

MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 20 JUNE 2024 VIA VIDEO CONFERENCE, AT 10:15 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, 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, Liam Gault.

Jody O'Boyle (agenda item 4 and 9), Emma Todd (agenda item 5 and 9), John Cooper (agenda item 6), Daniel Barnes (agenda item 8), Alan Craig /Dwayne Boyle/Roy Colville/Ben Harris (agenda item 9), Aidan Thornbury (agenda item 12), John Magill/ Leanda Thompson (agenda item 15).

1. APOLOGIES FOR ABSENCE

1.1 None

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

1.3 The Board briefly discussed a visit to potential new UR office premises. It was agreed that a paper would be provided to the Board for its decision on new office premises.

2. DECLARATIONS OF INTEREST

2.1 None.

3. SOURCING LAND ACCESS FOR TRANSMISSION NETWORK DEVELOPMENT

3.1 John Mills introduced this paper which provided a briefing on SONI and NIE Networks' proposal to secure land rights for future transmission projects through easements rather than wayleaves.

3.2 Board members discussed the learning from securing land rights for transmission projects in Great Britain. The applicability and scope of the proposal was clarified.

3.3 The rationale for the proposal, and its impact in terms of timing, costs, benefits and risks was explored. The views of key stakeholders on the issue were also discussed.

3.4 The Board approved in principle the proposal to allow SONI to acquire land rights for new transmission projects through easements as opposed to wayleaves.

4. ELECTRICITY CONNECTIONS POLICY AND FRAMEWORK REVIEW

- 4.1 Jody O’Boyle introduced this paper which sought the Board’s guidance and approval for a proposed approach to the electricity connections policy and framework review.
- 4.2 Board members discussed the costs and benefits accruing from the proposed way forward on the connections review and the visibility of these to customers and consumers. The proposed ten-year review was also clarified.
- 4.3 There was a consideration of recent policy announcements relating to grid connection charges and the impact and implications of this for the connections review.
- 4.4 Board members considered the options appraisal aspect of the paper. There was a discussion over the methodology for assessing the options presented. The rationale for the proposed option was explored. Guidance was also provided on the presentation of the options in the joint options appraisal paper (with the Department for the Economy – DfE) that would be published for consultation.
- 4.5 The Board noted the update on the electricity connections review and approved the proposal to publish a connections options appraisal paper for consultation, subject to consideration of the Board’s comments.

5. GAS SHORT-TERM EXIT CAPACITY PRODUCTS

- 5.1 Jillian Ferris introduced this paper which set out recommendations to the Board on introducing short-term exit capacity into the NI Gas Transmission System.
- 5.2 The Board welcomed the clarity of the paper and its recommendations.
- 5.3 The Board approved the recommendation to not introduce short-term exit capacity products and to pursue mitigations.

6. SONI DEROGATION GUIDANCE

- 6.1 Roisin McLaughlin briefed the Board on draft SONI governance derogation guidance.
- 6.2 An extended Board discussion took place on the scope of the requirements and presentational aspects of the draft guidance. Board members commented on the purpose of the guidance, the opportunity to simplify requirements and the potential to focus more on the outcomes being sought.
- 6.3 Several other issues relating to engagement with SONI and other stakeholders and the interaction between the derogation guidance and the progress of the SONI price control.
- 6.4 It was agreed that a further version of the guidance would be developed to take account of the Board’s comments.

7. MARKETS SUPPORT CONSULTANCY FRAMEWORK

7.1 Colin Broomfield introduced this item which sought the Board's approval for the recommendation to appoint a single supplier framework.

7.2 The Board approved the recommendation as presented.

8. GAS NETWORK OPERATORS' ENERGY STRATEGY FUNDING SUBMISSION

8.1 Daniel Barnes introduced this item which sought the Board's approval for a joint funding request by the Gas Network Operators (GNOs) under existing price control mechanisms for developmental work.

8.2 Board members clarified some items of detail. The broader policy context around low carbon sources and the gas transmission and distribution networks was also briefly discussed.

8.3 In noting that further clarifications and assurance were required and the need to engage with DfE, the Board endorsed a minded-to position to approve the GNOs' request as presented. The Board also noted that the final decision on the request will be approved in line with the scheme of delegation.

