

Distribution

# Annual Performance Report 2023/24



# Contents

Welcome		Develop a Network Ready for Net Zero		Be the trusted partner for Customer, Communities and Stakeholders	
Our Business	Pg04	Forecasting Network Needs	Pg12	Customer Satisfaction	Pg22
Message from our CEO	Pg05	Delivering our Investment Proposals	Pg13	Our Consumer Vulnerability Strategy	Pg23
Performance Snapshot	Pg06	Whole System Strategy	Pg15	Stakeholder Engagement	Pg26
Health and Safety	Pg07	Managing Asset Risk	Pg18		
		Network Resilience, Reliability and Safety	Pg19		
		Connections	Pg20		
Ready our Business for a digital and sustainable future		Expenditure and Revenues		Looking Forward	
Environment	Pg31	Expenditure and Revenue	Pg40	Innovation and Future Networks	Pg44
Data	Pg34	Bill Impact	Pg41	Contact us	Pg46
Digitalisation	Pg35	Financial Performance	Pg42		
People and Culture	Pg37				

## Our Performance Indicators



Ahead of Target



On Target



Below Target



Improvement on Previous Year



In line with Previous Year



Deterioration on Previous Year



Substantial deterioration

# Welcome

Our Business	Pg04
Message from our CEO	Pg05
Performance Snapshot	Pg06
Health and Safety	Pg09

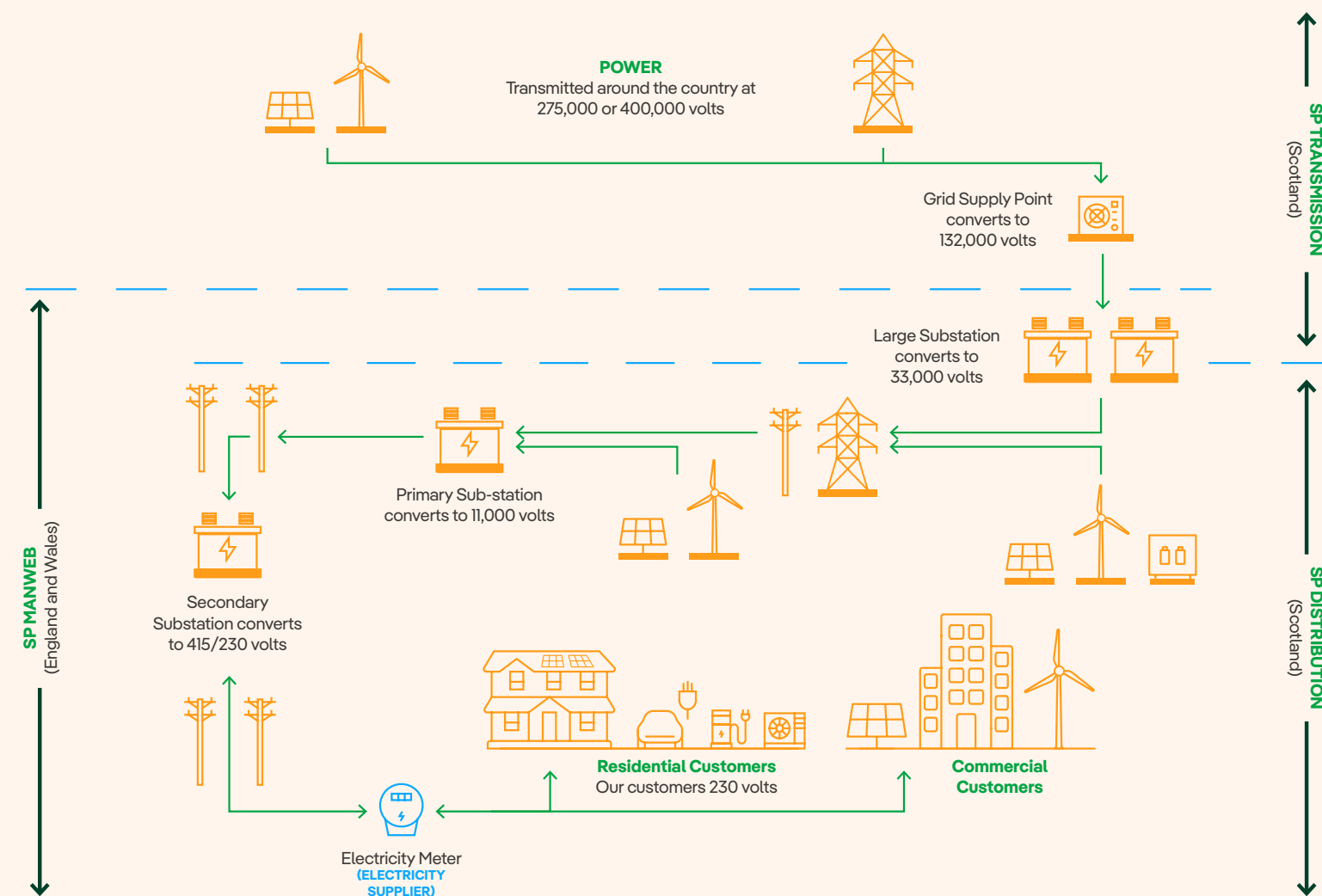


### Our Business


We transmit, distribute and connect electricity to and from homes and businesses across our network. SP Energy Networks (SPEN) owns three regulated electricity network businesses in the UK; SP Distribution plc (SPD), SP Manweb plc (SPM) and SP Transmission plc (SPT). This report relates to the performance of our distribution companies, SPD and SPM, during 2023/24.

SPD and SPM distribute power on behalf of energy supply companies through a network of cables and power lines that we own and maintain. We distribute and connect electricity to and from homes and businesses across our network. We work around the clock to keep the lights on 24 hours a day, every day of the year. We serve 3.5 million homes and businesses in three of the UK's largest cities (Liverpool, Glasgow and Edinburgh), as well as three large rural areas (North Wales, Scottish Borders and Dumfries & Galloway). We take electricity generated from power stations, wind farms and other sources, reduce it to the low voltage needed for homes and transport it through our vast network of cables and power lines. Our distribution network alone has 34,123 substations, 38,145km of overhead lines and 69,245km of underground cables.

We provide customers with new and upgraded connections to our network. For example, to large residential, retail and industrial developments, as well as sports stadia and leisure parks. As the UK builds towards a low carbon future, the nature of the electricity grid is changing. Consumers no longer rely solely on centralised energy generation to meet their electricity demands. There are increasing volumes of smaller distributed generation and low carbon technologies such as electric vehicles being connected to the network. As network operators we need to adapt to meet these challenges whilst maintaining low cost, reliable energy distribution for our customers.




**3.5 million**  
homes and businesses in three of the UK's largest cities



**107,390**  
Our Distribution network contains 38,145 kilometers of overhead lines and 69,245km of underground cables



**1.5 million**  
SP Manweb customers  
**2 million**  
SP Distribution customers

## Message from our CEO

Welcome to the Distribution Annual Performance Report, covering the first year of the RIIO-ED2 price control period which ran from April 2023 to March 2024. This report outlines how we are delivering against the challenging commitments we made in our Business Plan, pushing our performance improvements even further. We are proud of our performance during a challenging first year of the price control, delivering on our commitments and making progress against our targets.

As a Distribution Network Operator (DNO) our priority is to always keep electricity flowing to our customers across our network, whilst supporting regional and national decarbonisation ambitions. This is becoming increasingly important as the world moves away from fossil fuels and adopts electric powered alternatives. To ensure our network is able to facilitate the growing number of low carbon technologies, like electric vehicles and heat pumps which will need to connect to the grid, we have taken significant steps to support this in the first year of RIIO-ED2. At the local level we have prioritised the proactive and reactive upgrading of looped properties. This allows these customers to quickly, safely and reliably connect low carbon technologies when they are ready to do so.

At a broader level, our Strategic Optimisation team has supported local, regional and national government bodies to develop energy plans and sought out new strategic relationships to achieve Net Zero. They have worked with local authorities to develop their Local Area Energy Plans and have supported them in identifying the best options for EV public charging and heat electrification sites. We are also involved in the Powering Wales Renewably innovation project, working on the creation of a digital twin of Wales' energy networks. The project will identify priorities and address obstacles in the delivery of decarbonisation plans, using new digital technology. This will prepare the system for Net Zero while delivering benefits to Wales' citizens and communities.



Delivering and being a trusted partner for customers, communities and stakeholders is a central pillar of our RIIO-ED2 business plan and we continue to provide a strong service to our customers. We externally benchmark our customer service and are proud to have scored in the top 5 UK companies through the Institute of Customer Service benchmark 2023/24. A key element of our service is supporting vulnerable customers and communities. We have successfully completed an initial trial of our Partnership Model with nine organisations in the Glasgow area, with the ambition of providing holistic support for all customers who need extra help.

We have also made good progress in achieving our own decarbonisation targets. Alongside our work supporting other bodies in achieving their targets, it is important that we strive to meet our own commitment to become a fully sustainable networks business. This year we have reduced greenhouse gas emissions (excluding losses) by over a third from our baseline target and achieved the Planet Mark Business Certification of our Business Carbon Footprint for the 8th year in a row.

We have delivered a strong first year of the ED2 price control and will continue to build on this next year, all while delivering exceptional value for money with 99.99% reliability and excellent customer service for an average of 40p per day.

**Nicola Connelly**  
CEO, SP Energy Networks

# Performance Snapshot 2023/24

In the first year of ED2, we are proud of our performance, delivering on our commitments and making progress against our targets. We are delivering greater levels of network investment across reinforcement, modernisation, and resilience programmes whilst adopting smarter solutions and delivering greater network monitoring to enable DSO and flexibility services.

We successfully delivered strong customer service, evidenced through our Customer Interruption (CI), Customer Minutes Lost (CML) and Broader Measures of Customer Service (BMCS) scores. We also continued to have strong scores on Stakeholder Engagement and have succeeded in a number of leading Innovation projects.

Our results demonstrate a strong customer focus as well as our commitment to allowing flexible access to our network whilst maintaining secure and resilient supplies. These actions will allow us to develop a more flexible and cost-effective network in the best interest of our customers.

## Safety

The health and safety of the public and the people who work on our network is paramount. We have complied with legislation, actively engaged with 3rd parties and members of the public to enhance safety awareness, and continued to deliver our Occupational Health monitoring programme.

## Environmental

Our [Distribution Annual Environmental Report](#) provides a comprehensive update of our performance against key metrics and our ongoing progress to deliver our [RIIO-ED2 Environmental Action Plan](#) commitments. It sets out our key activities to progress these commitments and gives examples of how we are supporting the societal transition to a low-carbon economy whilst seeking to minimise our impacts on the environment.

Our Business Carbon Footprint (BCF) emissions (excluding losses) have decreased by approximately 39% from last year (SPD & SPM). We are on track to reach our medium-term target of an 80% reduction in greenhouse gas emissions by 2030 (set in 2013/14). The most significant reductions, were a decrease in emissions associated with substation energy use (due to securing a Green tariff for the full year).

## Innovation

Innovation is at the core of what we do, and we continually identify opportunities to deliver benefits through innovation. We're delighted to have rolled out our NCEWS2 platform into Business-as-Usual equipping our teams with access to smart meter, Supervisory Control and Data Acquisition (SCADA) and Low Voltage (LV) monitoring data in a unified platform for improved fault identification and network planning. Since the project started we've already realised £4.3m in benefits. We also continued to deploy further Real Time Fault Level Monitoring devices across our SPM network – paving the way to unlocking benefits of up to £21m in avoided reinforcement works.



## Vulnerability

Within our SPD license area, we are proud to have registered over 93% of all eligible households onto our Priority Services Register, and over 89% of households within our SPM license area. This helps to deliver additional support when our customers need it most. Focusing on our role in protecting vulnerable customers, we are on track to deliver against our vulnerability strategy commitments.

Across our 2 license areas, we are proud to have registered over 91% of all eligible households onto our Priority Services Register. On top of this, we have now embedded our commercial delivery partners to ramp up the support and value we can offer throughout ED2 to 100,000 customers experiencing fuel poverty or requiring support with low carbon technologies.

You can find out more about our [Annual Vulnerability Report](#) [here](#).

## Community Outreach

Within our ED2 business plan, we committed to fostering community energy by implementing extensive awareness campaigns and educational outreach. This year, we have established our dedicated Community Energy Engagement Manager in both SPD and SPM who will be a pivotal source in driving these efforts. Additionally, we have launched a dedicated Community Energy webpage and contact email to facilitate easy access to information and support. By collaborating with key stakeholders such as CE Scotland, CE England, and CE Wales we are forging strong partnerships to bolster the community energy sector. Our efforts also include conducting capacity-building workshops and rolling out a comprehensive community energy communications campaign.

## Our snapshot SPD

			Actual (in Year)	Status	Year on Year Trend	Comment
Reliability and Availability	Customer interruptions	Recorded per 100 customers in 2023/24	32.94	<span style="color: blue;">●</span>	↑	Exceeding our CI Regulatory target of 42.80 by 23%
	Customer minutes lost	Unweighted, including exceptional events	26.26	<span style="color: blue;">●</span>	↘	Exceeding our Regulatory CML target of 30.81 by 15%
Customer Satisfaction	Customer Satisfaction survey	score out of 10	9.16	<span style="color: green;">●</span>	↑	On track to hit our stretch target of 9.4 by the end of ED2.
Connections	Time to quote (TTQ)	(single premises)	2.42 days	<span style="color: blue;">●</span>	↑	Our aim is to reduce how long it takes to provide a connection offer and the time it takes to make it all happen. This year we took on average less than 3 days to turnaround our connection quotations.
	Time to connect (TTC)	(single premises)	27.88 days	<span style="color: blue;">●</span>	↑	
	Number of completed connections per regulatory year		3,936		New to ED2	
Financials	Unrestricted Domestic Tariff Charge	Not including domestic customer rebate	£103.28*			Our daily charges are cheaper than a TV licence, or typical domestic broadband services.
	Total Expenditure		£264.6m*			
	Total expenditure as a % of allowed revenue		93%		New to ED2	
Network	Number of customers		2,020,040	<span style="color: green;">●</span>	↑	
	Total network length (in km)		59,536.40	<span style="color: green;">●</span>	↑	
Major Connections	Aggregate customer satisfaction	Score out of 10	9.19	<span style="color: blue;">●</span>		<a href="#">SPEN_Major_Connections_Report_2324.pdf</a>
Distribution System Operator (DSO)	DSO Performance Panel	Score out of 10	5.08	<span style="color: green;">●</span>		
	Stakeholder Satisfaction	Score out of 10	8.13		New to ED2	

● Ahead of Target   ● On Target   ● Below Target

↑ Improvement on Previous Year   → In line with Previous Year   ↘ Deterioration on Previous Year   ↓ Substantial deterioration

\*2020/21 Price Basis

## Our snapshot SPM

			Actual (in Year)	Status	Year on Year Trend	Comment
Reliability and Availability	Customer interruptions	Recorded per 100 customers in 2023/24	31.57	<span style="color: blue;">●</span>	<span style="color: green;">↘</span>	Exceeding our CI Regulatory target of 33.10 by 5%
	Customer minutes lost	Unweighted, including exceptional events	33.43	<span style="color: orange;">●</span>	<span style="color: green;">↘</span>	Marginally underperformed our Regulatory CML target of 32.14 by 4%
Customer Satisfaction	Customer Satisfaction survey	score out of 10	9.18	<span style="color: blue;">●</span>	<span style="color: green;">↘</span>	On track to hit our stretch target of 9.4 by the end of ED2.
Connections	Time to quote (TTQ)	(single premises)	2.48 days	<span style="color: blue;">●</span>	<span style="color: green;">↑</span>	Our aim is to reduce how long it takes to provide a connection offer and the time it takes to make it all happen. This year we took on average less than 3 days to turnaround our connection quotations.
	Time to connect (TTC)	(single premises)	34.92 days	<span style="color: green;">●</span>	<span style="color: green;">↘</span>	
	Number of completed connections per regulatory year		8,943		New to ED2	
Financials	Unrestricted Domestic Tariff Charge	Not including domestic customer rebate	£129.97*			Our daily charges are cheaper than a TV licence, or typical domestic broadband services.
	Total Expenditure		£273.9m*			
	Total expenditure as a % of allowed revenue		95%		New to ED2	
Network	Number of customers		1,533,364	<span style="color: green;">●</span>	<span style="color: green;">↑</span>	
	Total network length (in km)		47,884.10	<span style="color: green;">●</span>	<span style="color: green;">↑</span>	
Major Connections	Aggregate customer satisfaction	Score out of 10	8.43	<span style="color: blue;">●</span>		<a href="#">SPEN Major Connections Report 2324.pdf</a>
Distribution System Operator (DSO)	DSO Performance Panel	Score out of 10	5.08	<span style="color: green;">●</span>		
	Stakeholder Satisfaction	Score out of 10	8.13		New to ED2	

● Ahead of Target   ● On Target   ● Below Target

↑ Improvement  
on Previous Year

→ In line with  
Previous Year

↘ Deterioration  
on Previous Year

↓ Substantial  
deterioration

\*2020/21 Price Basis



# Health and Safety

The health and safety of the public and of the people who work on our network is paramount. We pride ourselves on our excellent track record and our rigour in maintaining this world class level of performance.

## Vision and Culture

We have a duty to ensure that our infrastructure is safe, and all of our operations ensure the health and safety of everyone who comes into contact with its activities. Our vision is to deliver the highest standards of Health and Safety performance, where no injury or ill health is caused by our activities. The wellbeing of our customers, our people, our suppliers, and the public is our number one priority. We pride ourselves on sharing learning and pushing for best practice in everything we do and as such we are committed to promoting good health, safe behaviour and demonstrating care for the environment. Our safety culture is led by our senior leadership team, defined by our Health and Safety Essentials, and driven by the personal accountability and commitment from every employee.

## OHSAS 45001

SPEN successfully maintained OHSAS ISO 45001 Certification in 2023 following a comprehensive re-certification. There were numerous strengths identified, reflecting robust working practices and procedures, across our Business. By having an ISO 45001-certified management system our business can rapidly respond to emergency situations whilst also establishing, implementing and maintaining processes to mitigate hazards and reduce risks in the long-term.

## Making our networks safer

In 2023/24 we continued to reposition our services and cables in older flats and tenement buildings to make them safer as part of our ongoing programme. We continue to make progress on our programme to eradicate low overhead line clearances across roads. We actively engage with the Health and Safety Executive to communicate progress on these initiatives. Our innovation focus remains firmly centred on our customers and stakeholders, who share both our Innovation Strategy and innovation project portfolio, helping improve health and safety and delivery of our Business Plan.

## Innovation in Safety

We continue our partnership with the Engineering Innovation centre and Sheffield Hallam University to build on systems and leverage the advancement in the standardisation of network data, through which a smart-phone App, can utilise the integrated sensors to alert users when the user is close to sensitive pieces of equipment. This will include (but not be limited to) overhead lines, underground cables, and substation perimeters.

## Guarding Physical and Mental Health

We strongly recognise the 'Health' in health and safety and take measures to promote health and wellbeing for all our staff, promoting fitness and health as a lifestyle choice with initiatives such as the daily mile and access to gym facilities. Mental Health, wellbeing and the impact they can have continued to be a key focus and we provided a wide range of training and support services to staff.

## Public Education

Our Public Safety engagement continues around the 4 Key themes, focusing on the information driven by current data/trend analysis and planning for our 2025 engagement. We are looking to maximise the use of social media, Influencers, and online channels to ensure the right people are seeing the safety advice and continue our support and partnership working with the Energy Networks Association ENA.

Customers	Agriculture	Construction	Specialist Trades
<ul style="list-style-type: none"> <li>• Essential Power safety advice for our customers</li> <li>• DIY and Gardening</li> <li>• Power wise website and Parent Influencers</li> <li>• Continued promotion of 105 helpline</li> </ul>	<ul style="list-style-type: none"> <li>• Farm and Rural community Safety</li> <li>• Agricultural Shows</li> <li>• Farm life Influencers</li> <li>• Famous Farmer videos</li> <li>• Royal Highland Educational Trust</li> <li>• Overhead Line Collision Avoidance project (Engineering Innovation Centre and Sheffield University)</li> </ul>	<ul style="list-style-type: none"> <li>• Significant growth in construction industry</li> <li>• Trade Associations and House builders</li> <li>• Construction Equipment association</li> <li>• Utility Strike avoidance group</li> <li>• Look out-Look up campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Construction Equipment association/Trade associations</li> <li>• Federation of Window Cleaners</li> <li>• Targeted Social Media campaigns (Relevant interests and Job roles)</li> </ul>



To view, visit the SP Energy Networks website.

### Agricultural shows

We are continually looking at ways to improve and better deliver our electrical safety advice to members of the public and specialist trades whose day-to-day work may bring them into close proximity with our electricity network.

During 2024 we continued with our attendance at the Royal Cheshire and Highland Agricultural Shows. These events provide us with an excellent opportunity to speak to farm workers and contractors, lorry drivers and hiab operators and with new technology on the rise we now also engage with pilots and drone operators.

At the Royal Highland show, we put on a real-life demonstration showing an excavator coming into contact with an overhead line. This allows us to run through three different real-life scenarios with the audience and have open discussions about previous incidents. We also have our safety leaflets and cab stickers available which are very popular with the audience after the demonstration.



Agricultural events provide us with an excellent opportunity to speak to farm workers, contractors, lorry drivers and hiab operators.

### SP Energy Networks partnership with Scottish Association of Young Farmers Club

The focus of the SP Energy Networks partnership with the Young Farmers is to develop a longer-term strategic relationship with the farming community, to raise awareness of safety around electrical network infrastructure.

The Scottish Association of Young Farmers Clubs (SAYFC) is Scotland's largest rural youth organisation with 3,500 members. The partnership with SAYFC provides an opportunity to provide branded Health and Safety material for their farm ambassadors and contribute to in-person H&S awareness sessions through the Young Farmers Clubs and their annual conferences.

A year-long customised communication plan will feature SP Energy Networks messaging about farming safety around electrical network infrastructure. SP Energy Networks branding, and messaging will also feature as part of the Young Farmers' presence at the two biggest agricultural shows in Scotland at Ingliston and Ayr.

### 8 top agriculture tips:

 <p>Take note of the location of overhead lines on or near your land and ensure this is known to anyone working on it.</p>	 <p>Do not increase the level of the ground underneath overhead lines.</p>
 <p>Take time to plan storage areas. Never stack directly beneath or near overhead lines.</p>	 <p>Plan ahead to avoid high risk areas and use access routes that do not pass underneath overhead lines.</p>
 <p>Ask SP Energy Networks to supply the routes of overhead lines running across your land or near its boundaries and mark these on your farm maps/plans.</p>	 <p>A jet of water or slurry can cause a release of electricity and a high risk of fatal or severe injury, so it's not only equipment and machinery that presents a danger.</p>
 <p>If your machinery is in contact with an overhead power line, or within 5 metres of a grounded line, stay inside your vehicle until the Emergency Services or SP Energy Networks arrive unless there's a real threat of fire.</p>	 <p>Always treat powerlines as live, even if they are broken or touching the ground, they could still be live or be remotely re-energised at any moment.</p>

For further information visit:  
[www.spenergynetworks.co.uk/safety](http://www.spenergynetworks.co.uk/safety)



# Develop a Network Ready for Net Zero

Forecasting Network Needs

Pg12

Delivering our Investment Proposals

Pg13

Whole System Strategy

Pg15

Managing Asset Risk

Pg18

Network Resilience, Reliability and Safety

Pg19

Connections

Pg20



## Forecasting Network Needs

One of our three major distribution system operators (DSO) roles is planning and network development. Here we look years into the future to establish where, when, and how much capacity we need to accommodate customer growth and decarbonisation, and how best to deliver that in a safe, efficient, and timely manner. The process we follow is detailed in our published [Decision-Making Framework](#) and summarised below.

We develop our network to accommodate our customers' demand and generation requirements. The first stage of network planning is to understand what customer requirements are likely to be over the coming decades. We develop Distribution Future Energy Scenarios (DFES) to do this. These are forecasts for a range of customer demand and generation metrics out to 2050. We develop these considering legislated targets, devolved government policies, regional development plans, and other credible forecasts. Given the uncertainties out to 2050, we create forecasts for four energy scenarios. These represent differing levels of customer ambition, government and policy support, economic growth, and technology development. Our stakeholders review our forecasts and we make changes based on their feedback.

A key part of our forecasting processes are EV-Up and Heat-Up. These provide a granular view – they show us, for any DFES scenario, how Electric Vehicles (EVs) and heat pumps are likely to roll out across the network, i.e. which households will get them and in what timescales. This is valuable as these are the two main drivers of decarbonised demand growth.

This granular level of forecasting enables us to understand our customer needs at a domestic level and is combined with forecasts and connections pipelines for major connections across the system to enable us to assess wide area strategic requirements at all voltage levels. We work closely with the Transmission Owners (TOs) and National Energy System Operator (NESO) to develop a coordinated whole-system.

With this forecast understanding of capacity requirements, the next stage is to understand what we need to do on the network to accommodate them. We do this using network assessments. These show us how the forecast customer growth will impact the network, and where, when, and how much additional capacity we need to create. This assessment is done by our industry-leading Engineering Net Zero (ENZ) Model. This is a complete model of our network, from customers' cut outs up to the transmission network. It allows for complex network planning modelling, simulation, and scenario planning. It's a tool to help us make impartial data-driven investment decisions, and is an advancement on previous modelling techniques.

With this knowledge of network capacity needs, we can go out to market seeking flexibility services and identifying solutions. For High Voltage (HV) and Low Voltage (LV) investments, this process is supported by a linear optimiser, which impartially identifies the best combination and timing of solutions to meet the required network capacity, including the use of flexibility services. At Extra High Voltage (EHV) and above there are fewer constraints and solutions, therefore we conduct more in-depth design studies to support cost-benefit and technical analysis across a range of credible solutions and deliverability.

Using this approach, we identify every likely network need and the best intervention decisions for our customers.

### Case Study: Our Engineering Net Zero model enabling granular coordinated assessments of our networks

Over the last few years we have enhanced our forecasting processes considering the underlying driving factors behind Low Carbon Technology (LCT) uptakes to produce micro-level forecasts down to street and property level. These feed into our ENZ model to systematically assess the whole network identifying timing, magnitude, and location of constraints.

This approach has enabled us to prioritise, optimise and coordinate our intervention plans at a granular level. This includes identifying and prioritising proactive interventions on looped service cables in areas where we have greater confidence over requirements and coordinating these works with any other reinforcements required at LV or the local substation.

This approach is more cost-efficient, less disruptive, and means the capacity is ready when customers need it.

