

**MINUTES OF THE SEVENTEENTH MEETING OF THE NORTHERN IRELAND
AUTHORITY FOR ENERGY REGULATION HELD ON WEDNESDAY 19 JANUARY
2005 AT BROOKMOUNT BUILDINGS**

IN ATTENDANCE:

AUTHORITY:	Mr. Douglas McIlDoon – Chairman	
	Prof. John Fitzgerald	
	Mr. Peter Lehmann	
	Mrs. Joan Whiteside	
OFREG:	Mr. Dermot MacCann	
	Mr. Eddie Gaw	
	Miss Fiona Gallen	
	Miss Shirley Stafford	
BAXITECH:	Mr. Kevin Lucas	(Item 10)
	Mr. Yan Evans	
AES:	Mr. Shane Lynch	(Item 13)
	Mr. Jon Poley	
NEA:	Ms Majella McCloskey	(Item 15)
	Ms Andrea Heaney	

1 APOLOGIES FOR ABSENCE

John Gilliland.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were formally agreed.

3 MATTERS ARISING

RENEWABLE OBLIGATION CONSULTATION

The Chairman said that Ofreg had not yet responded to the consultation.

4 ACTION POINTS FROM DECEMBER MEETING

FUEL POVERTY

It was noted that the Chairman and Peter Lehmann have still to meet DSD to discuss fuel poverty funding.

5 CHAIRMAN'S BUSINESS

No Chairman's Business was provided for this meeting.

6 ELECTRICITY MARKET: PROSPECTS FOR 2005/6

The Chairman reported that NIE were pushing for a price increase in 05/06. He commented that at this stage there were a number of unknown variables which would affect the overall price. The Authority agreed that they would not sign off NIE'S tariffs until after the next NIAER meeting in February.

7 PPB DIRECTION – ESB COMMISSIONING AGREEMENT

A paper on the NIE/ESBIE agreement on commissioning output had been circulated in advance of today's meeting. The Chairman told the meeting that he had already assured NIE that their arrangement met their Economic Purchase Obligation. He added that they were continuing to seek guidance and that they had insisted that the Authority provide a formal direction to safeguard them from future potential challenges.

8 SNIP MUTUALISATION

A number of papers on SNIP Mutualisation had been forwarded to the Authority including drafts of the PTL direction and a comfort letter. Dermot MacCann reported that the governance issue had now been resolved. He told the meeting that the proposed mutualisation was on schedule but that certain external factors (LTI3 issue) might delay completion.

9 DTI INTERCONNECTOR DOUBLE LICENSING

A note had been copied to the Authority members and a draft letter was tabled for discussion before the meeting. The Chairman reported that no progress had been made on securing an exemption for Northern Ireland for the Interconnectors' licensing.

10 PRESENTATION ON MINI CHP BY YAN EVANS & KEVIN LUCAS (BAXITECH)

Yan Evans and Kevin Lucas (Baxitech) joined the meeting and gave a presentation on the application of mini CHP in multi-occupancy accommodation in Northern Ireland.

11 UPDATE ON OTHER GAS ISSUES

No further progress was reported.

12 LT13 UPDATE

This issue was already discussed under agenda item 8.

13 KILROOT POWER STATION UPDATE

The Authority had been briefed on developments in the Kilroot dispute and all recent correspondence between the parties had been copied and distributed to them. At this point Shane Lynch and Jon Poley from AES joined the meeting.

14 GENERATION SECURITY PAPER

The Chairman reported that the Generation Security Paper hadn't been discussed with the lawyers yet as the meeting had been cancelled because of the weather.

15 ENERGY EFFICIENCY LEVY & FUEL POVERTY

A number of background papers had been copied to the attendees in advance. Majella McCloskey and Andrea Heaney from the NEA joined the meeting at this point to discuss fuel poverty.

16 DETI £30m & EUETS: NAP UPDATE

The Chairman reported that figures for the European Emissions Trading Scheme (EUETS) had not been received yet but that the cost of carbon was being taken into account in SONI's power station dispatch.

17 BEYOND CCGTS – THE NEXT CARBON REDUCTION STRATEGY (2ND DRAFT)

A copy of the second draft of this paper was circulated to the Authority at the meeting. The Chairman said that this paper could be issued in response to the Review of UK Climate Change Programme (See agenda item 18).

18 REVIEW OF UK CLIMATE CHANGE PROGRAMME

The strategy document had been forwarded to the Authority in advance of today's meeting.

19 ALL ISLAND ELECTRICITY MARKET UPDATE

It was noted that Douglas McIlDoon and Dermot MacCann would both be attending the Joint Steering Group meeting in Dublin next week and an Industry Forum was also due to take place at the Hilton on 31 January.

20 BRATTLE REPORT – JOINT STEERING GROUP

It had already been noted under agenda item 19 that the JSG meeting would take place next week in Dublin and progress would be reported at the next meeting.

21 RENEWABLE OBLIGATION CONSULTATION

This matter was already discussed under agenda item 3, matters arising.

22 GB PRICE CONTROL

Seamus O'Hare joined the meeting and gave a short talk on the recent GB price control and the lessons which Ofreg could learn from it. Mr O'Hare told the meeting that there had been significant reductions in operating costs overall and that the price increases in GB were relatively small.

23 T & D OPEX INCENTIVE PAPER

Due to time constraints, this issue was not discussed.

24 CONNECTION CHARGING

Due to time constraints, this issue was not discussed.

25 POWER STATION DECOMMISSIONING

Eddie Gaw reported that a tender had been received from Coolkeeragh and that a recent meeting with them was being rescheduled.

26 WATER REFORM UPDATE

A paper detailing the recent developments in water reform had been forwarded to the Authority.

27 ANY OTHER BUSINESS

New Accommodation

It was noted that a progress report on the move to Queen's House would be provided at the February meeting.

Phoenix Letter to Peter Lehmann

Following a brief discussion on the Peter Dixon letter (*CHP & The Energy Efficiency Levy*), it was that there were now additional funds that could be allocated to promote dchp if required.

NIAER April Meeting In London

Peter Lehmann suggested that the economic case for micro and mini CHP should be included on the agenda for the April meeting. The Chairman agreed to forward a note to Peter on the efficiency of condensing boilers versus DCHP.

28 ARRANGEMENTS FOR NEXT MEETING: FEBRUARY 2005

The Chairman informed the Authority that the next meeting would take place at 9.15am on Friday 11 February at the BALCAS site in Co. Fermanagh.

Signed _____
Chairman