



OFFICE OF THE ADVISORY COMMITTEE ON BUSINESS APPOINTMENTS

Room G/8, 1 Horse Guards Road, London, SW1A 2HQ
Telephone: 020 7271 0839
Email: acoba@acoba.gov.uk
Website: <http://www.gov.uk/acoba>

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BUSINESS APPOINTMENT APPLICATION: DR ANDREW WRIGHT

The Committee has been asked to consider an application from Dr Andrew Wright, former Senior Partner Energy Systems at Ofgem for advice on establishing an independent consultancy.

Dr Wright was responsible for the regulation of the electricity and gas system, including wholesale markets, transmission and distribution policy, system operation, European integration and wholesale market conduct.

His role as a member of the Gas and Electricity Markets Authority (GEMA - the governing body of Ofgem) ended on 12 June 2018. His last day in the Crown service was 31 August 2018.

Appointment details

Ofgem is the Office of Gas and Electricity Markets. Ofgem works with, but is independent of, government, the energy industry and other stakeholders.

Independent consultancy

Dr Wright has described his proposed consultancy work as follows:

“Advisory work in relation to the energy industry (including interactions with other sectors, such as transport, housing). The focus is most likely to be in relation to innovative business models, including community and local energy ventures, looking to take advantage of the technological changes currently impacting the sector. This includes distributed energy, distributed system operation, smart grids, demand response, storage, smart metering, data and artificial intelligence.”

He has sought advice on taking up the following commissions under his consultancy:

Energy Systems Catapult

Dr Wright stated that the Energy Systems Catapult (ESC) is one of a number of centres set up by the UK government to support innovation in industry sectors under the umbrella of Innovate UK. It is a public-private funded, not for profit organisation focussed on innovation across the entire energy sector, including power, heat, transport and infrastructure.

Dr Wright stated the commission would be to support the pilot phase of the Modern Energy Partners (MEP) project. This project is about working with the private sector energy supply chain

and the relevant government bodies to deliver innovative energy system solutions for campus scale sites across the public sector (hospitals, universities etc). The goal is to reduce energy procurement costs on the public estate and to grow expertise and stimulate innovation for integrated energy system solutions.

The commission would be for around 20-25 days over six months from October 2018 to March 2019.

Dr Wright said that as well as providing general advice to the ESC with respect to the project, based on his long sector experience and understanding of the energy system transition, he would be helping with the development of a generic methodology that can be used to evaluate business and investment cases. He said he would also be using his previous financial markets expertise to help with the development of investable propositions for the private sector.

He advised that he met with the ESC on a number of occasions during his time as Senior Partner for Energy Systems. These meetings were general discussions to share perspectives on the energy system transition and to update each other on their respective work. He confirmed he has not been involved in any commercial dealings with the ESC. He said the ESC is a not for profit, public-private body and could not be regarded as benefitting from any regulatory decisions he has been involved with.

Dr Wright explained this is a project that spans the public sector and would involve some engagement with Government. This would be, most directly, with the Crown Commercial Service (CCS), which has strategic responsibility for energy procurement and management across the public sector. CCS is a partner in the MEP project.

Department of Engineering, Newcastle University

Newcastle University was recently awarded funding by the Engineering and Physical Research Council (EPSRC) to build a national research hub to bring together academia and industry with the aim of furthering understanding of the 'whole systems approach' to transforming the UK energy system and achieving carbon reduction targets.

The Supergen Energy Networks Hub will have an advisory board to provide input and guidance to the work of the hub. Dr Wright's role would be to chair the advisory board and focus and plan meetings and support Professor Phil Taylor, who will lead the hub, in his engagement with the board.

Dr Wright said this would be a paid role. The plan is for four advisory board meetings a year, which will mean a time commitment of around 10 days, including, preparations, planning and work supporting Professor Taylor in his role.

Dr Wright stated he had met Professor Taylor a number of times at Ofgem, primarily through engagement with the national Centre for Energy Systems Integration (CESI), of which Professor Taylor is the director. Dr Wright was Ofgem's representative on the CESI industrial innovation board. It was part of his role at Ofgem to keep abreast of developments in the academic sector.

Dr Wright confirmed he has never engaged commercially with CESI, Newcastle University or Professor Taylor as a part of his Ofgem role.

Departmental view

The Chief Operating Officer at Ofgem has considered the propriety of the commissions Dr Wright proposes to accept and advised that she has no concerns. She confirmed that Dr Wright had no commercial dealings with Energy Systems Catapult or Newcastle University during his time at

Ofgem. She has no concerns about Dr Wright engaging with Government in relation to his proposed work with Energy Systems Catapult.

In relation to the wider consultancy, and whether Dr Wright might have access to privileged information that could unfairly advantage companies in the energy sector, Ofgem confirmed that given the time that has passed since Dr Wright had detailed involvement within Ofgem it is *“likely that he will no longer know anything significant that isn’t already in the public domain following recent announcements.”*

Committee’s consideration

Independent consultancy

The Committee¹ observed that Dr Wright intends to establish a consultancy undertaking advisory work in relation to the energy industry. As former Senior Partner, Energy Systems and a former member of the Gas and Electricity Markets Authority, this is a sector that is related to his responsibilities in office.

The Committee’s experience is that applications where there is a connection between former civil servants’ responsibilities in Government and the area they are looking to work in outside Government are more likely to give rise to risks under the Rules.

