

**MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY  
REGULATION (THE 'BOARD') HELD ON WEDNESDAY, 16 OCTOBER 2024 AT QUEENS  
HOUSE, AT 9.30 A.M.**

**Present:**

Rosamund Blomfield-Smith (Chair), John French (Chief Executive), Alex Wiseman, Claire Williams, Jon Carlton, Isolde Goggin.

**In attendance:**

SLT - Kevin Shiels, Peter Russell, Colin Broomfield, Barbara Cantley, Elaine Cassidy, Roisin McLaughlin, John Mills, Brian Mulhern, Ciaran Mac Cann, Marie-Therese Campbell, Jillian Ferris, Paula McCann, Sinead Dynan, Barbara Stevenson, Sarah Teer, Lorraine Gillan, Greg Irwin.

Adele Boyle/ Michale Legge/ Emma Martin/Dwayne Boyle/ Alan Craig/Colin Walker/Roy Colville, Luke Matchett (agenda item 3), Paul Rodgers (agenda item 4), Susan Lavery (agenda item 5), Andrew Mawhinney (agenda item 6 and 9), Martina McKinley (agenda item 13).

**1. APOLOGIES FOR ABSENCE**

- 1.1 David de Casseres.
- 1.2 Rosamund Blomfield-Smith, in her first meeting as Chair, welcomed Lorraine Gillan as part of the ongoing initiative to provide staff members with an opportunity to attend board meetings.

**2. DECLARATIONS OF INTEREST**

- 2.1 None.

**3. NIE NETWORKS RP7 PRICE CONTROL FINAL DETERMINATION**

- 3.1 Elaine Cassidy introduced this item noting the extensive amount of work undertaken by the team to advance the price control review to this stage, and the significant number of discussions at Board meetings over the period of the review.
- 3.2 John Mills briefed the Board on the final determination proposals. The Board discussed the engagement with NIE Networks on the price control review and focused on several issues that had been identified from that engagement.
- 3.3 The Board considered proposals around IM&T (relating to IT costs and local labour adjustment) and endorsed the assessment provided in the paper. There was also an endorsement of the approach outlined for metering and market operations to address the forecast for certain types of metering demand growth and any related issues.
- 3.4 Board members discussed the analysis underpinning the proposal for cost of capital. There was also a discussion around the financeability in the context of potential future investment by

NIE Networks. The rationale for the transaction-related costs allowance was considered, with the proposed approach endorsed.

- 3.5 A discussion on the Customer Minutes Lost (CML) incentive focused on whether there should be some allowance made for timing differences in terms of NIE Networks capital programme delivery. Board members considered a range of potential options given the uncertainty around how the new RP7 capital programmes could affect planned CML and endorsed a preferred option for addressing this.
- 3.6 The impact of price control proposals on consumers and cost reflectivity across different customer groups was also touched on.
- 3.7 In approving the final determination as presented, any further changes of value or drafting – in response to Board member comments - were delegated to the chief executive. The proposed RP7 licence modification documents were endorsed by the Board. The change of the target consumer measure was also endorsed by the Board. The timeline for the publication of the final determination and associated next steps were noted by the Board. Finally, Rosamund Blomfield-Smith congratulated the team on the quality of the work undertaken on the RP7 price control review.

#### **4. IMEL JUDICIAL REVIEW**

- 4.1 Paul Rodgers introduced this paper, relating to an offer of settlement by Islandmagee Energy Limited (IMEL) in respect of judicial review proceedings which the company had initiated. IMEL's judicial review proceedings challenged the Utility Regulator's (UR's) position on the application of Article 37 of the Gas (NI) Order 1996 to the company's planned gas storage facility at Islandmagee.
- 4.2 Board members discussed the merits of the settlement offer and potential settlement options. The implications and consequences of choosing each of the settlement options were explored by the Board.
- 4.3 Other Board member queries around legal costs and the potential outcome of the litigation were addressed.
- 4.4 The Board approved the recommended decision on the settlement offer and also endorsed the recommended approach to exploring potential avenues of settlement with IMEL. It was also agreed that decisions on further settlement proposals would be considered/ approved by the Board, either through a meeting or via correspondence.

#### **5. EQUALITY COMPLIANCE**

- 5.1 Susan Lavery introduced this paper which presented UR's Annual Progress Report (APR) 2023-2024 for approval.

