

**MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY
REGULATION (THE 'BOARD') HELD ON THURSDAY, 24 MARCH 2022 IN QUEENS HOUSE
AT 9.00 A.M.**

Present:

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

In attendance:

SLT - Kevin Shiels, Donald Henry, Tanya Hedley, Colin Broomfield, Roisin McLaughlin, John Mills, Elaine Cassidy, Greg Irwin

Jillian Ferris and Nigel O'Donoghue (agenda item 3), Martina McKinley (agenda item 5), Ciaran Mac Cann (agenda item 6), Barbara Cantley (agenda items 7 and 10), Richard Hume (agenda item 7), Brian Mulhern (agenda items 9 and 10), Louise Dunlop, Charlene Bennett.

1. APOLOGIES FOR ABSENCE

1.1 None.

2. DECLARATIONS OF INTEREST

2.1 None.

**3. GAS TRANSMISSION LICENCE MODIFICATIONS REGARDING NI GAS CAPACITY
STATEMENT**

3.1 Jillian Ferris introduced this item which sought the Board's approval for licence modifications to the high pressure gas conveyance licences, regarding the annual preparation and publication of network forecasts in the Northern Ireland Gas Capacity Statement (NIGCS).

3.2 A Board member query in respect of the timetable for the publication of the NIGCS was addressed.

3.3 The Board approved the licence modifications as presented.

4 FORWARD WORK PROGRAMME 2022/23

4.1 Greg Irwin introduced, and provided an overview, on this item, which sought the Board's approval for the draft Forward Work Programme (FWP) 2022/23 following consultation.

4.2 Board members discussed the feedback in respect of proposed projects, and queries regarding consultation responses were addressed.

4.3 The wider strategic environment was explored as a backdrop to the implementation of the FWP. Overall, there was a recognition that the delivery of FWP projects might be affected by the implementation of the Northern Ireland energy strategy.

- 4.4 In approving the FWP as presented, subject to final proofing, the Board also requested that feedback be provided to each of the consultation respondents directly.

5. BUDGET 2022/23

- 5.1 Donald Henry introduced the draft Budget 2022/23 for the Board's approval. He provided an overview and annotated the key features of the draft Budget
- 5.2 The Board discussed the implementation of the Northern Ireland energy strategy and the potential further impact on UR resources. It was noted that the budget would be reviewed at the mid-year stage, which would provide the opportunity to re-assess resourcing requirements, as necessary.
- 5.3 Board members also briefly discussed presentational aspects of the budget and key messages.
- 5.4 Board member queries in respect of licence fee collection, and salary and pension costs, were addressed.
- 5.5 The Board approved the draft Budget as presented.

6. SONI EVALUATIVE PERFORMANCE FRAMEWORK

- 6.1 Ciaran Mac Cann introduced this item, which sought the Board's approval for the proposal to set up a Board committee to make decisions on recommendations from the SONI Evaluative Performance Framework (EPF) panel.
- 6.2 The Board considered the options in respect its decision-making role on the EPF. The extent of the Board's involvement was also explored, and the regularity and timing of its decision-making role on the EPF was clarified.
- 6.3 The Board approved the establishment of a Board committee to fulfil the decision making function for the EPF, which could be reviewed after a year to assess the effectiveness of this approach.

7. SUPPLIER ENGAGEMENT AND CONSUMER DEBT METRICS

- 7.1 Barbara Cantley introduced this item, which was a presentation in two parts. Firstly, on findings from engagement with energy suppliers. Secondly, an update provided by Richard Hume on debt metrics.
- 7.2 Board members took the opportunity to clarify aspects of the engagement with suppliers and future plans relating to compliance with codes of practice obligations, assistance being provided to consumers.

- 7.3 The Board considered the definition of domestic consumers in debt. The overall trend for levels of debt, particularly in respect of small industrial and commercial (I and C) consumers was explored. The opportunity for innovative thinking to assist those small I and C consumers in debt was discussed. It was also noted that some consumers were reducing usage to help cope with rising bills. The concept of demand destruction and the risk of business failure was also discussed.
- 7.4 The Board, in noting and welcoming the overall update, recognised that continuing volatility relating to energy prices would necessitate ongoing engagement with suppliers, and monitoring of debt levels.

