Stakeholder Engagement Workshop
17th September 2019
Welcome
James Garland, Managing Director
EQ Communications
# Agenda

<table>
<thead>
<tr>
<th>Session</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welcome and Overview</td>
<td>10.00-10.05</td>
</tr>
<tr>
<td><strong>Session 1: Introduction and Regional Priorities</strong></td>
<td>10.05-10.30</td>
</tr>
<tr>
<td><strong>Session 2: ED2 Shaping Electric Futures</strong></td>
<td>10.30-11.15</td>
</tr>
<tr>
<td>Coffee break</td>
<td>11.15-11.30</td>
</tr>
<tr>
<td><strong>Session 3: Supporting Consumers in Vulnerable Situations</strong></td>
<td>11.30-12.15</td>
</tr>
<tr>
<td><strong>Session 4: Operating in a Sustainable World</strong></td>
<td>12.15-13.00</td>
</tr>
<tr>
<td>Wrap up and next steps</td>
<td>13.00-13.05</td>
</tr>
<tr>
<td>Lunch</td>
<td>13.05-14.00</td>
</tr>
</tbody>
</table>
Introduction
Craig Rankin, Head of Region, Ridgeway
Distribution in Great Britain

- Over 4,000 employees working from 85 depots and offices in the heart of the community
- 130,000km of overhead lines and underground cables
- 106,000 substations
- Over 100 submarine cables, powering island communities
- 3.8m customers served by our networks across central southern England (over 3m) and the north of Scotland (over 780,000)
Approaching 600,000 customers to serve

We work round the clock – no matter the weather

Inspect and maintain our assets

We design and build the new infrastructures and connections that enable our communities and the amenities that serve them to grow and develop

We know how important it is to have a strong, resilient network;

This year alone, we plan to invest over £30 million in the network serving the Ridgeway region through a series of projects to upgrade and improve the local infrastructure.
Continually improving our service by

Investing in our Network

• Circa £30m Capital investment in refurbishing & upgrading networks

East Claydon to Bicester
132kV Cable Circa £1.3m

Osney Substation Refurb
Circa £2.5m

Plant & Automation Schemes
Circa £2.6m
If it’s not safe, we don’t do it

Safety is our number one priority, from our teams of people to the communities and customers who rely on a safe and reliable supply of electricity.
ED2 Shaping Electric Futures
Shirley Robertson, RIIO ED2 Programme Manager
OUR VISION, PURPOSE AND STRATEGY

SSE’s vision is to be a leading energy company in a low-carbon world. Its purpose is to provide the energy needed today while building a better world of energy for tomorrow. And its strategy is to create value for shareholders and society from developing, operating and owning energy and related infrastructure in a sustainable way. This strategy, which is underpinned by a commitment to strong financial management, is built on four pillars.

- Focusing on the core
- Developing, operating owning
- Creating Value
- Being sustainable
SSEN Distribution

CORE PURPOSE
To safely deliver electricity that powers communities, now and in the future.

PRIMARY NETWORK OBJECTIVES

1. Reliability  
2. Inclusive Affordability  
3. Sustainability
Innovation
Revenues awarded by Ofgem to DNOs developing approved innovative solutions that will improve the network efficiency for the benefit of consumers

Incentives
A series of performance targets set by Ofgem that the DNO must achieve to either gain additional revenue allowances, or to minimise poor performance for relief of penalties

Outputs
Revenues awarded by Ofgem reflecting performance in delivering measurable outputs e.g.
- Network Reliability
- Network Connections services
- Customer Service
- Social Obligations
- Environmental Matters
- Safety

What is RIIO?
Five years: 1 April 2023 to 31 March 2028

- We submit Business Plan; Ofgem reviews and approves
- New Business Plan means potential new targets, funding mechanisms, and incentives
- Requires ‘Enhanced Engagement’ with customers and stakeholders note
  - We need to set up our own CEG
  - Does not replace BAU engagement
  - Focus and record all engagement to ED2
- All DNOs follow the same process
  - Gas distribution and transmission being reviewed currently, no alignment on Price Control timelines
RIIO – ED2 Regulatory Timeline

