

PART 1 | 2022-23

AN EMBEDDED, COLLABORATIVE FRAMEWORK

Overview of Evidence

Stakeholder Engagement and Consumer Vulnerability Submission



Scottish & Southern
Electricity Networks

Powering our
community

PART 1

Welcome to Part 1 of our submission to Ofgem's Stakeholder Engagement and Consumer Vulnerability Incentive (SECV) for 2022-23.

Through our two licensed electricity distribution network areas, Scottish Hydro Electric Power Distribution (SHEPD) and Southern Electric Power Distribution (SEPD), we are responsible for safely and reliably maintaining the electricity distribution networks supplying over 3.9million homes and businesses across central southern England and the north of Scotland including remote island communities.

Ofgem's annual SECV incentive encourages network companies to engage proactively with stakeholders to anticipate and deliver a consumer-focused, socially responsible and sustainable energy service.

If you are reading this submission as a stakeholder and would like to discuss any of the content further, please email stakeholder.engagement@sse.com.

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The two additional parts that make up our submission

PART 2

Highlights key achievements and benefits delivered through engaging with our stakeholders during the 2022-23 regulatory year.

PART 3

Features the incentives and outcomes we have delivered to support customers in vulnerable situations and fuel poverty during the 2022-23 regulatory year.

Over

3.9m

homes and businesses served by our network

130,000km

overhead lines and underground cables across one third of the UK's landmass

Over

4000

employees working from 85 depots and offices in the heart of the community

Over

100

subsea cables powering island communities

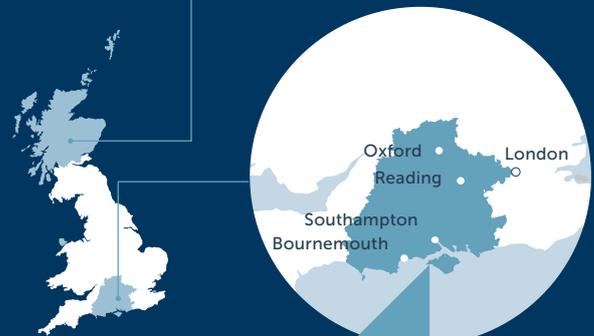
31,009

households supported with fuel poverty over RIIO-ED1, 47.5% of which was delivered in 2022-23

89%

growth in households registered on PSR, an increase of 401,926 households since the start of RIIO-ED1

Scottish Hydro Electric Power Distribution (SHEPD)



Southern Electric Power Distribution (SEPD)



1.1 MANAGING DIRECTOR'S INTRODUCTION



Energy has continued to dominate the public agenda during 2022-23; from the enduring cost-of-living crisis, geo-political threats to energy resilience, to the rising challenge of network constraints as our energy system adapts to exponential net zero growth.

We're acutely aware that our customers and stakeholders are impacted significantly by all of these factors, and I'm extremely proud of our teams' **flexible and collaborative work** to help tackle these challenges head on without compromising the delivery of our broader engagement objectives.

As you will read in our submission, we've led the way in initiatives to combat the threat of emergency disconnections, co-created resilience plans with local authorities and optimised connection queues allowing projects to connect despite transmission-level

constraints. We've also again seen record growth of the PSR and a **step-change 70% uplift in customers supported** by our fuel poverty support measures.

Our robust engagement strategy, which is active at all levels of our organisation, drives us to deliver improved outputs whilst remaining flexible to emerging needs. It continues to focus on the things stakeholders consistently tell us they value, such as improved resilience, decarbonisation progress and action to support those in need.

We've further embedded engagement practices and governance, establishing additional links to decision making forums, increasing routes for stakeholder input, tailored methods and broader measurement. This continued improvement was recognised by AccountAbility who **placed us in the highest 'Advanced' category in their audit.**

I'm delighted to have personally led engagement activity in key areas, including sessions to develop our Fair Energy Future plan, hosting our first truly hybrid annual workshops and particularly, the deep dive my leadership team and I undertook with those providing frontline vulnerability services.

This direct insight was crucial, helping accelerate decision making to pledge a further **£1m of direct shareholder-funded support** to critical services – leading to further important link-ups with our delivery partners, such as sharing mental health training opportunities with front line Citizens Advice advisors.

We've given strong focus to growing our collaboration across industry – a point of feedback from last year's panel, taking significant steps to improve our already strong links, signing formal collaboration agreements with UKPN on Innovation and ENWL on Consumer Vulnerability. We also **instigated and led the cross DNO and GDN project to establish the single PSR website for GB** which will raise and grow awareness of the PSR exponentially.

Our advancements this year stand us in excellent stead for a continued trajectory of improvement. Ahead of the final SECV assessment process, I'd like to thank the panel for the scrutiny and advice provided over the years and give assurance of our commitment to uphold the voice of our customers and stakeholders in all that we do.

Chris Burchell,
Managing Director, SSEN Distribution

1.2 AN ESTABLISHED AND EFFECTIVE STRATEGY

Our Stakeholder Engagement strategy is fully embedded across our business, ensuring that how we operate is always aligned to stakeholder views and values. In the final year of SECV, we've continued to review and evolve our methods and processes with stakeholders to ensure it continues to be relevant and impactful.

Why do we engage?

- ✓ To **inform and challenge** our strategic thinking
- ✓ To **improve our services** and the outcomes we deliver
- ✓ To **enhance our culture** of continual improvement
- ✓ To **advocate** on behalf of our stakeholders and customers
- ✓ To **educate and prepare** customers and communities

"Creating the right engagement culture needs strong foundations. Engagement is simply part of what we do at SSEN and our mature and embedded strategy provides the guardrails for our team members, old and new, to plan, undertake and act on engagement."



Graeme Keddie, Director of Corporate Affairs and Engagement, SSEN

Our mission is to deliver engagement which is purposeful, accessible and dynamic, using insight and collaborative partnerships to achieve positive and tangible outcomes for customers, stakeholders and society.

Our principles

INCLUSIVE



We're considered in our choice of engagement format, location and timing, with clear thought for fair representation of stakeholders including "seldom heard" voices.

INSIGHTFUL



Our engagement generates meaningful discussion and challenge on issues that matter, ensuring we capture clear and actionable feedback for dissemination across our business.

IMPACTFUL



Through transparent processes, our engagements inform and drive decisions across our business, allowing participants to influence and clearly trace their input.

ITERATIVE



We conduct frequent engagement and regularly review our methods to ensure they evolve and remain in line with best practice, incorporating learning as appropriate.

