

Draft ON Governance Product

General Background to Governance

Governance of materials is generally driven by a desire for a group of parties to abide by a set of rules or working practices to mutual benefit on an enduring basis. This introduces a need to administer and maintain these rules or working practices on an enduring basis to ensure that they remain fit for purpose, relevant and appropriate to abide by.

Participants

Participants in governance are generally parties that are bound by the products that are under governance as they are the parties that are materially affected by change or agreed products. Membership of governance generally comes with an obligation to abide by the products under governance. This can be done by:

- regulation (e.g. Codes and legally binding subsidiary documents/standards within Codes) where participants are generally bound by multi-party Codes underpinned by regulation (generally with licence conditions to be parties to Codes) and subject to approval/appeal to Ofgem
- industry self-regulation where a set of participants agree to abide by products (e.g. Codes of Practice, non-regulated standards, User Guides) and establish their own governance to monitor compliance and manage change

Ownership & Decision-Making

Decision-Making Body

There must be a body in place that has ultimate ownership of any product under governance. Usually this is a group convened under a defined membership with defined voting rights that results in binding decisions on change to existing products or agreement to placing a new product under governance.

Generally that body is constituted of representatives of the bodies responsible for operating working practices and there are a number of examples of typical Terms of References for decision-making bodies.

There may be external parties who are affected by the products under governance but without direct operational responsibilities within working practices and these parties can be included in governance processes to provide their input on external impact. This can be via input and stakeholder engagement (e.g. through User Groups/Focus Groups/Advisory Groups) and potentially be part of decision-making, generally with a minority vote.

Decision-Making Criteria

Generally there are well defined criteria against which a decision can be made in assessing change, e.g. a set of objectives such as those set out in the BSC or SEC.

Change Management

There should be well defined change management processes defined including the definition of:

- Who can raise change? (*equivalent of User for D code*)
 - Can this be anyone? Can it be members/affected parties only? Should change be directed through a trade body?
 - Should there be a group to assess and moderate change before it is raised?
- What steps change needs to go through to be assessed?

- What steps for analysis/reporting
- Estimated time, cost and resource to assess
- What consultations/stakeholder engagement in assessing change (e.g. open consultation, User Group/focus group)
- Does a working group/technical group need to be formed to assess change? Who is in it?
- What objectives will change be assessed against, including:
 - Qualitative objectives
 - Quantitative cost benefit analysis
- Which body makes the decision on the change and how (see above)
- Is there an appeals process?

Scope of Products under Governance

A clear definition of the products and scope under governance is required – this is generally through an inventory/library of products or similar.

There needs to be robust configuration management of all products.

The level of confidentiality and transparency of each of the products under governance should be considered. The principle of Open Data should be adopted and products should only be restricted if there are Data Triage reasons to withhold publication.

How This Relates to Open Networks

We have a number of products delivered under Open Networks that set working practices or rules that are of mutual benefit to network operators, therefore there is a need to administer and maintain these products on an enduring basis to ensure that they remain fit for purpose, relevant and appropriate to abide by.

Current Open Networks Development Governance

We have an established governance within the Open Networks Project for the development of mutually beneficial products with development within Product Teams working within Workstreams which are then taken to the Open Networks Steering Group for approval. This is represented in Appendix A.

The arrangements work well and approval of products has been by consensus and unanimous to date.

Open Networks Operational Governance

We are effectively using the development governance structure and processes for the maintenance of existing products where we identify new versions (e.g. the common contract, WS1A P4) or we have updated data in our current products (e.g. DSO Implementation Plan and Conflicts of Interest/Unintended Consequences Risk Register).

We have now identified the need to formalise operational governance processes for some of our products and this need will continue over time.

We expect that we will establish these governance processes within Open Networks Project governance in the short term, but that in the long-term we will need to establish operational governance arrangements within the ENA, either as an improvement to project-driven governance or to cater for the situation where the Open Networks Project is no longer in place.

The Immediate Need

- A. Set up User Forum for deliver changes for 2021 products
 - WS1A P1 this needs to be setup and ready to kick off in June to deliver V2 of the CEM.
 - WS4 P1 a user forum has not been identified as the mechanism for delivering V2 of the Whole System CBA model but can be considered. If this is needed, this would also need to be kicked off in June.

