

SSEN Distribution Sustainability Strategy 2021

# DELIVERING SUSTAINABILITY IN SSEN



**Scottish & Southern**  
Electricity Networks

Powering our  
community

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# ABOUT SSEN DISTRIBUTION

We are Scottish and Southern Electricity Networks Distribution (SSEN Distribution), part of the SSE Group. We are responsible for ensuring a safe and reliable supply of electricity to customers in communities across our network.

Powering over 3.8 million homes and businesses in communities across two licence areas in central southern England and the north of Scotland, we keep customers connected whilst developing the flexible electricity network vital to respond to the global climate crisis. We're acting now to support the UK to reach its **net zero** goal.

We are a core part of the SSE Group, serving customers throughout the UK and Ireland. As a group our activities cover the generation, transmission and distribution of electricity and the supply of electricity, gas and related services. SSEN Distribution owns, operates and maintains the electricity distribution network in the north of Scotland and central southern England.

## OUR PURPOSE

**We power communities to thrive today and create a net zero tomorrow**, is not only about our role in delivering safe and reliable power to customers for their everyday lives, but also about the work we must do to build a smarter, flexible, greener network that's fit for the future.

## OUR VISION

**We're powering change with every connection** recognises change must happen to achieve net zero and this can only happen when we work

together to make each and every connection that we have count and make it better; whether that's the connection we have with our customers and stakeholders, our connections with each other and our teams, or connecting innovative low carbon technologies to take us to net zero.

**Serving the public interest** is important to us, we are committed to ensuring customers have more involvement in vital infrastructure investment decisions. We value engagement with our stakeholders and will continue to facilitate regular opportunities for input and feedback as we continue to serve our two licence areas. Network reliability is a key priority for SSEN Distribution and we strive to provide an **inclusive service provision**, which provides for the needs of all consumers (particularly those in vulnerable situations) and communities we serve.

We **invest in our people** and work hard to create an inclusive and fair workplace that has equality and diversity at its core. Our diverse and motivated team of 3,500 people includes skilled engineers, customer service advisors and future energy experts, many of whom live as well as work in the communities they support.

By enabling a smarter, more resilient

electricity network, we ensure that local communities from the Shetland Islands to the Isle of Wight, Portsmouth to Aberdeen receive the power they need.

As the way we live our lives changes, SSEN Distribution is consistently investing and innovating to improve network resilience. We will future-proof power supplies for changing demands, from rolling out large scale EV-charging schemes to supporting small community generation projects.

We are proud to deliver projects that **enhance our local environments**, contribute positively towards biodiversity and protect the environment from harm.



**770,000+ VULNERABLE CUSTOMERS REGISTERED**  
on our Priority Services Register



**130,000KM OF OVERHEAD LINES**  
and underground cables



**OVER 3,500 EMPLOYEES**  
across the country



**106,000 SUBSTATIONS**



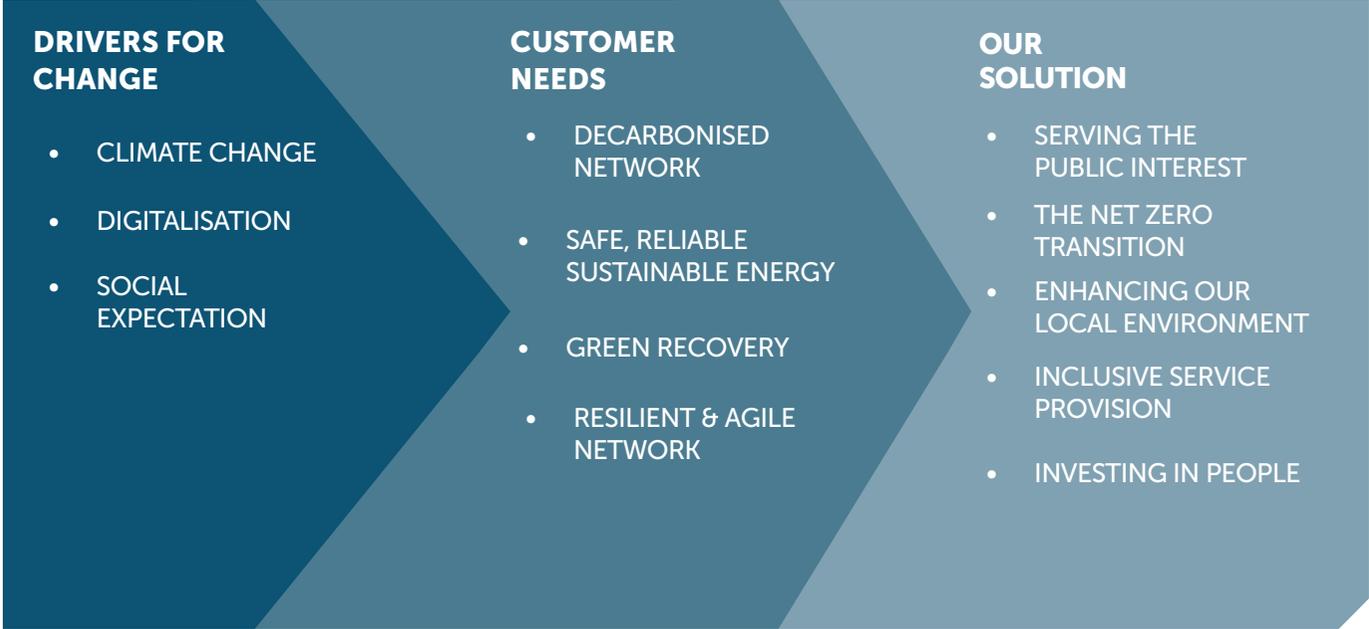
**100+ SUBSEA CABLES**  
powering island communities

# SUSTAINABILITY AND SSEN DISTRIBUTION

The next ten years will see significant change in the UK economy, a decade which has been described as decisive in tackling climate change and in doing so, also presents the opportunity to build back better from the coronavirus pandemic. **The electricity distribution network will be the backbone of this green revolution**, supporting the decarbonisation of the wider economy as customers turn to low carbon electrical solutions for transport, heating their homes, offices and factories, and utilise innovative technologies for manufacturing and construction.

This year's UN COP26 brings together parties at this critical time to accelerate action towards the goals of the Paris Agreement and the UN Framework Convention on Climate Change.

## SSEN DISTRIBUTION STRATEGIC LANDSCAPE



This challenge is global, but the solutions are local, at SSEN Distribution we are proud to be a Principal Partner to the UK Government in hosting this event.

Tackling climate change is by far the most material contribution SSEN Distribution can make to the sustainable development of the places where we operate. There are further environmental impacts we must carefully manage, with the objective of not simply preventing harm to the natural world, rather aiming, over time, to add value to nature too. The social consequences of the transition to net zero can be overlooked. SSEN Distribution believes, however, that supporting a 'Just Transition' to net zero is critically important in achieving a mandate from our customers and stakeholders for the

very actions designed to limit global warming to within 1.5 degrees. This Sustainability Strategy sets out SSEN Distribution's leadership to not only tackle the speed of change needed to serve the public in embracing on this opportunity, but to do so in a responsible way. We will enhance our local environment, provide an inclusive service and create opportunities for our people.

Our electricity networks will be even more vital than before, will need to be resilient, agile and decarbonised to deliver safe, reliable and sustainable energy to the communities we serve.



# MEANINGFUL PURPOSE

We recognise that embedding sustainable solutions throughout our operations is impactful and meaningful. We are committed to pushing our business forward to **achieve our sustainability goals** and net zero transition. This strategy will help shape our company to become purpose-led, **leading the way with innovative solutions to the world's problems.**

This strategy document sets out what we will do to embed sustainability throughout our operations. We have detailed our **sustainability ambitions, commitments and pathways** of change that we will implement to ensure success and how we will monitor and measure our progress.

Through collaboration with our stakeholders and business teams, this strategy supports SSEN Distribution's Environmental Action Plan (EAP) which outlines our environmental ambitions during the next price control period, RIIO-ED2 (2023-2028).

The SSE Group has set four fundamental business goals for 2030. Each goal is aligned to the UN's Sustainable Development Goals (SDGs) considered to be material to the wider business. The business goals are designed to create and share value with shareholders and society.

SSEN Distribution will support SSE Group's fundamental business goals and Road Map by the delivery of our own Sustainability Strategy. Following SSE Group's commitment to science-based targets, **SSEN has also committed to supporting climate action and is proud to be the first UK Distribution Network Operator to set accredited science-based targets in line with a 1.5C pathway.** These targets will provide SSEN Distribution with robust decarbonisation pathways to help the UK transition to a low carbon economy and society.



SSEN Distribution's ambition aligns with the latest climate science to limit global warming to 1.5c



This translates into an approximate 55% reduction in scope 1 and scope 2 emissions by 2033.



Our reduction target for Scope 3 emissions is that 35% of our suppliers by spend, will set SBTs by 2026.

For more information see Page 21.

We listened to our stakeholders, have taken the 8 key SDGs, SSE Group Fundamental Business Goals and EAP requirements and we have refined these into our five core Sustainability Ambitions:

Serving the Public Interest



The Net Zero Transition



Enhancing Our Local Environments



Inclusive Service Provision



Investing in People



# STAKEHOLDER ENGAGEMENT AND CO-CREATION

## OUR STAKEHOLDERS

Support from our stakeholders is critical to help us achieve our objective, to deliver electricity in a safe, reliable and sustainable way to our communities.

Our two licence areas distribute electricity to more than 3.8 million homes and businesses.

Because of this, the list of stakeholders who are interested or impacted by our activities is extensive. To clearly identify who our stakeholders are, we have created a map of principal stakeholders.



## STAKEHOLDER ENGAGEMENT AND THE SUSTAINABILITY STRATEGY

At SSEN Distribution, we value all our customers and stakeholders. We strive to provide an inclusive environment and encourage diversity. We pride ourselves on active consideration of all groups, with a specific focus on the vulnerable.

We believe in collaborating with our customers and stakeholders to build a sustainable and inclusive business for the future.

In September 2019, SSEN Distribution undertook a comprehensive stakeholder engagement exercise to understand stakeholder priorities for our Sustainability Strategy. This consultation consisted of a series of workshops attended by over 200 of our stakeholders from within our licence areas of northern Scotland and central southern England.

Stakeholders pressed us to be both ambitious and specific by setting science-based carbon targets that would mean SSEN Distribution’s carbon pathway was in line with a 1.5 degree pathway.

Our stakeholders support our ambitious commitment to Science Based Targets and encouraged a ‘step change’ in leadership with a focus on elements that require urgent action, such as reducing our business carbon footprint.

In terms of our network performance, we understand that network reliability and resilience are the first priority for homes and businesses in our networks areas.

During this process we asked our stakeholders to identify the Sustainable Development Goals (SDGs) most material to them. The result was the selection of 8 Key SDGs to drive our sustainability approach.

# GLOBAL FRAMEWORK DRIVING LOCAL CHANGE



## WHAT ARE SUSTAINABLE DEVELOPMENT GOALS?

The United Nations Sustainable Development Goals (SDGs) are a collection of 17 global goals introduced by the United Nations in 2015 and are a global framework, aimed at policymaker to ensure a sustainable world. They target the three pillars of Sustainable Development - Economic, Social and Environmental issues. Expertly written to appeal to the masses and have been successful in getting credible support and affiliation with key actors across the globe. If we all align with this framework then we can collectively reduce and mitigate the impact of preventable climate change at a global level.

We have used the SDGs as the foundation for our Sustainability Strategy, we have linked our sustainability ambitions and commitments directly to the relevant SDG to make it easy to understand the areas we hope to impact with the activities we propose.

Our industry is working hard to ensure our communities and stakeholders can trust us as we embark on the most important challenge of a generation, climate change. We fully acknowledge that we have a higher purpose than simply making our way through price control periods, we absolutely need to deliver in the best interest of the current and future consumer.

By founding our sustainability ambitions on the UN SDGs we create a credible platform to do just that – our current stakeholders and consumers can trust that our initiatives are driven by legitimate, credible, global expertise, enabling us to guide our communities to a decarbonised future in a fair and inclusive way. In doing so we will build opportunity to add real social value for local communities and our planet simultaneously.

## COLLABORATIVE GREEN RECOVERY AND THE CORONAVIRUS PANDEMIC

Over the past year, the coronavirus pandemic has transformed the way society and the economy operates. Service levels continue as the reliance on our local networks increases, and that the provision of a safe, reliable and resilient network continues.

We value collaboration with our stakeholders and their contribution to shape and influence how we operate in the future.