Our engagement principles in action

Using targeted partnerships, we increased awareness of personal resilience and the PSR for three harder to reach customer groups: those who experience mental ill health; live with chronic illness; and have hearing difficulty or loss.
Part 3, page 6

Building on our 2021-22 benchmarking survey, we now have an established annual stakeholder perception survey, giving insight to the format, timings and content of engagements. Insights gained are driving improvements in our engagement delivery programme.
Part 1, page 5

Working with partners we delivered a broad range of engagements to increase awareness of community and personal resilience. Over 450 delegates attended sessions, with 75% reporting greater confidence to respond in the event of an emergency disconnection.
Part 2, page 6

Building on our established engagement programme, we engaged at both a strategic and working level with partners, as well as with stakeholders and customers to inform and adapt our response to the changing cost of living landscape.
Part 3, page 3



1.3 SUMMARY OF KEY ENGAGEMENT ACTIVITY IN 2022-2

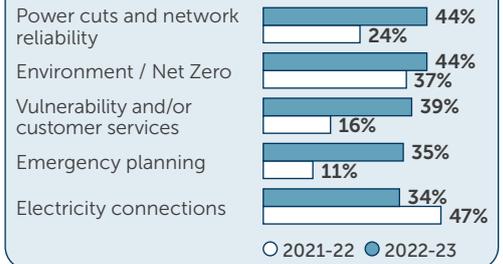
Our strategic priorities, which we review and test each year, have shaped and strengthened our engagement plan, ensuring we are delivering line with evolving stakeholder expectations.

Additionally, in our annual stakeholder survey, we asked a cross-section of our stakeholder base, alongside those have never previously engaged with us, their views on engagement topics for the year ahead. Stakeholders

expressed an increasing preference to engage on energy resilience and cost-of-living, inc. Vulnerability, Emergency Planning and Reliability.

In response, we launched a dedicated engagement programme on energy resilience, reaching **1,500 stakeholders**, increased consumer vulnerability engagement, and upweighted both topics in our annual workshops.

Stakeholder topic preferences (Top 5)



| Key questions | Key focus areas | Targeted engagement methods | Key outcomes and impacts |
|--|---|---|---|
| ACCELERATING PROGRESS TO A NET ZERO WORLD | | | |
| <ul style="list-style-type: none"> How do we plan for net zero? How, when and where can I connect? How can we share better data? | <ul style="list-style-type: none"> Regional Energy System Optimisation Planning (RESOP) Unlocking capacity in West London | <ul style="list-style-type: none"> Local Authority workshops Generation and demand customers Developer community Collaborative industry engagements (NG/ESO/UKPN) | <ul style="list-style-type: none"> Co-creation of a plan to save local authorities up to £2.5m through reducing the development costs of their local area energy plans. Delivery of a phasing solution that enables projects to connect and ramp their capacity without triggering transmission upgrades, allowing approx. 80% of smaller demand connections to progress. |
| DELIVERING A SAFE, RESILIENT AND RESPONSIVE NETWORK | | | |
| <ul style="list-style-type: none"> How do we manage this risk and inform customers? How do we learn from our previous experiences? | <ul style="list-style-type: none"> Increased customer and community resilience Increasing awareness of Rota Load Disconnections | <ul style="list-style-type: none"> 'Powering on Together this Winter' workshops Local Resilience Partnership meetings MP Resilience roundtables Stakeholder bilaterals | <ul style="list-style-type: none"> £1.8m allocated to co-created community resilience Comprehensive improvement plan with 121 actions over nine workstreams Achieved average call waiting times of just 50 seconds during Storm Otto, 17 times better than our response during Storm Arwen. Scottish Government motion praised our "exceptional response" during Storm Otto |
| PROVIDING A TRUSTED AND VALUED SERVICE FOR CUSTOMERS AND COMMUNITIES | | | |
| <ul style="list-style-type: none"> How can we improve customer experience during power cuts? How can we help customers reduce their costs? | <ul style="list-style-type: none"> Improved estimated restoration times Supporting micro businesses amid rising energy costs | <ul style="list-style-type: none"> Customer feedback analysis Micro business surveys and engagements Business customer cost-of-living bilaterals Complaints data Social listening | <ul style="list-style-type: none"> Creation of a site electrification planning tool that generated £2.04 SROI for every £1 spent through efficiency savings Provision of free energy advice to 30 small businesses in Hampshire in addition to the training and mentoring of four additional community energy groups |
| DELIVERING A POSITIVE IMPACT ON SOCIETY | | | |
| <ul style="list-style-type: none"> How can we ensure that net zero is accessible for all? | <ul style="list-style-type: none"> Creation of our live 'Fair Energy Future' action plan | <ul style="list-style-type: none"> Innovation project insights Stakeholder bilaterals Industry workshops Colleague feedback | <ul style="list-style-type: none"> Creation of a task force to drive the delivery of SSEN commitments, along with industry and government recommendations, for a fair net zero transition. Achieved £640k in supply chain benefits using a social value focus that created apprenticeships, volunteering activities, and donations to communities. |
| COLLABORATIVE ACTION ON CONSUMER VULNERABILITY | | | |
| <ul style="list-style-type: none"> How do we support more households with cost-of-living? How do we increase awareness of PSR | <ul style="list-style-type: none"> Increased support for fuel poor customers Increased PSR awareness and promotion activity | <ul style="list-style-type: none"> Executive listening sessions with front line advisors Partner surveys and workshop Stakeholder workshop PSR Customer Survey Inclusive Service Panel Colleague feedback | <ul style="list-style-type: none"> Secured additional £1million to support consumers experiencing fuel poverty this winter and next supporting an additional 2,123 households so far Successful delivery of the thePSR.co.uk website to support partners who work across boundaries to promote PSR. Over 1,280 unique visitors in the first two weeks. |

Our stakeholder engagement in numbers

50,408 stakeholders engaged through SSEN led events

715 engagements held, 20% of which had a focus on resilience

11 new collaboration agreements created alongside 23 partnerships.

