

Annex 2: UR's response to SONI textual comments on licences

This Annex provides a response to suggestions made by SONI for textual amendments to the licence conditions as set out in the UR's consultation.

SONI comment	UR view
NIE Transmission licence	
<p>Condition 18 (1)(c) should be amended such that it reads:</p> <p>Providing a means of enabling the Transmission System Operator to obtain information in relation to the transmission system which is needed by the Transmission System Operator to enable it to plan the transmission system, and co-ordinate and direct the flow of electricity onto and over the transmission system and, in a manner consistent with such means, providing such information to the Transmission System Operator.</p> <p>Reason: This makes clearer that such planning is in relation to the transmission system as opposed to planning the co-ordination of flows over the transmission system.</p>	<p>Refer to clarification in Annex 1 which relates to the UR's response to NIE comments on licences.</p>
NIE Electricity Distribution licence	
<p>Condition 19 should be amended to read:</p> <p>1. The Licensee shall plan, develop and maintain and operate (including without limitation and where necessary, co-ordinating the flow of electricity over) the Distribution System. in accordance with: (a) the Distribution System Security and Planning Standards; and/or (b) such other standard of planning as is adopted, from time to time, by the Licensee (with the approval of the Authority and following consultation with those electricity undertakings liable to be materially affected thereby</p> <p>2. In complying with its obligation under paragraph 1, the Licensee shall at all times do so in accordance with the Transmission System Security and Planning Standards, the Distribution System Security and Planning Standards, the Grid Code, the Distribution Code and the Distribution Interface Arrangements as appropriate to the purpose under consideration and its role under the Distribution Interface Arrangements. This would require re-numbering of the remaining paragraphs accordingly including the paragraph number references in the consulted upon paragraphs 8, 9, 11, 14, 15.</p> <p>Reason: This more closely mirrors the obligations imposed upon SONI in the Licence to Participate in the Transmission of Electricity and makes clear that in planning and developing the Distribution System that the Licensee must do so not only in accordance with the Distribution System Security and Planning</p>	<p>SONI's response suggested that Condition 19 of NIE's Distribution licence should be amended to provide that NIE should plan, develop, maintain and operate the distribution system not in accordance with the distribution system security and planning standards but also in accordance with other standards, codes and arrangements. The UR does not consider that such amendments to Condition 19 are required given that NIE is obliged to comply with or take account of (whichever is considered appropriate) such other standards, codes and arrangements either directly under another licence condition or indirectly through its compliance with a relevant code or arrangement.</p>

Standards but also the Transmission System Security and Planning Standards, the Grid Code, the Distribution Code and the Distribution Interface Arrangements.	
<p>Condition 30 Paragraph 2 Section (a) This clause will require amendment because:</p> <p>a) The TSO must plan the connection arrangement to the transmission system; and b) NIE is not the party responsible for obtaining wayleaves and consents for associated transmission works.</p> <p>Paragraph 7 This clause should be amended to 'Where in response to such applications as are referred to in paragraph 2, the Licensee, having consulted the Transmission System Operator is advised by the Transmission System Operator, determines that works are required on the transmission system the references in paragraph 2 to works on the Distribution System, shall apply equally to works on the transmission system.'</p> <p>Reason: The distribution licensee cannot and should not determine whether works are required in respect of the transmission system. Rather the distribution licensee should have an obligation to consult the Transmission System Operator who should advise if any such works are required and the Distribution system licensee should have an obligation to include any such works in the offer of terms for connection.</p>	<p>During stakeholder engagement, SONI agreed that their comment in relation to paragraph 2(a) was not relevant.</p> <p>NIE are content with SONI's proposed changes to Condition 30(7).</p>
SONI Licence to Participate in Transmission of Electricity	
<p>Condition 7:</p> <p>Add the word 'under' to paragraph 1 "..... assigned or transferred to it by or under any legislation."</p> <p>Reason: Typographical error corrected to restore sense.</p>	<p>This has been rectified in the licence.</p>
<p>Condition 11:</p> <p>Proposed changes to be removed.</p> <p>Reason: The Commission Decision to certify SONI as Transmission System Operator for Northern Ireland was entirely premised upon the effective independence of SONI, as currently constituted, and the increased effectiveness of the independence of the overall arrangements through the transfer of the investment planning function to SONI. Any restrictions as are now being consulted on by the Utility Regulator were neither referenced nor deemed necessary. In fact the changes proposed are not only not necessary but in fact run entirely counter to the tenor of the Commission Decision which emphasised the importance increased cross border co-operation and integration in the context of its ownership by the independently certified TSO in Ireland, EirGrid plc. SONI has alongside this response submitted a legal opinion confirming that such changes are in fact not even with the Utility Regulator's <i>vires</i> to impose by</p>	<p>See narrative of decision paper (Chapter 3, sections 3.8-3.9)</p>

<p>virtue of this process and that they therefore should be removed.</p>	
<p>Condition 12:</p> <p>Remove proposed amendments to Condition 12(2)(e)(b) with respect to appropriate time and also delete the appropriate time definition from the Definitions in this Condition.</p> <p>Reason: The additions are unnecessary as SONI, and its related undertakings and affiliates are prohibited in engaging in generation or supply by virtue of the prohibitions under Condition 13(5).</p>	<p>We agree not to delete (as was initially proposed) the words “that is engaged in the generation or supply of electricity” (in paragraph 2(e)(b)).</p> <p>But definition of appropriate time is to be added as proposed in order for consistency re IME3 provisions in NIE and SONI licences.</p>
<p>Condition 16 – Establishment of the Grid Code, Para 6 Sections (a), (b), (c) and (d):</p> <p>The phrase “total system” should not be changed to “transmission system”</p> <p>Reason: The term “total system” is a defined term and it remains the appropriate term for use in this Grid Code context. The Transmission System Operator is responsible for maintaining certain standards at a “system” level, (e.g. frequency and system security) and it is necessary that the Grid Code reflects this responsibility. SONI also believe that this change is neither requisite nor expedient.</p>	<p>See narrative of decision paper (Chapter 3, sections 3.10-3.11) and Annex 5 (SONI’s amended licence).</p>
<p>Condition 18 (3)(b)(5)(B):</p> <p>Change ‘retrospective’ to ‘respective’, ‘the respective responsibilities…….’</p> <p>Reason: Typographical error corrected to improve sense.</p>	<p>This has been rectified in the licence.</p>
<p>Condition 18(10):</p> <p>The proposed paragraph, as follows, should be removed: “The Authority may at any time, following consultation with the Licensee and the Transmission Owner, direct the Licensee to make, in conjunction with the Transmission Owner, such revisions to the Transmission Interface Arrangement as specified in the directions. The Licensee shall comply with any directions issued for the purposes of this Condition.”</p> <p>Reason: Condition 18(9) states that the Licensee shall procure that there are no amendments to the TIA without the Utility Regulator’s approval. The proposed paragraph is neither requisite nor expedient for the purposes of the implementation of the Third Energy Package. Further, it accords undue influence and control over the content of the TIA which is ultimately put in place by the licensees Participating in the Transmission of Electricity with a view to the fulfilment of their licensed functions. It is in respect of these licensed functions, and their exercise over which the Utility Regulator should exercise control and in respect of which it can issue any directions as necessary in respect of any breach.</p>	<p>Refer to clarification in Annex 1 which relates to the UR’s response to NIE comments on licences.</p>