

**MINUTES OF A SPECIAL MEETING OF THE NORTHERN IRELAND AUTHORITY FOR  
UTILITY REGULATION (THE 'AUTHORITY') HELD ON FRIDAY, 25 NOVEMBER 2011  
AT 1.00 P.M. AT QUEENS HOUSE, BELFAST**

Present:	Mr Peter Matthews	Chairman
	Mr Philip Johnson	
	Mr Alan Rainey	
	Mr Clive Elphick	(by teleconference)
	Mr Shane Lynch	Chief Executive
In attendance:		
	Mr Donald Henry	Director of Corporate Affairs
	Mr Brian McHugh	Director of Gas
	Mr Greg Irwin	Board Secretary and Communications Manager
	Mr Paul Harland	Gas directorate
	Mr Carl Hashim	Gas directorate
	Ms Mary Jones	Legal department
	Mr John Cooper	Wragge and Co

**1. APOLOGIES FOR ABSENCE**

Jim Oatridge, Bill Cargo, Richard Rodgers. It was noted that, in sending his apology, Mr Rodgers stated that it would be appropriate to decline to participate in the board meeting given its focus on decisions relating to the Phoenix Natural Gas price control.

**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. PHOENIX NATURAL GAS LTD – PRICE CONTROL REVIEW 2012**

The Director of Gas delivered a presentation on the price control, which drew on the content of a draft decision paper and other supporting documentation. His presentation covered the following: a consideration of consultation responses, the area of outperformance and deferred capex, the issue of financeability, a discussion of proposed decisions, relevant statutory duties from the Gas Directive Article 40 and the Energy Order 2003), and legal issues.

Board members availed of the opportunity to ask questions on the presentation. The following issues were clarified: options for treating outperformance, the impact on consumer bills of the Authority's proposals and the comparison with 2011 tariffs, re-financing issues, and shareholder dividends.

A briefing was also provided to the board on the key legal issues associated with the price control. Questions raised by board members during the legal briefing were discussed and clarified.

The Board engaged in a significant discussion on several broader issues. Board members received assurances on the price control process. It was noted in particular that the Energy BAG had devoted a considerable amount of time discussing the detail of the price control and alternative options that could be considered.

There was also unanimity by those board members present in favour of the proposed approach to deferred capex.

Finally, board members also discussed the Authority's proposal on outperformance. Board members reviewed the options available for the treatment of outperformance. While there was overall support for Authority's proposals on outperformance, further information on other options was requested before a final decision was made.

The Chairman drew the discussion to a close. While noting the board's broad support for the proposals as presented, several small scale suggestions were made for inclusion in the

price control decision paper. It was agreed that the decision paper would be presented to the Board at its December meeting. There was also agreement that, following a further discussion on the price control process, the executive team would decide on the timing of the publication of the decision paper and any associated licence modifications.

The board meeting concluded at 3.45 p.m.



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