

SSEN DISTRIBUTION RIIO-ED2

# KEY CHANGES SINCE DRAFT

RIIO-ED2 Business Plan Annex S09



Scottish & Southern  
Electricity Networks

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# 1. OVERVIEW

We develop our draft Business Plan on the basis of extensive stakeholder engagement and the refinement of our shared ambitions, strategies and investments.

We have refined our Business Plan through further enhanced engagement and feedback from other key stakeholders including our CEG, Ofgem's RIIO-2 Challenge Group (CG) and Citizens Advice.

We provide detail on feedback and changes to our plan as result of our enhanced engagement process in individual chapters and annexes. In this annex, we provide an overview of the key themes emerging from feedback on our draft plan, mainly from our CEG, the CG and Citizens Advice. For each theme, we have outlined the changes we have made to our plan since draft as a result, as well as a reference to the specific location in our plan. We note that all formal CEG Challenges are dealt with in Enhanced Engagement (Chapter 3).

The CEG, Challenge Group, and Citizens Advice reports are available at the following links:

[RIIO-2 Challenge Group: DNO draft business plan response letters | Ofgem](#) (CEG response also within this link)

[CA views on ED2 draft BPs - response doc \(citizensadvice.org.uk\)](https://citizensadvice.org.uk)

## 2. KEY CHANGES SINCE OUR DRAFT PLAN

### 2.1 CROSS-PLAN FEEDBACK THEMES

Summary of feedback themes	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>The Business Plan does not explain clearly enough the assumptions and risks associated with delivering this programme of work.</li> </ul>	CEG report, p.1	We have further developed our deliverability strategy and it is supported by robust supply chain and workforce resilience strategies. Our assessment of deliverability has focused on identifying synergies in our workplan and early contractor involvement. We have also considered how we will manage deliverability in the context of uncertainty mechanisms.	Section A - Executive Summary, <b><i>Ensuring deliverability and a resilient workforce (Chapter 16), Deliverability Strategy Annex (16.1), Supply Chain Strategy Annex (16.2)</i></b>
<ul style="list-style-type: none"> <li>More data explaining performance against specific RIIO-ED1 measures would aid understanding of the RIIO-ED1 performance conclusions being drawn</li> </ul>	CEG report p2	We have updated our track record chapter to reflect our latest position and provided additional data compared to draft plan. We have included track record inserts in each relevant chapter highlighting further information about our performance that is particularly relevant in the context of the transition to RIIO-ED2.	<b><i>Track record (Chapter 2)</i></b> and Track Record sections in each Chapter
<ul style="list-style-type: none"> <li>All CVPs (Consumer Value Propositions) require greater detail and evidence, including of stakeholder support</li> </ul>	CEG report, p1	We have further developed our CVP proposals, carrying out more enhanced engagement and using a robust industry-developed methodology to assess Social Return on Investment (SROI).	<b><i>CVP Annex (S3)</i></b> and relevant chapters and annexes
<ul style="list-style-type: none"> <li>The business plan does not have a section where all regional factors/company specific factors are identified, quantified, and justified, including the associated ambitions for managing these.</li> </ul>	CEG report, p5	We have refined our section on Our Communities (section A) to highlight key features of each of our region, and provided additional information, where relevant, on regional specificities in the chapters.	Our communities (Section A) <b><i>Company Specific and regional factors for RIIO-ED2 (Annex 15.7)</i></b>

## 2.2 FEEDBACK ON SECTION B: A VALUED AND TRUSTED SERVICE FOR OUR CUSTOMERS AND COMMUNITIES

Summary of feedback themes	Feedback from	How we have updated our plan	Location in the Business Plan
<b>Vulnerability</b>			
<ul style="list-style-type: none"> <li>Vulnerability: Clarify our current and targeted reach as a % of all custs (vulnerability/PSR), all eligible cust, and breakdown of % of eligible custs registered by each needs code</li> </ul>	CG letter, p7	Further detail added on reach for medically dependent and how the population will increase.	<b>Vulnerability Strategy (Annex 4.2)</b>
<ul style="list-style-type: none"> <li>Explain the definition of eligibility we use, explain what this is, why you use it, and what your current and targeted reach is as a percentage of this group of eligible customers</li> </ul>	CG letter, p7	Eligibility definitions and reach metrics clarified.	<b>Vulnerability Strategy (Annex 4.2)</b> , pages 33/34
<ul style="list-style-type: none"> <li>Throughout, be clear whether we are talking about individual customers or households, and what multiplication factor you are using if relevant</li> </ul>	CG letter, p7	Definitions clarified. We consider households to be a more accurate representation of the support we provide in the context of fuel poverty. We have translated this into customers using ONS data and to enable comparisons with other DNOs' business plans.	<b>Vulnerability Strategy (Annex 4.2)</b> , page 35
<ul style="list-style-type: none"> <li>Set out details of any customer groups that you define as 'high priority' and the reasons for this prioritisation. To what extent and in what way will your PSR recruitment be targeted on high priority groups?</li> </ul>	CG letter, p7	Definitions clarified for 'high priority' customer groups.	<b>Vulnerability Strategy (Annex 4.2)</b> , page 24
<ul style="list-style-type: none"> <li>How do you assess the effectiveness of this activity and its impact on data quality (PSR quality)? How do you deem this data to be accurate, what level of accuracy are you targeting, and what is the comparable figure for ED1? What other criteria, if any, do you use to 'cleanse' PSR data and to remove people from the register?</li> </ul>	CG letter, p7	Further information added on our approach to data quality and accuracy.	<b>Vulnerability Strategy (Annex 4.2)</b> , page 22

