

Minutes of a meeting of the Gas and Electricity Markets Authority

From: Jen Todd,
Secretary to the Authority

Date: 24/02/2021

Location: Virtual

GEMA meeting minutes for 24th February 2021

1. Chair's Opening Remarks and Matters Arising

1.1 The Chair welcomed all Board members and attendees to the meeting and noted that no conflicts of interest had been reported. The Chair noted that an observer from Campbell Tickell was joining the meeting, as part of the ongoing Board Effectiveness Review.

1.2 There were no comments on the minutes from the last meeting.

1.3 The Chair highlighted the 'for circulation papers' submitted for the Authority's attention.

1.4 The Chair of the Audit and Risk Assurance Committee provided an update on the February meeting; the committee noted the positive progress on strengthening of the risk management and the internal audit programme.

1.5 The Chair of the People and Remuneration Committee provided an update on the February meeting, noting the committee discussed the Transformation programme, People Survey results and the Wellbeing Strategy.

1.6 The Board were briefed on some of the Chair's recent engagements. This included:

- Attendance at an Electricity System Operator Board with Ofgem CEO;
- A call with Sir Peter Gershon, Chair of National Grid and Paula Reynolds, incoming Chair of National Grid; and
- Attendance at the UK Regulators Network Chairs' meeting.

2. CEO Report

2.1 The CEO, noting that Authority members were apprised of his written report, provided a brief summary on several topics including:

- The impact of Covid on energy consumers and the industry;
- The independent report on competition policy by John Penrose MP;
- Discussions with regulators across Europe on the transition to net zero;
- The RII0-2 price controls; and
- The recent update to the level of the price cap.

3. Welsh Energy Landscape

3.1 Lia Murphy and Peter Bingham provided the Board with an overview of the Welsh energy and political landscape, including recent engagement with the Welsh government.

4. First Minister of Wales and Minister for Environment, Energy and Rural Affairs

4.1 The Chair welcomed Mark Drakeford, First Minister of Wales, Lesley Griffiths, Minister for Environment, Energy and Rural Affairs, and other Welsh government officials to the Board meeting.

4.2 The Chair explained his enhanced role as a senior point of contact for stakeholders across Wales, noting Ofgem had made practical changes to support this including work to increase the number of Ofgem vacancies advertised at Welsh and Scottish offices and incorporating Welsh and Scottish sections in Ofgem's Annual Report.

4.3 The First Minister noted the value of the Welsh Government's close working relationship with Ofgem. Discussion covered a number of areas including network regulation, decarbonisation, innovation, fuel poverty and vulnerable consumers.

5. Future Retail

5.1 Neil Kenward introduced the item which presented an initial review of the retail market and sought to identify the key challenges to inform priorities for action in the short term and further work in the longer term.

5.2 Members discussed the current issues impacting on the retail market and noted the rapid rate of change required for net zero, which would require a more strategic approach to regulatory intervention.

6. Strategic Prioritisation and business planning process

6.1 Neil Kenward presented the paper which provided an overview of the strategic prioritisation and budget setting exercise for the forthcoming year.

6.2 Following discussion, members agreed to approve the budget position and efficiency programme for 2021-22. It was also agreed that the final approval of the Forward Work Plan was delegated to the Chair and the Chief Executive Officer.

7. RIIO-ED2 Regulatory Finance Methodology Decisions

7.1 Stephen Henderson presented a paper which sought decisions from the Board on the sector-specific methodology for RIIO-ED2 regulatory finance.

7.2 The Board approved the four level one decisions set out within the paper.

7.3 The Board noted the eleven decisions delegated to the Executive and the working assumptions to be provided for the preparation of Business Plans.

7.4. The Board also approved the delegation for the approval of the publication of the RIIO-ED2 Sector Specific Methodology Decision Finance Annex to the Director of Networks.

8. Guaranteed Standards of Performance (GSOPs) for Gas Distribution Networks Statutory Instrument

8.1 Cara Yates presented the Statutory Instrument to the Board for approval, noting the policy decisions in relation to these Guaranteed Standards were approved by the Board in the Final Determinations for the RIIO-GD2 Price Control in December 2020.

8.2 GEMA approved the Statutory Instrument and designated the Chair, Martin Cave to apply his e-signature, which was done in the virtual presence of the meeting attendees. Under instruction from GEMA, James Kilmartin (Principal Private Secretary), then printed the signed Statutory Instrument and applied the seal.

9. AOB

9.1 The Board reflected on the meeting, noting some of the recent improvements which had been implemented.

10. E-Serve Director's Update

The Authority noted the paper.

11. Litigation Tracker

The Authority noted the paper.

12. Communications Insights

The Authority noted the paper.

13. GEMA Agenda Forward Look

The Authority noted the paper.

14. BEIS Non-Executive Director Training

The Authority noted the paper.

15. Future Retail – background pack

The Authority noted the paper.

1. People and Remuneration Committee minutes of 15th February 2021

The Authority noted the paper.

Apologies for absence

None

Those present

Martin Cave
Jonathan Brearley
Paul Grout
Christine Farnish
Lynne Embleton
John Crackett
Myriam Madden
Barry Panayi

Those attending

Neil Kenward
Cathryn Scott
Stephanie Broadribb
Euan McVicar
Priya Brahmbhatt-Patel
Philippa Pickford

Others present

James Kilmartin	(Principal Private Secretary)
Vickie Baker	(Head of Governance and Secretariat)
Katharine Diamond	(BEIS Open Board Scheme)
Kathy James	(Campbell Tickell)

For specific agenda items

Lia Murphy	(Item 3, 4)
Peter Bingham	(Item 3, 4)
Mark Drakeford	(Item 4)
Lesley Griffiths	(Item 4)
Ron Loveland	(Item 4)
John Howells	(Item 4)
Anna Rossington	(Item 5)
Robyn Daniell	(Item 5)
Marcia Poletti	(Item 5)
Karen Mayor	(Item 5)

Minutes



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Neil Barnes	(Item 5)
Ashley Malster	(Item 5)
Alex Flucker	(Item 6)
James Lugar	(Item 6)
Simon Hart	(Item 7)
Simon Wilde	(Item 7)
Stephen Henderson	(Item 7)
Jessica Friend	(Item 7)
Steven McMahon	(Item 7)
Cara Yates	(Item 8)
Dianne Nichols	(Item 8)