

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

This document sets out the Terms of Reference for the Design Advisory Board (DAB) to be used throughout the Target Operating Model (TOM) design work for mandatory half-hourly settlement (HHS).

### **1. Background**

- 1.1. The objective of the mandatory HHS project is to develop and then implement an enduring process for HHS that delivers benefits for consumers by maximising the opportunities smart metering provides in enabling a smart, flexible energy system.
- 1.2. To achieve this objective, the TOM design work will consider options, transition arrangements and define comprehensive settlement arrangements.
- 1.3. To assist Ofgem in arriving at a final TOM for mandatory HHS, a Design Working Group (DWG) will deliver TOM options and design recommendations to the Ofgem Senior Responsible Owner (SRO) for preliminary decision or final decision. The DWG will be chaired by ELEXON and draw on the relevant technical industry expertise of its members. The DWG will be the formal setting for the design work to develop the TOM and arrive at decisions on options to recommend to the SRO.
- 1.4. The DAB and the Ofgem TOM Board will provide advice to assist the SRO in making decisions on TOM design recommendations.

### **2. Objective of the DAB**

- 2.1. The objective of the DAB is provide expert advice to the SRO on TOM design recommendations by the DWG. The DAB will assess whether TOM design recommendations are consistent with the TOM strategic objectives and meet the requirements of the design principles set out in Appendix 2B.
- 2.2. In particular, the DAB's assessment should consider whether TOM design recommendations promote innovation and competition, facilitate a smart, flexible energy system, and reduce the barriers to entry into the energy market for new entrants.

### **3. Scope and deliverables of the DAB**

- 3.1. The DAB will review TOM design recommendations which have been developed by the DWG before they are taken to the SRO for decision. It may also provide expert advice and input on any other issues requested by the DWG or the Ofgem TOM Team to assist the development of TOM options and recommendations.

#### *Review of TOM design recommendations*

- 3.2. The Ofgem TOM Team will determine, in consultation with the DWG Chair, when to escalate a TOM design recommendation to the DAB for review.
- 3.3. If a TOM Design Recommendation has been escalated to the DAB for review, the Ofgem TOM Team will arrange for the DWG Chair to give a presentation to the DAB on the TOM design recommendation. Members of the DAB will also be provided with an explanatory paper which provides a detailed explanation and rationale of the TOM design recommendation.
- 3.4. The DAB will provide views and its recommendations, together with supporting evidence and rationale, so that this can be taken into account by the SRO. Views

and recommendations of the DAB will be prepared by the Chair of the DAB and be provided to the SRO in writing. The DAB will endeavour to provide consensus views and recommendations to the SRO. Where consensus cannot be reached, minority views, including reasons for these, will also be provided to the SRO.

#### *Provision of expert advice*

- 3.5. The DAB may also provide expert advice and input on issues requested by the DWG or the Ofgem TOM Team to assist the development of TOM options and recommendations. This will be done on an ad-hoc basis.
- 3.6. In performing its functions, the DAB will:
- Be provided with a forward work plan by the Chair;
  - Review and assess TOM design recommendations escalated by the Ofgem TOM Team and provide guidance and recommendations to the SRO on these design recommendations;
  - Review and provide guidance on design issues raised by the DWG or the Ofgem TOM Team when requested;
  - Identify and flag any risks, issues and dependencies that should be addressed by the DWG or Ofgem TOM Team;
  - Provide a strategic assessment of whether TOM design recommendations will assist in the objectives of mandatory HHS; and
  - Any assessment and advice provided by the DAB should be given in the context of the overall project objectives, the TOM design principles set out in Appendix 2B, Ofgem policy decisions and the Government objective of a smart, flexible energy system.
- 3.7. The minutes of the DAB will be recorded and published by Ofgem.

#### **4. Role of the Chair**

- 4.1. The DAB will be led by Ofgem ("the Chair").
- 4.2. The role of the Chair is to facilitate discussion, enable challenge and ensure the DAB provides robust and effective review of TOM design recommendations, and expert advice. In accordance with the DAB's Terms of Reference and the HHS governance and decision-making, the Chair will ensure advice and recommendations for aspects of the TOM design and the final TOM are delivered in a timely fashion and are in line with the project's design principles and Ofgem's project objectives.
- 4.3. The Chair will develop and maintain the work plan of the DAB and the delivery of the DAB's views and recommendations on TOM Design Recommendations and expert advice.

#### **5. Constitution of the DAB**

- 5.1. Ofgem will invite representatives to be members of the DAB and ensure there is appropriate representation to perform the tasks and achieve the objective of the DAB. The Ofgem Chair may also invite specific persons to participate in the DAB on an ad-hoc basis if there is a requirement for particular expertise.

- 5.2. The DAB is a senior level group. Members will have a diverse range of expertise and experience, and be able to provide insights on whether proposed TOM design recommendations would achieve Ofgem's objective of facilitating change in the energy system. Members should have a strategic understanding of the HHS project.
- 5.3. The DAB will be constituted of experts sourced from a wide range of stakeholder viewpoints to challenge TOM design recommendations and ensure they deliver arrangements which enable a smart, flexible energy system. Members will be named individuals and drawn from bodies such as suppliers, network operators, supplier agents, the Data Communications Company (DCC), consumer bodies, technical advisors and Government.

## **6. Meetings and frequency**

- 6.1. Meetings of the DAB will be chaired and facilitated by the Chair.
- 6.2. The DAB will typically meet every two to four months through Phase 1 and Phase 2 of the TOM design work. The forward work plan and time, date and location of meetings will be set and organised by the Chair.
- 6.3. Where necessary, the DAB will meet to consider issues as required by the Chair.

## **7. Rules of participation**

- 7.1. DAB members are expected to make all reasonable efforts to attend meetings and constructively contribute.
- 7.2. A named alternate for each member shall be identified to ensure meetings can take place where members are not able to attend. Alternates shall only attend when the member is not able to attend.
- 7.3. The Chair will have the discretion to invite interested parties on an ad-hoc basis to attend any meeting to aid in the business of the DAB and progression of any deliverables.
- 7.4. For the avoidance of doubt, any discussions in meetings and views expressed or implied in such discussions, or in associated documents, are without prejudice to, and shall not limit the discretion of Ofgem with regard to its final decisions. Equally, views expressed by members/attendees will not be treated as representative of organisations they are employed by or otherwise affiliated with.
- 7.5. The Chair can revoke the membership of a DAB member if they:
- fail to constructively contribute to the HHS design work; or
  - there are circumstances that, in the view of the Chair, mean that the continued participation of members would be to the detriment of the achievement of the objective of the design work. If members consider that such circumstances exist, it is their responsibility to bring the matter to the attention of the Chair.
- 7.6. It is the responsibility of the members to ensure compliance with competition law while participating within the DAB.

## **8. Administration**

- 8.1. Ofgem will chair the DAB and provide secretariat functions.
- 8.2. Ofgem will provide agendas and papers at least 5 working days in advance of each meeting and summarise key decisions and actions within 10 working days of each meeting.
- 8.3. The schedule of meetings, agendas and accompanying papers and minutes will be published in a timely manner on the Ofgem website.
- 8.4. Meetings will be held at Ofgem's office in London unless otherwise notified.

## **9. Review**

- 9.1. Ofgem may review and update the Terms of Reference, membership and operation of the DAB at any time. This is to ensure they remain appropriate for the requirements of the mandatory HHS project. Ofgem will consult with the DAB prior to making any changes.