

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY
REGULATION (THE 'BOARD') HELD ON THURSDAY, 15 OCTOBER 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:

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

John French, Jody O'Boyle, Ciaran MacCann and [DN plus Nick] (agenda item 4), Barbara Cantley (agenda items 5 and 6), Charlene Small (agenda item 5), Richard Hume (agenda item 6), Sarah Brady (agenda item 7), Jean-Pierre Miura (agenda items 8 and 9), Roisin Kelly

1. APOLOGIES FOR ABSENCE

1.1 None.

1.2 Bill Emery commenced the meeting by conveying best wishes and appreciation, on behalf of the board and staff, to Jenny Pyper at her last board meeting before her retirement. She responded to acknowledge the sentiments to pass on her thanks for the support of the board and staff during her tenure as Chief Executive.

2. DECLARATIONS OF INTEREST

2.1 There were no declaration of interests.

**3. SONI PRICE CONTROL 2020-25 PRICE CONTROL DRAFT DETERMINATION
CONSULTATION RESPONSES**

3.1 Tanya Hedley introduced this item which provided an on overview of the consultation responses to the draft determination and set out proposals relating to particular aspects of the price control review. It was noted that the Board had discussed several aspects of the price control review at previous meetings.

3.2 A presentation was provided which covered the consultation responses and the following elements: business plan assessment, the evaluative performance framework: cost remuneration and uncertainty, cost allowances and risk and return.

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

- 3.4 The process was the assessment of SONI's business plan submission was explored. Board members noted some concerns relating to the timeliness and quality of the business plan submission.
- 3.5 An extended discussion also took place on financial incentives and the proposed performance evaluative framework. The focus of the board's discussion was on striking the correct balance between incentivising good performance while ensuring that appropriate penalties were in place for sub-optimal performance. In this regard, there was an overall preference for an asymmetrical position on the evaluative performance framework incentive level. There was also discussion on the importance of firming up the design of the evaluative panel to ensure that it provided robust oversight. Finally, some board member queries on the scoring methodology were addressed.
- 3.6 A brief discussion also took place on the proposals in respect of the Parent Company Guarantee.
- 3.7 In concluding the board noted that there would be further engagement with SONI during November. It was agreed that the board would be provided with further guidance regarding the performance evaluative framework before final consideration of the proposed final determination.
- 3.8 The board also received a progress update on the SONI Governance review and it was noted that a consultation paper would be presented to the Board for approval before issue.

4. PTL-GNI (UK) TRANSPORTATION AGREEMENT

- 4.1 Roisin McLaughlin introduced this item regarding the Transportation Agreement between PTL and GNI (UK) which secures access to the GB gas markets. She provided a briefing on background and latest developments.
- 4.2 Board members discussed the role of the expert reviewer and the timing and process for his review. There was also a discussion about how to ensure that local energy consumers' interests were taken into account in any agreed contractual arrangement between PTL and GNI (UK).
- 4.3 The potential to consult on any proposed agreement was also explored. Board members discussed the basis for such a consultation in the context of a proposed commercial agreement that had been facilitated by an independent expert reviewer. There was also some consideration as to the process of communication regarding the outcome of any contractual agreement.
- 4.4 Given the importance of reaching an agreement the board emphasised the desirability of reaching a settlement as soon as possible.

- 4.5 The board agreed that, while it was minded not to consult on the proposed contractual agreement as part of the regulatory approval process, it would reserve the right to do so once the outcome of expert determination is known.

5. ELECTRIC IRELAND COMPLIANCE INVESTIGATION

- 5.1 Kevin Shiels introduced this item which provided the board with the background into, and the outcome of, a compliance investigation of Electric Ireland. Barbara Cantley and Charlene Small provided a presentation which covered the investigation process, key findings, the investigation outcome and lessons learned.
- 5.2 Board members discussed the reasons behind the compliance issues identified by the investigation. Queries in respect of any incidence of non-compliance by other energy suppliers and the operation of the alternative resolution approach were addressed.
- 5.3 Board members welcomed the work that had been undertaken and the positive outcome for consumers from the investigation.

6. COVID-19 IMPACT MONITORING

- 6.1 Barbara Cantley and Richard Hume provided a presentation which provided an update on COVID-19 impact monitoring in respect of electricity, gas and network metrics.
- 6.2 The board discussed the customer debt situation and specific risks facing suppliers. Communications with suppliers was also discussed.
- 6.3 In noting the presentation, the board endorsed the ongoing usefulness of the COVID-19 impact monitoring work.

7. NIRO UPDATE

- 7.1 Donald Henry briefed the board on the publication of the NI Audit Office investigation report on the Northern Ireland Renewables Obligation (NIRO).
- 7.2 The board noted the update.

8. BREXIT UPDATE

- 8.1 Jean-Pierre Miura provided a verbal update on Brexit. He noted the ongoing focus of the work on wholesale market trading with Great Britain and representation on the EU energy fora following the end of the transition period. A board member query in respect of representation on EU energy fora was addressed.
- 8.2 The board noted the update.

9 SEM UPDATE

9.1 Jean-Pierre Miura provided an overview on key work in respect of the Single Electricity Market (SEM). In particular, he drew attending to the implementation of the Electricity Regulation and the arrangements for the forthcoming capacity auctions.

9.2 The board noted the update.

10 MINUTES

9.1 The minutes of board meeting on 10 September 2020 were agreed for publication.

10 ACTION POINTS

10.1 The action points were reviewed by the board.

11 REPORT FROM THE EXECUTIVE TEAM

11.1 Donald Henry provided an overview of the Executive team report.

11.2 An update was provided on preparations for a future return of staff to Queens House. It was agreed that the board should be provided with a presentation providing an overview of findings of a staff wellbeing survey.

11.3 The board were updated on plans for the SEM Committee to develop a workplan and strategy. It was agreed that the SEM update should be a standing item on the board agenda.

11.4 An overview was provided on the finance and performance report. Queries in respect of year end budgetary outcomes and the staffing of the Legal team were addressed. The report was approved. The board noted the budget position and the status update on the Forward Work Programme.

12 ANY OTHER BUSINESS

12.1 The board conducted a meeting review focusing on the content of papers and the agenda timing.

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