

2022 INVESTOR RELATIONS EVENT
SSEN TRANSMISSION: DELIVERING A NETWORK FOR NET ZERO
Investor Presentation Transcript – 7 September 2022

[Please note holding/title slides are omitted from the order below]

ROB MCDONALD, MANAGING DIRECTOR

2. Agenda

- Good morning everyone, my name is Rob McDonald and I am Managing Director of the SSEN Transmission business.
- It is a pleasure to welcome you here today in Inverness. We've got an action-packed agenda today.
- In particular, we are going to explain the huge growth in our business, which we think makes SSEN Transmission one of the fastest growing electricity networks in Europe and possibly the world.
- With the help of Aileen McLeod our Director of System Planning, I'm going to firstly unpack the growth in our business which will see us expand our RAV from around £4bn today to £6.5-£7bn by the middle of the decade, and above £12bn by the end of the decade.
- Our Head of System Planning, Bless Kuri was hoping to join us today but unfortunately is off with Covid so Aileen will take us through that.
- Then, Michael Ferguson (our Director of Regulation) and Maz Alkirwi (Our Finance Director) will explain the financial implications of the growing RAV.
- Lastly, Dave McKay (our Director of Operations) and I, with the help of Our Directors of Offshore and Onshore delivery (Sandy McTaggart and Tony Scott), will explain how we are going to deliver and operate this new Network for Net Zero.
- That will take us to lunch time after which we have a visit planned to the biggest substation in the UK at Blackhillock
- Will give more details on the site visit after lunch.

3. Section Intro Cover Page: Transmission Growth

4. Safety in SSEN Transmission

- Safety is our most important core value, so we start every meeting in SSE with a discussion about Safety.
- This slide summarises our recent safety performance in Transmission
- As you can see, on any metric – HSE Reportable incidents, Lost Time Incidents, Medical Treatments or the TRIR - our performance has significantly improved over the last 6 years.
- And you can also see the longer-term trend on the graph in the bottom left. Again, that shows a huge improvement over the last decade.
- But in SSE Transmission we are relentless in pursuing ways to get even better. You will be hearing that a lot throughout the day.

- So we are about to launch a new Safety, Health and Wellbeing strategy called "Doing Safety Differently", which is shown in the bottom right hand corner of the slide and is based on 4 themes
- Firstly, making it easier for our employees and contractors to do the right thing (by for example, looking at our processes). Secondly, being much more proactive rather than reactive (for example by better use of data), thirdly, improving our systems; and lastly refreshing our communities, for example our local safety groups.
- We are hopeful that this will lead to further improvement in our safety performance as we build out our Network for Net Zero.

5. Introducing our Experienced Management Team

- Before I set out the exciting growth opportunity, I want to introduce our management team.
- This slide shows our Transmission Executive Team.
- The circled numbers are years served at SSE, so you can see we have a very experienced team.
- A number of the team are here today or will be making a virtual appearance – Aileen, Dave, Maz and Michael are here in person, and you will be hearing from Tony and Sandy who are out on site today.
- We are based across a number of sites across the North of Scotland, but our main offices are Perth, Inverness, Glasgow and Aberdeen.

6. Overview: Uniquely Positioned to play a central role in Net Zero

- We are uniquely placed to play a central role in Net Zero.
- As I mentioned earlier, we have one of the fastest growing regulated electricity networks in Europe and possibly the World.
- This is underpinned by one of the most established and well-respected regulatory frameworks in Europe.
- We have an experienced management team, an effective asset management strategy and a proven track record of construction delivery.
- And we will cover each of these during the course of the morning.

7. The north of Scotland is a key enabler of the UK's energy transition (FES slide)

- The story starts with the Climate Change Committee's plan for achieving Net Zero.
- Electrification and renewables are central to that plan.
- That means that at least ten percent of the entire GB emissions abatement required for Net Zero will come from renewables connected to our Network in the North of Scotland.
- So how are going to do that?
- That's what the graph shows. This is taken from National Grid's Future Energy scenarios. It shows the volume of generation that will connect to our network in the North of Scotland under three different scenarios for achieving net zero.

