

National Grid DSO Independent DSO Panel Minutes - 22 July 2025 [Microsoft Teams]

In attendance

Regina Finn, Panel Chair
Doug Cook, Panel Member
Janine Michael, Panel Member
Nina Skorupska, Panel Member

Cathy McClay, Managing Director, DSO
Ben Godfrey, Director, DSO
Matt Blackmur, Head of Strategy, Innovation and Stakeholder, DSO
Louise Schmitz, Head of Regulation and Governance, DSO
Adam Curtis, DSO Panel Manager (Secretariat)

1. Managing Director's Update

- 1.1 **Strategic Workforce Plan:** Headcount is expected to remain flat for the remainder of ED2. The DSO has begun to plan how its workforce will need to evolve in response to changing Ofgem priorities during ED3. A forecast and set of assumptions has been developed for each DSO Management Unit.
- 1.2 **Action: Matt Blackmur to present the Strategic Workforce Plan at the next meeting.**
- 1.3 **Innovation:** Innovation within NGED has been realigned to the Strategy and Transformation Director. Matt Blackmur is now accountable for DSO Innovation and will be developing a DSO innovation strategy and project portfolio aligned to delivering customer value within NGED's strategy.
- 1.4 **Recruitment:** The DSO continues to be successful in attracting high-quality talent, with key management roles being recently filled: a DSO Stakeholder Experience Manager (joining in September) and a Flexibility Commercial Manager (now in-post). This progress is welcome by the Panel, noting that quality recruitment is becoming a challenge for the industry.

2. Update on ED3

- 2.1 **Ongoing work:** The DSO continues to actively participate in several workstreams of NGED's ED3 programme. Learnings from the recent Transmission (T3) and Gas (GD3/GT3) Price Control processes are informing NGED's ED3 work. The DSO continues to hold weekly ED3 Steering Committees to elicit NGED Executive input into the development of DSO elements of ED3.
- 2.2 **Distribution Future Energy Scenarios (DFES):** ED3 Load Related Expenditure growth is driven by forecast heat pump uptake and industrial growth. The DSO is currently evaluating potential implications of uptake and growth forecasts within NESO's 2025 Future Energy Scenarios. Further forecasts from the Transitional Regional Energy Strategic Plans are expected in September 2025.
- 2.3 **Flexibility:** Ofgem has accepted an additional Flexibility use case around managing the delivery risks associated with Load Related Expenditure plans. This is in addition to anticipated use cases around accelerating connections, releasing headroom and managing voltage.

- 2.4 **NGED Independent Stakeholder Group:** The Panel's Chair had joined NGED's regulatory Independent Stakeholder Group, which held its first meeting on 10 July. The membership of the ISG has been shared with the Panel.

3. DSO Strategy

- 3.1 The DSO Strategy positions the DSO within National Grid's Group strategy and Electricity Distribution strategy. DSO staff have provided bottom-up insights on their priorities and values, which have been reconciled with top-down views from the DSO's Senior Leadership Team and Managing Director. These views form an initial draft of the Purpose and Vision for the DSO, which have been shared with the Panel.
- 3.2 Feedback on the draft Purpose and Vision has been provided by the Panel and the DSO has made revisions accordingly. Stakeholder engagement has been highlighted as a priority for consideration in how the strategy is landed.
- 3.3 **Action: Matt Blackmur to revise the DSO purpose and vision statements based on Panel feedback, to be subsequently circulated to the Panel.**

4. Smarter Networks Strategy

- 4.1 NGED's ED3 Smarter Networks workstream is considering what the network of the future looks like, interfacing with DSO, Innovation and Digital themes.
- 4.2 The Panel views DSO as naturally fitting with the Digital theme, as the future network is expected to require increasing amounts of data and digitalisation to be operated effectively and affordably. Similarly, the Panel highlights that DSOs have been particularly effective at driving digital and data innovation on behalf of industry.
- 4.3 The DSO has developed a set of customer lenses around what a future Smarter Network could look like, which have been shared with the Panel for feedback. The Panel believes that the framework could be expanded further to link outcomes and benefits over time, which more outwardly speaks to the role DSO could play in future customer benefit realisation.

5. Ofgem Panel Session

- 5.1 Cathy, Ben, and Louise attended the Ofgem Performance Panel session on July 9th, presenting responses to six headline questions provided by Ofgem and based on the DSO's Performance Panel Report (submitted in April 2025). The DSO understands that the six questions posed by Ofgem were thematically similar for each DSO, but with specific adjustments based on the submitted Performance Panel Report.
- 5.2 Formal feedback from Ofgem is expected in September 2025. Follow up questions posed in the session indicated that consumer value was an area of particular interest.
- 5.3 The Panel believe that the process could be improved by Ofgem implementing a debrief session with each DSO after their session, to enable quicker organisational responses to feedback.

6. Ofgem Stakeholder Survey

- 6.1 The DSO has received its provisional Stakeholder Survey score, which has been shared with the Panel. The Panel affirmed that the score and feedback received are reflective of the efforts made by the DSO since the previous survey, but highlight the importance of actioning the new feedback to continue ongoing stakeholder satisfaction.

- 6.2 Feedback had been positive and has highlighted themes that will inform the Strategic Action Plan for the remainder of ED2 and the DSO Strategy for ED3.
- 6.3 The wider storytelling piece, notably the relationship/interface between DFES and NESO, is identified by the Panel as being a particularly important focus area, to ensure stakeholders feel supported.

7. Key Performance Indicators (KPIs)

- 7.1 The Panel has highlighted an opportunity for greater alignment between the KPIs it tracks for managing the business, the metrics it publishes externally, and the wider benefits it delivers (those defined within the DSO Benefits Framework and Theory of Change). The Panel suggests that deterministic KPIs based on a central methodology could drive better behaviours.
- 7.2 The DSO continues to challenge itself on ensuring its performance management delivers the best outcomes for consumers and concurs with Panel feedback that performance management in ED3 should be more strongly linked to DSO Benefits. The DSO will reflect this feedback in the DSO Strategy.
- 7.3 The Panel highlights the role of the DSO in unlocking benefits to consumers and the need to demonstrate cumulative performance over time. The Panel have requested a deep dive session on KPIs and their overarching framework and narrative.
- 7.4 **Action: Adam Curtis to arrange Deep Dive session to be presented by Ben Godfrey and Louise Schmitz.**

8. Consolidate and Formal Meeting Close

- 8.1 The quality of materials presented to Ofgem and shared with the Panel is noted.
- 8.2 A deep dive on DSO governance arrangements will be held virtually on 1st October 2025.
- 8.3 **Action: Adam Curtis to schedule Governance deep dive.**
- 8.4 The Panel requests a further deep dive on the DSO's Flexibility Roadmap and sight of the external publication plan.
- 8.5 **Action: Adam Curtis to build out Panel Forward Plan, to include Flexibility Road map and External Publication plan.**
- 8.6 The next meeting will be held on 10th November 2025.