

MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 19 OCTOBER 2023 VIA VIDEO CONFERENCE, AT 9.00 A.M.

Present:

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

In attendance:

SLT - Kevin Shiels, Colin Broomfield, Tanya Hedley, Donald Henry, Roisin McLaughlin, John Mills, Elaine Cassidy, Barbara Cantley, Brian Mulhern, Ciaran Mac Cann, Marie-Therese Campbell, Jillian Ferris, Leigh Greer, Sinead Dynan, Greg Irwin

Sean Lyons, Roy Colville, and Dwayne Boyle (agenda item 3), Nicola Parker (agenda items 3 and 5), Ciaran Mac Sherry (agenda item 6), Sean Lyons, Ben Harris, Roy Colville, Jody O'Boyle and Kenny McPartland (agenda item 7), Alan Craig (agenda items 7 and 8), Andrew Mawhinney (agenda item 10), James McCullagh and Caroline Winder (agenda item 9), Mabel Stevenson (agenda item 11), Ian Campbell and Fiona Gracey (agenda item 12), Leanda Thompson (agenda item 15), John Cooper, Jillian Ferris, Chisono Yoda, Jamie MacDonald, Akshant Nagar.

1. APOLOGIES FOR ABSENCE

1.1 None.

1.2 Bill Emery welcomed Akshant Nagar 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 declared a potential interest in relation to the pensions element of the RP7 key issues update and voluntarily absented herself from the meeting at that stage.

3. DRAFT CORPORATE STRATEGY 2024-2029

3.1 John French introduced this item which provided the proposed draft Corporate Strategy 2024-2029 for endorsement.

3.2 Board members welcomed the progress on the development of the draft strategy. Comments submitted on the draft strategy by board members prior to the meeting were noted.

3.3 There was a brief discussion around giving effect to the draft strategy, and it was noted that the Forward Work Programme 2024-2025 (which would be consulted on from December) would signal the implementation of work to meet strategy objectives.

3.4 The Board, subject to consideration of board member comments and the finalisation of the document text, endorsed the publication of draft strategy as presented.

4 JOINT PROCUREMENT OF MARKET MODELLING SOFTWARE

- 4.1 The Board considered this paper, which provided an update on the joint procurement of Market Modelling Software, following the Board's approval of the UR Business Case in March 2023.
- 4.2 The Board approved the contract award (and UR's execution of the services agreement) and the contract value as presented, noting the overall cost of the contract over the three-year period.

5 POWER NI 'INNOVATION PIPELINE' TRIALS

- 5.1 The Board considered this paper, which related to proposal to relieve Power NI of licence obligations, under Condition 14 of its licence, associated with the carrying out of a system trial.
- 5.2 The Board approved the issuing of a further direction by the CEO relieving Power NI of certain obligations under supply licence Condition 14, in reference to the trial as outlined in the paper.

6 GAS TO WEST UPDATE

- 6.1 Tanya Hedley introduced this item which provided the latest update on the determination of Gas to the West costs. John Mills provided a presentation which outlined the latest position on several issues and John Cooper provided legal advice.
- 6.2 Board members discussed the various issues in turn. In particular, the Board explored the rationale for the claim for overhead costs and contractor costs.
- 6.3 The Board discussed engagement with SGN on the Gas to the West costs' determination and the timing of next steps. It was agreed that a date for a special Board meeting to make the determination on Gas to the West should be scheduled for late November.

7 RP7 KEY ISSUES UPDATE

- 7.1 Tanya introduced this item which sought the Board's endorsement of the proposed approach relating to the following items of the RP7 price control review: pensions, I.T allowance for the RP6 extension year and efficiency benchmarking.
- 7.2 Board members discussed the proposed position on gearing. This included consideration of NIE Networks' proposal and the relative comparison with other network companies in Great Britain.
- 7.3 Board members explored the basis for the proposed position on efficiency benchmarking, including the external analysis provided, and the need for careful drafting to explain UR's view in the area (in the published RP7 documents).
- 7.4 There was also a discussion around proposed investment in low carbon technologies, and the forecast for adoption/take up of these by, and the costs to, consumers. The Board also considered the wider strategic agenda in this regard, and the Northern Ireland policy position on certain low carbon technologies and investment need.

