

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY
REGULATION (THE 'AUTHORITY') HELD ON THURSDAY, 17 NOVEMBER 2022 BY VIDEO
CONFERENCE AT 9.00 A.M.**

Present:

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

In attendance:

SLT – Tanya Hedley, Kevin Shiels, Donald Henry, Colin Broomfield, Roisin McLaughlin, Elaine Cassidy, Barbara Cantley, Greg Irwin

Michael Campbell, Colin Magee and Daniel Squires (agenda items 3 and 4), Nicola Parker and Liam Gault (agenda item 5), Alan Craig (agenda item 6), Leigh Greer and Karen Shiels (agenda item 7), Rosanna McSorley.

1. APOLOGIES FOR ABSENCE

1.1 The Board convened in advance of the Board Advisory Forum to consider five items.

2. DECLARATIONS OF INTEREST

2.1 None.

3. GAS SUPPLY PRICE CONTROL 2023-2027 (SPC23): SSE AIRTRICITY

3.1 Kevin Shiels introduced this item which sought the Board's approval for the proposed final determination for the SSE Airtricity price control. Colin Magee provided an overview of the proposed decisions.

3.2 Board members briefly discussed benchmarking with other supply companies elsewhere in the context of proposed decisions.

3.3 The request for Opex costs related to the Covid 19 pandemic were also considered, and the previous precedents were discussed. There was also a discussion on the new billing system Opex costs specifically related to GDPR liability cover.

3.4 Board members also commented on the staffing of suppliers' call centres, the presentation of proposed price control expenditure versus actual expenditure, and the level of precision specified in terms of bad debt. There was also some discussion on the evidence available to make assumptions on price control allowances and the need to explain the rationale for decisions.

3.5 The Board approved the proposed final determination for the gas supply price control as set out in the paper, and the publication of a final determination paper and associated licence

modifications to give effect to those decisions. Approval was also given to the CEO to make minor amendments to these allowances, if deemed necessary.

4 POWER NI PRICE CONTROL: OPEX ALLOWANCE AND MARGIN

- 4.1 Kevin Shiels introduced this item, which set out the final proposal for the Opex element of the Power NI price control, and the issue of the allowed margin. Michael Campbell provided a presentation on the detail of the proposal.
- 4.2 Board members explored the rationale for the margin proposal and any associated risks. The impact of the UK Government's energy support schemes on the finances of supply companies was also considered. The Board discussed the options for the allowed margin and endorsed the existing approach.
- 4.3 At the conclusion of the discussion, the Board approved the proposed decisions on IT costs, salaries, and payment providers and mailing, as presented.

5 ENERGY STRATEGY TO 2030 – LETTER TO DFE

- 5.1 Kevin Shiels and Nicola Parker introduced this item which provided a draft letter to the Department for the Economy, for comment by the Board, on the achievement of decarbonisation goals by 2030.
- 5.2 Board members commented on the overall key messaging and tone of the proposed letter, with discussion around the presentation of affordability/ value for money, fuel poverty, the role of consumers and the future of different forms of heat. The need to articulate the impact on security of supply was also mentioned in discussion.
- 5.3 The Board welcomed the opportunity to comment on the letter and it was agreed that any further drafting changes should be submitted directly to the team

6 APPROACH TO RETURN ON CAPITAL FOR GAS DISTRIBUTION PRICE CONTROL (GD29)

- 6.1 Tanya Hedley introduced this paper on a proposed consultation on the treatment of corporation tax in future gas distribution price controls.
- 6.2 Board members discussed the rationale for the proposed consultation. There were also several suggestions made around the drafting of the proposed options, with an accent on less specificity and a focus on a balanced range of arguments.
- 6.3 The Board endorsed the proposed consultation, taking account of comments made by Board members.

7 FUEL SECURITY ELECTRICITY GENERATION LICENCE MODIFICATIONS

- 7.1 Colin Broomfield introduced this item, relating to fuel security electricity generation licence modifications. He briefed the Board on developments since its previous discussion, specifically

in respect of legal advice that had been received on the issue. Elaine Cassidy also provided an update on related legal issues.

- 7.2 Board member queries in respect of the recent developments, and engagement with stakeholders, were addressed.
- 7.3 The Board agreed to not proceed with the decision to modify the electricity generation licences. It was also agreed that an information paper, advising of the decision not to proceed with the proposed licence modifications, would be circulated to the Board for comment, prior to this being published.

8 ANY OTHER BUSINESS

- 8.1 None.

There being no other business, the Board meeting concluded at 11.20 a.m. to allow the Board Advisory Forum meeting to proceed.