9. RP7 CAPEX AND ELEMENTS OF PRICE CONTROL DESIGN

9.1 John Mills provided an overview by way of introduction to this paper which sought the Board's endorsement and guidance on a range of elements of the NIE Networks (RP7) price control. The Board was then provided with more detailed briefing by members of the team on the specific price control elements.

9.2 Board members clarified and discussed the assumptions and forecasting associated with capital expenditure. The proposals to improve customer service were also briefly considered. There was also a discussion on engagement with NIE Networks around capital expenditure.

9.3 The Board considered proposals for an Evaluative Performance Framework (EPF) and the views on stakeholders on these.

9.4 Board members raised the potential rollout of smart meters in the context of the proposals relating to metering services more generally.

9.5 There was a discussion on the allowances, and framework, for innovation in the price control which focused on the extent, and impact, of the proposals.

9.6 The Board also considered proposals relating to pensions, the impact of price control proposals on NIE Networks' profits and connections. Board members also raised the impact of price control proposals on consumer tariffs and there was also a brief discussion on tariffs in the context of the Just Transition.

10. THE ROLE OF UR IN OFFSHORE WIND DEVELOPMENT IN NI

- 10.1 Emma Todd introduced this item which provided a briefing for the Board on the Utility Regulator's (UR's) role in the development of offshore wind in Northern Ireland and key regulatory matters.
- 10.2 Board members discussed the regulatory framework that would enable offshore wind development. The issues impacting on developer interest in offshore wind development was also touched on. Cost issues associated with offshore wind development were also considered.
- 10.3 The Board noted the update.

11. QUARTERLY RETAIL ENERGY MONITORING REPORT

- 11.1 Andrew Mawhinney provided a summary of the retail energy monitoring report.
- 11.2 The Board welcomed the additional data reporting included and encouraged the team to continue to seek feedback on the report.
- 11.3 The Board noted the update.

12. ELECTRICITY SMART METERS PROJECT UPDATE

- 12.1 Aidan Thornbury introduced this item which provided an update on the electricity Smart Meter rollout programme.
- 12.2 The Board discussed the rollout of smart meters in Great Britain and the learning to be gained for the experience there. This included a discussion on the pace of the rollout and the technology required.
- 12.3 Ways of engaging consumers was also considered, and an update was provided on consumer research. A broader discussion on the benefits of smart meters took place. The effectiveness of the user interface for influencing the use of smart meters was also mentioned.
- 12.4 The Board noted the update.

13. MINUTES

- 13.1 The minutes of the Board meeting on 23 May 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 departure of a supplier from the domestic energy market and recent engagement with NI Water.
- 15.2 The Board was provided with the latest update on the ongoing investigation into an energy supplier and Board member queries on this issue were addressed.
- 15.3 There was a discussion on key issues that were raised in a recent meeting between the Chair and the CEO and their counterparts in NI Water.
- 15.4 Colin Broomfield briefed the Board on a planned generator outage.
- 15.5 Elaine Cassidy provided an overview of recent litigation and disputes issues. An update was provided on the Article 12/13 legal action being pursued through the Irish courts. The Board was also made aware of correspondence received in respect of the Net Transfer Compensation issues that had been considered by the SEM Committee. The Board was also briefed on the litigation in respect of Islandmagee gas storage and it was agreed that the recent judicial review judgement should be circulated to the Board.
- 15.6 The Board noted the schedule of proposed meetings for 2025 and Board members were asked to identify any issues with the schedule as soon as possible.
- 15.7 Colin Broomfield reported on the SEM, noting the updates on the T-1 and T-4 capacity auctions, the arbitration process involving the Moyle interconnector and wholesale prices. The Board noted the update.
- 15.8 The Board noted the energy strategy update.
- 15.9 Leigh Greer also provided an overview the All-Island programme management updated.
- 15.10 The Board recorded its congratulations to Barbara Cantley on her recent appointment as Director of Consumer Protection and Enforcement.
- 15.11 Paula McCann and Leanda Thompson provided an overview of the Finance and Performance report. The Board approved the Finance and Performance report.

16. ANY OTHER BUSINESS

- 16.1 As part of the Board meeting review the Board provided some feedback on improving the papers and asked that this be considered as part of any changes to paper templates.

There being no other business, the meeting concluded at 3.15 p.m.