



Promoting choice and value
for all gas and electricity customers

CGR: Charging Methodology Governance Initial Proposals

Charging methodology Forum

Rationale for Charging methodology reform

- Scope to improve:
 - Accessibility
 - Transparency
 - Accountability
- Opening up governance arrangements presents some risks:
 - Increased change administration costs
 - Regulatory uncertainty
 - Pricing volatility

Initial Consultation-September 2008

- Find out if there is any scope for changing the current governance.
- Test the 4 governance options
 - Status quo (Option 1);
 - Refine licence obligations (Option 2);
 - Subsume within the industry code governance (Option 3);
 - New charging methodology code (Option 4).
- Propose mitigation measures

Responses

- **Governance:**
 - NWO preferred the status quo;
 - Weak case for reform
 - Majority of Users supported Option 3;
 - Some support for a modified Option 2;
 - One respondent supported Option 4.
- **Mitigation:**
 - Change/implementation windows
- **Roll-out:**
 - Transmission

Initial Proposals

- Options 1 and 4 – not appropriate;
- Options 2 and 3 – pros and cons
 - Seeking industry view
- Mitigation:
 - change/implementation windows
 - Designation of affected parties
- Roll out: Transmission and gas distribution?

Next steps

- Consultation closes - 9 October 2009.
- Final proposals – January 2010
- Statutory Consultation – January 2010
- Implementation – April 2010

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, there is a close-up of a gas burner with a flame. At the bottom, there are stalks of wheat. A large white arrow points from the left towards the right, passing behind the text.

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