



Draft Business Plan Consultation Report

November 2019

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Introduction

In June 2019 we published a first draft of our Business Plan as a consultation to provide an opportunity for stakeholders to review the full Business Plan package, share their feedback and to challenge our proposals. Our final Business Plan will include changes in response to the challenges received from stakeholders through this consultation, from our User Group and from the RIIO-2 Challenge Group. Further Business Plan Guidance has also been provided by Ofgem throughout September, with further regulatory directions and updates to the Business Plan Guidance expected. This will require further changes and additions which will be applied in the final Business Plan.

This report focuses on the responses received from stakeholders on our Business Plan consultation. This includes the online and email consultation and responses received during our engagement roadshows and bilateral meetings.

The responses received throughout our consultation have been used to refine our Business Plan and to help us with setting specific targets and metrics. The main changes to our Draft Business plan as a result of the engagement were summarised in the October draft Business Plan. This report sets out more detail on how stakeholder input and challenge is being responded to in our Final Business Plan which will be published in December 2019. We will not be publishing individual consultation responses.

Engagement Process

The first two years of engagement with stakeholders across GB helped to shape our draft Business Plan. It determined our strategic priorities, our five goals for RIIO-T2 and our detailed proposals on what investment is required and what outputs will be delivered. The publication of our draft RIIO-T2 Business Plan in June 2019 provided an opportunity to test the acceptability of the plan with our stakeholders, including consumers.

To ensure that our proposals were transparent, we published the full unredacted business plan as a formal consultation. It was vital to us that we provided the opportunity for stakeholders to review and challenge the plan as this was the first opportunity for stakeholders to see our plan as a complete package as previous consultations were issue specific. In the consultation we sought to test the acceptability of the plan, including the scale of investment, the suitability of our goals and cost to the GB consumer. Gathering views on the judgements we had made on the trade-offs between the interests of different stakeholders.

In order to make our consultation accessible to all stakeholders across GB, we undertook the most ambitious campaign we have ever undertaken. The campaign used various channels to create a wide reach across different stakeholder groups. Initiated via direct email to our full stakeholder list and the publication of the draft Business Plan on the SSEN Transmission website. Promoted across social media channels and underpinned by digital content and video.

- Promotion and consultation – traditional and digital channels including social media
- Bilateral meetings
- Roadshow events – in and out of region

To ensure as wide a reach as possible we engaged across several platforms and mediums. Social media promotion and advertising was used to directly reach consumers; in-read advertising in online newspapers, political

publications and trade press to reach expert stakeholders including government and political parties; print advertising and media coverage in Scottish Newspapers and online publications provided further reach to expert and high impact stakeholders.

Campaign materials included our Business Plan film, A Network for Net Zero, and the Five Clear Goals poster which included the annual cost to a GB Bill Payer based on Ofgem’s calculation of average consumption. The campaign materials were designed to be accessible to everyone and directed stakeholders to our website for further information and the opportunity to respond to the consultation.

To further increase the accessibility of our business plan and seek engagement and challenge from stakeholders, we took our business plan on tour throughout August, running five public engagement events.

We reviewed our consultation plans with our RIIO-T2 User Group, Citizens Advice and Citizens Advice Scotland. The feedback from these groups encouraged us to put extra efforts into increasing reach with stakeholder groups that had been previously under-represented in our RIIO-T2 engagement: GB consumers, local communities, small development projects and energy innovators. This included additional efforts to increase awareness of our roadshow events with end consumers, proactively contacting community and developer contacts to encourage attendance, and running an additional workshop on whole system and innovation specially for stakeholders with interested in those topics.

The RIIO-T2 User Group also encouraged us to increase our reach via existing stakeholder networks by asking representative groups and forums to share the Consultation with their members. This included the Landowner’s Association and Scottish Renewables. These organisations shared our consultation with their members and resulted in responses from stakeholders that were not captured on our own stakeholder lists.

Through having this targeted campaign, bilateral meetings held and several external events, we have increased our engagement significantly in these areas as well as our previously engaged group. Since the launch of our draft Business Plan, we have engaged with over 70 organisations which allowed us to gain the views and general support of all of our targeted Stakeholders groups.

Online Consultation Response

An invitation to review the business plan and respond to the online consultation was sent to over 1000 stakeholders. We received 11 responses to the online consultation. Responses were received from:

- Two public bodies: Scottish Natural Heritage and Historic Environment Scotland
- One network operator: National Grid System Operator
- One enterprise agency: Highlands and Islands Enterprise
- One National Park Authority: Cairngorms National Park Authority
- One regulator: The Scottish Environment Protection Agency
- One consumer representative group: Citizens Advice Scotland
- One private company: Scottish Woodlands
- One local authority: Aberdeen Council
- One Member of the Scottish Parliament: Kate Forbes MSP
- One renewable energy developer: RIDG

Event Attendees

We had over 100 stakeholders attend our 5 events, representing 59 separate organisations. At these events we presented our 5 Goals and Key Themes from the Business Plan Summary as well as giving our Stakeholders the opportunity to attend specific topic related Round table workshop discussions with our business experts. At our Glasgow event we also held a panel session with the Transmission Executive Committee where stakeholders were asked to pose questions to the panel and live responses were provided.

