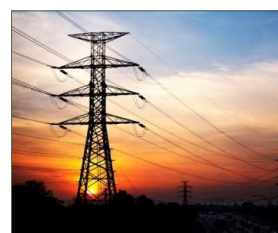


Energy Efficiency Directive Consultation on Proposed Licence Modifications

23 January 2015



About the Utility Regulator

The Utility Regulator (UR) is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs; Electricity; Gas; Retail and Social; and Water. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

Our Mission

Value and sustainability in energy and water.

Our Vision

We will make a difference for consumers by listening, innovating and leading.

Our Values

Be a best practice regulator: transparent, consistent, proportional, accountable, and targeted.

Be a united team.

Be collaborative and co-operative.

Be professional.

Listen and explain.

Make a difference.

Act with integrity.

Abstract

The Energy Efficiency Directive establishes a common framework of measures for the promotion of energy efficiency within the EU in order to ensure that the EU achieves its overall target of a 20% improvement in energy efficiency by 2020. Whilst the Directive imposes a wide range of requirements on Member States in relation to energy efficiency this paper focuses specifically on its requirements relating to Articles 9-11 and Article 15 of the Directive as these are the Articles which impact directly on gas and electricity licence holders. Other provisions of the Directive such as the overall target for member states, provisions in relation to heating and cooling, provisions in relation to the renovation of commercial and residential buildings are not within the scope of this paper and are largely being considered across the relevant parts of the wider public sector in NI.

Audience

All electricity and gas licence holders. All third party stakeholders with an interest in the promotion of energy efficiency and the provision of better information to electricity and gas consumers.

Consumer impact

Consumer impact is likely to include increased protection in the form of better information. There will be some costs associated with implementation but there are also likely to be savings in relation to better energy efficiency. Chapter 4 of this paper deals with costs and benefits.

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Executive Summary

1. The Energy Efficiency Directive (the **Directive**)¹ establishes a common framework of measures for the promotion of energy efficiency within the EU in order to ensure that the EU achieves its overall target of a 20% improvement in energy efficiency by 2020. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede energy efficiency.
2. Whilst the Directive imposes a wide range of requirements on Member States in relation to energy efficiency this paper focuses solely and specifically on the requirements set out in Articles 9 - 11 and Article 15 and the implementation of these requirements as it is the provisions of these particular Articles of the Directive which impact directly on gas and electricity licence holders.
3. Other provisions of the Directive, including for example provisions relating to overall targets for member states, heating and cooling, the renovation of commercial and residential buildings, etc. are not within the scope of this paper and are largely being considered across the relevant parts of the wider public sector in Northern Ireland (**NI**).
4. On 4 July 2014, the Department of Enterprise, Trade and Investment (the **Department**) made the Energy Efficiency Regulations (Northern Ireland) 2014 (the **Regulations**) which implement certain requirements of Articles 9 - 11 and Article 15 of the Directive.
5. In addition the Regulations:
 - Provide² for the UR, when granting new electricity and gas licences, to include in a particular category of licence such conditions as it considers requisite or expedient to ensure compliance with certain specified requirements of Articles 9 – 11 and 15 of the Directive.
 - Make provision for a transitory power for the Department, or UR with the consent of the Department, to make such modifications to existing electricity and gas licences as are necessary or expedient for the purposes of implementing the Directive.

Key Provisions of Articles 9 - 11

6. Articles 9, 10, and 11 of the Directive relate respectively to metering, billing information and cost of access to metering and billing information.

¹ Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC.

² By way of amendments made to the Electricity (Northern Ireland) Order 1992 and the Gas (Northern Ireland) Order 1996 respectively.

7. The UR notes that some of the requirements of Articles 9 and 10 (which relate to metering and billing information) apply only in respect of smart meters that are installed in accordance with Directives 2009/72/EC and 2009/73/EC.
8. While a commitment has been made for electricity smart metering to be rolled out in NI (and similar considerations are being given to gas smart metering roll out), no firm decisions have yet been made as to the actual timings for implementation of the commitment or the precise nature of the implementation programme. What is known is that implementation of smart metering will involve modifications to be made to some (if not all) categories of energy licences. Accordingly those aspects of Articles 9 and 10 of the Directive which relate to smart meters will be implemented as part of the overall implementation of smart meters and therefore any required licence modifications will be made, following consultation, at a later date.
9. With regard to the provisions set out in Articles 9 - 11 of the Directive, the key requirements are as follows:
 - Bills must be clear, timely, and in an easily understandable format and allow customers to compare deals on a like-for-like basis.
 - Bills to be accurate and (wherever possible) based on actual consumption.
 - Customers must be given the option of electronic billing.
 - A customer's billing information must be made available to energy services providers where requested by the customer.
 - Billing can be based on self reads taken by the customer and it is only where the customer has not provided a self-read that billing can be based on estimated consumption.
 - Billing (on the basis of actual consumption) should be at least twice a year for all customers other than prepayment customers where the requirement is once a year. However, where the customer has asked for more frequent billing or has opted for electronic billing it will need to be at least quarterly.
 - Bills and billing information must be provided free of charge.
10. Although a number of the metering and billing information requirements of the Directive are already implemented through the existing conditions of NI energy licences, some of the requirements will require licence modifications. Those which require licence modifications are included in this paper along with the proposed draft modifications. The purpose of this is to ensure that NI is compliant with all of the requirements of the Directive. These include, for example, extending the provision of information obligations on suppliers to include also provision of information (on request of the customer) to persons

providing energy efficiency goods or services to the customer (i.e. energy services providers) and making modifications which will ensure compliance in relation to electronic billing, frequency of billing, self reads and information contained in bills (as required by the Directive).

11. With regard to the requirement that bills should be “clear,” “timely,” “in an easily understandable format,” and “allow customers to compare deals on a like-for-like basis,” we propose to ensure consistency and transparency in relation to how suppliers can meet these requirements by introducing a billing code of practice (to be formulated by the UR) with which all suppliers will be obliged to comply under licence condition.
12. The purpose of the billing code of practice is to ensure consistency of compliance by suppliers and give suppliers more detailed information on what is meant by these phrases. Our current thinking is that this is likely to include guidance on mandatory information to be included, layout, font size etc. As detailed in our draft Forward Work Programme (FWP)³ we plan to develop and consult on the billing code of practice during 2015.
13. Furthermore, although in practice suppliers do not charge for bills, billing data or consumption information, supply licences do not explicitly state that such information must be provided free of charge and we are therefore proposing a licence condition to encompass this particular requirement.
14. We also recognise that in respect of being able to fulfil some of their particular obligations on metering and billing information, electricity suppliers are reliant on the actions of Northern Ireland Electricity (**NIE**) in its capacity as the provider of metering services (under and pursuant to its electricity distribution licence). This is particularly the case in relation to meter reading and associated activities, including for example, the onward transmission of customer's consumption data to electricity suppliers. We therefore also propose a licence modification to NIE's distribution licence that places specific obligations on NIE with regards to its procedures and performance in meter reading and data provision related functions.

Key Provisions of Article 15

15. Article 15 relates to energy transformation, transmission and distribution networks.
16. Among other things it requires:
 - An energy efficiency assessment of gas and electricity networks to be undertaken and the preparation of a report to be submitted to the Commission which details concrete proposals for measures to improve

³ http://www.uregni.gov.uk/uploads/publications/Draft_FWP_201516_final_2.pdf

the energy efficiency of the networks, along with a timetable for their introduction.

- Priority access and dispatch for high efficiency co-generation.
 - The encouragement of demand side resources and for electricity network tariffs to be cost-reflective of cost savings achieved from demand side measures and demand response.
 - The removal of tariff structures that are detrimental to overall energy efficiency.
 - In respect of electricity, that network regulation and tariffs do not prevent network operators or retailers making available system services for demand response and demand management.
 - That connection processes for high efficiency cogeneration should not be longer than 24 months taking into account what is reasonable, practicable and non-discriminatory.
17. The Regulations gave the UR the responsibility for carrying out the energy efficiency assessment required by the Directive. It is not therefore considered necessary to modify licences in this regard. However, the UR will be working with system operators and network operators in order to complete the assessment.
18. With the exception of the energy efficiency assessment provisions (for which licence modifications are not required), the remaining mandatory provisions of Article 15 apply in relation to electricity. Accordingly the UR does not propose licence modifications to gas licences in respect of Article 15.
19. In relation to electricity we consider that the following licence modifications are needed for the purposes of implementing those requirements of Article 15 that are not (either through the Regulations or through existing licence obligations) already implemented in the NI electricity sector:
- Requiring NIE (in its capacity as a licensed electricity distributor) to offer to purchase system support services where required for the purposes of its activities.
 - Requiring NIE and SONI to offer to purchase system support services from demand side users.
 - Amending the definition of system support services where it is used in existing electricity licences (namely SONI's transmission licence and generation licences) to ensure that they are consistent in each licence and that such services encompass the requirements.

- Requiring both NIE (in its capacity as the operator of a distribution system) and SONI (as the transmission system operator) to ensure that their bidding processes for purchasing system support services are transparent, non-discriminatory and open to scrutiny.
 - Providing for connections for high efficiency cogeneration not to take longer than 24 months, subject to being reasonable, practicable and non-discriminatory.
20. Modifications required to implement the above are therefore required in respect of SONI's electricity transmission licence, NIE's electricity distribution licence and to all existing generation licences.
 21. In relation to the requirement that electricity network tariffs be cost reflective of cost savings achieved from demand side measures, all electricity network licensees are subject to price control provisions.
 22. The price control provisions of NIE and SONI's network licences are particularly relevant with regard to this particular requirement as any demand side measures will essentially only be relevant to, or have an impact on, their respective licensable activities and therefore feed into their network tariffs.
 23. In this regard it is relevant to highlight that we are in the process of implementing the Competition Commission's decision in relation to NIE's price control by way of modifications to the price control conditions to NIE's and SONI's licences.
 24. In considering and determining the required modifications for NIE's and SONI's price control conditions (and going forward modifications to the price control conditions of any network licensee), the UR will ensure that the price controls continue to reflect the requirements of the Directive.
 25. Finally, the Utility Regulator does not consider it necessary to introduce any modifications to the Moyle Interconnector Licence as a result of the implementation of the Directive. With regard to system support services, such support services are not normally required for the operation of the Moyle Interconnector. In any event as the operation of the interconnector is carried out by SONI (under contractual arrangements in place between the two parties) if any system support services are required, SONI has the responsibility of purchasing any such services pursuant to its obligations under the contractual arrangements. With regard to network tariffs and cost savings from demand side measures, it is highly unlikely that there are any demand side measures that can be taken which will impact the costs of operating the interconnector.

1. Introduction and Background

Introduction

- 1.1 The Directive establishes a common framework of measures for the promotion of energy efficiency within the EU in order to ensure that the EU achieves its overall target of a 20% improvement in energy efficiency by 2020. It lays down rules designed to remove barriers in the energy market and overcome market failures that impede efficiency. Whilst the Directive imposes a wide range of requirements on Member States in relation to energy efficiency this consultation focuses specifically on its requirements relating to Articles 9 - 11 and Article 15 of the Directive.

The Directive

- 1.2 The Directive sets out provisions with regard to energy efficiency matters which are wide ranging. It includes, for example, obligations relating to the setting of energy efficiency targets; the notification of such targets to the European Commission; the establishment of a long term strategy for investment in the renovation of public and private residential and commercial buildings; the promotion of efficiency in heating and cooling etc.
- 1.3 Therefore, the Directive impacts on the roles and responsibilities of different Northern Ireland departments and bodies. Accordingly, the transposition of and compliance with the Directive is the responsibility of a number of different NI departments.
- 1.4 With regard to the services provided or activities undertaken by persons carrying out licensable activities⁴ the Directive in particular sets out obligations with regard to: metering (Article 9 of the Directive), billing information (Article 10), cost of access to metering and billing information (Article 11), consumer information and empowering programme (Article 12), penalties for non-compliance (Article 13) and energy transformation, transmission and distribution (Article 15).
- 1.5 The Department is the lead department for implementing these particular requirements of the Directive. It consulted, on 4 October 2013, on the metering and billing provisions of the Directive and, on 7 March 2014, on matters relating to penalties and transformation, transmission and distribution.⁵

Implementation Approach

- 1.6 The requirements of the Directive are to be implemented in NI through a combination of statutory provisions and licence modifications.

⁴ See Article 6 of the Gas (Northern Ireland) Order 1996 and Article 8 of the Electricity (Northern Ireland) Order 1992.

⁵ http://www.detini.gov.uk/deti-energy-index/energy_efficiency.htm

- 1.7 Following an analysis of the consultation responses the Department made Regulations.
- 1.8 The Regulations:
- (a) Provide for the UR, when granting new electricity and gas licences, to include in a particular category of licence such conditions as it considers requisite or expedient to ensure compliance with certain specified requirements of Articles 9 - 11 and Article 15 of the Directive.
 - (b) Make provision for a transitory power for the Department, or UR with the consent of the Department, to make such modifications to existing electricity and gas licences as are necessary or expedient for the purposes of implementing the Directive.
- 1.9 The modifications that can be made under and in accordance with the Regulations to existing licences are those which are considered necessary to ensure that any activity authorised by the licence is carried out in compliance with the relevant requirements and in line with the prohibitions laid down by the Directive, or otherwise for the purpose of the Directive.
- 1.10 The Department has confirmed that the UR should propose and make (having obtained the Department's consent to them) the required licence modifications.
- 1.11 Accordingly, the UR now consults on its proposals for making the required licence modifications in accordance with the provisions of the Regulations.
- 1.12 On completion of the consultation process, the Department will consider whether amendments are required to the Electricity (Class Exemptions from the Requirement for a Licence) Order (Northern Ireland) 2013⁶ to ensure that the obligations on exempt distributors and suppliers under that Order align with the revised conditions being imposed on licensed distributors and suppliers as a result of the UR's licence modification process.
- 1.13 For the purposes of illustration only:
- (a) all references in this consultation paper and in Appendix A to the number of a condition included in existing electricity supply licences use the relevant number of the condition as included in Power NI's electricity supply licence; and
 - (b) all references in this consultation paper and in Appendix B to the number of a condition included in existing gas supply licences use the relevant number of the condition as included in SSE Airtricity's gas supply licence.

⁶ S.R.2013 No.93

- 1.14 The relevant and equivalent condition in other existing gas and electricity supply licences may therefore have a different number.
- 1.15 Similarly, and again for illustrative purposes only, all references to the number of a condition included in existing electricity generation licences use the relevant number of the condition as included in the electricity generation licence granted to AES Kilroot Generating Limited. The relevant and equivalent condition in other existing electricity generation licences may have a different number.
- 1.16 The following chapters of this consultation set out the UR's proposals with regard to the modification of existing licences in accordance with the transitional provisions conferred upon it under Part 6 of the Regulations.

Section 75 of the Northern Ireland Act 1998

- 1.17 As a public authority, the UR has a number of obligations arising from section 75 of the Northern Ireland Act 1998. These obligations concern the promotion of equality of opportunity between:
- (a) persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
 - (b) men and women generally;
 - (c) persons with disability and persons without; and
 - (d) persons with dependants and persons without.
- 1.13 The UR must also have regard to the promotion of good relations between persons of different religious belief, political opinion or racial groups.
- 1.14 In the development of its policies the UR also has a statutory duty to have due regard to the needs of vulnerable customers i.e. individuals who are disabled or chronically sick, individuals of pensionable age, individuals with low incomes and individuals residing in rural areas. Some of the above equality categories will therefore overlap with these vulnerable groupings.
- 1.15 In order to assist with equality screening of the proposals contained within this consultation paper, the UR requests that respondents provide any information or evidence in relation to the needs, experiences, issues and priorities for different groups which they feel is relevant to the implementation of any of the proposals. Furthermore, the UR welcomes any comments which respondents might have in relation to the overall equality impact of the proposals.

Q1 Do the proposals within this paper have an impact on equality of opportunity in relation to the persons listed in section 75 of the Northern Ireland Act? If yes, please provide reasons and state whether you believe the impact is positive or negative.

How to Respond

- 1.16 The UR welcomes industry and other stakeholder views and comments on all the proposals set out in this consultation paper.
- 1.17 The consultation period will close on 13 March 2015
- 1.18 Responses to this consultation should be forwarded to reach the UR on or before 5pm on 13 March 2015 -

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Email: Briege.Tyrie@uregni.gov.uk

- 1.19 Your response to this consultation may be made public by the UR. If you do not wish your response or name made public, please state this clearly by marking the response as confidential. Any confidentiality disclaimer that is automatically produced by an organisation's IT system or is included as a general statement in your fax or coversheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
- 1.20 Information provided in response to this consultation, including personal information may be subject to publication or disclosure in accordance with the access to information regimes; these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA). If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.
- 1.21 In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the UR.
- 1.22 This document is available in accessible formats. Please contact Breige Tyrie on 02890 316326 or Briege.Tyrie@uregni.gov.uk to request this.

