

**Targeted Charging Review SCR, Regulating the Future
Energy System and the Charging Futures Forum**

11 October 2017

ofgem

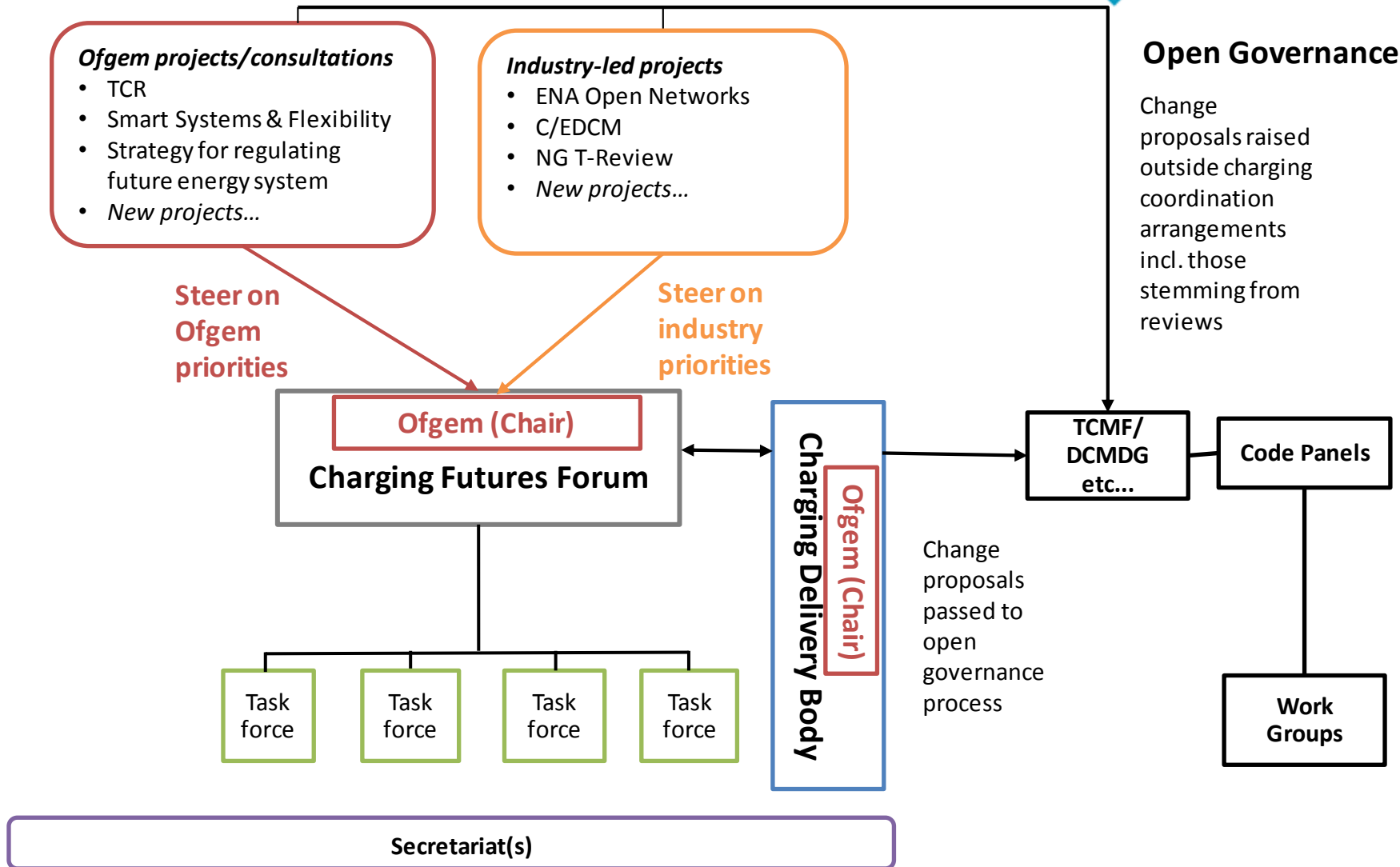
- The SCR will:
 - Consider options for setting residual network charges – both transmission and distribution
 - Keep other ‘embedded benefits’ under review
- Our principles:
 - Reducing distortions
 - Fairness
 - Proportionality, and practical considerations
- BSUoS charges will be considered in our future strategy review of signals for network use
 - If they remain cost-recovery, it is sensible to consider whether the SCR solution for residual charges would be appropriate

- Publish residual charges working paper – Q4 2017 (calendar year)
- Publish draft Impact Assessment and minded to decision on any proposed new residual charging arrangements – Q2 2018
- Publish decision and final Impact Assessment on any new residual charging arrangements – Q3 2018
- If appropriate, direct one or more licensees to raise one or more modifications – Q3 2018

- We would expect to be in a position to make a final decision on the resulting modifications by early 2019, in order for new arrangements to come into effect from the 2020/2021 charging year.

- Part of our strategy for Regulating the Future Energy System includes two areas relevant to the CFF:
 - Access rights, considering different options for changes to access right definitions and allocation
 - Forward-looking charges, considering what changes to charges may be needed, both if changes are made to access rights and if not
- Many elements in the NG review, the E/CDCM review, and the Open Networks charging workstream closely relate to future policy on network access and forward-looking charges
- We are thinking about how these areas can be incorporated into the CFF arrangements as part of task forces
- Key milestones
 - Autumn-17 – Ofgem Working Paper
 - Autumn-17 to Spring-18 – working with stakeholders
 - Summer-18 – set strategic direction

Charging coordination arrangements - overview



Ofgem

- Chairs CFF and CDB
- Policy steers to the CFF on all Ofgem-led work
 - Provide views on industry-led work
 - Ensure CDB delivers timely outputs

Charging Delivery Body (CBD)

- SO, DNOs, Code admins
- Supports CFF
- Examines cross-code issues
- Overall approach to implementation

Charging Futures Forum (CFF)

- Open to all (mailing list; limits on quarterly meeting capacity to ensure manageable)
- Keeps stakeholders informed
- Contributes to policy development
- Supports identification of TFs and setting ToRs

Task Forces (TFs)

- Policy experts and CFF reps
- Liaises closely with and report to CFF
- Drafts change proposals (but not analysis for mod workgroups)

Secretariat(s)

Lead: National Grid as part of its SO role

Supporting: according to the needs of the task forces (drawn from: SO, ElectraLink, Elexon, ENA)

- The TCMF will continue to provide a regular opportunity for industry to present and discuss charging methodology issues.
- We suggests that issues that fall into the broader remit of the CFF, including overarching joint distribution-transmission charging issues, should be raised via the CFF in the first instance
- This is so that they can be prioritised and co-ordinated with other electricity network charging initiatives (across transmission and distribution)
- If TCMF members wish to raise an issue that may fall under the broader remit of the CFF, they should contact the CFF lead secretariat at chargingfutures@nationalgrid.com

Key upcoming dates and contacts

Date	Meeting	Publication
26-Sep	First CDB	
16-Oct	Second CDB	Q4 2017 Ofgem working papers: <ul style="list-style-type: none"> • Residual charges (TCR) • Access / forward-looking charges
9-Nov	First CFF	
w/c 27-Nov	Third CDB	
Q1 2018	Second CFF	

- To contact Ofgem:
 - TCR@ofgem.gov.uk – for the SCR
 - CFF@ofgem.gov.uk – for the charging co-ordination arrangements
- To contact the lead secretariat (National Grid SO):
 - chargingfutures@nationalgrid.com - to highlight possible modification proposals
 - <https://www.surveymonkey.co.uk/r/YJT996W> - to register interest in the CFF