

Charging Reforms Workshops (outputting to NTSCMF)

Draft Terms of Reference

1. Background

- In response to the need to review charging arrangements further reforms to the regime are being considered. National Grid issued an open letter in May 2021 signalling a need to review some structural issues with the regime and to develop with industry engagement.
- The aim to deliver changes in time to be effective from October 2022 and beyond
- This workgroup is being set up to support detailed discussions, development ideas and enable data and calculations to be shared.

2. Workgroup set-up, frequency, role and duration

- Workgroups will be held using Microsoft Teams, hosted and facilitated by National Grid
- Workgroups will be approximately one every two weeks, lasting 1 hour. Future frequency will be reviewed if needed.
- Focus is on frequent, short and productive discussions with a reasonable space between them to maintain progress on the development;
- Progress and outputs of these workgroups will be shared at NTSCMF meetings;
- Meetings will not have formal minutes; a summary will be provided of the main topics covered. Summary of progress including any relevant material will be shared to NTSCMF
- A method to provide access to relevant material for those joining will be sought.
- These workgroups will run until through October 2021. Further use of these workshops will be assessed before this should they be beneficial beyond this date to support other developments and charging related topics.

3. Attendees

- Attendance will be open to any interested Stakeholders. Should numbers impede the ability to share content and maintain the interactive nature of the workshops this will be reviewed.
- Should it be necessary or beneficial to use smaller, ad-hoc workgroups to develop or discuss certain topics in greater detail, National Grid will host and chair such workgroups.

4. Overall Objectives

- To support modifications for change to the charging framework that will primarily focus on the earliest possible effective date, October 2022 for changes.
- To share analysis related to changes and development which can include and not limited to:
 - i. Analyse and compare proposals against the prevailing baseline and consider how it could be helpful to show the impacts together where there is more than one proposal being raised.
 - ii. Discussions and assessments, where helpful to illustrate, of the impacts to other elements of the pricing regime
 - iii. Review key assumptions and impacts including testing concepts.

5. Scope

- Focus is initially on the development of changes that could be delivered for October 2022. The two areas under review currently, from National Grid are:
 - i. Additional Transmission Services Entry charge
 - ii. Reducing revenue volatility linked to the misalignment of the Regulatory Year and the Gas Year with the Tariff period being the same as the Gas Year
- Whilst there are other topics that could be assessed and discussed within these workshops, the priority over the months of September and October is related to the two active topics above.

DRAFT FOR COMMENT