8. FUEL MIX DISCLOSURE AND REGOs

- 8.1 Sarah Brady introduced this information paper, which set out current and potential future developments in relation to Fuel Mix Disclosure (FMD) and Renewable Energy Guarantees of Origin (REGOs).
- 8.2 A Board discussion focused on the risk to consumers regarding the level of return for renewable generators, and the degree of confidence in the information regarding renewable generation.
- 8.3 The need for a consultation on the Single Electricity Market Operator's methodology for calculating FMD was endorsed by the Board, and it was also agreed that it would be useful to have sight of the consultation proposals before publication.
- 8.4 The Board noted the paper.

9 GENERATOR PROFITABILITY AND MARKET OUTTURN ANALYSIS

- 9.1 Brian Mulhern introduced two reports, carried out by the SEM Market Monitoring Unit (MMU), which provided an overview of the impact of rising costs on generator unit bids, and the potential profitability of units operating in the SEM.
- 9.2 Board members discussed a range of issues relating to generator profitability regarding revenues specifically flowing to wind generators in recent times, future demands, and cost variables for renewable generators, and the wider context for renewable generation. There was also consideration of the presentational challenges associated with generator profitability.
- 9.3 The potential to review the impact of SEM on consumer prices was also briefly discussed. The need for up-to-date analysis and data to inform any review was emphasised by the Board.
- 9.4 The Board noted the reports.

10. MARKET MONITORING REPORTS

10.1 Brian Mulhern briefed the Board on the key aspects of the MMU's SEM Quarter Four monitoring report. Barbara Cantley provided a brief overview of the latest quarterly retail energy market monitoring report.

10.2 The Board noted both updates.

11. UPDATES

(a) BREXIT UPDATE

10.1 Colin Broomfield provided a further update on Brexit issues with a focus on engagement on representation at the EU energy regulator, ACER, and future market design.

10.2 The Board noted the update.

(b) SEM UPDATE

10.3 Colin Broomfield also briefed the Board on SEM issues. He provided an update on the T-4 capacity auction, the high-level design of future system services, and an application in respect of offshore wind generation.

10.4 The Board noted the update.

(c) ENERGY STRATEGY UPDATE

10.5 Elaine Cassidy led a discussion on the potential for change to UR's vires emanating from an action in this area in DfE's energy strategy action plan. Board members explored the basis for the change to UR's vires, the scope of such changes, and the impact on the organisation's role.

10.6 The Board noted the update.

11. MINUTES

11.1 The minutes of the Board meeting on 17 February were approved for publication.

12. ACTION POINTS

12.1 The action points were reviewed by the Board.

13. REPORT FROM THE EXECUTIVE TEAM

13.1 John French introduced the Executive team report. He provided a further update on energy price increases. The Board was briefed on correspondence from an energy supplier regarding a recent tariff announcement by another supplier. The Board was also apprised of an issue relating to gas pre-payment meter cards. Correspondence from EP Kilroot was also noted. Internally, he noted that staff had recently completed the Best Companies survey.

- 13.2 Directors then identified key highlights from their part of the organisation. Key issues identified included: energy prices volatility, electricity connections work, a Competitions and Markets Authority mergers inquiry and the projected budget outturn. Queries in respect of the energy intensive industries report, engagement with EP Kilroot, and customer calls and complaints, were addressed.
- 13.3 The Board noted the 12-month Investors in People report
- 13.4 Changes to the Audit and Risk Committee's Terms of Reference were approved by the Board.
- 13.5 Elaine Cassidy updated the Board on current litigation and developments. This included the latest update on the costs associated with the leave appeal brought by SONI, regarding the UR's governance review licence modifications.
- 13.6 Donald Henry provided an overview of the finance and performance report. Progress against FWP projects was noted as the business planning year came to an end. He briefly made reference to the risk register, noting the recent Board review of the register. The finance and performance report was approved.

14. ANY OTHER BUSINESS

- 14.1 The Board conducted a meeting review focusing on the content of papers and the agenda timing. Issues with the effectiveness of information technology, and their impact on engagement between those attending in person and on screen, were discussed.

There being no other business, the meeting concluded at 12.20 p.m. to enable the Board to meet with senior DfE officials.