

MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY 23 JANUARY 2025, VIA VIDEO CONFERENCE, AT 9.00 A.M.

Present:

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

In attendance:

SLT - Peter Russell, Kevin Shiels, Colin Broomfield, Roisin McLaughlin, Barbara Cantley, Elaine Cassidy, Brian Mulhern, John Mills, Ciaran Mac Cann, Marie-Therese Campbell, Leigh Greer, Sinead Dynan, Barbara Stevenson, Jillian Ferris, Michael Legg, Greg Irwin

Alan Craig (agenda item 4), Bernie Stuart and Clodagh Goodman (agenda item 6), Daniel Barnes (agenda item 7 and 8), Fiona Gallen (agenda item 9).

2. APOLOGIES FOR ABSENCE

2.1 None

2.2 The Board convened in advance of the Board Advisory Forum to consider four items.

2.3 Rosamund Blomfield-Smith welcomed Michael Legg as part of an ongoing initiative to provide staff members with an opportunity to attend Board meetings.

3. DECLARATIONS OF INTEREST

3.1 None.

4. NIE NETWORKS RP7 PRICE CONTROL LICENCE MODIFICATIONS

4.1 Elaine Cassidy introduced this item which sought approval for final licence modifications to NIE Networks Transmission and Distribution licences to give effect to the RP7 price control final determination. Alan Craig provided an overview of the licence amendments.

4.2 The Board noted the extent of the proposed licence modifications and clarified the basis for these amendments. There was also a broader consideration of the process for the licence modifications to give effect to a price control final determination and the opportunity for any changes to enhance the process for future price control reviews.

4.3 Several items relating to costs and bill impacts were raised in discussion. These items variously related to low carbon technology uptake and impact on consumer bills, the relative tariff allocation between transmission and distribution, the recovery of costs during the RP6 price control period and the impact of implementing RP7– given recent public commentary – on business consumer bills.

4.4 The Board approved the final licence modifications for the NIEN Transmission and Distribution licences with any final drafting changes delegated to the CEO.

5. TIMING FOR THE NEXT SONI PRICE CONTROL REVIEW

- 5.1 Elaine Cassidy introduced this item, which sought Board approval for an amendment to the timing of the next SONI price control. John Mills briefed the Board on the context, background and rationale for the proposed change.
- 5.2 Board members sought further information on the rationale and the consequences of the proposed change to the price control timetable. The timing of the SONI business plan submission in the context of a delay was considered. The interplay between the proposed amendment to the price control timetable and the implementation of the SONI governance review was also discussed.
- 5.3 The Board approved the proposal to delay the start of the price control review by a further year to 1 October 2027. This approval is on the basis that this would be a final change to review timings. Additionally, the approval is also subject to further engagement with SONI on the rationale for the delay – with the drafting of the licence consultation paper to give effect to the review delay delegated to the Executive Team. The Board also approved an extension to the role of the Evaluative Framework Panel for a further year to include tariff year 2026/2027 and new compliance dates for Condition 42 of the SONI TSO licence as presented in the paper.

6. SONI FORWARD PLAN FINANCIAL INCENTIVE

- 6.1 Elaine Cassidy introduced this item which set out the final decision on grading, with respect to SONI's Forward Work Plan (FWP) for 2024/25. Clodagh Goodman briefed the Board on the detail of Evaluative Performance Framework (EPF) assessment. Bernie Stuart, Chair of the EPF panel, was also in attendance to address any Board member queries.
- 6.2 There was a discussion on the EPF reporting framework and the opportunity to improve the report format to enhance accessibility.
- 6.3 The opportunity for reflection on the EPF in terms of how to encourage innovation and investment, the scope for qualitative metrics and the need to generally review the EPF was also discussed.
- 6.4 The Board passed on its thanks to the EPF panel for its work and approved the EPF overall weighted grade and the initial incentive payment as presented (noting that the final incentive payment will be amended to reflect the evaluation of performance against the plan).

7. TRANSMISSION SYSTEM OPERATORS (TSOS) AND GAS MARKET OPERATOR (GMO) BIOMETHANE FRAMEWORK

- 7.1 Ciaran Mac Cann and Daniel Barnes introduced this paper which sought approval for additional allowances for unforeseen operating expenditure under existing gas conveyance licence conditions.
- 7.2 The Board welcomed the streamlined approach to the award of allowances for unforeseen expenditure. Board members queries, in respect of challenges to the additional allowances

identified and the approach to awarding allocations to different conveyance licence holders, were addressed.

- 7.3 The Board approved the use of delegated authority to approve the award of an additional allowance for the unforeseen expenditure, as presented. There was also approval for using this streamlined approach for approving future Transmission System Operator and Gas Market Operator energy strategy project requests.

8. CADENT EMERGENCY CALL CENTRE (ECC) CONTRACT COSTS

- 8.1 Daniel Barnes briefed the Board on this item, relating to contract costs for an emergency call handling service provided for Northern Ireland Gas Distribution Network Operators.
- 8.2 In an extended discussion, Board members explored key issues relating to the decision by the existing emergency call handling service provider, Cadent, to leave the Northern Ireland market. This included discussion on the background to Cadent's decision, the contract costs of the service provided by Cadent and how these costs are paid for, the process for identifying an alternative service provider and the timing of this.
- 8.3 The Board asked for further consideration of the process for replacing Cadent, and the mechanism for meeting service costs. Having completed this further consideration, it was agreed that a further paper on contract costs would be presented to the Board.

9. DIGITALISATION LICENCE MODIFICATIONS

- 9.1 Fiona Gallen introduced this item, which sought the Board's approval for a licence modification to introduce a new condition on digitalisation to NIE Networks Transmission, Distribution and SONI Electricity licences
- 9.2 Board members discussed the consultation responses on the proposed licence modifications. There was also a brief consideration as to the prospect of any challenge to the licence modifications.
- 9.3 The Board approved the licence modifications as presented.

10. T-4 AUCTION RESULTS/LITIGATION UPDATE

- 10.1 Marie-Therese Campbell provided a presentation by way of overview on the recent T-4 SEM capacity auction.
- 10.2 Colin Broomfield and Elaine Cassidy briefed the Board on the latest situation regarding the T-4 auction-related litigation. Board members availed of the opportunity to clarify elements of the briefing. The Board expressed its gratitude for the considerable work undertaken by UR teams on meeting the demands associated with the litigation.

11. BOARD/BAF MEETINGS FORMAT

- 11.1 The Board discussed the Board Advisory Forum format. It was agreed that, from now on, the Board meeting format should be applied to all monthly meetings that involve attendance by all Board members.

12. ANY OTHER BUSINESS

- 12.1 None

There being no other business, the meeting concluded at 12.05 p.m.