

**MINUTES OF A MEETING OF THE NORTHERN IRELAND AUTHORITY FOR UTILITY
REGULATION (THE 'BOARD') HELD ON THURSDAY, 7 MARCH AND FRIDAY,
8 MARCH 2019 IN ENNISKILLEN**

Present:

Bill Emery (Chairman), Jenny Pyper (Chief Executive), Teresa Perchard, Alex Wiseman, Jon Carlton, Richard Rodgers, Bill Cargo

In attendance:

SMT - Kevin Shiels, Donald Henry, Tanya Hedley, Jo Aston, Roisin McLaughlin, John Mills, Greg Irwin

Elaine Cassidy, Sarah Brady (agenda item 7), Meadhbh Patterson (agenda item 8), Orla Gray (agenda items 8 and 9),

1. APOLOGIES FOR ABSENCE

1.1 None.

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 Richard Rodgers indicated a potential interest in respect of NISEP. Jo Aston indicated that she would voluntarily absent herself from the items relating to the SONI price control and market monitoring.

4. CORPORATE STRATEGY AND FORWARD WORK PROGRAMME

4.1 Jenny Pyper introduced this item which sought the board's approval for the proposed Corporate Strategy 2019-24 and Forward Work Programme (FWP) 2019-20. She provided an overview of the process to develop, and the key elements of, both documents and drew the board's attention to consultation comments received.

4.2 Board members commended the proposed corporate strategy. There was also a discussion on key public messages arising from the corporate strategy. It was agreed that while there remained some uncertainty, principally associated with Brexit and the absence of the NI Assembly, the strategic direction of the corporate strategy was appropriate at this time.

4.3 Several changes were suggested to the wording of FWP projects to clarify the scope and roles and responsibilities.

4.4 The board also considered consultation comments on both the corporate strategy and the FWP. While noting and endorsing the assessment provided on the comments received, it was agreed that the opportunity should also be taken to provide feedback on certain specific comments as necessary.

4.5 At the end of the discussion, the board approved the proposed Corporate Strategy 2019-24 and the FWP 2019-20 as drafted. It was noted that a drafting review of both documents would be undertaken before publication.

5. APPROACH TO SONI TSO PRICE CONTROL 2020-25

- 5.1 Tanya Hedley introduced this item which set out the proposed approach to the SONI price control 2020-25.
- 5.2 The discussion focused on the main aspects of the proposed approach as outlined in the paper. In particular the board discussed those proposals where changes had been made following consultation or which were challenged during the consultation.
- 5.3 Board members also sought, and received, an update on the SONI governance workstream and it was agreed that the direction of travel in that area should also be articulated in the final published price control approach document.
- 5.4 Finally, the board clarified arrangements for the publication and dissemination to stakeholders of the price control approach document.
- 5.5 The board endorsed the price control approach proposals as presented.

6. BUDGET 2019-20

- 6.1 Donald Henry introduced this item which sought the board's approval for the 2019-20 budget. He provided an overview of the key aspects of the proposed budget and key trends.
- 6.2 The board discussed resourcing pressures identified in the proposed budget. It was noted that the UK's departure from the EU would continue to present a significant resourcing pressure for some time to come. The increase in the work associated with addressing complaints, disputes and enforcement matters was also identified as a additional and growing area. Further information was also sought in respect of additional resourcing requests and the prioritisation afforded to specific workstreams.
- 6.3 Alex Wiseman also reported on the Audit and Risk Committee's scrutiny of the draft budget. He noted, in particular, the reduction in consultancy expenditure. The board endorsed efforts to further reduce consultancy expenditure.
- 6.4 Board members also briefly considered the presentation of the budget in the context of value for money considerations. There was agreement that the impact of the continued growth of the regulatory work and additional workstreams (such as that related to Brexit) needed to be clearly articulated in the presentation of the budget.
- 6.5 The board approved the budget for 2019-20 as presented.

7. NISEP REVIEW

- 7.1 Sarah Brady introduced this item which provided an opportunity for the board to discuss the review of the Northern Ireland Sustainable Energy Programme (NISEP).
- 7.2 Board members clarified the focus and scope of NISEP. The continuing rationale for NISEP was also explored. Queries in respect of similar provision in other parts of the UK, including a one-stop shop approach to advise on energy efficiency schemes, were addressed.

- 7.3 The outcome of the public consultation on the NISEP review was also discussed. This included the format of the consultation and the responses received. The extent of the support from consultation respondents for continuing with NISEP was teased out in discussion.
- 7.4 A range of options for the future of NISEP were discussed. The board explored the various options and noted the current absence of a NI Executive and an energy strategy. In that context the board discussed whether it was prudent to have an option to close NISEP at this stage.
- 7.5 At the conclusion of the discussion the board noted the value of the work undertaken to provide an evidence base to inform the future of NISEP. In the absence of a NI Executive the board also endorsed the current policy position on NISEP, that the scheme should continue until a successor has been identified.