- Ofgem RIIO-ED2 Framework Decision
- First Business Plan submission to CCG
- Final Business Plan submission to CCG
- Initial Determinations
- Open Hearings
- Final Determinations
- Licence Decision

**Identify Stakeholder Priorities**

**Develop Business Plan Requirements**

**Validate with Stakeholders**

**Refinement with Stakeholders**

- RIIO ED2 Starts April 2023

<table>
<thead>
<tr>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ofgem RIIO-ED2 Open Letter</td>
<td>Ofgem RIIO-ED2 Framework Decision</td>
<td>First Business Plan submission to CCG</td>
<td>Final Business Plan submission to CCG</td>
<td>Initial Determinations</td>
</tr>
</tbody>
</table>

**Customer Engagement Group**
**A changing energy system**

Reliability. Affordability. Sustainability are **ALL** essential to a well functioning society

Ofgem expect the electricity distribution networks to see the greatest impact arising from the forces of decarbonisation, decentralisation, and digitalisation

<table>
<thead>
<tr>
<th>Decarbonisation</th>
<th>Digitalisation</th>
<th>Decentralisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>New sources of demand, including electric vehicles and the potential further electrification of heat, putting greater demands on local grids</td>
<td>The use of networks will also change with reforms to network access and charging arrangements, with users facing more accurate price signals about their impacts on network costs across transmission and distribution networks</td>
<td>A growing amount of distributed energy resources could offer non-build alternatives that may lead to a smarter, more flexible energy system</td>
</tr>
</tbody>
</table>
**PRIMARY NETWORK OBJECTIVES**

**CORE PURPOSE**

Providing a reliable, affordable & sustainable energy network that addresses current network issues day to day.

**Stakeholders**

- Stakeholders

**Decentralisation**

- Providing effective community grid solutions by being the DSO of preference.
- Enabling connections, and neutral facilitation of local market solutions

**Decarbonisation**

- Leading the way in company wide Sustainable Operations
- Enabling the Electrification of heat & transport to ensure our contribution to Net Zero.

**Digitalisation**

- An intelligent Operator
- Using data and systems to drive efficiency.
- Data analysis that can identify trends and solutions to the changing ways our networks are used

**Democratisation**

- Working in the best interest of the consumer and our people. Fairness built in.
- Legitimacy & transparency are core to the greater good of GB.

**Agile Regulation, ambitious incentives and fair uncertainty mechanisms**

**Agile, skilled, innovative and inspired workforce**

Data analysis that can identify trends and solutions to the changing ways our networks are used.
**ED2 Strategy Development Exercise**

**Affordability**
Focus on delivering low customer prices (or minimising any increase) - primarily through reduction in total expenditure (TOTEX)

**Environmental sustainability**
Promote the long-term health and well-being of the network and society to support the UK’s broader climate change objectives and the transition to a low-carbon economy

**Reliability**
Focus on short-term improvement in network reliability through identification and investment in poor-performing network assets and improvement in operational fault restoration practices.
Stakeholders’ Strategic Drivers
Customer Priorities ED1

Network Safety

Reliability

Connections

Environment

Customer Service

Vulnerable

RIIO ED2
ED2 Emerging Stakeholder Priorities

- Prioritised work pathways
- Strategy Development
- Early policy positions emerging
- Identify potential partnerships
Electronic Voting

What are your top three priorities for SSEN Distribution to address?
Supporting Consumers in Vulnerable Situations
Simon O’Loughlin, Stakeholder Engagement Manager
Where we are with consumer vulnerability

We have four core themes to help customers in vulnerable situations:

- Drive forward PSR provision and promotion
- Expand on fuel poverty and energy efficiency activities
- Widen our partnership network and collaborative activities
- Ensure our services are inclusive and accessible now and in the future

These have been consulted and challenged by stakeholders, including at these workshops in 2018
Supporting more PSR customers

707,198
Total households on our PSR
Estimated 66% of eligible households on our register.

1,070,579
Total domestic households in our licence areas 3,533,818*
are estimated to be eligible for PSR.

133,151 new registrations this year, up 23.2%.

