

Minutes of Sixteenth Ofgem Environmental Advisory Group Meeting

This is a record of Ofgem's Environmental Advisory Group meeting, held 20 February 2008	From Date and time of Meeting Location	Clair Hogg 20 February 2008 10:30am – 12 noon Ofgem Offices	21 February 2008
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1. Present

Chair

Sir John Mogg

Gas and Electricity Markets Authority

Members

Andrew Wright, MD Markets
Robin Bidwell, Non Executive Member
Sarah Harrison, MD Corporate Affairs

Members

Mark Candlish, Renewable Energy Systems
Juliet Davenport, Good Energy
Nicola Kirkup, BERR (for Claire Durkin)
Paul McIntyre, BERR
Philip Wright, Scottish Executive
Paul Ekins, Policy Studies Institute
Paul Jefferiss, BP
Eoin Lees, Eoin Lees Energy
Russell Marsh, Green Alliance
Jeremy Nicholson, EIUG
Mario Conti, Defra

Ofgem Staff

Martin Crouch
Jo Witters
Joanna Whittington
Kieran Donoghue
Clair Hogg

2. Apologies

Tricia Henton, Environment Agency
Henry Derwent, Defra
Simeon Thornton, Defra
Andy Duff, RWE npower
Claire Durkin, BERR
Philip Jones, CE Electric
Ian Marchant, SSE

3. Minutes from the previous meeting

The Minutes were confirmed as circulated.

4. "Lost in Transmission?" – The SDC Report and Ofgem's role in the transition to a low carbon economy.

Sarah Harrison provided a presentation to the group on the findings of the Sustainable Development Commission's review of Ofgem which made a number of recommendations about how Ofgem could better deliver environmental objectives. Given current consideration of the Energy Bill and discussions in parliament and Government about what Ofgem's duties should be, members partook in a constructive and broad ranging discussion on the issues raised by the SDC and how Ofgem could achieve environmental objectives given its role and remit. Some members thought that Ofgem's duties should be changed to achieve environmental objectives, whereas other members felt a change in Ofgem's duties was not a priority. The SDC report made much of the exemplary environmental policies of Denmark and the Netherlands that were in place for their energy companies; however neither regulator in these 2 countries had any environmental duties. It was noted that members' feedback would provide "food for thought" as Ofgem considered the current debates about its role and remit.

Gas Distribution Price Control Review Update

Joanna Whittington provided a brief overview of the Gas Distribution Price Control Review proposals that were published in December 2007. Under the GDPCR a number of sustainable development initiatives were established including incentives to undertake network extensions, to reduce environmental emissions and to invest in research and innovation. The group noted the GDPCR final proposals for the main control will apply from 1 April 2008 to 31 March 2013.

Update on "Cutting the Green Confusion" – 2nd stage consultation on the renewable and low carbon guidelines

Martin Crouch gave an update to the group on how Ofgem were considering the responses to the second consultation as well as feedback from the MORI customer deliberative forums that were held in conjunction with the second consultation. An issue that has remained unresolved is how to deal with additionality, defined as what a green tariff delivers to customers over and above suppliers legal obligations to deliver new renewable generation and energy efficiency. The group noted that Ofgem were developing options to address the issue of additionality and expected to consult with stakeholders in Spring 2008 with a view to publishing final guidelines in Summer 2008.

5. The European Agenda

The group were provided an overview of the 3rd package proposals and the proposals for the 3rd phase of the EU ETS and the Renewables Directive, which were two key parts of the Climate Change package. The group noted the initial thoughts on implications for the UK gas and electricity markets of these proposals and that Ofgem would be giving further thought before the directives were finalised in late 2008 or 2009.

6. Dates for the 2008/09 meetings

The group were asked to forward their preferences for 2008/09 meetings to Clair Hogg via email: clair.hogg@ofgem.gov.uk

Dates and times confirmed for 2008/09 meetings are:

10AM- 11:30AM, Wednesday 11 June 2008

10AM- 11:30AM, Wednesday 22 October 2008

10AM- 11:30AM, Tuesday 17 February 2009