

EXECUTIVE SUMMARY

ANNUAL BUSINESS PLAN COMMITMENT REPORT

2023/24



**Scottish & Southern
Electricity Networks**

Powering our
community



MANAGING DIRECTOR'S MESSAGE

Reflecting on the first year of RIIO-ED2, it is important to remember the scenario we are working in. As the net zero transition accelerates, we are and will be asking ever more from our electricity networks.

Our Business Plan, and the commitments we made in it, reflect this, marking an ambitious step-up in performance and delivery compared to previous price controls.

I am proud of our delivery in 2023/24 and the start we have made to the ED2 price control. We have focussed on creating the conditions to successfully achieve this step change and ensuring we deliver on commitments by 2028, and we have made good progress. We are on track for 46 of our 53 business plan commitments (87%), and ahead of our targets for a further three commitments (or 6% of the total). This performance is spread across key areas of our business plan, such as undergrounding overhead lines in areas of outstanding natural beauty, minimising our environmental impact, and delivering for our vulnerable customers. We will build further on this as we move through the price control, as we start to see the benefits of this year's focus on mobilisation and preparation for delivery throughout RIIO-ED2.

Of course, that means we are behind our targets in this first year for four commitments (7%). Our performance on supply interruptions, and the knock-on impact on our Guaranteed Standards of Performance, has been particularly affected by severe weather across our network areas. We recognise our performance has not been where we want or expect it to be, and we are focused on improving it as we progress through the price control. We remain dedicated to delivering these commitments by the end of RIIO-ED2.

Similarly, we know we have further work to do on specific activities on our networks, including replacing fluid filled cables and removing redundant assets from unoccupied sites. We set out to deliver on these commitments by the end of the price control in 2028, and we remain committed to that target as we build on the initial steps taken this year.

This report summarises the performance of our two electricity distribution networks (Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc) against our RIIO-ED2 Business Plan Commitments. We are pleased to have made a good start, but are conscious the first year represents the beginning of a much bigger journey over the coming years.

Our delivery strategy is focused on our RIIO-ED2 business plan outputs and commitments, delivered in line with our four key priorities: delivering a safe, resilient, and responsive network; providing a valued and trusted service for our customers and communities; accelerating progress towards a net zero world; and making a positive impact on society.

Delivering these outputs and commitments will help ensure we are playing our part in enabling net zero. We will continue to support our customers and communities to meet the challenge of the energy transition. We are also looking beyond RIIO-ED2, to understand our role in the context of 2030 targets for electricity decarbonisation, and 2050 whole economy decarbonisation. This is at the core of our Net Zero First approach.

Delivering a safe, resilient, and responsive network

Safety will always be our top priority. This year we directly engaged nearly 34,000 people on safety around our assets. Our primary purpose as a distribution company is to deliver a reliable supply of electricity to our customers, and it is critical that we remove risk from the network. We delivered 22% of our RIIO-ED2 target risk reduction in SHEPD, and 13% in SEPD. As we ramp up delivery, we will continue replacing ageing assets and ensuring our network is healthy, alongside focusing on restoring the network as quickly as possible.

Providing a valued and trusted service for our customers and communities

Customer service is a key priority for us. We have reached 930,000 Priority Services Register (PSR) customers this year, putting us well ahead of our trajectory to reach our overall target of one million. We have focused on how quickly we respond to customer contact, and now average 31 seconds in SHEPD and 37 seconds in SEPD for telephone contacts. We have also made strides in responding to social media enquiries, taking an average of three minutes to respond, against our target of five minutes.

However, we recognise that there is more to do, and we are working hard to identify, prioritise and implement improvements to our processes. We continue to strengthen our overall performance under the Broad Measure of Customer Service, improving on our scores from 2022/23. We are making significant investments in our transformation programme which will enhance our systems, data and processes. We expect this to translate into further improvements for our customers over the next 18 months.

