

**SUMMARY OF MINUTES OF THE THIRTY-EIGHTH MEETING OF THE
NORTHERN IRELAND AUTHORITY FOR ENERGY REGULATION (the
Authority) HELD ON THURSDAY 14 DECEMBER 2006**

Present:	Dr Peter Matthews	Chairman
	Ms Etain Doyle	
	Mr Jim Oatridge	
	Mr Clive Elphick	
	Mr Christopher Le Fevre	
	Mr Philip Johnson	
	Mr John Gilliland	
	Mr Iain Osborne	Chief Executive
In attendance:	Mr Dermot MacCann	Deputy Chief Executive
	Ms Sarah Brady	(Agenda Item 7 only)
	Mr JP Irvine	In-house legal counsel
		(Agenda Item 8 only)
	Ms Fiona Gallen	

1. APOLOGIES FOR ABSENCE

None.

2. DECLARATIONS OF INTEREST

Nothing further to declare.

3. MINUTES OF THE PREVIOUS MEETING

After a brief discussion, the minutes of the previous meeting were agreed.

4. ACTION POINTS FROM NOVEMBER MEETING

The Chief Executive informed the meeting that all points noted had been actioned since the last meeting.

5. MATTERS ARISING

FOI (Section 36) – Water

The Board noted that in relation to the water Freedom of Information requests, Ofreg had confirmed its position on s.36 to the GCC. The Board enquired whether any progress had

been made in establishing dialogue with the GCC. The Chief Executive added that correspondence had been exchanged and that he would continue to take steps to engage with the Consumer Council. The new Authority agreed that it was keen to establish a good working relationship with the General Consumer Council at the earliest possible opportunity and it was noted that they wished to invite the GCC Board to attend the next NIAER dinner in January.

FEMO 2005 – Recovery of the Costs of Delay

The NEDs were concerned by the huge overspend on this project and the impact that this additional cost recovery would have on customers. The Authority agreed that they could not consider any further cost pass through to customers (above the £8m already agreed by the previous Authority) until they had received a detailed breakdown of the project costs in their entirety and clarification on the reasons behind them from NIE.

6. CHIEF EXECUTIVE’S REPORT

The Chief Executive’s report updated the Board on developments in relation to Staffing, the Viridian take-over, Water Reform, Phoenix Natural Gas and SEM.

Water Reform

It was agreed that the Water Board Advisory Committee would prepare a paper which would consider the risks involved and the interim management solutions available.

Accommodation

The Chief Executive reported that a review of the office accommodation was underway and that a working group was currently considering the options available and consulting staff.

7. FIRMUS LICENCE CHANGES

The Board endorsed the proposed deadline extensions (conveyance exclusivity period to 20 yrs & Network Code stipulation) on the basis that they were both consistent with promotion of the NI Gas Industry and that Firmus Energy were committed to fulfil the development plan targets outlined in their licence.

8. RULES OF PROCEDURE AND BOARD GOVERNANCE

A revised paper had been submitted to the Authority, it was agreed that the wording should be amended to read “Delegation within the approved budget” and that it should also be modified to include a contingency line (again with budget approval). The Chief Executive added that he hoped to present a draft budget for the 07/08 financial year at the February meeting.

It was noted that the Rules of Procedure would be a “live” document which would be reviewed annually.

9. FORWARD WORK PLAN TIMETABLE

A draft Forward Work Plan and the Corporate Strategy Document had been copied to the Authority. The Authority endorsed the one year Forward Work Plan and agreed to further develop the multi year corporate strategy which would span the next 3 yrs. After discussion on the key strategy themes, it was agreed that the sustainable development and encouraging efficient consumption of utility themes should be merged and an additional theme involving the regulation of monopoly competition should also be included.

The Board felt that the list of risks needed to be refined. However, it was noted that this list should address security of supply issues in relation to both gas and water and include various other water risks including illnesses derived from drinking water and dam bursts. It was agreed that this year’s FWP should mention that the organisation is going through considerable change and that as a result of this process; future documents would be much more focussed.

The Authority expressed a need for further clarification on a set of secondary statutory duties which Ofreg must also have regard to.

10. VIRIDIAN RESTRUCTURING (PES/PPB & EPO)

The Chairman proposed that this issue should be referred to the Electricity Advisory Committee for further consideration but that any decisions would require Board approval.

11. ANY OTHER BUSINESS

Board Advisory Committees

A brief discussion ensued on the role and remits of the various Board Advisory Committees, it was agreed that these groups would be flexible in nature. It was agreed that the Audit Committee would be formally organised and would report back to the Authority regularly.

Expenses Policy

The Chief Executive told the Board members that he hoped to circulate this guidance within the next month.

NIAER Rebranding

After a discussion on corporate identity, it was noted that a fuller debate on this topic would take place in the New Year.

Schedule of Future Meetings

The Chief Executive agreed to circulate a programme of board meetings for 2007. It was noted that the attendees had agreed that the GCC Board would be invited to the January dinner and representatives from the Water Service had already agreed to an over dinner discussion in February.

12. ARRANGEMENTS FOR JANUARY MEETING

It was noted that the Authority was due to meet with the Minister at 11am on Monday 15 January and that part one of the business meeting would be held in Queens House on the afternoon of that day. Dinner would be held in the usual venue in the evening and the business meeting would be reconvened on Tuesday 16 January at 9.30am.