

**MINUTES OF THE SIXTEENTH MEETING OF THE NORTHERN IRELAND
AUTHORITY FOR ENERGY REGULATION HELD ON WEDNESDAY 8 DECEMBER
2004 AT BALLYLUMFORD POWER STATION.**

IN ATTENDANCE:

AUTHORITY:	Mr Douglas McIlDoon – Chairman	
	Prof. John Fitzgerald	
	Mr Peter Lehmann	
	Mrs Joan Whiteside	
OFREG:	Mr Dermot MacCann	
	Miss Fiona Gallen	
	Miss Shirley Stafford	
DETI:	Mrs Jenny Pyper	(Item 14)
PREMIER POWER LTD:	Mr Jeff Baillie	(Item 15)
	Mr Bill Adamson	
	Mr Paddy Larkin	

1 APOLOGIES FOR ABSENCE

John Gilliland.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were formally agreed.

3 MATTERS ARISING

There were no matters arising.

4 ACTION POINTS FROM OCTOBER MEETING

4.1 NIRO

The Chairman reported that there had been no further progress on this issue to date.

4.2 CEER REPRESENTATION

The Chairman told the meeting that he met with Sir John Mogg (Ofgem) and Tom Reeves (CER) on 4 November to discuss CEER representation. He added that with the development of the All Island Market, representing the island in Europe as a single electricity market was becoming a more logical option.

4.3 MARKET OPENING

The Chairman reported that ESBIE's projections had been clarified as requested at the last meeting and that they had been allowed to make a greater number of transfers than initially expected.

4.4 BRATTLE REPORT

Dermot MacCann told the meeting that the draft report was currently being considered by Ofreg and CER.

4.5 RENEWABLE OBLIGATION CONSULTATION

The Chairman said that Ofreg had not yet responded to the DETI/DTI paper "The Renewables Obligation Order 2005 – Statutory Consultation." He agreed to draft a response and circulate the paper to the Authority.

4.6 T&D OPEX INCENTIVE PAPER

The Chairman told the meeting that Ofreg's primary concern was to cap the amount of profit that Power Team could make and to ensure that services were tendered for competitively. He added that progress was being made and that he and Seamus O'Hare were due to meet NIE to discuss the Opex issue further.

5 CHAIRMAN'S BUSINESS

A paper itemising meetings which the Chairman had attended since the last Authority meeting was circulated.

6 ELECTRICITY MARKET: PROSPECTS FOR 2005/6

The Chairman told the meeting that the prospects for next year's electricity market depended on the outcome of a wide range of factors including fuel prices and departmental funding decisions.

7 SNIP MUTUALISATION CONSULTATION

Dermot MacCann told the meeting that Team NI had accepted the Ofreg decision paper and the corporate governance issue had now been resolved.

8 UPDATE ON OTHER GAS ISSUES

Dermot MacCann reported that the BGE licence negotiations were going well and the majority of the detail had been finalised.

9 LTI3 UPDATE

Copies of a response from Sir John Mogg to the Chairman, dated 25 November 2004 were circulated to the Authority.

10 ENERGY EFFICIENCY LEVY

A background paper on the NI Energy Efficiency Levy and a copy of DSD's strategy document on "Ending Fuel Poverty" had been forwarded to the Authority in advance of today's meeting.

11 STANDARDS OF PERFORMANCE

Gerry Donnelly's paper on "Standards of Performance" had been copied to the Authority and it asked them to consider whether the NI guaranteed and overall standards of performance for electricity customers should parallel changes currently taking place in GB.

12 KILROOT POWER STATION UPDATE

A copy of an article on the Kilroot dispute from The Belfast Telegraph dated 3 December 2004 was circulated at the meeting.

13 GENERATION SECURITY PAPER.

A draft paper on security of supply had been forwarded to the Authority. The Chairman told the meeting that he hoped that the arrangements in the paper would provide a mechanism to ensure security of supply and offer some degree of customer protection.

Jenny Pyper from DETI joined the meeting at this stage to update the Authority on the £30M and European Emissions Trading Scheme (EUETS): NAP issues.

15 PRESENTATIONS FROM PPL (COMMERCIAL IN CONFIDENCE)

- A BILL ADAMSON – GAS SUPPLY/DEMAND OUTLOOK
- B JEFF BAILLIE – CCGT EXTENSION PROJECT
- C SITE VISIT

16 BEYOND CCGTS – THE NEXT CARBON REDUCTION STRATEGY

This item was already discussed under agenda item 10.

17 ALL ISLAND ELECTRICITY MARKET UPDATE

An update detailing developments in the All Island project was circulated to the Authority. John Fitzgerald stressed that Ofreg should engage in a closed consultation process which would include all those involved not just the immediate stakeholders and suggested that GCCNI be asked to contribute.

18 RENEWABLE OBLIGATION CONSULTATION

A paper on Mutualisation and the Buy-Out Fund was copied to the Authority. The Chairman proposed that Ofreg and Jenny Pyper from DETI should meet DTI together to discuss the NIRO.

19 T&D OPEX INCENTIVE PAPER

This item had already been discussed under agenda item 4.6.

20 CONNECTION CHARGING

This item will be discussed at the January meeting.

21 POWER STATION DECOMMISSIONING

Eddie Gaw prepared a position paper on the demolition and decommissioning of the old Coolkeeragh Power Station, this was circulated to the Authority.

22 WATER REFORM UPDATE

The Chairman reported that little progress had been made in this area since the last meeting. He said that Ofreg needed a financial commitment from DRD before any more work could be carried out.

23 ANY OTHER BUSINESS

New Accomodation

An update on the proposed move was circulated to the Authority before the meeting.

24 ARRANGEMENTS FOR THE NEXT MEETING: 19 JANUARY 2005

The meeting will take place at 9.30am on Wednesday 19 January 2005 in Brookmount Buildings.

Signed _____
Chairman