

MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 17 OCTOBER 2019, IN QUEENS HOUSE

Present:

Bill Emery (Chairman), Jenny Pyper (Chief Executive), Teresa Perchard, Alex Wiseman, Jon Carlton, Claire Williams, David De Casseres

In attendance:

SMT - Kevin Shiels, Tanya Hedley, Colin Broomfield, Roisin McLaughlin, John Mills, Elaine Cassidy, Greg Irwin

Ian Campbell and Martina McKinley (agenda item 5), Colin Magee (agenda item 7), Jody O'Boyle (agenda item 8)

1. APOLOGIES FOR ABSENCE

1.1 None.

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. REPORT FROM THE EXECUTIVE TEAM

4.1 Jenny Pyper introduced this item and provided an overview of headline issues. Directors then, in turn, identified priority issues for their respective directorates.

4.2 Board members then took the opportunity to clarify and discuss a range of issues identified in the Executive Team report, including: retail market price regulation, the Consumer Protection Programme delivery, the SEM and wholesale market developments in Great Britain, electricity security of supply risks, steps being taken to improve the ability of the electricity system to accommodate generation from renewables and the SONI governance review.

4.3 Donald Henry briefed the board on the Finance and Performance report. He drew the board's attention to the mid-year budget review and the review of the risk register. The board approved the Finance and Performance summary noting the separate discussion on the risk strategy. The board also approved the annual progress report for submission to the Equality Commission.

5. RISK STRATEGY REVIEW

5.1 Donald Henry introduced this discussion item which presented the draft risk management strategy for review. He noted the Audit and Risk Committee's consideration of the strategy and drew the board's attention to the risk appetite table as a focus for discussion.

5.2 The challenge of making risk appetite judgements for certain risk categories was acknowledged. The usefulness of drawing on the risk appetite definitions and indicators as a

basis for making an assessment was also explored. The diversity of board member assessments on certain categories of risk was also discussed.

- 5.3 It was agreed that the opportunity to consider risk appetite had been useful. While it was clear that the board's individual assessment of risk appetite on several categories of risk was broadly consensual there were other areas where the assessment was more diverse. The Executive team would take account of the board's discussion on risk appetite and consider it further with the Audit and Risk Committee.

6. NI WATER BOARD MEETING

- 6.1 In preparation for a meeting with the board of NI Water, the Networks directorate provided a briefing on the key issues for discussion.
- 6.2 The board noted the briefing.

7. SSE AIRTRICITY PRICE CONTROL

- 7.1 Colin Magee introduced this item which sought the board's approval for the determination on the SSE Airtricity gas supply price control 2020-22. In particular he outlined the responses provided to the consultation on the draft determination.
- 7.2 The board explored a number of items in the final determination. In particular the board discussed the proposed upgrade to SSE Airtricity's billing system and the impact on the [IT](#) Opex costs across the price control period. On this issue, the board emphasised the importance of ensuring that billing system CAPEX and OPEX costs represent value for money for consumers. The need to further assess billing system costs so that this informs the price control licence modifications consultation paper was emphasised.
- 7.3 A query in respect of customer payment methods was also addressed.
- 7.4 At the close of the discussion, the board approved the SSE Airtricity supply price control determination proposals. Approval was also provided for the Executive to draft the licence modification to implement the price control determination.

8. CO-ORDINATED ELECTRICITY RETAIL MARKET IT SCHEMA

- 8.1 Kevin Shiels introduced this item, which sought the board's approval for the recommended technical option to implement the separation of the shared IT messaging system with the Republic of Ireland.
- 8.2 The board noted the extent of previous discussions on the issue. Key aspects of the recommended option, versus the alternatives, were clarified. There was some discussion on key stakeholder feedback.
- 8.3 The discussion was concluded and the board approved the technical option recommended in the paper.

9. ELECTRICITY CONNECTIONS UPDATE

- 9.1 Tanya Hedley introduced this information item which provided the board with an update on renewable connections to the electricity system in Northern Ireland and potential issues associated with the energy transition.

- 9.2 The board noted the broader context in respect of the achievement of the NI Executive's target for generation from renewables and the energy transition.
- 9.3 A key aspect of the board's discussion was the impact of new technologies on the electricity system around areas such as storage and electric vehicles. The scope for further growth in renewables was also explored. Value for money considerations in respect of the investment in renewables was touched on. The incidence of connections disputes was also discussed.
- 9.4 The development of the Department for the Economy's new energy strategy was a key enabler for a co-ordinated approach on the energy transition was endorsed.
- 9.5 In noting the update the board it was agreed that information on the Renewables Grid Liaison Group would be made available to the board.

10. BROCKABOY LITIGATION UPDATE

- 10.1 Elaine Cassidy provided a presentation on Brockaboy. She provided background to the Brockaboy litigation, an outline of the judicial proceedings and the key areas of legal dispute and outlined next steps in the process. Other process and resourcing issues relating to the dispute were also covered.
- 10.2 Board members clarified several matters relating to the nature of the litigation, the impact of certain outcomes and process and timing issues.
- 10.3 The board noted the update.

11. BREXIT UPDATE

- 11.1 Colin Broomfield provided an update on the steps being taken to prepare for the UK's departure from the EU. He noted the ongoing work with the Department for Business, Energy and Industrial Strategy and the Department for the Economy and the legislative arrangements being advanced to address the various Brexit scenarios. Brexit stakeholder engagement work was also noted.
- 11.2 Board member queries in respect of the Brexit-related licence modifications process and engagement with stakeholders were addressed.
- 11.3 In noting the update the board endorsed the importance of the Brexit update as a standing agenda item and the regular updates to the board Brexit Sub Group by the internal Brexit Co-ordination team.

12. MINUTES

- 12.1 The minutes of the board meeting on 12 September 2019 were agreed for publication.

13. ACTION POINTS

- 13.1 The action points were reviewed by the board.

14 ANY OTHER BUSINESS

- 14.1 The board noted that the planned meeting with the SONI board had been deferred to January.
- 14.2 An update was provided on engagement with the Department for the Economy to develop a new energy strategy. It was agreed that a presentation would be provided on this issue at the next board meeting in November.

14.3 The board also conducted a meeting review. It was agreed that occasionally placing the Executive team at the start of the agenda had been worthwhile and provided an opportunity to discuss core business items. A review of the meeting with the NI Water board also took place.

There being no other business, the meeting concluded at 2.50 p.m.