

Making a Difference Part One: Our strategy for stakeholder engagement

Ofgem Electricity Distribution Stakeholder Engagement
and Consumer Vulnerability Incentive Scheme 2022/23



This is Part One of our submission to Ofgem’s Stakeholder Engagement Incentive for regulatory year 2022/2023.

Ofgem’s annual Stakeholder and Consumer Vulnerability Incentive encourages Distribution Network Operators (DNOs) to: *‘engage proactively with stakeholders in order to anticipate their needs and deliver a consumer focused, socially responsible and sustainable energy service.’*

Our submission is in three parts:

Part One

– Our strategy

Introduces our Stakeholder Engagement and Consumer Vulnerability Strategy, with evidence that we meet Ofgem’s minimum requirements.

Part Two

– Stakeholder engagement outcomes and impacts

Details the actions we have taken to meet the needs, preferences and priorities of customers and stakeholders identified through extensive engagement.

Part Three

– Supporting vulnerable customers

Details key activities we delivered to address consumer vulnerability issues and the outcomes achieved during this regulatory year.

About us

SP Energy Networks (SPEN) is the Distribution Network Operator that delivers electricity to homes and businesses in Central and Southern Scotland, Merseyside, Cheshire, North Wales and North Shropshire. We are the only UK network operator to work across three countries – Scotland, England and Wales. We do this through our two distribution network companies: SP Distribution (SPD) and SP Manweb (SPM). These licences cover **three of the UK’s largest cities (Liverpool, Glasgow and Edinburgh)** accounting for **1.6m (43%) of our customers**, as well as three significant rural areas (North Wales, Scottish Borders and Dumfries & Galloway).

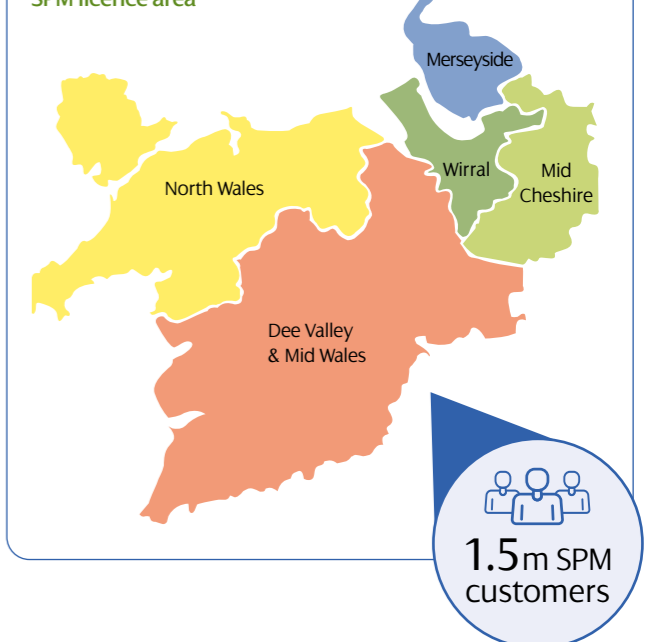
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SPD licence area



SPM licence area





Introduction from our CEO, Vicky Kelsall

At SP Energy Networks we always strive to deliver a first class service to our customers – whether that’s by enhancing the safety and reliability of our network, connecting new customers, or providing support to our vulnerable customers when they need us most.

It is a privilege to be the CEO of SP Energy Networks at this crucial but exciting time for our industry. The scale and pace of action required to decarbonise our energy system to play our part in the Net Zero journey is significant. We are in a position to help, support and advise our customers and stakeholders on their own journeys and in turn they are the key to determining the direction and priorities of our operations. There has never been a more significant time to listen to and engage with the people who connect to our network.

We know electricity demand is expected to double by 2050 with the rate of growth coming from the increasing adoption of low carbon technologies. Adding to this, we are forecasting a huge growth in the number of small and medium flexible generators that will look to connect to our network, driving the need for a more dynamic and agile system that is both efficient and cost-effective. These changes place an ever-greater obligation on us to provide a service that continues to place safety and security of supply as our first priority.

With the positive journey to Net Zero in mind, we are acutely aware of the external environment we are facing – we must adapt to rapidly changing dynamics and be resilient to the risks these

bring. We are responding to and supporting our customers through the energy and cost-of-living crisis and working with local and national governments to drive the Net Zero agenda as part of the solution. We must also ensure that we have the capabilities, skills, resources, and investment in place to support the UK as we decarbonise and understand that this route is different for each of our communities.

We will continue to deliver a business in line with the needs of our customers and stakeholders through creating robust business commitments, developed through extensive engagement and research and balancing this with the changing pressures of the external environment.

I am proud of the progress we have made towards Net Zero and I am looking forward to the challenges ahead. I believe we can deliver fantastic results if we bring our customers and stakeholders on the journey with us.