Accelerating progress towards a net zero world

We have significantly reduced our environmental impact this year, cutting the amount of sulphur hexafluoride leaking from our assets by 78% in SHEPD and 8% in SEPD, compared to 2019/20. We continue to reduce our overall road mileage, and have reduced our overall Business Carbon Footprint by 22% from our baseline year of 2019/20. As part of this, we have trialled the use of Hydrotreated Vegetable Oil (HVO) instead of diesel in our mobile generators as a way of reducing carbon emissions. This means we have avoided over 1,500 tCO₂e (tonnes of carbon dioxide equivalent) in emissions, and will increase the use of HVO as we move through RIIO-ED2.

We have also rolled out our sector-leading Local Energy Net Zero Accelerator Tool to Local Authorities (LAs) in our regions. This tool uses open data to empower LAs to make effective and efficient net zero spatial plans at a local level. This is a crucial part of informing our Distribution System Operation strategic network plans. We expect this tool to help release tangible value to our customers and wider stakeholders, whilst supporting regional and national energy planning in the most cost-effective way for the transition.

Making a positive impact on society

We have launched a PSR Community Toolkit to support conversations around the PSR between organisations and their stakeholders. We rolled this out to 2,700 key stakeholders and partners in the first phase. Our goal is to extend awareness of the PSR across our networks, and ensure those customers that need this extra support are getting it.

This year we ran our Resilient Communities Fund for the last time (before launching the Powering Communities to Net Zero Fund for RIIO-ED2). We awarded over £400,000 to 55 schemes across our licence areas. Through this fund, we are supporting communities with measures they need to ensure they are resilient. This becomes ever more important as we see the impacts of climate change across our networks and the surrounding communities.



CHRIS BURCHELL
MANAGING DIRECTOR
SSEN DISTRIBUTION



PERFORMANCE SNAPSHOT 2023/24

SCOTTISH HYDRO ELECTRIC POWER DISTRIBUTION (SHEPD)

Our Network

795,437 customers

served across our region

49,727km

is the combined network length of overhead lines and cables (including subsea)

