**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE ‘AUTHORITY’) HELD ON FRIDAY, 29 JULY 2022 BY VIDEO CONFERENCE AT 10.00 A.M.**

**Present:**

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

**In attendance:**

SLT – Tanya Hedley, Kevin Shiels, John Mills, Elaine Cassidy, Greg Irwin

Paul Stewart, Alan Craig, John Earwaker, Nicola Parker.

1. **APOLOGIES FOR ABSENCE**

1.1 There was an apology from Jon Carlton. The Board convened to consider one item.

1. **DECLARATIONS OF INTEREST**
   1. None.
2. **GD23 GAS DISTRIBUTION PRICE CONTROL UPDATE**

3.1 Tanya Hedley introduced this item, which was an update on the gas distribution price control (called GD23) and provided an overview of responses to the public consultation on the draft determination.

3.2 John Mills and Alan Craig briefed the Board on the key elements of the draft price control determination and key comments in respect of each.

3.3 The Board discussed the weighted average cost of capital (WACC) and the proposed position on this following the consultation. There was support for the proposed adjustment to the WACC.

3.4 Board members explored the issues associated with pre- and post-tax WACC identified in the paper. There was a discussion on the position taken on these issues in previous price control reviews. In recognising the uniqueness of the pre- and post-tax issues, the options for dealing with an excess tax cost were considered by the Board. The Board endorsed further work on a proposal to address the tax costs issues.

3.5 Board members note the emerging evidence of capital cost pressures in excess of inflation. The Board endorsed further work to assess the issue and develop proposals for the final determination to address the impact.

3.5 There was also consideration of including the cost of carbon in the economic assessment of additional development areas. The Board endorsed the position that the cost of carbon should not be included in such economic assessments.

3.6 There was also Board endorsement to establish a working group to address the issue of funding resilience investment that could be applied consistently across all GDNs.

3.7 The Board noted that further work was required in respect of the connection incentive/ cost to serve issue.

3.8 In reviewing the responses to the GD23 consultation, the Board noted the evolving position on elements of the price control, while also noting that a further discussion was planned at a Board meeting in August.

**4 ANY OTHER BUSINESS**

4.1 None.

There being no other business, the Board meeting concluded at 11.05 a.m.