

MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE 'AUTHORITY') HELD ON THURSDAY, 14 DECEMBER 2017 IN QUEENS HOUSE AT 11.00 A.M.

Present:

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

In attendance:

SMT - Kevin Shiels, Donald Henry, Tanya Hedley, John Mills, Jo Aston, Greg Irwin

Paul Harland (agenda item 4), Paul Stewart (agenda item 5), Neil Bingham and Richard Hume (agenda item 6), Elaine Cassidy (agenda item 8 and 15), Roisin McLaughlin (from agenda item 8), Michael Campbell (agenda item 9), Caspar Swales and Richard Hume (agenda item 12), Colin Broomfield (agenda items 12 and 15), Ian Campbell (agenda item 15).

1. APOLOGIES FOR ABSENCE

1.1 Jo Aston

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 There were no declaration of interests.

4. GD17 REMITTED MATTERS

4.1 John Mills introduced this item which set out conclusions on two matters remitted back by the Competition and Markets Authority (CMA) following its determination on the appeal brought by firmus energy on the GD17 price control.

4.2 The board explored the methodology employed, and the resulting analysis, to set a rate for non-additionality (the percentage of domestic owner occupier customers that would switch to natural gas without the influence of advertising or other media by firmus energy). In recognising the challenges associated with setting a rate, the board acknowledged the extent of the work undertaken. Board members also enquired about engagement with firmus energy to date on the work.

4.3 Board members briefly commented on the presentation of key pieces of information in the consultation paper.

4.4 The board noted the previous decision on the connections target. The recommendation in respect of the firmus energy non-additionality rate and the publication of associated licence changes was also endorsed.

5. NI WATER MID TERM REVIEW

5.1 John Mills introduced this item which presented the Mid-Term Review key findings of NI Water delivery against the PC15 price control.

- 5.2 Board members clarified key findings. There was a brief discussion on the options for dealing with any revenue over-recovery by NI Water. The overall situation regarding the company's relative efficiency was also explored.
- 5.3 The board also sought further information on engagement with, and the views of, key stakeholders on the Mid-Term review.
- 5.4 Subject to some drafting suggestions, the board agreed that the Mid Term Review report should be published in January.
- 6. ENERGY THEFT CODE OF PRACTICE**
- 6.1 Tanya Hedley provided an overview of an energy theft decision paper and codes of practice for board approval.
- 6.2 The board discussed the presentation of the risks associated with energy theft for consumers. Initiatives to highlight the risks and engagement with consumers were also discussed. In that context the board noted several of the comments from respondents to the consultation. It was agreed that the introductory section of the document be reviewed to ensure key risks from energy theft were adequately articulated.
- 6.3 The board also briefly discussed next steps. A query in respect of a promotional campaign on energy theft was clarified.
- 6.4 The board approved the decision paper and codes of practice and delegated authority to the Chief Executive for approving final editing changes to the documents for publication.
- 7. CARE REGISTERS REVIEW**
- 7.1 Kevin Shiels introduced this item which sought the board's approval for the final decisions in respect of the care registers review.
- 7.2 Board members commended both the work undertaken and the paper as presented. The board discussed the range of consultation responses provided. Several queries regarding the data sharing agreements, the level of need for the service and its impact were addressed.
- 7.3 The board approved the final decisions arising from the care registers review as presented.
- 8. WEST TRANSMISSION LICENCE MODIFICATION (EARLY FINANCING)**
- 8.1 Tanya Hedley led the discussion on this item which sought the board's endorsement for modification proposals to the West Transmission gas conveyance licence. She provided an overview of the rationale for the proposed licence modifications and covered the detail of the drafting of the licence modifications.
- 8.2 The board clarified the period over which the returns to SGN are to be calculated. The extent to which there has been any feedback on the proposed licence modifications, linkages with other issues currently being progressed with SGN and the differences generally between the proposed licence changes and the existing licence were also discussed.
- 8.3 The board also received an outline of the proposed next steps.

8.4 There was also a discussion on the scope of the proposed governance review of Mutual Energy and key success factors. It was agreed that the governance review should be published at the same time as the final determination on the proposed licence modifications.

8.5 The board approved the licence modifications proposals as presented and noted the commencement of the review of governance arrangements.

9. CO-ORDINATED RETAIL IT SYSTEM

9.1 Kevin Shiels provided the background and context for this paper which sought the board's approval for consulting with existing market for the implementation of a process to remove the co-ordinated IT systems for the NI and RoI retail markets.

9.2 Board members initially sought clarification and information on the extent of the difficulties regarding the co-ordinated IT systems. The options presented for addressing the difficulties were also discussed. Board members also explored the elements of what a successful retail market IT system would look like.

9.3 The board also discussed the presentation, handling and impact (e.g. on consumers) of any decision to implement the removal of the co-ordinated IT system.

9.4 With all queries addressed the board gave approval for the team to proceed with a consultation on the de-harmonisation of the co-ordinated retail market systems. It was agreed that ongoing communication was required with key stakeholders to ensure a smooth implementation of the removal of the co-ordinated IT systems

10. CORPORATE STRATEGY REVIEW

10.1 Greg Irwin briefed the board on the overall approach and timing for developing a new corporate strategy.

10.2 Board members sought further information on the proposed timelines and the proposed engagement with stakeholders.

10.3 The board endorsed the approach as presented and noted the board's involvement in the review.

11. DRAFT FORWARD WORK PROGRAMME 2018-19

11.1 Greg Irwin introduced this item which sought the board's comment on the overall programme of projects identified in the draft Forward Work Programme (FWP) 2018-19.

11.2 There was a general discussion on the key messages to be included in the narrative of the draft FWP. Board members also discussed the presentation of progress against Corporate Strategy key performance indicators.

11.3 Specific drafting suggestions were made in respect of asset management and some projects included in Annex 1. Some minor typographical amendments were also identified.

11.4 The board endorsed the programme of projects as presented and noted that the draft FWP would be subject to a drafting review before publication.

12. UPDATE ON UNIVERSITY LINKS

- 12.1 Jenny Pyper introduced this information item which provided an overview of links with local universities in respect of energy and water issues.
- 12.2 The board noted and endorsed the continued efforts by staff across the office to engage with local universities.

13. MINUTES

- 13.1 The minutes of the board meetings on 19 October and 16 November were agreed for publication.

14. ACTION POINTS

- 14.1 The action points were reviewed by the board.

15. EXECUTIVE TEAM REPORT

- 15.1 Jenny Pyper provided an overview of the Executive team report.
- 15.2 The board's attention was drawn to the continuing progress on I-SEM – in respect of the SEMO and SEMOpX price controls, work on the Consumer Protection Strategy.
- 15.3 A query from a board member in respect of the likely announcement of the planning decision on the second north-south electricity interconnector was addressed. Another query in respect of an enforcement process was also addressed.
- 15.4 Copies of the recently published energy market monitoring reports in respect of the retail and Single Electricity Market were provided.
- 15.5 An update was provided on the next steps following the Competition and Markets Authority's final SONI price control appeal determination.
- 15.6 Colin Broomfield briefed the board on the I-SEM capacity auction which was due to take place the following day. Board members sought clarification in respect of the auction process and the next steps.
- 15.7 The Finance and Performance report was presented and approved. Board members noted the update on budget position and position against FWP targets.
- 15.8 The board also considered a paper in respect of the mid-year review of the corporate risk. Board members made initial comments in respect of several risks and also made more general suggestions. It was agreed that time would be provided at the next board meeting in January to allow a more extensive discussion on the risk register.

There being no other business, the meeting concluded at 2.10 p.m.