Vicky Kelsall **Vicky Kelsall**
CEO, SP Energy Networks



Responding to the needs of our stakeholders

Stakeholder-driven business commitments	External environment	How we have responded
 <p>Develop a safe, secure and resilient network that’s ready for Net Zero</p>	<p>National and regional Net Zero ambitions</p> <p>Regulatory pressures – lobbying to invest ahead of need</p> <p>Decarbonisation – increased uptake of low carbon technologies</p>	<p>Implemented stakeholder feedback to shape £60m of green investment across our network areas</p> <p>Re-Heat project to support large-scale electrification of heat without traditional network reinforcement</p> <p>Successfully trialled different flexibility services to drive residential engagement and adoption with FUSION and Demand Shift projects</p>
 <p>Be the trusted partner for our customers, communities and stakeholders</p>	<p>Communities needing support to meet their Net Zero targets</p> <p>Leaving no one behind on the journey to Net Zero</p> <p>Extreme weather events – protecting our customers and those most vulnerable</p>	<p>Worked with local authorities and governments in Wales and Scotland to create blueprint processes and plans to help them achieve Net Zero ambitions</p> <p>Launched a new CRM platform, helping us to deliver industry-leading customer service, with PSR services key</p> <p>Used our learnings from Storm Arwen to have robust plans in place to protect our customers and communities</p>
 <p>Innovate to ready our business for a digital and sustainable future</p>	<p>Data and digitalisation</p> <p>Greening the supply chain</p> <p>Recognition of the need for a just transition on the journey to Net Zero</p>	<p>Launched Open Data Portal providing stakeholders with data sets to support their Net Zero journey</p> <p>Integrated tools to support supply chain stakeholders better manage their carbon footprint</p> <p>Launched a new Just Transition Strategy to ensure we deliver fair and equitable outcomes for our customers and stakeholders as we strive for Net Zero targets</p>

How stakeholders have shaped our approach throughout RIIO-ED1

Our track record

Our industry-leading performance in stakeholder engagement throughout RIIO-ED1 has allowed us to take full account of our customer and stakeholder views in developing our future plans, in the most fair and efficient way. Over this period, we have significantly transformed the way we conduct engagement – shifting from tactical, project specific engagement to broad, tailored and relevant engagement to deliver real business change based on stakeholder need. As this is the last year of the current incentive scheme, we have summarised our innovative approaches to stakeholder engagement which have now become fully embedded within our business.

Embedded engagement practices

Engagement best practice	Year	Impact
Stakeholder engagement external accreditation	2015	Quantitative external assessment to identify strengths and gaps of engagement practices.
Stakeholder prioritisation research	2015	Integrated stakeholder needs and preferences into business planning.
Stakeholder management database	2016	Targeted engagement, stakeholder segmentation.
Strategic stakeholder mapping approach	2016	Embedding inclusivity in engagement, extending our reach.
Stakeholder Online Community	2017	Platform embedded to facilitate two-way dialogue – cost and time efficiencies for stakeholders.
Social Return on Investment (SROI) tool	2018	Prioritisation of initiatives with a positive social value.
Independent external group	2019	Independent external challenge on our plans, delivering targeted feedback and better outcomes.
Hybrid engagement model	2020	Brings together a combination of in person and digital engagement to tailor engagement to the broadest range of stakeholders, whilst delivering value for money.
Hard-to-reach framework	2020/21	Key hard-to-reach drivers identified, embedding engagement inclusivity within our approach.
Mappolitical	2022	New mapping system to improve relationships with political stakeholders.
Stakeholder driven business commitments	2022	Created three stakeholder-driven strategic pillars, which provide a consistent focus for our business and enable us to deliver our ambitious agenda.
Further development of industry-wide SROI tool	2022/23	Led the development of a common tool for measuring social value across all DNOs, with full governance as part of the Vulnerability Incentive Framework.

Our 2022/23 achievements



World leading in stakeholder engagement – scoring 89% in our AccountAbility healthcheck against the AA1000 standard for stakeholder engagement, one of the highest scores ever achieved by any company globally.



Leading the industry in the creation and adoption of a consistent approach to Social Return on Investment.



PlanetMark

Six year milestone award – PlanetMark™ certification and Winner of the 2022 Best Company Award for the delivery of pioneering projects, recognising the crucial role we are playing in supporting regional and national ambitions in reaching Net Zero and the energy system transition.



BSI Customer Service Kitemark for the 5th year in a row.



Amongst the first group of nine organisations to **gain certification to the new BSI Inclusive Service Kitemark** demonstrating our commitment to supporting vulnerable consumers.

Aligning priorities to deliver against our business commitments

We have ambitious plans for our business, encompassed by a clear strategy that has been shaped by the priorities of our customers and stakeholders.

Building our business commitments is not a journey we can do alone. We engage with a huge range of customers and stakeholders every single day to clearly understand what they require both now and in the future. What is important to our stakeholders is important to us, and their feedback shapes our business decisions.

These priorities have been aligned to three strategic pillars which provide a consistent focus for our business and enable us to deliver our ambitious agenda. To support this framework, we have a future vision for our business which articulates the role we must play, both now and in the future, as we enter into RIIO-ED2.

Our Vision:

“Work with the communities we serve to enable a just transition to Net Zero.”

Our Strategic Pillars



Our key engagement objectives

Proactive and meaningful stakeholder engagement helps us to **improve our impact, reduce inefficiencies and create greater social and economic value** for our customers and society as a whole. At such an important time on the journey to Net Zero, we need to lead the way for our customers and stakeholders, embedding their feedback within our investment decisions to make their green ambitions a reality. Quality stakeholder engagement can:

- Lead to more sustainable development by giving a broad range of stakeholders the opportunity to be heard and influence decision-making processes;
- Help determine and tackle material issues through proactive engagement;
- Allow our business and stakeholders to work in collaboration through strategic partnerships to reach objectives that cannot be reached by single organisations and enables learning from stakeholders resulting in improvement in processes or working practices.

We engage to:

1 Co-create priorities and shape our plans for the future with our stakeholders and customers.

3 Create a smarter, electric and less centralised network for the future, with innovation at its heart.

2 Improve and create new services for our customers.

4 Make sure the voices of a diverse and broad range of stakeholders are heard in the future of our organisation.

An engagement strategy for our stakeholders

We have a mature and proven strategy for effective stakeholder engagement. Now in its tenth year, this is updated annually to continuously improve our approach. It sets out how we engage, with a simple nine-step process, supported by a range of innovative tools to deliver effective engagement. The improvements we have made to our Stakeholder Engagement Strategy over the years have allowed us to build a robust approach to engagement delivered throughout the RIIO-ED1 period and has set a great base line to begin RIIO-ED2.

