

**MINUTES OF THE FIFTEENTH MEETING OF THE NORTHERN IRELAND
AUTHORITY FOR ENERGY REGULATION HELD ON THURSDAY 21 OCTOBER IN
BROOKMOUNT BUILDINGS**

IN ATTENDANCE:

AUTHORITY: Mr Douglas McIldoon – Chairman
Prof. John Fitzgerald
Mr Peter Lehmann
Mrs Joan Whiteside

OFREG: Mr Dermot MacCann
Mr Eddie Gaw
Ms Orla Mullan (Item 6)
Mr Mike Lowry (Item 7)
Mr Seamus O’Hare (Item 14 & 15)

NIE: Mr Rodney Ballantine (Item 6)

IBM: Mr Martin Osborne (Item 6)

1 APOLOGIES FOR ABSENCE

John Gilliland.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were not formally agreed. It was noted that John Gilliland’s comments had not been received.

3 MATTERS ARISING

3.1 It was agreed that February’s meeting would be moved to 10th & 11th and that the March meeting would now take place on 22nd & 23rd.

3.2 DRAFT AUTHORITY’S ANNUAL REPORT

Eddie Gaw reported that the final draft was still with the printers.

3.3 NIAER FUNCTION – 7 DECEMBER 2004

After a brief discussion, it was agreed that this event would be organised soon and any further information would be forwarded to the Authority Members.

3.4 NIRO

The Chairman reported that he had met with Wilfie Hamilton from DETI but that he was still waiting on a response to Ofreg’s paper on the NIRO from the Department.

4 CHECKLIST OF ISSUES BROUGHT FORWARD

4.1 DETI TERMS OF APPOINTMENT LETTER

It was noted that in recent correspondence DETI had told the Authority members that their appointment letters were the same as those issued to GEMA’s non executive directors. The Chairman pointed out that this could not be verified until Ofreg had

received a copy of the GEMA letter. It was agreed that no further action would be taken until the GEMA letter had been received.

4.2 EUETS: NAP UPDATE

The Chairman reported that DEFRA and DETI are still dealing with the allocation and Ofreg are hoping to have the final figures by the end of the month.

4.3 CHECKLIST

It was agreed that the checklist of issues brought forward from the Authority meetings would not be updated after this meeting. Instead a list of action points would be compiled and progress would be discussed at the next meeting.

4.4 CEER REPRESENTATION

The Chairman told the Authority that he was meeting Tom Reeves (CER) and Sir John Mogg on 4 November to discuss CEER representation. He added that with the development of the All Island Market, representing the island in Europe as a single entity was becoming a more logical option.

5 CHAIRMAN'S BUSINESS

A paper itemising meetings which the Chairman had attended since the last Authority meeting was circulated.

6 ELECTRICITY MARKET: PROSPECTS FOR 2005/6 MARKET OPENING DATE PRESENTATION

A number of background papers on NI Market Opening had been circulated to the Authority members in advance of today's meeting. Rodney Ballantine (NIE), Martin Osborne (IBM) and Orla Mullan (Ofreg), members of the project team responsible for taking forward the Further Electricity Market Opening (FEMO) Programme joined the meeting at this point.

7 SNIP MUTUALISATION CONSULTATION

The Chairman informed the Authority that he was due to meet with The Royal Bank of Canada and Team NI next week.

8 UPDATE ON OTHER GAS ISSUES – NEW BORD GAIS LICENCE

A paper on BGE's project had been circulated to the Authority.

9 LT13

An email from Cinzia Biandi (Wragg & Co.) to Douglas McIldoon on the Freedom of information Act in relation to the LT13 contract was copied to the Authority in advance. The Chairman told the meeting that this issue had not yet been resolved and numerous interruptions were a real possibility in January/February.

10 ENERGY EFFICIENCY LEVY – CHAIRMAN'S EXPLANATION

The paper for this agenda item was not available in time for the meeting.

11 KILROOT POWER STATION UPDATE

The Chairman reported that NIE had responded to Kilroot but that AES were likely to reject the offer. The Chairman told the meeting that the contractual position of FGD is currently in dispute. The Chairman told the Authority that DETI had been fully briefed.

12 ALL ISLAND MARKET UPDATE

The Chairman reported that progress was being made on the All Island Market (AIM) and that the next step would be to source consultants to develop the market structure. Ofreg would meet one third of these costs.

13 RENEWABLE OBLIGATION CONSULTATION

A copy of the DTI "The Renewables Obligation Order 2005 – Statutory Consultation" and a number of background papers were copied to the Authority. The Chairman told the meeting that he would prepare a draft paper in response to the DETI paper and he would circulate it to the Authority.

14 T&D OPEX INCENTIVE PAPER

Seamus O'Hare joined the meeting at this point to speak to the Authority about the Opex paper. He explained that it followed on from the Transmission and Distribution (T&D) Price Control in 2002 and its purpose was to encourage the company to continually strive for efficiencies.

15 CONNECTION CHARGING

It was agreed that Ofreg would draft a consultation paper on Connection Charging.

16 EUETS: NAP UPDATE

The Chairman reported that Ofreg had not been informed of the allocation yet but that he hoped to have figures by 30 October.

17 DETI - £30M: UPDATE

The Chairman reported that no further progress had been made but that the £30M was still earmarked for energy. It was noted that Jenny Pyper (DETI) was meeting with NIE on 9 November.

18 POWER STATION WEST UPDATE

An update on the demolition of Belfast West power station had been copied to the Authority in advance. Eddie Gaw told the meeting that he was content with the progress to date.

19 GAS/ELECTRICITY PRICE TRENDS – INFORMATION PAPER

An up-to-date information paper was circulated.

20 WATER REFORM UPDATE

Dermot MacCann told the meeting that Ofreg had met with representatives from DETI, DFP, DRD and SIB to discuss water reform and had begun to identify some of the key issues.

21 ANY OTHER BUSINESS

Update on New Accommodation

Eddie Gaw told the meeting that the Health and Safety Report on Queen's House was poor. He informed the meeting that he had met with the Estate Agent and struck a good deal on the rent. However, it was noted that the building needed some structural work to meet DDA and Fire legislation specifications.

Contracts Issue

This issue had already been discussed under agenda item 4 – see 4.1.

Sustainable Energy Centres (SEC)

A letter from Orla Ward (Energy Efficiency Advice Centre) to Douglas McIldoon regarding Sustainable Energy Centres (SEC) was tabled for information.

22 ARRANGEMENTS FOR NEXT MEETING: WEDNESDAY 8 DECEMBER 2004

The Corporate Risk Register Meeting will take place at 10am in Brookmount Buildings on Tuesday 7 December and will be attended by all HOB's. The Chairman informed the Authority that the next meeting would take place at 9.30 on Wednesday 8 December at Ballylumford Power Station.

Signed _____
Chairman