

Reporter for NIE T&D Ltd

Terms of Reference

Introduction

Reporters are independent professionals who are appointed by the regulated electricity company in Northern Ireland, with NIAUR approving the reporter appointments. The reporters act as professional commentators and certifiers on the regulated activities of the regulated company. They ensure that company regulatory information is consistent, comparable, reliable and accurate.

These Terms of Reference set out the following:

1. The role of the reporter;
2. The reporting process;
3. Reporter and auditor relationships;
4. The scope and content of reporter reports;
5. Annual reporter performance review arrangements;
6. External review of reporters arrangements
7. Contractual aspects of reporter and NIE T&D relationships;
8. The appointment procedure for reporters.

1. THE ROLE OF THE REPORTER

- 1.1 Duty of care to NIAUR The reporter's role is to assist NIAUR to fulfil its statutory duties. The reporter's primary duty of care is to NIAUR. The reporter also has a duty of care to NIE T&D.
- 1.2 Required experience The reporter needs a thorough knowledge of the technical, operational, financial and regulatory aspects of the electricity industry. The reporter will develop a detailed understanding of the regulated business of NIE T&D within six months of appointment to the role.
- 1.3 Named individuals The reporter may be assisted by a team of named people. The members must be appropriately qualified, competent for their team roles and acceptable to NIAUR. The reporter shall take all reasonable steps to avoid changes in the team and shall obtain NIAUR's and NIE T&D's prior approval for any changes in the reporting team.
- 1.4 Independence of Reporter During the period of the reporter's appointment he/she shall:
- be completely independent from NIE T&D;
 - not be engaged by NIE T&D in consultancy studies or other service contracts associated in any way with the preparation of submissions for NIE T&D.
- If NIE T&D or a reporter identifies a potential conflict of interest associated with the reporter's work they shall raise the issue with NIAUR for guidance and resolution.
- 1.5 NIE T&D policies NIE T&D shall make the reporter aware of NIE T&D's policies and assumptions underlying the approach to their submissions.

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- 1.6 NIAUR's access to the reporter
NIAUR shall have direct contact with the reporter on any matters within the terms of reference of the appointment.
- 1.7 Confidentiality
NIAUR may require the reporter to maintain the confidentiality of the content of any communications to/from NIAUR or about any special investigations the reporter is carrying out. In normal circumstances NIAUR will expect the reporter to keep NIE T&D informed about his/her reports, correspondence and findings.
- The reporter will give undertakings to NIAUR that information provided in the course of his/her work as reporter will be properly protected.
- The reporter shall ensure that information and data obtained from NIE T&D or any consequential results of the reporter's work on any submission shall not be communicated to any other companies or third parties.
- 1.8 Embedded Role
It is anticipated the reporter will be embedded within NIE T&D on a part-time basis for the duration of the price control and in agreement with NIAUR. The purpose of embedding the reporter within NIE T&D is to provide a platform for the reporter and NIE T&D to build working relations and facilitate access to information and personnel. This will enable the reporter to carry out their duties in an effective and efficient manner.
- The reporter must be mindful of his duty of care to remain independent in such a close working environment and to remain objective and unbiased throughout the duration of appointment.
- Furthermore the reporter must be conscious of the need to consider the broader picture, in light of the indepth knowledge obtained by being embedded within the regulated company, when formulating decisions and opinions.