Summary of feedback themes	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>How do you currently measure the impact, reach and relevance of services that you provide to customers in vulnerable circumstances during a power cut other than CSAT. To what extent have you assessed any gaps between the specific needs of different groups of customers and the impact of the support that you offer? In what ways will the ED2 services that you offer to customers during a power cut be targeted on people with different needs?</li> </ul>	CG letter, p7	<p>We currently measure the impact, reach and relevance of services that we provide customers in vulnerable situations during a power-cut as follows (other than CSAT):</p> <ul style="list-style-type: none"> <li>Annual PSR Customer Survey which targets customers who have experienced a power cut and customers who haven't</li> <li>Inclusive Service Panels where we test our service offerings against specific needs codes</li> <li>Stakeholder Advisory Panel and customer Events</li> </ul> <p>Using the PSR needs codes we have conducted targeted engagement to understand the specific needs and expectations of our customers during a power cut. This has led to the creation of vulnerability personas which outline the individual needs of each customer group, allowing us to create tailored service offerings.</p> <p>During ED2, our personal resilience plans are targeted to understanding individual needs and offering bespoke support and services. Medically dependent customers will be provided with a battery pack option to provide security and independent resilience within their own homes. We will introduce financial vulnerability as a needs code, by applying a marker to the customers PSR record, so that if they have a power cut we understand that purchasing meals or importing external services would be difficult for customers to do and we would offer support to not burden them with unplanned financial impact.</p>	<b>Vulnerability Strategy (Annex 4.2)</b> , page 24
<ul style="list-style-type: none"> <li>Set out total expenditure on vulnerability-related activities in ED1 (including any costs that are 'funded' by shareholders) with a breakdown by the main areas of activity. Same for ED2 proposed expenditure</li> </ul>	CG letter, p8	Tables added to show costs breakdown for RIIO-ED1 and RIIO-ED2, including highlighting clearly activities that are shareholder funded.	<b>Vulnerability Strategy (Annex 4.2)</b> , page 12

Summary of feedback themes	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>How was 50k decided on as the optimum number (other than via stakeholder support) and what evidence (from tests or trials, for example) can you provide that gives confidence that your targets are achievable? Can you also explain the assumptions you have made to calculate the £9.1m of value that 'helping with energy efficiency' will achieve. What plans do you have to measure the actual benefit achieved by customers?</li> </ul>	CG letter, p7	<p>Our ambition to provide 50,000 households (114,000 customers) with fuel poverty support is calculated based on a number of important factors:</p> <ul style="list-style-type: none"> <li>ED1 track record and performance</li> <li>Projected 21-23 fuel poverty increases based on our Customer Mapping tool</li> <li>Current Energy Crisis and forecasted impacts on customers following Covid-19</li> <li>Acceptability testing with Stakeholder and Customer groups based on three ambition levels of 30,000, 40,000 and 50,000 households</li> <li>Following on from acceptability testing we then considered ranking of need across North and South licence areas</li> <li>National Data comparing North/South predicted fuel poor predicted increases over the next 5 years</li> </ul> <p>We have created a range of initiatives with targeted customer numbers. This allows us to understand what is required to achieve these initiatives, in order to fulfil our ambition of supporting 50,000 households.</p>	<b>Vulnerability Strategy (Annex 4.2)</b> , page 37
<ul style="list-style-type: none"> <li>How will you measure whether you are being successful in embedding a culture of understanding and responding to the needs of consumers in vulnerable circumstances across the business? In terms of the training you propose, how will you measure its impact or success?</li> </ul>	CG letter, p.8	Further details added on training and success measures.	<b>Vulnerability Strategy (Annex 4.2)</b> 2, page 33

Summary of feedback themes	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>Regarding your proposed CVP on ‘personal resilience plans’, how developed is this idea? Have you trialled it with partners or some customers, for example? How does it differ from any current proactive work you do to identify and support customers on your PSR? What is the reasoning behind prioritising new and most of existing customers? what will the costs and benefits be?</li> </ul>	CG letter, p8	<p>During phase four of our engagement plan we conducted direct customer testing of our battery packs in three regional areas. Testing was conducted with customers with medical equipment, primarily on Feeding machines, CPAP machines, Tele Care alarms, Heart Monitors and Airflow mattresses.</p> <p>We also engaged with 15 partners ranging from experts in vulnerability to cross utility organisations.</p> <p>Currently our service offering is focused on reactive responses during a power cut. We have options to provide mobile generation. However, this is limited, can take time to order, ship and set up, causing distress and anxiety to the customer if they are concerned about their medical equipment failing. On occasions we are unable to obtain generation due to customer demand in high volume faults, or constraints such as distance and staff availability which has resulted in support being sought from hospitals.</p> <p>For our PRP CVP we have committed to offering a PRP to all existing PSR customers within the first 2 years, through our data cleansing process.</p>	<b><i>CVP Annex (S3)</i></b>
<ul style="list-style-type: none"> <li>Vulnerability: We want to see how the targeting of the Energy Efficiency Accelerator could benefit vulnerable and fuel poor customers and have questioned why the PRPs CVP will only be applied to new PSR registrations</li> </ul>	CEG letter, p8	<p>Further stakeholder engagement and scoping carried on our CVPs.</p> <p>We have further developed our Energy Efficiency accelerator CVP, with a focus on targeting areas with her proportions of vulnerability.</p> <p>For our PRP CVP we have committed to offering a PRP to all existing PSR customers within the first 2 years, through our data cleansing process.</p>	<b><i>CVP Annex (S3)</i></b>
<ul style="list-style-type: none"> <li>Coherent and holistic strategy to deliver net zero and support customers in the transition (esp. vulnerable) needs to be demonstrated – a golden thread</li> </ul>	Citizens Advice report, p4	<p>Our business plan is designed to deliver holistically. Our Vulnerability Strategy includes targeted support for customers in vulnerable situations in the energy system transition, while our innovation strategy will target vulnerability as a key theme for innovative activities in RIIO-ED2.</p> <p>This builds on the successes of RIIO-ED1 including our Smart and Fair work with the Centre for Sustainable Energy. Our Energy Efficiency Accelerator CVP proposal will utilise some of the tools developed through smart and fair</p>	<b><i>Vulnerability Strategy (Annex 4.2), page 37</i></b> <b><i>Innovation (Annex 14.1)</i></b>