In 2020, the UK Government signalled its intention to “build back better, build back greener and build back faster from the economic impact of coronavirus.” As part of an industry that serves all corners of the country, electricity distribution networks are ideally placed to support this aim, providing a route to market for zero carbon projects that deliver skilled employment and local economic growth.

We are committed to a collaborative green recovery, and are ready to create shifts in how we operate to secure a sustainable economic recovery and accelerate the transition to net zero. We will do this through our five Sustainability Ambitions.

SSEN Distribution is committed to continued stakeholder engagement and collaboration on the journey to achieve our sustainability ambitions and achieving society’s expectations during the ED2 price control period.

## SSEN DISTRIBUTION STAKEHOLDER SELECTED SDGs



# SUSTAINABILITY GOVERNANCE

## GOVERNANCE

We have strong leadership and governance in place to drive our Sustainability Strategy forwards. SSE places a heavy emphasis on driving sustainability performance from the 'Top Down', with sustainability performance metrics included in SSE Executive Directors' professional development goals.

## ORGANISATION AND ACTION PLANNING

A critical first step in embedding sustainable practices across SSEN Distribution is the need for simple and consistent management system approach. This includes a certified environmental management system (EMS) as well as clear and accountable internal management processes, underpinned by standards for sustainable procurement and future development. **At SSEN Distribution, we are in the process of developing an ISO14001 EMS**, to enable us to plan, implement, document, measure and track progress against this Sustainability Strategy.

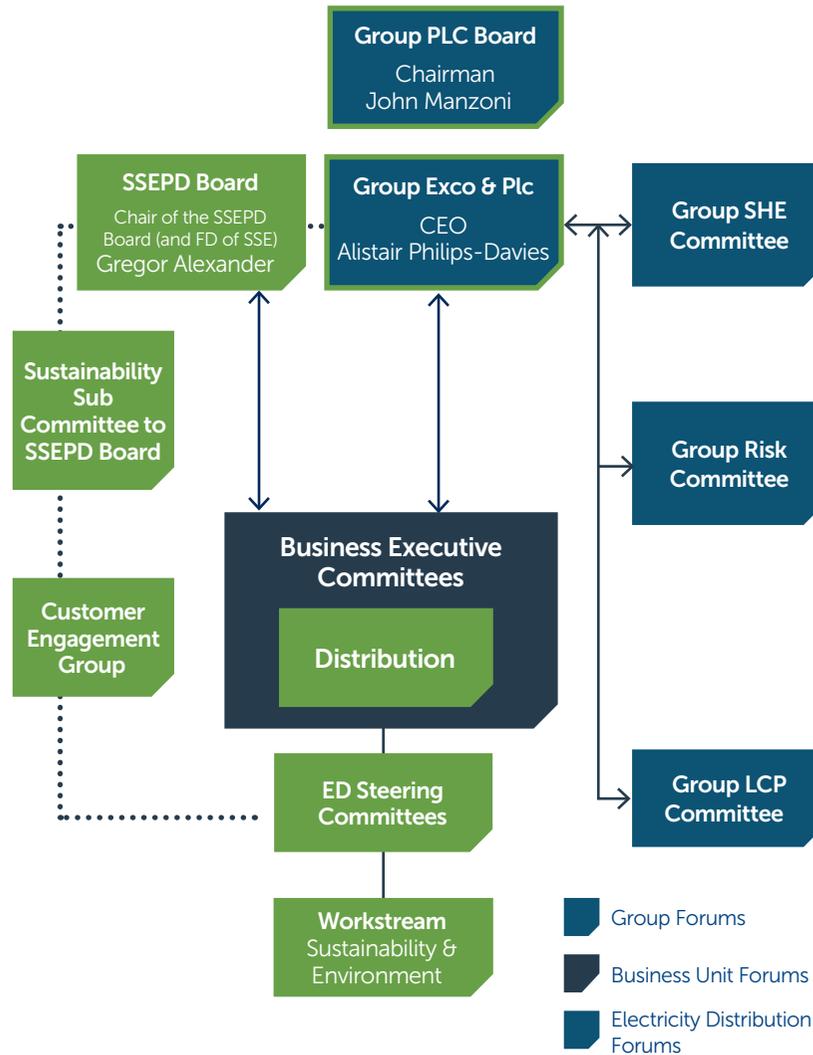
## MONITORING AND REPORTING

To provide oversight and transparency on the progress during ED2, a robust monitoring and reporting framework will be developed. SSEN Distribution will communicate progress through the ED2 Function Team, to the Chief Sustainability Officer (CSO). The CSO is a Non-Executive Director on the Board of Scottish and Southern Energy Power Distribution (SSEPD), the subsidiary holding company for SSE's Distribution and Transmission businesses.

### WHAT IS ISO14001?

ISO14001 is an international standard for EMS, and is the most widely used globally. Implementing an ISO14001 system will enable SSEN Distribution to manage our environmental responsibilities in a systematic manner whilst underpinning the environmental pillar of sustainability.

## DISTRIBUTION WITHIN SSE GROUP PLC CORPORATE STRUCTURE



## DISCLOSURE AND REPORTING

SSEN Distribution supports SSE Group's commitment to disclosure, to support transparency of progress related to climate action and environmental management. We engage in annual reporting through external frameworks and partnerships. We believe it is important to report on our progress and to articulate the climate-related risks and opportunities of the business to its stakeholders.

SSEN Distribution will report progress on this strategy through SSE's GRI focussed Annual Integrated Report and our own Environmental Report published on an annual basis. In 2020 we engaged in climate related financial disclosure utilising CDP and Task Force on Climate-Related Financial Disclosure (TCFD) and will continue to report on this platform on an annual basis.



# OUR SUSTAINABILITY AMBITIONS

SSE's vision is to be a leading energy provider in a low carbon world. We recognise the importance of equitable network decarbonisation, which will be available to all. Our plans require a clear understanding of the needs and vulnerabilities of our customers and stakeholders. During our extensive consultations, stakeholders have strongly and consistently emphasised their desire for us to show ambition and leadership in sustainability and exceed Ofgem environmental requirements.

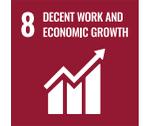
SSEN Distribution will set out a clear vision to 'accelerate' net zero for our electricity network. Our work will support Government's net zero Targets and enable our customers and stakeholders to start this journey. SSEN Distribution's Sustainability Ambitions aim to create a fair and just decarbonised electricity network for the future, which will bring societal value during RIIO-ED2 (2023-2028).

## Governance & Organisation



# Ambition 1 SERVING THE PUBLIC INTEREST

WE WILL ENSURE A SAFE AND RESILIENT NETWORK AND WE WILL WORK COLLABORATIVELY TO BUILD TRUST AND ENSURE LEGITIMACY IN EVERYTHING THAT WE DO, FOR THE GREATER GOOD OF OUR LOCAL COMMUNITIES AND GB.



As the Distribution Network Operator (DNO) of SSEN, we recognise that a well-functioning invested distribution network promotes economic growth and helps decarbonise the energy consumed.

Maintaining reliability of the network and understanding future supply and demand is a priority of SSEN Distribution. This is especially important considering the expected increase in electricity consumption as society seeks alternative low carbon electrical solutions to maintain lifestyles and work practices.

SSEN Distribution will maintain a safe, reliable and resilient network. We are key to keeping the lights on.



As we move into the next price control period, RII0-ED2 (2023-2028), SSEN Distribution is committed to ensuring the reliability of electricity supply throughout the network, whilst also maintaining a first-class service at a fair price for our customers.

In our day-to-day operations and as we look forward to the future, we are committed to fair, equal and inclusive work to support sustainable economic growth.

The physical impacts of climate change and increased demand of electricity in our society as we transition to net zero have the potential to interrupt the supply of energy. We have listened to our stakeholders when they advised that leadership and a stronger commitment to Climate Resilience is needed.

In response, we will publish our first Climate Resilience Strategy which addresses how we will maintain a resilient and reliable network for the future in the face of the risks posed by climate change.





During the ED1 price control period, SSEN Distribution integrated a total of 27 reliability commitments into our business plan to support and upgrade the network. Whilst we are still working to completion for most of our commitments, we have significantly invested in the upgrade of our network in the SEPD and SHEPD operating regions.

Key upgrades up until 2019/20 include a total of **£1.04billion invested in the replacement, refurbishment and maintenance of networks** and £173million on the overall capacity of our networks. During the ED1 process, we upgraded and integrated the network in the SHEPD region to improve service for our worst served customers, including works on the Grudie Bridge, Mybster and Rannoch GSPs that have now been completed. We are also working with Shetland as part of our enduring energy solution for 2025. Flood mitigation was a key area for resilience for the SEPD region where at the end of 2019/20 we anticipate **investing a total of £19.79m in SEPD by the end of ED1.**

Our full range of commitments as a reliable network are in our Business Plan Commitment Report 2019-20 at [ssen.co.uk/DistributionPriceControlReview](https://www.ssen.co.uk/DistributionPriceControlReview).

### PATHWAY

**Our ambition for network reliability, as driven by our stakeholders, is for Southern Electric Power Distribution (SEPD) & Scottish Hydro Power Distribution (SHEPD) to enhance the existing network reliability performance for both now and in the future. Throughout our extensive programme of engagement and willingness to pay research, reliability has been consistently identified as a high priority item for all our customers, followed by affordability and sustainability.**

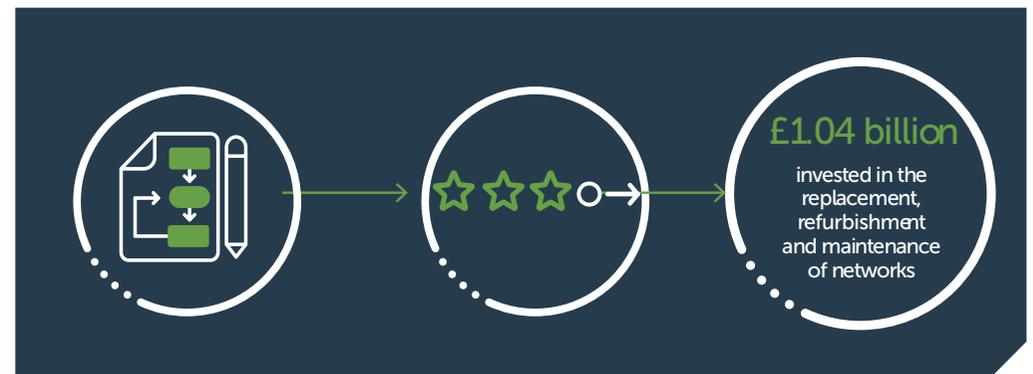
SSEN Distribution is developing a Network Reliability Strategy to ensure step change targets for unplanned outages are met. As we move into ED2 the Network Reliability targets will be increased to ensure our customers are experiencing reduced network interruptions. We are continuing to engage with our stakeholders to determine if there are specific projects that can be driven through our plan that are cost efficient and will improve network performance. Our stakeholders recognised that investing today would increase reliability and reduce costs in the future.

## WHAT IS NETWORK RELIABILITY?

**Power interruptions affecting homes and businesses**

<b>Number of Power Cuts</b>	<b>Duration of Power Cuts</b>
CUSTOMER INTERRUPTIONS	CUSTOMER MINUTES LOST

**Performance targets to ensure Network Reliability for our customers**





SSEN Distribution is committed to contributing to the economy and creating skilled, sustainable jobs across our two licence areas.

We will make material contributions to SDG 8:

**Decent Work and Economic Growth through fair and just pathways within the business.**

SSEN Distribution contributed £1,006m to UK GDP over the year (FY20) and supported 9,710 jobs across the UK.

**PATHWAYS**

**REAL LIVING WAGE**

SSEN Distribution has voluntarily taken a stand to go further than the government minimum wage and provide our employees with a living wage. We are proud to have been an accredited Living Wage Employer for the last seven years. We also continue to sit on the **Living Wage Scotland Leadership Group**. We are leading the way with our commitment to become **one of the first Living Hours accredited employers** in the UK, which sets the standards on responsible working hour practices.

Our stakeholders told us we should avoid zero hours contracts and provide certainty to our workforce. While the Living Wage supports a fair wage, employees told us they need the security of guaranteed working hours.

In response we've acted and become the first DNO to secure Living Hours accreditation, the new standard that provides security of hours alongside a real living wage.

**FAIR TAX**

Paying the right amount of tax matters. We are proud to have committed to increased transparency on how we make a fair tax contribution. The Fair Tax Mark is an accreditation for organisations that pay the right amount of tax, in the right place, at the right time and provide open and transparent tax disclosure. SSEN Distribution, as part of SSE, was **reaccredited with the independent Fair Tax Mark for the sixth consecutive year** last year and is committed to achieving this on annual basis.





