

# **MINUTES OF THE TENTH MEETING OF THE NORTHERN IRELAND AUTHORITY FOR ENERGY REGULATION, HELD ON FRIDAY 23 APRIL 2004 IN BROOKMOUNT BUILDINGS**

## **IN ATTENDANCE :**

AUTHORITY : Mr Douglas McIldoon - Chairman  
Mr Charles Coulthard  
Mr John Gilliland  
Mrs Joan Whiteside

OFREG : Mr Dermot MacCann  
Mr Eddie Gaw  
Mrs Anne McMinnis - Secretary

## **1. APOLOGIES FOR ABSENCE**

Apologies were received from Prof John FitzGerald and Mr Peter Lehmann.

## **2. MINUTES OF THE PREVIOUS MEETING**

The Minutes of the previous meeting were agreed by Authority Members and signed by the Chairman.

## **3. MATTERS ARISING**

### **3.1 North South Market Interface (para 3.1)**

The Chairman reported that he was waiting to receive the final report from NERA before formally writing to the Department setting out the Authority's views.

### **3.2 Water Reform : Economic and Consumer Regulation (para 3.2)**

It was noted that no response to the Chairman's letter had been received from DRD.

### **3.3 CEER (para 3.3)**

The Chairman reported that it had been suggested that he should meet with Sir John Mogg and Mr Alan Buchanan from time to time and he intended to do this. There had been no further developments since their meeting on 18 March.

### **3.4 Government Support for Electricity Industry (para 3.4)**

The Chairman reported that the Department had not yet consulted Brussels with a view to obtaining clearance for the , 30m of government aid. It was noted that the matter had been discussed with the Minister by the Authority members who met him on 1 April. The Chairman indicated that he planned to visit large users in the North West of the Province who had complained about the 2004/05 PSO charges.

### **3.5 DTI Proposal for Interconnector Double Licencing (para 9)**

The Chairman reported that, following the last meeting, he had written to the Minister and the Better Regulation Task Force and to date, no response had been received to either letter.

### **3.6 Review of the Building Regulations (NI) Order**

It was agreed that DFP should be invited to the May meeting to discuss their proposals on this.

### **3.7 Ofreg Website Review**

Mr Gaw reported that following responses received from Authority Members, he was

arranging a meeting with the PR company to discuss what had been proposed.

### **3.8 Expenses (para 13.1)**

The Chairman mentioned that he had still to write to the Department and Mr John Dowdall (C&AG) about the problems that existed in relation to the payment of some items of expenses for Authority Members.

## **4. CHECKLIST OF MATTERS BROUGHT FORWARD**

### **4.1 Relocation of Ofreg (Item 13)**

Mr Gaw reported that a formal Business Plan was in the course of preparation and that it was planned to submit it to the Authority for discussion at the May meeting.

## **5. CHAIRMAN'S BUSINESS**

A paper itemising meetings which the Chairman had attended since the last Authority Meeting was tabled.

## **6. THE PHOENIX GAS SITUATION**

- § Mr MacCann reported that following the announcement of a suspension of their proposed price rise, Ofreg received a revised offer from Phoenix which contained a number of positive points
- On the negative side, Phoenix's latest offer still fell short of the Ofreg's >final= offer.

## **7. UPDATE ON OTHER GAS ISSUES**

### **7.1 New BGE Distribution/Supply Licence**

Mr MacCann reported that progress was being made and that BGE were working on a model and continuing to negotiate on the financial element of the Licence.

### **7.2 Gas Pipeline to Coolkeeragh**

It was noted that work on the gas pipeline to Coolkeeragh was now underway.

### **7.3 Domestic CHP**

The Chairman reported that 2 domestic CHP plant had been installed in the home of an employee of Phoenix Gas and in Mr Andy McCrea's,(NIE) home.

## **8. NIE : SUPPLY PRICE CONTROL**

The Chairman reported that this Price Control had been delayed.

## **9. NIE OWN - GENERATION**

The Chairman explained that NIE, and any affiliate such as Energia, is presently restricted by Licence from owning any generation interests in Northern Ireland, except for renewable generation up to a limit as set in the Licence. The limit was originally set at 5MW and this was increased by Direction in January 2003 to 50 MW. The Chairman reported that NIE had requested that the limit be increased to 150 MW as an interim measure before removing the restriction on renewable energy completely and asked if Authority Members were content for this to happen. After discussion and following confirmation that this would not put NIE into a monopoly situation, agreement was given to the issue of such a Direction.

## **10. AUDIT COMMITTEE BUSINESS**

### **10.1 Corporate Risk Register**

It was agreed that arrangements should be made for Ofreg Heads of Branches to meet with the Authority to draw up the Corporate Risk Register for 2004/05 on the day before the June Authority meeting (Tuesday 22 June).

### **10.2 Appointment of Internal Auditor**

Mr Gaw mentioned that a panel had met on 20 April to evaluate the tenders for Ofreg=s Internal Auditor and a decision had been reached. However, the Procurement Service had informed him, just prior to today=s Authority meeting, that they had found another tender which they must have mislaid on receipt. He added that he was trying to sort the matter out.

### **10.3 Appointment of Legal Services**

Mr Gaw reported that an evaluation panel had been set up for 14 May 2004.

## **11. ANY OTHER BUSINESS**

### **11.1 Dates for Future Meetings**

The dates for future dinners and meetings were agreed.

### **11.2 Authority Salaries**

Discussion centred on the fact that the Inland Revenue regard expenses paid for travel to Authority Meetings, as travel to a place of work and consequently gross the salaries of Authority Members upwards to include travel expenses.

### **11.3 Authority=s Annual Report 2003/04**

After discussion it was agreed that the format of the report would be similar to the previous Ofreg Annual Reports but that the report should include an abridged version of the Authority=s Accounts.

### **11.4 Authority=s Position Paper**

After discussion, it was agreed that position papers would be prepared; probably one for Electricity topics and a separate Gas paper, but others if it were deemed necessary, with a view to their release into the public domain to inform interested parties of the current state of play on a range of energy issues.

### **11.5 Joint Steering Group**

The Chairman explained that the Joint Steering Group consisted of the two Departments and two Regulators who met on a regular basis to discuss All Island Issues.

### **11.6 Additional , 20m Government Taxes for Electricity Industry**

The Chairman explained that the LTI 3 Contract had been drawn up in such a way that prices charged were linked to heavy fuel oil and this had resulted in Northern Ireland being penalised, as a result of recent tax changes, for using HFO when in fact we are using cleaner fuels. He said that he had written to the Department but they had failed to interest Treasury.

### **11.7 Ofreg Staff Relations with the Authority**

The Chairman said that he wanted Authority Members to be able to approach Ofreg staff directly for information when they required it.

## **12. ARRANGEMENTS FOR NEXT MEETING**

It was agreed that the next meeting would be held in Brookmount Buildings on Thursday 27

May 2004.

Signed-----  
CHAIRMAN