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Committee for Enterprise, Trade & Investment

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To: Patsy McGlone
Chairperson

cc Phil Flanagan

Date: 13 SEPTEMBER 2012

**CHAIR'S BRIEF FOR THE MEETING OF THE COMMITTEE FOR ENTERPRISE,
TRADE AND INVESTMENT IN ROOM 30, PARLIAMENT BUILDINGS,
13 SEPTEMBER 2012 AT 10.30 AM.**

NOTE TO CHAIR: You may wish to thank Alban Maginness for his contribution as Chair and welcome him as a member of the Committee.

NOTE TO CHAIR: You may wish to welcome Ms. Sue Ramsey back to the Committee and Ms. Maeve McLaughlin to the Committee. Ms Ramsey and Ms McLaughlin's Registered Interests show they have nothing to declare. You may wish to ask all other members if they have any new interests to declare.

Agenda Item 1 – Apologies

1. **Welcome** and remind members and the public that the meeting will be held in **public session** and that all mobile phones and electronic devices should be switched off as, even in silent mode, phones interfere with the recording system.
2. No apologies have been received.

Agenda Item 2 – Minutes of meeting held on 13 September 2012

3. **Inform** members that copies of these minutes have been included in their papers at **Tab 1**. **Ask** members if they are content with the draft minutes.

Agenda Item 3 – Chairperson's Business

4. **Inform** members that papers on this item are included at **Tab 2**.

Competition Commission Ruling on NI Gas Price Control

5. **Inform** members in papers are a statement from Phoenix Natural Gas Ltd, the Competition Commission's news release and summary of its provisional ruling on

NI Gas Price Control. **Advise** members that Alban Maginness met as Chair, with the Utility Regulator in August in relation to the matter.

Note to Chair: you may wish to invite Alban Maginness to update the Committee.

Meeting with Secretary of State Re: Corporation Tax

6. **Inform** members that included in the papers is a press release outlining your intention to meet with the Secretary of State on behalf of the Committee to discuss the devolution of corporation tax. **Tabled today** a draft letter to the Secretary of State requesting a meeting. **Ask** members if they are content with press release and draft letter.

Departmental Consultations

7. **Tabled today** is a new template which summarises any consultations received from the Department. The consultation papers can be obtained from the Committee Office.
8. **Ask** members if they are content to receive a full report on the outcomes of consultation of the policy proposals for the Energy Bill.
9. **Ask** members if they are content to consider a summary of consultation responses for the remaining consultations before deciding how to proceed.

Priority Dispatch under the Renewable Energy Directive: Government Response

10. **Inform** members that, in relation to the SL1 on Electricity (Priority Dispatch) Regulations 2012, which is due to come to the Committee on 27th September, the response to consultations is in the Committee Office and will be included in papers for that meeting.
11. **Advise** members that the legislation is designed to ensure that renewable generation takes priority over non-renewable sources.
12. **Inform** members that there is one area where it may be helpful to receive clarification in advance of the meeting. This relates to the Department's statement that more clarity is needed regarding priority dispatch for Energy from Waste plants.

13. **Ask** members if they are content to receive more information from the Department on this and on DoE policy and SEM Committee rules, in advance of consideration of the SL1.

Invitation to Chair from Minister to ASDA Supplier Development Academy Programme

14. **Inform** members that included in papers is an invitation from the Minister to the ASDA Supplier Development Academy Programme Dinner on the 20 September in the Long Gallery. **Advise** members you are unable to attend.

Invitation to Chair and Deputy from Bryson Group to Annual Conference on 26 September

15. **Inform** members that included in papers is an invitation to the Chair and Deputy Chair from Bryson Group to their Annual Conference on 26 September. **Advise** members you are unable to attend.

Invitation to Chair from NI Science Park to an Engineering Event on 28 September

16. **Inform** members that included in papers is an invitation to the Chair from NI Science Park to an engineering innovation event on 28 September. **Advise** members if you plan to attend.

Conference on EU Funding in NI

17. **Inform** members that a conference, organised by the European Parliament UK Office, to look at the future of EU funding in general and NI in particular will take place on Friday 16 November and you have been invited to speak. **Advise** members you are unable to attend.

