Scottish and Southern Electricity Networks **Distribution Business Plan Commitment Report**

2015/16

Scottish & Southern Electricity Networks

Contents

Get in touch

If you have a question about our performance, or feedback about how the information in this publication is presented, we'd be happy to hear from you.

stakeholder.engagement@sse.com

Ross Williams
Scottish and Southern Electricity Networks
Inveralmond House
200 Dunkeld Road
Perth, PH1 3AQ

Find us on Facebook:
SSEN Community

Follow us on Twitter:
@ssencommunity

www.ssen.co.uk

A message from our Managing Director

Colin Nicol
Managing Director, Scottish and Southern Electricity Networks

I am pleased to bring you Scottish and Southern Electricity Networks' (SSEN) Distribution Business Plan Commitment Report for the 2015/16 regulatory year.

The report summarises the performance of our two electricity distribution network companies, Scottish Hydro Electric Power Distribution (SHEPD) and Southern Electric Power Distribution (SEPD), against some of the commitments we made in our Business Plan for the eight-year RIIO-ED1 price control period from 2015–2023.

The start of this new regulatory framework for Distribution Network Operators (DNOs) brought many new opportunities and challenges.

For us it heralded the beginning of an unprecedented period of change as we reshaped and reorganised ourselves to put our customers first. Our strategy is a clear one: it is shaped around the safety of both our customers and our people.

During this first year under the incentives-based RIIO-ED1 price control, we made significant steps in driving change in all areas of our operations, processes and standards. The introduction of a change programme continues to ensure that we set ourselves up to meet the demands of the price control. Our focus is on the delivery of efficient operations and the best possible experience for customers, and we have prioritised our efforts to make improvements in customer service.

The most significant of these are the two measures relating to our supply interruption performance: Customer Interruptions and Customer Minutes Lost (CIs and CMLs). In the first year of the new price control our adoption of a 'restore first, repair second' method was a driver in bringing down our CIs and CMLs.

The continued investment in automation, network reinforcement and tree cutting are also delivering improvements in this area.

We are committed to improving upon and providing a fast and efficient connections service for domestic and commercial customers by reducing the Distribution element of our customers' energy bills, lessening our Business Carbon Footprint and delivering a highly reliable supply (c.99.99% availability).

We also renewed our identity following feedback from our customers, stakeholders and our people. As SSEN, we simplified our brand, providing a greater understanding of who we are, what we do and how we can be contacted. Our new name and identity sums up what we do and defines our core purpose as 'Powering our community', putting the customer at the heart of all we do.

Although the look and feel of our company may have changed, our focus continues to be on providing first class customer service whilst operating a safe, reliable and sustainable network for our 3.7 million customers.

Overall, I believe we have made good progress against our business plan commitments in the first year of this eight-year price control. However we recognise areas where we still have work to do if we are to meet and exceed our customers' expectations, and I am determined to put that right in the years ahead.

Our business explained

We are SSEN, responsible for maintaining and operating the electricity distribution networks across central southern England and northern Scotland. We do this under our two respective electricity distribution licensees: Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc[1].

Together these networks are made up of 106,000 substations and 126,000km of overhead lines and underground cables across one third of the UK, delivering electricity to over 3.7 million homes and businesses.

Our skilled teams are based across the regions we serve, from the bustle of West London to the smallest villages in the Highlands and Islands of Scotland. They are supported by engineering and customer service teams based in major offices and depots in centres including Reading, Portsmouth, Perth and Inverness.

Our primary focus is to power our communities by providing a safe and reliable supply of electricity. We do this by making sure our employees and contractors work safely while ensuring the network is able to function properly and meet electricity demand now and in the future.

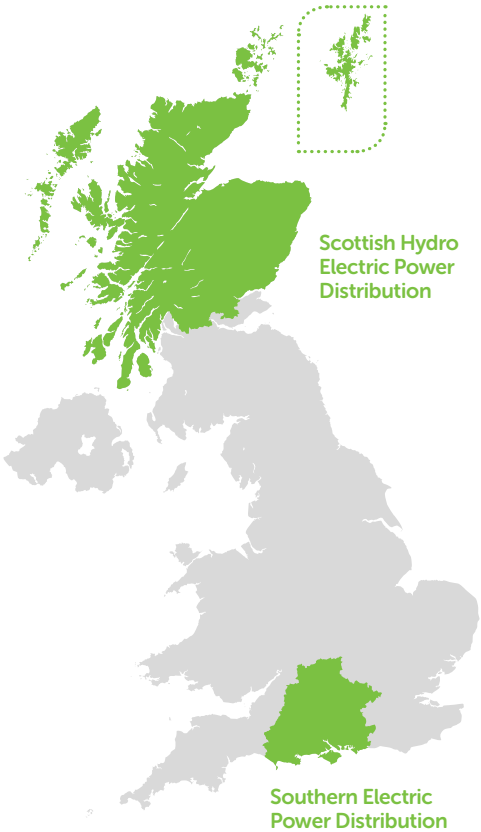
How we are regulated

Our two licensed networks, or Distribution Network Operators (DNOs) – SEPD and SHEPD – are closely regulated by Ofgem, the Office of Gas and Electricity Markets. In total, there are 14 DNOs spanning Great Britain – all of which are regulated by Ofgem in the same way. Ofgem sets the cost allowances and service standards for each DNO over fixed time periods. This is known as price control regulation.

The current price control period, referred to as RIIO-ED1, started in April 2015 and runs for eight years up to and including March 2023. The RIIO model is based upon Incentives, Innovation and Outputs, and it is our performance against these areas which determines the amount of revenue we receive each year.

Revenue =
Incentives
+ Innovation
+ Outputs

[1]Please note that you may also find us referred to as SSES and SSEH in some Ofgem reports.



Our network

1/3
Our two regions represent one third of the land mass of Great Britain

100
Over 100 subsea cables, powering island communities

550,000
Number of calls taken by local call centres in Perth and Portsmouth in 2015/16. Of these less than 1% were abandoned across our SEPD and SHEPD areas

4,000
Employees working from 85 depots and offices in the heart of the community

£1m
Awarded to local community projects through our Resilient Communities Fund

Performance Snapshot 2015/16

Our network

Number of customers served

SHEPD
762,398

SEPD
3,016,250

The combined length of overhead and underground (including submarine) cables and lines on our network

SHEPD
48,332km

SEPD
78,012km

Reliability

Customer Interruptions (CI)
The average number of interruptions per 100 customers per year

Customer Minutes Lost (CML)
The average number of minutes a customer is off supply

Customer satisfaction

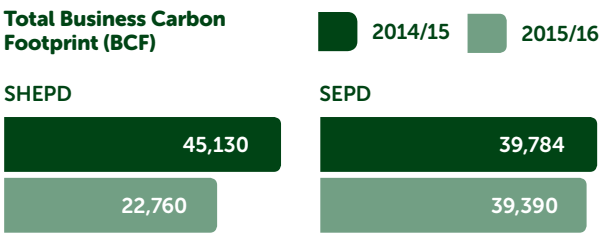
Overall Broad Measure of Customer Satisfaction score out of 10

£0
Penalties incurred under the Incentive on Connections Engagement (ICE) scheme

5.73/10
Our Stakeholder Engagement and Consumer Vulnerability score out of 10

Environmental Impact

Total Business Carbon Footprint (BCF)



* All financial figures quoted in this report are in 2012/13 prices

Finance

£402.4m

Unrestricted Domestic Tariff Charge (not including the domestic customer rebate)

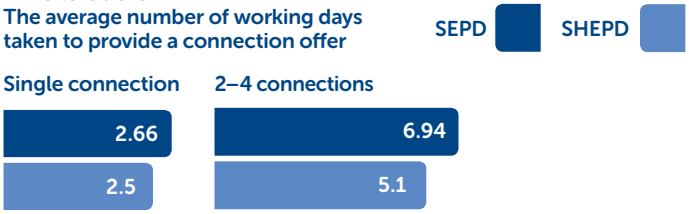
Total Expenditure in 2015/16

SHEPD
£142.2m
(89% of our allowance)

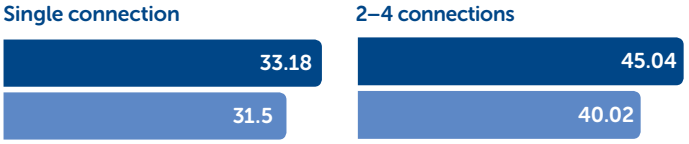
SEPD
£260.2m
(85% of our allowance)

Connections

Time to Quote
The average number of working days taken to provide a connection offer



Time to Connect
The average number of working days taken to provide a connection following acceptance of a connection offer



Reliability and Safety

In 2015/16 we successfully complied with Health and Safety Executive (HSE) legislation.

Under the banner of "if it's not safe, we don't do it" we encourage all employees and contractors to stop work if necessary to ensure they did not put themselves, others or the environment at risk.

