

# POWERING COMMUNITIES TO NET ZERO

RIIO-ED2 Final settlement overview

February 2023



Scottish & Southern  
Electricity Networks

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## ABOUT US

We are the electricity Distribution Network Operator (DNO) responsible for delivering power to 3.9 million homes and businesses across central southern England and the north of Scotland. We serve some of the most diverse and unique geographies across the UK, and keep customers and communities connected whilst developing the flexible electricity network vital to achieving net zero.

Our network serves some of the UK's most remote communities and also some of the most densely populated. Our two networks cover the greatest land mass of any of the UK's DNOs, covering 72 local authority areas and 75,000km<sup>2</sup> of extremely diverse terrain. Our 130,000km of overhead lines and underground cables, and 106,000 substations, are managed by more than 3,700 direct employees including skilled engineers, customer service teams and future energy experts, many of whom live and work in the communities they serve. By enabling a smarter, more resilient electricity network, we're ensuring local communities from west London to Aberdeen continue to receive the reliable power they need. The five years from 2023 will be transformative for the UK's energy sector, and we're committing to an ambitious work programme that will deliver real and valued benefits during and beyond RII0-ED2.



Over 3.9 million homes and businesses served by our networks



More than 822,000 customers on our Priority Services Register



Over 127,000km of overhead lines and underground cables



115,000 substations



460km subsea cables powering island communities



Over 4,000 employees across the country





## FOREWORD

**More than two years ago, we started the process of building our business plan for RIIO-ED2 (ED2), the next electricity distribution price control period set by our regulator Ofgem, which will run from 2023-2028. We did this through extensive engagement with more than 25,000 stakeholders, so that our plan was shaped by industry specialists and co-created with those who live in the communities we serve.**

We submitted our draft business plan to Ofgem in July 2021, before further refining the plan for final submission in December 2021. In 2022 we engaged with Ofgem on its Draft Determination (DD), with the regulator publishing its Final Determination (FD) on 30th November 2022. The FD represents our final settlement for ED2, both in terms of the outputs we are required to deliver, and the amount of funding (allowances) we are provided to do so. We have recalibrated our plan to reflect what Ofgem's FD has funded.

### RECASTING OUR OUTPUTS

Our original plan contained 64 outputs. Ofgem's FD reduces the funding available to us through our core plan by around 12%. In response to this we have recalibrated what we can deliver and re-prioritised our activities so that we can continue to meet our core obligations which remain our top priority. This is in line with the regulatory framework, which enables us to make trade-offs across our plan to maximise benefits for our customers.

Most of our outputs will remain the same, and we have further revised output levels in six areas. There are also a small number of outputs which are explicitly excluded from the FD and where funding has not been secured. A small number of outputs have also been superseded. These have been removed from our plan.

Our overarching ambition remains the same: to power our communities to net zero, and we remain fully committed to improving service levels for our customers. We are confident in our ability to deliver the great majority of outputs as set out in our original plan and are committed to continue working with our stakeholders and communities as we implement our plan over the next five years.

This document is our recalibrated plan. It summarises the core business plan outputs that featured in our December 2021 submission, alongside the revised outputs as amended to reflect the final determination. These outputs are grouped according to their role in enabling us to deliver our core strategic outcomes of;

- Maintaining a safe and resilient network
- Meeting the needs of consumers and network users
- Delivering an environmentally sustainable network

We will be publicly reporting against this recalibrated plan which reflects FD. In addition, this document sets out the directory of regulatory reports that we will be publishing throughout the price-control period demonstrate our commitment to transparency, and we will track and report on our progress against our outputs regularly. We have also included a list of the Uncertainty Mechanisms (UMs) which will enable us to further invest in our network, for example to facilitate growing net zero ambitions, enable digitalisation and take a whole systems approach to managing our fleet of subsea cables. Our business cases will need to be robust and supported by our stakeholders. Many of the outputs our customers need can only delivered through these UMs, and we will work with our stakeholders and Ofgem to ensure UMs can be operated without unnecessary delays.

### NEXT STEPS

ED2 is a critical milestone in the journey to net zero, during which vital foundations must be laid to enable us to meet the ambitious legally binding targets set by the UK and Scottish Governments.

We know that electricity networks will need to grow exponentially to accommodate the take-up of low carbon technologies such as heat pumps and EVs and we are committed being the enabler of the consumer transition to net zero. Further investment will be required in digitalisation, and we are keen to play our role in ensuring all our customers can benefit from the net zero transition.

As we deliver ED2, we therefore do so with an eye on the horizon, to the next regulatory period and beyond, knowing that our long-term strategy is as important as what we deliver in the next five years. Our commitment to engaging with our stakeholders and consumers will remain steadfast so that we understand their evolving needs expectations, and our dialogue with Governments and the Regulator are well informed.

We have a pivotal role to play during the years ahead, be it through investing strategically in our networks for this generation and the next, evolving our network and processes to they are fit for a digitalised world, or championing sustainable leadership and ensuring that the consumer net zero transition is a just transition. We are ready to take on the challenges ahead and power our communities to net zero.

**CHRIS BURCHELL**  
**MANAGING DIRECTOR, SSEN DISTRIBUTION**



## WE'RE POWERING CHANGE WITH EVERY CONNECTION

Our plan has been developed with our customers and communities to reflect and deliver their ambitions and provide them with the broadest set of options for realising their net zero future. It reflects the different requirements of our two distribution networks, while being responsive to the uncertainties and opportunities that will emerge.

Our plan is centred around key consumer-led strategic outcomes, which have driven and influenced the direction of our wider business strategy, recognising the need for alignment and integration between our RIIO-ED2 business plan and the way we develop and transform our current business to deliver it.

