

**MINUTES OF THE TWENTY-NINETH MEETING OF THE NORTHERN IRELAND  
AUTHORITY FOR UTILITY REGULATION (THE ‘AUTHORITY’) HELD ON FRIDAY, 12  
FEBRUARY 2010 AT QUEENS HOUSE, BELFAST AT 11.30 AM**

Present: Mr Peter Matthews Chairman  
Mr Jim Oatridge  
Mr Philip Johnson  
Mr Alan Rainey  
Ms Etain Doyle  
Mr Iain Osborne Chief Executive

In attendance:

Ms Jo Aston Director of Water  
Mr Donald Henry Director of Corporate Affairs  
Mr Dermot MacCann  
Mr Shane Lynch Director of Electricity  
Mr Brian McHugh Director of Gas  
Mr JP Irvine Head of Legal  
Mr Greg Irwin Board Secretary and Communications  
Manager

**1. APOLOGIES FOR ABSENCE**

Chris Le Fevre, Clive Elphick, Kevin Shiels.

**2. FIRE DRILL**

The Board Members were informed of the evacuation procedures which apply at Queens House in the event of a fire.

**3. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**4. MINUTES OF THE PREVIOUS MEETING**

The minutes of the board meeting on 9 December were agreed subject to one amendment. The minutes of the board meeting on 28 January were agreed.

## **5. ACTION POINTS FROM THE PREVIOUS MEETING**

The Action Points from the previous meeting were reviewed. It was noted that a paper on the implications of the Strategic Energy Framework would be developed as soon as possible after the publication of that paper in March.

It was noted that a paper on the equalization of tariffs would be presented at the next board meeting.

## **6. CHIEF EXECUTIVE'S REPORT**

(a) The Chief Executive presented his report, and drew the Board's attention to several items in particular.

He updated the Board on the internal investigation on procurement practices at NI Water. An assessment of reaction to the PC10 determination was also given. A specific query on a report on the impact of the cold winter on the water network was also addressed.

It was noted that the inquiry into business electricity tariffs had not yet concluded, but that a report was expected in March.

A written update on SEM Committee matters was also included. The Board briefly discussed the relationships between the SEM Committee and the jurisdictional regulators. It was noted that a new Commissioner had been appointed to the Commission for Energy Regulation.

Board members also received a brief update on progress relating to the Common Arrangements for Gas project.

The Board was updated on efforts to clarify the engagement between the Authority and the new Agency for Co-Ordination of Energy Regulation.

(b) The Director of Corporate Affairs presented the Finance and Performance report. Budget variances were explained and discussed, progress against Forward Work Plan targets was clarified, and updates to the risk register were noted. It was noted that the salaries spend will be impacted by the pay award and that the consultancy budget would not all be utilized in year. Clarification relating

to budgetary items and the nature of several risks identified in the Corporate Risk Register was also provided. .

## **7. REPORTS FROM BOARD SUB-COMMITTEES**

### **Audit Committee**

The Chairman of the Audit Committee, Jim Oatridge, presented a report on a meeting of the Committee, which had taken place the previous day. The Committee conducted a discussion on the draft 2010-11 budget and was broadly content with the resourcing plans that would be presented to the Board at its March meeting. The Board's attention was drawn to the Northern Ireland Audit Office (NIAO) audit of the Authority's shadow accounts 2008-09, as re-stated under the International Financial Reporting Standards. Overall, the NIAO provided an unqualified audit opinion. A paper on the 2010-11 audit strategy was also reviewed by the Committee. The Committee also discussed guidance from the National Audit Office on the Statement of Internal Control. Finally, the Committee reviewed its terms of reference and indicated its intention to review these on an annual basis.

### **Energy BAG**

Alan Rainey reported on the January meeting of the Energy BAG. A discussion on three interlinked issues – in the context of the implementation of EU 'Third Package' legislation - had taken place: (1) unbundling options and the role of the Authority, (2) electricity network development, and (3), the NIE Transmission and Distribution price control. In the area of gas, there were discussions on market opening, gas connections and the issue of aligning gas network price controls. Finally, there were discussions on the NI EES price control, customer switching systems and the consultation on affordability tariffs.

### **Water BAG**

Given the Board's recent special meeting to discuss PC10, it was agreed that there was nothing further to report under this item.

### **Remuneration Committee**

The Chairman of the Remuneration Committee, Etain Doyle, reported on the meeting of that Committee, which had taken place the previous day. She reported that the Committee had agreed a pay award for 2009/10, within the context of the pay remit from the Department of Finance and Personnel. To ensure that the Committee could continue to conduct its business in the short-term (in terms of the quorum required to meet), the Board agreed to the appointment of additional board members to the Committee from the 1 March. More widely, it was agreed that a review of the membership of all board sub-committees would take place over the coming months.

### **SEM Committee**

It was agreed that there was nothing further to add to the written update on the SEM Committee, which was contained within the Chief Executive's report.

## **8 NETWORK FINANCE**

There was nothing to report on this item.

## **9 BRIGHT IDEAS**

No Bright Ideas were presented on this occasion.

## **10 FORWARD WORK PLAN 2010-11**

The Chief Executive introduced this item, outlining the process of development and consultation that had taken place and focusing on the draft budget proposals. It was noted that the Board had discussed the draft Forward Work Plan (FWP) prior to the public consultation.

There was discussion on some of the responses received and board members also took the opportunity to clarify the process for publication and resourcing issues associated with the delivery of FWP commitments.

Following the discussion the Board noted the responses to consultation comments and approved the FWP for publication.

## **11 REVIEW OF BOARD EFFECTIVENESS**

The Chairman provided a verbal report on a workshop that had taken place earlier on the review of board effectiveness

It was agreed that a paper would be developed for the Board which would identify the key conclusions that had emerged from the review and present proposals for further enhancing the effectiveness of the board.

## **12 NI WATER UNDERTAKINGS**

The Director of Water presented an information paper on the NI Water undertakings.

In noting the paper, the Board remained of the view that further work was required by the water company before the undertakings could be accepted as having been delivered.

## **13 ANY OTHER BUSINESS**

March Board meeting arrangements - it was agreed that board members would be contacted to ascertain their flexibility to attend possible other engagements around the time of the March board meeting.

All items of business having been discussed the Chairman brought the meeting to a close at 1.55 p.m.