27,527 new PSR households signed up directly, this is 20.5% of the overall increase.

Overall 2023 target for registration: 1,000,000

*Centre for Sustainable Energy data
Addressing fuel poverty in England

National Coverage

Targeted interventions

- Groundworks Green Dr – Selsey and Slough – 9.5% fuel poverty and 11% and PSR Gap
- Centre for Sustainable Energy – Wiltshire and Dorset – Rural fuel poverty and finding hard to reach
- Action Hampshire WarmHubs – Rural fuel poverty, PSR Gap and elderly
- LSX - London and Thames Valley – 14.5% fuel poverty and ethnic diversity
- Water company collaborations – Thames Valley, Wessex and Isle of Wight – 11.3% fuel poverty

Fuel Poverty
9.2% SSEN
The average for England is 10.9%
Addressing fuel poverty in Scotland

National Coverage

Targeted interventions

• HES Homecare in Moray – with Energy Saving Trust helping people with cold-related illness
• Citizens Advice Scotland specialist energy advisors from 2019:
  • Shetland – 44% fuel poverty
  • Western Isles – 56% fuel poverty
  • South West Aberdeenshire - 37% (All Aberdeenshire)
  • East and Central Sutherland – 42% fuel poverty

Fuel Poverty
40% SSEN
The average for Scotland is 24.9%.
Growing fuel poverty help for customers

Households helped with energy efficiency

- Financial help up 437% in 2018/19

Households helped

- 44 in 2016/17
- 211 in 2017/18
- 1,133 in 2018/19

Financial benefit PA for Customers £’s

- Financial help up 239% in 2018/19

- £12,994 in 2016/17
- £59,113 in 2017/18
- £200,673 in 2018/19
### Working with partners to promote the PSR

When we promote the PSR we do so to everybody and specifically target those who are most affected and who are hard to reach or underrepresented. We do this by working with trusted intermediaries, third parties, partners and targeted promotion.

<table>
<thead>
<tr>
<th>We’ve learned that...</th>
<th>So we ...</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trusted partners help find hard to reach customers</td>
<td>Created a number of partnerships inc. 3 way data sharing with water companies</td>
<td>• An increase from 5 to 8 in data sharing partners, 3,791 customer referrals • 39 new partnerships resulting in 2,804 PSR registrations</td>
</tr>
<tr>
<td>Customers expect to hear about the PSR through medical professionals and previous methods had not worked</td>
<td>Promoted the PSR directly to GP surgeries and in hospital discharge units</td>
<td>• Reached 700 healthcare locations • We have worked in Great Western Hospital in Swindon and Royal Berkshire Hospital in Reading</td>
</tr>
<tr>
<td>Certain groups on our PSR are underrepresented nationally</td>
<td>Trained frontline colleagues on mental health issues and awareness including 53 mental health first aiders</td>
<td>• The mental health category by 83.48% • The developmental condition category 53.2%</td>
</tr>
<tr>
<td>Certain groups on our PSR are underrepresented locally</td>
<td>Take a data and insight driven approach in each location</td>
<td><strong>Thames Valley</strong> • Under 5 category 91.04% • Unable to communicate in English category 160.71%</td>
</tr>
</tbody>
</table>
Improving Accessibility

Changes this past year include:

- Recite Me website accessibility toolbar
- First DNO to introduce Easy Read
- Facebook Messenger launch
- Inclusive Service Panel progress
- Most accessible UK energy website
- Multi language social media messages
- Translation cards to use during power cuts
- New training, including Dementia bus tour
Supporting vulnerable customers now and in the future
Ofgem Consumer Vulnerability Strategy Consultation

Five themes of the CVS to 2025

1. Improving identification of vulnerability and smart use of data.
2. Supporting those struggling with their bills.
3. Driving significant improvements in customer service for vulnerable groups.
4. Encouraging positive and inclusive innovation.
5. Working with partners to tackle issues that cut across multiple sectors.
Reaching all of our customers and stakeholders
Eligibility for Priority Services

We all rely on electricity day to day for various things, but for some, a power cut can be particularly distressing and difficult.