Summary of feedback themes	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>Vulnerability – plans don't contain proposals which clearly demonstrate or justify how exceeding baseline expectations. Approaches to closing PSR data gaps not clearly justified.               <ul style="list-style-type: none"> <li>a. Review best practice examples (e.g. single point of contact partnership model) and justify approach to data gap.</li> <li>b. DNOs to set out more clearly how accuracy of data could be assessed</li> <li>c. Need for clear timelines for achieving targets supported by well-justified trajectories.</li> </ul> </li> </ul>	Citizens Advice report, p15	<p>Our vulnerability strategy is clearly mapped to Ofgem's expectations and underpinned by a set of stakeholder-tested outputs. We have outlined where we consider these go beyond the requirements of the baseline expectations. We have also included a timeline for implementation for all key activities</p> <p>We've provided further details in our final plan on our approach to closing the data gap and ensuring high quality data. PSR reach and assurance will be discussed in Ofgem working groups from December 2021 onwards, in order to agree common data sources.</p> <p>In our Strategy we have demonstrated similarities with SPEN's Partnership Model. Our intention is to create a Collaborative Partnership Model. To do this we will actively champion cross industry collaboration and horizon scanning research. We will proactively work with other organisations who have shared goals, common customer outputs and expertise in vulnerability, so that we can learn by best practice and provide continuous improvement for our customers and stakeholders. We will also report on the purpose, range and type of partnership as well as outputs and benefits delivered. To enable this, we will introduce a new dedicated Partnership Manager role and have planned for dedicated investment to grow our partnership range over RIIO-ED2.</p>	<b>Vulnerability Strategy (Annex 4.2)</b> , page 26/27/36
<ul style="list-style-type: none"> <li>Supporting customers in energy transition – proposals not well justified. Need to explain how new services might support existing and future PSR customers.</li> <li>Need to explain how proposals strike the right balance, why DNOs are best placed to deliver these services, and demonstrate how proposals are joined up effectively across strategies</li> </ul>	Citizens Advice report, p.5	Further details added on how we are proactively supporting future customers	<b>Vulnerability Strategy (Annex 4.2)</b> , page 48
<ul style="list-style-type: none"> <li>Power cuts - We welcome ENWL measuring PSR scores for customers who do/ do not experience power cuts separately, UKPN commitment to achieve higher rates of digital GSOP compensation payments.</li> </ul>	Citizens Advice report, p.24	We do and will continue to follow the same process as ENW do, with an annual survey for PSR customers who do/don't experience power cuts. We will also measure PSR Customer satisfaction scores independently in ED2, as well as continue our annual PSR survey and satisfaction score for those that have not experienced a power cut.	<b>Vulnerability Strategy (Annex 4.2)</b>

Summary of feedback themes	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>UKPN proposal for customers to rate services after every interaction should be considered more widely.</li> </ul>	Citizens Advice report, p.25	Currently in ED1 we have additional touch point surveys that customers can choose to take part in. This allows them to rate us and provide initial feedback on services, prior to the customer satisfaction survey taking place. In ED2 we will continue to do this, to enable us to make continuous improvements and also identify customer dissatisfaction quickly, and offer a solution. Finally, in ED2, we will be extending our survey opportunities to all customers who take up an LCT product, access fuel poverty support services or energy efficiency services so that we again can act on their feedback and increase their satisfaction.	<b>Vulnerability Strategy (Annex 4.2)</b> , page 48
<ul style="list-style-type: none"> <li>Vulnerability: Welcomed approach to ensure that high quality evidence of the effectiveness of partnerships is reported upon on a more consistent basis in ED2. All DNOs consider SPENs model of working (commitment to achieve a single point of contact partnership model)</li> </ul>	Citizens Advice report, p.23	Additional information added and a mapping tool section added to show shared data with partners.  We also welcome the approach SPEN has taken in its commitment to achieve a 'single point of contact partnership model' which we consider could be effective in delivering a simple customer journey, ensuring customers can get the support they need with as few barriers as possible. We note that WPD developed and employed a successful 'hub' model like this throughout ED1 and has been demonstrated as best practice. We recommend all DNOs consider this model of working.	<b>Vulnerability Strategy (Annex 4.2)</b> , page 38/40
<ul style="list-style-type: none"> <li>Vulnerability: Welcomed the intent to support PSR customers in a personalised way as shown in our CVP however, the way in which this differs from existing support could be better demonstrated alongside the associated costs for ED2.</li> </ul>	Citizens Advice report, p.25	Currently customers do not have a personal resilience plan that they can keep at home and refer too. Information through the sign-off process can be limited and therefore services offered become very reactive. Our CVP is driving forward proactive tailored support. SSEN will learn more about its customers personalised needs, and our customers will receive a plan that they have agreed to and can revert to at home when required providing comfort and ownership. This approach has been supported by SROI, which also full details the costs of implementing the above.	<b>CVP Annex (S3)</b>
<b>IT, OT, Digitalisation</b>			
<ul style="list-style-type: none"> <li>More evidence required to support our digitalisation plans, with a particular focus on consumer benefits delivered</li> </ul>	CG letter, p3	More detail on investment costs detailed in our plan along with the supporting stakeholder evidence and benefits to be delivered. Clear link to strategic outcomes across our plan.	Digital Investment Plan Strategic Annex (5.2)

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<ul style="list-style-type: none"> <li>IT/Digitalisation: it is difficult to understand how this will deliver value to consumers</li> </ul>	CEG report, p3	We have refined our IT benefits and mapped these through to our efficiency trace	<b>Digital Investment Plan Strategic (Annex 5.1)</b> , Section 4.2.5  <b>Cost Efficiency (Annex 15.1)</b>
<ul style="list-style-type: none"> <li>No explanation of how the IT and Digitalisation approach supports the development of enhanced asset management capabilities and maturity</li> </ul>	CEG report, p3	We have added specific details on how our IT investments enable the Outputs set out in other parts of the Business Plan, including through our asset data strategy and specific investments such as Linear Assets.	<b>Digital Investment Plan Strategic (Annex 5.1)</b> , Section 6.4, Appendix H for our Data Strategy, Asset Data Strategy Appendix, <b>Safe and Resilient (Annex 7.1)</b>
<ul style="list-style-type: none"> <li>IT/ Digital: The Outputs table for example is very high-level. The profile of work to be delivered and what additional capability and resourcing is required is not clear. Clearer information is needed showing how existing systems and new developments interact, including reference to interfaces and new data exchanges with customers and stakeholders.</li> </ul>	CEG report, p3	<p>Within the Digital Investment Plan Annex we have included a programme plan outlining the deliverability of each investment and how they support our strategic outcomes. We have also outlined their interdependency with the rest of the plan and our evolving architecture.</p> <p>The outputs table in IT and digitalisation (chapter 5) covers our outputs and obligations directly linked to digitalisation. We have therefore clarified how our IT and digitalisation investments contribute more widely to our strategic outcomes and outputs across our plan.</p>	<b>Digital Investment Plan Strategic (Annex 5.1)</b> , Section 5.3.5

## 2.3 FEEDBACK ON SECTION C: A SAFE, RESILIENT AND RESPONSIVE NETWORK

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>Concern around deferral of investments and justification for investment increases</li> </ul>	CG letter, p13	We have provided additional information on our targets and spend, we are forecasting to meet our RIIO-ED1 targets and therefore do not expect a deferral of risk reduction activities into RIIO-ED2.	<b>Track Record (Chapter 2)</b>
<ul style="list-style-type: none"> <li>Justification of benefits from increase in non-load investments</li> </ul>	CG letter, p3	We have included more details on our proposed investments with comparison against RIIO-ED1 and explanations of any significant changes in RIIO-ED2.	<b>Safety and Compliance (Chapters 6) and Maintain a Resilient Network (Chapter 7), Safe and Resilient (Annexes 7.1) and Reliability Strategy (Annex 7.2), supported by our IDPs</b>
<ul style="list-style-type: none"> <li>CI and CML targets: How have you weighed up the relative levels of investment in overall reliability improvements compared with those benefiting worst-served customers given that your overall performance is currently weakest of all DNOs and likely to remain so in ED2?</li> </ul>	CG letter, p8	We have provided information on our IIS performance in RIIO-ED1, and the steps we are taking to improve performance. This includes targeted investment in activities such as automation and lightning protection, where intervention is supported by a robust CBA. This is separate to our proposed investment relating to WSC, which is also supported by robust CBAs. As such we are not proposing to trade off investment for CI/ CML performance improvements against WSC customer improvements. Rather, we are targeting investment where improvements can be delivered most efficiently for our customers.	<b>Maintain a Resilient Network (Chapter 7), Safe and Resilient (Annexes 7.1) and Reliability Strategy (Annex 7.2) supported by our IDPs</b>
<ul style="list-style-type: none"> <li>Worst-served customers: what is the current experience in terms of number and length of outages for your worst-served customers and what would it be after your current plans are delivered? Can you confirm that your target to remove 75% of</li> </ul>	CG letter, p8	We have provided more detailed information on worst-served customers, including on the number of customers who will no longer be considered WSCs following our RIIO-ED2 proposed investment. We can confirm that our target for RIIO-ED2 is using Ofgem's latest definition of WSC.	<b>Maintain a Resilient Network (Chapter 7), Safe and Resilient (Annexes 7.1) and Reliability Strategy (Annex 7.2), supported by our</b>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
customers from your WSC list is using Ofgem's new definition of WSC?			IDPs, <i>Track Record (Chapter 2)</i>
<ul style="list-style-type: none"> <li>• Safety and compliance: there are significant cost increases in this area compared to RIIO-ED1. Additionally, UMs could add significant costs. Key areas: LV cable replacement, tree-cutting, OHL clearance.</li> <li>• There isn't enough explanation in the business plan of HV and LV cable replacement across the different cost drivers including load-related expenditure and other costs in the safety and compliance space.</li> </ul>	CEG report, p3	<p>We have provided clear comparison of costs between RIIO-ED1 and RIIO-ED2 and provided additional information on our approach to managing, tree-cutting OHL clearances and wayleaves and diversions, including the efficiencies we have applied.</p> <p>We also provide more information on our approach to improving performance under the IIS, including through Project Impact, with details of how different activities in our business plan contribute to improvements in reliability.</p> <p>The optimisation of our investments across different investment drivers is detailed through our Deliverability Strategy.</p>	<b><i>Safety and Compliance (Chapters 6) and Maintain a Resilient Network (Chapter 7), Safe and Resilient (Annexes 7.1) and Reliability Strategy (Annex 7.2), Deliverability Strategy (Annex 16.1)</i></b>
<ul style="list-style-type: none"> <li>• There is insufficient evidence on unit costs, cost mitigation (such as reviewing the internal processes for managing Injurious Affection claims), efficiency opportunities and the deliverability of the work programmes, including assessment of potential impacts on CIs and CMLs performance measures.</li> </ul>	CEG report, p3-4	<p>We have provided additional information on our cost confidence approach and a breakdown of how unit rates have been costed and efficiencies applied.</p> <p>We have included information on how we plan to minimise disruption to customers and the tools and systems we will use, in order to deliver our plan.</p>	<b><i>Safety and Compliance (Chapters 6) and Maintain a Resilient Network (Chapter 7), Safe and Resilient (Annexes 7.1) and Reliability Strategy (Annex 7.2), Deliverability Strategy (Annex 16.1)</i></b>

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<ul style="list-style-type: none"> <li>This raises wider questions about the environmental impacts of tree-cutting, how the scale of the programme has been decided and what assurance can be provided for any longer-term carbon savings anticipated</li> </ul>	CEG report, p.7	Our business plan also recognises the link between tree-cutting and our Environmental Action Plan, which includes a plan to understand our impact and proposals to mitigate that impact. We have expanded our narrative on tree cutting and provided a clearer narrative in the EAP executive summary on how we consider the environmental impacts of tree-cutting.	<b><i>Environmental Action Plan (Annex 13.1)</i></b>
<ul style="list-style-type: none"> <li>Safe and resilient: link between outputs and spend not clear - clear table for transparency on spend. SSEN has identified targeted efficiencies for asset replacement costs. We want to better understand and discuss the evidence supporting the 2.5% and 5% proposed efficiencies</li> </ul>	CEG report, p4	We have provided additional granularity on our proposed spend in every single cost category and how this compares to RIIO-ED1 in chapters 6 and 7. This is supported by additional information in relevant annexes and EJPs. We have added additional information on the cost efficiencies baked into our plan through our efficiency trace.	<b><i>Safety and Compliance (Chapters 6) and Maintain a Resilient Network (Chapter 7), Safe and Resilient (Annexes 7.1) and Reliability Strategy (Annex 7.2), supported by our IDPs, Cost Efficiency (Annex 15.1), Cost Confidence Assessment (Annex 15.3)</i></b>
<ul style="list-style-type: none"> <li>Supporting the Scottish Islands: There is good evidence of stakeholder engagement forming insights on this topic shown in Annex 11. However, this engagement was primarily with stakeholders in the island communities. More needs to be done to test the proposals and their</li> </ul>	CEG report, p4	We held our largest engagement event with a broad cross section of stakeholders in September 2021 and did a deep dive on the Islands Strategy. We also published a consultation document in September which summarised the Islands Strategy, costs and outputs.	<b><i>Supporting our Remote Communities (Chapter 8) and Scottish Islands (Annex 8.1)</i></b>