Figure 1: Our Stakeholders



Bilateral Meetings

We held bilateral meetings with key stakeholders to ensure that their views were included in our consultation. These meetings provided the opportunity for detailed discussions of the plan with these critical stakeholder groups. This included engagement with consumer representative groups as part of our approach to ensuring that our Business Plan meets the needs of consumers.

During these meetings, we sought advice from the consumer representative groups on what further we could do to engage directly with consumers. We were encouraged to promote our roadshow events to a consumer audience and did so via promotion on social media and in local newspapers. These groups, and our RIIO-T2 User Group also encouraged us to promote the plan and gather views at events being run by consumer groups. Some GB stakeholder representative groups have declined the opportunity to discuss our business plans as they consider this to be a Scottish issue. We continue to seek engagement with these organisations so that we can ensure their views are considered in our final Business Plan.

Government and Local Authorities: Department for Business, Energy and Industrial Strategy, Scottish Government, Aberdeen City Council, The Highland Council, Argyll and Bute Council, Perth and Kinross Council.

Network operators: National Grid, Scottish Power Electricity Networks, Scottish Hydro Electric Power Distribution.

Consumer representative organisations: Citizens Advice, Citizens Advice Scotland, Home Energy Scotland, National Energy Action, Energy Action Scotland.

Industry representative bodies: Scottish Renewables, Argyle and Bute Renewable Alliance, Renewable UK