THE REPORTING PROCESS

- 2.**
- 2.1 Guidelines
- NIE T&D will continue to make all necessary submissions direct to NIAUR. NIAUR will carry out a review of this submission and address any queries. This review will also assess the need to involve the reporter in specific aspects of the submissions.
- Should NIAUR require the reporter to examine specific aspects of NIE T&D's submissions NIAUR shall develop and issue guidelines on the scope of any audit of NIE T&D and the questions to be addressed. The scope of the work will include whether NIAUR are requiring the reporter to report on fact alone or if an opinion is desired or both fact and opinion is required. NIAUR will set out a reasonable timeframe, made visible to NIE T&D, for this work to be carried out.
- 2.2 Areas of work
- It is anticipated the broad areas requiring the services of a reporter are listed below: This list is not exhausted and is to provide an indication of the likely areas:
- Financial accounts
 - Capital expenditure reports
 - Capital expenditure database
 - RAB additions and disposals
 - Compliance Plan
 - Annual reporting requirements
 - Other regulatory submissions
- 2.3 Supplementary investigations
- NIAUR may require the reporter to carry out supplementary or special investigations of particular aspects of NIE T&D's business. NIAUR shall provide special guidelines and terms of reference for this work.
- 2.4 Audit plans
- Upon direction from NIAUR the reporter shall submit to NIAUR a plan of his/her audit of an NIE T&D information submission or supplementary investigation, either within 15 working days of receiving submission reporting requirements or by a date set by NIAUR. The reporter will copy the plan to NIE T&D.
- The reporter should hold early discussions with NIE T&D in order to understand how NIE T&D intend to meet NIAUR's requirements. The audit plan shall cover the following:
- A method statement.
 - The key questions being addressed in the audit.
 - The proposed schedule of audits.
 - The personnel involved. The estimated total costs of the requirement, subsistence and travel costs, together with a proposed ceiling cost for the audit of work only.
- NIE T&D shall make any representations to NIAUR about the audit plan within 5 working days of receiving it from the reporter.
- 2.5 Level of audit
- The reporter shall be responsible for deciding on the level of audit necessary to satisfy NIAUR's guidelines or specific questions. The level of audit and monitoring must be sufficient for the reporter to:
- be satisfied as to the adequacy of NIE T&D's methods and procedures to provide information that conforms with NIAUR's information requirements;
 - be satisfied that NIE T&D's work is consistent with the methods, procedures, policies and assumptions stated by NIE T&D;

- test that there are coherent and explained links between the current and earlier relevant NIE T&D submissions;
- identify whether the methods and procedures adopted by NIE T&D for the production of submissions:
 - cover the scope of the work as outlined in NIAUR's guidance;
 - provide a credible system of quality assurance;
 - are adequate for producing estimates of expenditure needs or records of costs incurred;

and

- test that the methods and procedures are followed rigorously and accurately by NIE T&D.

2.6	Approval of audit plans	NIAUR will take account of any representations made by NIE T&D, agree the audit plan and set a ceiling cost for the audit work. The reporter shall proceed with the work that is set down in the audit plan unless NIAUR requires changes.
2.7	Adequacy of audit	In all areas the certification effort must be demonstrably sufficient to support any facts and/or opinions given in the report.
2.8	Addressing areas of concern	In both audit and challenge of material assumptions the reporter must address the areas of concern identified by NIAUR in the lead up to submissions. Normally these will be identified in specific guidance and correspondence, but the reporter should also address issues or concerns raised in NIAUR publications or at meetings between themselves and NIE T&D.
2.9	Material assumptions	<p>The reporter should encourage NIE T&D to expose fully within its submissions all assumptions that NIE T&D has made. The reporter shall comment on any material omissions from the submissions, including the consequences of the omission.</p> <p>Material assumptions should be subject to scrutiny and, where appropriate, be challenged. The extent of challenge is a matter for the reporter's judgement. The reporter's report should make clear the scope and extent of the material challenges.</p>
2.10	Allocation issues	The reporter should pay particular attention to NIE T&D's allocation of projected or actual expenditure, taking account of any guidance prepared by NIAUR on purpose and cost categories. The reporter's assessment should include the challenge of any assumptions and compliance of the submission with those assumptions adopted within NIE T&D.
2.11	High expenditure areas	The reporter's audit should be directed at those areas of NIE T&D's future expenditure proposals or annual reports where expenditure is projected to be, or has been, high. In this way the limited resources of the reporter can be directed at these areas that are likely to have the greatest influence on NIAUR's determinations.
2.12	Further explanations	The reporter shall provide further explanations or clarification as NIAUR may reasonably require following receipt of the submissions and reporter's report.

The reporter should be available to respond quickly to such requests.

2.13 Audit records

The reporter shall maintain proper and adequate audit records cross-referenced to reports made to NIAUR, and retain them until NIAUR authorise their disposal. On termination of a reporter's appointment the audit records shall be retained for a period of not less than seven years. The replacement reporter shall have access to these records during this period.

2.14 Use of Experts

In certain situations it may be necessary for the reporter to use the services of an expert who possess special skills, knowledge and experience in a particular field. The reporter when considering whether to use the work of an expert should review:

- The importance (relevance) of the matter being considered in context
- The quantity and quality of other available information
- Consult with NIAUR regarding appropriateness of using an expert.