There are some points to make which partially mitigate the potential concerns presented by Dr Wright establishing a consultancy in the energy sector. First, more than three months have passed since Dr Wright was a member of the Gas and Electricity Markets Authority and he has had no executive decision-making power for over five months. Secondly, the Chief Operating Officer has confirmed that it is likely Dr Wright will no longer have access to any significant privileged information. It is also the case that Dr Wright has 30 years experience in the gas and electricity sector and was an expert in the field before joining Ofgem (although it should be noted that he has worked at Ofgem since 2008, including a nine-month period as interim Chief Executive in 2013/14.)

Notwithstanding the factors set out above, the Committee recognises there is a significant risk that it may be perceived that Dr Wright could offer potential clients an unfair advantage through his consultancy. However, it considers it is possible to mitigate some of the risks by imposing conditions.

In addition to the extended lobbying ban and the ban on making use of privileged information set out below, the Committee considered it appropriate to impose a 2-year restriction on advising on the terms of a bid or contract relating to the work of Ofgem or any matter involving regulatory engagement with Ofgem.

Future commissions

Whether the conditions set out below can sufficiently mitigate the risks presented by any future commission Dr Wright proposes to take up will depend on the specific details of each piece of work. Further conditions may be appropriate. Dr Wright will need to revert to the Committee to seek advice on each commission.

For example, should Dr Wright seek to work on matters he had direct responsibility for in office, the Committee would consider whether a waiting period may be required. Commissions with

¹ This application for advice was considered by Sir Alex Allan; Jonathan Baume; Baroness Angela Browning; Terence Jagger; Dr Susan Liataud; Richard Thomas and John Wood. Lord Michael German and Baroness Helen Liddell were unavailable.

private sector electricity and gas companies may raise issues under the Business Appointment Rules because there are inherent perception concerns presented by former Crown servants taking up work with companies regulated by the public body they have recently been employed by. In such cases the Committee must consider the risk that a former Crown servant might offer an unfair advantage to a company by virtue of information or contacts originating from their time in Government. The Committee will consider such risks on a case by case basis.

Commission with Energy Systems Catapult

The Energy Systems Catapult has been set up by Government to support innovation across the energy sector and Dr Wright will be working on a project to deliver innovative energy system solutions for sites across the public sector with the aim of reducing energy procurement costs on the public estate. The nature of this work means that risk of his appointment providing an unfair advantage does not arise. Equally, there is no reason why the appointment would be perceived as a reward for decisions made in office.

Dr Wright explained this is a project that spans the public sector and would involve working alongside Government. The contact envisaged in this context does not appear to raise any issues under the Government's Business Appointment Rules.

Commission with Newcastle University

This commission will involve Dr Wright chairing the advisory board of a national research hub being formed by Newcastle University with the financial backing of the EPSRC. This will bring together academia and industry to explore solutions to address the challenges of clean energy production, distribution and storage.

While he met Professor Phil Taylor, who will lead the hub a number of times at Ofgem, primarily through engagement with the national Centre for Energy Systems Integration (CESI), Dr Wright confirmed he has never engaged commercially with CESI, Newcastle University or Professor Taylor as a part of his Ofgem role. There is no reason this appointment should be seen as a reward for decisions Dr Wright made in office.

The academic nature of this work and government backing for the hub via EPSRC funding suggests there is limited scope for Dr Wright's appointment to confer an unfair advantage on Newcastle University or other participants in the project.

Conditions

The Prime Minister accepted the Committee's advice that Dr Wright's independent consultancy and commissions with Energy Systems Catapult and Newcastle University be subject to the following conditions:

- he should not draw on (disclose or use for the benefit of himself or the organisations to which this advice refers) any privileged information available to him from his time in Crown office;
- for two years from his last day in Crown service, he should not provide advice to any company or organisation on the terms of, or with regard to the subject matter of, a bid or contract relating directly to the work of Ofgem or any matter involving regulatory engagement with Ofgem;
- for two years from his last day in Crown service he should not become personally involved in lobbying the UK Government on behalf of those he advises under his independent consultancy or their subsidiaries, partners or clients. Nor should he make use, directly or indirectly, of his Government and/or Crown Service contacts to influence policy or secure business or funding on their behalf; and

- for two years from his last day in Crown service, before accepting any commissions and or/before extending or otherwise changing the nature of any commission, he should seek advice from the Committee. The Committee will decide whether each commission is consistent with the terms of the consultancy and consider any relevant factors under the Business Appointment Rules, including whether additional conditions should be imposed.

By 'privileged information' we mean official information to which a Minister or Crown servant has had access as a consequence of his or her office or employment and which has not been made publicly available. Applicants are also reminded that they may be subject to other duties of confidentiality, whether under the Official Secrets Act, the Civil Service Code or otherwise.

The Business Appointment Rules explain that the restriction on lobbying means that the former Crown servant/Minister "*should not engage in communication with Government (Ministers, civil servants, including special advisers, and other relevant officials/public office holders) – wherever it takes place - with a view to influencing a Government decision, policy or contract award/grant in relation to their own interests or the interests of the organisation by which they are employed, or to whom they are contracted or with which they hold office.*"

I should be grateful if you would ensure that we are informed as soon as Dr Wright's consultancy is live and he takes up these commissions, or if it is announced that he will do so (I enclose a form for this purpose). We shall otherwise not be able to deal with any enquiries, since we do not release information about appointments which have not been taken up or announced, and this could lead to a false assumption being made about whether he had complied with the rules.

I should also be grateful if you would ask that Dr Wright informs us if he proposes to expand or otherwise change the nature of his consultancy or these commissions as, depending on the circumstances, it may be necessary for him to make a fresh application.

Once Dr Wright's consultancy is live and he has announced or taken up any of the commissions above, we will publish this letter on the Committee's website, and if appropriate, refer to it in the relevant annual report.

Yours sincerely

Nicola Richardson
Committee Secretariat