With a pivotal role to play in how the UK achieves our Net Zero ambitions, and recognising industry uncertainties, we drive a continual, ongoing engagement strategy focused on key strategic topics which are important to our stakeholders. By taking our key learnings from each year we embed improvements into our engagement strategy. As we reach the end of this price control period we have identified strong benefits delivered from our Customer Engagement Group (CEG), a dedicated sub-group for stakeholder engagement, comprised of key industry experts who provide constructive challenge and help us to better our approach. This year we have expanded and deepened the expertise this group can provide with the creation of the Independent Net Zero Advisory Council (INZAC) who will support and challenge us as we move into the future.

Our strategy is driven by our CEO and Executive Team, supported by the Central Stakeholder Engagement Team and embedded across our entire organisation. It shows our commitment to the AccountAbility AA1000 principles for stakeholder engagement and is composed of **four key parts**:

1. Mission Statement

Sets out ambition for the engagement

2. Principles

Explains how we engage and what we want to be known for

3. Approach

The nine-step process we follow to start, deliver and close our engagement activities

4. Supporting tools and processes

These underpin our approach and ultimately deliver engagement activities aligned with our principles

1. Our mission statement






Our mission statement defines our engagement. This ambition builds on our current strengths, while focusing on what will make future engagement valuable and effective for our customers.

“Our engagement places our stakeholders and customers at the centre of everything we do. With a tailored and locally focused approach, we will prioritise their needs and preferences in a consistent manner across our business. We will deliver safe, reliable services, sustainable value, and a better future, quicker.”



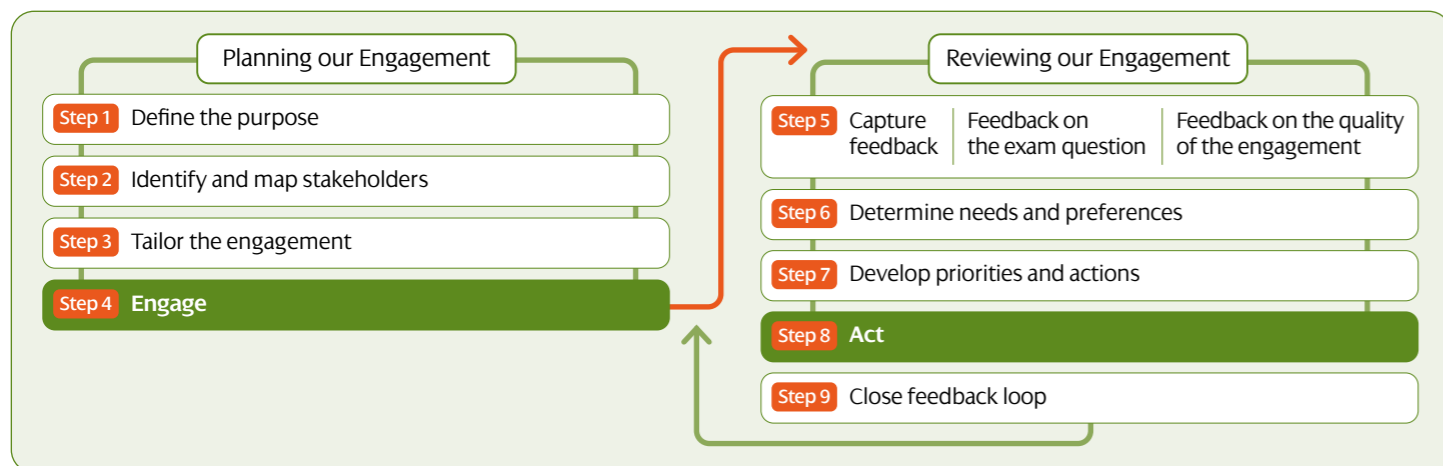
2. Our principles of engagement

Our five principles of engagement sit at the heart of our stakeholder engagement strategy, driving our engagement efforts and underpinning the delivery of our mission statement. These principles are derived from how we currently operate, and how we want to operate in the future, allowing us to be responsive to stakeholder needs and look to better our approach.

Principle	Detail	Example of principle in action
 Inclusive	We engage all customers and stakeholders impacted through our work, with a specific focus to ensure those who may be harder to reach are given a voice.	Created a new customer winter preparedness mailer and business toolkit in Welsh to support customers and stakeholders in our Manweb region. As part of a project to improve future capacity and address higher fault levels due to bird strikes, attended local community sessions in-person in Fife to discuss planned cable undergrounding in the local area. This allowed us to engage harder to reach stakeholders in the area who wouldn't typically access social media or the internet.
 Authentic	Our engagement works to understand the significant issues affecting our customers and stakeholders, before acting on them in a meaningful way.	Worked with a special needs unit in a primary school to discuss the impact of significant engineering works near the school. Through this engagement, we delivered road and electrical safety events in the school, with the aim of helping pupils better understand work that was taking place. In addition, we adjusted our working times and activities to accommodate the pupils with additional needs.
 Tailored	The approach we take ensures that each engagement is planned and delivered in the most appropriate way for the specific purpose and stakeholders in question.	Our Connections Panel has been held virtually since 2020. After consultation with stakeholder panel members, the preference was 50% virtual and 50% in-person. To accommodate both the panel is now run as a hybrid event using sound and visual professionals to deliver a quality experience for both groups of stakeholder based on their engagement preferences. We engage with our supply chain stakeholders through Go Supply, a bespoke supplier engagement platform, which provides a mechanism for assessing and recording supply chain sustainability and promoting areas for improvement.
 Value for money	An inherent focus to prioritise high value/low cost activities, striving to maximise the overall customer benefit.	To deliver the most value through our engagement, where possible, and unless stakeholders have requested in-person engagement, we host engagement sessions virtually to allow stakeholders from varying regions and geographies to engage without the expense of costly travel and hotels.
 Innovative	We aim to better our approach each year, looking for new and innovative methods to improve how we engage with our customers and stakeholders to best deliver against their needs.	Using our partnership with a local city Chamber of Commerce, we brought a diverse range of harder to reach stakeholders together through an interactive engagement session to inform winter resilience engagement and communications messaging. Produced a 'Net Zero Book of Knowledge' for our communities to help empower local communities and build knowledge on the importance of Net Zero. The Book of Knowledge seeks to be the foundation of information required for Net Zero decision making, assuming a low level of starting knowledge for the audience – with the objective of accelerating the installation of effective, efficient and timely Net Zero solutions.

