

Forecasted Contracted Capacity Workgroup (outputting to NTSCMF) Draft Terms of Reference

1. Background

- The Forecasted Contracted Capacity (FCC) is an input to the Capacity reference / reserve price calculation. There are several of requirements under the UNC in respect of the FCC and the Methodology applied to produce it.
- This workgroup is being set up to focus on the production of an updated FCC Methodology and the FCC Values to be applied into the calculation of the October 2021 Reserve Prices and indicatives as require to be published towards the end of May 2021.

2. Workgroup set-up, frequency, role and duration

- Workgroups will be held using Microsoft Teams, hosted and facilitated by National Grid
- Workgroups will be weekly lasting 1 hour with frequency updated if needed.
- Focus is on frequent, short and productive discussions with a reasonable space between them to maintain progress on the development;
- Progress and outputs of these workgroups will be shared at NTSCMF meetings;
- Meetings will not have formal minutes; a summary will be provided of the main topics covered. Summary of progress including any relevant material will be shared to NTSCMF
- A method to provide access to relevant material for those joining will be sought.
- These workgroups may run until end of April 2021.

3. Attendees

- Attendance will be open to any interested Stakeholders. Should numbers impede the ability to share content and maintain the interactive nature of the workshops this will be reviewed.
- Should it be necessary or beneficial to use smaller, ad-hoc workgroups to develop or discuss certain topics in greater detail, National Grid will host and chair such workgroups.

4. Overall Objectives

- To deliver an agreed and improved FCC methodology for 2021, with a methodology update by the end of March 2021 and an FCC to use in the calculation process by the end of April 2021 to set October 2021 reference / reserve prices. This will include:
 - i. Review the current FCC Methodology in place, implemented as part of UNCO678A and share views on potential improvements;
 - ii. Analyse 2020/21's actuals versus forecasts and any other relevant analysis needed to support its update;
 - iii. Review what should be key assumptions, inputs including how to use or apply them.

5. Scope

- Focus is on an updated FCC Methodology that will be used to produce the FCC for 2021 and not a change the governance of the FCC Methodology for 2021. Further work, more likely to be for 2022, would focus on how the methodology is to be incorporated as part of the UNC.