

**SUMMARY OF MINUTES OF THE THIRTY-FIFTH MEETING OF THE
NORTHERN IRELAND AUTHORITY FOR ENERGY REGULATION (the
Authority/NIAER) HELD ON THURSDAY 21 SEPTEMBER 2006**

Authority: Dr. Peter Matthews - Chairman
 Mrs. Joan Whiteside
 Prof. John FitzGerald
 Mr. John Gilliland
 Mr. Iain Osborne - Chief Executive

In attendance:

Ofreg: Mr. Dermot MacCann - Deputy Chief Executive
 Mr. Brian McHugh
 Mrs. Sarah Brady
 Mr. Bobby Clulow
 Mr. Alan Smith
 Miss Fiona Gallen

1. APOLOGIES FOR ABSENCE

Peter Lehmann.

2. DECLARATIONS OF INTEREST

No new declarations.

3. MINUTES OF THE PREVIOUS MEETING

The minutes were agreed.

4. MATTERS ARISING

Agendas & Minutes

It was noted that all agendas and summary minutes would be forwarded to DETI & DRD.

5. ACTION POINTS FROM AUGUST MEETING

NIE Energy Efficiency Levy Review

The Chief Executive told the Board that he planned to announce the agreed levy increase at a speech he was due to give to the Housing Executive next week.

Audit Committee Business

The Chairman of the Audit Committee said that the SEM team needed to provide an estimate of all ongoing SEM costs for the resource accounts. He added that any extra costs to the regulatory authorities involved should also be factored into this figurework.

Consultation Papers

The Chairman reiterated that a summary of consultation papers issued by Ofreg should be forwarded to the Board.

SONI Price Control

SONI pension costs issue resolved.

6. CHIEF EXECUTIVE'S REPORT

The Chief Executive reported that the NIE Price Control had been published since the last meeting and that a successful press conference had been held to announce the package. He told the Board that Ofreg was continuing to work closely with and for DRD on water legislation and that the suggested licence modifications were now being drafted.

7. STAFF REVIEW

The Chief Executive added that he had begun to consult with staff on how the organisation could move forward and had asked for their views in a staff survey. He told the meeting that an invitation to tender for Change Management support had also been issued and that he hoped this additional resource would be in place within the next few weeks.

8. INDUCTION PLAN – NEW BOARD

The Chairman told the meeting that the interviews for the new Directors were now complete but that the candidates had not been informed of the outcome as yet. In the interim, the Authority agreed by a majority to approve the proposed forms of delegation which would operate until 1 December 2006. It was noted that these measures empower Peter Matthews and Iain Osborne to act on behalf of the Board for any matter capable of being delegated to one person and create a “general purposes committee” to handle those matters that (under the rules of procedure) can only be delegated to a committee of the Authority.

9. NIEH BETTA REBATE

Following an update on the Renewable Energy Fund and the NIEH BETTA Rebate, the Authority expressed their ongoing concerns about NIEH governance and the propriety of investing consumers' money. The Authority decided that the detail of the investment in the REF specifically, how customers are going to benefit from profits needed to be investigated further and that the licence settlement for the NIEH group would be reviewed to ensure that adequate governance arrangements were in place.

10. PHOENIX NATURAL GAS

(A) Enforcement Order - Update

The Authority were briefed on progress to date.

(B) Licence Review

It was noted that agreement had not been reached with Phoenix on the licence.

11. ALL ISLAND ELECTRICITY PROJECT

(A) Progress Report

A briefing paper outlining progress on the main issues had been forwarded to the NEDs before the meeting.

(B) Cost Benefit Analysis

The Board was informed that the final NERA report would be published on the AIP website.

12. ELECTRICITY PRICE COMPARISONS – RECONCILIATION WITH NIE TARIFFS

It was noted that although the September tariffs demonstrated a favourable comparison, the electricity regulation team recommended that Ofgem and NIE should use the same analytical methodology at the same time in the month to ensure a like-for-like comparison.

13. NIE TARIFF CONSULTATION

It was noted that a consultation paper on the arrangements for approving NIE tariffs would be issued within the next month.

14 SONI PRICE CONTROL

This item had already been dealt with under agenda item 5.

15. AUDIT COMMITTEE BUSINESS

Nothing further to report.

16. ANY OTHER BUSINESS

NIAER Agenda & Minutes

Future NIAER agendas and short form minutes to be copied to both DETI and DRD for information.

The Chairman thanked Joan Whiteside, Peter Lehmann (in absentia) and John FitzGerald on behalf of the Authority for the valuable contribution they had made during their time on the NIAER Board.

It was noted that Joan, Peter and John wished to thank the staff for all their help and support.

17. ARRANGEMENTS FOR OCTOBER MEETING

It was agreed that the next meeting would be held on 19 October in Queen's House.