**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE ‘AUTHORITY’) HELD ON THURSDAY, 17 DECEMBER 2015 IN QUEENS HOUSE AT 10.00 A.M.**

**Present:**

Bill Emery (Chairman), Bill Cargo, Richard Rodgers, Teresa Perchard, Jon Carlton, Alex Wiseman, Jenny Pyper (Chief Executive)

**In attendance:**

SMT: Donald Henry, Kevin Shiels, Brian McHugh, Jo Aston, Tanya Hedley, Greg Irwin

Neil Bingham (for agenda items 5, 11 and 12), Barbara Cantley (for agenda items 5 and 9), Sarah Brady and Meadhbh Patterson (for agenda item 7), Michael Campbell (for agenda item 8), Jim Oatridge (for agenda items 15 and 16)

**1 APOLOGIES FOR ABSENCE**

* 1. None.
1. **FIRE DRILL**

2.1 The board members were informed of the evacuation procedures which apply in the event of a fire.

1. **DECLARATIONS OF INTEREST**

3.1 Tanya Hedley declared a potential conflict of interest in relation to agenda item 8 and voluntarily withdrew from the board meeting during discussion on that item.

**4 DRAFT FORWARD WORK PROGRAMME**

4.1 Jenny Pyper introduced this item which presented a draft Forward Work Programme (FWP) 2016-17 for the board’s approval.

4.2 Board members endorsed the process for the development of the FWP and the extent of the engagement between the board and the SMT and endorsed the list of proposed projects presented.

4.3 Several drafting suggestions were made in respect of the timing of the deliverability of projects, gas storage text, providing further information on the governance of the SEM Committee and more narrative around our water regulation role.

4.4 The Board was content to approve the publication of the draft FWP, subject to any further comments from board members as soon as possible.

1. **REPLACEMENT OF ELECTRICITY KEYPAD METERS**
	1. Tanya Hedley briefed the board on this item which sought approval for additional expenditure by NIE Networks to replace certified keypad meters which suppliers indicate are at risk of being tampered with.
	2. Board members clarified the extent of meter tampering in Northern Ireland. A discussion took place on the outputs from the meter replacement programme and the basis for identifying suitable locations. The arrangements for funding the replacement programme were also discussed.

5.3 Clarification was provided on the potential for double counting given the broader ongoing meter replacement programme and a query about whether the replacement meters utilised Smart technology. Finally a query around the overall cost of the meter replacement programme was addressed.

5.4 The board approved the additional programme within the RP5 price control to enable NIE Networks to replace identified keypad meters.

1. **NIE NETWORKS – TSO CERTIFICATION COMPLIANCE**

6.1 Tanya Hedley introduced this item which sought board approval for key aspects of proposed correspondence in respect of TSO Compliance plans.

6.2 The main area of discussion related to the attendance at board meetings of the regulated utility by a representative of the parent company. Board members also clarified the basis for raising concerns (either with regard to the licence or compliance plan). Several drafting suggestions were also made by board members.

6.3 The board approved the key aspects of the proposed correspondence subject to incorporation of drafting suggestions.

**7 CONSUMER PROTECTION STRATEGY**

7.1 Kevin Shiels introduced this item which sought the board’s approval for the publication of Consumer Protection Strategy. Meadhbh Patterson briefed the board on the content and key elements of the strategy.

7.2 Board members discussed the actions outlined for protecting consumers and the likely cost and impact of these. There was also some comment in respect of the phasing and relative priority of the key elements of the strategy. The Board also noted feedback on the draft strategy and the list of respondents. Finally there was a brief discussion on the association between the Consumer Protection and the Corporate Strategy 2014-19.

7.3 There were also several drafting and presentational suggestions made by board members.

7.4 The board approved the publication of the Consumer Protection Strategy subject to finalisation of the drafting before publication.

**8 POWER NI PRICE CONTROL**

8.1 Kevin Shiels delivered a presentation outlining the potential for a rollover of the Power NI price control. The presentation covered the context for the price control, information on the regulated allowance versus forecast and the advantages and disadvantages of the rollover option.

8.2 The context for the price control was noted in particular the backdrop of falling energy prices and the sale of Power NI’s parent company.

8.3 Board members also clarified issues around the coverage of the regulated margin, how the rollover option would operate and the timing of the price control.

8.4 Power NI’s performance against price control allowances was discussed. This was in the context of ensuring that any agreement on a rollover captured savings for consumers.

8.5 The board endorsed the option of the rollover in principle with a further discussion to take place at the January Board Advisory Forum meeting.

**9 QUARTERLY TRANSPARENCY REPORT**

9.1 Kevin Shiels and Barbara Cantley briefed the board on the recent publication of the Quarterly Transparency Report (QTR) relating to retail energy market information. The briefing provided information on the context for the QTR and key headline findings and trends.

9.2 Board member questions in respect of the development of the QTR, the broader Retail Energy Market Monitoring workstream and the relative market share of suppliers were addressed.

9.3 In noting the briefing, board members endorsed the usefulness of the QTR as a valuable source of information about the retail energy market.

**10 CONTESTABILITY IN CONNECTIONS UPDATE**

10.1 Tanya Hedley provided the board with an update on progress to introduce contestability for electricity connections in Northern Ireland.

10.2 Board member queries in respect of project risks and the timing of further progress were addressed.

10.3 The board noted the update.

**11 UPDATE ON NI WATER INDUSTRIAL ACTION REVIEW**

11.1 Neil Bingham briefed the board on the current position regarding the implementation of the actions from the NI Water review.

11.2 The board noted the work that had been done in implementing the actions to date.

**12 MINUTES**

12.1 The minutes of the board meeting on 22 October were approved for publication. The minutes of the meeting on 18 November were approved subject to one amendment.

**13 ACTION POINTS**

13.1 The action points were reviewed and noted.

**14 I-SEM UPDATE**

14.1 Jo Aston provided an update on the overall progress of the project and the challenges associated with delivering the I-SEM by 2017. Board members were also briefed on developments in relation to significant workstreams.

14.2 Board members discussed and endorsed the plan for a design authority for I-SEM. There was also a discussion around procurement support and the utilisation of budgetary provision in the implementation of the project.

**15 REPORT FROM THE EXECUTIVE TEAM**

15.1 Jenny Pyper provided an overview of the Executive Team report. She noted the update that had been provided on progress with the I-SEM and the intensive and ongoing work that was in progress.

15.2 The board’s discussed developments in respect of the Gas to the West implementation and Gas to East Down.

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15.3 The board was briefed on developments regarding discussions on the funding position for NI Water for next year.

15.4 The board was provided with an update on a recent meeting of the Enforcement sub-committee. The board confirmed its approval of the Enforcement Action procedure that had been presented at its March 2015 and had subsequently been publicly consulted upon.

15.5 A query in respect of the timing of the review of retail energy market was addressed.

15.6 The board also approved the revised terms of reference for the Remuneration Committee.

15.7 The board also approved the finance and performance summary, noted the I-SEM related variances and noted the assessment of progress against FWP targets. Proposed changes to the corporate risk register were also reviewed and approved.

**16 ANY OTHER BUSINESS**

16.1 The Chairman of the Audit and Risk Committee, Jim Oatridge, provided an update to the board. His update was focused on work undertaken by the Committee since June (when the board has received the Annual Report of the Audit and Risk Committee).

16.2 He updated the board on: scrutiny by External Audit of 2014-15 accounts which received an unqualified opinion, the 2015/16 audit strategy, the tendering of the contract for internal audit, the internal audit programme, risk management and a self-assessment by the Audit Committee.

There being no other business, the meeting concluded at 1.15 p.m.