2. Licence Modification Proposals for Implementation of Articles 9 to 11 of the Directive

- 2.1 This chapter outlines the UR's proposals with regard to modifications that are likely to be required to energy licences to implement the requirements of the Directive which relate to metering, billing and cost of access to metering and billing information.
- 2.2 These requirements are primarily set out in Articles 9, 10 and 11 of, and Annex VII to, the Directive.
- 2.3 In considering whether any particular licence modifications are required for the purposes of implementing the above requirements of the Directive, the UR's starting point is to consider the provisions of Article 11AC of the Electricity (Northern Ireland) Order 1992 (the **Electricity Order**)⁷ and Article 10AA of the Gas (Northern Ireland) Order 1996 (the **Gas Order**)⁸.
- 2.4 While these Articles apply in respect of new licences they effectively set out those provisions of the Directive which it is considered will need to be implemented by way of licence conditions.
- 2.5 It is therefore the case that the provisions of the Directive which are specifically referred to in Articles 11AC (Electricity Order) and 10AA (Gas Order) are essentially the provisions which need to be implemented by way of modifications to existing licences. The UR considers that other aspects of the requirements in Articles 9 - 11 and Annex VII of the Directive are already implemented in NI.

Article 9(1) – Meters Generally

- 2.6 Article 9(1) of the Directive requires that, so far as is technically possible, financially reasonable and proportionate in relation to the potential energy savings, final customers for electricity, natural gas and other forms of energy are provided with competitively priced individual meters that accurately reflect the final customer's actual energy consumption and provide information on actual time of use.
- 2.7 In its decision paper of May 2014, the Department recognised that, in practice, the requirements of Article 9(1) are met in NI but that it was appropriate to ensure that current arrangements will remain in place by way of legislative provisions.⁹

⁷ S.I. 1992/231 (N.I.1)

⁸ S.I. 1996/275 (N.I.2)

⁹ See DETI analysis of consultation responses at http://www.detini.gov.uk/index/what-we-do/deti-energy-index/energy_efficiency/metering_and_billing.htm

- 2.8 The Regulations therefore amend the Electricity Order (see new paragraph 3(3) of Schedule 7) and the Gas Order (see new Article 21A). The requirements of Article 9(1) are therefore fully implemented through these provisions.

Articles 9(2) and 10(2) – Smart Meters

- 2.9 Article 9(2) and 10(2) of the Directive contains certain requirements which apply only where smart meters have been installed in accordance with Directives 2009/72/EC and 2009/73/EC (the **Third Package Directives**).
- 2.10 At present no smart meters have been installed in NI. A project is underway involving the Department and the UR to ascertain the way ahead in relation to updating the cost/benefit assessment for electricity smart meter roll-out, to undertake such an assessment for gas smart meters and to build the foundation for the future roll-out of energy smart meters as informed by such assessments. The Department and/or the UR will consult on these matters and the smart meter implementation programme in due course.
- 2.11 The specific requirements of the Directive which apply to smart meters, and in respect of customers¹⁰ supplied with gas/electricity through smart meters, will be implemented through the smart metering rollout programme and associated licence modifications made to facilitate and implement that programme.
- 2.12 Article 11AC(7) of the Electricity Order and Article 10AA(5) of the Gas Order¹¹ (which apply with regard to conditions to be included in any new licence) confirm that the requirement for licences to include particular obligations which apply where customers are supplied through smart meters applies only where the Department has decided to implement a smart metering roll-out programme and has notified the Authority to that effect.
- 2.13 Accordingly, the UR does not propose to make licence modifications with regard to matters concerning smart meters to any existing licences as part of this suite of proposals.

Implementation of Provisions relating to Metering and Billing

- 2.14 The specific provisions which require implementation in NI through modifications to energy licences are Article 10(1), Article 10(3), and Article 11(1).
- 2.15 We set out below our approach and specific proposals in respect of the implementation of each of the Articles of the Directive noted in paragraph 2.14.

¹⁰ The reference to customers is, unless otherwise specified, to be read as a reference to final customers as specified in the Directive.

¹¹ Each as included by way of amendments made by the Regulations.

Article 10(1) – Frequency and Availability of Billing and Consumption Information (excluding Smart Meters)

- 2.16 Article 10(1) of the Directive applies in respect of customers that are not supplied through smart meters. The requirement set out in this Article is for billing information to be accurate and based on actual consumption in accordance with point 1.1 of Annex VII where this is technically possible and economically justified. The Directive provides that this requirement applies in respect of all sectors covered by the Directive including energy distributors, distribution system operators and retail energy companies.
- 2.17 In NI energy distributors/distribution system operators do not charge or bill final customers for distributing the electricity/gas to their premises. They charge suppliers and it is open to suppliers to recover them (whether wholly or partially) from customers. Accordingly, the requirement for bills to be accurate and based on actual consumption applies to the billing activities of energy suppliers.
- 2.18 The second paragraph of Article 10(1) confirms that the obligation can be fulfilled by a system of regular meter readings taken by the customer and communicated to the energy supplier (referred to in this document as a self-read). It further provides that it is only when the customer has not provided a self-read that billing may be based on estimated consumption or a flat rate. Where a customer provides self-reads to the supplier for the purposes of the next bill or statement of account due to be sent to the customer, the latest or most relevant self-read should be used for that purpose by the supplier.
- 2.19 Point 1.1 of Annex VII states that in order to enable customers to regulate their own energy consumption, billing should take place on the basis of actual consumption at least once a year, and billing information should be made available at least quarterly, on request or where the consumers have opted to receive electronic billing, or else twice yearly. While it is possible for member states to provide an exemption from this requirement with regard to gas used only for cooking purposes, the UR is not aware of any gas suppliers that keep up-to-date and accurate records of customers who only use gas for cooking. Therefore the UR is not proposing to amend gas supply licences to allow suppliers to be exempt from this requirement.

Policy Background (Article 10(1))

- 2.20 Licence conditions of gas and electricity supply licences contain obligations with regard to bills and billing information. However, at present they do not:
- (a) impose a specific obligation in relation to the accuracy of billing information; or
 - (b) specify the minimum frequencies at which customers can expect to receive billing information.

- 2.21 It is therefore necessary to make licence modifications which implement the above.
- 2.22 In addition, electricity suppliers have raised some concerns about their ability to comply fully with their licence obligations relating to accurate billing in circumstances where they are reliant on Northern Ireland Electricity Limited (NIE), in its capacity as the provider of the Market Data Service, to provide information to them (including for example in relation to meter readings).
- 2.23 The suppliers' concern is that in order to meet fully their licence obligation to provide accurate bills to customers, they in turn need accurate information from NIE, particularly but not solely, in respect of the meter readings taken by NIE.
- 2.24 This is particularly important to electricity suppliers given that under the current regulatory framework they are effectively required to procure such services from NIE and therefore cannot move to another service provider. The position is very different for gas suppliers as they are able competitively to choose their metering services provider.
- 2.25 In light of the above and in order to ensure full and complete implementation of Article 10(1) of the Directive, the UR proposes to modify:
- (a) all gas and electricity supply licences, and
 - (b) NIE's electricity distribution licence,
- as set out below.

Gas and Electricity Supply Licences – Proposed Modifications (Article 10(1))

- 2.26 As noted earlier, the UR has for the purposes of this consultation based its proposed modifications on the conditions in Power NI's electricity supply licence and SSE Airtricity's gas supply licence. However, the modifications proposed are applicable for all electricity and gas supply licences – albeit the number of the equivalent or corresponding condition may be different.
- 2.27 Condition 38 of electricity supply licences and Condition 2.19 of gas supply licences respectively set out requirements with regard to billing information. At present all suppliers are required to use all reasonable endeavours to take an actual meter reading on at least an annual basis. This obligation is in line with one aspect of the requirement set out in point 1.1 of Annex VII.
- 2.28 In order to implement the remaining aspects of point 1.1 of Annex VII the UR proposes to modify electricity supply licence condition 38 and gas supply licence condition 2.19 so that licensees will be obliged to –
- (a) Send a bill or statement that reflects the actual meter reading that suppliers are currently required to take at least once a year.

- (b) Ensure that each bill or statement that is sent to customers is complete and accurate (while continuing to include the minimum information that it is required to include in accordance with Condition 38 in electricity and Condition 2.19 in gas).
- (c) Unless the customer is supplied through a prepayment meter, send a bill or statement to each of their customers at least twice a year, unless the customer has requested more frequent billing, or has opted to receive electronic billing in which case the obligation is to send billing information on at least a quarterly basis. Where the customer is supplied through a prepayment meter a statement should be sent at least once per year.
- (d) Ensure that each bill or statement is based on actual or customer meter reading and only on an estimated meter reading where no actual or customer reading is available.

2.29 The text of the proposed modifications is shown in the draft revised version of Condition 38 (in Appendix A) and the draft revised version of Condition 2.19 (in Appendix B).

NIE's Distribution Licence – Proposed Modifications (Article 10(1))

- 2.30 The requirement for NIE to establish and operate the Market Data Service is set out in Condition 28 of its electricity distribution licence. In particular, paragraph 3 of Condition 28 sets the functions that are to be fulfilled by the Market Data Service.
- 2.31 Condition 29 of that licence requires NIE to establish market registration arrangements for the purpose of providing for the terms on which electricity suppliers are provided with, and participate in, the Market Data Service.¹²
- 2.32 The market registration arrangements are set out in the Market Registration Code and all licensed electricity suppliers are obliged, as a condition of their electricity supply licence, to become a party and thereafter comply with the Code.
- 2.33 Paragraph 3 of Condition 29 lists the specific matters in respect of which provisions must be included in the Market Registration Code. The UR proposes to modify the licence such that the Market Registration Code also has to include provisions on the procedures that will be followed and the standards that will be achieved by NIE in respect of the Market Data Service.
- 2.34 NIE will therefore be required to revise the Market Registration Code such that it includes such provisions and, in accordance with the requirements of Condition 29, any such revisions will require the Utility Regulator's approval.

¹² Both conditions 28 and 29 also include obligations in respect of the Market Registration Service but for the purposes of this consultation we do not need to refer to this service.

2.35 The UR's current view is that these revisions should be effective from the same date as the proposed licence modification and that NIE should be able to undertake any preparatory work that will be required to meet that timescale during the consultation period. However, we invite views from interested parties on this particular issue.

2.36 The proposed modifications to Condition 29 of NIE's Distribution licence are shown in Appendix C.

Article 10(3) – Other Billing Information

2.37 This Article of the Directive applies irrespective of whether customers are being supplied through conventional meters or smart meters.

2.38 In brief, the requirements include –

- (a) where the energy billing and historical consumption of a customer is available, for such information to be provided to an energy services provider where requested by the customer;
- (b) giving customers the option of receiving electronic billing and where requested a clear and understandable explanation of how the bill was derived;
- (c) making information available which provides customers with a comprehensive account of current energy costs, in accordance with Annex VII;
- (d) the option for Member State to lay down that, at the request of the customer, the information contained in bills is not considered to constitute a request for payment; and
- (e) information and estimates for energy costs to be provided to consumers on demand in a timely manner and in an easily understandable format to enable them to compare deals on a like-for-like basis.

2.39 The Directive provides that an energy services provider is effectively any person that provides goods or services to customers for the purposes of enabling the customer to reduce their energy consumption or use energy efficiently.

Policy Background (Article 10(3))

2.40 In light of responses to its October 2013 consultation, the Department has concluded that it will not be taking the option set out in paragraph (d) of Article 10(3).

2.41 Although the current licence conditions meet many of the other requirements of Article 10(3), they do not include obligations in respect of all of the provisions.

Therefore, in order to ensure full and complete transposition of the Directive and to ensure non-discrimination in the obligations imposed on new and existing licensees, the UR proposes to make licence modifications which will implement the requirements of Article 10(3).

Gas and Electricity Supply Licences - Proposed Modifications (Article 10(3))

2.42 With regard to Article 10(3)(a), existing condition 40D of Power NI's licence and Condition 2.28 of the gas supply licence provides for the supplier to provide consumption information of a customer to another supplier on request of the customer.

2.43 The UR therefore proposes to modify this condition to the extent that it:

- (a) extends also to the provision of information to energy service providers; and
- (b) widens the scope of the information that is to be provided at the request of the customer.

2.44 The text of the proposed modifications is shown in revised drafts of Condition 40D (Appendix A) and Condition 2.28 (Appendix B).

2.45 With regard to Article 10(3)(b), while some suppliers offer particular tariffs which are based on the premise that accounts are managed on-line or bills and statements are sent to customers electronically, there is currently no licence obligation on suppliers to give all customers the option of electronic billing.

2.46 The UR therefore proposes to modify existing Condition 38 (electricity)/2.19 (gas) to include an obligation on all suppliers to provide such an option to the customer prior to entering into a contract with the customer and thereafter on an annual basis.

2.47 The text of the proposed modifications is set out in the proposed revised version of Condition 38 for electricity (Appendix A) and Condition 2.19 for gas (Appendix B).

2.48 Article 10(3)(c) provides for information to be made available with the bill in order to provide the customer with a comprehensive account of current energy costs in accordance with Annex VII.

2.49 In this respect Annex VII provides that, where appropriate, the minimum information to be made available to customers in or with their bills (and contracts) is:

- (a) current actual prices and actual consumption of energy;
- (b) comparison of current energy consumption with consumption for the same period in the previous year (preferably in graphic form); and

- (c) contact information for consumer organisations from which customers can get information on energy efficiency matters including, for example, in respect of improvement measures.
- 2.50 The Annex also provides that where possible and useful, comparisons in respect of other similar types of customer are made available to customers.
- 2.51 Energy suppliers are presently required, in accordance with Condition 38 (electricity) and Condition 2.19 (gas), to ensure that bills show the applicable tariff (prices). The proposed modifications with regard to meter readings will ensure that wherever possible customers have details of their actual consumption of energy.
- 2.52 Energy suppliers are also presently required to provide customers with a comparison of current energy consumption against consumption for the same period in the previous year. The relevant requirements are set out in the Electricity and Gas (Billing) (No.2) Regulations (Northern Ireland) 2010.
- 2.53 With regard to contact information for consumer organisations from whom customers can get information on energy efficiency matters, all licensed suppliers are presently required to prepare, have approved by the UR and comply with their individual code of practice on the efficient use of electricity (condition 32) and gas (condition 2.10).
- 2.54 There is a specific requirement for the licensed supplier's code of practice to include arrangements by which the supplier makes available information and advice to customers about, among other things, sources outside the supplier's organisation from which customers can obtain additional information or assistance about energy efficiency measures.
- 2.55 The UR proposes to modify Condition 32 (electricity) and Condition 2.10 (gas) such that the supplier's arrangements must also provide for such contact information to be provided in, or with, all bills and statements sent to the customer.
- 2.56 The text of the proposed modifications is set out in the proposed revised version of Condition 32 (electricity - Appendix A) and Condition 2.10 (gas - Appendix B).
- 2.57 Finally, with regard to the remaining provisions of Annex VII, the UR proposes to implement these provisions by issuing a billing code which sets out certain requirements and standards in relation to billing information and billing matters and requiring suppliers to comply with the code.
- 2.58 The UR will consult and engage with the industry (including consumers and consumer representatives) before finalising its billing code of practice. The purpose of the billing code is to ensure the Directive's requirements for bills to be clear, easily understandable, and timely, are met. Our current thinking is that it will include provisions on matters such as the level, type of information to

be set out and the format (including layout and font size etc.) of bills and statements. It will also set out the UR's interpretation of, and its approach for determining licence holders compliance with, terms such as 'clear', 'timely', 'easily understandable' etc.

