

# **Rules of Procedure of the Gas and Electricity Markets Authority**

## **INTERPRETATION**

1. In these rules:

"the Authority" means the Gas and Electricity Markets Authority.

"Executive Member" means a Member who is employed by the Authority.

"Member" means a member of the Authority.

"Non-Executive Member" means the Chair and any Member who is not an Executive Member.

"Ordinary Resolution" means a resolution that is passed by a simple majority of such Members as are entitled to vote on that resolution. An ordinary resolution may be in writing or oral and must be recorded in the minutes.

"Reserved Function" has the meaning given to that phrase in paragraph 13 below.

## **MEETINGS**

2. Subject to the provisions on notice (paragraph 4) the Chair or any three Members may convene a meeting of the Authority.

3. Meetings may take place other than at the Authority's usual place of business.

## **NOTICE OF MEETINGS**

4. Fourteen days' notice of any meeting of the Authority shall be given to each Member in writing (including transmission of a written notice by facsimile or electronic mail) and shall specify the time and place of the meeting and seven days' notice shall usually be given of the business to be conducted.

5. A meeting called on shorter notice will nonetheless be valid.

6. Failure of a Member to receive notice of a meeting does not invalidate that meeting or any business transacted at it.

## **PROCEEDINGS**

7. The quorum for a meeting of the Authority will be four members present including one executive member and two non-executive members, but this, and any combination of further members, must be such as to ensure that there is a majority of non-executive members attending. During any period while there is only one executive member that member will not be required to constitute a quorum if (i) that person is incapacitated (ii) he or she has given notice to the Chair that he or she is unable to attend but content that the meeting proceeds in any event; or (iii) at any properly convened meeting where he or she has failed to attend two consecutive meetings immediately prior to that meeting for which notice had properly been given to all directors.

8. Members may attend meetings of the Authority by telephone or video conferencing facility. Members so attending shall be considered to be present at that meeting.

9. If the Chair is not present at a meeting of the Authority those Members present shall appoint one of the Non-Executive Members present to act as chair of that meeting.

10. Decisions of the Authority shall be made by Ordinary Resolution. Only Members present may vote.

11. In the case of an equality of votes the Chair or in his absence the Member appointed pursuant to paragraph 9 shall have a second or casting vote.

12. Any Ordinary Resolution may be passed by written resolution. Any such written resolution shall be deemed passed when it is approved by a majority of the Members entitled to vote.

## **DELEGATION AND COMMITTEES**

13. The functions of the Authority listed in the Schedule are reserved to the Authority (the "Reserved Functions").

14. All functions of the Authority that are neither Reserved Functions nor functions delegated to a Committee of the Authority shall be exercisable:

(a) where they have been delegated by HM Treasury to the Accounting Officer of the Department i.e. Ofgem, by the Accounting Officer; and

(b) in any other case,

- (i) in accordance with an authorisation made by Ordinary Resolution;
- (ii) by the Chair.

The Accounting Officer and the Chair may each further delegate the performance of the functions they are authorised to exercise in accordance with sub-paragraph 14(a) or 14(b)(ii) respectively to Members or employees of the Authority as each determines to be appropriate. Any such delegation shall be deemed to be given by the Authority.

15. There shall be a committee of the Authority known as the Audit and Risk Assurance Committee to consider matters relating to risk management and internal financial control of the Authority.

16. The Audit and Risk Assurance Committee shall consist of Non-Executive Members who shall be appointed by Ordinary Resolution of the Authority. Appointments may be revoked by the Chair.

16A. There shall be a committee of the Authority known as the People and Remuneration Committee to review and recommend for approval by the Non-Executive Members the pay award and level of any bonus for Executive Members and consider other matters relating to the pay of employees of the Authority. The Committee shall also consider any other matters concerning employees of the Authority in accordance with requests from the Authority.

16B. The People and Remuneration Committee shall consist of Non-Executive Members who shall be appointed by Ordinary Resolution of the Authority. Appointments may be revoked by the Chair.

17. The Authority may, by Ordinary Resolution, establish such other Committees as it may consider appropriate and agree the terms of reference and procedures of those Committees.

18. The Authority shall specify the extent, if any, to which any Committee established under paragraph 15, 16A or 17 has delegated authority to exercise any function of the Authority (whether a reserved matter or otherwise).

19. The membership of any Committee established under paragraph 17 shall:

- (a) consist only of Members or employees of the Authority;
- (b) (i) unless the Authority otherwise agrees have a Non-Executive Member as its chair and have a majority of Non-Executive Members; or  
(ii) in the case of the Enforcement (Settlement) Committee and the Enforcement (Settlement) Committee - Competition Act 1998, have a member of the Enforcement Decision Panel as its chair;
- (c) be appointed by the Chair; and
- (d) In the case of an equality of votes in any Committee the chair of the Committee shall have the casting vote.

Provided that any Committee which does not have delegated powers under paragraph 18 may also include other persons, and provided that a Committee may comprise two persons where one person is a Non-Executive Member and one person is an Executive Member.

### **CONFLICTS OF INTEREST**

20. Before he/she becomes involved in participating in a discussion or taking a decision on any matter each Member should ensure that there are no conflicts of interest that, in the opinion of a fair-minded and informed observer, would suggest a real possibility of bias. Members shall have due regard to any guidance on conflict of interest from time to time issued to the Authority.