Should, NIAUR and the reporter agree the use of an expert is required, consideration must be given to the professional competence, professional qualifications and experience and reputation in the field of the expert. The reporter should evaluate the objectivity of the expert.

The experts scope of work will be clearly defined and outlined by the reporter and the work assessed for appropriateness. The reporter should seek to obtain an understanding of the underlying assumptions and consider the reasonableness of the expert work.

Any additional engagement of experts will need to be fully approved by NIAUR prior to engagement.

3.		REPORTER AND AUDITOR RELATIONSHIPS
3.1	Single level certification	The reporter does not have to separately validate NIE T&D data or systems if this duplicates earlier scrutiny by the auditors. The reporter shall acknowledge and report the auditor's validation, and identify any findings from the auditor's validation that have been incorporated in the reporter's report.
3.2	Access to the auditors	NIE T&D are obliged to arrange for free access between the auditors and reporter, as required by the reporter.
3.3	Working with auditors	Reporters need to work with the auditors to provide the necessary effective and focussed scrutiny of the submissions, particularly where there is overlap with regulatory accounts. In the areas of financial and accounting assumptions the reporter should obtain comfort from NIE T&D's auditors to comment properly on the submission and to confirm that the assumptions are understandable and reasonable in the context of the information available at the time.
3.4	Audit guidance	<p>The reporter and the auditor should note that:</p> <ul style="list-style-type: none">• scrutiny of the information in specific tables/submissions could be allocated to either the reporter or the auditor depending on who normally reviews such information;• both reporter and auditor should be familiar with NIAUR's reporting requirements;• audit arrangements must be sufficiently robust to rebut challenge on the grounds of weaknesses in the scrutiny which is due to:<ul style="list-style-type: none">- either skill or experience gaps associated with scrutiny of engineering or financial information; or,- the audit practice of accepting a statement of adequacy from company officers falling short of the requirements of these terms of reference. <p>These weaknesses could be overcome by the reporter and auditor agreeing exactly how relevant issues are dealt with at a working level, and properly documenting the financial auditing work to be done in support of certification.</p> <ul style="list-style-type: none">• Reporters may use their own financial specialists to carry out the necessary certification work provided that the auditors are consulted on issues where future reporting on accounting matters is affected.

4.		REPORTER REPORTS – SCOPE AND CONTENT
4.1	Reports on NIE T&D information submissions	At NIAUR’s request the reporter shall provide NIAUR with a report on the audit of any NIE T&D information submission. This report will follow the specific guidelines given by NIAUR in their request. The reporter will send a copy of his/her report to NIE T&D.
4.2	Stand alone reports	The reporter's reports to NIAUR shall be free standing, i.e. the reader should be able to understand the work carried out by the reporter and their findings without direct reference to other documents.
4.3	Points to address	In their reports, reporters should address the following points where they are relevant to an NIE T&D submission being reviewed and are based on the audits carried out:
4.3.1	Compliance with guidance	<ul style="list-style-type: none"> • Whether the NIE T&D submission has been prepared in accordance with the guidance issued by NIAUR.
4.3.2	Company assumptions	<ul style="list-style-type: none"> • Disclosure of the material assumptions that underpin NIE T&D’s submission, if they have not been fully exposed in NIE T&D’s submission. • The extent of the reporter’s or the auditor’s challenge of NIE T&D’s material assumptions, and the outcome of the challenge. • The reporter’s assessment and opinion on NIE T&D’s material assumptions.
4.3.3	Efficiency assumptions	<ul style="list-style-type: none"> • The reporter should confirm or otherwise report on NIE T&D’s quantification of efficiency improvements in its projections. This applies to both operating costs and capital costs across all the output categories.
4.3.4	Assessment of company approach	<p>An assessment of the assumptions, exclusions, policies and obligations adopted by NIE T&D, and the resultant expenditure needed or incurred for;</p> <ul style="list-style-type: none"> - capital maintenance; - capitalisation practice; - quality enhancements and the compliance programmes; - efficiency improvements; - enhanced service levels; - supply/demand balance; - transmission losses, and - other areas as deemed by NIAUR. <ul style="list-style-type: none"> • An assessment of the extent to which the regulators have confirmed their agreement to the timing and phasing of the compliance programme outputs. • An assessment of the reasons for changes to company policies and/or information submitted previously. • An assessment of the methods and procedures adopted by NIE T&D for the production of the submission in respect of the following: <ul style="list-style-type: none"> - statistical methodology; - identification of shortfalls in outputs; - asset serviceability and condition identification; - explanatory factors, including any changes; - the achievement of the appropriate economic balance between capital expenditure and operating costs solutions; - estimating methodology; - standard costs; and - special circumstances claimed by NIE T&D.