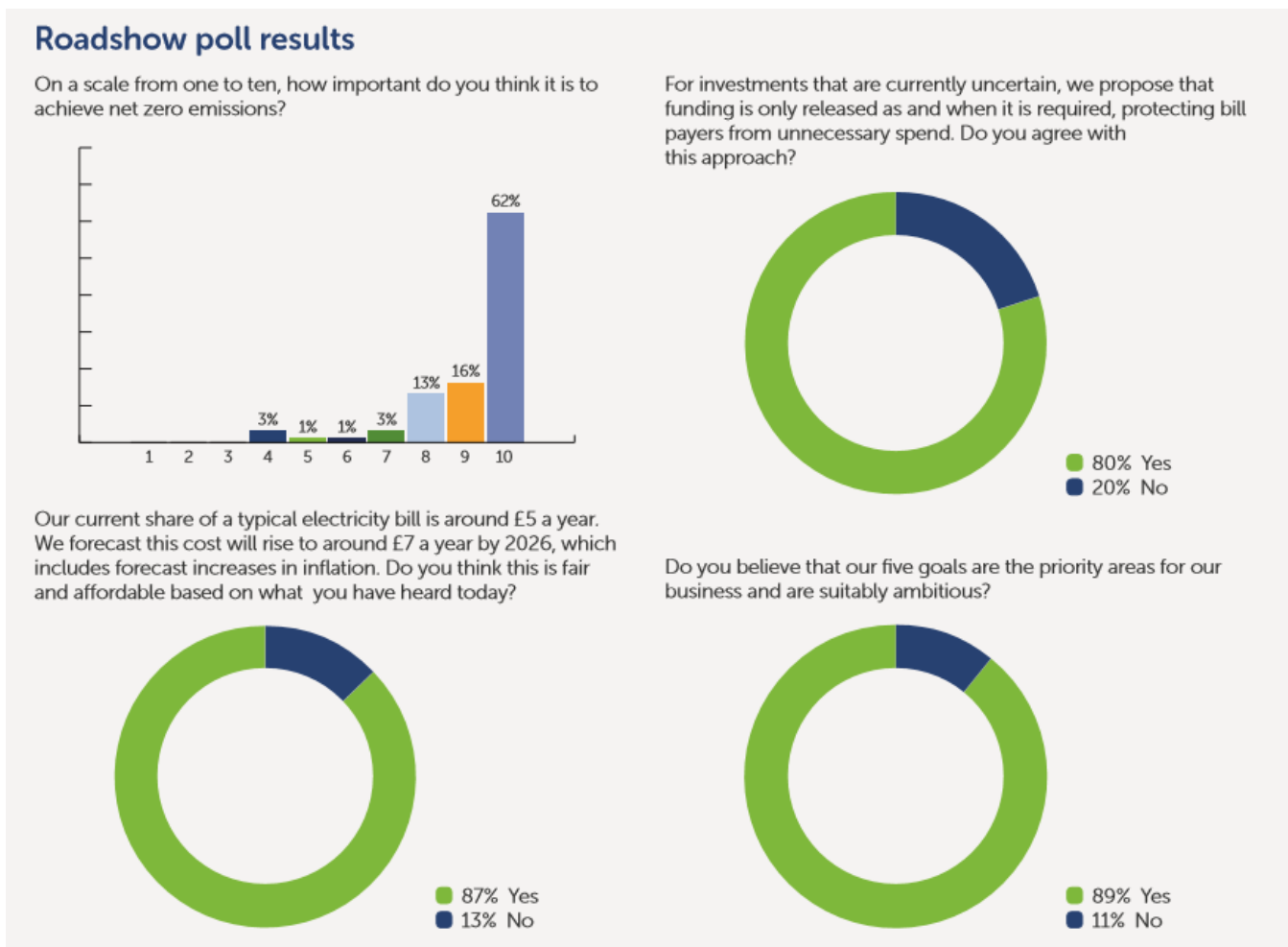
Response to our draft Business Plan

The response to our draft business plan was overwhelmingly positive.

Our events and bilateral meetings concentrated on four critical questions:

1. levels of support for the strategic focus of the plan on delivering a network for Net Zero;
2. whether our five goals were the right priorities and were suitably ambitious;
3. whether stakeholders supported our approach to the Certain View and uncertainty mechanisms; and,
4. acceptability testing the costs of the Business Plan to consumers.

Throughout the events we engaged with our audience using Slido (an interactive voting tool) for open questions and interactive polls. The results of the polls are shown below.



The response to these points from our bilateral meetings was also overwhelmingly positive.

1. All stakeholders supported the focus on Net Zero.
2. All stakeholders supported the five goals. Some stakeholders questioned whether the 100% reliability goal could be delivered efficiently, and some stakeholders questioned whether we could be more ambitious with our decarbonisation goal.
3. All stakeholders supported the Certain View and our approach to uncertainty mechanisms. Many stakeholders asked for more information on how our Certain View had been determined and on what level of investment would be required to deliver a Pathway to Net Zero. Some stakeholders asked for additional projects to be included in the Certain View, including the Islands projects.
4. All stakeholders considered the £7 a year cost of the business plan to be fair and affordable.

The table below provides a summary of some of the most material points of feedback from stakeholders, the factors that we have considered in assessing how to respond to the feedback, and the action that we have taken in response.

Table 1: Summary of material feedback and action taken

Stakeholder ask	Our considerations	Our actions
<p>One of the challenges common across multiple stakeholder groups was on our commitment to earlier stakeholder engagement on projects and how our policies and procedures are shaped on an ongoing basis. Stakeholders sought reassurance that this is not just a one-off exercise for the Business Plan.</p>	<p>Our new Stakeholder Engagement Strategy clearly states our commitment to high quality, ongoing engagement. We are not waiting until RIIO-T2 to begin implementation of this new strategy, new engagement approaches, methods and decision-making tools are being designed and implemented during 2019/20 to deliver the strategy.</p> <p>Direct involvement of stakeholders in assessing our performance against the plan throughout RIIO-T2, and in decisions about projects in the less Certain View would ensure that we are actively delivering this commitment.</p>	<p>The actions and improvements required to deliver early engagement and responsiveness to stakeholder needs are set out in our Stakeholder Engagement Action Plan which will be published alongside our final Business Plan in December.</p> <p>In response to the challenge from stakeholders, we have also committed to establishing a RIIO-T2 implementation group, made up of stakeholder representatives, which will help challenge our decisions and ensure delivery of our commitments.</p>

<p>While all stakeholder groups supported the ambition of our goal for 100% reliability for homes and businesses and agreed that this was the primary interest of consumers, some stakeholders challenged whether aiming for 100% reliability would result in inefficient investment.</p>	<p>While we are confident that a risk-based approach to asset management and investment, combined with increased digitisation of our network will result in improved performance in reliability, we agree that striving for targets of 100% could encourage over-investment.</p>	<p>To ensure that our teams remain focused on continuous improvement and innovation to improve reliability, a response to the goal which has already become evident, we will maintain 100% reliability as an aspirational goal while economic to do so, but set realistic dynamic targets for electricity not supplied based on an improvement on T1 average performance and improvements on prior year performance.</p>
<p>Another common ask from stakeholders has been for more detail on future energy scenarios and how these relate to the Certain View, pathways to Net Zero and uncertainty mechanisms. This also relates to developers and customers looking for more clarity on the Uncertain View, particularly how decisions have been made on what is included, and government and consumer representatives asking how delivery of projects in the Uncertain View will impact local communities and end consumer bills if these projects are progressed.</p>	<p>As the Certain View is designed to capture only the most certain investments, a further scenario which sets out the investment that would be required to put us on a pathway towards Net Zero would be beneficial for understanding likely outcomes and the impact of delivery of further investment through uncertainty mechanisms.</p>	<p>We developed a new scenario which sets out a “likely outturn” view which is in line with pathways to Net Zero. This view was set out in our supplementary paper: Pathways for Net Zero, which was published alongside the October draft of our Business Plan. The paper included projected costs to consumers for the Likely Outturn View.</p> <p>In this paper we also provided more detail on how the Certain View was determined with the methodology for how projects were ruled in or out of the Certain View.</p> <p>This paper also provided additional information on future energy scenarios and the ENA Core View.</p>
<p>Stakeholders are particularly keen to understand what will happen with the Skye reinforcements and the Islands projects. Some stakeholders encouraged us to include these projects within our Certain View but others, including Citizens Advice Scotland and Citizens Advice, agreed with our more conservative approach.</p>	<p>Following the outcome of the CfD auctions we reviewed again our allocation of the Islands projects as “less Certain”. The outcomes did not increase the level of certainty on development of these projects.</p> <p>Given the continued uncertainty on the Islands Projects we ruled out including them in the Certain View in our October draft Business Plan.</p>	<p>We will continue to work with Ofgem and other stakeholders in support of the Needs Cases for the Islands and getting Island customers connected.</p> <p>If the Islands projects are triggered before finalisation of our Business Plan, then they will be included in the Certain View.</p>

