

SSEN DISTRIBUTION RIIO-ED2

OUR FUTURE STAKEHOLDER ENGAGEMENT STRATEGY

RIIO-ED2 Business Plan Annex 2



Scottish & Southern
Electricity Networks

1. FUTURE ENGAGEMENT STRATEGY

1.1 RIIO-ED2 BUSINESS AS USUAL – BUILDING ON ENHANCED ENGAGEMENT

In Chapter 3: Enhanced Engagement, we set out our commitment to on-going stakeholder and consumer engagement during the RIIO-ED2 price control period from 2023-28. We fully recognise that stakeholder engagement has been incentivised during RIIO-ED1 and through the RIIO-ED2 business plan process and that the capability and expertise we have developed as a result should not only become business as usual but should be further developed during RIIO-ED2.

Our RIIO-ED2 approach builds on our Enhanced Engagement principles and strategy. These have seen stakeholder and consumer engagement become a strategic activity in our business through application in BAU and the RIIO-ED2 business planning process. We see stakeholder and consumer engagement as critical to the delivery of our RIIO-ED2 strategies and outputs.

In this Annex we set out in more detail:

- Our commitments for stakeholder and consumer engagement in the RIIO-ED2 period.
- Our proposed engagement strategies for some of our strategic outcome areas and associated strategies and Outputs with the remainder to be developed for final plan.

1.2 OUR COMMITMENTS

Our future commitments to ongoing stakeholder and consumer engagement are summarised in our Enhanced Engagement chapter and set out in detail Figure 1, which shows how they will meet both stakeholders' and Ofgem's expectations. They demonstrate how we are already applying enhanced engagement and how we will go further during RIIO-ED2:

- Our **strategic** approach is to base our engagement on the RIIO-ED2 strategies and outputs.
- **Inclusivity** will continue to be a hallmark of our future engagement. Our consumer vulnerability strategy will continue to be co-created with stakeholders, consumers and partners who have informed our transformed strategic approach from one size fits all to bespoke service offerings. Going forward, fuel poor, next generation bill payers and SMEs will be delineated segments that we continue to interact with. We are committed to be inclusive of all our stakeholders through future engagement on our Business Plan strategies and outputs. We will also consider customers for future services.
- Our CEG has introduced a new level of **transparency** and challenge in our business during the RIIO-ED2 business plan process. Going forward, we see value in their continued independent scrutiny of the implementation of our Business Plan. We expect that new stakeholder and consumer engagement developments will emerge during RIIO-ED2 and we will need to adapt and continue to co-create solutions with our stakeholders. The CEG will hold us to account in this process and ensure that we continue to deliver what our customers want.

- Our ongoing stakeholder engagement during RIIO-ED2 will track the deliverability of our strategies and Outputs to demonstrate that we are creating **positive outcomes** for consumers, stakeholders and our business.
- We are committed to maintaining stakeholder and consumer engagement as a strategic activity at all functional levels of the business. As part of the RIIO-ED2 business planning process we put in place internal governance processes involving senior levels in the organisation, and we documented in the 'golden thread' for each strategy how our plan was influenced by **senior level buy-in**, which ensured that the most robust sources of stakeholder insight was reflected in strategies and Outputs.
- Our stakeholder engagement strategy has been transformed through research of and adoption of **best practice** methods in engagement. As well as continual research on best practice methods, we intend to undertake further training of staff to increase skills and capability around stakeholder 'co-creation' which enables are stakeholders to increase their influence on our business.
- **Responsiveness** to our stakeholders is best achieved by systematically engaging on our RIIO-ED2 strategies and Outputs. Stakeholders have a growing need for better assessment and measurement of our performance and we see our proposed approach as a leading practice.