1st truly hybrid online and face-to-face event held

1,645 newly consented stakeholders, up 21.3% from 2021-22

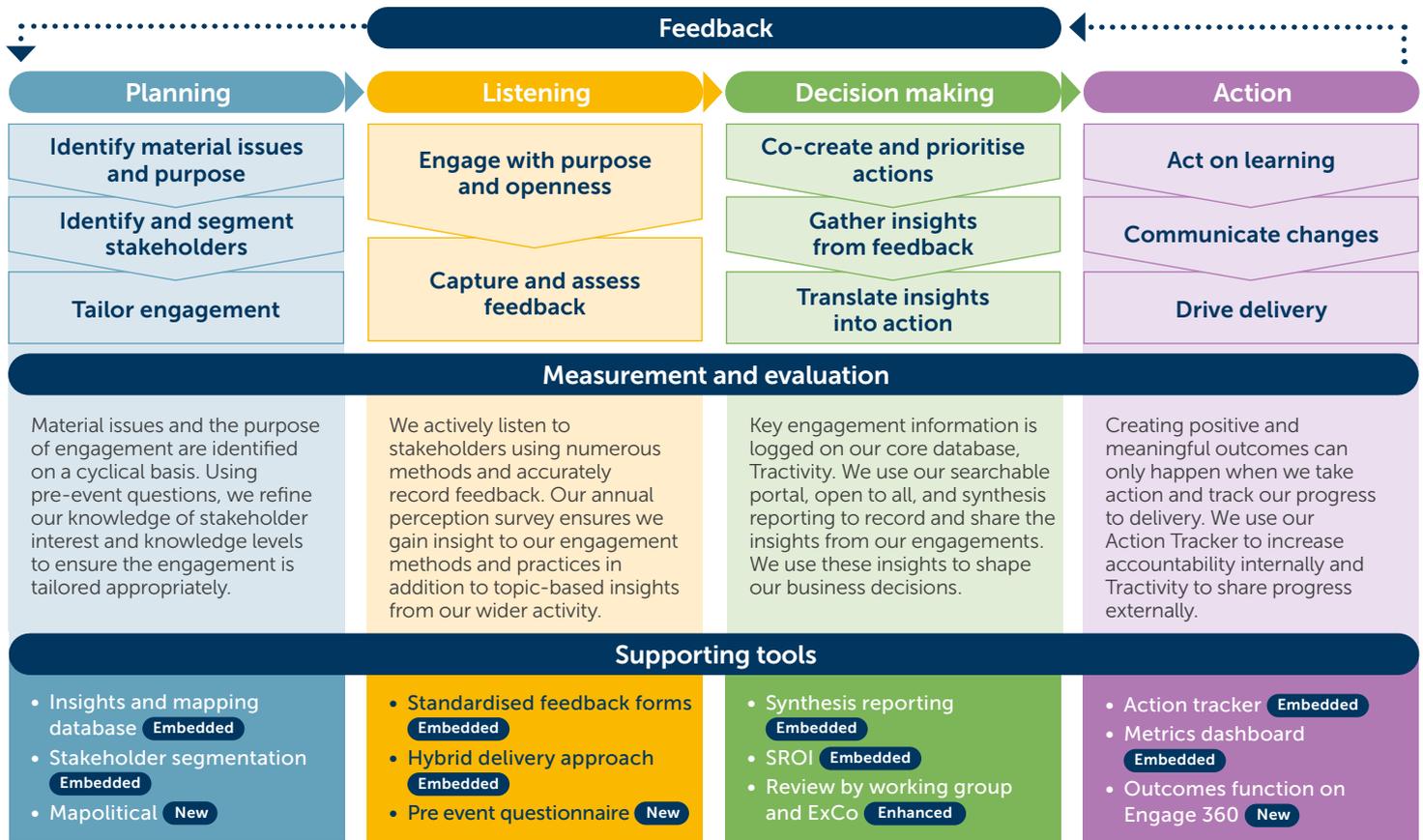
"SSEN has a great engagement team that is motivated to pool together resources and efforts to collectively engage groups of stakeholders across organisations."
Stakeholder Perception Survey Participant,
 Wider industry and value chain

Growth areas by stakeholder segment



1.4 A HOLISTIC AND ESTABLISHED ENGAGEMENT MODEL FOR ALL

Our well-established engagement model is embedded across our business and is applied to all planned engagement activities. By consistently following this established approach we ensure our engagement is of the same high quality, regardless of who leads on it, with insights gathered being considered and acted upon.



Engaging hard to reach stakeholders

At SSEN, we have developed a clear and long-standing definition of hard to reach stakeholders which is regularly tested through the support of our external panels and in 2022-23 was extended to include reference to external risks, noting that many stakeholders who would be less likely to engage with us proactively would be impacted by emerging energy security concerns. Examples of how our engagement has considered hard to reach stakeholders is noted below.

Definition of hard to reach:

Stakeholders that are underrepresented, or have limited capacity or awareness of our business, relevant emerging risks, or the issues that we can assist with. Or they simply don't believe that their voice will be heard or make a difference.

Energy emergency awareness programme

Working with Local Resilience Partners and emergency responders to ensure that information relating to the potential for emergency disconnections was shared and understood by a range of stakeholders. This included attendees from community based healthcare providers, a segment whom we have previously experienced low engagement levels.

Supporting micro businesses

Working with Community Energy South we have provided micro and small businesses in Hampshire with energy efficiency advice and access to funding, to help reduce outgoings amid rising energy costs. Historically, the micro business segment experienced low levels of direct engagement with SSEN.



Maggies Cancer charity

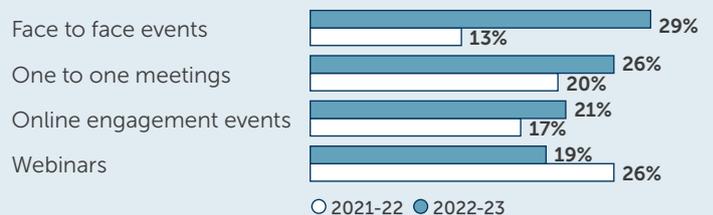
Working with experts in Maggie's cancer centres, we have provided support to those living with chronic illnesses, including customers who find themselves navigating the network of available support for the first time. The partnership ensures that energy efficiency information, advice and support is available and understood.



Widening the reach of our engagement

In November 2022, we held our first truly hybrid stakeholder events. Welcoming delegates both in-person and online, we live streamed presentations and held "virtual" and live roundtable discussions in tandem. All participants were invited to provide feedback and participate in a live Q&A with our subject matter experts. 91.5% of participants who joined online rated the hybrid event as good or excellent. Using stakeholder survey insights (right) which show support for greater face-to-face and interactive online events, our future engagement programme will include a balance of in-person, hybrid and online delivery methods.

Preferred engagement methods



1.5 AN EMBEDDED CULTURE OF CONTINUOUS IMPROVEMENT

We have further enhanced our culture of continual improvement by reviewing our practices and workplans, incorporating feedback from the 2021-22 SECV process. Our improvement plan was further informed by stakeholder insights gathered from our strategic stakeholder panels before being challenged, and ratified, by our Executive Committee and Board.

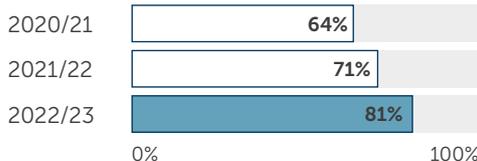
SSEN rated "Top Tier" for stakeholder engagement

Following our annual assessment against the AA1000 Stakeholder Engagement Standard Assessment, we have secured another significant improvement, scoring 81%, up from 71% in 2021-22 and 64% the year prior. This result positions SSEN in the "Advanced" stage of the AccountAbility Stakeholder Engagement Maturity Ladder, which is the highest tier in the assessment.

Advanced Status



AA1000 Improvement



"SSEN Distribution has a clear purpose for stakeholder engagement that is linked to advancing the overall business strategy. The scope of stakeholder engagement is clearly defined and demonstrates a commitment to continuous learning and improvement based on stakeholder feedback."

