

## **Appendix 1: Changes made to the TOM Development Phase Governance Structure**

The proposed Development Phase Governance arrangements were published on the Ofgem website, alongside the Design Working Group (DWG) Preferred Target Operating Model (TOM) and Transition Approach Final Report.<sup>1</sup>

They were open for comment for a period of four weeks, during which we received four responses, which are published on our website.

On the whole the responses were supportive of the proposed governance arrangements, but we have updated the following sections following the responses and a further internal review:

### **Overall Governance for TOM Development Phase:**

- Second paragraph of summary. Removed references to re-opening the DWG if there was a major change required to the TOM.
- Figure 2. An interlinking arrow has been added between the AWG and the CCDG box to show that these two groups interact and co-ordinate.
- Paragraph 1.2. Clarified the difference between escalations to the SRO initiated by the working group and those initiated solely by the Ofgem TOM team.

### **Target Operating Model Development Principles:**

- Paragraph 1.2. Added a reference to the transition to Net Zero.
- Paragraph 2.1., 2.2., 2.5. and 2.6. Wording amended to clarify our intended meaning.
- Paragraph 2.10. Added references to changes to end customer experiences and to system changes outside settlement.

### **Updated Design Advisory Board Terms of Reference:**

- No changes.

### **Code Change and Development Group Terms of Reference:**

- Paragraph 5.3. Added to clarify the role of code administrators in the group.

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<sup>1</sup> This can be found on the Ofgem website, here: <https://www.ofgem.gov.uk/publications-and-updates/open-letter-dwg-final-report-and-proposed-new-governance-structure>

### **Architecture Working Group Terms of Reference:**

- No material changes.

### **Target Operating Model Design Principles:**

- No Changes

In addition, there were some points raised in the responses that we think have either already been addressed in the document, or did not fit within this framework. We have provided a response to these below.

- Some of the responses noted the concern that changes to the settlement system will impact on processes outside of settlement, in particular processes that will have an effect on consumers. Para 2.10 of the Development Principles requires that options should consider complexity in systems outside of the ones being developed as well as whether these changes would lead to changes in end consumer experiences. We expect the recommendations from the two industry groups will have considered these impacts.
- There is no mention of consumer impacts within Section 1.2 of the CCDG TOR's as this section specifically identifies the outstanding areas of the TOM that need more detailed design (as identified by the DWG). The TORs however, sit alongside the Development Principles, Design Principles and the overall MHHS project objectives, which include ensuring consumer impacts are considered.
- We have set a tight deadline (2 months) for the submission of the work plans for the new workgroups to ensure work on the development starts as soon as possible. If, as the result of updated information, changes need to be made to the work plan at a later date, Ofgem will review and re-approve plans as required.
- We have decided that the new workgroup members will not have alternates as we expect the work to progress quickly and work to be completed between meetings by group members. Therefore this makes it difficult for alternates to be fully involved and up to speed for the few meetings they may attend.
- Other suggestions we received will be taken into consideration as the work groups progress.