

Meeting held on Thursday 10 January 2019
 Venue: Bloomsbury House, 21 Bloomsbury Street, London WC1B 3HF

Attendance

Board attendees	
Jonson Cox	Non-Executive Director, Chairman
Martin Lawrence	Non-Executive Director
Tim Waggott	Non-Executive Director
Mark Bayley	Non-Executive Director
Catherine Waddams	Non-Executive Director
Alison Munro	Non-Executive Director
Christine Farnish	Non-Executive Director
Rachel Fletcher	Chief Executive
Aileen Armstrong	Executive Director
David Black	Executive Director
John Russell	Executive Director
Jenny Block*	General Counsel and Board Secretary
Other attendees	
Alena Kozakova	Chief Economist
Andrew Chesworth	Director, PR19
Alison Cullen	Associate Director, PR19
Ynon Gablinger	Director, PR19
Tim Griffiths	Director, PR19
Georgina Mills	Director, PR19
Jonathan Read	Director, PR19
Bart Schoonbaert	Associate Director, PR19
Sophie Shaw	Director, Legal, PR19
Stephen St Pier	Director, PR19
Gillian Tanfield	Senior Associate, PR19
Andy Titchen	Principal, Analytics (PR19)
Jacob Wood	Associate Director, PR19

*Jenny Block joined the Board meeting by phone

1. Opening Items and Declarations

- 1.1. The minutes of the Board meeting held on 13 December 2018 were approved subject to minor amendments.
- 1.2. There were no conflicts of interest to declare by reference to the matters on the agenda.

2. PR19

Overview

- 2.1. The Executive presented an overview of the PR19 programme and the particular focus of the meeting which was to consider the proposed categorisation of companies for the initial assessment of plans (IAP) phase of PR19. The Executive also presented a number of updates to information previously provided, and proposals to address points previously made by the Board, for example, on how best to protect customers from unduly high outperformance payments and on a proposed approach to improving sector resilience.
- 2.2. The Board approved the proposed approach on a number of issues, including to protecting customers against unduly high outperformance payments, the introduction of a reputational common performance commitment on the reach of companies' Priority Services Register, and on the role of Customer Challenge Groups in the next phase of PR19.

Risk and Return

- 2.3. The Executive presented a paper on financeability and the actions required of proposed fast track companies in this context. The Executive also provided an outline of Ofgem's proposed position on the weighted average cost of capital (WACC).
- 2.4. The Board also agreed the recommended required actions for proposed fast track companies proposed by the Executive subject to some minor adjustments.

Initial assessment of company plans: proposed categorisation decisions

- 2.5. The Executive presented a summary and overview of the proposed categorisation of companies' business plans, first providing an overview of the strategic context

of the IAP and our methodological approach to taking an ‘in the round’ decision. The Executive outlined the recommended categorisation for each company and set out how we proposed to engage with potential fast-track companies. In addition to the overview, more detailed papers were presented addressing the issues underpinning the evaluation for each company, along with the key associated actions.

- 2.6. While no company had provided a high quality plan across all of the nine IAP test areas, the Board was pleased to note substantial improvement in a number of areas and that the IAP process had successfully helped to raise the bar on cost efficiency, cost of capital and outcomes.
- 2.7. The Board discussed the position of each company by reference to the four possible categories. The Board agreed in principle with the recommendations made by the Executive, save in relation to one company on the borderline between categories, with final company categorisations to be settled at the 24 January Board meeting.
- 2.8. For those companies in significant scrutiny, the Board agreed with the recommendation that the decision on whether to apply a tougher cost sharing rate for significant scrutiny companies would be subject to those companies’ positive engagement with the price review process.
- 2.9. The Board expressed their appreciation for all the work that had been presented to them, and for the clarity of the written and oral presentations.

Company monitoring framework – final categorisation

- 2.10. The Executive presented revised final recommendations on company assurance categorisations under the Company Monitoring Framework, after incorporating relevant parts of the IAP assessment on data quality and consistency.
- 2.11. The Board considered and agreed with the Executive’s recommendations.

3. Any Other Business

- 3.1. There was no other business and the Chairman closed the meeting.

Jenny Block
Board Secretary
10 January 2019