

**MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 18 MAY 2023 AT QUEENS HOUSE AND VIA TELECONFERENCE, AT 9.00 A.M.**

**Present:**

Jon Carlton (acting Chair), John French (Chief Executive), Teresa Perchard, Alex Wiseman, Claire Williams, David de Casseres

**In attendance:**

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

Sean Lyons (agenda item 4), Ciara Brennan (agenda item 5), Jody O'Boyle and Kenny McPartland (agenda item 6), Paul Bell and Lauren Skillen-Bayne (agenda item 7), Leigh Greer (agenda item 9), Martina McKinley (agenda item 12), Nadine Mercer, Emma Todd.

**1. APOLOGIES FOR ABSENCE**

1.1 Bill Emery.

1.2 Jon Carlton welcomed Nadine Mercer and Emma Todd as part of an ongoing initiative to provide staff members with an opportunity to attend board meetings.

**2. DECLARATIONS OF INTEREST**

2.1 Tanya Hedley identified a potential conflict of interest regarding the pensions aspect of the RP7 price control. It was agreed that she would voluntarily absent herself from the meeting if this aspect was raised in the RP7 price control discussion.

**3. GAS TO THE WEST – INTERIM CAPEX PAYMENT**

3.1 John Mills introduced this paper which sought the Board's approval to facilitate an interim payment by West Transmission Limited to SGN Commercial Services under its project agreement for Gas to the West.

3.2 The Board discussed the process for the determination of Actual Capital Expenditure and key issues arising from the process. The categorisation and treatment of certain costs was explored. A query in respect of the recovery of the contractual bond was addressed. The impact on consumers of the proposed interim payment was also considered.

3.3 The Board approved the steps to facilitate an interim payment by West Transmission Limited to SGN Commercial Services of additional Actual Controllable Capital Expenditure as presented. The process and timetable for the determination of Actual Capital Expenditure under the Gas to the West Licence was noted and endorsed.

#### **4 RP7 PRICE CONTROL - UPDATE ON KEY ISSUES**

- 4.1 John Mills briefed the Board on this item, which provided an overview of the business plan submission by NIE Networks (NIEN) for the electricity network price control review (called RP7). He identified key issues arising from the business plan and provided a general update on progress for the RP7 price control review.
- 4.2 The Board held an initial wide-ranging discussion on the business plan submission. A key theme in discussion was about how the NIEN proposals, as currently presented, were attuned to future needs of the network, and the evidence of innovation.
- 4.3 The Board explored the proposed costs sought by NIEN, and the extent to which future uncertainty was provided for, and the consequent cost risks being borne by consumers.
- 4.4 Board members also discussed the proposed performance measures outlined in the business plan. This included the opportunity to benchmark NIEN's costs with other enterprises, and, specifically, customer service metrics.
- 4.5 The public narrative to date around the price control review was also briefly touched on, noting the commentary on the launch of NIEN's business plan. There was agreement that the holding of a Utility Regulator (UR) event on the price control review would be a useful contribution to raising awareness among stakeholders. A proposed date in December for this event was identified and it was agreed that this date should be circulated to board members.
- 4.6 The Board noted the overall update and there was a brief discussion around the timing of the next RP7 sub-group meeting.

#### **5 SONI PRICE CONTROL – ONE YEAR EXTENSION**

- 5.1 John Mills introduced this item, which sought the Board's endorsement of proposals to extend the current SONI price control by one year.
- 5.2 The focus of board member comments was on the process and timing for the price control extension. Specifically, board members explored the proposed timing of the consultation on the licence modifications to give effect to the price control extension.
- 5.3 In agreeing to consult on a one-year extension to the price control, the Board also requested that further consideration be given to the timing of the consultation on licence modifications, and that an update on this be provided at the next board meeting.

#### **6. ELECTRICITY CONNECTIONS POLICY FRAMEWORK REVIEW - UPDATE**

- 6.1 Roisin McLaughlin introduced this item which provided an update on the electricity connections framework review. Kenny McPartland provided further, more detailed briefing on the review.