- Today our Network has around 8GW of connected generation versus demand of about 1.5GW. So we are already an exporting system.
- It doesn't really matter which particular scenario you focus on, you can see from the graph that (broadly) to be on the pathway to Net Zero we need around a 14GW - 15GW system by the middle of the decade (ie nearly double where we are today) and a 22GW, 23GW system (ie nearly treble today) by 2030.
- And by 2050, we need a 45-50GW system.
- A few other things to note - in all scenarios demand in North of Scotland remains in low single digits, so all this extra generation will need to be exported to areas of demand, with associated network reinforcement.
- Second, every year over the last few years publication of the Future Energy Scenarios has seen these numbers (overall GB electricity demand) increase.
- Aileen is going to explain this in more detail.
- But the key point is that the source of growth is clear - hitting net zero commitments and the various Government targets on, for example offshore wind ambitions, will require huge investment in the Transmission system in the North of Scotland.
- And this is not just theoretical scenarios on a page. We have clear line of sight for specific generation projects to deliver net zero, particularly out to 2030, and beyond that.
- And we also have line of sight of the specific transmission reinforcements required.
- In fact, if we deliver our 'Likely View' in T2 and the Holistic Network Design in T3, we will be on the Net Zero pathway and deliver the £6.5bn RAV by 2026 and £12bn plus by 2030.

8. The HND1 Strategic Map

- This slide shows those projects.
- As well as key investments that are underway or soon will be during the T2 period the 2030 pathway which was jointly published with the ESO and other TOs would see eight major new projects triggered - four onshore and four offshore HVDC projects.

9. Critical to delivery of UK's decarbonisation targets – Summary Slide

- To conclude, SSEN Transmission is facing double digit RAV growth, delivering the critical infrastructure to achieve the UK's decarbonisation targets.
- We have clear line of sight of our contribution to reducing UK carbon emissions, the generation we need to connect to be on that pathway and the specific transmission reinforcements that are required. That's why we called our business plan "A Network For Net Zero".
- We are working hard with Ofgem to secure the necessary approvals for these T2 and T3 projects. Michael and Maz will cover this later but the key point is that we are on track to secure those approvals by the end of the year for around £10bn of investment.
- We have a proven track record of delivering transmission investments on time and on budget and ambitious plans for the step up in investment to 2030.
- That's why we expect our RAV to be £6.5bn-7bn by the middle of the decade and £12bn plus by 2030 as we build and operate a Network For Net Zero.

- I'm now going to hand over to Aileen who will explain the source of all of this growth in more detail then we have time for questions.

AILEEN MCLEOD, DIRECTOR OF BUSINESS PLANNING & COMMERCIAL (in place of Bless Kuri, due to illness)

10. Section Intro Cover Page: System Planning

11. Systems Planning & Investment

- What is System Planning? The system is the high voltage +system, but increasingly the role is to consider whole energy system.
- By planning we answer questions including “What is needed to safely and securely meet customer needs”.
- We have a planning horizon of at least 10 years and our team is focused on post 2030 towards 2040 and 2050.
- Strategic: Our energy future – considers how electricity will be produced, stored and used
- We undertake specialist power system analysis to ensure a safe, economic and operable network
- **Technical:** Stability and balance to the system is critical. In future electricity sources will be more intermittent, more distributed.
- **Collaborative:** System development must be deliverable, we need to understand the geography, asset options, planning and impacted stakeholders
- **Economic:** There are multiple options, we need to consider which option is best; taking into account when to invest and social and environmental factors too.
- We have a great team who are highly specialised, and I agree with Gregor that we are internationally leading the field. The world looks at what we are doing in the North of Scotland, given the volume of renewables we already have as a % of our network. As of today, there are 31 of us, by the end of the year there will be 40.

12. SSEN Transmission – Growth Drivers

- Generation and demand data taken from ESO FES and relates to the north of Scotland (NoS) area. Based on calendar year. Forecasts at end of December each year.
- The NoS area sees a significant increase in generation with a relatively flat increase in demand.
- The graph on the left is a snapshot from Rob’s earlier line graph (FES)
- Note the widening gap between generation and demand out to 2040.
- Highlighting the rapid increase in the need for export network capacity and the current need to build the network, noting the high GB constraints today.
- Note that the network export capacity takes into account the diversity of generation, demand and flexibility from storage, interconnectors, etc.
- The blue columns are installed GWs in the North of Scotland, 10GW this year, 29GW by 2030, and near to 50GW by 2040

- The green is peak demand
- The difference between the blue and green is the power that will flow to elsewhere in GB.
- The graph on the right show this not direct relationship; as the power flow is dynamic, capability needs to grow.
- Why? Increasing amounts of on and offshore wind and storage in the form of hydrogen, batteries and pumped storage.
- Increasing requirements for electrification of rail network too.

