Placing stakeholders at the centre of our business
Engaging with stakeholders every step of the way

As Director of Transmission, I’m very conscious of the responsibilities that Scottish Hydro Electric Transmission has as the licensed Transmission Owner for the north of Scotland. As well as being in charge of keeping power flowing through the area’s highest voltage power lines, we must also make sure that we invest in our network to provide connections for generators who wish to connect their developments to our network. And most importantly, we need to do all that safely. To achieve this, and more, it’s vital that we engage our stakeholders in the planning and delivery of our business activities. 2013/14 was a year of intense activity for our business, and we were privileged to continue working closely with our stakeholders every step of the way, establishing and nurturing Long-term relationships.

Planning and managing our engagement

Our Stakeholder Engagement Strategy and Implementation Plan sets out, stakeholder group by stakeholder group, what we have learned are the key issues for them and for us. It is a clear statement of how we will engage with our stakeholders on those issues, and the kind of changes we hope to deliver as a result. Our 2013/14 performance was independently assessed by ERM CVS and we were delighted that they confirmed that we had indeed complied with our plan. See Part 1 Appendix 5.

Delivering diverse and substantive changes

The changes we’ve delivered are diverse both in terms of their nature and the stakeholders they benefit.

- We’ve re-vamped our quarterly Major Transmission Projects Update to help stakeholders better understand the progress we’re making on investing up to £5bn in our Transmission network.
- We’ve introduced compensation payments for householders and businesses affected by major power cuts caused by faults on our Transmission network.
- We’ve doubled the size of the team who look after connections to our network and made sure they are much easier to contact and much more active in supporting connecting customers.
- We’ve changed our standard contracts to make sure our contractors stick to the rules we agreed with landowners when they are building on their land on our behalf.
- We’ve established forums to allow issues of regional importance to be explored by our stakeholders.
- We’ve established that our stakeholders like to engage via new mechanisms as well as established channels and forums. Positive feedback from stakeholders involved in innovative engagement activities such as our Speed Dating event and our academically-led Risk Workshop has encouraged us to further explore new ways to engage.
- We’ve established a social media presence to encourage stakeholders to engage with us, providing both important updates and more lighthearted content to keep the conversation flowing.

Within this document, I firmly believe we give the strongest indication that we – myself, my management team and our colleagues throughout SHE Transmission – are absolutely committed to delivering a comprehensive programme of stakeholder-driven change, which is innovative, inspiring and ultimately beneficial to those we serve.
Strategy and implementation plan

Our SSEPD Board-approved Stakeholder Engagement Strategy and Implementation Plan for 2013/14 (our Plan) has been central to the way in which we have delivered a programme of effective, innovative engagement and business change.

Our Plan, which we review and update each year, sets out our simple but effective strategy. It considers our stakeholders, group by group (see left), and presents the issues we have learned are of greatest mutual importance, stating the mechanism through which we will engage on these issues and the type of change we are working to deliver.

In addition to declaring the specific activity we will undertake, our Plan also brings together the general activity we will undertake to ensure that we work with our stakeholders in line with our strategy – for example, carrying out an annual review of stakeholders, understanding our stakeholder groups by mapping them on an interest/influence matrix and making a commitment to communicating in plain English. Our Plan also sets out how we will ensure that we engage with stakeholders in a variety of ways, depending on the nature of the issue to be explored and the preferences of our stakeholders.

Key Performance Indicator

Our Board like to be kept closely informed of the changes we are delivering through our engagement with stakeholders. One of the ways in which we do that is by reporting on our performance via a Key Performance Indicator, which is: “The number of business processes and procedures which have been implemented or changed as a result of stakeholder engagement targeting a minimum of one per licensed area per quarter.”

Our annual Stakeholder Survey

Our annual Stakeholder Survey is an effective way of monitoring the service we provide to stakeholders. In autumn 2013 we contacted all of the stakeholders on our database and invited them to take part in our annual survey. 51 people agreed to take part. The aim of the survey was to establish how satisfied our stakeholders are with us and to identify ways in which we can improve the service we provide. The questions we asked in our survey were influenced by the seven Customer Commitments (see left) which we adopted, following stakeholder consultation, in 2013.

Stakeholder service training

Providing a high level of service to stakeholders is important to us. From making sure we pay invoices in good time, to managing complaints effectively, many key aspects of good service have been enshrined in policies and procedures, and supported by internal communication campaigns to make sure all our colleagues are aware of the role they have to play.