<p>During the consultation suppliers and contractors have expressed the need for earlier awareness of future projects to allow adequate resources to be allocated across the industry. This need was reiterated by other interested stakeholders including other network companies and statutory consultees.</p>	<p>We recognise the critical role our supply chain plays in delivering our ambitious plans. We ran a focused event for our supply chain to gather their views on how we can best manage the volumes of work and provide certainty for them to prepare for delivering the activities required in our Business Plan. The Certain View was seen as an important threshold which created certainty on minimum work required which gives confidence to invest. This also creates a sufficient baseline from which it is feasible to scale up to deliver projects in the less Certain View.</p> <p>Visibility of projects throughout the price control period, as provided by the Certain View, was recognised as allowing for a portfolio approach to procurement creating more opportunities for partnerships where appropriate.</p>	<p>This will be set out in our Procurement Strategy which will be submitted with our final Business Plan in December.</p>
<p>The role of the supply chain in delivering our sustainability plan, including decarbonisation and wider environmental action, was also highlighted by stakeholders.</p>	<p>We agree that the supply chain will be essential in delivering these ambitious plans. We also recognised that in some areas our supply chain is already adopting the practices that we are looking for, even before we are mandating them in contracts.</p>	<p>All our commitments for decarbonisation will be incorporated within future supply chain awards. We will continue to seek ideas and best practice from our supply chain.</p>
<p>Concern that extension of the VISTA programme for reducing the visual impact of existing transmission assets may be over ambitious.</p>	<p>There were conflicting views from stakeholders on whether the VISTA programme should be extended outside National Parks and areas of Scenic Interest. Some of the comments were location specific, making one standard approach that met the needs of all stakeholders difficult to achieve.</p>	<p>Revision of our RIIO-T2 VISTA policy where our focus is now to work with stakeholders to co-create an evidence-based approach to assessing visual amenity improvement proposals outside designated landscapes by the end of the price control period.</p>

Online Consultation – Detailed Responses

The online consultation asked a series of more detailed questions about different aspects of our draft Business Plan. The responses to the consultation provided in depth views which are being applied in the finalisation of our business plan. Alongside the online responses we have included relevant comments gathered from stakeholders at our roadshow events.

Section 2: Stakeholder-Led Strategy

Question 1 – What do you think of our ambitions and initiatives for connections? Do these align with your future needs?

There were two responses to this question. Both responses supported our ambitions and initiatives. One response commended our approach of assessing the value our connections work brings to the wider community and UK climate change targets. One response stated support for our collaboration with stakeholders on deployment of renewables, particularly offshore renewables. One stakeholder asked for more information on the role of the System Operator in delivery of our connections ambition within our connections policy and more information on our whole system proposals.

Action: Our commercial and connections policy will be updated to include the role of the System Operator.

Action: We will publish a Whole System Policy alongside our final Business Plan in December which will set out our whole system approach.

Roadshow attendees also commented on this question. Two attendees highlighted that one of the challenges with our connections goal was aligning the timescales of renewable developers with network development. One of these attendees said that it was good to see the work already being done in this area. One attendee reiterated the need to make the connections process simple, supporting one of our connections ambitions.

Question 2 – Are there any specific services or policy initiatives we should consider for connections?

Three stakeholders responded to this question. In those responses we received: strong encouragement for our queue management initiative; praise on our efficient and collaborative development of our initiative on our customer portal; and support for our goal to deliver all connections on time.

In support of our goal to deliver every connection on time, one stakeholder documented their wish for us to do more to improve the connections process for all stakeholders.