Electricity networks, in common with all other infrastructure, will be affected by the direct physical impacts, as well as the societal and financial impacts, of climate change. Recent extreme climate events illustrate the extent of this potential exposure, such as the 2021 Texas Power Crisis that saw widespread power outages, immense property damages and loss of life. **In the UK, an increase in the frequency of heatwaves is already felt, affecting electricity networks' assets such as substations, transformers and switchgear. At the same time an increase in changing work patterns and homes is leading to higher reliance on electricity. This is straining electricity networks across the country.**

We operate across a wide range of environments across the UK, from dense urban settings in London and South England to scarcely inhabited farmlands in the Scottish Highlands. Our commitment to more than 3.8 million customers for safe, reliable energy delivery in the coming decades will be challenged by the adverse risks of climate change, such as: increased flooding; higher temperatures; prolonged droughts; and frequent wildfires. We actively seek to understand these challenges and find practical sustainable solutions to tackle them.



### PATHWAY

**Climate adaptation is a gradual shift, and the SSEN Distribution Climate Resilience Strategy is therefore a crucial step on the pathway to green, decentralised, carbon free, and reliable electricity.**

The route to Climate Resilience is through a multi-faceted risk management plan. This includes direct and indirect climate change risks which have been studied, assessed, registered and prioritised. We have highlighted the climatic and geographic difference between SSEN Distribution's North and South licenced areas and their respective inner regions.

Interdependencies between our operations and other stakeholders (such as Telecoms, National Grid, Water Utilities, etc.) have been assessed for their vulnerabilities and strengths including projected future changes in markets, finances and logistics. These are used to formulate our 'Adaptation Plan' which uses this knowledge, along with mechanisms of embedding and implementing measures over time, as well as the monitoring and evaluating of these changes, to provide a reporting and communication strategy regarding our progress on climate adaptation.



**As society transitions from a world dependent on fossil fuels to one dependent on decarbonised energy systems, we understand that having a reliable network and electricity supply will be essential.**

According to the Climate Change Committee’s 6th Carbon Budget, electricity demand could treble by 2050 to facilitate the transition to net zero. We are preparing for this increased demand. The success of the future network will rely heavily on the capacity and flexibility to connect sources of energy to the network.

Allowing uptake of domestic Low Carbon Technologies (LCTs) to the Low Voltage (LV) Network will also be critical to meet increased demand in a decarbonised way.

We will need to meet this challenge through the timely connection of local renewables, co-ordinated delivery of network investment, alongside flexible and agile solutions to alleviate network constraints and allow for further electrification.

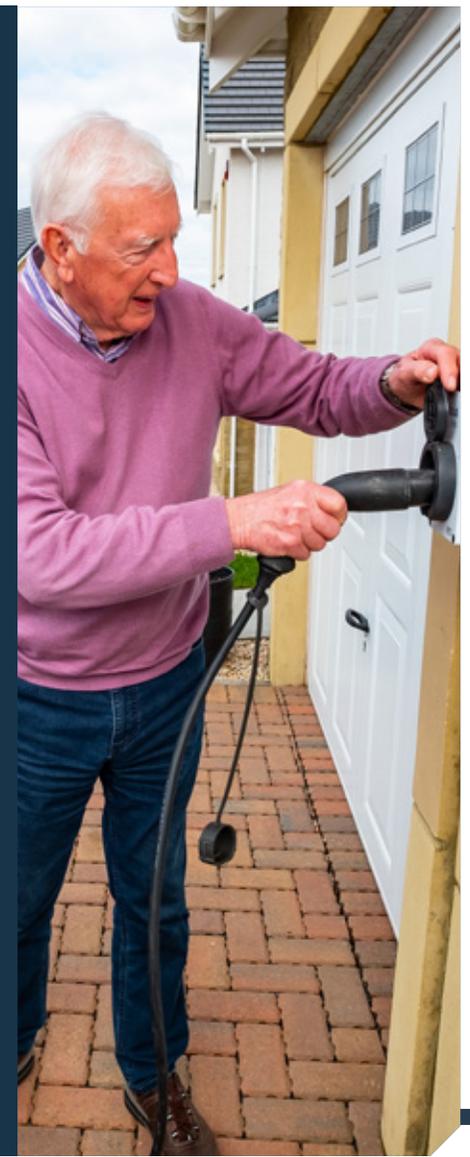
**PATHWAY**

Domestic LCTs, including EV charge points and heat pumps, are connected to the overall electricity network via the LV Network. SSEN Distribution has committed to better understanding of the LV Network so we can plan for capacity and understand the health of our assets. We will improve our energy forecasting to build on our understanding of our customer behaviours, to ensure optimum capacity and reliability of the LV Network.

We launched our **Digital Strategy** in 2020 to integrate digitalisation to enhance social and economic value, deliver a leading experience for our customers and to enable the best energy system to support net zero carbon emissions. We will continue to utilise this strategy to deepen our insight into the needs and behaviours of our customers across the LV Network. These activities will facilitate and enable a low carbon transition in society, whether this is helping with the uptake of EVs or simply having a reliable, affordable electricity network.

We are committed to providing network capacity to actively support and facilitate the achievement of net zero and the uptake of LCTs. For minor connections, we have committed to enabling new connections within 40 days, noting that 90% of new connections should not have to wait for reinforcement to be completed. We also promise to deliver a level of supply reliability that customers and stakeholders value and need. We will deliver a safe, reliable and resilient electricity network that will ensure network restoration for 40% of customers within three hours.

We will deliver a safe, reliable and resilient electricity network that will ensure network restoration for 40% of customers within 3 hours.





As we deliver our business strategy and integrate climate action in our operations, **we understand that for our ambitions to be successful, we cannot do it alone and engagement with our suppliers is crucial.** SSEN Distribution will take a leadership approach to collaborate with our supply chain to facilitate full understanding of our sustainability values and ambitions, as well as engagement with them to further develop their own sustainability values to support ours.

In March 2021, SSEN Distribution engaged and consulted with our supply chain to understand the status of their own sustainability journey, and how it aligns with our Sustainability Ambitions and commitment to Sustainable Development Goals (SDGs). A Sustainability Readiness and Maturity Survey based on the 17 SDGs was distributed to 294 of our suppliers with a response rate of over 27%. Evaluation of survey results has enabled us to gain insight on how we can proactively lead and collaborate with our supply chain to help them with their own sustainability journeys as well as ensuring they align with our own values.

**PATHWAYS**

SSEN Distribution commits to the following pathways to collaborate with our supply chain during RIIO-ED2:

**SSEN leadership and governance**

We will establish working groups and steering committees with suppliers to support to develop an affordable and innovative approach on their sustainability journey. Collaboration with the supply chain will be key to drive value and innovation in sustainability. SSEN Distribution will collaborate with 'best in class supply chain' to facilitate knowledge share of best practices across the supply chain in areas such as waste, water and biodiversity. We aim to work with our supply chain to ensure that they understand our values and sustainability journey ambition, as well as engaging to agree enhanced sustainability targets for our larger supply chain members. Performance against targets will be reviewed on a regular basis and monitored via our Performance Management System.

**Enhanced procurement and contract management approaches**

To support our supply chain, SSEN Distribution has developed a Sustainable Procurement Programme which underpins our sustainable procurement values and objectives in 14 Key Themes. We expect our current and future suppliers to consider how they can deliver on their sustainable procurement objectives with reference to the 14 themes which we have outlined in our Sustainable Procurement Model. The Model, which will support our Sustainable Procurement Charter, provides procurement guidance to the initial evaluation and selection of suppliers and on-going performance management through the introduction of SDG themes as KPIs. This programme of work will support our commitment to a Sustainable Supply Chain under **Ambition Three Enhancing our Local Environment**, further information can be found on [page 22](#).

**Cross-industry initiatives**

SSEN Distribution is made up of two DNO's, covering the North of Scotland and central southern England and has a percentage of commonality of supply chain with other DNOs across the United Kingdom. We will utilise this opportunity to collaborate with other DNOs across the industry to successfully deliver initiatives within our shared supply chain, such as energy reduction.

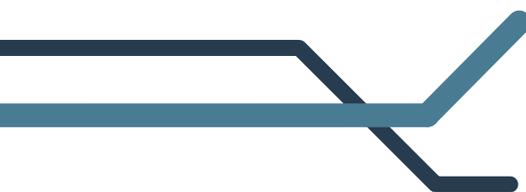
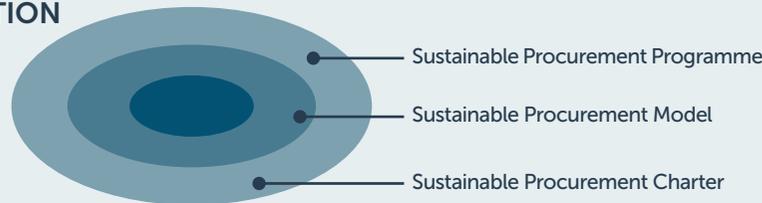
**Small and Medium-sized Enterprise Supplier support**

We value that small and medium-sized enterprises (SMEs) will play a critical role in achieving our own Sustainability ambitions and the United Kingdom's transition to net zero. We recognise that some of the challenges faced by our SME suppliers are different to larger suppliers and to address this SSEN Distribution will collaborate and design with SMEs to build a specific programme to address these barriers.

**Category specific cost modelling**

SSEN Distribution commits to undertaking an Affordability Assessment with key suppliers in the target areas of carbon reduction and reduced waste to landfill. We will identify our Key Suppliers of these two target areas through a Cost Benefit Analysis (CBA), which will maximise benefit and contain cost.

**SSEN DISTRIBUTION SUSTAINABLE PROCUREMENT APPROACH**



## Ambition 2 THE NET ZERO TRANSITION

WE WILL SUPPORT THE GLOBAL DRIVE TO NET ZERO BY COMMITTING TO A CLIMATE SCIENCE BACKED NET ZERO GOAL, WHICH IS ALSO CONSIDERATE OF WIDER SOCIETAL IMPACT.



The climate emergency is undoubtedly one of the greatest challenges of our generation. The world is warming every day with increased temperatures having negative effects on our local and international environments.

The Paris Climate Agreement and UN's Sustainable Development Goals are challenging government, businesses and society to act on these issues where everyone must take action to reduce their impact. Since the Intergovernmental Panel on Climate Change (IPCC) published its recommendation to limit global warming to 1.5 degrees, the UK and Scottish Governments have committed to net zero targets for 2050 and 2045, respectively.

SSEN Distribution commits to supporting the UK Governments and global drive to net zero by reducing our organisation's carbon footprint.

SSEN Distribution was the first UK DNO to set Science Based Targets, with the ambition to limit global warming to 1.5 degrees from pre-industrial levels.