NIPSA Annual General Health & Safety Conference

18. **Inform** members that included in the papers is an invitation from NIPSA to the Chair to speak at its annual general meeting during European health & safety week which runs from the 20-28 October. **Advise** members if you plan to attend.

Northern Ireland Economic Conference

19. **Inform** members that the Annual Northern Ireland Economic Conference, organised by Agenda NI, is taking place in Titanic Belfast on Wednesday 19th September. **Inform** members you have been invited you speak on the the role of innovation/R&D in developing economic growth from the findings of the R&D inquiry. **Advise** members you intend to attend.

Agenda Item 4 – Matters arising from 5 July 2012 meeting.

20. **Inform** members that papers on this item are included at **Tab 3**.

Ulster Bank Systems Failure

21. **Inform** members that included in papers is a response from the RBS Group on the Ulster Bank processing incident and a news article outlining the compensation offered by the Ulster Bank to customers.

22. **Inform** members that it has been arranged for this Committee and the Committee for Finance and Personnel to meet concurrently to hear from Ulster Bank officials. The meeting is scheduled for the morning of 11 October in the Senate Chamber. **Ask** members if they are content to hold the proposed meeting.

23. **Inform** members that included in papers is a copy of correspondence received by the Committee for Finance and Personnel from the Department of Finance and Personnel including a letter from the CF&P to the Consumer Council. **Ask** members if they are content to note and consider further at the concurrent meeting.

Timeliness of Briefing Papers to the Committee

24. **Inform** members that included in papers is a response to the Chair from the Minister regarding the timeliness of monitoring round papers to the Committee. **Ask** members if they are content to note.

Invest NI End Year Flexibility

25. **Inform** members that included in papers is a letter to the Chair from the Minister for Finance and Personnel regarding Invest NI End Year Flexibility. **Ask** members if they are content to note.

Departmental Responses to Committee Queries

26. **Inform** members that included in papers is a response from the Department on:

- i. Shale Gas Exploration (**Ask** members if they are content to add to the Committee's webpage on hydraulic fracturing and forward to the Environment Committee for information)
- ii. Savings Delivery Plans
- iii. Response to ETI Committee Query on the June Monitoring 2012 - de minimis bids for RHI and external consultancy for Telecoms Broadband Projects
- iv. Update on outstanding energy issues arising from Committee Meetings

27. **Ask** members if they are content to note.

Agenda Item 5 (10.45 am) – Subordinate Legislation – The Renewable Heat Regulations (Northern Ireland) 2012: Oral Briefing from DETI

28. **Inform** members papers on this item are at **Tab 4**. Included in papers is a briefing from the Clerk and the views from Action Renewables to the proposed Renewable Heat Regulations (Northern Ireland) 2012 and a copy of the policy and briefing documents presented to the Committee on the 5 July.

29. **Remind** members that the Committee has considered this SL1 at previous meetings including oral briefings from the Department on 24th May and a written briefing on 5 July 2012 when the Committee agreed to obtain the views of Action Renewables on the policy proposals contained in the SL1 prior to making a determination.

30. **Inform** members that briefing the Committee today from the Department are Fiona Hepper, Head of Energy Division, Joanne McCutcheon, Principal Officer, DETI Energy Division and Peter Hutchinson, Deputy Principal, DETI Energy Division.

31. **Welcome** representatives to the meeting and invite them to make an opening statement.

32. **Advise** members that the rule is subject to draft Affirmative Resolution. **Remind** members that this is the Committee's opportunity to consider the policy set out in the SL1, as it is not possible for the Committee to amend this once the rule has been made and laid in the Assembly Business Office. **Ask** members if they are content with the policy proposals.

Agenda Item 6 (11.30 am) – MATRIX – Report on Implementation: Oral Briefing from MATRIX Panel Members and DETI Official

33. **Inform** members papers on this item are at **Tab 5**. Included in papers is a briefing from the Clerk, update briefing from MATRIX outlining achievements and future

work plan, biographical details of MATRIX panel members and a response from MATRIX to a Committee question on the level of IT Skills.

