

MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE 'AUTHORITY') HELD ON THURSDAY, 12 NOVEMBER 2020 BY VIDEO CONFERENCE AT 9.30 A.M.

Present:

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

In attendance:

SMT – Tanya Hedley, Kevin Shiels, Roisin McLaughlin, Elaine Cassidy, Greg Irwin

Ciaran MacCann, Jody O'Boyle, Kenny McParland and Nick Francis (agenda item 3), Neil Bingham (agenda item 4), Roisin Kelly

1. APOLOGIES FOR ABSENCE

1.1 John Mills.

1.2 The Board convened in advance of the Board Advisory Forum to consider three items. A further item on the North-South Interconnector was deferred.

1.3 Bill Emery welcomed John French to his first meeting as Chief Executive.

2. DECLARATIONS OF INTEREST

2.1 It was noted, in the context of the SONI price control, that David de Casseres had previously been employed by SONI.

3. SONI PRICE CONTROL – EMERGING FINAL DETERMINATION POSITION

3.1 Tanya Hedley introduced this item which sought the Board's endorsement of proposals in respect of aspects of the SONI price control review. Ciaran MacCann and Jody O'Boyle provided further detailed briefing for the Board.

3.2 The Board explored the funding of, and decision-making around, strategic investment across the island of Ireland. While opportunities for strategic investment to benefit consumers was endorsed, the importance of aligning this with Northern Ireland energy policy was underlined.

3.3 A discussion on the evaluative performance framework led to Board endorsement of for strengthening the predictability of the framework and reducing complexity. It was noted that the Board would receive guidance on the evaluative performance framework for comment.

3.4 There was also a discussion on cost remuneration and managing uncertainty. In exploring the risks around capital investment the Board endorsed the ex-ante approach to cost remuneration as presented. The need for a clear and careful articulation of this approach in the price control review publication was emphasised.

3.5 The Board also considered the risk and return proposals. In this regard the Board reflected on the SONI view in respect of the company's financeability. The rationale for the proposed weighted average cost of capital and financial risk was explored and other recent regulatory determinations was noted.

- 3.6 Overall, the proposals on aspects of the price control, as presented, were approved. The timetable for concluding the price control review was outlined and a final determination would be presented to the Board for its consideration as the next step.

4. TIBCO SYSTEM SEPARATION COSTS

- 4.1 Tanya Hedley introduced this item which sought the Board's approval to consult on licence modifications to allow all required NIE Network system separation costs attributable to Northern Ireland to be recovered via the current NIE Networks RP6 Price control. Neil Bingham provided further briefing on the background and context for the proposal.
- 4.2 The Board approved the proposal to consult on the licence modifications as proposed.

5. REMUNERATION COMMITTEE TERMS OF REFERENCE

- 5.1 Donald Henry provided an overview of proposed amendments to the Remuneration Committee's Terms of Reference in respect of strategic oversight and reporting.
- 5.2 The Board approved the proposed amendments to the Remuneration Committee's Terms of Reference as presented.

6. ANY OTHER BUSINESS

- 6.1 It was agreed that Board and Board Sub-Committee meetings would continue to take place via video conference until the end of March and that this would necessitate some changes to timings which would be communicated to the Board.
- 6.2 It was agreed that Teresa Perchard would be added to a NI Water Board Sub-Group.
- 6.3 Donald Henry apprised the Board of a Public Accounts Committee inquiry into the NIAO investigation report on the NI Renewables Obligation.

There being no other business, the board meeting concluded at 10.45 p.m.