- 2.59 Accordingly we propose to modify Condition 38 (electricity) and Condition 2.19 (gas) such that it requires the supplier to comply with the billing code of practice.
- 2.60 The text of the proposed modifications is set out in the proposed revised version of Condition 38 (electricity - Appendix A) and Condition 2.19 (gas - Appendix B).
- 2.61 The Department has confirmed that the provisions of Article 10(3)(d) – which are discretionary – do not need to be implemented in NI. The UR does not therefore propose to make any licence modifications for the purposes of this Article.
- 2.62 Article 10(3)(e) requires that when consumers request information and estimates for energy costs, such information and estimates are provided in a timely manner and in an easily understandable format. The reason for this is to enable consumers to compare deals on a like-for-like basis.
- 2.63 These particular requirements of the Directive are already implemented in NI through two different licence conditions.
- 2.64 Firstly, through the requirements of Condition 38 (electricity) and Condition 2.19 (gas) of the energy supply licences whereby licensed gas and electricity suppliers are obliged to provide certain specified information, including details of the applicable tariff and the unit rate of that tariff in pence per kWh and of the customer's consumption, on or with each bill or statement sent to the customer.
- 2.65 Secondly, through the requirements of Condition 40 (electricity) and Condition 2.21 (gas) whereby all licensed gas and electricity suppliers are required to comply with the Marketing Code of Practice. This is a code determined and published by the UR with which energy suppliers are required to comply.
- 2.66 Among other things the Marketing Code of Practice:
- (a) requires suppliers to present information, including information relating to energy costs, in a standard and transparent manner; and
 - (b) specifies the granularity of information to be provided in respect of the tariffs offered by them in order to enable customers to make comparisons with tariffs offered by other suppliers.
- 2.67 The above provisions mean that energy consumers can get the information they need from suppliers in a standard format which enables them to make comparisons on a like-for-like basis. However, it is also the case that the

General Consumer Council for Northern Ireland collates and publishes tariff information and is therefore another avenue through which energy consumers can compare deals on that basis.

Article 11(1) – Costs of access to billing and consumption information

- 2.68 The requirement in this Article 11(1) is for customers to receive bills and billing information free of charge and to have access to their consumption information in an appropriate way and free of charge.

Policy Background (Article 11(1))

- 2.69 At present customers have access to their consumption information through access to the meter (and therefore being able to take a meter reading at any time) and also through the information provided by suppliers (in accordance with their licence obligations) on bills and/or statements.
- 2.70 In addition, any customer can at any time request their historical consumption data in relation to the twelve month period preceding the request.
- 2.71 The requirements of Article 11(1), in relation to consumers having access to their consumption information in an appropriate way are therefore satisfied.
- 2.72 With regard to charges, the UR is not aware of any licensed supplier that charges customers for the provision of bills, billing information or consumption data.
- 2.73 Nonetheless, the UR considers it necessary and appropriate to regularise the current practice of suppliers through formal licence obligations.

Gas and Electricity Supply Licences - Proposed Modifications (Article 11(1))

- 2.74 The UR proposed to amend Condition 38 (electricity) and Condition 2.19 (gas) to include a prohibition on licensed suppliers charging for any billing or consumption data (including any bill or statement) that they are required to provide to consumers.
- 2.75 The text of the proposed modifications is set out in proposed revised version of Condition 38 (Appendix A) and Condition 2.19 (Appendix B).

Q2. Respondents are asked for their views in relation to the UR's proposals on the implementation of the relevant provisions Articles 9 - 11 of the Directive as discussed above.

3. Licence Modification Proposals for implementation of Article 15 of the Directive

- 3.1 This chapter outlines the UR's proposals with regard to modifications that are likely to be required to energy licences to implement the requirements of the Directive which relate to transformation, transmission and distribution.
- 3.2 These are essentially the requirements set out in Article 15 of, and Annexes XI and XII to, the Directive.
- 3.3 As noted in Chapter Two, in considering whether any particular licence modifications are required for the purposes of implementing the above requirements of the Directive, the UR's starting point is to consider the provisions of Article 11AC of the Electricity Order and Article 10AA of the Gas Order.
- 3.4 While these Articles apply in respect of new licences, they effectively set out those provisions of the Directive which it is considered will need to be implemented by way of licence conditions.
- 3.5 The provisions of the Directive which are specifically referred to in Articles 11AC (Electricity Order) and 10AA (Gas Order) are therefore also essentially the provisions which need to be implemented by way of modification to existing licences. The UR considers that other aspects of the requirements in Article 15 (and the associated Annexes) of the Directive are already implemented in NI.

Gas Licences

- 3.6 Having considered the provisions of Article 15 of the Directive in respect of the requirements relating to the gas sector and the provisions of Article 10AA of the Gas Order, the UR has not identified any specific licence modifications which it considers to be requisite or expedient for implementing and ensuring compliance with the relevant requirements of the Directive.
- 3.7 The UR's present view is that all of the relevant requirements of Article 15 are met by virtue of existing legislative provisions (including for example in the Gas Order and the Energy (Northern Ireland) Order 2003) and the existing conditions of gas conveyance licences.
- 3.8 Accordingly, it does not propose any licence modifications to gas conveyance licences as part of this consultation.
- 3.9 However, respondents' views are particularly invited on any provision of Article 15 of the Directive which relates to the activities and/or obligations of gas conveyance companies and is not yet implemented such that it would be requisite or expedient for the UR to implement through licence modifications.

Electricity Licences

- 3.10 The provisions of Article 15 of the Directive have a greater relevance to the activities of electricity transmission and distribution operators. Accordingly, Article 11AC of the Electricity Order also requires that licence conditions may be requisite or expedient to ensure that certain specific requirements of Article 15 (and the associated Annexes) are met.
- 3.11 Having reviewed Article 15 of the Directive and Article 11AC of the Electricity Order, the UR is of the view that many of the requirements set out within these articles are already reflected within the NI electricity sector and regulatory framework.
- 3.12 However, there are some particular requirements which will need to be implemented by way of licence obligations. The particular requirements of Article 15 that require consideration and discussion for this purpose are: Article 15(1), Article 15(5), Article 15(6), Annex XI and Annex XII of the Directive.

Article 15(1) (including Annex XI)

- 3.13 The fourth paragraph of Article 15(1) requires member states to ensure that network regulation and network tariffs fulfil the criteria in Annex XI.
- 3.14 In brief, the criteria in Annex XI is that:
- (a) Network tariffs shall be cost-reflective of costs savings achieved from demand-side and demand-response measures and distributed generation.
 - (b) Network regulation and tariffs shall not prevent network operators or energy retailers making available system services for demand response measures, demand management and distributed generation on organised electricity markets.
 - (c) Network or retail tariffs may support dynamic pricing for demand response measures by final customers.

Policy Background (Article 15(1))

- 3.15 All licensed electricity transmission and distribution operators in NI are subject to price controls set by the UR. The price control impacts on network tariffs and in setting the price control the UR takes into full account the cost savings that are available with regard to demand side/response measures and distributed generation.
- 3.16 It will of course be appropriate and necessary to ensure that any modifications made in the future to the price control conditions of network licences do not cause NI to be non-compliant with the requirements of the Directive, including the criteria referred to in Annex XI (as summarised in paragraph 3.14 above).

- 3.17 In this regard it is perhaps relevant to note that the UR is in the process of formulating the licence modifications that will need to be made to the electricity transmission and distribution licences held by NIE, and to the electricity transmission licence held by SONI, for the purposes of implementing the Competition Commission's (as it then was) recent determination in respect of the referral made to it by the UR.
- 3.18 Although the reference was made in respect of the price control conditions in NIE's licences, licence modifications to the price control conditions of SONI's electricity transmission licence are also required. These modifications are required in light of the recent transfer of certain roles and responsibilities from NIE to SONI (for the purposes of meeting the ownership unbundling and transmission system operator certification requirements of Directive 2009/72/EC).
- 3.19 The requirements of Article 15(1) and Annex XI will therefore be a relevant consideration for the UR when it is developing and formulating the modifications to be made to the price control conditions of NIE's electricity transmission and distribution licences and SONI's transmission licence.
- 3.20 It is also important to note that network tariffs relating to use of the transmission system are based on the SEM arrangements and on the quantity of electricity transmitted. Demand response and distributed generation actively participate in the SEM arrangements and contribute to costs savings through reductions in the quantity of electricity transported through the system.
- 3.21 Furthermore, there is nothing in the network regulation and tariffs regime which prevents network operators or energy suppliers from making available system services for demand side measure or distributed generation on organised electricity markets.
- 3.22 Both NIE and SONI calculate and set their network charges and tariffs on the basis of their allowed revenue (as established by the price control conditions).
- 3.23 They are also required by licence condition to prepare (on an annual basis) charging statements which set out the basis on which charges will be levied for use of and connection to the relevant network. These obligations are set out in Condition 32 of NIE's electricity distribution licence and Condition 30 of SONI's electricity transmission licence.

SONI's Transmission Licence and NIE's Distribution Licence - Proposed Modifications (Article 15(1))

- 3.24 In order to ensure full and complete implementation of Article 15(1) of the Directive and more particularly the criteria of Annex XI noted in paragraph 3.14(b) above, the UR proposes to make modifications to these licence conditions so as to place an obligation on SONI and NIE to ensure that their charges do not prevent or have the effect of preventing the operation of organised electricity markets.

3.25 The proposed modifications are shown in Appendix C (for NIE) and Appendix D (for SONI).

Article 15(5) (including Annex XII)

3.26 The third paragraph of Article 15(5) provides that in addition to the requirements set out in paragraph 1 of Article 15(5), transmission and distribution operators shall comply with the requirement of Annex XII.

3.27 The first paragraph of Article 15(5) provides that transmission and distribution system operators shall, where they are responsible for dispatching generation plant, guarantee the transmission and distribution of electricity from high-efficiency cogeneration, provide priority or guaranteed access to such cogeneration and provide priority dispatch of such cogeneration in so far as the secure operation of the system permits.

3.28 In NI, only SONI, in its role as transmission system operator, carries out the function of dispatching generation plant. The obligations placed on SONI with regard to dispatch meet the requirements noted in paragraph 3.24 and 3.25. Accordingly, no licence modifications are proposed by the UR in respect of the requirements set out in the first paragraph of Article 15(5) of the Directive.

3.29 With regard to the requirements of the third paragraph of Article 15(5) and in brief, Annex XII requires that transmission and distribution system operators shall:

- (a) Set up and publish standard rules relating to cost recovery of technical adaptations (e.g. connections, reinforcements etc.) which are necessary to provide for access etc. to high-efficiency cogeneration.
- (b) Provide high-efficiency cogeneration with comprehensive information relating to connections, including an indicative timetable for connection.

3.30 With regard to the overall connection process (for high-efficiency cogeneration) Annex XII provides that it should be no longer than 24 months, taking into account what is reasonably practicable and non-discriminatory.

3.31 In NI, high-efficiency cogeneration can in practice only be connected to either the electricity transmission system operated by SONI under its electricity transmission licence or the electricity distribution network operated by NIE under its electricity distribution licence. Such installations/plants cannot be connected to the electricity network of any other person currently licensed to undertake the activity of electricity transmission or distribution.

3.32 There are a number of existing licence conditions in SONI's electricity transmission licence and NIE's electricity distribution licence which govern the making of connections to the relevant network.

- 3.33 These include, for example, requirements to prepare and publish connection charging statements, to offer terms for connection to any person requesting (and to do so on a non-discriminatory basis), for connection offers to make detailed provisions regarding certain specified matters (including date for connection) and to comply with the Grid Code and/or the Distribution Code (each of which also contain more detailed technical requirements with regard to network connections).
- 3.34 Accordingly, the UR considers that almost all of the requirements of Annex XII are satisfied in NI. However, the requirement for the overall process to become connected to the network within 24 months (taking into account what is reasonably practicable), is not currently met. The UR therefore proposes licence modifications to SONI's electricity transmission licence and NIE's electricity distribution licence to transpose this requirement.

SONI's Transmission Licence and NIE's Distribution Licence - Proposed Modifications (Article 15(5))

- 3.35 The UR proposes to amend Condition 25 of SONI's transmission licence and Condition 30 of NIE's distribution licence to provide that where the relevant licensee makes (in accordance with its relevant obligations) an offer to connect a high efficiency cogeneration installation or plant to the relevant electricity transmission/distribution network and that offer is accepted, the licensee shall make the connection within 24 months.
- 3.36 The proposed modifications are shown in Appendix C (for NIE) and Appendix D (for SONI).

Article 15(6)

- 3.37 The particular requirements of Article 15(6) of the Directive are for high-efficiency cogeneration operators to be able to offer balancing and other operational services (at both transmission and distribution levels) and for transmission and distribution network operators to ensure that these services (i.e. as offered by high-efficiency cogeneration operators) are part of a transparent and non-discriminatory bidding process.
- 3.38 Furthermore, other provisions of Article 15 (namely 15(4) and 15(8)) of the Directive provide that transmission and distribution system operators should enable demand response providers to participate in their procurement of balancing and ancillary services.

Policy Background (Article 15(6))

- 3.39 In NI it is already the case that high-efficiency cogeneration can offer balancing and other services to SONI in its capacity as the network operator responsible for purposes of balancing and operating the NI wide transmission system.

- 3.40 Such system services are not required or applicable with regard to the activity of transmission (namely the interconnector between NI and GB) authorised under the electricity transmission licence held by Moyle Interconnector Limited. This is because the balancing of this interconnector is undertaken by way of capacity auctions and associated processes.
- 3.41 The services which may be offered to SONI to enable it to operate and balance its transmission network fall within the concept of "system support services". SONI has a licence obligation (see Condition 29 of its electricity transmission licence) to contract for such system support services as may be required by it for the purpose of enabling it to discharge its statutory and regulatory obligations, including for example balancing of the system, the safe and secure operation of the system etc.
- 3.42 Condition 29 also requires SONI to purchase such services economically and in accordance with a procedure it is required to publish. However, there is no specific obligation for the bidding process to be transparent, non-discriminatory and open to scrutiny (as required under the Directive). Also the scope of system support services does not presently capture demand side response and measures.
- 3.43 The Utility Regulator does not consider it necessary to introduce any modifications to the Moyle Interconnector Licence as a result of the implementation of the Directive. System support services are not normally required for the operation of the Moyle Interconnector. In any event as the operation of the interconnector is carried out by SONI (under contractual arrangements in place between the two parties), if any system support services are required, SONI has the responsibility of purchasing any such services pursuant to its obligations under the contractual arrangements.
- 3.44 However, it is right to note that the requirements of the Directive apply equally to transmission and distribution system operators.
- 3.45 NIE (as the NI distribution system operator) is not presently required to contract for system support services. The UR does not propose to mandate that NIE shall procure such services but considers it appropriate to introduce licence obligations which would apply in the event that NIE does procure services which it considers necessary or appropriate to assist in the safe and secure operation of the system.
- 3.46 The UR therefore proposes to:
- (a) Extend the scope of system support services (as presently defined in licences) such that they encompass demand side response services.
 - (b) Oblige SONI to establish the criteria on which it will base its procurement procedures and to ensure that its procurement procedures are transparent and non-discriminatory.

- (c) Provide that where NIE purchases system support services for the purposes of discharging its statutory and regulatory obligations, it shall do so economically and in accordance with published, transparent and non-discriminatory processes and procedures.

SONI's Transmission Licence and NIE's Distribution Licence - Proposed Modifications (Article 15(6))

3.47 In SONI's transmission licence, the UR proposes to modify –

- (a) The definition of system support services, in Condition 1 of the licence, such that it encompasses services relating to reduction of demand or other demand side measures that can be taken by (or on behalf of) demand consumers and also other wider services which can be provided by electricity undertakings.
- (b) Condition 29 of the licence to include requirements for SONI in respect of the procedures it adopts and follows in procuring such system support services.

3.48 With regard to NIE's distribution licence, the UR proposes to modify Condition 19 of the licence to provide that where it does contract for system support services, in order to enable it to operate the system and meet its statutory and regulatory responsibilities, it does so in a manner which is transparent and non-discriminatory and in accordance with published principles and procedures.

3.49 The proposed modifications are shown in Appendix C (for NIE) and Appendix D (for SONI).

Electricity Generation Licences

3.50 In light of:

- (a) The modifications proposed to the definition of system support services in SONI's electricity transmission licence; and
- (b) The introduction of obligations in respect of the purchasing of system support services on NIE and therefore the use of a similar definition of system support services in NIE's electricity distribution licence,

the UR considers it expedient for the purposes of the Directive to make modifications to existing electricity generation licences which also refer to the provision of system support services.

3.51 Accordingly, the UR proposes to –

- (a) Modify the definition of 'System Support Services' in all generation licences so that it reflects the changes being made to SONI's transmission licence and NIE's distribution licence and is consistent with these changes

(and to introduce new definitions required as a consequence of such modification).

