

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY
REGULATION (THE 'BOARD') HELD ON THURSDAY, 17 DECEMBER 2020 BY VIDEO
CONFERENCE AT 9.30 A.M.**

Present:

Bill Emery (Chairman), John French (Chief Executive), Teresa Perchard, Alex Wiseman, Jon Carlton, David de Casseres, Claire Williams

In attendance:

SLT - Kevin Shiels, Donald Henry, Tanya Hedley, Colin Broomfield, Roisin McLaughlin, John Mills, Elaine Cassidy, Greg Irwin

Richard Rodgers, Thomas Byrne and Meabh Cormacain (agenda item 3), Ciaran MacCann (agenda item 4), Veronika Gallagher (agenda item 5), Neil Bingham (agenda item 6), Michael Campbell and Colin Magee (agenda item 8), Sinead Dynan, Barbara Cantley and Richard Hume (agenda item 11), Roisin Kelly

1. APOLOGIES FOR ABSENCE

1.1 None.

2. DECLARATIONS OF INTEREST

2.1 There were no declaration of interests.

3. PRESENTATION ON THE DfE ENERGY STRATEGY

3.1 The Board was briefed by Kevin Shiels and Ursula O'Kane on the development of the Department for the Economy's (DfE's) energy strategy.

3.2 Richard Rodgers, Thomas Byrne and Meabh Cormacain then joined the meeting and were welcomed. Thomas Byrne provided a comprehensive presentation which covered the strategic context, key issues and the process for developing DfE's energy strategy. It was noted that DfE had been scaling up its resources to support the work on the energy strategy and encouraged the Utility Regulator to consider further increasing resources allocated to the energy strategy also.

3.3 Board members took the opportunity to clarify items and discuss aspects of the presentation.

3.4 The Board recorded its appreciation to the DfE officials for their attendance and emphasised our ongoing support to the Department in developing the energy strategy.

4. SONI PRICE CONTROL

4.1 Tanya Hedley introduced this paper which sought the Board's approval for the SONI price control final determination. Ciaran MacCann provided an update on developments since the Board's most recent SONI price control discussion at its November meeting.

- 4.2 Board members took the opportunity to explore evaluative framework guidance arrangements. The role of the expert panel was also discussed while recognising the primacy of the Board in making decisions. Legal advice providing clarification on this matter was also noted.
- 4.3 The Board also briefly discussed the area of financial penalties. Some drafting suggestions were also proposed by board members.
- 4.4 In noting the extensive discussions at previous board meetings the Board approved the SONI price control determination as presented.
- 4.5 Roisin McLaughlin also updated the Board on the SONI Governance review. The Board agreed that further time should be expended to finalise the options to be consulted on as part of the Review.

5. REGULATORY ARRANGEMENTS OFFTAKE - HAYNESTOWN

- 5.1 Roisin McLaughlin introduced this item, providing the background for the proposal to change the regulatory arrangements necessary to give effect to a new offtake from the South North Pipeline (SNP) at Haynestown.
- 5.2 Board member queries in respect of the rationale for term of the capacity reservation, and longer-term strategic issues, were discussed.
- 5.3 The Board approved the proposal (and related modifications) to change the regulatory arrangements necessary to give effect to a new offtake from SNP at Haynestown. Furthermore the Board endorsed the commercial terms for the Haynestown offtake that will be encapsulated in the Interim Arrangements Agreement. Finally, the Board noted the proposed next steps in respect of development of the enduring charging arrangements for the Haynestown offtake.

6. LAND BANK

- 6.1 Roisin McLaughlin introduced this item which sought the Board's approval for proposals in respect of NIE Land Bank (NIE LB) lands at Camlough and Kilroot.
- 6.2 Board members clarified the information provided in respect of Camlough and explored the impact of transferring ownership to a third party.
- 6.3 A discussion also took place on the NIE Land Bank generally and the Board agreed there would be merit in considering the broader issue at a future date.
- 6.4 The Board approved the making of a Direction - under Condition 23 of the NIE Distribution Licence (Annex 4) - consenting to the NIE LB Proposal for lands at Camlough (Lot 34). The

Board also approved, under the Direction of DIR-048, the giving of consent to NIE LB to make the proposed amendments to the Principal Lease for EP Kilroot.

7. NIE NETWORKS – APPROVAL OF ALLOWANCE

- 7.1 John Mills introduced this item, which sought approval for an NIE Network request for additional funding under the D5 mechanism to refurbish the double circuit, 275kV overhead line between Coolkeeragh power station and the Magherafelt substation.
- 7.2 Board member queries in respect of the environment impact and the potential for any delay to the refurbishment work was discussed and addressed. In noting the relatively significant investment being proposed, the benefits of the proposed work was also discussed.
- 7.3 The Board approved the request for the additional funding as presented.

