

Demand Side Working Group (“DSWG”)

Sub-Group

Terms of Reference

Introduction

At its meeting on 28 July 2005 the Demand Side Working Group (“DSWG”) established a need to form a sub-group to facilitate further consideration of the following issues:

- ◆ The information currently made available to the market, both in respect of the quality and transparency of information and a comparison of relevant information made available in the electricity and gas markets;
- ◆ The extent to which the OCM facilitates participation by the demand side and whether any barriers exist that may be addressed; and
- ◆ discussion of the role and responsibility of National Grid (NG) in its residual balancing including any limitations on NG in performing this role

Governance

The DSWG is chaired and facilitated by Ofgem. The same governance structure for the DSWG applies equally for this sub-group.

Membership

This sub-group of the DSWG will be chaired and facilitated by Ofgem and involve representatives from the wider DSWG forum.

Meeting Administration

The frequency of DSWG sub-group meetings shall be defined as necessary by the DSWG sub-group chair to meet the scope, objectives and time-scales of the sub-group. Meetings will be set up as required over the lead up to the winter 2005/06 period following discussion with members of the sub-group.

Ofgem will provide the secretary resource to the DSWG sub-group and handle administrative arrangements such as venue, agenda and minutes etc.

Information relating to the sub-group will be distributed for information purposes to the wider DSWG and will also be placed on the dedicated Demand Side section of the Ofgem website. Updates on progress from meetings of the sub-group will also be provided at the next relevant meetings of the wider DSWG. This will enable relevant sub-group information such as minutes and presentations etc to be available to a wider audience.

Scope and Objectives

The objective of the DSWG sub-group is to facilitate further consideration of the following issues:

- ◆ The information currently made available to the market, both in respect of the quality and transparency of information and a comparison of relevant information made available in the electricity and gas markets;
- ◆ The extent to which the OCM facilitates participation by the demand side and whether any barriers exist that may be addressed; and
- ◆ Issues surrounding actions taken by NG for residual balancing purposes.

The sub-group will seek to consider these issues with an objective of establishing any 'quick wins' where improvements could be made in these areas in order to facilitate increased demand side participation in the wholesale gas and electricity markets ahead of, and during, winter 2005/06.

The sub-group will consider and discuss any proposals to facilitate change ahead of this period, but any formal change proposals considered appropriate and/or necessary will be taken forward by parties via the normal and appropriate processes.