

# Independent Stakeholder Group

## Terms of Reference

June 2024

### 1. Background

Northern Powergrid has established an independent 'Independent Stakeholder Group'. This group was formed in response to Ofgem's requirements as part of the RII0-2 price review process, and its role is to represent the interests of the customers and communities that Northern Powergrid serves. The ISG challenged the company to ensure that its developing plan for ED2 properly reflected customers' interests and Ofgem's guidance on priorities for the price review. The company has now decided to keep the Independent Stakeholder Group in place during the whole of the ED2 period (2023-28) to enable it to scrutinize and report publicly on the company's delivery of the commitments in its business plan.

### 2. Role:

- a. The Independent Stakeholder Group ("ISG") will operate at arm's-length, independent from both the Company and Ofgem, to scrutinize and provide challenge to the Company on the delivery of its business plan commitments for ED2 and report its own views on progress to Ofgem and the public.
  
- b. The ISG will assess and report on the quality and scope of the Company's stakeholder engagement, and the extent to which its findings are reflected in the Company's work.

### **3. Duties and scope:**

- a. In carrying out its purpose of providing challenge to the Company's delivery of its business plan, the ISG will focus on areas where there is the need to improve customer outcomes, and where it has the expertise to scrutinise and challenge.
- b. The ISG will consider the following areas (including but not limited to):
  - i. the Company's delivery of the commitments set out in its business plan for ED2 (including the commitment to Net Zero);
  - ii. the Company's progress in addressing the issues highlighted by recent storms;
  - iii. the quality of stakeholder engagement the Company undertakes to inform its work;
  - iv. the Company's appropriate recognition of the changing energy and social context, and the associated flexing of its year-on-year plans;
  - v. the approach and support that the Company provides to vulnerable customers;
  - vi. the Company's approach to developing system operation and working with others to maximise the benefits for customers of the opportunities presented by more flexible use of the energy system;
  - vii. the Company's progress in establishing itself as an outward looking 'anchor institution' in the communities it serves.

This list will be kept under review and amended as appropriate.

#### **4. Outputs and deliverables:**

- a. The primary output from the ISG will be an annual public report on the Company's progress in delivering the commitments in its business plan.
- b. The ISG may also publish other reports on aspects of the company's performance from time to time.
- c. The ISG will observe the work of the Company's Business Plan Engagement Group (and its subgroups). It will provide feedback to the company on the working of this group with the aim of improving its effectiveness at keeping customers' needs at the centre of decision making in the Company.

The ISG will also:

- meet regularly (at a frequency to be decided by the chair), and produce outputs from its meetings including minutes and actions for each meeting;
- d. receive input from other advisory groups established by the Company, such as the Social Issues Expert Group, the Stakeholder Panel, the Citizens Panel, the Future Fairness Panel, the Community Energy Stakeholder Panel, the Community Energy Forum, and the Science and Technology Advisory Panel.
- e. collaborate with any ISGs maintained by other DNOs, and with Ofgem, the Challenge Group, customer representatives and other stakeholders.

#### **5. Chair:**

- a. The ISG has an independent chair, whose role will include leading discussions and chairing meetings of the ISG. The chair must act independently and not as a representative of a particular organisation or group of customers.

- b. The chair will be the principal representative of the group in contacts with other parties (including the Company, Ofgem, and the CCG).
- c. The chair is responsible for ensuring that members of the ISG have a good understanding of the main obligations, issues and priorities required to carry out their role as members of the ISG.
- d. The chair should seek to facilitate open, informed discussion and consideration of issues set out in paragraph 3 by the ISG.

**6. Membership:**

- a. The ISG will be constituted in such a way that members between them have the range of knowledge, skills, and expertise necessary to scrutinise and challenge the Company's delivery of the commitments in its plan in all the areas set out in Section 3 of these Terms of Reference.
- b. Individual members will provide expertise relating to their discipline to the ISG, contributing their views as individuals and not seeking to represent any group, organisation or constituency other than the interests of current and future consumers.
- c. Members must ensure their contributions enable the ISG to function in a collaborative and cohesive manner.
- d. Members may be asked by the Chair to represent the ISG in meetings, including public open hearings in support of the Chair.
- e. Members must inform the Chair and Secretariat in advance if they are unable to attend any meeting.
- f. The chair shall work with the Company to recruit members of the ISG. The chair is responsible for notifying the Company if any member(s) of the ISG wishes to leave the ISG and for managing any such leavers whilst ensuring that the overall role of the ISG is not affected.

g. A Member may be removed from the Group by the Chair, in consultation with the Company, if they have committed a serious breach of the standards of conduct laid down in the Terms of Reference.

## **7. Conduct of the ISG**

a. The independence of the ISG Chair and Members from the Company and Ofgem is essential. The ISG must scrutinise and challenge the delivery of the Company's business plan and, in doing so, seek to achieve the best possible outcomes for present and future consumers.

b. The work of the ISG will be conducted in as transparent a manner as possible, without compromising either individual rights or the Company's commercially confidential information. The ISG will maintain webpages with an up-to-date record of its membership, Terms of Reference, and the progress of its work.

c. The Chair and Members will observe the highest standards of integrity and independence and comply with the principles established by the committee on standards in public life (Nolan Principles – see attachment).

All members must declare any conflicts of interest that may be relevant to their role as a member of the ISG. A conflicts of interest register will be maintained by the ISG and kept available for public scrutiny. Members must also declare any conflicts of interest at the start of any meeting of the ISG.

d. Members of the ISG may receive commercially sensitive data or personal data relating to named individuals in connection with their role as ISG members. Members of the ISG must agree to keep all such information confidential and to abide by all laws, regulations and legislation in respect of such information (including the processing of any such information).

e. Members of the ISG must agree to enter into any separate agreements with the Company in respect of confidentiality, intellectual property and/or data protection as the Company may reasonably require.

**8. Resources and information:** The Company will provide the ISG with the following information and resources to assist the ISG in carrying out its role: secretariat support, meeting facilities, etc. All relevant information regarding progress in delivering the business plan, and its background (e.g., relevant government policies, regulatory requirements; planning scenarios).

**9. Meetings with the Company:** The ISG will meet formally with the Company at least once every three months.

**10. Quorum:** Four members of the ISG including a designated Chair.

**11. Variations to terms of reference:** Any changes to these terms of reference must be agreed in writing by the chair of the ISG and the Company. The terms of reference will be reviewed once a year.

**12. Transparency:** The ISG will have a webpage which will include:

- a. the membership of the ISG;
- b. a register of conflict of interests;
- c. the Terms of Reference; and
- d. a copy of all reports written by the ISG

### **13. Definitions**

For the purposes of these Terms of Reference, the following terms have the following meanings:-

“Company” means Northern Powergrid (Northeast) Limited (company number: 02906593) and Northern Powergrid (Yorkshire) plc (company number: 04112320)

“Ofgem” means the Office of Gas and Electricity Markets.

## **The Nolan Principles**

The 7 principles of public life apply to anyone who works as a public officeholder. The principles also apply to all those in other sectors that deliver public services, so it is appropriate that ISG members, who are appointed to represent the interests of customers and communities, should adhere to them. They are:

### **1. Selflessness**

Holders of public office should act solely in terms of the public interest.

### **2. Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### **3. Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **4. Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **5. Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **6. Honesty**

Holders of public office should be truthful.

### **7. Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.