The Future Need

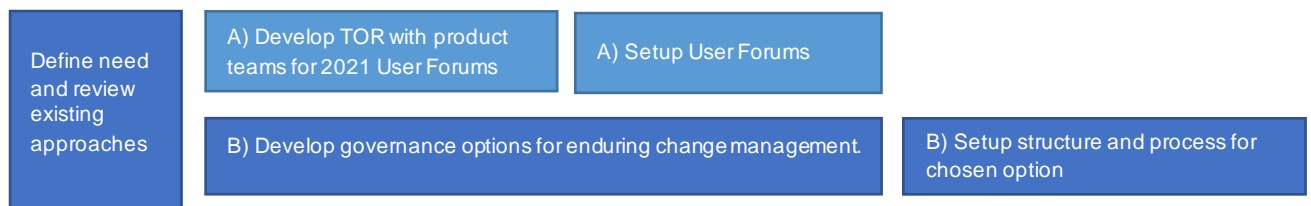
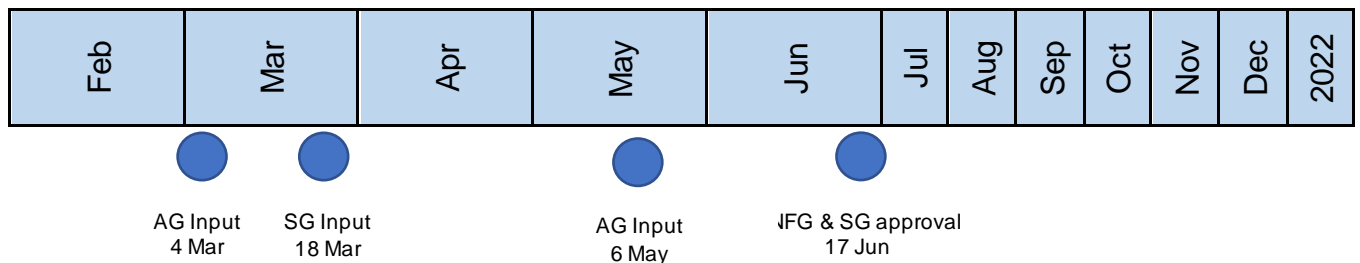
- B. Develop approach for enduring (for later years, including future years where ON governance does not exist) change control for updating key (or all?) ON deliverables. The proposal needs to be finalised in June.

We need to be clear on the scope qualifying products/deliverables:

- Is it all published deliverables for ON in previous years?
- Is it only an agreed set of deliverables (e.g. *qualifying product deliverables*?).

Our approach to develop this product

We can take a phased approach to developing enduring options for change control and open governance.



Approach for 2021 User Forums

For 2021, we are assuming that the decision-making body for Open Networks products will remain the Open Networks Steering Group.

We recognise the need for enhanced stakeholder input and governance arrangements to WS1A P1 and this product has been defined in the 2021 PID.

There are options on how we get stakeholder input:

- a) Use the existing Advisory Group – too intermittent and not focused enough on input to this specific product; expertise too general
- b) Formulate a new User Group with more explicit ToRs to focus on WS1A P1 and to call on the best set of external experts to provide expert input.

At this point, we believe that option b) will deliver the best outcome for the product and this is what is being progressed by the Product Team.

WS1A P1 need to propose how this fits into our governance – does the product team become the user group and therefore feed in to the Workstream 1A deliberations on what it proposes for approval to the Steering Group? [in this case, the User Group would sit under the workstream alongside the dependencies in Appendix A]

We need to propose and agree the ToR:

- Develop TOR
 - Clarify aims – what are we seeking to achieve from this group (as pre PID)
 - Define deliverables and outcomes
 - Identify stakeholder groups
 - Ways of working
 - Who is leading this group and taking ownership of outcomes?
 - Is consultancy support needed?
 - how often do they meet?
 - What input is required from them?
- Host webinar to engage people to support user group.
- Set up group and kick off work.

Approach for enduring governance options

- Identify options for governance
- Seek SG input on principles and questions below on 18th March. [this may be too early]
- Bring final options to SG for decision on 17th June.
- Set up from Jun – Dec, ready for 2022. It may be that the SG agree to the same approach as 2021 for 2022 and enduring options apply from 2023 and onwards when ON may not exist.

For as long as the Open Networks Project and the Open Networks Steering Group is in place, this is the logical place for decision-making to sit. It reports into ENFG, which is the most appropriate place in ENA governance.

Once the Open Networks Project subsides or the Open Networks Steering Group is no longer in place, then there will be a need for a new Decision-Making Body.

[options...]

We would propose that this continues to report into ENFG and that a new DSO/Open Networks Panel is established to maintain products.

There will need to be a managed transition into any new body and we would not want to have the Steering Group and any new panel operating in parallel as this would cause confusion.