- An assessment and opinion of NIE's evaluation of the ranges of uncertainty of cost estimates and output figures. In the light of these points, any further comments on NIE T&D's strategy.

4.3.5 Areas of concern

- The reporter shall include in his report the response to specific questions or areas of concern raised by NIAUR.
- The reporter should annex to the reports to NIAUR a summary schedule of his concerns and challenges and how they have been resolved, and in a separate section summarise any significant areas where agreement cannot be reached with NIE T&D.
- The reporter shall summarise in a separate section of his report any material/significant areas where the reporter's opinion is different from that of NIE T&D.

The reporter should annex the following to his report:

4.3.6 Differences of opinion

- The organisation, structure and names and roles of personnel used by the reporter;
- the arrangements made with the auditors to ensure satisfactory liaison and coordination of certification and financial audit;
- the quality assurance procedures used for the certification of NIE T&D's submission, and a schedule of the specific documentation that supports the reporter's report;
- a summary of the meetings held, inspections carried out and audit trails followed;
- a breakdown of time and costs.

4.4 Additional information

5.		THE ANNUAL PERFORMANCE REVIEW
5.1	Evaluation criteria	<p>NIAUR will carry out an annual review of the reporter and reporting team's performance with respect to the requirements set down in these terms of reference, in reporting requirements and further guidance issued.</p> <p>The annual review will be structured around the following issues:</p> <ul style="list-style-type: none">• The overall quality of the work carried out.• The degree of assistance the reports give to NIAUR in its assessment of NIE T&D's submissions.• Timeliness of the report[s].• The ease of understanding of the report[s].• The completeness of both NIE T&D submission[s] and reporter's report[s] with respect to the reporting requirements and specific questions asked by NIAUR.• Evidence of the technical expertise that has been applied.• The level of time commitment given to the work by both the reporter and members of the reporting team.• The costs incurred and how these compare with other such review and audits.
5.2	Other performance reviews	<p>NIAUR will also carry out reviews of the reporter and reporting team's performance on specific information submissions structured around similar issues to those set down above.</p>
5.3	Results of the performance reviews	<p>NIAUR shall inform the reporter and NIE T&D of the review[s].</p>

6.

ARRANGEMENTS FOR THE EXTERNAL REVIEW OF REPORTERS

From time to time NIAUR may appoint a review team to carry out an external review of the reporter arrangements.

NIAUR will set down the terms of reference for each external review.

Reporters, reporting teams and NIE T&D should co-operate with the review teams appointed by NIAUR for these reviews.

NIAUR would reserve the right to publish the results of such external reviews and the intended actions arising from the review findings.

7.	CONTRACTUAL ASPECTS	
7.1	Form of contract	NIE T&D shall enter into a contract with the reporter approved by NIAUR. This contract shall be consistent with the Terms of Reference for reporters issued by NIAUR.
7.2	Duration of contract	The reporter's contract with NIE T&D shall extend for no longer than five reporting years.
7.3	Remuneration	NIE T&D shall pay all the costs for the work carried out by the reporter. The remuneration of the work of the reporter shall be based on time based charges generally within the fixed ceiling of costs for each particular audit or supplementary investigation. NIE T&D and reporter shall also agree reasonable remuneration for time spent on understanding policy developments, attendance at workshops etc which are essential to the reporter role.
7.4	Termination due to poor performance	<p>Where NIAUR are not satisfied with the reporter's performance, approval of the appointment will be withdrawn and the contract will be terminated by NIE T&D. NIAUR shall inform the reporter in writing of the reasons for its dissatisfaction, providing the reporter with an opportunity to make representations on the reasons.</p> <p>NIAUR will consider the representations made and give both parties its decision in writing.</p>
7.5	Termination by NIAUR	NIE T&D shall terminate the contract with the reporter's employing firm if required to do so by NIAUR.
7.6	Termination by NIE T&D	NIE T&D shall not terminate the contract with the reporter's employing firm unless NIAUR and NIE T&D have agreed the termination.
7.7	Unhindered access	<p>NIE T&D are responsible for allowing the reporter unhindered and timely access to its assets, systems, data, working papers, other records and relevant personnel associated with the carrying out of NIE T&D's regulated activities.</p> <p>Subject to reasonable prior notice, at reasonable hours and for the purpose of carrying out a review required by NIAUR, NIE T&D shall make facilities available to allow the reporter to do the following:</p> <ul style="list-style-type: none"> • to inspect and make photocopies of, and take extracts from, any books and records of NIE T&D maintained in relation to the carrying on of the regulated activities. • to carry out inspections, measurements and tests on or in relation to assets used by or any premises occupied by NIE T&D maintained in relation to the carrying on of the regulated activities. • to take on to such premises or on to any assets such other persons or such equipment as may be necessary for the purposes of preparing and completing a report.
7.8	Disruption to business	NIE T&D shall not be required to do anything which is outside their control, or to do, or allow the reporter to do, anything which would materially disrupt NIE T&D's business (unless it is essential to enable the reporter to prepare his report).
7.9	Responsibility for information submissions	NIE T&D are responsible for its submissions of information to NIAUR.

