



**Board of Directors Meeting of the
Utility Regulation and Competition Office ("OfReg")
held on Thursday, 19th October 2017,
at its Offices, 3rd Floor Alissta Towers
Meeting #15**

MINUTES

Present:

Dr. the Hon. Linford Pierson	Chair
Mr. J Paul Morgan	CEO
Mr. Ronnie Dunn	Dep. Chair
Mr. Frank Balderamos	Non-executive Director
Ms. Melissa Lim	Non-executive Director (arrived during item 2.1.1)
Mr. Alea Fa'amoe	Executive Director ICT, Dep. CEO (ED-ICT/DCEO)
Mr. Duke Munroe	Chief Fuels Inspector/Dir Fuels Markets (CFI)
Mr. Sonji Myles	Deputy Director-ICT, Acting Board Secretary

Other attendees

Mr. Robert Tatum	Fuels Inspector (Item 7)
Mr. Dwayne Tucker	Fuels Analyst (Item 7)

Apologies

Mr. Gregg Anderson	Executive Director- Energy & Utilities
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1. General

- 1.1 **Welcome, Prayer, Chair's Remarks**
The Chair offered a word of prayer.

Meeting called to order by Chair: 10:17am

- 1.2 **Approval of Agenda**
The Board accepted the Agenda as drafted.

2. Declaration of Interest

No conflicts were raised.

3. Minutes of Previous Meeting



The Board reviewed the minutes and recommended minor formatting amendments. Thereafter the Chair moved and the CEO seconded that the minutes be approved as amended. The Board approved the minutes and they were signed by the Chair and Acting Secretary.

3.1 Matters Arising not Covered Elsewhere in the Agenda

There were no matters arising.

3.2 Actions Arising out of the Previous Minutes

Agenda Item 1.6.3 – Members to provide details of suitable candidates for position of Chair of Office Risk and Audit Committee. Status: Ongoing

Agenda Item 1.6.5 – Associate Counsel to request external counsel to expand on already provided Public Authorities Law analysis. Status: Ongoing

Agenda Item 4 – Board members to agree how Office accounts should be presented to Board. Status: Ongoing

Agenda Item 4 – DDICT/Acting Secretary and Admin Manager to arrange adding Admin Manager to Bank of Butterfield accounts. Status: Completed

Agenda Item 4.1 – Office through Chair to request equity injection or approval for retention of royalties paid to the Office. Status: Chair awaiting meeting with Government.

Agenda Item 4.2.2 – Admin Manager to liaise with Public Service Pensions Board to correct their entry errors and update the Board accordingly. Status: Ongoing due to volume of errors.

Agenda Item 4.3.3 – Board to review draft procurement policy and provide comments for next BOD meeting. Status: Ongoing

Agenda Item 5.2 – CEO to consider options and arrangements for regulatory training for non-executive members. Status: Several options for training and conference attendance have been identified. This is ongoing

Agenda Item 5.3- Board members to review Gift Policy. Status: To be discussed as part of agenda for this meeting.

Agenda Item 5.4 – Acting Secretary to implement considered changes to format of BOD meeting agenda and minutes for presentation to Board. Status: Completed.

4. General

4.1 Format of Board Agendas, Minutes and Action Items

Board considered the current format for Board agendas, minutes and actions and instructed the Acting Secretary to revert to the original formats the Office used in the first quarter of 2017. This in order to provide for ease of reading and a focus on making clearer the decisions of the Board.

4.2 Role & Responsibilities of OfReg's Board of Directors & Management

The Board considered that a governance committee could be constituted to review governance documents as drafted and forming part of the Board papers, with a view to consolidating before the next meeting.

The Chair also acknowledged that the Office was engaged in hiring exercises for several posts, some of considerable seniority. Consequently the Chair highlighted the importance of the Office adhering to the law generally and the necessity of some oversight by the Board, particularly as it relates to some senior roles.

The Board agreed and acknowledged that the intent of the law was that the Board would set the parameters for hiring and where appropriate staff there should consult with the Board.

In relation to current vacancies, the Board agreed that it should oversee the recruitment exercise for the General Counsel role.

4.3 Contractor / Consultancy Review **Deferred until next meeting.**

The Board noted that several documents need to be updated. In particular several Board questions remained unanswered.

The Board instructed staff to update the documents with the outstanding information and notify the Board as soon as they have been completed, but in any event prior to the next regular meeting.

4.4 Public Authorities Law (PAL) analysis

The CEO informed the Board that additional legal advice is being sought from external counsel (Queens Counsel). The intent is to obtain specific advice in relation to existing and potential conflicts between the PAL and the Utility Regulation and Competition Law.

4.5 Gift Policy- comments on final document-approval

The Board having reviewed the policy, was generally happy with it as drafted save for one recommended amendment.

The Board instructed staff to amend section 6 to reflect that the threshold should include "giving up to" or "not exceeding" a value of \$100.00.

The Board approved the policy on the condition that the amendments to section 6 are made.