Innovation

Constraint Managed Zones (CMZ)
Our CMZs will look to ensure that security of supply is met for sections of the network through the use of load variation techniques, such as Demand Side Response, Energy Storage and stand-by generators rather than simply resorting to traditional reinforcement.

My Electric Avenue
My Electric Avenue has been monitoring what impact Electric Vehicle (EV) charging could have on the electricity network and has tested real solutions to allow more EVs to connect with minimal disruption.

The project was recently awarded the Successful Delivery Reward (SDR) for efficient project delivery.

Active Network Management (ANM)
Our ANM methodology, which actively manages the network to facilitate generation connections without expensive network reinforcement, has been successfully deployed in Orkney, Shetland and the Isle of Wight.

It has now been consolidated as a template that is replicable and suitable for wider roll out.


Scottish & Southern
Electricity Networks
Powering our
community
EMERGENCY LINE
0800 300 999
ssen.co.uk
WM65 OOU

Our new brand

Our new name, Scottish and Southern Electricity Networks (SSEN), sums up what we do in the simplest possible terms by bringing together our businesses in the north of Scotland and central southern England – Scottish Hydro Electric Power Distribution (SHEPD), Southern Electric Power Distribution (SEPD) and Scottish Hydro Electric Transmission (SHE Transmission). It represents every part of our business, north and south, from the engineers building the largest electricity transmission link in the UK, to the teams caring for our customers when we experience bad weather.

Our renewed identity represents a commitment to go much further than a new name and logo. We recognise the growing requirement for service providers, such as Scottish and Southern Electricity Networks, to improve the way we engage with our customers, communities and stakeholders. That's why we have defined our core purpose as 'Powering our Community', making a commitment that customers and communities will always be at the forefront of the way we manage and operate our networks.

Scottish & Southern Electricity Networks

- Scottish Hydro Electric Power Distribution (SHEPD)
- Southern Electric Power Distribution (SEPD)
- Scottish Hydro Electric Transmission (SHE Transmission)

Although we're now trading under our new brand name, our licensed entities have not changed.

Our brand values

Reliable
People and communities can depend on us completely; we do what we say

Professional
We work hard, and our standards are second to none

Dedicated
We've shown time and again, we stop at nothing to get the job done safely and well

Open
We're honest, and always there when you need us

Passionate
We love what we do, we're enthusiastic, we're proud to 'power our community'

About this report

Like all DNOs, we have an extensive set of commitments that transcend every aspect of our business. This report is structured around the six main output areas of the RIIO-ED1 price control period. They are:

1. **Reliability and availability:** Ensuring that the network remains reliable and that we act quickly in the case of power cuts
2. **Social obligations:** Engaging with and considering the needs of all consumers but especially those in vulnerable positions
3. **Safety:** Providing a safe network in compliance with health and safety standards
4. **Environmental impact:** reducing the negative impact that we have on our environment
5. **Connections:** Connecting new customers to our network in a timely and efficient way
6. **Customer satisfaction:** Ensuring that our consumers receive excellent customer service

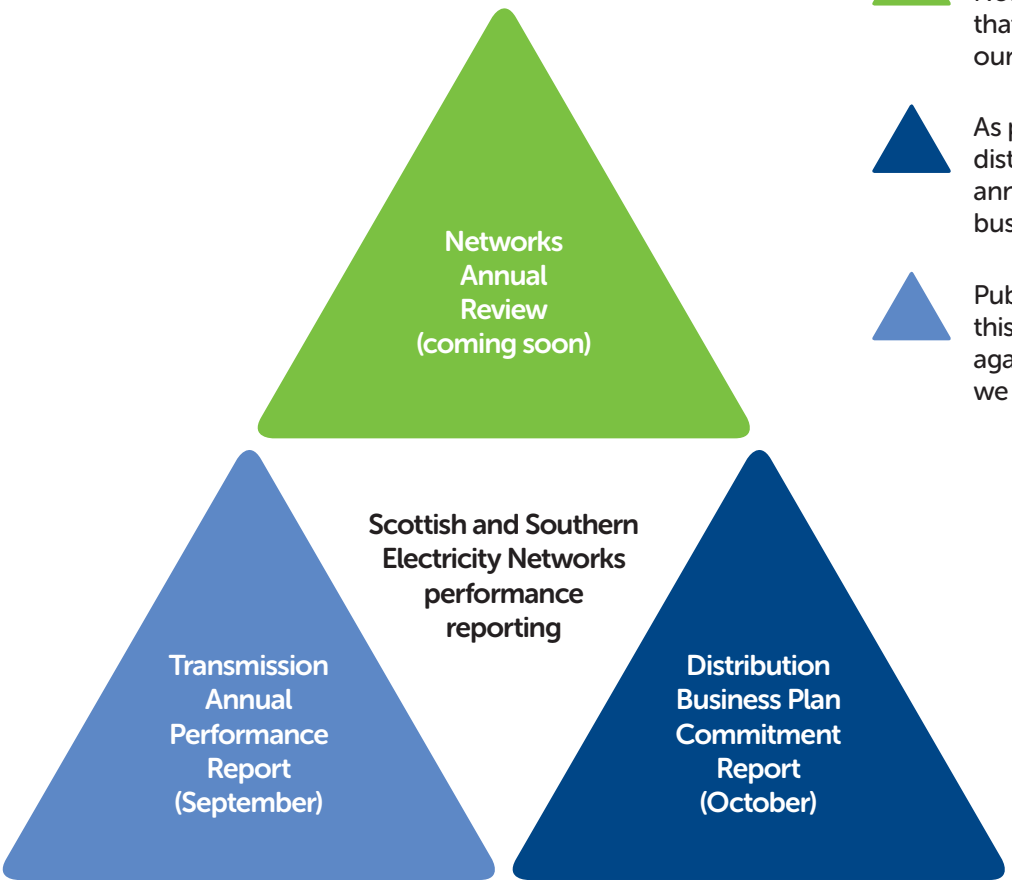
We involved a wide range of customers and stakeholders in the development of our business plan. This gave us an understanding of what they expected from our networks in terms of the areas set out above. These were developed into the 12 commitments that underpin our business plan and our deliverables within each output area.

During the summer of 2016, we engaged with over 2,000 domestic customers and key stakeholders drawn from across both our network areas to ensure that we are still acting on the things that matter most and this report is focused on the issues that our customers and stakeholders want it to.

Our 12 commitments to stakeholders

1. You'll be able to contact us in more and more ways that suit you. By Twitter, Facebook or however you want to talk to us
2. We'll keep on asking you how we could do better and publish a report every year on what we're doing about it
3. We will reduce our part of the electricity bill by 10% in 2015 and having only inflationary increases thereafter
4. Every year we will publish our resilience plan so you know what we will do in the event of a power cut
5. We want to make it easy for you to fill out a form by giving you the option of doing it online, by post, by phone or live chat
6. If we do have an unexpected power cut, within 10 minutes we will be able to tell you what we are doing about it
7. We will reduce the small number of customers that suffer more than three power cuts per year by 30%
8. Where we need to do some maintenance, we'll give you at least five days' notice of a planned power cut. If we don't we will pay you £20
9. We will reduce the number of power cuts by 5% and their duration by a quarter
10. Having the best safety record in the industry won't make us complacent. We will keep looking for new ways to keep you safe around our equipment
11. We will work with communities to reduce the visual impact of up to 90km (60 miles) of overhead lines in National Parks, Areas of Outstanding Natural Beauty and National Scenic Areas
12. If you apply for a new electricity connection and a team member has not been in touch within three working days, then we will pay you £20 – minor connections

SSEN performance reporting



We will publish a new Networks Annual Review so that stakeholders can monitor our progress year-on-year.

As part of RIIO-ED1, our distribution business will report annually on the delivery of its business plan commitments.

Published in September each year, this report details our performance against some of the main outputs we are expected to deliver in RIIO-T1.

Ensuring a reliable supply of electricity

Reliability of supply is one of the most important priorities for our stakeholders and customers, yet we recognise that they do not want their bills to increase.

We invest in our network to maintain, replace or refurbish assets which may have defects that require attention, or are at the end of their service life due to their condition. We always seek the appropriate balance between minimising the level of this expenditure whilst ensuring that there is no risk to the safety of our staff and the public, or risk to security of supply to our customers.