AccountAbility



The themes identified in the table below are five areas that were decided by our Executive Committee as strategically important to the cycle of improvement that our leadership team are committed to. These have also been ratified by our trusted stakeholders.

| | |
|----------|---|
| 1 | Enhance governance and further strengthen senior leadership input |
| | <ul style="list-style-type: none"> Stakeholder Engagement update in every ExCo meeting, 12 out of 12, with deep dive in 4 out of 12; reference in every formal paper Stakeholder engagement metrics (reach and consumer vulnerability (CV) data) now included in core KPI pack and tracker Increased Board oversight, three meetings attended by responsible Director; two meetings with nominated Non-Exec Director with oversight of stakeholder engagement ExCo and Board sessions helped shape extension of fuel poverty programme and depth of community resilience co-creation Commenced programme of reverse mentoring with full ExCo participation |
| 2 | Improve opportunities for strategic stakeholder input direct to our senior leadership team |
| | <ul style="list-style-type: none"> A planned programme of stakeholder representation at our Executive Committee, where stakeholders are given access to present issues and challenges directly to our ExCo once per quarter. Recent example ADE attendance at Feb 23 ExCo. Executive level peer (MD to MD) engagement sessions with leading national charities Enduring strategic stakeholder panel established to provide both insight and challenge throughout the ED2 period A year round programme of stakeholder meetings with Government officials, external stakeholders and thought leaders. |
| 3 | Improve the depth and breadth of collaboration across industry |
| | <ul style="list-style-type: none"> Formal collaboration agreements with UKPN (Innovation) and ENWL (Customers and Communities) in place Participation in industry wide groups for areas such as connections reform 23 active fuel poverty partnerships now in place, up 53% from 2021-22 New, dedicated engagement team focusing on local authorities and innovation stakeholders |
| 4 | Demonstrate a clear understanding, and sustained action, to support consumers most at risk of the cost-of-living crisis |
| | <ul style="list-style-type: none"> CV partner workshop and surveys, enhanced focus on annual workshops Stakeholder workshops Local resilience partner meetings and MP/MSP roundtables Executive listening sessions with frontline advisors of charity partners Bi-lateral engagement with consumer representatives to critique our thinking and co-create solutions |
| 5 | Take proactive steps to reduce our overall PSR gap, with targeted focus on our largest gaps |
| | <ul style="list-style-type: none"> Tactical partnerships with Royal Associate for Deaf People and Kidney Care UK Upweighted winter awareness campaign Delivery of www.thepsr.co.uk to enhance further awareness and promotion Successful delivery of 2-way data sharing with all 8 water companies in SEPD licence area. |

Enhanced ways of working

NEW METHODS

★ Enhanced stakeholder presence

We have established a programme of enhanced stakeholder presence which includes representation at ExCo meetings, stakeholder visits to key SSEN sites and operational centres and Executive level engagement with leading national charities.

★ LinkedIn Videos

We now provide more depth to our engagement invitations on social channels with business leads posting a short video detailing the purpose and objective of the engagement. This has been well received by delegates who welcomed the additional context.

NEW SYSTEMS

★ Engage 360

The new user friendly Engage360 portal has made it easier for stakeholders to engage through improved surveys and search functions. Over **1,000 new stakeholders** have registered through the 360 function this year.

★ Local Government database

By investing in a new platform with regularly updated local government stakeholder data, colleagues from across the business now have access to a wealth of data on key stakeholders and decision makers in both Local Authorities and elected positions.

NEW KNOWLEDGE AND SKILLS

★ Engagement as a core skill

Our internal development programme ensures a wide range of colleagues are developing stakeholder engagement skills and practices by attending, participating in, and presenting at stakeholder, industry, and SSE group events.

★ Learning from experts

To help deepen awareness and understand direct feedback, our ExCo have undertaken listening exercises with key fuel poverty and resilience delivery partners. This builds on the iterative engagements with leading national charities at all levels and is designed to deepen our understanding.

1.6 ENHANCED GOVERNANCE IN A POST-SECV ENVIRONMENT

Over the lifetime of SECV our thinking and the way in which we engage with stakeholders has evolved and matured significantly. Preparing for the final year of this incentive submission has given us the opportunity to reflect upon the progress that we have made, the learnings that we have gained and how these have enabled us to deliver more impactful and meaningful benefits for our customers, communities and our company.

The rigour which has been provided by the panel and this process has been fundamental to our continued improvement. It is these learnings which we take with us as we look ahead to the next price control, and deliver with a robust framework that will continue to push us to deliver additional benefits and hold us to account.

Adapting our structure for the future

To ensure we are sufficiently resourced and organised to deliver on our future ambitions, we have undertaken a review of our existing processes and structures. This has resulted in a reconfiguring of our teams and their responsibilities which we believe will deliver even greater depth and impact for our stakeholders.

Key features of this extended team include:

- A team solely dedicated to engagement delivery and governance.
- Dedicated engagement resources focused on Local Authority engagement and innovation.
- Strategic alignment to our ED2 priorities.

This new structure is supported by improved systems and processes, enabling us to work smarter and more efficiently, using innovation and automation technology where appropriate.

We have further conducted a full review of where stakeholder engagement will be critical to enhance our future work programmes and objectives. This has resulted in bolstered resource and new dedicated roles being created to work with Local Authorities and other local stakeholders as they undertake their Local Area Energy Planning for net zero. These new roles include, network planners and asset managers as well as dedicated stakeholder managers responsible for leading discussions about innovation and the evolution of the Distribution System Operator (DSO).

"I am proud that the practice of engagement is embedded within all levels of our business. It is clear that the whole organisation and individual colleagues within it are committed not only to engagement as a BAU activity, but also to the principle of continuous challenge and improvement that is intrinsic to this commitment."

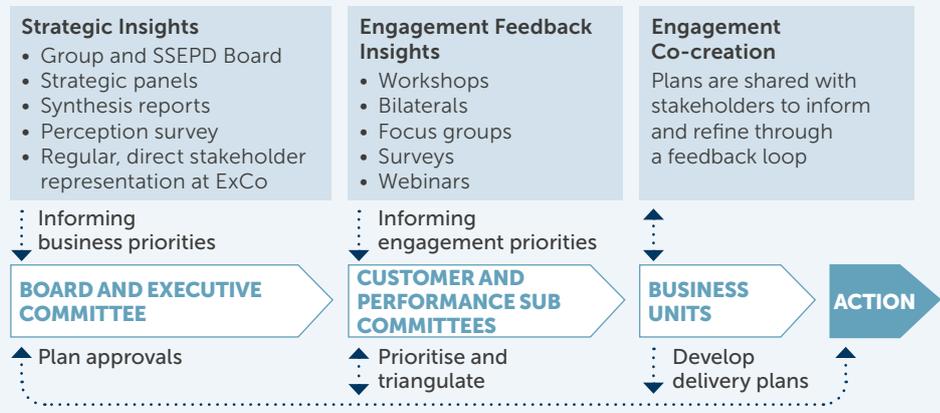


Emily Wilson-Gavin,
Head of Corporate Affairs, SSEN

An enduring and enhanced governance model

We are determined to maintain the stakeholder focused culture we have embedded in all levels of our business. We have thought deeply about how we ensure that we do this throughout RIIO-ED2, recognising the end of the SECV process.

