

27 January 2022

Common Utility Regulator Letter No: 4

To: The Chief Executive

Relevant Licence holders Re: Change of LIBOR with Bank of England base rate

Dear Sirs

On the 5th March 2021 the Financial Conduct Authority announced that most LIBOR panels would cease after the 31st December 2021. We¹ are writing this letter to make all relevant stakeholders know that LIBOR is still present in a number of the utility licences as listed in Annex 1 and we intend to replace this with the Bank of England base rate. In very exceptional circumstances and depending on each individual licensee's circumstances, the Utility Regulator may use another comparable rate.

Bank of England base rate (BoEBr) was the most straightforward, appropriate and accessible approach to replace LIBOR. Sterling Overnight Interbank Average Rate (SONIA) was considered as a replacement for LIBOR however, we were confident in the longevity of the BoEBr and in addition to this local bank base rates already appear in a number of the licences, meaning the change to BoEBr will help to ensure a more consistent approach across the licences.

Licence modifications for this change are expected to be completed later in the year, which will be subject to legal review. Licensees should note that these modifications will only replace LIBOR with BoEBr, any premium added to LIBOR will not be changed as part of this process and therefore will be subject to periodic reviews for each of the separate licence holders.

We look forward to engaging with you further on the transition from LIBOR to BoEBr.

Yours sincerely



Chief Executive

¹ In this letter the words "we" and Utility Regulator are used interchangeably to refer to the Northern Ireland Authority for Utility Regulation.

Annex 1 – LIBOR references in Licences

Licensee	Reference LIBOR	Description	Page Number
BGTL Licence	Section 2A.1.1	Definitions	116
	Section 2A.3.4.3 (r=)	Debt Provision	156
	Section 3.1.7.2 (RE=)	Postalisation Adjustment	192 (2 references)
GNI (UK) Licence	Section 2.2.2.1 (g, ii) (RE=)	Postalisation Adjustment	57 (2 references)
	Section 2.2.4 (i)	Special Operating Expenditure Forecast Review	64
	Section 2.2.4 (j)	Recovery of unforeseen operating expenditure	64
	Section 2.2.4 (k)	Actual uncontrollable v allowed uncontrollable	65
	Section 2.2.19	Additional Definitions	79
	Annex A Section 2B	Capitalised Interest	93
	Annex A Section 2C	Grants Received	93 and 94
	Annex A Section 3	Calculation of allowed operating expenditure	96 (3 references)
	Condition 2A.1.1 - Interpretation and Construction	Definitions	164
	Condition 2A.3.4.3 - Recovery of PS Non-Payments (RE=)	Net Debt Position Calculation	57
PTL Licence	Section 2A.1.1	Definitions	121
	Section 2A.3.4.3 (r=)	Debt Provision	161
	Section 3.1.7.2 (RE=)	Postalisation Adjustment	199 (2 references)
WTL Licence	Section 2A.1.1	Definitions	134
	Section 2A.3.4.3 (r=)	Debt Provision	173
	Condition 4.1 General Provisions, Definitions and Reporting	Definition table	214
	Condition 4.5.7	Capitalised Interest (CIRm)	236 (3 references)
	Condition 4.6.1 (RE=)	Postalisation Adjustment	239 (2 references)

	Condition 6.1	General Provisions, Definitions and Reporting	257
	Condition 6.5.6	Capitalised Interest (CIRt)	301 (3 references)
	Condition 6.5.7	Grants Received (CIRt)	303 (3 references)
	Condition 6.6.1	The Postalisation Adjustment	306 (2 references)
PNGL	No LIBOR appears in licence		
FE	Condition 4.1.9 and 4.1.10 - ZF,T term	Under Recoveries Adjustment Factor	161 (6 references)
	Condition 4.2.5 (d) (Value of DAVn)	The First periodic review	164
SGN	Condition 4.2.18 - Zf,i,t term	Under Recoveries	174
	Condition 4.2.19	As above	174 (3 references)
	Condition 4.4.5 d(ii)	The first periodic review	181+182 (4 references)
	Condition 4.12.1	Definitions and Interpretation	215
SONI Transmission System Operator	1.1 Annex 1 Charge Restrictions	Average Specified Rate	171
	TUOS charges part (iii) It means	Tariff calc	182 (2 references)
	Condition 8.1 (f) Excluded SSS/TUOS Costs	Working Capital Requirements of SEMO	195