

Operation of the Forum and Work Programme

First FTA Forum Meeting

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ofgem

OPERATION OF THE FORUM

Purpose of the Forum



- Purpose of the Forum is to seek to build consensus on the approach to wholesale trading arrangements in the context of EMR, European Target Model, market and technological developments.
- FTA Forum will bring together informed and influential industry players to look across trading issues



Question: Do you agree with these objectives?

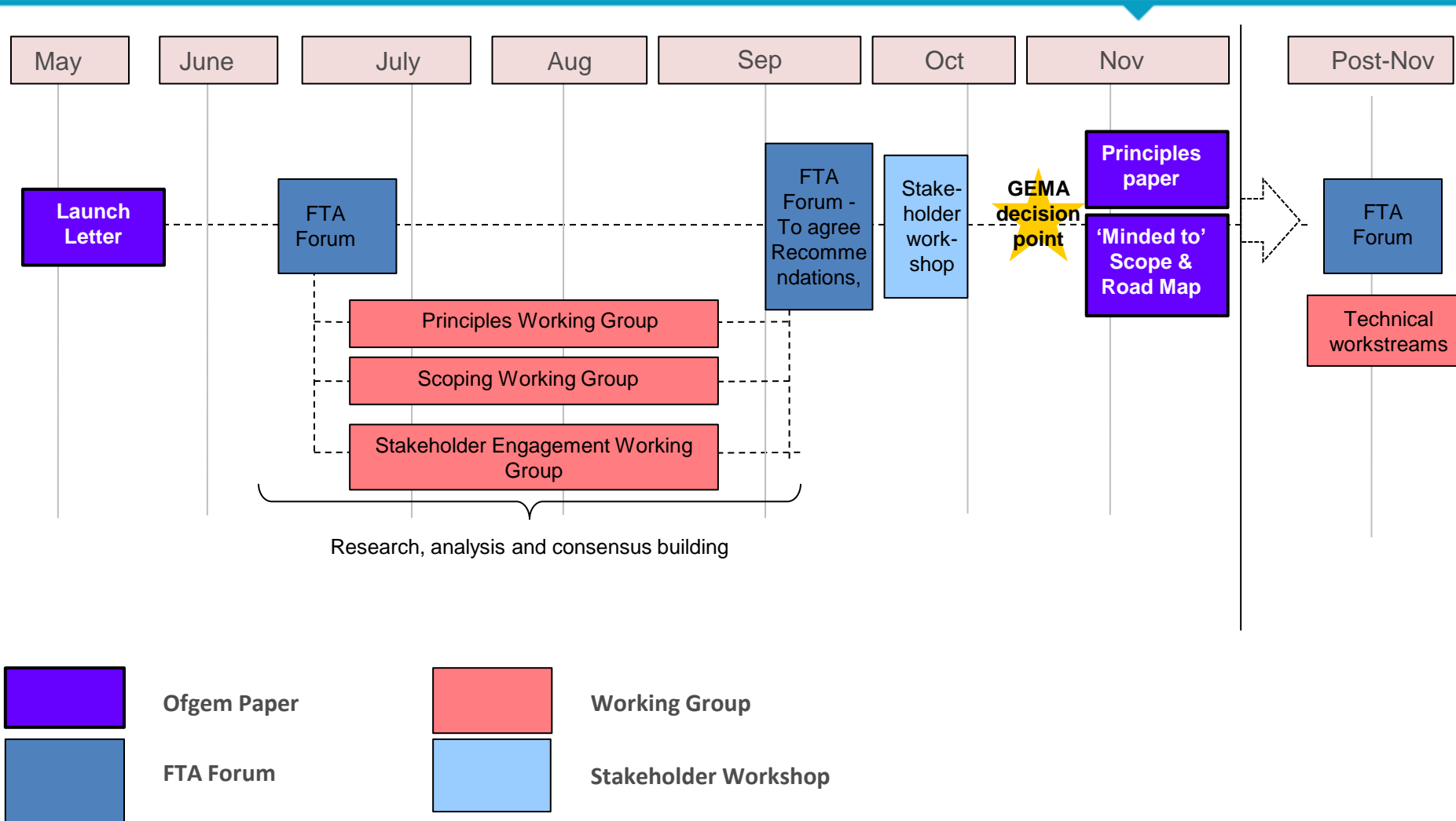
Ways of Working

- The Forum is an advisory body. It will provide advice and analysis for the relevant decision making body
- The Forum will publish the minutes of its meetings. Comments and *views will be reported on a non-attributable basis*
- Ofgem will aim to circulate meeting papers 3 days in advance of meetings unless there are exceptional circumstances. Forum members will be requested to read papers in advance of meetings
- Materials from the reports / studies will be made available to The Authority (GEMA)
- The Forum will guide the establishment of sub-groups to address specific issues and these Working Groups will adopt an approach consistent with the operation of the Forum



Question: Do you agree with these ways of working?

