

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY
REGULATION (THE 'BOARD') HELD ON THURSDAY, 21 MAY 2020 BY VIDEO CONFERENCE
AT 9.30 A.M.**

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 and Nick Francis (agenda item 3), Barbara Cantley and Richard Hume (agenda item 5), Paul Bell (agenda item 6)

1. APOLOGIES FOR ABSENCE

1.1 None.

2. DECLARATIONS OF INTEREST

2.1 There were no declaration of interests.

3. SONI PRICE CONTROL PROPOSALS FOR DRAFT PRICE CONTROL DETERMINATION

3.1 Tanya Hedley introduced this item which sought the board's endorsement of policy proposals for the draft price control determination and also reprised previous board discussions on this issue. A presentation was also provided which covered Competition and Markets Authority (CMA) principles in respect of a previous CMA price control appeal, proposals for an evaluative incentive framework, price control revenues and costs allowances and the timeline for the price control review.

3.2 The board discussed at length the proposals in respect of the performance framework and incentivisation. The basis on which the evaluation of performance would lead to incentive payments or penalties was explored. Board members also discussed review arrangements for evaluating performance and provided guidance on promoting confidence in the overall performance framework. Finally there was also a brief discussion on learning from performance frameworks relating to other regulatory environments.

3.3 Presentational aspects of the proposed draft determination were also addressed by board members. The extensive work undertaken as part of the business plan assessment and the involvement and input of the external stakeholder price control group was noted. The board discussed how the key messages relating to the business plan assessment would be appropriately conveyed in the draft determination publication.

3.4 Board member queries in respect of the proposed rate of return, cost allowances and SONI requests relating to the price control review timelines were also addressed.

3.5 In endorsing the proposals as presented it was agreed that further consideration would be given to the board's comments on the performance framework and incentivisation arrangements and presentational aspects of the draft determination. The board delegated

authority to the Executive team to finalise and update the draft determination document for publication.

4. MODIFICATION OF PROJECT PLUG LIMITED (TRADING AS CLICK ENERGY) ELECTRICITY SUPPLY LICENCE

- 4.1 Kevin Shiels introduced this item which sought the board's approval for a modification, relating to the financial year, of the electricity supply licence held by Project Plug Limited (trading as Click Energy).
- 4.2 The board approved the modification and the associated Article 14 notice.

5. COVID-19

(a) COVID-19 Impact Market Monitoring

- 5.1 Kevin Shiels introduced this item and provided an overview of consumer protection work and the enhanced market monitoring introduced as a consequence of the COVID-19 pandemic and summarised the next steps. Barbara Cantley and Richard Hume also presented data and analysis in respect of enhanced market monitoring arrangements.
- 5.2 Board members welcomed the work undertaken in this area. Much of the board discussion related to the evidence of mounting customer debt and several queries in respect of the impact this were addressed. Potential mitigations for alleviating the impact of this were discussed. The situation in other jurisdictions was also briefly discussed and the work being undertaken by the UK Regulator's network was noted.
- 5.3 In noting the next steps, the board endorsed continuing importance of the work in this area.

(b) Review of Forward Work Programme

- 5.4 Jenny Pyper provided an overview of the work taken by the executive team to review the Forward Work Programme (FWP), in the context of the COVID-19 pandemic.
- 5.5 The board expressed its gratitude for the commitment shown by the executive team to continuing to deliver on its programme of work during the current challenging times.
- 5.6 A discussion took place on ongoing and future risks to the fulfilment of FWP projects. It was acknowledged that there remained some uncertainty over the full impact of the COVID-19 pandemic and in respect of Brexit. Board members also identified other dependencies that might impact on the ability to deliver FWP projects.
- 5.7 The board noted the outcome of the review. There was agreement that, given ongoing uncertainties, a further review of the FWP projects should take place later in the year. It was also agreed that it would be worth considering any learning emerging from the office's response to the pandemic and how this might be factored in to future working arrangements.

6. T-4 CAPACITY AUCTION UPDATE

- 6.1 Colin Broomfield introduced this item which provided an update for the board on the provisional results from the SEM T-4 capacity auction. Paul Bell briefed the board on the detail of the auction outcome.
- 6.2 Board member queries on the impact of a North-South interconnector on constraints and gas capacity in Northern Ireland were addressed. The wider context and the changing profile of the generation fleet arising from the T-4 auction was also briefly discussed.
- 6.3 The board noted the update.

7. NIRO UPDATE

- 7.1 Donald Henry provided an overview of the NI Renewables Obligation (NIRO) and a further update on the NI Audit Office investigation of the generation of energy from renewables.
- 7.2 Board members clarified aspects of the investigation process and discussed the content of the draft Audit Office investigation report.
- 7.3 The board noted the update.

8 REGULATED ELECTRICITY TARIFF REVIEW

- 8.1 Kevin Shiels briefed the board on the outcome of the recent regulated electricity tariff review. He outlined the key factors driving the price decrease for electricity consumers.
- 8.2 The board noted the briefing.

9 BREXIT UPDATE

- 9.1 Colin Broomfield provided the board with an update on current work priorities in respect of the UK's departure from the EU. He indicated that the internal Brexit Co-Ordination team would be resuming scheduled meetings.
- 9.2 The board noted the briefing.

10 MINUTES

- 10.1 The minutes of the board meeting on 12 March were agreed for publication subject to one minor drafting change.

11 ACTION POINTS

- 11.1 The action points were reviewed by the board.

12 REPORT FROM THE EXECUTIVE TEAM

- 12.1 Jenny Pyper provided an overview of the Executive team report.
- 12.2 Progress on submission of the Annual Accounts was noted. She also advised board members that a text only draft of the Annual Report would be circulated to board members via correspondence for any comment.
- 12.3 An update was provided on developments relating to the Land Bank lands adjacent to Kilroot power station.

- 12.4 A board member query in respect of the funding of NI Water was addressed.
 - 12.5 The board was also briefed on the SONI governance review. Board members were provided with further detail in relation to the role of the facilitator and noted the terms of engagement in relation to this.
 - 12.6 An overview was provided on the finance and performance report and the report was approved. The board noted the budget position and the status update on the Forward Work Programme. In reviewing the risk register, it was agreed that a further risk workshop would be organised in August or September.
- 13 ANY OTHER BUSINESS**
- 13.1 The board conducted a meeting review. Comments were noted in respect of the board meeting format via video conference and the potential for providing board papers through a more accessible electronic format.

There being no other business, the meeting concluded at 1.10 p.m.