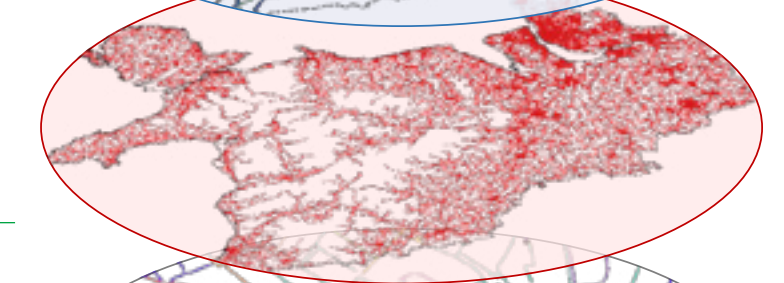
### ENZ Platform:

#### 1. Complete network model with asset data

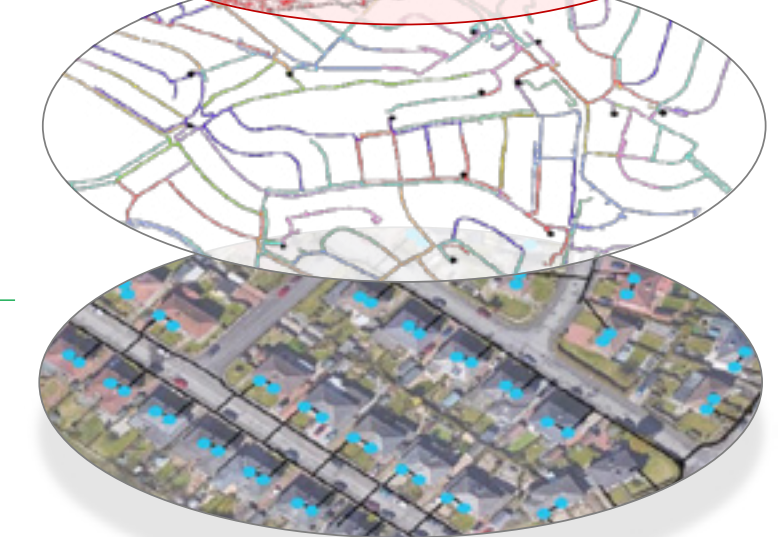
Primary Network



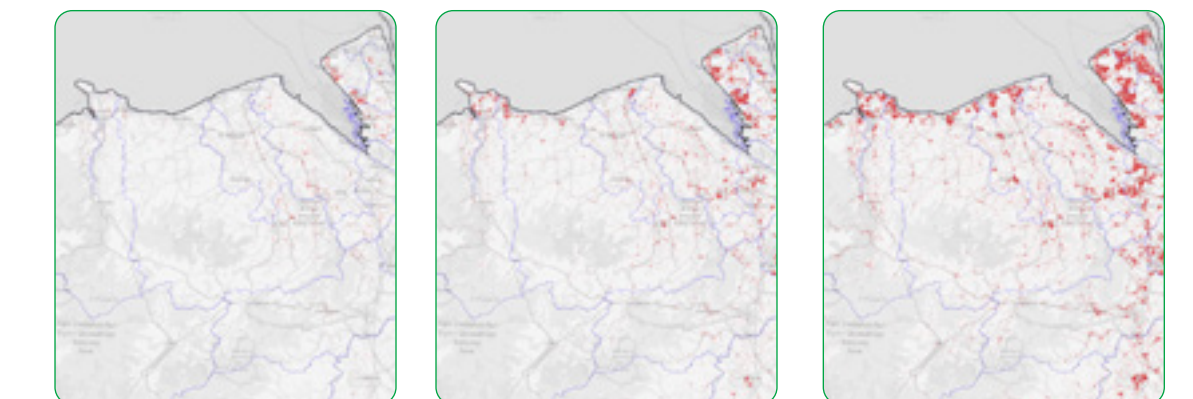
Secondary Network



Connections to customer homes



#### 2. Granular property-level forecasting



2025

2030

2050



# Delivering our Investment Proposals

Our RIIO-ED2 plans set out a step increase on RIIO-ED1, and we are delivering greater levels of network investment across reinforcement, modernisation, and resilience programmes whilst adopting smarter solutions and delivering greater network monitoring to enable DSO and flexibility services.

The start of a price control period is a catalyst for new supply and delivery frameworks, embedding new regulatory incentives and investment guidance, and aligning the business with refreshed stakeholder endorsed objectives. We must maintain strong delivery during this transitional phase – but it is important to develop the tools to deliver for the duration of the five-year price control period.

In Year 1, we focussed on establishing supply chain agreements, adjusting our plans in response to market lead times for plant and equipment, and exploring innovative ways to support our workforce. The start of RIIO-ED2 came at a time of wider market and socio-economic challenges which with implications for costs forecast, resource plans, and delivery programmes.

Despite these challenges, we have delivered a strong first year of performance across all programmes of activity. Overall, we delivered a totex programme of £266.68m in SPD, and £ 276.92 m in SPM, an increase of 47.60% and 23.82% on prior year and in line with our allowances set by the regulator. In our Load and Non-load capital investment areas, we delivered **£249m of investment, and we have outlined some of the outputs of the programme below.**

## Load – Developing the network of the future

The energy landscape is changing. To help our customers decarbonise, we are developing a network that’s ready for Net Zero. Customers are increasingly turning to EVs and heat pumps, and we are seeing a leap in renewable generation as customers are actively participating in the energy system.

Understanding future network requirements is fundamental to the efficient planning, design, construction and operation of our network. In 2023/24, we developed and published our latest Distribution Future Energy Scenarios (DFES), forecasting levels of generation and demand to 2050, and delivered investment plans from our industry leading Engineering Net Zero (ENZ) Model. This forecast is developed by working with a wider range of stakeholders, including our Local Authorities, who’s plan depend upon the evolution of our network.

Spend to Date (Year 1)



Total ED2 Forecast Spend



### Our Unlooping Programme

Most modern domestic properties will have a single service cable which provides a direct connection to our network. However, many older properties are connected using a shared service cable – which is shared with their neighbour and called ‘looped services’. Looped services are designed to accommodate historic levels of domestic electrical demand. However, as customers adopt more low carbon technology (LCT) such as EVs and Heat Pumps, their demand increases significantly. The solution is to replace the looped service with a direct supply. We have identified that 560,000 (16%) of our customers are supplied by looped services, which are a potential barrier to adopting LCTs. To address this potential barrier, and support our customers decarbonisation needs, we will proactively unloop over 43,000 homes during ED2, with a potential for a further 35,000 as part of our reactive programme to accommodate where these needs arise. In 2023/24, SPD & SPM delivered this intervention to over 7,200 properties.

### Our Network Reinforcement Programme

We are continuing to deliver our core network reinforcement programmes, creating new network capacity at higher voltage levels to accommodate customers growing demands. Most reinforcement projects are multi-year and have commenced in year 1.

### In SPD:

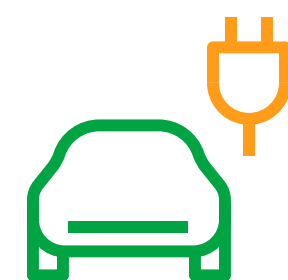
- We commenced delivery of the Stonehouse reinforcement project to accommodate demand growth of over 1MW during RIIO-ED2, this major reinforcement project involved the installation of new 11kV interconnector between Stonehouse and Strathaven utilising new and existing conductor routes.

### In SPM:

- At Sandbach, all 11kV and 33kV plant is awaiting commissioning, increasing local network capacity by 7.5MVA and enabling new developments in the area.
- At Middlewich, primary plant assets have been delivered and will shortly be installed ahead of commissioning. When complete this will release a further 2.5MVA of capacity in the local area.
- We have also completed a number of fault-level reinforcement works, increasing the amount of renewable generation that can connect to our 33kV system. Works are fully complete to upgrade the 33kV Ring Main Units at Mannings Lane, British Railway Shore Road and Mobil Oil Wallasey.

### Responding to Challenges

- Due to challenges with the global supply chain, we are facing extended plant lead times we have responded by re-profiling our delivery schedule, accelerated works planned for future years where plant and equipment was available. This included accelerated delivery of our LV unlooping programme, enabling our customers to decarbonise quickly.



Between 1.1m and 1.9m new EVs by 2030



Between 0.5m and 1.9m new heat pumps by 2030



Between +4.3GW and +10.4GW new DG and storage by 2030

## Non-Load – Delivering A Safe, Resilient, Reliable and Sustainable network

Our customers expect our network to be safe and sustainable, and are increasingly dependent on a reliable supply of electricity as they transition to Net Zero. The reliability, safety, and environmental impact of our network depends on the risk (condition & criticality) of our assets and their resilience to a range of external factors.

We have made a strong start in both SPD and SPM, and our programme will deliver at an accelerated pace during future years. Our strong outputs and upward trajectory has exceeded our performance targets in 2023/24.

### Our Asset Modernisation Programme

#### In SPD:

- We increased 11kV pole replacement by 128%, replacing 930 more than in 2022/23.
- We replaced more 11kV RMUs than in any year over the last 6 years, replacing 168, an increase of 70 units compared to last year.
- We have replaced 102 11kV ground mounted transformers – more than any year in ED1, and more than double the previous year.
- We completed 12 33kV transformer refurbishments in a single year, almost as many as the 13 completed in the last 3 years.

#### In SPM:

- We increased LV pole replacement by 220%, replacing 501 more than in 2022/23.
- We increased 11kV pole replacement by 47%, replacing 565 more than in 2022/23.
- We replaced more 11kV RMUs than in any year in ED1, replacing 98 in year one, an increase of 32 units compared to last year.
- We completed delivery of two major 132kV grid transformers.
- We completed 273x tower refurbishments, compared with 424 in the whole of ED1.

### Our Network Resilience Programme

Alongside asset modernisation network assets, we have delivered several initiatives to improve the reliability, performance and resilience of the distribution network.

- We have deployed 1,305 LV monitors, providing network visibility of c25% of our connected customers, supporting design and connection works and enabling the early identification of network faults.
- We have deployed over 2,000 Network Controllable Points on our HV network, an increase of around [50%], allowing greater network control and automation, meaning power cuts affect fewer customer and last less time.
- We have removed 1,762 PCB contaminated pole mounted transformers, reducing the risks associated with leaks and creating Net Zero capacity.

### Responding to Challenges

- Investment in overhead lines (OHL) has faced a national shortage of resource, and competition from delivery of our PCB programme. We have responded by establishing a new bespoke OHL training relationship with Coleg Menai in Anglesey.

Spend to Date (Year 1)

SPD £88.4m SPM £96.2m

TOTAL £184.3m

Total ED2 Forecast Spend

SPD £520.0m

SPM £680.9m

TOTAL £1,200.9m



# Whole System Strategy

We believe Whole System means going beyond the traditional scope of the electricity network, to harness the opportunities of an integrated, cross-vector energy system, and develop new ways of working, thinking and delivering value for our customers.

## Our approach

Our strategy embeds Whole System thinking across our business; from innovation and investment decision making, to collaboration within and beyond the energy sector. Through our role, we coordinate with other DSOs, Local Authorities, devolved government, and other utilities to increase transparency of network planning. By opening up our network planning and operational data we create opportunity for innovators and investors to build complimentary products and services. Knowledge about our network unlocks benefits for others, and our dedicated teams are working to enable and support the development of our Stakeholders' ambitions.

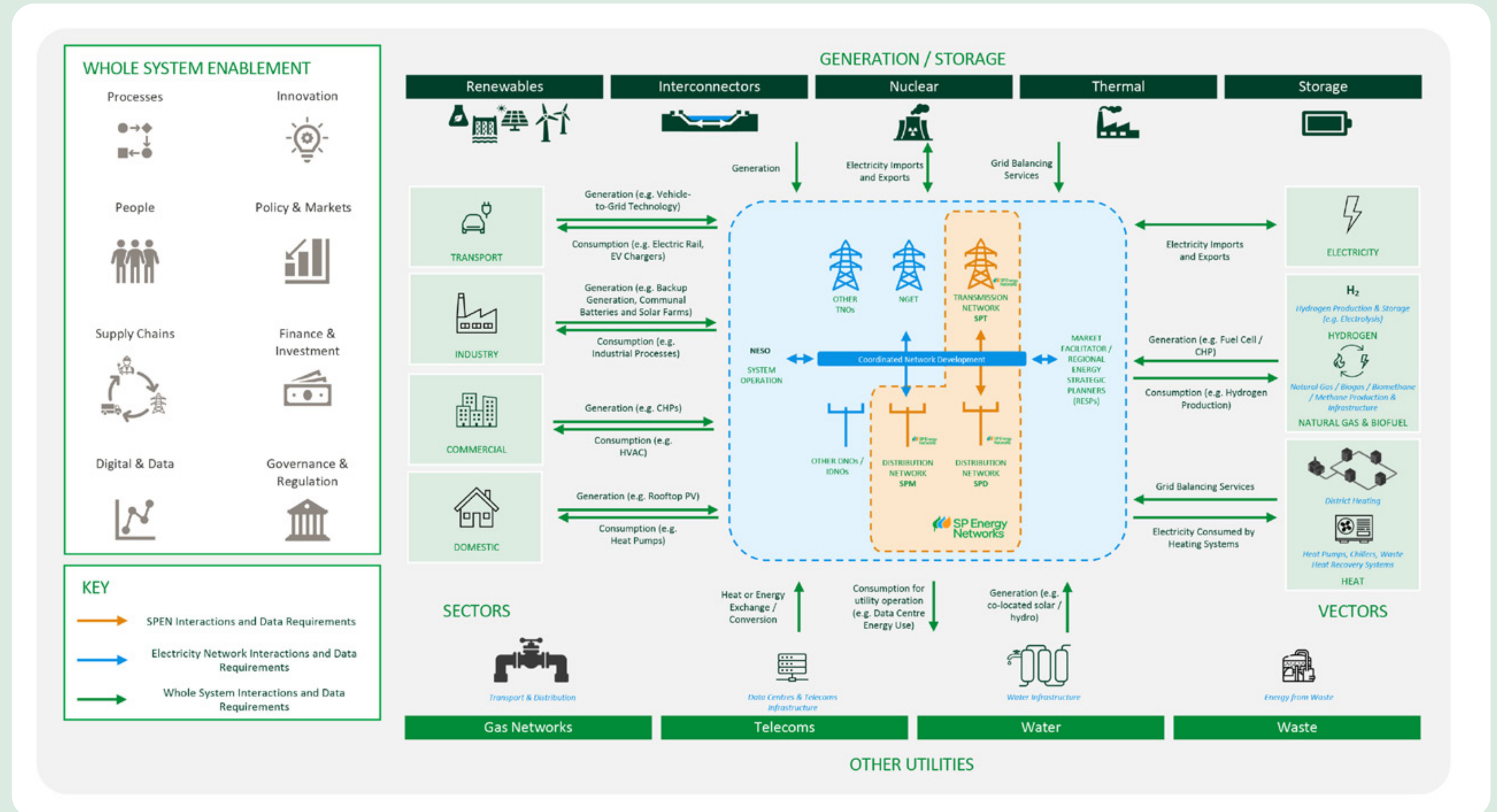
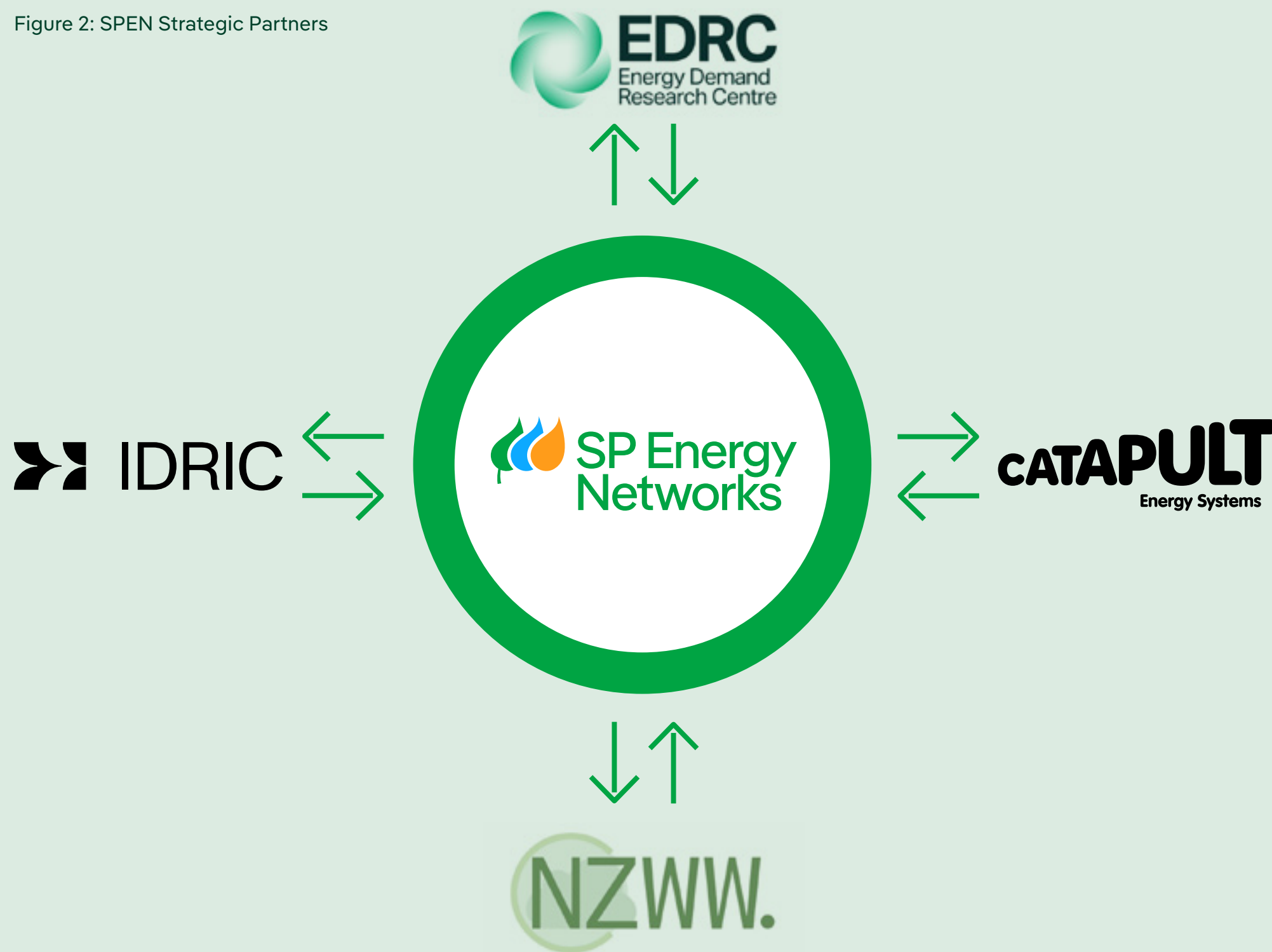


Figure 1: Whole System Boundaries Diagram

### Progress in 2023-2024

In 2023, we established Strategic Partnerships with key organisations in the energy sector. By sharing their knowledge and experience, these partners help embed tangible changes in our ways of working. In the last 12 months we partnered with the Energy Demand Research Centre (EDRC), Energy Systems Catapult (ESC), Industrial Decarbonisation Research and Innovation Centre (IDRIC), and Net Zero What Works (NZWW) Group.

Figure 2: SPEN Strategic Partners



This year we brought together our Strategic Partners and key functions within our business for a series of deep dive sessions. These were based on topics of importance raised at our 2023 Whole System Summit, including:

- **Consumer Flexibility**

Participants discussed consumer flexibility, consumer market needs, and how to stimulate market liquidity. The group identified that consumer demand turn up/down is crucial in fulfilling flexibility volume requirements. Highlighted that further learning is required in ensuring accessible markets for consumers whilst understanding the flexibility response profile and its impact on the network. They also identified that retailers are critical in providing market access to consumers and flexible tariffs are a key consideration in accessing a wider volume of consumer flexibility.

- **Knowledge Sharing and Dissemination**

The group identified that before data capture interventions are made it is important to understand what data is already available. They discussed the power of utilising Artificial Intelligence (AI) and identified that plug-in tools exist on commonly available platforms such as Microsoft to enable simple data capture. They also highlighted that while building data repositories that are intended to be used by other stakeholders, it is valuable to collaborate with these data users in building the structure and content of the data repository so that it is fit for purpose and meets the users' needs.

- **Digital Twin**

Participants discussed digital twin capabilities, (a digital replica of a physical system) and their use cases/wider case studies with a focus on use in Great Britain (GB) energy systems. They indicated that data standardisation and frequency is important for research and planning to ensure high quality outputs. They also highlighted the importance of data security, both from a critical national infrastructure perspective and for customer data and privacy. The group indicated that for implementation of digital twins we would have to manage these risks and ensure robust standards and requirements are followed.

In 2024/2025, we will be extending our invitation to our Strategic Relationships to join our Whole System Summit. There have been significant developments in 2024 with the introduction of the NESO, Market Facilitator roles and the further development of the Regional Energy Strategic Plan (RESP). These roles introduce new responsibilities for energy infrastructure planning and flexibility markets. Our Whole System Summit will focus on needs of our peer group as new functions and responsibilities emerge.





## Our Strategic Optimisation team

Our Strategic Optimisation team supports Local Authorities and local, regional and national government bodies to develop energy plans and search for new strategic relationships to achieve Net Zero. Strategic Optimisers are the interface between government bodies and ourselves.

The team was appointed in the last year, and have subsequently built relationships with Local Authorities across our SPD and SPM licence areas. Our team have worked closely with our Scottish, English and Welsh Local Authorities to support mutual goals of accurate, and informed, long-term energy planning.

In SPD, we worked with 22 Scottish Local Authorities to develop Local Heat and Energy Efficiency Strategy (LHEES). Within SPM, we worked with 8 Welsh Local Authorities to develop Local Area Energy Plans (LAEPs) and we have now commenced the rollout of LAEP process to 10 Local Authorities in England. We also supported Local Authorities to identify the optimal location, costs and timescales for 1,400 public EV charging and 800 heat electrification sites.

Our Strategic Optimisation team developed bespoke data requests for Local Authorities and industry leading optioneering tools, enabling stakeholders to simulate the impact of their plans on our network by using our Local Authority Network Insight Tool (LANIT).

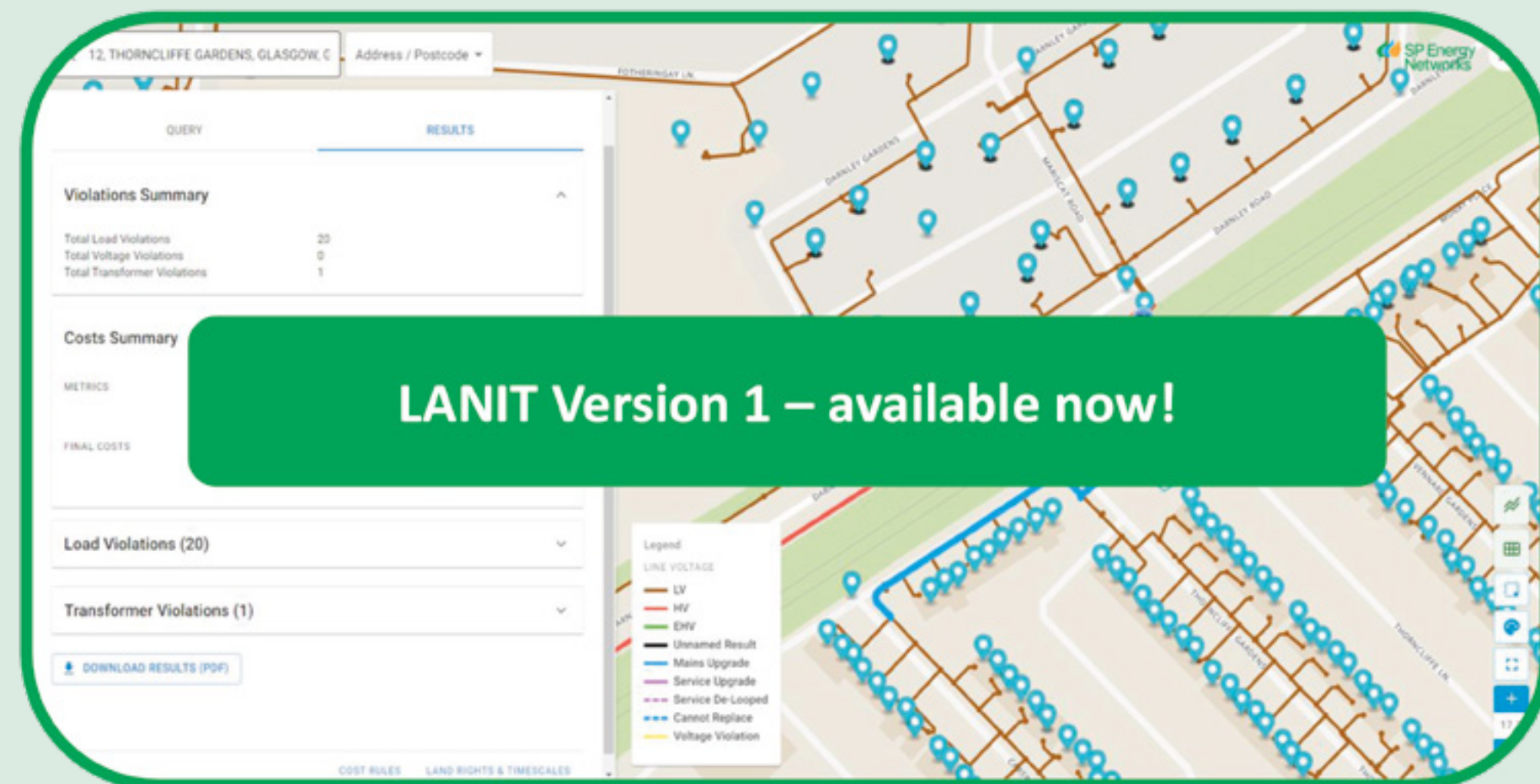


Figure 3: Local Authority Network Insight Tool (LANIT)

## Example: Supporting the Welsh Government's long-term planning vision

The Welsh Government is working closely with electricity and gas network operators to develop a strategic approach to network planning, ensuring networks can support the energy systems transformation as Wales aim to be the first country to have a joint approach to developing both networks. To do this the Welsh Government is leading the development of a strategic plan for the future energy grid to 2050. This work is gathering and assessing evidence, considering scenarios, and advising on short-term 'low regret' actions that can be taken immediately.

Our team have been working closely to develop bespoke datasets supporting the needs of the Welsh government, and the local communities ensuring ambition is realised. We also ensured that the information which we obtain through these activities is fully embedded within our Network assessment and modelling tools, to ensure that our future forecasts, and our DFES, are fully aligned with the ambitions of our local communities.

The work with 8 Local Authorities across Wales to develop LAEPs has subsequently supported regional and national energy plans. The 6 LAEPs in North Wales supported the development of the North Wales regional energy plan and the 2 LAEPs in Mid Wales supported the development of Mid Wales regional energy plan. Both strategies will be used to develop a National Energy Plan for Wales, which is due to be published by December 2024.

Powering Wales Renewably is an innovation project that SPEN are involved in, which has recently received funding from Ofgem and Innovate UK's Strategic Innovation Fund. The project will create a digital twin of Wales's energy transmission and distribution network. The digital twin will incorporate data sets and digital technologies to create a unique common interface, accelerating the integration of renewable generation and ensuring better coordination across the whole energy network.

This significant project brings together computer generated imagery (CGI), the Welsh Government, National Grid Electricity Distribution, National Grid Electricity Transmission, National Gas Transmission, SPEN, CENIN Renewables and Wales and West Utilities. The project will identify priorities and address obstacles in the delivery of decarbonisation plans, using new digital technology. This will prepare the system for Net Zero while delivering benefits to Wales's citizens and communities.



# Managing Asset Risk

We have continued to combat asset risk this year through targeted risk reduction initiatives and improvements to our risk modelling techniques and platforms.

A high priority issue associated with VMX HV switchgear emerged over 2023, with increased cases of asset failure. We have developed a targeted approach to mitigate these risks through advanced asset inspection using new equipment and pivoted our intervention programme to manage these assets.

We further improved public safety this year by managing legacy LV inspection chambers in our SPD licence area. Failure of the assets inside these chambers risked the release of fault energy into public areas. We responded by beginning a programme of backfilling around 100 chambers identified in high-footfall areas in Edinburgh City Centre. A mobile app has been developed and rolled out to capture the location of all chambers across all Districts in SPD and further investment will be provided as this data is returned.

