



INDEPENDENT STAKEHOLDER GROUP

Terms of Reference

September 2025

CONTENTS

About Us	3
<hr/>	
Purpose	3
Scope	3
Membership	5
• Composition	5
• Appointment	6
• Independence	6
Responsibilities	7
• Chair Responsibilities	7
• Member Responsibilities	7
• Secretariat	8
Remuneration	8
Working Principles	8
• Meetings	8
• Resources	9
• Reporting	9
Transparency	9
Amendment, modification or termination	10

About Us

SSEN are the electricity Distribution Network Operator (DNO) responsible for delivering power to 3.9 million homes and businesses across central southern England and the north of Scotland. Their network serves some of the UK's most remote and densely populated communities, covering 72 local authority areas and 75,000km of extremely diverse terrain. We are in a transformative time for the UK's energy sector, and SSEN have committed to an ambitious work programme that will deliver real and valued benefits during and beyond RIIO-ED2. This is expected to continue into ED3 and beyond.

These terms of reference set out the arrangements that underpin the governance of the SSEND Independent Stakeholder Group (ISG).

Purpose

Acting independently, the purpose of the ISG is:

- So far as possible, to act in the interests of stakeholders and customers by independently scrutinising, critically questioning, raising issues and reviewing recommendations on key decisions, including ED3 business planning.
- To discuss and provide strategic input to long term priorities and emerging issues, in conjunction with the business, ensuring a seamless transition into ED3.
- To continuously scrutinise how effectively stakeholder and customer engagement has influenced business decisions, plans, and priorities including the extent to which SSEN Distribution can evidence how stakeholder input has shaped its ED3 business plan and ongoing operations.
- As required, respond to requests from Ofgem regarding the work of the group.
- Encourage a culture of continuous engagement with stakeholders.

Scope

The scope of the ISG's work is to provide independent challenge and scrutiny to SSEN Distribution in relation to the development of its ED3 business plan by assessing how effectively SSEN Distribution's business plan addresses key consumer and stakeholder concerns

In delivering its work, the Group will consider:

- the sharing of best practice and learnings from other sectors and organisations
- the extent to which customer and stakeholder engagement is embedded within the organisation, testing decision tree links with the Board, Executive Committee and Senior leaders
- the quality of customer and stakeholder engagement methods that has been used to ensure customers views are properly represented and taken into consideration, including identifying gaps in representation.
- the range of scenarios SSEN has considered to anticipate future requirements and its approach to managing uncertainty and associated risks so that the business plan remains robust in the face of unforeseen changes
- the extent to which SSEN has assessed different investment choices, including taking into account local regional issues, vulnerable customers, transition to net zero and competing interests and perspectives
- new emerging strategic issues impacting consumers
- evolving societal issues affecting economic and energy factors
- The requirements set out in relevant Ofgem guidance documents.

The Group will also:

- Support a culture of engagement by assessing how SSEN incorporates stakeholder input into its decision-making and identifying opportunities for improvement.
- Provide insight and feedback to SSEN to help shape decisions early in the business plan development process.
- Respond to Ofgem's Call for Evidence, providing independent input on the completeness and ambition of SSEN Distribution's final ED3 business plan submission.
- Monitor progress against the commitments set out in the RIIO-ED2 business plan, specifically where these will impact ED3 planning.
- Monitor progress against the commitments set out in the ED3 business plan.
- Work with, and take account of, the opinions and outcomes from the SSEND Inclusive Service Panel and DSO Advisory Board

The following topics for the ISG will be out of scope:

- In-depth scrutiny and challenge of day-to-day performance that is monitored by Ofgem and is over and above knowledge awareness
- Scope managed by the Inclusive Service Panel (ISP), DSO Advisory Board or any other external customer groups identified during the routine Terms of Reference review process.
- Activities of SSE plc, unless there are direct impacts on ED3.

- The ISG are not expected to discuss or review specific financial topics, such as the cost of capital, treatment of debt or the level of gearing in the company. Equally, they are not expected to undertake cost assessment or benchmarking. SSEN Distribution will provide sufficient financial, and other information to the ISG to enable them to understand the overall company risk and reward package proposed in the business plan, including how efficiency and value for money is being demonstrated.
- The ISGs are not expected to scrutinise matters of cyber Information Technology (IT), cyber Operational Technology (OT) or physical security upgrade plans (where relevant) with the company as these may involve sensitive information that it may not be appropriate to share with external parties.
- The ISG does not have decision-making powers nor does it jointly 'own' the business plan that the company submits. The ownership of the business plan sits entirely with the SSEN Distribution.

The ISG will provide scrutiny and feedback throughout the full ED3 price control period, not only during business plan development. This includes monitoring how SSEN continues to engage with stakeholders and customers, and how ongoing engagement activity influences decisions, delivery and outcomes.