Action: We have not changed the goal based on this feedback as it was designed and agreed to address significant stakeholder input gathered during the earlier stage of the business planning process. However, we recognise that a wide range of our stakeholders are impacted by our connection projects. Because of this we will create a tailored and specific methodology to assess stakeholders' satisfaction who are impacted by transmission infrastructure projects. The results of which will enable us to take appropriate and effective action

to improve. In further support this, our new Stakeholder Engagement Strategy and Action Plan will create improvements as we will engage earlier and strive to achieve mutually acceptable outcomes.

Action: we will create research surveys and other supporting measures for gathering insights to assess stakeholder's satisfaction who have been impacted by new transmission infrastructure. We will use these insights to inform continuous improvement actions.

Question 3 – What do you think of our proposed customer satisfaction survey to measure our success? Is there another way we should measure our success?

There was one response to this question in which our stakeholder wished to see more information before commenting. In their response they highlighted their willingness to engage with us further, as they too share the desire to minimise survey fatigue.

Action: We are working collaboratively with the other Transmission Owners and the Electricity System Operator develop a methodology for surveying connecting customers satisfaction. The resultant survey will be used to track performance and inform areas for improvement.

Question 4 – Are there any innovation areas we should target in RIIO-T2?

One stakeholder responded to this question, stating that they believe we should: focus on accelerating network development and connections, including integrating increasing amounts of renewable generation; maximise existing assets to deliver capacity; and provide more accurate information on the condition of assets to allow for more informed decision making.

Additionally, the stakeholder highlighted the benefits of battery storage and the need for more clarity on how to connect battery storage to the electricity network.

Action: We agree that grid connection is essential to supporting renewable energy growth and net zero ambitions. Due to our network area having low demand in comparison with volumes of generation there is a limit to how much additional generation we can accommodate within existing capacity, so we seek to maximise this within safe limits in collaboration with the ESO. Our Commercial and Connections Policy initiatives are designed to facilitate this, as is our increasing focus on whole system solutions including flexible connections.

Specific process for battery storage connection is a developing area and we will accommodate it within the development of tailored connections solutions i.e. recognising the specific technical and commercial challenges to connecting battery storage. They also documented the importance of developing innovative approaches to the black start strategy, which we agree with and have captured in our Innovation Strategy.

Question 5 – Is our new reporting framework clear and transparent? Is there anything else we should consider including?

We received no response to this question.

General Comments

There were seven general responses that referenced our stakeholder engagement, most of which welcomed our ambition to put stakeholders at the heart of our business strategy and operations, as well as showing appreciation for our consultation efforts on our draft Business Plan. They recognised our efforts to make this stage of the process inclusive (which went beyond Ofgem’s expectations) and were grateful for the opportunity to provide further input. In line with this comment it was emphasised that stakeholder engagement must remain a focus during the delivery of the business plan. In particular, it was highlighted that our relationship with the ESO must be maintained and improved. We recognise the importance of this relationship and the need to work with them is captured in our whole-system policy.

One comment focused on our previous performance when feeding back to stakeholders regarding their input and how it shaped our decisions. They welcomed our commitment to develop consistent and transparent processes to act on stakeholder input and feedback on how the input has been applied.

Action: Set out the interactions between us and the ESO in our whole system policy.

Section 3: Safe and Secure Network Operation

Question 6 – Our research indicates that security of supply is the priority of our stakeholder groups. Is this an appropriate assumption for the duration of RIIO-T2 until 2026?

Three stakeholders provided detailed responses to this question. All in general agreement that security of supply is a priority. This assumption was based on one stakeholder’s own consumer research. They believe this to be an appropriate assumption; that reliability is the highest priority for consumers. It should be considered alongside other priorities as well though. Their findings from academic research and their own engagement show this is one of four main priorities for consumers, including: affordability, decarbonisation and having a safe and secure network.

Another response referred to the balance between security of supply and our environmental targets. They said that we should prioritise maintaining the security and reliability of supply in the short, medium and long term while also ensuring supplies are affordable and have a minimal impact on the environment. The same respondent stated that delivery of increasingly clean, reliable and sustainable energy will require investment in the electricity infrastructure. The respondent highlighted the contribution of offshore wind projects in particular as strategically important to delivering energy policy goals such as decarbonisation, security of supply, and new business opportunities and strongly encouraged us to invest in the transmission network in order to facilitate the expansion of the offshore wind industry, as this will provide a security of supply in the long term.

The third respondent also highlighted environmental concerns when it came to security of supply, particularly coastal erosion and the need for adaptation. - ‘The draft Business Plan recognises the increasing threat to the safe and secure operation of the transmission network. Some of SSEN Transmission’s assets are likely to be increasingly affected by accelerating rates of coastal erosion. Adaptation will be required to protect existing assets and climate change will need to be factored in to development of future assets. One useful tool to help with this action is Scotland’s Coastal Change Assessment; Dynamic Coast. Adaptation actions might also provide opportunities to help achieve SHE T’s ambition to promote the natural environment.’

