV De Mesh

Development, trial and analysis of LV Network Splitter Systems to prevent LV cable burnout during HV faults on interconnected networks and improve restoration performance without expensive HV unit protection.

Progress

Over the past year, we've advanced the solution from a conceptual design through lab testing and into live trials. Lab testing was a key milestone for validating the device's functionality across a range of test scenarios – demonstrating reliable operation in each case.

Completing these tests enabled the project team to prepare for live system testing and we have now developed the procedures, safety protocols and training materials for the next phase of testing that will seek to validate the expected benefits of the LV De-Mesh device.

Expected Benefits

- Faster Power Restoration: The De Mesh Device enables quicker fault isolation and restoration.
- Reduced Disruption: By preventing LV cable burnout, the technology avoids the need for extensive repairs, road closures, and temporary generator deployment – minimising inconvenience for affected households.
- Improved Network Resilience: The system enhances the reliability of the electricity supply, especially in complex Y-type network configurations.

WARMTH (Wellbeing and Resilience through Medical-Thermal Heating)

Project WARMTH (Wellbeing and Resilience through Medical-Thermal Heating) is a discovery innovation effort that aims to explore how the 'Warm Home Prescription' (WHP) model can be implemented to integrate with Distribution Network Operators. The WHP model typically identifies people with health conditions made worse by the cold and prescribes them a warm home via vouchers or home improvements. Under this model, health practitioners identify people whose health conditions are likely to worsen by living in a cold home and prescribe them 'warmth'. DNOs are the natural energy industry partner for this collaborative effort. The involvement of DNOs can maximise the impact of the WHP model given their complete regional coverage and the broad range of support offered.

Progress

We've delivered the first of three milestones which focussed on an in-depth study of existing material around the WHP trials including key players, Social Return on Investment (SROI), customer journeys and any gaps in these areas to address. In our first report we:

- Set the scene for the need for warmth prescriptions including insight around living in cold homes and the associated health impacts.
- Provided an overview of the WHP key players and their roles in the programme including the services and customer journeys that have been delivered in previous trials.
- Delivered an analysis of the trial results and how they provided social value measurements.
- Highlighted additional learnings and challenges to address following conversations with key external stakeholders.

Expected Benefits

- Customer Benefits: Fuel-poor individuals with medical conditions gain financial relief through reduced energy costs and improved wellbeing from properly heated homes, leading to better health outcomes.
- Environmental Benefits: Lower carbon emissions result from installing energy-efficient and low-carbon heating solutions for referred customers.
- Public Sector Benefits: Improved health reduces demand on healthcare services, avoiding hospital admissions, GP visits, and emergency callouts.

Delivering a step-change in electricity network planning and operations

In addition to our Network Innovation Allowance (NIA), we've successfully secured funding through the Strategic Innovation Fund (SIF) to deliver large-scale, transformative innovation across our Distribution licences.

D-Suite

D-Suite is one of our flagship innovation projects, aiming to enhance the flexibility of LV networks enabling faster connection of low carbon technologies while maintaining the security and quality of supply. The project is funded by the Strategic Innovation fund, and is partnered with UKPN, Newcastle University and Integrated Powertech.

D-Suite is a partially rated LV Power Electronic hardware demonstrator that will use an LV design tool, to optimally place and size partially rated Power Electronic hardware, namely Smart Transformers (D-ST), Soft Open Points (D-SOP) and STATCOMS (D-STATCOMS).

D-Suite will be using a range of power electronic technologies which will be optimised specifically for LV network applications. D-Suite also aims to develop a design tool helping network planner for optimum allocation of power electronic technologies.

The project is currently in Beta stage and below is a summary of each stage findings, deliverables and learning.

D-Suite

Discovery Phase Learnings

The D-Suite Discovery phase identified "critical customer requirements" and core "LV network functions" that can help address these needs. By evaluating these functions against the requirements, the need to enhance the flexibility and resilience of the LV network was further emphasised.

Alpha Phase Learnings

The D-Suite Alpha phase demonstrated the technical feasibility and value of coordinated Power Electronic Devices, including STATCOM, D-SOP and D-ST, to improve resilience, flexibility and reliability of LV networks. Control algorithms and modular architecture were developed and validated showing string potential for managing voltage, harmonics and load balancing while integrating distributed energy sources.

Beta Phase

Objectives

- Validate and deploy a production-ready LV Design Tool
- Select and prepare sites for PED deployment
- Ensure future-proofing and business-as-usual (BaU) readiness.

On going Activities

- LV Design Tool Development
- Future Proofing, Control Design & Data Integration
- Hardware Prototyping of D-Suite Modules and PED Technical Specification.

Expected Outcomes

- A validated, production-ready LV Design Tool
- Delivery of the required PEDs in numbers to support BaU
- Hardware-in-the-loop testing platform and simulation models delivered and operational.

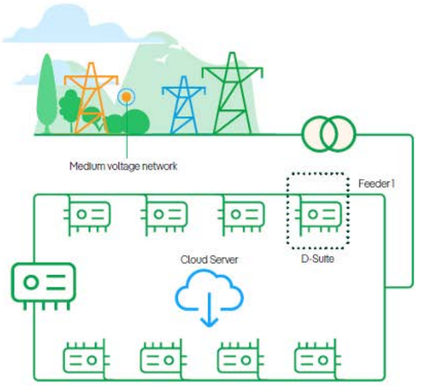
Benefits for consumers

- 5-40% more PV generation can be integrated without triggering network reinforcement, worth up to £10k/year in savings per feeder.
- Providing additional income for communities, based on a 20% uplift on an LV network fed by a 100kVA secondary transformer.
- D-Suite technologies will not only increase renewable integration but will also contribute to loss reduction due to the optimised voltage profile and local power balancing.

SP Energy Networks

D-Suite

Enabling roll out of power electronic technologies in low voltage distribution networks to allow faster connection of low carbon technologies



Smart Voltage Control

Cancelling imbalance Load

Smart Capacity Sharing

Contact us

How you can get involved

Stakeholder engagement
If you are interested in our services and projects, if our work has the potential to impact you, or if you have influence over the work we do, then you are a stakeholder. We want to know your views on our plans, so that we can deliver the best service possible.

We already work with a wide range of stakeholders, including domestic customers, local authorities, charities, other utilities, people wishing to connect to our network, school pupils, vulnerable customers, and innovators amongst others.

Registering as a stakeholder is easy and enables you to have your say on our projects and services. Register as a stakeholder and find out more about our engagement opportunities here:

spen.engage-360.co.uk

General Enquiries

Please call us free on: 0330 1010 444
Email: customercare@spenergynetworks.com

Central and Southern Scotland
Customer Service
SP Energy Networks
SP House
320 St Vincent Street
Glasgow G2 5AD

Cheshire, Merseyside,
N. Wales and N. Shropshire
Customer Service
SP Energy Networks
PO Box 168
Prenton
CH26 9AY

To report a power cut or damage to electricity power lines or substations, call the new national Freephone number – 105.

