

DSO Panel Meeting – 14 October 2024 – Public Minutes

In Attendance:	Regina Finn (Chair)
Panel Members	Doug Cook Janine Michael
Apologies	Nina Skorupska
DSO Staff	Cathy McClay, Managing Director Ben Godfrey, Director Hayley Burden, Head of DSO Strategy and Regulation Nicole Jeffries, Regulatory and Business Performance Manager Adam Curtis, DSO Panel Manager (Secretariat) Steve Quinn, Senior Policy Engineer (for items 3 and 4 only)

1. Welcome and Agenda

The Chair opened the meeting by thanking the DSO Staff team for producing the detailed materials in response to the DSO Panel's previous request for a closer look at Governance procedures and processes. She reiterated that the DSO Panel aimed to foster a culture of openness and transparency to enable high quality advice and recommendations to the DSO.

The Chair introduced Cathy McClay to her first meeting of the DSO Panel since her appointment as DSO Managing Director.

The Chair further suggested that future meetings contain a 20-minute private session at the end of each future meeting for the DSO Panel Members and DSO Panel Manager without staff present. The Chair felt that this would preserve and demonstrate its independence.

No new conflicts of interest were declared, although it was recognised for transparency that Janine Michael's CSE was undertaking work on behalf of the NGED DNO.

2. DSO Structure Change & NGED Executive Structure

DSO Structure

Cathy introduced the item by outlining that the DSO had effectively been in place for a year, and that the updated structure reflected the learning over that period, as well as her input having joined as DSO Managing Director and pledged to review it within her first two months. Assurance was given that Trade Unions had been engaged with as part of the work.

It was highlighted that the DSO had begun to position itself as separate from NGED internally to highlight its independence, and further governance work would be enacted to functionally separate its structures.

Assurance was given that the new structure would better support the DSO's approach to ED2, and greatly support its work toward ED3.

3. Governance Update including conflicts of interest

Hayley introduced the item by explaining it set the context for the remaining agenda items. She reminded the DSO Panel of the baseline expectations of Ofgem for the first year of the ED2 regulation and highlighted the role of the DSO in managing both actual and perceived conflicts of interest. The achievements of the first year were outlined. It was recognised that further work around governance was required.

The Panel received updates regarding Digital Resourcing, progress on building towards an internal audit, and considerations of NGED's approach to the DSO function.

The Chair summarised that the DSO had the ability to be more influential via its publications and documentation than it appreciated and urged the DSO to consider this going forward. It was further summarised that the DSO Performance Panel feedback was broadly aligned to what the DSO Panel had been saying throughout the year.

4. Conflicts of Interest Deep dive into example

Ben took the DSO Panel through the structure of how the DNO and DSO approached the trade-off between flexibility and reinforcement. He highlighted that the regulatory incentives theoretically prevented overlap in responsibilities, but that in practice this was not the case. A major benefit to NGED was that the DSO could approach such discussions with a much longer-term perspective.

DNOA

The DNOA process was outlined to the DSO Panel, with the eighth DNOA report recently published on the website. At present, the DNOA was a summary of what needed to be done and when, but that questions were emerging within system planning groups on how this overlapped with other asset work.

DSO Panel Conflicts of Interest Workshop

Ben took the DSO Panel through an interactive workshop focused on a recent decision taken, in which four potential options were available to NGED on how to proceed with a network approaching capacity. The DSO Panel was invited to consider the specific motivations and priorities for each decisionmaker involved, and a draft decision scoring template was shared for feedback.

It was clarified that the majority of decisions were reasonably straight forward, but that one or two dozen 'contentious' decisions could be expected across a price control period. It was felt that the DSO had appropriate levers to articulate why decisions were required within a particular timeframe. The DSO had effective control of expenditure in such matters, and that the DNO could not create work orders without DSO support. It was asked that this was emphasised in external materials.

5. Policy and Process Workstream

The structure of written governance as used by the DSO was outlined to the DSO Panel. Three directives were based on what was prescribed by Ofgem for DSOs, with a further two included within the DSO based on what was felt to be necessary to support Ofgem's ask. Issue three of the policy directive was due to be issued by the end of the month.

The DSO Panel received an overview of the policy series through to March 2025, which demonstrated the layers involved to feed into the functional separation of the DSO. An update to the

DNO-DSO Governance document would be completed by the end of March to coincide with the regulatory year.

6. Regional Energy Strategic Plans (RESP)

Cathy reiterated thanks to the DSO Panel for their input on the DSO's draft response the RESP. The final response had since been published shortly prior to the meeting and would be circulated to the DSO Panel.

The DSO Panel received an overview of the reasoning and timeline for the launch of RESPs, due in 2026. The NGED DSO would interact with five of the 11 RESP regions and would not be the sole DSO within any of them.

The Chair summarised the importance of not reinventing the wheel with RESP, noting that Local Authorities had completed good work, but that there was a lack of resource available to them to complete the work effectively. There was also a wide variation in how advanced each region was with its work. The main value of the RESP would therefore be to make best use of the existing data and making that more useful as an output.

7. Incentive Report Discussion

The Chair introduced the item by explaining it was a request of the DSO Panel to have a more detailed update on the outcome. Hayley presented the DSO Performance Panel scores, which had been broken down into five areas of feedback and tangible actions for the DSO to review and action.

The DSO Panel recognised that there was a messaging piece for the DSO to increase the understanding of the impact of the survey for respondents.

In terms of what to include in the next submission, the DSO Panel highlighted the need to include the example of conflict resolution from the session earlier in the meeting, which also demonstrated the role of an independent DSO Panel.

The DSO Panel considered whether NGED DSO needed to be more vocal in its successes as an organisation in general, and whether there was a piece of work aligned with stakeholder management to do so.

8. Annual Panel Report Open Discussion

The Chair explained she had created an early draft of the report of the input of the DSO Panel and for the DSO Leadership. The DSO Panel considered the extent of progress since its first meeting in April, and highlighted that discussion throughout the meeting had been a core example of what should be included. Further work would be undertaken to be presented at the NGED Board in January, noting that it would be helpful as a precursor to the Incentive report submission in April.

9. Next meeting

The DSO Panel discussed potential items for discussion, while acknowledging these were subject to change based on progress and pressures. It committed to holding the subsequent meeting in Bristol considering the attendance of the DSO Leadership team, of which the majority were based nearby.

Stakeholder calls were discussed, with the DSO Panel hearing that the calls would be online only after finding in-person attendance was less accessible considering the geographic spread. The DSO Panel was reminded that they had a standing invite to join these calls, with the invite link to be recirculated to DSO Panel members.