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<p>affordability with a wider stakeholder representation.</p>			
<ul style="list-style-type: none"> <li>WSC: need for better descriptions of improvements proposed for WSC. DNOs have described their proposed improvements in different ways but often as a percentage ‘improvement’ or for WSCs ‘addressed’. It was not always clear what the percentage improvement was referring to (for example, whether it was duration of cuts, number of cuts in a certain period, or reduction in numbers of people who are affected or are defined as WSCs, some other measure, or some combination of these measures)</li> </ul>	<p>Citizens Advice p32</p>	<p>We know that some of our customers experience levels of reliability that are worse than average. These customers are referred to as “worst-served” customers (WSC) in the regulatory framework and include all customers experiencing on average at least four higher voltage interruptions per year, over a three-year period (i.e. 12 or more interruptions over three years, with a minimum of two interruptions per year). Using our most recent performance figures (2019/20), we have calculated that SHEPD have 11,740 customers and SEPD have 5,436 customers that meet this WSC criteria. This is based on Ofgem’s definition for RIIO-ED2.</p> <p>When we say we will improve the network performance for at least 75% of customers that are currently deemed worst served, we mean we will remove 75% of current WSC from our lists. Our activities will focus on circuits with the highest number of customers and vulnerability levels.</p>	<p><b>Maintain a Resilient Network (Chapter 7),</b> Section 5.3</p>
<ul style="list-style-type: none"> <li>WSC: need to review engagement to ascertain whether stakeholders fully understand implications of their reliance on electricity.</li> </ul>	<p>Citizens Advice p32</p>	<p>We carried out stakeholder engagement specifically on WSC. Feedback from stakeholders suggests that customers in vulnerable circumstances and/or on the PSR register are particularly impacted by worst-served circuits and should be prioritised. This was a highlight of our WSC focused engagement event held on the 27th January 2021. The following list summarise the key insights relating to WSCs:</p> <ul style="list-style-type: none"> <li>Stakeholders were concerned about the impact of power cuts on customers in vulnerable situations, and on this basis supported a focus on investment to reduce the number of worst-served vulnerable customers.</li> <li>There was no consensus on whether investment in worst-served circuits should be prioritized according to: number of WSCs; number of interruptions; level of customer vulnerability; or potential of low carbon technology (LCT) take-up.</li> <li>Stakeholders suggested that investment for the WSCs on the remote Scottish islands should be a priority, as it will potentially take far longer to restore power there compared to mainland areas.</li> </ul>	<p><b>Maintain a Resilient Network (Chapter 7),</b> Section 5.3</p>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
		<ul style="list-style-type: none"> <li>The interruption duration which is currently not considered in Ofgem’s WSC definition is recognized as an important factor by our stakeholders.</li> <li>Stakeholders suggested that an annual WSC report would be welcome and would raise the profile of the issue but might give the incorrect impression that these are the areas where there will be investment.</li> <li>Some stakeholders were concerned about the impact of worst-served circuits on generation as well as supply customers.</li> </ul>	
<ul style="list-style-type: none"> <li>Reliability: to identify whether a more consistent approach across DNOs for SIs would be appropriate</li> </ul>	Citizens Advice p32	Short interruptions – Ofgem are exploring a new minimum standard for short interruptions (less than three minutes). We think that proposals have not been sufficiently developed at this stage, and further careful consideration is required to test the potential benefits, customer impacts including costs and interactions with other standards and incentives.	<b>Maintain a Resilient Network (Chapter 7), Section 5.2</b>