Action: These responses provide additional evidence that consumers and wider stakeholders believe security of supply to be a top priority, in response we will maintain our focus on security of supply in the final business plan.

Question 7 – Attendees at our March 2019 workshop supported the undertaking of work in RIIO-T2 where it can be demonstrated to lead to more efficient outcomes in the future. Do you support this approach?

We received no response to this question.

Question 8 – We propose the ESO should direct Black Start requirements for Scotland. Do you support this approach?

Again, three responses to this question, two responses agreed with our approach. One stated that National Grid Electricity System Operator is the main responsible party for electricity system resilience and that we have a role in supporting this. The other stated that a collaborative would be most beneficial to consumers. Both these respondents encouraged us and National Grid, to explore innovative approaches to Black Start. One of the responses specifically agreed with our approach of including Black Start as an uncertainty mechanism during the RIIO-2 period to reflect changing potentially changing requirements including the introduction of the Network Code for Electricity Emergencies and Restoration.

Action: These statements support our proposed approach to Black Start so no changes are being made to this. Additional explanation of collaboration in the approach will be included in the final Business Plan.

General Comments

One general comment was received on this section of the business plan. It stated that the importance of continued investment in SSEN's network across the Highlands and to the Islands cannot be underestimated from an economic and community development perspective. The respondent stated that they are entirely supportive of further significant investment being made in the region's network to support further renewable development, but also support security of supply and decarbonisation of our energy system.

Action: We have captured this support in our engagement record as further evidence of stakeholder support for the business plan.

SECTION 4: Sector Leading Efficiency

Question 9 – We are seeking feedback on; The Certain View and our proposal that investments with uncertain need are not agreed upfront

There were five responses to this question. Three responses supported our ambitions and initiatives while the other two asked for more information on our proposal of investments. One response stated support for our 'Certain view' as a significant proportion of our investment will be in the North-east of Scotland, but also highlighted the need for further investment north of Beaulieu. One stakeholder asked for closer working with the ESO to develop the detail for the North of Scotland in the National Future Energy scenarios. Another response queried our uncertainty mechanisms and how they will allow us to achieve a net zero emissions pathway for generation and demand.

Action: We will continue to work closely with the ESO and have now included pre-construction for Networks Options Assessment (NOA) in the Business Plan.

Action: Our economic and system analysis does not demonstrate a need for further network capacity north of Beaulieu, however we will continue to keep this under review and our proposed uncertainty mechanisms will allow us to take this forward if needed.

A roadshow attendee also queried our 'delivered for around £7 per year' pledge regarding the 'Certain View' as this price could fluctuate when you take the National Grid's impact into consideration. We will take this into consideration review our presentation of this in our December business plan.

Action: In our final Business Plan we will ensure that it is clear that the £7 per year cost is for the Certain View in our Business Plan and not including costs for other areas of the Transmission System.

Question 10 – We are seeking feedback on; Whether the approach we take could be improved for greater benefits to GB bill payers

One stakeholder responded to this question in the consultation and asked for more clarity around the costs associated with achieving our Net-Zero ambitions. At the recent roadshows four attendees also asked for more information on the drivers behind our 'Certain View', what our 'Uncertain View' looks like and strategy for the island connections if they do go ahead. One response also suggested our planned spend is unambitious and we should be more aggressive with our growth plans.

Action: We have updated our Net-Zero and Regulatory Mechanisms Update papers to provide clarity around our ambitions.

Action: We welcome our growth plans input and acknowledge the challenge. We have since sought to balance this view with concerns about costs to customer.

SECTION 5: Leadership in Sustainability

Question 11 – We welcome views on how we can best support community and locally owned renewable energy projects, and what outcomes (if any) we should strive for during RIIO-T2?

There were four responses to this question. All responses were supportive of our stretching ambitions. In one response to this question our stakeholder encouraged us to support local and community owned renewable energy projects. This response asked us to factor local community projects into our policy developments to provide faster and less constrained connections. One respondent raised a query as to why protection of the historic environment was not called out specifically in our plans. One respondent raised a concern that our proposed extension to the VISTA project may be over ambitious. Roadshow attendees were supportive of the science-based target and interested in how it will be achieved.

Action: The feedback on local and community renewables has been adopted within our Local Energy Action Plan which will be published alongside our final Business Plan.

Action: Consideration of the historic environment is included within our Landscape and Visual impact assessment process. We have added enhanced visualisations to our engagement approaches for RIIO-T2 which should support the assessment of impact on the historic environment.

Action: The feedback on VISTA has been incorporated into a revision of our RIIO-T2 VISTA policy where our focus is now to work with stakeholders to co-create an evidence-based approach to assessing visual amenity improvement proposals outside designated landscapes by the end of the price control period.

