MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 19 JUNE 2025 IN MILLENNIUM HOUSE, BELFAST, AT 09.00 A.M.

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

In attendance:
Kevin Shiels, Peter Russell, Elaine Cassidy, Brian Mulhern, Roisin McLaughlin, John Mills, Ciaran Mac Cann, Paula McCann, Barbara Stevenson, Sarah Teer, Marie-Therese Campbell, Jean-Pierre Miura, Rebecca Bloomfield, Greg Irwin.

Fiona Rooney (item 3), Rita Baillie (item 5), Martina McKinley (agenda items 6, 10 and 19), Ciaran McSherry/Aiden Girvan/Conor McConnell (agenda items 7 and 8), Ciara Brennan and Roy Colville (agenda item 9), James Irwin (agenda item 10), Paul Harland/ John Wasson/ Christopher McCoole (agenda item 11), Jody O'Boyle/ Emma Todd (agenda item 12), Rachel Allister (agenda items 17 and 18).

1. APOLOGIES FOR ABSENCE

1.1 None.

1.2 Rosamund Blomfield-Smith welcomed Rebecca Bloomfield 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. POWER NI ARTICLE LICENCE MODIFICATIONS

3.1 Elaine Cassidy introduced this item which sought the Board's endorsement for proposed licence modifications related to the Power NI Price Control 2026-2029. John Mills briefed the Board on the proposed modifications, including on the responses to the consultation on the proposed licence modifications.

3.2 The Board noted the responses to the consultation on the proposed licence modification. Some comments were proposed on the drafting of the licence modification decision paper.

3.3 The Board endorsed the draft licence modifications decision and associated documents for the Power NI supply licence. The Board delegated authority to the Chief Executive to sign off the final modifications and associated documents.

4. FINAL SONI GOVERNANCE DEROGATIONS GUIDANCE

4.1 Brian Mulhern introduced this item which provided SONI governance derogation guidance for the Board's consideration and included a discussion on broader SONI governance.

4.2 The Board discussed the derogations guidance as presented. Board members commented on aspects of the drafting and the tone of the overall document in the context of promoting derogations. The timing and process for approving derogations was also explored by the Board.

4.3 Board members discussed the proposed Service Level Agreement (SLA) between Eirgrid and SONI. This included consideration of the objectives of the SLA, the overall approach to promoting joint working where appropriate, and the process for agreeing the SLA.

4.4 There was also a broader discussion on SONI governance which included key risks, and funding and resourcing requirements. The issue of IT systems was also considered.

4.5 The Board discussed the progress of ongoing engagement with SONI, and between SONI and Eirgrid on the SONI governance review outcomes. The impact of implementing the governance review, for the Single Electricity Market, was also discussed.

4.6 At the conclusion of the discussion the Board, restated the importance of the overall goal of facilitating SONI independence. In approving the derogations guidance, the Board emphasised the need to provide guidance that set an appropriate level of flexibility and facilitated derogation requests in an expeditious way. There was agreement that the Board should have a wider discussion on SONI Governance as part of a future strategy day.

5. KEY WATER ISSUES

5.1 Elaine Cassidy introduced this paper and briefed the Board on proposals on key water issues.

5.2 The Board discussed the broader stakeholder commentary around water issues and noted the recently published Northern Ireland Fiscal Council sustainability report on water. It was agreed that this report should be circulated to the Board.

5.3 Board member queries regarding the Memorandum of Understanding (MoU) and the Consequential Written Agreement (CWA) were addressed.

5.4 There was also a discussion around the proposal to enhance the regulatory oversight of NI Water. Board members explored a proposal in respect of NI Water’s price control outputs.

5.5 Proposed changes to consumer research on Overall Standards of Service (OSS) was also considered. Board members explored engagement with consumers on the research on water and sewerage services, the purpose of the changes to the consumer research approach and how the research findings might be used.

5.6 The Board therefore endorsed the proposal to bring the NI Water MoU and CWA to an end by deleting those licence provisions that were put in place to give effect to those documents, from NI Water's licence. Board endorsement was also provided on the proposal, as presented, on PC28 outputs. The Board also endorsed the changes to the OSS consumer research as presented. Finally, the Board agreed that a strategic discussion on water and sewerage regulation should be included as part of a future strategy workshop.

6. HIGHER GROUND LICENSING

6.1 Martina McKinley introduced this item relating to licensing requirements associated with a pumped hydro storage scheme, called the Higher Ground project.

6.2 The Board discussed a range of issues including: the purpose of the licence, interest in the landbank site, engagement with Mutual Energy Limited (MEL) on licencing requirements, and legal advice around the granting of a licence and process risks.

6.3 At the conclusion of the discussion, the Board approved the proposed approach to licensing and the ongoing engagement with MEL.

7. GD29 TREATMENT OF CORPORATION TAX – EMERGING APPROACH OPTIONS

7.1 Elaine Cassidy introduced this discussion item on the options available in relation to the treatment of corporation tax payments for Phoenix Energy and Firmus Energy Networks (the Gas Distribution Network companies – GDNs) for the GD29 price control review.

7.2 The Board discussed the background to the issue and considered the different stakeholder perspectives.

7.3 The impact of the current tax treatment on the financeability of GDNs was also explored.

7.4 The merits of initial policy options for addressing the concerns of GDNs, regarding the treatment of corporation tax payments, were discussed. Board members also discussed the scope of proposals and the timing of a public consultation on the issue. Engagement with credit rating agencies on the issue was also considered.

