

# Gas TCMF – Governance Review Update

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## BACKGROUND: Ofgem Codes Governance Review

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- ◆ **In March 2010 this year, Ofgem published Codes Governance Review (ICGR) - Final Proposals**
  - ◆ These proposals covered revised arrangements for the Governance of Charging Methodologies
  - ◆ Ofgem has provided Licence drafting
  - ◆ *The final proposals cover both NTS transportation and NTS connection charging methodologies*
- ◆ **The next steps are for Ofgem to publish the statutory Licence consultation - end May/beginning June 2010.**
- ◆ **Proposed implementation date for the entire package is 1st November 2010.**

# Final Proposals

Work strand	Key Changes Summary	Codes Affected
<b>Transfer of charging methodologies into relevant industry codes (Open Governance)</b>	<b>“Inclusion of specific charging methodologies in industry codes - allows materially affected parties to propose changes.”</b> <i>Proposals remain subject to Licence relevant charging objectives</i>	<b>UNC (distribution limited to Use of System charges only), CUSC</b>
	<b>“Proposal window to facilitate effective management of modification process.”</b> <i>Subject to UNC definition</i>	
	<b>“Authority ability to designate a non-code party as a materially affected party.”</b>	
	<b>“25 day KPI for decisions (longer if doing IA).”</b>	
	<b>“Requirement to maintain forums.”</b>	

# Implementation

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- ◆ **A UNC proposal (or proposals) would be required to incorporate the charging methodologies within the UNC**
  - ◆ **The Proposal(s) could;**
    - ◆ **Either fully codify the arrangements, or incorporate the prevailing methodologies as ancillary documents or within a new UNC section**
    - ◆ **Potentially introduce charging methodology specific governance arrangements**
      - ◆ Charging methodology window (if required)
      - ◆ Define “materially affected party”
      - ◆ Reference charging relevant objectives
    - ◆ **Potentially cater for Housekeeping changes;**
      - ◆ Either via the “Self Governance Process”, or signed off by the UNC committee (consistent with other ancillary documents)
- ◆ **The status of the charging methodology forums would need to be defined i.e. are they UNC Workstreams?**
  - ◆ Single Charging Methodologies Forum or separate Transmission & Distribution?