

**DSO Panel Meeting – 20 January 2025 – Summary Minutes**

<b>In Attendance:</b>	<b>Regina Finn (Chair)</b>
<b>Panel Members</b>	<b>Doug Cook</b>
	<b>Janine Michael</b>
	<b>Nina Skorupska</b>
<b>DSO Staff</b>	<b>Cathy McClay, Managing Director, DSO</b>
	<b>Ben Godfrey, Director, DSO</b>
	<b>Hayley Burden, Head of DSO Strategy, Regulation and Governance</b>
	<b>Helen Sawdon, Head of DSO Operations</b>
	<b>Oliver Spink, Head of System Planning</b>
	<b>David Tuffery, Head of System Models and Data</b>
	<b>Louise Schmitz, Senior Regulatory Manager</b>
	<b>Adam Curtis, DSO Panel Manager (Secretariat)</b>

**1. Welcome and Agenda**

The Chair opened the meeting and thanked the DSO for the comprehensive materials shared.

**2. Update on Recruitment**

Cathy provided an overview of the DSO senior structure, highlighting the appointment of Helen Sawdon as permanent Head of DSO Operations and the imminent departure of two department heads to pursue career opportunities, and one on six-month paternity leave. The Panel wished them well with the future.

The Panel discussed the projected growth of headcount and challenged the DSO on whether it had a robust strategy for recruitment. It identified its main sources of intake and asked that this was mapped in the context of industry-wide pressures inclusive of potential pinch points and presented at the next meeting.

**Action: Cathy McClay to draft and present a Recruitment and wider HR Strategy to the DSO Panel.**

**Summary**

The Chair summarised that the Panel was concerned about the sector-wide recruitment ecosystem, and that it was important for the DSO to understand to have a strategic approach to workforce planning, understanding the skills and expertise it needs, where those skills exist, how it can foster and attract new joiners and build an employee value proposition that ensures it can attract and retain the colleagues it needs in a competitive market.

**3. DSO KPIs**

Ben outlined that the Panel had provided feedback on the DSO KPIs (as had other stakeholders) and the team had taken on board that feedback. While initial KPIs were largely input drive the DSO was now seeking to move to more outcome focussed KPIs with a particular focus on consumer outcomes. The updated KPIs had been mapped against the NGED strategic pillars and included the Ofgem incentive Stakeholder feedback score.

In discussing the stakeholder feedback score, the Panel expressed some concerns that this incentive might not be driving behaviours that delivered the best outcomes for consumers.

The Panel discussed whether causal KPIs linked to defined positive outcomes and impact on customer bills ahead of ED3 should be explored. Hayley highlighted that there was an ongoing piece of work to explore wider DSO benefits, and that this would inform that and be embedded into the Ofgem submission.

The Panel discussed the Q3 KPIs for publication and challenged the DSO on some of the presented figures. It recognised that there were positive stories within the statistics which could be better highlighted to stakeholders through narrative.

The updated internal KPIs for 2025/26 were presented for challenge and feedback. The Panel asked that carbon impact comparisons were circulated, and urged the DSO to consider reputational benefits to publicising positive figures for customers more prominently.

The Panel commented on the presented statistics and challenged the DSO on utilisation targets. It was highlighted that the processes sitting behind the figures were outlined in the Operational Decision-Making Framework published on 15 January.

#### Summary

The Panel reiterated its support for KPI's and measurable performance and welcomed all the work the DSO team had done so far as well as their transparency in publishing their KPIs even at this early stage. In the context of the significant scale of change across the sector, NG DSO was encouraged to use its experience and learning to contribute to the development of policy, regulation and delivery including RESPs, ED3 and CP30.

## 4. DSO Activities and Progress

### Market Gateway

Helen informed the Panel that the results of the Flex Tender were being published during the meeting. She highlighted the growth since the previous year, with an increase in competitive bids below the ceiling price. In response to questions from the Panel, Helen agreed to add previous year comparisons to the Market Insights Report and circulate to the Panel once available.

Turn up and Turndown zones would be trialled in the Summer, with the main benefit of them being carbon savings. Ben highlighted that a less conservative approach to this had potential to push demand into the right place and unlock more onto the network. The Panel recognised the reputational benefits of turnup.

### DFES

Oli presented the latest figures to the Panel which were due to be published on Wednesday. He highlighted the work undertaken by the DSO in Lincolnshire regarding Electric Farm Equipment.

The 2024 DFES was the first produced using the new pathways approach, and there was an expectation that the ED3 business plan would align with the transitional DFES due in 2026. The Panel was taken through the 2024 DFES estimates mapped against the 2023 DSO Best View on EV, Heat Pump and Generation and Storage take-up.

The Panel recognised that the DSO Best View was most closely aligned to the 2024 DFES Counterfactual and discussed the implications of not being able to meet the DFES minimum scenario. It suggested that the DSO frequently updated the NGED Leadership on this risk, and to consider how it was communicating this with Government and Ofgem on the challenges to inform their future

strategies.

### Summary

The Chair summarised that there was a clear concern that the DFES estimates would be unachievable and repeated the suggestion that DSO make use of Panel members to support the conversations which will likely be needed to shape the future.