Over the past few years we have undertaken an extensive co-creation programme with our customers, stakeholders and colleagues on our strategic approach, and subsequently redefined our company purpose and vision.



Our purpose – we power communities to thrive today and create a net zero tomorrow – sets out our dual aim to support the communities we serve, beyond keeping the lights on, and work collaboratively with them to reach their net zero carbon goals.

Our action-led vision – powering change with every connection – places the importance of service and engagement right at the heart of our business and makes clear that every connection we make, be it an infrastructure asset or connection with a customer, stakeholder or colleague, matters.

Our new purpose and vision will be delivered through four clear priorities directly linked to our strategic RIIO-ED2 outcomes. This means our short- and long-term decision-making is focused on the requirements of our RIIO-ED2 plan and what needs to be achieved for our customers.

You can read the full details of the final business plan that we submitted in December 2021 [here](#).



## OUTPUTS

Our outputs represent the ambition we share with our communities and have co-created with our stakeholders, responding to the opportunities and challenges driven by external factors including net zero and the climate emergency. They are aligned to the requirements of the regulatory framework and the obligations we hold under our licence.

### DELIVERING A SAFE, RESILIENT AND RESPONSIVE NETWORK FOR ALL OUR CUSTOMERS

Our customers need us to deliver a safe and resilient network that meets their needs and supports the greater electrification of heat and transport. We will therefore invest in the infrastructure and technology that provides a platform for this as consumer energy use changes over the coming years.



	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
RESILIENCE	<b>Network Asset Risk Metric (NARM)</b>	Intervene in our network assets with the highest probability of failure, reducing longer-term risk by just over 14%, relative to a future without intervention.	Intervene in our network assets with the highest probability of failure, reducing longer-term risk by between 17 and 19 %, in the south, and by around 8% in the North, relative to a future without intervention.	PCD, ODI-F	While we will continue to reduce long-term risk on our network, targeting those assets at highest risk of failure, not all activities in our original business plan have received full funding. This means we are having to reprioritise activities across our plan.
	<b>Cyber Resilience IT/OT</b>	Deliver our Cyber Resilience IT and OT strategy and continually monitor success of our delivery. We will refresh plans annually in line with identified risks and opportunities.	No changes to output.	PCD	
	<b>Climate resilience strategy</b>	Produce and report annually on our Climate Resilience Strategy.	No changes to output.	LO	
RELIABILITY	<b>Incentives Interruption Scheme</b>	Meet our targets and reduce the average frequency and duration of unplanned power interruptions affecting our customers by 20% by 2028.	Meet our targets under the IIS incentive. This will likely reduce the average frequency and duration of unplanned power interruptions affecting our customers across our network by at least 7%, and 9% respectively, by 2028.	ODI-F	While we will continue to reduce the number and duration of power cuts, not all activities in our original business plan have received full funding. Funding for dedicated reliability improvements has not been included. This means we are having to reprioritise activities, across our plan. Our exact targets will change year-on-year and will therefore remain under review.
	<b>Worst-Served Customers</b>	By 2028 improve the network performance for at least 75% of worst-served customers.	No changes to output.	PCD	
	<b>GSoP (quality of supply)</b>	Meet our obligations under GSOPs and minimise the number of customers experiencing an outage greater than 12 hours.	No changes to output.	LO	

# DELIVERING A SAFE, RESILIENT AND RESPONSIVE NETWORK FOR ALL OUR CUSTOMERS

	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
SAFETY	<b>Meet our safety obligations</b>	Continue to meet all safety-related legal requirements.	No changes to output.	LO	Safety remains our highest priority. Ofgem's FD has resulted in allowance reductions across a number of areas of our plan. This means we are having to reprioritise activities to enable us to meet our safety obligations, for example in relation to tree-cutting.
	<b>Keeping the public safe around our assets</b>	Aim to remove redundant equipment from our unoccupied sites within 3 months to prevent risk to the public from the start of ED2.	No changes to output.	SSEN Aim	
	<b>Safety engagement</b>	Extend our engagement on safety around our assets, reaching 50,000 partners and members of our communities by 2028.	No changes to output.	SSEN Aim	
NORTH OF SCOTLAND	<b>Subsea cables targeted intervention</b>	Replacement or augmentation of 15 subsea cables with the greatest needs case.	Replacement or augmentation of 8 subsea cables with the greatest needs case.	SSEN Aim	Ofgem removed three cables from our baseline plan ahead of Draft Determinations. These will instead be funded through an uncertainty mechanism. Our baseline funding for the remaining 12 subsea cables was reduced by £10m at FD. However, we consider that our original costs were efficient, and costs associated with subsea cable delivery are increasing in the current climate. Therefore, we will need to reprioritise our activities, working closely with affected stakeholders, and focusing on those subsea cables at highest risk of failure. We will also explore using alternative funding mechanisms where possible.
	<b>Subsea cables strategic upgrades</b>	Three new cables between Skye and Uist, and Pentland Firth West to Orkney.	Output removed.	PCD	Ofgem has removed these outputs from our baseline plan. Instead, these will be funded through the HOWSUM mechanism.
	<b>Distributed Embedded Generation</b>	Maintaining and operating standby generation for island communities at our seven island power stations.	No changes to output.	SSEN Aim	Note that no PCD has been attached to this activity so we have revised the output description.
	<b>Shetland</b>	Continued maintenance of Lerwick Power Station.	No changes to output.	LO	





## PROVIDING A VALUED AND TRUSTED SERVICE FOR OUR CUSTOMERS AND COMMUNITIES

We want to provide a high quality, value-creating and trusted service for our customers and communities that evolves with their needs and expectations. We will therefore digitalise our network and empower our customers with intelligent, self-service digital solutions designed to be inclusive and offer tailored support. We will make sure that the transition to a net zero future is available for all, regardless of location or circumstance.