Customer Satisfaction

9.24/10 Overall Broad Measure of Customer Satisfaction score

7.42/10 DSO Stakeholder Satisfaction survey

Reliability

Average number of interruptions per 100 customers per year

70.68

Customer Interruptions

Unweighted, including exceptional events

51.69

Customer Interruptions

Unweighted, excluding exceptional events

Average number of minutes a customer is off supply

114.36 mins

Customer Minutes Lost

Unweighted, including exceptional events

52.15 mins

Customer Minutes Lost

Unweighted, excluding exceptional events

Finance

£274.25m

Total 2023/24 Expenditure
Expenditure was 102% of our allowance

£105.97

Unrestricted Domestic
Tariff Charge
Excl. domestic customer rebate

Connections

8.50

Major Connections aggregate customer satisfaction score

Time to quote a connection offer

2.04 days

Single Connections

average no. of working days to provide an offer

3.04 days

2-4 Connections

average no. of working days to provide an offer

Time to connect following acceptance of a connection offer

13.43 days

Single Connections

average no. of working days following acceptance

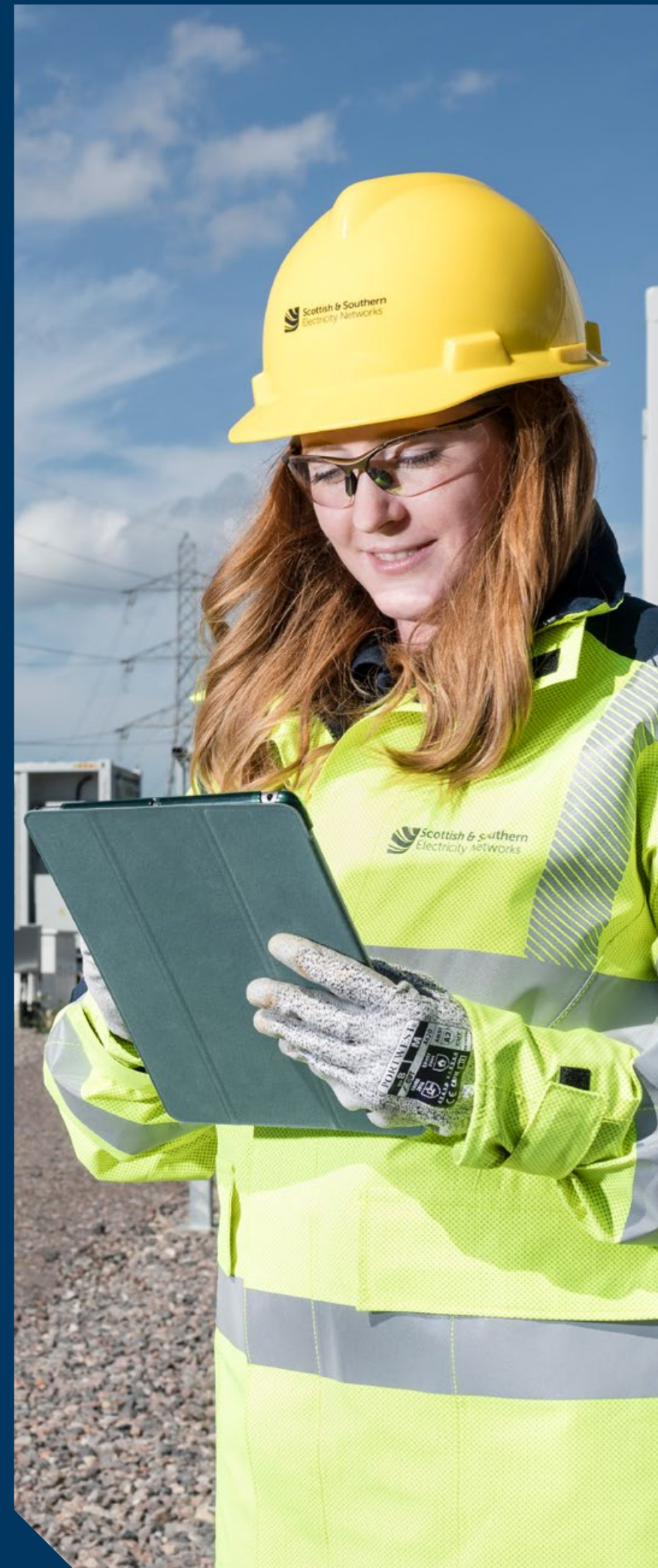
15.50 days

2-4 Connections

average no. of working days following acceptance

6,000

Number of completed connections



SOUTHERN ELECTRIC POWER DISTRIBUTION (SEPD)

Our Network

3,148,028 customers

served across our region

79,131km

is the combined network length of overhead lines and cables (including subsea)

Customer Satisfaction

8.46/10 Overall Broad Measure of Customer Satisfaction score

7.42/10 DSO Stakeholder Satisfaction survey

Reliability

Average number of interruptions per 100 customers per year

51.91

Customer Interruptions

Including exceptional events

49.25

Customer Interruptions

Excluding exceptional events

Average number of minutes a customer is off supply

57.27 mins

Customer Minutes Lost

Including exceptional events

52.29 mins

Customer Minutes Lost

Excluding exceptional events

Finance

£401.22m

Total 2023/24 Expenditure
Expenditure was 102% of our allowance

£69.35

Unrestricted Domestic
Tariff Charge
Excl. domestic customer rebate

Connections

7.14

Major Connections aggregate customer satisfaction score

Time to quote a connection offer

3.26 days

Single Connections

average no. of working days to provide an offer

8.16 days

2-4 Connections

average no. of working days to provide an offer

Time to connect following acceptance of a connection offer

35.03 days

Single Connections

average no. of working days following acceptance

48.72 days

2-4 Connections

average no. of working days following acceptance

19,088

Number of completed connections

PERFORMANCE SNAPSHOT 2023/24



Safety

Immersive training

This year, we launched our new safety training – a high-impact, immersive experience designed to demonstrate how serious life-threatening incidents can come about. The course uses a detailed example to highlight how incidents can occur, and how everyone can influence or prevent the incident from happening, regardless of their position in the organisation. In 2023/24, around 750 people had been through this training as we trialled it. We are ramping up enrolment with an aim to ensure everyone in the business has been through the training within a three-year cycle. We are also extending the opportunity to our contract partners, helping to make sure everyone gets home safe.