However we are conscious that policies and procedures alone are not enough to deliver the level of service our stakeholders deserve. That’s why, in 2013/14, we committed to ensuring that, by the end of 2014/15, all members of the SHE Transmission team would have received face to face training on stakeholder service and all teams would be tasked with developing a plan for improving the service they provide to their stakeholders. In March 2014, we delivered a pilot training session to assess whether the proposed training course would achieve the objectives of increasing colleagues’ commitment to providing excellent service and helping teams create action plans.

Short-term outcome

A pilot training session was developed and delivered, and feedback from participants gathered.

Long-term outcome

All members of staff to be trained; all teams to develop an action plan and service to be improved as a result.
Communities and elected representatives

Residents, community councils, local businesses and elected representatives
(local authority councillors and members of the Scottish, UK and European parliaments)

Investing in our communities

Providing a safe, reliable transmission system to the communities we serve is our primary responsibility. And while our sister company, Scottish Hydro Electric Power Distribution, is ultimately responsible for dealing with power cuts, we work very closely with SHEPD and our community stakeholders to help plan for the rare occasions when power is interrupted due to a fault on the Transmission network.

We intend to invest up to £5bn in our network between now and 2021 and have a responsibility to be a good neighbour as we plan, construct and commission our new assets. Our investment programme brings a wealth of business opportunities to local people for training and long-term employment, so we actively engage with local education, enterprise and employment authorities to ensure these opportunities are well publicised and easily accessible.

Key stakeholder issues in 2013/14

<table>
<thead>
<tr>
<th>Communities</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply reliability</td>
<td>Involving communities in planning for emergencies and ensuring confidence in the reliability of our network.</td>
</tr>
<tr>
<td>Project matters</td>
<td>Involving communities in the provision of information on local projects – going beyond the statutory minimum.</td>
</tr>
<tr>
<td>Economic development</td>
<td>Ensuring communities understand and have access to business, training and employment opportunities.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Elected representatives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project specific issues</td>
<td>Elected members will have opinions and ideas about development and construction projects that fall within their constituency/ward and are often influenced by their constituents.</td>
</tr>
<tr>
<td>Socio-economic benefits to the local area</td>
<td>At a local and national level, politicians are interested in the impact that our work can have in their constituency/ward in terms of jobs, economic benefits and skills, training and education programmes.</td>
</tr>
<tr>
<td>Communications</td>
<td>Elected members are interested in ensuring that they and their constituents receive the correct level of information relating to our work in their area.</td>
</tr>
</tbody>
</table>

Our engagement highlights

Depot Open Days

Supports stakeholder issues: Communities: Supply reliability; Project matters; Economic development

Open Days at our main depots helped people with a relatively low interest in our business to understand its relevance to them. 97% want to attend events in future.

Improved project communications

Supports stakeholder issues: Communities: Project matters; Elected representatives: Project specific issues, Communications

We continued to engage via events in local venues timed to accommodate people’s different lifestyles; we highlighted plans for, or progress on, nearby construction projects and provided project-specific plain English newsletters and updates. We also committed to a set of Principles of Written Consultation which include using written consultation only where it is the best approach; ensuring timescales are appropriate; encouraging participation; presenting our consultations consistently; making our consultations easy to understand; and reporting back.

Key changes implemented

Compensation for power cuts

Supports stakeholder issues: Communities: Supply reliability

Hitting over 200 stakeholders for their views, and involved consumer representatives in round table discussions, in 2013, we became the first and only Transmission Owner to offer compensation to customers affected by a power cut caused by a fault on the Transmission network.

<table>
<thead>
<tr>
<th>Short-term outcome</th>
<th>Long-term outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implemented compensation process for first qualifying power cut in March 2014.</td>
<td>Committed to conducting a survey of affected customers to refine and improve the compensation procedure.</td>
</tr>
</tbody>
</table>

Speed camera trial

Supports stakeholder issues: Communities: Project matters

Our complaints database showed the most common cause for complaints to be the behaviour of our site traffic.

<table>
<thead>
<tr>
<th>Short-term outcome</th>
<th>Long-term outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trailing a new-to-the-UK speed camera to manage vehicle speeds.</td>
<td>If trial successful, will install this type of speed camera at other sites.</td>
</tr>
</tbody>
</table>

Priority Services leaflet

Supports stakeholder issues: Communities: Supply reliability

SHE Transmission teams are being encouraged to promote Distribution Priority Services leaflets to local communities.
Developers and trade bodies

Individuals, communities, organisations and their representatives

### Making good connections
Developers and those planning to develop electricity generation projects in our Transmission area have a keen interest in our activities and performance as we represent the link between them and National Grid when they are applying for a network connection for a new source of electricity generation. In many cases the timing and cost of that connection may depend largely on us delivering a construction project. As this can be a deciding factor in whether a generation development is economic, we are very conscious of our responsibilities to this stakeholder group.