Ofgem requirement	How we are already enhancing our approach	How we will go further during RIIO-ED2: our commitments
Strategic and proportionate	<p>We developed a revised Enhanced Engagement Strategy incorporating new elements:</p> <ul style="list-style-type: none"> • New Mission Statement. • Four high-level Principles. • An approach introducing new enhanced elements: <ul style="list-style-type: none"> ○ Segmented stakeholder data base identifying all network stakeholders and facilitating regional and targeted engagement. ○ Co-creation. ○ Synthesis reporting. ○ Golden Thread analysis setting out 'they said, we did' in a consistent format. ○ Triangulation. ○ Assurance. 	<ul style="list-style-type: none"> • Annual review of Mission and Principles conducted with our stakeholders. • Future engagement topics will be the RIIO-ED2 Business Plan outcomes and strategies. • Further training on co-creation to achieve more consistency in definition and application of 'co-creation' across business teams.
Inclusive	<ul style="list-style-type: none"> • Stakeholder engagement is now embedded across all business units. • Development of stakeholder segmentation tool. • Wide range of engagement methods now used. • Targeted stakeholder engagement on measures to support customers in vulnerable situations. 	<ul style="list-style-type: none"> • Commitment to include stakeholder engagement on the content of our Business Plan strategies and Outputs. • All business units will continue to be involved in stakeholder and consumer engagement. • Improvements to the stakeholder segmentation tool.

Ofgem requirement	How we are already enhancing our approach	How we will go further during RIIO-ED2: our commitments
	<ul style="list-style-type: none"> Engagement with other sectors to learn best practice in meeting the needs of customers in vulnerable situations. Bespoke consumer engagement with our identified customers in vulnerable situations and partners. Targeting of fuel poor customers in consumer engagement. Bespoke consumer engagement on energy efficiency and consumer views on LCTs to understand their 'voices' on these issues. New RIIO-ED2 website 	<ul style="list-style-type: none"> Annual targeted consumer engagement with customers in vulnerable situations. Extend and enhance partnerships with key access organisations to maximise our reach to customers in vulnerable situations. New stakeholder engagement methods to target: future services customers; future customers; fuel-poor customers; and SMEs. Continued engagement through the RIIO-ED2 website.
Transparent	<ul style="list-style-type: none"> Annual reporting on stakeholder engagement through the SECV process. Stakeholder Advisory Annual report. 	<ul style="list-style-type: none"> Continuation of our CEG. We will develop 'measures of success' indicators for each strategy and Output in the business plan. Engage with the CEG and stakeholders on measured performance indicators as part of the ongoing stakeholder engagement program, sharing reasons and insights into business and external conditions impacting performance. Voluntary annual reporting on progress against the RIIO-ED2 Business Plan strategy and outputs, for example, worst-served customers remediated.
Delivers outcomes that network users and consumers value at a price they are willing to pay	<p>The RIIO RIIO-ED2 stakeholder engagement strategy incorporated our evolved approach to consumer benefit valuation using: stakeholder and consumer feedback; Willingness to Pay; Social Return on Investment; and Output Deliberation and Testing.</p>	<ul style="list-style-type: none"> Adopting best practice approaches to consumer benefit valuation. Our thematic consumer engagement channels will be continued and adapted to engage consumers on high profile topics which we expect to emerge in the dynamic RIIO-ED2 period. As part of our RIIO-ED2 business plan we developed 'measures of success' for each of our strategies and outputs and will report on these to stakeholders throughout RIIO-ED2.
Senior-level buy-in	<ul style="list-style-type: none"> Regular reporting on Stakeholder Engagement to the RIIO-ED2 Steering Group on; stakeholder insights; consumer benefit valuation outcomes; and triangulation. Board and Executive level interface with Stakeholder Advisory Panel. 	<ul style="list-style-type: none"> Senior leadership demonstration of stakeholder engagement.