Our existing governance model has proven to be an effective mechanism for raising standards and maintaining accountability. We have reviewed and refreshed to reflect our changing strategic panels and organisational structure.



| Governance element | Role and enhancements |
|---|--|
| Board and Executive Committee Oversight | |
| Our Board and ExCo hold core decision making powers and direct influence on what we prioritise and commit to as an organisation and how we resource delivery. | Our ExCo and Board play an active role in SECV governance, with monthly updates and quarterly strategy sessions with ExCo and regular attendance at Board (three times during 2022-23) led by a dedicated non-exec director. They have also played a key role in reviewing our post-SECV governance enhancements. Although our current governance model is fit for purpose, we have added an additional annual review to replicate the benefit of ExCo and senior leaders' input into the SECV process. |
| Powering Customers to Net Zero Group (PCNZ) | |
| A formal Group which provides representation at a strategic level from a wide range of stakeholder segments including Local Government, Sustainability and Environment and Community Energy. The Group have direct routes to our senior leaders and Board. Our MD and key directors attend every session. | We established the PCNZ Group to act in the interests of stakeholders and customers by independently scrutinising and critically questioning the delivery of our ED2 business plan and emerging issues. It is also explicit in the ToR for the group to assess our stakeholder engagement strategy, activity and delivery. From 2023-24 we will prepare an annual submission, using similar criteria to the current SECV process, to the PCNZ group for critical assessment and inclusion in their annual report. |
| Inclusive Service Panel (ISP) | |
| A formal Panel consisting of six expert stakeholders who have lived, or worked, with experience of consumer related vulnerabilities. | The ISP question and scrutinise the development and delivery of our vulnerability customer service strategies. As experts in their field they constantly challenge us to push boundaries. From 2023-24 the ISP will have a formal role in scrutinising consumer vulnerability incentive activity in ED2 with formal link to the PCNZ through a common member. |
| AA1000 Stakeholder Engagement Audit | |
| An independent review of our stakeholder engagement tools and processes against an internationally recognised standard. | We will continue benchmarking against best practice from across our industry and beyond, and implementing improvement recommendations at pace. From 2023-24, we will extend the depth of the audit with oversight from the PCNZ group alongside the current ExCo process. |
| Perception Survey | |
| An independently delivered annual in-depth stakeholder review focusing on our previous years' performance and changes to stakeholder priorities and preferences. | The perception survey complements the AA1000 process, allowing us to make changes to our engagement practice that meets stakeholders evolving wants and needs. From 2023-24, we will integrate this process into the stakeholder engagement submission and assessment by our PCNZ group. |

1.7 A COMMITTED AND DYNAMIC CULTURE

How our culture has evolved during the incentive

Over the past eight years our business has transformed significantly. This in part, has been in response to the many external factors, such as net zero targets, the pandemic, and the cost-of-living crisis, that affect the service we need to provide and how we work with our customers, communities and stakeholders as we progress towards shared goals.

However, the transformation in our organisational culture has been led from the heart of our business, through our leaders and our people. The catalyst for this evolution can be traced back to the early days of the SECV incentive, where we instigated more conversations with our own colleagues about the importance of engagement with our customers, communities and each other about our experiences and objectives. It is through this process that we fostered a culture of respect for others' views and trust in each other to share and collaborate.

A senior led approach to inspiring engagement culture

We are proud of the **culture of engagement** that is thriving in our business, which **permeates all roles and levels of the organisation**. This year we have taken active steps to increase both the regularity and number of avenues into senior levels.

Listening activity with our Executive Committee

All of our ExCo and some members of our Board spent time with front line advisors from leading charities, Citizens Advice Scotland and Maggie's Cancer Centres to better understand the changing shape and demand of services as the cost-of-living crisis deepens.



"These sessions brought to life the challenges faced by customers and frontline advisors and truly influenced our thinking on enhancing our programme of support."



Eliane Algaard,
Operations Director, SEPD

Executive Committee rotational stakeholder invites

We have commenced a planned programme of external stakeholder participation in our regular ExCo meetings. Stakeholders have been selected based on their alignment to our strategic priorities, emerging risks and are specifically asked to challenge both our thinking and approach. This has been formally added to the ExCo meeting schedule on a quarterly basis.

Senior led operational visits

This year we have hosted key stakeholder and customer visits to our Control Room and Contact Centre in Perth. This included members of the Local Resilience Partnerships and distribution generation customers, both of whom were identified due to the challenges we are facing together, with the aim of enhancing our working relationship with them.

Reverse mentoring initiative

We established a reverse mentoring programme in 2022, which matched our ExCo with more junior team members who may be considered atypical to the majority of our workforce. The year-long programme will deliver benefit in the outlook and understanding of senior management, while also empowering future leaders.

Open teach sessions

This programme of activity is designed to expose our wider workforce to important aspects of the business, which they would not normally encounter in their day-to-day role, following the identification of an appetite during our regular all employee calls and connect sessions. Specific sessions were delivered focusing on financial frameworks, sustainability and ED2 settlement.

How do we know culture is improving outcomes?

"The company's focus on listening to a full range of consumers and stakeholders to support shaping actions and service commitments was in place through the RIIO-ED2 business planning process. This listening and responding approach is business as normal now. Tangible activity and quantifiable outcomes are tracked and reported at all levels in the company, and externally enabling customers to hold SSEN to account. Business processes involving customer service and investment opportunities require input from stakeholder engagement before decisions are made, reinforcing the relationship between the company and the communities they serve."



Tracey Matthews, Chair, Powering Customers to Net Zero Group

"SSEN actively try to engage through various media and forums. Much more so than others in their industry / supply chain. The people I met and have spoken to are always open and engaging."

Stakeholder Perception Survey Participant

"Having open and honest two-way conversations between colleagues has never been more important. We've fostered a culture where everyone has a voice and is empowered to make positive change regardless of whether that is internal or with our customers and stakeholders."



Struan Young, Head of Internal Communications, SSEN

"Since joining SSEN Distribution last year, I've been delighted by how I've been welcomed into the business, and the willingness to provide all manner of support to help smooth my transition into the business. The general attitude to achieve beyond BAU outcomes for customers, where we build on feedback from stakeholder engagement, is clear and really motivating. From one-to-one sessions, referrals to appropriate resources, as well as introductions to wider colleagues, they were all geared towards equipping me with the tools and required knowledge to help deliver the ambitions of the business and our stakeholders."



Abiye MartynsYellowe, Analyst, joined SSEN Distribution 12 months ago

84%

rating in AccountAbility Audit on active integration of engagement into strategy and governance



46.6%

of our engagements are now led by our operational teams, rising year-on-year



25%

increase in colleague commitment to our vision and strategy since 2020



1.8 OUR EMBEDDED CONSUMER VULNERABILITY STRATEGY

This year demanded radical and decisive action. Given the scale of the challenges that our customers have been facing and the impact that the cost of energy particularly was having on their lives, we knew that we had to do more than ever before.