- 5.2 Board members discussed the impact of UR's work on equality issues, noting the potential impact of consumer protection work, and the need to ensure that policies were screened for equality implications. Some drafting suggestions for the APR were identified by Board members.
- 5.3 The Chairs of the Audit and Risk and the Remuneration Committees commented on their committees' consideration of the equality compliance report.
- 5.4 The Board approved the Annual Progress Report (APR) for onward submission to the Equality Commission.
- 6. MODIFICATION OF THE PROVISION OF INFORMATION LICENCE CONDITION**
- 6.1 Andrew Mawhinney introduced this item which proposed the modification of electricity and gas supply licences to allow for improved transparency. The proposed modification will remove the restriction around publishing data that are contained in the provision of information conditions.
- 6.2 Board members explored the impact of the proposed modification and the outcome of the removal of restrictions around publishing data.
- 6.3 The Board approved the proposed licence modifications to supply licences.
- 7. NI WATER PC27 PRICE CONTROL (2027 ONWARDS) APPROACH**
- 7.1 Elaine Cassidy introduced this item which sought the Board's view and approval for key decisions on the strategic direction, and the regulatory design, of the next NI Water price control (PC27). Rita Baillie provided an overview of the different options available in terms of the approach to, and regulatory design of, the PC27 price control.
- 7.2 The Board discussed UR's legal obligations and the current and future regulatory approach to NI Water.
- 7.3 The implications and consequences of choosing each of the options presented for the PC27 price control was explored. Board members discussed the impact on water and sewerage consumers of the decision on regulatory design and approach.
- 7.4 Given the nature of the issue, the Board endorsed a pro-active approach to communications and engagement with key stakeholders.
- 7.5 The Board approved the proposal to develop a price control based on what is required to efficiently fund NI Water to meet its duties. There was also approval for extending the current price control (PC21) by one year and commencing the next price control in April 2028.

## **8. PROGRAMME FOR GOVERNMENT OVERVIEW**

- 8.1 Greg Irwin introduced this paper, which provided an overview of the Northern Ireland Executive's new draft Programme for Government (PfG), Our Plan: Doing What Matters Most.
- 8.2 The Board briefly commented on relevant aspects of PfG for UR and noted the overview as presented.

## **9. 2023 ANNUAL AND Q2 2024 QUARTERLY REMM UPDATE**

- 9.1 Andrew Mawhinney provided an overview of the Annual Retail Energy Market Monitoring (AREMM) Report 2023 and the Quarterly Retail Energy Market Monitoring (QREMM) Report.
- 9.2 Board members welcomed the presentation of both reports. Providing access to the reports for the Board, and the comparative position on retail market complaints, were raised in discussion.
- 9.3 The Board noted both market monitoring reports.

## **10. MINUTES**

- 10.1 The minutes of the Board meeting on 19 September 2024 were approved for publication, subject to a minor amendment.

## **11. ACTION POINTS**

- 11.1 The action points were reviewed by the Board.

## **12. OFFICE REPORT**

- 12.1 John French introduced the Office report. He discussed recent engagement with the Department for the Economy (DfE) around work on smart meters and electricity connections policy
- 12.2 The Board was also updated on the progress on confirming new office accommodation.
- 12.3 Kevin Shiels provided a further update on developments in respect of the smart meters workstream.
- 12.4 Peter Russell updated the Board on further work with DfE, the NI Water PC21 mid-term review and on SONI governance.
- 12.5 Paula McCann led a discussion with the Board on the Corporate Risk Register. Board members provided some comments on the update of the risks, the articulation of risks, the actions/mitigations and the risk register formatting. It was noted that the Board will hold a risk workshop around the time of the December Board meeting.

### **13. FINANCE SUMMARY**

- 13.1 Martina McKinley provided an overview of the Finance summary.
- 13.2 Board member queries in respect of the funding of the NI Renewable Obligation and the level of outstanding debtors were discussed.
- 13.3 The Board approved the financial position to 31 August 2024.

### **14. UPDATES**

- 14.1 Colin Broomfield reported on the Single Electricity Market. He provided an update on the T-4 capacity auction. An update was also provided on wholesale energy prices. Engagement with DfE on the Democratic Consent Mechanism was also covered. The Board noted the update.
- 14.2 Elaine Cassidy provided an overview of recent litigation and disputes issues. An update was provided on the IMEL litigation, and the Article 12/13 legal action being pursued through the Irish courts. The relatively high number of complaints and disputes was noted. The Board noted the update.

### **15. ANY OTHER BUSINESS**

- 15.1 A review of the meeting took place with all those at the meeting provided with an opportunity to comment on the conduct of the meeting. The quality of the papers and the focus on certain agenda items was commented on positively.

There being no other business, the meeting concluded at 1.05 p.m.