Ofgem requirement	How we are already enhancing our approach	How we will go further during RIIO-ED2: our commitments
Best practice	<ul style="list-style-type: none"> • In developing the RIIO-ED2 Stakeholder and Consumer Engagement Strategy, best practice was incorporated from the assessment of the Consumer Challenge Group’s assessment of GDN; RIIO-T2 business plans; and third parties such as Citizens Advice. • We also have incorporated feedback from Ofgem for the RIIO-RIIO-ED1 SECV process to improve performance in the remainder of RIIO-ED1 and throughout the RIIO-ED2 business planning process. • Annual AccountAbility AA1000 Healthcheck. 	<ul style="list-style-type: none"> • Commitment to stakeholder co-creation and further training of staff to increase their capacity in this area. • Continual improvement based upon research of best practice methods. • Further engagement with other sectors to understand developments in stakeholder and consumer engagement.
Responsive to stakeholder needs	<ul style="list-style-type: none"> • Tools introduced in RIIO-ED1 and RIIO-ED2 planning to increase the volume of stakeholder feedback and the analysis of stakeholder feedback including: database, segmentation; synthesis reporting; and consistent formats for linking feedback to business strategies and Outputs. 	<ul style="list-style-type: none"> • Build capacity and capability to support effective best practice stakeholder engagement and our ability to incorporate stakeholder and consumer feedback into decision making. • Fully incorporate stakeholder and consumer engagement into governance and decision-making processes across business team functional layers.

Figure 1 : Our enhanced engagement commitments for 2023-28

1.3 PROPOSED ENGAGEMENT STRATEGIES

Error! Reference source not found. provides a high-level overview of our current view of how we will conduct our stakeholder and consumer engagement program during RIIO-ED2. The engagement program will be centred on the strategies and Outputs under our three strategic outcomes: a valued and trusted service for our customers and communities; a safe, resilient and responsive network; and accelerated progress towards a net zero world. To capture that we are delivering outcomes for customers and network users we have also included ‘value for money for customers’ as a broad outcome area for future engagement.

The engagement program will be underpinned by the mission, objectives, tools and processes that form our stakeholder engagement strategy, outlined in our Enhanced Engagement chapter and annex. Where any of the elements of our overarching stakeholder engagement strategy are modified as a result of internal learnings, adaptation to best practice methods, or stakeholder feedback, we will report on the updates to our overall engagement strategy.

At a high level, the purpose of engaging on our strategies and Outputs is to report progress on their implementation and to assess stakeholder feedback about that progress. Importantly, as we expect the RIIO-ED2 period to be dynamic and driven by wider changes including net zero targets and consumers’

changing expectations, our engagement program will also enable us to assess emerging impacts and what it means for our customers and the business. In the spirit of enhanced engagement, we also will continue to be responsive and develop improvements and enhancements to our RIIO-ED2 plan delivery. We see this as on-going refinement to our 'golden thread' approach, which links what stakeholders tell us to what we do.

The addition of a Net Zero 360 Group will enable us to create a dialogue with relevant and expansive stakeholder segments that contribute to the achievement of net zero. We envisage that the Group will be made up of national and regional policy leaders; industry specialists representing the LCT sectors including, EVs, heat pumps, PVs and storage; and academics, as well as organisations representing consumer interests. The Group will be scheduled to meet once a year chaired by our CEO and provide an opportunity to discuss emerging themes and trends surrounding the net zero agenda and will enable us to shape our on-going strategy and delivery to meet the transition to net zero.

Further targeted engagement on our strategies and Outputs will occur with targeted stakeholder segments, selected on the basis of their expertise and topic knowledge. They will be identified using our existing stakeholder segmentation tool. Having the right people at the right levels will enable us to identify emerging issues and key challenges.

