

Article 14 Licence Modification Notice of Decision

The Northern Ireland Authority for Utility Regulation

DECISION UNDER ARTICLE 14(8) OF THE ELECTRICITY (NORTHERN IRELAND) ORDER 1992

MODIFICATION OF SONI LTD'S LICENCE TO PARTICIPATE IN THE TRANSMISSION OF ELECTRICITY

In accordance with Article 14(2) of the Electricity (Northern Ireland) Order 1992 ("the Order") the Northern Ireland Authority for Utility Regulation ("the Authority") published a notice of its intention to modify the conditions of the licence.

In accordance with Article 14(5) of the Order the Authority has considered representations duly made to it.

The Authority has decided to proceed with the making of modifications of the conditions of the licence in exercise of its powers under Article 14(1) of the Order.

In accordance with Article 14(8) of the Order the Authority gives notice as follows:

- 1) The Authority will modify the Transmission System Operator licence (the "Licence") held by SONI Ltd ("the Licensee")
- 2) The licence will be amended as set out in the attached Annex.
- 3) The modifications to the SONI Ltd licence are set out in the Authority's decision paper entitled "Decision on modifications to the SONI Market Operator Licence and SONI Transmission System Operator licence, necessitate to implement the Integrated Single Electricity Market (I-SEM)" published 1 July 2016.
- 4) The Authority considers that the modifications to the licence are an appropriate course of action in order to allow for implementation of the I-SEM.
- 5) On 20 April 2016, the Authority published a notice¹ stating that it intended to modify the licence and giving the reasons and effect of the modifications. The purpose of this notice was to bring the proposed modifications to the attention of persons likely to be affected by them, and to invite representations or objections in connection thereto. We have taken into account representations related to these modifications, made any necessary adjustments and explained the reasons for any changes to our proposals.
- 6) Each of the modifications detailed in the attached annex will take effect from 1 September 2016.
- 7) The Authority has, pursuant to Article 14(8) of the Order, published this notice on its website and sent a copy of this notice to the licensee. In addition, the Authority has provided a copy of this notice to the Department for the Economy and the Consumer Council.

¹ http://www.uregni.gov.uk/publications/statutory_consultation_on_iseem_licence_modifications

8) A copy of the modification can be obtained in hard copy from Barbara Stevenson at: Utility Regulator, Queens House, 14 Queen Street, Belfast, BT1 6ED. Email barbara.stevenson@uregni.gov.uk

Dated this 01 July 2016



Jenny Pyper
Chief Executive

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

ANNEX: Licence modifications to SONI Ltd Transmission System Operator Licence, to take effect on 1 September 2016

SONI Transmission Operator Licence, CAPACITY REMUNERATION MECHANISM-MARKET

NEW CONDITION

1. The Licensee shall enter into and, in conjunction with the Republic of Ireland System Operator, at all times administer and maintain in force, the Capacity Market Code, being a document which:
 - (a) makes provision in respect of the capacity arrangements described in paragraph 3;
 - (b) is designed to facilitate achievement of the objectives set out in paragraph 4; and
 - (c) contains modification procedures which provide that any modifications to the Capacity Market Code (but not, necessarily, to the Agreed Procedures) must be subject to the prior approval of the Authority and which enable the Authority to propose modifications to the Capacity Market Code;and the Licensee shall be taken to have complied with this paragraph to the extent that it:
 - (d) adopts, on the date of such designation, as the Capacity Market Code the document designated as such by the Authority for the purposes of this Condition; and
 - (e) on an on-going basis reviews and proposes such modifications to that document (in accordance with the modification provisions therein) as would be necessary to ensure that that document meets the requirements of this paragraph 1.
2. The Licensee shall comply with the Capacity Market Code insofar as it is applicable to it as the holder of a licence granted under Article 10(1)(b) of the Order.
3. The capacity arrangements referred to in paragraph 1(a) are arrangements to secure generation adequacy and capacity to meet the demands of consumers including (without limitation) rules and procedures for the application for and

allocation of agreements to remunerate the provision of electricity capacity (whether through the provision of generation, electricity supplied via interconnectors, reduction in demand or otherwise) across the island of Ireland. Those arrangements taken together with the arrangements for calculation and settlement of such remuneration (which are dealt with under the provisions of the Single Electricity Market Trading and Settlement Code), are referred to in this Condition as the "Capacity Remuneration Mechanism".