7.5 The Board endorsed further development of policy proposals including a further high level numerical analysis.

8. REVIEW OF SPC27 APPROACH CONSULTATION

8.1 Elaine Cassidy introduced this item relating to a proposed consultation on Gas Supply Price Controls 2023-2026 (SPC23) for Firmus Energy Supply and SSE Airtricity. Aidan Girvan provided an overview of the main issues.

8.2 The focus of the Board discussion was on the scope and coverage of the price control and a query regarding small industrial customers was addressed. The risk profile of the gas supply companies compared to electricity suppliers, was also briefly considered.

8.3 The Board endorsed the publication of the proposed consultation paper.

9. MOYLE INTERCONNECTOR LIMITED (MIL) – RECOVERY OF NET TRANSFER CAPACITY COMPENSATION

9.1 Elaine Cassidy introduced this information paper relating to the recovery of Net Transfer Capacity (NTC) compensation for Moyle Interconnector Limited.

9.2 The Board was apprised of discussions on the recovery of NTC compensation at a meeting of the Single Electricity Market Committee on the previous day.

9.3 In noting the paper and the update provided, it was agreed that a special meeting of the Board be convened during early August to further discuss the recovery of NTC compensation.

10. SECURITY OF SUPPLY EVENTS (GB AND IBERIA)

10.1 Colin Broomfield introduced this information item which provided an overview of significant power outages in Great Britain and Spain/Portugal over recent months.

10.2 The Board explored the root causes of the power outages and considered the steps taken to restore. There was also a discussion on lessons learned from the outages and how they might be of relevance to Northern Ireland.

10.3 In noting the paper, the Board asked to be apprised of the outcome of follow up engagement with NIE Networks and SONI about the application of lessons learned to the Northern Ireland power system.

11. NIE LAND BANK BUSINESS (NIELBB) AMENDMENT TO 1993 DIRECTION AND ASSESSMENT FRAMEWORK FOR KILROOT ADJOINING LANDS CONSULTATION

11.1 Brian Mulhern introduced this paper which provided the Board with an update on the changes proposed to enhance the management and maintenance of the NIE Land Bank Business sites. John Wasson briefed the Board on the context and the changes.

11.2 Board member queries in relation to the original Direction for the management of land bank sites and the proposed assessment framework were addressed.

11.3 The Board noted the paper and the intention to provide a further update next year.

12. RESERVATION OF TRANSMISSION BAYS FOR OFFSHORE WIND DEVELOPMENT IN NI

12.1 Emma Todd introduced this information item about SONI’s plans to issue an addendum to its Ten-Year Transmission Forecast Statement (TFS) relating to the reservation of two bays at Ballylumford power station for offshore wind development.

12.2 The Board discussed the proposed development, any legal risks and next steps. There was a discussion on engagement with key stakeholders. A query in relation to SONI’s TFS was addressed.

12.3 The Board noted the information paper, risks and the next steps.

13. DRAFT ANNUAL REPORT AND ACCOUNTS 2024-25

13.1 Paula McCann updated the Board on progress on finalising the Annual Report and Accounts (ARA) 2024-25 following the discussion at the May Board meeting. Alex Wiseman apprised the Board of the Audit and Risk Committee's consideration of the ARA.

13.2 The Board welcomed the progress on the ARA and delegated approval of the final draft to the Chief Executive.

14. MINUTES

14.1 The minutes of the Board meeting on 22 May 2025 were approved for publication, subject to a minor amendment.

15. ACTION POINTS

15.1 The action points were reviewed by the Board.

16. OFFICE REPORT

16.1 John French introduced the Office report. He noted the move to Millennium House (and the hosting of the Board meeting in the new office). He noted the recent joint conference with the Energy Institute and, also, his attendance at the Energy Ireland event.

16.2 The Board was also updated on offshore policy development, guaranteed standards of service and strategic energy modelling. On the latter, the Board requested that this work be considered at a future Board strategy day.

16.3 The Board also noted a proposed schedule of meetings for 2026, and it as agreed that this be circulated for any comments by exception.

17. FINANCE REPORT SUMMARY

17.1 Paula McCann provided an overview of the latest financial position, noting key movements in expenditure. The Board noted items in respect of the proposed pay award and legal costs.

17.2 The Board approved the finance report summary.

18. CORPORATE RISK REGISTER

18.1 Rachel Allister introduced this item which presented the corporate risk register for 2025/2026. Alex Wiseman noted the Audit and Risk Committee's review of the corporate risk register at its recent meeting.

18.2 The Board reviewed proposed amendments and approved the corporate risk register as presented.

19. UPDATES

19.1 Colin Broomfield reported on the Single Electricity Market. He provided an update on imperfections charges. The Board noted the update.

19.2 Martina McKinley provided an update on security of supply noting developments including those relating to Ballylumford and annual run hours limitations at Kilroot. The Board was also apprised of a recent system alert. The Board noted the update.

19.3 Shauna McAuley provided a litigation update. The Board discussed the progress of litigation relating to the T-4 capacity auction. The Board noted the update.

19.4 Barbara Stevenson provided a high-level overview of current compliance and enforcement issues. The Board noted the update.

19.5 There was no correspondence to UR for noting.

20. ANY OTHER BUSINESS

20.1 Rebecca Bloomfield provided some feedback on her attendance at the Board meeting.

There being no other business, the meeting concluded at 14.20 p.m.