3. Our engagement approach

With our mission statement setting out our ambition, and our principles defining the characteristics of our activities, our nine-step approach to engagement provides a roadmap of how we plan, review and close engagement activities. All teams across the business follow the same key steps. This drives consistency and helps us understand the needs and preferences of our stakeholders and customers. As a result, the business decisions we make on the back of their feedback add real value, both socially and financially.



Our approach in action



Our nine-step approach to engagement provides our teams with a roadmap to follow when carrying out all phases of engagement to ensure a consistent approach across our whole organisation, helping us understand the needs and preferences of our customers and stakeholders. Below, we have detailed our approach to stakeholder engagement in action – along with the innovative

tools and processes embedded within our business to best equip our teams and wider business delivering effective engagement to deliver positive and desirable outcomes for our customers, stakeholders and wider society.

Further detail on our supporting tools and processes can be found on page 6.

Step in our strategy	Our tools and processes	Continuous improvement made in 2022/23	Example in action
Step 1 – Define the purpose	<ul style="list-style-type: none"> Strategic Engagement Plans – owned by senior topic leads aligned to our three strategic business objectives 	Created new strategic engagement framework aligned to new business commitments, guided by our stakeholders.	Just Transition engagement plan created using our new framework – survey consultation embedded as key engagement method, seeking stakeholder feedback to develop our Just Transition Strategy.
Step 2 – Identify and map stakeholders	<ul style="list-style-type: none"> PESTLE/STEER analysis – level of influence/interest and knowledge level on a particular topic and geography 	Mapolitical mapping tool introduced to the business and updated contact information fed daily into our Tractivity stakeholder database system.	We can now seamlessly import information into the Tractivity system across a range of political and media contacts. From MPs, councillors, parish clerks and devolved parliamentarians. As stakeholders change jobs or are elected this information is automatically updated within Tractivity each night. The tools also lets us drill down into any UK location and import the stakeholders that are relevant.
Step 3 – Tailor the engagement	<ul style="list-style-type: none"> Stakeholder Online Community Hard-to-reach framework 	Embedded new, tailored engagement mechanisms within our Stakeholder Online Community. Utilised existing corporate sports partnerships to promote STEM activation and Net Zero messaging through marketing campaigns.	As a result of stakeholder feedback, we have embedded a tailored engagement feed in our Stakeholder Online Community with tailored content for our Sustainability Stakeholder Working Group in response to their request to have a tailored digital engagement platform. Working in collaboration with Scottish Rugby, we delivered a STEM activation programme to stimulate young people's interest in rugby and engineering through our 'Science of Rugby' campaign. The campaign features a series of STEM questions bringing to life the science behind key rugby movements and encourages the next generation to consider STEM careers in the future – tailoring our engagement method to reach new and diverse audiences.
Step 4 – Engage	<ul style="list-style-type: none"> New Tractivity Platform – 2.0 	Development project to upgrade to new version of Tractivity platform.	Increased functionality such as stakeholder survey consultation tool to improve engagement with our stakeholders by embedding new digital engagement methods into our approach – leading to better targeting.
Step 5 – Capture feedback	<ul style="list-style-type: none"> Triangulation methodology – Tractivity New internal stakeholder feedback templates 	Embedded stakeholder insight reporting in new version of Tractivity platform. Feedback templates for operational leads.	Evolving our triangulation methodology by embedding stakeholder insight reporting within the platform which can be directly attributed to individual stakeholders or organisations and tagged to strategic topic areas to enhance our decision making based on stakeholder feedback. We have created a new process for collating more engagement feedback from the business, making the process easier for our operational teams.
Step 6 – Determine wants and needs	<ul style="list-style-type: none"> Stakeholder driven business priorities 	Launched new strategic pillars – covering both our Transmission and Distribution businesses to best serve stakeholder needs.	Our new strategic pillars were developed after a comprehensive engagement exercise with our customers and stakeholders to focus our business in line with their needs. These provide strategic focus for our business and have been embedded across our Transmission and Distribution businesses to provide more clarity and a consistent approach for our stakeholders.
Step 7 – Develop and prioritise actions	<ul style="list-style-type: none"> Stakeholder Action Tracker Social Return on Investment (SROI) 	Embedded new priority ratings within our stakeholder feedback action tracker. SROI methodology embedded within our decision-making – before, during and after an initiative has taken place.	We have embedded priority ratings within our Stakeholder Action Tracker to prioritise actions based on a range of factors to respond to stakeholder feedback over the short, medium and long-term. We use our SROI tool to prioritise and justify projects with a greater social return on investment, responding to stakeholder feedback.
Step 8 – Act	<ul style="list-style-type: none"> Strategic and tactical engagement plans 	Using our strategic engagement model, we have rolled out a new engagement framework with our operational colleagues across our licence areas.	Our framework for operational engagement supports technical staff to deliver key engagement activity, developing closer relationships with local level stakeholders and conducting the appropriate engagement activity – for example, agricultural shows and engagement with regional chambers of commerce.
Step 9 – Close the feedback loop	<ul style="list-style-type: none"> 'You said, we did' 	After our engagement events, we provide stakeholders with an update on the action we have taken as a direct result of their feedback – this year, we have enhanced our website to include outputs and presentations post engagement events to close the feedback loop with stakeholders.	Our Sustainability Stakeholder Working Group (SSWG) meets quarterly, during these events we provide an update of the sustainability improvements we are making as a result of their feedback from previous engagement sessions.