The ISG will operate in accordance with Ofgem's RIIO-3 Business Plan Guidance and the ED3 ISG guidance set out in the Sector Specific Methodology Consultation (SSMC). The Group will review its approach and activities as necessary to reflect any updates to Ofgem's expectations.

Membership

Composition

- The Independent Stakeholder Group shall comprise the Chair and membership of approximately seven people to be agreed by the Managing Director of SSEN Distribution and the Chair.
- The Chair will appoint a Vice Chair. The Vice Chair appointment will be reviewed on an annual basis. If the current Vice Chair steps down from the role, they will resume their role as a Member. The Vice Chair duties and responsibilities will not be substantively different from those of Members, albeit, they may be required to support the Chair in business and/or Ofgem engagements and may substitute for the Chair, assuming the responsibilities of the Chair at such times.
- At the Chair's discretion, other organisations or individuals can be invited to attend meetings as observers. Observers can participate in discussions but are not members of the Group. Observers can be asked to leave the meeting during periods when the information being discussed is of a sensitive or confidential nature.

- The quorum necessary is a minimum of four members including the Chair or Vice Chair. Members not in attendance will be sent the agenda and pre-read materials so that they can input online, and will be provided with the minutes, and it will be their responsibility to ensure they are fully up to date at all times and that any input is timely in line with the schedule outlined by the Chair. In the unlikely event that the Chair is unable to attend a meeting the Vice Chair will be the chairperson for the meeting.
- The Chair will be responsible for ensuring that the group has sufficient collective expertise, diversity, and sectoral and regulatory experience to act in the interests of stakeholders and customers and perform its role. The Group is likely to require expertise and experience in the following areas:
 - Consumer advocacy including how the needs of consumers in vulnerable situations can be met
 - Consumer policy and economic regulation, including outcome-based incentives and performance monitoring of targets and commitments.
 - Leadership role in a network business, operating under a regulatory framework.
 - Environmental sustainability and decarbonisation and the application in a business context
 - Local/Regional policy, planning and decision making
 - Asset Management
 - Smart systems design and deployment, and community renewables
 - Evaluation of efficiency benefits

Appointment

The Independent Stakeholder Group shall be appointed by the Managing Director of SSEN in consultation with the Chair.

Members of the Group shall be agreed with the Managing Director of SSEN Distribution, Director of Corporate Affairs and the ISG Chair. Membership will be based on ensuring the group has the necessary span of knowledge and experience listed in the “Composition” section above.

Recruitment will be supported by an open recruitment process. To satisfy the experience and knowledge required, and where appropriate, the Chair and the Members may be appointed (and if applicable, reappointed) using a direct appointment process. All the standard approval processes and procedures will apply before an appointment is made.

Contracts will be fixed term contracts lasting no more than five years. The contract period may be extended by agreement with the member, Chair and Managing Director of SSEN Distribution, as appropriate. No Chair or Member may serve for more than two Business Plan terms. A review of the membership and Terms of Reference will be undertaken approximately halfway through a price control period to ensure appropriate knowledge is available to support the next term business planning needs and the requirements of the Regulator are reflected, as required.

Independence

Neither the Chair nor any Member shall be deemed to be independent if he/she:

- Is currently an employee of SSEN or paid by SSEN for any other role
- Has within the last five years been an employee of SSEN
- Has, or has had within the last three years, a material business relationship with SSEN
- Has significant links with senior employees at SSEN through involvement in commercial companies or entities
- Has served on the Independent Stakeholder Group, or predecessor groups for more than the allowed period of appointment.

Responsibilities

Chair Responsibilities

The Chair shall:

- Lead the Independent Stakeholder Group, ensuring its effectiveness in all aspects of its purpose and role
- Communicate with the Managing Director of Distribution and where appropriate the Board on a regular basis
- Make the purpose of each meeting clear to members in attendance and explain the agenda at the beginning of each meeting
- Clarify and summarise key points throughout the meeting, tracking feedback from the group to SSEN and actions taken
- Encourage broad and equitable participation from members in discussions
- Close each meeting with a summary of decisions reached and agree actions
- Ensure the group engages in topics that support purpose of the group to enable meaningful discussion
- Support members' continuous development of knowledge and experience to bring value to fulfilling the Group's purposes
- Work collaboratively with the chair of the Inclusive Service Panel and DSO Advisory Board to ensure mutually beneficial ways of sharing and discussing insights and learnings
- Liaise as appropriate with the Chairs of other DNO ISGs.