We are a key contributor to the Energy Networks Association (ENA) NARMs working group which is currently developing new asset models for inclusion in Common Network Asset Indices Methodology (CNAIM) V3 for use in RIIO-ED3. As part of this we have proposed methods of determining condition and consequence of failure for new assets, using our internal methodology and learnings from data collection and assessment.

Similar to our work on CNAIM, we have been developing our asset data platform for Overhead Lines (OHL) to combine all asset data into a single model, including LIDAR results, condition information, GIS and weather data. This new digital model has improved our ability to identify the highest risk assets and protection zones for a pilot number of circuits. This includes trialling simulation of storm scenarios using Finite Element Analysis to predict asset failures. We presented this model at Council on Large Electric Systems (CIGRE) in August 2024.

## Increase performance and reliability

### Vegetation Management

Our overhead lines remain in managed cutting cycles in order to meet statutory obligations for safety clearance under ESQCR legislation and ENATS 43-8 guidance. These cycles reduce the risk of unplanned outages caused by tree related issues. During the regulatory year we have undertaken vegetation clearance cuts on 74,459 spans.

Each year we invest in delivering compliance with Engineering Technical Report 132 (ETR 132) to improve network resilience and performance under abnormal weather conditions. We have increased the amount of our network that complies with ETR in the latest reporting year to 36% and 19% in SPD and SPM respectively.

### Worst Served Customers

Within RIIO-ED2 we have commenced 84 Worst Served Customer Schemes affecting around for 9,296 customers. We have invested ~£1m on 43 of these schemes so far, including the strategic deployment of additional network controllable points providing early performance improvement for some of worst served customers.

### Network Automation

Strategic deployment of network controllable points (NCPs) allow us to rapidly re-configure the network in fault conditions. We have deployed 365 new NCPs to improve performance in RIIO-ED2.

## Manage safety and resilience

### OHL Safety

Over and above our 6-year visual inspection cycle of our overhead assets, we continue to survey our overhead network at all voltages using LIDAR technology, flying one third of our network per annum. We have resolved >4,700 OHL clearance hazards that have been identified within the last year.

### Flood Resilience

Our original RIIO-ED2 plan front ended the undertaking of detailed risk assessments at substations identified at risk of flooding. We have completed 217 of these in year 1. Design and delivery of interventions to achieve resilience with industry Flood resilience standard (ETR138) are now being progressed where required.

### Fire Safety

We have completed fire risk mitigation at 144 substation locations within year one of RIIO-ED2. This includes fireproofing, ventilation, retrofitting equipment with lower risk alternatives, and fire compartmentation.

### Rising Lateral Mains

Within RIIO-ED2 we are continuing our risk-prioritised modernisation programme by upgrading poor condition rising and lateral LV main assets where they are identified. Almost 5,600 customers have benefited from asset replacement investment.

### Link Boxes and Pillar Replacement

Using industry asset risk-based approach (CNAIM V2.1) for RIIO-ED2, we have proactively replaced 676 (303 SPD and 373 SPM) of our poorest condition LV link boxes and pillars in year 1.

### LV Monitoring Deployment

In year 1 of RIIO-ED2 we have installed 1,305 LV monitors, significantly ramping up in years 2 and 3. This significantly increases our visibility of the LV network improving connection and reinforcement design as well as LV fault finding.

### Civils Condition

We have invested over £8.7m on replacing and refurbishing of our poorest condition civil assets, ensuring safety and security of our substation assets while maintaining a safe environment for operation. We are continuing to review network buildings to identify any sites with potential Reinforced Aerated Autoclaved Concrete (RAAC).

### Electricity System Restoration (ESR)

We are increasing the resilience of our network to enable ESR, including a further £0.6m on asset resilience in year 1. We are developing our submission for the Electricity System Restoration Re-Opener in June 2025 with initiatives to support the National Electricity System Operator including through Distribution Restart Zones in line with the latest ESRS Policy Statement from the DESNZ.

# Network Resilience, Reliability and Safety

Our customers are increasingly dependent on their electricity supply as they decarbonise transport and heating. The electrification of heat and transport will increase network power flows, meaning our assets are working harder than ever before.

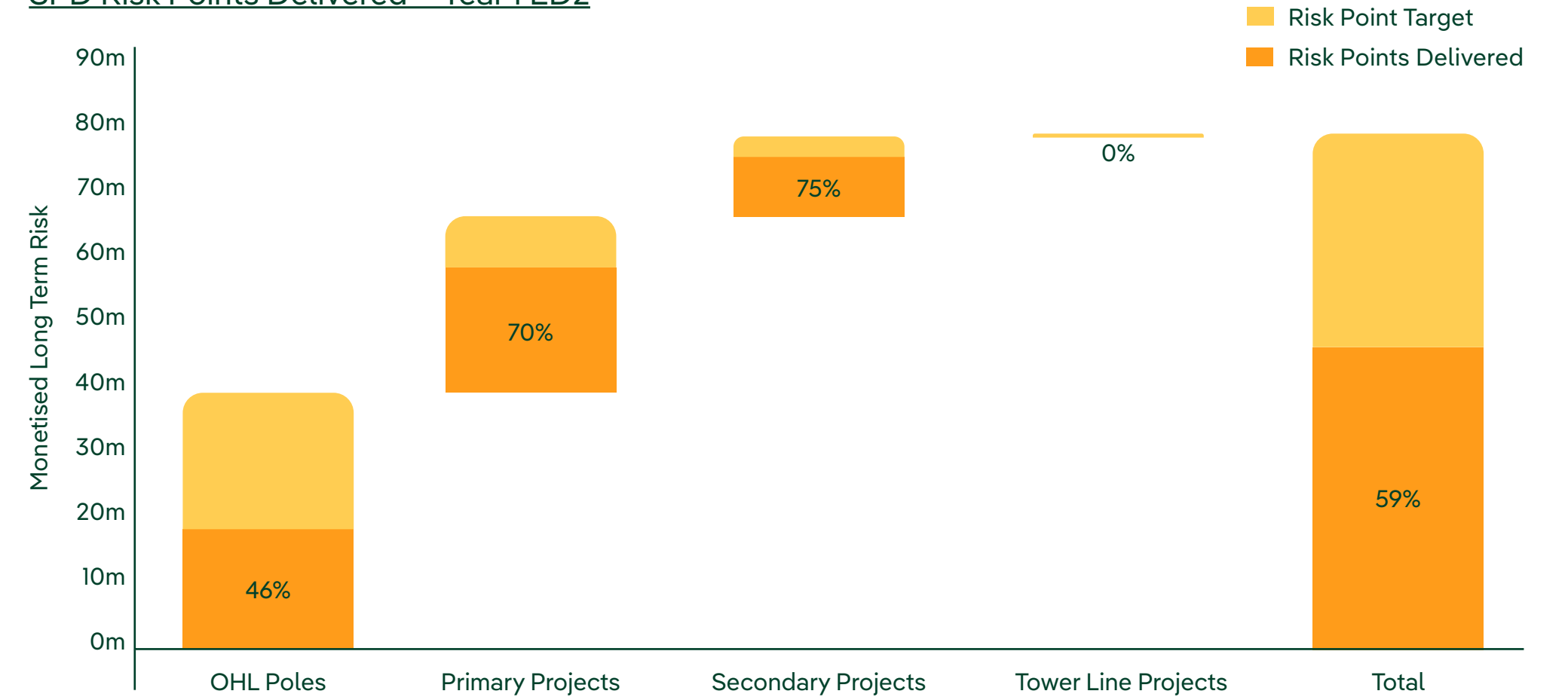
To support our customers, communities, and country with Net Zero we are delivering across three main areas to manage our network's safety, reliability and overall resilience:

- Manage overall risk (health and criticality) of our network.
- Increase the performance and reliability of our network.
- Manage the safety and resilience of our network.

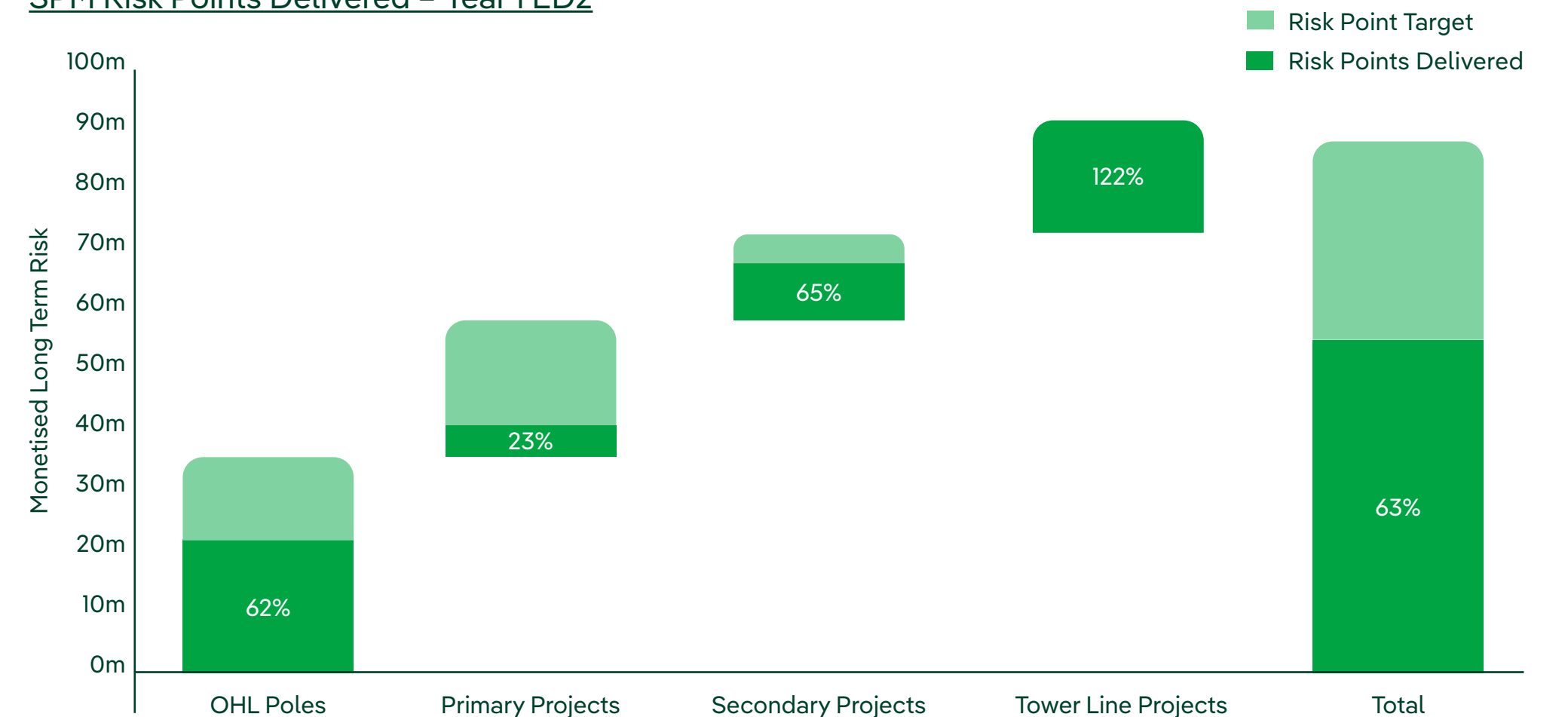
## Network Asset Risk Metric (NARM) Assets

- Our RIIO-ED2 asset modernisation programme was developed to target the right assets with the right intervention, at the right time. We utilise the CNAIM, developed with all other UK DNOs and approved by Ofgem, to determine the future risk of our assets by assessing asset health and criticality. Our interventions are underpinned by engineering justifications and are optimised into work packages to ensure we continue to operate a safe, reliable, and resilient electricity network.
- Our plan in RIIO-ED2 is to reduce the long-term monetised risk of our NARM assets by £359.3m in SPD and £454.2m in SPM. This ambitious target builds upon our successful RIIO-ED1 delivery of managing asset risk and continues to focus on modernising our poorest condition assets.
- The outputs of our first year of RIIO-ED2 have demonstrated that we have delivered 13% and 12% of our 5-year plan in SPD and SPM respectively. This delivery is behind a linear delivery target of 20% for the RIIO-ED2 period and is largely due to external market challenges in OHL programmes and primary projects. OHL delivery has been impacted by a national resource shortage which is impacting our planned modernisation programme, this is compounded by a demanding polychlorinated biphenyl (PCB) programme which requires OHL resource to remove contaminated equipment by December 2025. Primary plant projects have been impacted by long lead times and delays in equipment delivery in year 1.
- We remain committed to delivering our original risk targets and are continuously reviewing progress, mitigating risk of shortfall with proactive recovery actions to deliver our total asset risk reduction targets over the remainder of the period.

SPD Risk Points Delivered – Year 1 ED2



SPM Risk Points Delivered – Year 1 ED2



# Connections

## Customer Satisfaction Survey

Customer Satisfaction for Major connections is performing well and is on track against our stretch targets to achieve 9.4 by the end of the price control. In both licence areas, the first 6 months of the incentive reflected a period where we achieved stability within our Design and Development Team and embarked on recruitment and training of staff. Following this, plus improvements made throughout the year based on real customer feedback, we saw a sustained improvement to the scores from October to the end of the regulatory year.

## Progress on Completion of the Major Connections Strategy

This year saw us embark on the delivery of the Connections Strategy we set out within our ED2 Plan. This strategy was focused around Ofgem’s baseline expectations, within the Major Connections arena.



## Our ED2 Commitments

In ED2 we made 5 commitments relating to Connections. These commitments relate to Developing a network that’s ready for Net Zero and the priority of providing timely and efficient connections.

### Our Commitment

We will nominate a point of contact to all customers requesting 30 or more quotations per year or have a single project exceeding £1m in value, using dedicated account management to foster better relationships with repeat customers, by 2025.

### Progress in first year of ED2

We now have a team of 4 Customer Relationship Managers working across our two license areas to provide key account management.

1

### Our Commitment

We will offer 80% of HV and EHV customers the choice of a firm and a flexible connection where a known constraint exists to achieve more coordinated network planning by 2025.

### Progress in first year of ED2

Considerable work is underway within our network planning team to enable future operation of Constraint Management Zones and further flexible products. This also interacts with our DSO strategy for which we recognise the important impact.

2

### Our Commitment

We will quote within 70% of guaranteed standard timescales for Major Connections customers using our improved digital solutions. By 2028, 100% of customers to receive a budget offer at the point of enquiry.

### Progress in first year of ED2

Our time to quote performance for LV Generation, UMS and non-contestable only services, we are quoting within the target commitment. This is positive for our customers as we are also focusing on quality quotations, with enhanced communications with customers throughout the process to discuss options. For HV Generation and all EHV projects due the complexity of the network including any transmission boundary analysis we currently are working within Guaranteed Standard but not within our 70% target.

Also, since April 2023, we have also been applying the Access Significant Code Review changes and holistically network planning in order for our customers to benefit from network reinforcement. This has increased the amount of reinforcement quoted this year by 75% vs. the previous year in SPM alone. Significant Code Review has benefitted customers at all voltage levels and can sometimes take longer to analyse the network however is a positive step in network resilience.

3

### Our Commitment

We will make increasing amounts of connections related network information available in near real time, including capacity and constraint analysis. This will use increased digital data sets by 2025.

### Progress in first year of ED2

We know a high number of our customers would like the opportunity to optioneer prior to applying for a quotation. In order to do this, tailored and readily available data is key. We recently implemented our Open Data Portal, which can be freely accessed by all customers and stakeholders from our website. The Open Data Portal is our centralised repository for data that we will be sharing openly, allowing users to easily search our open data catalogue. Our internal digital team are currently exploring opportunities to open these digital data sets further within the next year and explore further self-service of data options for our customers.

4

### Our Commitment

We will improve connections delivery timescales by 2% year on year from the start of ED2.

### Progress in first year of ED2

Now that we have year 1 results for our Major Connections time to connect we will seek to improve these timescales year on year in line with the target.

5

# Be the trusted partner for Customer, Communities and Stakeholders

Customer Satisfaction	Pg22
Our Consumer Vulnerability Strategy	Pg23
Stakeholder Engagement	Pg26



# Customer Satisfaction

Within our RIIO-ED2 plan we set out our ambitious commitment of delivering 9.4/10 Customer Satisfaction across all the services we deliver and channels we offer. We have set targets increasing each year across ED2 to reach 9.4 and are on track against our plan in the first year.



## Complaint handling ●

Our customers also need to trust us to handle any complaints properly. We handled 5,440 complaints with 86% resolved within 1 Day and 98% resolved within 31 days. We received zero repeat complaints, and no complaints were upheld by the Energy Ombudsman. This has ensured that we have continued our strong performance in this area from RIIO-ED1 and significantly outperformed the regulatory targets in this area.

## Responding and communicating ●

We received 632,383 calls this year – of which 521,723 relate to power cuts. From the 521,723 only 2.28% were abandoned. We've invested heavily in our omni channel systems over the last year and expect to see this deliver improvements in our call handling performance and allow us to deliver on our commitment to contact customers on their preferred channel of choice.

## Institute of Customer Service (ICS) Benchmarking ●

We benchmark regularly against the Top 50 companies in the UK and in 2023/4 we achieved a score of 84.3, higher than the No. 1 Ranked Company.

SPD customer satisfaction in 2024



SPM customer satisfaction in 2024



## Some of our RIIO-ED2 Customer Satisfaction Highlights



We received zero repeat complaints, and no complaints were upheld by the Energy Ombudsman.

We have implemented a world leading CRM and telephony platform so we can deliver the best experience for our customers and stay ahead of technology advances.

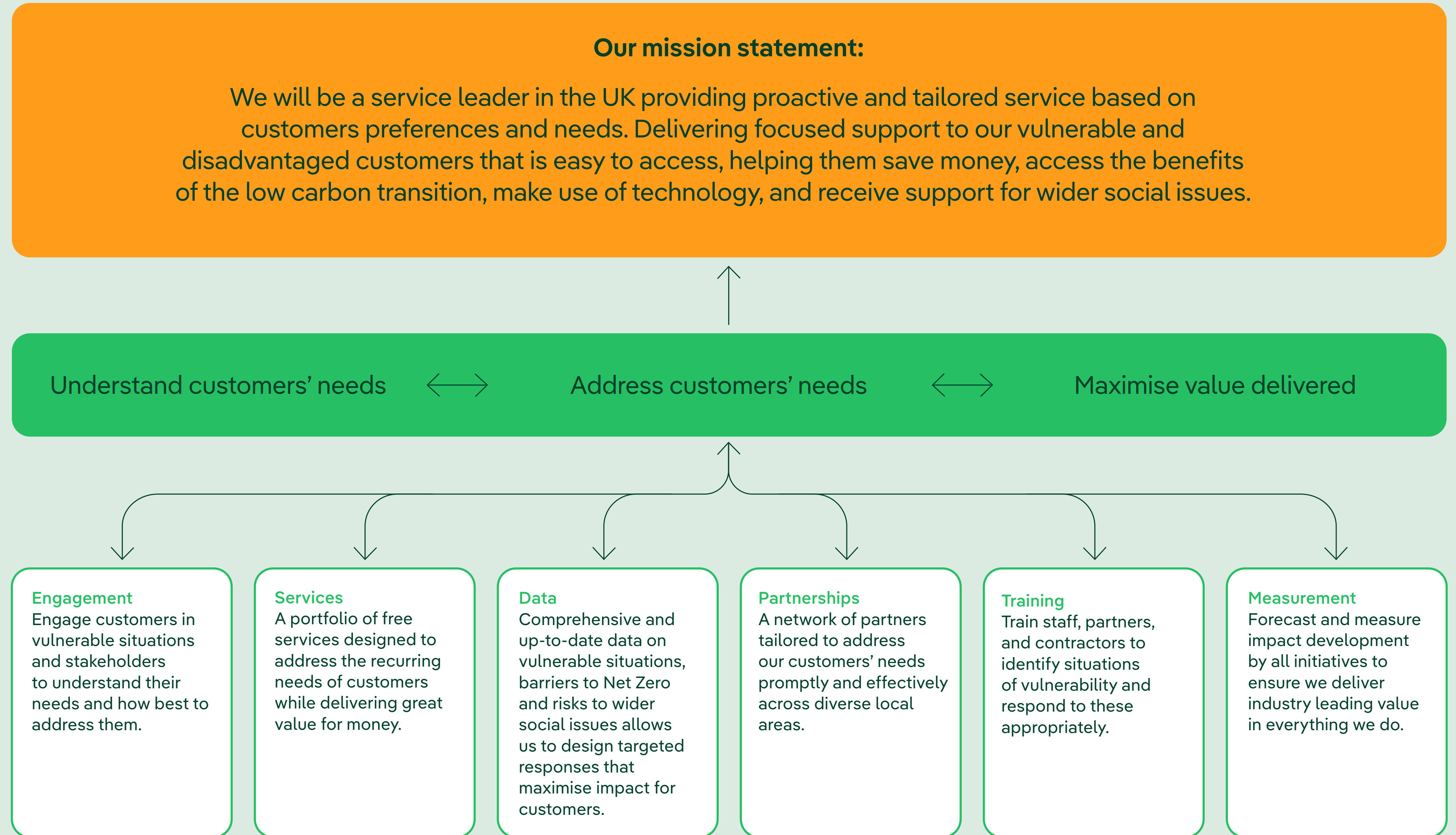
We are on track to deliver our stretching Customer Satisfaction ambition.

# Our Consumer Vulnerability Strategy

We introduced our vulnerability strategy in 2015. It has since been continually tested and refined in collaboration with our customers and stakeholders. It is designed to be dynamic, allowing us to address both immediate and long-term challenges.

Our strategy rests on two elements: a mission statement, providing our objectives in supporting vulnerable customers, and a set of action statements that describe the levers through which we operate to achieve our overarching mission statement.

Our [Annual Vulnerability Report](#), published in July 2024 outlines our key actions and progress towards our commitments so far within RIIO- ED2 and can be found on the SP Energy Networks website.



## Partnership Model



**We will transition our partnership model to be proactive by creating a coalition of organisations with shared goals and data-sharing governance to deliver holistic and efficient support.**

This change will bring together a range of partner organisations whose purpose is to support people in need. This innovative network of support bodies offers a standardised approach to recording customer needs and sharing referrals across organisations based on the needs that have been identified. Through a centralised function, the Coalition of Partners (CoP) integrates the support of all partners to provide a holistic support package to customers that addresses their situations of vulnerability to bring about material and lasting change.

### Status Update

An initial trial phase with nine organisations in the Glasgow area has now been completed. We are in the process of implementing a set of strategic and operational modifications to ensure the CoP evolves into an increasingly scalable model. These improvements include:

- The development of a referral platform: Developing to a web-compatible referral platform to will ensure a more intuitive tracing system and user-friendly referral process to be deployed at scale.
- Redesign of the Data Sharing Agreement (DSA): The current DSA is being restructured to allow for more accessible addition of new partners. This aims to facilitate the inclusion of a wider range of organizations such as local authorities, and health and emergency response services.

These measures ensure that the CoP evolves into a more effective and scalable model, providing comprehensive support to a broader range of individuals and fostering continuous improvement.

## Single Shared Vulnerability Register



**We will lead the creation of a single vulnerability register which our Priority Services Register (PSR) will be part of, linking the organisations in our coalition partnership model. This 'Register Once' service will make it easy for customers to register for vulnerability services with multiple organisations.**

A central register through which referral partners have holistic visibility of customer requirements, beyond common utilities needs codes (e.g. digitally excluded customers, those with low or no qualifications).

### Status Update

We developed and implemented an end-to-end process that provides partners with visibility of customer needs as part of the Coalition of Partners. This process includes the following tools:

- An individual data form
- A central database
- Referral forms

Our next step is to develop an on line portal to allow all partners to share customers needs enabling a much richer set of services to be delivered to our customers.

## Reaching those who need help



**We will register 80% of customers across every common needs code for PSR Registration by 2028 based on nationally available data.**

Comprehensive coverage of eligible customers across common need codes will ensure we can support them effectively during different scenarios. We leverage our valued partnerships to drive PSR awareness and uptake. All our partners have a role to play in this.

### Status Update

The commitment is on track to being fully delivered within the ED2 period. We are making significant progress in closing the gaps identified in our ED2 Vulnerability Strategy document. In particular, there has been considerable growth in PSR reach within the following needs codes:

- Families with children under five
- Individuals of pensionable age,
- Those unable to communicate in English

The PSR reach for families with children under five has increased to 60.3% (SPM) and 60.1% (SPD) compared to the 31% referenced in our ED2 Vulnerability Strategy. Beyond solid performance across all need codes, our PSR registration process has proved efficient in registering 91.7% of all eligible customers across our region. By continuing to implement this tried-and-tested process we are confident that our commitment will be met within the RIIO ED2 period.

## Broadening PSR to capture wider vulnerability



**We will broaden our view of vulnerability, capturing needs broader than common utility codes, and building these into our service offerings and coalition partnership model.**

Establishing a broader understanding of the situations of vulnerability beyond the PSR need codes will allow us to better address needs during power cuts, tackle situations of fuel poverty and remove blockers faced to the energy system transition.

### Status Update

We defined an approach to measure the risk of being left behind by linking direct customer research with publicly available datasets that capture situations of disadvantage (e.g. rural or off grid homes, low income areas, areas with high volume of rented properties). We then built a risk of being left behind index based on this approach. This was achieved via the NIA-funded Vulnerability in Energy System Transition (VEST) innovation project.

This tool has helped us build a more developed understanding of what blockers feature in certain regions, allowing us to prepare tailored, effective, and efficient strategies for addressing LCT uptake for those most vulnerable groups in our community.



## Keeping our records updated

We will contact 100% of all our vulnerable customers every 2 years, achieving a minimum of 60% fully validated data.

Frequent customer contact will drive enhanced data quality that is essential to support customers effectively during emergencies and business-as-usual situations. We will employ a range of proactive and reactive channels to contact and update the information of all PSR customers on the register on an ongoing basis.

### Status Update

Over the past year we have leveraged a range of channels to contact PSR customers and update their information. As of the end of 2023/24, we have contacted 100% of all vulnerable customers over the past two years – this standard will be maintained at the end of the 2024/25 regulatory year. While we are tracking the % of PSR records validated, we will report against the 60% commitment at the end of the second year of the ED2 period, in line with our commitment.

