

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 24 OCTOBER 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, Bill Cargo.

**In attendance:**

SMT - Kevin Shiels, Donald Henry, Tanya Hedley, Roisin McLaughlin, Greg Irwin

Elaine Cassidy, Michael Campbell and Nicola Parker (agenda item 4), Richard Hume and John Magill (agenda item 5), Barbara Cantley (agenda item 5 and 10), Colin Broomfield (agenda item 6 and 7), Lesley Robinson (agenda item 7), Paul Bell and Brian Mulhern (agenda item 5), Jean-Pierre Miura (agenda item 7 and 8), Sean Murphy (agenda item 10), Jody O'Boyle and Natalie Dowey (agenda item 11).

**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. COORDINATED NI-ROI RETAIL MARKET**

4.1 Kevin Shiels introduced this item which provided an update on the ongoing issues relating to the coordinated IT systems of the NI and Rol retail markets.

4.2 An extensive discussion on the issue ensued. The board clarified aspects of the current IT arrangements in the context of the overall purpose and development of the coordinated system. The extent of difficulties with the IT system were also explored. Board members also sought further information on engagement with key stakeholders and the outcome of consultation on future options for the coordinated IT system. The statutory basis for the system was also clarified.

4.3 In assessing the effectiveness of current arrangements board members explored system issues, roles and responsibilities and requirements going forward. Presentational considerations around the timing of any decision on the coordinated IT system were also discussed.

4.4 A discussion on the advantages and disadvantages of continuing with the coordinated arrangements also took place. The risks of proceeding with either of the options presented in the paper, or choosing to delay a decision, were also discussed.

4.5 At the conclusion of the discussion it was agreed that some further work was required before a final decision is made on the future of the coordinated retail system. The board asked that options be explored for best meeting the needs of the Northern Ireland market.

## **5. IMPLEMENTATION OF THE ENERGY THEFT CODE OF PRACTICE LICENCE CONDITIONS AND EXTENSION OF THE METER REPLACEMENT PROGRAMME**

5.1 Kevin Shiels introduced this item which sought the board's approval for licence modifications to implement energy theft code of practice requirements and also approval of an extension of the meter replacement programme.

5.2 Board members welcomed the work that had been undertaken in this area. The benefits accruing to consumers of the theft code of practice and the meter replacement programme were discussed. Board members also clarified the public messaging on energy theft, the enforcement process and the role of the UK Revenue Protection Association.

5.3 The board approved the licence modifications as presented. An extension to 10,000 meters to the Meter Replacement for Theft programme was also approved.

## **6. AES DEROGATION REQUESTS UPDATE**

6.1 Colin Broomfield and Lesley Robinson introduced an update on progress in respect of the AES derogation requests. The update provided an outline of the process and the current situation and identified outstanding issues and next steps.

6.2 Board members clarified issues in respect of the proposed system services contract between SONI and AES and the transfer of capacity for AES Ballylumford to Kilroot. The impact on consumer bills was also clarified. Finally the timing and presentation of the derogation request outcome was discussed.

6.3 The board, confirmed that they were content to delegate authority in relation to (a) the grant of any and/or all derogation in respect of AES units and (b) any approval or not in relation to a request to transfer capacity between AES Ballylumford and AES Kilroot to the Chief Executive. The board in noting the update, thanked the team for its commitment and hard work on the derogation process.

## **7. ISEM UPDATE**

7.1 Jenny Pyper and managers from the Wholesale markets team provided a briefing on the ISEM market which went live on 1 October 2018.

7.2 A comprehensive presentation was provided which covered the following: ISEM scale and governance, the cost of the project, ISEM markets, the capacity market, interconnectors and the ISEM and market monitoring. Up-to-date information relating to ISEM pricing movements was also provided.

7.3 Board members took the opportunity to raise queries and ask questions throughout the presentation. These included questions around the costs and benefits to consumers of the ISEM, trading volumes on the new market, market monitoring data and security of supply considerations relating to the export through the interconnector with GB.

7.4 With all queries addressed the Wholesale team were congratulated on their contribution in enabling the ISEM go-live.

## **8. BREXIT UPDATE**

- 8.1 Jean-Pierre Miura briefed the board on Brexit.
- 8.2 A presentation was provided which covered working scenarios for energy in respect of Brexit, key issues from a 'no-deal' scenario, key impacts on legislation and next steps.
- 8.3 Board members sought further information and raised queries throughout the presentation. These included questions relating to: the operational impact of Brexit on the ISEM, progress on contingency arrangements, the challenges associated with ensuring the necessary legislation is in place and the extent of engagement with key stakeholders.
- 8.4 The board noted the update.

## **9. DRAFT CORPORATE STRATEGY 2019-2024**

- 9.1 Jenny Pyper introduced this item which sought the board's endorsement for the draft Corporate Strategy 2019-2024.
- 9.2 Key aspects of the draft strategy were identified. Board members were also apprised of the process of engagement with external stakeholders and with the board/senior management team/staff that had preceded the development of the draft strategy.
- 9.3 The board indicated its endorsement of the strategy as presented. Some drafting suggestions were made by board members and it was agreed that further drafting would be accepted over the ensuing week.
- 9.4 Finally, the board was advised of the next steps in the development of the draft strategy.

## **10. REMM STAGE 2: CONSUMER INSIGHT AND MARKET ANALYSIS**

- 10.1 Barbara Cantley and Sean Murphy briefed the board on the next stage in the development of the Retail Energy Market Monitoring (REMM).
- 10.2 A presentation was provided which covered the following items: the context for REMM CIMA (Consumer Insight and Market Analysis), the current retail marketing approach and key elements of REMM and existing data sources, market monitoring in other jurisdictions, the objectives of REMM CIMA and key REMM CIMA components and deliverables.
- 10.3 The board discussion largely focused on three areas: how to successfully achieve the REMM CIMA objectives, data assurance and integrity issues and engagement with suppliers that provide the data.
- 10.4 In endorsing the work being undertaken and the board also noted the potential benefits and opportunities for consumers of REMM CIMA.

## **11. SONI GOVERNANCE UPDATE**

- 11.1 Tanya Hedley provided the board with an update on work which was considering the issue of the governance arrangements for SONI.
- 11.2 The board noted the update and endorsed the policy approach and timetable. It was also noted that the SONI board was due to meet the board at its November board meeting.

## **12 MINUTES**

- 12.1 The minutes of the board meetings on 13 September were agreed for publication.

## **13 ACTION POINTS**

- 13.1 The action points were reviewed by the board.

## **14 REPORT FROM THE EXECUTIVE TEAM**

- 14.1 Jenny Pyper provided an overview of the Executive team report. The board discussed the Mutual Governance review and the company's recent AGM. There was agreement that a letter should be issued to the Chair of Mutual Energy about the AGM.
- 14.2 The board's attention was also drawn to engagement with the Public Health Agency around our consumer protection agenda. Board members also briefly discussed recent developments in respect of NI Water's hosepipe ban during June/July.
- 14.3 Approval was provided for amendments to the scheme of delegation.
- 14.4 The board also approved the revised Equality Scheme and Disability Action Plan for issue to the Equality Commission for Northern Ireland.
- 14.5 The finance and performance summary was noted and approved. It was noted that there was no proposal to increase the budget following a mid-year review.

## **15 ANY OTHER BUSINESS**

- 15.1 Board members were apprised of the forthcoming competition to recruit two new board members.

There being no other business, the meeting concluded at 3.35 p.m.