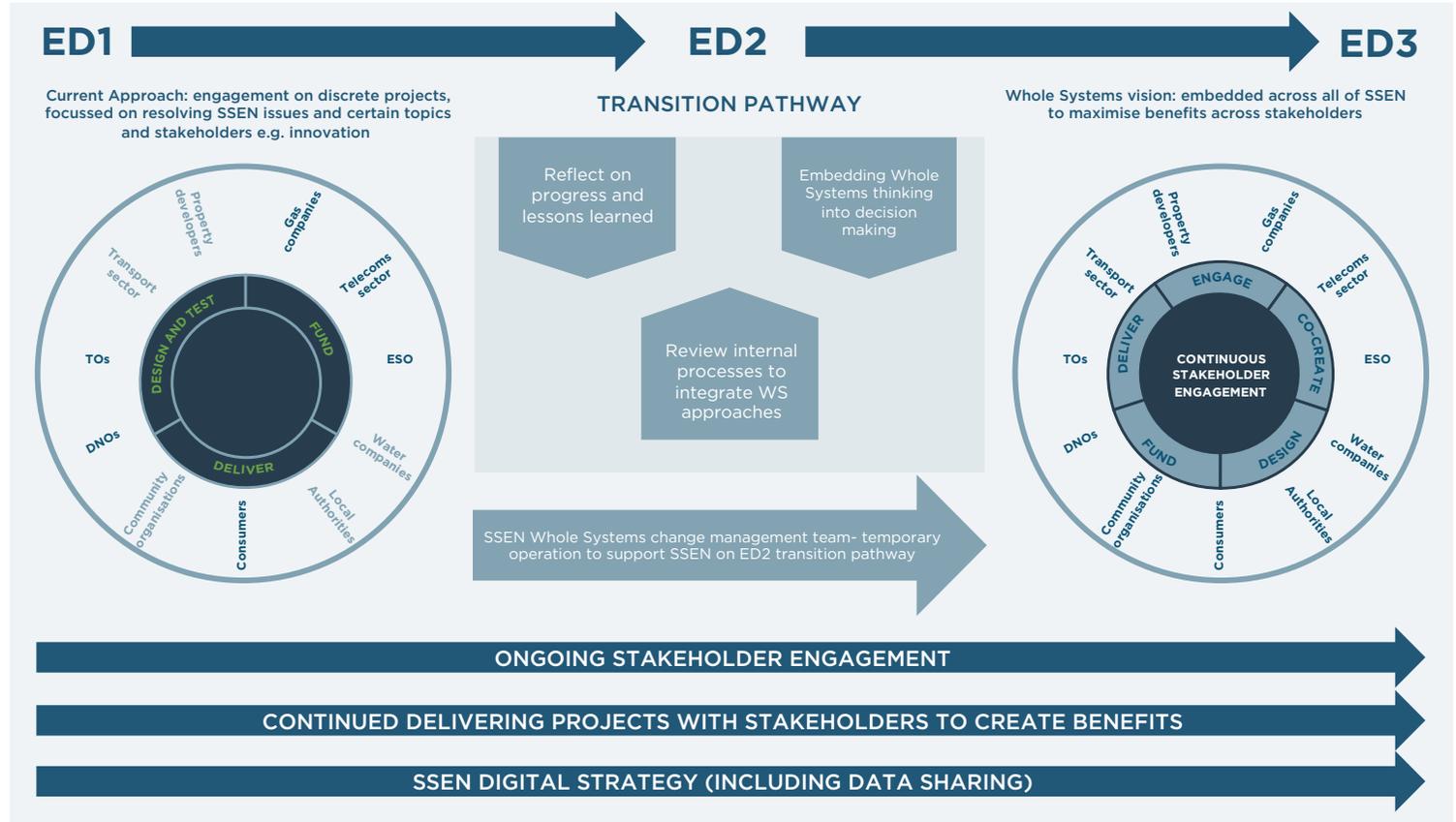
We have accepted the challenge and are committed to assess and understand our impact upon the environment and implement measures to reduce these impacts to transition to a net zero economy and society. With the evolving technology mix, emerging business models and rate of customer adoption unpredictability in the energy industry, it is our responsibility to be ready for all possible scenarios required of the electricity network in the future. We are transitioning towards a Distribution System Operator (DSO) model, which will deliver a cost-effective and reliable network through Whole Systems optimisation. This enables customers to be both producers and consumers of electricity. This transition is particularly significant for net zero as the proliferation of low carbon technologies and solutions become more widespread, allowing households, businesses and communities to engage with the energy system and decarbonise.

Our stakeholders advised us that they want SSEN Distribution to enable our customers to reach net zero at same rate as been achieved within the business, making the uptake of renewables easy and accessible for customers. We believe the DSO model will support our ambition in net zero both for us and our customers through utilising our whole systems, flexible and innovative approach.

A DSO, as defined by the Energy Networks Association, is an active distribution system comprising networks, demand, generation and other flexible distributed energy resources to deliver security, sustainability and affordability in the support of whole system optimisation.



We take seriously our ambition to be a leader in this industry both currently as a Distribution Network Operator (DNO) and during our transition to Distribution System Operator (DSO). **We will lead the way by embedding Whole Systems (WS) thinking across our business.** This will enable us to work collaboratively with others across the energy sector, and other sectors such as water, telecommunications and with local authorities, with the aim of enhancing consumer benefits and societal outcomes. This commitment is underpinned by SSEN’s long-term vision to work collaboratively with stakeholders. We will collaboratively identify solutions and solve challenges with others, to ensure the existing and future infrastructure is used effectively to increase capacity and facilitate increased network demand.



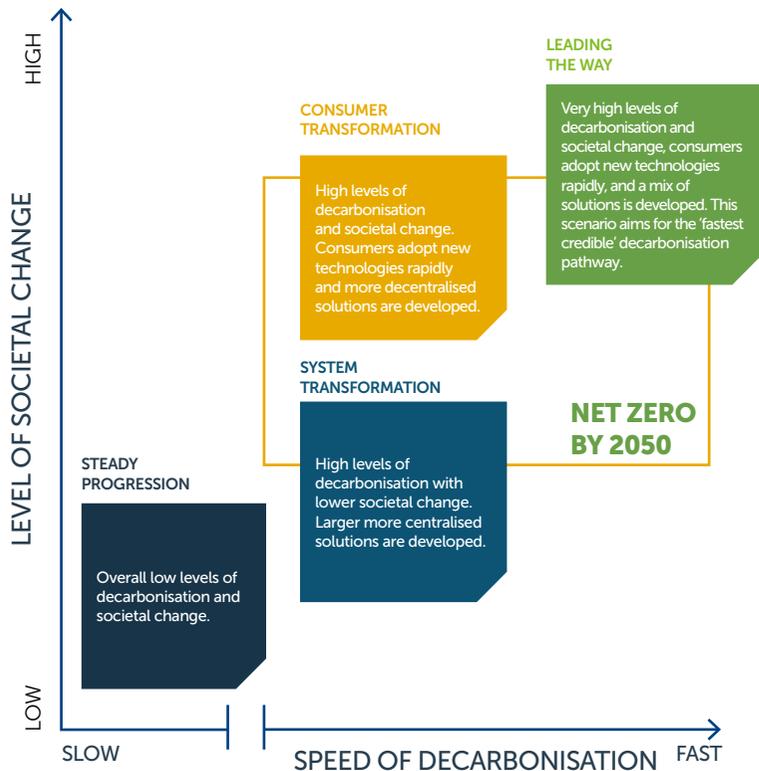
**PATHWAY**

There are already significant (but discrete) whole systems activities underway across SSEN, for example our work to connect Shetland with the GB mainland supply. Our ED2 transition plan to achieve our long term vision for Whole Systems is focused on increasing the ambition to adopt Whole Systems solutions across our business and taking steps to integrate Whole Systems thinking in our BAU processes. Our pathway builds on our approach to Whole Systems activity in ED1 which focussed on the design, funding and delivery of whole systems solutions. Further details can be found in our **Enabling Whole System Solutions ED2 Business Plan Annex**.



SSEN Distribution has completed Distribution Future Energy Scenarios (DFES) across our two network licence areas through our Whole Systems Approach. This work will help us to understand future demand and projected increases in capacity to support the net zero transition. Through integrated mapping and projections of LCTs and their demand sources, we have mapped constraints, planned and appraised investment options. Our Stakeholders have been consulted throughout this process. We will continue to utilise this Whole Systems Approach to enable a low carbon efficient, safe, reliable network for the future.

### FUTURE ENERGY SCENARIOS – NATIONAL GRID



### DFES 2050 CAPACITY AND DEMAND PROJECTIONS FOR NORTH OF SCOTLAND AND CENTRAL SOUTHERN ENGLAND

	NORTH OF SCOTLAND	CENTRAL SOUTHERN ENGLAND
<b>RENEWABLES CONNECTION</b>	Increase <b>renewable generation capacity to c.8.8GW</b> in 2050 through <b>Consumer Transformation</b>	Increase <b>renewable generation capacity to c.9GW</b> in 2050 in <b>Consumer Transformation</b>
<b>WASTE DRIVEN ELECTRICITY</b>	Connect <b>c.56MW of anaerobic digestion</b> to the network by 2050 under <b>Leading the Way</b>	Connect <b>c.150MW of anaerobic digestion</b> to the network by 2050 under <b>Leading the Way</b>
<b>FUELS</b>	<b>74 MW fossil fuel</b> generation removed from network in <b>Steady Progression</b> scenario <b>24MW of hydrogen</b> fuelled generation by 2050 in <b>System Transformation</b>	<b>650 MW</b> of unabated diesel and natural gas removed from network in <b>Consumer Transformation</b> In <b>System Transformation</b> , <b>21 MW of hydrogen</b> fuelled generation connected to network
<b>BATTERY STORAGE</b>	<b>C 1,200 MW battery storage</b> connected to the distribution network in <b>Leading the Way</b> by 2050	<b>c.2GW battery storage</b> connected to the network in <b>Leading the Way</b> by 2050
<b>ELECTRIC VEHICLES</b>	<b>c.560MW electric vehicle charging</b> capacity on the network by 2050 in <b>Leading the Way</b>	<b>c.3.3GW electric vehicle charging capacity</b> on the network by 2050 in <b>Leading the Way</b>
<b>HEAT PUMPS</b>	<b>c.603,000 domestic properties</b> and <b>c.47,000 non-domestic properties</b> operating a heat pump under <b>Consumer Transformation</b> by 2050	<b>c.1.5 million domestic properties</b> and <b>c.166,000 non-domestic properties</b> under the <b>Consumer Transformation</b> by 2050
<b>HYDROGEN</b>	<b>124 MW Hydrogen electrolyzers</b> capacity connected under <b>System Transformation</b> by 2050	<b>911 MW Hydrogen electrolyzers</b> capacity connected by 250 under <b>System Transformation</b>
<b>DATA CENTRES</b>	No projected data centres in this licence area	<b>660 MW</b> data centres online by 2050
<b>HOUSING</b>	<b>c.112,000 new houses</b> built by 2050	<b>c.610,000</b> new houses by 2050

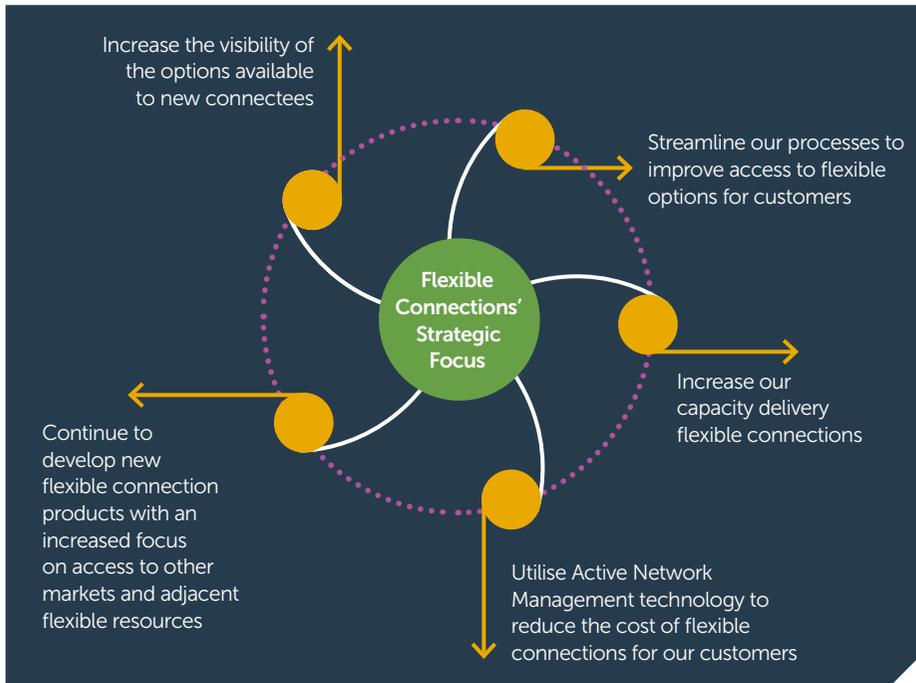
Regular
  Consumer information
  System transformation
  Leading the way
  Steady progression



## SMART AND FLEXIBLE MARKETS AS A DISTRIBUTIONS SYSTEM OPERATOR (DSO)

The transformation to a Distribution System Operator is one of the biggest challenges facing the industry. We integrated a ‘learn by doing’ approach in RIIO-ED1 with our four flagship projects. These focussed on **our transition to a DSO to create a smarter, more flexible, innovative network** to support the low carbon transition. We gained insights to inform the scope of this transition, and how we can make it work best for us and our customers through a whole systems and flexible approach. More information on the progress of our transition can be found here: <https://www.ssen-transition.com>

As we continue our transition to a DSO, effective stakeholder collaboration will be critical and a key focus area.



### PATHWAYS

#### Flexible Systems

We have a responsibility to deliver a coordinated and efficient Whole System network. The DSO transition will support the wider uptake of low-carbon technologies and solutions. We will enable households, businesses and communities to engage flexibly with the energy system, customers will be able to **shift from consuming energy, to producing, storing, balancing, and selling energy back to the system.**

We have offered flexible connections to customers in areas of constraint since 2011 and we now offer flexible connections to our generation customers across our licence areas. Flexible connections allow customers to connect to the grid quicker, exporting energy they generate to the system and avoiding time and cost constraints.

