

Nicholas Tarrant
NIE Networks Limited
120 Malone Road
Belfast
BT9 5HT

5th September 2017

Our ref: CNO/E/TH/232

Dear Nicholas,

**RE: Belfast West Land Bank Site (the "Site")
Direction pursuant to Condition 23 of NIE Networks Limited
Distribution Licence (the "Licence")**

I write in relation to the Site which has been the subject of ongoing negotiations between Northern Ireland Electricity Land Bank Business ("NIELB") and Belfast Harbour Commissioners ("BHC") to agree Heads of Terms for a new Licence for use of the Site. As you will be aware, Condition 23(1) of the Licence provides that NIE Networks Limited shall deal with the Land Bank and any rights which it may have in relation to the whole or any part of it in accordance with such directions as the Utility Regulator (the "UR") shall issue from time to time.

The UR acknowledges the risks which have been identified by NIELB in the attached draft Heads of Terms with BHC. Having discussed such risks with NIELB, the UR believes that if the current position be permitted to continue any longer, the UR could potentially not be fulfilling its duty to protect the short and long term interests of consumers and it, therefore, wishes to issue a Direction to NIELB in the form attached to this letter.

Yours sincerely,



Tanya Hedley
Director
Compliance and Network Operations

**Direction issued by the Northern Ireland Authority for Utility
Regulation (the "Utility Regulator") pursuant to Condition 23 of
NIE Networks Limited's Distribution Licence**

TO: NIE Networks Limited

WHEREAS:

- (A) NIE Networks Limited ("**NIE Networks**") holds an electricity distribution licence granted to it on 31 March 1992.
- (B) NIE Networks is authorised to participate in the distribution of electricity in Northern Ireland.
- (C) Land bank was established as part of the privatisation of the electricity industry to ensure that the sale or decommissioning of power stations would not result in the loss of power station sites to the electricity industry. The freehold interest in this Belfast West land bank site (the "**Site**"), therefore, vests in NIE Land Bank Business in a quasi-trustee role.
- (D) NIE Networks manages the land bank business under direction from the Utility Regulator in accordance with the above-mentioned distribution licence.
- (E) The Site is currently subject to a licence dated 11 June 2008 made between NIE Networks and Belfast Harbour Commissioners ("**BHC**"). Further, Lissan Coal Company is currently occupying the Site under a sub-licence from BHC.
- (F) Negotiations on draft heads of terms have been ongoing now for over 2 years between NIE Networks and BHC (in order to try and reach a commercial solution to several practical issues). A satisfactory conclusion has still not been reached. As such, and in order to ensure the continued protection of consumers' interests, the Utility Regulator believes that these negotiations must now be finalised as a matter of urgency and considers it appropriate to exercise its power under licence condition 23.
- (G) Paragraph 1 of licence condition 23 requires NIE Networks to deal with the land bank and any rights which it may have in relation to the whole or any part of it in accordance with such directions as the Utility Regulator shall from time to time issue to NIE Networks.
- (H) Licence condition 23(1)(c) provides for such directions to specify:

- a. the conditions upon which NIE Networks shall deal with any application from any person concerning the unlet land;
- b. the obligations of NIE Networks in relation to the maintenance, replacement or repair of any structure on the unlet land;
- c. the steps that NIE Networks must take in relation to access to and security of the unlet land; and
- d. the length and other terms and conditions of any subsequent lease.

(I) Furthermore, licence condition 23(1)(e) provides for such directions to contain other conditions in relation to the way in which NIE Networks shall deal with the land bank or any such rights as the Utility Regulator shall think fit.

THEREFORE:

1. Pursuant to its power under paragraph (1) of licence condition 23 of NIE Network's distribution licence, the Utility Regulator directs that NIE Network should agree the draft heads of terms (in the form currently drafted and attached to this direction) with BHC within 1 month from the date of this direction.

Signed:



Name: Tanya Hedley

Dated: 5th September 2017

Authorised by and on behalf of the Northern Ireland Authority for Utility Regulation