You can still reach us on our existing numbers:

Central and Southern Scotland
0800 092 9290

Cheshire, Merseyside,
N. Wales and N. Shropshire
0800 001 5400

Appendix A

Our business plan commitments in full

Develop a network that's ready for Net Zero

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will install innovative fault level monitoring across 41 constrained locations on our HV and EHV network to help safely accommodate more renewable generation.	0	0	Contracts have been awarded in 2025, and plans are in place to deliver the full volume within the remaining ED2 Price Control.	41
	We will develop a network that enables our communities to transition to Net Zero with over 590 smart-substations, 750km of cable, and 43,000 service cables. We will size and co-ordinate interventions to 'touch the network once' where this delivers benefits for our customers.	15,588 (proactive & reactive services).	17,491 (Proactive & reactive services).	We have continued to deliver significant proactive and reactive volumes, which will continue into future years, however engagement is ongoing with industry parties and the Regulator on unit cost challenges in this area.	43,384
	We will continue to assess flexibility, smart, and reinforcement solutions for all of our Load related interventions, and carefully select the most efficient, co-ordinated, and economical interventions within RIIO-ED2. This will include assessing energy efficiency actions ahead of starting any work.	50	50	We continue to assess the optimum solutions, considering all elements to ensure a cost-effective solution is delivered. We have published documentation for all 50 interventions outlining all options considered and the decisions taken.	50
	We will increase visibility of our low voltage networks by delivering over 14,100 LV network monitors at large secondary substations and enhancing our use of smart meter data. This will enable us to maximise utilisation of the existing network, identify targeted areas for upgrades, and facilitate customer flexibility.	5,642	6,537	Deployment of LV monitors in our substations experienced early delays due to procurement challenges. Delivery has since accelerated, with progress now ahead of ED2 expectations.	>14,100
	We will deliver £87.2m of savings for our customers in RIIO-ED2 by embedding learnings from our innovation projects into BAU and adopting best practice from successful industry trials. We will keep innovation at the core of everything we do, to continue to deliver benefits for our customers and the wider energy system.	No cumulative target.	£18.63m	We have delivered benefits from 8 projects deployed to BaU with £18.63m in benefits realised. We have collaborated with over 50 different partners. The lifetime benefits of project delivered into BaU are greater than the funding used in NIA ED1 and ED2 to date.	£87.2m
	We will continuously work with the Electricity System Operator (ESO), UK, Scottish and Welsh governments, and other key stakeholders, to accurately forecast our customers' future needs and to facilitate Net Zero pathways. This will include updating our DFES forecasts annually.	2	2	We are on track across ED2 to date, with DFES published in Q1 2025.	5

Ahead of Target On Target Below Target

Develop a network that's ready for Net Zero (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will be a neutral facilitator of an open and accessible distribution flexibility services market during RIIO-ED2. This market will be aligned with industry best practice, utilising a range of services to meet network requirements. This will be supported by efficient dispatch processes and transparent procurement.	1,403MW	187.84MW	We have made significant progress in our approach to Flexibility Markets, implementing a month ahead market approach which significantly increases the certainty of dispatch for ourselves and for Flexibility Providers.	1,420MW
	We will deliver a discrete DSO directorate for RIIO-ED2 responsible and accountable for delivering DSO. It will increase transparency and be supported by external assurance and stakeholder input. This directorate will be established by the start of RIIO-ED2.		CP2030 Target Introduced, National Energy System Operator (NESO) established and over 50% of GB Electricity generated from Renewables. Head of DSO biannual board briefings completed ensuring strong oversight and accountability.	This year marked a major step towards Net Zero: the introduction of the CP2030 target, the creation of the NESO, and over 50% of GB electricity generated from renewables. These have been supported by our formal separation of DSO and DNO functions, with our Head of DSO, reporting directly to our CEO.	
	We will share planning, operational, and market data with customers, stakeholders, and market participants through our systems and an online data portal within RIIO-ED2. This will include visibility of our user friendly short & long-term forecasts.	60 data tables.	109 data tables.	The 5 year target is to share 141 data tables on our Open data portal, we have currently shared 109 data tables in total meaning we are currently performing ahead of our 5 year plan.	>141 based on identified licence condition.
	We will implement a dedicated whole system planning function. Using Whole System planning at the start of the investment process, this team will ensure whole system solutions are considered in each of critical decision-making junctures (for example on system design for connections). This will achieve a step change in Whole System planning, solutions and outcomes over the RIIO-ED2 period.	Planning roles appointed.	Planning roles appointed.	We have delivered additional resource in our Network Planning and Development function. We also have joint Transmission and Distribution attendance at respective System Review Groups that encourage Whole System discussions and outcomes. Evidence of Whole System activity is provided through our annual co-ordination register publication.	Planning roles appointed.

Ahead of Target On Target Below Target

Develop a network that's ready for Net Zero (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
●	We will use a structured process to review our existing policies and procedures, identify gaps and implement required changes, to fully embed Whole System planning as business as usual. This will have oversight at director level with accountability and reporting to our senior executives. We will use this to engage strategically with other electricity network companies, National Grid ESO and licenced utility companies to work towards achieving Whole System outcomes throughout RIIO-ED2.	All appropriate processes or policies reviewed and Whole System process developed.	All appropriate processes or policies reviewed and Whole System process developed.	We have established our Whole System Operating Framework (WSOF). Our engagement with other utilities has included through the ENA, the Whole System Charter for Scotland and through the Whole Electricity System Forum. We are also heavily engaged with respective Local Authority groups and the development of the RESP.	All appropriate processes or policies reviewed and Whole System process developed.
●	We will engage with all local authorities in SPD and SPM to support the strategic siting of public EV ChargePoint hubs, utilising our extensive network knowledge and working collaboratively with local stakeholders in optioneering, to identify the optimal locations. We will publish a report on our work at the end of the price control, reporting the number of optioneering reports we completed with local authorities and the consumer benefits delivered in relation to reduced connection charges.	1,000	3,366	We have supported Local Authorities to optimise the design and implementation of public EV charging. We are regularly engaging with each Local Authority.	>500 per annum
●	We will provide a dedicated team of specialists (Strategic Optimisers) that will partner with Local Authorities (and regional Governments) to support the development and implementation of Local Heat and Energy Efficiency Strategies (LHEES) and Local Area Energy Plans (LAEPS).	80	80	Our Strategic Optimisation team have engaged with Local Authorities across England, Wales and Scotland to support the development of their LHEES or LAEPs. The team continue to engage and support each Local Authority with LHEES or LAEPs and other energy plans.	40 per annum
●	As a steward of critical national infrastructure, we will maintain our ISO55001 accreditation and ensure all our asset managers are certified with the Institute of Asset Management. We will continue our strategic partnership with the IET and our leading contribution to the IEEE, CIGRE and CIRED.	85% of Team Members Accredited.	64% of Team Members Accredited.	A number of internal team changes and recent certifications has resulted in the figure remaining the same. {Internally – L&D team have not progressed training courses for new staff which has caused some delays, will review final position before 12 month return).	85% of Team Members Accredited.
●	We will continue to optimise the level of network risk, reducing asset deterioration from around 5.4% per year without intervention to around 1.1% through our targeted and optimised asset modernisation programme over RIIO-ED2.	40% Linear Target for RIIO-ED2 NARM target.	SPD has delivered 26% of RIIO-ED2 NARM target and SPM has delivered 29%. Effect of risk delivery on reduction of asset deterioration determined at end of period.	NARM delivery is behind a linear delivery target of 40% for the RIIO-ED2 period largely due to external market challenges in overhead line programmes and primary projects. We remain committed to delivering our risk targets with proactive recovery actions to deliver our asset risk reduction targets over the remainder of the period.	100%