	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
CUSTOMER SERVICE	<b>Customer Satisfaction Survey</b>	Meet our targets through our plan and strive to achieve a score of at least 9.2 across all categories.	Meet our targets through our plan and strive to achieve a score of at least 9.2 across all categories by the end of RIIO-ED2.	ODI-F	Minor clarification to confirm output delivery date.
	<b>Resolving complaints and simplifying our processes</b>	Meet our targets through our plan and further strive to reduce complaints by 5%, resolve 75% of complaints at 1st contact, 90% within 1 day and 99% within 1 month by 2028.	No changes to output.	SSEN Aim	
	<b>Digital Satisfaction</b>	Maintain/ improve our industry-leading 9.3 digital satisfaction score.	No changes to output.	SSEN Aim	
	<b>Average speed of response</b>	Improve average speed of response to 20 seconds on the telephone for power cuts and to five minutes on social media.	No changes to output.	SSEN Aim	We are committed to meeting this aim, and expect that modernisation of our system will start to yield benefits mid-way into the regulatory period (2025).
VULNERABILITY STRATEGY	<b>Vulnerability Strategy</b>	Meet our obligations to treat all customers fairly, including those in vulnerable situations. Put in place a vulnerability strategy, to be reviewed and refreshed annually and our performance incentivised.	No changes to output.	LO, ODI-F	
	<b>PSR gap analysis</b>	Reach over 1 million PSR customers by 2028, refreshing our data every 24 months.	No changes to output.	Part of our vulnerability strategy	
	<b>PSR customer satisfaction</b>	Improve PSR customer satisfaction scores to 9.4.	No changes to output.	Part of our vulnerability strategy	
	<b>Fuel poverty support</b>	By 2028 support 50,000 households (equivalent to 114,000 customers) with fuel poverty.	No changes to output.	Part of our vulnerability strategy	
	<b>Training and development</b>	Train 30 employees to the City & Guilds energy efficiency qualification and introduce 200 vulnerability champions across the business from the start of ED2.	No changes to output.	Part of our vulnerability strategy	

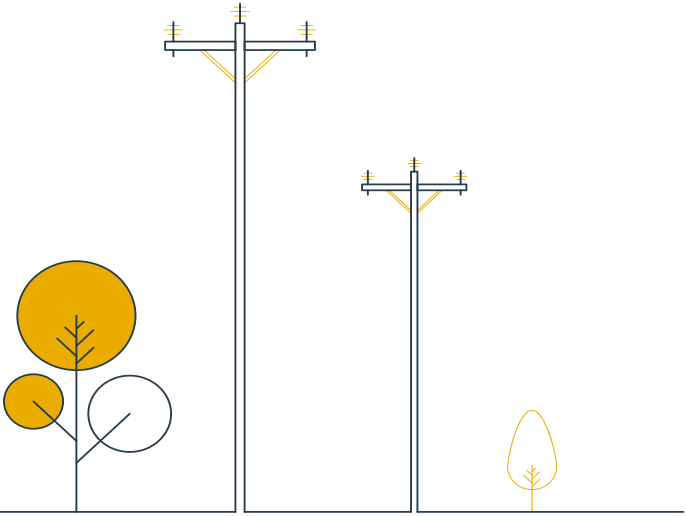


## PROVIDING A VALUED AND TRUSTED SERVICE FOR OUR CUSTOMERS AND COMMUNITIES

	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
VULNERABILITY STRATEGY	<b>Personal and Social Support Packs</b>	By 2028, deliver 5,000 energy efficiency packs to fuel-poor households, and 5,000 power cut resilience packs to PSR customers, tailored to their needs.	No changes to output.	Part of our vulnerability strategy	
	<b>Training and development</b>	Deliver education on LCTs to the most vulnerable and hard to reach through partners.	Output removed.	Part of our vulnerability strategy	In the FD, Ofgem noted that this activity would go beyond the role they expect a DNO to play. As a result, we are deprioritising this activity. We are exploring other ways in which we can enhance support for customers who need it the most, including partnering to deliver similar benefits.
	<b>Tackling digital exclusion</b>	Deliver a programme of targeted interventions to prepare future customers (39,000 children) whilst supporting existing customers with learning difficulties (2,400 adults) with education on fuel poverty, energy efficiency and LCTs, and upskill digitally-excluded customers (5,000) in using online services.	Output removed.	Part of our vulnerability strategy	In the FD, Ofgem noted that this activity would go beyond the role they expect a DNO to play. As a result, we are deprioritising this activity and exploring other ways in which we can enhance support for customers who need it the most. We are exploring other ways in which we can enhance support for customers who need it the most, including partnering to deliver similar benefits.
	<b>Energy Efficiency Enablement Programme</b>	Work with partners to reduce barriers to the installation of energy efficiency measures by 440 households in vulnerable situations.	Output removed.	Part of our vulnerability strategy	In the FD, Ofgem noted that this activity would go beyond the role they expect a DNO to play. As a result, we are deprioritising this activity and exploring other ways in which we can enhance support for customers who need it the most. We are exploring other ways in which we can enhance support for customers who need it the most, including partnering to deliver similar benefits.
	<b>Personal Resilience Plans</b>	Proactively provide PSR customers with Personal Resilience Plans containing specific advice tailored to a customer's individual needs, helping them know what to do during power cuts.	No changes to output.	CVP	
	<b>Shareholder Fund</b>	Introduce a shareholder-financed £500,000 annual 'Powering Communities to Net Zero' fund to support LCT accessibility initiatives for those in vulnerable situations, and community-led environmental and resilience schemes.	No changes to output.	SSEN Aim	
	<b>Meeting the needs of small/medium businesses</b>	Introduce a Business Support Register.	Output removed.	SSEN Aim	We have deprioritised this output from our plan as a result of reductions to our allowances. However, we will continue to build on our relationship with Be The Business to support small businesses access to valuable resources.

