

5.1 National Grid Stakeholder Group

Terms of Reference

Version 1.0 – Final

Reference to “National Grid” shall mean UK Gas Transmission (GT) and the UK Electricity Transmission (ET) business entities.

Reference to the National Grid Stakeholder Group shall mean the Ofgem User Group.

1. Context

Creating a truly stakeholder-led submission is at the centre of our RIIO2 business plan preparation. To support in this endeavour, the National Grid Stakeholder Group has been convened for National Grid Electricity Transmission (excluding Electricity System Operator) and National Grid Gas Transmission. These Terms of Reference have been developed in accordance with Ofgem's published guidance on enhanced engagement arrangements¹.

2. Purpose of the Stakeholder Group

The purpose of the Stakeholder Group is to:

- Monitor, challenge and input into National Grid's engagement programme with stakeholders to inform their proposals.
- Scrutinise and provide expert input and challenge to National Grid's business plan.
- Submit a report to Ofgem, and the RIIO2 Challenge Group.

3. Membership

The Stakeholder Group comprises the following:

Chair	Small customer
Large Energy User	Consumer
Large customer (x3 for Gas and x3 for Electricity)	Electricity distribution network – Electricity only
Public interest	Gas distribution network – Gas only
New/alternative business model (x2)	Electricity System Operator – Electricity only

Additional attendees:

Technical Secretary - Electricity	Technical Secretary - Gas
Director of Gas Transmission	Head of Gas Transmission Regulation
Director of Electricity Transmission	Head of Electricity Transmission Regulation

National Grid will provide additional attendees as required to facilitate the smooth functioning of the meeting.

Ofgem will be invited to Stakeholder Group meetings where appropriate.

3.1 Chair

The Chair will be appointed first (as ratified by Ofgem) and must act as an individual and not as a representative of a particular organisation, or group of stakeholders. Ordinarily, the Chair shall convene the Stakeholder Group meetings.

Once the Chair is appointed, National Grid cannot dismiss the Chair unilaterally without first notifying both members of the Stakeholder Group and Ofgem. Ofgem must understand the exact reasons for dismissal and may require further information, including through direct contact with the Chair and other members of the Stakeholder Group, ahead of any dismissal.

The Chair will be in place, as a minimum, until Ofgem has issued draft determination (estimated for Q3 2020).

If the designated Chair is not available, then a formal nominee shall be agreed in advance of the meeting with all Stakeholder Group members. The Acting Chair will be responsible for convening and conducting the Stakeholder Group meetings and for informing the Chair as to the salient points / decisions raised and agreed to at the meeting.

¹ <http://www.ofgem.gov.uk/publications-and-updates/riio-2-enhanced-stakeholder-engagement-guidance>

The Chair will keep under review the membership of the Stakeholder Group.

The Chair will attend National Grid Electricity and Gas Board meetings at least once a year to provide an update on the Stakeholder Group in addition to any meetings with Ofgem and any potential open hearings.

3.2 Technical Secretary

The Technical Secretary shall support the Chair in ensuring the smooth functioning of the Stakeholder Group. The Technical Secretary will act as an independent support for the Chair and the Stakeholder Group, ensuring arm's length interactions with wider National Grid employees.

The Technical Secretary shall make all materials available to the Stakeholder Group members in accordance with section 5.2 below. The Technical Secretary will receive notices of absence and shall be responsible for producing the minutes and actions in accordance with section 5.3 below.

3.3 Role of Stakeholder Group Members

Members of the Stakeholder Group are responsible for scrutinising and providing input and expert challenge to the business plan(s). Members will represent individually and make every endeavour to attend all scheduled meetings.

In practice, this means individual members will:

- Bring their expertise, new insights and engagement skills.
- Consider and review all documentation referred to the Stakeholder Group.
- Identify areas of agreement and disagreement, and input into the Stakeholder Group's report to Ofgem and the RIIO2 Challenge Group.
- Provide representation as an individual based on their experience and knowledge.
- Sign on to agreed programme of work/forward agenda for the Group. This will be discussed and adjusted with agreement from the Group as requirements change or are further understood.
- Be required to formally approve the Stakeholder Group's Terms of Reference.

3.4 Terms of Office

Members will be appointed as a minimum, until Ofgem has issued draft determination (estimated for Q3 2020).

Members will advise the Chair of any change in their circumstances at the earliest available opportunity.

National Grid member positions shall be held for as long as the relevant position is held within the organisation.

Membership will be kept under review annually and if necessary adjusted to ensure suitable representation from across our diverse range of stakeholders in accordance with the agreed purpose of the Stakeholder Group.

4. Outputs

1. Independent report to Ofgem and RIIO2 Challenge Group.
2. Stakeholder Group Log capturing challenge and points of clarification during the ongoing business of the Stakeholder Group.

5. Governance

5.1 Confidentiality and conflicts of interest

All members must sign an agreement containing undertakings on confidentiality and conflicts of interest. National Grid will provide the agreement for signature in advance of the first meeting any new member attends. Any potential conflicts which arise following appointment of members should be identified to the Chair at the earliest opportunity.

5.2 Agenda Items

The Stakeholder Group agenda and all associated papers will be circulated by the Technical Secretary to all attendees not less than 7 Working Days ahead of the meeting date.

At the beginning of each meeting the Chair shall ascertain with the assistance of members the existence of any conflicts of interest or business separation issues arising. The agenda and circulation of materials will be managed to ensure that these issues are managed appropriately. Where a conflict of interest or business separation issue is identified those affected members or representatives will not participate in that part of the agenda or otherwise receive relevant papers or materials.

The agenda will be based on the agreed forward work programme. The meeting shall run with separate Gas and Electricity sessions with members attending their relevant session. The Chair has the right to refuse to list an item on the formal agenda, but members may raise additional items under 'Any Other Business' if necessary and as time permits.

The standard agenda will include time for a closed session with members, without National Grid representation.

5.3 Minutes & Actions

The minutes and actions of each Stakeholder Group meeting shall be prepared by the Technical Secretary.

Full copies of the minutes and actions, including attachments, shall be provided for comment to all Stakeholder Group members after being approved by the Chair no later than seven working days following each meeting.

The minutes should anonymise or redact any commercially sensitive information.

At the beginning of each meeting the Technical Secretary shall seek approval that the minutes and actions from the previous meeting are a fair reflection of the discussions which took place.

The Technical Secretary shall ensure that the list of action items is annotated with progress milestones and required completion dates.

Minutes of meetings shall be published on the National Grid website including any other documentation, such as log of challenges raised and National Grid's response.

5.4 Meeting frequency

The Stakeholder Group shall meet as scheduled, broadly following a timetable of once every two months and notice of attendance should be confirmed 14 working days prior to the proposed meeting date.

5.5 Quorum Requirements

In order for the Stakeholder Group to be recognised as an authorised meeting, and for any recommendations to be valid, a quorum must be present. A quorum shall be defined as a

minimum of four Stakeholder Group members and must include the Chair, or the Acting Chair.

5.6 Review Timetable

The Stakeholder Group will review these Terms of Reference and the effectiveness of the Stakeholder Group every six months as a minimum with the next review occurring January 2019.