

Electricity (Northern Ireland) Order 1992 – Article 14(2)

Notice of proposal to modify the conditions of the licence to participate in the transmission of electricity held by SONI Limited

1. The Northern Ireland Authority for Utility Regulation (the **Authority**) proposes to modify the following conditions of the licence to participate in the transmission of electricity held by SONI Limited:
 - a. New Condition 22A (Central Dispatch and Merit Order);
 - b. New Condition 22B (Balancing Market Principles Statement);
 - c. New Condition 23B (Compliance and Assurance Officer);
 - d. Condition 1A (Transition);
 - e. Condition 1 (Interpretation and Construction);
 - f. Condition 3 (Availability of Resources and Undertaking of Ultimate Controller);
 - g. Condition 11 (Restriction on Use of Certain Information);
 - h. Condition 12 (Independence of the Transmission System Operator Business);
 - i. Condition 22 (Central Dispatch and Merit Order);
 - j. Condition 23A (Capacity Market);
 - k. Condition 23 (Single Electricity Market Trading and Settlement Code); and
 - l. Annex 1,in each case in the manner shown in annex A to this notice.
2. The effect of the proposed modifications is set out, and the reasons why they are proposed are stated, in annex B to this notice. Further information concerning the proposed modifications is contained in the paper entitled 'Statutory Consultation on Modifications to SONI Market Operator Licence and SONI Transmission System Operator Licence, necessitated to implement the Integrated Single Electricity Market (I-SEM)' which can be found at www.uregni.gov.uk.
3. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.uregni.gov.uk).
4. Any representations with respect to the proposed licence modifications must be made on or before 17.00 on Monday 23 January 2017 to: Leigh Greer, Utility Regulator, 14 Queen Street, Belfast BT1 6ED or by email to isemlicences@uregni.gov.uk.
5. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.

6. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

Dated this 16 December 2016

A handwritten signature in black ink, appearing to be 'Jenny Pyper', written over a horizontal line.

Jenny Pyper

Chief Executive

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

ANNEX A: PROPOSED MODIFICATIONS TO THE CONDITIONS OF THE LICENCE TO PARTICIPATE IN THE TRANSMISSION OF ELECTRICITY HELD BY SONI LIMITED

Modification of existing conditions

We have reproduced the text (as currently in effect) of each of the existing conditions we propose to modify below.

Deletions (which are shown in strike through) and new text (which is shown double underlined) take effect in accordance with any transitional provisions made or to be made by or under the relevant condition.

Paragraphs deleted from licence conditions will show the following text 'Not Used' in order to keep the existing numbering.

Insertion of new conditions

The text of new conditions is shown double underlined.

Re-numbering of existing conditions

Where an existing condition is proposed to be re-numbered, the text of the condition is reproduced with the existing number shown in strike through and its new number is double underlined.

ANNEX B: STATEMENT OF EFFECTS AND REASONS IN RELATION TO PROPOSED MODIFICATIONS TO THE CONDITIONS OF

THE LICENCE TO PARTICIPATE IN THE TRANSMISSION OF ELECTRICITY HELD BY SONI LIMITED

Condition	Effect(s) of proposed modification	Reason(s) for proposed modification
New Condition 22A (Central Dispatch and Merit Order)	A new licence condition to reflect the scheduling and dispatch arrangements for I-SEM. The existing Condition 22 will remain in force until it is 'switched off' at I-SEM go-live which is the point in time at which the substantive provisions of this new condition will be "switched on".	The objectives of the scheduling and dispatch process for I-SEM are different to those in the current SEM. Whereas in SEM the goal of the scheduling and dispatch process is to minimise the cost of dispatch, a new set of objectives needs to be reflected in the TSO licence that reflects the evolution of the scheduling and dispatch process into a more market-oriented process under which the market itself will resolve energy imbalances with the TSO seeking to minimise the cost of non-energy actions taken by it to resolve constraints.
New Condition 22B (Balancing Market Principles Statement)	A new licence condition requiring SONI (acting in conjunction with EirGrid) to prepare a Balancing Market Principles Statement (BMPS) for approval by the Authority which is to be developed in accordance with Terms of Reference published by the Authority. The statement will describe SONI's scheduling and dispatch process within the Balancing Market and require them to report exceptions against it.	SEMC supported the development of a BMPS by the TSOs to ensure consistency, transparency and comprehensibility of TSO decision-making in the Balancing Market in I-SEM. The BMPS will be a document which promotes such transparency by providing clarity and certainty to market participants on the timing and nature of TSO actions and requiring reporting of exceptions against it.
New Condition 23B (Compliance and Assurance Officer)	A new licence condition requiring the TSO to appoint an independent Compliance and Assurance Officer (in addition to and separate from the Compliance Manager role in the SONI	The introduction of this new independent compliance and assurance role is designed to alleviate stakeholder concerns around potential conflicts of interest in the EirGrid group.