#### Innovation, Smart Grids and Whole Systems

During ED1, we launched Project LEO in Oxfordshire to better inform how we manage the transition to a smarter, low carbon electricity system by creating conditions that replicate the electricity system of the future. It was one of the most ambitious wide-ranging, innovative, and holistic smart grid trials conducted in the UK.

We utilised three themes of **Technology, Local Markets and Community** to understand:

- How local markets can be unlocked and supported;
- How we can create new investment models for community engagement; and
- How we can support the development of a skilled community to thrive and benefit from a low carbon, smarter, responsive, and flexible electricity network.

Through our community and whole system collaboration, we were able to develop scenarios that the UK's energy system will likely experience in the transition to a smarter system. We conducted three trials to test the impact of low-carbon technology on the network. These included:

1. Connecting energy from a community owned hydro scheme;
2. Utilised Oxford Bus Company's batteries to feed energy back into the grid; and,
3. Assessed the impact of changing air conditioning settings on the energy system.

We will continue to run these trials to learn how we can ensure a smooth transition to a low carbon, smarter network.

For more information see: <https://project-leo.co.uk>



SSEN Distribution supports SSE’s Sustainability Goal to help accommodate 10 million electric vehicles by 2030 in Great Britain. As a DNO of Scottish and Southern Electricity Networks, our role in decarbonising transport and net zero Targets is fundamental. Our actions to build electricity network flexibility and infrastructure will help accommodate this uptake and allow the transition to proceed at the pace that the UK’s net zero commitment demands. **During our stakeholder consultation, roll out of EV charging was viewed as one of the most pressing issues and top priorities for SSEN Distribution to address.**

## PATHWAYS

### EV Strategy and Heat Decarbonisation

In March 2020 we published our Electric Vehicle Strategy which sets out SSEN Distribution’s five principles to support the uptake and move to electrified transport across Great Britain. These principles underpin our role to ensure customers and businesses have the confidence to switch to an electric vehicle.

To support this, we have a variety of innovation projects focused on the decarbonisation of both transport and heat, including the RESOP (Regional Energy System Optimisation Planning) NIA project. This was launched in 2019/20 to support the coordination of the low carbon transition.

### Partnerships and understanding EV demand

As EVs become more popular, we expect the current upward trend in charge point installations to continue as both residential and public chargers become more available on the network. We are working hard to understand the potential impacts EVs have on different components of the network, including entering into a Strategic EV Partnership with the Scottish Government and Scottish Power’s SP Energy Networks. In this partnership we will deliver £7.5 million of investment and innovation and support an inclusive and affordable transition to a low carbon transport system for Scotland.

### Electrification of rural areas

We will also deliver a set of demonstrator projects in the north of Scotland, tackling the challenges of providing EV charging points in varying terrain, from urban to remote rural locations as well as launching our E-Tourism project to explore challenges resulting from increased numbers of tourists driving EVs in rural Scotland.

We have identified five principles which will be key to successfully supporting the move to electrified transport

- Using data and analytics to anticipate issues, support decision making and make sure our networks are ready for EV uptake
- Having a suite of tools available to support widespread EV uptake
- Using Local Development Plans inform and establish strategic investment programmes
- Using innovation, digitalisation, new skill sets and operational capabilities to meet the forecast growth
- Supporting stakeholder and customer ambitions to decarbonise



During ED1 SSEN has registered 57 projects through the Network Innovation Allowance and Network Innovation Competition which delivered over £80m of benefits for customers from our ED1 innovation deployments. To the end of financial year 2020/21 we have delivered benefits of £80.7m (which we anticipate rising to £88.9m by the end of the price control period), in the same period our total NIA spend was £18m.

EV sales continue to increase, with over half a million ultra-low emission vehicles now on UK roads. This brings increased demand and reliance on the electricity network. As part of the E-Tourism project, we are exploring potential seasonal and geographical network challenges associated with EV charging points, which may arise from large volumes of EVs being driven by tourists.

There is a clear demand from our stakeholders for more flexible connection solutions and improved understanding of the network impacts relating to use of EVs and other Low Carbon Technologies. Our earlier innovation projects such as Orkney Active Network Management (ANM) have led to the adoption of new solutions to improve the availability of flexible solutions to connect renewable generation more quickly and at lower cost.

Going forward we are committed to extending the range of innovative

connection options to include demand connections and a wider variety of generation solutions to facilitate the DSO transition.

With the UK targeting 600,000 heat pump installations annually from 2028, and the Scottish Government aiming for 1 million households to have zero emissions heating systems by 2030, innovation will be required to understand network impacts. In collaboration with National Grid Electricity System Operator (ESO), our 4D Heat project explored whether controlled electrified residential heating in Scotland can reduce the curtailment of renewable generation, without adversely impacting the distribution network.

Additionally, we commissioned a report from Grid Edge Policy, entitled "An Electric Heat Pathway" which examines the opportunities presented by the control, operation and use of domestic electric storage heating as a viable alternative to heat pump technology and as a valuable tool to help achieve the UK's carbon target.



### Pathways

To achieve our ED2 outcomes, we will need to continue to deploy innovation in our operations and develop new innovations which will need to address future challenges. We aim to:

- Maintain the progress we have made with the innovations we have deployed already in ED1.
- Identify additional innovations which will bring wider stakeholder and environmental benefits and develop individual investment proposals to support their deployment.
- Deliver a high-quality NIA portfolio focussed on the energy system transition and consumer vulnerability. This programme will largely deliver wider stakeholder, environmental and societal benefits.
- Identify opportunities for SSEN to invest in further innovations to ensure we meet our ED2 efficiency targets.





**SSEN Distribution was the first UK Distribution Network Operator to set commit to setting Science Based Targets. Our ambitious targets align with the latest climate science and public policy with a 1.5 degree pathway.** This translates into an approximately 55% reduction in Scope 1 and 2 emissions by 2033. SSEN Distribution also commits that 35% of suppliers by spend will set SBTs by FY2026.

### What are Science Based Targets?

Science Based Targets (SBTs) are greenhouse gas (GHG) reduction targets set by organisations. SBTs are classified as science based if they are in line with the scale of GHG reduction required to keep temperature increase below 2°C (as a minimum) relative to pre-industrial temperatures.

#### Scope 1 Emissions

Emissions that come directly from SSEN Distribution owned or controlled sources e.g. gas consumption, fleet vehicles.

#### Scope 2 Emissions

Indirect emissions from SSEN Distribution purchased sources e.g. consumed electricity.

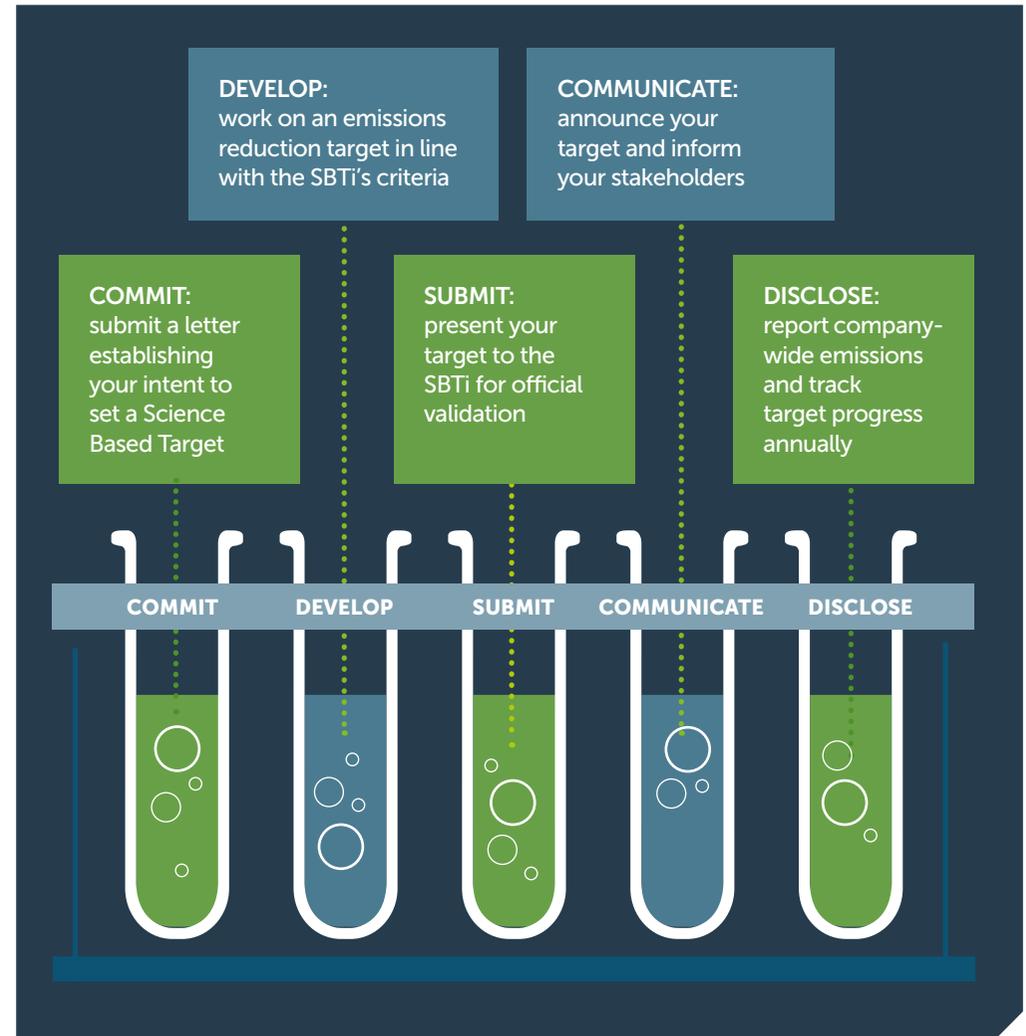
#### Scope 3 Emissions

Include all other indirect emissions from SSEN Distribution entire value chain e.g. suppliers.

### PATHWAY

We started our journey to validate our science-based targets in Summer 2021 and submitted our targets to the Science Based Targets initiative (SBTi) for validation in August 2021. We're proud to be the first distribution network operator to gain accreditation in October 2021. During the RIIO-ED2 programme we will continue developing and embedding the process. We will regularly communicate progress to our stakeholders.

Progress against our Science Based Targets will be monitored via our ISO14001 management system.



# Ambition 3 ENHANCING OUR LOCAL ENVIRONMENT

WE WILL ENSURE A NET POSITIVE IMPACT TO ENVIRONMENTS WE DISRUPT AND COMMIT TO NO FURTHER DEGRADATION TO OUR LOCAL ENVIRONMENTS.



We listened to our stakeholders who urged us to be ambitious with our environmental management targets and in turn SSEN Distribution has embedded ambitious objectives into our ED2 Business Plan via an Environmental Action Plan (EAP).

The SSEN Distribution EAP has been developed in collaboration with all key stakeholders and commits us to:

- Deliver an environmentally sustainable network;
- Manage and reduce our environmental impacts; and
- Enhance our environmental performance whilst ensuring a longer-term plan to achieve net zero.

The EAP is designed to be dynamic in nature so that updates can be made to take into consideration:

- Change in stakeholder needs and expectations;
- Changes to our operations and activities; and
- Changes to the environmental / sustainability policy landscape.

We have also included Ofgem’s requirements for RIIO-ED2 (2023-2028), which include two key objectives:

1. To decarbonise the network; and
2. Reduce the wider environmental impact of network activity.

The commitments and pathways in this ambition outline how SSEN Distribution will address each of the environmental expectations of the EAP, along with performance measures and indicators to track progress. This chapter will support the progress of the Environmental Action Plan.

## SUSTAINABLE COMMITMENTS AND PATHWAYS

By challenging baseline expectations of the EAP and by striving for ambitious targets in the following commitments, we will realise numerous additional benefits to our business through enhancing biodiversity and natural capital as we transition to net zero.

### OBJECTIVE 1 DECARBONISE THE NETWORKS

- Business Carbon Footprint;
- Electrical Distribution Losses;
- Sulphur Hexafluoride (SF6); and
- Embodied Carbon.

### OBJECTIVE 2 REDUCE THE WIDER ENVIRONMENTAL IMPACT OF NETWORK ACTIVITY

- Supply chain management;
- Resource use and waste;
- Biodiversity and natural capital;
- Fluid-filled cables;
- Noise Pollution; and
- NOx and Air Quality.



SUSTAINABILITY COMMITMENT **3.1** **REDUCE BUSINESS CARBON FOOTPRINT**



We have categorised our carbon footprint as follows:

- a combined Scope 1 and Scope 2 footprint;
- a wider Scope 3 value chain footprint.