There are three related areas of activity which contribute to reliability:

Operation

Operating our network safely and effectively to minimise the number and duration of supply interruptions

Maintenance and asset replacement

Keeping our network in good condition by maintaining, refurbishing or replacing our assets in appropriate time scales to improve performance and minimise or avoid failures

Reinforcement

Upgrading our network to avoid overloading the assets and maintaining capacity to meet customer requirements

Our commitments

1. We will minimise the level of planned supply interruptions through mobile generation and live working where it is safe to do so
2. We will reduce the small number of customers that suffer more than three power cuts per year by 30%
3. Where we need to do some maintenance, we'll give you at least five days' notice of a planned power cut. If we don't we will pay you £20
4. We will ensure the network is ready for the changing nature of connections and increase the number of connections that will be able to export and consume electricity
5. We will reduce the number of power cuts by 5% and their duration by a quarter

Commitment 1: We will minimise the level of planned supply interruptions through mobile generation and live working where it is safe to do so

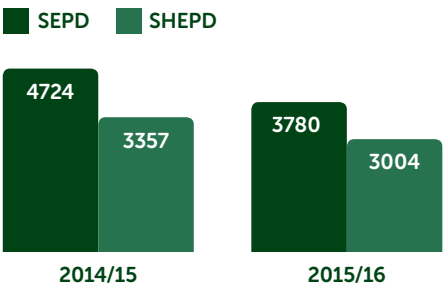
Planned Supply Interruptions (PSIs) occur when we intentionally interrupt electricity supplies. This is sometimes necessary to allow us to maintain, replace or repair our networks, or to connect new customers, although we are exploring how we can reduce the need for PSIs further in an effort to minimise any disruption caused to our customers.

Between 2014/15 and 2015/16, PSIs decreased by 20% in our SEPD area, while in our SHEPD area they decreased by 11% over the same time period.

While in certain circumstances we are able to carry out works while maintaining customers' electricity supplies, there are situations where PSIs are unavoidable as we need to switch the power off to do the work safely. Mobile generation, in certain circumstances, can allow us to carry out any works without interrupting customers' supply.

Mobile generation can be costly; however 42% of respondents to our business plan consultation felt we should offer a mobile generator where it can be deployed safely and cost-effectively. Increased usage of mobile generation has contributed to the reduction in PSIs over the past three years.

Planned supply Interruptions (SEPD and SHEPD)
Number of annual interruptions



Commitment 2: We will reduce the small number of customers that suffer more than three power cuts per year by 30%

Our availability of supply for customers is around 99.99%, meaning on average they suffer less than one interruption per year. Many of our 3.7 million customers do not suffer any interruptions from one year to the next, especially if they live in urban areas where our underground networks are less affected by adverse weather.

The poor supply reliability suffered by our Worst Served Customers[2], can be caused by a number of reasons but predominantly our Worst Served Customers are located in more remote and rural areas supplied by overhead line networks, which are more likely to be affected by adverse weather.

In our SEPD area, we plan to invest £7.2m between 2015 and 2023 to improve reliability of supply and meet our commitment to reduce the number of worst served customers. These works include automation and protection of circuits, minimising the numbers of customers affected by faults, refurbishment and replacement, tree cutting, and changes, such as undergrounding, to improve circuit performance. In total, these measures have improved the security of supply to around 1,300 of our Worst Served Customers in our SEPD licence area.

In our SHEPD area we are investing £20m between 2015 and 2023 to deliver four North of Scotland Resilience schemes – Sanday (Orkney), Islay, Pollachar (South Uist) and Kinloch (Argyll) These schemes will improve reliability of supply for more than 5,300 of our customers.

We believe it is key that we invest to improve the reliability of these customers' supplies in order to bring them closer to the high reliability standards delivered elsewhere on our networks.

Commitment 3: Where we need to do some maintenance, we'll give you at least five days' notice of a planned power cut. If we don't we will pay you £20

As with commitment 1, we try to minimise PSIs by deploying mobile generation where we can.

Legislation requires us to make compensation payments to customers where we don't meet certain standards, for example where we fail to give a minimum of two days' notice of a planned interruption.

However, in our commitments for RIIO-ED1 we wanted to go further and committed to a target of at least five days' notice. So far in RIIO-ED1, we have been working to achieve these targets, however, customer feedback indicated that we could do more around notice periods and communication. As a result, we carried out detailed research with our customers during 2015 to establish how we could improve our service in this area.

This customer insight has shown that domestic customers want a seven-day notice period and business customers want 30 days' notice. Increased communication and information about the planned interruption was also flagged up by our customers as key areas needing to be improved. During 2016/17, we will roll these improvements out by increasing the notice periods given to our customers based directly on their feedback, and set up a team to make contact with customers before, during and after each planned interruption to improve communications and keep customers informed. In line with this, we will also review our commitment around this to reflect what our customers want.

[2]Customers suffering 12 or more high voltage interruptions over three years with a minimum of three interruptions in any year.

Commitment 4: We will ensure the network is ready for the changing nature of connections and increase the number of connections that will be able to export and consume electricity

We are focused intently on a number of key challenges that new technologies, such as electric vehicles, may have on our network. We are ensuring our networks are ready through both the work we are doing in our innovation portfolio and the work we are doing as part of our Stakeholder Engagement programme.

Electric Plug-in Vehicles

The expected increase in electric vehicles (EVs) connecting to our networks via charging points is one of the new types of connection that we are preparing for. Over 2015/16, we have significantly ramped up our contact with the EV sector. Building on the learning and engagement from our My Electric Avenue project, we were amongst the founder members of the EV Networks Group, a cross sector engagement group including organisations such as the AA, Citizens Advice, and manufacturers, working to smooth the transition towards mass EV adoption.

We are working hard to:

1. Understand the impact on the different components of the network;
2. Develop a range of technical and commercial solutions to these network challenges;
3. Engage with the EV community to ensure all parties are fully aware of developments and new challenges; and
4. Put measures in place to monitor the growth and clustering of EVs on the network.

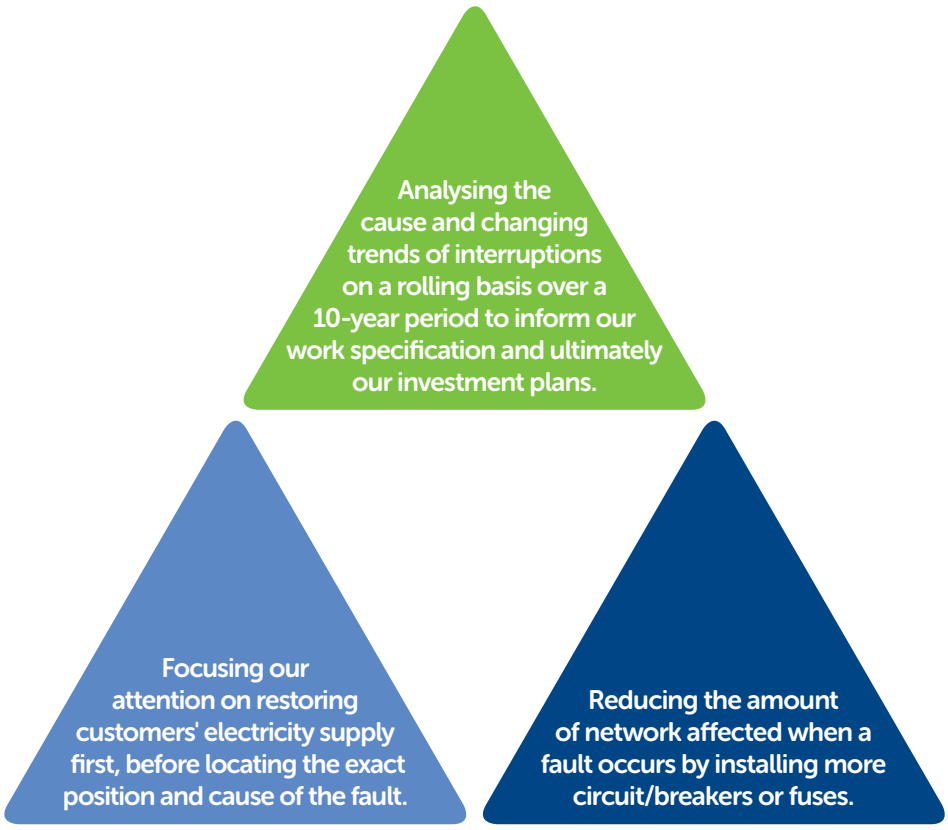
Flexible Connections

In some areas of our networks, the existing network is already at full capacity and it is not possible to connect any further generation without carrying out system upgrades. In these cases, customers typically have to wait for the required reinforcement works to be completed before being able to connect to the network. We are actively reviewing the impact of changing flows on the network and thinking towards a future in which DSOs (Distribution System Operators) are part of the solution. Specific projects like our Constraint Managed Zone are good examples of us testing the boundaries of flexibility well beyond that traditionally expected of a DNO.

So far in RIIO-ED1 we have:

1. Standardised the Technical specification of our flexible Active Network Management connection
2. Established and grown a specialised team to provide customers with flexible connection options, who then also maintain and operate these connections when completed.
3. Continued to support innovative projects promoting the flexibility we can offer including projects such as ACCESS on Mull where customers are flexing demand to maximise the output of otherwise constrained network connected generation.

So that we can improve further, we're focussing our efforts on three core activities:



Commitment 5: We will reduce the number of power cuts by 5% and their duration by a quarter

We are investing heavily in our network over the RIIO-ED1 period to ensure our network has sufficient capacity, is in good condition and able to deliver electricity reliably to our customers' properties.