We have addressed this challenge head on and have viewed each of our objectives through a cost-of-living crisis lens. Using the flexibility that our embedded approach enables we have significantly increased the number of customers supported through an enhanced programme.

Mission statement:

We will champion the individual needs of our customers and use effective partnerships to support them wherever they live, whenever they need us, and whatever their requirements might be.

Our key principles

To remain effective and impactful, our strategy is supported by the following key principles:

1. Understand the need of the customer

2. Use data to deliver tailored support

3. Work collaboratively to unlock additional customer benefits and value

4. Embed knowledge and learnings whilst sharing best practice

5. Track performance against KPIs to ensure our efforts remain effective

Stakeholder-led priorities

Our firmly established priorities were originally co-created with stakeholders and are re-tested on an annual basis to ensure they remain relevant and impactful. This year our Inclusive Service Panel confirmed our priorities remain relevant however they urged us to keep a focus on the impact of

the rising cost-of-living, ensuring we remain live to the issue and ready to respond strongly. In addition, the Panel were keen for us to focus on PSR promotion and awareness considering the impact of storms throughout the previous winter and the increasing public awareness of potential emergency situations such as Rota Load Disconnections.

Following engagement with our strategic Panel, **three key challenges were set.** They formed part of our annual improvement paper and as such were reviewed, challenged, and **endorsed by our Executive Committee and the Board.**

1 Fuel Poverty Support

Target ✔ Achieved

30% uplift

68.3%
Target exceeded

2 PSR Gap Closure

Target ✔ Achieved

3% decrease

5.7%
Target exceeded

3 Data sharing water companies

Target ✔ Achieved

8/8

8/8
Only DNO to do so



EXPANDING OUR FUEL POVERTY AND ENERGY EFFICIENCY ACTIVITIES



WIDENING OUR PARTNERSHIP NETWORK AND COLLABORATIONS



DRIVING FORWARD PRIORITY SERVICES REGISTER PROVISION AND PROMOTION



ENSURING OUR SERVICES ARE ALWAYS INCLUSIVE AND ACCESSIBLE

This year, we continued to view all four stakeholder-led priorities through a cost-of-living lens to ensure we provide consumers with additional support through this period of economic uncertainty.

Key outputs delivered

Following a targeted engagement programme between SSEN senior leadership and key service partners - hearing first hand the impact of the crisis - we made a commitment to invest a further £1m to support vulnerable consumers over this winter and next. This equates to a doubling of our spend and has allowed us to support 14,774 households – an increase of 68.3%.

£1m

of additional funding committed to support consumers



We have continued to increase awareness of our **Priority Services Register** through a wide-ranging awareness campaign, including activity to target identified PSR gaps and an increased door drop to 1 million homes. 853,416 households are now registered for PSR, up 11.1% from 2021-22.

77%

of eligible customers are now registered, a reduction of 5.7% in our gap



Building on successful attainment of BSI18477 for the last seven years, this year we were successfully assessed against the new Kitemark BS ISO 22458 standard. **One of only nine companies** to successfully achieve this standard, our processes and standards were rigorously tested, and evidence of performance was given. We will continue to participate in an ongoing programme to improve standards even further and ensure continued compliance.



Through a structured programme of engagement we came to understand the increasing impact on the mental health of those providing front line support for our customers. Working with experts we created a suite of webinars designed to support mental well-being which were well attended by partner colleagues, including partners from the ENWL network.

121

partner colleagues attended webinars created to support mental well-being



1.9 COLLABORATION, PARTNERSHIP, AND BEST PRACTICE

Collaborating with strategic purpose

Our collaborations bring fresh perspectives and unique skills to a range of issues, creating a more diverse range of strengths and capabilities, providing expertise and having the opportunity to both influence, and learn from, others.

During 2022-23 we enhanced our focus on collaboration and took a strategic approach to growing meaningful partnerships where it would have the biggest impact to those we serve. The table below sets out the stakeholders and partners we have collaborated with during the year, in line with our strategic priorities. This includes planned collaborations arising from the annual review process and agile collaborations as we responded to external factors.

What are our principles

For our collaborations to be truly successful, the following principles:

- ✔ Be open, honest, and transparent
- ✔ Be clear on purpose
- ✔ Identify partners who are best placed to help us solve issues and deliver better outcomes for customers
- ✔ Mutually agree roles and responsibilities

Strategic Priorities



Partnership strategy

| | | | | |
|---|--|---|--|---|
| We targeted improvement in our partnership links to Local Authorities (LAs) to aid Local Area Energy Plan development and create closer collaboration with DNOs for mutual learning | As part of continued work following the winter storms of 2021-22 we sought to improve partnership working with LAs, initially in affected areas, alongside broader collaboration | We targeted underrepresented segments (microbusinesses) and continued participation in cross industry work to maximise the consumer benefits of flexibility | We collaborated to support sustainable and diverse employee pipelines and knowledge sharing through the International Community of Local Smart Grids (ICSLG) | We targeted partnerships to help grow support available for fuel poor households, maximising data sharing opportunities and to close PSR gaps |
|---|--|---|--|---|

Key Strategic Collaborations – in progress or planned from April 22

| | | | | |
|--|--|---|---|--|
| <ul style="list-style-type: none"> • UKPN (Innovation Collaboration Agreement) • Isle of Wight Council (Net Zero Study) • Arup (LAEP+) • SPEN (Reheat) • Dundee Council (RESOP) • Low carbon Hub (LEO) | <ul style="list-style-type: none"> • Local Authorities (Co-creation of community resilience strategies) • Local Resilience Partnerships (storm learnings) • All DNOs (post Arwen learnings) | <ul style="list-style-type: none"> • Community Energy South (micro business support) • Octopus, ESO, Ohme (Crowdflex) | <ul style="list-style-type: none"> • Supply Chain • Barnardo's (Employability programme) • EU Skills (Apprenticeship Pledge) • University of Oxford; Enel, AusGrid, TEPCO; WEL, ESB (ICLSG) | <ul style="list-style-type: none"> • ENWL (Collaboration agreement) • Pan Utility (led the delivery of the PSR.co.uk) • Water Utilities (data sharing with 8 water utilities) |
|--|--|---|---|--|

Agile collaborations - established during 2022-23 due to external factors/feedback

| | | | | |
|--|--|---|--|--|
| GLA and ESO (West London Connection constraints) | LRP/LRFs/DNOs (Emergency disconnections) | BT Group (EV fleet rollout mapping pilot) | Salvesen Mindroom (Employing for difference) | UKPN and SGN (supporting Warm Hubs in Surrey/Sussex) |
|--|--|---|--|--|

Example(s) of sharing our learning with others

| | | | | |
|--|---|---|---|---|
| We shared our application of the LAEP+ tool with DNOs, leading to UKPN adopting the tool in April 23 | We shared our approach to RLD communications (including mapping) with DNOs and LRF/LRPs | We shared the details of our approach to customer welfare with ENWL (and TEPCO through the ICLSG) | We held workshops with consumer advocates and charities on our Fair Energy Future action plan | Alongside leadership of PSR.co.uk we shared access to vulnerability training with SSEN Transmission |
|--|---|---|---|---|