# PROVIDING A VALUED AND TRUSTED SERVICE FOR OUR CUSTOMERS AND COMMUNITIES

	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
DIGITALISATION	Data Best Practice Guidance	Continue to meet our obligations and align with best practice. In meeting these obligations, enable digitalisation across our plan. Use data in a way that meets the expectations and intent of the Data Best Practice Guidance.	No changes to output.	LO	
	Digitalisation Strategy and Action Plan	Continue to meet our obligations and align with best practice. In meeting these obligations, enable digitalisation across our plan. Publish and regularly review our Digitalisation Strategy and Action Plan.	No changes to output.	LO	



## ACCELERATING PROGRESS TOWARDS A NET ZERO WORLD

We want to accelerate progress towards, and enable all customers to participate in, a net zero world. It is essential that we demonstrate that markets and the role of flexibility will mean different things in different communities. However, they must be operated in a fair and transparent way that benefit consumers. We will do this by applying whole system thinking in a highly collaborative way to create and enable smart, flexible, local energy networks. This includes acting as a neutral market facilitator with the highest levels of transparency.



	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
LOAD	Enabling LCT connections	Ready the network for net zero, consistent with up to 1.3m Electric Vehicles and up to 800,000 heat pumps connecting by 2028.	No changes to output.	SSEN Aim	
	Enabling LCT connections	Ready the network for net zero, consistent with a total of 8GW of distributed energy resource (including windfarms, solar, and energy storage) connecting by 2028.	No changes to output.	SSEN Aim	
CONNECTIONS	Improving our connections process	Improve the end-to-end process (application, design, quote and connection) for all our connections and introduce automated quotation services for domestic LCT and minor connections customers by 2025.	No changes to output.	SSEN Aim	
	Major connections strategy	Deliver high quality services to our major connections customers achieving a customer satisfaction of 9/10 or above by the end of ED2.	No changes to output.	ODI-F	
	Customer satisfaction survey (minor connections)	Achieve an average customer satisfaction score for connections of at least 9.2.	Meet our targets through our plan and strive to achieve a score of at least 9.2 across all categories by the end of RIIO-ED2.	ODI-F	Minor clarification to confirm output delivery date.
	Connections Time to Quote and to Connect (minor connections)	By 2028 meet our targets and further reduce average Time to Connect by 1 day in SHEPD and 2 days in SEPD compared to 2019/20.	No changes to output.	ODI-F	
	Connections Guaranteed Standards of Performance (GSOP)	Meet our obligations under GSOPs for connections on an ongoing basis and aim to reduce the number of failures over the period.	No changes to output.	LO	

## ACCELERATING PROGRESS TOWARDS A NET ZERO WORLD

	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
DSO AND WHOLE SYSTEMS	<b>DSO Strategy</b>	Define a DSO strategy that will be reviewed and refreshed annually with an action plan to deliver against it, including changes to IT systems, process and people.	No changes to output.	LO, ODI-F	
	<b>Transparency of information</b>	Provide timely, accurate and accessible DSO data across all DSO roles.	Output removed.	Part of our DSO Strategy	Output superceded by further developments under the DSO Strategy Delivery Incentive.
	<b>Improving provision of forecasting information</b>	Continually improve the provision of forecast information for both new and existing flexibility markets.	Output removed.	Part of our DSO Strategy	Output superceded by further developments under the DSO Strategy Delivery Incentive.
	<b>Facilitating participation in flexibility markets</b>	Set up an annual flexibility providers forum and survey enabling regular feedback.	Output removed.	Part of our DSO Strategy	Output superceded by further developments under the DSO Strategy Delivery Incentive.
	<b>Deploying flexible solutions</b>	Target 5GW of Constrained Managed Zones across multiple service types and grow our flexible connections to 3.7GW of capacity across 35 zones by 2028.	No changes to output.	SSEN Aim	
	<b>Whole systems engagement for local authorities</b>	Support Local Authorities' energy and heat strategy development through provision of relevant data sets and annual engagement on our DFES scenarios.	No changes to output.	SSEN Aim	
	<b>Embedded Whole systems Support Services for LAs</b>	Provide enhanced support to 72 Local Authorities and up to 200 community groups using people within our business and apply our capabilities to assist communities develop and deliver viable effective whole system and Net Zero initiatives that have an interaction with our network.	Provide additional targeted support to Local Authorities, within our licence areas, to develop a coordinated and effective delivery strategy for Whole System and Net Zero initiatives that interact with our network.	SSEN Aim	We note that this output was not accepted as a CVP. As a result of reductions to our allowances we will targeting additional support at the Local Authority level, and will continue to explore ways in which we can provide additional support to community groups and other stakeholders.
	<b>Smart Optimisation Output</b>	n/a	Provide an integrated and collaborative digital platform where stakeholders can access key network data, understand our coordinated investment strategies and view our local net zero delivery plans.	LO	This is a new output introduced at FD across the whole electricity distribution sector.
	<b>Control Rooms</b>	Build two new control rooms, one in each of our licence area, to further facilitate the transition to DSO and net zero.	New output.	PCD	Ofgem have approved our proposal for two new control centres to be delivered by the end of RIIO-ED2.