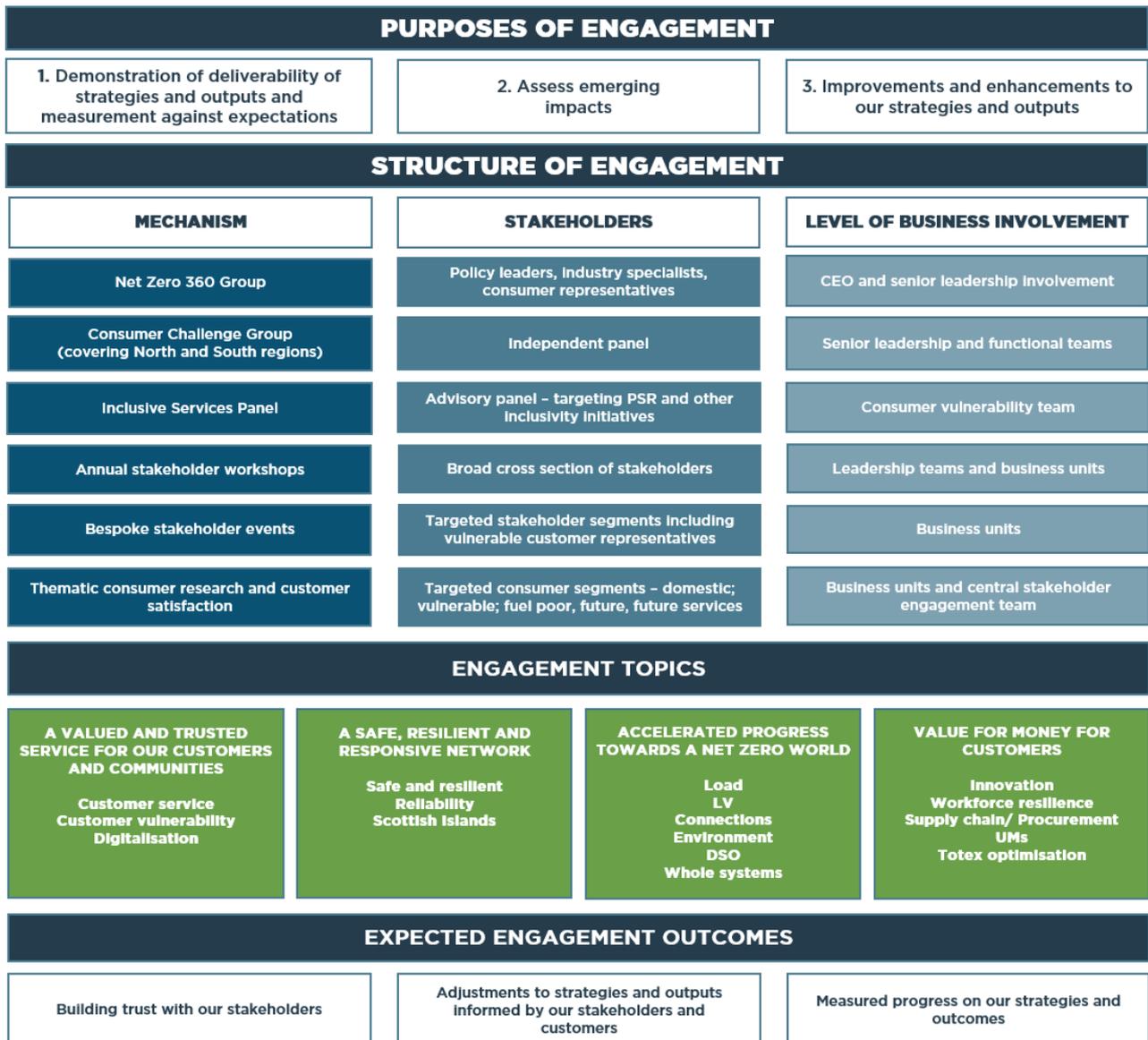


Figure 2: ED2 Enhanced engagement strategy

1.3.1 REPORTING

To demonstrate our continued improved performance in stakeholder and consumer engagement we will publish an engagement annual report in consultation with our CEG.

1.4 ENGAGEMENT TO SUPPORT RIIO-ED2 STRATEGY AND OUTPUTS DELIVERY

Our approach to future stakeholder engagement in the RIIO-ED2 period will be based around our Business Plan strategies and outputs.

We have begun the process of developing specific engagement plans; some of these are set out below. Plans for the remainder of our strategies and outputs for the ED2 period will be developed for our final business plan.