8. CONSUMER PROTECTION PROGRAMME

- 8.1 Meadhbh Patterson introduced this item which sought the board's approval for a vulnerability definition for the Consumer Protection Programme (CPP) and delegated authority in respect of final CPP decisions.
- 8.2 The board focused on the definition of a vulnerable consumer. A recent publication by the Competition and Markets Authority was identified as a helpful contribution to informing discussion around vulnerable consumers. The different experiences of consumers and the sometimes transitory nature of being 'vulnerable' was highlighted in discussion.
- 8.3 Following the discussion, the board decided to approve the definition of a vulnerable consumer as presented. There was also approval for delegated authority to the CEO to approve the final decisions to enable the publication of the CPP during April.

9. CONSUMER INSIGHT TRACKER

- 9.1 Kevin Shiels introduced a presentation on initial data emerging from a survey of domestic energy customers in Northern Ireland, the Consumer Insight Tracker (CIT). Orla Gray presented on the background to the CIT and provided an overview of key findings
- 9.2 Board member .
- 9.3 A substantive discussion ensued on the need for any additional generation capacity. This focused on the assessment of the forecast additional demand. There was a discussion as to whether the forecast demand assessment was sufficiently robust at this stage as a basis for decisions on the award of additional generation capacity.
- 9.4 The implications of awarding or not awarding capacity to meet the forecast additional demand were explored. Specifically, the proportion of the costs of any additional capacity awarded in the Republic of Ireland to be met by Northern Ireland consumers was clarified.
- 9.5 The board explored the various options for withholding capacity in the light of demand uncertainty. In that context, the timing of future longer-term capacity auctions was also discussed.
- 9.6 A further option was suggested and the board noted that its consideration of the issue would be reflected by Northern Ireland members whenever the SEM Committee discussed the matter at its February meeting.

10 PC21 APPROACH TO EFFICIENCIES

- 10.1 Jenny Pyper introduced this item which provided an update on developments in respect of Brexit and organisational steps being taken in respect of Brexit readiness.
- 10.2 Jon Carlton, as chairman of the Brexit Board Sub-Group, provided a report of that group's first meeting. The draft terms of reference for the group was approved, subject to one material amendment to be made. It was agreed that the Sub-Group would convene around the time of each board meeting and could also be convened at short notice as necessary.
- 10.3 In noting the Sub-Group's consideration of a stakeholder engagement plan, feedback on the joint UR/BEIS/DfE stakeholder event on 6 February was discussed (and it was agreed that the slides for this event be shared with the board). It was also noted that the SEM Committee was also due to host a Senior Stakeholder event on 18 February and arrangements for that event were also briefly discussed.
- 10.4 Board members clarified aspects of the timing and delivery of the various workstreams and related dependencies. There was also a discussion on the current Withdrawal Agreement (between the EU and the UK) and provisions in respect of the role of the SEM Committee.
- 10.5 The board noted the extent of the work being undertaken (particularly in respect of licence modifications) and there was agreement that the board should receive regular updates on Brexit.
- 10.6 Finally, the board noted a document setting out organisational arrangements for Brexit and it was agreed that the contact details needed to be updated in the document.

11 BREXIT READINESS UPDATE

12 MARKET MONITORING REPORT

13 MINUTES

- 13.1 The minutes of the board meeting on 13 December 2018 were agreed for publication. The minutes of the board meeting on 17 January 2019 were agreed subject to one minor amendment.

14 ACTION POINTS

- 14.1 The action points were reviewed by the board.

15 REPORT FROM THE EXECUTIVE TEAM

- 15.1 Jenny Pyper provided an overview of the Executive team report.
- 15.2 She formally welcomed John Mills to the board following his recent appointment as Head of Function.
- 15.3 A further update was provided on engagement with NIE Networks in respect of the retail IT system co-ordination arrangements.

- 13.4 The board noted the inclusion of a list of current disputes, enforcement and litigation as an annex to the report.
- 13.5 Following a briefing, board approval was also provided for a business case to defend litigation.
- 13.6 An overview was provided on the finance and performance report and the report was approved. It was agreed that the board should review the risk register at the April board advisory forum meeting. Alex Wiseman also provided an overview report of the Audit Committee meeting that preceded the board meeting.

14 ANY OTHER BUSINESS

- 14.1 The board considered appointments and reviewed interests issues in a closed session.

There being no other business, the meeting concluded at 3.45 p.m.