## 2.4 FEEDBACK ON SECTION D: ACCELERATED PROGRESS TOWARDS A NET ZERO WORLD

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
<b>DSO</b>			
<ul style="list-style-type: none"> <li>Would like to see clear justification for costs and benefits associated with our DSO and enabling investments, including benefits from distributed energy resources to enhance resilience, from active network management, and from interaction with the ESO.</li> </ul>	CG letter, p4	We have clarified how our DSO investment will deliver benefits across our plan in RIIO-ED2. This includes the minimum expected benefits arising out of flexibility and ability to connect renewable generation including through flexible connections/ ANM, as well as explicit use of flexibility to support reliability and resilience. We also explain how we will collaborate with the ESO on a number of fronts to deliver a smarter more flexible energy system for all.	<b>DSO (Chapter 11), DSO strategy (Annex 11.1)</b>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>DNOs should consider fully the range of options that can be used to deliver DSO management of the energy system, incorporating energy efficiency as a solution.</li> </ul>	Citizens Advice report, p. 11	<p>Our approach to flexibility is technology-agnostic and providers of energy efficiency services will be able to bid in to our flexibility tenders. In addition, we are proposing to further test the learnings of our industry-leading SAVE innovation project through our Energy Efficiency Accelerator CVP, with the joint aim of reducing customer bills and supporting the deployment of energy efficiency solutions. We would be using our vulnerability mapping tools to identify where we can create greatest benefits through the CVP. Our Vulnerability Strategy further includes complementary proposals to support those in vulnerable situations and fuel poverty with energy efficiency measures.</p>	<p><b><i>DSO (Chapter 11), DSO strategy (Annex 11.1), Chapter 4, Vulnerability Strategy (Annex 4.2).</i></b></p>
<ul style="list-style-type: none"> <li>Would like to see separation of DSO costs and allowances for ED2 in addition to an incentive mechanism</li> </ul>	Citizens Advice report, p. 10	<p>Our DSO Strategy builds on the existing functional separation of our business to ensure robust decision-making and mitigate any potential risks of conflicts of interest.</p> <p>We have also included a detailed proposal for a DSO incentive mechanism.</p>	<p><b><i>DSO (Chapter 11), DSO strategy (Annex 11.1), SDI Proposals (Annex S.4)</i></b></p>
<ul style="list-style-type: none"> <li>With regards to the DSO Strategy, the main business plan does not provide enough detail on specific deliverables, to explain the £75m costs associated with the DSO role.</li> <li>There is no detail on neutrality in procuring flexibility services and future-proofing organisational capabilities as DSO responsibilities evolve.</li> </ul>	CEG report, p.5-6	<p>Additional information and detail from the DSO Strategy annex have been brought into the main business plan document, including explaining some of the key activities we will deliver under each roles and responsibility. We have clarified our narrative on external benefits and detailed which of our activities and investments are required to deliver minimum requirements and enablement of baseline Ofgem expectation</p> <p>Our DSO Strategy annex provides detailed deliverables and timings under each of the different roles and responsibilities.</p> <p>Improved the detail of analysis of our flexibility benefits (at EHV as well as at LV and HV) to justify our investment in DSO and load related expenditure</p> <p>As noted above, additional information provided in chapter and annexes on how we will ensure robust DSO decision-making and mitigate any potential risks around conflicts of interest.</p>	<p><b><i>DSO (Chapter 11), DSO strategy (Annex 11.1), Load Related IDPs</i></b></p> <p><b><i>Digitalisation Strategy (Annex 5.1)</i></b></p>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>With regards to the Energy Efficiency Accelerator, we note that the focus on CMZs is sensible but the inclusion of a very broad mix of measures (LED light bulbs, smart storage heating, home insulation and smart controls) with very different costs and benefits needs to be further refined.</li> </ul>	CEG report, p.10	The range of interventions and the economics of existing interventions is constantly evolving and as such we do not want to restrict options available to CMZs. Instead the focus is on a transparent and inclusive selection process with clear economic, carbon and societal selection criteria.	<b><i>DSO (Chapter 11), DSO strategy (Annex 11.1), Section 4.3.3, Appendix C, CVP (Annex S3)</i></b>
<ul style="list-style-type: none"> <li>A significant factor in delivering £147m in benefits is flexible connections. This appears to rely on delivery through a continuation of the approach in RIIO-ED1, whereas there is a need for flexible connection services to evolve (as reflected in Ofgem’s latest minded to position which reflects long-standing stakeholder concerns around the lack of any cap on how often they might be constrained off).</li> </ul>	CEG report, p.10	Due to the minded-to decisions published for the Access SCR reforms, there will likely be a decrease in ‘Enduring’ Flexible Connections which may be countered by an increase in temporary Flex connections, so target in ED2 still likely. Also, the application of curtailment payments (i.e., where we guarantee a flexibly connected generator 98% of capacity but do not meet this = a compensation payment) is also likely to encourage connectees to consider flexible connections in ED2 regardless of the Access SCR outputs.	Access SCR appendix, <b><i>Connections Strategy (Annex 10.2)</i></b>
<ul style="list-style-type: none"> <li>Some industry participants would welcome ambitious/quantifiable targets for flexibility, supported by a strong commitment from DNOs on flexibility, including in the context of uncertainty mechanisms.</li> <li>The importance of DNOs creating a level playing field and share best practice to enable low-carbon flexibility services to compete alongside traditional solutions was stressed by several stakeholders and a subset of these highlighted the need for appropriate governance and the acceleration of data and digitalisation.</li> </ul>	Various industry participants and stakeholders	Our RIIO-ED2 business plan is based on a strong commitment to flexibility first, and we have considered flexibility as part of our EJP and CBA analysis, at all voltage levels and in line with Ofgem guidance. We are targeting at least 5GW of capacity through flexibility services and 3.7GW of capacity through flexible connections. In addition to emphasising flexibility as core part of our plan, we expect further opportunities to deploy flexible solutions will arise through uncertainty mechanisms. Our proposed load-related uncertainty mechanism specifically enables flexibility to be deployed as a solution on the same basis as traditional solutions. Our decision-making process will build on the approach we used in our RIIO-ED2 business plan, and we expect our stakeholders to play a central role in deciding how and when we should intervene on our network to best enable net zero. Our business plan meets Ofgem’s requirements, and we will continue to act as a neutral facilitator. We are proposing to go	<b><i>Our Network as a Net Zero Enabler (Chapter 10), Load related plan build and strategy (Annex 10.1), Uncertainty Mechanism (Annex 17.1), DSO (Chapter 11), DSO strategy (Annex 11.1), CVP (Annex S3)</i></b>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
		<p>above and beyond through our joint energy efficiency accelerator and local market stimulation CVP, designed to actively stimulate markets and enable greater participation, including from local communities and at lower voltage levels.</p> <p>We also outline our approach to ensuring robust governance, which builds on the successful functional separation we have introduced in RIIO-ED1. We have detailed our proposal for the DSO Strategy Delivery Incentive, which will enable us to measure our effectiveness against a set of metrics, jointly developed with our stakeholders. As part of this we will set up a flexibility providers forum. Taken together we consider these proposals will provide significant transparency on how we are delivering our DSO strategy.</p> <p>Finally, our business plan is underpinned by our IT, OT and digitalisation investment. We have clearly identified those activities that will directly support the delivery of our DSO Strategy.</p>	
<b>Load and Whole Systems</b>			
<ul style="list-style-type: none"> <li>• Would like to see details of all scenarios considered more clearly presented</li> <li>• Interplay with UMs difficult to understand, including bill impact.</li> <li>• No real discussion of differences between regions.</li> <li>• Final plan will need to consider implications of higher forecasts from FES2021/ sixth carbon budget.</li> </ul>	CEG report, p.9	<p>We have updated our narrative on peak demand to strengthen the explanation of our methodology</p> <p>We have adjusted the proportion of our load related spend in the baseline plan</p> <p>Section 6.4.8 of the Load Annex discusses the impacts of different scenarios on Load expenditure.</p> <p>Our additional appendix to Annex 17.1, on the design of a Strategic Investment UM, supports this by describing the rigorous methodology we advocate for drawing the additional allowances for Category 1b and Category 3 spend</p> <p>The regional differences in forecasting are explained in Section 6.2.1 of the Load Annex (10.1)</p>	<b><i>Our Network as a Net Zero Enabler (Chapter 10), Load related plan build and strategy (Annex 10.1), Uncertainty Mechanism (Annex 17.1)</i></b>
