

## UNC Workgroup Individual Terms of Reference

### 0843 - Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert

#### Introduction

This is an Individual Terms of Reference that includes matters referred from Panel or identified within any initial representations. It replaces the standard Terms of Reference.

#### Purpose of the Modification and its Solution

Please refer to <https://www.gasgovernance.co.uk/0843>

To incentivise the reduction of greenhouse gas emissions and customer bills, this Modification introduces the role of the Independent Shrinkage Expert (ISE) who will establish:

- the Independent Shrinkage Model (ISM),
- the Independent Shrinkage Model Methodology (ISMM),
- the Independent Shrinkage Multiplication Factor (ISMF), and
- the Independent Shrinkage Charge (ISC).

#### Topics for Discussion

- Understanding the objective (Why Change?)
- Assessment of alternative means to achieve the objective
- Assessment of Governance and whether the Modification meets/continues to meet the Self-Governance criteria
- Assessment of Code Specific Matters
- Assessment of the Solution (including business rules if appropriate)
- Assessment of impacts, including but not limited to Consumer and System Impacts
- Identification of potential impacts on other energy codes
- Consideration of potential performance assurance impacts
- Assessment of how the Modification furthers the Relevant Objectives
- Consideration of a suitable Implementation Date
- Assessment of Implementation costs
- Consideration/Assessment of the Legal Text, to satisfy it meets the intent of the Solution.

#### Modification Panel Questions:

- Assess the impacts on price control incentives

#### Output

To produce a Workgroup Report, for submission to the UNC Modification Panel, containing the assessment and recommendation(s) of the Workgroup.

### **Composition of Workgroup**

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two Shipper User representatives are present.

### **Meeting Arrangements**

Meetings will be administered by the Joint Office of Gas Transporters and conducted in accordance with the Code Administration Code of Practice ([www.gasgovernance.co.uk/cacop](http://www.gasgovernance.co.uk/cacop))