

**MINUTES OF THE NINETEENTH MEETING OF THE NORTHERN IRELAND  
AUTHORITY FOR ENERGY REGULATION HELD ON WEDNESDAY 23 MARCH 2005**

**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. James Hutchinson	
	Miss Orla Mullan	
	Mr. Kevin Shiels	
	Miss Fiona Gallen	
	Miss Shirley Stafford	
ESBI:	Mr. Sean Wyse	- Agenda Item 8
	Mr. Aidan O'Reagan	
	Mr. David McNamara	
SONI:	Mr. Leslie Bryans	- Agenda Item 21
DRD:	Ms. Barbara Faloona	- Agenda Item 22
	Mr. Nigel McCormick	
OFWAT:	Mr. Mark Hann	- Agenda Item 22

**1 APOLOGIES FOR ABSENCE**

The Chairman told the meeting that Mr. Gilliland would be joining the meeting at 10.30am.

**2 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting were formally agreed.

**3 MATTERS ARISING**

The Chairman told the meeting that Mr. Charles Coulthard had been appointed as the Chairman of EnergyWatch, Scotland.

**4 ACTION POINTS FROM THE FEBRUARY MEETING**

**Beyond CCGTS - The Next Carbon Reduction Strategy**

The Chairman reported that this document was still in draft format but that it was due to be finalised and issued within the next few days.

**NIRO**

The Chairman informed the NEDs that DETI had issued a press release yesterday which committed additional funding to renewables.

**5 CHAIRMAN'S BUSINESS**

A copy of the Chairman's Business since the last meeting was copied to the Authority.

**6 ELECTRICITY MARKET : PROSPECTS FOR 2005/6 - TARRIFFS**

The Chairman said that this area had been dealt with and that the tariffs had now been published. He added that although the tariffs seemed reasonably healthy they depended on the accuracy of the fuel price assumptions.

## **7 SNIP MUTUALISATION / PROSPECTS FOR NIEH**

A paper outlining progress on SNIP mutualisation had been forwarded to the Authority. Mr. MacCann told the NEDs that the first stage of work on SNIP mutualisation was now complete and that he had attended the project launch/announcement at Stormont on Monday. He said that Ofreg had secured a good outcome with the potential for significant savings for customers.

## **8 ESBIE PRESENTATION**

A briefing note detailing the current market issues in relation to Coolkeeragh ESB and ESBIE had been copied to the Authority.

## **9 MARKET OPENING**

A paper detailing the current state of play on the FEMO programme and recent correspondence between Ofreg and NIE on the data migration problem had been circulated to the Authority. Orla Mullan told the Authority that due to the difficulties experienced with data migration, NIE now expected cutover to be delayed until November.

## **10 & 11 PPB & SONI PRICE CONTROLS**

Summary papers on the proposals contained in the next PPB & SONI Price Controls had been copied to the NEDs. Orla Mullan told the meeting that this PPB price control should more effectively align the risk/reward balance.

## **12 BGE TOWNS DISTRIBUTION LICENCE**

Mr. MacCann reported that the BGE Towns Distribution Licence had now been agreed. He informed the meeting that the licence was due to be signed off by the Minister tomorrow and a press release announcing the development would also be issued.

## **13 DTI INTERCONNECTOR DOUBLE LICENSING UPDATE**

It was noted that no progress had been made in this area.

## **14 UPDATE ON OTHER GAS ISSUES**

### **PHOENIX**

Information papers outlining the main regulatory issues and Phoenix's three proposals on how the Authority could best support the development of the natural gas industry in NI had been circulated in advance. Following a discussion on the proposals the Authority decided that they would arrange a meeting with Phoenix to discuss how to tackle fuel poverty in the owner occupied sector.

## **15 LTI3 UPDATE**

The Chairman said that PPL/Centrica dispute was still in litigation. He added that he had written to PPL to inform them that if they lost the case, the legal costs incurred could not be passed through to customers.