4. Supporting tools and processes

To support efficient delivery of our stakeholder engagement strategy, we have multiple tools and processes in place accessible by our teams to support every aspect of their engagement activities. These provide consistency of approach and ensure our strategy is fully embedded across the business. Some examples of our industry-leading tools and processes include:

- ✓ **Tractivity stakeholder database**, event planner and survey tool. Used for engagement planning, gap analysis, stakeholder segmentation and mapping. We carry out a regular data cleanse to maintain relevant and quality stakeholder data and ensure better targeting of our communications.
- ✓ **Mapolitical** – a political mapping tool embedded in our business to develop stronger relationships with local and national policy makers.

- ✓ **Stakeholder Online Community** – Our online community is a digital engagement platform to facilitate two-way conversation between the business and our stakeholders to complement traditional engagement methods. Insight is fed directly back into the business via our project leads and at executive level to make sure stakeholder views are heard at all levels of our organisation and appropriately inform our decision-making. We surveyed our online community members which identified that 72% of members supported our online tool, confirming the platform remains fit for purpose.

- ✓ **Stakeholder toolkit**, guidance notes, planning templates for capturing feedback and stakeholder reporting available on our intranet accessible to the entire business to help drive industry-leading stakeholder engagement practices.

- ✓ **Strategic topic engagement plans** – driven by directors, senior managers and central engagement teams aligning to our three strategic pillars. Regular engagement topic planning workshops including risk management and hard-to-reach sessions to equip the business with the appropriate skills to drive inclusion and diversity in their engagement as standard practice.

- ✓ **Social return on investment (SROI) measurement tool** for use before, during and after a project/initiative has been undertaken – aligning to our ‘value for money’ principle.

- ✓ **IT systems such as MS Teams and Zoom** to conduct interactive digital engagement sessions to target stakeholders from right across our network area – ensuring regionality is not a barrier to engagement.

Tailored engagement for harder to reach stakeholders



We continue to make it a priority to extend our engagement reach and make sure those who are typically harder to reach are given a voice. Our hard-to-reach framework was created through extensive engagement with our stakeholders and has now been fully embedded within our business for three years. Our robust mapping approach takes into account not only the changing energy landscape but also accounts for a changing stakeholder landscape.

Key Driver	Our commitment	What we have delivered
Partnerships	Utilise strong links with stakeholders who represent the voice of hard to reach groups and use their channels to extend our reach.	Utilising our partnership with Wrexham Football Club, we worked with Wales' first Powerchair Football team, which provides supporters with disabilities the opportunity to take part in sport, to get involved in our winter awareness campaign. Through this partnership we created campaign materials using players to demonstrate how to prepare for bad weather as well as key power cut 105 messaging – creating engaging materials which are inclusive of a diverse range of customers. Working with City of Edinburgh Council on a Net Zero Strategy Partnership to create a master plan to support Edinburgh's Net Zero targets for heat and energy efficiency in the city for 2030, supported by our Chief Operating Officer.
Inclusivity	We embed inclusivity and diversity in our engagement and engage with consumer representative organisations to review our stakeholder mapping and close any gaps.	Working with market research experts to cleanse our whole stakeholder engagement database of over 12,000 contacts. This project seeks to improve the quality of our data to better target and tailor our engagement with stakeholders and close any gaps. We're doing this by conducting a horizon scanning exercise to map new and emerging stakeholder groups to make sure our engagement is inclusive and diverse as possible.
Language & Health	Work with stakeholder partners to identify customers whose health and language acts as a barrier to engagement.	Our 'Total Customer' Platform implements leading Salesforce CRM technology with an integrated Amazon telephony platform, and includes speech recognition to aid customers through IVR (Interactive Voice Response). This is a programme that meets the needs of our customers for the future while implementing technology that will be constantly evolving ahead of customer needs. Created a new customer winter preparedness mailer and business toolkit in Welsh, available on our website to support native Welsh speaking customers and stakeholders in our Manweb region.
Barriers to Technology	Offer additional engagement methods to those who may be digitally excluded.	Held regional in-person Network Natter sessions with community groups to raise awareness of PSR and additional support services we offer – ensuring those who may not have access to technology can still receive information on vital support service along with charity partner organisations.
Lack of Awareness	Educate and inform stakeholders of our role as a network operator.	Held four Preparing for Net Zero Conferences throughout the year and sent out monthly Net Zero Newsletters to over 1,800 stakeholders to educate them on Net Zero, in particular supporting those connecting to our network.
Regionality	As the only DNO to operate across Scotland, England and Wales, we are committed to promoting breadth in our engagement and embed regional views.	We carry out extensive engagement with every Local Authority across our licence areas to understand and support them with their future Net Zero plans. For example, we are working with six Edinburgh regional councils and Energy Systems Catapult on their Net Zero Strategies, providing funding and dedicated support. In our SPM region we carry out knowledge sharing sessions with other networks such as NGED and WWU through engagement with Marches LEP.
Future Customers	Ensure our engagement is inclusive of the views of future consumers.	Working in collaboration with our sports partnerships, we delivered a STEM activation programme to stimulate young people's interest in rugby and engineering. The campaign features a series of STEM questions bringing to life the science behind key rugby movements. We have activated this campaign in person to engage with the families and young people attending this game and encourage the next generation to consider STEM careers in the future. As part of our new partnership, the Wrexham AFC Community Trust will undertake delivery of our Powerwise Programme, which provides interactive learning resources to help children and young people learn about the dangers of electricity. The programme supports the school curriculum in Wales to deliver power safety advice.