34. **Inform** members that briefing the Committee today are the panel members of MATRIX Bryan Keating, Chair, Normal Apsley, Deputy Chair, Gavin Campbell, Director of Engineering, Bombardier and from the Department Bernard McKeown, Foresight and Horizon Scanning Unit.
35. Welcome representatives and the official to the meeting and invite them to make an opening statement.

Agenda Item 7: PfG Delivery Plans: Written Briefing from DETI

36. **Inform** members papers on this item are in the **Blue Folder**. **Remind** members that the information contained in this folder is *in confidence*. An index is provided containing all the various commitments and a briefing paper by the Assistant Clerk. **Ask** members if they are content to schedule an oral briefing on the matter and to include the monitoring of the implementation of delivery plans in the Forward Work Programme.
37. **Ask** members if they are content to return the folders at the end of this meeting so as the Committee office can update as and when new delivery plans are received and which will be delivered with the meeting folder when it appears on any future agendas.

Agenda Item 8 – Reasoned Opinion: Written Briefing from Assembly Research

38. **Inform** members that the papers for this item are at **Tab 6** and include a written briefing from Assembly Research and a response from the Department of Energy and Climate Change to a request for information submitted by Assembly Research.
39. **Ask** members if they have any comments.

Agenda Item 9 – Draft Forward Work Programme

40. **Inform** members that the papers for this item are at **Tab 7**. Included in papers is the Forward Work Programme. Also included is an invitation from Rathlin Development and Community Association inviting the Committee to visit and a press release from the Consumer Council which informs the call from the Office of Fair Trading (OFT) for information into petrol and diesel prices. **Ask** members if they are content to consider an oral briefing by OFT.

41. **Tabled** today is a letter from the Chair of the Committee for Culture, Arts and Leisure proposing to host a briefing with Ofcom and to invite members to attend. **Ask** members if they are content with this proposal.
42. **Remind** members that the Committee had commissioned legal advice relating to disqualification proceedings against Presbyterian Mutual Society Directors. **Ask** members if they are content to schedule a briefing from Assembly Legal Services to consider the legal advice.
43. **Remind** members that the Committee agreed to hold an event in conjunction with the Northern Ireland Engineering Policy Group (NIEPG) in the Long Gallery on Monday 12th November to consider stakeholder views on the R&D Inquiry and on the Department's response to the inquiry recommendations. **Advise** members that the draft agenda is included with the Forward Work Programme. **Ask** members if they are content with the draft agenda.
44. **Advise** members that the Department's response to the inquiry is overdue. **Ask** members if they are content to ask the Department to provide the response as a matter of urgency so that the Committee will have the opportunity to fully consider it prior to the event.
45. **Advise** members of your suggestion to visit Titanic Belfast and the Causeway Visitor Centre (**Note to Chair: this may be of particular interest to new members who have not had the opportunity to visit before**).
46. **Advise** members that you would like the Committee to have a more considered approach to developing the Forward Work Programme including agreeing Committee priorities for scrutiny and considering and agreeing a Committee inquiry. **Ask** members if they are content to hold an informal lunch in the Private Dining Room following next week's meeting to discuss the future Forward Work Programme; Committee priorities; and suggestions for a Committee inquiry.
47. **Ask** members if they are content for future committee meetings to start at 10 am.
48. **Ask** members if they are content with the Forward Work Programme.

Agenda Item 10 – Correspondence

49. **Inform** members that an index of correspondence is included at **Tab 8**.
50. **Inform** members that this is a new format developed by the Committee Office to provide members with a more efficient way of dealing with correspondence. The format sets out correspondence received into 3 categories: those requiring action, invitations and those to note.

Actions

51. **Ask** members if they:

- **Agree** to forward the Public Procurement Brokerage Service letter from Minister to Committee of Finance and Personnel
- **Agree** to forward the proposed Insolvency Rules (Northern Ireland) 2012 provided by the Committee for Justice to the Department and to relevant stakeholders.
- **Agree** the draft response from the Committee to correspondence from the OFMDFM Committee requesting information on this Committee's consideration of European issues. **Agree** to forward the response to the Committee to the OFMDFM Committee.
- **Agree** to Forward MATRIX response to Committee for Employment and Learning
- **Agree** for Clerk to liaise with Committee for Culture, Arts and Leisure regarding the invitation to meet with Ofcom.
- **Agree** that Chair to meet with SSE renewables.
- **Agree** to forward correspondence from Orchard Credit Union Ltd to the Department to obtain its views on Corporate and Joint Accounts within a credit union.
- **Agree** to write to the Administrator of Target Express, regarding correspondence on behalf of employees, to seek clarification of the position regarding wages and redundancies.

