Open Networks Challenge Group

Terms of Reference

Background & Context

- Energy Networks Association (ENA) represents the electricity and gas network companies in the UK and Ireland. Energy networks have a fundamental role to play in helping the UK meet its ambitious Net Zero targets. As the voice of the energy networks sector, ENA is leading the Open Networks programme on behalf of its members to lay the foundations of a Net Zero ready grid in the UK.
- Through its work over the years, Open Networks has introduced real momentum into the transition to a smart and flexible energy system and has set out a clear least pathway to deliver it. With over 3GW of flexibility available for tender in Great Britain last year, the programme's work has helped the UK to establish world leading local flexibility markets.
- As recently seen in the Ofgem and Department for Business, Energy and Industrial Strategy (BEIS) Smart Systems & Flexibility Plan, Open Networks has a clear mandate to deliver the fundamental building blocks to further develop flexibility markets and to deliver a common framework for flexibility by 2023. Working closely with the wider industry will be critical to the success of this framework and we want to ensure that we are facilitating this collaboration in the best possible way.
- Open Networks has engaged closely with stakeholders over the years through forums and channels such as the Advisory Group, consultations, webinars, events and workshops. Whilst this worked well over the years we remain committed to listening to our stakeholders and improving ways in which we can work together as an industry.
- Responding to stakeholder feedback and working in consultation with the industry, Open Networks reviewed its governance in 2021 and explored approaches that enable greater collaboration. It was as part of this review that Open Networks shaped the proposal for setting up a Challenge Group in 2022.
- A call for participation was launched in Q4 2021 and the industry was invited to express their interest in joining this forum. Based on the applications received, ENA formalised membership to his Challenge Group and kicked off in 2022.
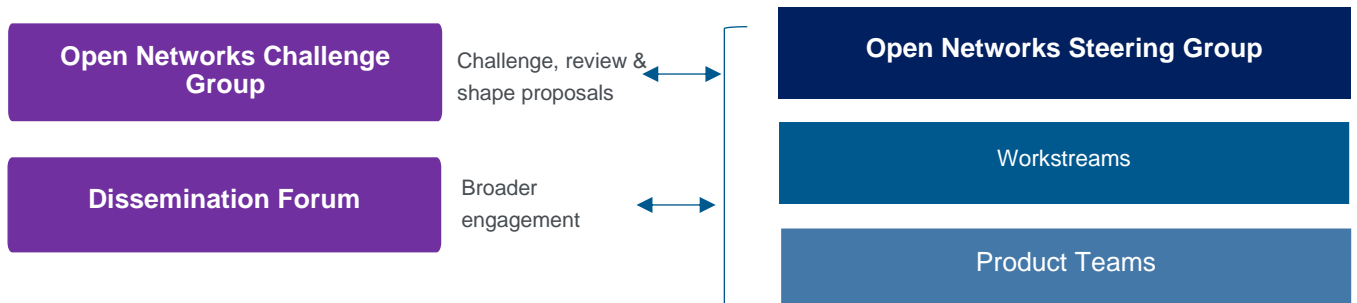
Objectives and Scope

- The objective of the Challenge Group is to shape the direction of the programme, its priorities, and the outcomes that it delivers by providing a more formal challenge function on behalf of the wider industry. The Challenge Group will also provide challenge on progress to ensure that the programme remains ambitious in delivery and implementation of key proposals.
- Given the programme's mandate to deliver a common framework for flexibility by 2023, the primary focus of this group will be on flexibility, however, given feedback from the Challenge Group at the first meeting, ENA will accommodate other related topics across the Open Networks programme as best as possible in the time that is available and will agree prioritisation of topics with the Challenge Group.
- The Challenge Group is giving stakeholders an increased role in challenging and shaping flexibility proposals and ensuring that the programme is sufficiently ambitious in its scope and is delivering change at pace.
- The scope of this group is to:

- Shape the priorities and work plan at the start of the year and identify key areas for engagement[1]
- Review and shape key programme proposals and provide challenge on progress
- Facilitate stakeholder engagement within their areas as required

How this fits into Open Networks Governance

- The Challenge Group will provide a challenge function to the programme and as part of this, the group will help to shape the scope and priorities for the programme, provide ongoing input into key areas of development and challenge progress through the year.
- The Challenge Group will have an independent chair that will represent the group's recommendations to the Steering Group.
- The Challenge Group is supplemented by the Dissemination Forum that is there for stakeholders to engage more broadly with the programme. This forum meets quarterly and is open for anyone to join, enabling us to get as broad input as possible.
- In 2022, the Advisory Group has been superseded by the Challenge Group and Dissemination Forum. Whilst the Advisory Group worked well over the years, we believe that having the two groups enables better participation and collaboration.
- The diagram below sets out the governance structure and outlines the main roles and responsibilities of the other groups involved in Open Networks.

