

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE 'AUTHORITY') HELD ON THURSDAY, 9 MAY 2013 IN QUEENS HOUSE, BELFAST AT 9.00 A.M.**

**Present:**

Bill Emery (Chairman), Richard Rodgers, Bill Cargo, Alan Rainey, Shane Lynch (Chief Executive)

**In attendance:**

Jo Aston (Director of Water), Donald Henry (Director of Corporate Affairs), Kevin Shiels (Director of Retail and Social), Brian McHugh (Director of Gas), Tanya Hedley (Director of Electricity), Greg Irwin (Board Secretary/Communications Manager)

Roisin McLaughlin (Manager, Gas directorate, for agenda items 5 and 6), Michael Campbell (Manager, Retail and Social directorate, for agenda item 4), Nicola Sweeney (Analyst, Retail and Social directorate for agenda item 4), Robert Stewart (Analyst, Retail and Social directorate for agenda item 4).

**1. APOLOGIES FOR ABSENCE**

1.1 None.

**2. FIRE DRILL**

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

**3. DECLARATIONS OF INTEREST**

3.1 Richard Rodgers declared a potential interest relating to the Power NI item and voluntarily absented himself from the meeting during consideration of that agenda item.

**4. POWER NI PRICE CONTROL**

4.1 Kevin Shiels introduced this item which sought the board's approval to retain the price control for those customers in the 0-50MWh sector and remove coverage for the 50-150 MWh sector.

4.2 The board discussion focused on market share and referenced current and trend data. There was also discussion on market dominance and the test for retaining price control coverage. The impact of the wholesale market in delivering competitive prices was also noted. Board members also briefly discussed more broadly based retail market development issues.

4.3 The board approved the proposal to consult on retaining the price control for customers in the 0-50 MWh sector and remove coverage in the 50-150 MWh sector. It was agreed that the board would discuss broader retail market issues at a future meeting.

- 4.4 Kevin Shiels briefed the board on next steps. In this regard it was noted that the board would receive a 'minded-to' document on the Power NI price control prior to issue for consultation at its June meeting.

## **5. GAS TO THE WEST**

- 5.1 Roisin McLaughlin introduced a paper and related advice and sought the board's views on the competition for the award of the transmission and distribution licences in the area to the west of Northern Ireland.
- 5.2 Information was provided in respect of the award of licences in Great Britain. The timetabling for the competition was clarified. Technical issues associated with the specification for the pipeline were also addressed.
- 5.3 The board agreed that it was important to advance the process for the award of licences as efficiently as possible while also taking steps to mitigate any risks which might delay progress. The need to ensure close co-operation with the Department of Enterprise, Trade and Investment was also emphasised in that context.

## **6. GORMANSTON EXIT TARIFF**

- 6.1 Brian McHugh introduced this item which sought the board's guidance on the proposal in respect of the Gormanston Exit Tariff associated with the use of the south-north pipeline. He also briefed the board on options for addressing the issue.
- 6.2 The board received an update on recent communications with the Commission for Energy Regulation (CER) on the issue. The potential for seeking the involvement of the EC or the Agency for the Co-operation of Energy Regulators (ACER) was discussed.
- 6.3 The board emphasised the importance of seeking a resolution on this issue as soon as possible. It was agreed that there should be further engagement with CER in the first instance.

## **7. ANNUAL REPORT 2012-13**

- 7.1 Greg Irwin presented this draft in progress version of the Annual Report 2012-13 and sought the board's view on high level messaging and any other comments.
- 7.2 Board members made several suggestions on the draft. These included the overall balance of the report in light of UR's duties, the coverage of the security of supply issue, the NI Water-related narrative, the positioning of the retail and social section and specific comments on highlights text.
- 7.3 It was noted that the board would receive a final draft of the annual report in June.

## **8. MINUTES**

- 8.1 The minutes of previous board meetings held on 13 March and 11 April were approved.

## **9. ACTION POINTS**

- 9.1 The board reviewed the action points from previous meetings.
- 9.2 A draft of an information paper on security of supply was discussed. Board members provided initial comments on the paper and were briefed on the plans for publication of the document.

## **10. REPORT FROM THE EXECUTIVE TEAM**

- 10.1 Shane Lynch introduced this report which provided the board with a more extensive record of activities and issues affecting the operation of the office.
- 10.2 Several items in the report were drawn to the board's attention. The publication of the electricity price comparison paper and recent engagement with industry on the issue was discussed.
- 10.3 Updates were provided on: a recent meeting between the Chairman and CEO with their equivalents in BGE, staff representation and engagement with NIPSA and gas certification.
- 10.4 The board noted the finance and performance report. Board members considered the assessment of several organisational risks on the draft registers for 13/14 and were briefed on efforts to mitigate these. Following this discussion the board approved the finance and performance report.

## **11 REPORTS FROM BOARD SUB-COMMITTEES/ ADVISORY GROUPS**

- **AUDIT COMMITTEE**

Richard Rodgers briefly reported on the meeting of the Audit Committee which had taken place the previous day. He said that the key item of business related to the review of the annual accounts. The Committee also reviewed the draft risk registers, reviewed progress in respect of the implementation of audit recommendations and several other items some of which will also come to the board in due course.

Donald Henry also drew the board's attention to the latest position on those matters which are the subject of ongoing discussion with the auditors this year.

- **REMUNERATION COMMITTEE**

Bill Cargo briefed the board on a meeting of the committee which had taken place the previous day. He noted that the committee had discussed staff performance, engagement with NIPSA on recognition arrangements and an equality audit of pay.

## **12 ANY OTHER BUSINESS**

TSO certification – Tanya Hedley provided an update on developments in respect of this issue.

Corporate Strategy workshop – Greg Irwin briefed board members on arrangements for a workshop that was due to follow the board meeting regarding the development of a new corporate strategy.

There being no other business, the meeting concluded at 11.50 a.m.