



**Board of Directors Meeting of the
Utility Regulation and Competition Office (“OfReg”)
held on Thursday, 10th May 2018,
at its Offices, 3rd Floor Alissta Towers
Meeting 5 of 2018**

Minutes

In attendance:

Dr. the Hon. Linford Pierson, Chair (Chair)
Mr. Ronnie Dunn, Deputy Chair (RD)
Mr. Frank Balderamos, Non-executive Director (FB)
Ms. Melissa Lim, Non-executive Director (ML)
Mr. Rudy Ebanks, Non-executive Director (RE)
Mr. J Paul Morgan, Chief Executive Officer (CEO)
Mr. Alee Fa’amoe, Executive Director ICT, Deputy CEO (DCEO/EDICT)
Mr. Duke Munroe, Chief Fuels Inspector/Dir Fuels Markets (CFI)
Mr. Gregg Anderson, Executive Director Energy & Utilities (EDEU)
Dr. John Epp, General Counsel/ Secretary (GC/S)
Ms. Alison Maxwell, Assistant General Counsel/ Assistant Secretary (AGC/AS)
Mr. Sonji Myles, Deputy Director-ICT/ past Acting Board Secretary (DDICT)

Start: 11:05AM End: 2.40PM

1. General

1.1 Welcome, Prayer, Chair’s Remarks

The Chairman welcomed the attendees and made remarks. GC/S offered the opening prayer.

1.2 Approval of Agenda

Motion FB, seconded by ML: The draft agenda as circulated be approved as the agenda for this meeting. CARRIED

2. Declaration of Interest

None

3. Minutes of Previous Meeting

3.1 The following corrections to the draft minutes of the meeting of 12 April 2018 as circulated by DDICT were suggested and agreed as follows:

Agenda Item 5.3.1: R. Ebanks, in relation to Agenda Item 5.3.1 (*CWCIL Audit Draft Determination*) mentioned that in his previous role as an employee of Cable and Wireless, which was approximately ten years ago, one of the areas he worked in was compliance, raised in the Draft Determination was an area

that he managed. He did note that the current issues did not exist during his tenure.

Agenda Item 4.3: The correct title was “Assistant GC” and the change was made.

Agenda Item 5.1.1: The Board subsequently approved the 2018-2022 CIP in the amount as recommended subject to a final determination by EU on the pole replacement project. EDEU to report on his final decision at the next board meeting.

Agenda Item 5.3: For the information of the Board, the DCEO EDICT and DDICT provided an overview of the Draft Determination which was submitted in the Board Papers.

Agenda Item 8: The CEO spoke to the fact that a government councilor Austin Harris had been appointed to be liaison between the Office and Government.

Motion RD and seconded by RE: The draft minutes as amended be accepted as the official minutes of the last meeting. CARRIED.

3.2 Matters Arising from the Previous Minutes not Covered in Agenda

- Agenda item 4.5: Chair of Risk and Audit Committee. To date no candidate has agreed to serve as Chair but one person has been identified as a potential candidate. RD agreed to informally speak to him about his willingness to serve.
- Agenda item 6.2: Procurement Policy. The policy as prepared by RD for the Board is a complement to the Procurement Law which is now in effect. The Senior Management Team will provide a final comment on the policy at the next meeting.
- Amendment of PAL. Draft sectoral legislation has been provided by Legal Drafting. OfReg is in discussion with the Deputy Governor’s Office (Mrs. Mary Rodriguez) and Legal Drafting (Maureen Benjamin). It seemed that the amendment of PAL was unlikely at this point in time, but discussions are on-going. The need to amend URCL was acknowledged.

4. Board Matters

4.1 Board Administration

None

4.2 Update on strategic/annual plans

The CEO reported that the annual plans were current. The CEO stated that due to financial circumstances the Annual Plan will be updated at mid-year (June).

4.3 Risk and Audit Committee

The DCEO/EDICT reported that the financial audit of OfReg, ICT and ERA (2017) was completed by the Auditor General (OAG) on 30 April 2018. The OAG gave a clean audit report, i.e. an unqualified opinion, for 2017 and the OAG made comments. OfReg will address the comments upon receipt of the Management Letter.

Action: See summary at the end of the minutes.

4.4 Annual Report 2017

The CEO reported that the Annual Report 2017 was in the final stages of being compiled. A final version will be delivered to the Chairman by next week.

4.5 Appointment of Next CEO

The Chairman reported that the NEDs had discussed the process of appointing the next CEO as the term of the current CEO (J. Paul Morgan) was scheduled to end in August 2018.

POCS was to be retained to assist. In addition to the traditional application process, candidates will be subjected to psychometric testing and the results will be used as part of the determination process. In the event that the process is not completed by August, then the DCEO would be appointed to act as CEO for the interim.

5. Regulatory

5.1 Energy and Utilities

5.1.1 Funding and Cabinet Papers

The EDEU provided a brief update on the funding of the water sector, as well as potential enforcement measures being considered by OfReg in relation to parties violating the Water Sector Regulation Law (as revised). A Board paper and Cabinet Paper, in relation to the funding of the water sector, were provided as a part of the Board papers.

