

**SUMMARY OF MINUTES OF THE TWENTY NINTH MEETING OF THE
NORTHERN IRELAND AUTHORITY FOR ENERGY REGULATION
(NIAER/the AUTHORITY) HELD ON FRIDAY 17 FEBRUARY 2006 IN
QUEEN'S HOUSE**

IN ATTENDANCE

Authority:

Mr. Douglas McIlDoon - Chairman
Mr. Peter Lehmann
Prof. John Fitz Gerald
Mr. John Gilliland
Mrs. Joan Whiteside

Ofreg:

Mr. Dermot MacCann
Mr. Alan Smith - Items 6,7 & 8
Miss Fiona Gallen

Also in attendance (either for all or only that part of the meeting as noted) were representatives from –

- Northern Ireland Electricity plc (Agenda Item 3 only)
- Northern Ireland Energy (Agenda Item 6 only)
- Northern Renewables Limited (Agenda Item 6 only)

1 MINUTES OF THE PREVIOUS MEETING

The Authority formally agreed the minutes of the previous meeting.

2 AUDIT COMMITTEE BUSINESS

The Chairman of the Audit Committee reported that both the Forward Work Plan and the Risk Register were discussed at length at the recent meeting. He added that he would be contacting the various Heads of Branches re: Risk Management training. It was also mentioned that the committee felt strongly that a review of staff resources should be completed as soon as possible. OFREG informed the attendees that CER had commenced work on a staff review and were due to report back in the middle of next month.

3 PRESENTATION ON NORTH/SOUTH INTERCONNECTOR

Representatives from Northern Ireland Electricity PLC joined the meeting at this point and gave a presentation on the proposed new North/South Interconnector. The meeting was told that NIE were seeking a joint decision from the regulators on their preferred interconnection option before they proceeded any further.

4 PHOENIX NATURAL GAS

(a) Update

A paper summarising the main issues had been copied to the Authority. OFREG reported that the negotiations with Terra Firma were continuing.

(b) Gas Market Opening

New licences granted to Bord Gais Eireann and Firmus Energy and progress made in relation to Gas Market Opening were considered to the Board.

5 ALL ISLAND PROJECT (AIP)

(a) Progress Report

A position paper on the Single Electricity Market had been issued in advance of today's meeting. It was agreed that a short paper summarising the benefits of an All Island Electricity Market for Northern Ireland customers would be prepared.

(b) Market Power Consultation Paper

It was noted that a copy of the Market Power Consultation Paper had been circulated to the attendees.

6 NIEH PROPOSED RENEWABLES FUND / CONTRIBUTION TO TARRIFFS

Representatives from NIEH and the Northern Renewables Limited (NRL) joined the meeting at this point. Their attendance was so they could participate in a question and answer session on the NIEH involvement with the proposed Renewable Energy Fund as well as updating the Authority on the proposal. Papers accompanying this had also been copied to the Authority.

7 COOLKEERAGH UPDATE

OFREG informed the Authority that there had been considerable progress made in regards to the Coolkeeragh power station.

8 FURTHER ELECTRICITY MARKET OPENING (FEMO) 2005 UPDATE

It was noted that NIE's deadline for the Further Electricity Market Opening (FEMO) 2005 project is set for September this year.

9 NIE – BST TARIFF / LEVIES – APPROVAL BY AUTHORITY

A copy of NIE's bulk supply tariff (BST) submission had been circulated to the Authority. Alan Smith informed the Authority that the supply tariff increases were approximately 10% for domestic customers and 15% for commercial customers. The Authority formally approved NIE's Bulk Supply Tariff and the associated levies. It was noted that any additional money would be used to reduce domestic bills through the PES tariffs.

10 NIE – PES TARIFFS

It was noted that OFREG would check if NIE's BST figures took the carbon value into account. The Authority agreed that the issue of available energy efficiency money should be investigated with the Department, so as the reduction of domestic tariffs may be sought.

11 ELECTRICITY PRICE COMPARISON – UK & ROI TARIFFS

The Authority was forwarded a monthly paper comparing GB and ROI tariffs.

12 EMISSIONS TRADING SCHEME

The Chairman told the meeting that the figures had been submitted to Ofgem. However he informed the Authority that he had heard nothing, as of yet, about the outcome.

13 ARRANGEMENTS FOR MARCH MEETING

The next Authority meeting will take place on 22 March in Queen's House.

NIAER
February 2006