13. North of Scotland: Renewable Generation Growth

- Focus on growth forecast. Real generation information is under that line.
- While famous for 25GW of ScotWind and also Shetland generator demand; the contracted queue in addition to that is significant.
- We are confident in the investment case for increased Transmission infrastructure which will help deliver Govt target.
- Providing more detail on the resources behind the renewables growth – focusing on dominant technologies:
- That includes multiple viable pumped storage in the Southwest of our area; batteries predominantly in the East and wind throughout our patch.
- Onshore wind continues to play a significant role (up to ~4GW, 10.7GW, 12.3GW in 2022/30/40)
- Offshore generation rapidly increasing and playing a significantly more important role (up to ~2.7GW, 8.6GW, 23GW in 2022/30/40)
- Storage plays an important role in managing the variability of wind and solar.
- Pumped storage (long term duration) plays a critical role in energy security (up to ~0.3GW, 2GW, 2.6GW by 2022/30/40).
- Battery storage (short term duration) also plays a critical role in energy security (up to ~0.3GW, 1.6GW, 2GW in 2022/30/40).
- Hydrogen, while can present as demand from electrolysis, is also used as a fuel for electricity generation – potentially up to 1.2GW by 2050 in our area.
- Other technologies like solar and interconnectors also contribute to this renewables picture.

14. The HND1 Strategic Map

- I'll conclude by returning the Pathway to 2030 map of which there's a less visually arresting version in the July HND.
- Highlighted projects shown are beyond those approved as part of RIIO-T2.
- The orange projects are in-flight, at different stages of the Large Onshore Transmission Investment (LOTI) with the regulator.
- The green coloured projects are part of the 2030 Holistic Network Design (HND) published by National Grid ESO in July 2022.
- These are consistent with the ESO FES and form part of the GB projects to accommodate 50GW of offshore wind by 2030 which includes 10.7GW of ScotWind

- Additional ScotWind schemes (~14GW) + recently cleared 2.8GW of offshore wind off the coast of Shetland will be addressed in the follow up to the HND, looking to develop the network to 2040.
- This will drive further need for export capacity, driving further reinforcement of the bulk transmission network and building on the published HND.
- We are working with the ESO and other network companies on the HND follow up

As for the projects outlined on the map, I'd like to raise two points:

1. This is a holistic design. We need to do all of this for 2030, removing bits of it leads to less GW's connected and a risk the system won't work. Removing parts, means we'd need to test and redesign again.
2. This holistic design was accepted and immediately welcomed by Government, Ofgem and industry.
3. The system plan is done, in my view it is certain, and our system planning team are now looking ahead to 2035 onwards.
4. Michael our Director of Regulation will speak to you about the regulatory process for delivery after the coffee break

In conclusion: We have a strong team of specialists with a clear, justified, and accepted investment plan to deliver the Pathway to 2030.

15. Questions: Rob & Aileen

MICHAEL FERGUSON, DIRECTOR OF REGULATION

16. Section Intro Cover Slide: Transmission Regulatory & Financial Outlook

17. Government Support to meet climate change targets

- We see consistent support from across the political and social spectrum for investment in the energy sector, and in particular, network reinforcement to provide the capacity to achieve 2030 renewables targets.
- The British Energy Security Strategy (BESS) provides something new in the network sector – a definitive and clear target which we are now developing investment solutions to deliver.
- Our investment plans, which are fully aligned with the GB System Operator's network blueprint (the Holistic Network Design), deliver the network growth, where it is required and when it is needed. We are delivering energy security through connecting local generation.
- When energised, our new high-capacity system will enable 10.7GW of new offshore renewable generation. Connecting low carbon to the network.
- Our network investment enables connection of the low-cost energy that the GB market needs.
- This will be delivered at the start of the next decade for around a £10 increase in household electricity bills from the start of RIIO-T2 (2021). A low-cost solution.