In relation to our stakeholder engagement work, we define trade bodies as being the representatives of developers, key bodies in this context being Scottish Renewables and Renewable UK.

### Key stakeholder issues in 2013/14

<table>
<thead>
<tr>
<th>Developers</th>
<th>Developers: Ease of access and information</th>
<th>Helping developers easily make contact with the right person in SHE Transmission and then keeping them informed.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Developers: Explaining the process</td>
<td>Making the complex connections process more easily understood for an increasingly diverse range of developers.</td>
</tr>
<tr>
<td></td>
<td>Speed of delivery of connections</td>
<td>Addressing concerns from developers about the length of time it may take to connect to the network and helping identify alternative solutions.</td>
</tr>
<tr>
<td>Trade bodies</td>
<td>Trade bodies: Being kept informed of plans and project progress</td>
<td>Communicating effectively with trade bodies who play a key role in communicating news on project plans and progress to stakeholders.</td>
</tr>
</tbody>
</table>

### Key changes implemented

#### Improving service standards
Supports stakeholder issues: Developers: Ease of access and information

Informed by surveys and general feedback, we have made several changes to help provide consistently high standards of service to developers.

**Short-term outcome**
- Doubled the size of the team
- Recruited people with extensive experience of providing high levels of customer service

**Long-term outcome**
- Established stakeholder engagement objectives for team members
- Committed to reviewing all aspects of communication with developers

#### Boosting our presence at industry events
Supports stakeholder issues: Developers: Ease of access and information; Explaining the process

During 2013/14 we continued to increase and improve our presence at key industry events including at All Energy in Aberdeen in May 2013 (the UK’s biggest energy exhibition and conference) where we engaged with around 40 Transmission connections customers, explaining the connections process and discussing progress on individual projects. Through a prize draw, we increased our stakeholder contact base by around 25%.

At February’s National Grid Customer Seminar event we invited delegates to review our presence and suggest improvements. This resulted in National Grid increasing our event profile and introducing a conference session dedicated to the progress of our construction programme.

#### Accelerating connections
Supports stakeholder issues: Developers: Speed of delivery of connections

In developing our RIIO-T1 business plan, research told us that timescales associated with connections are a key concern for developers. Developers need us to deliver our investment programme quickly (to ensure they get the highest possible price for their energy) and cost effectively (as ultimately they will share the cost of the connection with bill payers).

**Outcome**
- Introduced a ‘framework’ approach to awarding contracts to speed delivery (see page 10)
- Outages (the times that parts of the network are switched off to facilitate work) are efficiently planned
- Best practice project management is used on all projects

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### Our engagement highlights

#### Learning from our stakeholder survey
Supports stakeholder issues: Developers: Speed of delivery of connections

The results of our 2013/2014 Stakeholder Survey encouraged us to implement a range of improvements. Key changes include developing a comprehensive communications plan to support developers throughout the connections process.

**Stakeholder survey, Page 02**

#### Our Guide to Connections
Supports stakeholder issues: Developers: Explaining the process

Following analysis of the results of our Stakeholder Survey, we have created a new Guide to Connections to help developers better understand the Transmission connections process.

**Stakeholder survey, Page 02**

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### How we’ve engaged

- 26 portfolio meetings
- 30 pre-application meetings
- 147 construction meetings
- 71 industry meetings
- Developer-specific questions in our survey
- Depot Days
- Strong presence at major industry events
- Creation of Guide to Connections
- Post-connection satisfaction checks

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### Assessment Criteria Key

- Outreach
- Innovative
- Embedded in our business
- Robust management
- Replicable

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**SHE Transmission**

Ofgem Stakeholder Engagement Incentive Scheme 2013/14
Industry regulators and political stakeholders

Ofgem, UK Government, Scottish Government and the Electricity Networks Strategy Group (ENSG)

Managing industry and government expectations

It is important that we actively engage with Ofgem, the regulatory body for Transmission Owners, the UK and Scottish Governments who set the policy environment in which we operate and the consenting bodies for many aspects of our work, and ENSG who identify and coordinate work to help address key strategic issues that affect the electricity networks in the transition to a low-carbon future.