**1,232,263**

Number of households on PSR at the start of the ED2 period

**1,320,358**

Number of households on the PSR

**+7.15%**  
over the past year

**170,967**

PSR records added over the past year

**170,967**

Proportion of eligible customers signed up to the PSR (32.8% of our customer base)

**82,872**

PSR records added over the past year (via data cleanse)

We have attempted to contact 100% of our registered PSR customers to verify their data over a 24-month period

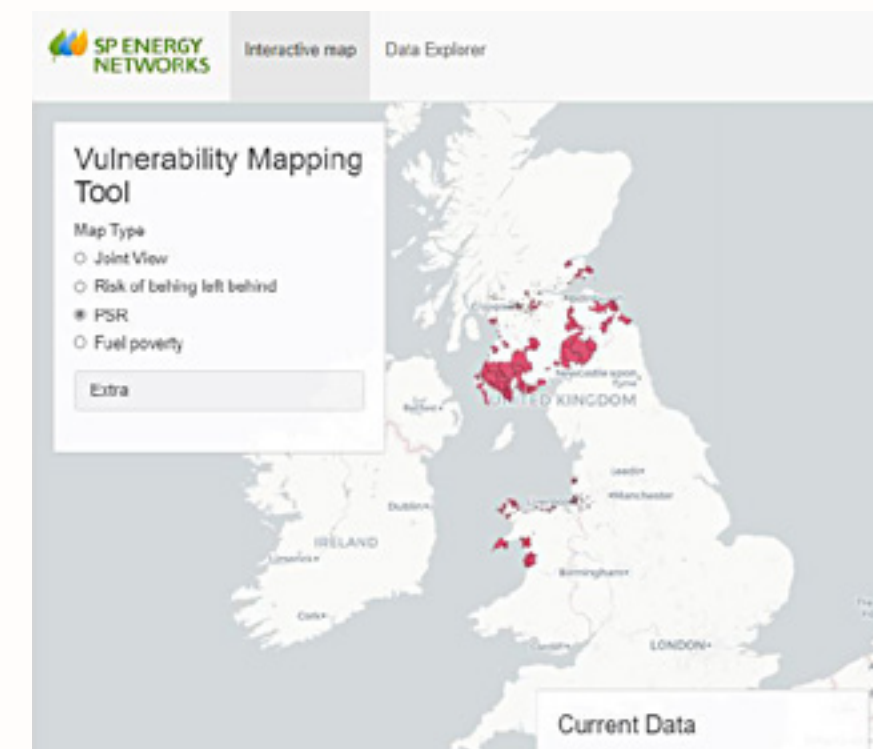
## Prioritising customers for Low Carbon Technology support

We will use data creatively to understand customers likely to face barriers in accessing low carbon technology due to social factors and overlay this with technology data to create a LCT Prioritisation ranking enabling us to best target our services.

Enhanced service targeting, which will allow us to better address the needs of customers and remove blockers they face to the energy system transition. This is closely linked to the 'Broadening PSR to capture wider vulnerability' commitment.

### Status Update

We developed an approach to merge Fuel Poverty data, PSR data and the risk of being left behind index to produce a first-of-a-kind unified view of vulnerability. This was achieved via the NIA-funded VEST innovation project.



## Understanding customer needs in a power cut

We will support customers in a number of ways during a power cut and capture their individual needs through our contact channels with no less than 99% of needs being met.

Offering a range of flexible power cut support services ensures that we can address customers' individual needs flexibly during emergencies. At the same time, capturing and recording their needs, allows us to gather a better understanding of their individual circumstances and address these proactively as required in the future.

### Status Update

Over the past year we have continued to offer tailored services to address the individual needs of vulnerable customers during power cuts including proactive contact, support packs, generators, hot food and drinks among many others. Over the past year we have continued to capture customers' needs on the needs tracker first developed in 2020. In addition, we regularly and proactively address these needs as they arise.

E.g our Social Obligations Co-Ordinators visited PSR customers throughout an outage in Holywood, Dumfries offering in-person assistance and advice. This was followed up with a larger community event in the Town Hall to support preparedness and ensure the community had access to available ongoing support.

## Delivering support to customers in all aspects of vulnerability

We will deliver direct support services to 100,000 vulnerable and disadvantaged customers.

*176,000 support services were removed from the commitment being tied to Consumer Value Propositions (CVP's) not accepted at final determinations.*

We aim to lift customers out of fuel poverty and/or mitigate the negative impact of living in a situation of fuel poverty as well as removing blockers that customers face to the energy system transition. We will work closely with delivery and referral partners to deliver the in-depth support programmes and referrals to welfare services.

### Status Update

In 2023/24 we worked closely with potential suppliers to:

- (i) design the appropriate tender and contract strategy, and
- (ii) stimulate interest among national and local charities to deliver the significant in-depth support volumes targeted for the ED2 period.

The contracts are now in place and in-depth support is being delivered. Delivery partners are actively delivering Fuel Poverty and LCT support services, and we have also leveraged existing relationships with existing partners to deliver welfare services.

We are on track to deliver the updated target volume of:

- (i) 60,000 Fuel Poverty in-depth services, and
- (ii) 40,000 LCT in-depth services.

# Stakeholder Engagement

Effective stakeholder engagement is crucial across all activities, and we continuously refine our approach ensuring it remains robust and impactful. Our strategy is built on five core principles which guide our nine-step engagement process, helping us to communicate and collaborate effectively with our stakeholders.

In early 2024, we conducted our annual stakeholder survey to reassess engagement priorities and the relevance of our Strategic Pillars. Our three strategic pillars set out the commitment to:

- Develop a safe, secure, and resilient network that's ready for Net Zero
- Being the trusted partner for customers, communities, and stakeholders
- Innovating to ready the business for a digital and sustainable future.

The survey results, which showed strong support for our strategic direction, have been integrated into engagement plans. Additionally, we have launched a new online engagement portal to enhance stakeholder participation, visibility of engagement activities and streamline our engagement processes.

Our commitment to continuous improvement is demonstrated by our adherence to the AA1000 Stakeholder Engagement Standard and the implementation of Social Return on Investment (SROI) modelling. These initiatives ensure that we meet stakeholder expectations, delivering meaningful and measurable outcomes.

## 1 Driving Engagement

Good engagement means communicating and collaborating. We work with stakeholders to ensure mutual understanding, minimise risk, shape projects and ultimately improve what we deliver.

### A Tailored Approach

First published in 2013, our Stakeholder Engagement Strategy delivers effective engagement and is based on a mature and proven approach. We review the strategy annually, considering strengths and identifying areas for improvement – with the most recent update published early in 2024. The strategy sets out the five principles which drive our engagement efforts, ensuring they are: Inclusive, Authentic, Tailored, Value-for-money, and Innovative. It details the nine-step process of how we plan, review and close engagements, with innovative tools to support our approach.

### Understanding Stakeholders' Priorities

In March 2024, we re-tested engagement priorities with customers and stakeholders through the Annual Stakeholder Priorities Survey. The survey replicated previous research on Priorities to measure how these have changed over time, as well as assessing the suitability of Strategic Pillars. Additional feedback was sought on wider business areas and to scope out the value of engagement assurance process. The survey was distributed to stakeholder contacts held within our Tractivity stakeholder management system, as well as promoted through social channels.

### Our Strategic Pillars



Develop a safe, secure and resilient network that's ready for Net Zero

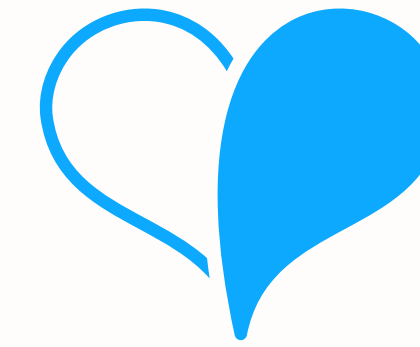
Network investment & development



Security of supply



Supporting decarbonisation



Be the trusted partner for our customers, communities and stakeholders

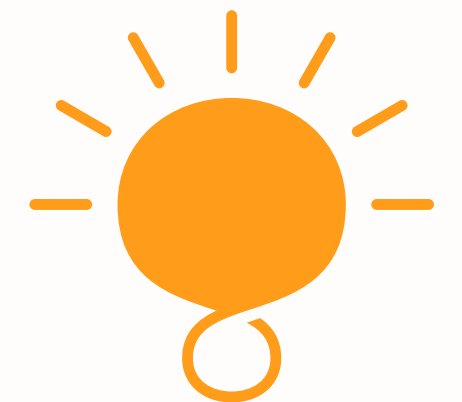
Customer service



Vulnerability



Work with our communities and stakeholders



Innovate to ready our business for a digital and sustainable future

Data & digitalisation



Investing in our people and their skills



Sustainability

## Stakeholder Priorities Survey

Findings from the survey are being integrated into engagement plans across the relevant business areas. Some examples of learnings are given below.

The top two priorities as ranked by stakeholders were:

1. Ensuring that we keep electricity supplies reliable and secure.
2. Developing the network of the future to enable the energy system transition and facilitate Net Zero targets.

- Most participants support the strategic pillars and do not feel their priorities have changed – with 84% of Stakeholders reporting agreement with the strategic pillars and our vision.
- Stakeholders indicated through the annual survey that ‘Delivering timely and efficient connections to our networks’ is a priority. Building on stakeholder feedback, we have facilitated webinars through local authorities, professional networks on planning and property services focused on network capacity, connections and open data.
- Generally, participants are satisfied with the level of engagement with some demand for more. Although some respondents were not aware that SPEN is compliant with the AA1000 Stakeholder Engagement Standard specifically, the majority did recognise the importance of this.

We will continue to be guided by the AA1000SES in our stakeholder engagement strategy and delivery. Looking ahead, we remain fully committed to a continual cycle of reviewing and improving our engagement practices. With recommendations from the AccountAbility Healthcheck, we are developing an action plan, working together with our stakeholders to deliver meaningful engagement.

The findings from the Stakeholder Priorities Survey were presented to our independent external stakeholder group along with the action plans. With their feedback and insights from the survey, we are working to continuously improve methodology and approach.

## Priorities

Ensuring that we keep electricity supplies reliable and secure.

Developing the network of the future to enable the energy system transition and facilitate Net Zero targets.

Delivering timely and efficient connections to our networks.

Supporting vulnerable customers and communities to ensure no-one is left behind in the energy system transition.

Working with stakeholders and communities to enable local energy solutions.

Making a positive impact on the natural environment.

Enhancing our workforce with skilled jobs from the communities that we serve.

Providing new and enhanced services to our customers and excellent satisfaction levels.

Providing new and enhanced services to create opportunities for our customers and stakeholders to maximise Net Zero benefits.



## 2 Effective Delivery

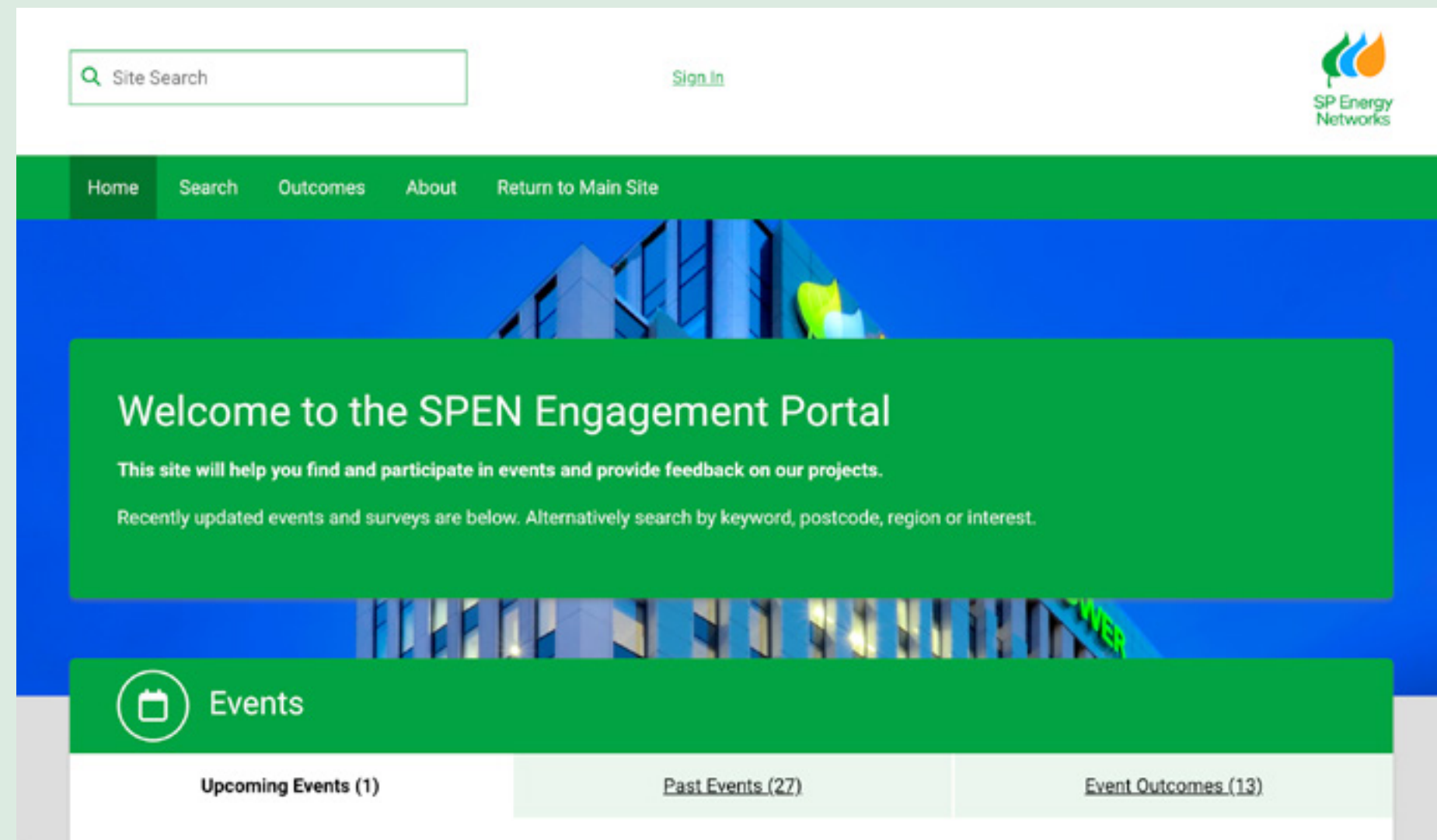
### Increasing Participation

We continue to build on the strength of our stakeholder engagement management system – Tractivity – and have updated its capabilities to provide us with greater flexibility and a wider range of functional tools on which to manage engagements. Our database holds details of more than 13,000 contacts, including 5,000 organisations, and we use this to identify and map stakeholders relevant to each engagement topic.

In January 2024, we launched a new Online Engagement Portal, powered by Engage-360 from Tractivity. The portal links directly to management systems and its dynamic features include the ability to quickly and easily publish and update surveys and event information. Links to information can be shared across various channels such as our website, social media and email communications.

By providing a user-friendly and accessible platform, stakeholders can easily view information, take part in surveys, and register for events. Stakeholders can participate in topics, and provide feedback at their convenience and importantly, we can share outputs and the impact of engagements directly with those involved.

The Online Engagement Portal is accessible via our stakeholder webpages, which have also been updated recently, providing a comprehensive overview of how and why we engage. The introduction of the new portal has boosted participation rates with an increase of 5.45%\* since the platform launched. As a result, we've seen a marked increase in stakeholder involvement, with more voices contributing to the conversation and shaping our work.



\*Participation rate is taken as the number of responses received as a percentage of the number of mailshots opened for the Annual Stakeholder Priorities Survey.

### Delivering Outputs

We have delivered an annual programme of engagement across our strategic topic areas, including director-led initiatives which are strategically aligned. The programme included a range of working groups such as the Sustainability Working Group, engagement with the Chambers of Commerce and strategic conversations with our independent stakeholder group. This has demonstrated senior-level buy in, addressing key issues with the necessary authority and insight.

Measuring the effectiveness of engagements through tangible impact delivered and the satisfaction levels of our stakeholders, ensures that our activities are both meaningful and valued. Through this approach we have fostered stronger connections and more productive collaborations with stakeholders.

### Inaugural DSO Stakeholder Conference

This year, we commenced delivery of our DSO stakeholder engagement activities, building on our industry leading and recognised programme from RIIO-EDI. In February 2024, we hosted our first DSO conference in Glasgow, welcoming nearly 100 stakeholders, and creating opportunities for collaboration and discussion through our workshops and panel sessions. The conference was an opportunity to talk to our stakeholders about what DSO means for them and the benefits it will deliver and we received positive feedback through multiple channels.



### 3 Ensuring Impact

#### Annual Assurance Audit

AccountAbility's AA1000 Stakeholder Engagement Standard (2015) is founded on the principles of: Inclusivity, Materiality and Responsiveness. It is a generally applicable, open-source framework for assessing, designing, implementing and communicating an integrated approach to stakeholder engagement.

To ensure stakeholder engagement continues to be fit for purpose, we enlist external accreditors AccountAbility to provide an independent annual audit of our strategy, governance and processes.

We are pleased to have once again improved our score in 2024. With a total score of 91%, SPEN continues to be placed within the Advanced stage of the AccountAbility Stakeholder Engagement Maturity Ladder. Our scoring is now in the Advanced stage across the areas focused on as part of the Healthcheck; from Engagement Commitment, Purpose and Planning, to Preparation, Implementation and Review. This is a first since we began undertaking these audits seven years ago, recognising improvements made.

As we move forward, we are dedicated to continuously reviewing and enhancing engagement practices. Guided by the recommendations from the AccountAbility Healthcheck, we are creating an action plan with input from stakeholders to ensure meaningful engagement.

AccountAbility AA1000 Stakeholder Engagement Standard:

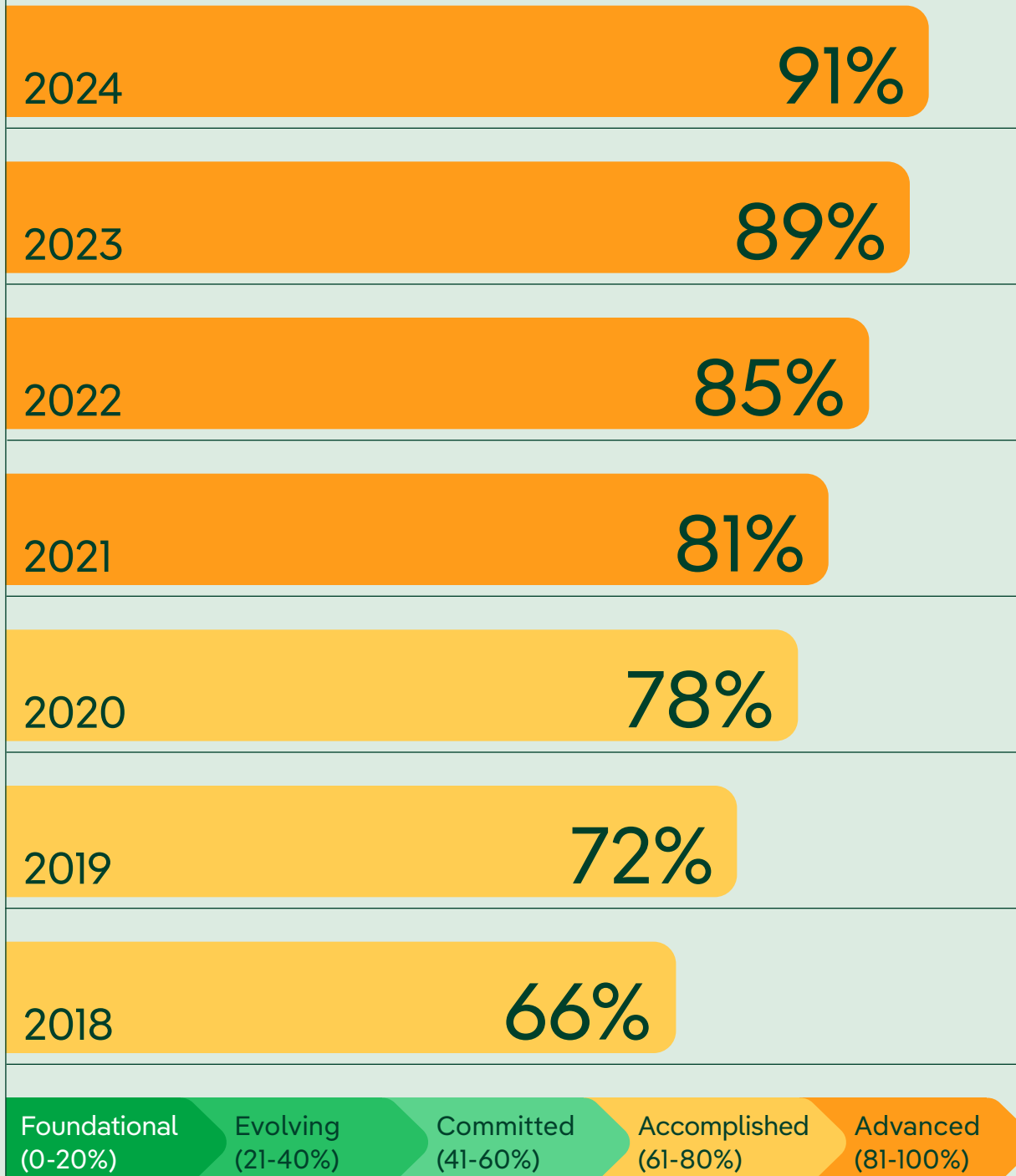
**Advanced**



“SPEN continues to be strongly aligned to the AA1000 AccountAbility Stakeholder Engagement Standard. The organisation shows a strong commitment to enhancing SPEN’s stakeholder strategy, which is communicated both internally and externally.”

AccountAbility Scorecard 2024

#### AccountAbility Health check Progress



#### Modelling Social Value

The value of projects with additional, traditionally qualitative impacts can be difficult to measure and compare. We've been working with other network operators to develop and adopt a social value framework that incorporates Social Return On Investment (SROI) modelling. This approach builds upon traditional cost benefit analysis by also measuring and accounting for the typically qualitative, social impacts of our projects.

Our new method of modelling SROI is centred around a measurement tool with an agreed governance process. Over the past year, we have delivered training across teams to improve understanding of social value and how the SROI modelling tool can be used. This will enable SPEN to measure forecasts and actual benefits of our actions, investments and initiatives on communities and the environment – in a consistent manner across the business and with other network operators.

#### The value types considered include:

- Financial benefits to customers and communities, such as savings or avoided costs
- Economic benefits, like creation of jobs
- Fiscal benefits, like changes in government spending
- Environmental benefits, including biodiversity improvements and reduced emissions
- Social benefits, such as improvements to health and wellbeing.



# Ready our Business for a digital and sustainable future

Environment	Pg31
Data	Pg34
Digitalisation	Pg35
People and Culture	Pg37



# Environment

We are committed to becoming a fully sustainable networks business and will play our part in enabling societal decarbonisation whilst ensuring our activities have a net positive impact on people and planet.

Our [Sustainable Business Strategy](#) has been developed through several years of collaboration with stakeholders and is regularly updated in response to internal and external policy developments to ensure that the business continues to manage the transition to a low carbon energy system over short, medium and long-term timelines.

We must halt the UK's loss of biodiversity and focus on the restoration of plants and animals that have disappeared since the industrial revolution to fight the climate and biodiversity crisis. In 2024 SPEN launched the [Action Plan for Nature](#), recognising our role in delivering Nature Positive by 2030, detailing our commitment and actions planned to deliver through innovation and partnerships.

As a business, we are proud to be leading the way towards a Net Zero Greenhouse Gas (GHG) future. We have set validated Science-Based Targets across all scopes to ensure we are reducing our direct and indirect carbon footprint in line with the latest climate science to ensure global warming is limited to 1.5°C above pre-industrial levels. During the year we reduced our Scope 1 and 2 GHG emissions (excl. Losses) by 36% from our 2018/19 Science-Based Target baseline.

We prepare a Distribution Annual Environmental Report which provides an update on performance against key metrics and the ongoing progress to deliver [RIIO-ED2 Environmental Action Plan](#) commitments. It sets out key activities to progress these commitments and gives examples of how we are supporting the transition to a low carbon economy whilst seeking to minimise impacts on the environment.

## High level Highlights

### Highlight 1 – Year of Sustainability

In April 2023, we launched our Year of Sustainability campaign delivering 12 months of knowledge sharing opportunities, case studies, workshops, and challenges to prepare us for a sustainable future.





### Highlight 2 – Planet Mark Certification

This year we achieved Planet Mark Business Certification of our Business Carbon Footprint for the 8th year, in accordance with ISO 14064-3 (2019). Planet Mark's Code of Practice adheres to the highest of recognised standards and is administered by an independent Advisory Panel.

### Highlight 3 – Global Good Awards 2023

SPEN were delighted to be recognised as a finalist by Global Good Awards for our commitment in supporting regional and national ambitions as well as our own sustainable business strategy. We achieved a bronze award for Sustainable Supply Chain of the Year and for the 2nd year in a row, achieved silver for Climate Action: Race to Net Zero category.

## Performance Metrics

Climate Action	Long-term GHG reduction target Scopes 1, 2, 3 by 2035 accredited by SBTi	67%	
	Reduction in Scopes 1 and 2 including Business Travel (excl. losses) from 18/19 SBT baseline	36%	↓
	Reduction in Scopes 1 and 2 (excl. losses) from last year	39%	↓
	Reduction in SF <sub>6</sub> emission from last year	10%	↓
	Years of continuous certification to the PlanetMark	8 years	
	Losses avoided	934MWh	↓
Circular Economy	Waste diverted from Landfill	94%	↑
Supply Chain	Supply Chain Sustainability School partner		
	% Suppliers (by value) meeting our enhanced environmental standards	63%	↑
	Suppliers with Science-Based Targets	44%	↑
Action for Nature	Pollution prevention plans implemented on 132kV projects	100%	↑
	Reportable environmental incidents	1	↑
Social Sustainability	Gender pay gap	8%	—
	AA1000 Account Ability Stakeholder Engagement Performance	 91%	↑
	Overhead lines undergrounded for visual amenity	5km	↑
	ISO14001 EMS certification		

↑ Increase in value   → Improvement from prior year   ↓ Reduction in value   — No change

### Sustainable Society

SPEN has maintained the certification to ISO14001 with an external audit of our Environmental Management System. We continue to partner with the Supply Chain Sustainability School to provide training. We have rolled out internal Leading and Managing Sustainability training courses to increase understanding with sustainability, our commitments as a business and what role they can make to turn these commitments into a reality.

Last year we published the Just Transition Strategy – the first of its kind for a UK electricity network company. This showcases our track record in prioritising the needs of communities and demonstrates plans to support customers and enable transformational change to ensure a more sustainable future. This autumn we are publishing the first SPEN Annual Just Transition Report, summarising the steps taken to embed the principles of a fair and equitable transition.