- 8. THE APPOINTMENT PROCEDURE FOR REPORTERS**
- It is NIAUR's intention that the reporter appointment process should comply with the Utilities Contract Regulations 2006, and with other best procurement practice where those regulations are not applicable. Appendix A sets out NIAUR's guidance for the appointment process, including its role and the criteria it uses at the selection and award stage.
- 8.1 Short list NIE T&D should inform NIAUR of the reporters from whom it is seeking tenders. NIE T&D shall establish a short list of a minimum of three reporters, and their respective teams, who meet all the requirements laid down by NIAUR in Appendix A. The short list should be established following competitive tendering.
- 8.2 Disqualification from short list A candidate should be disqualified if any of the following apply:
- If the appointment as reporter resulted in the candidate holding reporter appointments for more than one other company for a concurrent period longer than twelve months. This is because it is essential that the candidate can devote sufficient time to the contract.
- If the candidate could not comply with the general requirements relating to independence, consultancy studies, confidentiality and protection of information, as set out in section 1 of these Terms of Reference. It is essential that there should be no grounds for NIAUR or NIE T&D to doubt the independence and impartiality of the reporter, or arrangements for protecting NIE T&D price-sensitive and commercially confidential information.
 - If the appointment of the named reporter would result in his/her continuous period of tenure with NIE T&D in excess of ten years. This period will provide for a period of stability in the appointment, but will introduce a fresh approach and avoid the development of any undue influence over or by the reporter. When submitting its short list, NIE T&D may make representations to NIAUR in exceptional circumstances for this period of tenure to be extended up to a limit of 12 year.
 - If the candidate's firm has a reporter contract for any other company in the employing company's group. This would ensure an even handed and independent audit approach across all companies in the group.
- 8.3 Suitability of short list candidates NIAUR shall assume that the appointment of any of the short listed reporters would be acceptable to NIE T&D.
- 8.4 Submission of short list NIE T&D shall submit the short list to NIAUR. The submission must include the following:
- A recommendation as to the most appropriate reporter to appoint.
 - A tender evaluation report covering all tenders received by NIE T&D.
 - Details of the short listed reporters and their teams, including relevant experience and proposals on how each reporter intended to carry out the role.
 - A critical appraisal of the shortlist explaining why NIE T&D consider their recommended reporter is best suited to provide NIAUR with the services required.