Measuring impact

Social Return on Investment (SROI)

Everything we do is not only funded by our customers, but also driven by our stakeholders, and has the opportunity to make a positive impact on the people we serve, our communities and the environment. Our continuous engagement with customers and stakeholders helps us learn about their needs and uncover opportunities for impact and suggestions for improvement. To realise the opportunities they help us uncover, we must embed a consistent, robust and transparent approach to make the right choices and deliver maximum value to our customers and stakeholders.

Our Social Return on Investment (SROI) model has been embedded in our business for a number of years and has laid the foundation of our efforts in leading the industry towards a unified approach to measuring social value across our organisation. The SROI method allows us to quantify the financial, social and wellbeing benefits received by society as a result of an action we take and compare these to the costs involved.

Our approach to social value is an integral part of our business and helps shape our response to a fast-changing energy landscape, allowing us to make better informed decisions on how we can best support our customers and deliver maximum value.

Our innovative approach to SROI is embedded across our whole business, through our supply chain and operational projects as well as informing our consumer vulnerability offerings to support those who need it most. In addition, our SROI methodology allows us to quantify benefits including but not limited to: improvement in air quality, carbon impact of our operations, wider community benefit and supporting those in fuel poverty.

We led the development of a common SROI tool across all DNOs. We developed a single approach, with full governance around it as part of the development of a new Vulnerability Incentive Framework. This was shared with GDNs as part of the development.

Over the last year we have worked to expand this approach to TOs, GDNs and the ESO, bringing all companies together to work on a new proposal which supports further development of the methodology, to be used by all networks to provide consistency and improve accuracy in our SROI calculations.

Throughout our Part Two submission, we have detailed the SROI values delivered through our flag-ship and innovative projects.

The SROI tool in action

The electrification of heat is set to have a significant impact on the electricity network which will depend, in part, on customers' behaviours and their interaction with new technologies. In collaboration with utility and industry partners, we have introduced project Re-HEAT, which investigates the potential for heat pump and heat storage systems to manage demand, thus avoiding network reinforcement, and to generate cost savings for customers. The example below illustrates how we calculated SROI for this trial project.

Inputs

The installation of heat pumps and storage systems alone will cost £30,000 per household of which 24% will be funded by us. The trial will reach 100 homes, putting the installation cost at £720,000.

Financial benefits: Customers receiving the heat pump and storage systems will benefit from (i) reduced cost of running the heating system (£1,800/y based on project evidence), (ii) reduced heating bills (£136/y based on project evidence), and (iii) the avoided cost of purchasing and installing a new system (£25,500 since project partners are subsidising 85% of the system costs). Financial benefits do not include the avoided need for network reinforcement.

Social benefits: 2.67tCO₂ carbon emissions avoided per year from the use of the new system.

Outputs

SROI: Over the first year, we estimate that this project has generated a net benefit of £0.89 for every pound spent. The table below presents an overview of cumulative costs and benefits of this initiative:

Timeframe	Total Cost	Gross Present Value	Net Present Value	SROI
1-year	£720,000	£1,360,588	£640,588	£0.89
5-years	£720,000	£3,210,109	£2,490,109	£3.46
10-years	£720,000	£3,857,588	£3,137,588	£4.36

External accreditation on our Stakeholder Engagement Strategy



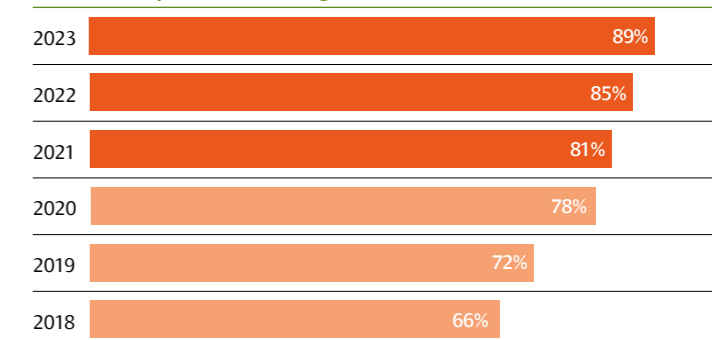
To ensure our strategy continues to be fit for purpose, we enlist AccountAbility, who own the global standard for stakeholder engagement, to conduct a full health check audit of our engagement strategy and processes. We do this to support our programme of continuous improvement and the development of high quality stakeholder engagement practices.

This robust and comprehensive stakeholder engagement assurance and accreditation programme is directly aligned to the principles of inclusivity, materiality, responsiveness and impact against the AA1000SES global standard for stakeholder engagement.

We are delighted to have **once again improved our AccountAbility Healthcheck score in 2023, achieving an 89% rating, one of the highest scores ever achieved globally.**

Looking ahead, we remain fully committed to our work with AccountAbility, and have embedded this commitment within our future business plans to ensure we continue to learn from best practice, and develop industry-leading engagement with our customers and stakeholders.