- (b) Modify the condition relating to System Support Services (which is numbered Condition 7 in AES Kilroot Generating Limited's generation licence and used for illustrative purposes for this consultation) in all generation licences to reflect the possibility that a generator may be requested by NIE, in its capacity as distribution system operator, to provide system support services.

3.52 The proposed modifications are shown in Appendix E.

Q3 Respondents are asked for their views in relation to the UR's proposals regarding Article 15 of the Directive.

4. Costs and Benefits

- 4.1 We acknowledge that compliance with regulatory obligations imposes certain and particular costs on licensees and that costs may increase in light of the introduction of the new licence obligations. However, the Directive has to be implemented, irrespective of whether doing so will impose additional costs on market participants, or the wider community. Furthermore, if NI were to not fully and properly implement the Directive; it could be subject to infraction proceedings, which in themselves could lead to the incurrence of costs on market participants or others.
- 4.2 Nonetheless, the UR is mindful of the need to ensure that any additional costs that might arise from implementation of the Directive is kept to a minimum, while at the same time ensuring the maximum benefit to customers. The avoidance of infraction proceedings is of course a benefit that for both consumers and market participants.
- 4.3 With particular reference to the provisions of the Directive, energy efficiency enables customers to obtain the same level of thermal comfort, light or other outputs for less energy used. This in turn reduces overall energy bills, as customers consume less energy. By using less energy we can also reduce pressures on the grid, reduce the amount of input fuel used (and therefore the amount imported) and improve overall security of supply. Greater energy efficiency also reduces the instance of, and the impact of, fuel poverty - thus benefiting vulnerable customers.
- 4.4 Accurate and transparent billing and metering empowers customers to take control of their energy use and encourages them to engage with their energy supplier. Therefore, it helps the customer avoid problems such as falling into debt following an inaccurate meter read or a misunderstood bill. This in turn can benefit the supplier by saving on costs such as bad debts and costs associated with pursuing debts.
- 4.5 Similarly, accurate and transparent billing and provision of comparison information helps the customer to take informed decisions in relation to choosing a supplier and actively participating in the market.
- 4.6 Therefore the benefits associated with the proposed licence modifications for the gas and electricity supply licences can be summarised as follows:
 - (a) costs avoided through energy saved;

- (b) better customer engagement and empowerment through the provision of more (and better quality) information;
 - (c) better information for suppliers;
 - (d) improved security of supply; and
 - (e) helping customers avoid problems such as falling into debt.
- 4.7 The UR acknowledges that costs to the electricity and gas supply licensees could potentially include the cost of updating billing systems and providing more bills. However, we also note that the requirement to offer electronic billing could potentially reduce the costs associated with billing. Furthermore, providing customers with better and more transparent billing information could potentially save costs for the supplier, for example, costs associated with answering queries, correcting billing mistakes and chasing debt which has accrued due to inaccurate billing.
- 4.8 With regard to the licence modifications proposed for electricity network licences, the UR considers any additional costs resulting from such modifications are minimal.
- 4.9 In terms of connection processes, network licensees should in any event be progressing connections as quickly as is reasonably practicable. The proposed licence modifications merely serve to underpin that and to confirm that, where it is reasonably practicable, the process from entering into a connection agreement to the making of the connection should not be more than 24 months in respect of high efficiency cogeneration installations/plants.
- 4.10 Similarly, the requirement for network operators that purchase system support services to have clear, transparent and published process for the procurement of those services reflects what is, or should, be good practice.
- 4.11 The expansion of system support services to include demand side responses and measures does not in itself impose any additional costs but will allow the demand side response to be rewarded for providing system support services to the licensee. The licensee should benefit by having additional sources of system support available and thereby enabling it to operate a more efficient and demand responsive system.

Q4 In order to assist the UR in making an assessment of the costs and benefits associated with Directive implementation, respondents are asked for their views on costs and benefits. In particular the UR would be grateful if respondents could provide specific information and avoid general

statements. Where possible respondents are asked to provide detailed information on any system changes that may be required, the timescales for making system changes and any information they have in relation to benefits.

Appendix A – Proposed Modifications (shown in mark-up) to Electricity Supply Licences (based on Power NI's Electricity Supply Licence as a template)

Condition 32: Code of Practice on the efficient use of electricity

- 1 The Licensee shall, no later than three months after this Condition takes effect or such later date as the Authority directs, prepare, submit to and have approved by the Authority a code of practice setting out the ways in which the Licensee will make available to Customers information and guidance on the efficient use of electricity (the **Code of Practice**).
- 2 The Code of Practice shall include arrangements by which the Licensee will make available information and advice about:
 - (a) the efficient use of electricity ~~such~~ as will enable Customers to make informed judgments about measures to improve the efficiency with which they use the electricity supplied to them;
 - (b) the availability of heating systems and controls which are best calculated to make efficient use of electricity₁ and the selection and operation of such systems and controls;
 - (c) the financial costs and benefits of energy efficient electricity appliances;
 - (d) sources, including the availability of a telephone information service, within the Licensee's organisation from which Customers may obtain further information about the efficient use of electricity supplied to them; ~~and~~
 - (e) sources (to the extent that the Licensee is aware of them) outside the Licensee's organisation from which Customers may obtain additional information or assistance about:
 - (i) measures to improve the efficiency with which they use the electricity supplied to them;
 - (A) ~~the availability of , including information:-~~
 - (ii) ~~which is publicly available about the availability of f~~financial assistance ~~from Central or Local Government in respect of the towards the~~ costs of ~~any~~ such measures ~~available from Central or Local Government~~;
 - (ii) ~~—~~
 - (iii) ~~which is available through~~ bodies in receipt of financial support from Government in connection with measures to promote the efficiency of energy use; and
 - (iv) ~~the costs and benefits of different types of energy efficiency measures.~~

Appendix A – Proposed Modifications (shown in mark-up) to Electricity Supply Licences (based on Power NI's Electricity Supply Licence as a template)

3 The arrangements included in the Code of Practice by which the Licensee shall make available information and advice referred to in paragraph 2(e) shall provide for such information to be made available to Customers:

(a) on each occasion the Licensee:

(i) enters into a Contract with the Customer; or

(ii) makes a variation to the Contract entered into with a Customer;

(b) with each bill or statement sent to the Customer; and

(c) on the Licensee's web-site.

~~34~~ This Condition is subject to Condition 35: Preparation, Revision Of and Compliance with Codes of Practice.

Appendix A – Proposed Modifications (shown in mark-up) to Electricity Supply Licences (based on Power NI's Electricity Supply Licence as a template)

Condition 38: Provision of Information to Customers

Consumer Checklist

- 1 The Licensee shall:
- (a) make readily accessible from its website an up to date copy of the Energy Consumer Checklist:
 - (i) as published by the Authority; and
 - (ii) in each alternative form~~at~~ or language as the Licensee has, in accordance with paragraph 1(b)(ii), sent to a Domestic Customer;
 - (b) on request, send to a Domestic Customer a copy of the Energy Consumer Checklist:
 - (i) in the form ~~and or~~ language that is available on its website and is requested by the Domestic Customer; or
 - (ii) where practicable, in such alternative form~~at~~ or language as is reasonably ~~required-requested~~ by ~~thea~~ Domestic Customer.

Billing Code

- 2 The Licensee shall comply with the Billing Code of Practice.

Billing Options

- 3 The Licensee shall:

- (a) before entering into or concluding a contract with a Customer; and
- (b) on at least an annual basis thereafter.

inform the Customer:

- (c) that the Customer may request for bills and statements to be sent to him by electronic communication; and
- (d) of the different types of electronic communications used by Licensee which can be made available to the Customer.

- 4 The Licensee shall, where the Customer requests for bills and statement to be sent to him by electronic communication and the type of electronic communication requested by the

Appendix A – Proposed Modifications (shown in mark-up) to Electricity Supply Licences (based on Power NI's Electricity Supply Licence as a template)

Customer is used by the Licensee, send, bills and statements to the Customer by electronic communication as requested by the Customer.

Frequency of Bills and Statements

5 The Licensee shall send a bill or statement:

(a) at least once a quarter:

(i) to any Customer that the Licensee is required, pursuant to the provisions of paragraph 4, to send bills or statements by electronic communication;

(ii) to any Customer that has requested the Licensee to send bills or statements on a quarterly basis;

(b) at least once every six months to any Customer taking a supply of electricity at premises at which the installed meter is not a Prepayment Meter; and

(c) at least once every twelve months to any Customer taking a supply of electricity at premises at which the installed meter is a Prepayment Meter.

26 The Licensee shall ensure that each bill or statement sent to a Customer is:

(a) complete and accurate; and

(b) sent by way of a paper hard copy or ~~in such other form as agreed with the Domestic Customer, to each of its Domestic Customers a bill or statement (save insofar as he receives an unmetered supply).~~ by the Customer.

Information on Bills and Statements

~~Licensee shall:~~

~~and~~

37 The Licensee shall ensure that each bill or statement sent to a Customer ~~shall include~~includes:

(a) the name and address of the Licensee;

(b) the relevant Meter Point Registration Number;

(c) details of the Customer's applicable tariff including:

(i) the full name of the tariff;

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- (ii) the unit rate, expressed where applicable in “pence per kWh”, of the tariff; and
- (iii) any discount or premium that applies to the tariff ~~when compared with the Licensee's standard evergreen tariff (and the period for which the discount or premium is applicable;~~ it applies) when compared with:
 - (A) where the Customer is a Domestic Customer, the Licensee's standard evergreen tariff for Domestic Customers; and
 - (B) where the Customer is a Non-Domestic Customer, the Licensee's standard evergreen tariff available (if any) for Non-Domestic Customers that are comparable to the Customer in respect of the premises at which the Customer takes the supply of electricity or other characteristics of the supply of electricity.
- (d) the total charges, setting out separately any applicable standing charge and showing the charges both inclusive and exclusive of any value added tax, for the period of the bill or statement;
- (e) the amount of electricity which the Licensee's records show has been consumed by the Customer since the last bill or statement sent to that Customer, ~~in each case by reference to a meter reading; and;~~
- (f) where the bill or statement relates to any period during which the Customer was supplied with electricity through a Prepayment Meter (the 'relevant period'), the number and total value of pre-payments made by the Customer in each calendar month falling (whether in whole or in part) in the relevant period;
- ~~(f)~~(g) where the Licensee has provided a supply of electricity to the Customer at the same premises continuously for:
 - (i) 12 months or more, the amount of electricity which the Licensee's records show has been consumed by the Customer at those premises in the previous 12 months;
 - (ii) less than 12 months, the amount of electricity which the Licensee's records show has been consumed by the Customer at those premises since the date the Licensee started to provide the supply of electricity;

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~~(g)~~(h) a statement to the effect that the Customer may change his electricity supplier and details of where the Customer can obtain impartial advice and information about changing electricity supplier;

~~(h)~~(i) where the customer is a Domestic Customer, a statement to the effect that the Licensee has a Code of Practice which sets out the services, advice and assistance it provides to ~~customers~~Domestic Customers who may be having difficulty in paying for the supply of electricity; and

~~(i)~~(j) the Fuel Mix Information.

Bills and Statements Based on Meter Readings

8 For the purposes of paragraph 7(e), the amount of electricity calculated as having been consumed by the Customer shall be determined by reference to:

(a) an actual meter reading;

(b) a meter reading taken by the Customer that the Licensee considers to be reasonably accurate (a 'customer meter reading'); or

(c) where no actual or customer meter reading is available, the estimate of the Licensee (an 'estimated meter reading').

9 Where the Licensee considers that a meter reading taken by the Customer is not reasonably accurate it must take all reasonable steps to contact the Customer and request a new meter reading.

10 Where the Customer receives a bill from the Licensee showing an estimated meter reading and following receipt of that bill provides a customer meter reading to the Licensee, the Licensee shall, where requested by the Customer, send an updated bill to the Customer reflecting the customer meter reading.

11 The Licensee shall:

~~(i)~~(a) use all reasonable endeavours to take an actual meter reading in respect of each of its Customers (save insofar as he receives an unmetered supply) on at least an annual basis;

(b) send a bill or statement to the Customer which reflects the actual meter reading taken in accordance with paragraph (a); and

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~~(k)(c)~~ maintain, for a period of at least three years, and provide to the Authority on request, evidence of the reasonable endeavours it has used to obtain such an actual meter reading for each of its Customers.

Consumption Information

412 The Licensee shall, on request, provide to a Customer information on the quantity of electricity which the Licensee's records show as consumed by that Customer:

- (a) where the Licensee has provided a supply of electricity to the Customer at the same premises continuously for 12 months or more, in the 12 months preceding the date of the request; or
- (b) where the Licensee has provided a supply of electricity to the Customer for less than 12 months, in the period from the date the Licensee started to provide the supply of electricity to the date of the request.

~~5 The amount of electricity calculated as having been consumed by the Customer shall be determined:-~~

- ~~(a) according to the reading taken of the meter through which he is supplied; or~~
- ~~(b) where no meter reading is available, according to the estimate of the Licensee.~~

~~6 Where the Licensee provides a bill showing an estimated current meter reading, the Licensee shall on or with the bill provide the Customer with details of how the Customer can:~~

- ~~(a) read his own meter (to be known as a self-read); and~~
- ~~(b) register the self-read with the Licensee.~~

~~7 Where the Customer receives a bill showing an estimated meter reading and registers a self-read with the Licensee, the Licensee shall:~~

- ~~(a) take all reasonable steps to reflect the self-read in the next bill sent to the Customer; or~~
- ~~(b) where requested by the Customer, send an updated bill to the Customer reflecting the self-read.~~

Final Bill or Statement

813 Where a Domestic Customer terminates the Contract in accordance with its provisions and exercises his right to receive a supply of electricity at the Domestic Premises from another

Appendix A – Proposed Modifications (shown in mark-up) to Electricity Supply Licences (based on Power NI's Electricity Supply Licence as a template)

Electricity Supplier, the Licensee shall send a final bill to the Domestic Customer within six weeks of the Licensee ceasing to provide a supply ~~to him~~ of electricity to the Domestic Customer.

Complaints Handling Information

914 The Licensee shall keep each of its Customers informed:

- (a) of the Customer's rights to initiate the Licensee's complaints handling procedure (as established in accordance with the requirements of Condition 33);
- (b) that the General Consumer Council can assist in resolving complaints which the Licensee has not resolved to the Customer's satisfaction;
- (c) that the Customer has the right to refer complaints which relate to billing matters to the Authority where the General Consumer Council has not been able to resolve the complaint to the Customer's satisfaction;
- (d) that the Energy Consumer Checklist can be accessed from the Licensee's website and that the Licensee will, on request, send a copy to the Customer free of charge; and
- (e) of the contact address and telephone number of:
 - (i) the Licensee's complaints handling department; and
 - (ii) the General Consumer Council.

1015 The Licensee shall discharge its obligations under ~~paragraphs 10(a)–(d)~~ paragraph 14 by providing the relevant information:

- ~~(i) on or with each bill or statement given in respect of Charges for the Supply of Electricity, or~~
- ~~(b)(a) on or with each bill or statement sent to the Customer; and~~
- ~~(c) on under paragraph 10(e) by providing the relevant information:~~
 - ~~(i) on or with each bill or statement given to a Customer in respect of Charges for the Supply of Electricity, or~~
 - ~~(ii) annually to each Customer to whom no such bills or statements are rendered;~~
- ~~and in each case,~~

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~~(d)~~(b) on all of its Promotional Materials.

Format of Bills and Statements

16 The Licensee shall provide the information required under paragraphs 4, 7 and 10 above~~this condition~~ on or with each bill or statement in such detail and in such format as:

(a) where the Authority has published the Billing Code of Practice, meets the requirements of the Billing Code of Practice; and

~~(e)~~(b) where the Authority has not published the Billing Code of Practice, has been determined by the Licensee in consultation with the Authority and the General Consumer Council.

17 The Licensee shall not charge the Customer for any information, including any bill or statement, which it is required to provide in accordance with or pursuant to this Condition 38.