1.4.1 A VALUED AND TRUSTED SERVICE FOR OUR CUSTOMERS AND COMMUNITIES

Strategy/Output	Engagement strategy
Customer vulnerability	<p>Purpose To continue engagement with stakeholders who represent customers in vulnerable situations to improve and refine the services we provide.</p> <p>Activity We have developed a consumer vulnerability strategy that sets out how we will meet baseline standards set by Ofgem and the areas where we have committed to go further to deliver for vulnerable customers, including those who are vulnerable to loss of supply; those in fuel poverty or risk of fuel poverty; and those who risk being left behind in the energy transition to net zero.</p> <p>Method Targeted stakeholder engagement in both northern and southern regions including hard to reach consumers. Education material and support on LCT and EVs and engagement with partners to disseminate this material.</p> <p>Measurement We have set targets to increase the number of customers on our PSR and will measure progress against these.</p>
Customer services	<p>Purpose To continue to engage with stakeholders to further define and refine our customer services to meet and exceed customer expectations.</p> <p>Activity We will increase services across a number of channels during ED2 including self-service; better communications during power cuts; resolving complaints at first point of contact; and supporting SMEs during power cuts.</p> <p>Method We will establish a Customer Focus Group to challenge and inform us as we continue to shape our service offering.</p>

Strategy/Output	Engagement strategy
	<p>Targeted engagement with Partners such as National Energy Action, Energy Action Scotland, Citizens Advice and Citizens Advice Scotland. We will work with other organisations such as Step Change, Home Energy Scotland and Yes Energy.</p> <p>Measurement</p> <p>Our performance will be measured across a range of indicators including: Customer Satisfaction Survey; Digital Satisfaction Survey; average speed of telephone response during interruptions; reduced complaints; and introduction of a Business Support Register (SMEs)</p>
Digital Action Plan	<p>Purpose</p> <p>To continue engagement with stakeholders to understand, adapt and increase our digital services during ED2.</p> <p>Activity</p> <p>Our ED2 plan has an increased focus on digitalisation, digital customer service and Open Data reflecting stakeholder and customer demand.</p> <p>Method</p> <p>We will conduct six monthly engagement on our Digital Strategy with a broad range of stakeholders to ensure our approach reflects key activities and business needs driven by stakeholders.</p> <p>Measurement</p> <p>We will agree success measures for each of our products and services. Stakeholder feedback will be one means of evaluating progress against these. Benefits to customers will also be evaluated.</p>

1.4.2 A SAFE, RESILIENT AND RESPONSIVE NETWORK

Strategy/Output	Engagement strategy
Reduce the number of Worst Served Customers in each region by 75% by end of 2028	<p>Purpose</p> <p>To continue consulting with stakeholders on our plans co-created in the RIIO-ED2 business plan to address the needs of WSCs.</p> <p>Activity</p> <p>We have made a commitment to reduce the number of WSCs on our networks.</p> <p>Method</p> <p>We will undertake stakeholder engagement in both licence areas to continue to monitor the incidence and impact of worst served circuits.</p> <p>Measurement</p> <p>For this strategy we intend to develop performance measures related to meeting reductions targets in both the north and south licence areas.</p>

Strategy/Output	Engagement strategy
Scottish Islands	<p>Purpose To continue co-creation with stakeholders in the Scottish Islands on the delivery of our RIIO-ED2 investment plans for subsea cables and embedded generation.</p> <p>Activity We have made a commitment to invest in subsea cables to minimise outages for consumers; meet the needs of local communities; and maximise the amount of island renewable energy.</p> <p>Method We will set up an Island Development Forum to continue our engagement on our RIIO-ED2 island investment plans.</p> <p>Measurement We will ensure that the current long-term monetised risk associated with subsea cables does not increase substantially compared with the 2020/21 position. We will also measure our success in terms of access to markets for island renewable energy and carbon emissions.</p>