Key stakeholder issues in 2013/14

<table>
<thead>
<tr>
<th>Ofgem</th>
<th>Regulatory compliance</th>
<th>Responsibility for regulatory compliance rests entirely with the boards of directors of the companies that it regulates; Ofgem's role is to ensure that regulatory obligations are clear.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strategic Wider Works projects</td>
<td>Ofgem review and approve the funding for large capital projects (which are not pre-approved) on a case by case basis through this mechanism.</td>
</tr>
<tr>
<td></td>
<td>RIIO-T1 Business Plan</td>
<td>Ofgem review the implementation and delivery of our commitments in accordance with our Business Plan submitted under the RIIO-T1 framework, including performance against incentive mechanisms.</td>
</tr>
</tbody>
</table>

UK and Scottish Governments

| Timescale of delivery of infrastructure projects | We must address this group’s concerns about the effect of any delays in our investment programme on economic development and our ability to meet renewable energy targets. |
| Providing sufficient capacity to meet future demand | We need to strike a balance between providing capacity for generation we know is going to be built, and for generation that we have good reason to believe is very likely to be built. |
| Effect of the cost of infrastructure projects on generation developers and consumers | We need to strike a balance between the impact of our construction projects on customer bills, and the benefit for the UK as whole of allowing new generation to connect to the Transmission network. |

ENSG (jointly chaired by the Department of Energy and Climate Change (DECC) and Ofgem)

| Effectively sharing information with interested parties | Information from the ENSG is very valuable to stakeholders who are not part of the ENSG itself. |
| Lack of common understanding of future generation scenarios | A lack of a common understanding on future energy scenarios makes it difficult for the industry as a whole to make informed decisions and contributes to delays in progressing new transmission projects. |
| Island affordability | The ENSG is the main industry forum for discussion on Government research, including DECC’s Scottish Islands Renewables Project, which considers whether the development of renewable energy generation on the UK’s outlying islands represents value for electricity customers. |

Our engagement highlights

Engagement in relation to island energy matters

Supports stakeholder issues: UK and Scottish Governments: Effect of the cost of infrastructure projects on generation developers and consumers; Providing sufficient capacity to meet future demand

Outlying Scottish islands* have some of the best wind resources in Europe, but building generation infrastructure and connecting to the mainland network is both costly and logistically challenging. This has implications for customer bills and is also subject to some uncertainty about economic viability, making island energy development a complex and sensitive issue. We work closely with a range of stakeholders to both explain the regulatory system and explore every option to support the development of generation on the islands.

*RIIO stands for Revenue = Incentives, Innovation and Outputs. T1 indicates that it is the first price control of its kind for Transmission Owners. The price control restricts how much money a Transmission Owner can make from its business and requires a sophisticated understanding of the regulatory and economic landscape as well as a background knowledge of the projects to which the publication referred.

Island summit

We took part in the Islands Grid Summit in Stornoway, on the Isle of Lewis, organised by the Scottish Government and chaired by the Energy Minister, Fergus Ewing.

Attended by a wide range of parties including DECC, Ofgem, developers and Scottish Renewables, it was a collaborative approach to addressing various outstanding issues which stand in the way of progress.

There was widespread recognition that the challenges faced by the islands are not the responsibility of one individual party to resolve and also that while there are some common issues, the islands need to be looked at individually.

We continue to work with Government, developers and Ofgem to tackle the various administrative and regulatory obstacles we face and have recently launched a consultation seeking feedback about the very specific challenges faced by the Orkney Islands. Our work also continues with the same group of stakeholders on the particular issues faced by the Western Isles.

Key changes implemented

<table>
<thead>
<tr>
<th>Improved project updates</th>
<th>Supports stakeholder issues: UK and Scottish Governments: Timescale of delivery of infrastructure projects</th>
</tr>
</thead>
</table>

Outcome

Quarterly Major Transmission Projects Update made more accessible and engaging: content, language and layout reviewed, making it simpler to understand and more informative. Promoting Update via social media to extend its reach.
Industry colleagues

Transmission Owners and Operators, SHE Transmission employees

Involving colleagues in our business development

Transmission Owners (TOs) build and maintain Great Britain’s electricity transmission networks while Transmission System Operators (SOs) coordinate and direct electricity flows onto and over the transmission system, balancing generation supply and user demand.

We want to make sure that our colleagues are fully engaged with our business and understand the direction it is taking. And we also want to learn from them and introduce ways in which their ideas can be incorporated into our plans.

