

The Northern Ireland Authority for Utility Regulation

**NOTICE UNDER ARTICLE 14(2)
OF THE ELECTRICITY (NORTHERN IRELAND) ORDER 1992**

**MODIFICATION OF NORTHERN IRELAND ELECTRICITY PLC'S LICENCE
TO PARTICIPATE IN THE TRANSMISSION OF ELECTRICITY**

In pursuance of its powers under Article 14(1) of the Electricity (Northern Ireland) Order 1992 (as amended) (hereafter referred to as the "**Order**") and having obtained the consent of the Licensee, the Northern Ireland Authority for Utility Regulation (hereafter referred to as the "**Authority**") hereby gives notice under Article 14(2) as follows:

- 1 It proposes to make certain modifications to the licence to participate in the transmission of electricity (the "**Licence**") held by Northern Ireland Electricity plc (the "**Licensee**").
- 2 The proposed modifications are to Annex 2 ("Transmission and Distribution Charge Restriction Condition") of the said Licence.
- 3 The effect of the modifications will be to amend the second definition of the Term Dt in Annex 2 paragraph 2.3 of the Licence. The Dt term in Annex 2 paragraph 2.2 of the Licence is first defined in relation to relevant years up to the year ending March 2007 and then in Annex 2 paragraph 2.3 Dt is separately defined in relation to the years ending March 2008 onwards. In the second definition, one of the terms in Dt is omitted. That term relates to the recovery of debt. The effect of the modification is to amend the second definition of the Dt term in Annex 2 paragraph 2.3 to allow uncollected revenue in a relevant year to be included in allowed Transmission and Distribution revenue.
- 4 Furthermore, an additional modification is to limit the bad debt recovery afforded by the inclusion of the additional Dt term referred to above, so as not to allow Northern Ireland Electricity plc Transmission and Distribution to recharge any bad debts it has from SONI Limited to transmission and distribution users in general prior to SONI Limited divestment. This is effected by a change to the definition of "uncollected T&D revenue" in Annex 2 paragraph 1.1 of the Licence.
- 5 The reason for the proposed modifications is to allow for uncollected revenue in a relevant year to be included in allowed Transmission and Distribution revenues other than, prior to SONI divestment, where this arises from a failure to collect revenues from SONI.
- 6 A copy of the proposed modifications is set out in Annex 1.

- 7 Representations or objections with respect to the proposed modifications may be made on or before *2nd April 2008* to:

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The Northern Ireland Authority for Utility Regulation
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14 Queen Street
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Tel: 028 9031 1575
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- 8 The Authority has, pursuant to Articles 14(3) and 14(4) of the Order respectively, served a copy of this notice on Northern Ireland Electricity plc and sent a copy to the Department of Enterprise Trade and Investment.

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Dated this *28* day of February 2008



Dermot MacCann

For and on behalf of the Northern Ireland Authority for Utility Regulation

cc
Jenny Pyper, DETI
Laurence MacKenzie, NIE

Annex 1

Modifications to Northern Ireland Electricity plc Licence to participate in the transmission of electricity. (“the Licence”)

The following addition is proposed to be made to the definition of the Dt term in Annex 2 paragraph 2.3 of the Northern Ireland Electricity plc Licence;

“(vi) amounts that become uncollected T&D revenue in relevant year t, less any amount or part of an amount treated as uncollected T&D revenue in respect of a preceding relevant year that has been paid to the Licensee in relevant year t”

Subsequent sub-paragraphs will also be re-numbered accordingly.

The following definition is proposed to be substituted in Annex 2 (Transmission and Distribution Charge Restriction Condition) paragraph 1.1 of the Licence

“Uncollected T&D revenue “

“means:

(a) any amount owed to the Licensee in respect of regulated transmission and distribution revenue (other than an amount owed to the Licensee by SONI), which amount remains unpaid for six months after the date it first fell due for payment or which amount the Licensee deems (in accordance with the payment security policy) to be unrecoverable before the expiry of that six months period; plus the reasonable recovery costs incurred by the Licensee in respect of such amount and the reasonable interest attributable to such amount (calculated, in both cases, in accordance with the payment security policy); and

(b) where the Licensee is not an affiliate of SONI Limited (a body corporate registered in Northern Ireland under company number NI038715), any amount owed to the Licensee by SONI in respect of regulated transmission and distribution revenue which is to be included in the uncollected T&D revenue amount in accordance with the payment security policy; plus the reasonable recovery costs incurred by the Licensee in respect of such amount and the reasonable interest attributable to such amount (calculated, in both cases, in accordance with the payment security policy).”