

Agenda Item 7

TERMS OF REFERENCE FOR SUB-GROUP 3 - REGULATORY & COMMERCIAL FRAMEWORK

Objective of the Regulatory and Commercial Framework Workstream

To provide input to our assessment of policy options in three key areas:

1. Roles and responsibilities for equipment at the consumer premises.
2. Key aspects of the commercial model of DCC.
3. Contents and governance of a Smart Energy Code.

Ws 3A: Key aspect of the DCC model options:

- To what extent should the DCC activity be regulated, including procurement and contract management, service levels, and security requirements?
- What is the appropriate cost recovery model for DCC?
- What principles should underpin the DCC charging methodology
- What incentive mechanism should apply to the DCC??

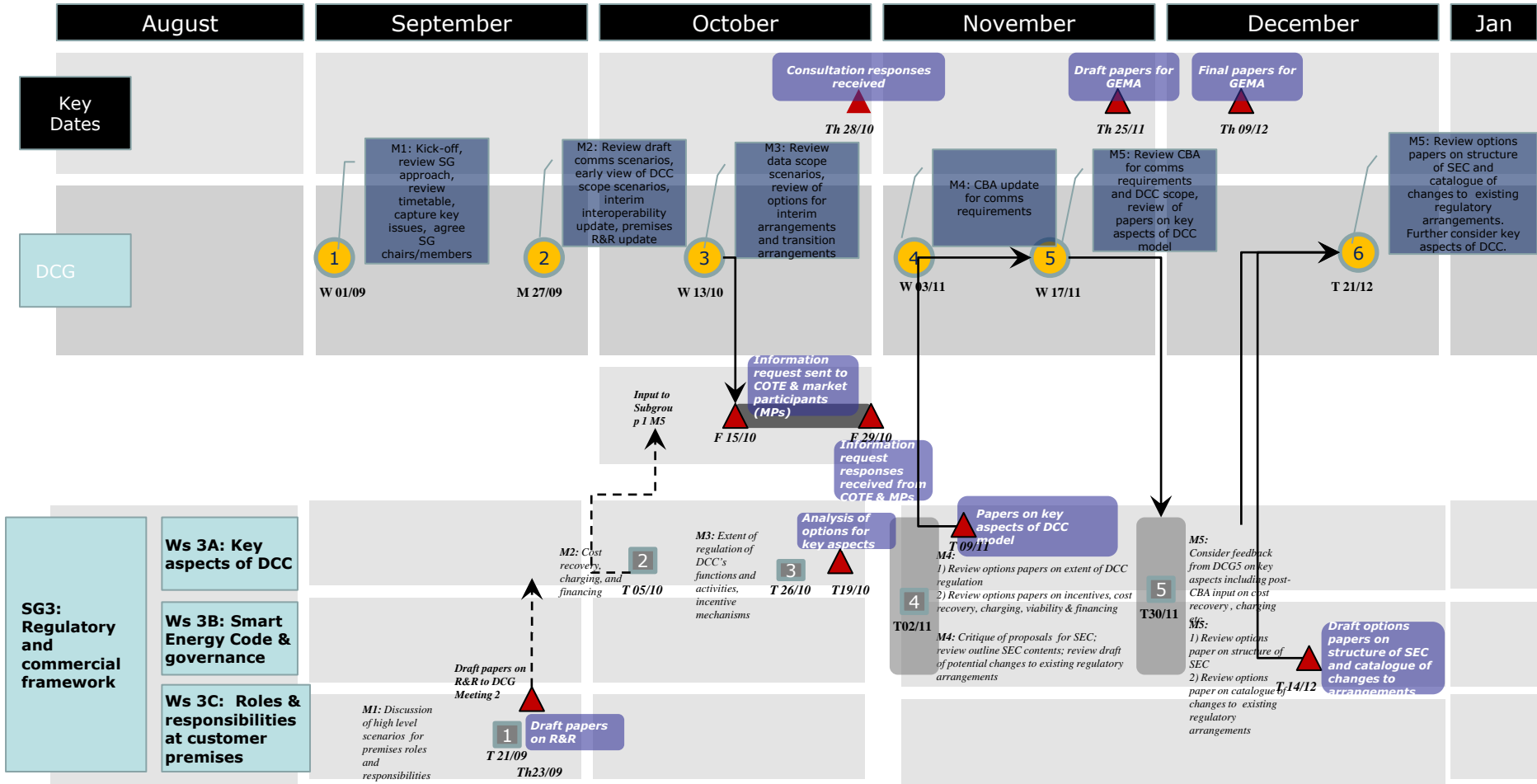
Ws 3B: Smart Energy Code (SEC) and Governance:

- Do you agree that a SEC should be established??
- Is the proposed table of contents for the SEC appropriate?
- What are the appropriate governance arrangements for the SEC?

Ws 3C: Roles and responsibilities:

- Are proposed obligations with respect to WAN module appropriate?
- Should the HAN and WAN be shared infrastructure with lead supplier retaining ongoing responsibility for maintenance?
- Are there alternative viable arrangements?

Summary Workplan for the RCSG



RCSG workplan

Meeting 1	Meeting 2	Meeting 3	Meeting 4	Meeting 5
<ul style="list-style-type: none"> •Review of prospectus proposals on roles and responsibilities of equipment at consumer premises. •Consider alternative viable scenarios, •Consider implications of scenarios. 	<ul style="list-style-type: none"> •Consider policy options for cost recovery mechanisms and charging; •Policy options for financing of DCC. <p>(note: feed into subgroup 1)</p>	<ul style="list-style-type: none"> •Consideration of incentive mechanisms, •Consideration of extent of regulation of DCC functions and activities 	<ul style="list-style-type: none"> •Review of papers on policy options for <ul style="list-style-type: none"> ▪DCC regulation ▪Cost recovery and charging, ▪Financing and viability ▪Incentive mechanisms •Critique proposals for a SEC and its draft contents and governance. •Review of potential changes to existing regulatory arrangements 	<ul style="list-style-type: none"> •Consider feedback from DCG Mtg 5 on financing and viability, charging/ cost recovery and incentive mechanisms. •Review of policy options paper on the structure of a SEC and governance and catalogue of changes to existing regulatory arrangements.

The output from these meetings will lead to a draft options paper

RCSG Membership

Organisation	Name	Workstream (3A, 3B, 3C)
Ofgem		All
Large Suppliers		All
Consumer Focus		3C
SBGI		3C
Small Suppliers		All
ENA		3A, 3B
iGT		3C
Intellect		3C
ESTA		3A
Elexon		3B
xoserve		3B
Gemserv		3B
Electralink		3B
AMO		3C

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

ofgem

Promoting choice and value
for all gas and electricity customers