4.6 Update on new Non-Executive Board Member Appointment

The Chair informed the Board that the appointing committee is set to meet on 19 October 2017, at which time it is expected that the appointment of a new non-executive will be made.

4.7 Use of Chair's Electronic Signature

The Chair instructed staff that use of his electronic signature should be suspended until further notice.

The Chair requested that Management seek to implement secure electronic signature and certification methods across the Office.

4.8 Public Sector Good Governance Handbook (PSGGH) – for Board

Board agreed to adopt the PSGGH as presented as a guide where applicable and until such time as the Board replaces it.

Staff to amend and insert references to the Office (where reasonable), and highlight any potential conflicts.

5. Reports From Non-Executive Members

5.1 TelecomsWorld Middle East 2017 - Chair's Report

The Chair presented an overview of his positive and beneficial experience attending the TelecomsWorld 2017 conference. The presentation was supported by a detailed paper presented to the Board.

The Chair thanked the Office and CEO in particular for arranging his attendance.

6. Chief Executive's Report

The CEO gave a presentation in line with the topics set out in his report, which was submitted as part the papers for this Board meeting.

Noting that this was the first such presentation, the CEO encouraged the Board to review the report and provide any necessary feedback.

The CEO drew specific reference to the fact that the new OfReg website had been launched and while it is live, there is still some ongoing updating. Additionally, the CEO noted that the section on Statutory Obligations will be a regular feature in his report to the Board so that members are kept up to date on how the Office is meeting its obligations.

7. Regulatory

7.1 Fuels

7.1.1 Operating Permits Updates

The CFI provided a list of applications and sought approval from the Board for "Tier 3 & 4" Operating Permits for the sites detailed in the attached Board papers, on the grounds that the applicants have met the requirements for approval. The Board approved grant of operating permits to the listed sites for a period of one year.

a. Summary of Permits Approved (Permit Register)

Fuels Inspector Robert Tatum made a presentation on the operating permit approval process highlighting the tiered evaluation criteria/process.

7.1.2 Fuels Market Discussion Paper (FYI for Board)

The CFI provided the Board with a Discussion Paper on Funding the Fuels Sector's Regulatory Oversight. The purpose of the paper and presentation is to provide background and context for the Board and also to inform recommendations to Cabinet on a suitable approach to its funding requirements as provided for under the Fuels Markets Regulations Law, 2017.

7.1.3 SOL Investigation - brief update on progress

The CFI confirmed that the investigation is ongoing. The next step is to finalise gaining access to the tank. The Board will be updated as the investigation progresses.

7.1.4 Kick off of Fuels Significant Market Power & Market Definition Review

The CFI highlighted that the fuels sector is preparing to kick off a SMP review for the sector prior to the end of 2017. It was noted that now that the Office's Consolidated budget has been approved, the initial steps to execute the review will commence.

7.2 ICT

7.2.1 Significant Market Power Review- update

The ED-ICT/DCEO updated the Board on the ongoing SMP review in the telecoms sector. It was confirmed that a vendor had been chosen and that they were currently evaluating data provided by the Office/Licensees. The timing for completion remains on track to be completed in April 2018.

7.2.2 Radio Licensing

DDICT informed the Board that the relicensing consultation had been launched. The consultation surrounds the new licensing agreement template necessary to modernise the licensing/regulatory relationship between the Office and FM Broadcasting licensees.

The expectation is to migrate all licensees to the new agreement in early 2018.

7.2.3 CIRT-KY (Cyber Incident Resiliency Team)- update

ED-ICT/DCEO and DDICT informed the Board that the Office had received a "roadmap" for development of CIRT-KY from the Office's consultants-Deloitte. The Subject Matter Experts based in Italy and who also advise NATO on such issues have been working directly with the Office ICT Team.

The ICT Team is happy with- and agrees that the roadmap suits the Office's needs/mandate. Next step is for the Office to consider proposals for fulfillment of the roadmap.

7.2.4 Undersea Cable Project-update

The ED-ICT/DCEO informed the Board that the project to establish additional offshore connectivity (undersea fibre systems) was well underway. The project will have direct benefits such as leading improved resiliency/redundancy, promote competition, reduced latency and improve security.

A website has been established to promote the initiative – www.cisc.ky. The Manager of Infrastructure and Spectrum is currently working with other government stakeholders to streamline the application process for potential investors.

7.2.5 911 Upgrade- update

The ED-ICT/DCEO informed the Board that the project to update the 911 emergency communications system, (which has reached end of life) remains ongoing. The Office is in the midst of an RFP process for the provision of systems and associated support. As the project progresses the Board will be updated.

7.2.6 EY- CWCIL Audit- update

DDICT informed the Board that the Office had received a response to the report from the Auditors. The ICT, legal team and EY are currently in discussions towards arriving at a determination. The Board will be updated as the matter progresses.