● Ahead of Target ● On Target ● Below Target

Develop a network that's ready for Net Zero (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
🟢	We will improve the reliability of our supply to customers, ensuring that on average customers will be 19% less likely to experience an unplanned interruption, and average duration will reduce by 19%. We will do this over the duration of RIIO-ED2 by investing in new & proven technologies and embedding innovation.	No cumulative target.	4% reduction in CI 3% reduction in CML	Improvement has been demonstrated in SPM, moving from an increase in CML after Year 1 into a reduction after Year 2. Both Licences across both CI and CML have shown an improvement on ED1 averages, with further work required to meet our target by the end of ED2.	19%
🟢	We will improve reliability for 7,857 of our 'Worst Served Customers' by reducing their number of interruptions by 33% through delivery of 22 dedicated network circuit performance schemes.	2,647 customers	2,647 customers	24 schemes have been completed, with 2647 customers expected to benefit. 31 schemes (impacting 4,023 customers) for SPD and 64 schemes (impacting 5,747 customers) for SPM are in progress, and due to be completed before the end of ED2.	7,857 customers
🟢	We will ensure that in an exceptional event, no customer should be off supply for more than 36 hours.	0 customers	SPD – 21,564 customers SPM – 15,624 customers	All Storms achieved this standard other than Storms Darragh & Éowyn, which were the 1st Storms for we that raised the 1 in 20 threshold due to the severity. It is worth noting that the restoration profiles for these 2 storms were improved significantly from previous severe weather events, including Storm Arwen.	0 customers
🟠	Building on our extensive RIIO-ED1 work, we will take a proactive approach to overhead line issues by adopting a risk based, digitalised inspection regime with the use of LiDAR (flying one third of our network per annum). In addition to this we will rectify all reported and confirmed overhead line clearance issues within 12 months of discovery.	In year target of 10% defects cleared (2,096 defects cleared).	5% of Defects Cleared (975 of 20,965).	1,304 defects will be addressed through the ESQCR Programme. 7,257 defects (including backlog) issued for clearance during 2025. A further 12,404 defects will be cleared as a separate Defect Programme.	100% OHL defects cleared within 12 months.
🟢	We will continue to improve the flood resilience of our network by working with our regional environment agencies and continue to target 100% compliance as flood maps and assessments evolve during RIIO-ED2.	88.3% compliance	84% compliance	Flood risk assessments have been carried out and the work is progressing. Flood risk mitigation works on some substations have completed and works commenced on more substations. Construction work will be carried out to mitigate flooding risk where necessary in an effort to achieved 100% target by end of ED2 period.	Schemes to mitigate flooding at substation will take place through ED2 and overlap into ED3.
🟠	We will improve fire safety at over 1,000 substations integrated in third party buildings, through a prioritised, risk-based investment programme during RIIO-ED2.	500 substations	419 substations	Fire Actions for third-party buildings have taken some planning as all of these substations require third-party access. Volumes are to increase slowly at the beginning of ED2 and ramp up towards the end, achieving our ED2 commitment.	1,000 substations

🔵 Ahead of Target 🟢 On Target 🟠 Below Target

Develop a network that's ready for Net Zero (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will deploy smarter security measures and access restrictions to 100% of our ground mounted substation sites over the course of RIIO-ED2, to reduce unauthorised access and improve traceability and management of our third-party contractors.	No cumulative target.	822	We have paused our delivery programme this year in order to review the latest in smart lock technology and revise our deployment plan alongside broader security measure roll-out. This will enable us to deliver the most efficient, sustainable solution to ensure traceable access to our substations.	21,793
	We will safeguard around 14,000 residents of flats and tenements each year over RIIO-ED2 by proactively managing the remaining risk associated with deterioration of Rising and Lateral LV Mains (regardless of asset ownership). We will do this through our risk-prioritised modernisation programme by upgrading poor condition assets where they are identified over RIIO-ED2.	31,997	13,073	Focus on proactively replacing LV Services in estates predominantly occupied by RLM Housing, enabling us to provide the majority with dedicated LV services and thus enhancing resilience/future-proofing.	70,465
	We will improve public safety risk by replacing over 2,000 of our last remaining poorest condition underground link boxes and modernising nearly 2,000 low voltage pillars in publicly accessible areas during RIIO-ED2.	1,821	1,643	Volumes delivered within SPD relate to 472 Pillars and 220 Link Boxes. SPM volumes reflect 114 Pillars and 837 Link Boxes.	2,073
	We will offer 100% of customers a pre-quotation consultation, using either face to face or virtual technology, to achieve improved upfront communication with customers by 2025.	100% customers offered pre-quotation consultation.	100% customers offered pre-quotation consultation.	Our CRM system enables us to track interactions with customers and ensure plans are in place to improve on quality and timeliness of customer communications. We ensure customers are proactively contacted post application to discuss requirements and any suitable additional interactions during the life cycle of the quotation process.	100%
	We will nominate a point of contact to all customers requesting 30 or more quotations per year, or who have a single project exceeding £1m in value, using dedicated account management to foster better relationships with repeat customers, by 2025.	4 Account Managers in position.	3 Account Managers in position.	We have a team of customer relationship managers supporting our design managers working across our two licences to provide improved account management. Dedicated point of contact for ICP's and IDNO's to provide full support for competitive activities.	We will embark on a strategy to allocate repeat applications to common designers in order to ensure that customers have common points of contact.

Ahead of Target On Target Below Target

Develop a network that's ready for Net Zero (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will offer 80% of HV and EHV customers the choice of a firm and a flexible connection where a known constraint exists to achieve more coordinated network planning by 2025.	Programme initiated.	Programme initiated.	We have implemented our curtailable connections process to provide customer more options to achieve a connection through flexibility, which allows customers to receive a restricted connections ahead of network reinforcement. The customer can remain on curtailed or move to a uncurtailable connection when DNO reinforcement work is completed.	80%
	We will quote within 70% of guaranteed standard timescales for Major Connections customers using our improved digital solutions. By 2028, 100% of customers to receive a budget offer at the point of enquiry.	98%	99%	We continue to strive to improve our performance by exceeding Guaranteed Standards timescales for our quote offerings, in 2024/25 11,433 (99%) of quotes issued in 50 days or less (SLC12).	100%
	We will make increasing amounts of connections related network information available in near real time, including capacity and constraint analysis. This will use increased digital data sets by 2025.	Data Portal implemented.	Data Portal implemented.	The Open Data Portal is available to all customers and provides access to data on our Distribution and Transmission networks. Our available heat maps indicate to generation customers which networks may require reinforcement if they wish to connect. We continue to develop our self service technology so that customers will be able to see network data.	Fully optimised self service solutions using data sets at all voltages.
	We will improve connections delivery timescales by 2% year on year from the start of RIIO-ED2.	Baseline Established.	Baseline Established.	Now that we have year 1 results for our Major Connections time to connect we will seek to improve these timescales year on year to achieve target. We will review our performance following the end of year 2.	A 7.7% reduction on the baseline figures established by market segment.

