

Minutes of a meeting of the Gas and Electricity Markets Authority

From: Vickie Baker
Secretary to the Authority

Date: 14th July 2022

Location: Virtual

GEMA meeting minutes for 14th July

1. Welcome and Introductions

1.1 There were no conflicts of interest reported.

2. Price cap wholesale methodology

2.1 The Board agreed the focus of their deliberations was to protect the consumer interest (future and existing) over and above HMG or Supplier interests. The Board also noted their duty to have regard for the finance-ability of the suppliers.

2.2 The Board agreed to implement quarterly updates to the price cap and a shortening of the notice period to 25 days.

2.3 The wholesale methodology was discussed at length and the Board requested further information to come to 19/20 July meeting to allow a final decision to be made.

3. Market Stabilisation Charge and Ban on Acquisition Tariffs

3.1 Noting the ongoing consultation, the Board indicated that it was in principle supportive of the move to extend the Market Stabilisation Charge and the Ban on Acquisition Tariffs to 31 March 2023.

4. Supplier's Return allowance

4.1 The Board sought further information and deferred its final decision to its meeting on 19/20 July.

4.2 The Board discussed the inter-dependency of the Supplier's Return allowance with in particular, the Financial Resilience and Controls workstream and highlighted the need for these to be considered holistically, alongside the impact on consumers particularly the most vulnerable.

Those present

Martin Cave
Jonathan Brearley
John Crackett
Myriam Madden

Barry Panayi
Christine Farnish

Those attending

Philippa Pickford
Sinead Murray
Simon Wilde
Neil Kenward
Neil Lawrence
Priya Brahmhatt-Patel
Fiona Parker
Gavin Knott
Aidan Stringfellow

Others present

Vickie Baker	(Head of Governance and Secretariat)
Hamish Finlay	(Deputy Head of Governance and Secretariat)
Ashley Stewart	(Governance and Secretariat Manager)

For specific agenda items

Dan Norton (items 2-5)
Rishi Vashani (items 2-5)
Maureen Paul (items 3-5)
Johnathan Windeatt (item 3)
Cathy Cui (item 4)
Adrian Leaker (item 4)

Minutes of a meeting of the Gas and Electricity Markets Authority

From: Vickie Baker
Secretary to the Authority

Date: 19th July 2022

Location: Energy System
Catapult,
Birmingham/Virtual

GEMA meeting minutes for 19th July

1. Welcome and Introductions

1.1 The Board thanked Energy System Catapult for hosting the meeting.

1.2 There were no conflicts of interest reported, the minutes of the 15th June were approved and 11 actions identified as completed were agreed to be closed.

1.3 Under matters arising the Board formally adopted its amended Rules of Procedure and a framework document on the role of the Ofgem Board.

1.4 The Chairs of the Audit and Risk Assurance Committee and the People and Remuneration Committee updated the Board on those committees' most recent meetings.

1.5 The Chair highlighted the 'for circulation' papers for the Board's attention. These included:

- Energy Bills Support Scheme update
- BEIS Review of Electricity Market Arrangements (REMA)
- Legal Risk Update
- Delivery and Scheme's Director's Report
- Communications Update

2. External Speaker

2.1 Tim Lord of Phoenix Group presented to the Board on the topic "Independent view of strategic and political implications of the gas crisis".

3. External Speakers

3.1 Dan Monzani and Anise Ganbold of Aurora presented to the Board on the topic "Analysis of the gas market".

4. Reflections on External Speakers

4.1 The Board noted the probability of extended volatility in gas prices.

5. Winter Outlook

5.1 The Board discussed the winter outlook. Recognising the unprecedented risks and pressures facing energy consumers and the sector, they discussed key trade-offs including :

- Contingency plans and working arrangements for winter 22/23
- How best to protect consumers and maintain market stability as energy costs rise; and
- And whether there are scenarios which might require further market interventions.

5.2 The Board and Executive discussed contingency plans and working arrangements for Winter 22/23.

6. Defining Consumer Interests

6.1 The Board discussed the draft consumer interest framework and provided feedback on its sub-objectives and usage. The Board endorsed the proposal for Ofgem to test the framework on a diverse set of policy programmes, publicly consult on it by the end of the year, and refine it accordingly. They asked for Ofgem to review and report upon it annually or more regularly if required.

7. Conditions for Effective Competition

7.1 The Board approved the publication, scheduled for 5th August, of Ofgem's annual report on conditions for effective competition in domestic retail, and delegated final sign-off to the Interim Director of Analysis and Assurance.