AccountAbility Healthcheck Progress



“There is a strong culture of stakeholder engagement and senior-level engagement has really spurred this further, by communicating clearly the stakeholder-led nature of the organisation. This is also perceived externally with stakeholders describing SPEN as an organisation that recognises its role in the communities, embodying a variety of functions whether they be to inform, consult, advocate or provide direct support.” AccountAbility Stakeholder Engagement Healthcheck Scorecard, March 2023

Our consumer vulnerability strategy

Our vulnerability strategy, introduced in 2015 but continually tested and refined in collaboration with customers and stakeholders, has two objectives: safeguarding our communities, and delivering industry-leading value by addressing our customers' core needs. The strategy is designed to be dynamic and allow us to address both immediate challenges, like the energy crisis, and long-term challenges like the transition to Net Zero.



The key role in delivering our vulnerability programme

Collaboration with our industry partners has played an increasingly important role in recent years. Over the last year we have leveraged partnership working to enhance all aspects of our strategy. Some examples of our collaboration are:

- Sharing the learning from PSR Scotland (a previous collaboration between SPEN, SSE and the NHS), DNOs have worked closely to establish www.thepsr.co.uk allowing customers to go to one place to sign up to PSR for any DNO.
- We have worked closely with GDNs to deliver joint advice and support for customers in fuel poverty as well as collaborating on CO poisoning risk as our research and engagement tell us these are linked.
- We have worked with all DNOs and water companies to data share PSR customer data.

We have led the DNO to collaborate in the formation of the ED2 framework to ensure we have a framework that delivers on key priorities and delivers stretching performance. Ensuring we have common methodologies, which are independently assured and consistently measure in ED2 across PSR Reach, Social Value, Customer Satisfaction for vulnerability services.

- DNOs are collaborating on the PSTN switchover which all DNOs recognise as a risk to ensure we are raising the risk of this and are as proactive as possible in our approach.
- We have collaborated with a number of organisations including undertaking global benchmarking across Spain, US & Brazil to explore the leading technology for our customers. We have also collaborated with other utilities such as Thames Water to share learning on technology deployment in preparation for our new CRM system being implemented.






Our embedded programme of engagement

As the foundation of our enhanced engagement activities, we operate a core annual engagement programme. Through these mechanisms, we reach a broad and inclusive range of stakeholders. Each event is tailored to target the audience knowledge levels to maximise meaningful and in-depth conversation and relevant feedback. In the table below, we have presented some examples of our engagement activities carried out this year from our mature programme of engagement.

Knowledge/influence	Engagement event	Engagement discussion	Reach
Expert/high knowledge  	2 x Strategic Stakeholder Panels (CEO and Managing Director Level) <i>Community Energy Groups, Local Authority, Government, Developers, Academia</i>	Updated our Whole Systems mission statement to include reference to local communities. Committed to co-develop a Just Transition Strategy by 2023.	19
	4 x City of Edinburgh Council – Net Zero Strategic Partnership meetings	Heat and Energy Efficiency Board. Co-Chair partnership to create a master plan to deliver the City of Edinburgh Council Net Zero targets for heat and energy efficiency in the city for 2030.	80
	Internal Just Transition Workshop	Just Transition workshop with other ScottishPower group companies to collectively discuss strategic engagement opportunities, governance, and collaboration to maximise our positive impact and strategy development i.e. vulnerability, security of supply, demand reduction, LCTs.	30
	Just Transition Stakeholder Consultation	Strategic consultation on SP Energy Networks approach to Just Transition to support the development of our new strategy.	220
	4 x Sustainability Stakeholder Working Group (SSWG) sessions <i>NGOs, businesses, academia and national and local government</i>	Discussion on innovation projects such as Asset Reuse and Recovery Collaboration (ARRC) and our sustainable substation project as well as key stakeholder feedback on our Just Transition strategy, Scottish Business Climate Collaboration, tree planting and carbon offsetting.	28
	Citywide sustainability collaboration groups – Edinburgh Climate Compact and Sustainable Glasgow	Executive-led quarterly engagement on Just Transition, Sustainable Business Strategy, our approach to carbon management and accounting and innovation projects for stakeholder feedback and collaboration. We also feed into wider discussions around place-based decarbonisation, sustainability initiatives and strategies through these groups and highlight where we can contribute (i.e. specialist knowledge, resource, finance).	60
	Manweb Strategic Boards and Working Groups	We take part in numerous strategic boards and working groups in our SPM area; for example, the North Wales Economic Ambition Group, or the Liverpool Energy Exchange Steering Group. We also ran open consultations with all LAs and local stakeholders on supporting their Net Zero plans.	31 boards/groups
Independent Net Zero Advisory Council (INZAC) <i>comprised of technical and consumer groups</i>	Tasked with reviewing, challenging, and influencing our strategic business decisions and plans across every area of the business. The group was newly formed in 2022 and has been involved in discussions in approach to strategic connections and DSO. The Group helped shape our Just Transitions Strategy Consultation.	15	
Net Zero North West Cluster Plan <i>Local government bodies</i>	Monthly meetings with Innovate UK and Net Zero North West Board comprised of 30 partners. We also held an external stakeholder event with Cheshire and Warrington Local Enterprise Partnership, Liverpool City Region and Greater Manchester Combined Authority as part of the Cluster Plan project.	Quarterly meetings with 30 partners 50	
Good knowledge 	4 x RADAR Working Group meetings	This group was established to discuss the enhancements our ICPS/iDNOs wanted out of the RADAR application system.	355
	4 x Connections Stakeholder panels <i>iDNOs, connections customers, developers</i>	Our Connections Stakeholder panels give us feedback and customer input which we use to drive service improvements.	12
Some knowledge 	4 x Preparing for Net Zero Conferences <i>Telecommunications, iDNOs, large connection customers</i>	Educating a wide range of regional stakeholders on how to prepare for EV, Heat Pumps and Heat Networks.	776
	2 x Customer Contact Focus Groups	Aimed at gaining a better understanding of stakeholder needs and jointly agreeing the technology improvements we are making to our website to support the customer connections journey.	235
No knowledge 	Community Engagement – 6 x SPM Agricultural Shows <i>Anglesey, Aberystwyth, Denbigh and Flintshire, Nantwich, Oswestry and Royal Cheshire</i>	Local agricultural shows in our Manweb region providing safety and educational advice to agricultural stakeholders, schools and the local community.	180,000 show attendees
	99 x Community Engagement Sessions <i>Network Natter Sessions and Dementia Cafes with Age Cymru, Alzheimer Scotland, Glasgow Golden Generation, Linking Lives, Macular Society, Renfrewshire Carers</i>	Face-to-face community engagement with consumers in vulnerable circumstances to provide information and raise awareness on PSR and additional support services, along with charity partners.	2,614