One example of improving reliability involved laying a new high voltage cable to reinforce substations in the Midhurst area in West Sussex. Over 8km of high voltage cable was installed from the primary substation on the outskirts of the town through to the urban locations in the centre, improving the resilience of supply to more than 4000 customers in the process.

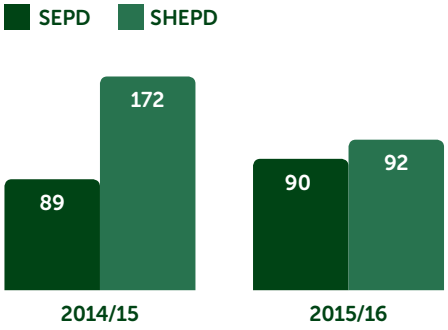
During the first year of RIIO-ED1 we also completed a targeted tree cutting programme on our 33kV network to improve reliability in the SEPD area. This involved carrying out tree cutting and maintenance on 34 spans of dual circuit network and installed 34,416 Eco plugs designed to help suppress the tree growth.

However, this investment does not remove the risk of unplanned interruptions occurring where, for example, our network is affected by adverse weather or damaged by third parties.

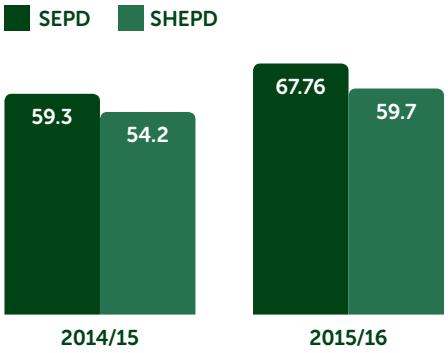
Unplanned Interruptions are unintentional power cuts caused by faults on our network. Faults can be caused by a wide range of events including third parties damaging our equipment, lightning, snow and ice or high winds, falling trees, wildlife or equipment failure.

The introduction of our 'restore first, repair second' method has had a significant impact on both the number and duration of power cuts in our SHEPD area.

Average duration of fault restoration (minutes)



% of customers restored within one hour (high voltage)



Helping vulnerable customers

Our network covers a vast geographic area, from the densely populated Thames Valley to the extremely isolated areas in the highlands of Scotland, each with its own distinct set of social, economic and environmental challenges.

We aim to treat every customer as an individual, recognising that anyone can potentially be in a vulnerable position at any time as a result of the circumstances, external or personal, in which they find themselves.

Despite the complexity of issues facing our consumers, by 2023 our vision is to provide a fair, accessible and responsive service that will champion the needs and welfare of every customer whilst providing a safe, reliable supply of electricity.

Our commitments

1. We will make sure customers are aware of additional advice to help them with energy or non-energy related issues
2. We will have 100 resilience plans in place for communities by 2023
3. We will store vulnerability packs containing blankets, food and torches in our depots
4. Each business unit will show the role they have in delivering the vulnerable customer strategy by April 2016
5. We will continue to work towards our Responsible Procurement Charter and will monitor all business areas' performance in complying with our obligations under the Prompt Payment Code

Commitment 1: We will make sure customers are aware of additional advice to help them with energy or non-energy related issues

We want to increase the knowledge base of our staff so that they recognise signs of customer vulnerability, are able to detect it during interactions with customers, and know where to direct customers to seek additional advice.

While we already routinely advise domestic customers of the Energy Saving Trust website and helpline so that they can access help relating to energy efficiency around the home, we realise our customer advisors may receive incidental information during the course of a conversation which indicates that the customer would benefit from help or advice for other non-energy related issues.

For example, during a call, customers could indicate that they are experiencing feelings of isolation; or that they are experiencing financial difficulties and would benefit from advice. We look out for the safety of colleagues and it is a natural extension to consider our customers in this way as well.

Our staff are given guidelines on how and when (and when not) to refer customers to other reputable organisations such as Age UK or Citizens Advice. Our Priority Services Register team manages a database containing the contact details of selected third party organisations so that staff can easily select the most appropriate assistance for their customers. We have introduced the facility to record instances of this happening on our systems so that we can measure how often we do this and to which organisations.

Commitment 2: We will have 100 resilience plans in place for communities by 2023

Our ongoing programme of engagement helps communities enhance their resilience, ensuring they are equipped to deal with difficult situations caused by extreme weather events.

In September 2014 we created a team of Customer and Community Advisors CCA's based in the SEPD area whose role is to support customers and the local communities. During 2015/16 the CCAs worked with Local Resilience Forums, Action Groups, schools and local councils to provide support and assistance when completing resilience plans as well as attending planned and unplanned supply interruptions to look after the welfare of all customers affected.

During the course of 2015/16, we've organised and attended numerous resilience events, including Portsmouth Winter Warm Up, an event designed to raise awareness of winter resilience amongst the vulnerable in the area, and network appreciation events, where we educated community partners on our network and promoted the services we offer.

Engagement with stakeholders in our SHEPD area has directly helped to develop 44 Local Resilience Plans, 33 of which have been achieved during 2015/16.

We warn and inform these communities and provide regular updates about severe weather events that have the potential to affect their local area. This allows these communities to prepare and call upon their emergency plan which in turn allows them to respond much more effectively. We also refer communities to our independently run Community Resilience Fund as a potential source of funding for their resilience activities.

Our approach to resilience planning is based on the Ready Scotland model as we believe this to be an exemplar of best practice, which we have shared with other DNOs emergency planning partners. The model enables us to take a standard approach whilst allowing for local circumstances such as highly rural or urban settings.

Supporting independent care homes

In 2015, we encountered several incidents where, in extreme weather events, we had to provide additional support to secure the safety and wellbeing of residents of independently-run care homes, including helping move residents to safety. Engagement with care home management teams revealed that such homes do not have the same support network that publicly-run care homes benefit from.

To help protect vulnerable residents and to free up our teams to focus on restoring power during incidents, we invited representatives of independently run care homes to attend a workshop to help them prepare for such events.

Funding community resilience

In total, £1.2m will be distributed over two years from January 2015 (£0.9m in the SEPD area and £280,000 for the SHEPD area). We have also decided to donate a third of our income from the Distribution and Transmission Stakeholder Incentives to this initiative.

Between 1 April 2015 and 31 March 2016 the following grants were made under the Community Resilience Fund:

SEPD:
£299,031 to 42 separate projects.
SHEPD:
£125,199 to 29 separate projects.

Commitment 3: We will store vulnerability packs containing blankets, food and torches in our depots

In the event of a prolonged power cut or extreme weather event, our teams proactively call PSR customers and work with our field teams to ensure they have appropriate support.

In severe weather situations, our aim is to store and distribute vulnerability packs in each depot containing an analogue telephone, heat pad, food, blankets, and a torch, ensuring supplies can reach our registered customers quickly in the event of a power cut.

In advance of putting the vulnerability packs in each depot, we wanted to go a step further and have created some small welfare packs, which we have started sending to our priority 1 customers (those at higher risk in a power cut who are dependent on electricity).

So that the packs were fit for purpose, we've drawn on best practice and user-tested different pack combinations with resilience partners and groups to ensure they contain the most appropriate supplies for vulnerable consumers.

In 2015/16, 419 packs were sent out. We conducted a survey with the customers who received them:

- 263 stated that they are very likely to use the pack
- 283 strongly agreed/agreed they felt listened to and that their needs were being taken seriously
- 259 scored us 8 or more out of 10 on service

Commitment 4: Each business unit will show the role they have in delivering the vulnerable customer strategy by April 2016

Delivering on our social obligations is a key business driver that underpins the design, planning and delivery of all services. In November 2014 we formed an expert panel to inform the development of our Customer Vulnerability Strategy and help guide us on how to identify and address vulnerability amongst: the fuel poor; older people; those living with cancer; and those who find themselves in need due to a prolonged power cut.

In order to provide a fair, inclusive and responsive service to all consumers, we've trained 1,024 front line staff from call centres and 12 regional depots so that they are equipped to record, identify and understand vulnerability.

These have been the first steps in working towards achieving the five priorities in our vulnerable customer strategy.

We have also achieved the British Standard BS18477:2010 Inclusive Service Provision in October 2015. The Standard sets guidelines to help organisations provide a fair, flexible service that can be used by all consumers equally, regardless of their health, age or personal circumstances. The British Standard noted that we've made considerable progress on our journey to achieving our goal of being a consumer-focused organisation. In particular, it recognised:

- Top management commitment to addressing vulnerability; and
- The extent of funding relating to the programme and initiatives to support vulnerable consumers.

