

Introduction

The Heat Networks Directorate, under Ofgem's general delegated powers, has created a Heat Networks External Stakeholder Advisory Group known as 'ESAG' ('the Group'). The Group has no executive or decision-making powers but provides advice and views. The Group is responsible to the Deputy Director for Heat Networks for its activities.

For the purposes of these Terms of Reference the Directorate will be referred to as 'Ofgem'.

This document is its Term of Reference ('ToR'), to ensure that the role and processes surrounding the Group are clear and transparent.

1. What is the role of Group?

1.1. The purpose of the Group is to:

- i. To act as a group, one of a number of forums, whose reactions to proposed ideas are used to assist in informing the development of policy and operational processes associated with the new regulatory framework for heat networks.
- ii. To act in an advisory capacity only to Ofgem.

1.2. Ofgem will:

- i. Determine membership of the Group (in accordance with parameters set out below).
- ii. Arrange and facilitate meetings.
- iii. Provide a chair and secretariat for meetings.
- iv. Maintain the focus of the Group on the agreed purpose.
- v. Provide timely communication for Group engagement.
- vi. Amend the ToR when deemed appropriate.

1.3 Ofgem will continually evaluate the need for the Group and has the power to adjust the ToR or discontinue the group if it considers it appropriate to do so.

2. Membership

2.1. Membership of the Group is open to representative members of the following:

- i. Energy Services Company (ESCo)
- ii. Local Government

- iii. Trade Association
- iv. Consumer Advocacy Body
- v. Consumer Charity
- vi. Metering and Billing Agency
- vii. Developer
- viii. Property Managing Agency
- ix. Independent heat network supplier or operator
- x. Heat Network Consultancy
- xi. Heat Trust
- xii. Energy Ombudsman
- xiii. Social housing
- xiv. Private housing
- xv. Shared Ground Loop sector
- xvi. Private rental sector

2.2. Two representatives will be recruited from each sector/organisation, noted above, via an application process to allow for stand-ins. One applicant will be appointed a place on the group along with a named stand-in, which, from the sector groups mentioned above, will be from another organisation. The stand-in will attend if the main appointee cannot attend for any reason.

2.3. Both named appointees will receive any papers that may be circulated in advance.

2.4. It is at the discretion of Ofgem whether to allow new members to join the Group or remove members. Members can leave the group at any time by informing Ofgem through a written communication to HeatNetworksRegulation@ofgem.gov.uk.

2.5. Meetings will mostly be held remotely via Microsoft Teams, with some in-person. If meetings are held in person, a Microsoft Teams meeting link will also be available for those who wish to attend remotely.

2.6. Non-members such as the Department for Energy Security and Net Zero, and the Scottish Government, may be invited to group meetings as non-contributing attendees only.

3. Meeting details

3.1. The Group meetings will:

- i. be arranged every 6 weeks, but Ofgem may adjust this on an as required basis;
- ii. typically last a maximum of two hours (virtual) with longer meetings when in person;
- iii. where held in person, details of the venue communicated at least three weeks in advance; and
- iv. offer facilities for members to be present remotely via Microsoft Teams.

3.2. Ofgem and Group members agree to work towards the following remit:

- i. Ofgem will set the agenda for meetings.
- ii. Where possible, Ofgem will aim to inform members of the final agenda item topic/s no less than one week in advance of the meeting.
- iii. Ofgem will be clear if the information being shared is confidential.
- iv. Group members will ensure that one of the two representatives can attend each meeting.
- v. Ofgem will prepare high level notes of feedback received from each meeting to be circulated for checking by attendees within 5 working days of each meeting.

4. Chair and secretariat functions

4.1. Ofgem will provide a chair and secretariat for the Group. The role of the chair and secretariat is to:

- i. administer the list of Group members and related distribution and contact list;
- ii. circulate the finalised meeting topics;
- iii. schedule and confirm any meeting dates and times;
- iv. distribute any documentation in advance of meetings where necessary;
- v. deliver the opening address and welcome at meetings;
- vi. keep meetings running to time;
- vii. facilitate discussion across the Group;
- viii. ensure all members have a chance to speak;
- ix. be in active listening mode and note the feedback for Ofgem review and consideration.

4.2. Meeting running order – The running order for meetings will generally follow a set structure. The following assumptions will apply to the running order of Group meetings:

Task	Responsible
Meetings will open with short welcome and introductions from the Ofgem chair.	Ofgem
Ofgem will then present the topic/s to the group for feedback.	
Meetings will be run in a way to maximise input and discussion. Other information gathering platforms may be used during the meeting. The meetings will be used for specific feedback on the ideas presented.	

5. Accountability:

- 5.1. The Group is not an Ofgem decision-making body.
- 5.2. The documents presented are owned by and belong to Ofgem and should not be circulated further without the express permission of Ofgem. Ofgem will consider the views of members of the Group when developing heat network policy and processes. However, Ofgem is not obliged to implement these views.
- 5.3. No information is to be shared about individuals or businesses owing to the duties imposed on Ofgem and third parties including members of the Group under section 105(1) Utilities Act 2000 where criminal penalties apply on breach unless there is an information gateway¹. In regard to Ofgem 's processing of personal information please refer to [Ofgem's privacy policy](#).
- 5.4. A schedule of topics will be maintained by the Ofgem chair and secretariat.
- 5.5. Where members submit questions or ideas following meetings these will need to be via email directly to Ofgem. Anything confidential must be stated on the message and Ofgem will keep confidential subject to its rights and duties under legislation including information rights regimes and data protection legislation.
- 5.6. Group members agree to put forward the interests and views of the stakeholders they represent to the best of their ability.
- 5.7. Group members acknowledge and agree that in participating in the Group, they do so on behalf of their organisation and that (1) confidential information may be shared with the Group, and (2) where this occurs, members agree to preserve the confidentiality of any information shared within the Group, as required (3) the submission of information to the Group carries implied consent for its reasonable use, i.e., for consideration. Where confidential information is shared, it is the responsibility of the party introducing the material to ensure the extent to which any information is confidential is clearly highlighted and is treated as such by the Group. A failure to comply with the provisions of this paragraph may result in the members being excluded from the Group by Ofgem.

6. Review and duration

- 6.1. Ofgem will aim to review the effectiveness of this ToR within 6 months of the Effective Date and Ofgem will update the ToR as is required, at its own discretion.
- 6.2. This review of the ToR will be in June 2024 and repeated in June 2025.

¹ This is on the basis that information shared will have been obtained using our powers under the Electricity Act 1989, Gas Act 1986 and/or Energy Acts.

7. Competition Law:

- 7.1. Group members acknowledge and agree that in participating in the Group, they on behalf of their sector or organisation must comply with the duties and obligations under the law of competition in particular in regard to anti-competitive behaviour and abuse of a dominant position.