Ahead of Target On Target Below Target

Be the trusted partner for our customers, communities and stakeholders

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	For customers receiving any service from us, no matter the contact channel, we will deliver satisfaction levels of 9.4 out of 10 by the end of RIIO-ED2.	9.28	SPD – 9.28 SPM – 9.21	Year 2 target achieved in SPD despite the impact of Storm Éowyn. SPM slightly below target but this was solely as a result of Storm Darragh.	9.4
	90% of complaints resolved in one working day. At least 99% of complaints resolved in 31 days. We will also target zero repeat complaints in 12 months and for any complaint where the customer engages the Energy Ombudsman, we will ensure none of the findings are against us.	90%/99%	SPD – Day 1: 87.27% Day 31: 98.08% SPM – Day 1: 87.94% Day 31: 98.27%	Marginally missed target as a result of the impact of Storms Darragh & Éowyn.	90%/99%
	When a customer contacts us to report a power cut or an emergency, we will respond in 10 seconds or less, regardless of the channel used. We will make sure less than 1% of telephone calls in this area are abandoned.	<10s and <1%	SPD – 61.8s/10.48% SPM – 55.2s/7.46%	Performance not achieved but hugely impacted by Storms Darragh and Éowyn, which saw we handle more than a months worth of calls in a single day. Currently piloting the use of Agentic AI to support enhanced performance in this area.	<10s and <1%
	When a customer contacts us regarding a non-urgent matter, we will respond on average within five minutes, providing the customer with key information.	<5 mins	78s	Target achieved.	<5 minutes
	We will provide a service for customers to register their preferred method of contact and language and will use this during any contact with them throughout RIIO-ED2. We will promote this in our awareness campaigns every year.	Preferred method of contact is in place and preferred language is still in progress and is tied to our AI program. Once preferred language is in place this will be added to the annual awareness campaigns.	Preferred method of contact is in place and preferred language is still in progress and is tied to our AI program. Once preferred language is in place this will be added to the annual awareness campaigns.	Preferred method of contact is in place and preferred language is still in progress and is tied to our AI program. Once preferred language is in place this will be added to the annual awareness campaigns.	Provision of a new service for customers to register their preferred method of contact and evidence of promotion of this to customers.
	Any customer will be able to register with us to receive proactive contact through their preferred method of communication when a power cut occurs. This will include updates throughout the power cut and notification when power is restored. We will contact at least 99% of those who have requested this using their preferred method.	In place by end of price control period.	In Progress. On track to be delivered by the end of the price control.	In place for PSR customers. Will be in place for all PSR customers by the end of the price control.	99%

Ahead of Target On Target Below Target

Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will talk to customers face to face in advance of a planned power cut and ensure we speak with 95% of those on our PSR or classed as high risk.	95%	SPD – 89% SPM – 83%	Slightly under target. This process is supplemented by outbound calling where appropriate to try and reach customers we have not been able to visit.	95%
	We will proactively contact all customers registered on our Priority Services Register when a power cut occurs via their preferred method of contact including updates throughout the power cut and notification when power is restored. For those customers in our high risk groups (e.g. medically dependent on electricity or struggle with mental health) we will proactively contact them with a personalised phone call to provide additional comfort.	100% customers contacted.	100% customers contacted.	Target achieved. Process embedded into business as usual.	100% customers contacted.
	During an unplanned loss of supply, at least 99% of updates provided will include the following information: Expected Restoration Times, Resources Attending (Name), Reason for the outage, Location of the cause, Support available for vulnerable customers.	99% updates include relevant information.	100% updates included relevant information.	Target achieved. Process embedded into business as usual.	99%
	During an unplanned loss of supply, at least 80% of customers will have their electricity supply restored within the restoration time initially stated.	80%	78%	SPD – 81.6% SPM – 73%	80%
	All customers will be notified in writing at least 10 working days ahead of a planned outage, with at least 90% notified by preferred method of contact 48 hours before work starts. At least 99% of letters will include 5 key pieces of information our customers tell us are important.	10 days, 90% 48 hours before and 99% including key information.	SPD – 100% customers contacted. SPM – 100% customers contacted.	Target achieved. Process embedded into business as usual.	99%
	When customers ask us to carry out safety checks, we will make sure 99% or more are visited within three hours of the initial contact.	99%	SPD – 84% SPM – 79%	Below target overall, but incidents are assessed and prioritised for criticality and resources dispatched accordingly.	99%
	When customers ask us to support requirements such as new earthing, shrouding or maintenance work, we will deliver 90% of this work to the customers required date (subject to access and traffic management).	In place by end of the price control.	In Progress. On track to be delivered by the end of the price control.	In progress and will be delivered by the end of the price control.	90%

Ahead of Target On Target Below Target

Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will undertake a Power Cut Risk assessment for all Commercial Customers signing up to our Advice Services and our Proactive Contact service. We will review the Risk Assessment for these customers and record appropriate actions within 3 months of registration.	In place by end of reg year.	Commercial customers now included in planned pre vet process.	Commercial customers now included in planned pre vet process. Any specific needs are captured face to face and evaluated.	Rate of compliance to follow up actions at 90%.
	We will transition our partnership model to be proactive by creating a coalition of organisations with shared goals and data sharing governance to deliver holistic and efficient support.	COP model in place.	COP model in place.	COP model is in place. Details of this can be found in our annual vulnerability report.	
	We will lead the creation of a single vulnerability register which our PSR will be part of, linking the organisations in our coalition partnership model. This "Register Once" service will make it easy for customers to register for vulnerability services with multiple organisations.	Built into our COP model.	Built into our COP model.	COP model is in place. Details of this can be found in our annual vulnerability report.	
	We will register 80% of customers across every common needs code for PSR Registration by 2028 based on nationally available data.	80%	100% – SPD 97% – SPM	Already exceeding target ahead of plan.	80%
	We will widen our view of vulnerability, capturing needs broader than common utility codes, building these into our service offerings and coalition partnership model.	Built into our VEST tool.	Built into our VEST tool.	Built into newly developed VEST tool. Details can be found in our annual vulnerability report.	
	We will contact 100% of all our vulnerable customers every 2 years, achieving a minimum 60% fully validated data.	100%	100%	Target achieved. Process embedded into business as usual.	100%
	We will use data creatively to understand those customers likely to face barriers in accessing low carbon technology (LCT) due to social factors and overlay this with technology data creating an LCT prioritisation ranking to enable us to best target our services.	Built into our VEST tool.	Built into our VEST tool.	Built into newly developed tool. Details can be found in our annual vulnerability report.	
	We will benchmark our service externally every year to measure up against best practice, achieving relevant recognized international standards and score in Top 5 UK companies through ICS (Institute of Customer Service) service benchmark.	Achieving top 5 place in ICS benchmark. BSI standard maintained.	Achieving Top 5 position in ICS benchmark. BSI inclusive service & service excellence standards achieved.	Achieving Top 5 position in ICS benchmark. BSI inclusive service & service excellence standards achieved. 1st UK company to achieve service excellence standard.	