6.2 Board members endorsed the proposed widening of the scope of the review. The need for the review to identify barriers to connections was commented on. The value of drawing on data and information about connections approaches and benchmarking in other jurisdictions was identified.

6.3 At the conclusion of the discussion, the Board welcomed the joint work with the Department for the Economy (DfE) on the review and endorsed the scope of the forthcoming call for evidence.

## **7. SYSTEM SERVICES AND SCHEDULING AND DISPATCH REVIEW**

7.1 Paul Bell provided a comprehensive presentation to the Board on the system services and scheduling and dispatch review. The presentation covered information on what system services is, the need for these services, the impact on consumer bills, the future system services review, and the review of scheduling and dispatch.

7.2 Board members availed of the opportunity to clarify aspects of the presentation and comment. This included the comparison with approached to system services in other jurisdictions, the value of system inertia, the scope of the scheduling and dispatch review.

7.3 Board members, in noting the complexity associated with aspects of both reviews, welcomed the update as provided.

## **8. ANNUAL REPORT**

8.1 Greg Irwin introduced this item, which provided a text only version of UR's Annual Report 2022-2023.

8.2 Board members were supportive of the efforts to reduce the overall length of the report. A small number of drafting comments were provided. Board members were encouraged to provide any further drafting comments within the next week.

8.3 It was noted that a proof of the near final Annual Report would be provided to the Board for any final comments, during June.

## **9. SECURITY OF SUPPLY UPDATE**

9.1 Leigh Greer briefed the Board on the latest situation in respect of a number of short-to-medium term security of supply issues.

9.2 The Board discussed the engagement with key stakeholders and the provision of information to UR.

9.3 The Board noted the update as provided.

## **10. MINUTES**

- 10.1 The minutes of the Board meetings on 23 March 2023 and 20 April 2023 were approved for publication.

## **11. ACTION POINTS**

- 11.1 The action points were reviewed by the Board.

## **12. REPORT FROM THE EXECUTIVE TEAM**

- 12.1 John French provided an overview of key developments. He noted issues relating to security of supply, tariff reviews, UR's vires, the UK Government support schemes and organisational re-structuring.
- 12.2 Kevin Shiels noted the tariff reviews and the plans for public messaging of the outcome of the reviews. Tanya Hedley updated the Board on GD23 and it was agreed that she seeks feedback from the Board as part of that price control's review process.
- 12.3 A query from a board member about energy support payments was addressed.
- 12.4 Elaine Cassidy gave an update on current litigation items. The Board approved the appointment of a counsel in respect of an employment matter.
- 12.5 John French provided a brief update on re-structuring. The Board's earlier closed session discussion on re-structuring was noted. This discussion re-affirmed the Board's commitment to the re-structuring and formally approved the re-structuring business case as presented.
- 12.6 Colin Broomfield provided a report on the SEM. In particular, he noted the forward-looking work around energy markets over the next 10-15 years. The situation regarding the Power Procurement Business was noted. The Board noted the update.
- 12.7 Kevin Shiels updated the Board on the Northern Ireland Energy Strategy and ongoing engagement with DfE.
- 12.8 Barbara Cantley updated the Board on the energy support schemes. The Board noted the update.
- 12.9 Martina McKinley briefed the Board on the key aspects of the finance and performance report, noting the current budget position (and the provisional outturn for 2022/23), and progress on the finalisation of the accounts. The report from the Audit and Remuneration Committee was also noted. The Board approved the Finance and Performance report.

## **13. ANY OTHER BUSINESS**

- 13.1 Greg Irwin briefed the Board on plans for the June Board meeting and the associated stakeholder events relating to the Corporate Strategy. It was agreed that the first corporate

strategy stakeholder event should take place on the afternoon of 22 June (with the Board meeting taking place in the morning of the same day).

13.2 In terms of the meeting review, the good progress on working through the agenda was noted. Both members of staff that sat in on the meeting also provided some feedback

There being no other business, the meeting concluded at 12.40 p.m.