All of the constituent elements of governance defined in the introduction will need to be defined for the enduring arrangements, which Terms of Reference for all constituted groups, any associated User Groups put in place and a set of technical committees to support change [which will probably broadly align to the workstream areas as now]

Notes on enduring Working Groups:

- Setting up working group
 - One rep from all DNOS/ESO/TO?
 - Which external groups should be added? Do we need to use existing Advisory Group panel? When ON is not active, do we need to setup a new panel with a similar role?

Relevant Reference Material

http://www.dcode.org.uk/assets/files/DCRP%20constitution%20and%20rules/The_Constitution_and_Rules_of_the_DCRP_of_GB_version_8_01042019.pdf

<https://www.elexon.co.uk/documents/bsc-codes/bsc-sections/bsc-section-f-modification-procedures/>

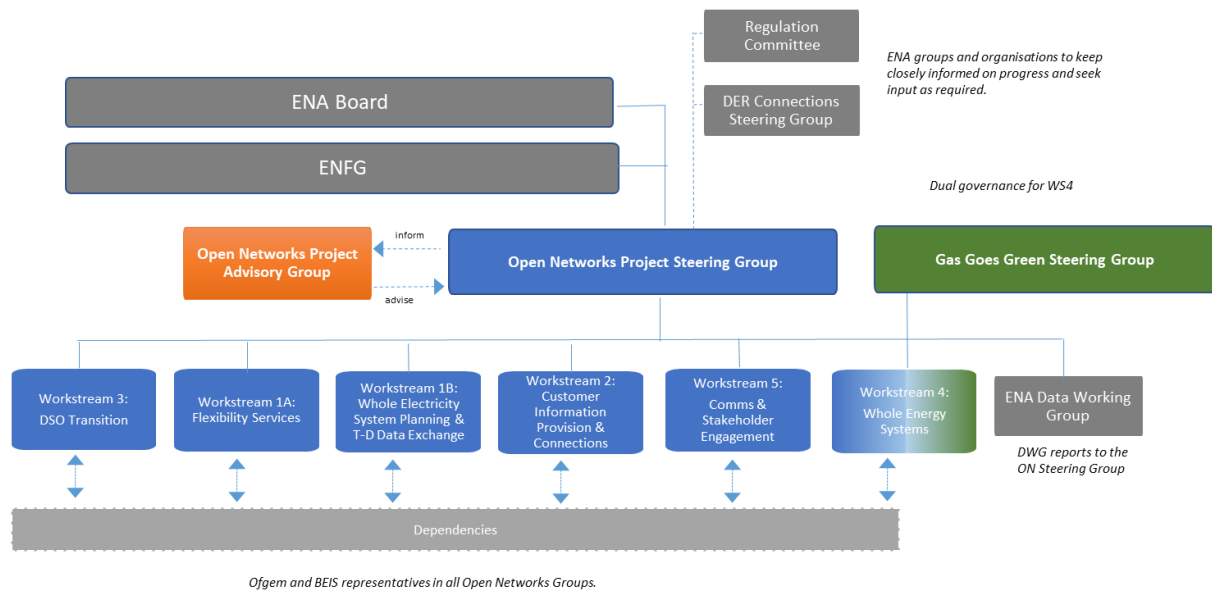
<https://www.elexon.co.uk/documents/training-guidance/bsc-guidance-notes/bsc-change-process/>

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Enduring Governance Options

	Option	Pros	Cons	Considerations	Indicative cost
1					
2					

Appendix A – Open Networks Project Governance



D-code's DCRP panel constitution:

- BM Generators (BM = Balancing Mechanism Units)
- Non-BM Generators
- Consultants
- Suppliers e.g. Centrica
- DNOs & iDNOs
- Ofgem
- Citizens advice
- ENA (a code administrator)
- Legal advisor

D-Code set out specific requirements for the panel composition:

The Panel shall consist of:

- a) a Chairman and up to 5 Members appointed by the ITCG, at least one of whom will be a Member of the GB Grid Code Review Panel and at least one of whom will be an IDNO;
- b) a person appointed by the Authority;
- c) the following Members;
 - a. 2 persons representing onshore Generators with Embedded Generating Plant who are BM Participants and are active (ie submitting bid-offer data) in the Balancing Mechanism
 - b. 2 persons representing onshore Generators with Embedded Generating Plant other than Generators referred to in (1) above;
 - c. 2 persons, other than Suppliers, representing Users without Generating Plant; and
 - d. a person representing the OTSO
 - e. a person representing Suppliers; and
- d) a person representing customers appointed by Citizens Advice