

Minutes of a meeting of the Gas and Electricity Markets Authority

From: Hamish Finlay
Secretary to the Authority

Date: 13th September
2022

Location: Virtual

GEMA meeting minutes for 13th September

1. Welcome and Introductions

1.1 There were no conflicts of interest reported.

2. Citizens Advice

2.1 The Board heard from Dame Clare Moriarty, Chief Executive of Citizens Advice, on vulnerable consumers and the coming winter.

3. Legal Risk

3.1 The Board considered General Counsel's update on legal risk.

4. Vulnerability Strategy update

4.1 The Board asked the Executive to return to the Board within the next two months with material to help sense check the Board's understanding of its legal duty towards protecting vulnerable consumers, and then to provide quarterly vulnerability updates.

4.2 The Board discussed improving data on vulnerability and noted that archetypes could be refreshed and/or external data sources utilised as resource permitted, but that any further work should begin from the question of what policy problems the data would assist with.

5. AOB

The Board noted that this was the last GEMA meeting for Vickie Baker, Head of Governance and Secretariat, and acknowledged her significant contributions to improvements in the Board's way of working.

Those present

Martin Cave
Jonathan Brearley
John Crackett
Myriam Madden
Barry Panayi
Lynne Embleton

Those attending

Philippa Pickford

Sinead Murray

Simon Wilde

Akshay Kaul

Sophia Oliver

Cristina Luna-Esteban (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

Neil Kenward (item 4)

Maureen Paul (item 4)

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GEMA meeting minutes for 14th September

1. Welcome and Introductions

1.1 Jonathan Brearley noted in relation to item 9 that he was UKRN CEO. No other conflicts of interest were reported.

1.2 The draft minutes and decisions from 14, 19 and 20 July were approved.

1.3 In a matter arising the Board confirmed its minded-to decision of June 2022 that SoLRs appointed between September and December 2021 may seek consent to recover additional and unrecoverable wholesale costs incurred for energy delivered to SoLR customers up until 31 March 2022 or until the end of their 6 month SoLR direction, which ever is later. The Board delegated final decision on individual claims reflecting the proposed methodology to the Director, Retail.

1.4 The Board was briefed on the ECO4 and new ECO scheme, noting the caveats and risks involved in delivery of the scheme and the rapidly evolving environment.

2. CEO Report and Quarterly performance report

2.1 The Board asked the Chair to write to the Switching Programme team thanking them for their work and congratulating them on the successful Go Live.

3. Winter Reprioritisation

3.1 The Board agreed to the prioritisation proposals set out in the paper, enabling Ofgem resources to be focused on the highest priorities for consumers through the coming winter. The Board asked for reassurance on the impacts of paused work in a couple of specified areas.

4. BEIS Select Committee Report

4.1 The Board provided guidance on Ofgem's response to the BEIS Select Committee Report.

5. Financial resilience and Price Cap

5.1 The Board agreed in principle to consultation in November on the package of financial resilience interventions, but that the matter would come back to the Board before then.

6. Use of RIIO Funding for Hydrogen Projects

6.1 The Board agreed to the use of the benefits framework to assess the consumer value and benefits to others of hydrogen projects on a case-by-case basis to support decision making on RIIO funding.

6.2 The Board agreed with the assessment that, in principle, hydrogen network feasibility studies could be funded via RIIO.

6.3 The Board agreed that Ofgem should continue to work with BEIS and Cadent to try to better understand the benefits and strategic importance of the HyNet project, and to explore alternative funding options, including industry co-funding.

7. Future System Operator

7.1 The Board discussed funding for the Future System Operator.

8. Impact of inflation on Networks

8.1 Board agreed to consult on potentially changing the existing approach to inflation for all RIIO price controls (ED2 and GD&T2), examining a range of possible alternatives including the option to continue with the existing approach.

9. UKRN Cost of Capital Report

9.1 The Board agreed to be identified as a sponsoring regulator of the UKRN Cost of Capital Report when it is published for consultation, contingent on ExCo being satisfied that the Report makes it clear that regulator's statutory duties are the primary consideration.

9.2 The Board agreed to delegate adoption of the final report post-consultation to the Director, Networks, subject to there being no major changes.

Those present

Martin Cave
Jonathan Brearley
Lynne Embleton
John Crackett
Myriam Madden
Barry Panayi

Those attending

Philippa Pickford
Sinead Murray
Akshay Kaul

Simon Wilde
Neil Kenward
Priya Brahmhatt-Patel
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

Lesley Nugent (items 1.4, 5.1)
Nicolas Bare (item 3)
Azeez Siddiqui (item 5.1)
Aidan Stringfellow (item 5.1)
Cathryn Scott (items 5.1, 5.2)
David Hall (items 5.1, 5.2)
James Doig (item 5.2)
Jourdan Edwards (item 6)
Callum Mayfield (item 6)
Rich Smith (item 7)
Eleanor Warburton (item 7)
Kristian Marr (item 7)
Jonathan Gorrie (item 8, 9)
Gavin Knott (item 8, 9)
Peter Bingham (item 8, 9)
Cristina Luna Estaban (NED observer)