Definitions

18 In this Condition:

<u>"Billing Code of Practice"</u>	<u>means the document of that name, prepared and published from time to time by the Authority, following consultation with the Licensee, other electricity suppliers and such other persons as the Authority deems appropriate (which consultation may take place before paragraph 2 comes into effect), in relation to customer billing matters.</u>
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Appendix A – Proposed Modifications (shown in mark-up) to Electricity Supply Licences (based on Power NI's Electricity Supply Licence as a template)

Condition 40D: Provision of Information to Electricity Suppliers and energy service providers

- 1 Where paragraph 2 applies, the Licensee shall within five working days of receiving a
~~Customer Information Request~~request from ~~an~~any Electricity Supplier or Energy Services
Provider, provide free of charge to that Electricity Supplier ~~the information~~or Energy Services
Provider (as the case may be) such Billing Information as may be specified in the ~~Customer~~
~~Information Request~~request (the "customer information request") and is held or recorded
by the Licensee.
- 2 This paragraph applies where the Licensee is supplying electricity, or has at any time in the
12 months prior to the date of the ~~Customer Information Request~~customer information request
supplied electricity, to the premises identified in the request and where the Customer
identified in the request is, or was (as the case may be) ~~was, the Licensee's~~, a Customer of
the Licensee.
- 3 The Licensee shall not submit a ~~Customer Information Request~~customer information request
to another Electricity Supplier unless it has, and retains evidence of, the consent of the
Customer for it to obtain the information which is specified in the request to the other
Electricity Supplier.
- 4 The Licensee shall not charge the Customer for any services provided to the Customer or to
~~another~~any Electricity Supplier or Energy Services Provider pursuant to this Condition.
- 5 The Licensee is not required to comply with paragraph 1 in respect of any customer
information request received from an Energy Services Provider where:
 - (a) the Licensee does not have the consent of the Customer to provide Billing Information
to the Energy Services Provider; and
 - (b) the Energy Service Provider does not submit with the customer information request,
written evidence of the consent of the Customer for the Energy Services Provider to
obtain such Billing Information as is specified in the customer information request.

56 In this Condition:

Customer Billing ~~Information-~~
~~Request~~

means ~~a request, made in such form and in such~~
~~manner as may be determined from time to time by the~~
~~Authority, for:~~

- (a) information relating to the consumption of
electricity by the Customer at the premises
identified, and for the period specified, in the
request; and

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~~(a)~~(b) any other information enclosed with or set out
in any bill or statement sent by the Licensee to
the Customer, as specified in the request.

Energy Services Provider

means any person, other than an Electricity Supplier,
that provides goods or services to Customers at their
premises for the purposes of enabling the Customer to
reduce their electricity consumption or to make efficient
use of electricity.

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

Condition 2.10: Code of Practice on the efficient use of gas

- 2.10.1 The Licensee shall, no later than three months after this Condition takes effect or such later date as the Authority directs, prepare, submit to and have approved by the Authority a code of practice setting out the ways in which the Licensee will make available to consumers information and guidance on the efficient use of gas (the **Code of Practice**).
- 2.10.2 The Code of Practice shall include arrangements by which the Licensee will make available information and advice about:
- (a) the efficient use of gas ~~such~~ as will enable consumers to make informed judgments about measures to improve the efficiency with which they use the gas supplied to them;
 - (b) the availability of heating systems and controls which are best calculated to make efficient use of gas and the selection and operation of such systems and controls;
 - (c) the financial costs and benefits of energy efficient gas appliances;
 - (d) sources, including the availability of a telephone information service, within the Licensee's organisation from which consumers may obtain further information about the efficient use of gas supplied to them; and
 - (e) sources (to the extent that the Licensee is aware of them) outside the Licensee's organisation from which consumers may obtain additional information or assistance about:
 - (i) ~~measures to improve the efficiency with which they use the gas supplied to them; including information:~~
 - (ii) the availability of which is publicly available about financial assistance from Central or Local Government in respect of towards the the costs of any such measures;
 - (A) available from Central or Local Government;
 - (iii) which is available through bodies in receipt of financial support from Government in connection with measures to promote the efficiency of energy use; and
 - (ii)(iv) the costs and benefits of different types of energy efficiency measures.

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

2.10.3 The arrangements included in the Code of Practice by which the Licensee shall make available information and advice referred to in paragraph 2.10.2(e) shall provide for such information to be made available to consumers:

(a) on each occasion the Licensee:

(i) enters into a Contract with the consumer; or

(ii) makes a variation to the Contract entered into with a consumer;

(b) with each bill or statement sent to the consumer; and

(c) on the Licensee's web-site.

~~2.10.3~~2.10.4 This Condition is subject to Condition 2.13: Preparation, Revision Of and Compliance with Codes of Practice.

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

Condition 2.19: Provision of Information to Consumers

Consumer Checklist

2.19.1 The Licensee shall:

- (a) make readily accessible from its website an up-to-date copy of the Energy Consumer Checklist:
 - (i) as published by the Authority; and
 - (ii) in each alternative form~~at~~ or language as the Licensee has, in accordance with paragraph 2.19.1(b)(ii), sent to a domestic consumer; and
- (b) on request, send to a domestic consumer a copy of the Energy Consumer Checklist:
 - (i) in the form ~~or~~ language that is available on its website and is requested by the domestic consumer; or
 - (ii) where practicable, in such alternative form~~at~~ or language as is reasonably ~~requested~~required by ~~the~~a domestic consumer.

Billing Code

2.19.2 The Licensee shall comply with the Billing Code of Practice.

Billing Options

2.19.3 The Licensee shall:

- (a) before entering into or concluding a contract with a consumer; and
- (b) on at least an annual basis ~~send, by way of a paper hard copy or in such other form as agreed thereafter,~~
inform ~~with~~ the domestic consumer;
- (c) that the consumer may request for bills and statements, to be sent to him by electronic communication; and
- (d) ~~each of its domestic consumers~~ the different types of electronic communications used by the Licensee which can be made available to the consumer.

2.19.4 The Licensee shall, where the consumer requests for bills and statements to be sent to him by electronic communication and the type of electronic communication requested by

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

the consumer is used by the Licensee, send bills and statements to the consumer by electronic communication as requested by the consumer.

Frequency of Bills and Statements

2.19.5 The Licensee shall send a bill or statement ~~(save insofar as he receives an unmetered supply);~~

(a) at least once a quarter:

(i) to any consumer that the Licensee is required, pursuant to the provisions of paragraph 2.19.4, to send bills or statements by electronic communication;
or

(ii) to any consumer that has requested the Licensee to send bills or statements on a quarterly basis;

(b) at least once every six months to any consumer taking a supply of gas at premises at which the installed meter is not a Prepayment Meter; and

(c) at least once every twelve months to any consumer taking a supply of gas at premises at which the installed meter is a Prepayment Meter.-

2.19.6 The Licensee shall: ensure that each bill or statement sent to a consumer is:

(a) complete and accurate; and

(b) sent by way of a paper hard copy or such other form as agreed by the consumer.

~~(d) use all reasonable endeavours to take an actual meter reading in respect of each of its consumers (save insofar as he receives an unmetered supply) on at least an annual basis; and~~

~~maintain, for a period of at least three years, and provide to the Authority on request, evidence of the reasonable endeavours it has used to obtain such an actual meter reading for each of its consumers.~~Information on Bills and Statements

~~2.19.22.~~2.19.7 The Licensee shall ensure that eEach bill or statement sent to a consumer ~~_shall~~ includes:

(a) the name and address of the Licensee;

(b) the relevant Supply Meter Point Number;

(c) details of the consumer's applicable tariff including:

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

- (i) the full name of the tariff;
- (ii) the unit rate, expressed where applicable in “pence per kWh”, of the tariff; and

(iii) any discount or premium that applies to the tariff (and the period for which it applies) when compared with: with the Licensee's standard evergreen tariff and the period for which the discount or premium is applicable;

(A) where the consumer is a domestic consumer, the Licensee's standard evergreen tariff for domestic consumers; and

~~(A)~~(B) where the consumer is a non-domestic consumer, the Licensee's standard evergreen tariff available (if any) for non-domestic consumers that are comparable to the consumer in respect of the premises at which the consumer takes the supply of gas or other characteristics of the supply of gas;

- (d) the total charges, setting out separately any applicable standing charge and showing the charges both inclusive and exclusive of any value added tax, for the period of the bill or statement;

(e) the amount of gas which the Licensee's records show has been consumed by the consumer since the last bill or statement sent to that consumer; ~~in each case by reference to a meter reading; and~~

~~(e)~~(f) where the bill or statement relates to any period during which the consumer was supplied with gas through a Prepayment Meter (the 'relevant period') the number and total value of pre-payments made by the consumer in each calendar month falling (whether in whole or in part) in the relevant period;

~~(f)~~(g) where the Licensee has provided a supply of gas to the consumer at the same premises continuously for:

- (i) 12 months or more, the amount of gas which the Licensee's records show has been consumed by the consumer at those premises in the previous 12 months;
- (ii) less than 12 months, the amount of gas which the Licensee's records show has been consumed by the consumer at those premises since the date the Licensee started to provide the supply of gas;

~~(g)~~(h) where the consumer is eligible to take a supply of gas from another gas supplier, a statement to the effect that the consumer may change his gas supplier and details

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

of where the consumer can obtain impartial advice and information about changing gas supplier; and

~~(h)~~(i) where the consumer is a domestic consumer, a statement to the effect that the Licensee has a Code of Practice which sets out the services, advice and assistance it provides to domestic consumers ~~customers~~ who may be having difficulty in paying for the supply of gas.

Bills and Statements Based on Meter Readings

2.19.8 For the purposes of paragraph 2.19.7(e), the amount of gas calculated as having been consumed by the consumer shall be determined by reference to:

(a) an actual meter reading;

(b) a meter reading taken by the consumer that the Licensee considers to be reasonably accurate (a 'consumer meter reading'); or

(c) where no actual or customer meter reading is available, the estimate of the Licensee (an 'estimated meter reading').

2.19.9 Where the Licensee considers that a meter reading taken by the consumer is not reasonably accurate it must take all reasonable steps to contact the consumer and request a new meter reading.

2.19.10 Where the consumer receives a bill from the Licensee showing an estimated meter reading and following receipt of that bill provides a consumer meter reading to the Licensee, the Licensee shall, where requested by the consumer, send an updated bill to the consumer reflecting the consumer meter reading.

2.19.11 The Licensee shall:

(a) use all reasonable endeavours to take an actual meter reading in respect of each of its consumer (save insofar as he receives an unmetered supply) on at least an annual basis;

(b) send a bill or statement to the consumer which reflects the actual meter reading taken in accordance with paragraph (a); and

(c) maintain, for a period of at least three years, and provide to the Authority on request, evidence of the reasonable endeavours it has used to obtain such an actual meter reading for each of its consumers.

Consumption Information

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

~~2.19.32.19.12~~ The Licensee shall, on request, provide to a consumer information on the quantity of gas which the Licensee's records show as consumed by that consumer:

- (a) where the Licensee has provided a supply of gas to the consumer at the same premises continuously for 12 months or more, in the 12 months preceding the date of the request; or
- (b) where the Licensee has provided a supply of gas to the consumer for less than 12 months, in the period from the date the Licensee started to provide the supply of gas to the date of the request.

~~2.19.4~~ ~~The amount of gas calculated as having been consumed by the consumer shall be determined:~~

- ~~(a) according to the reading taken of the meter through which he is supplied; or~~
- ~~(b) where no meter reading is available, according to the estimate of the Licensee.~~

~~2.19.5~~ ~~Where the Licensee provides a bill showing an estimated current meter reading, the Licensee shall on or with the bill provide the consumer with details of how the consumer can:~~

- ~~(a) read his own meter (to be known as a self-read); and~~
- ~~(b) register the self-read with the Licensee.~~

~~2.19.6~~ ~~Where the consumer receives a bill showing an estimated meter reading and registers a self-read with the Licensee, the Licensee shall:~~

- ~~(a) take all reasonable steps to reflect the self-read in the next bill sent to the consumer; or~~
- ~~(b) where requested by the consumer, send an updated bill to the consumer reflecting the self-read.~~

Final Bill or Statement

~~2.19.72.19.13~~ Where a domestic consumer terminates the Contract in accordance with its provisions and exercises his right to receive a supply of gas at the Domestic Premises from another gas supplier, the Licensee shall send a final bill to the domestic consumer within six weeks of the Licensee ceasing to provide a supply of gas to the domestic consumer~~to him~~.

Complaints Handling Information

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~~2.19.82.19.14~~ The Licensee shall keep each of its consumers informed:

- (a) of the consumer's rights to initiate the Licensee's complaints handling procedure (as established in accordance with the requirements of Condition 2.8);
- (b) that the General Consumer Council can assist in resolving complaints which the Licensee has not resolved to the consumer's satisfaction;
- (c) that the consumer has the right to refer complaints which relate to billing matters to the Authority where the General Consumer Council has not been able to resolve the complaint to the consumer's satisfaction;
- (d) that the Energy Consumer Checklist can be accessed from the Licensee's website and that the Licensee will, on request, send a copy to the consumer free of charge; and
- (e) of the contact address and telephone number of:
 - (i) the Licensee's complaints handling department; and
 - (ii) the General Consumer Council

~~2.19.92.19.15~~ The Licensee shall discharge its obligations ~~under paragraphs 2.19.140(a)–(d)~~ by providing the relevant information:

- (a) on or with each bill or statement ~~sent given to the a consumer; and in respect of charges for the supply of gas, or~~
- ~~(b) annually to each consumer to whom no such bills or statements are rendered; and~~
~~under paragraph 2.19.10(e) by providing the relevant information:-~~
~~on or with each bill or statement given to a consumer in respect of charges for the supply of gas, or~~
 - ~~(i) annually to each consumer to whom no such bills or statements are rendered;~~~~and in each case,~~
- ~~(c)(b)~~ on in all of its Promotional Materials.

Format of Bills and Statements

2.19.16 The Licensee shall provide the information required under ~~paragraphs 2.19.4, 2.19.7 and~~

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

~~2.19.10 above~~this Condition 2.19 on or with each bill or statement in such detail and in such format as:

(a) -where the Authority has published the Billing Code of Practice, meets the requirements of the Billing Code of Practice; and

(b) where the Authority has not published the Billing Code of Practice, has been determined by the Licensee in consultation with the Authority and the General Consumer Council.

2.19.17 The Licensee shall not charge the consumer for any information, including any bill or statement, which it is required to provide in accordance with or pursuant to this Condition 2.19.

Definitions

2.19.18 In this Condition:-

<u>Billing Code of Practice</u>	<u>means the document of that name, prepared and published from time to time by the Authority, following consultation with the Licensee, other gas suppliers and such other persons as the Authority deems appropriate (which consultation may take place before paragraph 2 comes into effect), in relation to customer billing matters.</u>
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**Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply
Licences (based on SSE Airtricity Gas Supply Licence as a template)**

Condition 2.28: Provision of Information to gas suppliers and energy service providers

2.28.1 Where paragraph 2.28.2 applies, the Licensee shall within five working days of receiving a Consumer Information Request request from any a gas supplier or Energy Services Provider, provide free of charge to that gas supplier the information or Energy Services Provider (as the case may be) such Billing Information as may be specified in the request (the "cConsumer iInformation rRequest") and is held or recorded by the Licensee.

2.28.2 This paragraph applies where the Licensee is supplying gas, or has at any time in the 12 months prior to the date of the consumer iInformation rRequest supplied gas, to the premises identified in the request and where the consumer identified in the request is, or was (as the case may be) was, the Licensee's a consumer of the Licensee.

2.28.3 The Licensee shall not submit a cConsumer iInformation rRequest to another gas supplier unless it has, and retains evidence of, the consent of the consumer for it to obtain the information which is specified in the request to the other gas supplier.

2.28.4 The Licensee shall not charge the consumer for any services provided to the consumer or to any another gas supplier or Energy Services Provider pursuant to this Condition.

2.28.5 The Licensee is not required to comply with paragraph 2.28.1 in respect of any customer information request received from an Energy Services Provider where:

(a) the Licensee does not have the consent of the Customer to provide Billing Information to the Energy Services Provider; and

(b) the Energy Service Provider does not submit with the customer information request written evidence of the consent of the Customer for the Energy Services Provider to obtain such Billing Information as is specified in the customer information request.

~~2.28.5~~ 2.28.6 In this Condition:

Consumer Billing Information means:
Request

(a) a request, made in such form and in such manner as may be determined from time to time by the Authority, for information relating to the consumption of gas by the consumer at the premises identified, and for the period specified, in the request; and

(b) any other information enclosed with or set out in any bill or statement sent by the Licensee to

Appendix B – Proposed Modifications (shown in mark-up) to Gas Supply Licences (based on SSE Airtricity Gas Supply Licence as a template)

the consumer, as specified in the request.

Energy Services Provider

means any person, other than a gas supplier, that provides goods or services to Customers at their premises for the purposes of enabling the Customer to reduce their energy consumption or to make efficient use of energy.