Ahead of Target On Target Below Target

Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will support customers in a number of ways during a power cut and capture their individual needs through our contact channels with no less than 99% of needs being met.	99%	SPD = 96.2% SPM = 95%	Vast majority of customer needs delivered in the year. Needs are assessed on an individual basis, and where it is determined that the specific service cannot be delivered, we find alternative support arrangements.	99%
	We will deliver direct support services to 100,000 vulnerable & disadvantaged customers.	86,237	23,551	Whist volume of services is behind target, the value of services delivered to customers has exceeded our target. The volumes have now been reforecast to the end of the price control and will be delivered in full.	100,000
	We will work in partnership with local support organisations to deliver community energy awareness campaigns at scale and educational outreach activities to raise knowledge and awareness of the changes coming to the energy sector and how individuals and their communities can participate and benefit. We will review our engagement, including who/how best to deliver information, throughout ED2 and remain flexible and innovative in our approach.	1. Worked with Community Energy Bodies over the last 12 months to deliver on our awareness campaign 2. Expanded our network of stakeholders to enhance the reach of CE awareness outputs by various comms.	1. Over the 24/25 we have been working with Community Energy Bodies to deliver on our awareness campaign 2. Expanded our network of stakeholders to enhance the reach of CE awareness through various comms outputs, Tractivity and in-person engagement.	The Community Energy engagement manager's regularly collaborates with Community Energy Scotland/England/Wales, works with EST on capacity-building workshops, and partners with groups to support renewable projects and net-zero goals.	Over the next 5 year period we will ensure engagement evolves to meet the needs of our stakeholders and commitments set within ED2.
	We will submit a Community Energy Strategy with our RIIO-ED2 business plan to clearly show how we will embed community energy thinking across our business and set our approach to leveraging resources to cost-effectively support community anchor organisations and their community energy projects across our licence areas. Our strategy will be independently reviewed every year to make sure we are learning as we go and adjusting to changes in the external environment.	1. 2024/25 Community Energy Strategy was reviewed and published in September 2024. 2. Further development of Community Energy resources is ongoing with material uploaded on our website.	1. 2024/25 strategy is still being implemented. Planning for 25/26 strategy in place with a September launch scheduled. 2. Resources developed throughout 2024/25 are signposted when engaging with stakeholders. Community Energy team are in the process of facilitating further engagement and research to highlight Community Energy stakeholders needs and areas of support required.	Updated Community Energy Strategy was reviewed and published in September 2024. This will be reviewed on an annual basis.	Over the next 5 year period we will ensure that the CE strategy evolves to meet the needs of our stakeholders and commitments set within ED2.

Ahead of Target On Target Below Target

Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
●	Through dedicated Community Energy advisors (who will work with our Whole System advisors), we will offer technical advice and optioneering as well as sign-posting to impartial, local support organisations and local energy planning activities and hand-hold local groups in need of additional support through our connections process.	Events supported.	Community Energy Engagement events have been attended.	We have a dedicated Community Energy team within NP&R team. Licence Design & Development staff also support and attend events to support communities and their energy projects.	Support Community Energy Engagement events.
●	We will publish our Just Transition Strategy by the start RIIO-ED2. We will embed the principles of a Just Transition into our business planning throughout RIIO-ED2 and continue to engage our customers and stakeholders to understand local needs. We will review our progress via an independent annual review.	Report Published.	Report Published.	Just Transition Annual Report published Q2 2024.	Strategy Published annually.
●	We will deliver industry leading stakeholder engagement through the principles of inclusivity, materiality, responsiveness and impact. To validate this and help inform our continuous improvement we will seek achievement of the AA1000SE industry standard for stakeholder engagement. We will aim to reach the highest categorisation phase possible on the AccountAbility maturity ladder following a robust evidence check and senior manager interviews – demonstrating our commitment to industry leading engagement practices.	81%	93%	We achieved a successful result in the last year, highlighting our ongoing commitment to achieving this.	81%
●	We will re-test our priorities with customers and stakeholders on an annual basis and present results to our independent external group every year along with our action plans. Our plans will be inclusive ensuring our engagement covers all stakeholder and customer groups.	2 completed stakeholder surveys.	112 stakeholders have completed the survey sharing their priorities with us.	Survey closed and completed June 2025.	One stakeholder survey per year.
●	We will launch a fit-for-purpose online tool, which gives our stakeholders easy access to a collaboration and engagement platform where they can engage with relevant content and influence our decision making. We will ensure better targeting of stakeholder communications, increasing active participation rates by 20% by the end of RIIO-ED2.	10%	Seeking engagement rates.	Tool has been launched and is use for all external engagement. This platform gives visibility to our stakeholders on how and where they can engage with us.	20% increase in stakeholder participation.

● Ahead of Target ● On Target ● Below Target

Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	By embedding an annual programme of engagement across each of our strategic topic areas, we'll give stakeholders the chance to influence our decisions and assess the delivery of our plans. At an executive level, we will hold director-led strategic stakeholder engagement events demonstrating senior-level buy in and engagement with our stakeholders. We will measure the effectiveness of our engagement through impact delivered and stakeholder satisfaction.	2 strategic stakeholder events held, including director led – 4 in total over the cumulative period.	Implemented INZAC in 2023 to fulfil this work. This group is well established and meets with the ExCo on a quarterly basis.	Implemented INZAC in 2023 to fulfil this work. This group is well established and meets with the ExCo on a quarterly basis.	10 strategic stakeholder events held – including director led.
	We will report annually on our latest engagement performance through transparent stakeholder reporting, including social return on investment generated by our stakeholder initiatives. We will commit to achieving a positive social value for every £1 wet on a project or initiative over a 5-year period.	SROI published in annual report.	SROI published in annual report.	We have delivered £10.54m of social value when supporting our customers struggling with fuel poverty – ahead of target. We have delivered £180,000 of social value when supporting customers to access low carbon technologies.	One report on SROI published per year.
	We will embed environmental sustainability considerations in our business processes whilst maintaining and continually improving our ISO14001 certified Environmental Management System. This will enable us to achieve 'beyond compliance' environmental performance and our sustainability goals.	Maintenance of ISO14001 certification.	We maintained our ISO14001 certification.	During regulatory year 2024/25 we maintained our certification of ISO14001 with an external recertification audit of our Environmental Management System. We are continuing to embed the recommendations and opportunities from this report into our internal systems.	Annual maintenance of ISO14001 certification.
	We will continue to provide transparent reporting of our environmental and sustainability performance by publishing an annual report of our progress against all environmental and sustainability commitments – in line with metrics and a format developed in collaboration with the other DNOs.	Publish annual environmental report.	Report published.	An Annual Environmental Report has been created providing an update on progress towards meeting our commitments to stakeholders. The report provides a narrative update, case studies and relevant KPIs to present our performance against targets.	Publish annual environmental report.
	We will improve the quality of environmental data collected and analysed at all stages of the asset lifecycle, investing in enhanced IT systems and formalising data sharing collaborations with key stakeholders.	Progress against strategy routemaps in AER.	Data strategy published.	The Sustainability Data and Reporting Strategy has now been published internally. This strategy provides a framework for data quality improvements over the ED2 period. It also incorporates our strategy for digitalisation of sustainability data to automate data collection and standardise and simplify reporting.	Progress against strategy route maps in AER.

