

Minutes of the Joint Regulators Group (JRG) meeting 25th Sept 2012

CAA House, Kingsway, WC2B 6TE

Present:

Iain Osborne (CAA) (Chair)
Cathryn Ross (ORR)
Steven Preece (OFT)
Sarah Harrison (Ofgem)
Keith Mason (Ofwat)
Brian McHugh (Uregni)
Matthew Conway (Ofcom)
Sue Meeson (Monitor)
Chris Jenkins (BiS)
Thomas Carr (CAA) (Secretariat)

1. Welcome

Iain Osborne opened the meeting by welcoming Chris Jenkins of BiS. Chris introduced himself as new Deputy Director of Strategic Analysis within the Consumer and Competition Policy directorate. His duties include a brief on economic regulation. The open invitation of BiS to attend JRG meetings was reaffirmed.

2. Presentation from Brian McHugh on the recent Uregni price control reference to the CC

Brian presented the provisional decision by the CC on Uregni's PNGL12 price control determination and Uregni's reaction. The reference was made due to a dispute between Uregni and Phoenix Natural Gas Ltd over the treatment of capitalised under recoveries in the regulatory asset base. Slides to be circulated.

3. 2012 Working group sign off and close

The JRG considered that the papers presented on Benchmarking and Charging Schemes gained the support of the membership.

AP: JRG members are given a week to submit any revisions to the submitted documents following which they will be adopted as a shared view of the membership.

The WACC and competition working groups were unable to report for the meetings. It was agreed that the WACC group should aim for a November deadline with signoff provided via correspondence. The competition working group will be requested to submit a draft for review at the December JRG meeting.

AP: WACC working group to have a report ready for sign off by correspondence in November. JRG members to be available for this process

AP: The competition working group to bring forwards a revised draft at the December meeting

An update was given as to the progress of the Infrastructure-sharing working group. The group will aim to provide a more formal update at the December JRG.

4. Planning for 2013 working groups

Chris Jenkins provided some additional background to the JRG on the Government's growth agenda. He stated that BIS would be interested in hearing the thoughts of the economic regulators on what can be done to remove barriers to growth within the UK economy.

AP: Members to provide Chris Jenkins with thoughts on what can be done to promote growth and how the regulators' currently act to support growth.

Ofgem presented terms of reference (ToR) for a consumer working group. CAA, Ofcom and Monitor supported the formation of a working group on the issues raised. They noted that the ToR would require additional development.

CAA presented ToR on a Regulators Syllabus. Ofwat, ORR and Ofgem supported it as a scoping exercise. It was noted that the ToR should reflect the number of different audiences for training.

CAA also presented ToR on a Transport Synergies working group. It was decided that this should be taken forwards bi-laterally between CAA and ORR and not as a JRG working group for 2013.

AP: Members to nominate colleagues for the supported working groups for 2013. Members should aim to feed these requirements into their resource planning.

Ofgem requested views from the membership on a seminar concerning regulated industries and climate change adaptation.

AP: Members to feed in view on a seminar concerning regulated industries and climate change adaptation to Sarah Harrison.

The membership agreed the following working groups to progress for 2013

- Competition
- WACC
- Consumer
- Regulators Syllabus
- Infrastructure sharing

5. Communications group update

The JRG discussed the Government Branding and gov.uk initiatives. A paper was presented by the Comms group on the state of the JRG web presence. JRG adopted the recommendations of the paper.

6. Tour de Table

CAA:

- Civil Aviation Bill is expected to enter the Lords at the beginning of October, with Royal Assent expected in Jan 13
- Initial view on Stansted's market power assessment is expected around Christmas. This is complicated at the moment due to the impending sale of the airport.
- Initial view on market power at Gatwick and Heathrow is expected in April 13
- The NATS CP4/RP2 has begun.

Ofgem

- Note that there is an Energy Bill expected.
- Price Controls for Gas and Electricity Transmission, and Gas distribution are expected to complete in December.
- The strategy proposals for the electricity distribution price controls are forthcoming.
- Will shortly be looking to produce an initial consultation on consumer vulnerability.

Ofcom

- Recent BT appeal against Ofcom's decision on wholesale broadband access was dismissed by the CAT.
- CC have recently indicated that competition in the Pay TV retail market overall remains ineffective.
- The CAT found against Ofcom in its recent decision relating to BSkyB providing wholesale access to Sky Sports.

ORR

- Government funding allocation and high level outputs have been received.
- Holding a Transparency Conference on 12 November and will circulate details.
- New director...

OFT

- Released its finding on rural broadband
- Launching a review into the online Hotel Bookings market

Monitor

- Is consulting on the new Provider Licence which will be rolled out first to Foundation Trusts.
- Is consulting on commissioners for health services
- Fair playing field in health provision review to report early next year

Ofwat

- Draft water Bill has been published and is currently in the process of pre-legislative scrutiny.
- Licence modifications (to price setting mechanisms) have not been well received by industry. Ofwat will be seeking further consultation on the issues shortly.
- Likelihood of draft Strategic Policy Statement for Ofwat to be published soon.

7. AOB

At the December meeting the confirmation of the Chair for 2013 and nomination for 2014 will need to take place.