

**SUMMARY OF MINUTES OF THE THIRTY-SECOND MEETING OF THE  
NORTHERN IRELAND AUTHORITY FOR ENERGY REGULATION  
(NIAER/the Authority) HELD ON FRIDAY 3 JUNE 2006 IN QUEEN'S HOUSE**

IN ATTENDANCE

Authority

Mr. Peter Matthews- Chairman  
Mr. Peter Lehmann  
Mr. John Gilliland  
Mrs. Joan Whiteside

Ofreg

Mr. Dermot MacCann  
Mr. Tony Doherty – Agenda Item 7  
Mrs. Sarah Brady – Agenda Item 6  
Mr. Alan Smith – Agenda Item 8  
Miss Fiona Gallen

By Invitation:

Mr Iain Osborne – newly appointed Chief  
Executive of OFREG

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

- KEMA – Agenda Item 7
- CER – Agenda Item 7

**1 MINUTES OF THE PREVIOUS MEETING**

It was noted that the draft May minutes should be amended to include Peter Matthew's apology for absence.

**2 MATTERS ARISING**

**Declarations of Interest**

The Chairman told the attendees that in the interest of good practice, declarations of interest would now be a standing item on the agenda for each meeting..

**Staff Review**

Authority members were informed that senior staff from OFREG had met with the head of the DID team responsible for carrying out the review yesterday. The meeting was told that the review reports would cover staff numbers and budgets and would provide a basis for discussion in particular with DFP, as well as issues more related to internal OFREG management issues.

### 3 CHIEF EXECUTIVE'S BUSINESS

The Chairman congratulated Iain Osborne on his appointment as the new Chief Executive of OFREG (from 15 June) and welcomed him to the meeting on behalf of the Authority.

### 4 STAFFING RESOURCES FOR AIP - UPDATE

The Authority agreed that there needed to be more resources allocated to the SEM work stream and that the need for additional economists was urgent. The Board agreed that given the complexities of the All Island Project and the need for resources an extension to the timetable would have to be sought.

### 5 WATER REFORM PROGRESS REPORT

A position paper had been circulated to the Authority in advance of today's meeting.

### 6 PHOENIX

#### **Review of Licence – The Way Forward**

Discussion papers outlining the proposed principles for agreement, the options available for developing a long term licence proposal and the necessary steps involved were circulated to the Board. The Authority agreed that they were content with same.

### 7 ALL ISLAND ELECTRICITY PROJECT

#### **(A) Progress Report**

The Authority discussed project delivery, market power issues, and short and long term benefits for NI customers.

#### **(B) Capacity Payments Mechanism – Presentation**

An employee from KEMA gave a presentation on the Capacity Payments mechanism which outlined the objectives, the key features, the proposals and the issues associated with it. He explained that eight options were currently out for consultation and it was hoped that the conclusions drawn from this exercise would be published in the middle of the month. OFREG then briefed Authority members that a market monitoring unit would oversee the operation of the mechanism.

## **(C) Market Power Mitigation – Presentation by CER**

The representative from NERA was unable to attend. Employees from CER gave the presentation on Market Power Mitigation which included details on the key elements, the strategy employed, implementation options and the next steps. The Authority endorsed CER's approach to the consultation and added that they looked forward to seeing the responses.

### 8 NIE T&D PRICE CONTROL

The meeting was told that a final proposals paper would not be issued to NIE until a further consultation on capital expenditure (Capex) had been completed.

### 9 MEASURING INSTRUMENTS DIRECTIVE – UPDATE

A briefing paper outlining progress to date had been circulated to Authority members.

### 10 AUDIT COMMITTEE BUSINESS

A draft copy of the minutes of the last Audit Committee Meeting and a copy of the draft Internal Audit Report had been copied to the Board. It was reported that the Internal Audit had went well and the attendees agreed that the Finance Team should be congratulated on this result.

### 11 ELECTRICITY PRICE COMPARISONS – UK & ROI TARIFFS

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

### 12 ANY OTHER BUSINESS

#### **Acting Head of Ofreg**

It was noted that this was Dermot MacCann's last meeting as the Acting Head of OFREG. The Chairman and the Board expressed their deep appreciation for all Dermot's hard work during the past few months.

### 13 ARRANGEMENTS FOR THE JULY MEETING

It was agreed that the next meeting would be split between the 6<sup>th</sup> and 7<sup>th</sup> July and that would be held in Queen's House.

NIAER  
June 2006