

# **Transport for London**

## **Minutes of the Finance Committee**

**Elizabeth Line Room, 11Y8, Palestra,  
197 Blackfriars Road, London, SE1 8NJ  
12 noon, Tuesday 19 November 2024**

### **Members**

Anne McMeel (Chair)  
Deborah Harris-Ugbomah (Vice Chair)  
Zoë Billingham CBE (via Teams, from Minute 67/11/24 inclusive)  
Professor Greg Clark CBE (via Teams)  
Anurag Gupta (via Teams)

### **Government Observer**

Andrew Hillin                      Head of London Projects, London Partnerships and Delivery,  
Department for Transport

### **Executive Committee**

Andy Lord	Commissioner
Andrea Clarke	General Counsel
Claire Mann	Chief Operating Officer
Lilli Matson	Chief Safety, Health and Environment Officer
Rachel McLean	Chief Finance Officer

### **Staff**

Geordie Costello	Corporate Finance Senior Manager
Christopher Cubitt	Corporate Finance Senior Manager
Justine Curry	Interim Director of Legal
Patrick Doig	Group Finance Director and statutory Chief Finance Officer
Jackie Gavigan	Secretariat Manager
Joanna Hawkes	Director of Corporate Finance
Shamus Kenny	Head of Secretariat
Glyn Lenton	Senior Category Manager Eng & Utilities
Andrew McIntosh	Head of Concession Management
Jasmine Moss	Senior Sourcing Manager
Sarah O'Donnell	Senior SHE Energy and Carbon Manager
Heather McStay	Head of Procurement - FM
Dharmina Shah	Interim Chief of Staff to Commissioner
Howard Smith	Director of the Elizabeth Line

## **64/11/24 Apologies for Absence and Chair's Announcements**

An apology for absence had been received from Seb Dance. Zoë Billingham CBE, Professor Greg Clark CBE and Anurag Gupta attended the meeting via Teams and were able to participate in the discussion but did not count toward the quorum. Zoë Billingham CBE had given an apology for lateness.

As the meeting was inquorate, with five Members available to discuss the items and only two present in the room, any decisions required were taken using Chair's Action

after the discussion of the items. Given the strategic importance of the contracts, it was considered appropriate to continue to meet to ensure transparency in decision-making.

Andrew Hillin was attending the meeting as Government Observer, in place of Samantha Collins-Hill.

The Chair welcomed everyone to the additional meeting of the Committee, called to consider the Elizabeth Line Concession 2 Procurement and the Power Purchase Agreement Comet: Contract Award. The meeting was broadcast live to TfL's YouTube channel, except for the discussion of the information on Part 2 of the agenda which was exempt from publication, to ensure the public and press could observe the proceedings and decision-making.

The Chair reminded those present that safety was paramount at TfL and encouraged Members to raise any safety issues during discussions on a relevant item or with the appropriate member of the Executive Committee after the meeting.

## **65/11/24    Declarations of Interests**

Members confirmed that their declarations of interests, as published on [tfl.gov.uk](https://tfl.gov.uk), were up to date and there were no interests to declare that related specifically to items on the agenda.

## **66/11/24    Elizabeth Line Concession 2 Procurement**

Howard Smith introduced the item, which provided an update on the procurement process undertaken by Rail for London (RfL) for the proposed new concession agreement to operate Elizabeth line passenger train services from May 2025 and sought approvals for the new concession agreement.

The existing operating contract was entered into in July 2014 and had required the operator to recruit and train large numbers of staff, increase daily services and manage change as phases of the Crossrail project were delivered, while consistently delivering high levels of customer satisfaction and performance. In June 2023, the Committee was updated on proposals to commence procurement to appoint a new operator for the Elizabeth line, which included close co-ordination with the DLR procurement process to present a consistent message to the market, maximise interest and share lessons.

In November 2023, after an early market engagement exercise, RfL commenced the procurement to appoint a new operator. The new concession agreement would ensure that the Elizabeth line continued to showcase investment in TfL, rail and public transport through optimisation and improvement on current high levels of safety, performance and customer satisfaction, while remaining adaptable to an evolving industry and changing customer needs.

RfL had undertaken a detailed procurement process and reviewed the current concession agreement in light of lessons learnt throughout its term, updated strategic priorities across TfL, insight from market engagement, wider industry changes and best practice from similar arrangements in TfL. The scope and structure of the new concession agreement would continue to cover all aspects of train and station

operations over the Elizabeth line. Revenue generated from fares and rail products together with patronage risk would be retained by TfL.

In February 2024, four bidders pre-qualified for the competition and took part in the process. The key principle of the evaluation methodology was to ensure that the new concession agreement would be awarded to the most economically advantageous bid, allowing for a balance between technical, commercial and financial factors. It took account of the commercial structure and required bids to be submitted against the performance regime.

Next steps were to notify the bidders and for the new concession agreement to be signed in December 2024. Following contract signature, a mobilisation phase would commence to ensure that the supplier under the new concession agreement was ready to take over the operation of Elizabeth line services prior to concession commencement in May 2025.

