

**MINUTES OF THE TWENTY SECOND MEETING OF THE NORTHERN IRELAND
AUTHORITY FOR ENERGY REGULATION HELD IN CONFERENCE ROOM A,
NETHERLEIGH ON TUESDAY 28 JUNE 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. Eddie Gaw
Miss Fiona Gallen
Miss Shirley Stafford

WRAGGE & CO. Mr. Derek Goodban Agenda Item 10 (by telephone)

DETI: Ms. Angela Smith - Minister Agenda Item 10
Mr. Wilfie Hamilton
Mrs. Jenny Pyper
Mr. Tony Doherty

1 APOLOGIES FOR ABSENCE

No apologies.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were agreed.

3 MATTERS ARISING

There were no additional issues discussed.

4 ACTION POINTS FROM APRIL MEETING

The action points have been dealt with under the main agenda items.

5 CHAIRMAN'S BUSINESS

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

6 NIE PRESENTATION – TIME OF DAY/KEYPAD METERING RESEARCH

Stephen McCully and Jenny Boyd from NIE joined the meeting at this point and gave a presentation on NIE's Keypad Time of Day Trial. A brief discussion followed on reducing domestic electricity consumption.

7 DOMESTIC MARKET OPENING (DRAFT CONSULTATION PAPER)

A copy of this paper had been forwarded to the NEDs.

8 EXITING SONI

The Authority agreed that SONI must exit Viridian as a matter of priority.

9 DTI INTERCONNECTOR DOUBLE LICENSING UPDATE

It was noted that Ofgem have still to respond on this issue.

10 UPDATE ON OTHER GAS ISSUES

Sale of Phoenix

The Chairman informed the meeting that following a period of public consultation, the NIAER statement on the proposed acquisition of East Surrey Holdings and the implications for Phoenix had now been published. He added that the 1996 licence was still applicable and that the 2004 agreement had been implemented only to the extent that postalisation mechanism is now in place.

11 LTI3 UPDATE

It was noted that a meeting was due to take place between PPL and Centrica on 6 July.

12 LUNCH WITH BGE @ THE CULLODEN

The Authority attended a lunch with BGE to celebrate the launch of their Towns' Distribution Project.

13 MEETING WITH THE MINISTER

The Minister, Wilfie Hamilton, Jenny Pyper and Tony Doherty joined the meeting at this point.

Sale of Phoenix

The Chairman briefed the Minister on the current situation with Phoenix.

Single Electricity Market

John Gilliland (Chair of the Audit Committee) told the Minister that the business plan for the Single Electricity Market needed positive support from DETI to secure funding. The Minister and officials agreed that they would be positive toward the revised business plan. The Department agreed to help make AIP work but they said that Ofreg would have to submit a revised business plan to DFP.

Kilroot Planning Application

The Chairman told the Minister that efforts to get AES round the table had failed to date and they were refusing to negotiate. Jenny Pyper said that she had written to the Authority some time ago requesting their view on Article 39 consent. The Chairman said that NIAER were currently assessing Criterion 1 of Article 39 and that they would be in a position to respond to the Department when this had been received. He added that he expected a response from NERA who were assisting them in this work by the end of June.

14 KILROOT PLANNING APPLICATION UPDATE

The Chairman reported that the first hearing was due to take place on 5 August and that the proofs of evidence had to be submitted by 7 July.

15 GENERATION SECURITY PAPER – DRAFT CONSULTATION PAPER

The paper had been copied to the Authority in advance of today's meeting. The Chairman explained that it outlined a variety of alternatives which aimed to ensure generation security in the event of Kilroot's closure.

16 DETI £30M / POWER STATION DECOMMISSIONING

A copy of a note on the meeting with the European Commission on power station clean-up costs was circulated to the NEDs.

17 T&D PRICE CONTROL 2007

A supplementary submission received from NIE on their composite proposal in relation to the transmission and distribution price control had been forwarded to the board members before today's meeting.

18 ESBI/E COMPLAINTS ABOUT GENERATION MARKET

The Chairman proposed that the Authority should speak to the customer although ESBI/E had not allowed them to do so.

19 EUETS/NAP UPDATE

No further progress.

20 WATER REFORM UPDATE

A paper detailing the key points from the recent Water Reform Steering Group, Economic Regulation Project Board and the Water Reform Group meetings was circulated.

21 ALL ISLAND ELECTRICITY MARKET UPDATE

This issue had already been discussed under agenda item 13.

22 STATEMENT OF PENALTIES

The Final Draft was not available for today's meeting. It was agreed that the statement would be circulated to the NEDs for approval.

23 ANY OTHER BUSINESS

New Accommodation

It was recorded that the move to Queen's House was still on schedule.

Audit Committee Business

John Gilliland presented Management Information Reports prepared by Eddie Gaw and recommended that this format of report should be presented to the Authority every quarter.

24 ARRANGEMENTS FOR JULY 2005 MEETING

The next NIAER meeting will be held in Brookmount Buildings on 22 July.

Signed _____

Chairman