

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY
REGULATION (THE 'AUTHORITY') HELD ON THURSDAY, 13 OCTOBER 2016 IN STRABANE
AT 9.30 A.M.**

Present:

Bill Emery (Chairman), Jenny Pyper (Chief Executive), Bill Cargo, Teresa Perchard, Jon Carlton, Alex Wiseman, Richard Rodgers

In attendance:

SMT - Kevin Shiels, Brian McHugh, Donald Henry

Barbara Stevenson (all items), Lorraine Clinton (all items), Michael Campbell (agenda items 3 and 4), Roisin McLaughlin (agenda item 5 and 9).

1. APOLOGIES FOR ABSENCE

1.1 Greg Irwin

2. FIRE DRILL

2.1 The board members were informed of the evacuation procedures which apply in the event of a fire.

3. DECLARATIONS OF INTEREST

3.1 None.

4. RP6 UPDATE

4.1 Brian McHugh introduced this item which provided an update on the RP6 approach and sought views from board members . He also provided an update on the progress of the RP6 programme and engagement with the company.

4.2 Proposed changes to the RP6 programme and the views of the company on the changes were discussed. Options for changing the RP6 timetable were considered.

4.3 It was agreed that a further iteration of the proposed approach would be produced and discussed with board members.

5. GAS TO THE WEST UPDATE

5.1 Brian McHugh provided an update on the timetable for the gas to the west programme. The board discussed progress to date as well as engagement with the gas to the west licence holders.

5.2 The potential implications of any further delay to the programme of work, as well as the need for further correspondence with the licence holders, was explored.

5.3 The board noted this update and discussed key issues within the gas to the west project.

6. SPC 17: APPROVAL FOR GAS SUPPLY PRICE CONTROLS

6.1 Kevin Shiels introduced this paper which sought approval of the SPC 17 gas supply price controls. He provided an update on the scope of the price control, opex, cost allowances, gas to the west and margin.

- 6.2 An overview of the differences in company submissions and the final determination were discussed, noting that margin accounted for the majority of the variance.
- 6.3 The board also discussed other specific areas of the price control including IT costs, manpower costs, forecast customer numbers and comparisons with current costs.
- 6.4 Clarification was sought on the consumer impact of the price control.
- 6.5 The board approved the final decisions for the gas supply price controls as set out in the paper.

7. SPC 17: APPROVAL FOR POWER NI PRICE CONTROL

- 7.1 Kevin Shiels sought board approval of the Power NI Price Control – SPC 17. He updated the board on discussions with stakeholders particularly those who represent small businesses and farms. He also provided an overview of engagement with the company including discussions on combined premises.
- 7.2 Jenny provided an update on dialogue with Power NI and their views on the price control proposals.
- 7.3 The board discussed the potential impacts of the removal of the price control from the 0-50MWh electricity market and the ability to reintroduce the price control to that market segment in the future. The board noted that this would be considered further at a subsequent meeting.
- 7.4 The board approved the extension of the current Power NI price control for 2 years as well as the removal of the price control from the 0-50MWh electricity market as proposed in the paper.

8. BUSINESS CASE: SEMC LEGAL COSTS, JR COSTS

- 8.1 Donald Henry presented this paper that outlined the business cases for litigation proceedings and the SEMC legal panel.
- 8.2 He provided an update on the litigation; Board members agreed that there would be a further discussion on the litigation proceedings at the December board meeting.
- 8.2 The board agreed that a new SEMC legal panel should be procured.
- 8.3 The board approved the business cases for the litigation and for the SEMC legal panel.

9. MINUTES

- 9.1 The minutes of the board meeting on 8 September were agreed for publication.

10. ACTION POINTS

- 10.1 The action points were reviewed by the board. Both actions were noted as completed.

11. REPORT FROM THE EXECUTIVE TEAM

- 11.1 Jenny Pyper provided an overview of the Executive team report. She updated the board on the ongoing I-SEM stocktake and discussions with the Department for the Economy and DCENR on I-SEM progress.

- 11.2 She noted the work on the SONI price control and 22 March date for the North South Interconnector inquiry. The board indicated that a discussion with SONI re the north-south interconnector would be beneficial before Christmas.
- 11.3 An update on recent engagement with the NI Water board was provided. The board also noted the recent significant pollution incident.
- 11.4 The board discussed the recent failure of the east west interconnector. An update was also provided on a gas connection complaint and the board also noted the latest position regarding the deficit in the buy out fund and the implications for the recovery of NIRO related costs.
- 11.4 Brian McHugh briefed the board on the proposed licence modifications to bring into effect the GD17 final determination on 14 October. He indicated that any responses to the consultation would be sent directly to the board with formal approval of the licence modifications required by correspondence.
- 11.4 The board discussed the finance and performance report and noted the discussion at the September board on the mid-year review of the budget. The board was briefed on the latest budget position, discussed the revised budget proposals and approved the revised budget noting that the litigation related costs would be covered by a further increase in the budget if they cannot all be funded from within the revised budget position. The board approved the remaining aspects of the finance and performance summary including the proposed amendments to the 16/17 risk register and the latest position regarding the FWP targets.. The board also noted that the risk register would be reviewed in further detail at the December board meeting.
- 11.5 The board discussed and approved the annual equality report for issue to the Equality Commission for Northern Ireland.
- 12. DISCUSSION ON BREXIT**
- 12.1 The board were provided with an update on recent discussions with stakeholders on Brexit and its potential implications.
- 12.2 Risks of Brexit to both the gas and electricity markets were discussed and feedback was sought from board on key issues and action required from the Executive team.

13. ANY OTHER BUSINESS

- 10.1 Jenny updated the board on the review of board effectiveness.

There being no other business, the meeting concluded at 12.45 p.m.