Following the taking of the decision, GTS Rail Operations Limited, a joint venture between Go Ahead Group, Tokyo Metro and Sumitomo Corporation, was announced as taking over the Elizabeth line operator contract in May 2025. The contract was for seven years with an option to extend for up to two additional years.

**The Chair, following consultation with the Committee, noted the paper and the exempt supplementary information on Part 2 of the agenda and:**

- 1 approved Procurement Authority in the amount set out in the paper on Part 2 of the agenda to enable entry into the New Concession Agreement for the operation of the Elizabeth line and ancillary agreements; and**
- 2 noted that matters for which Procurement Authority was sought above extend beyond the current TfL Business Plan and Budget and provision will, therefore, need to be made in future Business Plans and Budgets.**

## **67/11/24 Power Purchase Agreement Comet: Contract Award**

Lilli Matson introduced the item, which provided an update on the procurement process for the first generator Power Purchase Agreement (PPA) Comet and associated onsale and sleeving agreements to advance TfL's Energy Purchasing Strategy and sought approvals to enable the contract award.

TfL's first PPA procurement process was close to completion and represented a significant milestone and major step forward in realising the target set in the Mayor's Transport Strategy to run a zero-carbon railway by 2030. TfL was London's largest single consumer of electricity, using around 1.6TWh per annum at a cost of around £350m. This represented around 43 per cent of its operational carbon emissions.

To meet this target, TfL had set out a plan to transition the way it purchased electricity to ensure it was sourced from renewable generation. TfL's Energy Purchasing Strategy was considered by the Committee in July 2024, which outlined the plan to procure up to 70 per cent of TfL's total electricity needs from a generator through renewable energy corporate PPAs. The first step in this initiative was PPA Comet, which involved procuring up to 12.5 per cent of TfL's electricity demand, or up to 200GWh, from a new renewable project. The proposed project had already secured planning permission and

was due to commence construction in 2026. Power delivery from the asset was anticipated to begin in 2028.

The different options considered included continuing with business as usual, looking at renewable energy guarantees of origin and the PPA route. PPAs offered the best alignment with TfL's financial needs and delivered a new renewable energy supply facility, an additional renewable greening of the grid network and aligned with the Government's policy to accelerate the decarbonisation of the grid.

The environmental benefits concerned the long-term price stability with PPAs providing a longer-term hedge, with a 15-year contract for this procurement in the context of a volatile electricity market. Under PPA Comet, TfL was purchasing renewable energy source electricity on a half hourly pay as produced basis so needed to contract an onsale PPA which closely aligned with it for the delivery of the electricity into the network. TfL would be working with EDF Energy Limited as a regulated trading party to the onsale PPA for at least until 2029.

Members noted that the pay as produced contract meant TfL would be consuming electricity from the grid that was not 100 per cent green at certain points in time of low power generation. Members suggested exercising caution in not overclaiming that the renewable energy production was 100 per cent green in light of this.

The procurement was for up to five to 10 per cent of TfL's consumption, using grid consumed energy for the most of its energy needs, which was currently constituted with around 40 per cent from renewable sources. TfL had taken a risk mitigated approach to ensure the renewable energy guarantees of origin from an asset and genuine additionality in connecting a new asset to the grid, without paying a premium. Over the next few years, as more renewables came on grid, TfL would look to do more for future corporate PPAs and continued to look closely at greening the remainder of its supplies and the flexible green tariff option as it approached 2030. It was an important first step forward in the right direction into an evolving and maturing market.

Beyond this procurement, consideration would be given to what TfL considered to be renewables as part of its future strategic direction and next steps as it was an evolving situation.

**[Action: Lilli Matson]**

The lessons learnt during the PPA Comet procurement process would be shared with the Committee.

**[Action: Lilli Matson]**

**The Chair, following consultation with the Committee, noted the paper and the exempt supplementary information on Part 2 of the agenda and:**

- 1 approved Procurement Authority of £225m for electricity purchased under a Power Purchase Agreement for 15 years and the costs under the associated onsale/sleeving arrangements for the same duration; and**
- 2 noted that matters for which Procurement Authority was sought above extend beyond the current TfL Business Plan and Budget and provision will, therefore, need to be made in future Business Plans and Budgets.**

## **68/11/24 Any Other Business the Chair Considers Urgent**

There was no other urgent business to discuss.

## **69/11/24 Date of Next Meeting**

The next scheduled meeting of the Committee would be held on Wednesday 18 December 2024 at 10.00am.

## **70/11/24 Exclusion of the Press and Public**

**The Committee agreed to exclude the press and public from the meeting, in accordance with paragraphs 3 and 5 of Schedule 12A to the Local Government Act 1972 (as amended), when it considered the exempt information in relation to the items on: Elizabeth Line Concession 2 Procurement; and Power Purchase Agreement Comet: Contract Award.**

The meeting closed at 1.20pm.

Chair: \_\_\_\_\_

Date: \_\_\_\_\_