**Appendix C – Proposed Modifications (shown in mark-up) to NIE's Electricity
Distribution Licence**

**Condition 19. Distribution System Security and Planning Standards and Operation of the
Distribution System**

System Security and Planning

- 1 The Licensee shall plan, develop and maintain and operate (including, without limitation and where necessary, coordinating 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 and operation 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),

in each case as appropriate to the purpose under consideration.

- 2 Where, in planning the development of the Distribution System, the Licensee considers it might be necessary to upgrade or replace the present and/or future capacity of the Distribution System, it shall before deciding to proceed with any such upgrade or replacement consider whether, in the circumstances of the case, energy efficiency, demand-side management or distributed generation measures may (whether in whole or in part) be more appropriate than the proposed upgrade or replacement of the present or future capacity.

Maintenance of the Distribution System

- 3 The Licensee shall, not later than such date as the Authority may specify and in consultation with the Authority, prepare and from time to time modify a written policy setting out the manner in which the Licensee proposes to comply, in connection with the maintenance of an efficient, economical and co-ordinated Distribution System, with all applicable European Union and United Kingdom environmental laws. Such written policy may be prepared as a constituent part of the statement which the Licensee is required to prepare by paragraph 2(1) of schedule 9 of the Order.

System Balancing

- 4 The Licensee shall, where it is responsible for the balancing of the Distribution System, ensure that it carries out any such activity on the basis of, and in accordance with, rules it adopts for such purpose which rules:
 - (a) are objective and transparent;
 - (b) do not unduly discriminate between any persons; and

**Appendix C – Proposed Modifications (shown in mark-up) to NIE's Electricity
Distribution Licence**

- (c) are approved by the Authority,

(the **System Balancing Rules**).

5 Where paragraph 4 applies, the Licensee shall:

- (a) ensure that the System Balancing Rules are published on and readily accessible from the Licensee's web-site; and

(b) send a copy of the System Balancing Rules to any person requesting as soon as reasonably practicable following the request.

System Support Services

6 Where the Licensee contracts for the provision to it of System Support Services (as may be necessary or appropriate it to enable it to discharge its obligations under the Order, the Energy Order, the SEM Order and the Licence), it shall purchase or otherwise acquire such System Support Services:

- (a) from the most economical sources available to it, having regard to:
- (i) the quantity and nature of the System Support Services that are required by it to enable the discharge of its obligations under the Order, the Energy Order, the SEM Order and the Licence; and
- (ii) the diversity, number and reliability of such System Support Services at that time available for purchase or other acquisition; and
- (b) in a manner which does not:
- (i) show any undue preference to, or unduly discriminate between, any person or class or classes of persons;
- (ii) prevent, restrict or distort competition in the availability of, or in any of the markets for, System Support Services to the detriment of electricity consumers.

7 The licensee shall:

- (a) following consultation with persons from whom it may purchase System Support Services, prepare and submit to the Authority for its approval, a document that sets out the principles and criterion the licensee will follow in establishing procurement processes and procedures that meet the requirements of paragraph 6 (the **Procurement Principles**):

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(b) establish and at all times have in force, implement and comply with such procurement processes and procedures as will facilitate the licensee's compliance with the requirements of paragraph 6 (the **Procurement Procedures**); and

(c) publish on its website, and send free of charge to any person requesting, an up to date copy of the Procurement Principles and the Procurement Procedures.

Revision of Arrangements

~~68~~ The Licensee shall, in conjunction with all other Electricity Distributors and in consultation with electricity undertakings to the extent such persons are liable to be materially affected thereby, periodically (and at any time when requested to do so by the Authority) review the Distribution System Security and Planning Standards and their implementation.

~~79~~ Following any such review, the Licensee shall send to the Authority:

- (a) a report on the outcome of that review;
- (b) any revision which the Licensee proposes to make to the Distribution System Security and Planning Standards from time to time (having regard to the outcome of that review); and
- (c) any written representations or objections from electricity undertakings (including any proposals for revisions to the documents that were not accepted in the course of the review) arising during the consultation process and subsequently maintained.

~~810~~ Revisions to the Distribution System Security and Planning Standards proposed by the Licensee and sent to the Authority pursuant to paragraph ~~97~~ shall require the Authority's approval before they may be made.

~~911~~ Having regard to any written representations or objections referred to in sub-paragraph ~~97~~(c), and following such further consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the Licensee to revise the Distribution System Security and Planning Standards in such manner as may be specified in the directions, and the Licensee shall comply with any such directions forthwith.

Performance Standards

~~1012~~ The Licensee shall, whenever requested to do so by the Authority, draw up and submit to the Authority for its approval a statement setting out criteria by which performance of the Licensee in maintaining Distribution System security, availability and quality of service may be measured.

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~~4113~~ The Licensee shall within 2 months after the end of each financial year submit to the Authority a report providing details of the performance of the Licensee during the previous financial year against the criteria referred to in paragraph ~~1240~~.

Derogation

~~4214~~ The Authority may from time to time (following consultation with the Licensee, (to the extent liable to be materially affected thereby) any electricity undertaking and such (if any) other licence holders as the Authority shall consider appropriate) issue directions relieving the Licensee of its obligations under paragraph 1 in respect of such parts of the Distribution System and to such extent as may be specified in the directions.

Publication

~~4315~~ The Licensee shall give or send a copy of the Distribution System Security and Planning Standards, and of any revision thereto, to the Authority. The Licensee shall also publish a copy of the document on its website.

~~4416~~ The Licensee shall, subject to paragraph ~~175~~, give or send a copy of any of the Distribution System Security and Planning Standards to any person requesting it.

~~4517~~ The Licensee may make a charge for any copy given or sent pursuant to paragraph ~~1614~~ of an amount reflecting the Licensee's reasonable costs of the document which will not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Authority.

Definitions

18 In this Condition:

<u>System Support Services</u>	<u>means:</u> <u>(a) spinning reserve, fast start, reactive power, frequency control and such other services as any authorised electricity operator may be required to have available as system support services in association with any generation set pursuant to the Distribution Code or the Grid Code, including outage planning incentive arrangements;</u> <u>(b) any services relating to a reduction of</u>
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	<p><u>demand or other demand side measures that can be taken by a final consumer (or any persons acting on behalf, and with the authority, of a final consumer); and</u></p> <p><u>(c) any services that an electricity undertaking may have agreed to have available as system support services in its capacity as an electricity undertaking pursuant to an agreement made with the Licensee,</u></p> <p><u>and which may be required by, or are available or offered (whether by way of sale or otherwise) to, the Licensee for the purpose of securing stability of operation on the Distribution System and/or the systems linked to the Distribution System.</u></p>
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Condition 29. Market Registration Arrangements

- 1 The Licensee shall establish market registration arrangements calculated to facilitate the achievement of the “**relevant objective**”. For the purposes of this Condition 29, the relevant objective is to provide for the terms on which relevant licensed suppliers are provided with and participate in the Market Registration Service and the Market Data Service and to facilitate the fulfilment by the Licensee of its obligations as an appointed Meter Data Provider under the Single Electricity Market Trading and Settlement Code.
- 2 The Licensee shall, in connection with the establishment of the arrangements referred to in paragraph 1, prepare a Market Registration Code and a Market Registration Framework Agreement, each of which shall be furnished to the Authority for its approval.
- 3 The Market Registration Code shall include provisions for the:
 - (a) testing and review of the systems and processes of relevant licensed suppliers with a view to certifying, re-certifying and withdrawing certification of eligibility to participate in the market registration arrangements;
 - (b) grant and withdrawal of dispensations from one or more of the requirements relating to systems and processes referred to in paragraph (a) above;
 - (c) terms for the provision of the Market Registration Service and the Market Data Service in compliance with paragraph 6 of Condition 28;
 - (d) procedures and practices to be followed, and performance standards to be achieved, by the Licensee in the provision of the Market Data Service in relation to the functions referred to paragraph 3 of Condition 28;
 - ~~(d)(e)~~ (e) procedures and practices to be followed by relevant licensed suppliers in relation to the matters referred to in paragraphs (a) and (b) above, the Market Registration Service and the Market Data Service;
 - ~~(e)(f)~~ (f) calculation and payment of charges for participation in the market registration arrangements;
 - ~~(f)(g)~~ (g) arrangements for the variation of specified parts of the Market Registration Code following consultation with the Licensee and all relevant licensed suppliers and in compliance with paragraphs 8 to 11 (inclusive);
 - ~~(g)(h)~~ (h) referral to the Authority for determination of such matters arising under the market registration arrangements as may be specified therein.
- 4 The Market Registration Framework Agreement shall:

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- (a) require compliance with the Market Registration Code; and
 - (b) provide for the accession of new parties to the Market Registration Framework Agreement from time to time, and the means by which those parties can subsequently withdraw from the Market Registration Framework Agreement.
- 5 On application made by any relevant licensed supplier, or any person that has applied for a supply licence under Article 10 of the Order, the Licensee shall, as soon as practicable and (save where the Authority consents to a longer period) in any event not later than 14 days after receipt by the Licensee of the duly completed application, offer to enter into an agreement by which the applicant accedes to the Market Registration Framework Agreement in the form then approved by the Authority.
- 6 The Licensee shall not be obliged pursuant to this Condition to offer to enter or to enter into any agreement:
 - (a) if to do so would involve the Licensee:
 - (i) in breach of its duties under Article 12 of the Order; or
 - (ii) in breach of any regulations made under Article 32 of the Order, or any other enactment relating to safety or standards applicable in respect of the Distribution Business; or
 - (iii) in breach of the Conditions of this Licence; or
 - (iv) in breach of the Distribution Code; or
 - (b) if the person making the application does not undertake to be bound by such parts of the Distribution Code and of the Grid Code as the Authority shall from time to time specify in directions issued to the Licensee for the purposes of this Condition.
- 7 The Licensee shall not enter into any agreements or arrangements for the purposes of the relevant objective, except in conformity with the approved Market Registration Code and Market Registration Framework Agreement.
- 8 The Licensee shall, in consultation with any relevant licensed supplier liable to be materially affected thereby and such other persons as the Authority shall consider appropriate, review the Market Registration Code and its implementation:
 - (a) as the Licensee considers appropriate;
 - (b) upon receipt of a request for such a review made in accordance with the Market Registration Code; or

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- (c) at the request of the Authority.
- 9 Following such review, the Licensee shall send to the Authority:
 - (a) a report on the outcome of the review;
 - (b) any revisions which it is proposed to make to the Market Registration Code (having regard to the outcome of the review); and
 - (c) any written representations or objections from relevant licensed suppliers (including any proposals by such operators for revisions to the Market Registration Code not accepted by the Licensee in the course of the review) arising during the consultation process and subsequently maintained.
- 10 Revisions to the Market Registration Code:
 - (a) proposed by the Licensee and sent to the Authority pursuant to paragraph 9; or
 - (b) proposed under any arrangements for the variation of specified parts of the Market Registration Code contained in the Market Registration Code,

shall in each case not take effect unless they have been approved by the Authority.
- 11 The Authority may, following such further consultation (if any) as the Authority may consider appropriate and having regard to any written representation or objection referred to in paragraph 9(c), issue directions requiring the Licensee to revise the Market Registration Code as may be specified in the directions and the Licensee shall forthwith comply with any such directions.
- 12 Where it appears to the Licensee that there has been or there is going to be a revision of the Market Registration Code under paragraph 11 which has had or is likely to have a material effect on the financial position of the Licensee, the Licensee may require the Authority to determine whether the revision to the Market Registration Code has had or is likely to have such an effect and if so what charge, if any, the Licensee can make under the Market Registration Code to ensure that the financial position and performance of the Licensee is likely, so far as reasonably practicable, to be the same as if the relevant revision had not taken place.
- 13 Where there is a conflict or inconsistency between the terms of the Market Registration Code and the terms of the Single Electricity Market Trading and Settlement Code with the effect that the Licensee is unable to fulfil its obligations as an appointed Meter Data Provider under the Single Electricity Market Trading and Settlement Code, the Licensee shall:
 - (a) propose modifications to the Market Registration Code and/or the Single Electricity

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Market Trading and Settlement Code (as it considers appropriate, or as directed by the Authority) in order to resolve the conflict or inconsistency; and

- (b) provided it complies with sub-paragraph (a), be relieved of its obligations under Condition 16 to comply with the Single Electricity Market Trading and Settlement Code to the extent of such conflict or inconsistency until such time as such effect is overcome.

14 The Licensee will also (subject to paragraph 15) give or send a copy of the Market Registration Framework Agreement and the Market Registration Code to any person requesting the same.

15 The Licensee may make a charge for any copy given or sent pursuant to paragraph 14 of any amount reflecting the Licensee's reasonable costs of the documents which will not exceed any amount specified for the time being for the purposes of this Condition in directions issued from time to time by the Authority.

16 In this Condition:

"Meter Data Provider" has the meaning given to it in the Single Electricity Market Trading and Settlement Code.

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Condition 30: Requirement to Offer Terms for Connection to and Use of Distribution System

Offer of terms for use of Distribution System

- 1 On application made by any person, the Licensee shall (subject to paragraph 5) offer to enter into an agreement for use of system:
 - (a) to accept into the Distribution System at such entry point or points and in such quantities as may be specified in the application, electricity to be provided by or on behalf of such person; and
 - (b) to deliver such quantities of electricity as are referred to in sub-paragraph (a) above (less any distribution losses) to such exit point or points on the Distribution System and to such person or persons as may be specified in the application;
 - (c) specifying the use of system charges to be paid by the person seeking use of system, such charges (unless manifestly inappropriate) to be referable to the statement prepared in accordance with paragraph 1 (or, as the case may be, paragraph 8) of Condition 32 or any revision thereof and to be in conformity with the requirements of paragraph 4 of that Condition; and
 - (d) containing such further terms as are or may be appropriate for the purposes of the agreement.

In this paragraph references to “**any person**” shall be construed as references to any authorised electricity operator or person who shall have applied for a licence under Article 10 of the Order and whose application has not been withdrawn or rejected.

Offer of terms for connection to the Distribution System

- 2 On application made by any person the Licensee shall (subject to paragraph 5) offer to enter into an agreement for connection to the Distribution System or for modification to an existing connection, and such offer shall make detailed provision regarding:
 - (a) the carrying out of works (if any) required to connect the Distribution System to any other system for the transmission or distribution of electricity and for the obtaining of any consents necessary for such purposes;
 - (b) the carrying out of works (if any) in connection with the extension or reinforcement of the Distribution System rendered necessary or appropriate by reason of making the connection or modification to an existing connection and for the obtaining of any consents necessary for such purposes;
 - (c) the installation of appropriate meters (if any) required to enable the Licensee to

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measure electricity being accepted into the Distribution System at the specified entry point or points or leaving such system at the specified exit point or points;

- (d) the installation of such switchgear or other apparatus (if any) as may be required for the interruption of supply;
- (e) the date by which any works required so as to permit access to the Distribution System (including for this purpose any works to reinforce or extend the Distribution System) shall be completed and so that

(i) where the application is for a Relevant Generation Connection, the date is within 24 months of the date the agreement is entered into (the 'relevant period'), unless it is not reasonably practicable for the works to be completed within the relevant period (in which case the licensee shall provide the applicant with the reasons why it is not reasonably practicable for the works to be completed within the relevant period); and

~~(i)~~(ii) unless otherwise agreed by the person making the application, a failure to complete such works by such date shall be a material breach of the agreement entitling the person to rescind the agreement;

- (f) the connection charges to be paid to the Licensee, such charges (unless manifestly inappropriate):
 - (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraph 1 (or, as the case may be, paragraph 8) of Condition 32 or any revision thereof; and
 - (ii) to be set in conformity with the requirements of paragraph 5 of Condition 32 and (where relevant) of paragraph 4;
- (g) the installation of special metering, telemetry or data processing equipment (if any) for the purpose of enabling any person who is bound to comply with the Distribution Code to comply with its obligations in respect to metering thereunder or the performance by the Licensee of any service in relation to such metering thereunder; and
- (h) such further matters as are or may be appropriate for the purposes of the agreement.

- 3 For the purpose of determining an appropriate proportion of the costs directly or indirectly incurred in carrying out works (or in relation to any of the other matters referred to in sub-paragraph (a) of paragraph 5 of Condition 32) under an agreement for making a connection or modification to an existing connection the Licensee shall have regard to:

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- (a) the benefit (if any) to be obtained or likely in the future to be obtained by the Licensee or any other person as a result of the carrying out of such works (or of such other matters) whether by reason of the reinforcement or extension of the Distribution System or the provision of additional entry or exit points on such system or otherwise; and
- (b) the ability or likely future ability of the Licensee to recoup a proportion of such costs from third parties.

