

Workgroup Terms of Reference

0555 – Review of the Marker Operator (OCM) Provision

Date referred from Panel: 17 September 2015

Background – Why Change?

Please refer to <http://www.gasgovernance.co.uk/0555>

On 12 June 2015 Ofgem published an open letter encouraging National Grid NTS to explore the gas Market Operator (OCM) arrangements in consultation with any interested parties within the industry. Since this time National Grid NTS has carried out a period of stakeholder engagements with interested parties on a bi-lateral basis, both from a regulatory and operational perspective and would now like to bring the outputs from this process together and discuss with a wider audience prior to reporting back to Ofgem the findings from the industry engagement.

Topics for Discussion and Workgroup Schedule

Workgroup 1 – information gathering

- Background to the establishment of the OCM and key milestones
- Understanding of issues identified in the open Ofgem letter
- Summary of feedback from stakeholders to date
- Identification of the first cut of fundamental industry requirements of a balancing exchange market
- Identification of the criteria for assessment of potential options against the current state

Workgroup 2 – agreeing the basic requirements and options analysis

- Assessment of issues highlighted in Ofgem letter – how material are the risks?
- Agreement on the fundamental requirements of a balancing exchange market
- Agreement on criteria to assess potential options as having benefits against the current state
- Identification of preferred options / solutions (if any)

Workgroup 3 – option development and initial assessment

- Development of preferred options / solutions (if any)
- Initial assessment of potential impacts of the identified solutions

Workgroup 4 – finalising options and solutions

- Agreement of preferred options / solutions
- Finalise assessment of implementation costs of any solutions

Workgroup 5/6 - reporting

- Completion of the Workgroup report

Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup, including one or more draft modification proposal(s) where appropriate.

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 one Transporter and three User representatives are present.

Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice