

**SUMMARY OF MINUTES OF THE FOURTH MEETING OF THE NORTHERN
IRELAND AUTHORITY FOR UTILITY REGULATION (NIAUR) HELD ON
FRIDAY 15 JUNE 2007 at QUEENS HOUSE, BELFAST**

Present:	Dr Peter Matthews	Chairman
	Ms Etain Doyle	
	Mr Iain Osborne	Chief Executive
	Mr. Chris LeFevre	(by conference call)
	Mr. Clive Elphick	(by conference call)
	Mr. Jim Oatridge	(by conference call)
	Mr. Philip Johnson	(by conference call)

In attendance: Ms Fiona Gallen
Mr. Dermot MacCann
Mr. JP Irvine
Mr. David Flinn

Mr. Richard Haigh	Skyplex
Mr. Peter Wibberly	Skyplex

Mr. Derek Goodban	Wragge & Co.
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1. APOLOGIES FOR ABSENCE

None.

2. FIRE DRILL

The Board members present were reminded of the evacuation procedures in the event of a fire in Queen's House.

3. DECLARATIONS OF INTEREST

Nothing further to declare.

4. UPDATE ON SEM RELATED MATTERS FROM 7TH JUNE MEETING

The Director of Electricity told the participants that the purpose of today's meeting was to provide an update on the outcome of a round of consultations and DETI action-points in relation to SEM / Directive related matters since the 7th June meeting.

He added that a decision was sought from the Board, to delegate authority to the Director of Electricity or the Chief Executive in his absence to enter into an exchange of letters with CER, confirming mutual contentment to proceed with the preliminary steps to allow the introduction of the SEM in November 2007. Such exchange of letters would also evidence comfort as to the benefits to consumers of electricity on respective sides of the NI / ROI border.

The Board was then updated on the various licence conditions, and the state of play with each type of licence as each had developed throughout the last week.

Participation in Transmission Licence Conditions for NIE T & D

It was noted that the SEM team continued to have dialogue with NIE to finalise PSO treatment, default price controls and all-island planning. The Board Members were informed that recent developments were consistent with the conditions agreed at its meeting on 7 June and that the team hoped to conclude the negotiations as soon as possible.

Generation Licence Conditions

It was noted that as expected some changes relating to the references in the licence to the Bidding Code of Practice were needed.

PPB Licence Changes

The Board were informed that on considering NIE's response, a few further amendments were now proposed in relation to the price data received and the short run marginal cost bidding obligation, the recovery of PSO revenues and narrowing down of the scope of the Intermediary Agreements.

Supply Licences

It was noted that discussions with NIE are currently focusing on two main conditions. The Chairman requested that a log should be kept of all issues which have arisen and need to be dealt with in the future.

Transitional Licence Changes

Following consultation, some areas of the transitional licence conditions had been redrafted principally to narrow their scope but it was noted that this did not represent a fundamental change to the conditions as presented at 7 June meeting.

Conclusion on Licence Suite

NIAUR's Legal team considered the scope of the licence condition updates being presented to the Board, taking policy advice from the executive team in terms of materiality. NIAUR Head of Legal advised that explicit Board approval to the updated licence conditions was not an essential requirement given (i) the scope of the Decisions and delegation taken in relation to SEM on 7th June – and (ii) the Board's exercise of its discretion under paragraph 41 of the NIAUR Rules of Procedure to direct and guide the executive team as to the execution of the delegation provided.

That said, and given the importance of the SEM decision making process to all concerned, it was felt appropriate for the board to take a view on the proposals as presented at today's meeting.

Decision: The Board unanimously approved the proposed updated amendments to licence conditions, outlined above.

2 (2) Regulations

It was noted that DETI were proceeding with the regulations under section 2 (2) of the European Communities Act 1972 which would empower the Authority to modify the licence conditions to implement the Directive.

Commencement of Articles 3 & 9 of the SEM Order

DETI proposes to commence Articles 3 & 9 on 18 June. These articles give the Authority the power to make the SEM related changes.

DETI's Consent to Licence Obligations

It was noted that DETI are required to consent to the proposed licence changes. Staff on the SEM team had presented the modifications to DETI on 8 June and would continue to work with them and provide information to help deepen their understanding of the changes necessary.

Correspondence with CER (Commission for Energy Regulation)

The meeting was informed that final administrative steps were being handled by the Director of Electricity in order to ensure a smooth transition to SEM Go Active. Board Members noted that a letter had been drafted to CER from NIAUR which mirrored the confirmation being sought from CER i.e. that they are content to proceed with the necessary preliminary steps for SEM introduction and that they would also confirm that the project is likely to be of benefit to consumers in the Republic of Ireland. The Board noted that there were no significant or material changes since June 7.

Decision: The Authority approved the suggested resolution which delegated authority to the Director of Electricity (or in said officer's absence, the Chief Executive) the function of responding to the Commission for Energy Regulation

confirming that the Authority had decided, with effect from on or around 3rd July, to proceed with such preliminary steps as it considered appropriate to allow the introduction of the SEM in Northern Ireland in November 2007 and that the Authority considered that the introduction of the SEM is likely to be to the benefit of customers in Northern Ireland.

Any other Business

There being no other business, the Chairman brought the meeting to a close.

Signed

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Chairman of the Northern Ireland Authority for Utility Regulation