

Updated Design Advisory Board Terms of Reference¹

This document sets out the Terms of Reference for the Design Advisory Board (DAB) following the delivery of the DWG preferred TOM and Transition Approach Final Report.² These Terms of Reference are to be used throughout the Target Operating Model (TOM) further development work for Market-wide Half-Hourly Settlement (MHHS).

1. Background

- 1.1. The objective of the MHHS project is to develop and then implement an enduring process for MHHS that delivers benefits for consumers by maximising the opportunities smart metering provides in enabling a smart, flexible energy system.
- 1.2. To achieve this objective, the TOM work will consider options and transition arrangements, and define comprehensive settlement arrangements. To assist Ofgem in arriving at a final TOM for MHHS:
 - a Design Working Group (DWG)³ delivered TOM options and design recommendations in August 2019;
 - a Code Change and Development Group (CCDG) will identify and recommend changes to the relevant Industry Codes⁴ and subsidiary documents required to implement the TOM and develop the design recommendations further following the final report submitted by the DWG; and
 - an Architecture Working Group (AWG) will deliver TOM development recommendations for the system architecture required to implement the TOM;

These recommendations will be presented to the SRO for preliminary or final decision.

- 1.3. The CCDG and AWG will be chaired by ELEXON and draw on the relevant technical industry expertise of their members. The CCDG and AWG will be the formal setting for the development of the TOM, focusing on the changes to the industry codes and the system architecture, and arrive at decisions on options to recommend to the SRO.

¹ The original DAB ToR's can be found in the electricity settlement reform launch statement.

² See the Ofgem website for the DWG Final report on the Preferred TOM and Transition Approach, here: <https://www.ofgem.gov.uk/publications-and-updates/open-letter-dwg-final-report-and-proposed-new-governance-structure>

³ For information, the DWG was stood down after the final report was delivered.

⁴ <https://www.ofgem.gov.uk/licences-industry-codes-and-standards/industry-codes>

1.4. The DAB and the Ofgem TOM and Project Boards will provide advice to assist the SRO in making decisions on the detailed design and development for MHHS.

2. **Objective of the DAB**

2.1. The objective of the DAB is to provide expert advice to the SRO on TOM development recommendations made by the CCDG and AWG and Ofgem policy considerations required as part of the Settlement Reform Significant Code Review (SCR). The DAB will assess whether TOM development recommendations are consistent with the TOM strategic objectives and meet the requirements of the TOM design and development principles.

2.2. In particular, the DAB's assessment should consider whether TOM development recommendations promote innovation and competition, facilitate a smart, flexible energy system, and reduce the barriers to entry into the energy market for new entrants.

3. **Scope and deliverables of the DAB**

3.1. The DAB will review TOM development recommendations, where appropriate, which have been recommended by the CCDG and/or AWG before they are taken to the SRO for decision. It may also provide expert advice and input on any other issues requested by the CCDG, AWG or the Ofgem TOM Team to assist the development of TOM options and recommendations.

3.2. The DAB may also discuss and provide their expert advice on aspects of Ofgem policy considerations related to the Settlement Reform SCR, as requested by Ofgem, such as the impact assessment, business case, consumer impacts and access to half hourly data for settlement purposes.

Review of TOM development recommendations

3.3. The Ofgem TOM Team will determine when to escalate a TOM development recommendation to the DAB for review.

3.4. If a TOM development recommendation has been escalated to the DAB for review, the Ofgem TOM Team will arrange for the CCDG Technical Lead or AWG Ofgem Technical Consultant to give a presentation to the DAB on the TOM development recommendation. Members of the DAB will also be provided with an explanatory paper which provides a detailed explanation and rationale of the development recommendation.

3.5. The DAB will provide views and its recommendations, together with supporting evidence and rationale, so that this can be taken into consideration by the SRO. Views and recommendations of the DAB will be prepared by the Chair of the DAB and be provided to the SRO in writing. The DAB will endeavour to provide consensus views and

recommendations to the SRO. Where consensus cannot be reached, minority views, including reasons for these, will also be provided to the SRO.

Provision of expert advice

3.6. The DAB may also provide expert advice and input on issues requested by the CCDG, AWG, or the Ofgem TOM Team to assist the development of TOM options and recommendations. This will be done on an ad-hoc basis.