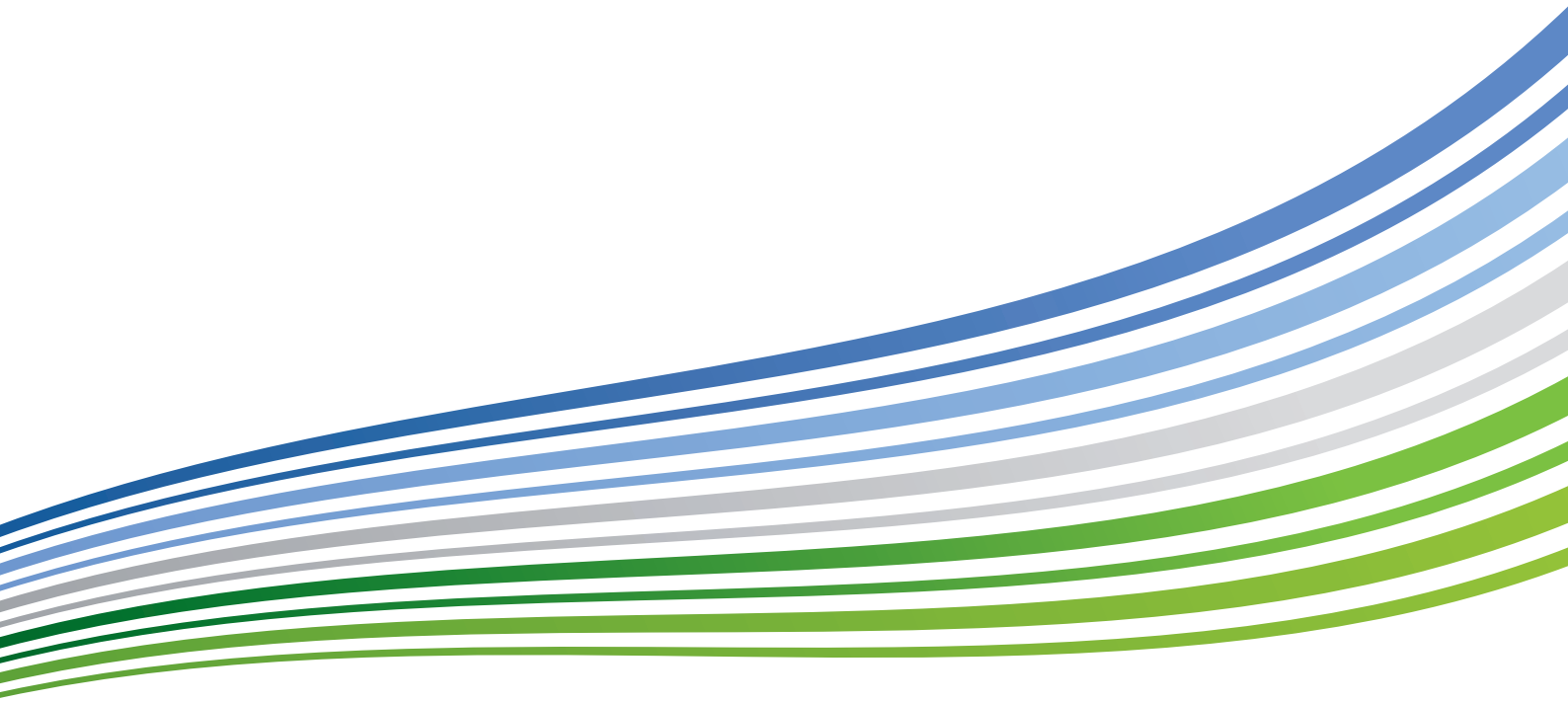
Vulnerable customer strategy: our five priorities

1. Ensure that addressing customer vulnerability is at the heart of our business strategy, our culture, our policies and all of our services
2. Identify and respond to customer vulnerability timeously and with empathy
3. Keep the distribution costs of our customers' electricity bills as low as possible
4. Deliver an accessible and empathetic service to our Priority Services Register (PSR) customers
5. Support those who become temporarily vulnerable during a power cut

Commitment 5: We will continue to work towards our Responsible Procurement Charter and will monitor all business areas' performance in complying with our obligations under the Prompt Payment Code

SSEN seeks to be a Responsible Buyer of goods and services. We set high standards to ensure that all our business is conducted ethically, sustainably and within the law. Our Responsible Procurement Charter aims to ensure all its suppliers act ethically, sustainably and within the law by stating our expectations on health and safety, bribery and corruption, employment practices, conflicts of interest and environmental impacts.

As part of our charter, we've voluntarily signed up to the obligations of the Prompt Payment Code which is accredited by the Institute of Credit Management. Since doing so, we have reduced our standard payment terms to net 30 days and are working hard to ensure we meet the rest of the obligations set out in the code – to pay suppliers on time, give clear guidance and encourage good practice.



Keeping people safe around our equipment

Our primary objective is the delivery of safe outcomes for our staff, customers, contractors and the environment. We are committed to the delivery of this objective without compromise.

"We believe all accidents are preventable, so we do everything safely and responsibly or not at all."

Our objective is to achieve world-leading safety performance. In order to do that, we've defined two key areas of focus during the RIIO-ED1 period – keeping our customers and the public safe and ensuring our staff and contractors work safely.

We firmly believe in the simple premise that all accidents are preventable.

All of our colleagues, up to and including our Chief Executive, are expected to demonstrate safe behaviour. This approach is wide-ranging and covers all those who are affected by our operations – the public, our customers, our suppliers, our contractors and our people.

Safety performance summary

Our commitments

1. Our behaviour based Safety Family concept will be deployed across our business and contracting workforce following a contractor safety programme which was rolled out in 2013

2. We will address safety issues created by third parties by setting up a routine inspection procedure for visiting active sites and educating those involved in safe digging techniques

3. Having the best safety record in the industry won't make us complacent. We will keep looking for new ways to keep you safe around our equipment

4. We will engage across the community to help keep people who are at risk of inadvertently coming into contact with our overhead lines or underground cables safe and we will maintain a high awareness of our equipment and operations as a hazard to the public

5. We will underground some overhead lines using a risk based approach

Commitment 1: Our behaviour based Safety Family concept will be deployed across our business and contracting workforce following a contractor safety programme which was rolled out in 2013

Our Safety Family was introduced throughout the SSE Group in 2011 and since then it has helped to develop a positive culture based on the 'Brother's Keeper' principle.

We have more than 4,000 employees and nearly as many contractors in our SSEN Safety Family and everyone is important. We pay particular attention to our young and vulnerable employees and contractors to ensure they are provided with the extra care and investment they need.

We continue to develop our behaviours and treat our colleagues and customers as members of our family. We convene regular sessions with our workforce (employees and contractors) to discuss learning points, new and improved processes and we spend the time to listen to our colleagues and customers with an open mind.

Since 2013 we have trialled several different generic behavioural based learning packages for our workforce, both employees and contractors. These have been beneficial and they have helped us understand the human factors influencing our performance. In 2016/2017 we have used the experience we have gained in this space to develop a more focused approach in an attempt to positively influence the behaviours of our workforce. We believe that this will help to enhance our culture and ensure we move closer to delivering safe outcomes every day.

In 2016 we introduced a new principle which all of our staff and contractors have the authority to follow – "if it's not safe, we don't do it". We call this our licence to deliver safe outcomes for our people, our customers and our environment.

Commitment 2: We will address safety issues created by third parties by setting up a routine inspection procedure for visiting active sites and educating those involved in safe digging techniques

Our employees and contractors actively seek out persons working close to our network assets to provide help and advice on how to stay safe and what to do if the planned work does take them closer to the network, e.g. proactive advice on how to avoid overhead lines and buried cables.

On several occasions we have worked closely with the Health and Safety Executive to provide third parties with help and advice to complete work close to our network assets thus ensuring safe and trouble free outcomes for everyone.

Commitment 3: Having the best safety record in the industry won't make us complacent. We will keep looking for new ways to keep you safe around our equipment

In 2015/16, we delivered continuous improvement through changes to our management systems and re-emphasising our leadership commitment towards the delivery of safe outcomes for our people, customers and the environment.

Specifically, this placed a renewed focus on prompt reporting of all incidents and real-time management and attention from responsible leaders. By making these improvements in our reporting culture, we have achieved greater focus and attention from operational managers and supervisors and delivered quicker response times to incidents.

The delivery of safe outcomes for our people, our customers and our environment is important to us. We remain committed to the delivery of industry leading performance and working effectively with our contracting partners, trade organisations and regulators.

Commitment 4: We will engage across the community to help keep people who are at risk of inadvertently coming into contact with our overhead lines or underground cables safe and we will maintain a high awareness of our equipment and operations as a hazard to the public

We continue to work amongst our communities to educate customers and persons working around our networks on the dangers associated with our assets.

We take a proactive approach as we believe that prevention and early intervention is important and we're constantly seeking opportunities to educate members of the public on matters relating to our network assets.

We remain an active member of the Energy Networks Association's Public Safety Committee and we remain engaged in the development of best practice process with our industry colleagues and other interested parties.

