

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY
REGULATION (THE 'BOARD') HELD ON THURSDAY, 12 MARCH 2020 IN QUEENS HOUSE
AT 11.00 AM.**

Present:

Bill Emery (Chairman), Jenny Pyper (Chief Executive), Teresa Perchard, Alex Wiseman, Jon Carlton, David de Casseres, Claire Williams.

In attendance:

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

Jody O'Boyle, Ciaran MacCann, Roy Colville and Nick Francis (agenda item 4), Colin Magee (agenda item 5), Michael Campbell (agenda items 5 and 10), Martina McKinley (agenda item 7), Sarah Brady (agenda item 8)

1. APOLOGIES FOR ABSENCE

1.1 None.

2. FIRE DRILL

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

3. DECLARATIONS OF INTEREST

3.1 There were no declaration of interests.

4. SONI PRICE CONTROL: BOARD UPDATE

- 4.1 Tanya Hedley introduced this item which provided a presentation on the SONI price control. Her presentation covered the following: the SONI regulatory history and current price control principles, the board's previous considerations of aspects of the price control, provisional assessments of Opex and Capex expenditure, the assessment of the SONI business plan and the cost of capital and the elements that make up this value (including if a small company premium is appropriate). Main aspects of the price control for consideration and next steps in the review process were also covered.
- 4.2 Aspects of the previous price control review and the CMA's investigation determination were clarified.
- 4.3 There was also a discussion on the assessment of SONI's business plan and to extent to which planned outputs and outcomes were deliverable. Board members also clarified the level and quality of information provided by SONI to inform the assessment of the company's business plan. In this context, there was agreement that the board should be provided with the detailed assessment of SONI's business plan.
- 4.4 The potential for an appropriate mechanism for ongoing engagement on SONI's performance was discussed. It was agreed that the potential for such a mechanism should be explored in terms of benefits and costs in the draft price control determination. In that context the board

noted the ongoing SONI governance review and clarified the timing for the publication of that review's outcome.

- 4.5 In noting the update the board encouraged further engagement at senior level with SONI on the price control prior to publication of the draft determination.

5. POWER NI PRICE CONTROL EXTENSION

- 5.1 Kevin Shields introduced this item which sought the board's approval for the proposal to extend the current Power NI price control.
- 5.2 Board members commented positively on the clarity of the paper and the proposed decision. There was agreement that an opportunity should be sought to meet with the Power NI board at a future date.
- 5.3 The board approved the proposal to extend the Power NI price control by two years from 1 April 2021 to 31 March 2023 and the publication of the licence modifications to implement the extension.

6. FORWARD WORK PROGRAMME 2020-21

- 6.1 Greg Irwin introduced this item which was the final draft of the Forward Work Programme (FWP) for the board's approval.
- 6.2 Board member comments focused on the consultation responses. While noting the range of comments that were directly applicable to our proposed projects there was also agreement that several of the comments had a wider strategic focus. Some drafting points were also identified by board members.
- 6.3 The board approved the final draft of the FWP as presented, subject to a final drafting review by the Executive team.

7. BUDGET 2020-21

- 7.1 Donald Henry introduced this item which sought the board's approval for the proposed Budget for 2020-21. He provided an overview of the context for, and key aspects of, the proposed Budget.
- 7.2 Board members took the opportunity to clarify several items of proposed budgetary expenditure.
- 7.3 With all queries addressed the board approved the proposed Budget as presented.

8. NIRO UPDATE

- 8.1 Sarah Brady provided an overview of the NI Renewables Obligation (NIRO) and the NI Audit Office investigation of the generation of energy from renewables.
- 8.2 The various roles and relationships in respect of the NIRO were clarified. Board members also discussed developments in respect of the additional independent level of assurance relating to off-grid generators.
- 8.3 In noting that the board had been provided with the draft NI Audit Office investigation report, the next steps in the investigation and the timing of the final report was also clarified.

9. MARKET MONITORING REPORTS

- 9.1 The board noted the content of the reports and the importance of market monitoring data to key stakeholders. It was agreed that the board would allocate more time to this item when it was next on the board agenda.

10 REGULATED TARIFF REVIEWS

- 10.1 Kevin Shiels and Michael Campbell briefed the board on the recent regulated gas tariff reviews. The focus of the briefing was on the key factors driving the price decreases for gas consumers.
- 10.2 Board members discussed the impact of wholesale price changes and the outlook. There was also a brief discussion on stakeholder engagement on the tariff reviews.
- 10.3 The board noted the briefing.

11 BREXIT UPDATE

- 11.1 Colin Broomfield provided the board with an update on current work priorities in respect of the UK's departure from the EU. He also provided feedback on a Brexit briefing event with local stakeholders which had taken place on the previous day.
- 11.2 The board decided to keep under review the scheduling of Board Brexit sub-group meetings and asked that the Executive team continued to keep them apprised of developments.
- 11.3 The board noted the briefing.

12 MINUTES

- 12.1 The minutes of the board meeting on 13 February were agreed for publication.

13 ACTION POINTS

- 13.1 The action points were reviewed by the board.

14 REPORT FROM THE EXECUTIVE TEAM

- 14.1 Jenny Pyper provided an overview of the Executive team report.
- 14.2 The board was apprised of progress on the T-4 SEM capacity auction. A board member query in respect of a legal challenge to the capacity market was addressed.
- 14.3 An update was provided on the NI Sustainable Energy Programme and it was agreed that a paper on this would be on the April BAF agenda.
- 14.4 The board approved an updated terms of reference for the Audit Committee.
- 14.5 An overview was provided on the finance and performance report and the report was approved. The board noted the budget position towards the end of the financial year and the status update on the Forward Work Programme. In reviewing the risk register, the board noted and discussed the potential business continuity risk of the developing COVID-19 outbreak.

15 ANY OTHER BUSINESS

- 15.1 The board held a meeting in closed session to discuss arrangements for the recruitment of a new chief executive.
- 15.2 The board was briefed of business continuity arrangements being made by the organisation in respect of the COVID-19 outbreak. Board member queries regarding governance and equipment for staff working away from Queens House were addressed.
- 15.3 A paper seeking the board's approval for an amendment to a NI Water price control review business case was circulated. Board members were asked to provide their response by correspondence.
- 15.4 Finally, the board conducted a meeting review. Comments were noted in respect of the board agenda and the circulation of papers. It was agreed that the meeting had spent most time on the most significant agenda items.

There being no other business, the meeting concluded at 3.15 p.m.