Key stakeholder issues in 2013/14

<table>
<thead>
<tr>
<th>Transmission Owners and Operators</th>
<th>SHE Transmission employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational information sharing</td>
<td>Ensuring that all colleagues understand our aims and priorities</td>
</tr>
<tr>
<td>Delivering an effective programme of stakeholder engagement</td>
<td>Our colleagues need to be kept informed about the issues that matter to our stakeholders and how they, as employees, can contribute to the success of our business.</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Knowledge and learning</td>
</tr>
<tr>
<td></td>
<td>We want to capture the knowledge and learning generated by our colleagues to help us continually improve and run our business more efficiently.</td>
</tr>
<tr>
<td>Innovation</td>
<td>Innovation</td>
</tr>
<tr>
<td></td>
<td>We actively listen to and support our colleagues’ ideas for new and better ways of running our business and bring those ideas into play as quickly as possible.</td>
</tr>
</tbody>
</table>

Our engagement highlights

The ‘Working Together’ group

Supports stakeholder issues: TOs and SOs: Delivering an effective programme of stakeholder engagement

We worked with National Grid and Scottish Power Energy Networks to establish a ‘Working Together’ group to act as “a means to pursue opportunities for enhanced communication to improve the overall level of service provided to customers and stakeholders within GB”.

The group meets to generate informed discussion on outcomes from surveys and other engagement activities and to provide an opportunity for all parties to openly and frankly discuss progress in relation to improving overall customer and stakeholder satisfaction. The scope of the group includes:

- outcomes from surveys and other engagement activities
- development of shared action plans
- development of shared seminars, materials and other initiatives.

Outputs have included a commitment to improve communication with developers seeking network connections as well as, in response to stakeholder feedback, more information at National Grid Customer Seminars on Scottish Power Energy Network’s and our own activities.

Our engagement by stakeholder group

Innovation community

Industry colleagues

Supports stakeholder issues: Insert SHE Transmission employees: Ensuring that all colleagues understand our aims and priorities

With a large proportion of our colleagues working in office-based support functions, many staff members rarely have the chance to see at first hand the scale and complexity of the work we are undertaking to build new power lines and substations. The importance of helping people understand what our investment programme is all about contributed to our decision to commission a suite of videos which bring to life the story of our construction activity.

Short-term outcome

16 videos produced with topics including key technologies we use; how we look after the environment; how we engage with communities; how we support local economies.

Long-term outcome

Videos will be promoted via social media and shared with a range of stakeholder groups in various forums.
In Transmission, the need for innovation is driven by a change in the demands being placed on our extra high voltage networks which, in turn, places an increasing and urgent demand on SHE Transmission to provide the capacity required for the development of renewable energy generation. Our innovation stakeholders are people and organisations with an interest in new solutions to these challenges who are working or wish to work with us, who are expert in areas relating to our business or who face similar challenges. To deliver benefits for both the innovation community and our own business, we aim to be accessible, approachable and facilitating.

### Key stakeholder issues in 2013/14

<table>
<thead>
<tr>
<th>Access to the right people</th>
<th>We want to hear from people in the innovation community who have relevant ideas, products or services – and they want to speak directly to the right people in our business.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visibility of ideas</td>
<td>Many innovation community members have specific ideas that they wish to promote to us and, similarly, we are seeking solutions to specific challenges. As well as looking for the right people, we are looking for the right ideas.</td>
</tr>
<tr>
<td>Access to third party funding</td>
<td>Many European and UK funding streams require projects to involve several types of organisation including, for example, academia, commercial, public sector and SMEs. By engaging with the innovation community, we can identify opportunities for collaborative working to access such funds, leading to cost-saving or service-improving innovations for our business, as well as new business for innovation community stakeholders.</td>
</tr>
</tbody>
</table>

### Our engagement highlights

#### Innovation ‘Speed Dating’

Supports stakeholder issues: Access to the right people; Visibility of ideas

In March 2014, a rapid-fire event, styled on social speed-dating, allowed 64 focused conversations to take place in a single day between representatives from our own business and companies involved in innovating for the energy industry.

Conceived by SHE Transmission, and organised in conjunction with the Energy Innovation Centre (EIC), the event (held in the new Power Networks Demonstration Centre) aimed to accelerate the development of innovative solutions to Transmission challenges.

Our colleagues provided advance notice of key challenges to which they were seeking solutions and the EIC ensured that the delegates they were fielding represented a relevant range of technologies and approaches. Each participant rated each ‘date’ for compatibility and identified common ground and potential areas for innovation. Over the following month, each participant was contacted to assess what future innovation projects were worth pursuing and decisions will be made in Q1 of 2014/15.