Ahead of Target On Target Below Target

Ready our business for a digital and sustainable future

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
🟠	We will continue to ensure that our staff, contractors and suppliers have the skills and knowledge to allow us and our supply chain to move beyond compliance and achieve our Sustainability Goals, by identifying and ensuring delivery of appropriate environmental training.	90%	76%	In 2024/25, 76% of staff environmental training was delivered, falling short of our 90% target. 57% of our Supply Chain companies have completed training hosted by the Supply Chain Sustainability School.	90%
🟢	We will further enhance environmental sustainability standards and performance metrics in our contracts by 2023 and will collaborate with our supply chain to target more than 80% of RIIO-ED2 suppliers (by value) meeting these standards.	65%	65%	65.5% of our Distribution suppliers (by value) meet our environmental sustainability standards. We will continue to engage to increase this in line with our commitment.	>80%
🔵	We will deliver efficient and economic actions to reduce our scope 1, 2 & 3 business carbon footprint by 67.2% by 2035 from a 2018/19 baseline, in line with validated Science-Based Targets aligned to a 1.5-c pathway.	-25%	-39%	The most significant reductions from our 2018/19 baseline have been driven by decreased emissions from depot and substation energy use, and the introduction of HVO as a replacement for diesel. Scope 3 emissions account for approximately 49% of our total emissions.	-38%
🔵	We will minimise our carbon footprint to achieve Net Zero carbon by 2035.	16,449	13,485	We have reduced business carbon footprint emissions in line with the trajectory towards our 2035 Net Zero target. Some parts of our carbon footprint may decarbonise in line with, quicker than, or behind the 2035 Net Zero pathway. The focus is on the overall outcome, meaning any shortfall in one area must be balanced by greater reductions in another.	12,755
🟠	We will achieve Carbon Neutrality by 2023 for our Scope 1 & 2 business carbon footprint excluding Losses.	44,142	0	We did not offset our emissions in the second year of RIIO-ED2, as we are currently developing a framework that aligns with the evolving carbon offsetting market. Once this framework is established, we intend to retrospectively offset emissions from both the first and second years of RIIO-ED2 in subsequent reporting periods.	101,315
🟠	We will decarbonise our operational fleet by 2030, replacing 100% (over 800) of our cars and vans with electric alternatives in line with the Iberdrola EV100 commitment and will seek to further accelerate this to 2028.	91%	5%	We have replaced 41 of our petrol/diesel cars and small vans with electric alternatives. Electric alternatives to our larger vans that travel long distances carrying heavy loads are not yet commercially available. We are working to accelerate the transition to electric vehicles during ED2, with 89 EVs to be rolled out August – December 2025.	100%

🔵 Ahead of Target 🟢 On Target 🟠 Below Target

Ready our business for a digital and sustainable future (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will reduce our SF_6 leakage by 10% over the RIIO-ED2 period compared to RIIO-ED1.	6%	17%	During the regulatory year 2024/25, we bettered our second year target of a 5% reduction in SF_6 leakage. The recorded SF_6 leakage was lower than the amount needed to meet this 5% reduction target. As a result we exceeded our target as the less we leak, the higher the percentage reduction.	10%
	We will analyse our generator use and set targets for reduction in carbon emissions to be achieved by end of RIIO-ED2.	30.4%	64%	We have set a target to reduce generator emissions per MWh of power supplied by 76% by the end of RIIO-ED2 – targeting a linear reduction, and are ahead for 2024/25.	76%
	We will continue to purchase green electricity through a 100% UK-based renewable energy tariff backed by Power Purchase Agreements (PPA) for all our buildings. Beyond this, we will reduce our buildings and substations energy consumption by a minimum of 15.2GWh (8%) over the RIIO-ED2 period.	0.7GWh	0.48GWh	The GHG emissions from Buildings electricity was almost zero in 2024/25, due to electricity purchased through a REGO tariff backed by PPA. Energy efficiency measures were carried out on 342 substations, resulting in cumulative savings of 0.48GWh.	15.2GWh
	In RIIO-ED2, we will continue to implement our Losses Strategy to avoid an estimated 36 GWh of network losses, thereby limiting losses to a lower level than would otherwise be the case.	6.4GWh	2.03GWh	We are proactively mitigating technical losses increase through our programme of replacement of high loss transformers. Progress is on target, with 934.43 MWh mitigated through transformer replacement in 2023/24, and 2027.13 MWh in 2024/25, totalling 2961.56 MWh over these two years.	36GWh
	We will continue to implement our 2021 Business Travel Policy to reduce business travel emissions by at least 580 tCO2e during RIIO-ED2.	185 tCO2e savings	249 tCO2e savings	The implementation of our Travel Policy has led to approximately 51% reduction in combined miles travelled by rail and domestic flights compared with 2019/20. We estimate that this has led to a savings of 117 tCO2e in 2024/25 and a cumulative savings of 249 tCO2e since the beginning of ED2.	580 tCO2e savings
	We will require strategic suppliers to set Science-Based Targets within 5 years, aiming for 80% of our supply chain by value.	48%	34%	We have seen a decrease from 44% to 34% to date, we will be holding engagement sessions with our supply chain leads to discuss how to move towards 80%.	80%
	We will continue to target zero environmental regulatory interventions and notifiable breaches.	0	4	There were 4 regulatory interventions/notifiable breaches in 2024/25, however no further enforcement actions or undertakings resulted.	0

Ahead of Target On Target Below Target

Ready our business for a digital and sustainable future (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will implement Pollution Prevention Plans at 100% of our RIIO-ED2 132kV projects.	100%	100%	In SPM we achieved our target to implement pollution incident response plans in all of our 132kV projects in the 2024/25 reporting period.	100%
	We will reduce the volume of fluid (oil) used to top up our pressurised cables by around 3,490 litres (10%) by replacing 19.429km of our leakiest fluid filled cable.	9.715km	2.4km	Cable modernisation projects for Kirkby and Bootle Circuits are in the RIIO-ED2 plan and programmed for completion in 2027 to reduce and improve our leakage rate. 2.4km of cables were replaced in 2024/25.	19.429km
	We will eliminate PCBs from our network by the end of 2025, in line with legislation and the risk-based industry approach agreed with the environmental regulators.	10,755 PCBs removed	6,534 PCBs removed	Work progressing on planned removal of PCB contaminated assets to ensure that we meet the deadline of 31 December 2025. Our plans, continue to identify contaminated equipment which requires a challenging rate of equipment replacement, however we are making progress to resolve in line with target.	13,398 PCBs removed
	We will use low carbon alternatives to concrete bunding for our RIIO-ED2 retrofit projects where technically feasible.	12	59	We have used lower carbon concrete on 59 of the projects for the RIIO-ED2 period in Primary Projects, for Plinths/Bunds. (Concrete mix that contains 40% Ground Granulated Blast Furnace Slag (GGBS) replacement for Portland cement).	29
	We will continue to proactively minimise the impacts of noise resulting from the construction, maintenance and operation of our electrical infrastructure and take timely action to rectify noise complaints from our plant and sites.	12 Noise complaints with actions taken to resolve.	49 Noise complaints with actions taken to resolve.	We received 40 noise complaints in the 2024/25 reporting year, these were investigated and fully rectified. Through compliance with our Noise Management Procedure, we are continuously educating colleagues on how to better manage noise.	30 Noise complaints with actions taken to resolve.
	We will deliver 10% enhancement of biodiversity on 25 hectares across our existing network, on our non-operational land and existing linear infrastructure through collaboration with landowners, communities and local wildlife groups.	10ha	19.62ha	We have worked with Cheshire Wildlife Trust on two projects to enhance habitat for Pollinators and extend an area of wetland to improve habitat availability for waders. We continued to develop a pipeline of enhancement options in an around substations, and plan to work across 2025/26 to deliver a programme of works.	25ha
	We will remove 35km of overhead lines in Areas of Outstanding Natural Beauty, National Parks, and National scenic areas.	8km	5.06km	During 2024, we've completed visual amenity works in Abergwynnant and work continues to be completed at Rhos Mynach, in Anglesey. During 2025 and 2026 we will begin works on a number of projects in Anglesey, Denbighshire and the Llyn Peninsula. SPD have one major named project for ED2, Holy Island, which is planned for ED2.	35km

