

**Rules governing use of disclosure rooms in connection with Gas and Electricity Markets Authority ("Authority") Office of Gas and Electricity Markets' ("Ofgem") duty under the Domestic Gas and Electricity (Tariff Cap) Act 2018 to implement a cap on all standard variable and default rates charged by energy suppliers (Disclosure Room Rules)**

1. The Disclosure Room Rules apply to the Disclosure Rooms referred to in the undertakings to which the Disclosure Room Rules are attached ('the Undertakings') and any breakout room(s) provided pursuant to paragraph 15 of the Disclosure Room Rules.
2. Terms used in the Disclosure Room Rules have the meaning they are given in the Undertakings.
3. The Authority has arranged for Disclosure Rooms to be available at the offices of Dentons United Kingdom & Middle East LLP ('Dentons') at One Fleet Place, London EC4M 7RA to the Authorised Attendees (as described in recital (8) of the Undertakings).
4. Entry to the Disclosure Rooms, conduct within it and use of the Disclosed Material by an Authorised Attendee is conditional on:
  - a. the Authorised Attendee complying with the Disclosure Room Rules;
  - b. each Authorised Attendee complying with the Undertakings which it, he or she has given; and
  - c. the Authorised Adviser's firm/employer complying with the Firm Undertakings which it has given as an Authorised Firm.
5. A maximum of ten Authorised Attendees per Authorised Interested Party will be permitted of whom two will be permitted to be present in the Disclosure Rooms at any one time. The Authorised Attendees of an Authorised Interested Party will not have exclusive access to the Disclosure Rooms; access will be shared with Authorised Attendees of other Authorised Interested Parties.
6. The Disclosure Rooms will be open on each Working Day from 17 September 2018 until 3 October (inclusive). The hours of operation will be from 9.30am until 5.30pm on each day. Should the Authority decide to open the Disclosure Rooms beyond that time or period, access will continue to be governed by the Individual Undertakings, Firm Undertakings and the Disclosure Room Rules.

7. To obtain access, an Authorised Interested Party must send an email to [Retailpriceregulation@ofgem.gov.uk](mailto:Retailpriceregulation@ofgem.gov.uk) (copied to [katie.barker@dentons.com](mailto:katie.barker@dentons.com)) by 10am on the Working Day before the day that access is requested. The email should specify the Advisers who are to attend, their firm/employer, the Interested Party they represent, the day and time that they wish to have access to the Disclosure Rooms and for how long. The Authority will respond to that email as soon as practical to confirm if access can be accommodated as requested. If the Disclosure Rooms' attendance limit has been reached, access may not be granted at the requested time but an alternative day and time may be offered. Access will not be granted to an Adviser if he/she, or his/her firm/employer, has not signed an Individual Undertaking or Firm Undertaking (as relevant).
8. At all times that the Disclosure Rooms are open, a member or members of the Authority or Dentons staff will be present to oversee compliance with the Disclosure Room Rules and shall be the person any Authorised Attendee should contact in the event of a query or difficulty concerning the operation of the Disclosure Rooms (including IT matters).
9. The Authority will provide the following materials in the Disclosure Rooms:
  - a. the underlying data set out in Schedule 1 (in the form described in Schedule 1), which may be amended from time to time by the Authority;
  - b. the underlying data set out in Schedule 2 (in the form described in Schedule 2), which may be amended from time to time by the Authority; and
  - c. stationery.

In the event that an Interested Party not in the sample data set seek access to the Disclosure Rooms for its advisers, the Authority will provide a fully anonymised version of the materials set out (a) and/or (b) where applicable.

