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Independent Stakeholder Group (ISG)

Terms of Reference

May 2025

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Background

The ESO RIIO-2 Stakeholder Group (ERSG) was set up in 2018 to provide scrutiny and challenge to our engagement approach as we developed ESO's first Business Plan. The scope of this group was refocused for BP2 to provide stakeholder scrutiny and challenge around the contents/drafting of the business plans.

The group was wound down following final determinations in April 2023, with a view to reinstating engagement with the group once a plan for BP3 was in place. After that point we engaged with Ofgem about the future direction for our regulatory framework. Particular attention was given to the fact that NESO, will be a non-profit public organisation, meaning there will be a shift in regulatory relationship between NESO and Ofgem.

We recognise the value of independent stakeholders in providing valuable scrutiny and challenge to aid the development of our strategic documents, regulatory submissions and business plans. Therefore, we decided to establish our Independent Stakeholder Group (ISG), a reconvened version of the ESO RIIO-2 Stakeholder Group (ERSG).

We expanded the membership of this group to include industry expertise that will inform our new NESO responsibilities and provide a whole energy system view. The group has provided valuable scrutiny and feedback as we have developed our Introducing NESO document and RIIO-2 Business Plan 3.

The group reviews how we engage with stakeholders, making sure our plans reflect our stakeholders' priorities, as well as driving value for consumers.

Purpose of the group

The group is forward looking in its remit, bringing a stakeholder lens and constructive challenge to the development of our strategic commitments and future regulatory business plans. The group will provide:

- A stakeholder lens on our strategic commitments and future business plans
- Relevant experience and expertise in specific areas to help us develop our strategic commitments
- Constructive challenge of the strategic commitments proposed and whether they are the right areas of focus to deliver safe, reliable and secure energy while maximising benefits to consumers
- Advice on the level of ambition of our strategic commitments
- Feedback on the structure of future documents as they develop, in terms of accessibility for stakeholders.

As we begin our next regulatory framework in April 2026, the scope of the group will likely change. For example, where the group can add more value across NESO, and Ofgem's future framework

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proposals for an Independent Challenge Panel (ICP), may lead us to review the purpose and role of the group. Any changes will be communicated with the members, and these Terms of Reference will be updated and shared accordingly.

Membership

The revised group is representative of the NESO's role and the wider industry. Members are selected based on their expertise across a broad range of whole energy issues and their ability to provide constructive challenge.

Sector	Representative	Organisation	Notes
Consumer	Andy Manning	Citizen's Advice	
Generator	Stuart Cotten	Drax	
Large supplier	Gregory Edwards	Centrica	
Scottish TO/DNO	Aileen Mcleod	SSEN	
Existing service provider	Marko Grizelj	Siemens Energy	
Supplier	Rachel Fletcher	Octopus Energy	
Supplier	Elizabeth Allkins	Ovo Energy	
Trade Body	Nina Skorupska	Former REA now Independent	Temporary Chair
GDN	Tony Green	SGN	
Infrastructure (hydrogen, automotive)	Sam Mackilligin	Former Aecom now Independent	
OFTO / Interconnector	Mark Fitch	Transmission Investment	
Gas Transmission	Ian Radley	National Gas	
Renewables, heat, transport, hydrogen	Rosie McGlynn	Mentone Energy Limited	
Journalist, consumer	Janet Wood	New Power Report	
TO (HND / CSNP)	Amanda Webb	National Grid	
Wider interest (consumer, energy efficiency and sustainability)	Janine Michael	Centre for Sustainable Energy (CSE)	
Large energy user	David Mitchell	Chemical Industries Association (CIA)	
Academic	Goran Strbc	Imperial College London	
DNO	Andy Wainwright	SSE	
Renewables	Trevor Hutchings	REA	

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NESO will be represented by Zoe Morrissey (Director of Legal and Regulation and Company Secretary), and Carole Hook (Head of Regulation) with additional NESO representation as required to support the meeting.

Membership may be periodically reviewed by the Chair, in consultation with the group and NESO, and adjusted as needed to ensure adequate representation from across NESO's stakeholders or to incorporate specific areas of expertise according to the group's agreed purpose.

Chair

When ISG was reconvened, Andy Manning continued in the Chair role, having previously been appointed by the former ESO in consultation with Ofgem.

In March 2025, Andy Manning confirmed his intention to stand down as chair of the group but wished to remain as a member of the group.

It was agreed that NESO will seek to find a temporary chair to take us until the end of October 2025, when our first post RIIO-2 Business Plan will be published, and we will have a clearer view of our future regulatory framework.

The responsibilities of The Chair include:

- To act as an individual and not represent any particular organisation.
- If the designated Chair is not available for part or all of a meeting, then a formal nominee shall be agreed at that meeting with group members and will be responsible for convening and conducting the relevant meeting or section of the meeting. This will be facilitated by the Technical Secretary and be referred to as the Alternate Chair. The Alternate Chair is responsible for informing the Chair as to the salient points and decisions raised and agreed at the meeting.
- Coordinate with the Technical Secretary to ensure that agendas are agreed and minutes shared.
- At a minimum, attend at least one monthly meeting with NESO representatives to discuss AdHoc requirements of the group.
- Conduct occasional liaison with other ISG members as required, to ensure they remain engaged with the group.
- Prepare and publish a report to Ofgem outlining ISG's views on NESO's published Business Plans.

