

MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 14 DECEMBER 2023 AT QUEENS HOUSE AND VIA VIDEO CONFERENCE, AT 9.00 A.M.

Present:

Bill Emery (Chair), John French (Chief Executive), Teresa Perchard, Jon Carlton, Alex Wiseman, Claire Williams, David de Casseres

In attendance:

SLT - Kevin Shiels, Colin Broomfield, Roisin McLaughlin, Elaine Cassidy, Barbara Cantley, Brian Mulhern, Ciaran Mac Cann, Marie-Therese Campbell, Jillian Ferris, Leigh Greer, Greg Irwin

Chisono Yoda, Jamie MacDonald, Arjoo Gupta.

John Cooper and Paul Stewart (agenda item 4), Jody O'Boyle and Kenny McPartland (agenda item 5),

1. APOLOGIES FOR ABSENCE

1.1 None.

1.2 Bill Emery welcomed Arjoo Gupta as part of an ongoing initiative to provide staff members with an opportunity to attend board meetings.

2. DECLARATIONS OF INTEREST

2.1 None.

3. MODIFICATION TO CONDITION 42 OF THE SONI TSO LICENCE

3.1 Roisin McLaughlin introduced this item which proposed a modification to Condition 42 of the SONI TSO licence, relating to governance.

3.2 Board members discussed the situation regarding the SONI compliance plan. It was noted that 'Principles and Guidance' documentation relating to the Derogation process had not yet been published. While noting that documentation required legal review, the Board encouraged progress towards publishing this as soon as possible.

3.3 There was also a brief discussion on the Chair and CEO's recent meeting with their SONI opposite numbers. It was agreed that an opportunity for a Board to Board with SONI should be arrangement during the first part of 2024.

3.4 In noting the position on the compliance plan, the Board approved the modification of the SONI TSO licence as presented.

4 NI WATER LEGAL ISSUES

- 4.1 Elaine Cassidy introduced this item, which provided an overview of NI Water-related legal issues that had been identified in papers circulated to the Board. John Cooper identified the legal issues in introductory comments.
- 4.2 A significant discussion ensued. The Board discussed the funding model for NI Water and explored the implications for UR in the context of an insufficient level of funding available to the company to meet its price control commitments.
- 4.3 The role of the PC21 price control Mid-Term Review, as the mechanism for addressing the impact of funding shortfalls on price control outputs, was also considered. The Board agreed that the Mid-Term review needed to progress to its conclusion as soon as possible.
- 4.4 The Board also briefly touched on wider issues, including the progress of litigation being pursued by NI Water and a consultation on domestic water charging by the Department for Infrastructure.
- 4.5 Given the range of issues identified, it was agreed that an internal UR group, including Board members, be established to oversee the management of NI Water issues.

5 ELECTRICITY NETWORK DIGITALISATION LICENCE CONDITION

- 5.1 Ciaran Mac Cann introduced this item regarding a planned consultation on a draft licence condition requiring NIE Networks and SONI to jointly develop, publish and periodically update a joint digitalisation strategy and action plan.
- 5.2 The focus of Board member comments was on the delivery of the strategy and action plan and inclusion of stakeholder needs. This included consideration as to compliance with the action plan and what would constitute a successful outcome. The need to also consider the benefits for consumers was also raised in discussion.
- 5.3 The Board endorsed the proposal to consult on the draft licence condition as presented, and for the chief executive to sign off subject to consideration of the comments raised in discussion.

6 DRAFT FORWARD WORK PROGRAMME

- 6.1 John French introduced this item, which provided a draft Forward Work Programme (FWP) for the Board's consideration. Greg Irwin outlined the key aspects of the FWP, and work required to finalise the document for publication.
- 6.2 Suggestions to enhance the draft were provided by Board members. This included a greater focus on clarifying outputs and outcomes and the timing of proposed projects. Board members also discussed the scope of some of the projects.

- 6.3 The timing of the publication of the FWP in the context of the draft Corporate Strategy (which was currently being consulted on) was clarified.
- 6.4 The Board endorsed the publication of the draft FWP for consultation, subject to consideration of comments from board members.

7 ELECTRICITY CONNECTIONS POLICY FRAMEWORK REVIEW – UPDATE

- 7.1 Kenny McPartland introduced this paper which provided the Board with an update of the work on the connections policy framework review, following a call for evidence.
- 7.2 The Board noted the views provided as part of the Call for Evidence and discussed some of the responses provided.
- 7.3 Comparisons with the electricity connections approach in Great Britain were briefly touched on. The challenge of making the electricity connections process as efficient as possible was also discussed.
- 7.4 At the conclusion of the discussion, the Board noted the extent of the work that had been undertaken to date and discussed the next steps and the likely timing for the conclusion of the review.

8. RP7 PRICE CONTROL – OFFICE FOR BUDGET RESPONSIBILITY UPDATE

- 8.1 This item was deferred to the next meeting of the Board.

9. MINUTES

- 9.1 The minutes of the Board meetings on 17 October, 22 November and 29 November were approved for publication.

10. ACTION POINTS

- 10.1 The action points were reviewed by the Board.

11. REPORT FROM THE EXECUTIVE TEAM

- 11.1 John French provided an overview of key developments. Updates were provided on Power NI's tariffs, Biomethane injection and progress on recruitment as part of UR's Shaping UR for the Future transformation programme.
- 11.2 The Board was briefed on an issue relating to pre-payment meters.
- 11.3 Board member queries on a proposed new interconnector and the North-South electricity interconnector were addressed.
- 11.4 Teresa Perchard spoke briefly on the annual report of the Remuneration Committee and the Board approved changes to the Remuneration Committee's Terms of Reference.

- 11.5 Alex Wiseman provided a report on the recent meeting of the Audit and Risk Committee, noting the Committee's annual meeting with internal and external auditors.
- 11.6 Elaine Cassidy provided an overview of recent litigation and disputes issues. The Board was briefed on recent complaints and disputes. An update was also provided on the Article 12/13 litigation in the Irish courts and the implications of this for the Single Electricity Market. It was noted that the SEM Committee was due to discuss this issue at a meeting scheduled for next week.
- 11.7 Colin Broomfield provided a report on the SEM with a focus on the SEM auction programme. The Board noted the update.
- 11.8 Leanda Thompson provided an overview of the Finance and Performance report. The overall budget forecast for the year-end, and risk register, were raised by Board members. The Board approved the Finance and Performance report.

12. ANY OTHER BUSINESS

- 12.1 The Board noted that Power NI had been awarded a Customer Experience award by Utility Week.
- 12.2 Elaine Cassidy provided the Board with the latest update on development relating to UR's vires.
- 12.3 As part of the Board meeting review, Chisono Yoda and Arjoo Gupta provided their feedback on the Board meeting.

There being no other business, the meeting concluded at 12.20 p.m. (to be followed by meeting with senior civil servants from the Economy, Infrastructure and Finance departments).