## **16 KILROOT POWER STATION UPDATE**

All recent correspondence on Kilroot's FGD planning application had been copied to the NEDs. The Chairman said that Jenny Pyper's letter of 23 February had asked for the Authority's assistance in processing the application, by providing DETI with their considered opinion on whether the AES proposal satisfied the various criterion under Article 39.

## **17 GENERATION SECURITY PAPER**

The Chairman said that he and James Hutchinson were drafting the generation security paper and it would be published in April.

## **18 DETI , 30M & EUETS: NAP UPDATE**

The Chairman reported that there had been no further progress on the DETI , 30M but that he would speak to Jenny Pyper about this matter tomorrow.

## **19 T&D PRICE CONTROL 2007 - ADVANCE NOTE**

An information note on the 2007 T&D Price Control had been circulated to the NEDs. After a brief discussion on the cost of capital, NIE=s opex and the pension shortfall issue, the Chairman informed the attendees that a meeting to discuss relevant price control issues was scheduled for tomorrow.

## **20 REVIEW OF ENERGY EFFICIENCY EXPENDITURE**

The Chairman told the meeting that the review would be tabled at the June meeting.

## **21 PROPOSAL FOR NIAER PARTICIPATION IN CIGRE - PRESENTATION BY LESLIE BRYANS**

Leslie Bryans joined the meeting at this point and gave the Authority a presentation on CIGRE. He proposed that NIAER should join this organisation.

## **22 WATER REFORM UPDATE - PRESENTATIONS BY WATER REFORM UNIT, DRD & OFWAT**

Barbara Faloon and Nigel McCormick from DRD=s Water Reform Unit joined the meeting at this point. They were accompanied by Mark Hann, the Head of Corporate Efficiency at Ofwat. Mr. Hann gave a short presentation on the economic regulation of the water industry in England and Wales, which detailed the how water regulation had developed and the lessons that could be learned from their experience. Mr Barbara Faloon gave a presentation on the legal framework behind the water reform proposals.

## **23 ALL ISLAND ELECTRICITY MARKET UPDATE**

Following a brief discussion on the equities issue paper and the role of PPB in an all island market, the Authority agreed that they needed to be well briefed on the benefits of this project as it was bound to be raised by politicians.

## **24 POWER STATION DECOMMISSIONING**

The Chairman said that ESB and NIE could not agree on a hand over date and a arbitrator may be needed. Joan Whiteside and John Gilliland both said that they would be content to act as arbitrators.

## **25 ANY OTHER BUSINESS**

### **New Accommodation**

It was recorded that there were no further developments to report.

### **Audit Committee**

Mr. Gilliland said that he had chaired an audit committee meeting on Tuesday and Joan Whiteside had also been in attendance. He reported that Ofreg had spent 96% of their budget in the 2004/5 year.

### **Risk Management**

It was noted that a meeting with the Helm and the heads of branches had been arranged for 28 April. Helm suggested that the Authority should consider compiling a Corporate Risk Register which formally recorded supply contingency plans.

### **Forward Work Plan**

Mr. Gilliland said that the Forward Work Plan is currently out for consultation and a number of good responses have been received.

### **NIROCS**

Mr. Gilliland said that he had attended the recent NIRO/ROCS seminar that Ofreg had organised. He said that as a small scale producer he was concerned about the operation of this overly bureaucratic system and the effects it would have.

### **26 ARRANGEMENTS FOR LONDON MEETING: APRIL 2005**

It was noted that Sir John Mogg, Alistair Buchanan and David Haldearn from Ofgem should be invited to the next Authority dinner on Monday 25 April in London. It was agreed that the Authority would meet the Energy Savings Trust on the Monday evening (4.30-6.30pm) before the dinner. The Chairman suggested that the City Inn in London would be a good venue for the dinner and the meeting (Tuesday 26 April) with Ofgem.

Signed -----

**Chairman**