SSEN has developed strategies to reduce our scope 1 and 2 emissions associated with our assets and transport operations.

**PATHWAY**

To start our journey in reducing our carbon footprint we will focus on the tangible sources of emissions associated with our Scope 1 and 2 emissions. Activities to address these emissions include:

- Working with our supply chain to explore low carbon alternatives to replace our diesel assets and sources;
- Reducing energy consumption of our buildings and operations through the implementation of Low Carbon Technologies and energy efficiency measures; and
- Transforming to a fully electrified operational fleet by 2030 as part of commitment to EV100.

Our commitment to reduce our carbon footprint will be monitored via our **ISO14001** system.

SUSTAINABILITY COMMITMENT **3.2** **REDUCE ELECTRICITY DISTRIBUTION LOSSES**



As energy is transported from the point of production to the end user, some of it is lost. These ‘electricity losses’ occur as a direct function of electricity travelling through network lines and cables, and transformers being connected and energised. A small proportion of electricity is also lost as a result of measurement inaccuracies and theft. Increased losses can present a cost to both customers and the environment, and we are compelled to manage this so that Distribution losses are as low as reasonably practicable.

By the end of the current RII0-ED1 price control period, SSEN is forecast to have saved a total of **72,688 MWh** in losses through the measures we have implemented.

This equates to the electricity used by approximately 20,000 homes in a year and over £3.5million in savings for our customers.

Without counteracting measures, losses are likely to increase considering the projected increase in demand for electricity as we progress through this decade. We are a company that pledges to avoid putting customers in vulnerable situations through avoidable costs associated with the electricity network.

For the rest of this price control period, we will continue to reduce losses through justified asset choices, key innovation projects and monitoring deployment including smart meters.

This cannot be at any cost, and we must balance the cost of measures taken against the resulting implementation benefits. Grid decarbonisation will help us reduce the carbon impact of losses, however, we will still invest to reduce losses where we can across our network.



**PATHWAY**

We have developed an **Electricity Distribution Losses Strategy** to efficiently manage and reduce electricity distribution losses over the long term.

We will monitor losses via our **ISO14001** management system, which will assist us to develop a strong evidence on the proportion of losses we can influence/control.



SF6 is an extremely potent and persistent greenhouse gas which is primarily used as an electrical insulator to prevent short circuits and accidents. It is inorganic, colourless, odourless, non-flammable and has for many years been the preferred choice of gas in most substations.

We use SF6 to insulate equipment like circuit breakers, switches and transformers. However, despite its excellent insulating qualities, if the gas escapes into the atmosphere, it contributes to climate change.

Due to its climate impact, we have committed to ambitious targets to reduce SF6 leaks. Additionally, we are exploring alternative solutions and innovation with manufacturers to develop SF6 alternative switchgear. We will continue to investigate and take an active role for alternatives/additives, to reduce the amount held in our SF6 bank and to avoid any new installations of SF6 where appropriate.



### PATHWAY

We have developed an **SF6 Strategy** to efficiently manage SF6 assets and ensure leakages are reduced.

We will monitor SF6 leaks via our **ISO14001** management system. This will enable us to analyse leakage data and enable greater efficiencies in our asset interventions, whilst also help to improve our environmental performance and increase reliability of our assets.



Embodied carbon is the carbon dioxide (CO<sub>2</sub>) associated with the manufacture and use of a product or service. For us, this means the CO<sub>2</sub> associated with extraction, manufacturing, transporting, installing, maintaining and disposing of materials and services associated with our operations and projects.

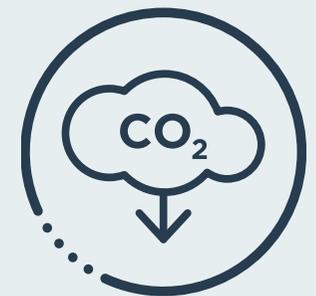
We are committed to calculating our embodied carbon from manufacture to implementation for projects which commence in ED2 and beyond. We will set an ambitious reduction target for embodied carbon by 2033. We will commit to:

- Monitoring and reporting on embodied carbon in new projects;
- Establishing baseline and a target to reduce embodied carbon on new projects during ED2 onwards; and
- Collaborating with DNOs' supply chain to reduce embodied carbon in the network.

### PATHWAY

We will create an **Embodied Carbon Standard** for new network projects by 2025. This Standard will include the creation of a tool to calculate our embodied carbon from manufacture to implementation for projects which commence in ED2 and beyond.

Progress against our 2033 embodied carbon targets will be monitored via our **ISO14001** management system.





## SUSTAINABLE SUPPLY CHAIN



We recognise the significant impact our supply chain has on wide ranging sustainability issues, often creating more significant social and environmental impacts than our own operations. As such, close collaboration with our supply chain is critical to ensuring that we achieve our own sustainability goals as set out in this strategy.

We are committed to leading by example in terms of Sustainable Procurement, which will require us to analyse who we do business with and set minimum criteria for our supply chain to lower their carbon footprint and improve on wider sustainability issues.

Sustainable procurement will ensure we examine each element of our supply chain and consider opportunities for integrating sustainability. A 'one-size fits' all approach is not considered best practice, we will collaborate with our supply chain to employ creative approaches to integrate sustainability.

To achieve a sustainable supply chain, we have committed to ensuring that a significant majority of our suppliers by value sign up to our Sustainable Procurement Charter in RIIO-ED2 by 2025.



### PATHWAY

We have recently developed our **Sustainable Procurement Charter** and **Sustainable Procurement Model** to outline the basic principles of how our supply chain will work and engage with us. The Charter and Procurement Model will assist us to promote mutual ambitions with our supply chain and act as a catalyst for collaboration. They will also assist with achieving our scope 3 science based targets and wider sustainability goals.

The integration of sustainability into the supply chain will be monitored via our **ISO14001** management system.



## REDUCE RESOURCE CONSUMPTION



The standard of living we have become accustomed to today is entirely dependant on the availability of natural resources. SSEN recognises that resources are not finite and that their use often results in significant environmental impacts, e.g. contribution to global warming, damage to ecosystems, biodiversity loss and water shortages.

### SSEN IS COMMITTED TO REDUCING ITS RELIANCE ON RESOURCES BY:

- Adopting a zero waste to landfill policy and set targets to reduce overall amount of waste generated and increase the percentage of recycled waste as a proportion of total waste.
- Setting targets to reduce water consumption and identify water efficiency options for implementation.



### PATHWAY

SSEN will develop **Resource Use and Waste Standards** by 2023 to drive efficiencies and reduce resource consumption and embed circular economy principles.

Resource use and waste generation will be managed and monitored via our **ISO14001** management system.



## ENHANCING BIODIVERSITY AND NATURAL CAPITAL



SSEN strives for bold and aspiring targets within our business to support a biodiverse and resourceful world. We will identify and capture opportunities to deliver multiple sustainability benefits at every stage of operations. Benefits will include enhancing biodiversity and natural capital, increased climate mitigation and adaptation, improvements in quality of life.

### PATHWAYS

Potential pathways for delivery have been proposed to achieve our commitment, which include:



We will develop a **Biodiversity Net Gain Specification** and a **Habitat Creation Specification** for suppliers and project managers to ensure that construction and maintenance projects are delivered with No Net Loss and enhance Biodiversity Net Gain;



We will assign **Biodiversity Champions** to seek opportunities to protect and enhance biodiversity; and



We will monitor and report on progress to ensure we achieve our commitment.



## EFFICIENTLY MANAGE FLUID FILLED CABLES



Fluid Filled Cables (FFCs) are legacy elements of power transmission and distribution networks and were deployed before the development of less harmful and effective alternatives. However, damage to the cable can result in oil leaking to the surrounding area, causing environmental damage in the form of land and water pollution. In addition, where significant oil leaks occur, cable failure can result with implications to the function of the network.

To mitigate the risks associated with FFCs, we are committed to setting ambitious targets to reduce leakage and replace cables with alternative solutions that reduce the risk to the environment.

### PATHWAY

We will develop a **FFC Replacement Strategy** to inform an investment programme to replace our FFCs.

The programme of replacing FFCs and leakage reduction will be monitored and analysed by our **ISO14001** management system.

To mitigate the risks associated with FFCs, we are committed to setting ambitious targets to reduce leakage and replace cables with alternative solutions that reduce the risk to the environment.



SUSTAINABILITY COMMITMENT **3.9** **MINIMISE NOISE POLLUTION**



Noise pollution can occur from our activities.

We recognise the impact that this can have on human health and wildlife and are committed to minimising noise pollution from our assets where feasible.



**PATHWAY**

We will implement a **Noise Pollution Strategy** to minimise noise pollution associated with our assets by 2023.

We are implementing an **ISO14001** management system, which will include the monitoring of noise pollution and complaints. This will enable us to undertake trend analysis and tackle the root cause of known noise issues.

SUSTAINABILITY COMMITMENT **3.10** **EFFICIENTLY MANAGE PCBs**



PCBs (polychlorinated biphenyls) are a man-made organic chemical with excellent electrical insulating qualities. They are often used in electrical equipment such as transformers and switchgear. If allowed to escape, PCBs can have implications for both human health and the environment.

In line with statutory requirements, we will remove all PCB contaminated equipment from our network by 2025.



**PATHWAY**

We are implementing an **ISO14001** management system into our operations. This will provide a clear and accountable management regime for PCB containing assets and reduce the risks posed to the environment.



## Ambition 4 **INCLUSIVE SERVICE PROVISION**

WE WILL OPERATE IN A MANNER THAT IS INCLUSIVE, FAIR AND PROVIDES FOR THE NEEDS OF ALL CUSTOMERS AND COMMUNITIES WE SERVE.



**Inclusive Service Provision** means an organisation is inclusive, treats people fairly, takes account of people's personal circumstances and avoids putting customers in vulnerable situations.

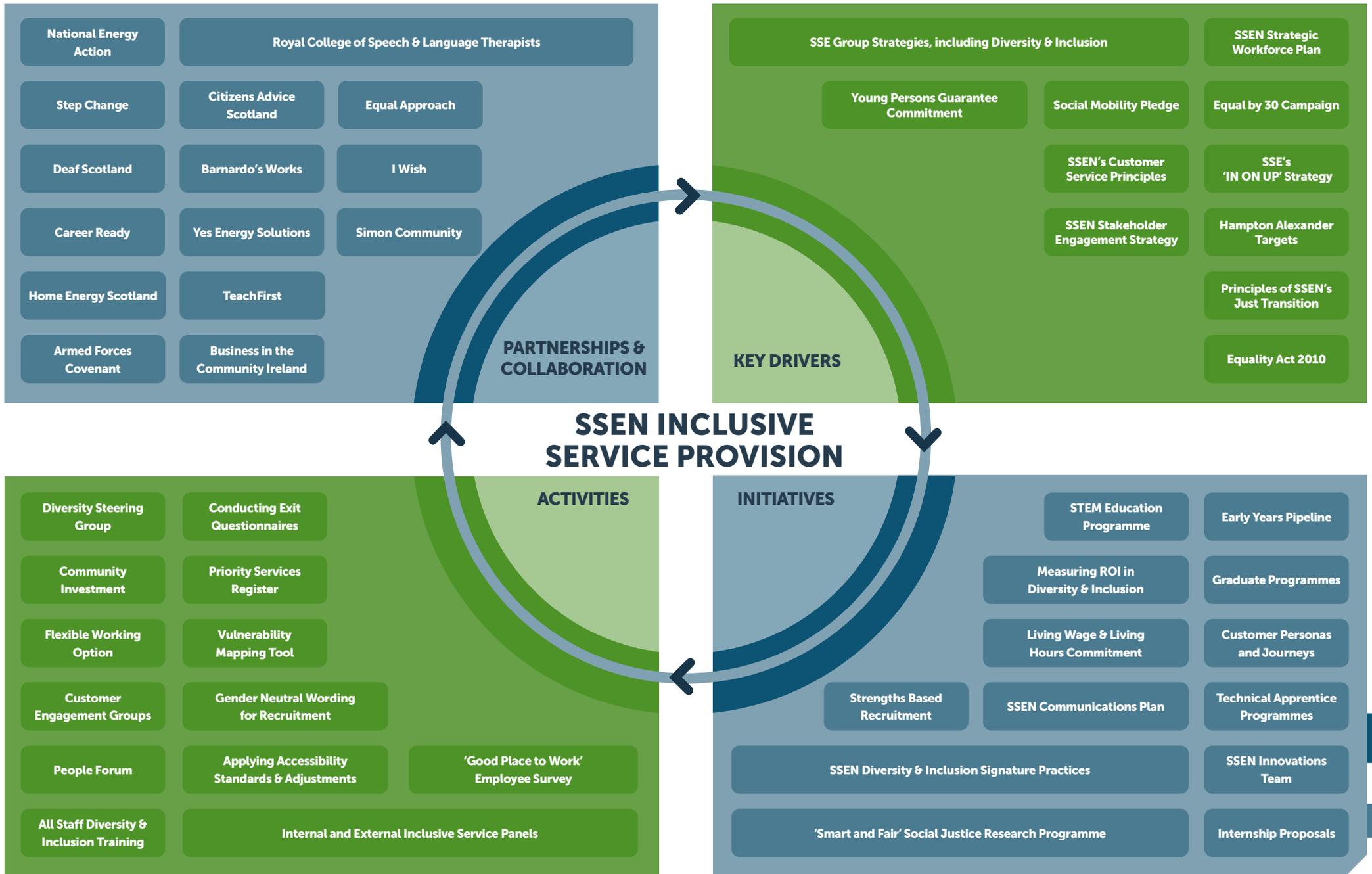
SSEN Distribution is proud to be a leader in this area, continually raising the bar for an Inclusive Service Provision. We undertake a comprehensive, strategic and constantly evolving range of initiatives and activities including partnerships and collaborations. We constantly monitor and review performance.