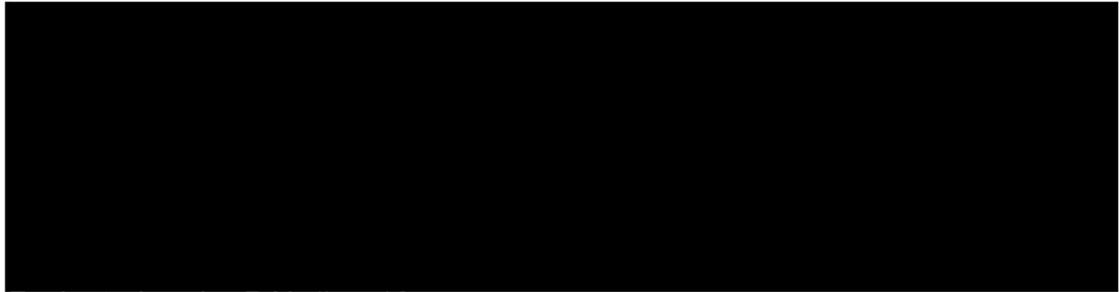
5.1.2 Collection and Disposal of sewage - Island wide initiative

The EDEU reported that the Water Authority had exclusive authority in collection and disposal of sewage. OfReg's role was limited to licensing. It was suggested that core government should consider, as a matter of policy, whether or not changes were to be made.

The Board agreed to further consider the points made and review the matter on another date.

Action: See summary at the end of the minutes.

5.1.3 CUC rate adjustment in June 2018



Redacted under PAL Sec 19

5.1.4 National Energy Policy Update

The EDEU stated that OfReg was a member of the National Energy Policy Committee. OfReg attended a meeting of the NEP Committee. That Committee advised that they had received no funding for their work this year. Apparently, no funds were budgeted by Government for 2018 but would be budgeted in 2019.

EDEU mentioned that CUC was in the process of collecting two years of data in relation to the funding of the actual consumption at CUC's office building. Once the Office received the information, the EDEU would analyse the possibility of refunding the amount from unaccounted for electricity costs to consumers.

5.2 Fuels

5.2.1 Funding - Cabinet Paper

The CFI provided a brief update regarding the approval of the funding now expected to be supplied by Cabinet and a brief summary of the funding that was previously requested.

CFI also informed the Board that the SOL investigation report concerning the fire at the Jackson Point Terminal was delivered to the DPP, and he was awaiting her decision.

5.3 ICT

5.3.1 Funding – Cabinet Paper

EDICT reported that ICT was appropriately funded and no request for additional funds specific to ICT was included in the Cabinet Paper, previously provided to the Board members. From 2017, it was requested that excess ICT royalties be returned to OfReg.

5.3.2 Consumer Protection Regulations (ICT Sector) – Approval of Determination and Final Regulations.

AGC/AS reported on the proposed changes to the draft Consumer Protection Regulations for the Information Communications and Technology sector (CPR, ICT Sector). The draft determination and the proposed revised CPR, ICT Sector was included in the Board papers. Discussion ensued in the light of the consultation.

Motion ML, and seconded by FB: To approve the Regulations for publication as amended. CARRIED.

6. Chief Executive's Report

The CEO expressed his appreciation to the EXCO team and Robert Lewis of Cabinet office regarding the preparation of the OfReg Cabinet papers.

The CEO provided a summary of the matters addressed in his report which was found in Board papers, except where otherwise indicated. The headings represent the topics covered.

6.1 Statutory Obligations

6.2 Finance

6.2.1 Management Accounts

6.2.2 Audit

6.2.3 Cash Flow Projections

6.3 HR /operations

6.3.1 Consumer Affairs and Public Education Role

6.3.2 Office relocation

The CEO asked DCEO to present the update. The DCEO provided an update on the relocation of OfReg's offices.

6.3.3 Datalink Judicial Review

The CEO invited the GC to provide an update on the Datalink JR Matter. The GC informed the board that all preliminary court applications had been settled by negotiation. The hearing will commence as scheduled on 4 June 2018.

7. Consumer Affairs

Public Relations/Communications Process Discussion

ML asked about the improvements to the website. The DCEO responded and agreed that the website was poorly populated, and its improvement was an ongoing project.

8. Any Other Business

8.1 ML had organised a meeting with Cayman Islands Monetary Authority's Digital Assets Working Group, and proposed that the DCEO, GC and AGC attend. The meeting was scheduled for 16 May 2018.

ML informed the Board that the multi-sector Working Group, made up of representatives of CIMA, Special Economic Zone Authority ("SEZA"), DCI and the Ministry of Financial Services, had made a report with proposals regarding the regulation of crypto-currency and the use of blockchain. OfReg, as a sister regulator, was to meet with CIMA due to its technology remit.

Entities and their involvement with Crypto-currency and Blockchain:

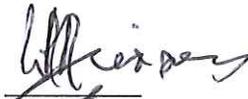
- OfReg – Updates to the next revision of the Electronic Transactions Law to address blockchain and smart contracts technology.
- CIMA - Fintech and FSI
- SEZA - CEC companies using blockchain
- Stock Exchange Authority - Stock Exchange

Action: See summary at the end of the minutes.

8.2 The Chair expressed appreciation for the past assistance of DDICT in acting as Board Secretary.

9. Date of next meeting

The next meeting is scheduled for 14 June 2018.


Chairman


Secretary

Redactions done in accordance with the Public Authorities Law 2019 Revision