- Delivering the 2030 Holistic network design achieves Government priorities – low carbon power, locally generated, at lower cost than the alternatives, addressing the energy trilemma.
- This is the solution GB needs facing a cost-of-living crisis.
- We only achieve all this if the direction and focus started by the BESS continues uninterrupted.
- That means, suspending the disruption that would come through the introduction of competitive models for onshore transmission.
- These are models in name only, referenced in the new Energy bill, but lacking in definition, particularly in the roles and responsibilities that are crucial to avoiding fragmentation of networks.
- Competitive models are time intensive routes, introducing pauses as the tendering, review and contract award process is run. Based on third party recent publications, this would add at least 1-2 years and delay 2030 deliver.
- Our external report, prepared by Oxera, also shows competitive models are likely to come at a cost to consumers of between 4-10% of project value.
- These are not delays or disruptions which GB can afford during the next decade.
- Similarly, the industry needs a stable RIIO environment under which it can deliver the largest investment programme in decades.
- That includes holding to the RIIO parameters, not introducing risk for networks at a time when they are facing into the challenge of delivering accelerated investment.
- It also includes ensuring that, as the necessary reforms and reviews of the energy market and system continue, they do not introduce uncertainty to networks or developers over the next decade.

18. Regulatory Outlook

- We are encouraged that Ofgem has brought forward the changes to approving investment need that we have long advocated for.
- Its current consultation, which closed on 6 September, evolves from the RIIO-T2 Large Onshore Transmission Investment (LOTI) framework to create certainty of need early in the investment development timeline. This is crucial for networks as we face into the challenges of delivering.
- The first of the three key changes are the recognition that need is demonstrated through the GB System Operator's blueprint (HND). This considered a range of possible network and non-network solutions and has identified the grid reinforcement necessary to connect 50GW by 2030. The new licence will recognise that the need is confirmed for the strategic investment to deliver that.
- The second change is the confirmation that competitive delivery models will not be applied to the strategic investments, with the arguments for this exemption having been summarised previously.
- Finally, proportionate, efficient funding releases networks to tackle the challenge of accelerated delivery. We are exploring how, with certainty of need and delivery, we can bring forward investment, reduce delivery risk and accelerate network energisation.
- This licence change is not for single use. We are working to ensure that it can be used to support delivery of the next round of onshore investment that will emerge

from the second holistic network design which the GB System Operator will publish in early 2023.

19. Looking ahead to RIIO-T3

- While preparing for our 2030 investment programme, we remain focused on delivering RIIO-T2 and preparing for RIIO-T3.
- Our key priorities to 2030 do not change. The resilience and reliability of our network remain at the core of what we do. More so, as our stakeholders rely on a robust electricity supply for more and more of their daily lives.
- The national ambition to increase renewables by 2030 is an essential platform on the journey to a net zero energy system in 2050 or before.
- That means our RIIO-T3 focus will also be on readiness for the network growth as we next look out to 2040. The second holistic network design (HND2) will be crucial in providing the direction.
- Our business plan will look to identify the reinforcement required and develop the potential solutions that will need to be shovel ready for the early 2030's.
- As we deliver the 2030 network, we will also be demonstrating our capability to deliver large scale investment programmes, on time and on budget. We will have demonstrated our credentials and capabilities as the network of choice.
- We do not yet have a defined timeline from Ofgem. The summary timeline shown on the slide is the common view across the industry for how Ofgem may institute the price control process ready for 1 April 2026.
- As mentioned in relation to strategic network investment, the stability of the regulatory environment is important. This allows us to plan efficient programme and identify innovation and change which will bring benefits for consumers through lower costs or improved outputs.
- Similarly, fair returns are crucial to maintain the investment flow into networks. We know that investment will be required for decades. Stable returns which reflect the value of what networks continue to deliver are important.
- Our focus will also be to secure that core programme of investment in the network to ensure reliability, increase the sustainability of our activities, grow our digital capabilities and improve customer service.
- A certain core regulatory settlement combined with a clear investment programme to 2030 de-risks the RIIO-T3 settlement. The room for unexpected outcomes is significantly reduced.
- While RIIO-T3 might still be over three years away, we are preparing already. Our governance structure is in place and core resources are engaged.

MAZ ALKIRWI, FINANCE DIRECTOR

20. Delivering on the Net Zero Acceleration Programme

- You will all have seen this slide in November as part of SSE's interim results and Net Zero Acceleration Programme and then again as part of prelims in May.
- The gross RAV CAGR and net Networks RAV include Distribution.

- If you break down the Transmission elements, we are looking at c.13% gross RAV CAGR to FY26.
- That takes us to between £6.5-7bn gross RAV by FY26.
- This provides us with the baseline for sustaining that level of growth to FY31 and achieving in excess of £12bn RAV.
- We've talked about the policy and regulation to get there to date, now we'll step through some of the T2 Business Plan financials showing how we will get there.