<ul style="list-style-type: none"> <li>• Load: clarification required on how the demand and LCT forecasts have been derived, how they have been applied in the plan LRE assumptions, and why they appear to be higher</li> </ul>	CG letter p2	We have validated our load forecasts and strengthened the explanation of our methodology	<b><i>Our Network as a Net Zero Enabler (Chapter 10), Load</i></b>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
<p>than common industry scenarios. Heat pump forecasts appear high.</p>		<p>We have furthered our justifications of the DFES forecasts in Section 4.2 of the Load Annex (Figures 4 &amp; 5). This is backed by our stakeholder engagement as detailed in Section 6.2.</p>	<p><i>related plan build and strategy (Annex 10.1)</i></p>
<ul style="list-style-type: none"> <li>Clearly articulate the inputs used to expand on limited information provided on demand/ network utilisation parameters. (Show workings) and why we have prioritised investment at beginning of ED2 (Phasing or rephasing articulate)</li> <li>We would welcome a quantified description of the path from the scenarios to the demand forecasts used to justify the levels of assumed investment at different voltages, and then to the investment profiles for the above categories. We would welcome clarification on which schemes are anticipatory (if any) and a clear linkage to the associated PCD.</li> <li>There is evidence that flexibility and system losses are being considered in the EJPs. For larger schemes, further evidence is required that a reasonable range of options have been considered, not just non-credible ones which are summarily dismissed.</li> <li>There is little evidence that flexibility assumptions have been used to reduce this capex profile. The investment profiles show a significant increase at the start of ED-2 which does not appear to be linked to the demand and network utilisation profiles. This may lead to inaccurate prioritisation of investment needs and consequent inefficiencies.</li> </ul>	<p>CG letter p3</p>	<p>Section 6.3.3 of the Load Annex explains how network constraints are identified. A hotspot approach was applied to LV/HV investment planning. This used an advanced data-led approach to cleanse, repair and leverage existing data from multiple sources to create a clear and robust picture of the most likely connectivity and rating of every network component. A range of advanced data analytics approaches was used including machine learning and geospatial outlier detection.</p> <p>Investment driven by the CT scenario in the first 2 years belongs to the Category 2 spend which is to future-prove future scenarios.</p> <p>The last 3 years of LV/HV expenditure has been moved from ex-ante baseline to UM.</p> <p>Section 4.1 of the Load Annex also explains the relationship between delivery lead times and investment decision making, which also supports our decision making on when to use flex to smooth our delivery profile</p> <p>We have a sensitivity study in Section 6.4.8 of the Load Annex looking at the impacts of different scenarios on the expenditure.</p> <p>The Strategic Investment Appendix to the UM Annex also explains the symmetrical mechanism we have designed to address uncertainties.</p> <p>Our Deliverability Strategy Annex explains how we have rephased our load investment plan using flexibility to ensure we have the workforce and supply chain to deliver our plan.</p>	<p><i>Our Network as a Net Zero Enabler (Chapter 10), Load related plan build and strategy (Annex 10.1), Uncertainty Mechanism (Annex 17.1), Deliverability Strategy (Annex 16.1)</i></p>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
		Finally, we have provided detailed evidence of how peak demand is likely to evolve based on robust analysis, as well as detailed information on network utilisation at different voltage levels on our network.	
<ul style="list-style-type: none"> <li>Uncertainty Mechanisms: Greater evidence required that load is appropriately calibrated</li> </ul>	CG letter p4	We have reviewed and elaborated on our baseline versus UM funded load related expenditure. The categorisation of different expenditures is explained in Section 6.5 of Annex 10.1. Furthermore, our additional appendix to Annex 17.1, on the design of a Strategic Investment UM, supports this by describing the rigorous methodology we advocate for drawing the additional allowances for Category 1b and Category 3 spend	<b>Load related plan build and strategy (Annex 10.1), Section 6.5 Uncertainty Mechanism (Annex 17.1),</b>
<ul style="list-style-type: none"> <li>LA engagement - need to reinforce our approach to future engagement with LAs, and testing forecasts, how this will feed in to UM decision-making</li> </ul>	CEG report p5	<p>We have further detailed how we will engage with LAs over the longer term. This includes ensuring stakeholder engagement is at the heart of our decision-making during RIIO-ED2 including in terms of seeking additional funding for net zero through uncertainty mechanisms.</p> <p>We have proposed to carry out a Net Zero Islands Study for the Isle of Wight council and others to further engage with local plans (Section 8, Load Annex)</p>	<b>Whole Systems (Annex 12.1) Section 1, Sections 3.2 and 4.1</b> <b>Load related plan build and strategy (Annex 10.1), Section 8</b>
<ul style="list-style-type: none"> <li>HV/LV Load related expenditure – clearly articulate and join story on Chapter 6,7 (non-load) including flex and secondary reinforcement.</li> </ul>	CEG report P3-4	<p>The network need options generated have been tested against the planned non-load interventions from other parts of our plan. For example, the same asset requiring intervention to provide additional capacity may also have been identified for intervention due to its condition, or due to environmental factors such as associated SF6. To ensure no double-counting, work has been undertaken to ensure that interventions having different key drivers have only been captured once in the expenditure portfolio and the business plan data tables. (6.3.6 Load Annex)</p> <p>Chapter 7 discusses the use of flexibility to maintain network reliability during planned outages.</p>	<b>Load related plan build and strategy (Annex 10.1), Section 8, Maintain a Resilient Network (Chapter 7)</b>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"> <li>DSO/ Whole System – Ensure a strong link between Whole systems and DSO</li> </ul>	CG letter p4	Narrative on interdependencies strengthened, for example, across our CVPs and our interaction with the ESO on whole system CBAs for specific load schemes.	<b>Whole Systems (Annex 12.1)</b> Section 1, Sections 2.1, 3.2, 4.2, 5.3
<b>Environment / Sustainability</b>			
<ul style="list-style-type: none"> <li>Diesel strategy – Clearly articulate BCF impact/outcome</li> </ul>	CG letter p5	New innovation theme added on island decarbonisation to support our BCF reduction goals. New Hebrides and Orkney Whole System UM added to support decarbonisation of island diesel.	<b>Environmental Action Plan (Annex 13.1), Innovation Strategy (Annex 14.1), Uncertainty Mechanisms (Annex 17.1), Scottish Islands (Annex 8.1)</b>
<ul style="list-style-type: none"> <li>Losses - Clearer justification &amp; exploration of costed options for losses</li> </ul>	CEG report p5	Added further details to our losses strategy and reflected the losses benefits of our investments across different drivers e.g. included in our load and non-load chapters.	<b>Environmental Action Plan (Annex 13.1), Maintain a Resilient Network (Chapter 7), Load related plan build and strategy (Annex 10.1)</b>
<ul style="list-style-type: none"> <li>Clarity required on scope of flexibility considered, in particular impact of fossil flues</li> </ul>	CEG report p5	Our supply chain will need to meet our Sustainable Supplier Code. When we are making tender assessments environmental Impact will be a deciding factor. The same is true for Equipment purchase.	<b>Environmental Action Plan (Annex 13.1), and Supply Chain (Annex 16.3)</b>
<ul style="list-style-type: none"> <li>Resources and Waste – Articulate the story on this and waste approach (circular economy)</li> </ul>	CEG report p5	We have refined our narrative and strengthened our targets	<b>Environmental Action Plan (Annex 13.1)</b>
<ul style="list-style-type: none"> <li>EAP: unable to reconcile the plans in the EAP with the forecasts in the BPDT.</li> </ul>	CG letter p5	We have refined our methodology for environmental BPDT completion and assurance	BPDTs
<ul style="list-style-type: none"> <li>Reducing scope 1 &amp; 2 emissions excluding losses required link to targets in each area</li> </ul>	CG letter p5	We have set science-based targets accredited by the SBTi Committing to reduce our combined Scope 1 and 2 emissions by 55% by 2033 from a 2020 baseline	<b>Environmental Action Plan (Annex 13.1)</b>

