



**Board of Directors Meeting of the  
Utility Regulation and Competition Office (“OfReg”)  
held on Thursday, 11<sup>th</sup> September 2017,  
at its Offices, 3rd Floor Alissta Towers  
Meeting #14  
Minutes**

**Present:**

|                              |  |
|------------------------------|--|
| Dr. the Hon. Linford Pierson | Non-Executive Director, Chair                      |
| Mr. J Paul Morgan            | CEO  |
| Mr. Ronnie Dunn              | Deputy Chair                                       |
| Mr. Frank Balderamos         | Non-executive Director                             |
| Ms. Melissa Lim              | Non-executive Director (arrived during item 2.1.1) |
| Mr. Duke Munroe              | Chief Fuels Inspector/Dir Fuels Markets (CFI)      |
| Mr. Greg Anderson            | Executive Director, Energy & Utilities             |
| Mr. Alea Fa’amoe             | Executive Director ICT, Deputy CEO                 |

**Other attendees**

|                       |  |
|-----------------------|--|
| Ms. Joanne Conolly    | Executive Assistant ,Recording Secretary |
| Mr. Echard McLaughlin | Administration Manager                   |
| Ms. Alison Maxwell    | Associate Counsel                        |
| Ms. Tessa Ryan        | Manager - Economics (Item 2.1.1)         |
| Mr. Troy Claxton      | Financial Controller (Item 4)            |

**Apologies**

|                 |   |
|-----------------|---|
| Mr. Sonji Myles | Deputy Director ICT, Acting Board Secretary |
|-----------------|---|

Meeting Start: 1010hrs

**1. General**

**1.1 Approval of Agenda**

The Chair moved to approve the Agenda for the meeting, which motion was unanimously carried.

**1.2 Prayer**

Mr. Echard McLaughlin provided the prayer before the meeting.

Silence was then observed for the anniversary of 9/11.

**1.3 Appointment of GV Anderson as Ex Director Energy & Utilities**

The Board welcomed Mr. Anderson to the Executive Team and in accordance with S28 of The Utility Regulation and Competition Law, 2016, moved to officially to appoint Mr. Anderson as an Executive Member of the Board. The motion was unanimously carried.

**1.4 Welcome**

The Chair declared the meeting open at **1010hrs**, and that a quorum was present. The Chair pointed out for the Board, that the OfReg Trademark had been registered and the Certificate was hanging on the Boardroom wall.

**1.5 Minutes of Previous Meetings**

**1.5.1 Minutes of meeting held Board Meeting on 10 August 2017.**

Minutes were approved, subject to minor amendments.

## **1.5.2 Matters Arising**

**Action Item 1.4.1** CEO informed the Board that the Office is in receipt of a draft of the Opinion from external counsel and will be asking to obtain the benefit of everyone's input prior to going back to him with comments.

**Action Item 1.4.1** representations were made in support of considering Mr. Carlisle McLaughlin, for the post of Chair of the Risk and Audit Committee. He has been contacted and is willing to consider appointment. Mr. McLaughlin is retired from Ernst & Young and runs the Mac store. He was also Chairman of CIMA and spent many years as an accountant and auditor.

**Action item 1.5.6** CEO reminded the Board that at the last Board meeting, approval in principle was given. He further explained that this will be the basis for revenue assumptions in the budgetary preparation, and will be dealt with in the review of the Strategic Plan.

**Action item 1.5.7** CEO informed the Board that this item was dealt with at the subsequent emergency meeting and Chair confirmed the amount authorised at that meeting was \$100k.

**Action 1.5.9** Board received confirmed the new business cards are on order.

**Action Item 2.1.2** – Executive Dir ICT/DCEO informed the Board that a draft of the consultation paper was being finalised which will address new categories of internet license in order to regularise hotels and cafes who technically are not offering services over wifi, legally. There would be no cost associated with regularising the hotels. It was not anticipated that there would be any charge if they already hold a license from the tourism attraction board to operate as a tourism property. Operators providing a commercial service to tourists in town will pay a fee to provide that wifi service and this will be addressed. It was noted that OfReg wanted to encourage entrepreneurship and innovation as detailed in The Utility Regulation and Competition Law, 2016 (the 'Law').

**Action Item 2.1.3** – Type Approval Process. Executive Dir ICT/DCEO informed the Board that this process which was manual and labour intensive, is now online and generated electronically. It has been working since 27 August 2017. The Board inquired whether any denials had been processed. Executive Dir ICT/DCEO confirmed that no denials have been processed.

**Action Item 4.1** – Manager Admin confirmed the successful applicant for the Utility Analyst post has now accepted an offer of employment with OfReg and will be starting in December 2017.

**Action 4.21** – Feasibility Study. CEO confirmed this still needed to be done.

**Action Item 4.3** – CEO confirmed that the Board had agreed to receive the accounts on a quarterly basis. All accounts are in the shared Board folder and the Senior Management Team would like input from the Board as to how they would like to see the accounts presented.