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- 8.5 NIAUR's evaluation
- NIAUR will review NIE T&D's submission and recommendation. This review will involve interviews with the short listed candidates where this is appropriate. Guidance on the interviews is set out in Appendix A. NIAUR will take account of individual reporter performance on previous appointments where this is applicable and relevant to the decision being taken.
- If NIAUR are not satisfied with the short-listed candidates they shall inform NIE T&D. In the first instance NIAUR will review, (and interview where appropriate) other candidate(s) from whom tenders were sought. If one of these candidates meets its requirements than NIE T&D will be informed and asked to extend the shortlist submission to include this candidate(s). NIE T&D will be given the opportunity to make representations.
- If none of the candidates meet NIAUR's requirements then NIE T&D shall submit a revised shortlist following a further competitive tendering exercise.
- 8.6 NIAUR's approval
- NIAUR may advise NIE T&D to seek tenders from a specific reporter(s).
- NIAUR shall:
- **Approve or not approve** the appointment of the reporter recommended by NIE T&D, and or/
 - **Approve** the appointment of one of the other short listed, or
 - **Not approve** all candidates submitted by NIE T&D (and so trigger the need for a revised shortlist).
- NIAUR shall inform NIE T&D of their decision and the reasons for it.
- 8.7 Exceptional short term appointments
- In exceptional circumstances and where NIAUR have not approved any of the candidates submitted by NIE T&D, NIAUR reserve the right to require NIE T&D to make a short term appointment (not exceeding six months) of a named interim reporter. This expedient would only apply where a delay in the appointment of a reporter would create serious difficulties for NIAUR in carrying out their statutory duties. NIE T&D will be given the opportunity to make representations.
- 8.8 Appointment of reporter
- NIE T&D shall appoint the reporter approved by NIAUR. Copies of the appointment letter and contract for services shall be forwarded to NIAUR within three months of NIAUR's approval of the appointment.
- 8.9 Timeframe
- The timeframe(s) for the full reporter appointment process will be agreed between NIAUR and NIE T&D in line with best procurement practices.

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Reporter Terms of Reference

Appendix A

GUIDANCE FOR REPORTER APPOINTMENT PROCESS – SELECTION, AWARD AND INTERVIEW

Introduction

Reporter appointments should be made in accordance with the Utilities Contract Regulations 2006 where applicable, and with other best procurement practice where those Regulations are not applicable. The criteria used by NIAUR relating to the selection of reporter candidates and the award of the reporter contract are set out below. NIAUR also takes account of the size, complexity, regulatory history and culture of NIE T&D. NIE T&D may add its own requirements to NIAUR's criteria to ensure the recommendation of a candidate who will discharge the role most effectively and efficiently.

1.

GUIDANCE FOR THE SELECTION STAGE

1.1 Selection criteria

1. Reporter firm status

We expect NIE T&D to apply the normal standards regarding the status of the reporter firm, e.g. solvency, financial and commercial capacity that it would apply for the pre-selection of any other consultancy with a projected budget similar to that assumed for the reporter contract.

2. Reporter's technical resources

- Experience

We expect the reporter to have satisfactory experience of carrying out similar work to that set out in the Terms and Reference. This could be gained for example by undertaking certification work for other regulators, local and central government departments and agencies and by gaining experience in the reporting task in a team member capacity.

The reporter needs to have or obtain a knowledge of the regulated company sufficient to enable them to identify and understand the events, transactions and practices of the regulated company together with knowledge of external environmental factors such as:

- General economic and competitive conditions of industry, vulnerable to changing economic and political factors, policies and practices of industry; governmental or other regulatory requirements; obligations to external parties e.g. DETI and other stakeholders

Essentially the reporter should use their skills, experience industry knowledge and wider general knowledge when assessing overall reasonableness of any potential decision or when appropriate, opinion formation.

- Skills and qualifications

We expect the reporter to be professionally qualified, experienced and competent to carry out the role of reporter satisfactorily. Non-engineering applicants will be considered on their personal merits and on the qualifications and experience of their teams.

We expect the reporter's team to have both technical and commercial skills and experience, and be available, at the

appropriate time, to perform the work to be assigned to them. They should be qualified and experienced in the application of electricity, financial and general business management disciplines. Senior members of the team should have strong track records of technical consultancy in the electricity industry, covering consultancy in design, specification, costings, construction, installation, commissioning, operation and maintenance phases of projects.

- Track record

We expect the reporter to have a strong track record of:

- delivery of outputs to specified time, quality and cost constraints;
- ability to direct, supervise and review the work of assistants;
- working closely and effectively with professionals in other disciplines, such as financial auditors.
- Ability to maintain integrity and independence.