Historically we have completed many different Public Safety focused activities with positive outcomes. In 2017 we will be using our experience and data to develop a risk based strategy for Public Safety to ensure that our efforts are concentrated on known and potential hot-spots correctly assigned.

We have received positive feedback from groups and organisations we have worked with and we intend to develop our strategy further in future years to ensure we're playing a positive role in our communities.

By far the best solution to this issue is better education of those involved. We already provide plans of our equipment locations free of charge online, but believe we need to do more in the area of prevention and education.

Commitment 5: We will underground some overhead lines using a risk based approach

For reasons of efficiency, electricity is mainly distributed in rural areas by overhead lines. This is generally a very safe way to operate, but unfortunately has led to a small number of injuries and fatalities over the years.
As agricultural machinery gets bigger, we have seen a growing number of incidents of this type.

One of our recent innovations for cable laying, the cable plough, now allows us in certain situations to lay underground cable much more cost-effectively and safely.

We are planning to use this innovation in response to a risk assessment of 11kV overhead lines at Sumner Ponds fishing lakes in Horsham. Here, the risk assessment confirmed the fishing positions are within the 30 metre exclusion zone required for casting lines. As a result, we've decided to underground the affected spans, six in total.


Powering

Reducing our impact on the environment

Recognising the impact that our activities can have on both the immediate and wider environment, we continually look to innovative, low carbon technology and practices to mitigate impacts as much as possible. Sustainability is one of the core values we try to uphold as we manage the challenges facing the distribution network in our two licensed areas.

Commitment

1. We will work with communities to reduce the visual impact of up to 90km (60 miles) of overhead lines in National Parks, Areas of Outstanding Natural Beauty and National Scenic Areas
2. We will work more sustainably to reduce our Business Carbon Footprint and the impact of our assets on the environment
3. We will work with Electricity Supply Licensees to detect and prevent fraudulent energy use (theft)
4. We will use new sources of data to analyse and track losses and target loss reduction
5. We will continue with our successful programme of replacing current equipment with lower loss equipment on an end-of-life basis and with optimal configuration of the network

Commitment 1: We will work with communities to reduce the visual impact of up to 90km (60 miles) of overhead lines in National Parks, Areas of Outstanding Natural Beauty and National Scenic Areas

While overhead power lines are vital to ensure a safe, reliable and cost-effective electricity network, we understand people feel they can have a detrimental impact on the views of the natural environment.

In total over the RIIO-ED1 period, we're investing over £15m in the undergrounding of 90km of overhead lines in Areas of Outstanding Natural Beauty, National Parks and National Scenic Areas in central southern England and the north of Scotland.

Our investment is targeted on the areas that will benefit more people and be the most cost effective. Using a Visual Amenity Impact scoring model, we prioritise nominated schemes to ensure consistency in assessment across our SEPD and SHEPD areas. The focus is therefore on HV overhead lines that have a high visual impact on the landscape.

We conducted an extensive programme of stakeholder consultation in 2015, giving the public, local authorities and charities the opportunity to nominate overhead line sections which they would like to be considered for undergrounding.

Summary of current schemes

SHEPD

Scheme	Details	Cost	Delivery date/ Start date
Glen Tromie	An 8km project with Highland Region. This scheme is currently in development.	£600k	16/17 (delivery date)
Callander	A 2km project with South Caledonia Region. Our Regional Design Teams are currently progressing final designs and costings. This scheme is currently in development.	£150k	16/17 (delivery date)
Balquidder	Balquidder has been approved for 16/17. This is a short 250m section nominated by a customer.	£30k	16/17 (start date)
Kingussie	We are undergrounding sections of four circuits amounting to approximately 6km of overhead line.	£583k	17/18 (start date)
Blair Atholl	A 2km section of line in direct view of Blair Atholl Castle is to be undergrounded.	£191k	17/18 (start date)

SEPD

Scheme	Details	Cost	Expected delivery date
New Forest National Park	A scheme to underground approximately 5km of 11kV overhead line in New Forest National Park. This is currently in the early stages of development.	TBC	2017/18
Isle of Purbeck, Dorset	A scheme to underground a 1.3km route of 11kV and 33kV overhead lines. This is currently in the early stages of development.	TBC	2017/18

Commitment 2: We will work more sustainably to reduce our Business Carbon Footprint and the impact of our assets on the environment

We want to report our carbon footprint in an open and transparent way that allows stakeholders to understand our year-on-year performance against a background of continued business growth.

Our Business Carbon Footprint (BCF) measures the impact of our business activities on the climate in terms of the total amount of greenhouse gases produced (measured in units of carbon dioxide equivalent, CO_2e).

We measure and report the combined carbon emissions of our own activities, direct emissions, and those of our contractors, indirect emissions.

Our total BCF for 2015/16 was 62,150 tonnes of CO_2e – 22,764 fewer tonnes than 2014/15. This improvement is predominantly due to a significant reduction in emissions from fuel combustion in our SHEPD area compared to 2014/15, when we were forced to supply the Isle of Jura via a diesel generator for six months while a fault on a subsea cable serving the island was repaired.

Our SEPD area also witnessed a sizeable reduction in fuel combustion emissions over the same time period, decreasing by 20%.

As shown in the SHEPD example above, variations in our fuel combustion are often caused by the occurrence of adverse weather conditions, particularly during winter when we might need to deploy mobile generation during fault repairs. Therefore we expect to see fluctuations in our performance in this area in future years.

SHEPD Carbon Footprint

	2015/16 tonne CO_2e	2014/15 tonne CO_2e	% of change
Building Energy Usage	6,134	6,248	-1.82%
Operational Transport	8,228	8,858	-7.11%
Business Transport	698	664	5.07%
Fugitive Emissions (e.g. SF_6 from pressurised equipment)	1,808	1,592	13.59%
Fuel Combustion	5,892	27,768	-79%
Total	**22,760**	**45,130**	**-50%**

SEPD Carbon Footprint

	2015/16 tonne CO_2e	2014/15 tonne CO_2e	% of change
Building Energy Usage	8,594	8,998	-4.48%
Operational Transport	16,822	17,383	-3%
Business Transport	1,332	1,249	6.68%
Fugitive Emissions (e.g. SF_6 from pressurised equipment)	8,702	7,254	19.96%
Fuel Combustion	3,940	4,900	-20%
Total	**39,390**	**39,784**	-0.1%

The second largest source of emissions for our business is from our vehicle fleet for the day to day operation of the business. Our fleet uses low emission cars and runs on diesel. We continue to look at the possibilities of increasing our use of biodiesel.

Innovation in this area, for example hybrid and electric vehicles, holds a lot of promise and we continue to monitor this as the technology develops and becomes more aligned with the demands of our fleet.

Commitment 3: We will work with Electricity Supply Licensees to detect and prevent fraudulent energy use (theft)

Electricity theft is a major problem in the electricity industry, costing consumers in Great Britain millions of pounds each year. Bypassing meters and/or making an unauthorised connection to our network represents a serious health and safety risk and there are also strong links between losses and organised crime, in particular cannabis cultivation.

We have a responsibility to operate our network in a manner that ensures losses are as low as possible. To support this, we established a Revenue Protection team. The key focus of the team is to address discrepancies within our licence areas and exchange tip offs with energy suppliers to detect and prevent theft of electricity.

They do this by proactively investigating the status of de-energised Meter Point Administration Numbers (MPAN), new MPANs that have never been registered with a supplier, and Service alterations or new connections that have been requested and quoted and either never paid and completed or have been cancelled. Legitimate situations where there is no registered supplier at a connection point or no meter installed occur from time to time, however illegal activity is likely in most cases.

In addition, our dedicated telephone number and email address ensure allegations of theft can be brought to our attention for investigation.

The Revenue Protection team was able to investigate an average of 2,500 records per month in 2015/16.

In 2015 our Revenue Protection team made considerable progress reducing non-technical losses across our network in comparison to previous years; recovering lost electricity estimated to be worth over £1.9m. This is money that would have previously been considered as network losses and hence passed on to customers' bills.

Commitment 4: We will use new sources of data to analyse and track losses and target loss reduction

Electrical losses are an unavoidable consequence of transferring energy across the electricity network calculated by the difference between the amount of electricity that comes into our distribution network from embedded generators and the national transmission system, and the amount that is taken off the network by customers. These losses can either be technical (as electricity can turn to heat as it is transported) or non-technical (for instance, due to theft or measurement errors).

Having a clearer understanding of the losses on the network and the underlying causes is an essential element of our approach to managing losses. The Smart Meter rollout presents an opportunity to improve our understanding of losses. Similarly, there have been recent improvements in the cost, quality and reliability of monitoring equipment for secondary substations.

With this in mind we have embarked on a new piece of work – Losses Teams Investigation – which will give us a much deeper understanding of the source of losses on our network. Data gathered from our New Thames Valley Vision (NTVV) innovation project – a detailed study into the losses characteristics of a section of our network – will allow us to characterise certain 'types' of network, helping to identify sections with the highest levels of losses, and allow appropriate interventions to be targeted to the relevant network segments.