## ACCELERATING PROGRESS TOWARDS A NET ZERO WORLD

OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY	
DSO AND WHOLE SYSTEMS	<b>Energy Efficiency accelerator for smarter networks</b>	Proactively work with Local Authorities and partners to identify and implement energy efficiency measures across our customer base that can release network capacity.	Output removed.	CVP	CVP rejected by Ofgem.
	<b>Local and community flexibility market stimulation</b>	Partner with local organisations, aggregators and energy suppliers and other relevant organisations to actively promote recruitment of flexibility in areas of low Market growth with a focus on fuel poor customers and those in vulnerable circumstances.	Output removed.	CVP	CVP rejected by Ofgem.
	<b>Supporting broadband to island communities through our assets</b>	Support the delivery of broadband services to 14 remote communities through a whole systems solution to utilise the fibre in our subsea cables, creating significant wider societal benefits.	Output removed.	CVP	CVP rejected by Ofgem.
	<b>Whole systems feedback survey</b>	Track key stakeholder feedback annually through a qualitative and quantitative survey.	Output removed.	SSEN Aim	Output superceded by introduction of further requirements relating to smart optimisation.



## ACCELERATING PROGRESS TOWARDS A NET ZERO WORLD

	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
ENVIRONMENTAL ACTION PLAN	<b>Environmental Action Plan (EAP)</b>	Produce and report annually on an Environmental Action Plan (EAP).	No changes to output.	ODI-R	
	<b>Set Science Based Targets, accredited with the SBTi</b>	Set an ambitious 1.5 degree SBT (including losses) requiring at least a 35% reduction in our carbon footprint by 2028.	No changes to output.	Part of our EAP	
	<b>Manage Losses on our network</b>	Implement a strategy to efficiently manage losses on our network in the long-term: Re-classify losses as a Scope 2 emission and act to reduce actual losses.	No changes to output.	Part of our EAP	
	<b>Reduce emissions from mobile diesel generation during interruptions</b>	Reduce emissions by replacing mobile generators wherever possible with lower carbon alternatives or by using alternative lower carbon fuel types by 2028.	Reduce emissions by replacing mobile generators wherever economically possible with lower carbon alternatives or by using alternative lower carbon fuel types by 2028.	Part of our EAP	Minor clarification to confirm we will ensure any solution we implement is economically viable.
	<b>Reduce the reliance on our back up embedded diesel generation on our islands</b>	Reduce reliance on diesel back-up generation, exploring local solutions and flexibility opportunities from the start of ED2.	No changes to output.	Part of our EAP	
	<b>Reduce SF<sub>6</sub> emissions from our assets</b>	Reduce emissions from our assets by a minimum of 35%, and begin reducing our holdings.	No changes to output.	Part of our EAP	
	<b>Nature Based Solution for Carbon Removal</b>	Plant 2,000 hectares of native woodland and restore 1,200 hectares of peatland in our licence areas, which are expected to remove up to 300,000 tonnes of CO <sub>2</sub> e by 2045, and provide 3000 biodiversity units by 2045.	Deliver 258 hectares woodland creation and 522 hectares of peatland restoration. We expect this could remove up to 65,000 tCO <sub>2</sub> by the end of RIIO-ED2.	Part of our EAP	This output was rejected at FD. However, Ofgem has recognised that this activity is critical in the context of meeting our net zero obligations and has provided sufficient funding in RIIO-ED2 to enable future pathways. Our new output reflects the level of funding provided.
	<b>Polychlorinated Biphenyl (PCB) compounds</b>	Remove all PCB-contaminated assets from our network by 31 December 2025.	No changes to output.	Part of our EAP	
	<b>Reduce leakage from fluid-filled cables</b>	Replace 78 km of fluid filled cable and reduce oil leakage by 20% relative to 2019/20.	Replace at least 20.9km of fluid filled cable on our network.	Part of our EAP	We have revised this output to match the level of funding that has been provided. We will continue to explore using alternative funding mechanisms where possible, engaging with stakeholders as required to prioritise our activities.
	<b>Sustainable Supplier Code</b>	Sign up 80% of our supply chain (by value) by 2028 to our Sustainable Supplier Code.	No changes to output.	Part of our EAP	

# ACCELERATING PROGRESS TOWARDS A NET ZERO WORLD

ENVIRONMENTAL ACTION PLAN	OUTPUT NAME	ORIGINAL OUTPUT DESCRIPTION	REVISED DESCRIPTION	OUTPUT TYPE	COMMENTARY
	<b>Reducing travel-related emissions</b>	Electrify 80% of our core vehicle fleet by 2028, reduce our average road mileage by 15% (from pre-COVID-19 levels) and limit air travel where possible.	Electrify 80% of our core vehicle fleet by 2028, where supply allows, reducing our average road mileage by 15% (from pre-COVID-19 levels) and limit air travel where possible.	Part of our EAP	Minor clarification to reflect supply chain challenges in this space.
	<b>Complete flood-related activities in compliance with obligations</b>	Complete works at c. 73 sites across our network in line with ETR138.	No changes to output.	Part of our EAP	
	<b>Protecting marine biodiversity: Life below water</b>	Plant up to 17 hectares of seagrass meadows during RIIO-ED2, aiding biodiversity recovery, supporting climate adaptation pathways, and provide carbon sequestration as an alternative to offsetting.	No changes to output.	CVP	
	<b>Undergrounding in Areas of Outstanding Natural Beauty (ONBs) and National Parks (NPs)</b>	Complete undergrounding of up to 83km of lines.	No changes to output.	UIOLI	



LO: Licence Obligation, PCD: Price Control Deliverable, ODI: Output Delivery Incentive (F: Financial, R: Reputational), CVP: Consumer Value Proposition, SSEN Aim: Company Goal, UIOLI: Use It or Lose It funding.