Question 12 – We welcome views on our proposal to take a cost-benefit approach to adopting SF6 alternatives and the decarbonisation of our operational fleet. Is this acceptable, or should we go faster?

We received no response to this question.

Question 13 – We welcome views on whether our proposals for the natural environment are sufficient, or too ambitious. In particular, we seek views on whether we should adopt our proposed Stretching Ambitions?

We gathered two responses to this question on our proposals for the natural environment. Overall, we received a positive response to our ambition of one third reduction in our greenhouse gas emissions throughout the RIIO-T2 period. We also received support from our stakeholders for our proposed sustainable Stretching Ambitions. One stakeholder was very supportive of our proposed Stretching Ambitions but asked for more information on the cost of measures for these proposals. Another stakeholder commented that extending the scope for the 'Visual Impact of Scottish Transmission Assets (VISTA) may be too ambitious and feels the expense could be invested elsewhere. In the responses we also were asked for engagement on Biodiversity Net Gain development and demonstration site, which we will also take on board.

Action: This feedback has been incorporated into a revision of our RIIO-T2 VISTA policy where our focus is now to work with stakeholders to co-create an evidence-based approach to assessing visual amenity improvement proposals outside designated landscapes by the end of the price control period.

Action: We will include actions on partnerships in our stakeholder action plan, this will have further detail on our partnerships in areas such as vulnerable consumers to be implemented across RIIO-T2.

Question 14 – What actions do you think we should take on embodied carbon and by when?

We received no response to this question.

Question 15 – We have identified a difference of opinion between our regulator and our stakeholders in our role in supporting communities. We would welcome your views on whether we should adopt the goals described here.

Three stakeholders responded to this question. In those responses we received positive feedback on our approach to local supply chains and supporting vulnerable customers. One stakeholder stated that we should create conditions in which businesses can thrive and generate wider benefits through creation of jobs and demand opportunities for local supply chains. Another stakeholder acknowledged that supporting communities and vulnerable customers is not normally an area Transmission companies traditionally focus on and they welcome our ambition. Our final respondent believes that our large investment during RIIO-T2 should facilitate the growth of offshore renewable, which in turn will generate socio-economic benefits to impacted local communities.

Action: We have captured the recognition of the local socio-economic value of our investment and have committed to promote and report the use of local supply chains during our project activities in RIIO-2. This will be set out in our Sustainability Action Plan.

Question 16 – We currently provide support to communities through our resilience community fund, are there other more impactful and beneficial ways to provide support to communities?

We received three responses to this question. All three responses to this question were very supportive of us providing support to communities through community funds. One response stated it is an essential component of economic development in the Highland and Islands and encouraged us to continue to contribute. One stakeholder highlighted the importance of similar community funds throughout the UK and believe we should implement something similar with the creation of offshore wind projects. Our third response said that supporting community funds would tie in with our aim of making a positive contribution to society.

Action: As there were a range of differing views on how best we can support communities, we will work with our stakeholders to consider how we can best provide support to community initiatives under the RIIO-2 framework. This review will be undertaken at the start of the RIIO-T2 Price control.

Question 17 – We welcome views on other steps we could take to provide rewarding and fulfilling careers.

We received two responses to our rewarding and fulfilling careers question. One stakeholder was very supportive of our current approach of continuing to promote the Highland and Islands portal which links small-medium sized businesses with SHET construction projects. The other response related to the wider benefits provided by supporting renewable projects on an ongoing basis to provide rewarding careers.

Action: We will continue to support local procurement portals as shown in response to question 16. In addition, our sustainable workforce plan and strategy will provide further detail on proposed workforce expansion during RIIO-T2 to support the delivery of renewable energy.

Question 18 – Our regulator, Ofgem, has decided that we must publish an Environmental Plan and an annual environmental report. Our initial thinking is to incorporate this into our overall sustainability reporting. We welcome views on this approach.

There was one response to this question in which our stakeholder suggested we create a separate report for environmental issues and include a summary of this within our sustainability reporting.

Action: The proposal for separate environmental and sustainability reporting is unsuitable as it is different to our proposed transparency reporting RIIO-T2 which is an integrated reporting approach. We will include clarification in the sustainability action plan on reporting and the detail of how environmental reporting will be included within the annual performance for society reporting.

General Comments

We received to further responses which were in support of our business plan ambitions for sustainability particularly on our biodiversity and woodlands policies. These stakeholders are looking forward to continuing to work with us in these areas.

Section 6: Cost to Customers

Question 19 – Do you agree with our approach to setting the cost of equity including the point estimate for evaluating our Business Plan??

We received no response to this question.

Question 20 - Do you believe that we should assume outperformance will occur in assessing our Business Plan (as Ofgem does)?

