

Draft Terms of Reference

Regulatory Architecture Workgroup

Group composition

Chair: David Ashbourne / Kyran Hanks

Ofgem	Shippers and Customers (TBC)
National Grid Transco	Other observers by agreement

Background

NGT has indicated that it is considering the sale of one or more gas distribution network businesses (DNs). Before NGT can sell a DN business it must obtain the consent of the Authority. In November 2003, the Authority agreed that work should be undertaken to determine the regulatory, commercial and operational arrangements that would support a DN sale if such a sale were to go ahead.

The development of these arrangements entails a major program of work that could result in fundamental changes to the structure to the British gas industry. The process by which this work will be accomplished is set out in the Next Steps document. As part of its DN sales work program, Ofgem intends to form a Regulatory Architecture Workgroup, reporting to the DISG.

Objective

The objective of this group is to develop a legal framework that supports the proposed new industry structure, and to give legal effect to the policy positions developed in other workgroups

Terms of reference

1. Develop documentation to support the proposals as developed by the other work streams
2. Identify and consider any other legal issues relevant to the group's objective.
3. Undertake any further legal work required to incorporate feedback from the DISG.

4. Liaise with network code work streams as appropriate.

Deliverables

Publish summaries of the conclusions and key points raised in each meeting.