

National Grid Electricity Distribution Independent Stakeholder Group Terms of Reference

These Terms of Reference will be reviewed annually or at any point at which Ofgem issues guidance which may impact on the role of the Independent Stakeholder Group (ISG).

1. Purpose

- 1.1. The ISG plays a critical role in scrutinising and challenging the development and delivery of National Grid Electricity Distribution's (NGED's) RIIO-ED3 business plan. Acting independently, the ISG ensures that customer and stakeholder feedback, from across NGED's four licence areas, shapes NGED's decision-making and that the business plan meets high standards of transparency, ambition, and accountability. The group provides expert advice, oversight, and challenge on key issues, including customer engagement, value for money, vulnerability strategy, and environmental commitments. Additionally, the ISG will monitor NGED's performance against its RIIO-ED3 commitments and encourage a culture of continuous engagement with stakeholders.

2. Governance

- 2.1. To ensure the ISG can fulfil the purpose stated above, it will adhere to the following governance requirements:
 - The ISG is commissioned by the NGED Executive to undertake the scope specified in this Terms of Reference only.
 - The Independent Chairs of the RIIO-ED2 Monitoring Group (ED2MG) and the DSO Panel will join the RIIO-ED3 ISG, ensuring a direct line of sight between RIIO-ED2 delivery, National Grid DSO activities, and RIIO-ED3 planning and engagement.
 - The Director of Corporate Affairs is the Executive Sponsor of the ISG, supported by the Head of External Affairs and Stakeholder Engagement Manager who will provide dedicated support to the group on a day-to-day basis and act as primary point of contact.

3. Scope

- 3.1. The scope of the ISG includes:
 - Providing challenge and scrutiny to NGED on its business plan throughout its development, by assessing how effectively NGED's business plan addresses key consumer and stakeholder concerns across the four licence areas.
 - Supporting a culture of engagement by assessing how NGED incorporates stakeholder input into its decision-making and identifying opportunities for improvement.
 - Providing insight and feedback to NGED, helping to shape decisions early in the business plan development process.
 - Responding to Ofgem's Call for Evidence, providing independent input on the completeness and ambition of NGED's final business plan submission.
 - Monitoring progress against the commitments set out in the RIIO-ED3 business plan, including key performance areas such as stakeholder engagement, social responsibility, and environmental impact.
 - Upholding independence and integrity, ensuring the ISG remains a critical but impartial voice, separate from NGED's decision-making processes.

- 3.2. The ISG does not have decision-making powers in respect of NGED business nor does it jointly 'own' the business plan that NGED submits. The ownership of the business plan sits entirely with NGED.

4. Out of scope

- 4.1. The ISG is an advisory body specifically focussed on the development and delivery of the RIIO-ED3 business plan. As such, broader National Grid activities are not in scope for the group's scrutiny, including:
- Day to day review of company performance in RIIO-ED2 that is monitored and regulated by Ofgem.
 - Activities carried out by the National Grid DSO Panel, Customer Panel, or other National Grid governance groups identified during the annual Terms of Reference review process.
 - Activities of National Grid Group, unless there are direct impacts on ED3.
 - Activities carried out by the ED2 Monitoring Group (although the Chair of the ED2 Monitoring Group will have a seat on the ED3 ISG to ensure alignment and visibility).

5. Membership

- 5.1. The ISG shall comprise a Chair and Members.
- 5.2. The Chair of the ISG is:
- Trisha McAuley
- 5.3. Current members of the ISG are:
- Regina Finn
 - Duncan McCombie
 - Cheryl Hiles
 - Barbara Anderson
 - Russell Greenslade
 - Rob Gross
 - Rahoul Bhansali
 - Una Brosnan
- 5.4. Membership should reflect both the breadth of stakeholder and customer needs, and the key strategic and operational challenges anticipated by the business in the ED3 period.
- 5.5. Membership will be reviewed against need and may flex depending on topics (with additional members joining for either short periods or a longer time).
- 5.6. If any of the positions become vacant or are eliminated, NGED, with agreement of the Chair, may appoint another person to serve as an alternate member.
- 5.7. Members may be privileged to confidential or commercially sensitive information and may be required to sign a non-disclosure agreement.
- 5.8. Although members may have specific organisational affiliations (e.g., as members of specific consumer or stakeholder bodies) they are appointed to the Group on an individual basis in full confidentiality and are expected to offer advice and expertise independently and impartially and on behalf of customers and stakeholders.