We will demonstrate commitment to achieving an Inclusive Service Provision by meeting and exceeding key drivers. Adopting SSE's 20 principles for a Just Transition provides one example of how we will understand the complexity for transitioning, enabling us to engage with customers and other stakeholders whether it be improving our recruitment, pay and conditions, or through our work with local communities to increase the social value we provide.

Examples of drivers, initiatives, activities, and partnerships for an Inclusive Service Provision include:

We define Inclusive Service Provision as:  
"Creating an efficient operation of a Network that has fairness built in from the start, that will fully consider and provide for the needs of all consumers (in particular the vulnerable) and the communities we serve."





At the heart of SSEN's achievements and future ambition is maintaining an **inclusive culture** to drive commitment to, and delivery of an Inclusive Service Provision. An inclusive culture is one that accepts and values diversity, underpinned by the attitudes and beliefs of the workforce.

SSEN leaders will actively promote and enable an inclusive culture. Important behaviours include:

- Actively listening to both our people and other stakeholders to understand the nature of diversity and barriers to inclusion;
- Being respectful and valuing the dignity of others; and
- Building the trust of others through our own actions.

Ofgem socio-economic characteristics of vulnerability are shown opposite.

## OFGEM SOCIO-ECONOMIC



Sources: Financial Inclusion

## SUSTAINABILITY COMMITMENTS AND PATHWAYS

We have made the following commitments to show how we plan to achieve our ambition:

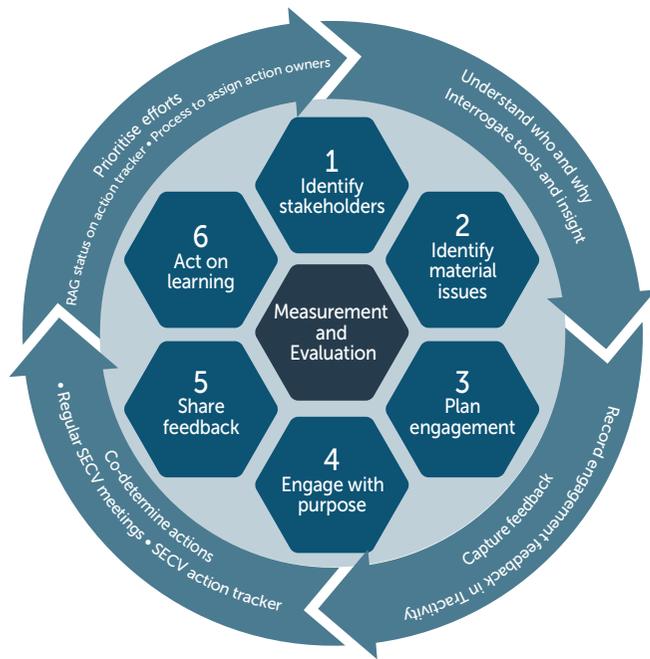




SSEN Distribution will develop a robust **Stakeholder Engagement Strategy** for both internal and external groups. This will also support wider SSEN Distribution strategy and initiatives (e.g. principles for a Just Transition, Smart and Fair research programme, SSE Group Diversity & Inclusion Strategy). Our Strategy shall be readily available, relevant, and usable for all affected parties.

Stakeholder Engagement acts as a core part of the business process at strategic, organisational, and operational levels. Our stakeholders are people, communities and organisations with an interest or concern in our purpose, strategy, operations, and/or affected by our actions.

**We will demonstrate the integration of Stakeholder Engagement and Inclusive Service Provision in everything we do.**



## PATHWAY

- SSEN Distribution Stakeholder Engagement Strategy will align with Ofgem’s definition of and strategy for vulnerability;
- Our strategy will emphasise the importance of speaking to the right people from the right locations at the right time. Ensuring that diversity is inherently represented in all engagement activity either directly or indirectly;
- SSEN Distribution’s strategy will be developed and benchmarked against the **AA1000 Stakeholder Engagement Standard**;
- We will meet the requirements of **BS18477:2010 Inclusive Service Provision – Requirements for identifying and responding to consumer vulnerability**;
- We will identify communities in which energy assets are located or planned as key stakeholders with comprehensive engagement on all key issues, in accordance with SSEN Distribution’s Smart and Fair strategy; and
- We will demonstrate the uptake (e.g. frequency, attendance, output) of the seven main Stakeholder Engagement channels. We have seven main feedback channels for consumer vulnerability of which the following directly benefit external stakeholders as shown below.





SSEN Distribution is committed to developing stakeholder value through collaborative co-creation where we work closely with our stakeholders and consumers to develop ideas for new and Inclusive Service Provision. At the heart of this process is understanding our customers and their needs and ensuring that engagement is representative of the **right people and the right circumstances**.

We will ensure that our decision making reflects the diverse characteristics and needs of our customers, therefore meeting their expectations both now and into the future.

**PATHWAYS**

- Central to this Commitment is ensuring that Commitment One is achieved;
- We will develop core customer profiles and their customer journeys with SSEN Distribution, to underpin Inclusive Service Provision strategies and initiatives, e.g. Digital Strategy and Electrical Vehicle Strategy; and
- We will develop initiatives to show how stakeholder engagement benefits Inclusive Service Provision, e.g. through the work of the SSEN Distribution Innovations Team.



SSEN Distribution has strongly held Customer Service principles that enable us to meet and exceed the standard required. We engage with customers in a way that allows us to meet their needs, including those associated with vulnerability.

We will deliver a first-class customer service experience and take a transparent and fair approach

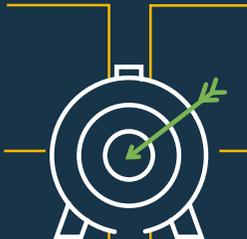
for customers in vulnerable situations throughout the energy transition, offering bespoke services, support, and advice, tailored to their situation.

This aligns with our specific commitment to Customer Service, Vulnerability and Social Obligations.

**PATHWAYS**

**We will commit to and demonstrate the following Customer Promises:**

-  Stop at nothing to keep our customers and employees safe
-  Continue to build a greener world for our customers
-  Be relentless in finding new ways to improve our services
-  Act responsibly, being aware of the wider society we serve
-  Treat customers as individuals, shaping our services to meet their needs
-  Be there for our customers when they need us



- Increase customer facing roles
- Resolve 75% of complaints at first contact and resolve 90% of complaints within a day
- Achieve positive Output Delivery Incentive (ODI) results
- Aim to achieve at least a 9.2 customer satisfaction score
- Introduce Business Support Register
- Respond to Social Media contacts within five minutes

**We will have in place an online portal for customers to access and update their data and a Vulnerability Champion at board level supported by 200 champions embedded throughout the business.**

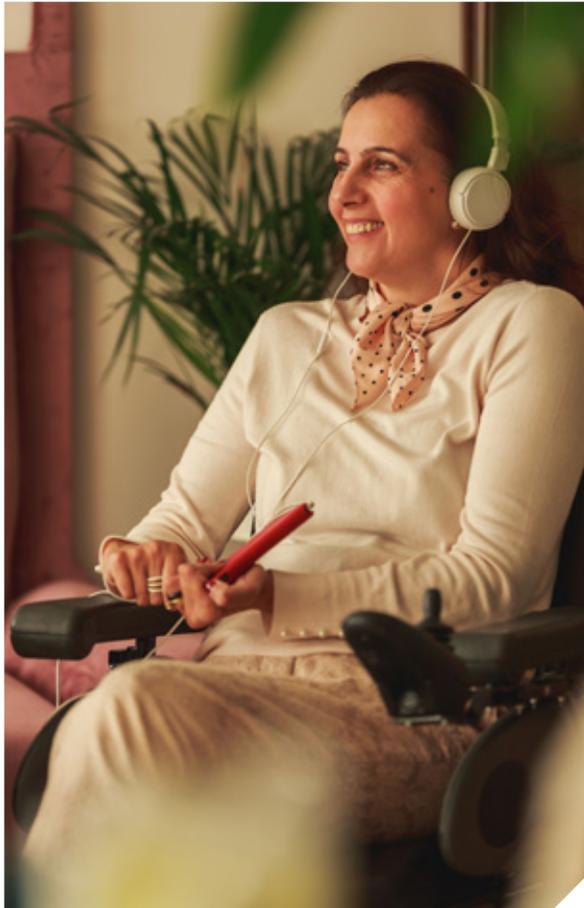


SSEN Distribution is committed to promoting equality of opportunity for our customers and to removing challenges. We are aware that all customers may face challenges at different times and these may be long standing or may arise as circumstances and needs change over time.

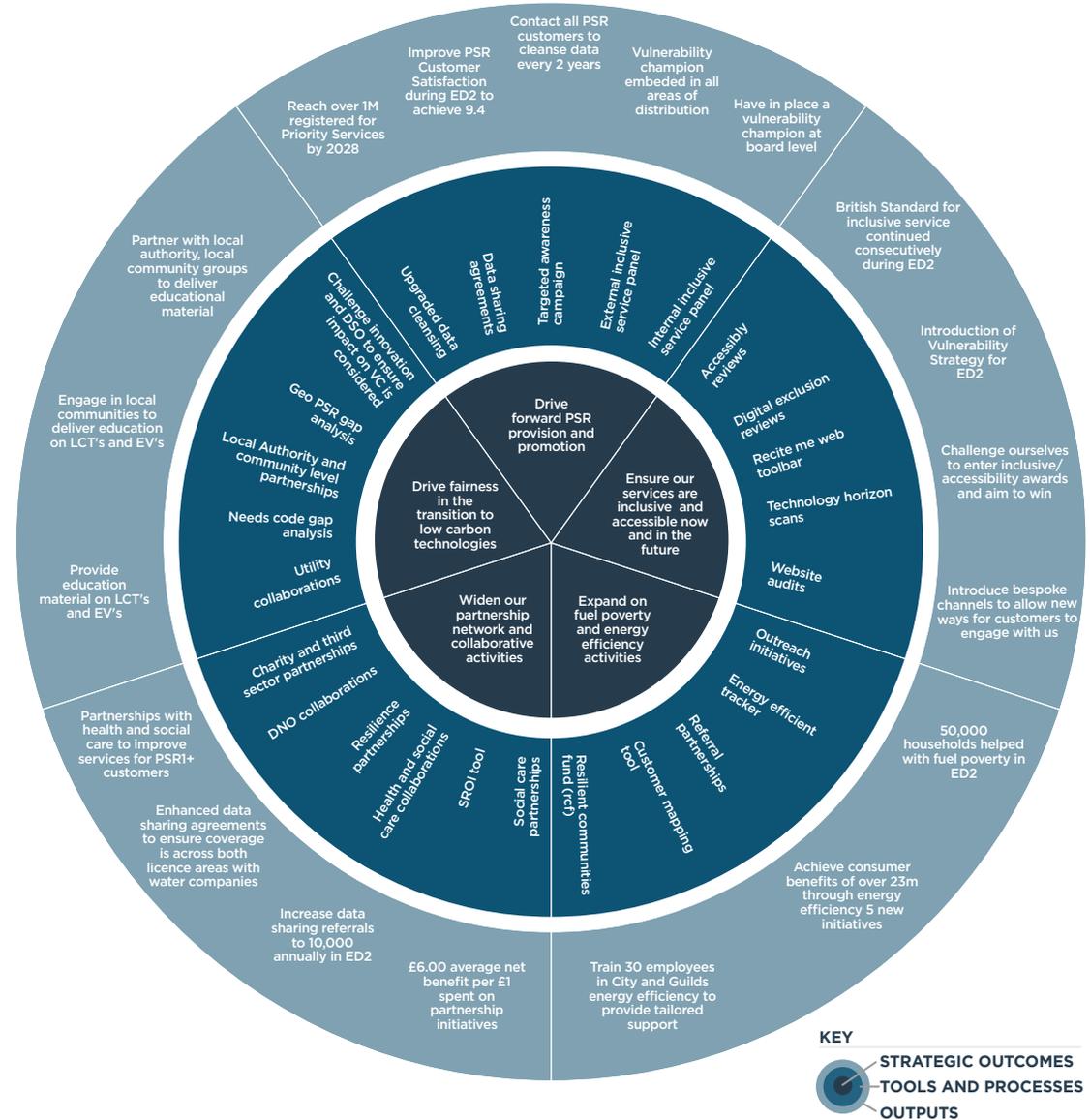
We are therefore proud to have a clear strategy for understanding and engaging with our customers in a way that enables us to identify and remove or overcome barriers even for our most vulnerable customers, ensuring their essential needs continue to be met both now and in the future.