## OUTPUTS NUMBERING

RR1	Climate resilience strategy	DSO4	Improving provision of forecasting information
RR2	Network Asset Risk Metric	DSO5	Deploying flexible solutions
RR3	Interruptions Incentive Scheme	DSO6	Energy Efficiency accelerator for smarter networks
RR4	Worst-Served Customers	DSO7	Local and community flexibility market stimulation
RR5	Guaranteed Standards of Performance (quality of supply)	I1	Innovation Reporting
RR6	Cyber Resilience IT/OT	LC1	Enabling LCT connections (demand)
SAF1	Meet our safety obligations	LC2	Enabling LCT connections (generation)
SAF2	Safety engagement	LC3	Improving our connections process
SAF3	Keeping the public safe around our assets	LC4	Major connections strategy
SI1	Subsea cables – targeted intervention	LC5	Customer satisfaction survey (minor connections)
SI2	Subsea cables – strategic upgrades	LC6	Connections Time to Quote and to Connect (minor connections)
SI3	Distributed Embedded Generation	LC7	Connections Guaranteed Standards of Performance
SI4	Shetland	S1	Environmental Action Plan
CSP1	Customer Satisfaction Survey	S10	Complete flood-related activities in compliance with obligations
CSP2	Digital Satisfaction	S11	Sustainable Supplier Code
CSP3	Average speed of response	S12	Reducing travel-related emissions
CSP4	Resolving complaints and simplifying our processes	S13	Undergrounding in Areas of Outstanding Natural Beauty and National Parks
ITOT1	Data Best Practice Guidance	S14	Protecting marine biodiversity: Life below water
ITOT2	Digitalisation Strategy and Action Plan	S2	Set Science Based Targets, accredited with the SBTi
V1	Vulnerability strategy	S3	Reduce SF <sub>6</sub> emissions from our assets
V2	PSR gap analysis	S4	Manage Losses on our network
V3	PSR customer satisfaction	S5	Reduce emissions from mobile diesel generation during interruptions
V4	Fuel poverty support	S6	Reduce the reliance on our back up embedded diesel generation on our islands
V5	Training and development	S7	Nature Based Solution for Carbon Removal
V6	Training and development	S8	Polychlorinated Biphenyl compounds
V7	Educating on the benefits of energy efficiency, tackling digital exclusion.	S9	Reduce leakage from fluid-filled cables
V8	Energy Efficiency Enablement Programme	WS1	Whole systems feedback survey
V9	Personal and Social Support Packs	WS2	Whole systems engagement for local authorities
V10	Personal Resilience Plans	WS3	Embedded Whole systems Support Services for Local Authorities
V11	Shareholder Fund	WS4	Supporting broadband to island communities through our assets
V12	Meeting the needs of small/ medium businesses	WS5	Smart Optimisation Output
DSO1	DSO Strategy	n/a	Annual Whole Systems Strategic Plan
DSO2	Facilitating participation in flexibility markets	CR1	Control rooms
DSO3	Transparency of information		



## MANAGING UNCERTAINTY

**Uncertainty mechanisms (UMs) are a key tool for managing risks and uncertainties outside of companies' control. They protect customers from paying too much up-front for services or activities that are uncertain.**

UMs enable us to obtain additional funding, for example to connect more heat pumps or electric vehicles to our network once we have more certainty of demand. There are different types of UMs. The two most common types are re-openers, which require us to apply for funding, and volume drivers, which are more automatic.

In this document, we highlight the key uncertainty mechanisms that are in place for the RII0-ED2 period. We will work closely with our stakeholders in making our case for additional funding, to ensure that benefits we deliver are in line with stakeholder needs and ambitions.

UM NAME	DESCRIPTION / SCOPE / TRIGGER	MECHANISM TYPE	TIMING
<b>Load-related UMs</b>	There are three key mechanisms that enable additional investment for load growth. Their are two automatic volume drivers that enable us to invest more in our low voltage networks and for the "unlooping" of LV services. In addition, there is a re-opener to provide funding for all other required investment (e.g. to reinforce our primary network).	Volume drivers and re-opener	Volume drivers can be triggered automatically throughout the price control. Re-opener windows in January 2025 and January 2027.
<b>Digitalisation</b>	The Digitalisation Re-opener enables DNOs to apply for additional funding where a change in their roles and responsibilities requires them to establish new or improved digital services, reflecting fast-moving policy in this area.	Re-opener	Re-opener window in January 2026.
<b>DSO</b>	The DSO re-opener is an Ofgem driven mechanism that enables changes to the roles, responsibilities and governance arrangements for DSO functions.	Re-opener	Authority-triggered only - any time in ED2.
<b>Net Zero</b>	The Net Zero re-opener is an Ofgem-driven re-opener that enables additional funding to be provided where new activities may be required to meet net zero targets.	Re-opener	Authority-triggered only, at any time during ED2.
<b>Hebrides and Orkney Whole System (SSEN)</b>	the HOWSUM mechanism is SSEN Distribution specific. It enables SSEN to apply for additional funding to deliver whole systems solutions for net zero and security of supply in the Scottish Islands.	Re-opener	Re-opener windows in January 2024 and January 2025.
<b>Shetland Enduring Solution (SSEN) and Extension Fixed Energy Costs</b>	These re-openers are SSEN Distribution specific. They enable us to recover costs associated with the supply of energy on the Shetland Islands, prior to completion of the Shetland HVDC link, and developing, implementing and running a standby solution for Shetland, which will provide back-up power alongside the link solution.	Re-openers	Re-opener windows in January 2024 and January 2028 (Enduring Solution), and January 2028 (Extension).
<b>Cyber Resilience Information Technology (IT) and Operational Technology (OT)</b>	There is a need for continued investment in cyber security and resilience to manage the risks on networks and information systems, including the risk and the consequences of potential cyber-related incidents on consumers, and to comply with relevant regulations. The cyber resilience UMs for IT and OT, facilitate these outcomes for the networks.	Re-openers	Two licensee-triggered re-openers, in April 2023 and April 2025, and one Authority-triggered re-opener.
<b>High Value Projects (HVP)</b>	The HVP re-opener provides a means to apply for funding for individual non-load related schemes of £25m or more, which were not included as part of ex-ante allowances.	Re-opener	Re-opener window in January 2026.
<b>Polychlorinated Biphenyls (PCB)</b>	A volume driver to provide flexibility to accommodate uncertain volumes of replacements of pole-mounted transformers (PMT), associated poles and pole-mounted switchgear so that DNOs can meet their compliance obligations under the PCB Regulations.	Volume driver	Volume drivers can be triggered automatically throughout the price control.
<b>Environmental</b>	The Environmental re-opener enables DNOs to accommodate changes to environmental legislation through their Environmental Action Plans (EAPs).	Re-opener	Annual re-opener window in January.