Invitations

Social Enterprise Awards NI 2012

52. **Inform** members **tabled** today is an invitation to the Social Enterprise Awards NI 2012.

53. **Ask** members if they are considering attending any of the events please contact the Committee office.

To Note

54. **Ask** members if they have any comment on any of the correspondence listed.

55. **Ask** members if they are content to note the remaining items of correspondence.

56. **Ask** members if they are content with the format for dealing with correspondence.

Note to Chair: if members have any further suggestions they can contact the Committee office.

Agenda Item 11 – Any other business

57. **Inform** members that there are no additional items of business.

58. **Ask** members if they have any additional items of business.

Agenda Item 12 – Date, time and place of next meeting

59. The next meeting of the Committee will be on **20 September 2012, Room 30, Parliament Buildings at 10.00 am.**

REQUEST FROM THE COMMITTEE

1. The Committee has asked:

What the funding will be used for in relation to the de minimis bids of £522k for; (i) the development and operating costs of the NI Renewable Heat Incentive Scheme (p.11) and; (ii) £224k to meet external consultancy requirements for new proposed Telecoms Broadband projects (p12).

DEPARTMENTAL RESPONSE

- (i) £25m Annually Managed Expenditure budget was allocated to the NI Renewable Heat Incentive (RHI) Scheme in Budget 2011-15. The Committee will be aware of the current position in relation to the implementation of the NI RHI and the Department anticipates that this scheme will be launched once appropriate legislation is passed following the summer recess.

For the scheme to be implemented, detailed administration systems must be in place, these systems will deal with applications, queries, accrediting systems, making payments and enforcing the terms and conditions of the scheme. In GB, the administration of the scheme is undertaken by Ofgem, the energy regulator. Given anticipated economies of scale and savings in potentially prohibitive IT set-up costs for NI, Ofgem will also undertake the administration of the NI scheme. Ofgem has been appointed to this position via a direct award contract that was considered by Central Procurement Directorate and approved by the Departmental Accounting Officer. DETI is currently working with Ofgem to develop the appropriate systems for the NI RHI.

DETI is content that Ofgem are best placed to administer the NI RHI given its track record in managing large scale renewable energy projects in GB such as the Renewables Obligation, the Feed-in-Tariff and the RHI. Further to this Ofgem administer the Northern Ireland Renewables Obligation and therefore have existing knowledge of the NI energy market.

Costs are estimated at £522k in the initial year, which includes £386k development costs and £136k operating costs, and will be charged as managed service for the department. Exploiting synergies with the GB RHI will drive down the costs of administering the scheme whilst maintaining a high quality service to generators. Overall, it is estimated that using Ofgem's existing systems, that are currently in place for the GB RHI, could save somewhere between £3.2million and £5.15million with additional ongoing operational savings.

- (ii) Telecoms Policy Unit requires £224k to fund consultancy support to assist with the development and procurement of two initiatives aimed at enhancing broadband and mobile services in the region. One of the projects is related to the 2Mbps Universal Service Commitment and has a potential total value of circa £35-£45 million, and the other is related to the 4G mobile pilot project and has a potential total value of circa £25-£30 million. Economic appraisals have been completed for these projects, and it is envisaged that the services of telecommunications engineers, legal professionals and geographic information systems experts will be essential in taking these projects forward. These specialist skills are not available in-house, and external consultants will therefore be required. The business case has been completed and the necessary approvals are in place, and the procurement tender process for the consultants has also been concluded. The projects will contribute to the NI Economic Strategy with regard to the provision of infrastructure for economic growth, and will also attract significant drawdown from the UK Broadband Fund and the EU Sustainable Competitiveness Programme.