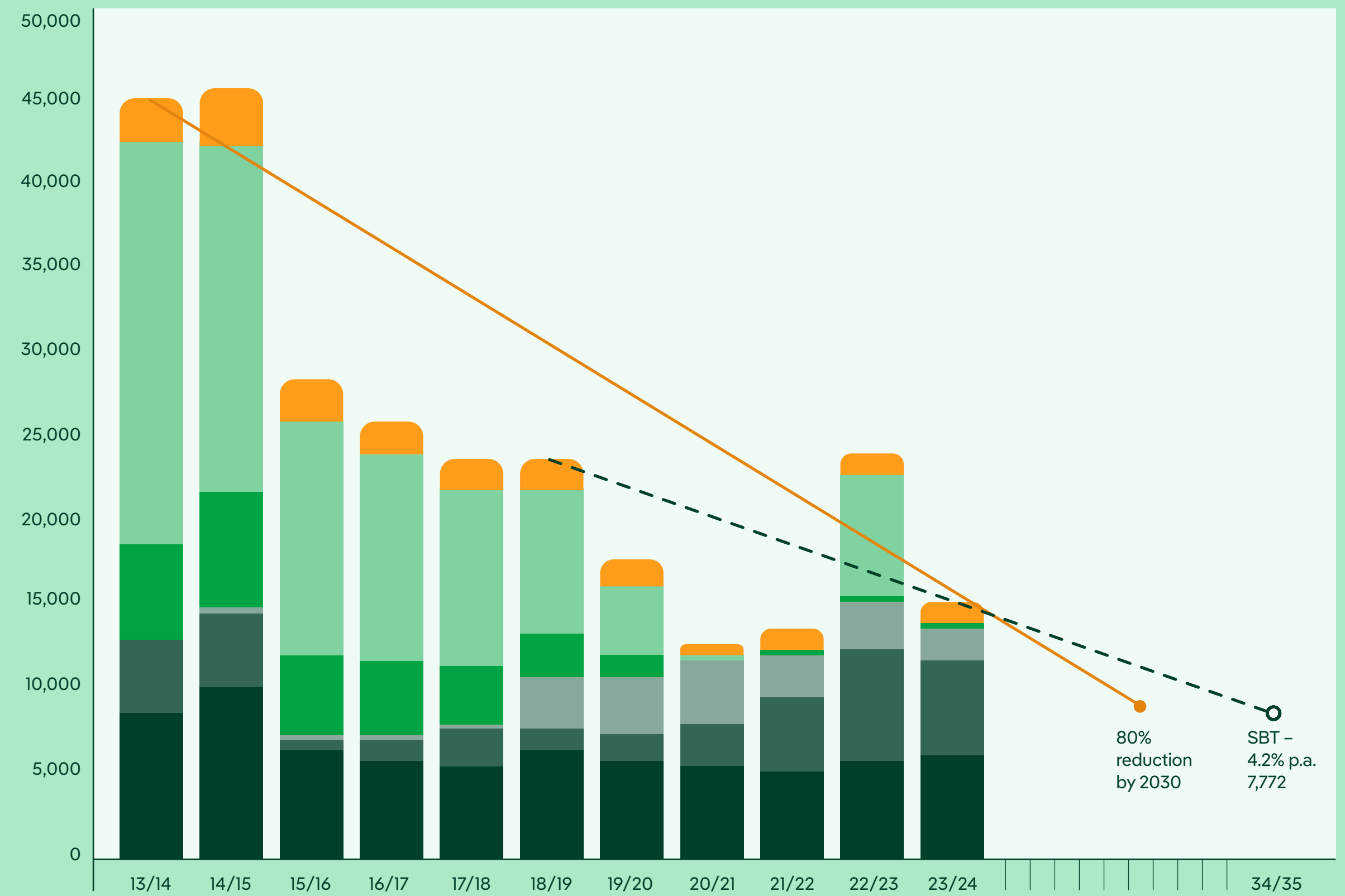


### Climate Action

Our Business Carbon Footprint (excluding losses) has decreased by approximately 39% from last year. We are on track to reach the medium-term target of an 80% reduction in GHG emissions by 2030 (set in 2013/14). The most significant reductions were a decrease in emissions associated with securing a green tariff for substation energy use, and a reduction in diesel use for generators as we moved towards using Hydrotreated Vegetable Oil (HVO) as a substitute.



Carbon Footprint Scope 1 & 2 (excl. losses, inc. Business Travel)



Business Travel	Substation Electricity Use	Office/Depot Electricity Use
Fuel Combustion (Generators)	Fugitive Emissions	Operational Transport
80% reduction by 2030	SBT - 4.2% p.a.	--



## Circular Economy

In 2023 we diverted 94% of waste from landfill, just short of the trajectory required to achieve 100% by 2030. We are monitoring landfill waste and engaging with contractors to ensure targets will be met. This is a key part of our commitment to encourage waste minimisation.

We are working to establish a baseline and targets for waste reduction per £1m of total annual expenditure and will be working with planning and design to gather data enabling these targets to be set. Internal engagement and stakeholder planning are key areas for us to establish the metrics for resource use reduction.

We have been engaging with the materials industry to research the potential for setting a % of recycled or reused content in our top materials by volume. Focus has been with concrete, steel and aggregates industries to discuss the 'business-as-usual' position for recycled/reused content and what the potential is for these industries throughout ED2.



## Action for Nature

This year we finalised the [Action Plan for Nature](#). This document details our vision for delivering a sustainable and nature positive network.

Understanding the state of biodiversity and natural capital across our network is a key part of developing plans to act for nature. In collaboration with other network operators and consultants AECOM, we are testing a tool called 'Eco-Uplift' which generates a biodiversity and natural capital baseline assessment for a given location. We are also undertaking a large-scale digitisation project for site land boundaries. Bringing in this tool will allow us to make better decisions in relation to infrastructure siting, project planning and site maintenance with regards to nature.

We are committed across ED2 to deliver a 10% enhancement of biodiversity on 25 hectares of existing network and non-operational existing linear infrastructure. We have identified sites with land that can be used for delivering enhancement and have started the process of gathering survey data and developing plans. We have engaged with several organisations including Buglife, The Conservation Volunteers (TCV) and Cheshire Wildlife Trust to discuss the 25-hectare target. A pilot project has been developed with the Cheshire Wildlife Trust to be delivered next year.



## Supply Chain

Supply chain engagement is critical for the delivery of carbon reduction, circular economy implementation and an overall increase in sustainability. We have scored the top 80% of our supply chain by spend, meeting our standards in 61% of cases for SPM and 65% of cases for SPD, we are on track to meet the 80% target by the end of ED2.

We are continuing to partner with the Sustainability Supply Chain School (SCSS) and have hosted events on green steel, biodiversity improvement and carbon reduction.



# Data

As we strive towards Net Zero, we must fundamentally change how we plan and operate our network. By increasing our use of network monitoring and improving our ability to analyse and interrogate data we will make better use of data, we will securely share data with our customers and stakeholders, and will deliver improved whole system solutions.

In our RIIO-ED2 business plan, we set out how we will treat data as an asset and harness the value of data. This means we will deploy solutions to govern data – creating accountability for high-quality data – and ensure that our stakeholders benefit from access to and use of data products to support their needs.

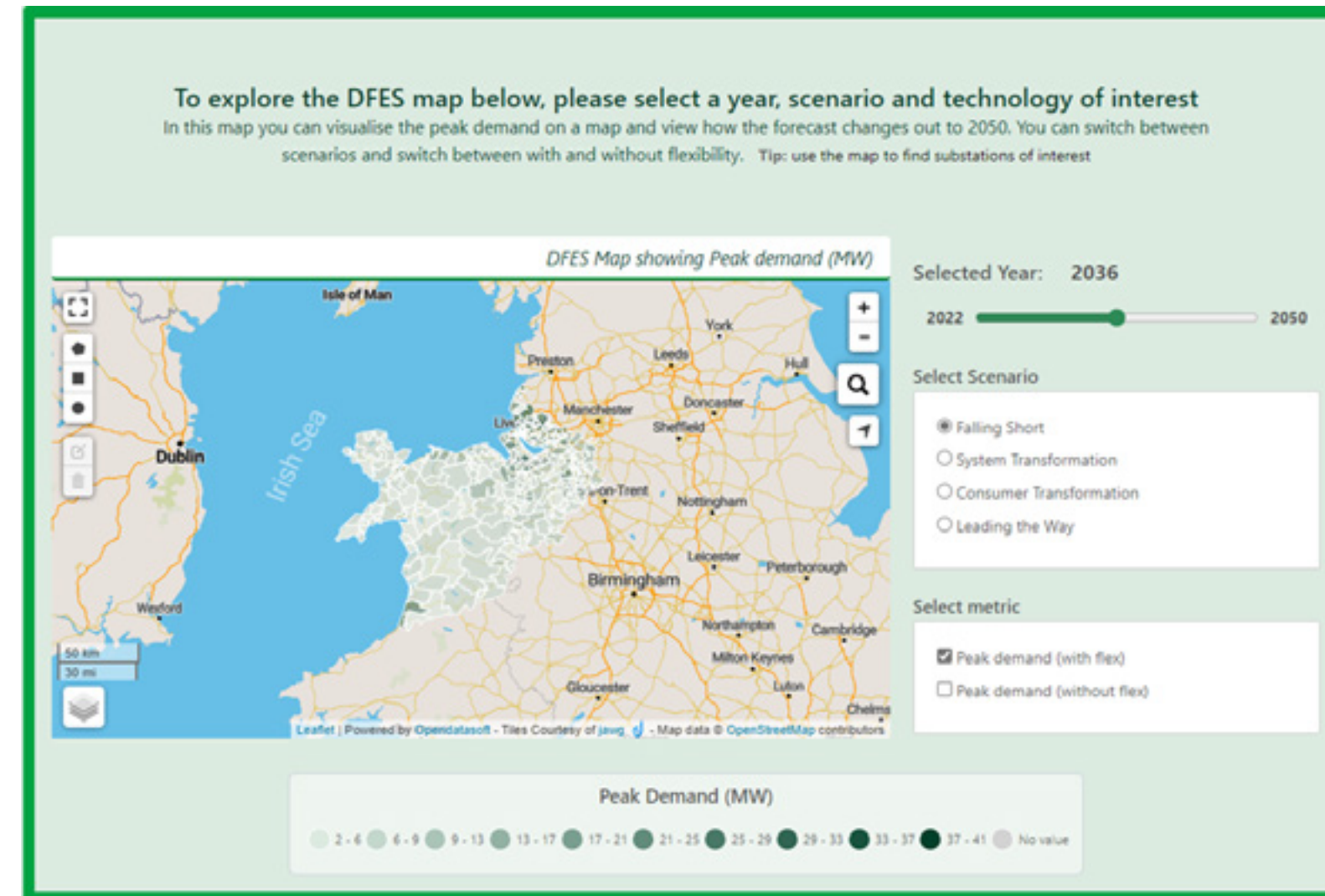
Treating data as an asset means to govern our data using policies, processes, and tools to ensure high quality data is mastered in our core systems. One of our foundational developments is the establishment of our Data Governance framework. At the start of RIIO-ED2, we appointed a dedicated Data Governance Manager, who has developed a suite of policies to support the business on how to create, manage and improve data assets. A fundamental enabler to the establishment of Data Governance in our organisation, is the deployment of our Data Governance platform Informatica. A central feature of Informatica is its' Data Catalogue, which creates a comprehensive inventory of all data assets, provides insights into their quality, and supports the development of improvement plans.

We know that access to our data supports our customers and stakeholders in realising their ambitions and are committed to sharing data on a “presumed open” basis. In 2023 we launched our Open Data Portal, enabling our customers and stakeholders to access datasets through a centralised location. In the last 12 months, we have engaged with stakeholders to better understand their needs, published new datasets, and enhanced the portal’s capabilities.

All of our publications go through a robust Data Triage process to ensure we do not expose any sensitivities, and we have enhanced our processes in line with the ENA’s Data Triage Playbook and the NPSA’s Triage Process Guidance. We have also worked closely with other network operators, Ofgem, and government departments to ensure we learn from the wider industry.

In the first year of RIIO-ED2, we published 17 datasets, including data from our Distribution Future Energy Scenarios (DFES) and Long-Term Development Statement (LTDS). We also created visualisations, enabling stakeholders to generate graphs and maps, and prepopulated charts. Through ongoing engagement with stakeholders via surveys, feedback forms, and industry events, our team have plans in place for future publications focussed on flexibility, connections, and outages.

You can find out more by visiting our Open Data Portal [here](#).



## How we are using our Data

In the last 12 months, we have also been collaborating with the ENA and other Network Operators to develop industry solutions which are standardised and interoperable. This work is centrally coordinated through our ENA working groups and has focused on LCT data and outage data.

For managing low carbon technologies, the industry has been developing Connect Direct – a digital solution for processing LCT connection applications. This process was previously managed via email, and the creation of an industry platform reduces the decision time for customers and LCT installers. We have integrated Connect Direct through a specifically designed secure API interface – delivered on our Azure platform – enabling network information to be consumed in real-time for each application, in many cases enabling instant feedback. This solution enables our teams to actively manage the growing volumes of applications which suggests we will be managing >10,000 applications per month.

For sharing outage information in real time, and following Storm Arwen, The Department of Energy Security and Net Zero (DESNZ), provided recommendations which would support government organisations during a storm. This included a recommendation to make live outage data available through a centralised portal accessible by DESNZ, Government Ministers, and Ofgem. To support this, we have developed a standard, interoperable data feed which provides real time information on the volume and location of outages through a secure API interface, delivered on our Azure platform, and are now providing on-demand data via a centralised ENA Dashboard App.

# Digitalisation

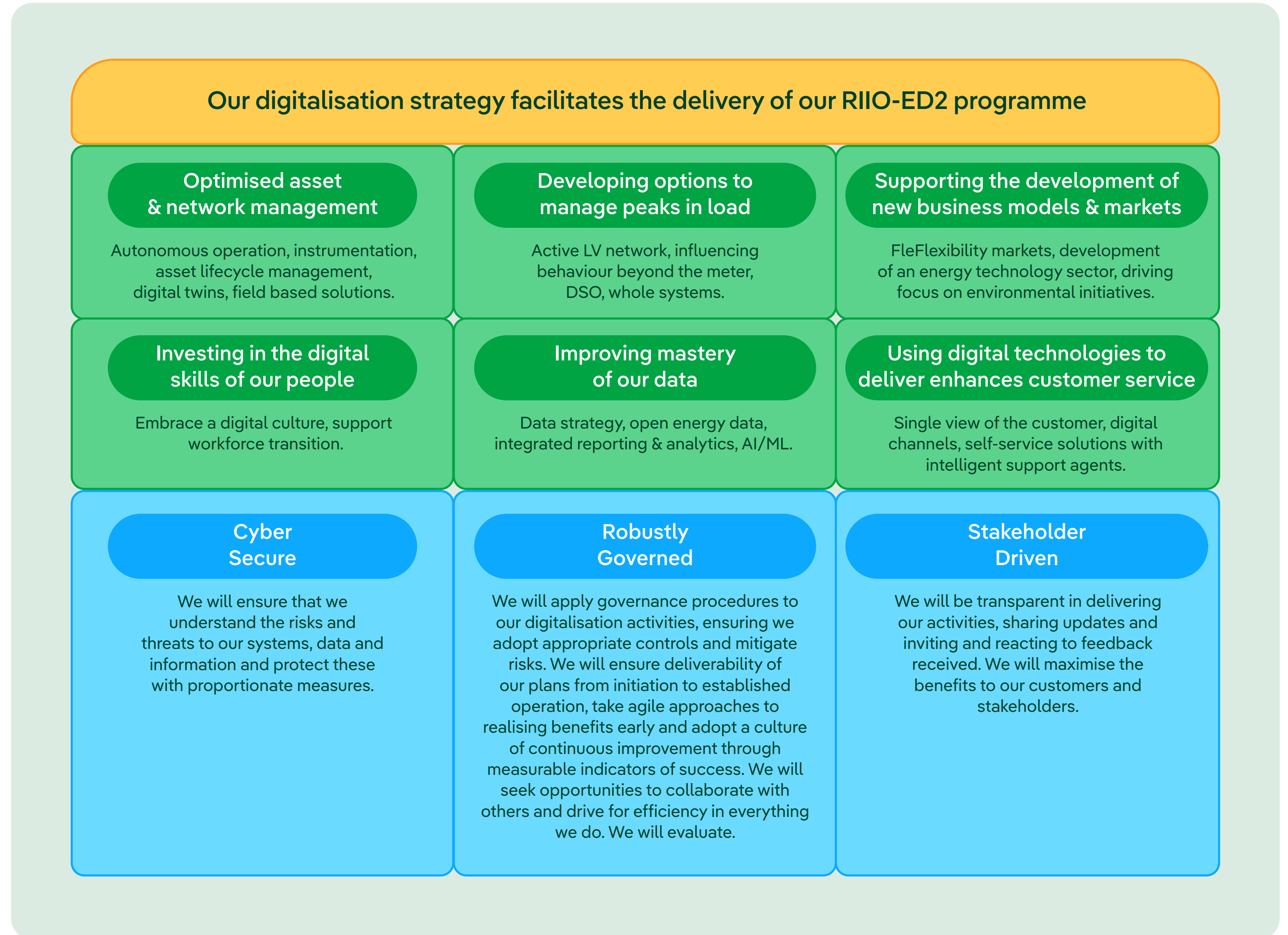
## Our ED2 Digitalisation Strategy

Digitalisation and data are at the heart of our plans to modernise the energy system and transition to Net Zero. We aim to deliver a modern digitalised energy system capable of improving the services we provide to customers and stakeholders whilst supporting a Just Transition.

We are investing in solutions that enable us to achieve efficiencies to represent value for money for our customers and have developed our digitalisation strategy to support the ED2 programme. Our Digitalisation Strategy is supported by six key pillars that have developed following customer and stakeholder engagement, to help us to measure and deliver success.

## Digital Strategy and Action Plan Updates (DSAP)

All updates to our Digitalisation Strategy and our Digitalisation Action Plans are available to view online in a user friendly, digital format. Here we provide updates every 6 months detailing progress of our delivery as we progress through ED2. We welcome all feedback on our plan and you can contact us with your views and submit information requests via the website – [Our Digitalisation Strategy – SP Energy Networks](#).



# Digitalisation

## Alignment with wider SPEN Strategies

Our Digitalisation Strategy is a key enabler for several wider business priorities and goals.

## 2024 Highlights

We have invested £28m on digital solutions in 2024. Individual projects are coordinated via our digital architecture team to ensure they align with our strategic objectives.

### Customer Relationship Management (CRM)

- Continued delivery and expansion of our Salesforce CRM platform across the business. Salesforce is now used for: Connections design and delivery business process, our Connections contact centre, our end-to end General Enquiries processes and we have recently introduced a Salesforce based customer satisfaction survey solution and enabled for communication on key business processes.

### Mobility and Scheduling

- Implementation of the first phases of our new Salesforce Field Service product to make planning and scheduling processes more efficient by aligning processes and making use of automation. We have delivered a two-way link of real time data between our offices and the field, reflecting the progress of work, resulting in increased productivity and employee satisfaction, and allowing better collaboration across our teams.

### LV Monitor Rollout

- We have commenced our commitment to install 14,000 LV monitors across the ED2 period. We will install these monitors with a live connection to our internal systems to obtain, manage, and visualise the LV Network data internally. Each of these will be overlaid on our connectivity model to provide our control rooms and field staff a near real-time consolidated view of the network for improved fault management.

# Digitisation Strategy



## Innovation Strategy

The digitalisation strategy will deliver data and integration services to rapidly productionise solutions developed through innovation programmes. We will evaluate innovative technology applications through rapid proofs of concept



## Asset Risk Strategy

The digitalisation strategy will deliver predictive asset management analytics, digital twin technology and enhanced GIS functionality to improve asset risk management



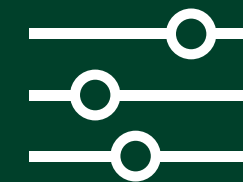
## Environmental Action Plan

The digitalisation Strategy will deliver technology to measure and monitor SPEN's environmental footprint, and technology to reduce it such as optimised scheduling and supply chain analytics



## DSO Strategy

The digitalisation strategy will deliver the digital platforms, data and integration to enable DSO, including technology to significantly improve forecasting.



## Whole System Strategy

The digitalisation strategy will enable the sharing of energy data and facilitate the coordination required to collaboratively transition the UK energy system to a low carbon system.



## Connections Strategy

The digitalisation Strategy will deliver the connections platform, self service functionality, intelligent automation and better visibility of the status of connections using data.

## People and Culture

Throughout 2023-24 we have strengthened our commitment to the growth of our people and the development of new talent. In 2023 over 63,200 hours of training were delivered to employees in SPD and SPM and, we have grown our trainee offerings, from 5 core programmes during ED1 to over 30 established programmes and more in development. Helping us to grow the workforce we need now and develop for the future.

In 2023 63,200 hours of skills-based training were completed by over

# 1,700

employees in SPD and SPM

We are committed to not only serving our communities through delivering the network they require but also to ensure that we develop the talent pool required for the future. In preparation for ED2 we carried out a future skill assessment for our business to ensure we not only had the right amount of people but, the right skills to deliver for the network.

Engineering and craft remain at the core of our delivery; however, we identified the need to develop training programs in new areas. Programmes in data and technology, cyber security, real time systems, quantity surveying, design and analysis, business and project management are now well established. These programs, spanning graduates, higher skill apprenticeships, and graduate apprenticeships, are closing skill gaps and creating new opportunities.

Through ED2 we have recognised the benefits these programmes bring to our business and the value trainees add to the company from the early stages. These benefits include introducing new skills and learnings from university into teams within the company, receiving on the job training in line with university modules and earning while learning. In 2023-24 we successfully recruited 123 trainees to fulfil workforce renewal and new roles for the business. Over the next 4 years the volume of trainees is set to grow by 20% year on year.

Our commitment to investing in growing our own talent has resulted in the successful onboarding of 351 graduates, apprentices and trainees since the beginning of ED2: 189 in 2023 and a further 162 in 2024 via a mix of programmes and targeted skill development.

We have reinforced this commitment with the creation of a career transition program which involves recruiting skilled and semi-skilled experienced workers to reskill and/or upskill to support our core craft roles.



Our future skill assessment assisted us by identifying the reskilling and upskilling requirements for ED2, enabling us to develop our current workforce. Throughout ED2 we have enhanced and developed key skills-based training offerings aligned to our future skill needs. These include a range of programs in engineering, telecoms and network development, as well as customer and commercial. To further support our people and develop skills for the future we have increased our offerings with focused sustainability programmes including 'Managing with Environmental Sustainability', Leading with Environmental Sustainability, Climate Change and Waste Management. During ED2 we also introduced a new focus on leadership development; underpinned by our new T.O.P Leadership Model and a emphasis on building specialist change management capability.

In 2023 63,200 hours of skills-based training were completed by over 1,700 employees in SPD and SPM, with 4,200 hours undertaken online and 59,000 hours delivered in person. The average number of training hours undertaken per person equates to 37.2 hours. To date in 2024, we have delivered 47,820 hours to 1835 employees, split 17,391 digitally and 30,429 in-person.

Our future skill assessment in preparation for ED2 determined that cyber and digital skills are key future capabilities for the organisation. Alongside focused trainee programmes we have introduced specific cyber security and digital skill culture change initiatives as part of our strategic plan aligned to our digital transition. The initiatives are focused on awareness, behaviours and culture to aid the overall growth of our people and our organisational capability. The training and upskilling opportunities provided so far during ED2, have allowed our people to develop in line with our digital transition and journey to Net Zero.

## People and Culture

Our commitment to serving and growing talent in our communities is reinforced by our approach to being an innovative, integrated organisation where people feel valued, inspiring them to perform at their best. Our biennial employee survey in 2023 achieved an overall employee response rate of 75% for SPD and 68% for SPM. The results told us our culture of health and safety awareness and a feeling of inclusiveness was strong. 81% SPD of employees and 85% of SPM employees told us they believe the importance of health and safety remains unchanged, even when competing business priorities exist. 78% of SPD employees and 81% of SPM employees said their line manager works effectively with people with different backgrounds, characteristics, and perspectives.

In 2024 we have evolved our employee biennial survey to a model of continuous listening. This model will improve the process of listening and enable us to respond in a more focused and timely way. A series of shorter, topic focused, pulse employee surveys commenced in July. We have targeted pulse surveys at critical points along the employee journey including Onboarding and Offboarding. Through this initiative, we are creating a culture of active listening. Helping us to learn, understand and act faster on what our employees are telling us.

Our policy focus this year has seen us collaborate with Connected Women and Parent and Carers employee networks to gain greater insights into the policies that mean most to them. In addition, we're working with our SPARC employee network for disabled colleagues to review opportunities to improve building and accessibility software.

Our focus from a recruitment perspective is on ensuring as many senior vacancies as possible apply the principles of balanced shortlisting and utilise balanced interview panels.

During ED2 we have ensured all employees can access our D&I training modules on our new Workday Learning platform. In late 2024 we will be launching our first senior leadership Allyship programme. We continue to improve D&I collection rates with 28% of all SPEN employees having shared some form of D&I data in our Workday system, up from 16% at the end of October 2023.

Healthy mind is one of SPEN's five health and wellbeing essentials. All ScottishPower employees have access to a range of resources which are in place to help them maintain good mental health and wellbeing or receive assistance at the earliest opportunity for any issues which are impacting this. These resources include our Health and Wellbeing @ SP Digital Toolkit, monthly mental health and wellbeing webinars, wellness action plans, mental health first aiders, and Workplace Wellbeing Platform which includes access to our Employee Assistance Programme. This is in addition to support offered by Occupational Health which includes access to counselling.

We understand the important of training our people to understand their role in supporting themselves and others, and how this contributes to a positive workplace culture. We are working with SAMH to train all our people managers and currently our employees have access to over 150 trained Mental Health First Aiders.