Example of how we have applied learning from partners

| | | | | |
|---|---|---|--|--|
| We learnt from Daikin on solutions to minimise the impact on the LV network from heat electrification | We learnt from SPEN's work with businesses on emergency disconnections, and built into our approach | Application of 'Nudge Theory' following partnership learning with Influence at Work | We learnt from Ausgrid's Project Edith 'capacity envelopes' and have embedded this into our flexibility approach | We learnt from ENWL about their partnership with Girl Guides to engage younger community members and increase interest in STEM |
|---|---|---|--|--|

Example partnership focus area for 2023-24

| | | | | |
|--|---|---|--|--|
| Link with large commercial chargepoint operators (bp pulse, Gridserve etc.) to understand and integrate forward plans into DFES. | Roll out of community resilience strategy template for co-creation with other Local Authorities in both regions | Partnership with suppliers to assess consumer flex in Load Managed Areas (Octopus) and demand side management(E-ON) | Partnership with EU Skills to upskill and strengthen our pipeline of talent to deliver net zero infrastructure | Project VIVID with Moray Council, Quarriers and CGI, using smart meter data to target fuel poverty support |
|--|---|---|--|--|

Ensuring our partnerships are effective through regular review

We always seek to enhance the outcomes and value of our partnership framework by regular monitoring and evaluation. At the start of each partnership or formal collaboration, we establish trigger points to be instigated by either party where a material change arises.

| DEVIATION | EXTERNAL CHANGE | STAKEHOLDER INFLUENCE | REPUTATION |
|--|---|---|---|
| A significant deviation from forecast or current benefit realisation, including both under and over performance | A change in external circumstances which would be materially impact partnership outcomes. | Using insight from our stakeholders to influence or adjust our partnerships or outcomes. | Both positive and negative reputational impacts are considered in both partnership selection and intervention. |
| Examples of interventions in 2022-23 | | | |
| A mid-year review of the referral network identified a strong SROI and significant volume increase. This resulted in a review of the YES partnership to adjust the depth of support offered. | As the cost-of-living crisis continued, and concerns were raised regarding service continuation, we worked with Fuel Bank Foundation to increase our financial support. | Following the inaugural meeting of the working group for the PSR.co.uk, the scope of the project was enhanced to include four new partners and ensure GDN representation. | During 2022-23 we have not had cause to trigger changes to a partnership due to reputational issues however this remains under constant review. |

Sharing and learning best practice

We have been sharing and learning best practice as standard throughout the SECV process, however this year in direct response to the challenge from the 2021-22 SECV Panel to do more in this space we have made significant advances in the way we share and disseminate our own activity and receive and act on learnings from other network operators. We have done this by entering collaboration agreements with other DNOs, played a leading role in sharing workshops to facilitate 'fast-following', and instigated and led the programme to roll-out the shared PSR website for the whole of GB.

Driving the delivery of PSR.co.uk

We shared Following the successful creation and delivery of PSR Scotland, we shared our learnings at the Utility Week Customer Conference, an ENWL collaboration session, an ENA led customer services group session and finally at a DNO collaboration day in December. The purpose of sharing these insights was to create an appetite to replicate this project on a GB wide basis.

We learned Through our engagements we identified a strong appetite amongst the DNO/GDN community to replicate this service. There was also clear interest from partners who operate across boundaries to remove any perceived barriers to PSR promotion.

We acted Taking the lead, SSEN established a working group, with representation from each DNO identified. A weekly check-in was created, with an early decision to invite GDNs to participate acted upon. SSEN was responsible for the positions of Chair, Secretariat and Digital Lead, taking control of all project management aspects and the recording and reporting of all actions. We liaised with the ENA to advise of the project and agree support for launch communications and have

continued discussions regarding the long-term hosting of the site as the site is currently hosted by SSEN.

The impact Launched on 16 March, 1,281 unique visitors visited the site in the first two weeks. Building on this model, the group are actively discussing the best approach to continue raising awareness through this channel.

"In launching thepsr.co.uk this year, we've been able to apply digital best practice, and use simple and accessible language and methods to reach those customers that need this service most. We're delighted with how effective our efforts have been and of how the newly increased reach and sign-up will deliver real and meaningful value for our customers. We look forward to building on this initial success and working with our trusted partners to spread the message about the service far and wide, to all households who need it."



Mike Dotts, Digital Design Lead, SSEN

Enhancing Customer and Community Benefits through Collaboration

We have worked with ENWL to establish a framework under which we can learn and share best practice in the customer and community space.

We shared Focussing on customer and community activities, we shared our approach to PSR data cleanse, an in-depth view of tactical PSR gap closure activity, specifically in the "language as a barrier" gap and our Customer Relationship Manager model for providing on the ground customer support in each of our regions.

We learned ENWL have shared their approach to engaging younger community members and encouraging younger females to participate in STEM (science, technology, engineering and maths) through a collaboration with the Girl Guide Association. They have also facilitated introductory conversations with Girl Guides contacts in the south.

We acted We extended the invitations to Mental Health webinars to the ENWL partner network. We also held discussions with Girl

Guide Associations in both licence areas with a view to replicating the Girl Power project.

ENWL acted They undertook a review of their approach to welfare support and adopted activities including the use of welfare vans and door to door checks.

The impact We have formalised our future intent in a Collaboration Agreement which focuses on Customer and Community initiatives. Under this two year agreement we will deploy at least two collaborative projects.

Sharing our smart grid learnings

This year Project LEO, established to replicate the future energy system and test flexibility at the 'grid edge', has concluded.

We shared The final report was launched at a parliamentary reception, hosted by Chris Skidmore MP, Chair of the independent Net Zero Review. At the event, attended by civil servants, regulators, network operators and energy experts, we disseminated information and amplified LEO learnings to a wider audience through social platforms, promoting key learnings into the wider policy debate.

We learned Our report made a series of recommendations for Government, the regulator, energy companies and communities to promote an equitable transition towards future local system flexibility and optimisation. The launch event included a Q&A which facilitated a lively debate amongst attendees.

We acted Following the completion of Project LEO we are now ramping up our engagement with Local Authorities that are less progressed with their net zero planning and using the report and its findings to help support them. Follow-up Project LEON will now roll-out the Smart and Fair Neighbourhood concept successfully trialled on Osney Island more widely.

The impact The final report and launch event, reached 100 stakeholders in person and 17,000 via social channels, enabling us to reach an even wider audience with our learnings, it has also opened doors with new stakeholders not previously engaged on smart grids and DSO who we are now in active dialogue with.



'Creating Better Networks' with UKPN

UK Power Networks and SSEN have an established partnership which benefits customers by 'fast following' each other's innovative solutions. It is already delivering benefits for customers by increasing efficiencies.

We shared SSEN shared learnings on our Active Network Management system for Orkney, where constraints on the network were alleviated to support flexible connections and allow more renewable energy onto the network.

