

MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE 'AUTHORITY') HELD ON WEDNESDAY, 18 NOVEMBER 2015 IN QUEENS HOUSE, BELFAST AT 10.30 A.M.

Present:

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

In attendance:

SMT - Kevin Shiels, Brian McHugh, Tanya Hedley, Jo Aston, Donald Henry, Greg Irwin

Elaine Cassidy, Stephen Magowan.

1. APOLOGIES FOR ABSENCE

- 1.1 Richard Rodgers
- 1.2 Bill Emery welcomed Jon Carlton and Alex Wiseman to their first board meeting. It was agreed that Alex would be appointed to the Audit and Risk Committee and Jon to the Remuneration Committee.
- 1.3 The meeting was convened to consider one agenda item prior to the Board Advisory Forum meeting which was due to take place on the same day.

2. FIRE DRILL

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

3. DECLARATIONS OF INTEREST

- 3.1 None.

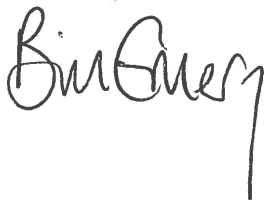
4. GAS TO EAST DOWN

- 4.1 Brian McHugh introduced this paper which sought the board's approval to extend the Phoenix Natural Gas Limited (PNGL) licence area to East Down as well as the associated costs in relation to bulk capex. He also verbally updated the board on responses received to the consultation on the PNGL application which closed on 11 November and highlighted that elements of the project would be included in further GD17 consultations.
- 4.2 Board members discussed the level of potential connections and the period under which the projected connections would be delivered. A query in respect of connection incentive arrangements was also addressed.
- 4.3 Specific points in respect of the following were also clarified: the consumer impact and benefits of the extension, the bulk main costs (and the associated level of precision) and treatment of financing costs identified in the paper. The discussion confirmed that

the costs, including financing costs, were being proposed based on an overall package and given the nature of the project there was limited merit in expending resource on a detailed bottom up exercise in relation to financing costs. The Board requested that this point was made clear and that the proposals would set no precedent for future price control decisions.

- 4.4 Finally, board members discussed stakeholder engagement and the level of support for the extension.
- 4.5 With all the issues addressed, the board approved the PNGL licence extension to East Down and the associated costs, as outlined, in relation to bulk capex.

There being no other business, the meeting concluded at 11.10 a.m.

A handwritten signature in black ink, appearing to read "Bin Guey". The signature is written in a cursive, flowing style with a long vertical stroke at the end.