150+  
Trained Mental  
Health First Aiders



# Expenditure and Revenues

Expenditure and Revenue

Pg40

Bill Impact

Pg41

Financial Performance

Pg42



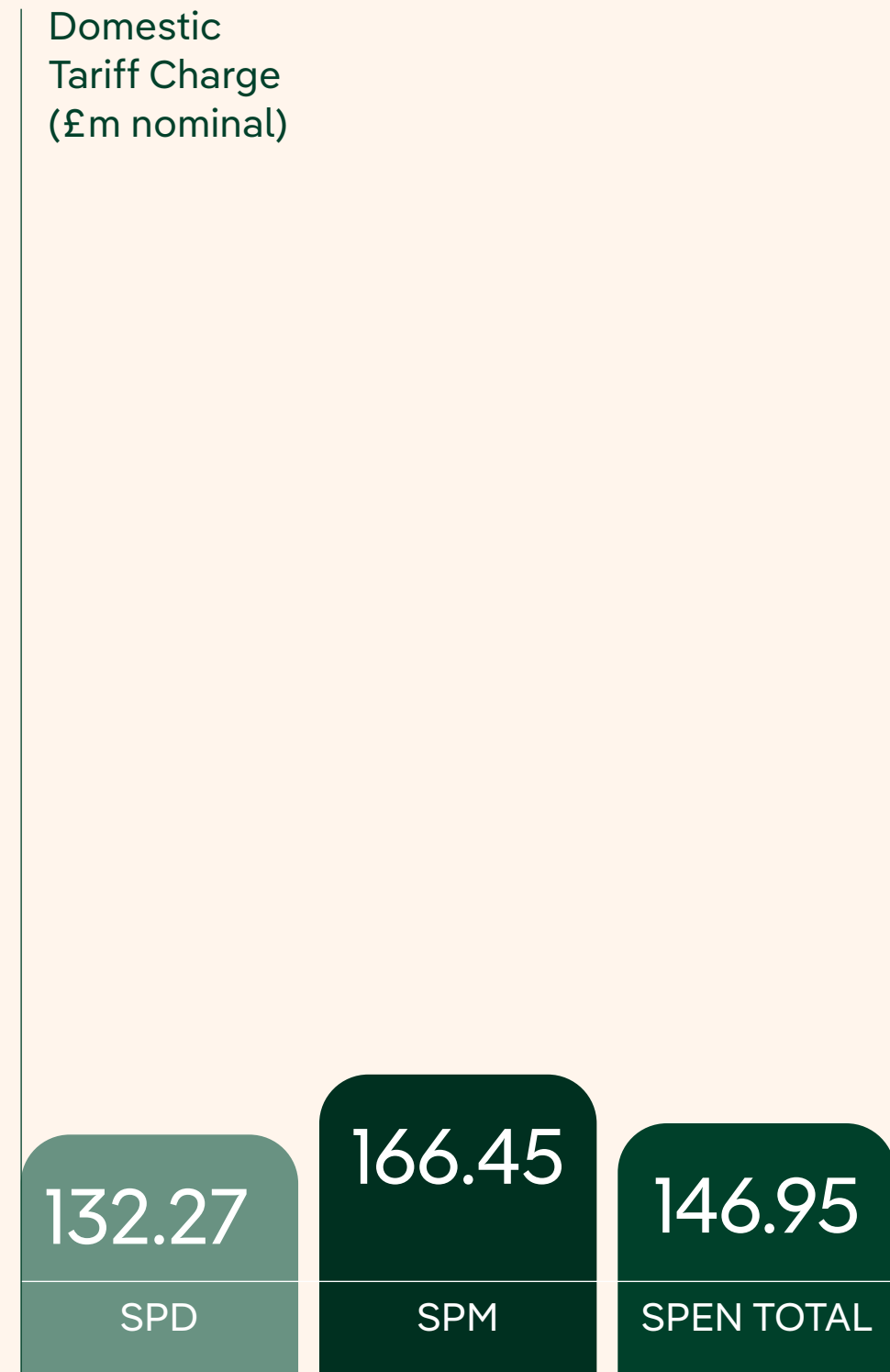
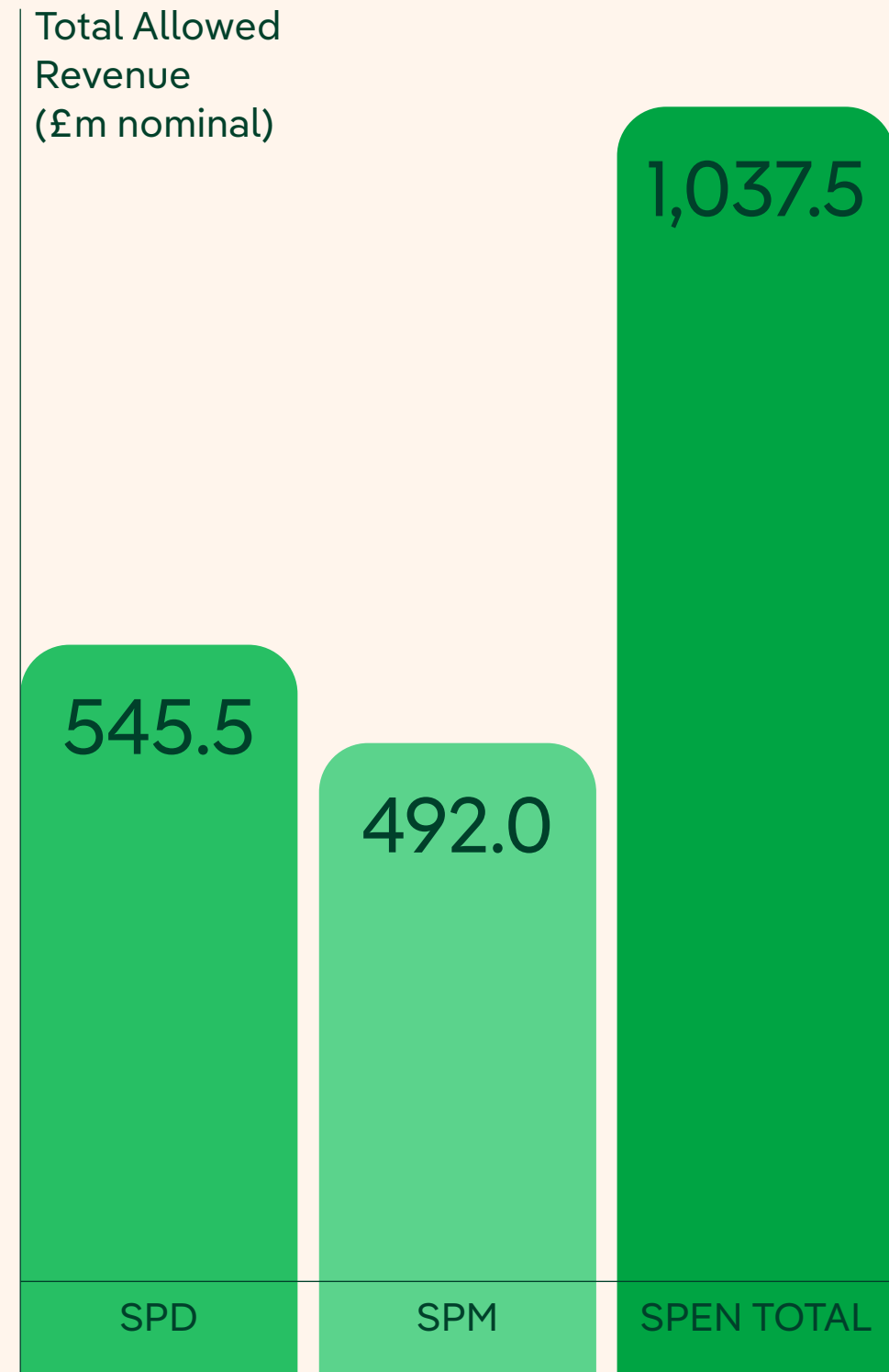
# Expenditure and Revenue

### Our allowed revenues

Our revenues are set through regulation by Ofgem and represent a recovery of our expenditure that we invest into our networks as well as other unavoidable costs such as business taxes. We are also subject to performance related incentives which are used to drive performance in areas such as reliability, environmental and other policy goals.

SPEN's Regulated Revenue for the regulatory year 2023/24 was £1,037.5m, what we are permitted to recover from our customers for using our network services during 2023/24.

This is covered by the Unrestricted Domestic Tariff Charge:



### Performance-related financial incentives

How our performance this year translates to rewards or penalties under the various financial incentive mechanisms put in place by the regulator, Ofgem, and applied to all DNOs.

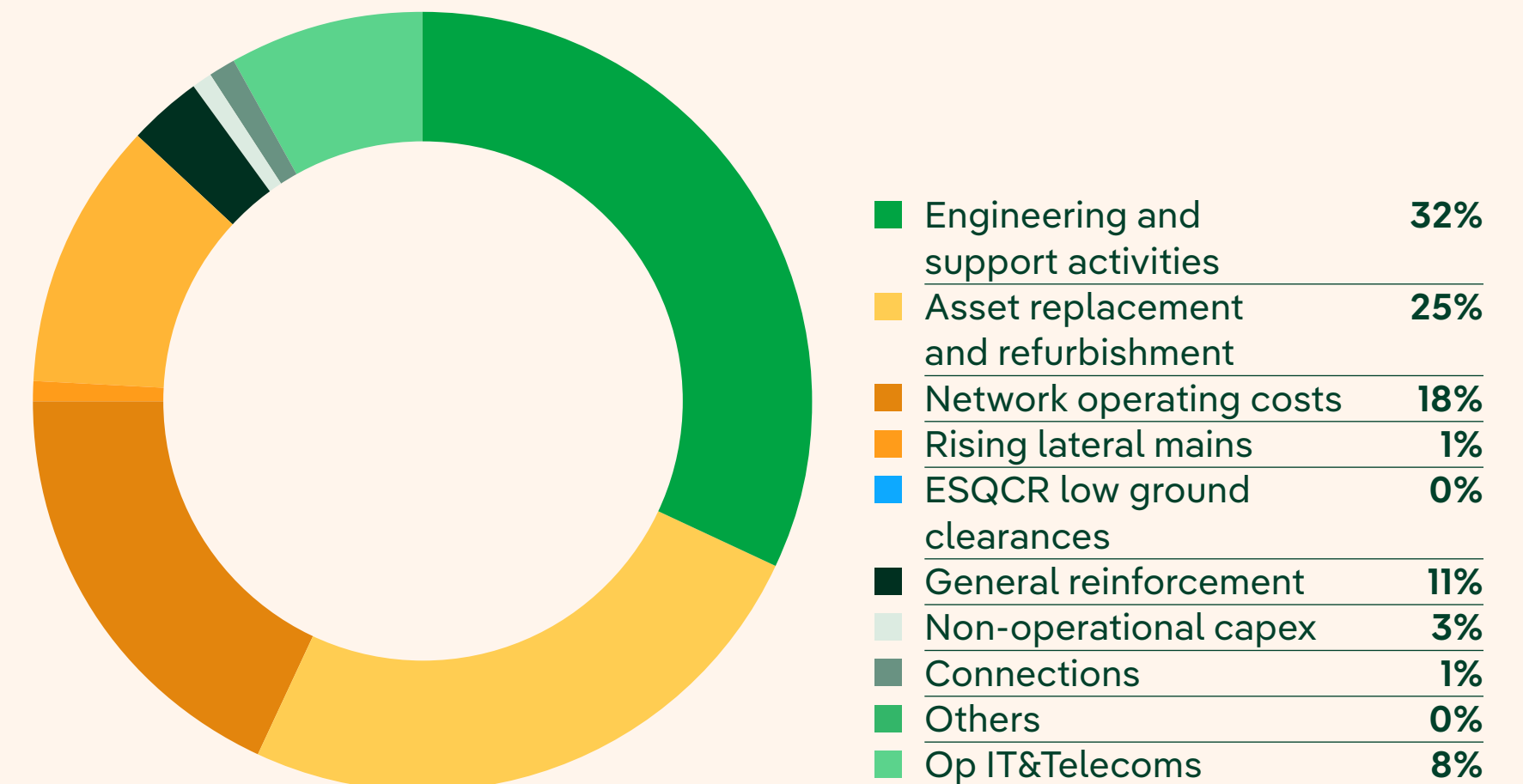
Output Delivery Incentives (20/21 prices)	SPD (£m)	SPM (£m)
<b>Reward or penalty schemes</b>	23/24	23/24
Broad measure of customer service	0.6	1.1
Interruptions-related quality of service	2.9	-0.2
Time to Connect Incentive	0.3	0.2
Distribution System Operator ODI	0.3	0.3
Consumer Vulnerability ODI	0.0	0.0
<b>Penalty-only schemes</b>		
Major connections ODI	0.0	0.0
<b>Total</b>	<b>4.1</b>	<b>1.4</b>

### Reward

In 2023/24, we earned a £5.5m reward for going above and beyond delivering a safe, secure and reliable service to our customers and meeting our stakeholders' needs (2020/21 prices).

### SPEN Expenditure

	SPD (£m)	SPM (£m)
Engineering and support activities	84.60	88.52
Asset replacement and refurbishment	65.53	69.11
Network operating costs	47.30	51.29
Rising lateral mains	1.83	4.32
ESQCR low ground clearances	0.27	0.19
General reinforcement	33.40	25.38
Non-operational capex	8.78	9.07
Connections	1.95	3.34
Others	0.98	0.97
Op IT&Telecoms	19.98	21.74
<b>Total</b>	<b>264.61</b>	<b>273.94</b>
<b>Total combined 20/21 Prices</b>	<b>538.54</b>	





## Bill Impact

Our strategy is to responsibly invest in our network to balance the large scale of investment required to meet the needs of today's and future consumers, while also ensuring the level of costs to customers, via the network charge on electricity bills, stays at a reasonable level.

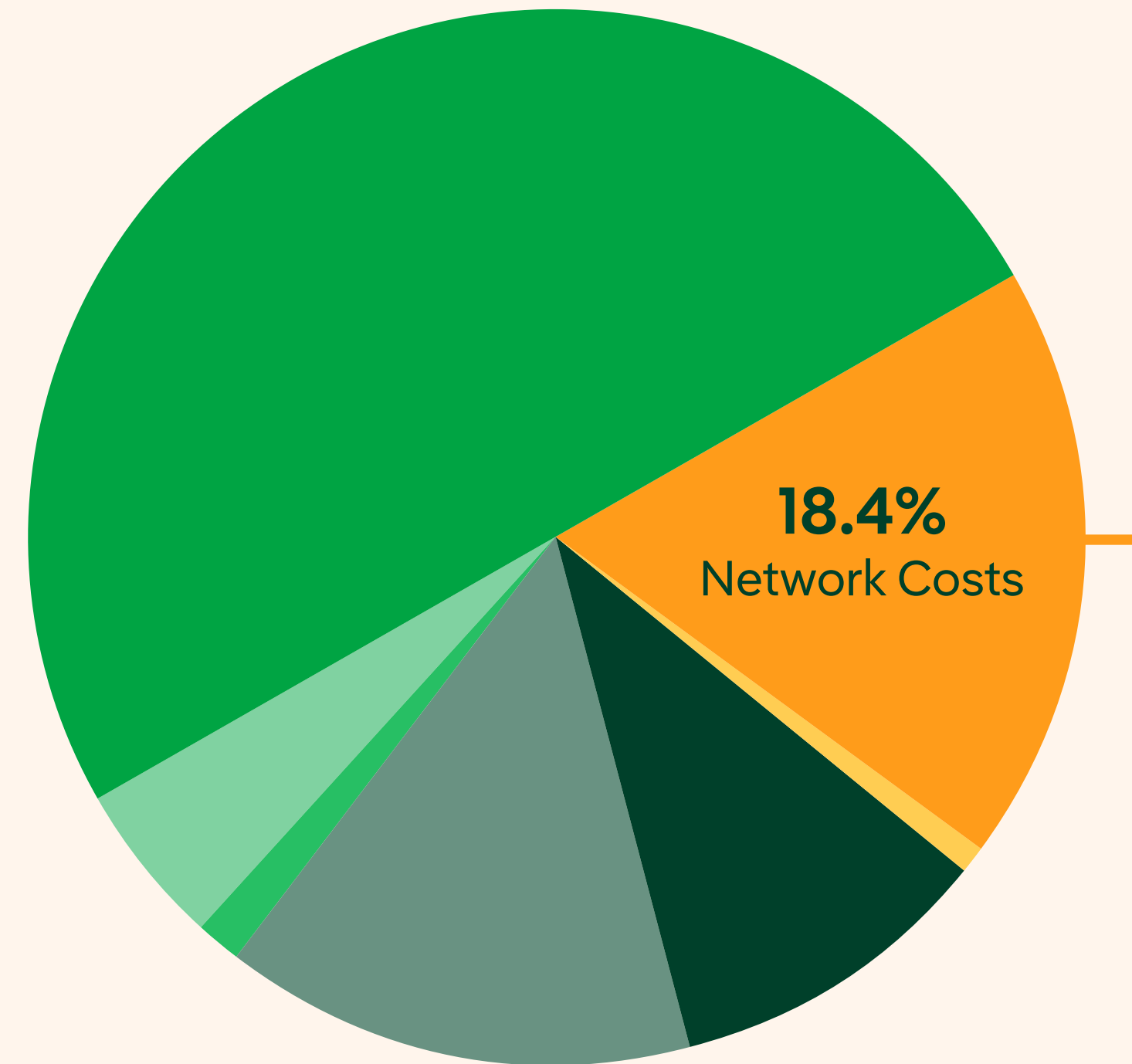
We are proud of our delivery and performance over the RIIO-ED1 period and are working hard to continue this into RIIO-ED2.

**40p  
per day\***

To provide our essential services it costs SPEN customers an average of 40p per day. This is less than a Netflix subscription.

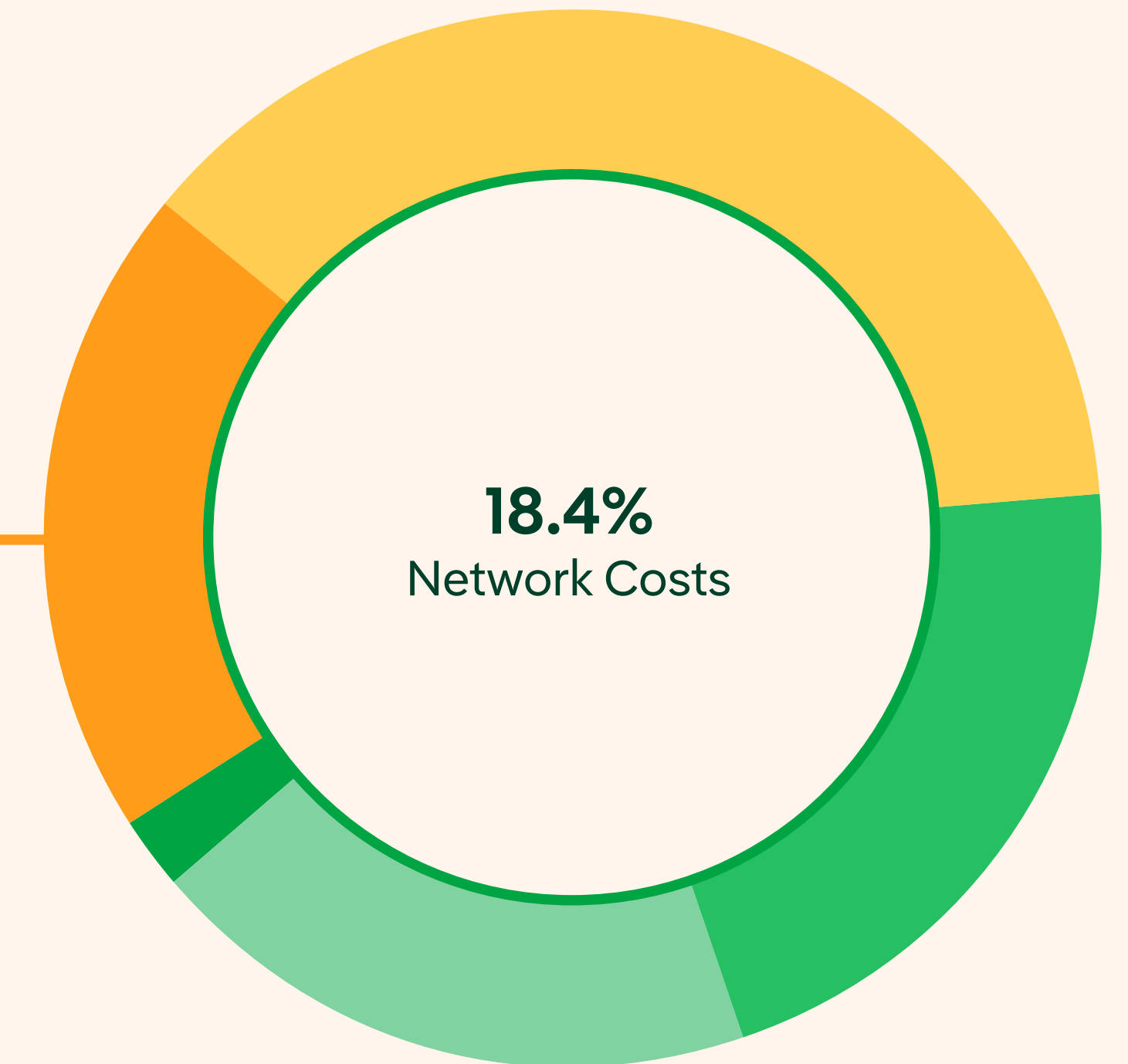
\*in today's prices.

Breakdown of an average electricity bill 2023/24



Wholesale Costs	50.0%
Network Costs	18.4%
SoLR	0.8%
Operating Costs	10.1%
Environmental & Social Obligation Costs	14.4%
Other Direct Costs	1.4%
VAT	4.8%

Further Split 2023/24 Distribution Costs included in Network Costs



Cost of Maintaining the Network	20.0%
Future Proofing our Network	38.0%
Business Rates & Other Pass through	21.0%
Financing	19.0%
Other	2.0%

Based on electricity only portion of a dual fuel bill with ave. consumption of 2.9MWh, direct debit payments. Average of Ofgem price cap bill values for the period of 2023-24. Network charges above include SoLR costs (0.8%) cover cost of failed energy suppliers which are not related to the service networks provide, however Ofgem's methodology means these costs are collected via our charges.

# Financial Performance

## Our Return on Regulated Equity (RoRE)

Investment into the electricity distribution network is a long-term project, the costs of which are spread out over the lives of assets.

Consistent with the RIIO price control framework Ofgem attached a financial reward/penalty to a number of the incentives. This has the effect of changing our Return on Regulated Equity (RoRE) opposite.

RoRE is calculated based on values in 20/21 prices and represents an average real equity return over the 5-year price control.

For detailed information about our financial performance, please see the SP Distribution and SP Manweb Accounts which are published annually, and our Regulatory Financial Performance Report.

[Annual Reports and Accounts – SP Energy Networks](#)

[Regulatory Financial Performance Report – SP Energy Networks](#)

	SPD (%)	SPM (%)
<b>5 Year Average RoRE – 2023/24</b>		
<b>Base Return</b> set by Ofgem for the 5-year period, reflecting movements in market conditions	<b>5.50</b>	<b>5.50</b>
<b>Totex Efficiency Savings</b> Any savings we make on our investment plan are shared with the consumer, at this early stage in the price control we are forecasting the cost of delivering our business plan commitments will match what we set out in our business plan submission.	<b>0.00</b>	<b>0.00</b>
<b>Time to connect ODI</b>	<b>0.05</b>	<b>0.02</b>
<b>Broad Measure of Customer Service ODI</b>	<b>0.25</b>	<b>0.26</b>
<b>Interruptions incentive scheme ODI</b>	<b>0.19</b>	<b>0.10</b>
<b>Major connections ODI</b>	<b>0.00</b>	<b>0.00</b>
<b>Consumer Vulnerability ODI</b>	<b>0.15</b>	<b>0.15</b>
<b>Distribution System Operator ODI</b>	<b>0.01</b>	<b>0.01</b>
<b>Innovation (NIA,CNIA,SIF)</b>	<b>-0.01</b>	<b>-0.01</b>
<b>RoRE – Operational performance</b>	<b>6.13</b>	<b>6.02</b>

## RAV (Regulatory Asset Value)

The Regulatory Asset Value (RAV) is a key building block of the price control and represents the value of outstanding investment yet to be recovered from consumers.

For every pound that we spend, we collect 30% of the costs in the same year and 70% of cost over life of the asset (added to the RAV).

**30%** of the costs in the same year

**70%** of the cost over life of the asset

Ofgem assumes that we fund this RAV by:

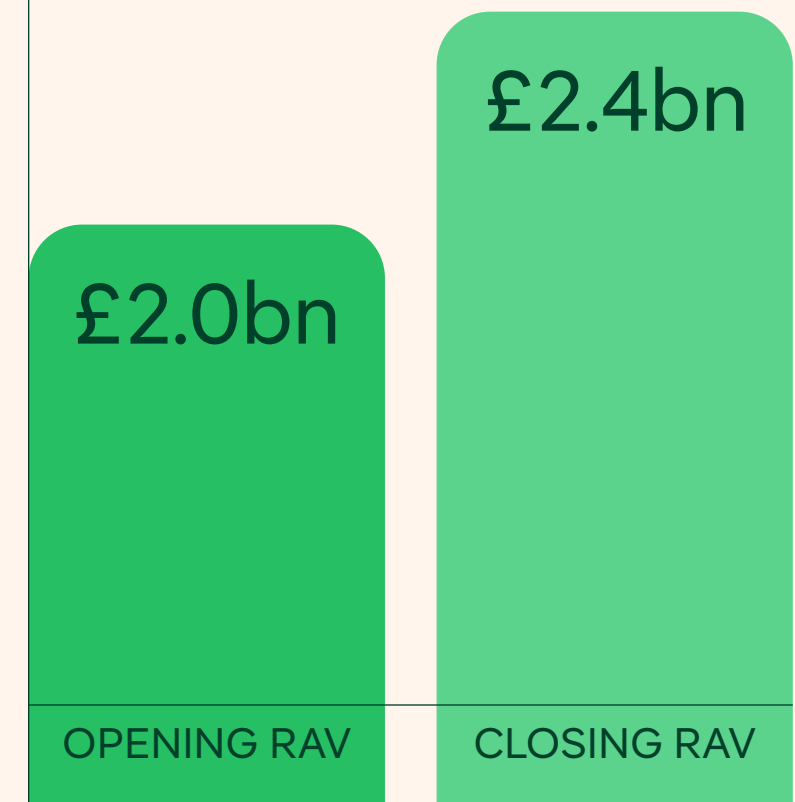
- 60% borrowing of which the allowance for interest payments is 3.10% in 2023/24
- 40% equity with return of 5.28% in 2023/24
- Weighted average cost is 3.97% in 2023/24

**40%** equity

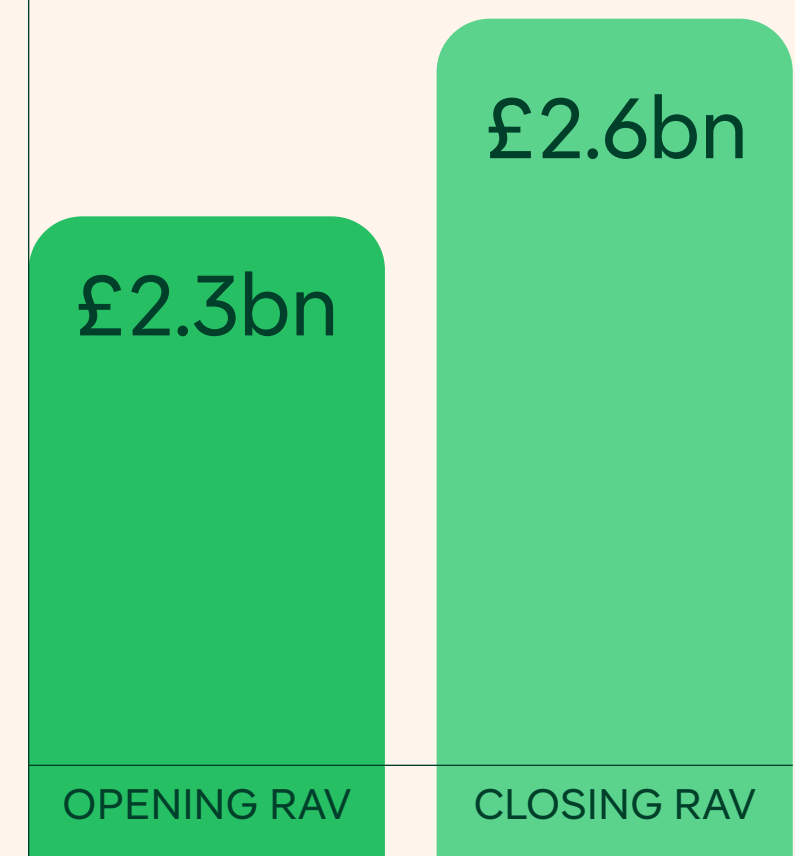
The RAV is the mechanism by which return allowances for shareholder investment and financing are collected over the long term.

Over the course of the RIIO-ED2 price control, the scale of investment required to deliver a network for today's and future customers means we will see the RAV value growing across the whole period with the RAV for SPD and SPM growing by 22% and 17% respectively.

RIIO-ED2  
Growth – SPD  
(2020-21 prices)



RIIO-ED2  
Growth – SPM  
(2020-21 prices)



# Looking Forward

Innovation and Future Networks

Pg44

Contact us

Pg46



# Innovation and Future Networks

Innovation is critical to the realisation of the UK's decarbonisation ambitions and is at the forefront of our commitment to deliver value-for-money for our consumers.

By embedding innovation from RIIO-ED1, we identified an £87m reduction in our proposed ED2 expenditure.

As a core pillar of the RIIO framework, we've continued to embed a culture of innovation throughout our business and identify ways to support our consumers on the journey to Net Zero.

We're focused on creating tangible benefits and being the trusted partner for our customers, stakeholders and communities. In RIIO-ED2, we have already realised benefits worth more than £5.6m across our distribution areas in SPD and SPM.

Building on this strong start, and factoring in wider industry benefits, we expect our innovations portfolio will yield more than £200m in benefits across the 5-year ED2 period.

Our innovation strategy is built around six key themes that help us to develop a balanced portfolio:

Power Electronics

Network Modernisation

Data & Digitalisation

Whole Energy System

Sustainability

Consumer Vulnerability

Our track record of innovation leadership, mature innovation processes and highly skilled workforce are ensuring we continue to deliver on our strategy and commitment to energy innovation.

**£5.6m**  
in benefits  
realised to date

## Accelerating the Energy System Transition and delivering benefits for our consumers

We're utilising our **Network Innovation Allowance (NIA)** to accelerate the Energy System Transition and address Consumer Vulnerability challenges. Below is a snapshot of our NIA projects showcasing the type of initiatives we are progressing and demonstrating some of the benefits we're delivering through innovation.

