

Minutes of a meeting of the Gas and Electricity Markets Authority

From: Jen Todd
Secretary to the Authority

Date: 27 and 28 July
2021

Location: Virtual

GEMA meeting minutes for 27th July 2021

1. Welcome and Introductions

1.1 The Chair welcomed all members and attendees to the meeting and noted that Paul Arnold, Deputy CEO and Chief Operating Officer of the Information Commissioner's Office, and Sinead Murray, Ofgem's incoming General Counsel, were also in attendance.

1.2 No conflicts of interest had been reported and there were no comments on the minutes from the last meeting, which were therefore approved.

1.3 The Board agreed to the two actions highlighted for closure and noted the remaining actions were all on track.

1.4 The Chair highlighted the 'for circulation' papers for the Board's attention. This included:

- A paper from the People and Remuneration Committee (PRC) on the process for considering applications under the Business Appointment Rules. The Board agreed that the consequential amendments to the PRC Terms of Reference would be finalised by correspondence, by the Chair of PRC and Chair of the Board.
- A paper which sought Board approval to enter into a contract with an Independent Assurance Provider for the Market-wide Half-Hourly Settlement programme, and that the decision for approval of the contract for the Independent Assurance Provider would be delegated to Neil Lawrence, Director Retail. Approval for both decisions was provided by the Board.
- A paper on the recent Energy Retail Market Strategy from the Department for Business, Energy and Industrial Strategy, including its proposals in relation to collective switching.
- A summary of the recent Board Effectiveness Review report, alongside a summary of the actions Ofgem have taken or plan to take, over the summer.

1.5 The Chair of the PRC provided an update on the last PRC meeting which included, in addition to the review of the process for applications under the Business Appointments Rules, an update on the ongoing organisational Transformation Programme, noting the progress which had been made in the important initial phase.

1.6 The Board were briefed on some of the Chair's recent engagements which included:

- A visit to Glasgow which included a tour of the renovations at Ofgem's office at Commonwealth House;
- A tour of First Bus Group's Caledonia Depot, who are working with SP Energy Networks to create the largest Electric Vehicle bus depot in the UK;
- A tour of SoulRiders, a food and waste delivery service charity based on the south side of Glasgow; and
- In company with the Chief Executive, a meeting with Lord Hollick, Chair of the House of Lords Regulators Committee inquiry into Ofgem and Net Zero.

2. Chief Executive Officer's (CEO) Report

2.1 The CEO, noting that Board members were apprised of his written report, were briefed on some key issues, including:

- The forthcoming Spending Review;
- Recent energy-related publications from the Department for Business, Energy & Industrial Strategy; and
- The default tariff cap.

3. Strategy Roadmap

3.1 The Board discussed an outline strategy roadmap to deliver the net zero transition and meet the Carbon Budget 6 targets by the mid-2030s with the least cost to consumers.

3.2 The Board endorsed the overall strategic vision and roadmap, noting that the Board was due to discuss the future of the retail energy market in more detail at an upcoming meeting. The Board also noted the importance of careful engagement with HMG and other key stakeholders.

3.3 The Board agreed to review progress at future meetings and welcomed the framework for monitoring process.

4. Interconnector Policy Review

4.1 The Board were provided with an update on the Interconnector policy review and guidance was sought on proposed next steps.

4.2 The Board agreed to the proposals set out within the paper.

5. Electric Vehicles Roadmap

5.1 The Board considered a paper on the adoption of electric vehicles, the measures needed to support this transition and the key opportunities and challenges.

5.2 The Board noted the importance of securing the right level of capacity on the system, at least cost to consumers.

5.3 It was agreed that Board feedback would be incorporated within the forthcoming Electric Vehicles Strategy.

6. Delivery & Schemes: Green Gas Support Scheme & Green Gas Levy

6.1 A decision was sought from the Board on Ofgem's administrative role under the Green Gas Support Scheme and Green Gas Levy.

6.5 Following discussion, the Board agreed to accept the recommendation that Ofgem take on the administrative role for both schemes.

7. Distributional Issues

7.1 Professor Jonathan Wolff, Alfred Landecker Professor of Values and Public Policy at the University of Oxford, joined the Board to discuss distributional issues.

7.2 In discussion, the Board considered the protection of consumers in the context of the distribution of costs, particularly in relation to vulnerable groups.

7.3 Following the discussion, the Board agreed that it would be helpful to develop a set of guiding principles to underpin Ofgem's approach to distributional issues.

8. Any other Business

8.1 The Board discussed Board composition at its evening meeting, following a recent review by the People and Remuneration Committee of the Board size and structure, including its diversity.

8.2 The Board agreed to recommend to the Secretary of State that the appointment of two additional Non-executive Board members be sought, with one from a consumer-focused background and another with understanding and experience of the intersection between the future energy system and digitalisation.

8.3 In addition, the Board agreed that three members of the Ofgem Executive Committee would be invited to attend future Board meetings on a non-voting and associate basis for a period of 9 to 12 months, and these appointments should ideally reflect the organisation's regulatory, delivery and specialist responsibilities.

10. PRC Terms of Reference

The Board noted the paper.