We learned UKPN have shared learnings from their demand flexibility trials including their Time of Use DUoS trial and LV Flexibility procurement trial. We will carefully consider and apply these learnings in our future work as appropriate.

We acted At a joint event held in central London in June 2022, speakers from both DNOs shared the platform to set out their learnings and encourage innovators to come forward with new ideas to support network operations today and ready the electricity system for net zero. There were 140 attendees, with delegates scoring it 9 out of 10 for content.

The impact Since the event UKPN and SSEN have worked together on innovations for operational teams; network resilience in the face of extreme weather; prioritising the needs of the most vulnerable customers; and shared learnings from nationally significant innovation trials Shift (UKPN) and LEO (SSEN). We have also collaborated on engagement with the GLA and Oxfordshire councils to identify how collaboration between local authorities and network operators can deliver net zero with UKPN recently adopting the LAEP+ tool trialled in our RESOP project.

1.10 WHY WE MEASURE IMPACT

As an outcomes driven business, we strive to ensure that each pound we spend delivers the maximum possible value to our customers, stakeholders and the wider society we serve. Our measurement approach helps us focus our potential actions to deliver the greatest possible benefit and track the performance of our projects on an ongoing basis.

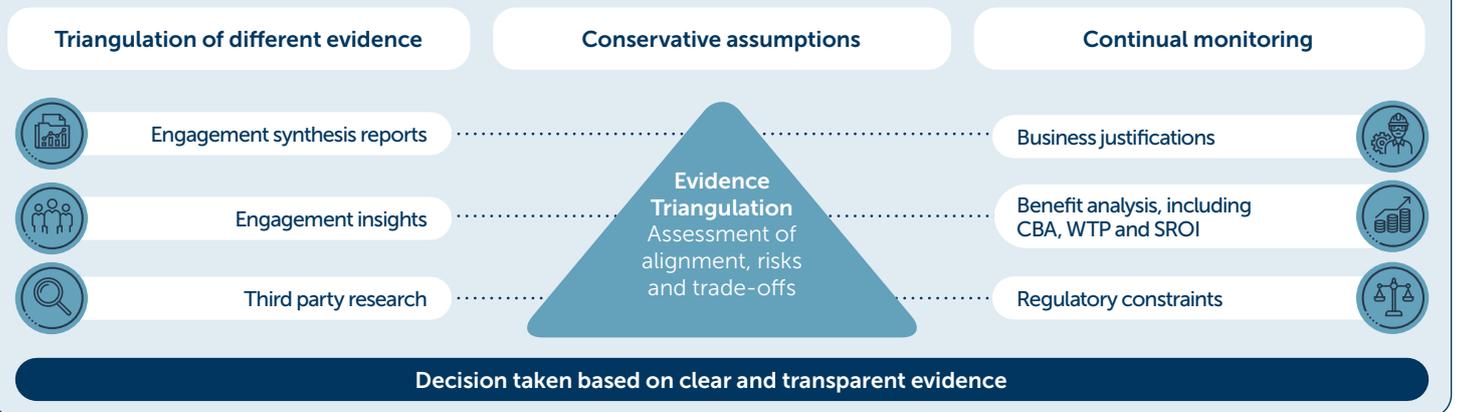
Our measurement approach

Our approach has been developed, enhanced and refined over several years and is now fully embedded within the business. We have deepened our knowledge of benefits measurement and social valuation by incorporating lessons learned through assessing a range of different types of initiatives, upskilling our internal teams and incorporating best practice from within and outside the sector over the course of RIIO-ED1.

We measure impact on a cyclical basis - prior to project commencement, at mid-point and again upon completion - reviewing the potential impact using a range of both qualitative and quantitative measurement techniques. These include:



We take deliberate steps to ensure our measurement is robust including:



Evolving our approach

In direct response to SECV Panel feedback, we have looked to others who demonstrated good practice in measurement during the 2021-22 process to further enhance our established approach. This year we evolved our framework across three core principles, to make our approach more:

Comparable

In projects where SROI has been an appropriate measurement tool, we have provided additional detail on the key drivers of this value, transparently linking this directly to the outcomes delivered and stakeholders who have benefited.

When reporting SROI figures, we report actual benefits delivered by our activities within year as the default. In certain instances where benefits delivered by actions taken this year will only be realised in the future, we clearly state the timeline over which these benefits will be delivered, usually 5 years.



Consistent

In response to Panel feedback, all DNOs have collaborated to align on clear and consistent fuel poverty reporting metrics to aid comparability, supported by a common definition of fuel poverty services and consistent independently assured application of a social return on investment (SROI) measurement rulebook.

Conservative

We have continued to build on our in-house SROI measurement capability, enabling a higher number of projects to be measured with SROI throughout the year. To ensure our work remains robust, conservative and aligned to industry standards, the outputs of our measurements have been externally assured by SIA Partners.

Using SROI to drive decisions - referral pathways

In 2021-22, we reported strong SROI returns on our referral network activity at over £24 per £1 spent. During 2022-23 we sought to offer this support pathway to an more customers, resulting in **193% more households being supported**.

As the cost-of-living crisis deepened, and in line with stakeholder insight, we worked with YES Energy Solutions to redefine the customer offering, significantly enhancing both the depth and breadth of support available. This included advice on income

maximisation, benefit entitlement checks and warm home discount; winter preparedness; smart meter advice and low carbon readiness assessments.

As the number of households supported increased, so did the cost to serve, with the annual budget increasing by approx. £85k. This single factor has reduced SROI delivered this year to **£5.82 per £1 spent** over one year. Learnings from this will help us shape appropriate thresholds for this activity in future years.

Conversely, working with the Footprint Trust on the Isle of Wight, we've seen a **102% increase** in the number of households supported through the Warm and Well project. This has driven an increase in SROI to **£17.00 per £1 spent**, up from £10.35 in 2021-22. As our partnership with the Footprint Trust matures, with early commitments to funding given, the team have delivered significant efficiencies which has resulted in **substantially more households helped** for a similar budget

"I worked closely with SSEN in their emergency response to the Ice Storm in Shetland. SSEN effectively articulated the scale and severity of the network disruption early to the Council and the Local Resilience Partnership which enabled us to engage our Care for People and emergency response arrangements promptly. Information about customer vulnerability was shared between the Council, NHS and SSEN and decisions about generator provision, home visits for welfare checks and other support were made collectively to target those most in need. I had good access to SSEN management to address any matters that were being raised by my services, elected members or the community."



Maggie Sandison,
Chief Executive - Shetland Islands Council



"It was fantastic to have so many SSEN volunteers onsite working with our Year 12 students. Days like this really help to bridge the gap between industry and education. Not only did the students learn a lot about the transition to Net Zero, they learnt essential employability skills for their futures. A big thank you to SSEN for supporting our students."

Stephanie Mitchell,
UTC Reading's Assistant Head Teacher



Eliane Algaard, Operations Director, SEPD, leading the 'School Takeover Day – Transition to Net Zero' at UTC Reading



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