10. The Disclosure Rooms will contain one laptop per Authorised Attendee with the following specification:
  - a. Word and Excel software;
  - b. access to a specific subfolder containing the Disclosed Material;
  - c. access to a printer;

- d. no storage medium other than the hard disk will be available (ie the USB ports and the CD writer – if any – will be disabled); and
  - e. no internet or email capacity.
11. All printing activity will be logged.
  12. Authorised Attendees will be provided with A4 sized envelope(s) in which they may store any printed materials and any handwritten notes. The envelope(s) will be sealed and placed in a secure location at Dentons' offices, which will be locked overnight. After the closure of the Disclosure Rooms any such materials will be retained by the Authority for a period of at least 6 months and then destroyed subject to any further requirements for access to the information.
  13. In accordance with paragraphs 8 and 9 of the Undertakings, any Report produced by the Authorised Attendees on the computers provided in the Disclosure Rooms, will be reviewed by the Authority. Where necessary, the Authority staff will redact from the Report any information which may, in their opinion, lead to a breach of any Undertaking. The Report (redacted if required) will be sent to the relevant Authorised Interested Party. For the avoidance of doubt, Authorised Attendees will not be considered to have been in breach of any Undertaking insofar as the Authority has deemed it necessary to redact information from the Report (hereby ensuring that such information is not removed from the Disclosure Rooms).
  14. Authorised Attendees may talk to each other in the Disclosure Rooms but any conversations must be kept as brief and as quiet as possible to avoid disturbing other users of the Disclosure Rooms.
  15. Dentons will, upon request and subject to availability, provide a breakout room during the opening hours of the Disclosure Rooms for reasonable use by the Authorised Attendees of an Authorised Interested Party for:
    - a. Discussions between Authorised Attendees who are present in the breakout room ('internal communications'); or
    - b. External telephone conversations ('external communications');but a breakout room may not be used for internal communications and external communications at the same time.
  16. Requests to use a breakout room must be made to a member of Dentons staff present in the Disclosure Rooms on the day the Authorised Attendees wish to

use the breakout room. When making the request an Authorised Attendee must indicate whether the breakout room is to be used for internal communications or external communications. In the event that the Authorised Attendees of more than one Authorised Interested Party wish to use the breakout room, at the same time each party concerned shall be able to use the breakout room for a maximum of 2 hours at any one time and the priority given to parties will be determined by the order in which the Authorised Attendees made the request to the member of Dentons staff. In the event of a dispute, the matter shall be resolved by the member of Dentons staff in the Disclosure Rooms.

17. An Authorised Attendee must not bring into the Disclosure Rooms or breakout room any device allowing external communication (for example, mobile phones, PDAs, laptop computers) or storage devices (eg memory sticks, cameras or dictaphones) (together **Communication/Storage Devices**) except as permitted pursuant to paragraph 20 of the Disclosure Room Rules.
18. An Authorised Attendee must not bring into the Disclosure Rooms or breakout room his/her own material (for example, notes, copies of working papers or other documents or textbooks) save that an Authorised Attendee may bring into the Disclosure Rooms his/her own material if:
  - a. the material is in non-electronic format;
  - b. the material is reasonably required to facilitate the Permitted Purpose;
  - c. the Authorised Attendee has informed the Authority/ Dentons and provided for inspection by a member of the Authority's staff, by 10am on the Working Day before, the specific material that he/she intends to bring into the Disclosure Rooms;
  - d. the Authority has approved the material presented for inspection;
  - e. the material is not removed from the Disclosure Rooms except to be taken to a breakout room used for internal communications as permitted pursuant to paragraph 19 of the Disclosure Room Rules); and
  - f. the material is given to Dentons/ the Authority for destruction at the end of the Authorised Attendee's last visit to the Disclosure Rooms.
19. Where a breakout room is to be used for internal communications:
  - a. an Authorised Attendee may take into the breakout room copies of a draft Report and/or Confidential Submission(s) and handwritten and

printed notes prepared in the Disclosure Rooms, as well as his/her own material brought into the Disclosure Rooms under paragraph 18 of the Disclosure Room Rules but in doing so the Authorised Attendee must not breach the Individual Undertakings he/she has given; and

