

Coordination guidance for those considering potential changes to network and system operation charging

This guidance will help you if you are considering a potential change to access and network charging arrangements, outlining:

- › The recommended routes to raise your issue
- › The criteria to help understand which route you should take
- › Who to speak to if you want to proceed with one of the routes, or are still unsure.

Summary

There are a number of reviews that could lead to significant changes to the electricity network access and charging arrangements. Ofgem is currently leading reviews on :

- › Access and connection arrangements, supported through a Charging Futures Task Force
- › Forward Looking Charges, supported through a Charging Futures Task Force
- › Residual and cost recovery charges in the Targeted Charging Review, through a Significant Code Review

If you would like to raise a potential change, it is recommended you take the following steps:

1. Assess your issue against **five factors**; strategic fit; consumer impact; feasibility/ practical considerations; coordination and sequencing; significance and urgency.

How do I do this? See detailed guidance on each factor as set out at the end of this document.

2. Check if your issue is related to any of the Task Forces, or an ongoing Significant Code Review (SCR). If it is related to the work of a Task Force, the Task Force scope may be changed to include your issue. If it is related to an ongoing SCR, you can input your views directly to that.

How do I do this? Get in touch with the Task Force Secretariat, Chair or member. Visit www.chargingfutures.com/taskforce/page for Task Force key contacts or email chargingfutures@nationalgrid.com. For an SCR, contact the relevant team at Ofgem. For the Targeted Charging Review, please email TCR@ofgem.gov.uk.

3. If your issue is not part of a Task Force (and is not planned to be in the future), you can explore discussing it with industry and Ofgem at the next quarterly Charging Futures Forum. Ofgem will then consider if this needs a new Task Force or reconsider whether it should be added to an existing one.

How do I do this? To discuss your issue at the next quarterly Charging Futures Forum, please get in touch with the Lead Secretariat three weeks before the next planned Forum by emailing chargingfutures@nationalgrid.com.

4. If your issue is not taken forward through Charging Futures, you may want to consider using the Open Governance process.

How do I do this? Please discuss either with Ofgem at CFF@ofgem.gov.uk or one of the Code Administrators. Visit [this page](#) to find links to the codes and their administrators.

Context : coordinating multiple significant changes through Charging Futures

There are reviews and projects under way that could lead to significant changes to the electricity network and system operation charging arrangements: including Ofgem's Access project on access arrangements and forward-looking charges, and the Targeted Charging Review (TCR) Significant Code Review (SCR). This guidance is intended to help parties considering proposing a change to electricity network and/or system operation charges, while these wider reviews are ongoing.

Ofgem is currently reviewing many aspects of network and system operation charging arrangements, including:

- › Access/connection arrangements are being considered through Ofgem's Access project, and the best way to engage on this work is through the new Charging Futures Task Force on Access arrangements
- › Forward-looking network charging arrangements are also being considered through Ofgem's Access project, and the best way to engage on this work is through the new Charging Futures Task Force on Forward-looking charges
- › Residual and cost recovery charges (including distribution scaling charges) are being reviewed through Ofgem's TCR SCR. The method(s) of recovering residual charges resulting from this TCR may also be applied to BSUoS charges, depending on whether wider changes are planned to how these charges will be set in future. The best way to engage on this work is to respond to Ofgem's publications on this project or attend a TCR workshop (the next ones will be held in November 2017 and others will be held in 2018).

Recommended routes to raise an issue

What's the role of the new Task Forces?

The new Charging Futures Task Forces provide a forum to discuss concerns and potential solutions affecting transmission and/or distribution charging and access arrangements, including those relating to more than one code.

How should I work with the Task Forces?

If there is already a Task Force considering issues related to your potential issue, it is recommended that you engage with the Task Force first before considering raising a stand-alone modification proposal.

If after talking to the Task Force you still have concerns about the current network charging and/or system operation charging arrangements, you are encouraged to discuss this with relevant industry members, the Code administrators and/or Ofgem.

What if my issue is not related to one of the Task Forces?

The Charging Futures quarterly Forum provides an opportunity to discuss your issue with a wide range of users and stakeholders at an early stage. If appropriate, Ofgem as the Chair of the CFF may ask for stakeholders to form a new Task Force to consider the issue, or ask an existing Task Force to

consider the issue. If you would like to discuss your issue at the Charging Futures Forum, please get in touch with the Lead Secretariat who organises each Forum – chargingfutures@nationalgrid.com

The Open Governance process remains available for bringing forward stand-alone modification proposals.

For more help:

- › Ofgem encourages parties who wish to discuss potential charging policy changes to get in touch via CFF@Ofgem.gov.uk in the first instance.
- › The questions below are intended to help identify which option is likely to be the most efficient route for considering the need for potential charging change, in light of the ongoing wider reviews referred to above.

Factors to consider when raising a network or system operation charging issue¹

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| 1. Strategic fit | Is the change similar to, dependent on, or closely related to, changes already being considered by an existing Task Force or an ongoing review? If so, then the best way to engage in the first instance is via the Task Force or review. |
| 2. Consumer impact | What is the likely scale of benefits and/or costs for consumers associated with this issue? If the potential benefits to consumers of making earlier changes than through existing reviews are likely to be substantial, then earlier action may be worth pursuing. |
| 3. Feasibility/ practical considerations | Risks/opportunities: would taking this issue forward hold up another change, or would it be easy and efficient to include this idea in work already identified, such as a Task Force? If so, early engagement on the related issues before initiating further change is encouraged, to avoid work being delayed due to re-planning or re-sequencing work. Is the resource required to develop and implement this change likely to be proportionate to the potential overall benefits? If a large amount of industry resource is likely to be needed to enact a change that may result in relatively small benefits, then it may be less worthwhile to initiate the change. |
| 4. Coordination/ Sequencing | Would there be benefits from expanding the change, for example to apply across a broader range of network voltages or customer types, or developing other changes in combination with it? Given the need to increase consistency in charging across the electricity networks where justified, changes which would make arrangements more consistent may have additional benefits. |

¹ These factors do not override Ofgem’s statutory powers and duties. They are primarily to give Ofgem and persons considering changes to network and system operation charges a framework for assessing the most effective route for discussing and proposing such changes.

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| | <p>Is there work planned or already underway that might affect the level of costs or benefits from this proposed change? If so, early engagement on the planned or ongoing work is encouraged before initiating further change, to ensure stakeholder resources are used efficiently.</p> |
| 5. Significance and urgency | <p>Is there a potentially material problem in the current network and/or system operation charging arrangements that may need to be addressed urgently? If so, parties should consider Ofgem's guidance on urgent modifications.²</p> |

² https://www.ofgem.gov.uk/system/files/docs/2016/02/urgency_criteria.pdf