**PATHWAYS**

- We will prioritise achieving positive outputs against SSEN Distribution customer promises



**VULNERABILITY STRATEGY WHEEL FOR RIIO-ED2 (2023-2028)**



**KEY**  
 STRATEGIC OUTCOMES  
 TOOLS AND PROCESSES  
 OUTPUTS



- We will comprehensively meet and, where possible, seek to exceed Ofgem’s principles and baseline standards for ensuring people in vulnerable situations are not ‘left behind’.

**EXAMPLES OF INDICATORS LINKED TO OFGEM STANDARDS ARE:**



Meeting requirements of Data Best Practice



Provide information in a range of formats suited to additional communication needs



Meet a minimum standard of Accessibility AA



Provide translation services



Identify partnerships

- Increase our Priority Service Register (PSR) registrations;
- Use the Customer Mapping Tool to identify and target activity to close the gap in those eligible for PSR.
- Commission work to provide capability lenses and to identify barriers to low carbon technology being introduced to the energy network;
- Provide ‘vulnerability’ trend analyses to include work funded in conjunction with other educational and research establishments and DNOs; and
- Engage with hard-to-reach groups such as deaf communities and look at introducing new channels of communication.

We will support customers transitioning to the **Digital World** through education initiatives and by maintaining traditional channels (e.g. telephone contact), helping ensure products and services are accessible to even the hardest to reach groups.

**OFGEM'S PRINCIPLES**

- A**  Drive forward Priority Services Register provision and promotion
- B**  Ensure our services are inclusive and accessible now and in the future
- C**  Expand on fuel poverty and energy efficiency activities
- D**  Widen our partnership network and collaborative activities
- E**  Drive fairness in the transition to low carbon technologies

**PRINCIPLE ONE**

Effectively support consumers in vulnerable positions, particularly those most vulnerable to loss of supply, through a sophisticated approach to the management, promotion and maintenance of a PSR register.

- A**
- B**

**PRINCIPLE TWO**

Maximise opportunities to identify, and deliver support to, consumers in vulnerable situations through the smart use of data.

- A**
- B**
- C**
- D**
- E**

**PRINCIPLE THREE**

Understand new forms of vulnerability, in particular by identifying blockers to participating in a smart flexible energy system.

- A**
- B**
- C**
- D**
- E**

**PRINCIPLE FOUR**

Embed the approach to protecting the interests of consumers in vulnerable situations through a company’s operations to maximise the opportunities to deliver support.

- A**
- B**
- C**
- D**
- E**



SSEN Distribution recognises the enormous benefits to be achieved through partnering with domain experts and influential bodies across a wide spectrum of areas affecting Inclusive Service Provision. The benefits range from influencing how we recruit a diverse workforce through to our understanding of and capacity to respond to specialist needs that affect a small number of our customers.

By proactively partnering and working with others, we will ensure that our decision-making is evidence based and aligned to expectations of our industry. Most importantly, these partnerships are an essential element in ensuring we provide a truly inclusive service for our stakeholders and customers, including those most vulnerable both now and during the journey to net zero.

**PATHWAYS**

- Demonstrate a widening of partnership and network collaboration opportunities to benefit Inclusive Service Provision and to meet Ofgem requirements.

**Suggested Partnerships**



- We shall also work collaboratively with organisations to work towards a more inclusive energy sector and society.

**Suggested Collaborations**



## Ambition 5 INVESTING IN PEOPLE

CREATING AN INCLUSIVE WORKPLACE THAT HAS EQUALITY AND DIVERSITY AT ITS CORE. ROBUST RESOURCE PLANNING TO DELIVER ON OUR FUTURE PROGRAMMES.



SSEN Distribution defines Investing in People as ‘Creating an inclusive workplace that has equality at its core and active plans to remove diversity hurdles. Robust resource planning to deliver on our future programmes’.

We are committed to investment that creates an inclusive workplace, now and in the future, which supports diversity of people, thereby creating and maintaining an inclusive culture. We are proud to value and promote our employee voice, an essential element to understanding the diverse needs of our people and addressing barriers to inclusion.

By having a purpose-led people strategy, we want to create a workplace where people can thrive, be themselves and contribute to SSEN Distribution being a great place to work.





## INVEST IN WORKFORCE RESILIENCE TO ENSURE EQUALITY AND FAIRNESS FOR ALL

In accordance with SSEN Distribution's **Strategic Workforce Plan** and commitment to principles of a Just Transition, we shall invest in Workforce Resilience to ensure equality and respect for all and to promote, and remove barriers to, inclusion.

Through appropriate Investment in People, SSEN Distribution can improve performance and meet objectives with management and development of our workforce.

Workforce Resilience is how we attract and retain the right people with the right skill, capabilities, and behaviours, in the right place and at the right time and cost, to meet current and future business requirements ensuring the skills are the right fit for the net zero Transition.

### PATHWAYS

SSEN Distribution's Strategic Workforce Plan will be developed in consultation with key stakeholders to promote diversity, remove barriers to inclusion, and demonstrate investment in our people. The plan will comply with all requirements of the Equality Act 2010 and SSEN Distribution strategies (e.g. SSE Diversity and Inclusion Strategy) to protect our workforce and others from discrimination.

We understand that diversity exists in many forms, offering rich and varied skills and perspectives.



Promoting diversity and removing barriers to inclusion is critical to developing a high performing, inclusive, sustainable and world class workforce to serve our customers and other stakeholders.

#### Attraction, Recruitment, Retention and Development

We will:

- Develop a Distribution-specific I&D strategy;
- Create and engaged workforce that truly reflects the communities in which we live and work;
- Promote social mobility and commitment to the Social Mobility Pledge;
- Promote equal and fair recruitment, actively championing the benefits of diversity and achieving inclusion;
- Invest in our people to support the retention and development of staff;
- Provide training to all levels of our workforce;
- Value our employees voices. Act on what they tell us matters to them through surveys, communication sessions and engagement with managers. Train all our managers in creating diverse teams and challenging barriers to inclusion;
- Provide and demonstrate strong governance for 'all things people';
- Set, track and share targets for diversity and inclusion to show the positive benefits our investment brings.

**'GREAT DIVERSITY BRINGS BROADER DEBATE, WHICH LEADS TO BETTER DECISIONS, AND ULTIMATELY BETTER BUSINESS DELIVERY.'**

SSEN Distribution understands the importance of ensuring that our workplaces can be used by our employees with dignity and in a way which maximises the opportunity to conduct work duties, to access and move around the workplace and to benefit from welfare facilities which are provided.

We seek to meet and exceed standards related to the inclusivity and accessibility of our workplace environments and understands how this directly enables our staff to conduct their duties. Critically, we also recognise that this is an important factor in enhancing the subjective experiences and levels of satisfaction experienced by our staff; something which translates to excellent performance and service delivery to our customers.

As the coronavirus pandemic has shown, we need to ensure they are responsive as Investors in People to any future emerging events and trends which change the needs and profile of their workforce.

Integral to achieving an Inclusive Service Provision is ensuring that our products and services are designed and developed so they can be used by a wide range of our customers and maintained by our staff, and that they do not result in people being unnecessarily excluded from or prevented from accessing products or services.

SSEN Distribution is therefore committed to inclusive design standards and ensuring that people are at the heart of this process, whether it be developing new products or services, or assessing current offerings. By taking this approach we are demonstrating our commitment to our staff and to our customers both now and as new products and services are introduced during the journey to net zero.

**PATHWAY**

SSEN Distribution shall ensure their products and services are inclusive and accessible, meeting principles and standards of good and inclusive design.

**Activities include:**

- Information Technology oversight and judgement, including the use of accessibility and usability assessments and tools (e.g. automated accessibility tool); and
- Employee engagement feedback, including through Line Management activities, and employee surveys.

**PATHWAY**

- Continue to undertake assessments to identify where improvements are required to ensure that our workspaces are improved where physically possible to do so.
- We will ensure our physical workspaces are inclusive and accessible, meeting principles and standards of good and inclusive design.

- Where it is not physically possible to make amendments to existing workspaces, further consideration will be given to exhaust all alternatives to remove diversity barriers.

**Activities include:**

- Facilities Management oversight and judgement (e.g. audits); and
- Employee engagement feedback, including through Line Management activities, employee surveys and incident reporting systems.



# SUSTAINABLE COMMUNICATIONS

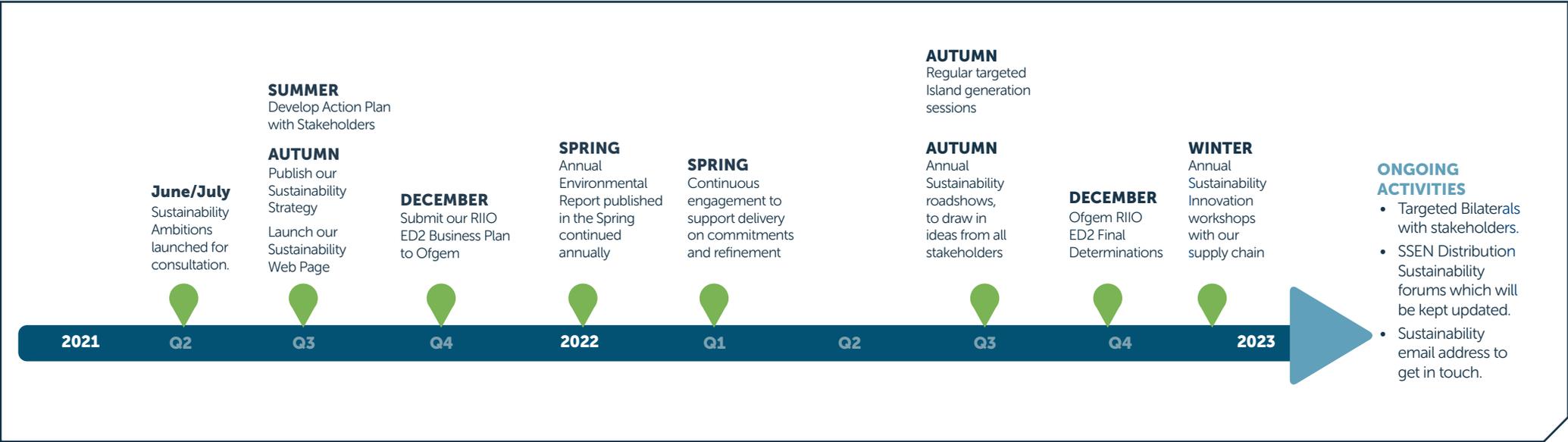
Co-creating our sustainability ambitions with our stakeholders over the past 18 months has proved invaluable. It has provided us with so much depth and excellent feedback to challenge and shape our thinking, resulting in an approach that covers all aspects of our business. We will continue with this approach to ensure we create a plan that resonates and delivers on stakeholder thinking, satisfies customer needs and meets consumer expectations.

Following consultation on our sustainability strategy in summer 2021, we have reviewed all feedback before this publication, however given that this landscape is continuously moving, we are keeping our engagement channels open and continuously refining our approach.

This past year has proven that there is no “normal” and barriers that we thought existed are no longer there. We have discovered new ways of working and getting

things done, we must continue to learn and evolve and challenge ourselves to overcome residual barriers as we all look to an effective and fair green recovery. So, our communications will also be sustainable and enduring to harness smart thinking and report on our commitments.

We have developed a timeline of activities to support our sustainable communications.





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