- b. an Authorised Attendee must not bring into the breakout room any Communication/Storage Device.
20. Where the breakout room is to be used for external communications:
- a. an Authorised Attendee may, with the approval of a member of Dentons staff, bring a mobile phone into the breakout room and use it for external communications; and
  - b. unless otherwise permitted by paragraph 8(d)(ii) of the Individual Undertaking or the Interested Party Undertaking (as relevant) an Authorised Attendee must not take into the breakout room copies of a draft Report, or any other material prepared in the Disclosure Rooms or his/her own material whether brought into the Disclosure Rooms under paragraph 18 of the Disclosure Room Rules or otherwise.
21. Authorised Attendees should report to the ground floor reception at One Fleet Place and ask for Ofgem Disclosure Rooms. Authorised Attendees may be required to produce evidence of identity before admission to the Disclosure Rooms. Authorised Attendees must sign in and out at the ground floor reception area of Dentons. Visits to the Disclosure Rooms will always take place in the presence of a Dentons representative. Visitor badges must be worn visibly at all times. The Authorised Attendees must not leave a Disclosure Room at any time without informing a member of the Dentons staff and outside the Disclosure Rooms will be accompanied by a member of Dentons staff where appropriate.
22. Authorised Attendees must comply with all requests made by a Dentons representative (including a request to leave the Disclosure Rooms should this become necessary for any reason). Authorised Attendees must comply with any reasonable security regulations and procedures required by Dentons.
23. An Authorised Attendee who does not comply with the Disclosure Room Rules will also be in breach of its Undertaking. A breach of the Disclosure Room Rules and/or any Undertaking may result in the Authority:
- a. terminating the Authorised Attendees' access to the Disclosure Rooms and refusing the Authorised Attendees access to any subsequent

disclosure room or confidentiality ring run by the Authority, whether relating to the Permitted Purpose or any other matter; and

- b. where relevant, referring the breach to the Authorised Attendee's regulatory body which may decide to take disciplinary action in relation to the breach.

Section 105 of the UA 2000 makes it an offence to disclose information other than in a manner that is consistent with the UA 2000. The Authority considers that any further disclosure of the Disclosed Information for anything other than the Permitted Purpose, would be a contravention of the UA 2000.

24. The Authority reserves the right, at its discretion and without stating a reason, to add documents to the Disclosure Rooms and to withdraw, update or amend the documents in the Disclosure Rooms.
25. The Authority may without consultation vary the Disclosure Room Rules where it considers there is a good reason, which may include a reasonable suspicion that there has been a breach of the Disclosure Room Rules or the Undertakings. The variations will have effect as regards an Authorised Attendee (and, if relevant, an Authorised Attendee firm/employer) as soon as the variations are notified to the Authorised Attendee (and, if relevant, the Attendee's firm/employer).

## SCHEDULE 1

### Smart Metering Costs

- a. An individual supplier-specific version of the data and executable model underlying the calculation of the non-pass-through Smart Metering Net Cost Change (SMNCC) will be made available. This model includes:
  - i. 2017 Annual Supplier Report (ASR) data, or where relevant, supplier-specific adjustments made to the raw ASR data used for the calculation of the SMNCC (for the relevant supplier only)
  - ii. Blank data is provided for other supplier-specific ASR responses i.e. advisers will not be able to see the adjustments made to other supplier's information, but will be able to view comments where adjustments had been made.
  - iii. Average inputs derived from the adjusted ASR data
  - iv. Calculations performed to determine the Non-Pass-Through SMNCC, including supporting modelling assumptions (e.g. optimism bias)
  
- b. A supplier-specific version of the data and executable model underlying the calculation of the smart metering roll out profile as used in the smart metering model will be made available. This model includes:
  - i. Supplier-specific domestic rollout estimates for 2016, 2017, and the forecasted rollout for 2018 to 2020 (for the relevant supplier only).
  - ii. Blank data is provided for other supplier's roll out profiles
  - iii. Forecast roll out profile for 2018, based on a volume weighted average of supplier profile forecasts
  - iv. The rollout value used for 2020. The projected roll out profile for 2019 is calculated based on the 2018 supplier forecast average and the modelling assumption used for 2020.
  - v. The estimate of the average proportion of the supplier installation workforce which is formed of insourced staff, based on the six largest suppliers.
  - vi. The estimate of the increase in installation productivity based on supplier forecasts between 2017 and 2018.

