

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY  
REGULATION (THE 'AUTHORITY') HELD ON THURSDAY, 21 JUNE 2018 IN QUEENS HOUSE  
AT 11.00 A.M.**

**Present:**

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

**In attendance:**

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

Colin Broomfield, Lesley Robinson, Robin McCormick, John Cooper and Elaine Cassidy (agenda item 4), Veronika Gallagher (agenda item 5), Meadhbh Patterson (agenda item 6), Ciaran MacCann and Jody O'Boyle (agenda item 8), Martina McKinley (agenda item 9), Adele Boyle (agenda item 10), Barbara Stevenson (agenda items 10 and 11), Paul Bell and Kevin Baron (agenda item 12)

**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. AES DEROGATION REQUESTS**

4.1 Jenny Pyper introduced this paper which provided a further update to the board in respect of derogation requests received in respect of Kilroot Power Ltd and AES Ballylumford Ltd. Colin Broomfield provided an overview of the key aspects of the paper. Board members clarified several items in respect of longer-term options, the ISEM market and the technical assessment of the derogation requests.

4.2 Robin McCormick then joined the discussion. He briefed the board on the process to finalise the SONI technical assessment and had the opportunity to ask questions in relation to system services and technical requirements. Robin McCormick then left the meeting and the board continued its discussion.

4.3 John Cooper (UR legal adviser) provided an overview of the legal considerations relating to the derogation process and outlined the legal process which UR was following. Board members were able to seek clarification from John Cooper on the legal implications and associated risks in relation to the derogation process.

4.4 The board thanked the team for the progress that had been carried out to date. The board endorsed the next steps and the timeline for drawing the derogation process to a conclusion. In that context, it was agreed that it was likely that further guidance would be sought from the board as the process continued over the summer months.

## **5. WEST TRANSMISSION DIRECTIONS (EARLY FINANCING)**

- 5.1 Tanya Hedley introduced this item which sought the board's agreement to approve a direction relating to the West Transmission Ltd (WTL) conveyance licence to facilitate the early financing of the West Transmission project. She provided an update on the process to date and the future timeline and highlighted the savings that would accrue to consumers from the early financing.
- 5.2 The board welcomed the progress made on the early financing and approved the proposed direction relating to the WTL conveyance licence, with the delegation of authority to the CEO to approve the effective date and time as appropriate. The board also endorsed the timetable for the early financing transaction and noted that the board would be required to approve another direction, in respect of WTL's conveyance licence, via correspondence.

## **6. CONSUMER PROTECTION STRATEGY REVIEW UPDATE**

- 6.1 Kevin Shiels introduced this item which provided a high-level update on the progress of the Consumer Protection Strategy (CPS) review and the plan for a new Consumer Protection Programme (CPP). Meadhbh Patterson outlined the strategic principles behind, and the rationale for, a three year CPP.
- 6.2 The board discussed the focus of the CPP. There was agreement of the need to ensure that vulnerable consumers in particular were protected. Board members discussed the most effective interventions to achieve the desired level of consumer protection and the scope for innovative approaches was explored. The need to continue to pro-actively protect consumers in the retail energy market was emphasised and the situation in Great Britain was briefly discussed in that regard. Finally an update was provided on a recent supplier compliance workshop.
- 6.3 The board noted the update provided and endorsed the development of a CPP and in the context of the new UR Corporate Strategy 2019-24.

## **7. RETAIL MARKET SYSTEM CO-ORDINATION**

- 7.1 Kevin Shiels provided a presentation on this item. The presentation covered: the context for retail market system co-ordination on an all-island basis, the process of review of these arrangements, proposals relating to new arrangements and next steps.
- 7.2 Board members explored the rationale for existing arrangements. Responses received during the consultation on the review were also discussed. The potential options arising from the review were also considered.
- 7.3 The board noted the progress to date on the review of retail market system co-ordination arrangements and the intention that a decision paper would be provided at the next board meeting.