8. NAO and Oxera recommendations and implementation plan

8.1 The Board noted the outline implementation plan to address NAO and Oxera recommendations and proposed governance arrangements for overseeing implementation of the recommendations.

9. CEO Report

9.1 The Board noted the CEO's report.

Those present

Martin Cave
Jonathan Brearley
Lynne Embleton
John Crackett
Myriam Madden

Barry Panayi
Christine Farnish

Those attending

Philippa Pickford
Sinead Murray
Akshay Kaul
Neil Kenward
Neil Lawrence
Sophia Oliver

Others present

Vickie Baker (Head of Governance and Secretariat)
Hamish Finlay (Deputy Head of Governance and Secretariat)
Ashley Stewart (Governance and Secretariat Manager)

For specific agenda items

Tim Lord (items 2 & 3)
Dan Monzarni (items 2 & 3)
Anise Ganbold (items 2 & 3)
Priya Brahmhatt-Patel (items 2&3)
Jemma Baker (items 5&6)
James Doig (item 6)
Rich Smith (items 2, 3&5)
Peter Bingham (items 7&8)
Gavin Knott (items 7&8)
James Kilmartin (items 1&3)
Chris O'Connor (item 8)
Cristina Luna Estaban (NED observer)

Minutes of a meeting of the Gas and Electricity Markets Authority

From: Vickie Baker
Secretary to the Authority

Date: 20th July 2022

Location: Energy System
Catapult,
Birmingham/Virtual

GEMA meeting minutes for 20th July

1. Welcome and Introductions

1.1 The Board thanked Energy System Catapult for hosting the meeting.

1.2 There were no conflicts of interest reported.

2. Energy Systems Catapult

2.1 Guy Newey and the Energy System Catapult team presented to the Board on the topics of the Living Lab and the Whole Energy system Acceleratory.

3. Role of local areas in decarbonisation

3.1 Cheryl Hiles (West Midlands Combined Authority) presented to the Board on the topic of "Role of local areas in decarbonisation".

4. Price Cap

4.1 The Board agreed that, in order to decrease the probability of costs to the consumer through suppliers exiting the market, the price cap be calculated to allow companies to recover backwardation costs over a six month period. The Board asked that the wording outline the circumstances resulting in agreement for the changes.

4.2 The Board requested an update on measures to assist Pre-payment Meter customers over the winter. The Board also requested a paper on the macro picture of the market including the Executive Committee's planned pathway to a stable more resilient energy sector.

4.3 The Board agreed to delegate to the CEO final approval of the policy consultation on the supplier retail allowance assuming it aligned broadly with the consultation approach laid out in the revised paper presented to 20th July meeting.

5. Future price protection

5.1 The Board discussed possible future price protection mechanisms and supported further work in this area.

6. Future Network and Systems Regulation

6.1 The Board discussed the changing institutional landscape and energy mix and had an initial discussion on the possible implications for future price control.

7. Strategic Refresh

7.1 The Board noted the benefits of a simplified strategic programme structure that spanned more of Ofgem's work. The Board endorsed the proposal and requested updates on progress towards its strategic objectives.

Those present

Martin Cave
Jonathan Brearley
Lynne Embleton
John Crackett
Myriam Madden
Christine Farnish

Those attending

Philippa Pickford
Akshay Kaul
Neil Kenward
Neil Lawrence
Sophia Oliver
Gavin Knott
Cristina Luna Estaban (NED observer)

Others present

Vickie Baker (Head of Governance and Secretariat)
Hamish Finlay (Deputy Head of Governance and Secretariat)
Ashley Stewart (Governance and Secretariat Manager)

For specific agenda items

Guy Newey (Energy System Catapult, items 2&3)
Marc Brown (ESC, 2)
Richard Halsey (ESC, 2&3)
Noeleen Keane (ESC, 3)
Matthew Wagstaff (ESC, 3)
Cheryl Hiles (WMCA, 2&3)
Neil Lawrence (4)
Dan Norton (4)
Priya Brahmhatt-Patel (4)
Aidan Stringfellow (4)

Minutes



Making a positive difference
for energy consumers

Rishi Vashani (4)
Adrian Leaker (4)
Fiona Parker (4)
Shai Hassid (5)
James Doig (5&7)
Marzia Zafar (5&7)
Jane Dennett Thorpe (6)
Natasha Zoe-Smith (6)
Marcus McPhillips (7)