11. Reserved matter: Procurement for an Independent Assurance Provider for the Market-wide Half-Hourly Settlement programme

The Board noted the paper.

12. Collective Switching

The Board noted the paper.

13. Board Effectiveness Review summary report

The Board noted the paper.

14. Delivery & Schemes Director's Report

The Board noted the paper.

15. Communication Insights

The Board noted the paper.

16. Litigation Tracker

The Board noted the paper.

GEMA meeting minutes for 28th July 2021

1. Welcome

1.1 The Chair welcomed Board members and attendees back to the meeting.

2. Future Developments and Comprehensive Spending Review 2022-25

2.1 The Board discussed its vision for the organisation and a range of issues that could affect its size and shape in the short-to-medium term, as well as over the longer term.

2.2 The Board was supportive of the recommended approach set out in the paper and noted the importance of robust governance, so that ExCo and the Board can continue to exercise strategic oversight of the organisation's performance and risks.

2.3. The Chair requested to meet with the CEO and Chair of the Audit and Risk Assurance Committee, with a view to bring refined proposals to the Board at the beginning of next year.

Spending Review

2.4 The Board were briefed on the preparations for the upcoming Spending Review. The Board noted that an extraordinary Board meeting to approve the final Ofgem submission was likely to be convened prior to submission.

3. Communications

3.1 The Board welcomed the opportunity to reflect on the organisation's engagement with consumers and key stakeholders and invited the team to present regular updates going forward.

4. Board priorities and reflections

4.1 The Board reflected on the discussions held over the course of the two days and agreed actions to take forward a number of items for further discussion at future meetings.

Apologies for absence

None

Those present

Martin Cave
Jonathan Brearley
Paul Grout
Christine Farnish
Lynne Embleton

John Crackett
Myriam Madden
Barry Panayi

Those attending

Cathryn Scott
Neil Kenward
Stephanie Broadribb
Jonathan Spence
Philippa Pickford
Priya Brahmabhatt-Patel
Sinead Murray (Incoming General Counsel)
Paul Arnold (Observer: Information Commissioners Office)

Others present

James Kilmartin (Principal Private Secretary)
Vickie Baker (Head of Governance and Secretariat)
Jennifer Todd (Depute Head of Governance and Secretariat)
Ashley Stewart (Governance and Secretariat Manager)

For specific agenda items 27th July

Rachel Clark (Item 1)
Karen Mayor (Item 2)
Neil Lawrence (Item 2)
Tom Corcut (Item 3)
Doug Cook (Item 3)
Akshay Kaul (Item 3,4)
Rich Smith (Item 3)
Neil Lawrence (item 3)
Helen Crooks (Item 3)
James Luger (item 3)
Richard Hibble (item 3)
Stuart Borland (item 4)
Daniel Cardona (item 4)
James Doig (item 3, 5)
Jane Dennett Thorpe (item 5)
Nick Brooks (item 5)
Ben Cattermole (item 5)
David Fletcher (item 6)
Carmel Golden (item 6)
Chris Jackson (item 6)
Maureen Paul (item 7)
Sean Slack (item 7)
Meghna Tewari (item 7)
Elizabeth Blakelock (item7)

Simon Wilde (item 7)
Martin Campbell (item 7)
Professor Jonathan Wolff (item 7)

For specific agenda items 28th July

Paul Arnold (ICO Observer)
Sinead Murray
Marcia Poletti (Item 2)
Chris Brown (Item 2)
Tom McFadden (Item 2)
James Luger (Item 2)
Karen Mayor (item 2)
Neil Lawrence (item 2)
Michael Anderson (Item 3)
James Hotson (Item 3)

GEMA meeting minutes for 8th September 2021

1. Welcome and Introductions

1.1 The Chair welcomed all members and attendees to the meeting and noted that no conflicts of interest had been reported.

2. Spending Review

2.1 The Board considered a paper setting out the proposed submission to HM Treasury for the 2021 Comprehensive Spending Review.

2.2 The Board discussed the ambitious programme of work over the next Spending Review period, which included significant activity within the Transformation Programme, Ofgem's strategic priorities and preparation for taking on new functions.

2.3 The Board noted that the bid was broadly consistent with the three year plan submitted the previous year. Consideration was given to the allocations against new activities, risks, and uncertainties. The Board also discussed the efficiency goals and targets set out within the plan.

2.4 The Board noted the longer timescale for confirming the budget for Delivery and Schemes Directorates, which are agreed with BEIS.

2.4 Following discussion, the Board was content to approve submission to HM Treasury.

Apologies for absence

None

Those present

Martin Cave
Jonathan Brearley
Paul Grout
Christine Farnish
Lynne Embleton
John Crackett
Myriam Madden
Barry Panayi

Those attending

Cathryn Scott
Neil Kenward
Chris O'Connor
Sinead Murray
Philippa Pickford

Priya Brahmbhatt-Patel
Andrew Beggs
Karen Clough
James Luger
Nicholas Bare

Others present

Vickie Baker	(Head of Governance and Secretariat)
Jennifer Todd	(Depute Head of Governance and Secretariat)