## **8. APPROACH TO NEXT SONI TSO PRICE CONTROL**

- 8.1 Tanya Hedley introduced this item which set out the proposed approach to the next SONI price control review. Jody O'Boyle identified three key elements in respect of: the clarification of SONI's role and governance, the price control review process and stakeholder engagement and the building blocks that comprise the price control review.

- 8.2 Board members endorsed the need for a clearer articulation of the role that SONI has and how the company will be regulated under the price control. The need to ensure that a clear timetable was agreed and worked to was also emphasised.
- 8.3 In discussing the need to engage stakeholders the board acknowledged the challenge of informing and educating stakeholders on the work of SONI. In that context, the need for SONI to consider innovative ways for engaging with stakeholders was endorsed.
- 8.4 Finally, the board was broadly supportive of the proposed approach to price control building blocks while recognising that continuous engagement with SONI was required to manage expectations.

## **9. CORPORATE RISK REGISTER**

- 9.1 Donald Henry introduced this item which provided the board with an opportunity to review the draft corporate risk register for 2018/19.
- 9.2 Board members discussed the key risks and noted the changes to the register from the last review and clarified the wording of several of the risks presented on the risk register. There was agreement to changes in respect of Gas to the West risk and the risk relating to regulatory disputes and complaints.
- 9.3 The board approved the corporate risk register as presented subject to the changes identified.

## **10. COMMUNICATIONS STRATEGY**

- 10.1 Greg Irwin introduced a proposed communications strategy for the period 2018-21.
- 10.1.1 Board member queries on the scope of the strategy were addressed. The need to consider how to improve the accessibility of communications on regulatory decisions and activities was emphasised.
- 10.2 The board endorsed the strategy as presented.

## **11. CORPORATE STRATEGY REVIEW**

- 11.1 Greg Irwin and Barbara Stevenson introduced and provided an overview on the development of, and timeline for, the new corporate strategy.
- 11.2 Board members welcomed the feedback from the initial engagement with stakeholders. Given the stakeholder feedback the importance of setting a strategy in a longer-term context was reinforced. The next steps in the process of developing a new strategy was clarified and board members were reminded that a joint board-SMT workshop is being planned for August.
- 11.3 The board noted the update and timeline.

## **12. MARKET MONITORING UPDATES**

- 12.1 Paul Bell introduced a market monitoring update in respect of the Single Electricity Market (SEM). Kevin Shiels separately provided an overview on the latest quarterly report on the NI retail energy market.
- 12.2 Board members discussed the data in respect of customer demand in the SEM. The rationale for the demand profile as presented was explored.

12.3 The focus of board member comments on the quarterly retail energy report was around comparative prices. Board member queries around the reason for comparative pricing differences were addressed.

12.4 The board noted both market monitoring reports.

### **13 MINUTES**

13.1 The minutes of the board meeting on 24 May was approved for publication.

### **14 ACTION POINTS**

1541 The action points were reviewed by the board.

### **15 REPORT FROM THE EXECUTIVE TEAM**

15.1 Jenny Pyper provided an overview of the Executive team report.

15.2 An update was provided on the licence modifications in respect of SONI's costs arising from the company's appeal to the Competition and Markets Authority.

15.3 The board's attention was also drawn to work being co-ordinated by the Department of Business, Energy and Industrial Strategy in respect of Brexit. It was agreed that a briefing on Brexit should be provided to the board at its next meeting.

15.4 A board member query in respect of an energy supplier was addressed and it was agreed that the board would be updated as necessary on this issue.

15.5 The Audit and Risk Committee's Annual Report was presented and Alex Wiseman provided an overview of key aspects of the report. The board approved the Audit and Risk Committee's Annual Report.

15.6 Donald Henry also presented the finance and performance summary and noted that there were no major project issues to report at this stage in the financial year. The board approved the finance and performance summary.

15.7 Board members briefly discussed the response to the Information Commissioner's Office relating to Freedom of Information.

There being no other business, the meeting concluded at 3.50 p.m.