8. POWER NI INNOVATION PIPELINE TRIALS

- 8.1 Kevin Shiels introduced this item which sought the Board's approval to relieve Power NI of certain obligations, under its supply licence, for the carrying out of trials for innovative projects.
- 8.2 The Board discussed the future benefits that could eventually accrue to consumers from the trials.
- 8.3 The Board approved the issuing of a direction relieving Power NI of certain obligations under supply licence condition 14 in reference to the two proposed trials outlined in the paper.

9. GAS TRANSMISSION PRICE CONTROL

- 9.1 Tanya Hedley introduced this discussion paper on the proposed approach to be adopted for the GT22 price control review in respect of the gas transmission network.
- 9.2 Board members considered the proposed approach in the context of other price control reviews. Arrangements for incentivising out-performance were discussed. A query in respect of the RPI-X framework was addressed.
- 9.3 The Board also briefly discussed engagement with the gas transmission network companies and noted the proposed timeline for the price control review.
- 9.4 At the conclusion of the discussion, the Board endorsed the proposed approach to the GT22 price control review.

10. GAS TO THE WEST

- 10.1 John Mills introduced this item which sought the Board's view on a commercial settlement proposed for the Gas to the West high pressure major works contract.
- 10.2 The Board considered the evidence presented and clarified aspects of the information provided to date.

- 10.3 There was also a discussion on a potential course of action in respect of the proposed commercial settlement. In this context, the Board reviewed the legal advice that had been provided.
- 10.4 The Board agreed that it should follow the legal advice and correspond with the licensee on that basis.
- 11. UPDATE ON COVID 19 IMPACT MONITORING AND CONSUMER IMPACT ISSUES**
- 11.1 Kevin Shields introduced this item which provided a further update to the Board on the ongoing monitoring of the impact of the COVID-19 pandemic on energy suppliers and issues affecting energy consumers. Sinead Dynan, Barbara Cantley and Richard Hume provided a presentation which summarised key information on the impact of COVID-19 on suppliers and consumers, as well as presenting an update on steps being taken to address consumer protection issues.
- 11.2 A brief discussion took place on the issue of debt for those consumers that we using pre-payment meters.
- 11.3 The Board expressed its gratitude for the update and the ongoing work being undertaken to monitor the impact of the pandemic on suppliers and protect the interests of consumers.
- 12. DRAFT FWP**
- 12.1 Greg Irwin introduced this item which provided a draft Forward Work Programme (FWP) 2021-22 for the Board's consideration. He outlined the process leading to the development of the draft FWP.
- 12.2 Board members clarified the scope of several of the projects. Drafting suggestions were also provided in respect of the EU context and DfE's energy strategy.
- 12.3 The Board endorsed the publication of the draft FWP, taking account of board member comments.
- 13. MARKET MONITORING REPORTS**
- 13.1 The Board noted market monitoring reports relating to the NI retail energy and the Single Electricity markets.
- 14. BREXIT UPDATE**
- 14.1 Colin Broomfield provided a verbal update on Brexit. He outlined the ongoing work with the Department of Business, Energy and Industrial Strategy and DfE and the planning for the end of transitional arrangements.
- 14.2 The board noted the update.

15. SEM UPDATE

- 15.1 Colin Broomfield also provided a verbal update on the Single Electricity Market (SEM). In noting the recent SEM Committee minutes had been provided he briefed the Board on wholesale market prices, the recent amber system alerts and the T-4 capacity auction.
- 15.2 The board noted the update.

16. MINUTES

- 16.1 The minutes of board meetings on 15 October 2020 and 12 November 2020 were agreed for publication.

17. ACTION POINTS

- 17.1 The action points were reviewed by the board.

18. REPORT FROM THE EXECUTIVE TEAM

- 18.1 John French introduced the Executive team report. He provided an overview of his initial period as Chief Executive and his meetings with external stakeholders and staff.
- 18.2 Directors then identified key highlights from their part of the organisation. Issues identified included: the regulated tariffs review, the SEM capacity auctions, battery storage licensing, the PC21 price control and an update on the NI Assembly's Public Accounts NIRO inquiry.
- 18.3 The Board approved the joint data sharing agreement with Ofgem.
- 18.4 An update was also provided on current litigation processes.
- 18.5 An overview was provided on the finance and performance report. The report was approved. The Board noted the Audit and Remuneration Committee's consideration of the Risk Register. It was agreed that time would be earmarked for further discussion on the Risk Register at a future board meeting.

19. ANY OTHER BUSINESS

- 19.1 The Board conducted a meeting review focusing on the content of papers and the agenda timing. It was agreed that, despite a challenging agenda, the presentation of papers had been conducted efficiently. There was also a reflection on the presentation on the energy strategy by DfE officials and the need to support the Department in developing this strategy.
- 19.2 Roisin McLaughlin alerted the Board to the need for approval for business cases for the provision of support to carry out price control reviews. It was agreed that the business cases could be circulated to the Board for consideration by correspondence.

There being no other business, the meeting concluded at 1.55 p.m.