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	licences) to report on compliance with other existing licence conditions concerning Non-Discrimination, Restriction on the Use of Certain Information and Prohibition of Cross-Subsidies.	The aim of the licence condition is to provide stakeholders with confidence in the high importance that the Authority and SONI puts on ensuring compliance with behavioural restrictions designed to mitigate the possibility of internal conflicts of interest, therefore promoting transparency.
Condition 1A (Transition)	<u>I-SEM go live</u> This condition shall cease to have effect approximately 6 months after I-SEM go-live on 31 December 2018. <u>Position of condition</u> The Authority is also proposing to position the Transition condition as 'Condition 1A' in the SONI TSO licence. <u>Typographical Errors</u> To fix a number of typographical errors.	<u>I-SEM go-live</u> A modification is required to reflect the updated I-SEM go-live date. <u>Position of condition</u> To clarify the position of the Transition condition in the licence. <u>Typographical Errors</u> To amend the typographical errors to ensure the accuracy of the condition.
Condition 1 (Interpretation and Construction)	Incorporation of various new and amended definitions.	To give proper legal effect to the new and modified conditions.
Condition 3 (Availability of Resources and Undertaking of Ultimate Controller)	A modification is to be made to include wording to ensure that the TSO complies with the Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (the CACM Regulation) as well as other specified legislative provisions.	The TSO will have various obligations under the CACM Regulation which it will require to fulfil. In order to recognise and address that, this condition will be modified to ensure compliance with the CACM Regulation as well as other specified legal obligations.
Condition 11 (Restriction on Use)	The condition is to include additional obligations on SONI	A key stakeholder concern related to the ability of EirGrid /

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of Certain Information)	regarding the transfer of staff amongst entities of the EirGrid group to areas where an unfair commercial advantage may arise including the requirement for a cooling off period in specified circumstances.	SONI staff to fluidly move between departments or functions of the EirGrid group, thereby transferring key knowledge which could provide an unfair commercial advantage to that department or function. The aim of the licence condition is to address these concerns.
Condition 12 (Independence of the Transmission System Operator Business)	Modification of condition so that the obligation on SONI to ensure that no Associated Business has access to premises of the TSO business does not prevent the NEMO Activity being carried out in such premises.	Independence of the TSO business from the MO business now needs to extend to SONI's NEMO activities.
Condition 22 (Central Dispatch and Merit Order)	Modification of the current central dispatch condition to specify that the condition will cease to have effect on a date determined by the Authority (which will be the same date on which the new Condition 22A takes effect).	The new Condition 22A will replace the current Condition 22 at I-SEM go-live.
Condition 23 (Single Electricity Market Trading and Settlement Code)	The condition is to be modified to reflect that in I-SEM the TSO will also comply with the TSC in its capacity as operator of the Capacity Market and Balancing Market as well as the system operator.	The TSOs have been assigned the Capacity Market delivery and Balancing Market Operator roles for I-SEM. For this reason, this condition is to be modified to acknowledge this expanded role.
Condition 23A (Capacity Market)	<u>Position of condition</u> The Authority is proposing to position this condition as 'Condition 23A' in the Licence. <u>Typographical errors</u> The modifications propose to amend typographical errors.	<u>Position of condition</u> To clarify the position of the condition in the licence. <u>Typographical errors</u> The modification is required to deal with typographical errors to ensure the accuracy of the condition.

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Annex 1	A modification to the definition of 'Dispatch Balancing Costs' to acknowledge both the existing Condition 22 and the new Condition 22A regarding Central Dispatch and Merit Order.	The modification is required to ensure that the definition can continue to operate after the new central dispatch condition is brought into effect and the existing condition switched off.