Vulnerability

In early 2024 we launched our refreshed customer vulnerability strategy, covering our commitments for supporting customers in vulnerable situations out to 2028. We have focussed on growing our Priority Services Register, ensuring we are supporting customers and communities in fuel poverty through our extensive partnership programme, and setting up Low Carbon Transition Support for customers and communities in vulnerable situations.

Reimagining our approach to partnerships, we have moved to a two-year partnership model. This has been instrumental in ensuring we are able to support the customers who need it most. This new model builds on partner feedback, and removes the 'stand-up' time required by partners each year. In turn, this means we can support more households from the start of the financial year.

This year, we sent an initial run of Personal Resilience Plans to customers with the Kidney Dialysis needs code, providing tailored advice to those who rely on at home dialysis. Initial feedback on this has been positive, and we will incorporate that into future resilience plans. This will be followed with an initial battery roll out during 2024 to provide critical support to our most vulnerable customers during power outages.



Community Outreach

As part of the strategic planning process, our Whole System team engage with local authorities (LAs) and community energy groups. We support our LAs with local area energy planning, which includes community-based energy initiatives. We have rolled out access to our geospatial planning tool LENZA (local energy net zero accelerator) to all eligible LAs in our two licence areas. LENZA allows LAs and their partners to plan energy projects within their geographic areas, by providing them with a large number of data sets, modelling tools and stakeholder engagement tools. The roll out of LENZA has been accompanied by a customer success plan which includes regular live demonstration training sessions to ensure stakeholders can maximise their usage. Each LA also has a dedicated contact within the Whole System team who provides tailored support to them and their partners as their local area energy plans are developed.

This year, in partnership with SSEN Transmission, we have sponsored the Community Energy State of the Sector regional report, covering our two licence areas. The report, produced by Community Energy England and Community Energy Scotland, is the first in-depth analysis of community energy across our networks, and focuses on the progress made by the community energy sector in 2022 and 2023. This research provides insight into the current state of the community energy sector across our regions and enables us to better support and collaborate with community energy organisations to make sure they play a full role in the drive toward net zero.



Environmental impact

Our Annual Environment Report (AER) sets out our performance against our RIIO-ED2 environmental commitments, and provides details of wider sustainability work that we have undertaken within the year. It is available on our website: ssen.co.uk/about-ssen/library/environment-reports-document-library/

During the first year of RIIO-ED2, have made great strides in delivering against environmental and wider sustainability considerations. We have focussed on detailed planning for delivery throughout RIIO-ED2, but we have also made good progress this year.

This year we have continued to lead by example by exceeding our Science Based Targets Initiative-accredited greenhouse gas (GHG) reduction target. In 2023/24, we reduced our Business Carbon Footprint (BCF) (excl. losses) by 22% from the baseline in 2019/20, exceeding our interim target to reduce BCF by 15%. We continue to make good progress with further electrification of our vehicle fleet and increasing the use of fossil-fuel alternatives in our operations. In May 2023 we launched our Sustainable Supplier Code, signing up 37.5% of our supply chain (by spend) in the first year.

We have also investigated options for the delivery of our ambitious Nature-based Solutions and Consumer Value Proposition. This year, we became a founding business partner of Projects for Nature, a pioneering platform that connects businesses with on-the-ground nature projects in England. Our RIIO-ED2 Environmental Action Plan (EAP), supported by our Climate Resilience Strategy and Sustainability Strategy, will propel continuous improvement in our environmental and sustainability ambitions as we progress through RIIO-ED2 and beyond.

PERFORMANCE SNAPSHOT 2023/24

Innovation

SeaChange

Our Strategic Innovation Fund SeaChange project has recently received funding to start a second phase of work. This project, which looks to support ports in mapping their decarbonisation pathways in a simple and accurate way, focuses on increasing our visibility of future potential demand at key locations (ports), helping us understand what the network needs. Through this project, we will create a Navigating Energy Transitions (NET) tool to:

- facilitate ports in plotting their most viable decarbonisation pathways;
- give DNOs visibility of the significant new electrical load presented by ports (estimated to be between 250-4,000 GWh/year); and
- inform local area energy plans, which will in turn reduce future costs for consumers through improved investment decisions.