21. RIIO-T2 Business Plan Financial Highlights

- RIIO-T2 settlement provides us with a platform for growth with an expected 46% increase in expenditure compared T1 levels.
- Recognised as the frontier TO (Transmission Operator) with the highest Business Plan Incentive.
- Significant opportunity through reopener or uncertainty mechanisms to double the investment above the base case.
- Going through the process with various submissions with over 40 different submissions and over £2bn of additional allowances through reopeners/Ums.

22. RIIO-T2 Targeted Returns

- We set out in the NZAP that we are targeting returns of 7-9% nominal Returns on Equity.
- We are on track to deliver that in RIIO-T2 on the basis of 2% CPIH inflation.
- This includes totex efficiency, incentives, and financing outperformance over the period.
- As set out on our recent publication on our website, called the Regulatory Financial Performance Reporting pack, we show a RoRE – Return on Regulated Equity - towards the top of that range.
- Looking to set us up for success for RIIO-T3 in addition to HND.

23. RIIO-T2 Revenue Outlook

- We have provided a Revenue Outlook for RIIO-T2 as part of results as Ofgem publish a model called the Price Control Financial Model (PCFM).
- This is a presentation of the regulated revenue from that model and is reflective of forecasted totex allowances and expenditure at a point in time, November 2021.
- Can see that revenue in years FY22 and FY23 are supported by one-offs from legacy revenue items from T1 (including the final year of TIRG revenue which was much higher returns than RIIO-T2 or indeed T1 rates of return).
- Revenue then continues to increase as a result of growing RAV, higher totex (and therefore higher fast money) and increasing inflation.
- Worth noting that inflation is subject to a true up between forecasted inflation in November before the financial year and the outturn inflation for that year. That takes 2 years to unwind albeit the majority of any true up can go through 1 year later assuming inflation is relatively predicable/constant.

- That is the same for the recovered revenue from the ESO. In T1, we set revenue and collected the same revenue from the ESO, with the ESO retaining the cash flow timing risk. But in T2, we set revenue and any over or under recovery incurred by the ESO is passed on to the onshore TOs.

24. A clearer path for growth to 2026

- Set out in the NZAP and then at year end results there was a path to £6.5-7bn RAV by 2026.
- Clearer pathway now with a range of projects going through the approval process with Ofgem.
- Inflation is higher than Ofgem's forecasted inflation set out in November 2021 and depending on how that outturn's in the coming months and years, the RAV will be towards the top end of that range as expected in May results.

25. A clearer path for growth to 2031

- As we saw in the NZAP in November, there was a platform for a RAV of between £8-10bn with the potential to go to £12bn by 2031.
- Following the Network Options Assessment (NOA) earlier this year, we were able to provide more certainty in year-end results towards the top of the at range at £12bn plus RAV by 2031.
- With the regulatory changes being consulted upon, including the removal of competition, and the publication of the HND, we have even greater certainty to secure growth that RAV by 2031.
- I believe we are going to pause for some Q&A prior to passing you back to Rob and Dave for the next section.

26. Questions – Michael and Maz

ROB MCDONALD, MANAGING DIRECTOR

27. Section Intro: Pathway to 2030 Our Plan for Delivery

28. Pathway to 2030: Our Plan for Delivery

- The growth is clear and Michael and Maz between them have explained how we plan to obtain regulatory approval and finance that growth. But we also need to ensure that we can deliver these major projects and operate this larger network efficiently.
- We have an excellent track record on both counts, which gives us a strong platform to build on. But we recognise that to deliver this huge growth we are going to have to step up to meet the challenge.
- So, with Dave's help, I'm going to spend the next half hour focusing on that – our track record and future plans in four key areas of delivery: operations; project delivery; stakeholder engagement and investment in our supporting infrastructure.