Offer of terms - general

- 4 The Licensee shall offer terms for agreements in accordance with paragraphs 1 and 2 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than the period specified in paragraph 6 after receipt by the Licensee of an application containing all such information as the Licensee may reasonably require for the purpose of formulating the terms of the offer.
- 5 The Licensee shall not be obliged pursuant to this Condition to offer to enter or to enter into any agreement:
 - (a) if to do so would involve the Licensee:
 - (i) in breach of its duties under Article 12 of the Order; or
 - (ii) in breach of any regulations made under Article 32 of the Order or of any other enactment relating to safety or standards applicable in respect of the Distribution Business; or
 - (iii) in breach of the Distribution Code; or
 - (b) if the person making the application does not undertake to be bound by such parts of the Distribution Code and to such extent as the Authority shall from time to time specify in directions issued to the Licensee for the purposes of this Condition.
- 6 For the purpose of paragraph 4, the period specified shall be:
 - (a) in the case of persons seeking use of system only, 28 days; and
 - (b) in the case of persons seeking connection or modification to an existing connection or seeking use of system in conjunction with connection, 3 months.

Works on the transmission system

- 7 Where, in response to such applications as are referred to in paragraph 2, the Licensee is, following consultation, advised by the Transmission System Operator that works are also

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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.

- 8 The Licensee shall not offer to enter into, or enter into, any agreement which includes terms relating to works on the transmission system pursuant to this Condition, if to do so would involve the Transmission System Operator in breach of the Grid Code.

Definitions

9 In this Condition:

high efficiency cogeneration has the meaning given to it in Directive 2012/72/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency.

Relevant Generation Connection means a connection between the Distribution System and a high efficiency cogeneration generating installation (the 'relevant premises') the purpose of which is to enable the Distribution System to receive a supply of electricity from the relevant premises.

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Condition 32. Basis of Charges for Use of and Connection to the Distribution System

Preparation of statements on basis of charging

- 1 The Licensee shall, as soon as practicable after this Condition comes into effect (and, in any event, not later than such date as the Authority shall specify in directions issued to the Licensee for the purposes of this Condition), prepare a statement approved by the Authority setting out the basis upon which charges will be made, as part of the Distribution Business, for:
 - (a) use of the Distribution System;
 - (b) connection to the Distribution System; and
 - (c) any other matters for which the Licensee (with the approval of the Authority) levies charges.
- 2 The Licensee shall, where it is responsible for the balancing of the Distribution System and provides and levies charges for the provision of balancing services, prepare a statement approved by the Authority setting out the basis upon which charges will be made for such balancing services and/or for energy imbalances.
- 3 The Licensee shall ensure that the charges provided for in, or calculated in accordance with, the statements referred to in paragraphs 1 and 2 are neither designed to prevent nor have the effect of preventing the operation of an organised electricity market in any of the services referred to in paragraph 2 of Annex XI of Directive 2012/72/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency.
- 34 The statements referred to in paragraphs 1 and 2 shall be in such form and to contain such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which it would become liable for the provision of such services, and (without prejudice to the foregoing) including such of the information set out in paragraphs 4-5 and 65 as is required by such paragraphs to be included in the statement.

Use of the Distribution System

- 45 Except to the extent that the Authority shall otherwise specify, the statement referred to in paragraph 1 shall in respect of use of system include:
 - (a) a schedule of charges for transport of electricity under use of system;
 - (b) a schedule of adjustment factors to be made (where appropriate) in respect of distribution losses;

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- (c) the methods by which and the principles on which charges (if any) for availability of distribution capacity on the Distribution System will be made;
- (d) a schedule of charges in respect of meter reading, accounting and administrative charges;
- (e) a schedule of the charges (if any) which may be made for the provision and installation of any meters or electrical plant at entry or exit points, the provision and installation of which is ancillary to the grant of use of system, and for the maintenance of meters or electrical plant; and
- (f) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.

Connection to the Distribution System

56 The statements referred to in paragraph 1 shall in respect of connections to the Distribution System include:

- (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant or meters) of significant cost liable to be required for the purpose of connection (at entry or exit points) to the Distribution System for which connection charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the methods by which and the principles on which such charges will be calculated;
- (b) the methods by which and the principles on which any charges will be made in respect of extension or reinforcement of the Distribution System rendered necessary or appropriate by virtue of providing connection to or use of system to any person seeking connection;
- (c) the methods by which and the principles on which connection charges will be made in circumstances where the electric lines or electrical plant to be installed are of greater size or capacity than that required for use of the Distribution System by the person seeking connection;
- (d) the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance and repair required of electric lines, electrical plant or meters provided and installed for making a connection to the Distribution System;
- (e) the methods by which and the principles on which any charges will be made for the provision of special metering or telemetry or data processing equipment by the

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Licensee for the purposes of enabling any person which is bound to comply with the Distribution Code to comply with its obligations in respect of metering thereunder, or for the performance by the Licensee of any service in relation thereto;

- (f) the methods by which and principles on which any charges will be made for disconnection from the Distribution System and the removal of electrical plant, electric lines and ancillary meters following disconnection; and
- (g) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.

67 Connection charges for those items referred to in paragraph 65 shall be set at a level which will enable the Licensee to recover:

- (a) the appropriate proportion of the costs directly or indirectly incurred in carrying out any works, the extension or reinforcement of the Distribution System and the provision and installation, maintenance and repair and, following disconnection, removal of any electric lines, electrical plant, meters, special metering, telemetry, data processing equipment or other items; and
- (b) a reasonable rate of return on the capital represented by such costs.

Preparation of statement on distribution system capacity

78 If so requested and subject to paragraphs 98 and 1415, the Licensee shall, as soon as practicable and in any event within 28 days (or where the Authority so approves such longer period as the Licensee may reasonably require having regard to the nature and complexity of the request) after the date referred to in paragraph 1645, give or send to any person making such request a statement showing present and future circuit capacity, forecast power flows and loading on the part or parts of the Distribution System specified in the request and fault levels for each distribution node covered by the request and containing:

- (a) such further information as shall be reasonably necessary to enable such person to identify and evaluate the opportunities available when connecting to and making use of the part or parts of the Distribution System specified in the request; and
- (b) if so requested, a commentary prepared by the Licensee indicating its view as to the suitability of the part or parts of the Distribution System specified in the request for new connections and transport of further quantities of electricity;

provided that the Authority may, upon application of the Licensee, relieve the Licensee from the obligation to prepare any such statement in respect of any period and any part or parts of the Distribution System specified in directions issued to the Licensee by the Authority from

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time to time for the purposes of this Condition.

89 Except as provided in sub-paragraphs (a) and (b) below, the Licensee shall include in every statement prepared or (as the case may be) given or sent under paragraph 87 the information required by such paragraph:

(a) the Licensee may with the prior consent of the Authority omit from any such statement any details as to circuit capacity, power flows, loading or other information, disclosure of which would, in the view of the Authority, seriously and prejudicially affect the commercial interests of the Licensee or any third party.

(b) the Licensee may omit from any statement given or sent under paragraph 87 any information the disclosure of which would place the Licensee in breach of Condition 10.

Preparation of new statements, circulation and charging

910 In addition to, and without prejudice to, the Licensee's obligations under paragraphs 1 and 2, the Licensee shall, upon being directed to do so in directions issued by the Authority from time to time for the purposes of this Condition and within such period as shall be specified in the directions, prepare a statement or statements approved by the Authority providing that charges for use of the Distribution System, for connection to the Distribution System and/or for the provision of any balancing services provided by the Licensee, will be made on such basis as shall be specified in the directions and such statement or statements shall be in such form and contain such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which it would become liable for the provision of such services and (without prejudice to the foregoing) including such information as shall be specified in the directions. Each statement prepared in accordance with this paragraph shall, with effect from the date on which it is approved by the Authority or such later date as the Authority shall specify, replace the corresponding statement prepared by the Licensee in accordance with paragraph 1 and 2 or, as the case may be, this paragraph (as from time to time revised in accordance with paragraph 1140) which is in force at such date and the Licensee shall, with effect from such date make charges in accordance with the statement (as from time to time revised in accordance with paragraph 1140) which has replaced such corresponding statement.

4011 The Licensee may periodically revise the information set out in and, with the approval of the Authority, alter the form of the statements prepared in accordance with paragraphs 1, 2 and 109 and shall, at least once in every year this Licence is in force, revise such statements in order that the information set out in the statements shall continue to be accurate in all material respects.

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~~44~~12 The Licensee shall send a copy of the statements prepared in accordance with paragraphs 1, 2 and 109 and of each revision of such statements in accordance with paragraph ~~114~~9 to the Authority. Each such revision shall require to be approved by the Authority and shall not become effective until approved by the Authority.

~~42~~13 The Licensee shall give or send a copy of the statements prepared in accordance with paragraphs 1, 2 and 109 or (as the case may be) of the latest revision of such statements in accordance with paragraph ~~40~~11 approved by the Authority pursuant to such paragraph to any person who requests a copy of such statement or statements.

~~43~~14 The Licensee may make a charge for any statement given or sent pursuant to paragraph 134 of an amount reflecting the Licensee's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Authority from time to time for the purposes of this Condition.

~~44~~15 The Licensee may within 10 days after receipt of the request provide an estimate of its reasonable costs in the preparation of any statement referred to in paragraph 87, and its obligation to provide such statement shall be conditional on the person requesting such statement agreeing to pay the amount estimated or such other amount as the Authority may, upon the application of the Licensee or the person requesting such statement, direct.

~~45~~16 For the purposes of paragraph 87, the date referred to shall be the later of:

- (a) the date of receipt of the request referred to in paragraph 87; or
- (b) the date on which the Licensee receives agreement from the person making the request to pay the amount estimated or on which an amount is determined by the Authority (as the case may be) under paragraph 154.

Non-discrimination

~~46~~17 The Licensee shall make charges to all relevant suppliers for the provision of use of the Distribution System which are such as to secure that the element for use of the Distribution System in the amounts payable for supplies of electricity by customers of relevant electricity undertakings whose maximum monthly demand in the 3 months of the highest maximum demand on the Distribution System in each period of 12 consecutive months does not exceed 1 MW, shall be the same in that period, irrespective of where such customers are located or reside.

~~47~~18 The Licensee shall not, in setting its charges for use of system or connection, restrict, distort or prevent competition in the generation, transmission, distribution or supply of electricity.

Appendix D – Proposed Modifications (shown in mark-up) to SONI's TSO Licence

Condition 1

Amendment of the definition of System Support Services so that it reads as follows –

“System Support Services”

means:

(a) spinning reserve, fast start, black start, reactive power, frequency control and such other services as any authorised electricity operator may be required to have available as system support services in association with any generation set pursuant to the Grid Code, including outage planning incentive arrangements either directly with a generator or which the Power Procurement Business makes available to the Licensee; ~~and~~

(b) any services relating to a reduction of demand or other demand side measures that can be taken by a final consumer (or any persons acting on behalf, and with the authority, of a final consumer); and

~~(b)(c) any such services that as any~~ electricity undertaking may have agreed to have available as being system support services in its capacity as an electricity undertaking ~~association with any generation set or Interconnector~~ pursuant to an agreement made with the Licensee,

and which may be required by, or are available or offered (whether by way of for sale or otherwise) to, the Licensee for the purpose of securing stability of operation on the transmission system and/or the systems linked to the transmission system.

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Condition 25: Requirement to Offer Terms – Users and Connectees

Offer of terms for use of the All-Island Transmission Networks

- 1 On application by any eligible person, the Licensee shall (subject to paragraph 6) offer to enter into a Use of System Agreement:
 - (a) to accept into the All-Island Transmission Networks at such entry point or points on the transmission system, and in such quantities, as may be specified in the application, electricity to be provided by or on behalf of such person; and
 - (b) to deliver such quantities of electricity as are referred to in sub-paragraph (a) above (less any transmission losses on the All-Island Transmission Networks) to such exit point or points on the transmission system and to such person or persons as may be specified in the application; and
 - (c) specifying the use of system charges to be paid by the person seeking use of the All-Island Transmission Networks in respect of generation or supply in Northern Ireland, such charges (unless manifestly inappropriate) to be referable to the statement prepared in accordance with paragraph 1 (or, as the case may be, paragraph 7) of Condition 30 or any revision of such statement; and
 - (d) containing such further terms as are or may be appropriate for the purposes of the agreement.

In this paragraph references to "eligible person" shall be construed as references to persons licensed under Article 10 of the Order (or exempt from the requirement to be so licensed under Article 9 of the Order) or who have applied for a licence under Article 10 and whose application has not been withdrawn or rejected (including, for the avoidance of doubt, the Power Procurement Business in its capacity as such).

Offer of terms for connection to the All-Island Transmission Networks

- 2 On application by any person, the Licensee shall (subject to paragraph 6) offer to enter into a Connection Agreement (or amend an existing Connection Agreement) for connection (or modification of an existing connection) to the All Island Transmission Networks at entry or exit points on the transmission system, and such offer shall make detailed provision regarding:
 - (a) the carrying out of works (if any) required to connect the transmission system to any other system for the transmission of electricity and for the obtaining of any consents necessary for such purposes;
 - (b) the carrying out of works (if any) in connection with the extension or reinforcement of the All-Island Networks rendered necessary or appropriate by reason of making the

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connection or modification to an existing connection and for the obtaining of any consents necessary for such purposes;

- (c) the installation of appropriate meters (if any) required to enable the Licensee to measure electricity being accepted into the All-Island Transmission Networks at the specified entry point or points or leaving such system at the specified exit point or points;
- (d) the carrying out of works (if any) in relation to the installation of such switchgear or other apparatus (if any) as may be required for the interruption of supply;

(e) the date by which any works required so as to permit access to the All-Island Transmission Networks (including for this purpose any works to reinforce or extend any of the All-Island Networks) shall be completed and so that:

(i) where the application is for a Relevant Generation Connection, that date is within 24 months of the date the agreement is entered into (the 'relevant period'), unless it is not reasonably practicable for the works to be completed within the relevant period (in which case the licensee shall provide the applicant with the reasons why it is not reasonably practicable to complete the works within the relevant period); and

(i)(ii) unless otherwise agreed by the person making the application, a failure to complete such works by such date shall be a material breach of the agreement entitling the person to rescind the agreement;

(e)(f) the installation of special metering, telemetry or data processing equipment (if any) for the purpose of enabling any person who is bound to comply with the Grid Code to comply with its obligations in respect to metering thereunder or the performance by the Licensee of any service in relation to such metering thereunder;

(f)(g) the connection charges to be paid to the Licensee, such charges:

- (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraph 1 (or, as the case may be, paragraph 7) of Condition 30 or any revision of such statements; and
- (ii) to be set in conformity with the requirements of paragraph 5 of Condition 30 and (where relevant) of paragraph 3; and

(g)(h) such further matters as are or may be appropriate for the purposes of the agreement.

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paragraph 5 of Condition 30) under an agreement for making a connection or modification to an existing connection the Licensee shall have regard to:

- (a) the benefit (if any) to be obtained or likely in the future to be obtained by the Licensee or any other person as a result of the carrying out of such works (or of such other matters) whether by reason of the reinforcement or extension of any part of the All-Island Networks or the provision of additional entry or exit points on such networks or otherwise; and
- (b) the ability or likely future ability of the Licensee to recoup a proportion of such costs from third parties.

Offer of terms – general

- 4 The Licensee shall, as soon as practicable after it receives an application in accordance with paragraph 1 or 2, request (to the extent necessary) an offer from the Transmission Owner and/or the Republic of Ireland System Operator (in accordance with the Transmission Interface Arrangements and/or the System Operator Agreement as appropriate) in respect of that application and the works (if any) necessitated by that application.
- 5 The Licensee shall offer terms for agreements in accordance with paragraphs 1 and 2 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than the period specified in paragraph 7 after receipt by the Licensee of an application containing all such information as the Licensee may reasonably require for the purpose of formulating the terms of the offer. A form of standard terms for agreements in paragraphs 1 and 2 shall be published on the Licensee's website, together with any subsequent revisions thereof.
- 6 The Licensee shall not be obliged pursuant to this Condition to offer to enter or to enter into any Connection Agreement or any Use of System Agreement:
 - (a) if to do so would involve the Licensee:
 - (i) in breach of its duties under Article 12 of the Order; or
 - (ii) in breach of any regulations made under Article 32 of the Order or of any other enactment relating to safety or standards applicable in respect of the transmission system; or
 - (iii) in breach of the Conditions of the Licence;
 - (iv) in breach of the Grid Code; or

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- (b) if the person making the application does not undertake to be bound by such parts of the Grid Code and to such extent as the Authority shall from time to time specify in directions issued to the Licensee for the purposes of this Condition; or
 - (c) if, when requested to do so by the Licensee, the Transmission Owner and/or the Republic of Ireland System Operator does not offer to enter into an agreement for connection/extension works in respect of the Connection Agreement or Use of System Agreement in question.
- 7 For the purpose of paragraph 5, the period specified shall be:
- (a) in the case of persons seeking use of system, 28 days; and
 - (b) in the case of persons seeking connection (or modification to an existing connection) or seeking use of system in conjunction with connection, 3 months.
- 8 The Licensee shall, within 28 days following receipt of a request from any person, give or send to such person such information in the possession of the Licensee as may be reasonably required by such person for the purpose of completing the information required by that person in relation to its application for a licence under Article 10 of the Order.