Initial Process



Working Groups

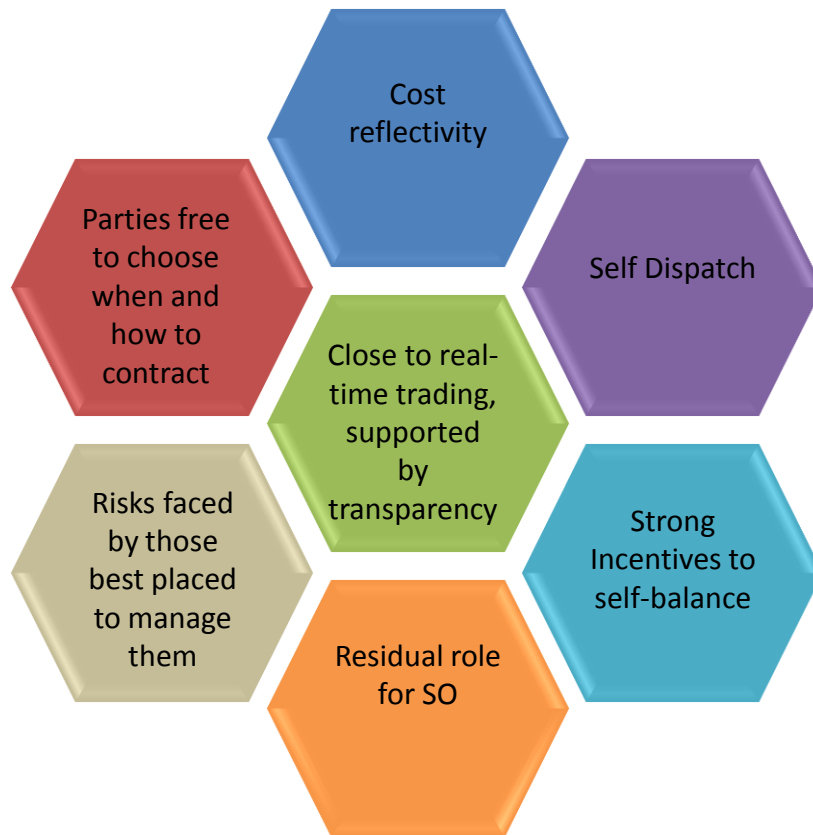
- It is proposed that 3 Working Groups will be initiated with the intention that the first stage of work will be completed by mid October 2013. They are:
 - WG1 – **Principles** - Considering the principles underpinning current trading arrangements and consideration of any updates to these in light of current/future challenges.
 - WG2 – **Issues** – Considering the scoping of issues and priorities related to electricity trading arrangements to assist the Forum to consider the scope of additional work that should be undertaken from late 2013 onwards.
 - WG3 – **Stakeholder Engagement** - Considering the most appropriate approaches to stakeholder engagement and dissemination of relevant information, in respect to FTA, bearing in mind the need to build certainty for investors and other stakeholders.



Question: Do you agree with the focus of these working groups?