21. If a Member has directly or indirectly an interest or duty which is material and relevant or may be relevant to any matter being considered by the Authority or any Committee of the Authority he/she shall declare that interest or duty before that matter is discussed.

22. Where a Member has made a declaration in accordance with paragraph 21, he/she shall not vote at a meeting of the Authority or of a Committee of the Authority on any resolution concerning a matter to which the declaration relates or be present during any discussion of that matter or receive any subsequent relevant papers, including soft copies, and shall confirm that he/she has destroyed any relevant papers and deleted any soft copies that he/she has received.

23. A Member shall not be counted for the purpose of determining a meeting quorate in relation to a resolution on which he/she is not entitled to vote. Nothing in this paragraph or paragraph 22 shall affect the validity of anything done by the Authority.

24. The Authority may, by Ordinary Resolution, suspend or relax to any extent either generally or in respect of any particular matter any provision of these Rules prohibiting a Member from participating in any discussion or voting at a meeting of the Authority or of a Committee of the Authority or receiving or retaining relevant papers.

25. Any question as to the right of a Member to participate in any discussion or vote that arises shall be referred to the Chair, or in his absence the chair of the meeting, who may consult the Authority if appropriate, for determination.

## **THE SEAL**

26. The Authority shall have a seal. The seal shall be kept by the Chair or by such other person as he may nominate.

27. Any Member is authorised to authenticate the application of the seal to a statutory instrument.

28. Any Member or employee nominated by the Authority is authorised to authenticate the application of the seal to any other document.

[Approved by the Authority on 19 July 2022]

## **Rules of Procedure of the Gas and Electricity Markets Authority**

### **SCHEDULE**

The following matters are reserved for a decision of the Authority, and may not be delegated other than pursuant to and in accordance with the terms of an Ordinary Resolution of the Authority or to a committee of the Authority established for that purpose in accordance with the Rules of Procedure:

#### **Management Issues:**

1. The approval of the Authority's financial statements.
2. The approval of the annual programme of audit reviews, following a recommendation from the Audit and Risk Assurance Committee.
3. The approval of the appointment of the internal audit provider following a recommendation from the Audit and Risk Assurance Committee.
4. The approval of the response in relation to proposals for new functions to be performed by the Authority, including environmental schemes to be administered by Delivery and Schemes.
5. The approval of any significant change to the Authority's funding arrangements, including any significant changes to the commercial arrangements with government departments for whom the Authority administers environmental and social schemes.
6. The approval of the Authority's risk management framework.
7. The approval of the Authority's risk appetite statement.
8. The approval of the Authority's overall organisational strategy, strategic aims or objectives.
9. The approval of the Authority's organisational purpose statement or values.
10. The approval of any forward work programme to be published under Section 4 of the Utilities Act 2000 and the operating budget of the Authority.
11. Approval of the Authority's response to any consultation on a draft Strategy and Policy Statement to be designated by the Secretary of State under the Energy Act 2013.
12. Any material changes to the Authority's Rules of Procedure.
13. Any material changes to the terms of reference of any Committee of the Authority .
14. The undertaking of any Major Capital Projects (those costing in excess of £500,000).
15. The entering into of any material contracts in the ordinary course of business, which involve a liability exceeding £2,000,000.
16. The entering into of any contracts not in the Authority's ordinary course of business.

#### **Regulatory Issues**

17. The strategy or overall approach to control or limit the charges, incentives or revenues of a licensee.

18. The final policy decision informing proposals to modify significantly any licence condition(s) that control or limit the charges, incentives or revenues of a licensee, but not including the operation of existing price control policy.

19. The approval of the strategy or overall approach to the Authority's consumer interest framework.

20. The decision to make a market investigation reference to the Competition and Markets Authority<sup>1</sup>.

21. The decision to issue a notice relating to a proposal to make an application for an order providing for activities to become licensable activities<sup>2</sup>. The decision to make a reference to the Competition and Markets Authority (CMA) for the CMA to investigate and report on whether the fact that the activities are not licensable activities operates, or may be expected to operate, against the public interest<sup>3</sup>.

22. The making of any statutory instrument<sup>4</sup>.

23. Any other function of the Authority specified in an Ordinary Resolution.

### **Enforcement Issues**

24. The decision to publish a statement of policy on the Authority's approach to the imposition of penalties or other sanctions, restitution or redress for breach of any licence condition, relevant requirement or any other provision enforceable by the Authority<sup>5</sup>

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<sup>1</sup> Under section 41D of the Gas Act 1986 or Section 56B of the Electricity Act 1989.

<sup>2</sup> Contained or referred to in section 36A of the Gas Act 1986 and Section 43(2A) of the Electricity Act 1989.

<sup>3</sup> Under section 41E of the Gas Act 1986 and Section 56C of the Electricity Act 1989

<sup>4</sup> This function cannot be delegated by the Authority - see paragraph 9(2) of Schedule 1 to the Utilities Act 2000

<sup>5</sup> Under Section 30B of the Gas Act 1986, Section 27B of the Electricity Act 1989, Section 30J of the Gas Act 1986, Section 27J of the Electricity Act 1989, and regulation 27 of the Electricity and Gas (Market Integrity and Transparency) (Enforcement etc) Regulations 2013