Feedback from delegates was extremely positive:
- 94% of delegates said they identified potential innovation projects
- 100% enjoyed the event
- 100% were satisfied with the event overall

#### Improving our website

Supports stakeholder issues: Access to the right people; Visibility of ideas; Access to third party funding

In our Stakeholder Engagement Plan we committed to delivering improvements to our website to allow stakeholders to contact us more easily to discuss potential innovation projects and achieved this through:

- better navigation
- a dedicated ‘Contact Us’ function
- more details on our innovation projects and how individuals and businesses can get involved

Stakeholder survey scores relating to our website were rated each month, each participant was contacted to assess what future innovation projects were worth pursuing and decisions will be made in Q1 of 2014/15.

Feedback from delegates was extremely positive:
- 94% of delegates said they identified potential innovation projects
- 100% enjoyed the event
- 100% were satisfied with the event overall

### Key changes implemented

#### Multi-terminal Test Environment

Supports stakeholder issues: Access to the right people; Visibility of ideas; Access to third party funding

It is likely that High Voltage Direct Current (HVDC) technology will be introduced in the next few years – an efficient alternative to traditional alternating current (AC) for transporting large quantities of electricity over long distances. One important aspect of the adoption of this in the UK is to ensure that the various technologies involved are compatible with each other.

In November 2013, SHE Transmission, together with National Grid Electricity Transmission Limited (NGET) and Scottish Power Transmission Limited (SPT), secured funding to establish a collaborative facility – the Multi-Terminal Test Environment (MTTE) – to support the planning, development and testing of HVDC.

#### Short-term outcome

We brought together a wide range of stakeholders in partnership and supporting roles, including Scottish Enterprise, ABB, Alstom, Siemens, Power Network Demonstration Centre (PNDC), Electric Power Research Institute (EPRI), University of Aberdeen, Imperial College London, University of Manchester, University of Nottingham, University of Southampton, University of Strathclyde and University of Warwick.

#### Long-term outcome

We are working with our partners to ensure we meet the final project direction agreed with Ofgem.
Landowners

People or organisations in whose land our assets are situated or through whose land we must move

Making landowner agreements clear, equitable and fair

Landowners are an important group of stakeholders with whom we wish to positively engage. In our day-to-day business, we aim to comply with all the conditions of our agreements with landowners, to be responsible when working on their land and to be responsive to any concerns they may have regarding our activities or those of our contractors. Wayleaves – the means of providing rights for us to install and retain our wires and cables across private land in return for annual payments to the landowner – are a critical aspect of our engagement with this group.

Key stakeholder issues in 2013/14

| Understanding wayleaves agreements | The Landowners' Forum has identified that the terms and conditions of wayleaves agreements are difficult to understand which can lead to misunderstandings and resources being taken up managing disputes. |
| Equitable payments | Through the Landowners' Forum we know that landowners want the payments we make for use of their land, and the associated terms and conditions, to be equitable. We want this too, so that we don’t overpay (wasting our customers’ money) or underpay (risking time consuming negotiations and potential legal challenges). |
| Contractor compliance with wayleaves agreements | Via the Landowners' Forum and direct discussions with landowners, we are told that contractors working on our behalf often fail to comply with the terms of wayleaves agreements. |

Our engagement highlights

Working with Grantors: Our revised code of practice

Supports stakeholder issues: Understanding wayleaves agreements; Equitable payments; Contractor compliance with wayleaves agreements

In 2012/13, we issued a preliminary Grantors’ Charter, a Code of Practice setting out the standards of care that landowners who have granted wayleaves can expect from us and people working on our behalf. We asked key stakeholders – in particular the two biggest landowner representative bodies in Scotland, the National Farmers Union Scotland (NFUS) and Scottish Land and Estates (SLE) – to review the charter and give us their feedback.

As a result, we developed a new publication, Working with Grantors, in 2013/14 as a collaborative publication, approved by NFUS and SLE.

The changes that were implemented following this engagement with NFUS and SLE focused on setting out more clearly who we are and what our equipment looks like. This will help landowners understand who, in our organisation, they should talk to about matters of concern.

Key changes implemented

Necessary Wayleaves

Supports stakeholder issues: Understanding wayleaves agreements; Equitable payments; Contractor compliance with wayleaves agreements

A Necessary Wayleave is a statutory right which confers powers on the licence holder to install their electricity lines and associated equipment on, over or under private land, to keep the electricity line there and to have access to that land for the purposes of inspecting, maintaining, repairing, adjusting, altering, replacing or removing the electricity line or equipment.