PRINCIPLES WORKING GROUP

Purpose of the Principles working group

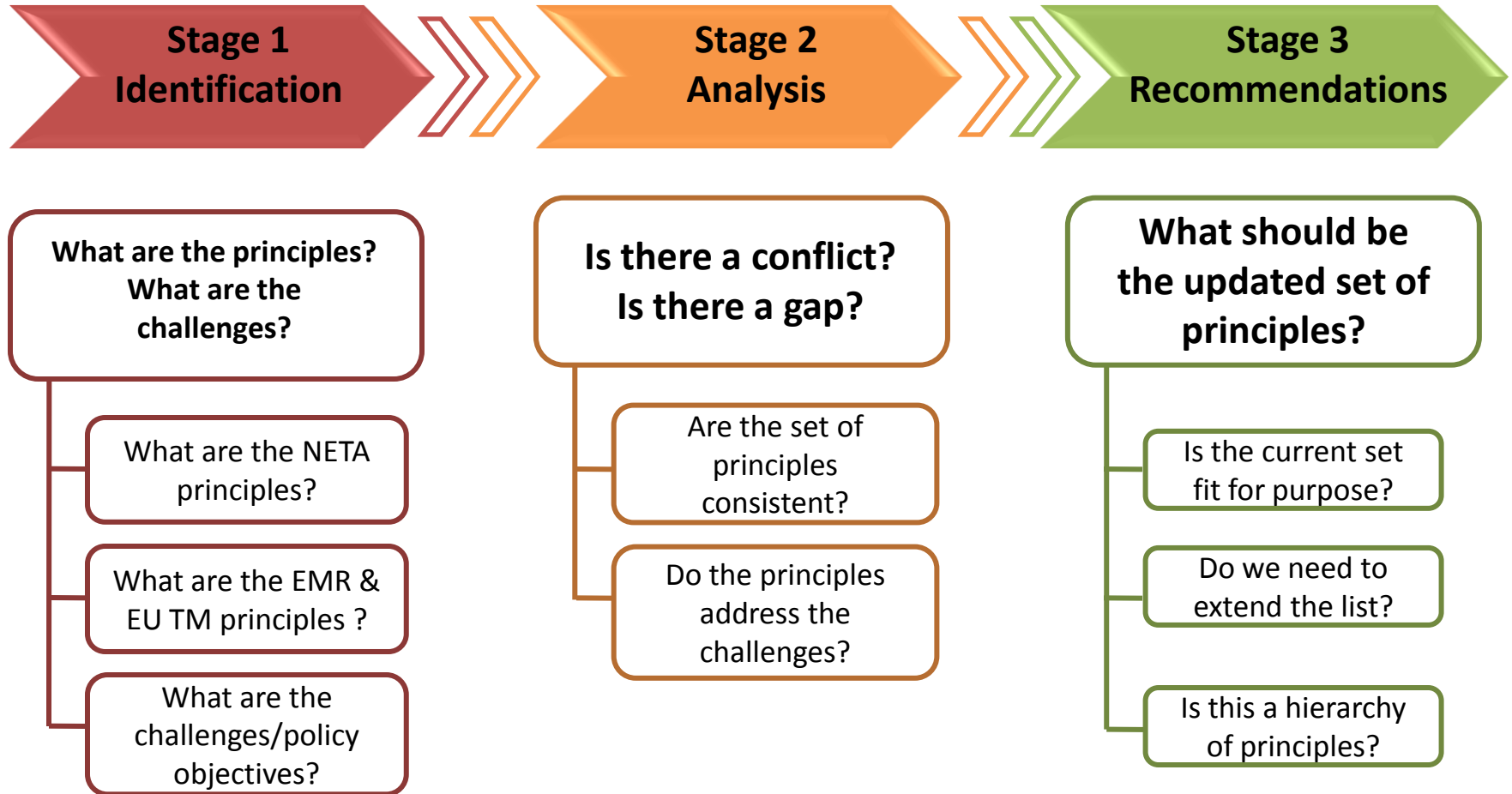


- Principles underlying current trading arrangements identified in our open letter (February 2013)
- Challenges to the TA guiding principles as a result of a transition to a low-carbon energy sector, market integration, and the risks to security of supply
- Stakeholder feedback was largely supportive that the broad challenges to principles were correctly identified
- We propose to further investigate these guiding principles :
 - understand the current principles and challenges
 - consider any updates to these in light of challenges
 - provide a high level direction to future policy development – support certainty



Question: Do you agree with these objectives?

Possible analytical framework



Question: Do you agree with this framework?

What are the timescales and the output?

Preliminary Timeline

- First Working Group Meeting - 24 July
- Second Working Group - early/mid September
- Final Deliverable – Report to 2nd FTA Forum – by Friday 20 September