### Network Constraint Early Warning System 2 (NCEWS2)

Our NCEWS2 project has developed a platform that provides us with real-time visibility of our LV network. Leveraging multiple data sources from smart meters, SCADA, incident reports and LV substation monitors into a consolidated view to deliver new insights.

We've rolled out the tool into our Business-as-Usual operations to support design engineers and field operatives with network planning and proactive fault finding.

#### Benefits:

- Enhanced visibility of network data for improved decision making
- Faster fault identification and resolution that is reducing Customer Interruptions (CI) and Customer Minutes Lost (CML)
- Identifying network issues and targeting planned maintenance to intervene before customers are impacted.

As a result, we have already realised £4.3m in benefits from the rollout of the NCEWS2 platform.

### Real Time Fault Level Monitoring Stage 2

Network fault level is a key barrier to the onboarding of increasing amounts of distributed generation. This project is deploying Real Time Fault Level Monitoring devices across our network to measure fault levels in real-time, helping to facilitate new connections by identifying available existing network capacity.

We've now commissioned three RTFLM devices on our interconnected SPM network, with another device in operational trials with one of our project partners, UK Power Networks. The next stage in the project will see the first deployment within our SPD area in Scotland and preparations for Business-as-Usual rollout.

#### Benefits:

- Potential savings of up to £21.6m in avoided network reinforcement during the ED2 period by providing accurate fault level assessments.

### PSR Resilience System

This project looks to upgrade the PSR with increased accuracy in the quality and content of the data held to enable better support planning for consumers in vulnerable situations. It will also extend the details of the characteristics and customer needs beyond the current PSR codes to provide networks with better understanding of the challenges consumers face.

#### Benefits:

- Improved accuracy and expansion of the existing PSR data to provide a better understanding of consumer needs
- DNOs can then provide better support, leading to improved outcomes and increased customer satisfaction.



## Delivering a step-change in electricity network planning and operations

In addition to our Network Innovation Allowance (NIA), we've successfully secured funding through the Strategic Innovation Fund (SIF), and the UKRI Prosperity Partnership to deliver large-scale, transformative innovations across our Distribution licences.

### D-SUITE (£9m)

The D-Suite project is exploring the feasibility of deploying proven HV power electronics technologies onto the LV network, to support new connections without additional network reinforcements.

D-Suite aims to create a toolkit of innovative LV power electronics devices – for network planners and design engineers – that will help future-proof the network as record numbers of electric vehicles, distributed energy resources and heat pumps are connected to our system.

#### Benefits for consumers:

- 5-40% more PV generation can be integrated without triggering network reinforcement, worth up to £10k/year in savings per feeder.
- Providing additional income for communities, based on a 20% uplift on an LV network fed by a 100kVA secondary transformer.
- D-Suite technologies will not only increase renewable connectivity but will also contribute to loss reduction due to the optimised voltage profile and local power balancing.

### ENSIGN (£10m)

ENSIGN is a pioneering initiative aimed at developing a detailed digital representation, or Digital Twin, of the electricity network as well as interactions across the whole energy system.

#### Leveraging Artificial Intelligence (AI) techniques, the ENSIGN Digital Twin aims to deliver:

- Outage prediction and prevention – analysing historical and real-time data to identify and predict where faults will occur to plan proactive intervention.
- Optimised asset management by more efficiently tracking asset condition and maintenance operations.
- Optimised network operations – simulating different operation scenarios to identify the best options.

#### A collaborative partnership

The project is funded by the UKRI Prosperity Partnership Fund and co-developed with four leading Scottish universities: University of Strathclyde, University of Glasgow, Heriot Watt and University of St Andrews.

#### Benefits for consumers:

- Digital Twinning will enable us to predict failures and reduce unplanned maintenance to provide value-for-money to customers and prevent outages.
- Improve customer satisfaction by providing more information about the network and making it easier to report problems.

## Contact us

### How you can get involved

#### Stakeholder engagement

If you are interested in our services and projects, if our work has the potential to impact you, or if you have influence over the work we do, then you are a stakeholder. We want to know your views on our plans, so that we can deliver the best service possible.

We already work with a wide range of stakeholders, including domestic customers, local authorities, charities, other utilities, people wishing to connect to our network, school pupils, vulnerable customers, and innovators amongst others.

Registering as a stakeholder is easy and enables you to have your say on our projects and services. Register as a stakeholder and find out more about our engagement opportunities here:

[spen.engage-360.co.uk](https://spen.engage-360.co.uk)

## General Enquiries

Please call us free on: 0330 1010 444

Email: [customercare@spenergynetworks.com](mailto:customercare@spenergynetworks.com)

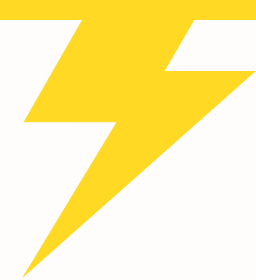
#### Central and Southern Scotland

Customer Service  
SP Energy Networks  
SP House  
320 St Vincent Street  
Glasgow G2 5AD

#### Cheshire, Merseyside, N. Wales and N. Shropshire

Customer Service  
SP Energy Networks  
PO Box 168  
Prenton  
CH26 9AY

**POWER CUT?  
CALL 105**



To report a power cut or damage to electricity power lines or substations, call the new national Freephone number – 105.

You can still reach us on our existing numbers:

#### Central and Southern Scotland

0800 092 9290

#### Cheshire, Merseyside, N. Wales and N. Shropshire

0800 001 5400



# Appendix A

Our business plan commitments in full

## Develop a network that's ready for Net Zero

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will install innovative fault level monitoring across 41 constrained locations on our HV and EHV network to help safely accommodate more renewable generation.	0	0	SPEN is deploying innovative real-time fault level monitoring devices across substations in SPD and SPM. This will play a pivotal role and will enable the accommodation of more renewable generation connections in fault level constrained areas. We have been working with our suppliers and service partners, and reviewing the priority roll-out of sites based on our connections queue. We are still on-track to deliver over 40 sites in RIIO-ED2.		41
●	We will develop a network that enables our communities to transition to Net Zero with over 590 smart-substations, 750km of cable, and 43,000 service cables. We will size and co-ordinate interventions to 'touch the network once' where this delivers benefits for our customers.	6,234	7,216	In 2023/24 we successfully mobilised service suppliers and scaled our ability to ramp-up our delivery of reinforcements at a local level.		43,384
●	We will continue to assess flexibility, smart, and reinforcement solutions for all of our Load related interventions, and carefully select the most efficient, co-ordinated, and economical interventions within RIIO-ED2. This will include assessing energy efficiency actions ahead of starting any work.	20	44	In 2023/24 we introduced the publication of Distribution Network Options Assessments (DNOA) to provide stakeholders with more information on individual scheme decisions, publishing DNOA decision outcomes for 44 schemes. These provide an overview of the individual constraint, how we are managing it, and where flexibility forms part of our solution the details of flexibility requirements and results of market tender returns.		50
●	We will increase visibility of our low voltage networks by delivering over 14,100 LV network monitors at large secondary substations and enhancing our use of smart meter data. This will enable us to maximise utilisation of the existing network, identify targeted areas for upgrades, and facilitate customer flexibility.	2,821	1,305	SPEN is deploying secondary substation monitoring devices across substations in SPD and SPM as per our business plan. This will play a pivotal role and will be a key enabler to facilitate SPEN's transition to DSO. In 2023/24 we have been working to ramp-up our roll-out of monitoring equipment.		14,102
●	We will deliver £87.2m of savings for our customers in RIIO-ED2 by embedding learnings from our innovation projects into BAU and adopting best practice from successful industry trials. We will keep innovation at the core of everything we do, to continue to deliver benefits for our customers and the wider energy system.	£17.4m	£5.6m	£3.4m in embedded benefits recorded in ED2 so far. Delivery of our Real Time Fault Level and for SPD and £2.2m for SPM. Active Fault Level Monitoring initiatives later in the period will provide the majority of forecast benefits.		£87.2m



## Develop a network that's ready for Net Zero (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will continuously work with the ESO, UK, Scottish and Welsh governments, and other key stakeholders, to accurately forecast our customers' future needs and to facilitate Net Zero pathways. This will include updating our DFES forecasts annually.	1	1	DFES published.		5
●	We will be a neutral facilitator of an open and accessible distribution flexibility services market during RIIO-ED2. This market will be aligned with industry best practice, utilising a range of services to meet network requirements. This will be supported by efficient dispatch processes and transparent procurement.	211MW (published in our 31E report)	211MW (published in our 31E report)	Flexibility function established and operating as a neutral market facilitator. All flexibility requirements tendered for, however market delivery remains low. From 2024/25 only operational assets will be able to bid into our tenders.		1,420MW
●	We will deliver a discrete DSO directorate for RIIO-ED2 responsible and accountable for delivering DSO. It will increase transparency and be supported by external assurance and stakeholder input. This directorate will be established by the start of RIIO-ED2.	Lead Appointed	Not appointed			
●	We will share planning, operational, and market data with customers, stakeholders, and market participants through our systems and an online data portal within RIIO-ED2. This will include visibility of our user friendly short & long-term forecasts.	30 data tables	54 data tables	Cumulatively we have 66 data tables shared on our Open data portal, and are building more.		>141 based on identified licence condition.
●	We will implement a dedicated whole system planning function. Using Whole System planning at the start of the investment process, this team will ensure whole system solutions are considered in each of critical decision-making junctures (for example on system design for connections). This will achieve a step change in Whole System planning, solutions and outcomes over the RIIO-ED2 period.	Planning roles appointed	Planning roles appointed	We have delivered additional planning resource in our Network Planning and Development function and within other teams with planning responsibilities. We also have joint Transmission and Distribution attendance at respective System Review Groups (SRGs) – that encourage Whole System discussions and outcomes. This has supported the delivery of further Whole System planning. Evidence of Whole System activity is provided through our annual co-ordination register publication.		Planning roles appointed.

## Develop a network that's ready for Net Zero (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will use a structured process to review our existing policies and procedures, identify gaps and implement required changes, to fully embed Whole System planning as business as usual. This will have oversight at director level with accountability and reporting to our senior executives. We will use this to engage strategically with other electricity network companies, National Grid ESO and licenced utility companies to work towards achieving Whole System outcomes throughout RIIO-ED2.	All appropriate processes or policies reviewed and Whole System process developed	All appropriate processes or policies reviewed and Whole System process developed	We have established our Whole System Operating Framework (WSOF), alongside our review of all applicable processes and procedures. Our engagement with other utilities has included through the ENA Open Networks, the Whole System Charter for Scotland and through a newly established Whole Electricity System Forum. We are also heavily engaged with respective Local Authority groups and the development of the RESP.		All appropriate processes or policies reviewed and Whole System process developed.
●	We will engage with all local authorities in SPD and SPM to support the strategic siting of public EV ChargePoint hubs, utilising our extensive network knowledge and working collaboratively with local stakeholders in optioneering, to identify the optimal locations. We will publish a report on our work at the end of the price control, reporting the number of optioneering reports we completed with local authorities and the consumer benefits delivered in relation to reduced connection charges.	>500	1,400	We have supported Local Authorities to optimise the design and implementation of public EV charging. We are regularly engaging with each Local Authority and have already carried out optioneering for 1400 sites across SPD and SPM in 2023/24. This has included 300 EV optioneering sites for Ayrshire region, supporting North, East and South Ayrshire.		>500 per annum
●	We will provide a dedicated team of specialists (Strategic Optimisers) that will partner with Local Authorities (and regional Governments) to support the development and implementation of Local Heat and Energy Efficiency Strategies (LHEES) and Local Area Energy Plans (LAEPS).	40	40	Our Strategic Optimisation team has actively participated in all seven stages of the LAEP process for all eight Welsh Local Authorities and we have reviewed all the draft reports ahead of publication. In England, we are actively engaged in the early stage discussions on LAEP development within the Local Authority areas. The SPD team have engaged with all 22 Scottish Local Authorities in our Licence area to support the development of their LHEES submissions to Scottish Government.		40 per annum
●	As a steward of critical national infrastructure, we will maintain our ISO55001 accreditation and ensure all our asset managers are certified with the Institute of Asset Management. We will continue our strategic partnership with the IET and our leading contribution to the IEEE, CIGRE and CIRED.	60% of Team Members Accredited	64% of Team Members Accredited	We will continue to support our asset management team through accreditation with the Institute of Asset Management. A number of the Asset Management team present to the IET, CIGRE and CIRED annual conferences to support and develop our strategic partnerships.		85%






## Develop a network that's ready for Net Zero (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will continue to optimise the level of network risk, reducing asset deterioration from around 5.4% per year without intervention to around 1.1% through our targeted and optimised asset modernisation programme over RIIO-ED2.	+1.1%	-3.7%	In SPD asset risk has reduced by 1.8%, this is 2.9% , in SPM asset risk has reduced by 5.3%, this is 6.4% this is better than expected. Despite Yr1 NARM interventions being behind a linear target, this has been achieved through a combination optimised intervention, targeted maintenance and repair, and network extension of new condition assets. We will continue to inspect our assets as per our information gathering plan and monitor deterioration annually.		5.4%
●	We will improve the reliability of our supply to customers, ensuring that on average customers will be 19% less likely to experience an unplanned interruption, and average duration will reduce by 19%. We will do this over the duration of RIIO-ED2 by investing in new & proven technologies and embedding innovation.	3.80%	18.45% reduction in CI  9.6% reduction in CML	26.21% reduction in CI 16.89% reduction in CML	4.08% reduction in CI 0.42% increase in CML	19.00%
●	We will improve reliability for 7,857 of our 'Worst Served Customers' by reducing their number of interruptions by 33% through delivery of 22 dedicated network circuit performance schemes.	6	0	We are currently developing a number of schemes which, when delivered, will improve network performance for a proportion of worse served customers. There are currently 81 worst served customer schemes in development in SPD and 38 in SPM. Delivery of WSC schemes is multiyear, therefore the actuals of 23/24 will not be realised until later into RIIO-ED2.		22
●	We will ensure that in an exceptional event, no customer should be off supply for more than 36 hours.	0	SPD = 1002 SPM = 0	All customers impacted were a result of Storm Isha which had a significant impact on SPD licence area.	Target achieved	0




## Develop a network that's ready for Net Zero (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	Building on our extensive RIIO-ED1 work, we will take a proactive approach to overhead line issues by adopting a risk based, digitalised inspection regime with the use of LiDAR (flying one third of our network per annum). In addition to this we will rectify all reported and confirmed overhead line clearance issues within 12 months of discovery.	80% OHL defects cleared within 12 months	88% OHL defects cleared within 12 months	At the end of the first year of ED2, SPD had cleared 232 defects, but had 363 outstanding OHL clearance defects, of these 72 were older than 12 months. We are proactively working with land-owners, local communities and third parties to resolve these but they can take some time to ensure the right solution for At the end of the first year of ED2, SPD had cleared 232 defects, but had 363 outstanding OHL clearance defects, of these 72 were older than 12 months. We are proactively working with land-owners, local communities and third parties to resolve these but they can take some time to ensure the right solution for the local area and public.	At the end of the first year of ED2, SPM had cleared 4,515 defects, but had 3,125 outstanding OHL clearance defects, of these 953 were older than 12 months. Volumes are greater than SPD as SPM has a larger OHL network, with more than twice as much Low Voltage and 3x as many OH services – the most commonly affected assets for clearance issues. We are proactively working with land-owners, local communities and third parties to resolve these but they can take some time to ensure the right solution for the local area and public.	67,500
●	We will continue to improve the flood resilience of our network by working with our regional environment agencies and continue to target 100% compliance as flood maps and assessments evolve during RIIO-ED2.	93.75%	82.5%	We are continuing to carry out risk assessments of our substations identified as potentially at risk of flooding. We have seen a significant increase in the number of sites at flood risk in RIIO-ED2. This generates the requirement for an increase in volume of assessments, but we will continue to assess these sites to ensure compliance during RIIO-ED2. The 2023/24 target excludes the vast increase in the number of flood risk sites.		100%
●	We will improve fire safety at over 1,000 substations integrated in third party buildings, through a prioritised, risk-based investment programme during RIIO-ED2.	328	135	We are working to improve the Fire safety measures to meet compliance. We are investing in surveys and risk assessments, we will be delivering the investment programme in full once sites assessed.		1,636
●	We will deploy smarter security measures and access restrictions to 100% of our ground mounted substation sites over the course of RIIO-ED2, to reduce unauthorised access and improve traceability and management of our third-party contractors.	4,240	822	The Smart lock deployment programme has not yet been commenced in SPD. We are currently undertaking a review of various smart and traditional substation access and security measures to select the right long term solution.	We are continuing to deploy smart substation locks in SPM, continuing the trial deployment that commenced in ED1. This is deepening our understanding of the technology and supporting the ongoing review into the right long term substation and access measures.	21,793

## Develop a network that's ready for Net Zero (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
	We will safeguard around 14,000 residents of flats and tenements each year over RIIO-ED2 by proactively managing the remaining risk associated with deterioration of Rising and Lateral LV Mains (regardless of asset ownership). We will do this through our risk-prioritised modernisation programme by upgrading poor condition assets where they are identified over RIIO-ED2.		3,187	We have identified priority assets requiring intervention, ensuring efficient and safe delivery of the works. We are front ending the targeted inspections with the intention of backending RLM delivery utilising the risk-prioritised approach. We have also modernised our approach to the RLM methodology, in which we will provide a dedicated supply to each customer, this will increase investment per property.		71,449
	We will improve public safety risk by replacing over 2,000 of our last remaining poorest condition underground link boxes and modernising nearly 2,000 low voltage pillars in publicly accessible areas during RIIO-ED2.	765	676	Our prioritised condition-driven LV switchgear programme is replacing highest risk assets with new alternatives to improve safety and operability.		2,073
	We will offer 100% of customers a pre-quotation consultation, using either face to face or virtual technology, to achieve improved upfront communication with customers by 2025.	Implementation of solution that allows for customer interactions to be monitored	Solution implemented	We have invested in a new customer relationship management system enabling us to track our interactions with customers. We now ensure customers are proactively contacted post application, before they receive their quote, to discuss requirements in detail.		100%
	We will nominate a point of contact to all customers requesting 30 or more quotations per year, or who have a single project exceeding £1m in value, using dedicated account management to foster better relationships with repeat customers, by 2025.	4 Account Managers	4 Account Managers	We now have a team of 4 Customer Relationship Managers working across our two license areas to provide key account management.		Allocate repeat applications to common designers in order to ensure customers have common points of contact.
	We will offer 80% of HV and EHV customers the choice of a firm and a flexible connection where a known constraint exists to achieve more coordinated network planning by 2025.	Initiate programme	Programme initiated	Considerable work is underway within our network planning team to enable future operation of Constraint Management Zones and further flexible products. This also interacts with our DSO strategy for which we recognise the important impact.		80%

## Develop a network that's ready for Net Zero (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
	We will quote within 70% of guaranteed standard timescales for Major Connections customers using our improved digital solutions. By 2028, 100% of customers to receive a budget offer at the point of enquiry.	70%	Current Average for SLC15a work: SPM: 76%	Our time to quote performance shows that we are quoting within the target commitment. This shows we are focusing on quality quotations, with enhanced communications with customers throughout the process to discuss options. For HV Generation and all EHV projects due the complexity of the network we currently are working within Guaranteed Standard but not within our 70% target. We will continue with the initiatives to further improve this next year. Since April 2023, we have also been applying the Access Significant Code Review changes and holistically network planning in order for our customers to benefit from network reinforcement. This has increased the amount of reinforcement quoted this year by 75% vs. the previous year.		100%
	We will make increasing amounts of connections related network information available in near real time, including capacity and constraint analysis. This will use increased digital data sets by 2025.	Implementation of Open Data Portal	Data Portal implemented	We recently implemented our Open Data Portal, which can be freely accessed by all customers and stakeholders from our website. The Open Data Portal is our centralised repository for data that we will be sharing openly, allowing users to easily search our open data catalogue. Our internal digital team are currently exploring opportunities to open these digital data sets further within the next year and explore further self-service of data options for our customers.		Fully optimised self service solutions using data sets at all voltages.
	We will improve connections delivery timescales by 2% year on year from the start of RIIO-ED2.	Baseline Established	Baseline Established	Now that we have Y1 results for our Major Connections time to connect we will seek to improve these timescales year on year in line with the target.		A 7.7% reduction on the baseline figures.

## Be the trusted partner for our customers, communities and stakeholders

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	For customers receiving any service from us, no matter the contact channel, we will deliver satisfaction levels of 9.4 out of 10 by the end of RIIO-ED2.	9.4	SPD = 9.16 SPM = 9.18	Whilst we didn't achieve our long term target of 9.4/ 10 we remain on track to achieve this before the end of the price control.		9.4
●	90% of complaints resolved in one working day. At least 99% of complaints resolved in 31 days. We will also target zero repeat complaints in 12 months and for any complaint where the customer engages the Energy Ombudsman, we will ensure none of the findings are against us.	90% Day 1 99% Day 31	SPD = 86.97%/ 97.55% SPM = 86.46%/ 98.70%	We have significantly outperformed against Ofgem performance targets this year and remain on track to achieve our committed levels of performance before the end of the price control.		100%
●	When a customer contacts us to report a power cut or an emergency, we will respond in 10 seconds or less, regardless of the channel used. We will make sure less than 1% of telephone calls in this area are abandoned.	<10s and <1%	SPD 39.9s & 2.4% SPM 52.2s & 2.3%	We have invested in a new customer relationship management system this year which will support our performance in this area moving forward.		<10
●	When a customer contacts us regarding a non-urgent matter, we will respond on average within five minutes, providing the customer with key information.	<5 minutes	Not in place but is on track for delivery in 2024-25	Not in place currently but is on CRM roadmap for delivery in Reg Q2 of 2024-25.		<5 minutes
●	We will provide a service for customers to register their preferred method of contact and language and will use this during any contact with them throughout RIIO-ED2. We will promote this in our awareness campaigns every year.	99%	Preferred method of contact in place. Preferred language not in place but is on track for delivery in 2024-25	Preferred method of contact in place. Preferred language not in place but is on CRM roadmap for delivery in Reg Q2 of 2024-25.		0.99

## Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
Below Target	Any customer will be able to register with us to receive proactive contact through their preferred method of communication when a power cut occurs. This will include updates throughout the power cut and notification when power is restored. We will contact at least 99% of those who have requested this using their preferred method.	99%	Proactive in place for PSR customers. Non PSR customer sign up planned for 2024/25	Proactive contact currently in place but only for PSR customers. Non PSR customer sign up is planned to be in place during 2024-25.		0.99
Below Target	We will talk to customers face to face in advance of a planned power cut and ensure we speak with 95% of those on our PSR or classed as high risk.	95%	SPD = 81% SPM = 95%	Continue to focus on embedding our “pre-vet” process into our planned outage process to ensure customers receive that quality interaction ahead of a planned power cut.	Target achieved	0.95
Below Target	We will proactively contact all customers registered on our Priority Services Register when a power cut occurs via their preferred method of contact including updates throughout the power cut and notification when power is restored. For those customers in our high risk groups (e.g. medically dependent on electricity or struggle with mental health) we will proactively contact them with a personalised phone call to provide additional comfort.	100%	SPD = 100% SPM = 100%	Currently contact all SPR customers on preferred method of contact. We also supplement this with the personalised call to medically dependent but this isn't currently measured and will be implemented as part of future CRM 2024 plans.		1
On Target	During an unplanned loss of supply, at least 99% of updates provided will include the following information: Expected Restoration Times, Resources Attending (Name), Reason for the outage, Location of the cause, Support available for vulnerable customers.	99%	SPD = 100% SPM = 100%	Target achieved	Target achieved	0.99
Below Target	During an unplanned loss of supply, at least 80% of customers will have their electricity supply restored within the restoration time initially stated.	80%	SPD = 82.55% SPM = 75.16%	Target achieved	We continue to focus on improving the accuracy have made several process enhancements that should see this improve in 2024-25.	0.8








## Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	All customers will be notified in writing at least 10 working days ahead of a planned outage, with at least 90% notified by preferred method of contact 48 hours before work starts. At least 99% of letters will include 5 key pieces of information our customers tell us are important.	10 days, 90%, 99%	SPD = 100% SPM = 100%	Target achieved	Target achieved	10
●	When customers ask us to carry out safety checks, we will make sure 99% or more are visited within three hours of the initial contact.	99%	SPD = 88% SPM = 84%	Continue to work on improving our response times through optimised scheduling of work resources.		0.99
●	When customers ask us to support requirements such as new earthing, shrouding or maintenance work, we will deliver 90% of this work to the customers required date (subject to access and traffic management).	90%	Not in place currently but is on CRM roadmap for delivery in Reg Q2 of 2024-25	Not in place currently but is on CRM roadmap for delivery in Reg Q2 of 2024-25.		0.9
●	Any customer will be able to register with us to receive a range of services aimed at helping to reduce household or business costs, drive efficiency and help them access the benefits of the low carbon transition. These services will be promoted through Awareness campaigns and direct contact with customers. These will be delivered to 40,000 customers across the RIIO-ED2 period and deliver an NPV of £20m. There will be an SROI of £1.47 for every £1 spent.	0	Cancelled as rejected at FD			0
●	We will undertake a Power Cut Risk assessment for all Commercial Customers signing up to our Advice Services and our Proactive Contact service. We will review the Risk Assessment for these customers and record appropriate actions within 3 months of registration.	0.9	Not in place currently but is on CRM roadmap for delivery in Reg Q2 of 2024-25	Not in place currently but is on CRM roadmap for delivery in Reg Q2 of 2024-25.		0.9





## Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will transition our partnership model to be proactive by creating a coalition of organisations with shared goals and data sharing governance to deliver holistic and efficient support.	Completed	Complete	Completed as per target.	Completed as per target.	0
●	We will lead the creation of a single vulnerability register which our PSR will be part of, linking the organisations in our coalition partnership model. This “Register Once” service will make it easy for customers to register for vulnerability services with multiple organisations.	Completed	In Progress	Not in place yet, however work is in progress to enhance partnership model and build capability into Salesforce to control this. Expected to be in place during 2024-25.		0
●	We will register 80% of customers across every common needs code for PSR Registration by 2028 based on nationally available data.		SPD = 92.2% SPM = 89.3%	This is the rolled up number across all PSR's which Ofgem will now use as part of the Vulnerability Incentive criteria rather than coverage per individual PSR.		0.8
●	We will widen our view of vulnerability, capturing needs broader than common utility codes, building these into our service offerings and coalition partnership model.	Completed	Completed	As part of vulnerability strategy we are conducting horizon scanning on the wider categories. We will then look to build this into our core processes over the course of 24-25.		0
●	We will contact 100% of all our vulnerable customers every 2 years, achieving a minimum 60% fully validated data.	100%	Rate of contact: SPD = 100% SPM = 100%	Fully validated data – innovation program underway to determine optimum method(s) of achieving this validation rate.		100%
●	We will use data creatively to understand those customers likely to face barriers in accessing low carbon technology (LCT) due to social factors and overlay this with technology data creating an LCT prioritisation ranking to enable us to best target our services.	Completed	Complete	VEST tool delivered into core processes and embedded into SPEN website.		0
●	We will benchmark our service externally every year to measure up against best practice, achieving relevant recognised international standards and score in Top 5 UK companies through ICS (Institute of Customer Service) service benchmark.	Achieve top 5 UK equivalent score	Achieved top 5 UK equivalent score	Target achieved.	Target achieved.	0

## Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
	We will support customers in a number of ways during a power cut and capture their individual needs through our contact channels with no less than 99% of needs being met.	99%	SPD = 96.2% SPM = 95.4%	We have recently added our Customer needs tracker to our Salesforce CRM to allow greater visibility and tracking of customer requests and remain committed to delivering to 99% before the end of the price control.		0
	We will deliver direct support services to 276,000 vulnerable & disadvantaged customers.	nil return	nil return	Commercial contracts tendered during 23-24. Cumulative volume of Years 1 & 2 will be delivered in Year 2 once contracts are finalised.		276,000
	We will work in partnership with local support organisations to deliver community energy awareness campaigns at scale and educational outreach activities to raise knowledge and awareness of the changes coming to the energy sector and how individuals and their communities can participate and benefit. We will review our engagement, including who/how best to deliver information, throughout ED2 and remain flexible and innovative in our approach.	Baseline Established	Baseline Established	THE SPD CE engagement manager regularly collaborates with Community Energy Scotland, works with EST on capacity-building workshops, and partners with CEE, and CEW to support renewable projects and Net Zero goals.		Over the next 5 year period we will ensure engagement evolves to meet the needs of our stakeholders and commitments set within ED2.
	We will submit a Community Energy Strategy with our RIIO-ED2 business plan to clearly show how we will embed community energy thinking across our business and set our approach to leveraging resources to cost-effectively support community anchor organisations and their community energy projects across our licence areas. Our strategy will be independently reviewed every year to make sure we are learning as we go and adjusting to changes in the external environment.	Baseline Established	Baseline Established	Our Community Energy engagement manager was appointed in May. Their role is to ensure that we have continuous collaboration with CE stakeholders across our licence area and to ensure that our CE strategy is effectively delivered. Each year we will focus base the success of our strategy based on the metrics found in the Community Energy (CE): State of the Sector Report (Commissioned by the CE Representative Bodies).		Over the next 5 year period we will ensure that the CE strategy evolves to meet the needs of our stakeholders and commitments set within ED2.
	Through dedicated Community Energy advisors (who will work with our Whole System advisors), we will offer technical advice and optioneering as well as sign-posting to impartial, local support organisations and local energy planning activities and hand-hold local groups in need of additional support through our connections process.	Support Community Energy Engagement events	Events supported	We have supported Community Energy engagement events in both our licence areas to inform community groups of the connections process and providing key pre-application support. This proactive engagement ensures Community Energy projects are guided quickly through the process.		Support Community Energy Engagement events.

## Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
	We will ring-fence ~25% of our proposed Distribution Net Zero Fund for community-led energy projects to increase upfront funding. Community groups will still be able to access other categories of the fund.	Wasn't funded in ED2	Wasn't funded in ED2	Wasn't funded in ED2.	Wasn't funded in ED2.	Wasn't funded in ED2
	We will create a £30m Distribution Net Zero Fund which will support low-carbon projects within our licence area. The fund will be aligned to Scotland's, Wales and the UK's Net Zero aims whilst supporting our cities and local communities' decarbonisation ambitions. The fund will create positive environmental benefits, deliver strong social value, support the most vulnerable in our society, generate shared learnings and boost local economic growth.	Wasn't funded in ED2	Wasn't funded in ED2	Wasn't funded in ED2.	Wasn't funded in ED2.	Wasn't funded in ED2
	We will publish our Just Transition Strategy by the start RIIO-ED2. We will embed the principles of a Just Transition into our business planning throughout RIIO-ED2 and continue to engage our customers and stakeholders to understand local needs. We will review our progress via an independent annual review.	Strategy Published	Strategy Published	Our Just Transition Strategy was published in March 2023. Our first annual report will be issued during 2024.		Strategy Published annually
	We will deliver industry leading stakeholder engagement through the principles of inclusivity, materiality, responsiveness and impact. To validate this and help inform our continuous improvement we will seek achievement of the AA1000SE industry standard for stakeholder engagement. We will aim to reach the highest categorisation phase possible on the AccountAbility maturity ladder following a robust evidence check and senior manager interviews – demonstrating our commitment to industry leading engagement practices.	81%	91%	Undertook AccountAbility Healthcheck 2024. Improved score to 91%, up 2% from last year's Healthcheck. All pillars now in Advanced stage of Maturity Ladder. Taking recommendations to progress a programme of further improvement.		81%

## Be the trusted partner for our customers, communities and stakeholders (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will re-test our priorities with customers and stakeholders on an annual basis and present results to our independent external group every year along with our action plans. Our plans will be inclusive ensuring our engagement covers all stakeholder and customer groups.	One stakeholder survey per year	1	Conducted annual Stakeholder Priorities Survey 2024, closed 31 March 2024. Integrating findings into engagement plans.		One stakeholder survey per year.
●	We will launch a fit-for-purpose online tool, which gives our stakeholders easy access to a collaboration and engagement platform where they can engage with relevant content and influence our decision making. We will ensure better targeting of stakeholder communications, increasing active participation rates by 20% by the end of RIIO-ED2.	4% increase in stakeholder participation	5.45	Stakeholder engagement management system, Tractivity, updated. Launched online engagement portal, Engage-360. Participation rate at 5.45%.		20% increase in stakeholder participation.
●	By embedding an annual programme of engagement across each of our strategic topic areas, we'll give stakeholders the chance to influence our decisions and assess the delivery of our plans. At an executive level, we will hold director-led strategic stakeholder engagement events demonstrating senior-level buy in and engagement with our stakeholders. We will measure the effectiveness of our engagement through impact delivered and stakeholder satisfaction.	2 strategic stakeholder events held – including director led	2	Delivered an annual programme of engagement across our strategic topic areas, including director-led initiatives which are strategically aligned. Our programme included a range of working groups such as the Sustainability Working Group, engagement with the Chambers of Commerce and strategic conversations with our independent stakeholder.		10 strategic stakeholder events held – including director led.
●	We will report annually on our latest engagement performance through transparent stakeholder reporting, including social return on investment generated by our stakeholder initiatives. We will commit to achieving a positive social value for every £1 spent on a project or initiative over a 5-year period.	SROI published in annual report	1	SROI modelling tool created with governance process. Leading industry towards a unified approach across the sector. Delivered training across our teams to improve understanding of social value and how the SROI modelling tool can be used.		One report on SROI published per year.

## Ready our business for a digital and sustainable future

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will embed environmental sustainability considerations in our business processes whilst maintaining and continually improving our ISO14001 certified Environmental Management System. This will enable us to achieve 'beyond compliance' environmental performance and our sustainability goals.	Yes	Yes	During regulatory year 2023/24 SPEN maintained our certification of ISO14001 with an external surveillance audit of our Environmental Management System. We are continuing to embed the recommendations and opportunities from this report into our internal systems.		
●	We will continue to provide transparent reporting of our environmental and sustainability performance by publishing an annual report of our progress against all environmental and sustainability commitments – in line with metrics and a format developed in collaboration with the other DNOs.	Report Published	Report Published	An Annual Environmental Report has been created providing an update on progress towards meeting our commitments to stakeholders. The report provides a narrative update, case studies and relevant KPIs to present our performance against targets.		
●	We will improve the quality of environmental data collected and analysed at all stages of the asset lifecycle, investing in enhanced IT systems and formalising data sharing collaborations with key stakeholders.	Publication (internal) of Data Strategy	Data Strategy publication in progress	The Sustainability Data and Reporting Strategy has been drafted, and we are awaiting finalisation of the Sustainability Digitalisation route map, thereafter final review, approval and publication of the strategy expected Q4 2024.		
●	We will continue to ensure that our staff, contractors and suppliers have the skills and knowledge to allow us and our supply chain to move beyond compliance and achieve our Sustainability Goals, by identifying and ensuring delivery of appropriate environmental training.	90%	99%	For calendar year 2023 99% of staff environmental training was delivered, exceeding our 90% target. 45% of our contractors and suppliers have complete Supply Chain Sustainability School training.		
●	We will further enhance environmental sustainability standards and performance metrics in our contracts by 2023 and will collaborate with our supply chain to target more than 80% of RIIO-ED2 suppliers (by value) meeting these standards.	>80% by 2028	63%	63% of our Distribution suppliers (by value) meet our environmental sustainability standards. We will be holding engagement sessions with our supply chain leads to discuss how to move towards 80%.		

## Ready our business for a digital and sustainable future (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
<span style="color: blue;">●</span>	We will deliver efficient and economic actions to reduce our scope 1, 2 & 3 business carbon footprint by 67.2% by 2035 from a 2018/19 baseline, in line with validated Science-Based Targets aligned to a 1.5-c pathway.	-21%	-36%	The most significant reductions from our 2018/19 baseline were due to a decrease in emissions associated with depot and substation energy use and the introduction of HVO to replace diesel. Scope 3 emissions accounted for approximately 43% of our emissions. One of the priority actions is to increase the accuracy of Scope 3 reporting which will allow us to track performance. (metrics relate to Scope 1&2 excl. Losses).		-38%
<span style="color: blue;">●</span>	We will minimise our carbon footprint to achieve Net Zero carbon by 2035.			We achieved Planet Mark Business Certification of our Business Carbon Footprint for the 8th year, in accordance with ISO 14064-3 (2006). We are ahead of our Science-Based target set for 2023/24.		
<span style="color: orange;">●</span>	We will achieve Carbon Neutrality by 2023 for our Scope 1 & 2 business carbon footprint excluding Losses.	17,373	0	We have not offset our emissions in this first year of ED2. We will offset the emissions from the first year of RIIO-ED2 in subsequent years.		101,315
<span style="color: orange;">●</span>	We will decarbonise our operational fleet by 2030, replacing 100% (over 800) of our cars and vans with electric alternatives in line with the Iberdrola EV100 commitment and will seek to further accelerate this to 2028.	84%	5%	We have replaced 36 of our vehicles with electric alternatives to date. We are behind our target; electric alternatives to our larger vans which must travel long distances and carry heavy loads are not yet commercially available. We are working with our fleet teams to accelerate the transition to electric vehicles where we can during ED2.		100%
<span style="color: blue;">●</span>	We will reduce our SF6 leakage by 10% over the RIIO-ED2 period compared to RIIO-ED1.	3%	8%	During the regulatory year 2023/24, we exceeded our first year target of a 3% reduction in SF6 leakage. The recorded SF6 leakage was lower than the amount needed to meet this 3% reduction target. As a result we exceeded our target as the less we leak, the higher the percentage reduction. It is important to note that the reported leakage pertains solely to SF6 used for top-ups and does not account for any disposals.		10%
<span style="color: blue;">●</span>	We will analyse our generator use and set targets for reduction in carbon emissions to be achieved by end of RIIO-ED2.	267	167	We have set a target to reduce generator emissions per MWh of power supplied by 76% by the end of RIIO-ED2. We are targeting a linear reduction towards our target. We are ahead of our target for 2023/24.		63
<span style="color: orange;">●</span>	We will continue to purchase green electricity through a 100% UK-based renewable energy tariff backed by Power Purchase Agreements (PPA) for all our buildings. Beyond this, we will reduce our buildings and substations energy consumption by a minimum of 15.2GWh (8%) over the RIIO-ED2 period.	0.2	0.0	The GHG emissions from Buildings electricity was almost zero in 2023/24 as the electricity we purchased was through a REGO tariff backed by Power Purchase Agreements (PPA). Energy efficiency measures were carried out on 155 substations, the works included replacement of all heating, lighting and controls to bring into line with the latest Civil specification. We are awaiting data relating to the GWh energy saved which will be reporting in next years report. For offices and depots, no energy efficiency works have been carried out yet, but we anticipate that works will shortly proceed within 6 of our strategic offices and depots.		15.2GWh

## Ready our business for a digital and sustainable future (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
Below Target	In RIIO-ED2, we will continue to implement our Losses Strategy to avoid an estimated 36 GWh of network losses, thereby limiting losses to a lower level than would otherwise be the case.	1.9	0.9	We are proactively mitigating technical losses increase through our programme of early replacement of high loss transformers. Progress in SPM is on target – the estimated losses savings are slightly lower due to a change in the losses modelling assumptions. Progress in SPD is slower than expected as we have replaced fewer secondary transformers than planned. We are also not progressing with two primary transformer replacements in ED2, as these did not provide best value for money for the customer. It is possible we will replace these assets in future due to other drivers. Our external Revenue Protection Inspection activities (activities we carry out to prevent, detect and recover electricity losses caused by interference with the electricity supply) continue to have a large impact with over 20MWh of losses savings from interventions as a result of this programme.		36
On Target	We will continue to implement our 2021 Business Travel Policy to reduce business travel emissions by at least 580 tCO <sub>2</sub> e during RIIO-ED2.	116	132	The implementation of our Travel Policy has led to approximately 75% reduction in combined miles travelled by rail and domestic flights (using 2019/20 as a baseline year). We estimate that this has led to a saving of 132 tCO <sub>2</sub> e in 2023/24.		580
On Target	We will require strategic suppliers to set Science-Based Targets within 5 years, aiming for 80% of our supply chain by value.	80% by 2028	44%	We have achieved 44% to date, we will be holding engagement sessions with our supply chain leads to discuss how to move towards 80%.		80%
Below Target	We will continue to target zero environmental regulatory interventions and notifiable breaches.	0	1	There was one regulatory intervention in December 2023 in SPM which resulted in a written warning although no further enforcement actions or undertakings resulted.		0
On Target	We will implement Pollution Prevention Plans at 100% of our RIIO-ED2 132kV projects.	100%	100%	We have set a target to implement pollution incident response plans in all of our 132kV projects in SPM and we achieved this in the 2023/24 reporting period.		100%
On Target	We will reduce the volume of fluid (oil) used to top up our pressurised cables by around 3,490 litres (10%) by replacing 19.429km of our leakiest fluid filled cable.	0	0	Leakage from fluid filled cables reduced considerably from last year when we had significant leaks in Merseyside and is now in line with our average annual leakage rates. The Kirkby and Bootle Circuits are both in the ED2 plan and programmed for sectional completion between 2025 and 2027. This will further reduce and continually improve our leakage rate.		19,429
Below Target	We will eliminate PCBs from our network by the end of 2025, in line with legislation and the risk-based industry approach agreed with the environmental regulators.	4,024	2,166	Work is progressing on the planned removal of PCB contaminated (or potentially contaminated sealed) assets to ensure that we meet the given deadline of 31 December 2025 for the removal of these assets from our Distribution network. In line with our plans, developed via the ENA PCB Working Group, we are continuing to identify contaminated equipment. This Contaminated Equipment Disposal Plan involves a challenging rate of equipment replacement, and we are intending to comply with the deadline.		13,398



## Ready our business for a digital and sustainable future (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will use low carbon alternatives to concrete bunding for our RIIO-ED2 retrofit projects where technically feasible.	41	43	We have used Lower carbon concrete on 43 of the projects for the ED2 period in Primary Projects, for Plinths / Bunds. (Concrete mix that contains 40% GGBS replacement for Portland cement).		203
●	We will continue to proactively minimise the impacts of noise resulting from the construction, maintenance and operation of our electrical infrastructure and take timely action to rectify noise complaints from our plant and sites.	6	9	We received 9 noise complaints in the 2023/24 reporting year, these were investigated and fully rectified. Through compliance with our Noise Management Procedure, we are continuously educating colleagues on how to better manage noise.		30
●	We will deliver 10% enhancement of biodiversity on 25 hectares across our existing network, on our non-operational land and existing linear infrastructure through collaboration with landowners, communities and local wildlife groups.	5	0	Year 1 was used to develop a process for selecting sites for potential enhancement and carrying out the necessary surveys. The working group created a pipeline of enhanceable sites across the SPM and SPD network site portfolio. Baseline assessment were then conducted at a number of these sites to identify biodiversity enhancement opportunities.		25
	We will deliver 500 biodiversity units across our RIIO-ED2 work programme to not only fully mitigate our impacts but enhance local biodiversity.	Wasn't funded in ED2	Wasn't funded in ED2	Wasn't funded in ED2.		Wasn't funded in ED2
●	We will remove 35km of overhead lines in Areas of Outstanding Natural Beauty, National Parks, and National scenic areas.	4km	5km	In SPM, we've completed visual amenity works in Tyn Llwydan and work is planned for completion at Rhos Mynach, Angelsey in 2024. There are an additional 11 projects in the works during 2024, 2025 and 2026. SPD also have a number of visual amenity projects in the pipeline including at Holy Island.		35km
●	We will divert 100% of our waste from landfill by 2030, excluding compliance waste.	95.0%	94.3%	In 2023 we diverted 94.3% of waste from landfill, just short of our 95% target. We plan to get this back on track in 2024 to meet the 2030 target. We are increasing our data gathering abilities by investing in an enhanced waste and materials digitalisation recording system for our supply chain.		98.3%
●	We will establish a baseline and targets for waste reduction per £1m of total annual expenditure, to be achieved by the end of RIIO-ED2 and 2030 in line with our zero waste to landfill date.	Baseline Established	In Progress	Baseline being established, targets to be set during 2024.		Baseline and targets set.

## Ready our business for a digital and sustainable future (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will grow our own talent from the communities we serve through a blended approach of multiple inclusive trainee and upskilling programmes and direct recruitment, to achieve a safe, skilled workforce. We will do this on an annual basis throughout RIIO-ED2, by filling 90% of our roles for our field staff and 50% for our engineering and technical workforce using our trainee programmes.	Complete planned trainee programme completions through to permanent roles	30 programmes now developed. 123 trainees developed to positions within our business	Our trainee programmes continue to be the cornerstone of our workforce strategy, which continues to evolve in line with our strategic capabilities now and for the future.		Continue to build on programmes, with continued yearly increase in trainees and development of programmes in line with future business needs.
●	We will create opportunities for our staff to develop new skills through development, upskilling and training plans aligned to our digital transition and journey to Net Zero to achieve a workforce who are motivated and confident to embrace the challenges we face. We will do this through annual internally recruited trainee programmes and annual upskilling plans for our people.	Recruit planned trainee intake. Deliver agreed training plan	351 new trainees onboarded. 63,200 hours of training, 1,700 employees	Key skills-based programmes aligned to our strategic capabilities have been implemented, including, but are not limited to, a wide range of engineering, telecoms & networking development, customer & commercial training (including contract management and project management qualification based training).		Continue to build on training hours, diversity of programmes and numbers of employees, including trainees.
●	We will continue our relentless drive to achieve a truly inclusive and diverse workforce through our improved policies, recruitment processes and by supporting and training our people leaders in Diversity & Inclusion (D&I) Legal training, inclusive recruitment and inclusive leadership by 2025. We will aspire to achieve D&I collection rates of 60% or more for our existing workforce to support the measurement of our diversity improvements by 2025.	20% D&I data capture	D&I data collection rate of 28% across SPEN, up from 16%	Continue to drive our inclusion and diversity initiatives across our business. All D&I training modules are now available to all employees via our Workday system and we continue to collaborate with our internal employee networks to influence ongoing people policy development. Focus also on introducing balanced shortlists and interview panels where practical with all senior vacancies.		Aspiration to increase to 60% D&I data capture.
●	We will continue our long-standing commitment to safeguard the physical and mental health and wellbeing of our people to achieve a resilient, engaged workforce. We will engage with staff and implement actions plans from their feedback through our LOOP survey every two years and specific topic PULSE surveys and we will increase the number of our mental health first aiders to a 1:25 standard by 2024.	Mental health first aiders to a 1:25 standard by 2024	150 trained Mental Health First Aiders and 149 line managers now trained in a Managing Mental Health programme	75% Loop completion	68% Loop completion	Complete Mental Health Leadership training for all People Leaders.  Maintain Loop response rate.

## Ready our business for a digital and sustainable future (continued)

Status	Commitment	2023/24 Target	2023/24 Actuals	SPD response	SPM response	5 year target
●	We will embed a digital and sustainable culture within our workforce to support our journey to Net Zero. We will do this through ensuring our current and future workforce benefits from new and enhanced capabilities, providing them with necessary skills for the future through RIIO-ED2.	Introduce new skills frameworks for critical skills	2 new skills frameworks developed related to IT and OT (Cyber)	An organisation-wide transformation programme has begun, with specific cyber & digital skills and culture change initiatives being rolled out.		Continue to build on strategic skills capabilities and solutions.
●	We will operate a risk-based approach to the management of vulnerabilities and threats to the cyber-security and resilience of our IT and OT estate and data. We will continually assess our current position, review the threat landscape and create action plans to apply proportionate technical and organisational mitigation steps. This will be a stepped increase from ED1 as cyber threats evolve.					
●	We will create a new Digital environment to meet our customers', stakeholders' and business' future plans and strategies. We will build a Digital representation of our energy system and operation. Metrics will be published in line with our Digitalisation Strategy & Action Plan (DSAP).	Digital Initiatives delivered in line with DSAP	Digital Initiatives delivered in line with DSAP	Initiatives delivered in line with DSAP.		Digital Initiatives delivered in line with DSAP.
●	We will track, measure and publish our progress via the Digitalisation Strategy & Action Plan (DSAP). The Digitalisation Strategy will be refreshed and published at least every 2 years, and the Action Plan at least every 6-months.	DSAP published	DSAP published	DSAP published in line with Commitment.		Bi-Annual DSAP publication.
●	We will treat data as an asset and make data more accessible for more people (internally and externally) so that we can deliver more value for our customers and stakeholders. We will make our data presumed open by applying the principles from Ofgem's Data Best Practice Guidance.	Data Initiatives delivered in line with Data Strategy	Data Initiatives delivered in line with Data Strategy	Azure data environment deployed and initial 3 data products developed to support Smart, Outage and asset data initiatives.		Data Initiatives delivered in line with Data Strategy.



# Glossary

## Areas of Outstanding Natural Beauty (AONB)

Means protected landscapes in England, Wales and Northern Ireland as defined in the National Parks and Access to the Countryside Act 1949 (and includes National Scenic Areas in Scotland, as comparable to AONBs). Ofgem provide DNOs with an allowance for undergrounding overhead lines in these areas.

## Customers Interrupted (CI)

The number of customers in every 100, whose supplies have been interrupted per year over all incidents, where an interruption of supply lasts for three minutes or longer, excluding re-interruptions to the supply of customers previously interrupted during the same incident.

## Customer Minutes Lost (CML)

The duration of interruptions to supply per year – average customer minutes lost per customer per year, where an interruption of supply to customer(s) lasts for three minutes or longer.

## Distribution Future Energy Scenarios (DFES)

## Distributed Generation (DG)

Generation connected to the distribution network, such as wind turbines, domestic solar panels, photovoltaic farms, hydroelectric power, and biomass generators.

## Distribution Network Operators (DNOs)

DNOs are the organisations that look after the networks transporting electricity to end users such as homes and businesses. In England and Wales, DNOs manage the network from 132,000 down to 230 volts. In Scotland, DNOs manage the network from 33,000 volts to 230 volts. The UK distribution network is divided into 14 distribution areas, and these are managed by 6 DNOs.

## Distribution System Operator (DSO)

The DSOs role will be to maintain system security and quality of service in distribution networks in order to serve network customers. The DSO will help with market facilitation, encourage transparent and non-discriminatory access, and ensure security of system and quality of service.

## ED1

ED1 (Electricity Distribution) price control set the outputs that the 14 electricity Distribution Network Operators (DNOs) need to deliver for their consumers and the associated revenues they are allowed to collect for the eight-year period from 1 April 2015 to 31 March 2023.

## ED2

ED2 (Electricity Distribution) price control set the outputs that the 14 electricity Distribution Network Operators (DNOs) need to deliver for their consumers and the associated revenues they are allowed to collect for the five-year period from 1 April 2023 to 31 March 2028.

## ESQCR (Electrical Safety, Quality and Continuity Regulations)

Duty holders have duties to report certain incidents that may involve the safety of those not employed by the duty holder (enforcement by HSE), major supply interruptions (enforced by Department of Energy and Climate Change) and domestic fatalities (enforced by Department for Business, Innovation and Skills).

## Exceptional Event (Often referred to as a Severe Weather Event or Significant Event)

An event where the number of incidents caused by the event at distribution higher voltage in that period is equal to or greater than the commencement threshold number. In SPD the threshold is 76 and in SPM the threshold is 68. 'Distribution Higher Voltage' means any nominal voltage of more than 1,000 volts up to and including 132 kilovolts (except in Scotland, where it means any nominal voltage of more than 1,000 volts but less than 132 kilovolts).

## Fluvial Flood

Flooding that occurs as a result of flooding from rivers and watercourses.

## Guaranteed Standards of Performance (GSOPs)

These are the minimum levels of service to be met across a range of customer facing activities, including how we manage power cuts, connections, and customer complaints. If we fail to provide the level of service required, we make a payment to the customer affected. There can be certain exemptions to these compensation payments, for example during extreme weather events.

## Greenhouse Gas (GHG)

A gas that contributes to the greenhouse effect by absorbing infrared radiation. Carbon dioxide and chlorofluorocarbons are examples of greenhouse gases

## Health and Safety Executive (HSE)

The government body responsible for enforcing health and safety legislation.

## Hydrogenated Vegetable Oil (HVO)

Hydrogenated vegetable oil is made from edible oils extracted from plants, such as olives, sunflowers, and soybeans.

## Incentive on Connections Engagement (ICE)

This is an incentive designed to encourage DNOs to improve the way they communicate with major connections customers.

# Glossary

## Low-carbon Technology (LCT)

Technologies designed to reduce the amount of carbon we use, including electric vehicles, heat pumps, wind turbines and solar panels.

## Lower Layer Super Output Area (LSOA)

Is a means of reporting deprivation by the Office for National Statistics.

## National Parks

Means the areas that are designated as protected areas as defined in the National Parks and Access to the Countryside Act 1949.

## National Scenic Areas

Means the areas that are defined in the Town and Country Planning (Scotland) Act 1997 as being of outstanding scenic value in a national context.

## Network Analysis and View (NAVI)

Tool which facilitates detailed scenario analysis and modelling in ED2.

## Network Controllable Points (NCP)

Plant and apparatus that has automation fitted to carry out operations on the network remotely. This remote switching reduces the need for field engineers onsite and allows quicker restoration of customers during fault operations. It also enables the ability to apply schemes to specific circuits which can restore customers based on alarms and indications without human input, making our network smarter and safer.

## Network Operating Costs

Expenditure on operating and maintaining the network, e.g., fault repair, tree cutting, inspection and maintenance, engineering, and business support costs.

## Priority Service Register (PSR)

Our register of vulnerable customers, enabling us to provide additional support when required. Stakeholder Engagement and Consumer Vulnerability (SECV) Incentive Drives network companies to engage with stakeholders and address consumer vulnerability issues. The SECV Incentive is designed to only reward network companies for high quality activities or outcomes that go beyond business as usual. Network company provide a submission to the regulator in relation to engagement activities carried out during the regulatory year in question. The regulator will assess this submission in three stages (internal assessments, panel assessment and an external consultant assessment for the consumer vulnerability).

## Smart Meter

Advanced gas and electricity metering technology that offers customers more information about, and control over, their energy use (such as providing information on total energy consumption in terms of value, not only volume), and/or allows automated and remote measurement.

## Time to Connect and Time to Quote

This new incentive will measure the time taken from initial application received to the issue of a quotation and the time taken from quotation acceptance to connection completion. The incentive will capture minor connections customers. No exemptions apply.

## Unrestricted Domestic Tariff

The estimated annual cost of distribution to the typical domestic customer under the Common Distribution Charging Methodology, assuming a certain level of consumption for the chosen customer category and the total allowed income that is being targeted (reflecting previous under/over recoveries and various incentives).