That’s why we offer extra help and support during a power cut. We encourage customers to join our PSR if they:

- Are deaf or hard of hearing
- Have a disability
- Live with children under five
- Are blind or partially sighted
- Have a chronic illness
- Use medical equipment/aids reliant on electricity
- Are over 60
- Would benefit from support, even if temporarily
Not missing anyone out!

We need to ensure all of our customers are aware of how to report a power cut and stay safe as well as knowing about the PSR.

We currently have an estimated 66% of eligible households on our Priority Services Register

In addition to what you’ve already heard, we use TV and radio advertising, door drops, events and work with partners in our communities
Underrepresented PSR customer groups

Across our PSR we have registered approximately 66% of eligible households.

Data suggests the top five criteria which are underrepresented are:

1. Post hospital recovery
2. Hearing and speech difficulties
3. Unable to communicate in English
4. Careline and telecare users
5. Developmental conditions
Operating in a sustainable world
Andrew Roper, Director, DSO
Bethan May-Freire, Group Sustainability Reporting Manager
OUR VISION, PURPOSE AND STRATEGY

SSE's vision is to be a leading energy company in a low-carbon world. Its purpose is to provide the energy needed today while building a better world of energy for tomorrow. And its strategy is to create value for shareholders and society from developing, operating and owning energy and related infrastructure in a sustainable way. This strategy, which is underpinned by a commitment to strong financial management, is built on four pillars.
Poverty crisis in the UK

UK poverty set to rise in next three years

Food bank use hits record high as emergency supply packages surpass 1.5 million in 12 months, figures show

CHILD POVERTY IN THE UK RISING TO RECORD LEVELS

Record 60% of Britons in poverty are in working families - study
Lack of trust in business

Public trust in business hits five-year low

Beyond the bottom line: should business put purpose before profit?
How are businesses responding?

• Recognising the benefits of good management of environmental, social and governance issue.
  • Better financial performance in the long-run
  • Rebuilding trust with consumers and society
  • Businesses as part of the solution, rather than the problem

• The United Nations Sustainable Development Goals as a framework for creating and sharing value
SSE Group

SSE has a key role to play in supporting the low-carbon transition and helping to address the challenge of climate change.

Sustainability is at the core of its strategy.

Our vision
To be a leading energy company in a low-carbon world.

Our purpose
Provide the energy needed while building a better world of energy for tomorrow.

Our strategy
To create value for shareholders and society from developing, owning and operating energy and related infrastructure and services in a sustainable way.
SSE Group’s 2030 Goals

Cut our carbon intensity by 50%
Reduce the carbon intensity of electricity generated by 50% by 2030, compared to 2018 levels, to around 150gCO₂/kWh.

Help accommodate 10m electric vehicles
Build electricity network flexibility and infrastructure that helps accommodate 10 million electric vehicles in GB by 2030.

Treble renewable energy output
Develop and build by 2030 more renewable energy to contribute renewable output of 30TWh a year.

Champion Fair Tax and a real Living Wage
Be the leading company in the UK and Ireland championing Fair Tax and a real Living Wage.
UN Sustainable Development Goals
Wrap up and next steps
Craig Rankin, Head of Region, Ridgeway
We all rely on electricity day to day for various things, but for some, a power cut can be particularly distressing and difficult.

That’s why we offer extra help and support during a power cut. We encourage customers to join our PSR if they:

- Are deaf or hard of hearing
- Have a disability
- Live with children under five
- Are blind or partially sighted
- Have a chronic illness
- Use medical equipment/aids reliant on electricity
- Are over 60
- Would benefit from support, even if temporarily
Report a power cut in a flash!

Report it
Report new power cuts as and when they happen

Search it
Search for power cuts in your area

Updates
Receive power cut updates

Capture it
Take photos to report any damage near you

Power Track
Available now for download on Apple & Android

Your free mobile app

More information: www.ssen.co.uk/powertrack
Keep in touch

Email us – stakeholder.engagement@sse.com

Look out for future events – visit ssen.co.uk/stakeholderevent

Tweet us @ssencommunity

Follow us on Facebook ‘Scottish and Southern Electricity Networks’