Open Networks Challenge Group	Challenge, review & shape proposals	Open Networks Steering Group
Dissemination Forum	Broader engagement	Workstreams
		Product Teams

The Challenge Group has an independent Chair who also has a seat at the Open Networks Steering Group to represent the Challenge Group.

Other stakeholder engagement mechanisms that we will continue to utilise include Focus Groups to engage on key aspects of product development from time to time, webinars, public consultations etc.

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[1] Note that as part of the application process, Challenge Group representatives were asked to provide their input on the scope and priorities that have been factored into the 2022 Programme Initiation Document.

Group	Description
Open Networks Steering Group	The Open Networks Steering Group is the key group with responsibility to direct the delivery of the programme to time, cost and quality and are accountable for the implementation of Open Networks proposals within their individual organisations.

This group is comprised of senior networks representatives, Ofgem and BEIS. This group includes representation from the Challenge Group Chair to represent the views and recommendations of the group. |
| **Workstreams** | The programme has six Workstreams to oversee work within each area of the programme. These Workstreams are comprised of network SMEs[2] , Ofgem and BEIS representatives and are responsible for reviewing and directing the delivery of work within their areas.

These Workstreams typically meet once a month to review progress across products and are responsible for making a recommendation to the Steering Group for approval and implementation of proposals from their areas. |
| **Product Teams** | Open Networks typically has 25-30 Products to deliver in any given year across all the workstreams. A Product Team is commissioned for each product and is resourced with experts on the topic across all network companies.

These Product Teams are responsible for the delivery of their products and associated deliverables as per the agreed workplan for the year. They typically meet 2-3 times a month and undertake development work outside of these meetings as well to progress delivery.

Each Product Team has a Product Lead that is accountable for delivery. The Product Lead report progress to the Workstreams regularly and seek their steer and input as required. |
| **Focus Groups** | A number of product teams across Open Networks facilitate Focus Groups with key industry stakeholders through the year. These Focus Groups enable the Product Team to work more closely with stakeholders and engage in detailed aspects of the development work. |

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[2] The Whole Energy Systems workstream includes wider representation from the sector including GDNs and trade associations representing other parts of the industry.

> Focus Groups are the most appropriate forum for stakeholders that would like to engage and provide input into the detailed development of proposals.

Roles and Responsibilities

Chair

- Maxine Frerk has been selected and appointed as the independent Chair of this group through a competitive process. ENA formed a recruitment panel, including Ofgem to help make this selection.
- Being independent, the Chair will act as an individual and not represent the views and interest of any organisation or industry group.
- The role of the Chair is to provide leadership and effectively facilitate this group, ensuring that the objectives are met.
- The Chair represents the Challenge Group at the Open Networks Steering Group as well as external forums as required.
- The Chair is responsible for ensuring compliance to Competition Law.

Members

- Members have been selected following an open call for participation in Q4 2021.
- The membership of the group includes non-network representatives from the industry who will provide input and expert challenge.
- New applications for membership will be reviewed every 6 months in 2022 followed by annual reviews from 2023. As part of this review process, ENA and the Chair will review membership to ensure a good range of representation and participation across the industry.
- The role of Members is to draw on their expertise and represent the views of their organisation and their sector of the industry. Whilst Members may not formally represent all of the organisations within their sector, we expect their views to the influenced by their experience of their sector.
- Members are responsible for ensuring that they are not in breach of Competition Law and must declare any conflicts of interest to the Chair in advance of all meetings.
- The Members are required to actively participate and meaningfully contribute to the discussions and ensure that they are adequately prepared for meetings. The following input is required from the Challenge Group Members to support the objectives:

Shape priorities and workplan

- Members will review the priorities and draft work plan at the start of each year and provide input to help shape it appropriately with a view to finalise it within Q1. In order to inform the 2022 Programme Initiation Document (PID), Challenge Group reps provided their input on scope and priorities as part of the open call for participation process so the programme has factored this into the 2022 PID.
- At the start of each year, the Members will also confirm products that they would like to formally review through the year via the Challenge Group. Members will also have the opportunity throughout the year to join Focus Groups to engage in detailed development of products where they wish to.

