

ELECTRICITY MARKET REFORM: SMOOTHING THE TRANSITION TO THE CFD

WORKING GROUP 2, CODE OF PRACTICE FOR PPA MARKET

TERMS OF REFERENCE

Objectives:

- To provide market participants with a greater understanding of the approach that will be taken by different market participants in the PPA market under the CfD.
- To improve transparency and understanding of the drivers of commercial decisions, and to improve investor confidence in the PPA market.

Output:

a voluntary code of best practice setting out how market participants should engage in the process of negotiating and agreeing Power Purchase Agreements.

Milestones:

August – interim report on progress

October – final code of practice

Governance:

The Working Group will be chaired by Chris Hemsley/Phil Hicken and will report to the Smoothing the Transition Steering Board, which will have overall responsibility for the progress of the Working Group. The WG will produce papers for the Steering Board's consideration and the chair of the WG will attend SB meetings to discuss progress. The Steering Board will agree the work programme as proposed by

Meetings:

We envisage that the Working Group will meet approximately every month during 2013 to discuss progress and agree the next steps. All meetings will be held at DECC's offices in central London, and are expected to last around 90 minutes.

Papers:

DECC will aim to circulate relevant material in advance of each meeting to allow for preparation where appropriate.

WG members will be required to handle any papers with discretion and are requested to not share papers widely with colleagues or outside their organisation.

Transparency:

Draft minutes of the meetings will be circulated to all WG members and DECC will publish final minutes on the internet. Members are welcome to distribute minutes of the meetings to any interested parties.

Discussion papers will also be published on the internet.

Indicative timetable of activities

	Activity	Resources
April/May	Identify potential elements of code of practice – e.g.: <ul style="list-style-type: none">• Best practice on how to engage with other market participants – PPA noticeboard?• Commitment to respond to all requests?• Transparency of pricing in offers?• Transparency of terms of agreed PPAs?	Commercial/policy teams
June	Initial drafting	Policy/legal
July	Legal check	Legal
August	Interim report to SB	Policy
August-October	Testing with Stakeholders <ul style="list-style-type: none">• Questionnaires• Workshops	Policy
October	Any revisions necessary	Policy
November	Finalise COP <ul style="list-style-type: none">• Present to SB• Publicise• First signatories	Policy

Membership:

Members of the WG have been selected on the basis of their knowledge and experience. Substitutes will therefore not generally be accepted. However, if members are unable to attend meetings then DECC will consider suggestions for alternates for that meeting.

Members of the WG are expected to act impartially and they, their organisations or any of their substitutes will not be bound by any recommendations or decisions made by the group.

Ofgem officials that are members of this group do not represent the views of the Gas and Electricity Markets Authority. Their attendance should therefore not be considered an implicit or explicit endorsement or agreement to the outcomes and will not fetter the Authority discretion in the future. Similarly representatives from National Grid that are members of this group do not represent the views of National Grid PLC or any of its subsidiaries and will not be bound by any recommendations made by the group.

DECC reserves the right to review membership in future to ensure the group remains effective. DECC will assess the composition and the need for the Group at the end of the next stage of the programme to ensure it remains fit for purpose for future stages.

Members:

Name and Title	Company
Terry Ballard	RWE
Martin Bell	Ofgem
Scott Buckleton	GPS
Owen Forster	EDF
Christopher Granby	Infinis
Kirsty Hamilton	LCFG
Mark Knights	Smartest Energy
Peter Lynch	Mainstream Renewables
Stuart Noble	Scottish Power
James O'Meara	SSE
Stephen Packwood	RES
Christian Pegrum	EON
Lee Priestley	Centrica
Simon Proctor	Good Energy
Robert Williams	BT

Adherence with competition law

Working Group members must ensure that their involvement in this group is consistent with their obligations in relation to competition law. Participants should take their own legal advice if this is necessary. No participants are expected to share any information which is considered to be commercially sensitive and if participants have any concerns about the activities of the group as it relates to competition law this should be brought to the attention of the chair of the group.