Ahead of Target On Target Below Target

Ready our business for a digital and sustainable future (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
●	We will divert 100% of our waste from landfill by 2030, excluding compliance waste.	95.83%	94%	In the 2024/25 reporting year, we diverted 94% of our direct and operational/construction waste from landfill, just short of the trajectory required to achieve 100% by 2030. We plan to be on track to meet the 2030 target by increasing supply chain engagement and focus on key areas.	98.3%
●	We will establish a baseline and targets for waste reduction per £1m of total annual expenditure, to be achieved by the end of RIIO-ED2 and 2030 in line with our zero waste to landfill date.	Baseline Established.	Baseline Established.	Baseline established, targets to be set during 2026.	Baseline and targets set.
●	We will grow our own talent from the communities we serve through a blended approach of multiple inclusive trainee and upskilling programmes and direct recruitment, to achieve a safe, skilled workforce. We will do this on an annual basis throughout RIIO-ED2, by filling 90% of our roles for our field staff and 50% for our engineering and technical workforce using our trainee programmes.	43% Eng 78% Craft	36% Eng 76% Craft	We have further expanded our annual intakes in line with future business needs, reflecting our commitment to developing a skilled and resilient workforce from within. With increasing challenges in the external recruitment and skills market, we remain focused on creating pathways that nurture capability and potential across our organisation.	Continue to build on programmes, with continued yearly increase in trainees and development of programmes in line with future business needs.
●	We will create opportunities for our staff to develop new skills through development, upskilling and training plans aligned to our digital transition and journey to Net Zero to achieve a workforce who are motivated and confident to embrace the challenges we face. We will do this through annual internally recruited trainee programmes and annual upskilling plans for our people.	No cumulative target.	101,824 training hours.	Continue to build on training hours, diversity of programmes and numbers of employees, including trainees.	Continue to build on training hours, diversity of programmes and numbers of employees, including trainees.
●	We will continue our relentless drive to achieve a truly inclusive and diverse workforce through our improved policies, recruitment processes and by supporting and training our people leaders in Diversity & Inclusion (D&I) Legal training, inclusive recruitment and inclusive leadership by 2025. We will aspire to achieve D&I collection rates of 60% or more for our existing workforce to support the measurement of our diversity improvements by 2025.	43% D&I data capture.	42.95% D&I data capture.	Our focus this year has included improved offerings for employees who need paternity, caring and neonatal care leave. We've successfully launched a new initiative providing significantly quicker set up and support for employees who benefit from using accessibility software. D&I collection rates have grown from 16% in 2023 to 43%.	Aspiration to increase to 60% D&I data capture.

● Ahead of Target ● On Target ● Below Target

Ready our business for a digital and sustainable future (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
🟠	We will continue our long-standing commitment to safeguard the physical and mental health and wellbeing of our people to achieve a resilient, engaged workforce. We will engage with staff and implement actions plans from their feedback through our LOOP survey every two years and specific topic PULSE surveys and we will increase the number of our mental health first aiders to a 1:25 standard by 2024.	Loop Annual 55% response rate Mental Health First Aiders100 – 119.	Loop – annual result – 46% response rate SPD 30% and SPM 31% – Mental Health First Aiders 84.	We are on track to achieve target of training all people managers by the end of this year. 417 people managers have been trained against an original target of 478 with a further 12 courses to be delivered between April and September 2025. The course continues to be very well received by attendees with an overall satisfaction rating of 98%.	Complete Mental Health Leadership training for all People Leaders. Maintain Loop response rate.
🟢	We will embed a digital and sustainable culture within our workforce to support our journey to Net Zero. We will do this through ensuring our current and future workforce benefits from new and enhanced capabilities, providing them with necessary skills for the future through RIIO-ED2.	No cumulative target.	1,013 hours of training delivered.	Continue to build on strategic skills capabilities and solutions.	Continue to build on strategic skills capabilities and solutions.
🟢	We will operate a risk-based approach to the management of vulnerabilities and threats to the cyber-security and resilience of our IT and OT estate and data. We will continually assess our current position, review the threat landscape and create action plans to apply proportionate technical and organisational mitigation steps. This will be a stepped increase from ED1 as cyber threats evolve.	Appropriate action plans created.	Appropriate action plans created.	Plans are in place and have been communicated annually to Ofgem.	Create appropriate action plans.
🟢	We will create a new Digital environment to meet our customers', stakeholders' and business' future plans and strategies. We will build a Digital representation of our energy system and operation. Metrics will be published in line with our Digitalisation Strategy & Action Plan (DSAP).	Digital Strategy and Action plan published annually.	Digital Strategy and Action plan published in March 2025.	Our updated action plan was published in March 2025. Next update due at end of March 2027.	Digital Initiatives delivered in line with DSAP.

🔵 Ahead of Target 🟢 On Target 🟠 Below Target

Ready our business for a digital and sustainable future (continued)

Status	Commitment	ED2 Cumulative Target	ED2 Cumulative Actuals	Response	5 year target
	We will track, measure and publish our progress via the Digitalisation Strategy & Action Plan (DSAP). The Digitalisation Strategy will be refreshed and published at least every 2 years, and the Action Plan at least every 6 months.	2 Action plans published in each regulatory period.	Action plan published twice within the regulatory period.	Our most recent action plan was published in June 2025. Next update due at end of Dec 2025.	Bi-Annual DSAP publication.
	We will treat data as an asset and make data more accessible for more people (internally and externally) so that we can deliver more value for our customers and stakeholders. We will make our data presumed open by applying the principles from Ofgem's Data Best Practice Guidance.	Data initiatives delivered in line with data strategy.	Data Governance policies continue to be rolled out. Informatica tool deployed with each new data use-case. Open Data roadmap published and commitments met. Ambitious plans for next year shaped by stakeholder feedback. Data Quality (DQ) improvements prioritised for Open Data. DQ assessments published for each dataset.	We continue to role out our Informatica data governance tool alongside our Data Policies and our Open Data roadmap is published openly on the portal. Data quality (DQ) improvements have been prioritised in the area of Open Data with DQ assessments published openly for each data set.	Data Initiatives delivered in line with Data Strategy.

Ahead of Target On Target Below Target

Appendix B

Glossary

Glossary

Biodiversity Net Gain (BNG)
An approach to development and land management that results in a measurably better state for the natural environment compared to before the development took place.

Climate Action Hub
A free-to-use platform that is intended to help small and medium-sized businesses understand climate risk and develop decarbonisation plans to support the global ambition of Net Zero.

Coalition of Partners (CoP)
Collaborative support network.

Community Energy Bodies
Organisations that manage local, renewable energy projects, such as solar and wind power in partnership with or owned by the community itself.

Community Energy Strategy
A strategic initiative designed to support and accelerate community-led energy projects. It aims to empower local groups to develop renewable energy, improve energy efficiency, and adopt low-carbon technologies. The strategy provides guidance, resources, and streamlined processes to help communities overcome barriers and contribute to Net Zero goals across SPEN's operational areas.

Customer Interruptions (CI)
The number of customers in every 100, whose supplies have been interrupted per year over all incidents, where an interruption of supply lasts for three minutes or longer, excluding re-interruptions to the supply of customers previously interrupted during the same incident.

Customer Minutes Lost (CML)
The duration of interruptions to supply per year – average customer minutes lost per customer per year, where an interruption of supply to customer(s) lasts for three minutes or longer.

Customer Relationship Management (CRM)
A strategy and a technology that businesses use to manage, analyse, and improve their interactions with current and potential customers to foster loyalty, increase satisfaction, and drive revenue growth.

Distribution Future Energy Scenarios (DFES)
Annual, granular forecasts created by electricity network companies to predict the future of electricity demand and generation within their specific distribution areas.

