

**MINUTES OF THE FORTY-SEVENTH MEETING OF THE NORTHERN IRELAND  
AUTHORITY FOR UTILITY REGULATION (THE 'AUTHORITY') HELD ON FRIDAY,  
11 MAY 2012 AT QUEENS HOUSE, BELFAST**

Present: Mr Peter Matthews Chairman  
Mr Philip Johnson  
Mr Jim Oatridge  
Mr Alan Rainey  
Mr Bill Cargo  
Mr Clive Elphick  
Mr Richard Rodgers  
Mr Shane Lynch Chief Executive

In attendance: Ms Jo Aston Director of Water  
Mr Donald Henry Director of Corporate Affairs  
Mr Kevin Shiels Acting Director of Retail and Social  
Mr Brian McHugh Director of Gas  
Ms Tanya Hedley Director of Electricity  
Mr Greg Irwin Board Secretary/Communications  
Manager  
Ms Mary Jones Legal department

**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**

No declarations of interest were made.

**4. MINUTES OF THE PREVIOUS MEETINGS**

The minutes of the board meeting on 22 March were agreed subject to several minor amendments.

## **5. ACTION POINTS FROM THE PREVIOUS MEETING**

The Action Points from the previous board meeting on 22 March were reviewed.

The Chairman informed the board that he would be leaving the Authority, as scheduled, on 30 June. Arrangements for the period until the Chairman's departure were discussed.

Several other practical issues were discussed. These included the format of board papers. The Chairman also congratulated those involved with the organisation of the visit of the Competition Commission panel and the dinner with third sector stakeholders.

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

(a) The Chief Executive presented his report and focused on several issues.

A report was provided on a meeting involving senior stakeholders on water. The board briefly discussed the Authority's positioning on future governance issues relating to NI Water.

The Chief Executive updated board members on reaction to, and subsequent developments arising from, the publication of the NIE T&D price control. This included a report of engagement with stakeholders. Board members clarified the nature of information requests to the Authority by NIE T&D. The Director of Electricity provided a briefing on the investigation into NIE T&D's capitalization practice, and board members discussed the implications of the emerging findings.

A report of the Chief Executive's recent meeting with Viridian, regarding Arcapita's filing of Chapter 11 bankruptcy proceedings in the United States, was noted.

An update was provided on the PPB price control final determination, and also the timing of the cancellation of Generating Unit Agreements.

The board was notified that IMSL had applied for a gas storage licence. On a related issue, it was noted that the European Commission has postponed the reference to the European Court of Justice for non-compliance with the IME2 regulation.

A factual update on the Competition Commission reference, in respect of the Phoenix Natural Gas Ltd price control, was also provided.

It was noted that the Department of Business, Innovation and Skills had recently consulted on proposals to reform competition law. Queries from board members regarding the timing of the implementation of the legislation and the impact on the Authority were addressed.

The board was informed that DETI will include, in the Energy Bill consultation, a paragraph on continuing with NISEP beyond April 2013.

The Board Secretary provided an update on the development of the Annual Report 2011-12. He indicated that board member comments on a draft would be sought in early June.

(b) The Director of Corporate Affairs presented the Finance and Performance report which was considered and approved. A report was provided on the provisional budget outturn. The draft risk register was reviewed and board members suggested amendments. There was also discussion on the format of the risk register and it was noted that the Audit Committee had reviewed of the corporate and reputational registers. The board also discussed the ongoing delay to the north-south electricity interconnector and expressed its concerns on the impact of this on security of supply.

## **7. REPORTS FROM BOARD SUB-COMMITTEES/ADVISORY GROUPS**

### **Audit Committee**

The Chairman of the Audit Committee reported on the last meeting of the Committee which took place on 10 May. He stated that the Committee had reviewed the risk registers. A paper on the conflict of interests statement was also discussed. It was also noted that the internal auditors had provided a report on audits undertaken, and this had resulted in a satisfactory level of assurance overall – the same as the previous year. The Committee also concluded a report on its activities during the past year, and this would be presented at the next board meeting. The Committee also considered the draft resource accounts. The

board discussed developments relating to outstanding issues that were being addressed as part of the process to conclude the resource accounts.

### **Energy BAG**

The Chairman of the Energy BAG, Philip Johnson, noted that the BAG had met in April.

### **Water BAG**

The Chairman of the Water BAG, Clive Elphick, reported that the Water BAG had considered water governance at its most recent meeting and that this item was on the board agenda. It was also noted that the Authority was awaiting the NI Water PC13 business plan.

### **SEM Committee**

The Director of Electricity provided a report on current SEM policy matters. In particular, she drew the board's attention to current issues relating to acquisitions, regional integration and certification. The board briefly discussed the allocation of costs relating to a recent judicial review.

## **8. NETWORK FINANCE UPDATE**

The update provided by the Chief Executive, on his meeting with Viridian, was noted.

## **9. BRIGHT IDEAS**

Suggestions relating to self-regulation schemes for utilities and initiatives to enhance awareness of smart metering were discussed.

## **10. NI WATER GOVERNANCE**

The Director of Water introduced this item and delivered a presentation on the topic. The presentation covered the Authority's statutory role, key principles, drivers for change and future options and next steps.

Board members clarified issues associated with the current funding for NI Water, the mechanism for delivering certain changes to the governance of NI Water and the impact of changes.

Overall, the board was in agreement that the Authority should seek to contribute constructively and support an open space for debate on NI Water governance. It was agreed that a key issue was the timing of any debate. The Board encouraged the executive team to engage with key stakeholders, and specific suggestions for how this might be advanced were suggested – such as through the senior stakeholders group.

#### **11. RP5 DRAFT DETERMINATION**

An updated board decision paper and the published RP5 summary draft determination were provided to the board, and were noted.

#### **12. GENERATION CAPACITY STATEMENT**

It was agreed that this item would be deferred for discussion to the next board meeting.

#### **13. ENDURING SOLUTION**

The Board noted the briefing from the acting Director of Retail and Social on the Enduring Solution.

#### **14. FREEZE/THAW ACTION PLAN UPDATE ON BROADER/LONGER TERM ACTIONS**

The update from the Director of Water was noted, and the Chairman recorded his thanks to the water directorate on the progress made on addressing the freeze/thaw action plan.

#### **15. ANY OTHER BUSINESS**

The board discussed a change of date to the scheduled meeting in July.

All items of business having been discussed, the Chairman brought the meeting to a close at 1.30 p.m.