

Minutes of the Joint Regulators Group (JRG) meeting 4th December 2012

CAA House, Kingsway, WC2B 6TE

Present:

Iain Osborne (CAA) (Chair)
Steven Preece (OFT)
Sarah Harrison (Ofgem)
Keith Mason (Ofwat)
Matthew Conway (Ofcom)
Noel Wheatley (Ofwat)
Carl Hetherington (ORR)
Rebecca Woods (FSA)
Alexander Philips (FSA)
Chris Jenkins (BIS)
Thomas Carr (CAA) (Secretariat)

1. Welcome

IO welcomed the attendees to the meeting, and the FSA attending as an observer for the first time.

2. Update on branding and .gov

JRG considered that this issue had now been resolved.

3. Update on working groups

It was noted that three of the projects have now produced a reports to be published shortly. The WACC/financeability report requires a final legal review prior to publication. The JRG stated that the working group should aim to publish prior to the end of January 2013.

AP: WACC/financeability working group to publish its report no later than January 2013 following legal review.

The infrastructure working group is currently consulting with industry on the nature of its focus. The consultation suggests that it should be focusing entirely on multi-industry issues, rather than issues that cut across just one or two industries.

The consumer working group has set its initial focus up to April 2013 on two issues; the first relating to ADR and ombudsman schemes, the second covering the use of company performance data to enable reputation based regulation.

The regulators syllabus working group, looking at the feasibility of cross-regulator training will kick off formally in the New Year.

4. Update on the competition working group

BIS presented briefly on the proposed amendment to the ERR Bill to give a reserve power to Ministers to remove concurrent powers from regulators.

The JRG considered it would be useful to consider in depth the application of this power, BIS agreed.

AP: BIS to convene a workshop with those Regulators that have or will be gaining concurrent powers on the use of the amendment in practice.

In light of the proposed changes to the ERR bill it was considered that the Competition working group should review its work in light of these proposals and the current level of development of the CMA. It was noted that there are number of differing groups outside of the JRG that are concerned with the concurrency and the JRG should seek some coherence with these groups.

AP: Competition group to review its terms of reference.

AP: JRG Chair to consider the JRG role in promoting concurrency alongside the other groups considering these issues.

5. Confirmation of Chair for 2013 and nomination for 2014

Ofgem was confirmed as chair for 2013 and Ofcom nominated to take the chair in 2014.

SH stated Ofgem's support for the JRG and the Troika approach. SH considered that this should be strengthened over 2013 with the Troika meeting on a more regular basis. The JRG would also be seeking over 2013 to support three strategic themes: Independence, Concurrency, and Consumer protection. SH also thanked the CAA for its work during 2012

The dates of JRG for 2013 will be provided shortly.

6. Ofwat presentation: Strategic Policy Statement

Noel Wheatley presented Ofwat's response to the DEFRA's consultation on a Strategic Policy Statement (SPS) for Ofwat.

Ofgem noted that there are specific provisions in the Energy Bill which provide for an SPS for Ofgem and that it is focused around its primary duty.

AP: Ofwat to report back on the progress of the SPS at a future meeting.

7. Tour de Table

CAA

- The Civil Aviation Bill is due to receive royal assent in January.
- In December the CAA is intending to publish a minded to decision on market power determination for Stansted.
- At the end of April the CAA will publish minded to decision for Heathrow and Gatwick as well as proposals for the forthcoming regulatory regime for airports.
- CAA is also taking forward the regulation of NERL

OFT

- OFT has had its findings in the Tobacco market overturned by the CAT. A number of those found against by the OFT had settled, but are now seeking recompense through the CAT.

Ofwat

- Ofwat is proposing further licence modifications to allow it to move away from the traditional RPI-K method. This has received a level of push back from the water companies, such that they are now seeking changes only for the retail elements.

Ofcom

- In October the CAT followed a Court of Appeal judgement not to question regulatory discretion
- Ofcom has issued a consultation on price rises in fixed price mobile tariff contracts

FSA

- Is in preparation for the change it is legal powers from April 2013

ORR

- ORR will be publishing a number of documents shortly on the upcoming price control for Network Rail including a paper on incentives for joint working.
- Network Rail annual performance review will also be published

Ofgem

- Will finalise proposals for its first price controls under the RIIO framework in December, which is subject to new appeal arrangements whereby the company has to bring appeals to the CC rather than Ofgem instigating a reference.
- The Energy Bill entered Parliament last week. It paves the way for consumer redress powers and focuses on renewable and nuclear energy.
- Retail Market Review has been published. From this Ofgem hope to get the consumer more engaged in their energy supply to promote competition.

8. A.O.B

The HMT quality assurance of financial models initiative was discussed. Broadly members considered they had appropriate methods for ensuring robust models. Ofcom noted that it now publishes all models in a usable format following a CAT judgement.

The ONS review of RPI was discussed. The regulators considered that this would have minimal impact so long as transitional provisions are adequate, as it should be able to be taken into account in forthcoming price control decisions.