## **1.6 Board Matters**

**1.6.1 Role & Responsibilities of OfReg's Board of Directors & Management-Board Paper**  
DEFERRED

**1.6.2 Contractor / Consultancy Review – non-Executive Director queries & update**



## DEFERRED

**1.6.3 Risk & Audit Committee – Appointment of Chair**

Board members to reach out to potential candidates and report back to Board.

**1.6.4 Governance & Admin Sub-committee**

Board established a sub-committee to consider relevant issues which may arise, it was decided after a short discussion that Mr. R Dunn would Chair. Mr. R Dunn will draft Terms of Reference for the Committee.

**1.6.5 Public Authorities Law (PAL) analysis and next steps**

Upon review, the Board agreed that it would require further detail on the points raised in the opinion provided by Dinner Martin. Additionally the Board was desirous of obtaining a further brief opinion on the potential conflicts existing between the PAL and Utility Regulation and Competition Law (URC Law) and the potential impact. The Board instructed Legal to revert to Dinner Martin to request further detail on the opinion provided.

**1.6.6 Gift Policy – comments on the final document**

Staff requested the Board to provide comments on the draft Gift Policy which had been included with the board papers. Once received staff will incorporate and finalise.

**1.6.7 Election of Deputy Chair**

The Chair noted that the non-Executive members had elected Mr. R. Dunn to act as Deputy Chair of the Board.

**1.6.8 Update on new non-Executive Director appointment**

Appointment of a new member to the post is currently being considered by the Cabinet Secretary.

**2. Regulatory****2.1 ICT Report****2.1.1 Significant Market Power (SMP Review)-Approval of recommended SMP Vendor**

Executive Dir. ICT/DCEO and Economics Manager provided an update on the SMP RFP process outlining details generally about the bidding process, which was supported by board papers provided to the Board. Staff thereafter made recommendations for approval to formally engage with the most suitable bidder- Frontier Economics. After consideration the Board agreed with the recommendations to approve Frontier Economics to conduct the SMP Review as discussed.

**2.1.2 Judicial Review update**

Associate Counsel provided the Board with an update on the current status. It was confirmed that draft affidavits had been provided to staff and staff had returned additional comments for incorporation.

The option of considering reissuing the disputed determination in draft format was discussed. After consideration the board determined that reissuing would not be the best approach. Next steps- Associate Counsel and staff are set to speak with external counsel on 22 September, to further discuss the merits in light of evidence arising out of the affidavits, with a view to counsel providing further advice.

**2.1.3 Orbital Satellite Issues**

Executive Dir. ICT/DCEO informed the Board that the Governor's Office recently approached OfReg in regards to regulatory practices related to Orbital Satellites over the Cayman Islands. This was in consequence to new legislative enactments in the United Kingdom which extend to overseas territories. The Board was provided with a paper outlining the Office's last formal consideration on these issues which was conducted two years ago.

After discussion, the Board agreed that staff should differ to the Civil Aviation Authority- to consider best approach and response from this jurisdiction.

#### **2.1.4 Ship Radio Licensing- Update**

Executive Dir. ICT informed the Board. Staff are working on backlog.  
Type Approvals and ship radios are now all dealt with electronically and e-mailed to licensees.

#### **2.1.5 Aircraft Radio Licensing - Update**

##### **2.1.6 Type Approvals- Update**

Executive Dir. ICT informed the Board that Type Approvals and ship radios are now all dealt with electronically and e-mailed to licensees. Craft have met with Civil Aviation Authority to consider improving the licensing process.

## **2.2 Energy**

### **2.2.1 Electricity**

The Executive Dir. E&U informed the Board that Caribbean Utilities Company (CUC) was preparing a report on outages which was to be submitted to the office before the year end.

The Board was further informed that CUC had contracted consultants to produce an Integrated Resource Plan (IRP), the production cost for which the previous Electricity Regulatory Authority (ERA) board had agreed the could be legitimately included in CUC's costs for rate purposes.

'OTEC' and the floating energy generation platform in Northside- update. Executive Dir. E&U informed the Board that OfReg has commented on the draft power purchase agreement and returned to both CUC and OTEC .

CORE program- update. The Board noted that it wishes to consider the program further. Specifics to be discussed at a later meeting.

The Executive Dir. E&U informed the Board that the license for Cayman Brac Power and Light expires in December 2018. The discussions leading to the issue of a new licence are scheduled to commence early in 2018.

It was noted that National Energy Policy Committee has not had its first meeting as yet. OfReg has specific obligations under this Policy and is currently mapping out the extent of its responsibilities.

### **2.2.2 Water**

The Executive Dir. E&U informed the Board that contract negotiations with Cayman Water Company (CWC) are ongoing. CWC has been asked to make their own proposal regarding the economic regulation regime. CWC's license has been renewed every year since 2010 and their current license was renewed again until January 2018. The expectation is that the 'regime' will be concluded before 31 January 2018. There are three applications for standardised licensing for potable water.

**The Water Authority (WA) – update** the regulatory framework for the WA will be completed once the CWC negotiations have been concluded.

## **2.3 Fuels**

### **2.3.1 SOL Jackson Point Terminal Incident – Update**

The CFI informed the Board that the investigation is ongoing. OfReg is awaiting clearance for entry into the fuel tank. There have been discussions with the Fire Service to clarify OfReg's jurisdiction in this investigation.