7.3 Energy and Utilities

7.3.1 Electricity

7.3.1.1 CUC's Integrated Resource Plan (IRP)-update

The CEO provided the Board with and spoke to a slide presentation and discussion paper surrounding CUC's IRP. The Plan is designed to be an electric utility led initiative whereby the utility sets out a long-term energy strategy of how it will meet and manage its energy (electricity) supply and demand needs. Including but not limited to alternative fuel inputs, demand side management (how customers consume energy and how the utility can most efficiently meet those demands) as well commercially viable and indigenous renewable energy sources/outputs.

7.3.1.2 Introduction of CUC Demand Rates-update

The CEO provided the Board with a paper setting out the history and purpose of the introduction of CUC Demand Rates. The CEO referred to and spoke generally on the points raised in the paper.

In particular the CEO highlighted some benefits of the rates being, the consumers' increased familiarity with consumption patterns, increased forecasting accuracy; more ways to save operating costs (energy and peak demand management), allowance for customers to install Distributed Energy Resources outside of the CORE program while continuing to remain connected to the grid.

7.3.2 Water

7.3.2.1 CWC / Dart Bulk Pricing Agreement for non-potable water-update

The CEO gave a general overview of the purpose and considerations surrounding the pricing agreement. Particular reference was drawn to the long term consequence such an agreement might have on provision of service/product and therefore the resulting needs consideration which would make the agreement fair.

8. Consumer Affairs

8.1 Complaints metrics

No reports.

DDICT commented that there was a moderate stream of complaints incoming from the ICT sector consumers. However, there have been no major issues of concern reported to the team.

9. Updates (General)

Nil

10. Committee(s) Reports

Nil

11. Strategic Issues

11.1 Annual Plan

The CEO is working to have the Annual and Strategic Plans circulated by 9th November 2017 in order to have comment at the 16th November meeting.

11.2 Strategic Plan

Same as item 11.1

12. Administration

12.1 Finance Update

The CEO informed the Board that the Consolidated Office budget has been approved.

12.1.1 OfReg Quarterly Financial/ Management Account Report

Quarterly financial and Management Account reports were submitted to the Board. The CEO gave an overview of the contents for the information of the Board.

12.2 Governance & Admin Sub-committee

Chair instructed the Deputy Chair to consider formation and practicality of this committee for discussion at the next meeting.

12.2.1 Public Sector Good Governance Handbook

The Board agreed that the Handbook should be adopted as a guide to the Office until the Office creates its own. In the interim a version of the document should be created to insert references to the Office (where reasonable). Additionally any potential conflicts should be highlighted.

12.3 HR Matters

12.3.1 Recruitment

12.3.1.1 General Counsel

The CEO commented that several applications had been received and that the external consultant was currently shortlisting. The Chair reminded the Board of their agreement to have oversight of senior roles such as this.

12.3.1.2 Consumer Affairs and Public Education Manager

The CEO commented that the consumer affairs role for ICT is currently being handled by an external consultant who was the former Deputy Director Consumer and Technical Affairs. The CEO further remarked that development of the role is ongoing with view to advertising for the role soon.

12.3.1.3 Manager Innovation & Strategy

The CEO informed the Board that creation of this role is integral to the fulfillment of the innovation mandate and focus of the Office in the ensuing year. The particulars of the role are being developed with a view to advertising for the role soon.

12.4 PSPB Errors

This is ongoing. The Office is currently working with PSPB to correct their erroneous entries.

12.5 Operations

12.5.1 Office Space Update

ED-ICT/DCEO informed the Board that management is currently working on considerations regarding the future suitability of the identified space. Staff are to make a determination.



12.5.2 Procurement Policy

The Deputy chair thanked the members for their input in support of finalising the policy. He will provide a final version prior to the next meeting.

13. Any Other Business

Nil

14. Date of next meeting

The date of the next meeting was set for Thursday 16 November 2017.

The Chair adjourned the meeting at 1:28pm.

The below signatures certify that these minutes were approved on 16 November 2017.

A handwritten signature in black ink, appearing to be "M. Jones", written over a horizontal line.

Chair, Board of Directors, OfReg

A handwritten signature in black ink, appearing to be "S. Smith", written over a horizontal line.

Board Secretary (Acting)



Actions Arising out of the Agenda Items

Agenda Item 4.2 and 12.2 (Governance Committee)- Deputy Chair to consider formation and practicality of this committee for discussion at the next meeting.

Agenda Item 4.3 (Contractor/Consultancy review) - Chair instructed staff to have full responses to questions completed by the next BOD meeting.

Agenda Item 4.4 (PAL analysis) - Staff to follow up on additional opinion from external counsel.

Agenda Item 4.5 (gift policy) – DDICT/Acting Secretary and Associate Counsel to amend section 6 so that threshold includes "giving" up to a value of \$100.00 / or not exceeding.

Agenda Item 4.7 (electronic signatures) - DCEO to implement secure method across Office.

Agenda Item 4.8 (PSGGH) - Associate Counsel to amend and insert references to the Office (where reasonable), and highlight any potential conflicts.

Agenda Item 6.1 (CEO's Report) Board to consider structure/format and make recommendations as necessary towards desired structure.