Member Responsibilities

Individual members shall:

- Understand and take an active leadership role in the development and delivery of the strategic aims and purposes of the Group
- Work together as a team to support the collective efforts of the Group and the wider organisation being aligned to ensuring SSEN Distribution robust performance in line with the ED2 business plan delivery and ED3 business plan development
- Prepare fully for each scheduled meeting including considering papers and raising any issues in advance of the meeting with the Group's Secretariat and/ or the Chair
- Actively participate in meetings, review of minutes, conclusion of actions and other documents
- Support open discussion and debate and encourage fellow members to voice their insights and opinions
- Contribute to any collective ISG submissions or statements to Ofgem, providing insight and evidence on how SSEN has engaged with stakeholders and acted on feedback.

Secretariat Responsibilities

The secretariat shall:

- Convene each meeting at the request of the Chair. Notice of meetings shall confirm the venue, time and date and specify agenda items to be discussed and attach all supporting papers, which will be circulated at least five working days in advance
- Minute the proceedings, resolutions, actions and challenges of all meetings and recording of all present
- Distribute minutes of all meetings promptly to the Chair for approval and once agreed, to all members of the Group
- Distribute actions and challenges to the relevant senior staff within SSEN Distribution and follow up with colleagues to ensure timely reporting of progress to the Group
- Manage the Independent Stakeholder Group dedicated webpage on the company's website and the internal SharePoint site

Remuneration

The Chair and members will be remunerated at an appropriate rate and will be able to reclaim reasonable travel expenses. All reasonable expense claims must be submitted to the secretary within one month of being incurred.

Working Principles

Meetings

In planning the agendas for each meeting, the Director of Corporate Affairs, Head of Stakeholder Engagement and the Chair will agree topics and subjects for discussion. These items will feed into the meeting schedule for the forward year, ensuring the most salient issues receive priority. The Chair, in turn, will set the agenda alongside the Secretariat.

Meeting frequency will vary through the five-year business cycle to reflect the degree of input required from the Group. It is anticipated that meetings will be held at least quarterly. Meetings may be held more regularly but not more frequently than monthly. Each meeting will usually be 1 day's duration however, where site visits are planned, this may lengthen to 2 consecutive days.

Members time commitment is not expected to exceed 20 days per annum. Where additional time is required in any one-year period, the additions will be agreed with members. Remuneration will be updated to reflect additional time commitment

Attendance at the meetings will be a mixture of face to face at our Reading and Perth offices, and virtual.

Resources

The Group will have access to timely, detailed, high-quality information, including customer and stakeholder research and engagement and specialist advice on regulatory and Operational issues, such as is needed to perform its Role effectively. SSEN Distribution will ensure that arrangements are in place for sharing confidential and/or commercially sensitive information with the Group.

Reporting

The Chair, with the support of members and the Secretariat, will prepare an annual report that is reviewed by the Managing Director and Director of Corporate Affairs ahead of publishing it on the SSEN Distribution website. The annual report should be delivered in line with the SSEPD Board session, but no later than September of each year. The purpose of the report is:

- to provide a summary to the SSEPD Board and SSEN Distribution leaders of the issues considered, and the advice given, which in turn helps to support further scrutiny and accountability.
- to be open about the work of the Group for the benefit of customers and stakeholders as well as to outline the pertinent issues and decisions taken.

The Group will publish a summary note of each meeting (with any confidential and/or commercially sensitive information redacted) as soon as practicably possible after the meeting on the Independent Stakeholder Group website page. In addition, any reports the Group prepares will be published here.

As part of its business plan submission, the ISG should provide a statement, written and signed by the independent ISG Chair, confirming the following, as a minimum:

- That an ISG has been established by the company with clear terms of reference, governance and membership in accordance with this Business Plan Guidance and that the ISG has been fully engaged in the development of the company's business plan.
- That the company has provided the ISG with information and evidence that has enabled the ISG to monitor how consumers and stakeholders have been engaged and how this engagement has affected the development of the ED3 business plan.

The Group shall be responsible for periodic reviews of its own performance and will, at least annually with the Managing Director and Director of Corporate Affairs, review these against the Terms of Reference to ensure it is operating at maximum effectiveness.

The ISG outputs will include:

- Supporting SSEN Distribution in commissioning good research and stakeholder engagement to inform the business plans;
- A log of recommendations to SSEN Distribution
- An annual programme of work, including details of actions and attached timescales; and
- An end of year report on delivery against the annual work programme.

Transparency

To aid greater transparency, these Terms of Reference and all associated governance documents will be published on the SSEN ISG webpage, hosted within the SSEN site.

A profile of the ISG Chair and Members will be made publicly available.

Dates of past, and future, sessions will be made available on the ISG webpage, as will appropriately redacted minutes of each ISG meeting once approved by the ISG.

Amendment, Modification or Termination

The Terms of Reference will be reviewed by the Group at least once every three years and at such times as Ofgem publish any related guidance. The Terms of Reference can be amended, varied or modified in writing after consultation with the Managing Director of SSEN Distribution and by agreement with members of the Group.

DRAFT