

Operation of the Working Groups

First FTA Working Group Meeting
31 July 2013

Andrew Ryan

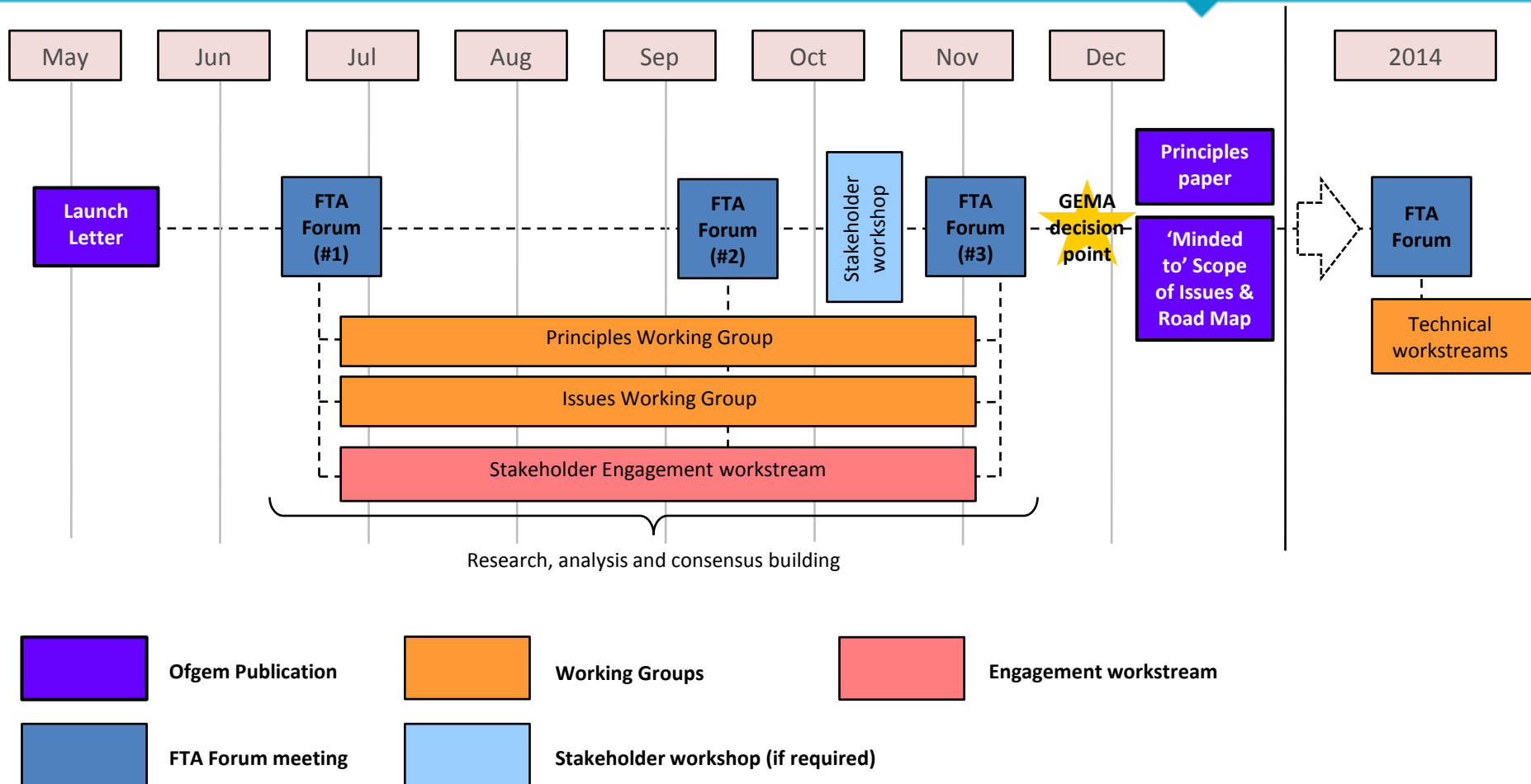
ofgem

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

Timeline



- 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
 - 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.
- The working-groups 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. WG members will be requested to read papers in advance of meetings
- Materials from the reports / studies will be made available to The Authority (GEMA)