29. Delivering Exceptional Asset Management

- Asset Management isn't just a nice to do – essential to business performance and takes on board lots of inputs from stakeholders in forming policy.
- SSENT / group essentially an asset business and have stated aim of World Class Asset Management
- From an Asset Lifecycle perspective – heard from Bless earlier on asset inception / development, will hear later from Tony / Sandy on build phase of assets – I will focus mainly on the longest part of the asset lifecycle which is operations – typically 40 years plus
- For our assets to be effective they need to provide: -
 - Reliability – keeping the lights at most basic
 - Availability – need to be available for ESO and connected generators to export the GWs of renewal energy talked about earlier across GB
 - Predictable – need to get data on asset performance in real time and longer term to ensure they are available / reliable and intervene when not performing
 - Sustainable – no point in driving for net zero if we destroy the habitats we're building on or if we lose circuit breaker gases such as SF6 with very high global warming potential
- To ensure we are developing best practice in A.Mgt – we undertake benchmarking on a regular basis. Good examples of this are:
 - ITOMS – benchmarks our operational outputs – we are on track for upper quartile performance during current price control – already 3rd quartile
 - ITAMS – benchmarks our overall A.Mgt delivery. Improving picture where we have significantly improved over last 4 years and are currently being benchmarked. We aim to be in the top performer's quadrant by the end of RIIO-T2
- We are already accredited against ISO55001 Asset Management Standard as SSEN Transmission -which we achieved last year. Received excellent feedback on the continuous improvement in areas such as staff development and in smart monitoring technologies
- We also realize we have knowledge limitations so we utilize external knowledge through LTSAs (long term service agreements) for example until we gain sufficient understanding.

30. Operational Excellence

- Having excellent Asset Management delivers real business results.
- Can see on the attached slide that in terms of operational outputs we are sector leading in network availability compared to the other 2 TOs. Availability can be

reduced through having a huge outage programme for construction but also by faults and defects – we know that manage this well – discuss later

- Our HVDC network between Caithness and Moray is also industry leading in operational performance – compare our figure of 99% to the other UK HVDC networks and we are massively ahead of most if not all of them.
- As mentioned previously on system availability – we can demonstrate significantly less outages due to faults than our peers — again shows how well we manage the network.
- Good asset management also results in good financial outputs – on incentives:-
 - 3 out of 4 years with 100% incentive on ENS – last incident was over 3 years ago
 - Lowest ever SF6 / IIG leakage last year (explain SF6 – IIG gas – 23500 x GWP of CO2)
 - Indeed we have increased SF6 holding by nearly 4 times since 2013 but we have halved the leakage rate in kgs – in percentage terms we have reduced leakage from just over 1% of the installed capacity to 0.16% last year – mention changes in working practices and detection methods
- We don't just spend money on our asset management strategy – we need to spend it wisely.
- Measured by direct operational cost v RAV – we are lowest cost GB TO – typically 0.3-0.4% RAV. Even though we are low cost – you can see from the figures mentioned above that we get the necessary outputs from this spend.

31. From Excellent to World Class

- However, we can't rest on our laurels – it's about getting better and being world class
- Investing in innovation is investing in the future
- Here are several examples that we are currently involved in: -
 1. HVDC -first Multi terminal connection outside of China and we are developing the first use of HVDC circuit breakers also outside of China.
 2. SF6 reduction – world's first at Kintore and others such as Siemens clean air.
 3. Structures – we can't just rely on pylons and wood poles – looking at others such as composite poles – which you will see behind Blackhillock later today and Nests (New Suite of Transmission Structures) and we are also looking at different conductor types.
 4. We are expanding the installation and use of remote / smart monitoring on our network – this provides benefits in real time for reliability and availability but also in longer term as we can move to a more risk-based approach to asset intervention including maximizing the life cycle of assets and investing in replacement or refurbishment at the right time.
 5. And we are adapting to the changing climate. Our vegetation management programme has been expanded due to recent storms such as Arwen. We are working with wildfire and landslip modelling of our network, and flood and ice issues have been reviewed.
 6. We are using technology in operations – drones, satellite, helicopters with HD cameras, LiDAR, and digitalizing our field operations through our IT systems

- We know that excellence in asset management is important, and we will keep striving to be world class due to the benefits we know are derived from doing this.

ROB MCDONALD, MANAGING DIRECTOR

32. Proven Track Record

- Thanks Dave. Dave has over 33 years' experience in the networks business so knows what he is talking about. As well as looking after our existing assets, we need to efficiently construct a large number of new assets to deliver our growth.
- We have a proven track record of major construction project delivery. In RIIO T1 we delivered over £3bn of investments, on time and ahead of budget. These are quality assets too, which are performing very well. They were complex projects such as Caithness-Moray, all delivered over an eight year period. Some of these are shown on the screen and we will of course be visiting Blackhillock this afternoon, so more on that later.
- The key point is that this gives us a very sound basis to scale up for future investment. In T2 we plan to deliver over £4bn in capital investment.
- At the end of this financial year we will have invested around £1.2bn of this and I am pleased to report that the T2 investment programme is currently on track both in terms of budgets and delivery.
- And this is all despite Brexit, a global pandemic and war in Europe.

