

Independent Stakeholder Group (ISG) Terms of Reference RIIO GD3 2026-31

September 2026



Security Classification: Public

Independent Stakeholder Group (ISG)

Terms of Reference RIIO GD3 2026-31

1. Purpose

The Independent Stakeholder Group (ISG) is mandated by Ofgem and provides independent challenge, scrutiny and assurance throughout RIIO-GD3.

The ISG ensures that the interests of consumers and stakeholders remain central to Wales & West Utilities' (WWU) planning, decision-making and delivery. It provides assurance to the Executive, Senior Leadership Team (SLT), and external stakeholders that customer and stakeholder priorities are appropriately reflected in the company's activities and that commitments are delivered in a manner which represents value for money and supports long-term outcomes.

The ISG operates independently of both WWU and Ofgem.

2. Role of the ISG

The ISG provides independent oversight of WWU's delivery of its RIIO-GD3 Business Plan and associated commitments.

In fulfilling this role, the Group will:

- Provide constructive challenge and independent scrutiny of WWU's performance and delivery.
- Assess the extent to which customer and stakeholder views are reflected in decisions and outcomes.
- Consider affordability, value for money and the long-term interests of consumers, particularly vulnerable consumers and those most in need.
- Identify emerging issues relevant to customers and stakeholders.
- Review matters of strategic significance to customers, including uncertainty mechanisms and price control reopeners where appropriate.



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- Engage with Ofgem, NESO, key stakeholders and other Independent Stakeholder Groups as necessary.

Report publicly on its assessment of WWU's performance and on the effectiveness of the Group. The ISG may consider issues relating to future price controls where these are relevant to the interests of consumers and the effective delivery of RIIO-GD3.

3. Vulnerability and Carbon Monoxide Initiatives

The ISG fulfils the role assigned to it under Ofgem's Gas Network Vulnerability and Carbon Monoxide Initiatives Governance Document.

In doing so, the ISG will:

- Review and challenge WWU's approach, priorities and delivery plans.
- Assess alignment between customer needs, stakeholder insight and delivery activity.
- Monitor transparency, independence and effective governance.
- Review evidence of impact, additionality, collaboration and value for money.
- Ensure conflicts of interest are appropriately managed.

The ISG will also oversee vulnerability and carbon monoxide activities delivered as business as usual and participate in national governance arrangements where required, including the National Steering Panel and associated vulnerability priorities.

4. Scope Exclusions

The ISG provides independent challenge and assurance. It does not exercise executive, SLT or decision-making authority and does not undertake activities which are the responsibility of the Executive or the Board.



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The ISG will not:

- Design or deliver WWU's stakeholder engagement programme.
- Exercise decision-making authority.
- Review detailed matters relating to financing structures, cost of capital or gearing.
- Scrutinise detailed cyber, IT or physical security matters.

Responsibility for decisions and delivery rests with the WWU Executive, SLT and Board.

5. Accountability and Conduct

Members provide independent and constructive challenge based on their experience and expertise.

Members act in the public interest and do not represent organisations or sectional interests. They are expected to declare and manage conflicts of interest and comply with WWU policies relating to confidentiality, privacy, data protection and anti-corruption.

The ISG operates in accordance with the Nolan Principles of Public Life¹:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

¹ <https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>



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6. Membership

The ISG comprises an independent Chair and between two and four members.

Collectively, members will possess a breadth of experience and expertise sufficient to enable the Group to discharge its responsibilities effectively.

Appointments are made through an open and transparent recruitment process.

Members act independently and in the interests of consumers and stakeholders rather than as representatives of particular organisations or interests.

Members are expected to declare and appropriately manage any actual or potential conflicts of interest.

7. Operation of the Group

The ISG meets every month, with additional meetings arranged when required.

Meetings may be held in person or via Teams.

The Chair will maintain appropriate engagement with Ofgem, NESO and other relevant bodies to support effective operation of the Group and to maintain awareness of wider regulatory and policy developments.

The ISG may request such information and evidence from WWU as it reasonably requires in order to fulfil its responsibilities.



8. Areas of Focus

The Group's work programme will reflect matters which are material to customers and stakeholders during RIIO-GD3.

These may include:

- Stakeholder engagement and transparency.
- Customer service and support for vulnerable consumers.
- Innovation and customer outcomes.
- Delivery of the transition to net zero.
- Safety, resilience and environmental sustainability.
- Operational performance and efficiency.
- Long-term value for money.

The ISG may amend its areas of focus during RIIO-GD3 in response to changing circumstances and emerging issues.

9. Transparency and Effectiveness

The ISG is independent of both WWU and Ofgem and will take all reasonable steps to maintain and demonstrate that independence.

The principal output of the Group is its Annual Report, which will provide:

- An assessment of WWU's performance.
- Commentary on Vulnerability and Carbon Monoxide Initiatives.
- Evidence of the challenge and influence provided by the Group.
- An assessment of the Group's own effectiveness.

The ISG will periodically review its effectiveness and may revise its effectiveness criteria to support continuous improvement.



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10. Relationship with Wales & West Utilities

Wales & West Utilities is responsible for appointing and remunerating the Chair and members and for providing appropriate secretariat support.

The Group will maintain regular engagement with senior management and will communicate its views and recommendations through established governance arrangements, including engagement with the Executive.

WWU will provide the Group with reasonable access to information, management and subject matter experts to enable it to discharge its responsibilities effectively.

These arrangements are intended to support the independence and effectiveness of the ISG and to ensure that it is able to provide robust challenge and assurance throughout RIIO-GD3.