We generally attempt to negotiate a Voluntary Wayleave with landowners but, in cases where no agreement can be reached, we may opt for a Necessary Wayleave, as we are permitted to do under the terms of our Transmission Owner licence. In 2013/14, the Scottish Government carried out a consultation on Necessary Wayleaves.

We were closely involved in the development of this consultation with our legal team providing extensive input to key aspects of the proposal. And we were broadly supportive of the principles the consultation sought to establish, including the development of a standardised Necessary Wayleaves template to replace the individually written documents that have been used in the past.

Short-term outcome

The intention of the standardised agreement is to:

- increase the efficiency of the process
- decrease costs for Transmission Owners, wayleaves grantors and other stakeholders
- make the documentation easier for all stakeholders, including contractors, to understand.

Employing experts

Supports stakeholder issues: Equitable payments

To deliver our services in the most cost effective way, thereby minimising the effect on customer bills, we employed two specialists in 2013/14 – a Land Settlements Manager and an Acquisitions and Disposals Manager – after an assessment indicated that in-house provision would be more effective and cost-effective than out-sourcing.

Outcome

Our new colleagues provide expertise in assessing the impact of our infrastructure on land and property values, making it easier to agree equitable payments with landowners.
Statutory consultees

**Key stakeholder issues in 2013/14**

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Historic Scotland</strong></td>
<td>Awareness of historic issues: HS have advised us to approach historic environment issues with the same rigor and passion that we apply to the natural environment. We are equally keen to achieve this in order to reduce delays in the planning and construction phases of projects by ensuring adequate attention is given to historic matters from the outset.</td>
</tr>
<tr>
<td><strong>Scottish Natural Heritage</strong></td>
<td>Species protection plans: developing best practice for construction projects: SNH have advised us that they’d like to share the knowledge we gained from our species protection work on the Beauly–Denny transmission line as they recognise that it represents best practice for construction projects.</td>
</tr>
<tr>
<td><strong>Scottish Environmental Protection Agency</strong></td>
<td>Controlled Activities Regulations (CAR): These Regulations govern activity around watercourses and are stringent and detailed. Ensuring compliance requires substantial resource from ourselves and SEPA, who enforce the Regulations, and discussions have confirmed that we are both keen to make the relevant processes and procedures quicker and easier.</td>
</tr>
</tbody>
</table>

**Our engagement highlights**

**Preserving General Wade’s Road**

- Supports stakeholder issues: Historic Scotland: Awareness of Historic Issues
- Following the failed Jacobite rebellion of 1715, General Wade was sent to restore order in the Highlands and is famed for building 250 miles of road which are now part of the fabric of Scotland’s cultural and historical landscape. During the Beauly-Denny transmission line build we uncovered several stretches of road, lost for hundreds of years. We worked closely with local authorities and specialists, including Northlight Heritage, to both investigate and preserve this find.

**Enhanced awareness of archaeology**

- Supports stakeholder issues: Historic Scotland: Awareness of Historic Issues
- When building any new infrastructure, we need to have an archaeologist on site for areas with known archaeological remains. However, in some places there is ‘unknown archaeology’ where the history or landscape suggests there may be archaeology that has not yet been uncovered. Although it is not a legal requirement, to ensure we do not damage what may be a significant find, we choose to always have an archaeological consultant on site who can halt operations if archaeology is discovered.

**Key changes implemented**

<table>
<thead>
<tr>
<th>SNH: Species Protection Plans</th>
<th>✓ ✓ ✓ ✓</th>
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<tbody>
<tr>
<td>Supports stakeholder issues: Scottish Natural Heritage: Species protection plans: developing best practice for construction projects</td>
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<tr>
<td>Species protection plans determine how an organisation will carry out work in areas where certain designated animals and plants are present, to avoid causing them harm. We have worked with SNH to develop a number of these plans and included them in our construction handbook for the Beauly-Denny project, covering otters, badgers, bats, pine martens, wild cats, freshwater pearl mussels, red squirrels, water voles, reptiles and birds. These plans will be used for all our future construction projects.</td>
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<thead>
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<th>Controlled Activities Regulations (CAR)</th>
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<tr>
<td>Supports stakeholder issues: Scottish Environmental Protection Agency: Controlled Activities Regulations (CAR)</td>
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<tr>
<td>Regulations to avoid any negative impact of construction on watercourses are typically based on watercourse characteristics which vary little from day to day or across the seasons. However many of our projects take place in areas where there is huge variety – wild torrents after rain or as snow melts but only a tiny trickle of water in a dry summer. As a result, compliance with CAR is extremely challenging, but failure to comply can result in sites being closed down.</td>
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**Short-term outcome**

In close consultation with SEPA, we developed our own procedures which have been approved by them. Our new procedures apply the values of CAR but are tailored to the types of watercourse we most commonly encounter.