## 5. Stakeholder Engagement Survey and Strategic Engagement

Hayley explained that the DSO had targeted a subset of 90 stakeholders to conduct a mid-year survey through telephone interviews to better understand their views. The survey also included the Ofgem questions to provide a direct comparison to the 2024 incentive scoring as part of a drive to score above the deadband.

The exercise had exposed a lack of clarity around which organisation was responsible for each aspect of the energy sector across the region (DNO -v- DSO; NG Transmission -v- Distribution). Actions were in place to address this ahead of the formal survey in April and these were outlined to the Panel.

It was highlighted that some negative responses had been driven by issues that were not the DSO's function (e.g. connections). Ofgem had agreed that DSOs could request that up to five survey respondents are discounted for not being relevant to the DSO. The Panel observed that the mid-year survey findings and suggested this would not be enough and challenged the DSO on whether it was in contact with Ofgem to explain how the survey scoring may not be incentivising the right behaviour.

It was considered whether the role of DSO was fully understood throughout the industry in general. The Panel felt that NG DSO's approach as a functionally separate directorate within NGED and National Grid Group had set itself up for long-term success, but simultaneously contributed to stakeholder confusion in the short term. The Panel asked that this was set out in greater clarity at the next DSO Stakeholder event.

**Action: Hayley Burden to include reminder of DSO-DNO roles within Stakeholder Event Content.**

The Panel received an overview of the next DSO Stakeholder Event and discussed potential topics for inclusion. The Panel asked that the session was more interactive for attendees to improve engagement and it include other DSO representatives to foster a culture of transparency, openness and collaboration that would be critical to a successful delivery of a transformed energy network.

**Action: Hayley Burden to include other DSO representatives on the circulation list for the DSO Stakeholder Event.**

### Summary

The Panel welcomed the update on progress and reiterated its offer to provide support and guidance on the submission.

## 6. Update on Governance and Assurance

Hayley provided an update on the progress made on Governance and Assurance since the previous meeting in October.

A Functional Separation programme and monthly Steering Group had been created to drive forward progress on key governance initiatives, including the full policy suite and updated assurance process. The timeline of outputs was shared with the Panel.

The plan for assurance was outlined, which would see the NGED Risk team undertaken an assurance review of the Planning and Network Development Process. This would then inform and build towards a full external assurance piece in 2026. The Panel was reminded that it retained oversight of the scope for an external audit within its Terms of Reference.

**Action: Adam Curtis to circulate the Terms of Reference for the assurance piece with Panel members.**

The Panel discussed how DSOs across the industry presented to external stakeholders and challenged the DSO to consider a Target Operating Model approach in addition to existing documentation. It was confirmed a document to outline this was being developed.

## 7. ED3 and DSO Strategy

Cathy provided the Panel with an overview of NGED's response to the ED3 open letter and the wider long-term strategy of the organisation. The view of NGED was that Functional Separation of the DSO remained the best approach for all parties involved, and that this would extend to having a DSO-specific strategy. It recognised that the energy market could and would evolve over the coming years, and discussed how the DSO could add value throughout. The Panel offered feedback on the initial thinking.

The Panel discussed the wider branding of DSO and the need to identify clearly the value it can add – to energy networks but critically to consumers, recommending that the DSO increases its publication of evidence with a focus on end-user impact.

**Action: Cathy McClay to include branding as part of the wider DSO HR Strategy to embed a shared culture throughout the staffing team.**

**Action: SLT to explore wider publication of evidence going forward.**

### Summary

The Chair summarised that the Panel had a frank discussion on potential approaches for the DSO to take and thanked the DSO for its openness and engagement throughout the item. The Panel would like to see the DSO leveraging its skills and expertise to support the development of policy, regulatory and delivery approaches that would support the ambition of CP30 and Net Zero.

## 8. Consolidate and Formal Meeting Close

The Chair thanked the DSO team for its responsiveness to the Panel's challenges. The significant progress made on Governance over a short period of time was specifically welcomed.

An outline forward plan of activity was shared for the year, with more to be discussed and final dates confirmed following the meeting. At the next meeting, the Panel requested that it received an update on progress with the strategy following the previous discussion, and how ED3 direction will challenge current approaches.

The Chair updated the Panel that she had presented the Independent DSO Panel report to the NGED Board on 13 January, where she updated them on the work of the DSO Panel in its first nine months of operation. It was agreed that the report should be published on the website in an appropriate format and shared with Ofgem.

### 9. Next meeting

The DSO Panel discussed potential items for discussion, while acknowledging these were subject to change based on progress and pressures. It asked that the DSO Strategy and ED3 Direction were revisited at the next meeting. A draft forward plan for the year would be circulated for comment and review.

**Action: Adam Curtis to circulate draft forward plan to Panel Members following discussion with the Chair.**

### 10. System Models and Data: Deep Dive

The DSO Panel received an overview of the DSOs System Models and Data team. It challenged the DSO on whether it accounted for extreme weather on models and assets. It further highlighted the DSO-DNO relationship and whether value added back to the wider organisation was quantified.

### 11. Panel Members Closed Session

The DSO Panel members held a private session with no DSO representation to discuss matters of interest.

The meeting ended at 16:35