Feedback summary	Feedback from	How we have updated our plan	Location in the Business Plan
<ul style="list-style-type: none"><li>• Clearer justification and exploration of costed options for afforestation expenditure</li></ul>	CG letter p5	We have strengthened the analysis to support our CVPs	<b><i>Environmental Action Plan (Annex 13.1), CVP (Annex S3)</i></b>

## 2.5 FEEDBACK ON SECTION E: INNOVATION, DELIVERABILITY AND COST EFFICIENCY

<i>Feedback summary</i>	<i>Feedback From</i>	<i>How we have updated our plan</i>	<i>Location in the Business Plan</i>
<p><b>Efficiency</b></p> <ul style="list-style-type: none"> <li>• More clarity is needed around the reasons for customer contribution and the link with efficiency.</li> <li>• More detail is needed about the impact on service and cost benefits arising from the RIIO-ED1 Innovation programme to support confidence in the proposed RIIO-ED2 projects.</li> </ul>	CEG report p7	We have detailed our methodology and shown how innovation costs are captured in other areas of the Business Plan and contributing to efficiency targets and the delivery of benefits.	<b><i>Innovation Strategy (Annex 14.1)</i></b> Sections 6.2, 6.3, 6.4
<ul style="list-style-type: none"> <li>• Efficiency improvements put forward are not sufficiently stretching. There has not been an evidenced link between some of the improvement initiatives and the efficiency numbers</li> <li>• Does SSEN have credible plans to deliver more efficiently in RIIO-ED2 and are its efficiency targets for RIIO-ED2 reasonable</li> <li>• For all areas of costs there needs to be a clear delineation between pre-efficient costs and post-efficient costs.</li> <li>• As yet, there is no detailed plan of specific improvement initiatives or delivery model supporting the efficiency</li> <li>• target, despite the much greater volumes of work proposed from the start of RIIO-ED2.</li> </ul>	CEG report p8	<p>We have adopted a more aggressive stretch ongoing efficiency assumption of 0.7%pa, <i>recognising</i> that our current efficiency performance trails most DNOs and we have scope for considerable improvement</p> <p>We have challenged ourselves to improve our unit rates in certain areas (including CAIs) where we benchmark less well, including efficiency savings of over £400m in our final plan</p> <p>We have developed an efficiency trace showing the detailed breakdown of efficiencies mapped to initiatives, which also shows cost avoidance and CAI relationships.</p> <p>We have refined our deliverability strategy based on testing with our supply chain to ensure that planned efficiencies are deliverable. For, example we plan to change our delivery model to group work into “work banks” to drive commercial efficiencies.</p>	<b><i>Cost Efficiency (Chapter 15), Cost Efficiency (Annex 15.1), Deliverability Strategy (Annex 16.1)</i></b>

<i>Feedback summary</i>	<i>Feedback From</i>	<i>How we have updated our plan</i>	<i>Location in the Business Plan</i>
<ul style="list-style-type: none"> <li>Opex should stay flat in RIIO-ED2, challenge whether on-going efficiency targets are too low</li> </ul>	CG letter p4 and p15	<p>We have adopted a more aggressive stretch ongoing efficiency assumption of 0.7%pa, recognising that our current efficiency performance trails most DNOs and we have scope for considerable improvement</p> <p>We have challenged ourselves to improve our unit rates in certain areas (including CAIs) where we benchmark less well, including efficiency savings of over £400m in our final plan</p>	<b>Cost Efficiency (Chapter 15), Cost Efficiency (Annex 15.1), Operating Business Costs (Annex 15.6)</b>
<b>Uncertainty Mechanisms (UMs)</b>			
<ul style="list-style-type: none"> <li>The BP needs to be much clearer about how the UMs will be used to manage risks and uncertainties in RIIO-ED2. In addition, there is no single place where the potential impacts of all the mechanisms being used, including those</li> <li>proposed by Ofgem. It is unclear how SSEN is assuring the efficiency of costs associated with the UMs, particularly where these relate to volume driver type mechanisms and may involve very large volumes of work. There is also a lack of clarity about the impact these UMs could have on customer bills.</li> </ul>	CEG report p9	<p>We have added a section into our Business Plan Executive Summary on managing risk in relation to UMs. This details how external uncertainties are known unknowns outside our direct control, which drive a significant change in investment scale. These uncertainties are dependent on policy, market, or stakeholder needs evolving. We manage external uncertainties through Uncertainty Mechanisms (UMs) which adjust specific investment areas (both up and down) triggered by distinct external shifts. In chapter 17 we set out our proposals for additional UMs, building on the confirmed common UMs Ofgem will apply across the sector. Our UMs retain optionality and agility to deliver net zero and stakeholder’s evolving expectations. They are targeted at areas where need has a high probability of changing and the variance is significant. They are not designed to be a disincentive to finding efficiencies or managing risks we should otherwise absorb as internal risks.</p> <p>For our load volume driver, we have provided detailed analysis on how unit costs should be set. We note that all unit costs will be determined through Ofgem’s determination process.</p>	Section A, Executive Summary, <b>Uncertainty Mechanisms (Chapter 17)</b>
<ul style="list-style-type: none"> <li>Uncertainty Mechanisms: would like evidence that load appropriately calibrated. All other UMs relate to costs/ risks that should be borne by companies.</li> </ul>	CG letter p4	Our approach protects customers from an unnecessarily high baseline plan in a number of areas where there is significant uncertainty that is outside of our control. We have tested our proposed uncertainty mechanisms and consider they meet minimum requirements. We have removed a number of uncertainty	<b>Uncertainty Mechanisms (Chapter 17) and Uncertainty</b>

<i>Feedback summary</i>	<i>Feedback From</i>	<i>How we have updated our plan</i>	<i>Location in the Business Plan</i>
		mechanisms in draft following further testing, and added in a number of additional mechanisms. This includes an opex adjustor which reflects potential fluctuations in opex relating to projects being funded through uncertainty mechanisms.	<b><i>Mechanisms (Annex 17.1.)</i></b>
<b><i>Other</i></b>			
<ul style="list-style-type: none"> <li>• There is a lack of evidence of stakeholder engagement on business financing.</li> </ul>	CEG report, p.10	We have taken a layered approach to establishing consumer benefit valuation adding a broad range of stakeholder engagement elements to the traditional Willingness to Pay assessment. These include Social Return on Investment (SROI), Citizens Jury and Acceptability Testing. SROI was established in collaboration with other DNOs. The Citizens' Jury was recruited for in-depth deliberation on complex issues. Acceptability testing comprised qualitative and quantitative studies to engage stakeholders specifically on the acceptability and affordability of our Final Business Plan.	<b><i>Enhanced Engagement Strategy (Annex 3.1)</i></b> Stakeholder Annexes; <b><i>Enhanced Engagement Strategy (Annex 3.1)</i></b> and <b><i>Future Stakeholder Engagement Strategy (Annex 3.2).</i></b>