Measurable impacts from stakeholder insights

Within the table below, we have provided an overview of key outcomes we have delivered throughout this regulatory year based on key stakeholder feedback – more information on these outcomes can be found in Part Two of this submission.

Priority area	Stakeholder feedback	Engagement method	What we did to act on stakeholder feedback	Measurable outcomes	5-Year SROI
Develop a network that's ready for Net Zero 	Stakeholders advised us to collaborate with installers to support the installation of heat pumps.	Bilaterals and consultation meetings.	Launched project Re-HEAT, a collaboration with SSEN, E.ON, Daikin and Sunamp, that subsidised the costs of installing 150 heat pumps and home heat battery storage systems.	Average estimated annual savings for heat currently tracking at £1,800, representing a reduction of 45%. Insights on household recruitment.	£3.46
	Stakeholders have stressed the need for us to evaluate the impact of integrating renewable technologies in new housing developments on network capacity.	Consultation meetings, strategic panels and stakeholder workshops.	During phase two of the project we embedded the ADMD calculator into BAU practice and expanded its use following successful trials.	Allowed us to scope viability of three locations for new developments by quantifying all non-Net Zero and Net Zero loads on the grid.	£4.66
Be the trusted partner of our customers, communities and stakeholders 	Industrial and commercial customers in the North West want us to help facilitate their electrification plans towards low carbon ambitions.	Bilaterals, consultation meeting and external stakeholder workshops.	As a partner of the Net Zero North West Cluster Plan, SPEN is leading the planning and assessment of network needs and consulting on projects' feasibility based on available network capacity.	Deliver the world's first Net Zero region by 2040. <ul style="list-style-type: none"> Safeguard and create 34,500 green jobs in the near term, with 660,000 green jobs overall. Save 46mt of CO₂. 	£2.20
	Governments have called on us to support the development and trial of local area energy plans.	Bilaterals and consultation meetings.	We trialled local area energy plans in the Fife and Conwy local authorities. We also provided advice and optioneering based on Future Energy Scenarios.	We expect resource and delivery time to be reduced significantly for both local authorities and SPEN, saving potentially thousands of work hours.	£0.43
Ready our business for a digital and sustainable future 	Stakeholders believe we should prioritise and invest in grid monitoring to improve network efficiency.	Consultation meetings.	Introduced the LV Support Room in Glasgow, a system which provides real-time data produced by smart meters and substations across Scotland to pinpoint where faults are occurring.	Ability to detect faults before impacting customers, saving thousands in maintenance costs and protecting customers security of supply.	£0.56
	Stakeholders have asked us to spearhead efforts that could support supply chain partners in taking control of their impact on the environment.	Bilaterals and working groups.	Launched tools to support suppliers achieve their carbon reduction goals, including SmartWaste and the Climate Action Hub.	These tools are being embedded in our contracts to actively enable and challenge our suppliers to keep pace as we work towards Net Zero.	£7.96

Collaboration and sharing best practice

Stakeholders continue to tell us the importance of collaborative working and sharing best practice to deliver the best outcomes in a consistent and fair way for the whole of society and beyond our own licence areas. It is an excellent way for us to improve performance and productivity, and helps fill knowledge gaps through collaboration with experts. We share lessons learned to encourage others to follow suit.

Project	Detail	Outcomes
Project Re-Heat	Working closely with the Energy Networks Association (ENA) and other UK Distribution Network Operators (DNOs), we launched project Re-Heat to support large-scale electrification of heat without traditional reinforcement.	Represents a significant milestone towards a sustainable and cost-effective energy system, benefiting both customers and the environment. By developing technical solutions that reduce electricity demand through heating systems, we aim to achieve an affordable and sustainable energy system.
Priority Services Register (PSR) website	Working corroboratively with the other UK DNOs and GDNs, we have launched a new PSR website to offer a quicker and easier process for customers to sign up to the PSR.	The new website offers support for customers with additional needs, advanced notice of engineering works, proactive contact ahead of adverse weather and a dedicated call line for PSR customers.
Industry-wide development of social return on investment tool	Networks collectively agreed to establish a common framework for measuring social value, which will apply to TOs, DNOs, GDNs and the ESO. The framework, spearheaded by SPEN, builds upon extensive work already carried out by networks, to ensure consistency with the calculations used to support RIIO-ED2 plans and evaluate performance.	The framework allows for a consistent approach to measuring social value to be adopted by all energy networks for both regulatory and non-regulatory reporting.
Open networks data portal	Launched on the same platform of other DNOs, the portal provides a centralised repository for all our data that we share openly with our Stakeholders and Customers, allowing users to easily search our open data catalogue.	Access to our data is a key enabler in facilitating efficient whole system planning and operation, and supporting the development of new markets and opportunities.



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