We received one response to this question. The stakeholder agreed that SSEN should not include the outperformance wedge as it is “arbitrary”. The respondent stated that any expectation of outperformance is uncertain and should therefore not be reflected as part of the RIIO-T2 price control.

Question 21 – We welcome views on using cross checks to provide more detailed analysis for the cost of equity for RIIO-T2?

We received no response to this question.

Question 22 – Do you agree with our analysis of the RIIO-T1 CoD mechanism and the impact on SHET’s embedded debt?

We received no response to this question.

Question 23 – Do you agree with our analysis of additional costs of borrowing that should be funded through the CoD mechanism in RIIO-T2?

We received no response to this question.

Question 24 – Do you agree with our evaluation of CoD mechanisms and our proposed CoD mechanism? Are there any other CoD mechanisms that we have not considered?

We received no response to this question.

Question 25 – Should asset lives transition to 45 years by the end of RIIO-T2 or should the period be locked at sixteen years, meaning the transition will complete in the early years of RIIO-T3?

We received no response to this question.

Question 26 – Are there any other items that we should consider when assessing the appropriate capitalisation rate?

We received no response to this question.

Question 27 – What are your views on the FTM accreditation or an alternative accreditation for energy networks in RIIO-T2?

We received no response to this question.

Question 28 - Do you agree with our conclusion that pass-through is the appropriate treatment of tax costs for consumers? If not, what mechanism or approach do you prefer and why?

Three responses were received in relation to this question, two in agreement, stating - Yes, the process appears to be transparent for consumers. The third respondent felt that more needs to be done to support vulnerable customers to change tariffs, so they don't just keep paying price or more.

Action: Our proposed actions for vulnerable consumers will be included within our Sustainability Action Plan. This includes provision of support for vulnerable consumers through partnership and at our engagement events.

Question 29 – Do you believe switching to CPI from RPI should be NPV-neutral?

We received no response to this question

Question 30 - Do you believe that RPI should be retained?

We received two responses to this question. Both respondents stated that RPI should not be retained and that CPI should be used for consistency.

Action: These responses are in support of our proposed approach so we will continue with that approach.

Procurement

No specific questions on procurement were included in the consultation but comments were received on this topic from respondents and at our roadshows.

There were three responses to the consultation which provided views on procurement. One Stakeholder said that we need to ensure that we deliver on supply chain commitments as there is a difficulty in delivering projects at the right cost if there is no local capacity to deliver them. They also feel we should be working proactively with the supply chain but say this may encounter difficulties if there is an upturn in the oil industry. It was further suggested that we should also focus on tangible benefits, including local employment and apprentice opportunities, whether this is directly with the company or with construction partners.

Another stakeholder also acknowledged the opportunity RIIO-T2 provides to help deliver change. They see this price control period as an important one to help achieve future decarbonisation goals.

Action: In response to this feedback, SHE Transmission will develop a Procurement Strategy that will consider a wide range of regional factors including availability of resources. Throughout the T2 period SHE Transmission will engage continuously with key supply chain contractors to discuss future requirements and availability of resources.

SHE Transmission is also putting together Procurement Charters and Supply Chain Sustainable policies that will identify how we can provide the benefits in our business plan.

There were also four further responses to this from our RIIO-T2 Business Plan Regional Roadshows. One Stakeholder suggested that we need to give the supply chain a heads up and engage with them several years before the targets need to be achieved. They suggested holding a workshop on innovation.

Another suggested we need to consider how we are partnering (pain/gain share instead of forcing cheapest). They believe focusing on the cheapest will hold up innovation and lead to inefficiency. It was also said that we must work closer with contractors to realise such inefficiencies.

It was also queried at the roadshows that with the level of investment proposed for RIIO-T2, how can we ensure that we are not competing with other TOs for the same contractors.

It was also highlighted by one stakeholder that supply chain is essential to us achieving future goals. They praised the level of detail we currently share with contractors and that it should continue as such.

Action: In response to this feedback at our roadshows we have developed a Procurement Strategy for T2 that we believe will best meet our T2 business plan objectives and will encourage future innovation and efficiency. By developing an ambitious business plan this has allowed us to advise the supply chain of the long-term programme of work. During T1 we hosted several innovation workshops and we will continue to do this in T2. We will also continue to review how we share information with the supply chain and will look to enhance this further. There has been a very active engagement process with the whole supply chain as part of the RIIO-T2 consultation and this will continue throughout RIIO-T2 delivery.

Next Steps

The results of this business plan consultation have informed the refinement of our Business Plan as set out in the actions listed in the summary table and beside the detailed responses in this document. Some of the updates were applied in our October draft Business Plan. The remainder are being applied in the final Business Plan and supplementary documents which will be published in December. We would like to thank the stakeholders that participated in the consultation and encourage them to continue to engage with us and Ofgem as the RIIO-T2 plans are finalised.



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