33. The HND1 Strategic Map

- But we recognise that we will need to take another step up to deliver on average £1bn p.a. for the rest of T2 and the 2030 projects you can see on this map which total £7bn+.
- Although these projects are substantial, these are things we have been and continue to do. There are 8 projects for 2030 – 4 onshore and 4 offshore HVDC projects. Or another way of thinking about it is: four Beaully-Denny's and Four Caithness-Morays. So we are not complacent about the scale, but most of this is not new to us.

34. Sustainable Supply Chain

- A big part of our delivery plan is working collaboratively with our procurement partners. You can see some of them listed on the slide.
- We have a sophisticated supply chain and once we receive approval of the 2030 programme, we have ambitious plans to work with our procurement partners to ensure they themselves can invest to guarantee that this valuable infrastructure is delivered on time.
- But I want you to hear firsthand from our Delivery Directors about how they plan to rise to the challenge of delivering the 2030 programme.
- Sandy McTaggart is our Director of Offshore Delivery and Tony Scott is our Director of Onshore delivery. Both have prepared short films outlining their plans to deliver the programme out to 2030.

35. Offshore Delivery: Sandy McTaggart Video

36. Build a Billion: Tony Scott Video

37. Sector Leading Environmental and Sustainability Strategy

- We also recognise however that we will need widespread support for our ambitious investment programme.
- That's why ensuring we have a sector leading environmental strategy and in stakeholder engagement is vital to our delivery plans.
- On the Environment, we were the first electricity network in the world to be accredited under the Science Based target Initiative for addressing our own Greenhouse Gas emissions.
- In T1 we were awarded Leadership Status for excellence in sustainability
- In T2 we were the only TO to be rewarded by Ofgem for the environmental credentials of our business plan.
- And also, in T2 we have made commitments for no biodiversity net loss from 2020 and a biodiversity net gain on all of our projects from 2025 and we are on track to achieve this.
- And lastly, we are driving world firsts such as the 400kv SF6 alternative at Kintore.

38. Sector Leading Stakeholder Engagement

- But we are also leading the way on Stakeholder engagement
- In T2 we saw around 60 different organisations supporting our business plan, reflecting the investment we made in ensuring stakeholder voices were heard in co-creating that plan.
- More recently, we have subjected ourselves to the internationally respected Accountability AA1000 Stakeholder Engagement Benchmark.
- Our score is up 20% in three years, and we have now achieved "advanced" category in that benchmarking with a score of 82%

39. Continuously Improving

- We are proud of our achievements in both stakeholder engagement and the environment, but like you have heard today in other parts of our business we are relentless in getting even better.
- We have a new website launching which will change the way we engage with our customers.
- We are also establishing new ways of engaging with local communities as our projects progress.
- And we are working hard on future initiatives in the environmental space, particularly around compensatory planting, biodiversity and supply chain emissions. We are delighted to see all 3 osprey chicks successful fledge and leave the nest at our Alyth site.

40. Investing in our Supporting Infrastructure

- The last thing I want to focus on is our supporting infrastructure
- Because there too we are making substantial investments.
- We are investing over £100m during T2 on our IT and OT infrastructure, digitizing our business.
- We are investing in our people – by the end of this year we will have more than trebled our headcount, bringing in real talent and demonstrating our ability to grow.
- And we are investing in our property, including a new transmission HQ in Perth, bringing all of our people together in one place for the first time.
- To summarise on delivery, for all of the reasons we have covered this morning, while it is not without risks, we are confident we can efficiently deliver the investment to achieve our growth plans.

41. Closing Summary Slide SSEN Transmission : Critical to delivery of UK's decarbonisation targets

- So to conclude on what you have heard this morning:
 - We have explained the provenance of the double digit RAV growth as we invest to deliver Net Zero.
 - We have line of sight of specific transmission investment projects to deliver that.
 - Moreover, we are working with Ofgem to secure approval of those projects by the end of the year.
 - And lastly, I hope we have demonstrated the ability to successfully deliver these major projects, building on our previous track record and ambitious plans to respond to the growth opportunity.
- That's why we expect our RAV to reach 6.5bn to 7bn by 2026 and £12bn+ by the end of the decade as we build our Network for Net Zero

ENDS