### **2.3.2 Operating Permits- Update**

DEFERRED to the next meeting

### **2.3.3 Consultant Funding for LPG Technical Review**



The Board was asked to consider a request to approve the expenditure of funds to retain a consultant to assist with urgent work relating to safety processes in the LPG sector for which the supporting documentation was provided with the Board papers. It was noted that the funds were available and this was merely a request to allocate the funds to the Fuels department. The Board voted unanimously to allow the funds to be made available and authorised the management to act in accordance with the submissions made.

### **3. Consumer Affairs**

#### **3.1 Complaints Metrics**

There were no updates to be reported to the Board at this time.

### **4. Administration**

#### **4.1 Finance**

The Financial Controller (FC) presented to the Board the Management Accounts to August 2017. A discussion was held regarding important ongoing activities noting that, in addition to the OfReg end of year audits, there would also be audits of the ERA and ICTA financials to January 2017. It was noted that the OfReg 2017 consolidated budget had still not been approved by the Government, and therefore no output fees had been paid to OfReg yet, as a result. The Board recognised the Office's critical cash position and, following discussion, the Chair undertook to follow up with the Cabinet Office.

The Board queried whether everything necessary had been provided to Government in order for them to make a decision to approve the budget. FC confirmed that all necessary submissions had been made. He commented that usually the budget takes 6-8 months to be approved and it has been with Cabinet Office from January 2017 to approve.

It was also pointed out that there were various longstanding caps in place on license fees. The CEO commented on the importance of OfReg reviewing the appropriateness of the various caps, in order to increase revenue reasonably.

##### **4.1.1 Budget (2018 – 2019)**

The Board was informed that the Budget had been submitted and the Office was awaiting approval.

#### **4.2 HR**

##### **4.2.1 Recruitment**

###### **General Counsel**

The Board was informed that the advertisement for the General Counsel post had been published previously and that the deadline for applications was extended to 16 October 2017.

###### **Consumer Affairs and Public Education Manager (CAPE)**

The board was informed that this post was being created and will focus on consumer protection, consumer education and public relations. It would be a step towards reducing the expenditure on external PR support.

###### **Manager Innovation and Strategy (MIS)**

The board was informed that this post was being created and is intended to focus on OfReg's innovation mandate.

##### **4.2.2 Public Service Pensions Board (PSPB) Errors- Report**

Board was updated on a current situation regarding incorrect details being entered in staff pension records. It was confirmed that PSPB enters data manually and some human error caused the problem. The Office is in communication with PSPB towards expeditiously correcting errors.

#### **4.3 Operations**

**4.3.1 Office Space- Update**

The Board was informed that an architectural consultant has recently estimated that in order to provide for future anticipated growth of the Office, that in addition to the space on Smith Road which the lease has already been signed for- an additional 1,500sqft of space would be required. As a consequence, staff revisited the site and confirmed that there was additional space that could be used to accommodate the growth. The Board agreed that management should contact the Landlord with a view to asking for an option on the additional space.

**4.3.2 Crisis Management Plan**

The Executive Dir. ICT/DCEO Executive informed the Board that OfReg has an internal crisis management plan in place. This involves a crisis management team of senior managers who were authorised to activate the plan in the event of a crisis. The plan also interfaces with HCMI as OfReg has a statutory role to play in the event of national crises. It is being further developed.

**4.3.3 Procurement Policy**

The Deputy Chair presented the Board with the Draft *Procurement Policy and Procedures* for comment so that it could be finalised and presented to the Board formally, for approval.

The paper put together policies and procedures for Board approval for procurement for OfReg and a framework for staff involved in procurement. It establishes an expectation for goods and services to be procured cheaply and giving local business preference

**5. Any Other Business****5.1 Strategic Plan Consultation**

The Board was informed that the document is ready but has not yet been subject to legal review. This is being treated as a priority, in order to meet the deadline which requires that the Board make a final approval of the Plan and have it issued by 30 November 2017. The Consultation Document will be circulated to members who are urged to offer comments.

**5.2 Training**

The Board was informed that, training opportunities are being planned for the non-executive members. The Public Utilities Research Centre, University of Florida (PURC), has been requested to propose a training programme tailored for the non-executive members particularly and more widely for OfReg staff. Board members will be kept up to date as plans develop.

**5.3 Gifts Policy**

It was noted by the Board that the proposed gift policy mentions a 3-year period for retention of information, however the National Archives Law states 7 years for gifts. Policy to be amended

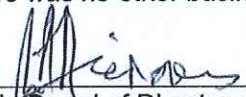
**5.4 Format of Board Agenda / Minutes**

Board agreed to consider recommended changes to Board Agenda and Minutes.

**6. Date of next meeting**

The date of the next meeting was set at Thursday 19 October 2017.

There was no other business and the Chair closed the meeting at 1628hrs.

  
Chair, Board of Directors, OfReg  
Date 19 October 2017  
Board Secretary (Acting)  
Date 19 October 2017