NESO cannot unilaterally dismiss the Chair without notifying first both the group and Ofgem. Ofgem will need to understand the exact reasons for dismissal and may seek further information, including through direct contact with the Chair and other members of the group, ahead of any dismissal.

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As we begin our next regulatory framework, the role of the chair, their responsibilities and any other requirements will be reviewed and agreed upon with the future ISG chair.

Technical Secretary

NESO will appoint a Technical Secretary who will report to the Chair. The Technical Secretary will support the Chair in ensuring the smooth functioning of the group. This will be reviewed for any ongoing role for the group past this date.

The Technical Secretary will be responsible for producing and circulating relevant materials as described in the sections below called ‘Inputs’ and ‘Outputs’.

Role of Stakeholder Group members

Members of the Stakeholder Group are responsible for scrutinising and providing input and expert challenge. While members don’t formally represent all of the organisations in their sector, we expect members’ views to be influenced by the type of organisation they are from, and their experience of a particular sector.

In practice, this means individual members will:

- Bring their expertise, new insights and engagement skills.
- Consider and review all documentation circulated.
- Identify areas of agreement and disagreement, and input into any feedback to Ofgem.
- Provide representation as an individual.
- Sign on to an 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.
- Engage with the group regarding their attendance at meetings.
- Be required to formally approve the group’s Terms of Reference (i.e. this document).
- Adhere to confidentiality requirements associated with the group.
- Declare any relevant conflicts of interest.

Commitment needed

Members of the group will serve until the end of October 2025. Members will be invited to review their ongoing membership of the group at this point.

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Members must advise the Chair of any change in their circumstances at the earliest opportunity. The expectation is that all members will make every effort to attend all meetings. Any proposal to extend the commitment of the group will be discussed and agreed by the group.

As members should act in their capacity as individual, they are not expected to propose delegates/substitutes should they be unable to attend a meeting.

Meetings will take place approximately every two to three months, and timings for each meeting will be agreed in advance. A pre-read pack, requiring up to three hours of reading time, will be circulated to the group at least one week in advance of each meeting.

Meetings will ordinarily take place at a suitable location in central London and will be arranged by the Technical Secretary. Meetings may occasionally be moved to a different date, held at other locations or take place more frequently, after appropriate consultation with the group. To allow flexibility for attendees, all meetings will have an option for hybrid/virtual attendance. Members shall confirm notice of attendance or apologies of absence to the Technical Secretary no less than one week in advance.

Remuneration

The Chair will receive remuneration to recognise the level of commitment required.

Requests for expenses and/or remuneration from other members of the group will be considered by the Chair and NESO. Any remuneration and expenses that are agreed will be paid by NESO.

Non-disclosure and declaration of interests

Each member of the group is required to sign a non-disclosure agreement (NDA) that prohibits the use of information marked as “CONFIDENTIAL” that they obtain in their role on the group for any other purpose (including commercial purposes).

Meetings shall be conducted, unless otherwise stated by the Chair or Alternate Chair (for example, where the discussion relates to information marked as “CONFIDENTIAL”), under “Chatham House Rules” – that is, information disclosed during a meeting may be reported by those present, but the source of that information may not be explicitly or implicitly identified.

Each member of the group is required to complete a Declaration of Business Interests form that requires them to disclose any business interests (including, but not limited to, shares, consultancy arrangements, directorships) that they or their partner or spouse have in National Grid plc. The Chair, in consultation with NESO, shall consider any interests disclosed before making a final decision on the individuals’ appointment to the panel and/or to share any information with them.

Where there are individuals where there is an increased risk of a perceived conflict (such as individuals who work for an organisation that supplies services to National Grid) NESO will, on a

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case-by-case basis, assess whether it is appropriate for that individual to be excluded from forming part of the team that bids for or supplies services to NESO.

At the beginning of each meeting the Chair and the group shall ascertain, with the assistance of members, the existence of any conflicts of interest. The agenda (including the participation of members with identified conflicts of interest in relevant agenda items) and circulation of materials will be managed to ensure that these issues are managed appropriately.

Presence of a quorum

At least eight members of the group, including the Chair or Alternate Chair, shall be required to constitute quorum for each group meeting, or part of a group meeting.

Inputs

For each meeting the Technical Secretary will produce a pack consisting of:

- Agenda and apologies for absence
- Minutes from the previous meeting
- Papers and other items for discussion, decision and noting (clearly demarcated)
- Actions log.

This pack will form pre-read material that we will endeavour to circulate to the group at least one week in advance of each meeting.

A skeleton forward agenda will be agreed at the preceding meeting and finalised and approved by the Chair through iteration and approval of inputs. The agenda for the first meeting will be drafted by NESO and approved by the Chair.

At the beginning of each meeting the Technical Secretary should confirm with the group whether the minutes from the previous meeting are an accurate and complete record of the discussion that took place.

Outputs

The Technical Secretary will endeavour to circulate to the group the following materials no later than one week after each meeting, for comment:

- Meeting minutes including decisions made, items discussed and noted, and recommendations
- Actions log
- Skeleton agenda for next meeting
- The minutes should anonymise or redact any commercially sensitive information.