

MINUTES OF A MEETING OF THE NORTHERN IRELAND, AUTHORITY FOR UTILITY REGULATION (THE 'BOARD') HELD ON THURSDAY, 19 SEPTEMBER 2024 AT QUEENS HOUSE, AT 9.30 A.M.

Present:

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

In attendance:

Rosamund Blomfield-Smith, Isolde Goggin

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, Sinead Dynan, Barbara Stevenson, Sarah Teer, Greg Irwin.

Sohui Donaldson

Paul Stewart (agenda item 3), Alan Craig /Jody O'Boyle/Roy Colville (agenda item 4), Martina McKinley/ Debbie Quinn (agenda item 8).

1. APOLOGIES FOR ABSENCE

1.1 None

1.2 Bill Emery welcomed Rosamund Blomfield-Smith and Isolde Goggin (Board Chair and Board member designate) who were attending as observers. Sohui Donaldson was also welcomed as part of the ongoing initiative to provide staff members with an opportunity to attend board meetings.

2. DECLARATIONS OF INTEREST

2.1 None.

3. NI WATER'S PRICE CONTROL (PC21) MID-TERM REVIEW FINAL DETERMINATION

3.1 Elaine Cassidy introduced this item that set out the proposed final determination for NI Water's PC21 price control mid-term review. Ciaran Mac Cann and Paul Stewart provided the detailed briefing on the proposed final determination, including the responses to the consultation on the draft determination.

3.2 The Board explored the proposed approach to NI Water's capex real price effects. The impact of the proposed final determination on the overall PC21 price control and on customer tariffs was clarified and discussed.

3.3 The Board also considered learning from the mid-term review and endorsed opportunities to improve the process in the context of UR's statutory duties.

- 3.4 At the conclusion of the discussion, the Board approved the PC21 Mid-term Review final determination, including the conclusions on the key issues presented in the paper (with the final version of the final determination to be delegated for approval by the chief executive prior to publication).
- 4. NIE NETWORKS RP7 FINAL DETERMINATION UPDATES - SEPTEMBER**
- 4.1 Elaine Cassidy introduced this item that provided the Board with a briefing on a range of issues as associated with the development of the NIE Networks price control (RP7) final determination. John Mills led an extensive briefing on a range of RP7 price control issues.
- 4.2 The Board provided advice on the inspections, maintenance, faults, tree-cutting and indirect allowance of network costs. There was also a discussion on the capex unit rate and the Board endorsed the proposed approach to dealing with uncertainties relation to NIE Network's costs. The Board also endorsed the proposals relating to weighted average cost of capital.
- 4.3 There was also a discussion around the proposed rate of return adjustment mechanism. The Board considered the representations made by NIE Network. The Board endorsed the proposed mechanism set out in the paper, also noting that this had been subject to consultation.
- 4.4 Proposals in respect of customer measures and customer engagement and the financial aspects of proposed RP7 determination were endorsed. There was clarification on the impact of proposals on business and domestic consumers.
- 4.5 In concluding the discussion, the Board welcomed the process that had been undertaken to develop final RP7 price control proposals. The Board was briefed on the next steps in the process towards the development, and approval by the Board, of a final RP7 determination. The need to consider learning from the RP7 price control review for future price controls was also briefly discussed.
- 5. PROCUREMENT EXTENSION FOR TRADING AND SETTLEMENT CODE MARKET AUDITOR AND CAPACITY MARKET AUDITORS**
- 5.1 Colin Broomfield introduced this item which sought the Board's approval for a contract extension for the Trading and Settlement Code Market Auditor and a Capacity Market Auditor for the Single Electricity Market.
- 5.2 The Board approved the contract extension as presented.
- 6. MINUTES**
- 6.1 The minutes of the Board meetings on 20 June 2024 and 22 August 2024 were approved for publication.
- 7. ACTION POINTS**
- 7.1 The action points were reviewed by the Board.

8. OFFICE REPORT

- 8.1 John French spoke introduced the Office report, noting the changes that had been made to formatting. Board members took the opportunity to provide feedback on the new format.
- 8.2 He noted key issues in respect of tariff reviews, network charges, the Consumer Energy Charter, and a supplier's departure from the domestic market.
- 8.3 The Markets and Consumer Protection and Enforcement division provided an overview of key issues. This included the Single Electricity Market capacity auctions, domestic market codes of practice, security of supply.
- 8.4 The Price Controls, Energy Futures and Networks division also provided an overview. This included the regulated entitlement values publication and NI Water issues. A Board member query relating to the SONI and SEMO price controls was addressed.
- 8.5 The CEO office also provided an overview and covered the recruitment update and the office move.
- 8.6 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 and the latest position on the Net Transfer Compensation-related judicial review issue. She also briefed the Board on the latest developments relating to UR's vires.
- 8.7 Colin Broomfield reported on the SEM, noting the recent SEM Committee's strategy discussion and the procurement of external project management office support. The Board also noted the approach to the All-Island programme Governance and Revenue Recovery Arrangements document that was provided. A letter from the Department for the Economy was also considered, and it was noted that this would be on the next SEM Committee meeting agenda. The Board noted the update.
- 8.8 Paula McCann updated the Board on the progress of the Annual Report and Accounts. A briefing was provided to the Board on the qualification of the 2023/2024 accounts by the Northern Ireland Audit Office. Board members clarified and discussed the reasons for the qualification of the accounts and noted the specific and unanticipated circumstances that led to the qualification. In noting the importance of the issue, the Board was advised of the steps being taken to prevent a future occurrence of the specific issue that led to the qualification of the accounts.
- 8.9 It was noted that the Audit and Risk Committee (ARC) had also considered whistleblowing at its last meeting.

8.10 Martina McKinley provided an overview of the Finance and Performance report, noting the mid-year review of the budget. The Board approved the Finance and Performance report. The Board also approved the Corporate Risk Register and the ARC Terms of Reference.

9. ANY OTHER BUSINESS

9.1 The Board noted the publication of the Programme for Government and briefly discussed the implications for UR.

9.2 Plans for the induction of new Board members were also mentioned.

9.3 The chief executive, on behalf of the Board, thanked Bill Emery for his service as Chair of the Board as his term of appointment ends, and wished him well for the future. Bill Emery expressed his gratitude for the support of Board members and the executive team and reflected on UR's achievement and the transformation during his term as Chair.

There being no other business, the meeting concluded at 1.40 p.m.