

MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 23 MAY 2024 VIA VIDEO CONFERENCE, AT 9.00 A.M.

Present:

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

In attendance:

SLT - Kevin Shiels, Peter Russell, Colin Broomfield, Donald Henry, Barbara Cantley, Roisin McLaughlin, John Mills, Elaine Cassidy, Brian Mulhern, Ciaran Mac Cann, Marie-Therese Campbell, Jillian Ferris, Paula McCann, Leigh Greer, Sinead Dynan, Barbara Stevenson, Sarah Teer, Greg Irwin.

Jamie MacDonald, Aidan Thornbury.

Roy Colville and Colin Walker (agenda item 4), Clodagh Goodman (agenda item 5), John Magill (agenda item 9), Tony Doherty (agenda item 11), Mabel Stevenson (agenda item 5), Clodagh Goodman and Simon O'Hare (agenda item 6), Rita Baillie (agenda item 8), Nicola Parker (agenda item 9), Mabel Stevenson/ Maeve McSparron/ Rachel Strong (agenda item 10), Ian Campbell (agenda item 15).

1. APOLOGIES FOR ABSENCE

1.1 None

1.2 Bill Emery welcomed Aidan Thornbury as part of an ongoing initiative to provide staff members with an opportunity to attend board meetings.

2. DECLARATIONS OF INTEREST

2.1 None.

3. SONI SRP26 PRICE CONTROL – FINAL APPROACH PUBLICATION

3.1 John Mills introduced this item, which set out the proposed approach to the SONI SRP26 price control review.

3.2 The Board considered the comments received as part of the consultation on the proposed approach to the price control review. There was a discussion about comments received in respect of resources for SONI in the context of changes to implement the Utility Regulator's (UR's) governance review and processes relating to the uncertainty mechanism. Board members provided some comments to augment the drafting outlining UR's consideration of consultation responses.

3.3 Engagement with SONI was also discussed. The Board endorsed in principle the proposal to convene a Board sub-group (with the SONI Board) as part of the price control review

engagement process.

- 3.4 The Board approved the publication of the approach paper as presented, subject to consideration of Board member comments.

4. NORTH SOUTH INTERCONNECTOR – PROGRESS UPDATE

- 4.1 John Mills provided a progress update on the North South Interconnector (NSIC) and a proposal to provide an additional allowance to secure planning permission for NSIC.
- 4.2 Board members clarified the current situation with the NSIC, particularly in respect of planning considerations.
- 4.3 The Board, in discussion, emphasised the critical importance of NSIC. In that context the Board explored the risks associated with timing delays to the construction of NSIC and opportunities to support the development of the critical infrastructure.
- 4.4 At the conclusion of the discussion, the Board decided to approve an additional allowance for NIE Networks to undertake works considered necessary to secure planning permission for the NSIC.

5. PUBLICATION OF CONSULTATION - TI LIRIC LIMITED TRANSMISSION LICENCE

- 5.1 Marie-Therese Campbell introduced this item relating to a proposal to consult on the granting of a transmission licence to Transmission Investment LirIC Limited (TI) for their interconnector project, known as LirIC. Clodagh Goodman provided further detail on the proposed transmission licence.
- 5.2 Board members clarified aspects of the proposed transmission licence and discussed licensing arrangements on the Great Britain side of the interconnector. The duration for the proposed licence and the impact on investment intentions was also briefly discussed.
- 5.3 Engagement and collaboration with key stakeholders, and the timing of the launch of the consultation on the proposed licence, were also considered.
- 5.4 The Board approved the publication of the consultation regarding the proposed grant of a transmission licence to TI and noted the proposed next steps following the close of the consultation.

6. DRAFT ANNUAL REPORT AND ACCOUNTS 2023/2024

- 6.1 Paula McCann briefed the Board on the content of the draft Annual Report and Accounts 2023/2024.
- 6.2 The Board welcomed the presentation of the combined annual report and accounts. Audit and Risk Committee members reported on that Committee's consideration of the annual report and accounts.

- 6.3 The Board endorsed the draft annual report and accounts as presented, and the delegation to the chief executive to sign the annual report and accounts, subject to no material issues or adjustments being identified.
- 7. LICENCE MODIFICATIONS – CODE OF PRACTICE FOR CONSUMERS IN VULNERABLE CIRCUMSTANCES**
- 7.1 Barbara Cantley introduced this item, which sought the Board’s approval to consult on proposed licence modifications to apply to all electricity and gas supply companies, distribution network companies (DNOs) and NI Water. The licence modifications are proposed as part of the implementation of the Code of Practice for Consumers in Vulnerable Circumstances. Additionally, the proposed consultation also includes some modifications to NI Water’s licence, to help reduce the regulatory burden and better align NI Water’s licence with current regulatory processes and requirements.
- 7.2 The Board approved the publication of the licence modification consultations and statutory notices for electricity and gas supply licences, electricity, and gas (distribution) conveyance licences and NI Water’s licence as set out in annexes to the consultation paper.
- 8. ESTABLISHMENT OF AN ENFORCEMENT PANEL**
- 8.1 Barbara Cantley introduced this item which proposed the establishment of an Enforcement Panel and the recruitment of independent members.
- 8.2 Board members clarified issues relating to the size and composition of the panel and the panel’s role. In discussion, the Board emphasised the importance of support arrangements and training for panel members.
- 8.3 The Board approved the proposal for the establishment of an Enforcement Panel and the recruitment of independent members who may sit on that panel.
- 9. PREPAYMENT METER SERVICE ISSUES AND RISK REGISTER PROJECT**
- 9.1 John Magill briefed the Board on this item which provided information on recent events that have occurred in the gas and electricity markets which have impacted prepayment meter (‘PPM’) / Pay as You Go (‘PAYG’) customers over recent months.
- 9.2 The Board discussion focused on short- and longer-term actions to address PPM and PAYG meter issues. The need to prevent customers from being negatively affected by these issues in the future was also discussed.
- 9.3 The Board noted the updated and endorsed the proposed course of action being taken to identify and mitigate future risks relating to PPM and PAYG meters.
- 10. ELECTRIC IRELAND UPDATE**
- 10.1 Barbara Cantley provided a presentation on the recent announcement by Electric Ireland of the company’s intention to withdraw from the domestic electricity supply market.

