

**SUMMARY OF MINUTES OF THE TWENTY FIFTH MEETING OF THE
NORTHERN IRELAND AUTHORITY FOR ENERGY REGULATION
(NIAER/the AUTHORITY) HELD ON WEDNESDAY 5th OCTOBER 2005 IN
BROOKMOUNT BUILDINGS**

IN ATTENDANCE:

Authority:

Mr. Douglas McIlldoon - Chairman
Mr. Peter Lehmann
Prof. John Fitz Gerald
Mrs. Joan Whiteside

Ofreg:

Mr. Dermot MacCann
Mr Eddie Gaw
Mr. Alan Smith
Miss Fiona Gallen

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

- Phoenix Natural Gas - Agenda Item 2 only
- DETI - Agenda Item 5 only
- Weber Shandwick - Agenda Item 9 only

1 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were formally agreed.

2 APOLOGIES

John Gilliland proffered his apologies.

3 PHOENIX RELATED ISSUES

The Chairman reported that a number of conference calls had taken place with the Takeover Panel in order to assist it with its inquiries. It was reported that the Takeover Panel had not published any decision to push through or reject the sale as yet.

The Authority was informed that Phoenix were intending a domestic supply price increase. Comparative information on gas tariffs was circulated to the Authority.

Representatives from Phoenix gave a presentation on wholesale gas purchases and other issues. Following a discussion on customer protection and the benefits of gas storage, Phoenix relayed its commitment to transparency on gas costs.

4 NIEH CONSULTATION – MERGER WITH MOYLE & PTL

Details of NIEH's membership had been forwarded to the Authority in advance of today's meeting. The Authority considered that the new members may benefit from induction information and Authority presence at the training day.

5 DETI - FUTURE GOVERNANCE OF NIAER

Representatives from DETI joined Authority members in discussion on future governance of NIAER and best practice in respect thereto. The practical effects of splitting of the office of Chief Executive & Chair were considered in the round.

6 ELECTRICITY ISSUES

Alan Smith circulated a paper summarising the responses received to the recent consultation on supply competition for domestic customers. A short discussion ensued on the various approaches to domestic market opening. The Authority learned that NIE were due to give a presentation on market opening at the next Authority meeting.

7 Kilroot Planning Application

The Authority considered its position in respect of the Kilroot Planning Application. It was noted that DETI's article 39 consent powers were still on the table in relation to Kilroot's FGD planning application.

8 COMPARISON OF ELECTRICITY TARIFFS GB & ROI

The Authority considered monthly GB & ROI tariffs.

9 PR ISSUES

Weber Shandwick joined the meeting and presented some views on future PR strategy. The Authority considered same, and it was felt that Ofreg management views would also be welcome.

10 WATER REFORM UPDATE

Dermot MacCann informed the Authority that DFP and the Treasury were in discussion over asset values relevant to water reform. He added that he had stressed the need for Ofreg involvement at a recent steering group meeting and continued to pursue Ofreg's enfranchisement.

11 ALL ISLAND ELECTRICITY MARKET UPDATE

The Authority received a progress report on SEM and its purported distribution effects. Dermot MacCann noted the public expenditure aspects of SEM and told the attendees that he would write to both DFP and DETI detailing the funding requirements.

12 AUDIT COMMITTEE BUSINESS

An Authority member noted that Helm (Internal Audit) and NIAO had attended the audit committee meeting on 14 September. She told the meeting that NIAER had received substantial assurance overall in their internal audit report, but that improvements were possible in a small number of areas.

13 NEW ACCOMODATION

Eddie Gaw informed the Authority that the move to Queen's House was due to take place on 28 October.

14 ARRANGEMENTS FOR FUTURE MEETINGS

The next NIAER meeting will take place on 10 November in Queen's House. It was agreed that possible dates for the Authority meetings in January, February and March 2006 would be forwarded to Authority members in due course.

NIAER
October 2005