

# Wales & West Utilities Independent Stakeholder Group

## Terms of Reference (ToR) (DRAFT)

To: Wales & West Utilities (WWU)

From: Independent Stakeholder Group

### 1. Background

- Stakeholder engagement is a core element of RIIO and understanding stakeholder needs is at the heart of the way WWU runs its business.
- The ISG is there to be an 'informed critical challenger' and, where appropriate, to advise WWU on the needs of customers and stakeholders. WWU then proposes how it intends to meet those needs, with the ISG evaluating those proposals for the business plan and monitoring our ongoing performance.
- The ISG will operate cognisant of the changing regulatory, policy and economic context in which WWU operates, and in terms of existential influences such as the climate and biodiversity emergencies, pathways to Net Zero, and enduring cost of living crisis
- The purpose of this document is to provide guidance on roles, responsibilities, membership and governance of all the parties involved for WWU's ISG.

### 2. Objectives/Responsibilities of the ISG

This group needs to be independent from both WWU and Ofgem. This independence will offer a robust challenge to company proposals, and their views can help WWU and Ofgem to understand the extent to which the business plans reflect and will meet the needs of stakeholders. This includes collective interests such as ensuring safety, reducing carbon and air pollution, meeting the needs of vulnerable customers and delivering value for money.

For the purpose of the ISG, the word "stakeholder" includes the following current and future groups:

- Customers who have a relationship with WWU. This may be large or small businesses, domestic households and individuals and include gas users (demand) or gas/biogas producers (supply).
- Citizens, communities and society as a whole who are directly or indirectly affected by WWU's actions.
- The WWU Board and company employees.
- Regulators, e.g. Ofgem, HSE and the Environment Agency.
- UK and Welsh Governments.
- Other stakeholders that influence WWU – e.g. Trade Unions etc.
- other organisations that partner with WWU; for example local authorities or third-sector delivery partners.

The objectives of the ISG are as follows:

- a) Challenge and scrutiny on the Business Plan and its' ongoing delivery.

b) Act as a 'informed critical challenger' to WWU in the following ways:

- Challenge the company, within the bounds of its' regulated business and licence, to respond appropriately to strategic opportunities and challenges facing the sector, and business in general, across the region.
- Evaluate the robustness of WWU's stakeholder engagement ensuring it reflects the latest best practice.
- Evaluate WWU's approach to the customer bill and affordability assessment, including ISG highlighting where WWU finances will have an impact on consumers.
- Stretch and challenge the Company in ways that will push the boundaries described in the Business Plan to provide a better outcome for customers. For example, accelerate innovation, get ahead of external challenges, encourage sustainability and, where necessary, challenge company culture.
- Lead, in partnership with WWU, a series of workstreams designed to monitor progress and performance more efficiently and effectively, while offering advice where appropriate. The initial workstreams, each chaired by a member of the ISG, will be:

A: Asset, Investment & Safety, Business Evolution, Net Zero, Innovation, Connections, Diversion and Alterations.

B: Customer Value Proposition, Customer & Communities, Operational Environmental Impact.

C: IT, Data and Digitisation.

- Support the identification of new partnership, innovation and opportunities to the Company that would not normally be stimulated via business as usual, or by the Business Plan.

3. The ISG will not:

- a. Discuss or review financial topics such as cost of capital, treatment of debt, or the level of gearing in WWU.
- b. Discuss or review cyber security related topics.
- c. Have decision-making powers and will not jointly own the business plan WWU submits.

4. Chair / Deputy Chair duties:

- Appoint ISG members in liaison with WWU, striving to ensure the diversity and inclusivity of the Group to be representative of the communities served by WWU.
- Oversee governance arrangements.
- Effective operation of the group including liaising with WWU to shape the agenda.
- Facilitate the group meetings.
- Facilitate workstream meetings.
- Liaison with Ofgem and other ISG chairs.
- Liaison with the WWU Board.
- Ensure the independence of the ISG from WWU and Ofgem
- Ensure the performance of the ISG is assessed on an annual basis.

## 5. Member duties:

- All members are appointed as independents but, may, where members agree it is appropriate to do so, represent the views of an organisation.
- Members are responsible for preparing for each meeting including pre-reading information provided.
- Members must maintain confidentiality as per the non-disclosure agreements signed.
- Members are expected to participate at each meeting (and relevant tasks outside meetings), bringing their respective expertise, to provide feedback and challenge as laid out in the ISG objectives.
- Members must declare conflicts of interest before each meeting where they arise.
- Members are expected to attend the meetings in person or via media dial in. They cannot send substitutes.
- Members are expected to mirror the values of WWU.

## 6. Role of WWU

- Recruiting a Chair / Deputy Chair that acts in an independent capacity rather than representing an organisation or group of stakeholders with sufficient capacity to dedicate the time required for the role.
- Supporting the ISG Chair/Deputy Chair in recruiting new Members.
- Ensuring the ISG is appropriately resourced e.g. by providing the necessary secretariat support, training/induction for group members.
- Ensuring the ISG has access to relevant data including information on current and past performance, totex forecasts and out-turns performance (and reasons for the variation).
- Providing the ISG with access to comparative data from other network companies and other background data to inform the ISG's decision making.
- Providing timely access to staff and directors to enable the ISG to perform their role.
- Ensuring that there are appropriate opportunities for the ISG Chair to meet with the WWU board.
- Ensuring the business plans and other documentation are available with a reasonable amount of time for the effective functioning of the ISG.

## 7. Relationship with WWU

- a. The ISG will remain independent from WWU.
- b. WWU will be attending the meetings only when requested to and will provide further insight on each agenda item. WWU will not be present during their independent time, except for the appointed secretariat.
- c. ISG members will be invited to attend any relevant activities held by WWU, details of these events and activities will be shared in advance for members to express interest in attending.

## 8. Termination

Members may be removed from the group with immediate effect by the Chair as per section 8 of their contracts. Members may resign from their appointment by giving six months' notice in writing.

## 9. WWU Key Contacts

- Graham Edwards – Chief Executive
- Bethan Jones - Head of People & Engagement
- Elizabeth Warwick – Engagement & Insight Manager
- Tom Robinson – ISG secretariat