- 10.2 Board members explored the consequences of Electric Ireland's departure from the domestic electricity supply market for the retail market and for customers.
- 10.3 The process for managing Electric Ireland's exit from the domestic electricity supply market was considered in discussion. The importance of clear and effective communications with customers by Electric Ireland was emphasised by the Board.
- 10.4 The Board noted the briefing as provided.

11. UR VIRES UPDATE

- 11.1 Elaine Cassidy introduced this item which provided an update on developing interim legislative arrangements for UR's work on decarbonisation in advance of a new Energy Bill. The draft legislative amendment and associated legal advice was provided to the Board.
- 11.2 The Board discussion concentrated on the process steps necessary to put in place the interim legislative arrangements.
- 11.3 There was also a discussion on engagement with the Department for the Economy (DfE) on the interim legislative arrangements in the context of UR's role as an independent regulator.
- 11.4 The Board noted the update and the proposed next steps.

12. LIVED EXPERIENCE RESEARCH

- 12.1 Mabel Stevenson and Maeve McSparron provided a presentation on the findings and next steps of qualitative research to better understand the lived experiences of electricity and gas consumers who have struggled to pay for their energy.
- 12.2 The Board welcomed the valuable and useful perspective provided on the needs of vulnerable energy consumers.
- 12.3 Identifying remedies to support struggling consumers was discussed. The need for potential policy interventions by relevant organisations was also discussed. Working with organisations to support the vulnerable consumers was explored. The scope for an appropriate UR contribution to mitigating the impact of high energy bills for vulnerable consumers was considered. In that context, the Board requested a discussion paper on UR's role regarding, and the impact of, affordability tariffs.
- 12.4 The importance of consumer education in addressing the needs of vulnerable consumers was noted.
- 12.5 The Board noted the presentation and the proposed next steps on the lived experience research.

13. MINUTES

- 13.1 The minutes of the Board meetings on 21 March 2024 and 18 April 2024 were approved for publication.

14. ACTION POINTS

- 14.1 The action points were reviewed by the Board.

15. REPORT FROM THE EXECUTIVE TEAM

- 15.1 John French spoke to the key issues in the Executive Team report including the publication of UR's Corporate Strategy and the recent joint event with the Energy Institute.
- 15.2 Ian Campbell briefed the Board on future office accommodation for UR and it was agreed that a visit to possible new office accommodation would be arranged for the Board.
- 15.3 Roisin McLaughlin briefed the Board on UR's involvement with DfE's 80x30 group, which aims to identify and address potential barriers to the delivery of new renewable electricity generation projects by 2030. In noting the accelerated progress of the work, it was agreed that the senior leadership team would oversee UR's contribution to the 80x30 group, and the Board would be updated at the next Board meeting.
- 15.4 Board members raised items in respect of the progress of the Power NI price control and the NIEN landbank.
- 15.5 Elaine Cassidy provided an overview of recent litigation and disputes issues. The Board was briefed on the Islandmagee judicial review and recent pre-action protocol correspondence regarding a SEM Committee decision on net transfer capacity compensation arrangements.
- 15.6 The Board approved the updated health and safety policy as presented and the Information Management Committee's terms of reference as presented. The Information Management Guide was noted.
- 15.7 Reports of the most recent meetings of the Remuneration and Audit and Risk committees were noted.
- 15.8 Leigh Greer reported on the SEM, noting that establishment of a SEM sub-group on All-Island programme governance and Lisa Tate provided an update on the programme. Work on tariffs, Demand Side Units and the SEMO price control were also touched on. The importance of progressing the SEMO price control was highlighted. The Board noted the update.
- 15.9 Kevin Shiels reported on progress on new renewable energy support arrangements in the context of delivering wider renewables targets for Northern Ireland by 2030. The Board noted the update.

15.10 John French updated the Board on the implementation of the transformation programme, Shaping UR for the Future, providing the latest update on recruitment activity. The Board noted the update.

15.11 Paula McCann provided an overview of the Finance and Performance report. The Board approved the Finance and Performance report.

16. ANY OTHER BUSINESS

16.1 The Board briefly discussed the calling of the UK General Election and purdah arrangements, work by UKRN and learning from the recent Post Office inquiry.

16.2 As part of the Board meeting review, Aidan Thornbury and Jamie McDonald provided their feedback on the Board meeting.

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