

MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE 'AUTHORITY') HELD ON THURSDAY, 16 NOVEMBER 2023 VIA VIDEO CONFERENCE AT 12.30 P.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, Colin Broomfield, Donald Henry, Barbara Cantley, John Mills, Barbara Stevenson, Leigh Greer, Ciaran Mac Cann, Barbara Cantley, Elaine Cassidy, Jillian Ferris, Marie-Therese Campbell, Roisin McLaughlin, Greg Irwin

John Cooper (agenda items 3 and 6), Brian Campbell, Adele Boyle, Sean Lyons, Jody O'Boyle, Kenny McPartland and Alan Craig (agenda item 3), Fiona Rooney and Clodagh Goodman (agenda items 4 and 5), Tony Doherty (agenda item 6), Chisono Yoda, Fiona Gallen, Jamie MacDonald.

1. APOLOGIES FOR ABSENCE

- 1.1 The Board convened in advance of the Board Advisory Forum to consider four items.
- 1.2 Bill Emery welcomed Fiona Gallen 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. RP7 KEY ISSUES UPDATE

- 3.1 Tanya Hedley introduced this item, which sought the Board's endorsement of the proposed draft RP7 price control determination for NIE Networks. It was noted that the paper was the final stage in a series of papers on the price control review that has been presented to the Board at previous meetings. John Mills provided an overview of the draft price control determination proposals and summarised the outcomes of the discussions to date.
- 3.2 The Board discussed the overall engagement with NIE Networks during the process of developing the draft price control determination.
- 3.3 There was a discussion about the proposals relating to the rate of return on capital. The Board explored the proposed gearing in the context of equity and debt returns. The proposal on gearing was endorsed.
- 3.4 A significant discussion also took place on the forecast for inflation in draft determination. The Board considered the risks associated with forecasts for inflation given some uncertainty. The Board noted the commentary from NIE Networks on the proposal to adjust the level of inflation for actual inflation. Having weighed the information available at this time and, noting that the

draft determination would be subject to consultation, the Board endorsed the amendment to the existing rate of return adjustment mechanism to adjust for actual inflation.

- 3.5 The Board also discussed the impact, and the benefits, of the RP7 price control proposals for consumers. Engagement with the Department for the Economy on network investment, and with consumer stakeholders on the price control proposals, was noted. A query from a board member on consumer measures in the draft price control determination was addressed.
- 3.6 In endorsing the price control proposals as presented, the Board commended the team for the work undertaken to get to this stage. The Board was apprised of next steps in finalising the draft determination, which would be subject to review by the chief executive before publication.

4 POWER NI PRICE CONTROL 2025 – APPROACH CONSULTATION

- 4.1 Tanya Hedley introduced this paper which set out proposal to consult on an approach to the next Power NI price control which will commence from 1 April 2025.
- 4.2 Board member queries on Power NI's view on price regulation, the position on bad debt, and equality considerations in the document, were addressed. The impact of the price control on consumers was also discussed.
- 4.3 The Board endorsed the publication of the consultation document as presented, subject to consideration of feedback from board members and legal review.

5 POWER NI PRICE CONTROL 2023-ARTICLE 14 (2) LICENCE MODIFICATION CONSULTATION

- 5.1 The Board briefly discussed the proposed licence modification under the Electricity (NI) Order 1992 to modify the Power NI Electricity Supply Licence. The proposed modification related to pass-through costs associated with Power NI's administration and delivery of the Energy Bill Support Scheme (EBSS) and Alternative Fuel Payment. There was some discussion on the quantum of additional costs incurred on a per head basis.
- 5.2 The Board endorsed the licence modifications as proposed for consultation, subject to any further amendments following legal review.

6 UR VIRES UPDATE

- 6.1 Elaine Cassidy introduced this item which provided an update on progress in developing an interim arrangement that would address the risk associated with the UR undertaking work that is currently outside its powers, in advance of more comprehensive new energy legislation.
- 6.2 Board members were apprised of ongoing discussions with DfE and considered the initial draft interim amendment that had been shared with UR.
- 6.3 In recognising that the drafting of legislation is an iterative process, the Board endorsed the next steps outlined in the paper and encouraged the executive team to engage with DfE to assist with providing the necessary clarity in the drafting of the interim amendment.

7 ANY OTHER BUSINESS

7.1 None.

There being no other business, the Board meeting concluded at 10.50 a.m. to allow the Board Advisory Forum meeting to proceed.