

**MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY  
REGULATION (THE 'BOARD') HELD ON THURSDAY, 20 OCTOBER 2022 VIA  
TELECONFERENCE, 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, Colin Broomfield, Roisin McLaughlin, John Mills, Elaine Cassidy, Barbara Cantley, Greg Irwin

Noyona Chundur, Nicola Parker and Liam Gault (agenda item 3), Charlene Small (agenda item 4), Ian Campbell and Martina McKinley (agenda item 5), Leigh Greer (agenda item 7), Gary McCullough, Rosanna McSorley

**1. APOLOGIES FOR ABSENCE**

1.1 None.

1.2 The Chairman welcomed everyone to the meeting.

1.3 He welcomed Noyona Chundur, Chief Executive of the Consumer Council for Northern Ireland, who was attending for the agenda item relating to future energy consumer protection. Gary McCullough was also welcomed 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. CALL FOR EVIDENCE ON FUTURE ENERGY CONSUMER PROTECTION**

3.1 Kevin Shiels introduced this item and provided background and context for the project being undertaken, jointly with the Consumer Council, on future protection for energy consumers. Nicola Parker provided a presentation and covered the structure for the call for evidence, lessons learned from elsewhere regarding protecting consumers, priorities and risks, the timelines for the overall project and next steps.

3.2 In a wide-ranging discussion, the Board explored several issues including: general consumer protection principles, the involvement of energy suppliers, the scope of the consumer protection interventions and the Utility Regulator's (UR's) powers – and the role of other organisations, and engagement with stakeholders generally.

3.3 In concluding the discussion, the Board welcomed the project and endorsed the approach, as outlined, to achieving future protections for consumers.

#### **4 GOVERNMENT SUPPORT SCHEMES: NORTHERN IRELAND IMPLEMENTATION**

- 4.1 Kevin Shiels introduced this item, which was a briefing on the UK Government's energy support scheme. Barbara Cantley provided a presentation which outlined the various energy support schemes, the UK Government's approach to implementation and UR's role.
- 4.2 Board members availed of the opportunity to clarify items of detail relating to the energy support schemes.
- 4.3 There was also a discussion on wider issues. This included consideration of the support provided to Northern Ireland consumers compared to the rest of the UK, risk and governance issues associated with the disbursement of funding, and, communications with the public.
- 4.4 The Board welcomed the briefing and emphasised its support for all the work being undertaken to help energy consumers in Northern Ireland.

#### **5. RISK MANAGEMENT WORKSHOP**

- 5.1 Donald Henry introduced the next part of the Board's agenda, which was a risk management workshop. Martina McKinley provided a presentation to guide the running of the workshop, which outlined: the purpose of the workshop, UR's risk strategy and risk process, an overview of risks, and board member commentary on the risks.
- 5.2 Board members discussed the process for identifying risks. The need to ensure that the risk process identified significant risks was discussed. It was agreed that the potential to further enhance how such risks could be highlighted to the Board should be explored. There was also a brief discussion on board member commentary on individual risks.
- 5.3 The discussion then focused on the detail of selected risks. This included consideration of how the risk was articulated, the assessment of the risk, and the appropriateness and effectiveness of the actions to address risks.
- 5.4 Board members also considered other new or emerging risks. In that context, the Board discussed additional internal and external risks.
- 5.5 In concluding the workshop, it was noted that the Board's contributions would be included in a corporate risk register paper that would be presented to the December Audit and Risk Committee meeting.

#### **6. APPROACH TO RETURN ON CAPITAL FOR GAS DISTRIBUTION (GD29)**

- 6.1 John Mills introduced this paper, which outlined a proposed consultation on the options for the allowances that it will need to make for corporation tax payments in future gas distribution price controls (from the GD29 price control onwards).

- 6.2 Board member queries in respect of the total revenue value adjustment and the focus of the proposed consultation were addressed. There was also a discussion on the likely stakeholder perspective on the proposed approach.
- 6.3 The Board endorsed the general approach and scope of the consultation in respect the type of weighted average cost of capital to be adopted for firmus energy and Phoenix Natural Gas Limited in the GD29 price control. Further work would be progressed to develop the proposed consultation paper, which would be presented to the Board at its November meeting.

## **7 FUEL SECURITY ELECTRICITY GENERATION LICENCE MODIFICATIONS**

- 7.1 Colin Broomfield introduced this item which proposed fuel security modifications to electricity generation licences. He briefed the Board on the responses to the recent consultation on the proposed modifications. Leigh Greer provided further detailed information on the context for the proposed modifications.
- 7.2 Board members explored the rationale for making modifications to the licences for fuel stock reporting only. Roles and responsibilities in respect of security of supply, more broadly, were also discussed.
- 7.3 The Board approved the proposed fuel security licence modifications decision in principle, and delegated to the chief executive the authority to finalise the modifications and the associated Article 14 decision paper for publication.

## **8 UPDATES**

### **(a) SEM UPDATE**

- 8.1 Colin Broomfield briefed the Board on the latest situation regarding SEM market prices and the ongoing volatility in the market. He also briefed the Board on several SEM-related policy consultations. The Board was also apprised of ongoing litigation relating to the SEM.
- 8.2 Board member queries regarding a consultation on system services and wholesale prices were addressed.
- 8.3 The Board noted the update.

### **(b) BREXIT UPDATE**

- 8.4 Colin Broomfield briefly updated the Board on Brexit developments, noting the ongoing work around cross border trading arrangements.
- 8.5 The Board noted the update.

**(c) ENERGY STRATEGY UPDATE**

8.6 Kevin Shiels noted the work around the a new set of energy strategy actions for 2023 and the consultation on the One Stop Shop.

8.7 The Board noted the update.

**9. MINUTES**

9.1 The minutes of the Board meeting on 6 October were approved for publication. The minutes of the Board meeting on 23 September were approved for publication subject to two amendments.

**10. ACTION POINTS**

10.1 The action points were reviewed by the Board.

**11. REPORT FROM THE EXECUTIVE TEAM**

11.1 John French introduced the Executive team report. The increase to the term of the appointment for Bill Emery and Teresa Perchard was noted.

11.2 The Board then reviewed key highlights from the different parts of the organisation. Initiatives to support consumers this winter, including the removal of gas standing charge and work on an energy charter, were welcomed.

11.3 The broader security of supply situation and consumer demand for electricity were also mentioned. Board members briefly discussed the implications of falling demand.

11.4 Board members also discussed the SONI Governance review outcome and engagement with SONI. There was also a short discussion around the sequencing of the RP6 price control extension.

11.5 It was also agreed that a letter to DfE regarding the energy strategy to 2030, should be on the November BAF agenda.

11.6 The Board considered the purpose of, and approved, the Annual Equality Report.

11.7 Elaine Cassidy provided a litigation update. The Board endorsed the costs order in respect of the AWFL matter.

11.8 Donald Henry provided an overview of the finance and performance report. The fall in some budgetary costs was noted and the revised budget, following the mid-year review, was approved. The finance and performance report was approved.

**12. ANY OTHER BUSINESS**

- 12.1 Greg Irwin noted that he would be issuing a skills audit to the Board for its completion.
- 12.2 There was a discussion around the timing of the December board meeting and the associated activities on both days.
- 12.3 The Board conducted a meeting review. The Board noted the good quality of the board meeting papers. It was agreed that there should be an opportunity to review the GD23 price control process in due course.

There being no other business, the meeting concluded at 12.45 p.m.