

## Minutes of a meeting of the Gas and Electricity Markets Authority

From: Jen Todd  
Secretary to the Authority

Date: 31/03/2021

Location: Virtual

### GEMA meeting minutes for 31<sup>st</sup> March 2021

#### 1. Chair's Opening Remarks

1.1 The Chair welcomed Board members and external attendees to the meeting, noting that observers from Campbell Tickell were joining the meeting, as part of the ongoing Board Effectiveness Review, as well as Paul Arnold, Deputy CEO and Chief Operating Officer of the Information Commissioner's Office.

1.2 The Chair noted that no conflicts of interest had been reported.

1.3 The Chair highlighted that Euan McVicar was moving on from Ofgem and the Board noted its appreciation for his advice and support in his role as General Counsel.

1.4 There were no comments on the minutes from the last meeting, which were therefore formally approved.

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

1.6 The Board were briefed on some of the Chair's recent engagements. This included a meeting with the National Infrastructure Commission to facilitate closer working in the future and a joint Chair and CEO meeting with Elexon.

#### 2. Chief Executive Officer's (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 recent news of the sale of Western Power Distribution (WPD);
- The capacity market auctions held in March;
- The publication of the Ofgem consultation on credit balances; and
- An update on the RIIO-2 appeals process.

#### 3. Committee of Climate Change's 6<sup>th</sup> Carbon Budget advice and Government's Energy White Paper

3.1 Neil Kenward presented the Board with summaries of the Committee of Climate Change's 6<sup>th</sup> Carbon Budget and the Government's Energy White Paper.

3.2 The Board noted the challenging goals set by the 6<sup>th</sup> Carbon Budget and the need for a collaborative approach with BEIS, whilst ensuring Ofgem's independence is maintained.

#### **4. Transformation Programme: Purpose and Values**

4.1 Priya Brahmhatt-Patel sought views from the Board on the draft purpose statement and values for the organisation, as part of the organisational Transformation Programme.

4.2 Members discussed the purpose statement and values, noting that they should be distinctive, and reflective of the outcomes the organisation sets out to achieve.

4.3 The Chair requested that members' feedback was considered and brought back to the Board for approval.

#### **5. Update on Regulated Asset Base (RAB) programmes to deliver Net Zero**

5.1 The Board considered a paper on the use of regulated asset base (RAB) models to deliver net zero, in the context of the possibility that BEIS could appoint Ofgem as economic regulator for carbon capture and storage networks and nuclear new build.

5.2 The Forward Work Plan (FWP) and Decarbonisation Action Plan (DAP) have committed Ofgem to supporting BEIS in exploring how new low-carbon technologies could be financed, delivered and regulated at least cost to consumers. Therefore a discussion was sought from the Board on whether the role as economic regulator was a strategic fit for Ofgem, should BEIS make such an appointment.

5.3 The Board discussed some of the potential risks in taking on the roles, but were in broad agreement that Ofgem had the required knowledge and skills for the role and was therefore likely the best suited institution for the roles. The Chair confirmed that the Board were supportive of Ofgem's possible role as economic regulator in both regimes, should BEIS make such appointments.

#### **6. Default tariff cap**

6.1 The Board were asked for guidance on proposals in relation to the default tariff cap, noting that three consultations are due to be published in the spring on whether there are ongoing impacts arising from COVID-19 and costs associated to the smart meter rollout which require adjustments to the level of the cap in the next cap period.

6.2 Following discussion, the Board endorsed the approach set out in the paper, and asked that the Board is updated following the consultations and before final decisions are taken.

## **7. Any other Business**

7.1 The Board reflected on the meeting and discussed possible areas for improvement at future meetings.

## **8. Decision Logs**

The Authority noted the paper.

## **9. Communication Insights**

The Authority noted the paper.

## **10. Litigation Tracker**

The Authority noted the paper.

## **11. Update on the implementation of an Electricity System Restoration Standard**

The Authority noted the paper.

## **12. E-Serve Director's update**

The Authority noted the paper.

## **13. Update on Agency for Cooperation of Energy Regulators (ACER) MoU under the Trade and Cooperation Agreement (TCA)**

The Authority noted the paper.

## **Apologies for absence**

Euan McVicar

## **Those present**

Martin Cave (Chair)

Jonathan Brearley

Paul Grout

Christine Farnish

Lynne Embleton

John Crackett

Myriam Madden

Barry Panayi

## **Those attending**

Neil Kenward  
Stephanie Broadribb  
Priya Brahmhatt-Patel  
Cathryn Scott  
Philippa Pickford  
Jonathan Spence

## **Others present**

|                  |   |
|------------------|---|
| James Kilmartin  | (Principal Private Secretary)               |
| Vickie Baker     | (Head of Governance and Secretariat)        |
| Jennifer Todd    | (Senior Governance and Secretariat Manager) |
| James Tickell    | (Campbell Tickell)                          |
| Radojka Miljevic | (Campbell Tickell)                          |
| Paul Arnold      | (Information Commissioner's Office)         |

## ***For specific agenda items***

|                          |          |
|--------------------------|----------|
| Akshay Kaul              | (Item 2) |
| Marcia Poletti           | (Item 3) |
| Jane Dennett-Thorpe      | (Item 3) |
| Angeliki Lashand         | (Item 3) |
| Kiera Schonemann         | (Item 4) |
| Robin Nuttall (McKinsey) | (Item 4) |
| Flora Rose (McKinsey)    | (Item 4) |
| Rebecca Barnett          | (Item 5) |
| Zak Rich                 | (Item 5) |
| Anna Rossington          | (Item 6) |
| Karen Mayor              | (Item 6) |
| Leonardo Costa           | (Item 6) |