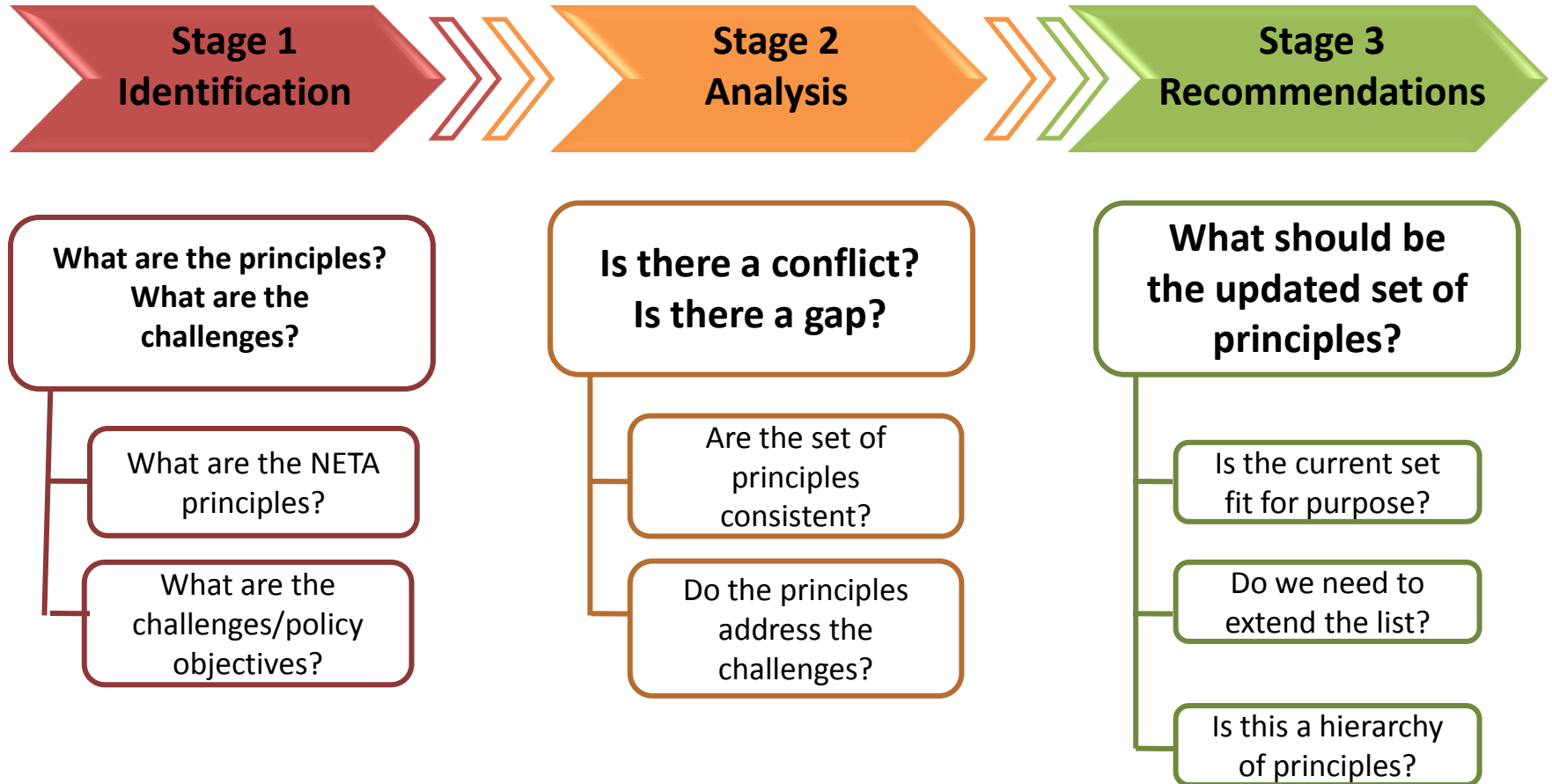
PRINCIPLES WORKING GROUP

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

Proposed Analytical Framework



Working Group meeting dates

31 July

18 September

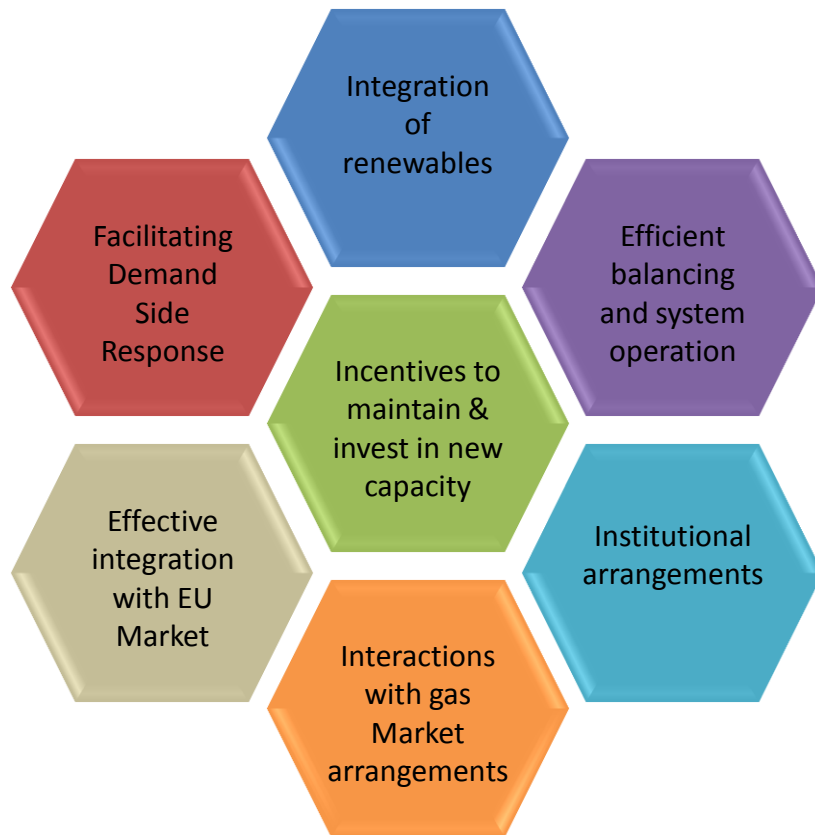
6 November

Output

- A report to be used to inform the Forum's recommendation, setting out the recommended set of principles underpinning the future development of electricity trading arrangements.
 - *by 3rd FTA Forum, 18 November*

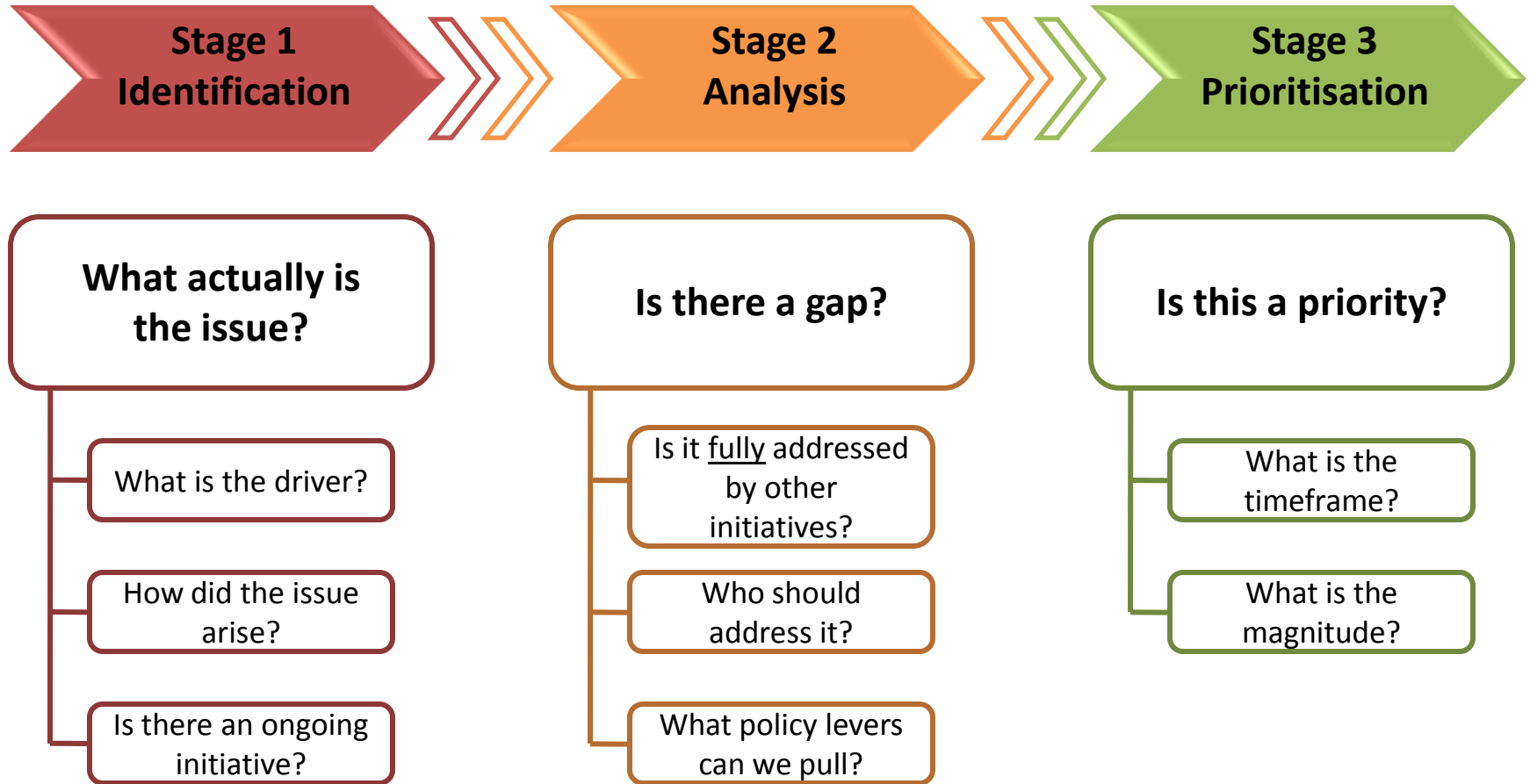
ISSUES WORKING GROUP

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

Possible analytical framework



Working Group meeting dates

31 July

18 September

6 November

Output

- A report to be used to inform the Forum's recommendations:
 - "Minded to" Scope for the next stage of the FTA Forum, including priority issues to be taken forward
 - *by 3rd FTA Forum, 18 November*

Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

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.