- 7.5 The Board considered the assessment on NIEN's pensions and endorsed the general approach as presented.
- 7.6 In concluding the discussion on the RP7 price control elements, the Board noted that a paper on the draft determination would be provided for endorsement in November.
- 8. PC21 MID-TERM REVIEW – NI WATER'S CONSOLIDATED MTR SUBMISSION**
- 8.1 Tanya Hedley introduced this paper which provided an overview of NI Water's PC21 price control mid-term review (MTR) submission.
- 8.2 The broader context on the funding of NI Water was discussed. The Board emphasised the need for the MTR to be seen as forward looking with a focus on providing clarity on outcomes and outputs in the context of rest of the PC21 price control period. The Board was cautious about undertaking scenario modelling as part of the MTR.
- 8.3 There was also a consideration of recent water-related disputes and the implications of these for UR. In this context, it was agreed that a legal paper setting out an analysis of the risks for UR should be provided to the Board.
- 8.4 The Board discussed the key aspects of NI Water's submission, with a focus on the additional allowance requested.
- 8.5 The Board endorsed the extension of the timeline for a decision on the MTR as proposed and the recommendation on an additional revenue request by NI Water.
- 9. SECURITY OF SUPPLY PRESENTATION**
- 9.1 Leigh Greer introduced this item which provide an update for the Board on the Generation Capacity Statement and the Winter Outlook.
- 9.2 Board members discussed aspects of the presentation and the need for effective engagement with stakeholders, and clear communication to the public, was emphasised.
- 9.3 The Board noted the update.
- 10. AREMM**
- 10.1 Brian Mulhern briefed the Board on the Annual Retail Market Monitoring (AREMM) report.
- 10.2 Board member queries in respect of price comparisons were addressed.
- 10.3 There was also a discussion around the scope of the retail market data collected, and what is published. It was noted that there were plans to review both the data collected and the data published.

10.4 The Board noted the report.

11. ENERGY CHARTER

11.1 Sinead Dynan introduced this update on the plans for the Energy Charter for winter 2023/2024.

11.2 The Board recorded its congratulations to the team for winning the Collaboration Network's Gold award for the work on last year's Energy Charter. The further work on a new Energy Charter was welcomed and it was agreed that the Chair should write to suppliers to thank them for their co-operation.

11.3 The Board noted the update.

12. HEALTH AND SAFETY

12.1 Kevin Shiels introduced this item, which sought the Board's approval for an updated health and safety policy and associated arrangements.

12.2 In approving the health and safety policy, and a revised terms of reference for the health and safety committee, there was also an endorsement for an annual report on health and safety to the Board.

13. MINUTES

13.1 The minutes of the Board meeting on 21 September were approved for publication.

14. ACTION POINTS

14.1 The action points were reviewed by the Board.

15. REPORT FROM THE EXECUTIVE TEAM

15.1 John French provided an overview of key developments. An update was provided on prepayment meter issue relating to Electric Ireland. He also covered the latest situation regarding power generation at Kilroot. An overview was also provided on recruitment in the context of Shaping UR for the Future.

15.2 The Board welcomed the comprehensive report and commended the executive team for the range of work achievements during the recent period.

15.3 The Board approved a further delegation to be added to the Scheme of Delegation in respect of the Northern Ireland Sustainable Energy Programme.

15.4 Elaine Cassidy provided an overview of recent litigation and disputes issues. The Board was briefed on recent engagement with the Department for the Economy (DfE) on UR's vires.

- 15.5 Colin Broomfield provided a report on the SEM. He provided an update on wholesale market prices, the T-4 capacity auction, the SEM Committee's Forward Work Programme and SEM project management. The Board noted the update.
- 15.6 Kevin Shiels updated the Board on forthcoming engagement with the DfE and modelling around the impact of the net zero targets and the impact on prices. The Board noted the update.
- 15.7 Leanda Thompson provided an overview of the Finance and Performance report. The Board approved the Finance and Performance report.

16. ANY OTHER BUSINESS

- 16.1 Donald Henry briefed the Board on correspondence with SONI on governance issues.

There being no other business, the meeting concluded at 1.00 p.m. (to be followed by a Board risk management workshop).