3.7. In performing its functions, the DAB will:

- Review and assess TOM development recommendations escalated by the Ofgem TOM Team and provide guidance and recommendations to the SRO on these development recommendations;
- Review and provide guidance on development issues raised by the CCDG, AWG, or the Ofgem TOM Team when requested;
- Identify and flag any risks, issues and dependencies that should be addressed by the CCDG, AWG, or the Ofgem TOM Team;
- Provide a strategic assessment of whether TOM development recommendations will assist in the objectives of MHHS;
- Provide views and expert advice on aspects of Ofgem policy considerations related to the Settlement Reform SCR, as requested by Ofgem; and
- Any assessment and advice provided by the DAB should be given in the context of the overall project objectives, the TOM design principles, TOM development principles, Ofgem policy decisions and the Government objective of a smart, flexible energy system.

3.8. The minutes of the DAB will be recorded and published by Ofgem.

4. Role of the Chair

4.1. The DAB will be led by Ofgem ("the Chair").

4.2. The role of the Chair is to facilitate discussion, enable challenge and ensure the DAB provides robust and effective review of TOM development recommendations, and expert advice. In accordance with the DAB's Terms of Reference and the MHHS governance and decision-making, the Chair will ensure advice and recommendations for aspects of the TOM development and the final TOM are delivered in a timely fashion and are in line with the project's design and development principles and Ofgem's project objectives.

5. **Constitution of the DAB**

- 5.1. Ofgem will invite representatives to be members of the DAB and ensure there is appropriate representation to perform the tasks and achieve the objective of the DAB. The Chair may also invite specific people to participate in the DAB on an ad-hoc basis if there is a requirement for particular expertise.
- 5.2. The DAB is a senior level group. Members will have a diverse range of expertise and experience, and be able to provide insights on whether proposed TOM development recommendations and wider Ofgem policy considerations would achieve Ofgem's objective of facilitating change in the energy system. Members should have a strategic understanding of the MHHS project.
- 5.3. The DAB will be constituted of experts sourced from a wide range of stakeholder viewpoints to challenge TOM development recommendations and ensure they deliver arrangements which enable a smart, flexible energy system. Members will be named individuals and drawn from bodies with relevant expertise.

6. **Meetings and frequency**

- 6.1. Meetings of the DAB will be chaired and facilitated by the Chair.
- 6.2. The DAB will meet on an ad-hoc basis, as deemed appropriate by the Ofgem TOM team during the development phase of the TOM design work. The forward work plan and time, date and location of meetings will be set and organised by the Chair.

7. **Rules of participation**

- 7.1. DAB members are expected to make all reasonable efforts to attend meetings and constructively contribute.
- 7.2. A named alternate for each member shall be identified to ensure meetings can take place where members are not able to attend. Alternates shall only attend when the member is not able to attend.
- 7.3. The Chair will have the discretion to invite interested parties on an ad-hoc basis to attend any meeting to aid in the business of the DAB and progression of any deliverables.
- 7.4. For the avoidance of doubt, any discussions in meetings and views expressed or implied in such discussions, or in associated documents, are without prejudice to, and shall not limit the discretion of Ofgem with regard to its final decisions. Equally, views expressed by members/attendees will not be treated as representative of organisations they are employed by or otherwise affiliated with.
- 7.5. The Chair can revoke the membership of a DAB member if they:

- fail to constructively contribute to the MHHS development work; or
- there are circumstances that, in the view of the Chair, mean that the continued participation of members would be to the detriment of the achievement of the objective of the development work. If members consider that such circumstances exist, it is their responsibility to bring the matter to the attention of the Chair.

7.6. It is the responsibility of the members to ensure compliance with competition law while participating within the DAB.

8. **Administration**

8.1. Ofgem will chair the DAB and provide secretariat functions.

8.2. Ofgem will provide agendas and papers at least 5 working days in advance of each meeting and summarise key decisions and actions within 10 working days of each meeting.

8.3. The schedule of meetings, agendas and accompanying papers and minutes will be published in a timely manner on the Ofgem website.

8.4. Meetings will be held at Ofgem's office in London unless otherwise notified.

9. **Review**

9.1. Ofgem may review and update the Terms of Reference, membership and operation of the DAB at any time. This is to ensure they remain appropriate for the requirements of the MHHS project. Ofgem will consult with the DAB prior to making any changes.