

Modification proposal:	Green Deal Arrangements Agreement (GDAA) Change Proposal (CP) 0101 Appointment of Alternates to Panel		
Decision:	The Authority ¹ consents that this modification ² be made ³		
Target audience:	Green Deal Oversight and Registration Body (GDORB), GDAA Panel, Parties to the GDAA and other interested parties		
Date of publication:	20 June 2019	Implementation date:	Immediately, once both Authority and Secretary of State consent given

Background

The Green Deal Arrangements Agreement (GDAA) is a multi-party agreement between electricity suppliers and Green Deal Providers. The GDAA sets out the governance for payment collection and remittance of Green Deal charges.⁴ The GDAA contains provisions for a Panel⁵ which has powers to, among other things, consider and approve any applications from a person to become a GDAA party, and to approve operational issues and any related operational procedures.⁶

The Panel includes a representative of the Secretary of State and six elected representatives: three representatives of electricity suppliers, and three representatives of Green Deal Providers and the Finance Parties. Under current governance arrangements, elected panel members can appoint any individual who is employed by the party of category who appointed them to be their alternate. The alternate cannot, however, be employed by the panel member's employer or an affiliate of their employer.

The Panel election in January 2019 resulted in two members from each category being appointed, which means the Panel is currently quorate, though it is not the three members from each category as specified in the GDAA. There have also been on-going difficulties with the nomination of alternates to help ensure the Panel is quorate.

The modification proposal

This modification was raised by British Gas (the Proposer) and seeks to allow GDAA Panel members to appoint Alternates that can be employed by the Panel member's employer or an affiliate of their employer. The Proposer considered this the most efficient way to ensure quorum is maintained.

GDAA Panel recommendation

At its meeting on 23 April 2019, the Panel agreed to request the Authority and Secretary of State's consent for this modification to be implemented.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² Terms "change" and "modification" are used interchangeable in this document.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

⁴ Information about the work of GDORB and the GDAA agreement can be viewed at:

<http://gdorb.decc.gov.uk/gdaa>

⁵ The GDAA Panel is established and constituted pursuant to and in accordance with Part 2, clause 5 of the GDAA.

⁶ Part 2 of the GDAA.

Our decision

We have considered the issues raised in the Change Report dated 15 May 2019. We have considered and taken into account the responses to a 10 working day Impact Assessment issued on 29 March 2019.

We have concluded that the implementation of CP0101 is consistent with the objectives of the GDAA which is to establish an effective mechanism for⁷:

- (a) the collection of Green Deal Charges through electricity bills by Mandatory Green Deal Suppliers and Voluntary Green Deal Suppliers; and
- (b) the remittance of these payments to Green Deal Providers or their nominees, so as to enable the efficient use of energy to be promoted under the Green Deal and to do so in a way which protects the interests of consumers, promotes effective competition between electricity suppliers...and promotes the efficient use of energy⁸.

Further we consider that consenting to this change is consistent with our principal objective and statutory duties.

Reasons for our decision

We note the three responses to the 10 working day Impact Assessment which were all supportive. We consider that, overall, this proposal will help contribute to the effective implementation of the GDAA.

We consider that, overall, it is preferable for Panel to make timely decisions rather than be delayed due to not being quorate. We note the Panel's view that the original intention of the clause was to encourage party diversity in Panel membership. Therefore, while we have consented to this change as a proportionate and pragmatic measure to address the issues identified in the change report, we note that Panel members could continue to seek alternates, where they can, from unrelated companies.

Further, we acknowledged in October 2018⁹ that our proposed consolidation of the Master Registration Agreement (MRA) and other industry codes could have consequential impacts on the GDAA. In our most recent consultation¹⁰, we are consulting on options for the arrangements for the future of the GDAA and Green Deal provisions in the MRA in the context of retail code consolidation. We consider that making this change is a proportionate measure at this time, to ensure the GDAA Panel remains functional until a more thorough consideration of the future of the GDAA has been concluded.

Decision Notice

⁷ The objective of the GDAA is set out in Recital E of that agreement. For the purposes of Authority decisions, this objective is subject to Recital F and the words 'promotes effective competition between Green Deal Providers' are excluded.

⁸ Green Deal Arrangements Agreement <https://gdorb.decc.gov.uk/green-deal-arrangements-agreement-gdaa/>

⁹ Switching Programme: Regulation and Governance – way forward and statutory consultation on licence modifications <https://www.ofgem.gov.uk/publications-and-updates/switching-programme-regulation-and-governance-way-forward-and-statutory-consultation-licence-modifications>

¹⁰ <https://www.ofgem.gov.uk/publications-and-updates/switching-programme-and-retail-code-consolidation-proposed-changes-licences-and-industry-codes>

For the purposes of 7.1.2 of the GDAA, we consent to CP 0101 Appointment of Alternates to Panel being made. Notwithstanding our consent, we note that no modification shall take effect without the prior written consent of the Secretary of State.

Lesley Nugent

Deputy Director, Licensing Frameworks

Signed on behalf of the Authority and authorised for that purpose