Output

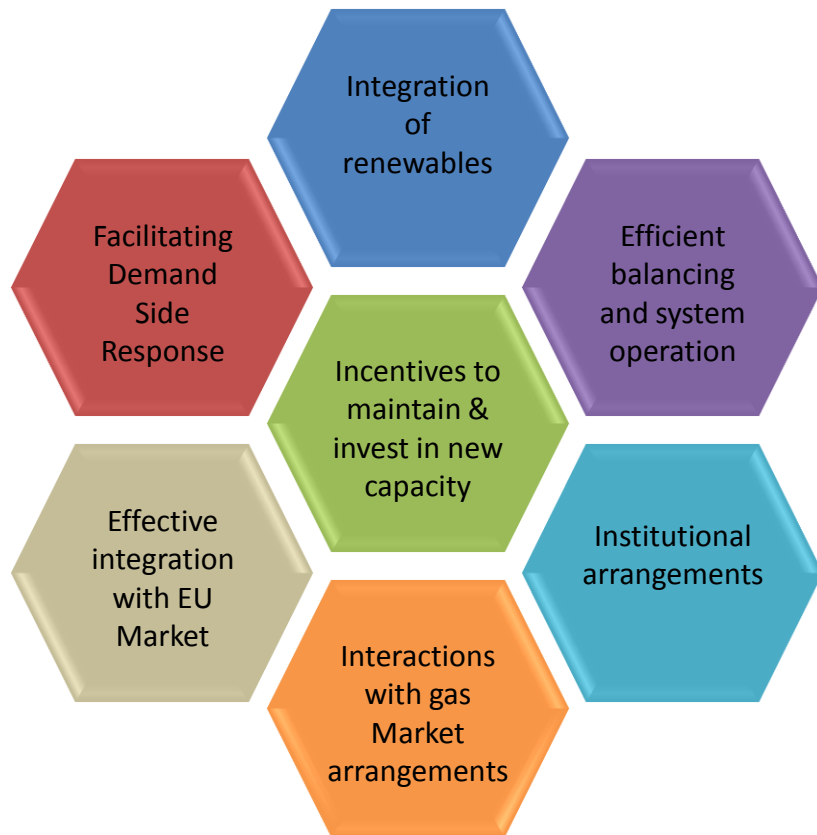
- A paper that sets out the recommended set of principles underpinning the future development of electricity trading arrangements
- Presented to the FTA Forum in September for discussion & debate
- To be used to inform the Forum's recommendations



Question: Do you agree with these timescales and outputs?