Review and shape proposals and challenge progress

- The Challenge Group Members will provide ongoing input and senior challenge to the agreed areas of work.
- As part of providing this challenge function, Members will clearly set out areas of agreement and disagreement with reasons and suggested mitigations for the Steering Group to consider prior to approval and implementation of these proposals.
- The Challenge Group Members will also review progress made by the programme and will challenge it to ensure that the programme remains ambitious in delivering the scope and implementing key outcomes. This will be facilitated through a mid-year review.

Facilitate stakeholder engagement within their areas

- The Members will act as a conduit between the programme and their sector of the industry to facilitate bilateral dialogue and input.
- As part of this, members will be required to facilitate engagement within their sector to help disseminate the learnings of the programme and to bring consolidated views from the sector to inform the programme.

Secretariat

ENA will provide secretariat support to this group. This will include the administration associated with organising meetings which includes the following:

- Running the initial call for participation process and maintaining a membership register going forward.
- Working with the Chair to prepare agendas, circulate supporting materials in advance of the meetings, and clearly communicate the key asks of the group and the timescales for this.
- Taking meeting minutes and maintaining a Challenge Log to capture feedback on material presented for review. This Challenge Log will also note subsequent actions to address this feedback.

Ways of working

Meetings

- The group will meet bi-monthly, starting from February 2022.
- Depending on the situation with Covid-19, meetings are likely to be initially held virtually via MS Teams. At a later stage, these meetings may be held at the ENA office in London with the option for attendees to join virtually.
- At the first meeting in Feb 2022, Challenge Group Members have had the opportunity to review and agree on the Terms of Reference for this group and changes have been reflected in this version.
- The Challenge Group Members will be expected to attend all meetings as much as possible through the year. Participation is important to ensure that we are getting broader views from across the industry and can factor them into our work in a timely fashion, without compromising progress. For situations where Members are unable attend, they should nominate an alternative representative from their organisation and inform the Chair and ENA in advance of the meeting.

- Members missing successive meetings without providing alternative representation may be asked to withdraw their membership of the Challenge Group to give other people in the industry the opportunity to participate and provide input.
- The agenda for each meeting will clearly identify the required outcomes for each item and will clearly set out review expectations. ENA will endeavour to share the agenda and materials two weeks in advance of the meetings, noting that there may be instances where the product development timelines do not allow this. In such situations, Open Networks will ensure that the Challenge Group are given adequate time to review the content and share feedback post-meeting.
- Challenge Group members will have the opportunity to request any additional agenda items that they may wish to have included in the meeting. ENA will review and facilitate this as best as possible.
- The Chair will ensure that the discussions remain focussed on the agenda and the Challenge Group will be expected to actively participate in these meeting and constructively contribute to the discussions.
- ENA will take the meeting minutes, ensuring that the key discussions are captured. ENA will share the meeting minutes within two weeks of the meeting date. The Challenge Group will have the opportunity to review and comment on them prior to them being published.

Transparency

- All agendas, accompanying materials, meeting minutes and the Challenge Log will be published on ENA's website.

Reviews

- ENA will facilitate a mid-year review with the Challenge Group to review progress made by the programme to ensure that it is delivering and implementing outcomes at pace.
- As this is a new group, ENA will undertake bi-annual reviews initially to review the effectiveness of the group in terms of collaboration and helping to bring in wider views from the industry.

Membership

ENA has setup this Challenge Group with around 21 non-network industry representatives through an open call for participation process in 2021. The full list of members can be found here.

ENA has limited the number of representatives per stakeholder group to ensure that we can facilitate the required discussions and engage appropriately via this forum. We believe that having a Challenge Group larger than this is likely to compromise the level of engagement and input that we are seeking. However, ENA will review any new requests for membership every 6 months in 2022 and annually from 2023 onwards to close any gaps. New membership requests can be sent in using the form here.