

AUTHORITY SECURITY CONSENT LETTER

To:

1. West Transmission Limited ("**WTL**") of First Floor, The Arena Building, 85 Ormeau Road, Belfast BT7 1SH; and
2. Department for the Economy ("**the Department**") of Netherleigh, Massey Avenue, Belfast BT4 2JP.

19 July 2018

Dear Sirs

Consent to disposal of assets pursuant to Condition 1.12 of the Conveyance Licence granted to West Transmission Limited

1. The Department, by way of a letter of offer dated 20 June 2018, addressed to WTL (the "**Grant Offer**") has stated that, subject to the terms and conditions of the Grant Offer, it is prepared to make financial assistance available to WTL for the Gas to the West Project.
2. WTL has informed us that, pursuant to the terms and conditions of the Grant Offer, it intends to enter into the security document identified in the Schedule hereto (the "**Security Document**"), under which it will grant security to the Department for the repayment of the financial assistance on the occurrence of certain events of default as defined in the Grant Offer. The Security Document entails the grant of security to the Department over, *inter alia*, the Network (as defined in Condition 1.1.6 of the conveyance licence granted to WTL on 11 February 2015 (the "**WTL Licence**")).
3. WTL has provided us with a draft of the Security Document.

Chief Executive Office

4. We have been assured by WTL that the terms of the Security Document at the time at which it is entered into will not be materially different from the terms set out in the draft that was provided to us.
5. We have reviewed the draft of the Security Document in the light of the assurances given to us, and the consent set out in this letter is granted on the basis that those assurances are reliable.
6. Condition 1.12 of the WTL Licence provides that, subject to certain exceptions, WTL may not, without the consent of the Northern Ireland Authority for Utility Regulation (the "**Authority**"), dispose of a relevant asset or relinquish operational control over a relevant asset if the disposal or relinquishing of control would materially affect WTL's ability to discharge its obligations under the Gas (Northern Ireland) Order 1996 or the Energy (Northern Ireland) Order 2003 or the carrying on of the activities authorised or required by the WTL Licence.
7. Notwithstanding that WTL has confirmed to us that the entering into by WTL of the Security Document – whereby WTL will grant security over, *inter alia*, the Network – will not materially affect WTL's ability to discharge its obligations under the Gas (Northern Ireland) Order 1996 or the Energy (Northern Ireland) Order 2003 or the carrying on of the activities authorised or required by the WTL Licence, WTL has sought the consent of the Authority to the entering into by WTL of the Security Document.
8. To the extent that the entering into of the Security Document represents a disposal of or a relinquishment of operational control over a relevant asset having a material effect on WTL's ability to discharge its obligations under the Gas (Northern Ireland) Order 1996 or the Energy (Northern Ireland) Order 2003 or the carrying on of the activities authorised or required by the WTL Licence, the Authority hereby consents to the entry into the Security Document by WTL.
9. This consent shall have effect on the date of this letter.

Chief Executive Office

10. In addition, we confirm that the granting of the security created by the Security Document will not be taken to constitute a transfer by WTL to another person of part or all of its gas conveyance business within the meaning of Condition 1.11 of the WTL Licence.
11. Terms used in this letter which are not defined herein but are defined in the WTL Licence shall have the same meaning as they have in the WTL Licence.
12. References in this letter to "we" and "us" are references to the Authority.

Yours faithfully



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

SCHEDULE

SECURITY DOCUMENT

Second Ranking Security Agreement entered into between WTL and the Department