

**MINUTES OF THE FORTY-FIRST MEETING OF THE NORTHERN IRELAND
AUTHORITY FOR UTILITY REGULATION (THE 'AUTHORITY') HELD ON TUESDAY, 6
SEPTEMBER 2011 AT QUEENS HOUSE, BELFAST AT 12.00 P.M.**

Present:	Mr Peter Matthews	Chairman
	Mr Richard Rodgers	
	Mr Philip Johnson	
	Mr Alan Rainey	
	Ms Etain Doyle	
	Mr Bill Cargo	
	Mr Shane Lynch	Chief Executive

In attendance:

Ms Jo Aston	Director of Water
Mr Brian McHugh	Acting Director of Retail and Social
Mr Dermott MacCann	Corporate Affairs Executive
Mr Greg Irwin	Board Secretary/ Communications Manager

1. APOLOGIES FOR ABSENCE

Chris Le Fevre, Clive Elphick, Jim Oatridge

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

None.

4. MINUTES

The draft minutes of the board meeting on 5 August were noted. The draft minutes will be presented for approval at the October meeting of the board.

5. PROJECT ZEUS CONSULTATION PAPER: NETWORK PRICE CONTROL: PROPOSALS FOR A CROSS UTILITY APPROACH

Dermot MacCann provided a presentation on the Project Zeus consultation paper. His presentation outlined the background to the consultation paper, previous discussion of the paper at the Cross Utility BAG, and annotated key elements of the document.

Board members discussed the content of the consultation paper. Key issues which featured in discussion included: approaches to valuing regulated assets across the different utility industries; the challenge of consistently applying approaches on a multi-utility basis; comparisons between the water industry and other utility industries; the situation regarding non-network price controls and market dominance.

The Board also enquired about arrangements for the publication of, and engaging stakeholders on, the consultation paper.

Following discussion and clarification, as appropriate, on the issues raised, the Board approved the consultation paper for publication (after a final drafting review and checks had been completed).

6. POTENTIAL FINANCING OPTIONS FOR UTILITY NETWORKS

Dermot MacCann annotated the key elements of this paper, which outlined the Authority's formal response to the consultation on financing options for utility networks. The Authority's formal response was not to pursue the proposals outlined by First Economics, as it was judged the benefits would not justify the potential risks, while not ruling out future consideration of further alternative financing proposals.

The Board agreed the Authority's formal response

7. PROPOSED SCHEDULE FOR BOARD AND BOARD SUBCOMMITTEE MEETINGS, 2010

The Board discussed the meeting schedule for 2012. It was agreed that the schedule will be updated to take account of the board's comments and circulated.

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