## SCHEDULE 2

### Wholesale model

- a) A model detailing Ofgem's assessments of the additional direct fuel allowances for electricity, as well as replication of the calculation for the core direct fuel allowances, will be disclosed:
- i) Reference Price (Seasonal Hedge): Ofgem's assessment of the market-wide seasonal electricity 'hedge' for summer 2017 and winter 2017. These are based on the 6-2-12 model using ICIS Energy's assessment of baseload and peakload forward contract prices. This calculation is also reflected and published in Annex 2 of Ofgem's licence condition publication ("Wholesale cost allowance methodology").
  - ii) Seasonal to Monthly Shaping: Following on from the previous step, this is Ofgem's market-wide assessment of the costs incurred by suppliers to re-hedge seasonal wholesale power contracts into monthly wholesale electricity contracts. This is for baseload and peakload prices (70/30 split). Prices are from ICIS Energy and are taken from 2014 - 2017. Monthly demand (Elexon) is based on seasonal demand divided by six.
  - iii) Monthly Peak / Baseload to Hourly Shape: This is Ofgem's market-wide assessment of the costs suppliers incur re-shaping monthly baseload and peakload electricity contracts into hourly Day Ahead contracts. Hourly Day Ahead prices (N2EX) are based on historical Day Ahead price data (01/01/2015 to 31/03/2018). Demand values for the intraday profile is based on an Elexon profile for 01/04/2017 to 31/03/2018.
  - iv) Estimated cost of re-hedging on day-ahead market: This is Ofgem's market-wide assessment of the cost of re-hedging Day Ahead hourly contracts as new market information becomes available at the Day Ahead stage (eg new weather forecasts) on a daily basis. The cost of re-hedging is based on the change in price from the Month Ahead (ICIS Energy) contract price to the Day Ahead price (N2EX). Demand changes are based on the difference between PC1 - 10yr net and PC1- Actual Net (Elexon).
  - v) Allowance for Imbalance: This is Ofgem's market-wide assessment of supplier electricity imbalance costs assuming the previous steps above have been undertaken. Prices are based on the absolute difference between System Buy Price (Elexon) and Day Ahead price (N2EX) over April 2016 - March 2018, for each half hour. The volumetric element is based on the average imbalance levels (Elexon) of a sample of suppliers over the same period.
  - vi) Allowance for Transaction Costs: Ofgem's assessment of a market-wide transaction cost based on supplier-specific information submitted to Ofgem as part of the Default Tariff Cap: Policy Consultation process.



- b) A model detailing Ofgem's assessments of the additional direct fuel allowances for gas, as well as replication of the calculation for the core direct fuel allowances, will be disclosed:
- i) Reference Price (Quarter Hedge): Ofgem's assessment of the market-wide quarterly gas 'hedge' for summer 2017 and winter 2017. These are based on the 6-2-12 model using ICIS Energy's assessment of forward contract prices. This calculation is also reflected and published in Annex 2 of Ofgem's licence condition publication ("Wholesale cost allowance methodology").
  - ii) Quarter to Monthly Shaping: This is Ofgem's market-wide assessment of the costs suppliers incur re-shaping quarterly gas contracts into monthly contracts. Monthly contract prices (ICIS Energy) are based on historical Day Ahead price data (01/01/2014 to 31/03/2018). Demand values for each month are directly converted using the relative (normalised) monthly consumption observed in the Domestic Annual Load Profiles from Xoserve for 01/10/2016 to 30/09/2019.
  - iii) Estimated cost of re-hedging on Day Ahead market: This is Ofgem's market-wide assessment of the cost of re-hedging monthly contracts to Day Ahead contracts (eg new weather forecasts) on a daily basis. The cost of re-hedging is the cost of Day Ahead contracts (ICIS Energy) multiplied by the change in volume requirement. The change in volume requirement is the difference between the Domestic Annual Load Profile from Xoserve pre- and post-weather adjustment factors.
  - iv) Estimated imbalance costs: Finally, this is Ofgem's market-wide assessment of supplier gas imbalance costs assuming the previous steps above have been undertaken. Prices are based on the absolute difference between SMP Buy or Sell (Xoserve), and Day Ahead prices (ICIS Energy) over April 2016 - March 2018. The volumetric element is based on the average imbalance levels (Xoserve) of a sample of suppliers over the same period.
  - v) Estimated Transaction Costs: Ofgem's assessment of a market-wide transaction cost based on supplier-specific information submitted to Ofgem as part of the Default Tariff Cap: Policy Consultation process.