Distribution Network Operator (DNO)
A company licensed to operate and maintain the electricity distribution network in a specific geographic area within the UK. DNOs are responsible for delivering electricity from the high-voltage transmission network to homes and businesses via lower-voltage local networks. They do not sell electricity but ensure the infrastructure is safe, reliable, and capable of meeting demand.

Distribution System Operator (DSO)
The DSOs role will be to maintain system security and quality of service in distribution networks in order to serve network customers. The DSO will help with market facilitation, encourage transparent and non-discriminatory access, and ensure security of system and quality of service.

Electric Vehicle Uptake Modelling (EV-Up)
One of SPENs NIA projects with the aim to develop an evidence base for estimating the effects of electric vehicle uptake on the SPEN area in Scotland, England and Wales.

Electricity Distribution 1 (ED1)
ED1 (Electricity Distribution) price control set the outputs that the 14 electricity Distribution Network Operators (DNOs) need to deliver for their consumers and the associated revenues they are allowed to collect for the eight-year period from 1 April 2015 to 31 March 2023.

Electricity Distribution 2 (ED2)
ED2 (Electricity Distribution) price control set the outputs that the 14 electricity Distribution Network Operators (DNOs) need to deliver for their consumers and the associated revenues they are allowed to collect for the five-year period from 1 April 2023 to 31 March 2028.

Electricity Distribution 3 (ED3)
ED3 (Electricity Distribution) price control set the outputs that the 14 electricity Distribution Network Operators (DNOs) need to deliver for their consumers and the associated revenues they are allowed to collect for the five-year period from 1 April 2028 to 31 March 2033.

EMPower Programme
A structured, year-long initiative course for ex-military designed to foster professional growth through mentorship, industry knowledge, and hands-on experience. Participants gain insights into SP Energy Networks and develop the skills and capabilities needed to succeed in their future careers.

Finite Element Analysis
A computational method for predicting how a product or structure will behave under real world forces like stress, vibration and heat.

Flexible Services
Market-based solutions to manage grid demand.

Fugitive Emissions
Emissions released unintentionally from a range of sources such as leaks from equipment, accidental releases, or diffuse emissions.

Heat Pump Uptake Modelling (Heat-Up)
One of SPENSs NIA projects which will enable us to develop evidence of the impact of heat pump domestic retrofits on our electricity network in Scotland, England and Wales.

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

Low carbon technology (LCT)
Technologies designed to reduce the amount of carbon we use, including electric vehicles, heat pumps, wind turbines and solar panels.

LView
Previously called NetView. It is a platform used for analytics and data exports from the grid.

LV De-Mesh
A completed SPEN project under the ENA Innovation Portal that aimed to assess and mitigate LV phase imbalance and other network issues by analysing and improving the interconnected "mesh" operation of the LV network.

LV Network Splitter Systems
A protection and automation solution used to enhance the safety and reliability of low voltage electricity networks. These systems automatically isolate faulted sections during high voltage faults, preventing LV cable damage and enabling quicker restoration of supply. They support safe operation of interconnected LV networks without the need for complex HV protection schemes, particularly in Y-Type configurations.

Glossary

NatureScot
Scottish biodiversity metric development.

Network Asset Risk Management (NARM)
A regulatory metric used by Ofgem to quantify and measure the benefit of a company's asset management activities for consumers.

Network Controllable Points (NCPs)
Plant and apparatus that has automation fitted to carry out operations on the network remotely. This remote switching reduces the need for field engineers on-site and allows quicker restoration of customers during fault operations. It also enables the ability to apply schemes to specific circuits which can restore customers based on alarms and indications without human input, making our network smarter and safer.

Open Data Portal / Data Governance / Informatica
Digital tools and platforms.

Output Delivery Incentive (ODI)
A regulatory mechanism that rewards energy network companies for outperforming targets on agreed-upon outputs, which are measurable and valuable services for customers and the environment, while imposing penalties for underperformance.

PI historian
An enterprise data management and analytics platform for industrial time-series data.

Polychlorinated biphenyl (PCB)
Hazardous substances in older transformers.

Priority Services Register (PSR)
Our register of vulnerable customers, enabling us to provide additional support when required.

Qflow
Waste tracking and reduction.

Register Once Service
Unified vulnerability registration.

Regulatory Asset Value (RAV)
The value of capital assets used by a utility in a regulated industry, as determined by the economic regulator.

Reinforced Aerated Autoclaved Concrete (RAAC)
Structural material under review.

Re-opener
A type of RIIO uncertainty mechanism that allows network companies to apply for adjustments to their financial allowances, outputs or delivery dates during a price control due to changing circumstances.

Return on Regulated Equity (RoRE)
A regulatory metric that estimates the financial return shareholders receive from regulated companies during a price control period, allowing regulators to compare actual performance against the returns they originally allowed in the settlement.

Revenue = Incentives + Innovation + Outputs (RIIO)
Regulatory framework used by Ofgem, the UKs energy regulator, to set the revenue for monopoly gas and electricity network companies.

Ring Main units (RMUs)
A factory-assembled, metal-enclosed switchgear cabinet for medium-voltage power distribution systems that integrates switches and protective devices like circuit breakers or fuses to control and protect distribution transformers on a ring-type network.

S/4HANA
SAP's next-generation enterprise resource planning (ERP) suite built on the SAP HANA in-memory database. It streamlines business processes across finance, supply chain, manufacturing, and more, offering real-time data processing, simplified data models, and an improved user experience.

Sabre EcoTec
SF_6– free switchgear innovation.

SAP
Acronym for Systems, Applications, and Products in Data Processing. Referring to a leading ERP (Enterprise Resource Planning) software company that integrates key business functions – such as finance, human resources, and supply chain – into a unified system.

Science Baseline Target (SBT)
Are emissions reductions goals for companies and organisations that are aligned with the latest climate science which specify what is needed to limit global warming to 1.5 degrees Celsuis, as set out in the Paris Agreement.

Smart Meter Analytics
Advanced gas and electricity metering technology that offers customers more information about, and control over, their energy use (such as providing information on total energy consumption in terms of value, not only volume), and/ or allows automated and remote measurement.

Social Return on Investment (SROI)
Applying financial proxies to quantify outcomes not typically valued in monetary terms, generating a ratio.

Stakeholder Engagement and Consumer Vulnerability Incentive(SECV)
An incentive which drives network companies to engage with stakeholders and address consumer vulnerability issues, rewarding network companies for high quality activities or outcomes that go beyond business as usual.

State of the Sector
Refers to a research report that provides an overview of the current condition of a specific industry or sector such as community energy, charities or financial services.

Sulfur hexafluoride (SF_6)
Potent greenhouse gas used in switchgear.

Supplier of Last Resort (SoLR)
Process established by Ofgem to ensure energy customers supply is not disrupted when their energy supplier fails.

Time to Connect (TTC) and Time to Quote (TTQ)
Incentive which measures the time taken from initial application received to the issue of a quotation and the time taken from quotation acceptance to connection completion. The incentive captures minor connections customers. No exemptions apply.

T.O.P Leadership Model
Transformational Leader; Objectives Orientated; Taking Care of People.

Whole System
To use a holistic approach to identify and create value for customers, business and the whole energy system, enabling a more efficient and just transition to Net Zero.

Y-type networks
An electricity distribution network configuration that is solidly interconnected at high voltages (33kV and 11kV), while adopting a less interconnected or "radial" structure at the low voltage (LV) level.

Distribution

Annual Performance Report

2024/25

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