

**Minutes of the Second Meeting of the Northern Ireland Authority for Utility  
Regulation held on Thursday 3rd May 2007 at 9.30am  
Clarion (Dublin Airport) Hotel**

Present:	Peter Matthews Etain Doyle Clive Elphick Philip Johnson Chris Le Fevre Jim Oatridge Iain Osborne	Chairman      Chief Executive
Attending:	Dermot MacCann Ian Campbell	Deputy Chief Executive Secretary
NIE:	Ashley Boggs Roger Henderson Bronagh Luney Laurence McKenzie	Agenda Item 7 only

**1 Apologies for Absence**

None

**2 Fire Drill**

The Board was briefed on evacuation procedures from the hotel.

**3 Declarations of Interest**

No new declarations were made. The Board was informed that the Audit Committee will review the register of interests at its June meeting.

**4 Minutes of the Previous Meeting**

The Board approved the minutes subject to a few minor amendments.

**5 Action Points Arising From April Meeting**

The Action points were circulated.

## **6. Chief Executive's Report**

### Water

The Board discussed NIAUR's role in relation to breaches of the Urban Waste Water Treatment Regulations and agreed that a definitive view needs to be taken on where licence regulation responsibilities lie and that a high level meeting between NIAUR and the Environment and Heritage Service is needed to take this forward. They agreed in principle, that they should take an interest when a breach occurs.

### Electricity

In respect of the proposed reduction in the Renewable Output Factor (ROF), advice from in-house legal is that the NIAUR position is defensible.

### Management

The Chief Executive updated the Board on the current legal advice regarding the status of NIAUR employees. He added that he was due to meet with DFP on 8 May.

The Board asked that consideration is given to asking DFP to give NIAUR an understanding to proceed with recruitment on the basis that a legislative remedy will be put in place.

The Board expressed the impatience that it is beginning to feel about the slow rate of progress in establishing a framework to allow NIAUR to fulfil its responsibilities.

The Chief Executive informed the Board that NIAUR had encouraged stakeholders to conclude any new reviews of NI Water status and funding as quickly as possible.

Following a brief discussion on NIAUR's role in relation to water charge setting and interaction with local ministers the Chairman asked for clarification about whether all businesses are covered by metering. He expressed concern that a pre-existing charging regime could be suspended.

## **7 NIE Presentation on Network Development**

NIE gave a presentation on its "Sustainable Networks Programme", seeking approval to

spend the £1m allowance on projects related to connecting renewable sources of power to the network.

The Chief Executive agreed to brief the Board on issues arising from the connection of small generators to the network.

It was agreed that it would be useful if NIE could indicate the appropriateness of proposed timetables in terms of the likely take up of micro-generator opportunities and that the exercise should also take in some of the affected interest groups.

## **8 Interim Strategy Paper**

The Chief Executive explained the main elements of the strategy paper and forward work plan and it was noted that the Board would be invited to review these documents again in the autumn.

The Board emphasised the need for an early start to the planning cycle for 2008/09 with the appointment of a Corporate Affairs Director essential to taking this forward. An early paper on the format and content of the 2008/09 FWP should be tabled.

On mission and values, the Board agreed that staff must be allowed to take a strong participative role but that it must also take a strong lead in their development.

The Chairman suggested that next year the board should be asked to agree the process at its beginning which might be in the early autumn and that published documents may be further refined into a more developed annual plan. It was noted that the paper would be amended to reflect the Board's suggestions.

## **9 FEMO 2005**

The Board considered a paper on the additional costs arising from the delays to the FEMO 2005 project. The Board approved the pass through of all costs to March 2006 and, subject to clarification of the contingency included, 50% of the remainder.

Underpinning this approval, the Board noted the following factors;

- The project was hard to manage with some elements outside management control;
- The Board had previously approved a “self assurance” approach;
- The project was not well managed with poor controls and insufficient rigour in

- the approach to risk management; and
- The sale of SX3 has no bearing on the decision made

### **10 Legal Panel Tender**

The Board approved the tender. The Board will watch for conflicts of interest on the part of potential bidders who may also be advising licencees.

### **11 Recruitment Tender**

The Board approved the tender.

### **12 Remuneration Committee**

The Board endorsed the Terms of Reference and it was noted that Etain Doyle (Chair) and Philip Johnson would sit on the committee. The Board agreed that the Chair of the Audit Committee would remain independent of this Committee and that major HR issues would be discussed in a plenary session of the Board.

### **13 BAGs/ Audit Committee Feedback**

#### Audit Committee

The Chair of the Audit Committee provided a report on the recent Audit Committee meeting. On risk, the Committee considered a draft register and has made suggestions for referencing and weighting the contents as well as discussing how to embed and manage the programme as a whole.

Preliminary ideas on a corporate dashboard format were discussed and refinements suggested that will be tabled at the next Committee meeting. A formal report to the Board will be made no later than by the half year point. It was noted that the aim was a one page monthly report with Audit Committee briefing on a quarterly basis.

A report will be brought to the June Committee on the terms of reference in light of the requirement of the Treasury's Audit Committee handbook.

The Internal Audit Report was discussed and it was agreed that both the length and scope of the audit needed to be examined further. The Chair of the Audit Committee told the meeting that a number of areas had still to be finalised and these would be presented to the June Audit committee.

### Energy

The Energy BAG will meet on 30 May and the Chairman will attend. The Board agreed that the BAG will review the licence approval/amendment applications before it in detail and provide a report, indicating its level of satisfaction with the processes undertaken, to the full Board in support of its approval role. The full Board will receive all of the papers in respect of each licence.

### Water

The Water BAG will meet at 8.30am on 7 June. It was agreed that the Water Bag members and Ms Aston should have an early meeting with the Environment and Heritage Service.

## **14 Bright Ideas**

The results of DEFRA research on comparative energy consumption of households heating water and the pumping water and sewerage to and from homes was circulated at the meeting. It was agreed that a meeting would be sought with the Energy Saving Trust as soon as practical.

## **15 Any Other Business**

### Recruitment

The Chief Executive invited Board members to sit on the forthcoming Director level recruitment schemes.

### Appraisals

The Chairman said that he would contact the members to agree objectives.

The Chief Executive added that he would confirm the arrangements for Mr Gilliland's appraisal.

### 2007 Schedule

It was noted that dates for the dinner and meetings with OFWAT and the Scottish Water Regulator would be confirmed at the next meeting.

### Meeting Arrangements

The Chairman asked the executive to look into the way arrangements are made for setting up and servicing future Board meetings.