Where appropriate we will also continue to make network visibility and loss reduction key elements of our innovation portfolio going forward. The knowledge and learning gathered from these projects will further develop our understanding of losses which will allow further refinement of our policies and procedures to target losses cost effectively. This will be shared with the other DNOs through the Technical Losses Forum.

Commitment 5: We will continue with our successful programme of replacing current equipment with lower loss equipment on an end-of-life basis and with optimal configuration of the network

Our networks today are facing a substantial challenge to reduce future network losses below their existing levels of around 6%. Increases in low carbon technologies connecting directly to the distribution network and greater demand from the electrification of heat and transport means that peak demand and use of the network will increase. This will increase losses on our network if the network remains unchanged.

We have identified four main areas where lower loss equipment is economically justified:

Low loss transformers

A cost benefit analysis demonstrated that over the lifetime of the transformer it is beneficial to install the more expensive lower loss unit at all voltages considered. We expect this intervention to save around 40,744MWh over the ED1 period.

Minimum sizing of transformers

After conducting internal analysis of the numbers of minimum size transformers we expect to install within ED1, we intend to increase our minimum size transformers to 500kVA ground mounted units and 50kVA pole mounted units. We expect this intervention to save around 25,650MWh over the ED1 period.

Minimum cable sizing at LV

Comparing our own modelling with that of the wider industry and other DNOs, we've taken the decision to upsize our minimum cable dimensions. This intervention will cover approximately 1,067km of cable installations over the course of ED1 and is expected to save 26,017MWh.

Minimum cable sizing at 11kV

Comparing our own modelling with that of the wider industry and other DNOs, we've taken the decision to upsize our minimum cable dimensions. We expect this intervention will cover 423km of cable installations over the course of ED1 and save around 7,848MWh.

Connecting customers to our network

As the DNO for central southern England and the north of Scotland, we provide thousands of domestic and commercial customers with connections to our network each year. From domestic customers building a new home, commercial customers constructing a major housing development, or seeking to connect a generating plant from a major wind farm, we try to make the application process as quick and easy as possible.

Stakeholder consultation has indicated that in the coming decades we are likely to see connections applications increase, as well as a variety of different types of connections as the electricity networks in Great Britain adapt to accommodate new and changing patterns of electricity use.

For example, through our own forecasts we anticipate seeing over 1,000 Low Carbon Technology (such as domestic sized heat-pumps, electric vehicles and small scale onshore wind projects) connections per year by 2018.

Connections customers

Historically, providing connections was our responsibility as the network operator within our licensed areas. However, following the introduction of competition into the connections market, independent companies are now able to provide these connections, either as an Independent Connections Provider (ICP) or as an Independent Distribution Network Operator (IDNO). Certain connections continue to be provided only by the relevant DNO.

Connections performance summary

Commitment

Minor connections | Major connections

1 If you apply for a new electricity connection and a team member has not been in touch within three working days, then we will pay you £20 – minor connections

2 We will reduce the average number of working days to: provide a connections offer by 10% (based on 2012/2013 performance) and reduce the time taken to provide a connection offer acceptance by 10% (based on 2012/2013 performance)

3 We will facilitate an open and competitive market by improving the information that is publicly available, such as the provision of heat maps, continuous improvements in the website and provide a named Connections Account Manager for each major connection customer

4 We will continue to work with our partners, including Community Energy Scotland, to streamline the connections process for community renewable energy schemes and improve our communication with communities by acting on feedback

5 We will make improvements to the website including a smart online application form for new connections, an online payment system and online project tracking

What connection activities do we do?

Our approach to connections has always been, and continues to be, to provide the service that our customers need in a safe and efficient way.

Getting connected to our network includes a range of activities.

- A single new connection to a new house.
- A large new housing estate, industrial or commercial park.
- Connecting generators and street lights.
- Modifying existing connections to provide more electricity.
- Changes to our existing network to accommodate for new connections.
- Ensure open access to the information required by Independent Connections Providers (ICPs) and Independent Distribution Network Operators (IDNOs) to facilitate competition within the contestable work market.

There are two main groups of connections customers:

Minor Connections

Minor connections are domestic housing or retail projects of four homes or less only requiring work at low voltage (less than 1000V). These typically have a value of less than £1,000 and represent 65–70% of all new connections projects we carry out annually.

ICPs have been encouraged to enter this market, however due to their size and value, uptake of these projects has been limited. As a result, these connections are provided at cost and performance is monitored through our Broad Measures Score and Time to Quote/Connect metrics.

Major Connections

Major connections include domestic housing, retail, commercial or industrial projects of greater than four low voltage (LV) connections, a generator, an unmetered (street lighting) connection, or a mix of any of these.

These typically, although not always, require work at a higher voltage than LV. We have an obligation to these customers to ensure that they benefit from an open and competitive market, where ICPs and IDNOs can compete with DNOs over some connection activities.

We actively inform customers that they have a choice and highlight alternative providers that may be able to help them with their connection.

Regardless of whether connections are provided by us or other providers, as a DNO, it is our responsibility to ensure there is enough capacity to operate and maintain the network.

Commitment 1: If you apply for a new electricity connection and a team member has not been in touch within three working days, then we will pay you £20 – minor connections

If you apply for a new or modified electricity connection a member of our connections team will contact you within three working days to discuss your requirements. In the event we fail to meet that deadline then you can apply to be paid £20. As long as we know, we will contact you via your preferred method of communication – email, phone or other media.

A customer service improvement plan is in currently in place to ensure we're delivering an efficient service. This includes how we communicate with customers in an effort to simplify the options available meaning people will be able to get through to the right department easier.

Commitment 2: We will reduce the average number of working days to: provide a connections offer by 10% (based on 2012/2013 performance) and reduce the time taken to provide a connection offer acceptance by 10% (based on 2012/2013 performance)

When producing our business plan, our stakeholders told us that the time taken to receive a quotation following an application, and to get a connection following acceptance, is very important to them, particularly the absolute time taken from application to quotation.

A benchmarking exercise conducted before RIIO-ED1 against other network operators found that we were comfortably below the average time to quote. Therefore, recognising that reducing this duration is very important to our customers, we committed to improve our performance by 10% from our 2012/13 performance.

Our continuing improvements in this area can be attributed to both pro-actively identifying applicants unsure or unable to fully complete their application and ensuring that our trained staff communicate with these customers at an early stage to offer any advice or assistance that might be required.

Commitment 3: We will facilitate an open and competitive market by improving the information that is publicly available, such as the provision of heat maps, continuous improvements in the website and provide a named Connections Account Manager for each major connection customer

Our overarching aim is to facilitate an open and competitive market. We will do this in a number of ways, including an improvement in the information that is publicly available such as the provision of heat maps and continued improvements to our website.

We know from both our own experience and from stakeholder engagement that our customers value the personal interactions, commitments and promises that we make to them. All our quotations have and will continue to include the connection designer's name and contact details to give the customer the opportunity to speak to the person who planned their connection.

To keep all our customers informed about the competitive market in connections, we will continue to develop extensive up-front information on our website, through leaflets and through our free-phone call centre. We will expand this by providing help in completing an application to apply for a connection and manage and monitor a project. In all cases we are keen to make the process as customer-friendly as possible. Over the last few years we have introduced a series of initiatives to improve our customer relationships and ensure they are aware they have a choice in who delivers the contestable part of their connections, including:

- A dedicated connections call centre; and
- A redesigned quotation letter with clearer costs, different acceptance options and simplified wording

All major connections customers are allocated a named Account Manager who will work with the customer throughout the connection process from application to the connection.

They are available to meet with prospective customers, discuss quotations prior to issue and provide contractual guidance through to the energisation of each project. We have 11 Account Managers who you can contact via our website.

In addition to the above, a dedicated Community Account Manager has been appointed to assist Community Groups. We recognise the difficulties faced by communities and we are committed to helping their projects by providing guidance on applications, quotations, network constraints and helping them explore opportunities for shared ownership connections.

		Business Plan target (average number of working days[3])	Ofgem Guaranteed Standards Targets[3]	Actual (2015/16)
SHEPD				
Single connection	Time to Quote	7.9	5	2.5
	Time to Connect	31.57	30*	31.5
2 to 4 connections	Time to Quote	12.33	15	5.1
	Time to Connect	47.44	45*	40.02
SEPD				
Single connection	Time to Quote	7.37	5	2.66
	Time to Connect	35.55	30*	33.18
2 to 4 connections	Time to Quote	11.13	15	6.94
	Time to Connect	42.47	45*	45.04

[3]Where our Business Plan target exceeds the Guaranteed Standard target date, the Guaranteed Standard date will be used

[4]These standards do not apply where some of the connections work is to be carried out by an ICP or where no modification to the physical connection is required

*Should a customer request a date that falls outside the Ofgem target, their request date becomes the Guaranteed Standard target

Commitment 4: We will continue to work with our partners, including Community Energy Scotland, to streamline the connections process for community renewable energy schemes and improve our communication with communities by acting on feedback

We've introduced dedicated Account Managers for community projects. Their main aim is to help streamline the process, explain quotations, have regular meetings and explain what to expect from start to finish.