**Long-term outcome**

We intend to share our learning and procedures with other organisations that work in similar terrain.

“The Beauly to Denny project has given us a unique opportunity to examine the Wade road network in considerable detail... This has provided a much more solid, evidentiary basis of our understanding of how it was constructed, and where and why different approaches to the building of the road, or the materials used in its construction, may have been adopted.”

Dr Alan Leslie, Northlight Heritage

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<table>
<thead>
<tr>
<th>Assessment Criteria Key</th>
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<tbody>
<tr>
<td>✓ Outreach</td>
</tr>
<tr>
<td>✓ Innovative</td>
</tr>
<tr>
<td>✓ Embedded in our business</td>
</tr>
<tr>
<td>✓ Robust management</td>
</tr>
<tr>
<td>✓ Replicable</td>
</tr>
</tbody>
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SHE Transmission

Ofgem Stakeholder Engagement Incentive Scheme 2013/14
Supply chain participants

Main contractors, small businesses

<table>
<thead>
<tr>
<th>Key stakeholder issues in 2013/14</th>
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<tbody>
<tr>
<td>Keeping costs down</td>
<td>Costs relating to our transmission infrastructure projects are passed to the people who pay electricity bills. We have a responsibility to keep those costs as low as possible and will maximise our relationship with supply chain stakeholders to achieve that.</td>
</tr>
<tr>
<td>Resource availability</td>
<td>Our investment in new transmission infrastructure coincides with a high level of similar activity in many other countries which means that there is a global market for the skills and materials required for this work. As we are relatively small players in a market where demand at times outstrips supply, we could face delays and extra costs if we cannot secure the right staff skills and resources at competitive prices.</td>
</tr>
<tr>
<td>Contractor safety</td>
<td>The SSE Contractor Total Recorded Injury Rate (TRIR) is 0.58, over five times the rate for the SSE Group. This is a matter of concern to us as we are currently responsible for more contractors than any other part of the SSE Group.</td>
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<tr>
<td>Tender process concerns</td>
<td>Our qualitative research in 2012 showed that supply chain participants were the least satisfied of the stakeholder groups surveyed. Of particular concern was their lack of certainty over projects which stalled due to tender, based on experiences where suppliers had submitted tenders for projects that were subsequently withdrawn.</td>
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Our engagement highlights

An engaging academic approach to managing project risks
Supports stakeholder issues: Keeping costs down; Resource availability

Major construction projects are delivered on our behalf by a number of main contractors and we agreed with them that it would be helpful to apply some academic rigour to risk identification and mitigation. To achieve this, we employed two University of Strathclyde professors to facilitate a Risk Workshop using their specialist Group Explorer system which allows concerns to be raised anonymously and to be discussed in a constructive, non-confrontational way.

90% of attendees found the day beneficial and said they were ‘very satisfied’. During the workshop, a risk map was produced that contained 183 risk statements, structured around eight risk themes and establishing 286 links between the risks.

Interim outcome
As a result of the workshop, we identified 32 possible actions against those risks that were believed to have the most significant effect on the success of our future projects.

Long-term outcome
We will review in depth the possible actions and implement those which offer the most efficient way of managing risks.

Key changes implemented

Open4Business
Supports stakeholder issues: Keeping costs down

Open4Business is an SSE Group initiative that provides a platform for us to promote transmission business opportunities originating in the region, and allows local suppliers to view SSE opportunities, register as a supplier and respond to notices free of charge. Users of the site can advertise their own opportunities (including subcontracting work for SSE projects) to the local supplier base. The site, which also connects to other regional supply chain initiatives, is promoted via a range of media including social media and local events.

Frameworks for sustainability
Supports stakeholder issues: Resource availability, Keeping costs down, Contractor safety

We have established a new framework approach for the delivery of some of the major works which form our investment programme.

Outcome
Joint ventures appointed under framework approach are committed to:
- ensuring the necessary material and human resources are available
- providing a training and development plan that shows that local communities will have a legacy of skills as a result of the projects
- supporting community initiatives by donating time, skills or other resources
- promoting all subcontracting opportunities through our Open4Business portal
- demonstrating their unerring commitment to environmental and safety matters.