ISSUES WORKING GROUP

Purpose of the Issues workstream

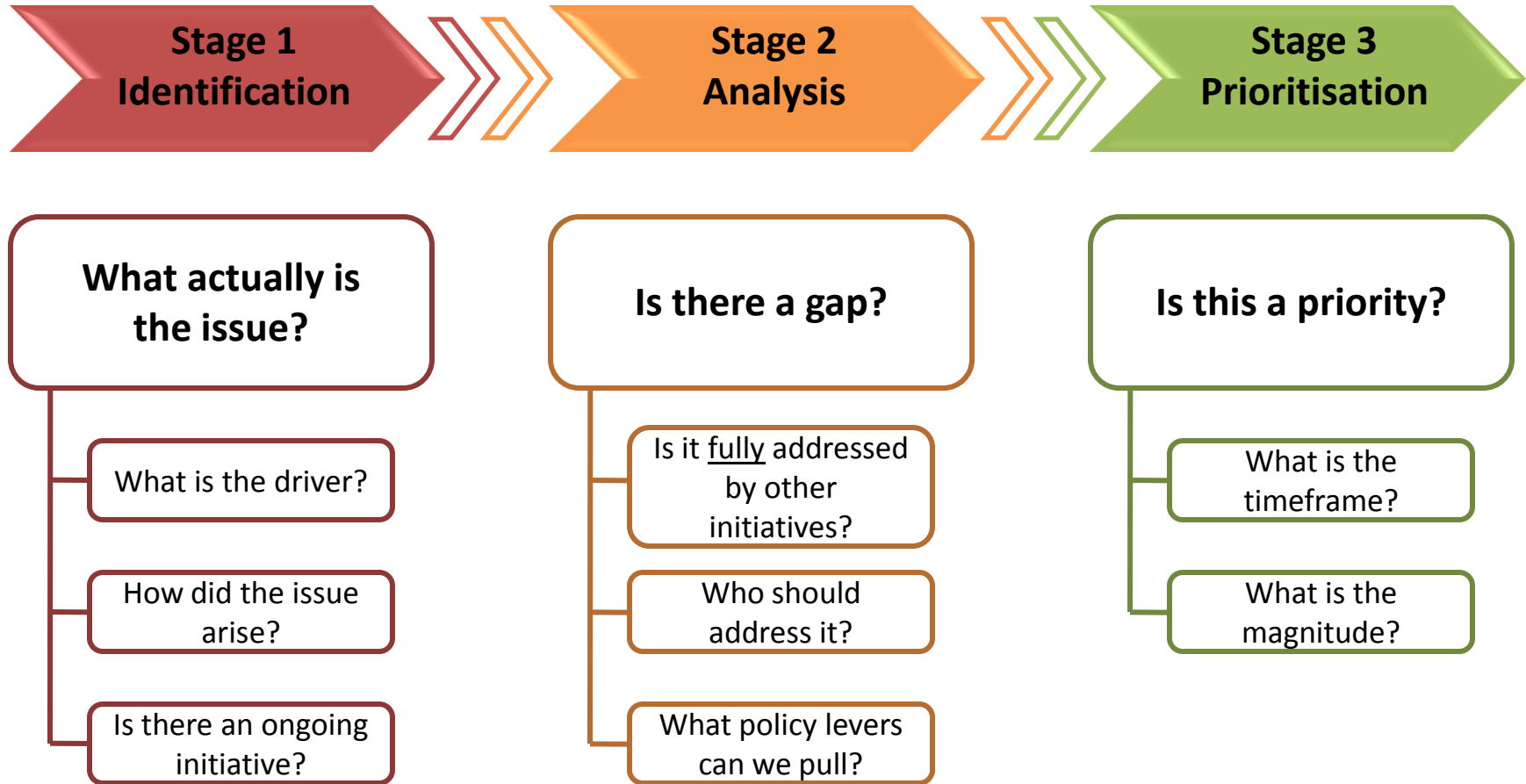


- Seven high-level themes identified in our open letter (February 2013)
- Stakeholder feedback was largely supportive that these are the right issues for consideration
- We propose to further investigate these to:
 - understand the specific issues within each theme;
 - Develop a sense of the potential materiality of each issue;
 - prioritise issues; and
 - direct the scope of the FTA process post-November



Question: Do you agree with these objectives?

Possible analytical framework



Question: Do you agree with this framework?

What are the timescales and the output?

Preliminary Timeline

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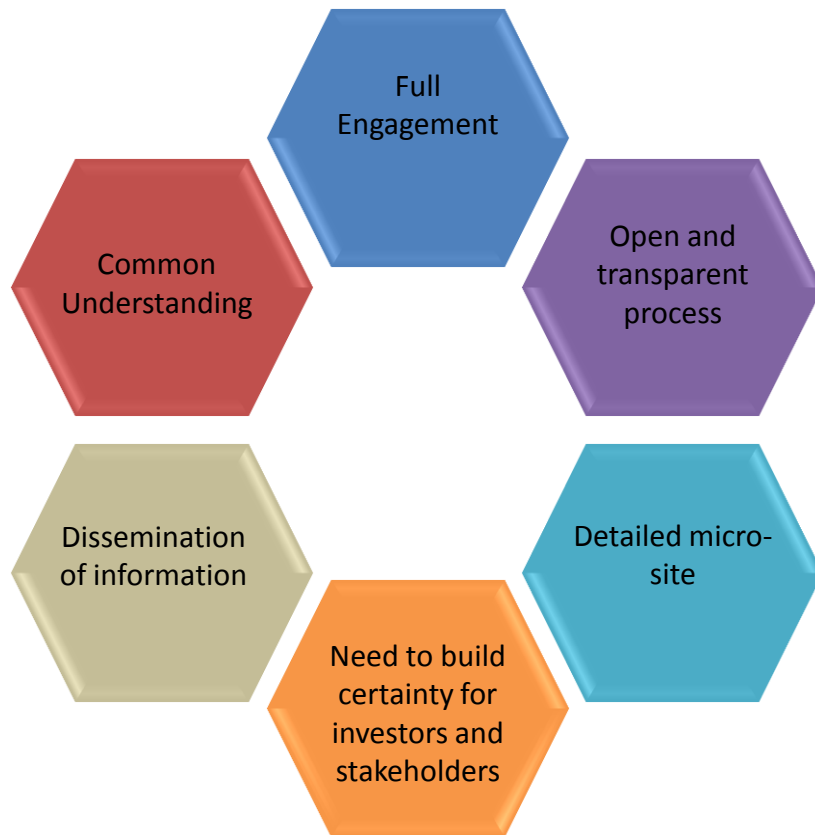
Output

- A paper that summarises and prioritises the issues facing the GB market, a gap-analysis of current policy initiatives, and “Minded to” Scope for the next stage of the FTA Forum.
- Presented to the FTA Forum in September for discussion & debate
- To be used to inform the Forum’s recommendations



Question: Do you agree with these timescales and outputs?