6. Chair

- 6.1. The Chair will be appointed by NGED and must act as an independent individual and not as a representative of a particular organisation or group of stakeholders.
- 6.2. NGED will work with the Chair to recruit Members with a suitable balance of skills and styles. The ISG Chair will be responsible for recruiting ISG Members that are able to act in the interests of existing and future consumers and stakeholders and have the ability, as a group, to scrutinise and challenge all aspects of the company's business plans.
- 6.3. Once the Chair is appointed, NGED cannot dismiss the Chair unilaterally without first notifying the members of the ISG. The ISG must understand the exact reasons for dismissal and may require further information, including through direct contact with the Chair ahead of any dismissal.
- 6.4. The Chair will be responsible for:
 - Approving ISG meeting agendas.
 - Convening and chairing the meetings.
 - Attending Ofgem hosted meetings of ISG chairs.
 - Providing the external voice of the ISG to Ofgem, NGED's Board, and in any public communication.
 - Ensuring the Members have a strong understanding of the main priorities and obligations required as their role on the ISG.
- 6.5. If the designated Chair is not available, then a formal nominee shall be agreed in advance of the meeting with the consensus of ISG members. The Acting Chair will be responsible for convening and conducting the ISG meetings and for informing the Chair as to the salient points / decisions raised and agreed to at the meeting.
- 6.6. NGED shall put in place, through agreement with the Chair, an annual Senior Leadership Programme of meetings between the Chair and business entity's Directors and Board.

7. Members

- 7.1. Members of the ISG will be responsible for scrutinising and providing input and expert challenge to NGED. In practice, this means individual members will:
 - Bring their expertise, insights and engagement skills.
 - Consider and review all documentation referred to the ISG.

8. Group workload and frequency of meetings

- 8.1. The ISG shall meet quarterly, with additional meetings and workshops as required.
- 8.2. Meetings will typically be one day in duration.
- 8.3. Secretariat support will be provided to the ISG to ensure smooth and effective running.
- 8.4. Due to the subject matter, the meetings are not open to the public.
- 8.5. The presiding Chair (or Acting Chair) should ascertain, at the beginning of each meeting, the existence of any conflicts of interest or matters of a sensitive nature and minute them accordingly. If any conflicts of interest exist with a member of the ISG on any particular issue, or if business of a sensitive nature is to be discussed, then such member(s) of the ISG shall not participate in the discussion or vote on the issue that gave rise to such conflict of interest.
- 8.6. The Director of Corporate Affairs, supported by the Head of External Affairs and Stakeholder Engagement Manager will act as the primary representatives of NGED at each meeting;

relevant members of the NGED Executive or Senior Leadership will attend on request to contribute to specific discussion topics, as required.

9. Notice of meetings

- 9.1. Unless otherwise agreed, notice of each meeting, confirming the venue, time and date, shall be circulated to each member of the ISG, and any other person required or invited to attend, at least one month in advance of the date of the meeting.
- 9.2. When possible, unless otherwise agreed, the agenda of the items to be discussed, together with papers and materials shall be distributed to the ISG, and any other person required or invited to attend, at least ten working days in advance of the date of the meeting.

10. Provided materials

- 10.1. NGED are responsible for ensuring the ISG have access to the required materials that will allow them to provide meaningful challenge to the business plan, this includes company strategy and culture documentation.
- 10.2. The ISG will also be provided with evidence on the extent of stakeholder and consumer engagement, enabling them to monitor NGED's commitment to open and wide communication.
- 10.3. The ISG will also be provided with relevant data and information such as: the vulnerability strategy and social return on investment data; value for money customer data; relevant carbon footprint data.

11. Quorum

- 11.1. The designated Chair and at least four Members of the ISG.

12. Time commitment and remuneration

- 12.1. The Chair and Members will receive remuneration, on a competitive daily rate basis, for attendance at meetings and providing advice as requested.
- 12.2. Reasonable expenses incurred for travel and overnight accommodation will be met by NGED (n.b. accommodation and travel arrangements must comply with the NGED Travel Policy).

13. Gifts and hospitality

- 13.1. The Chair and Members will not accept any gifts offered by NGED and shall maintain a Hospitality Log.
- 13.2. Where hospitality, such as hotel and meal bookings, are provided by NGED and not reimbursed according to the agreed expenses claims policy, the Chair and Members are responsible for the timely notification of receipt of this hospitality to the Secretary, so that the Chair's and Members's Hospitality Logs can be updated.

14. Transparency

- 14.1. On the assumption of openness, these Terms of Reference and all associated governance documents will be published on a dedicated ISG webpage, hosted within the NGED site.

- 14.2. A profile of the ISG Chair and Members will be made publicly available. Matters of exception in relation to personal information will be agreed by the Chair in discussion with relevant individuals and in adherence with data protection requirements.
- 14.3. Each meeting's agenda and notes shall be provided for comment to all ISG Members, after being approved by the Chair, no later than seven working days following each meeting.
- 14.4. Appropriately redacted minutes of open meeting sessions will be made publicly available within ten working days of the meeting where they have been approved by the ISG. Matters relating to NGED's commercial confidentiality will be agreed by the Chair in discussion with NGED.