

Note of a Special Session of the Gas and Electricity Markets Authority

12 January 2010 at 11.30am

Ofgem, Millbank, London SW1P 3GE

Chairman's introductory remarks

1. The Chairman noted that there had been one apology for absence from Jayne Scott who was in the USA. Declarations of potential conflicts of interest would be recorded in respect of one Member whose organisation was following Ofgem's work on consumer and social affairs; and for another Member whose organisation was being funded for work under the Innovation Fund. There were no other declarations of conflict of interest. The Chairman welcomed David Pimm, recently appointed as Ofgem's Group Finance Director.
2. The Chairman noted that the Secretary would soon circulate the agreed allocations of Non-Executive Directors to Committees of the Authority, and their proposed areas of special interest in Ofgem and E-Serve, and thanked all concerned for their agreement and planned engagement.

Minutes of previous Authority Meetings

3. The records of the Authority meeting on 17th December, and of this Special Session, would be considered at the Authority's next meeting full meeting on 21 January.

RPI-X@20

4. The Authority reviewed and discussed a revised paper setting out some initial thoughts for carrying forward this dossier concentrating on aspects of improved consumer and network user engagement; the possibility of certain third party rights of challenge on price control settlements; and the matter of tendering provisions potentially as part of the regulatory toolkit for DNOs. The Authority debated a number issues including how third party rights might work, the routes and costs involved, action by other economic regulators, the role of the Competition Commission, the position of Ofgem as "gatekeeper" for appeals and some aspects of timing and presentation. A further note would be worked up for consultation purposes to test interest in proceeding with these ideas.

Corporate Strategy and Plan

5. The Authority considered a revised text of the proposed draft Corporate Strategy and Plan and covering Foreword, carrying forward some issues of

emphasis and presentation as raised at the December meeting. A number of further suggestions were made, and agreed, including the need to bring out aspects of medium term security of supply and the impacts of choices - and actions to follow – especially for the interests of present and future consumers and on energy affordability; and the presentation of some of the financial information. It was agreed that Members would submit any further drafting points; and that the Chairman would, on behalf of the Authority, consider the final text and Foreword in the light of points made.

Discovery

6. The Authority continued its discussions on Project Discovery, concentrating on the options for consulting, in early February, on the main options for potential policy packages to address the issues and the challenges identified in previous stages of the Project. The Authority agreed that there were a number of steps which Ofgem itself should consider, consult upon, and then take forward at an early stage – each with their own implementation and delivery times – as a contribution to addressing the issues identified in this Project.
7. On potential policy packages, the Authority considered that, drawing fully on the Project's analyses, and examples as appropriate, Ofgem should further develop and consult upon the main approaches explained and reviewed at its last meeting. The paper might indicate views on respective responsibilities, in policy and regulatory terms, for taking forward parts of the packages. The consultation should be open and the Authority considered that it was not appropriate to offer views or preferences on the approaches to be outlined, although some indications of the advantages and disadvantages of different options should be given. The timing plans were agreed, and the Authority agreed to consider further, at its 21 January meeting, aspects of communication and the relationship between the launch of this work and the publication of results of other studies in progress [such as RPI-X@20 and liquidity, and its next review and report of wholesale energy market prices].

Other business and date of the next meeting

8. There would be a short meeting on Wednesday evening, 20th January, at 5:00pm for those who could attend, for a briefing on sustainable development issues. The Authority's next main meeting would be at Ofgem at 8.15 am on Thursday 21 January. Among other business, there would be reports from Ofgem E-Serve. The need for a proposed teleconference meeting on Discovery issues on 26th January would be kept under review. The Chairman noted that plans were being considered for a possible meeting of the Authority in Wales on 14/15 July.

Those present

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| The Lord Mogg, KCMG | (Chairman) |
| Alistair Buchanan | (Chief Executive) |
| Dr Robin Bidwell | |
| Stuart Cook | |
| Prof David Fisk | |
| Miriam Greenwood | |
| Sarah Harrison | |
| David Harker | |
| John Howard | |
| Jim Keohane | |
| Steve Smith | |
| Andrew Wright | |
| John Wybrew | |

Those attending

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| David Pimm | (all items) |
| David Ashbourne | (") |
| Wilf Wilde | (") |
| Hannah Nixon | (RPI-X@20) |
| Cloda Jenkins | (") |
| Maxine Frerk | (Corporate Plan) |
| Ian Marlee | (Discovery) |
| Kersti Berge | (") |
| Giles Stevens | (") |
| Ben Woodside | (") |
| Duncan Sinclair | (") |
| Michael Brocklehurst | (Legal Adviser to the Authority) (all items) |
| Dr Tony Burne | (Secretary to the Authority) (all items) |