**MINUTES OF A SPECIAL MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE ‘AUTHORITY’) HELD ON WEDNESDAY 5 DECEMBER 2012, AT QUEENS HOUSE BELFAST AT 2.15 P.M.**

**Present:**

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

**In attendance:**

Jo Aston (Director of Water), Donald Henry (Director of Corporate Affairs), Tanya Hedley (Director of Electricity), Greg Irwin (Board Secretary/Communications Manager), John Mills (Water directorate), Alan Craig (Water directorate), Caspar Swales (Water directorate).

1. **APOLOGIES FOR ABSENCE**

1.1 Alan Rainey.

**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 No declarations of interest were made.

**4. PC13 FINAL DETERMINATION PRICE LIMITS**

4.1 Jo Aston introduced this item. She provided an update on developments since the board’s last discussion.

4.2 The water directorate then delivered a presentation which outlined proposed decisions on the key areas of the price control.

4.3 The board discussion initially focused on the recommendations in relation to Opex which specifically set a 5% catch-up target for Opex efficiency. Board members sought clarification on the proposed efficiency challenge. This included a discussion on regulatory precedent. NI Water’s recent performance in relation to Opex was also considered. The board also discussed NI Water’s response to the efficiency challenge, as outlined in the draft PC13 determination, and considered the risks to the company arising from its current status. The mechanism to address any funding requirements or change, which is in place for the current price control, was also discussed.

4.4 The board noted the recommendations in relation to capital expenditure and outputs. Queries relating to aspects of the Overall Performance Assessment score and the use of the OPA by other regulators was clarified.

4.5 A discussion on financial aspects of the price control recommendations focused on the changes from the draft determination arising from a further submission from NI Water.

4.5 With all the issues clarified, the board approved the K factors as outlined in the paper.

4.6 Jo Aston outlined next steps in the process. Board members provided guidance on the drafting of the final determination in respect of mechanisms for the company to address funding shortfalls and the impact of broader government funding constraints.

**5. PC13 APPROVAL PROCESS**

5.1 The board noted the summary of key changes from the draft determination.

There being no other business and, following a meeting review, the meeting concluded at 3.45 p.m.