

**SUMMARY OF MINUTES OF THE FIFTH MEETING OF THE NORTHERN  
IRELAND AUTHORITY FOR UTILITY REGULATION (NIAUR) HELD ON  
WEDNESDAY 4 JULY 2007 IN QUEEN'S HOUSE, BELFAST**

|                       |                   |                       |
|-----------------------|-------------------|-----------------------|
| <b>Present:</b>       | Dr Peter Matthews | Chairman              |
|                       | Ms Etain Doyle    |                       |
|                       | Mr Philip Johnson |                       |
|                       | Mr. Clive Elphick |                       |
|                       | Mr. Jim Oatridge  |                       |
|                       | Mr Iain Osborne   | Chief Executive       |
| <b>In attendance:</b> | Mr Dermot MacCann |                       |
|                       | Ms Jo Aston       |                       |
|                       | Mr. JP Irvine     | Agenda Item 4 only    |
|                       | Ms Fiona Gallen   | Agenda Items 1-9 only |
|                       | Mr. Brian McHugh  | Agenda Items 7-9 only |

**1. APOLOGIES FOR ABSENCE**

Chris LeFevre.

**2. FIRE DRILL**

The Board members were reminded of the evacuation procedures in the event of a fire in Queen's House.

**3. DECLARATIONS OF INTEREST**

It was noted that the Register had been reviewed, forms had been reissued to the NEDs for completion and that the Register would be updated when they had been returned.

**4. MINUTES OF THE PREVIOUS MEETING**

Following discussion, the minutes were agreed subject to a few amendments.

**5. ACTION POINTS FROM JUNE MEETING**

A note on the action points recorded at the last meeting had been circulated to the Board and It was noted that the majority of these points had been actioned. However, a few areas remained outstanding and some additional points were raised;

- a. The preparation of a note on the physical safety of assets;

- b. It was agreed that a water metering review should be explored further by the Water BAG;
- c. Progress made in relation to the FEMO 2005 project should be reported back to the Board;
- d. Statement of Internal Control to be circulated;
- e. Arrangements for the Annual Report to be clarified;
- f. Water team to follow up outstanding issues with NIW and EHS and keep Board informed of developments in relation to enforcement;
- g. Water Enforcement Strategy paper to be prepared by end of the year;
- h. Board members access to NIAUR intranet site to be investigated;
- i. Environmental & Social team to look into directive compliance;
- j. Meeting with Professor Sharon Turner of Queen's University to be arranged.

## **6. CHIEF EXECUTIVE'S REPORT**

The report updated the Board on developments in relation to Water, Gas, Electricity, Management and Regulatory & Industry Developments.

### Water

It was noted that work was continuing with the Consumer Council on a Memorandum of Understanding to reflect NIAUR's responsibilities and that they had responded on NI Water's draft Codes of Practice.

### Electricity

The Chief Executive congratulated the SEM team and the Board on all their hard work and confirmed that the pre-conditions for go-active had been met.

### Management

The Chief Executive reported that progress was being made with DFP on the outstanding personnel issues.

Following a brief discussion on procurement, it was noted that a service level agreement should be drafted and forwarded to DFP.

## **7. BGE PRICE CONTROL**

The Board endorsed the proposals for the allowed operating expenditure and the cost of debt in relation to the BGE (NI) Price Control 2007-2012. The Board discussed NIAUR's statutory responsibility for health and safety and it was noted that they expected BGE (NI) to demonstrate the development and maintenance of an innovative and efficient safety campaign within the scope of the operating expenditure allowance.

## **8. DUNGANNON TO COOKSTOWN PIPELINE EXTENSION**

After a discussion of NIAUR's principal objective in gas (and statutory duties), and the risks involved for consumers, the Board approved the Armagh Road option subject to the design of a mechanism which will share with Firmus any extra costs of the Armagh Road option should the

estimated volumes in Dungannon/Cookstown not materialise. They also agreed that a least cost expansion plan for NI should be considered as part of a long term strategic review of the NI gas industry.

9. **LICENCE EXTENSION TO TEMPLE QUARRY**

Again having regard to its principal objective in gas, the Board approved two licence extension applications which would enable Phoenix to connect and supply Temple Quarry and additional properties along the route of a new pipeline which currently sit outside Phoenix's licensed area. However, the Board noted that the licence framework in the schedule was dated and felt that this should be drawn to DETI's attention. The Board agreed that there was a need for a strategic review of the NI gas industry to ensure that a holistic approach was adopted and that future developments were taken into consideration.

10. **EQUALITY UPDATE**

The Board recognised that as an employer, equality is a natural partner with the expectation that employees will perform to an acceptable standard. The Authority adopted the draft equality statement outlined and recommended that where appropriate the employment statement should be clarified to include a commitment to equality in regulatory outcomes to be achieved. The NEDs also approved the commencement of a policy of equality screening effective from today for relevant new draft policies issued by NIAUR. They agreed that if this process concluded that an EQIA was required, then one would be carried out. It was noted that these decisions would be reviewed in 12 months time.

11 **NIAUR CULTURE & VALUES**

A proposal to launch a strand of common work between the board and the office entitled "Operation Symphony" was discussed. The Board were supportive of the approach outlined. It was noted that the fundamental objective of this project was to build on the positives in the office and to embrace the increasing diversity of the staff employed by NIAUR. The phased approach was agreed and it was noted that a facilitator would be recruited in the first instance to help with the preparation of a draft Mission Statement and the organisation of an Away Day to discuss the relevant issues in November.

12 **DTI ENERGY WHITE PAPER**

A briefing paper on the DTI Energy White Paper had been copied to the Board, and was noted.

13 **SEM UPDATE**

The Director of Electricity informed the meeting that the project had now gone Active.

14      **AUDIT COMMITTEE REPORT**

A report to the Board on the 2007 Internal Audit Report and copies of the minutes of the last two Audit Committee Meetings had been circulated. The Chairman of the Audit Committee took the Board through the report and answered queries raised.

15      **NI WATER**

A briefing paper on Northern Ireland Water had been forwarded to the Board before today's meeting, and was noted.

16      **ROCS**

An update on the potential impact of the SEM pool on Northern Ireland Renewable Obligation certificates (NIROCs) and Climate Change Levy Exemption Certificates (LECs) had been issued, and was noted.

17      **Bright Ideas**

The Chairman noted that the NIAUR website needed updating (e.g. continuing reference to Ofreg).

18      **Any Other Business**

A list of potential regulatory issues arising between the July and September Board Meetings and a draft schedule of future board meetings had been circulated.

19      **ARRANGEMENTS FOR SEPTEMBER MEETING**

It was noted that the Board Meeting would take place on Friday 7 September in Queen's House.