

SCHEDULE 1

Licence Modifications

Annex 1

In paragraph 3(a) of Annex 1, substitute the current wording for the following:

- (a) in respect of the relevant year commencing on 1 April 2007 only, an amount being equal to the sum of:
 - (i) all amounts paid by the Licensee pursuant to the NC payment notices for relevant year t; and
 - (ii) the Licensee's reasonable and necessary costs and expenses of administering the payments required under NC payment notices, including interest incurred by the Licensee on such amounts (but excluding payments to participating suppliers pursuant to payment notices) for relevant year t to the extent not covered in sub-paragraph (i) above;
- (b) an amount being equal to the sum of the reasonable and necessary costs incurred by the Licensee in establishing the arrangements to implement any energy efficiency trust and any other reasonable and necessary costs incurred by the Licensee relating to any energy efficiency trust not covered in paragraph (a) above;
- (c) an amount being equal to the sum of:
 - (i) in respect of the period from 1 November 2007 to 31 March 2008 only, all amounts paid by the Licensee pursuant to the commercial payment notices;
 - (ii) in respect of the relevant years following 1 April 2008, all amounts paid by the Licensee pursuant to payment notices for relevant year t; and
 - (iii) the Licensee's reasonable and necessary costs and expenses of administering the payments required under payment notices including interest incurred by the Licensee on such amounts, for relevant year t to the extent not covered in sub-paragraph (i) or (ii) above;

Renumber the existing sub-paragraphs that following 3(a) so that (b) becomes (d), (c) becomes (e), (d) becomes (f), and (e) becomes (g).

In paragraph 9 of Annex 1, insert, following the alphabetical order of the arrangement of definitions in that paragraph, the following:

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| “commercial payment notice”: | means a payment notice with respect to projects that are targeted on premises other than non-commercial premises; |
| “energy efficiency scheme”: | means the scheme more particularly described in the Energy Efficiency Framework Document dated July 2003 and as amended to apply in respect of subsequent years; |
| “energy efficiency trust”: | means any trust established by the Department for the purposes of funding energy efficiency projects (including the associated incentives to participating suppliers) in accordance with the energy efficiency |

scheme targeting non-commercial premises in Northern Ireland;

“NC payment notice”:

means a notice or notices given by the Authority to the trustee(s) of any energy efficiency trust and to the Licensee:

- (i) notifying the trustee(s) to pay to participating suppliers a sum specified (or otherwise referred to) in the notice with respect to projects targeted on non-commercial premises in accordance with the energy efficiency scheme; and
- (ii) authorising the Licensee in the circumstances provided in the notice to pay one or more of the following:
 - (a) to participating suppliers the unpaid balance of a sum specified (or otherwise referred to) as payable under paragraph (i) above where the energy efficiency trust has insufficient monies to pay such amounts;
 - (b) to the trustee of the energy efficiency trust amounts equal to the reasonable and necessary costs and expenses incurred by the trustee in administering the energy efficiency trust;
 - (c) to participating suppliers the amount of any repayment made by the participating suppliers to the Department or the energy efficiency trust but not including amounts repaid by virtue of (i) being surplus amounts arising from an underspend by the participating supplier and not carried over into the following year or (ii) payments having been used for purposes other than permitted purposes under the energy efficiency trust; and
 - (d) to participating suppliers the amount of additional liability to UK taxes incurred by the participating supplier (and in respect of which no directly associated credit or repayment referable to such additional liability may be claimed) as a result of receiving payments from the energy efficiency trust, which it would not have been liable for if an equivalent amount had been paid to it by the Licensee from monies collected under the Licensee’s use of system charges or PSO Charges, less any tax saving or tax relief which arises directly as a result of such arrangement,

“non-commercial premises”:

means premises in Northern Ireland occupied by an electricity consumer identified on the Licensee’s Distribution Use of System Charges database as

being one in respect of which the relevant Supplier pays Distribution Use of System Charges on tariffs applied to domestic premises (but, for the avoidance of doubt, not on a tariff applied to combined domestic and commercial premises or farm premises);

“participating supplier”:

means a supplier who has the Authority’s approval to proceed with a project under the Energy Efficiency Scheme;

“payment notice”:

means a notice or notices given by the Authority to the Licensee authorising the Licensee to pay to participating suppliers a sum specified (or otherwise referred to) therein in accordance with the energy efficiency scheme;

“supplier”:

means the holder of an electricity supply licence granted pursuant to Article 10(1)(c) of the Electricity (Northern Ireland) Order 1992;