These Account Managers attend industry meetings and liaise with community bodies to ensure full awareness of current issues. We attend events with Local Energy Scotland, Community Energy Scotland and Regen South West to help communities navigate and use our systems and access the information they want. We have held training workshops focused on GIS (maps), online heatmaps, website functionalities and our electricity network diagrams.

Feedback from community groups told us that a guide to assist the community projects would be very helpful. We produced a guide, working along with Regen South West and Local Energy Scotland to ensure it was appropriate for community needs.

Commitment 5: We will make improvements to the website including a smart online application form for new connections, an online payment system and online project tracking

We help to connect thousands of customers to our network every year. Our experience has shown that keeping our customers well informed helps them to manage their new build much more successfully.

Recognising that our customers have told us that they want easier access to useful information which, ultimately, results in more timely connections, application forms are available on the website for different connection types and a customer service improvement plan is in place. This has been built using feedback received through our surveys, independent research commissioned by SSEN and from staff engagement activities and workshops.

The plan includes creating a new application form which will replace several currently available, and simplifying the information available. Any changes implemented under the improvement plan will be subject to review to confirm they are providing the service our customers expect.

Improving customer service

Most of our work is done in the community, where our colleagues both live and work. Our 3,200 field based colleagues speak to our customers every day while doing maintenance, fixing damaged equipment or working on new connections. They are supported by dedicated customer service centre staff who make sure that we get the right information to our customers when they need it.

Commitment

1. You'll be able to contact us in more and more ways that suit you. By Twitter, Facebook or however you want to talk to us
2. We'll keep on asking you how we could do better and publish a report every year on what we're doing about it
3. We will reduce our part of the electricity bill by 10% in 2015 and have only inflationary increases thereafter
4. Every year we will publish our resilience plan so you know what we will do in the event of a power cut
5. We want to make it easy for you to fill out a form by giving you the option of doing it online, by post, by phone or live chat
6. If we do have an unexpected power cut, within 10 minutes we will be able to tell you what we are doing about it

Commitment 1: You'll be able to contact us in more and more ways that suit you. By Twitter, Facebook or however you want to talk to us

We have increased the number of ways our customers can contact us. They are now able to secure information by visiting our website, interacting with our 24-hour social media accounts or through the more traditional route of telephoning our customer call centres, both of which are based in our service areas.

We are adopting a two-way communication process to make sure that after a customer makes initial contact with us we provide them with regular updates. We can do this via telephone call-backs, text messages or responses on our Twitter and Facebook accounts.

The important service provided by our Facebook and Twitter accounts is evidenced by the reach increasing 42% between 2015 and 2016. And our website has also seen an increase in popularity, with the number of visits going up by 9% in the same time period.

Our Power Track app provides our customers quick and easy access to information on live power cuts. This means people can find all the details they need at the touch of a button. Our successful Winter Ready campaign last year resulted in more than 5,000 people downloading the app. The same information is also available on the SSEN website. Statistics show it is the second most viewed page on the site so we know how important it is for us to keep our customers up to date on supply interruptions.

We are aware that not all of our customers will be digitally active. Our customer service centres continue to operate around the clock and we have alternative ways to contact people including audio CDs, Braille and a translation service.

We are continuing to expand the ways of communicating with our customers. Their feedback is driving this change and we will continue to adapt our methods to meet their needs.

Commitment 2: We'll keep on asking you how we could do better and publish a report every year on what we're doing about it

We've recently re-defined what customer service means to our business to ensure that we engage with our stakeholders to put the current and future needs of our stakeholders at the heart of everything we do. In doing so we aim to make sure our business is responsive to the needs of our customers, now and in the future, and that involves speaking not only to our customers, but also to other stakeholders that we might not be speaking to as part of our day-to-day work such as consumer groups and charities, local and national authorities, regulators, Trade Unions and energy suppliers.

An important part of our work in developing our Business Plan for the RIIO-ED1 period was asking our customers how they would like us to listen to them in the future.

We have published three stakeholder engagement reports on our website. These formed part of our submission in relation to Ofgem's stakeholder engagement incentive. In addition, we carry out an annual customer survey and report on the findings. In 2016/17, we plan to publish a 'you said, we did' section on our website to illustrate the improvements made to our service for customers based on their direct feedback.

Commitment 3: We will reduce our part of the electricity bill by 10% in 2015 and having only inflationary increases thereafter

In 2015/16, the first year of RIIO-ED1, the annual distribution use of system charge for a domestic customer reduced on average by 10% compared to 2014/15 – a 9% reduction in our SEPD area and a reduction of 16% in our SHEPD area.

We know that fuel poverty is a continuing problem for households across Great Britain. Fuel poverty in Great Britain is generally defined as a household that spends more than 10% of its income on heating bills.

Annual fuel poverty statistics published by the Department of Energy & Climate Change (replaced by the Department for Business, Energy & Industrial Strategy in July 2016) demonstrated that the issue is a bigger problem for rural populations in the north of Scotland, where the housing stock is generally of poorer quality, weather conditions are colder and wetter and there is little mains gas. The higher cost for SHEPD customers also reflects the cost of providing electricity in remote areas. The low population density in the Highlands and Islands means that across both our licence areas, we serve 25% of the GB landmass but only 2% of customers.

Our business plans for the future constantly look for ways we can do things better – reducing costs to our customers without reducing the standard of service.

Commitment 4: Every year we will publish our resilience plan so you know what we will do in the event of a power cut

Our approach to resilience focuses on two parts:

1. Partnerships and communication, particularly with priority customers, in the event of unplanned power cuts.

2. How we prepare and respond to prolonged power cuts.

To support the above, each year we carry out a "Get ready for winter" campaign which raises awareness of how our customers can build their resilience during power cuts, helping them prepare for winter and what to do in the event of power loss, particularly those who find themselves in a vulnerable situation. This information is communicated via our website, digital and online platforms, our social media feeds, TV advertising, newspapers, local radio and leaflet drops.

In addition, we publish a "what we do for you" document which explains SSEN's preparation for power cuts, management of staff levels, and maintenance and upgrades carried out to boost the resilience of our electricity network. External communications to stakeholders and media throughout the year also shows the support we give to our customers through the Resilient Communities Fund, which enables communities who are successful in their applications to build on the aforementioned assistance given by SSEN and further equip them to deal with adverse weather events.

Commitment 5: We want to make it easy for you to fill out a form by giving you the option of doing it online, by post, by phone or live chat

No matter who our customers talk to in our organisation and regardless of their type of enquiry, our customers should receive the level of service they want. We should be easy to do business with, providing consistent and correct information together with a seamless service.

When we talk to customers, our aim is to use clear and simple language. We will not use engineering terminology and jargon; we will access translators for customers who do not speak English as their first language; and any written communication from us will be clear and from a named person with contact details so that our customers know who to call if they need any more help.

When we are involved in delivering connections, our role is to provide connections on time and for reasonable cost. The first step is to understand your requirements. Application forms for new connections or engineering work are available online and this page is the third most visited page on the SSEN website. In addition, it is possible to make an online application through our connections portal and also to track the progress of your quote.

We are also considering a new online 'LiveChat' function to our website which will allow stakeholders and customers to have their questions answered on the spot.

Commitment 6: If we do have an unexpected power cut, within 10 minutes we will be able to tell you what we are doing about it

If power is cut unexpectedly then customers want to know what we are doing about it and when the supply will be restored. Meeting customers' expectations means having excellent communication between all of our teams.

To achieve this we have established the principle of keeping regular, clear communication between the customer, the field teams and the customer service centres. These clear channels of communication have enabled us to make improvements to our despatching process and means our field staff are arriving on site to fix faults quicker. When an unexpected fault occurs on our High Voltage network, on average, we would have engineers on the way to site within 10 minutes.

We already know the average time of restoration for a fault on all of our high voltage circuits which means we can give an accurate restoration time to our customers, when they contact us and this is also within the first 10 minutes.

For an unexpected fault on our low voltage network, we have recently been conducting a new despatching trial. This trial involves our regions despatching field staff from our local offices. The trials are still ongoing at the moment and, if successful, we will implement this across our two network areas. At the moment, on average, when we have an unexpected fault on our Low Voltage network, we would have engineers despatched and on the way to our local substations within 12 minutes. Like faults on our High Voltage network, we already know the average restoration times for a fault on our Low Voltage network which means we can give this accurate information to all of our customers very quickly.

We will continue to monitor and develop our processes, using emerging technology, to reduce our despatching and restoration times over the coming years.

Media enquiries should be directed
to SSE's Press Office on
+44 (0)345 0760 530

Investor enquiries should be emailed to
ir@sse.com

Scottish & Southern
Electricity Networks