HOMEflex

The Household Or Microbusiness Energy flexibility (HOMEflex) project is focused on ensuring the domestic flexibility market is inclusive, fair, and transparent, with clear lines of accountability. It acts as a way to ensure flexibility service providers meet their commitments, and guarantee customers are protected, respected and rewarded. It also benefits the participants, who are now able to demonstrate their credibility to customers. With a number of providers voluntarily signed up to the code, it is now a Business as Usual project, and recently won the Energy Smart Places Award at the Decentralised Energy Awards.

NeRDA

Our Near Real-time Data Access (NeRDA) portal is unique in making near real-time network data available to our stakeholders and interested parties, sharing up to two million data points every 10 minutes. In line with our 'Open Networks' approach, the NeRDA portal makes available power flow information from our EHV, HV, and LV networks. NeRDA was an NIA project which is now BAU, and is providing real data to interested stakeholders to use to understand the network.

Major Connections

We scored 7.81 under the new Major Connections Incentive (MCI) in 2023/24, marking a good start to delivery in RII0-ED2. As the move for new electricity connections continues to grow to aid Great Britain's journey to net zero, we have taken key steps to ensure that our Connections business will provide the support for all our customers on their connection journey. These include:

- Establishing a new Business Relationship Management team, helping customers make informed choices when making applications releasing our Data Portal, which brings together new and existing data and tools under one platform.
- Delivering improvements to our engagement and application channels, allowing us to offer numerous channels for our customers to apply for a connection.
- Delivering a new Grid Supply Point contractor framework, which has been set up to enable efficient delivery of major connections and our network reinforcement projects to meet our customers' needs.

We are committed to ensuring that we are able to deliver the highest quality of customer service to our major connections customers, and have both long-and short-term improvement strategies in place. Our Major Connections Annual report details the level of service which we provided to all our major connections customers in 2023/24. This was captured through the Major Connections Customer Satisfaction Survey (MCCSS). The report also outlines our strategy to improve this service throughout RII0-ED2. The report is available on our website: ssen.co.uk/globalassets/our-services/major-connections-incentive/major-connections-annual-report-2023-24.pdf





COMMITMENTS SUMMARY

At an overall level, we are well on track to delivering against our RIIO-ED2 commitments.

We are 'on track' for 46 out of the 53 commitments (87%) after this first year of delivery. In many cases, while the first year has been about setting ourselves up for delivery over the course of RIIO-ED2, we have also been able to make good strides forward in meeting these commitments and delivering for our customers. We expect to build on this as we progress through the price control, making the most of the work we have done in this first year.

For three of our commitments (6%), we are ahead of target for delivery in this price control. These cover key areas of our business plan, including undergrounding overhead lines in areas of outstanding natural beauty, reducing SF6 emissions from our assets to minimise our environmental impact, and making strides in reaching our vulnerable customers and championing their needs throughout the business. We are proud of what we have delivered in these areas, and will expand on this over the next few years.

There are also some areas where we have further work to do to bring us back on track after the first year. Our interruptions performance, and the knock-on impact on our Guaranteed Standards of Performance, is an area we are focusing on. We have a dedicated programme of investment targeted at improving particular performance areas, and we expect these will realise tangible benefits for us and our customers over the course of RIIO-ED2. We have further work to do on delivering the replacement of fluid-filled cables in particular parts of the network, and while we have had a slower start to the price control than anticipated, we are confident of delivering this by the end of RIIO-ED2. Similarly, we are putting measures in place to improve our performance on removing redundant assets from our unoccupied sites. While we have been focusing on ensuring the underlying data is correct to deliver this work, we continue to guarantee all our sites are safe, and do not present a risk to the public.

We will build on the positive steps taken this year, and continue to deliver against our business plan commitments over the course of RIIO-ED2.



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