STAKEHOLDER ENGAGEMENT WORKING GROUP

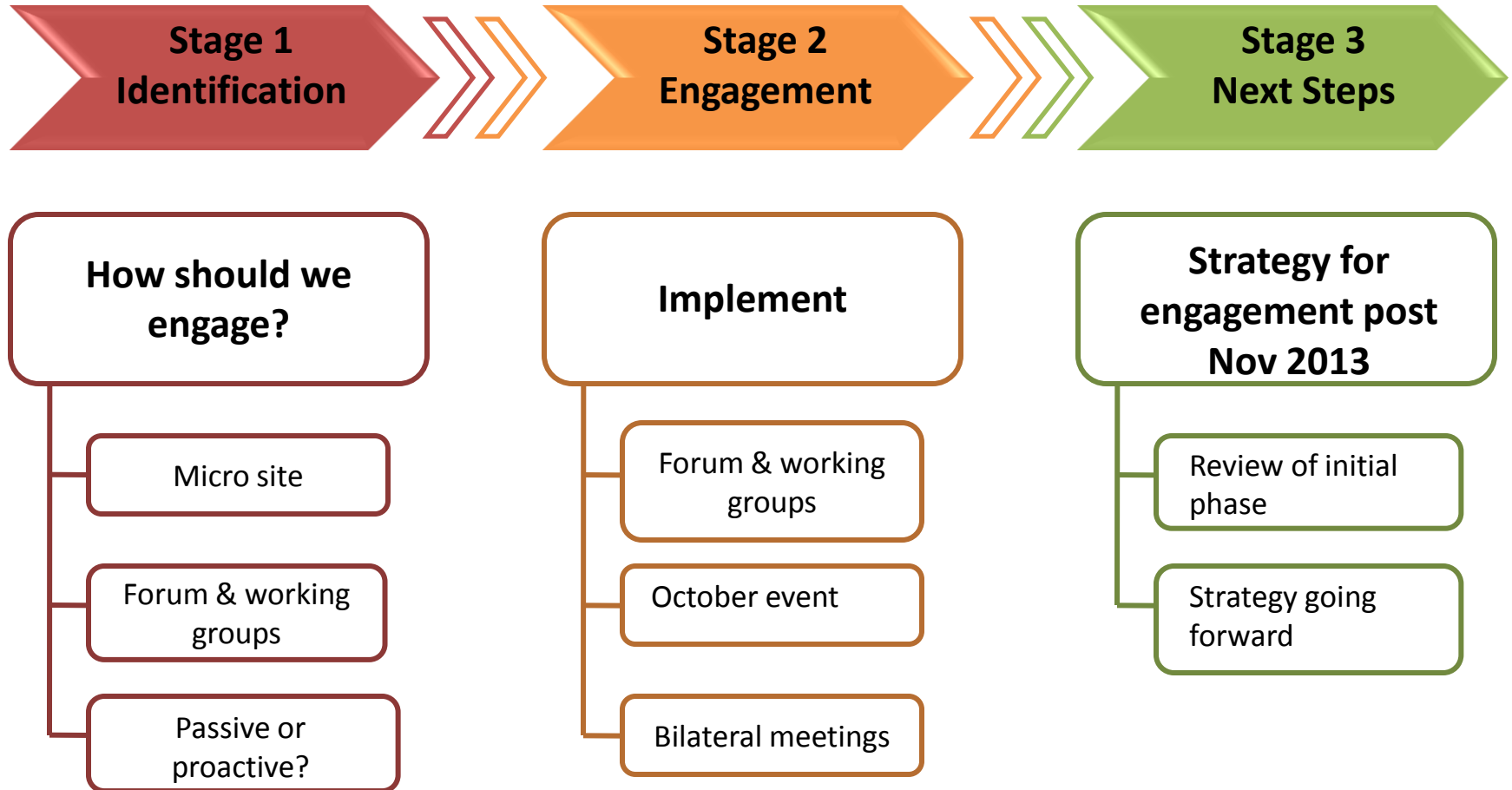


- Stakeholders keen to be fully and openly involved
- WG to determine the most appropriate approaches for engagement and dissemination



Question: Do you agree with this objective?

Possible framework



What are the timescales and the output?

Preliminary Timeline

- First Working Group Meeting - 26 July
- Second Working Group Meeting - TBA
- 1st Deliverable – Agreed Engagement Strategy for initial stage – early August
- 2nd Deliverable – Recommendations on engagement strategy for 2nd Stage – by 20 September

Output

- Recommendations on engagement strategy for the initial stage of the FTA Forum
- Recommendations on engagement strategy for the next stage of the FTA Forum
- Presented to the FTA Forum in September for discussion & debate
- To be used to inform the Forum's recommendations



Question: Do you agree with these timescales and outputs?

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We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.