## MANAGING UNCERTAINTY

UM NAME	DESCRIPTION / SCOPE / TRIGGER	MECHANISM TYPE	TIMING
<b>Coordinated Adjustment Mechanism</b>	The purpose of the Coordinated Adjustment Mechanism is to enable more coordination between regulated licensees across the gas and electricity sectors to maximise benefits across the whole energy system. Regulated companies may work together to identify and deliver projects which ensure that the most efficient solution to a network issue can be implemented, no matter where in the regulated sectors funding was originally allocated. The re-opener allows that funding to be moved from any regulated sector within gas and electricity, to any other regulated gas and electricity sector.	Re-opener	Annual application windows in May.
<b>Storm Arwen</b>	This re-opener provides a means to adjust revenues further to changes to DNOs' scopes of work caused by implementing recommendations from Ofgem or the E3C's Storm Arwen reviews.	Re-opener	Re-opener window in January 2024.
<b>Electricity System Restoration (ESR)</b>	The ESR re-opener provides a means to adjust revenues following any changes to network requirements which relate to Electricity System Restoration.	Re-opener	Re-opener window in June 2024.
<b>Physical Security</b>	DNOs are responsible for a number of sites that are considered by the government as Critical National Infrastructure (CNI). This re-opener enables additional funding to reflect changes to government recommendations on network site security.	Re-opener	Re-opener windows in January 2024 and January 2026.
<b>Rail Electrification</b>	This re-opener allows for additional funding in situations where the installation of rail electrification equipment requires the relocation or re-routing of DNO apparatus. UM is the same as ED1.	Re-opener	Re-opener windows in January 2024 and January 2026.
<b>Streetworks Costs</b>	This re-opener provides additional funding for streetworks resulting from complying with traffic management legislation, which is designed to ease congestion and disruption to the road network and establish conditions and requirements during DNO activities.	Re-opener	Re-opener window in January 2026.
<b>Wayleaves and Diversions</b>	To operate and maintain networks DNOs require access rights to privately owned land. To secure access rights DNOs must negotiate land access agreements with property owners. There are two main forms of land access agreement used, wayleave agreements and easements. The re-opener allows DNOs to seek recovery of additional costs associated with wayleaves and diversions costs.	Re-opener	Re-opener window in January 2026.

## REPORTING AND TRANSPARENCY

We are committed to transparency and reporting on our performance throughout the RIIO-ED2 period. We have a number of reporting obligations, which are set out in our Standard Licence Conditions (SLCs) and Special Licence Conditions (SPCs), and the table below highlights some of the main reports we will be publishing throughout RIIO-ED2.

Some of the reports we publish will also be key to tracking and assessing our performance under the three new incentives Ofgem has introduced for RIIO-ED2: the consumer vulnerability, major connections and Distribution System Operation (DSO) incentives.

REPORT NAME	DESCRIPTION	LICENCE CONDITION
<b>Whole Electricity System Coordination Register</b>	Every year, by 31 March, we will publish a Coordination Register demonstrating how we are coordinating and cooperating with other DNOs and electricity transmission companies. We will update this every year.	<b>SLC 7 A</b>
<b>Safety And Security Of Supplies Enquiry Service</b>	We will provide a Safety and Security of Supplies Enquiry Service, which will provide up-to-date information, guidance and advice on any supply interruptions lasting more than three-minutes and is the consequence of severe weather. This will be available via our website.	<b>SLC 8</b>
<b>Long-Term Development Statement</b>	We publish a Long-Term Development Statement on our website which provides useful information to customers potentially seeking to connect to or use our network.	<b>SLC 25</b>
<b>Distributed Generation: Connections Guide</b>	We publish a Connections Guide for Distributed Generation which provides information for anyone interested in connecting Distributed Generation to our network.	<b>SLC 25 A</b>
<b>Network Development Plan</b>	We publish a Network Development Plan on our website. This covers the investments planned for the next five to 10 years on our network. This is updated every two years.	<b>SLC 25 B</b>
<b>Procurement and use of Distribution Flexibility Services</b>	Every year by 31st March we will publish a Distribution Flexibility Services Procurement Statement setting out the kinds of Distribution Flexibility Services and Energy Efficiency Services which we reasonably expect to purchase in the period from 1st April to 31st March of the following year and the mechanisms by which we expect to purchase them. At the end of the 12 month period we will prepare a Distribution Flexibility Services Procurement Report setting out the services which we have tendered for, contracted and dispatched in the preceding period.	<b>SLC31 E</b>
<b>Innovation Strategy</b>	We publish an Innovation Strategy which sets out a high-level summary of the problems and challenges that the electricity sector expects to face during the price control and the consequential innovation strategy we will adopt.	<b>SLC 48</b>
<b>Electricity Network Innovation Strategy</b>	We work with other companies to publish an Electricity Network Innovation Strategy which sets out industry-wide challenges and joint plans for addressing these through innovation. This is updated every two years and linked to on our website.	<b>SLC 48 A</b>
<b>Business Plan Commitment Reporting</b>	Every year, by 31 October, we publish an annual report detailing our performance against our business plan commitments.	<b>SLC 50</b>
<b>Worst-Served Customers reporting</b>	Every year from 1 April 2024, we will publish on our website information about our worst-served customer projects and the number of worst-served customers connected to our network. This information will be published by 31 October.	<b>SPC 3.4</b>
<b>Major Connections Annual Report</b>	Every year from 1 April 2024, we will publish a Major Connections Annual report. This document will provide updates to our stakeholders on our progress on delivering our Major Connections Strategy and our performance under the Major Connections Incentive. This information will be published by 31 October.	<b>SPC 4.5 B</b>
<b>Annual Vulnerability Report</b>	Every year from 1 April 2024, we will publish a Major Connections Annual report. This document will provide updates to our stakeholders on our progress on delivering our Consumer Vulnerability Strategy and our performance under the Vulnerability Incentive. This information will be published by 31 October.	<b>SPC 4.6</b>
<b>Distribution System Operation Performance Panel Submission</b>	Every year from 1 April 2024, we will publish our DSO Performance Panel Submission as part of the DSO strategy incentive. This will detail our performance under the incentive. This information will be published by 30 April.	<b>SPC 4.8</b>
<b>Annual Summary of NIA Activities</b>	Every year, by 31 July, we will publish an annual summary of our activities funded through the Network Innovation Allowance (NIA). We will also feed into an industry-wide report which will be available by 31 October and published on the Energy Networks Association (ENA) Smarter Networks Portal.	<b>SPC 5.2</b>