1.4.3 ACCELERATED PROGRESS TOWARDS A NET ZERO WORLD

Strategy/Output	Engagement strategy
Energy efficiency	<p>Purpose To co-create with stakeholders at the local level to develop a program of energy efficiency measures to be implemented in those areas where these provide synergy between our networks and local community needs.</p> <p>Activity We have made a commitment to pursue energy efficiency in RIIO-ED2 in recognition of the network and consumer benefits.</p> <p>Method To deliver on our RIIO-ED2 Strategy and Outputs for energy efficiency, we plan targeted engagement through establishing enduring forums for each local authority area in our two licence areas.</p> <p>Measurement For this strategy we intend to develop performance measures related to:</p> <ul style="list-style-type: none"> • Avoidance of traditional reinforcement. • Reduction in household energy bills. • Benefits for Local Authorities, including carbon savings.
LNP	<p>Purpose To develop specific evidence on LCT plans which we can apply to our forecasting scenarios to enable us to co-create robust forward-looking scenarios for load growth to enable the net zero transition.</p>

Strategy/Output	Engagement strategy
	<p>Activity We have committed to taking a leading role working with Local Authorities and communities to enable the transition to net zero. This is a further level of tiered support and enablement for Local Authorities in addition to advisory support.</p> <p>Method We intend to work with a delivery partner to develop a systematic approach to work with Local Authorities to understand demand at the local level for LCTs: EV chargepoints; heat pumps; PV adoption and battery storage.</p> <p>Measurement Number of LAs engaged. We will also look to develop measures of effectiveness.</p>
Whole Systems	<p>Purpose To develop partnerships and collaboration with Local Authorities and Community Groups to facilitate the development of Whole System solutions and identify opportunities for synergies with electrical network operations.</p> <p>Activity More efficient siting of infrastructure, from a network perspective, will lower costs for our customers. Whole system solutions will support local authorities in maximise benefits from available funding/support, and delivering their net zero ambitions.</p> <p>Method We will develop an engagement mechanism to facilitate in-house experts to support to Local Authorities and community groups to develop optimal whole system projects to facilitate the net zero transition.</p> <p>Measurement For this strategy we intend to develop performance measures related to:</p> <ul style="list-style-type: none"> • Number of applications or proposals for whole system solutions • Number of whole system solutions developed.
DSO	<p>Purpose To enable stakeholders to evaluate our progress in delivering our DSO strategy and to keep pace with developments in stakeholders' requirements in the energy transition.</p> <p>Activity We will deliver DSO capabilities including planning and network development; non-network flexibility services; network operation to incorporate distributed energy resources; and facilitation of the market to underpin its development.</p> <p>Method Annual engagement with stakeholders to co-create our DSO strategy and action plan. Annual Flexibility Providers Forum to understand and gain feedback on progress with establishing a flexibility market</p> <p>Measurement DSO metrics will be developed and a benchmark established for each metric against which our performance will be measured.</p>

1.4.4 VALUE FOR MONEY FOR CUSTOMERS

Strategy/Output	Engagement strategy
Innovation	<p>Purpose To co-create the individual projects that will deliver our innovation strategy.</p> <p>Activity Funding for innovation projects to be informed by cost-benefit analysis. Projects will be prioritised on the basis of stakeholder needs.</p> <p>Method Bespoke engagement on individual innovation projects.</p> <p>Measurement Cost-benefit analysis and consumer benefit demonstration.</p>
Uncertainty mechanisms	<p>Purpose To involve stakeholders in the application of uncertainty mechanism during the RIIO-ED2 period.</p> <p>Activity The transition to net zero generates uncertainty into the level of expenditure required on the network. We have more UMs and a higher level of variation in proposed expenditure.</p> <p>Method We will undertake targeted engagement prior to deciding on the proposed application of our uncertainty mechanisms.</p> <p>Measurement For this Output we will measure our performance on the level of transparency we provide to our stakeholders on the implementation of uncertainty mechanism.</p>
Totex optimisation	<p>Purpose To demonstrate to stakeholders how totex optimisation is applied in making decisions on business activity and the value this brings to consumers.</p> <p>Issues Totex optimisation is intended to be imbedded as a decision support tool for investments in the RIIO-ED2 period. It can be used to find combinations of network investment that drive overall outcomes at the most efficient cost.</p> <p>Method We will undertake targeted engagement on the application of totex optimisation and demonstrate how its application provides benefits to consumers.</p> <p>Measurement We will further develop performance metrics for this output in our final plan.</p>