

MINUTES OF THE TWENTY FIRST MEETING OF THE NORTHERN IRELAND AUTHORITY FOR ENERGY REGULATION HELD ON TUESDAY 24 MAY 2005

IN ATTENDANCE

AUTHORITY: Mr. Douglas McIldoon - Chairman
Mr. Peter Lehmann
Prof. John Fitz Gerald
Mr. John Gilliland
Mrs. Joan Whiteside

OFREG: Mr. Dermot MacCann
Mr. Eddie Gaw
Mr. Alan Smith
Mr. Seamus O'Hare
Mr. Kevin Shiels
Mr. Eamonn Corrigan
Mr. Mike Lowry
Miss Fiona Gallen

NIE: Mr. Patrick Haren - Agenda Item 12
Mr. Patrick Burke
Mr. Ashley Boggs
Mr. Laurence MacKenzie
Mr. Peter Ewing

WRAGGE & CO: Mr. John Cooper - Agenda Item 8
Mr. Derek Goodban

WEBER SHANDWICK: Mr. Terry McErlane - Agenda Item 8

1 APOLOGIES FOR ABSENCE

No apologies.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were agreed as amended.

3 MATTERS ARISING

NTS Exit Reform

A paper on this issue had been forwarded to the Authority before the April meeting. The Chairman told the meeting that Ofreg and CER needed to meet with Alistair Buchanan from Ofgem to discuss the matter further

4 ACTION POINTS FROM APRIL MEETING

The action points have been dealt with under the main agenda items.

5 CHAIRMAN'S BUSINESS

A copy of the Chairman's Business since the last meeting was copied to the Authority.

6 SONI PRICE CONTROL

It was noted that a 1-year extension had been granted under the old licence and the possibility of appointing consultants to advise on SONI's exit route from Viridian had still to be discussed with the Department.

7 DTI INTERCONNECTOR DOUBLE LICENSING UPDATE

A note on a recent meeting (29 April) with DTI on the double licensing was copied to the Authority. It detailed the points discussed and highlighted a number of action points.

8 UPDATE ON OTHER GAS ISSUES

Sale of Phoenix

Derek Goodban, John Cooper and Terry McErlane joined the meeting at this point. Following a lengthy debate on the issues involved the consultation paper on the proposed acquisition of East Surrey Holdings plc was agreed. The consultation paper and an accompanying press release were amended and finalised by the lawyers and Terry McErlane (PR Consultant) to be issued on Wednesday morning (25 May).

9 LT13 UPDATE

It was noted that mediation is still ongoing.

10 KILROOT PLANNING APPLICATION UPDATE

The Chairman told the meeting that Ofreg needed to appoint Environmental Consultants and a QC to deal with the Kilroot planning application. He said that Ofreg's environmental statement must be compiled in time for the hearing in early July. He informed the NEDs that Simon Rawles, a Planning Expert from Wragge & Co. was taking the lead.

11 EUETS: NAP UPDATE

The Chairman said that there was no further progress to report.

12 T & D PRICE CONTROL 2007 – NIE PRESENTATION

A background paper on the 2007 T & D Price Control was circulated to the Authority. The Chairman told the meeting that NIE and Ofreg had already been involved in discussions and that NIE had presented their proposal (composite package) last week.

13 2007 FULL MARKET OPENING ISSUES

The Chairman told the Board that he would be meeting a series of interested parties including William Webster from European Commission, NIE Supply and DETI to discuss further market opening in the next couple of weeks.

14 WATER REFORM UPDATE – STRATEGIC FINANCIAL REVIEW

It was noted that Dermot MacCann has recently been invited to join the Water Reform Steering Group. He told the meeting that he had met with DFP to discuss the resources required and that he was positive that agreement would be reached. A copy of the final draft report on the Strategic and Financial Review of the Water Service was provided to each of the NEDs at the meeting. Mr Mac Cann said that Ofreg would draft a response within the next ten days and circulate it to the Authority for further comment.

15 ALL ISLAND ELECTRICITY MARKET UPDATE

A position paper on the All Island Market was copied to the Authority. Mr. MacCann informed the meeting that consultation on the SEM high level design would end on the 27 May. He added that NERA consultants would look at the responses received and following a series of bilaterals the Regulators had agreed publish a decision paper on 10 June.

16 POWER STATION DECOMMISSIONING

Eddie Gaw told the meeting that a direction had been issued to NIE relating to the Project Management of Coolkeeragh Power Station.

17 GB RENEWABLES OBLIGATION REVIEW

A draft letter to Megan Bingham-Walker from the Renewables Obligation Review Team in DTI had been tabled for Authority approval. It was agreed that the draft letter should be amended to include support for renewable heating but not via tradeable certificates.

18 ANY OTHER BUSINESS

New Accomodation

Eddie Gaw said that the move to Queen’s House was still on schedule for July.

Viridian Group PLC – Results for Year Ended 31/03/05

A brief note compiled by Eddie Gaw on the Viridian’s 2004/05 results had been circulated to the NEDs for information.

Audit Training

It was noted that John Gilliland (Chair of the Audit Committee) had recently attended an Induction Seminar for Audit Committee Members on 5 May 2005.

Generation Security Paper

The Chairman informed the attendees that the Generation Security Paper had been published last week and a copy was available on the website.

19 ARRANGEMENTS FOR JUNE 2005 MEETING

The Chairman suggested that Netherleigh would be a good venue for the next NIAER meeting (Tuesday 28June) as the Minister wished to meet the Authority.

Signed.....

Chairman

Date