# REPORTING AND TRANSPARENCY

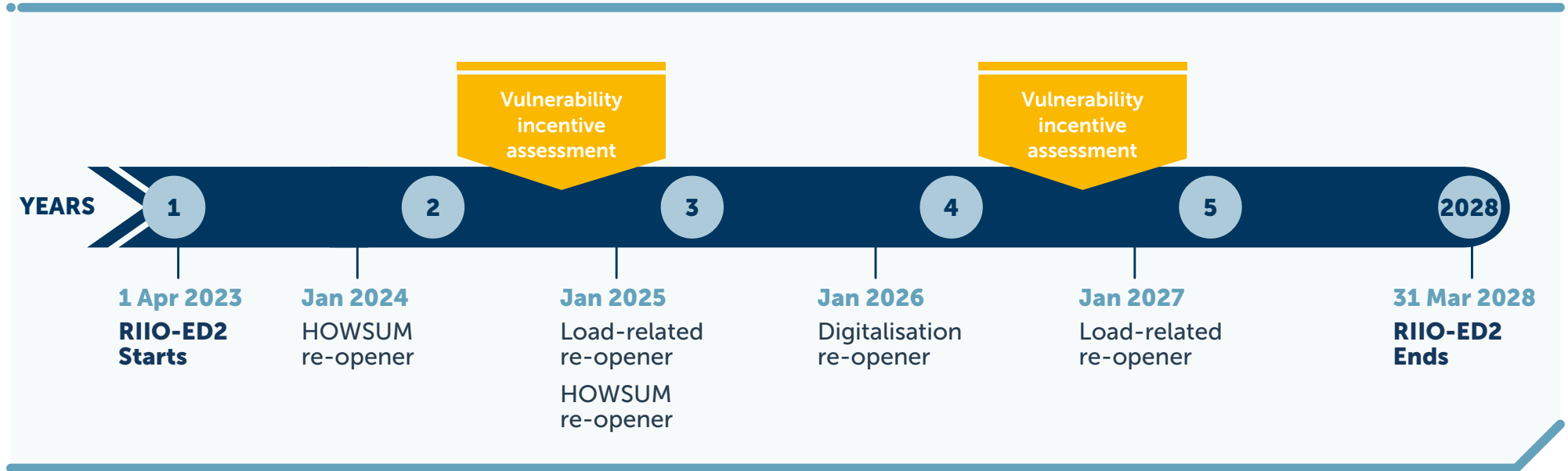
REPORT NAME	DESCRIPTION	LICENCE CONDITION
<b>Annual Environmental Report</b>	Every year from 1 April 2024, we will publish an Annual Environmental Report. This document will provide updates to our stakeholders on our progress in delivering our Environmental Action Plan. This information will be published by 31 October.	<b>SPC 9.1</b>
<b>Strategic Innovation Fund (SIF) reporting</b>	We will report on innovation projects funded under the SIF in line with the relevant requirements. Exact timings will be project-dependent.	<b>SPC 9.9</b>
<b>Digitalisation Strategy and Action Plan</b>	We will publish our Digitalisation Strategy by the 1 April 2023 and update it at least every two years. We will publish our Digitalisation Action Plan by 30 June 2023 and update it at least every six months. These documents will detail our progress in delivering digital products and services for our stakeholders.	<b>SPC 9.5</b>
<b>Smart Optimisation</b>	Under our Smart Optimisation Output (SOO), we are required to to publish a collaboration plan describing how we will partner with stakeholders to take a more transparent and user-centric approach to data. This will be supported by a System Visualisation Interface. Both documents will be available on our website from 1 May 2024.	<b>n/a</b>
<b>Annual Innovation Deployment Customer Report</b>	As part of our business plan we committed a report to improve the transparency of the benefits delivered from our innovation programme.	<b>n/a</b>





## TIMELINE ED2

This timeline highlights a number of key dates associated with some of the UMs that are of particular relevance to our incentives and of interest to our stakeholders.



NB: Most incentives, which will operate on an annual basis, are not mapped in this timeline.



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