

# Terms of Reference for the RIIO-3 and ED3 Committee of Authority

Gas and Electricity Markets Authority (GEMA)

RIIO-3 and ED3 Committee of Authority (CoA)

December 2024

## 1. Purpose of the Committee

- 1.1. The CoA offers guidance and steer to the RIIO-3 and ED3 programmes on matters put forward to it and advises GEMA before it makes decisions.
- 1.2. The role of the CoA is advisory only.
- 1.3. It provides members with a greater level of engagement with the RIIO-3 and ED-3 programmes, to develop a detailed understanding of matters relating to network price controls and of the factors at play in critical decisions to programme delivery.
- 1.4. The CoA engages with the RIIO-3 and ED3 matters and decisions in line with the categorisation of decisions and scheme of delegation described in **section 2** of this document.

## 2. Categories of decisions and scheme of delegation

2.1. There are three categories of price control decisions:

Type of decision	Description
<b>Level 1 strategy decisions</b>	Any decisions regarding the strategy, design and overall approach to control or limit the charges, incentives or revenues of a licensee
<b>Level 2 significant impact decisions</b>	Any decisions that can have a significant impact on network charges paid by consumers through Draft and Final Determinations, or that carry a significant reputational or legal risk to Ofgem; or, any final policy decisions informing proposals to modify significantly any licence conditions that control or limit the charges, incentives or revenues of a licensee
<b>Level 3 methodology decisions</b>	Any decisions on the methodology for implementing Level 1 and 2 decisions across Draft and Final Determinations and the licence or decisions that have a low materiality impact on network revenues

2.2. In line with the agreed Scheme of Delegation, all Level 1 and Level 2 decisions are reserved to GEMA.

2.3. The CoA is responsible for:

- 2.3.1. Guidance and direction on all Level 1 decisions prior to submission for GEMA.

2.3.2. Guidance and direction on Level 2 decisions as prioritised by the CoA Chair prior to GEMA decision.

2.3.3. Guidance and direction on delegated Level 3 decisions as escalated by the RIIO-3/ED3 SRO, or where requested by the CoA Chair.

### **3. Membership**

3.1. The CoA is made up of GEMA and SEC members.

3.2. Appointed members are expected to hold their role until the end of the RIIO-3 and ED3 price reviews. A review of the membership of the CoA will be conducted at the end of the RIIO-3 price review (or as otherwise instructed by the Chair).

3.3. Other attendees may be invited to CoA meetings on an ad-hoc basis.

### **4. Meetings and procedures**

4.1. The CoA will meet according to the requirements of the RIIO-3 and ED3 stage in the programme lifecycle. It is expected to meet on a monthly basis (or as otherwise agreed by the CoA), starting in February 2025. A review of the frequency of CoA meetings will be conducted at the end of the RIIO-3 price review (or as otherwise instructed by the Chair).

4.2. A quorum is set at three members (including the Chair and one other NED).

4.3. The RIIO-3 and ED3 PMO and/or Ofgem's Governance and Secretariat team will provide Secretariat functions to the CoA.

4.4. Papers and the agenda for meetings should be circulated at least three clear business days prior to the date of the meeting for members to read and consider.

4.5. All CoA members and attendees are expected to have read papers and any supporting material in advance of the meeting.

4.6. Meetings will be held in person and virtually to accommodate the diverse needs of the members.

4.7. The CoA might – with written consent from the Chair – consider some matters by correspondence in addition to the planned meetings. However, this approach will be invoked in exceptional circumstances only.

### **5. Reporting**

5.1. The CoA will send GEMA a monthly report with a high-level assessment of the decisions discussed at each meeting, together with the minutes from the meetings.

5.2. Minutes and any supporting governance information will be circulated to CoA members within five working days of the meeting. The CoA Chair will report to GEMA on an ongoing basis in line with reporting requirements for other GEMA sub-committees. This will afford GEMA members the opportunity to provide

feedback on the process, including the ongoing categorisation of decision making.

## **6. Amendments to this document**

6.1. This document will be reviewed at least once a year.

6.2. Any amendments to this document must be approved by GEMA.