

MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 23 MAY 2019, IN QUEENS HOUSE

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

Michael Campbell and Colin Magee (agenda item 4), Meadhbh Patterson (agenda item 6), Barbara Stevenson (agenda item 7), Sarah Brady (agenda item 9)

1. APOLOGIES FOR ABSENCE

- 1.1 Bill Cargo.
- 1.2 Bill Emery welcomed David de Casseres and Claire Williams to their first meeting and congratulated them on their appointment.
- 1.3 The board also congratulated Colin Broomfield on his appointment as Director of Wholesale.

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 None.

4. FIRMUS ENERGY SUPPLY LTD GAS SUPPLE PRICE CONTROL 2020-2022

- 4.1 Kevin Shiels introduced this item which sought the board's approval for proposals on the scope, operating costs and margin elements of the firmus energy ltd gas supply price control 2020-2022. Michael Campbell and Colin Magee annotated items of detail relating to the proposals.
- 4.2 Board members took the opportunity to clarify items relating to: the scope of the price control, IT costs, assumptions relating to customer growth, the financing of costs where they exceeded allowances, comparative efficiency considerations and customer information bill processing and postage and price control outputs.
- 4.3 A discussion also took place on engagement with firmus energy on the price control. In this context the board noted the progress that had been made in respect of the submissions provided by firmus energy and the positive level of engagement on the price control.
- 4.4 With all items clarified and the discussion concluded the board approved the consultation proposals as presented.

5. FUTURE EXTENSIONSTO THE NATURAL GAS NETWORK

- 5.1 John Mills introduced this discussion paper which provided information in respect of the current development of the natural gas network and outlined proposals for further extensions to the gas network.
- 5.2 The board discussed our statutory duties in respect of natural gas development. Recent developments in respect of government policy on the future of gas in Great Britain was also noted.
- 5.3 There was also a reflection on the impact of, and the implications arising from, the energy transition. In that context, the current high level of domestic properties in Northern Ireland that depended on oil for heating was identified as a critical factor influencing the future development of the local gas network.
- 5.4 Current gas network development principles and the practice of the economic test were explored with reference to the proposals for further extensions. Board members also discussed the nature of, and impact of, the proposed extensions on the local areas.
- 5.5 At the conclusion of the discussion it was noted that a further paper on gas network extensions would be presented to the board for its consideration in September. It was noted that there would be further engagement with firmus energy and the Department of the Economy on the wider policy considerations in the meantime.

6. CONSUMER PROTECTION UPDATE

- 6.1 Meadhbh Patterson introduced this item which provided an update on consumer protection matters.
- 6.2 The board welcomed the update and discussed the presentation of the Consumer Protection grid. Board members also commented positively on the recent launch of the Consumer Protection Programme.
- 6.3 In noting the update, the board agreed that a meeting should be arranged with the Consumer Vulnerability Working group at a suitable future board meeting.

7. ANNUAL REPORT 2018-19

- 7.1 Barbara Stevenson briefed the board on this item which provided a substantive draft of the Annual Report 2018-19 for comment.
- 7.2 Much of the board's comments focused on the presentation of key items in the document and the need to ensure that these were provided in the most impactful way. There was also a brief discussion on the readership for the document and how to ensure that it was as accessible as possible to key stakeholders.
- 7.3 In noting the draft Annual Report, board members were asked to provide any drafting comments as soon as possible.

8. COSTS ASSOCIATED WITH INJURIOUS AFFECTION

- 8.1 Tanya Hedley introduced this item on injurious affection (which is the measure of compensation associated with the reduction in the value of a claimant's land following the incursion of electricity network infrastructure onto or adjacent to property). Specifically an

update was provided on the Court of Appeal's decisions in relation to four 'injurious affection' test cases (which had been originally brought before the Lands Tribunal).

8.2 Queries from board members on the proximity of electricity infrastructure to one of the test case properties, and the impact of such infrastructure on the purchase of properties, were addressed. The board also briefly discussed how property access and proximity issues for other significant electricity network projects were being addressed.

8.3 The board noted both the Court of Appeal's decisions and NIE Network's defending the test cases and the CEO's approval of NIEN's costs associated with injurious affection claims.

9. NIRO UPDATE

9.1 Donald Henry introduced this item which was an update on the Northern Ireland Renewables Obligation (NIRO).

9.2 The board noted that the NI Audit Office (NIAO) had decided to conduct an investigative review of emerging issues relating to the NIRO. An update was provided on the Audit and Risk Committee's earlier meeting and the plans to engage with the NIAO on the investigative review.

9.3 Board member queries in respect of the terms of reference for the review and the timing were clarified. The board agreed that there was an opportunity to engage with the NIAO review to ensure that a comprehensive assessment of the NIRO and its impact is presented.

9.4 The board noted the update.

10 MINUTES

10.1 The minutes of the board meeting on 7/8 March 2019 were agreed for publication.

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 She noted the outcome of the SEM T-4 capacity auction and briefed the board on meetings with investors.

12.3 The outlook for progress on the Department for the Economy's energy strategy was also discussed and the interaction with work on the implementation of the EU's Clean Energy Package was noted.

12.4 A query relating to the PPB price control was also addressed.

12.5 Roisin McLaughlin updated the board on developments relating to the possible extension to the Transportation Agreement. The board's attention was also drawn to recent enforcement and litigation matters

12.6 Elaine Cassidy provided an overview of the first annual report on our compliance with the General Data Protection Regulation. The board briefly discussed the assessment of compliance with GDPR and, in noting the need to consider the most appropriate headline, approved the first annual report.

12.7 An overview on the finance and performance report was presented by Donald Henry. The board noted the year-to-date budget position and the provisional outturn for the 2018-19 year. A brief discussion took place on the mid-year review of the budget. Alex Wiseman also provided a report on the Audit and Risk Committee's earlier discussion on the report of the board's April risk workshop. It was noted that the draft risk register for 1920 would be subject to discussion at the June board meeting. The finance and performance report was approved.

13 ANY OTHER BUSINESS

13.1 Bill Emery noted that the board, as part of a workshop to further enhance effectiveness, had agreed to regularly avail of the opportunity to review board meetings. A review of the board meeting took place and there was a positive reflection on the board papers and the conduct of the meeting and some feedback for further consideration.

13.2 Jon Carlton also took the opportunity to apprise board members of key information items from a recent Utility Week conference that he attended.

13.3 Bill Emery indicated that he would be adding the composition of board committees to the agenda for the June board meeting.

There being no other business, the meeting concluded at 2.45 p.m.