1.2 Tenderer selection

Tenderers should be selected on the basis of a number of factors. Depending on the appointment process followed by NIE T&D some of these factors may be assessed at the award stage:

- Demonstration of proven ability to scrutinise and constructively challenge as evidenced by past experience and the outcomes of his work – jobs where there has been conflict and the candidate has had to stand their ground and make trade offs to reach decisions.
- Demonstration of a thorough understanding of the purpose and contents of the annual submission.
- Demonstration of a thorough understanding of the reporter Terms of Reference.
- A quality assured approach to the management and execution of the audit and report writing process.
- Demonstration of audit/expert witness skills.
- Inputs expected:
 - Hours
 - Costs
- Proposals to manage and resource the Reporter's team at all times that would assure NIAUR that its requirements will be met in full. He/she should be able to demonstrate appropriate manpower inputs in terms of time and skills for the topics covered by the Returns and Principal Statements, and access to suitable additional resources for the Periodic Review.
- Demonstrable awareness of regulatory issues in other utilities in general and their potential interaction with electricity disciplines. There should be evidence in the

tender of an understanding of issues relating to network access and separation of distribution from supply.

2.

GUIDANCE FOR AWARD STAGE

2.1 General

We expect that the overall technical merit and quality of all bids should be assessed at the award stage in relation to the fulfilment of NIAUR's requirements for the role of reporter as set out in the reporter Terms of Reference. The projected cost of typical reporting work will also be a material factor in this assessment.

2.2 Award Criteria

We see it as essential that the proposed Reporter demonstrates an independent, robust, challenging and persistent approach to the Reporter task. A thorough knowledge of the issues facing NIE T&D is vital. In part this would have been gained from public documents, in part this would come from a rapid induction into the role once appointed.

A number of factors, taken together, will aid NIAUR's judgement of the bids at the award stage. Each of the tenders will be assessed against these factors, which are listed in order of importance except where indicated.

- Factor 1: Strategy for and approach to the Reporting activity for NIE T&D, particularly with regard to the Return and the Principal Statements. This has the highest weight.

NIAUR will assess the candidates' strategy for dealing with company, including but not limited to:

- Obtaining commitment from NIE T&D to audit process;
 - Contingency plans if NIE T&D data / staff not available;
 - Primary contact within NIE T&D and within NIAUR;
 - Maintaining independence from NIE T&D;
 - Resolution of disputes with NIE T&D on information quality / availability
- Factor 2: Inputs expected
 - Hours
 - Costs

NIAUR will review the planned hours for the auditing and reporting tasks, together with the number of team members and their skills and disciplines, and compare them with past practice for the employing electric company. These inputs influence costs which are normalised for tender comparative purposes. If there is a mismatch due to a shortfall in proposed inputs NIAUR needs comfort that the candidate's approach will provide a good quality report following effective scrutiny.

- Factor 3: Demonstrable understanding of the particular circumstances of NIE T&D (and, for new applicants for the reporter role, of the regulatory state and history of the

industry). NIAUR will assess evidence in the tender of the research carried out into NIE T&D and how the candidates would swiftly climb the learning curve if appointed.

- Factor 4: Demonstrable understanding of the electricity company's licence conditions, and how NIAUR operates; and of legal quality obligations and their impact on the electricity industry in Northern Ireland.

3.

INTERVIEWS

3.1 General

As part of the selection process interviews may be arranged to assess the competencies of the reporter and their team. Interviews might also be necessary to complete the assessment of awards for reporter contracts.

3.2 Assessment at interview

The effective and efficient discharge of the reporter role is dependent upon the Reporter's approach to establishing good communications and working relationships with both NIE T&D and NIAUR senior staff, and at understanding NIE T&D's response to regulation. At the same time the Reporter should maintain an independent and fair approach to both NIE T&D and NIAUR.

NIAUR must be content that the appointee has a robust and impartial attitude to NIE T&D, and has sufficient stature to win the respect of company senior management.

We expect the interviews to confirm or otherwise whether the candidates personally have:

1. A clear understanding of the regulatory requirements and the Reporter's role, and a commitment to it;
2. An effective strategy for bringing the team up to speed with the issues facing NIE T&D;
3. An approach to the reporting task that is consistent with the size and complexity of NIE T&D;
4. Access to sufficient qualified staff with a balance of seniority for both services that reflects the audit approach;
5. The ability to communicate and influence effectively NIAUR and NIE T&D senior staff.

4.

APPOINTMENT

The arrangements for the recommendation and approval of the reporter appointment are set out in section 8 of the Terms of Reference.

Reporter to NIAUR (Reporter Terms of Reference) – Change Control

Issue/date	Description of change
1 / September 2012	First issue