Definitions

9 In this Condition:

"high efficiency cogeneration" has the meaning given to it in Directive 2012/72/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency.

"Relevant Generation Connection" means a connection between the All Island Transmission Networks and a high efficiency cogeneration generating installation (the 'relevant premises') the purpose of which is to enable the All Island Transmission Networks to receive a supply of electricity from the relevant premises.

Appendix D – Proposed Modifications (shown in mark-up) to SONI's TSO Licence

Condition 29: Procurement of System Support Services

- 1 The Licensee shall contract for the provision of such quantities and types of System Support Services at any time available as may be appropriate to enable it to discharge its obligations under the Order, the Energy Order, the SEM Order and the Licence (including Conditions 20 and 21). Where appropriate, taking into account the quantity, nature and cost of the System Support Services in question, the Licensee shall make arrangements for such contracting in co-operation with the Republic of Ireland System Operator.
- 2 In contracting for the provision of System Support Services pursuant to paragraph 1, the Licensee shall purchase or otherwise acquire System Support Services:
 - (a) from the most economical sources available to it, or available to the Republic of Ireland System Operator, having regard to:
 - (i) the quantity and nature of the System Support Services required to enable discharge of its obligations under the Order, the Energy Order, the SEM Order and the Licence (including Conditions 20 and 21); and
 - (ii) the diversity, number and reliability of such System Support Services at that time available for purchase or other acquisition; and
 - (b) in accordance with a procedure which to the extent and in such manner as may, from time to time, be specified in directions issued by the Authority for the purpose of this paragraph, be published by the Licensee in a manner which does not:
 - (i) show any undue preference to, or unduly discriminate between, any person or class or classes of persons;
 - (ii) prevent, restrict, or distort competition in the availability of, or in any of the markets for, System Support Services, to the detriment of electricity consumers.
- 3 This Condition shall not extend to prescribing the manner or circumstances in which the Licensee shall at any time call for the delivery of System Support Services under any contract entered into pursuant to paragraph 1 The Licensee shall:
 - (a) following consultation with persons from whom it may purchase System Support Services, prepare and submit to the Authority for its approval, a document that sets out the principles and criterion the licensee will follow in establishing procurement processes and procedures that meet the requirements of paragraph 2 (the Procurement Principles);

Appendix D – Proposed Modifications (shown in mark-up) to SONI's TSO Licence

- (b) establish and at all times have in force, implement and comply with such procurement processes and procedures as will facilitate the licensee's compliance with the requirements of paragraph 2 (the **Procurement Procedures**); and
- (c) publish on its website, and send free of charge to any person requesting, an up to date copy of the Procurement Principles and the Procurement Procedures.

Appendix D – Proposed Modifications (shown in mark-up) to SONI's TSO Licence

Condition 30: Charging Statements

Statements of Charges

- 1 The Licensee shall, in co-operation with the Republic of Ireland System Operator, as soon as practicable after the date on which this Condition becomes effective (and, in any event, not later than such date as the Authority may direct) prepare (and obtain the Authority's approval to) statements setting out:
- (a) the basis upon which persons licensed under Article 10 of the Order (or exempt from the requirement to be so licensed under Article 9 of the Order) will be charged for use of the All-Island Transmission Networks in respect of generation or supply in Northern Ireland;
 - (b) the basis upon which charges will be made for connection to the All-Island Transmission Networks at entry or exit points on the transmission system;
 - (c) any charges for System Support Services;
 - (d) any Other System Charges or the basis upon which such charges will be made; and
 - (e) payments and charges for Ancillary Services

2 The Licensee shall ensure that the charges provided for in, or calculated in accordance with, the statements referred to in paragraph 1 are neither designed to prevent nor have the effect of preventing the operation of an organised electricity market in any of the services referred to in paragraph 2 of Annex XI of Directive 2012/72/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency.

23 The statements prepared under paragraph 1 shall be in such form and contain such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which it would become liable (or payments to which it would become entitled, as the context requires) for the provision of such services, including such of the information set out in paragraphs 43, 54, 65, 7 and 86 as is required by such paragraphs to be included in the relevant statement.

Use of System

34 Except to the extent that the Authority may otherwise direct, the statement referred to in paragraph 1(a) shall include:

- (a) a schedule of charges for transport of electricity under use of the All-Island Transmission Networks in respect of generation or supply in Northern Ireland;

Appendix D – Proposed Modifications (shown in mark-up) to SONI's TSO Licence

- (b) the methods by which and the principles on which charges (if any) for availability of transmission capacity on the All-Island Transmission Networks will be made;
- (c) a schedule of the charges (if any) which may be made for the provision and installation of any meters or electrical plant at entry or exit points on the transmission system, the provision and installation of which is ancillary to the grant of use of the All-Island Transmission Networks in respect of generation or supply in Northern Ireland, and for the maintenance of meters or electrical plant;
- (d) the methods by which and the principles on which entry and exit charges for connections in operation before the date on which this Condition became effective will be calculated; and
- (e) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.

Connection

45 Except to the extent that the Authority may otherwise direct, the statement referred to in paragraph 1(b) shall include:

- (a) a schedule listing those items (including the carrying out of works and the provision and installation of electric lines or electrical plant or meters) of significant cost liable to be required for the purpose of connection (at entry or exit points on the transmission system) to the All-Island Transmission Networks for which connection charges may be made or levied and including (where practicable) indicative charges for each such item and (in other cases) an explanation of the methods by which and the principles on which such charges will be calculated;
- (b) the methods by which and the principles on which any charges will be made in respect of extension or reinforcement of the All-Island Transmission Networks rendered necessary or appropriate by virtue of providing such connection to the All-Island Transmission Networks (at entry or exit points on the transmission system) or associated use of the All-Island Transmission Networks in respect of supply or generation in Northern Ireland;
- (c) the methods by which and the principles on which connection charges will be made in circumstances where the electric lines or electrical plant to be installed are of greater size or capacity than that required for use of system by the person seeking connection;
- (d) the methods by which and the principles on which any charges (including any capitalised charge) will be made for maintenance and repair required of electric lines,

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electrical plant or meters provided and installed for making a connection to the All Island Transmission Networks at entry or exit points on the transmission system;

- (e) the methods by which and the principles on which any charges will be made for the provision of special metering or telemetry or data processing equipment by the Licensee for the purposes of enabling any person which is bound to comply with the Grid Code to comply with its obligations in respect of metering thereunder, or for the performance by the Licensee of any service in relation thereto;
- (f) the methods by which and principles on which any charges will be made for disconnection from the transmission system and the removal of electrical plant, electric lines and ancillary matters following disconnection; and
- (g) such other matters as shall be specified in directions issued by the Authority from time to time for the purposes of this Condition.

56 Connection charges for those items referred to in paragraph 54 shall be set at a level which will enable the recovery of:

- (a) the appropriate proportion of the costs directly or indirectly incurred (or to be incurred) in carrying out the works, extension or reinforcement in question and in providing, installing, maintaining and repairing (and, following disconnection, removing) the electrical lines, electrical plant, meters, special metering, telemetry, data processing equipment or other items in question; and
- (b) a reasonable rate of return on the capital represented by such costs.

System Support Service Charges

67 The statement referred to in paragraph 1(c) shall identify any charges levied in respect of System Support Services.

Other System Charges

78 The statement referred to in paragraph 1(d) shall identify any Other System Charges and the rates and parameters to be used for the calculation of such charges. The statement shall either contain or refer to a separate statement (which separate statement shall be treated as forming part of the statement referred to in paragraph 1(d)) to be published on the Licensee's website setting out the basis for the calculation of such charges.

89 The Licensee shall at least once in every year that this Licence is in force revise the statement referred to in paragraph 1(d) but any such revision shall only take effect provided that:

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- (a) the Licensee has (in consultation with authorised electricity undertakings and the Republic of Ireland System Operator, to the extent that such persons are liable to be materially affected thereby), reviewed the Other System Charges and their effect;
- (b) following any such review, the Licensee has sent to the Authority:
 - (i) a report on the outcome of such consultation;
 - (ii) any proposed revisions (having regard to the outcome of the consultation) as the Licensee reasonably thinks fit; and
 - (iii) any written representations or objections from any electricity undertaking (including any suggested changes to the proposed revisions not accepted by the Licensee in the course of the consultation) arising during the consultation and subsequently maintained; and
- (c) the Authority has approved the revision to the statement, subject to (where there were written representations or objections and the Authority considers it appropriate) any direction by the Authority requiring a change as set out in that direction.

~~910~~ The Licensee shall publish (prior to its entry into force) a copy of the statement prepared in accordance with paragraph 1(d) (and of each revision of such statement in accordance with paragraph ~~96B~~) on its website and shall send a copy to the Authority and the Republic of Ireland System Operator

Alternative Statement

~~4011~~ In addition to, and without prejudice to, the Licensee's obligations under paragraph 1, the Licensee shall, upon being required to do so in directions issued by the Authority (and within such period as the Authority may specify), prepare a statement or statements approved by the Authority providing that charges for use of (in respect of generation or supply in Northern Ireland), and/or connection to (at entry or exit points on the transmission system), the All-Island Transmission Networks will be made on such basis as shall be specified in the directions. Such statement or statements shall be in such form and contain such detail as shall be necessary to enable any person to make a reasonable estimate of the charges to which it would become liable for the provision of such services and (without prejudice to the foregoing) including such information as shall be specified in the directions. Each statement prepared in accordance with this paragraph shall, with effect from the date on which it is approved by the Authority or such later date as the Authority shall specify, replace the corresponding statement prepared by the Licensee in accordance with paragraph 1 or, as the case may be, this paragraph (as from time to time revised in accordance with paragraph ~~127~~) which is in force at such date and the Licensee shall, with effect from such date make charges

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in accordance with the statement (as from time to time revised in accordance with paragraph ~~127~~) which has replaced such corresponding statement.

Revision and Publication of Statements

~~41~~12 The Licensee may, in co-operation with the Republic of Ireland System Operator, periodically revise the information set out in and, with the approval of the Authority, alter the form of the statements prepared in accordance with paragraph 1(a), 1(b), 1(c) or ~~7~~11 and shall, at least once in every year the Licence is in force, revise such statements, in co-operation with the Republic of Ireland System Operator, in order that the information set out in the statements shall continue to be accurate in all material respects.

~~42~~13 The Licensee shall publish (prior to its entry into force) a copy of the statements prepared in accordance with paragraph 1(a), 1(b), 1(c) or ~~7~~11 (and of each revision of such statements in accordance with paragraph ~~8~~12) on its website and shall send a copy to the Authority and the Republic of Ireland System Operator. Each such revision shall require to be approved by the Authority and shall not become effective until approved by the Authority.

~~43~~14 The Licensee shall give or send a copy of the statements prepared in accordance with paragraphs 1(a), 1(b), 1(c) or ~~7~~11, or (as the case may be) of the latest version of such statements in accordance with paragraph ~~12~~8, approved by the Authority pursuant to such paragraph to any persons who requests a copy of such statement or statements.

~~44~~15 The Licensee may make a charge for any statement given or sent pursuant to paragraph ~~15~~4 of an amount reflecting the Licensee's reasonable costs of providing such a statement which shall not exceed the maximum amount specified in directions issued by the Authority from time to time for the purposes of this Condition.

Definitions

~~45~~16 In this Condition, unless the context otherwise requires:

“Ancillary Services” has the meaning given to that term in the Grid Code

“Generator Performance Incentive Charges” means charges levied by the Licensee on the operators of generation sets for certain redeclarations of the technical capabilities of such generation sets under the Grid Code.

“Other System Charges” means any charges, other than as referred to in paragraphs 1(a), (b) and (c), levied from time to time

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(with the approval of the Authority) by the Licensee in carrying on the Transmission System Operator Business, for the avoidance of doubt including Generator Performance Incentive Charges, Trip Charges and SND Charges.

“SND Charges”

means charges levied by the Licensee on the operators of generation sets for certain redeclarations of available capacity of such generation sets under the Grid Code.

“Trip Charges”

means charges levied by the Licensee on the operators of generation sets for unplanned outages of such generation sets.

Appendix E – Proposed Modifications (shown in mark-up) to Electricity Generation Licences (based on AES Kilroot Generating Ltd Electricity Generation Licence as a template)

Condition 1 - Amendments Proposed to Definition of System Support Services

System Support Services	<p>means</p> <p>(a) spinning reserve, fast start, black start, reactive power, frequency control and such other services as the Licensee may be required to have available as system support services in association with any generation set pursuant to the Grid Code <u>or the Distribution Code</u>, including outage planning incentive arrangements; and</p> <p>(b) <u>any services relating to a reduction of demand or other demand side measures that can be taken by a final consumer (or any person acting on behalf and with the authority of a final consumer);</u></p> <p>(c) <u>any such</u> services that as the Licensee may have agreed to have available as being system support services in association with any generation set pursuant to an agreement made with the Transmission System Operator <u>or the Distribution System Operator</u>.</p> <p>and which may be <u>required by or</u> offered <u>(whether by way of for sale or otherwise)</u> to the Transmission System Operator <u>or, as the case may be, the Distribution System Operator</u> for the purpose of securing stability of operation on the transmission system <u>or</u>, the distribution system —and/or on any other the distribution system of any authorised electricity operator or any system linked to the transmission system or the distribution system by an interconnector.</p>
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Condition 1 – New Definitions of Distribution System Operator and successor distribution licence

<u>Distribution System Operator</u>	<u>means the person authorised, from time to time, to distribute electricity under the successor distribution licence.</u>
<u>successor distribution licence</u>	<u>means the licence, held by Northern Ireland Electricity Limited, which has effect under Article 10(1)(bb) of the Order (to distribute electricity) pursuant to Regulation 90(1)(b) of the Gas and</u>

Appendix E – Proposed Modifications (shown in mark-up) to Electricity Generation Licences (based on AES Kilroot Generating Ltd Electricity Generation Licence as a template)

	Electricity (Internal Markets) Regulations (Northern Ireland) 2011 [SR2011/155].
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Appendix E – Proposed Modifications (shown in mark-up) to Electricity Generation Licences (based on AES Kilroot Generating Ltd Electricity Generation Licence as a template)

Condition 7: System Support Services

- 1 The Licensee shall from time to time upon request by the Transmission System Operator or the Distribution System Operator offer terms for the provision by the Licensee of System Support Services from any generation set of the Licensee which is capable of operating.
- 2 The Licensee shall from time to time upon request of the Authority provide to the Authority a report containing details of:
 - (a) prices offered pursuant to paragraph 1 for the provision of System Support Services from each generation set of the Licensee; and
 - (b) an explanation of the factors justifying the prices offered including (without limitation) details of the Licensee's costs associated with making available such System Support Services in conformity with the Grid Code and/or the Distribution Code and of providing the same to the Transmission System Operator or the Distribution System Operator.
- 3 Paragraphs 1 and 2 shall only have effect from such date as the Authority shall specify in directions issued to the Licensee for the purpose of this Condition and in relation to the provision by the Licensee of System Support Services other than those for which, at the date so specified, it shall already have contracted.
- 4 Upon the application of the Transmission System Operator or the Distribution System Operator wishing to question the terms offered pursuant to paragraph 1, the Authority may pursuant to Article 11(3)(c) of the Order, settle any terms of the agreement in dispute between the Transmission System Operator or the Distribution System Operator (as the case may be) and the Licensee in such manner as appears to the Authority to be reasonable.
- 5 Insofar as the Transmission System Operator or the Distribution System Operator (as the case may be) wishes to proceed on the basis of the terms as settled by the Authority, the Licensee shall forthwith enter into and implement such agreement in accordance with its terms.