

**MINUTES OF A SPECIAL MEETING OF THE NORTHERN IRELAND AUTHORITY FOR
UTILITY REGULATION (THE 'AUTHORITY') HELD ON MONDAY, 16 APRIL 2012
IN QUEENS HOUSE, BELFAST**

Present:	Mr Peter Matthews Mr Philip Johnson Mr Jim Oatridge Mr Alan Rainey Mr Bill Cargo Mr Clive Elphick Mr Richard Rodgers Mr Shane Lynch	Chairman Chief Executive
In attendance:	Ms Jo Aston Mr Donald Henry Mr Brian McHugh Ms Tanya Hedley Mr Greg Irwin Mr Michael Campbell Mr Kevin O'Neill Mr PJ McCloskey Ms Sarah Friedel Ms Leigh Smyth Mr Simon Scott Ms Albert Shaw	Director of Water Director of Corporate Affairs Director of Gas Director of Electricity Board Secretary/Communications Manager Retail and Social directorate Electricity directorate (for agenda item 4) Electricity directorate (for agenda item 4) Electricity directorate (for agenda item 4) Electricity directorate (for agenda item 4) Electricity directorate (for agenda item 4) Electricity directorate (for agenda item 4)

1. APOLOGIES FOR ABSENCE

None.

2. FIRE DRILL

The board members were informed of the evacuation procedures which apply at Queens House in the event of a fire.

3. DECLARATIONS OF INTEREST

The following board members declared a potential interest in relation to specific items and subsequently voluntarily absented themselves from the meeting whenever the board came to that agenda item: Bill Cargo and Richard Rodgers (relating to the PNG price control), Alan Rainey (NIE T&D price control – part of relating to pensions). Tanya Hedley also voluntarily absented herself from the discussion on the NIE T&D pensions element.

4. NIE T&D PRICE CONTROL

The Chairman introduced this item. He noted that the board had previously considered a range of papers on this item and the purpose of the meeting was to finalise the draft price control determination.

The Chief Executive provided an update on progress in relation to the finalisation of the draft determination and highlighted key issues for the board to consider.

The Director of Electricity then briefed the board on the key issues and, in particular on the rate of return, the proposed capex allocation and financeability.

An extended discussion ensued on the key issues. Board members discussed the proposed rate of return in the context of risks faced by NIE T&D and the overall draft determination proposals. Issues relating to the asset register and the use of a reporter were covered in the discussion on the allocation of the capital expenditure. Much of the board member comments on financeability were related to considerations on the rate of return.

Alan Rainey and Tanya Hedley left the meeting prior to the board's consideration of the pensions element of the draft price control determination. Board members discussed the following items relating to pensions: the regulatory fraction and the pension deficit, the deficit recovery period, the appropriate valuation and any adjustment for avoidable costs.

The Chairman then brought the discussion to a close. Following a change to the rate of return, the Board affirmed its agreement to the key price control proposals as presented.

The board was then briefed on the timetable for the publication of the draft price control determination.

5. PHOENIX NATURAL GAS LTD PRICE CONTROL

The board noted this paper which was the Authority's introduction to the referral of the price control determination to the Competition Commission.

The Director of Gas also provided an update on the Competition Commission referral timetable.