4. The objectives referred to in paragraph 1(b) are:
 - (a) to facilitate the efficient discharge by the Licensee of the obligations imposed on it by this licence, and to facilitate the efficient discharge by the Republic Of Ireland System Operator of the obligations imposed on it by the Republic of Ireland System Operator Licence;
 - (b) to facilitate the efficient, economic and coordinated operation, administration and development of the ~~Capacity Remuneration Mechanism~~ **Market** and the provision of adequate future capacity in a financially secure manner;
 - (c) to facilitate the participation of undertakings including electricity undertakings engaged **or seeking to be engaged in the provision of Electricity Capacity** in ~~the generation, supply and sale of electricity in~~ the **Capacity Market Remuneration Mechanism**;
 - (d) to promote competition in the provision of ~~e~~**Electricity** ~~s~~**Capacity** ~~in~~ **to** the Single Electricity Market;
 - (e) to provide transparency in the operation of the Single Electricity Market;
 - (f) to ensure no undue discrimination between persons who are **or may seek to become** parties to the Capacity Market Code; and
 - (g) through the development of the ~~Capacity Remuneration Mechanism~~**Market**, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the island of Ireland.
5. The Licensee shall, in conjunction with the Republic of Ireland System Operator, ensure that persons who are a party to the Capacity Market Code or who wish to become a party to the Capacity Market Code have, to the extent that is

reasonably practicable, a single point of contact when **participating in the Capacity Market** and interfacing with Transmission System Operation.

6. The Licensee shall provide to the Authority such information as the Authority may request concerning the Capacity Market Code or any aspect of its operation.

Coming into Effect

7. The provisions of this Condition (other than those of this paragraph which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Authority may by discretion appoint. Different days may be so appointed for different provisions and for different purposes.

Definitions

8. In this Condition:

“Agreed Procedures”

means the detailed procedures that form part of the Capacity Market Code, but which are subsidiary to the main provisions of the code, as (subject thereto) such expression is defined in the code;

SONI Transmission System Operator Licence, TRANSITION

NEW CONDITION

General Requirement

1. The Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to give full and timely effect to the revised SEM arrangements, so that the Licensee is able to comply with them from the time at which they are effective (or intended to be effective).

Requirement to Co-operate

2. Without prejudice to paragraphs 1 and 3, the Licensee shall cooperate with authorised electricity operators and Republic of Ireland electricity operators (and with the Department, the Authority and such other persons as the Authority may direct) and shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to enable:
 - (a) authorised electricity operators to comply with their statutory or licence obligations to give full and timely effect to the revised SEM arrangements, so that such authorised electricity operators are able to comply with them from the time at which they are effective (or intended to be effective);
 - (b) authorised electricity operators to comply with any directions by the Authority under a provision of their licences equivalent to paragraph 4; and
 - (c) Republic of Ireland electricity operators to comply with their statutory or licence obligations to prepare for the coming into effect of the revised SEM arrangements,

and in the event of any dispute between the Licensee and such other person as to whether a particular step, or thing, is reasonable, the Licensee or such other person may refer the matter to the Authority for determination (which determination shall be final for the purposes of this paragraph).

Requirements to Comply with Directions

3. Without prejudice to paragraphs 1 and 2, the Licensee shall take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply with any direction made from time to time by the Authority in accordance with paragraph 4 (and shall by so doing be taken to have complied with such direction).
4. The Authority may issue directions to the Licensee setting out the steps (including without limitation those referred to in paragraph 5) to be taken (or procured) by the Licensee which are, in the Authority's reasonable opinion, appropriate in order to give full and timely effect to the revised SEM arrangements, so that the Licensee is able to comply with them from the time at which they are effective (or intended to be effective).
5. The directions made by the Authority under paragraph 4 (with which the Licensee is, in accordance with paragraph 3, required to take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to comply) may include requirements regarding the following steps:
 - (a) to secure or facilitate the amendment or establishment of any of the core industry documents; and
 - (b) to effect the novation of (or other transfer of rights and obligations under) any of the core industry documents from the Licensee or an authorised electricity operator to the Licensee or an authorised electricity operator.
6. The Authority may, at any time, by a further direction in accordance with paragraph 4 (in order to give (or continue to give) full and timely effect to the revised SEM arrangements amend or cancel any direction (or part thereof) previously made under paragraph 4.
7. The Authority may not make a direction under paragraph 4 until it has undertaken such period of prior consultation with the Licensee (and such other persons as the Authority deems appropriate) as is reasonable in the

circumstances. No direction made under paragraph 4 shall be effective until a copy is served on the Licensee.

Requirement not to Frustrate

8. Without prejudice to any public or administrative law right, or statutory right, that the Licensee may have to bring any claim against any public body or person, the Licensee shall not take any step, or exercise any right, which is intended to hinder or frustrate the giving of full and timely effect to the revised SEM arrangements.

Potential Conflict

9. If the Licensee is aware of any conflict between its compliance with the provisions of this Condition or any direction under paragraph 4 and its compliance with any other Condition of the Licence, the Licensee shall promptly inform the Authority of such conflict.
10. Provided the Licensee complies with paragraph 9, the other Conditions of the Licence shall prevail over this Condition in the event of conflict. If there is any conflict between a direction made under paragraph 4 and another requirement of the Licence, the provisions of the direction shall prevail.

Information

11. The Licensee shall provide to the Authority, in such manner and at such times as the Authority may reasonably require, such information and shall procure and furnish to it such reports as the Authority may reasonably require or deem necessary or appropriate to enable the Authority to monitor the Licensee's compliance with the requirements of this Condition, including (without limitation):
 - (a) information as to the Licensee's readiness concerning the revised SEM arrangements; and
 - (b) status reports concerning those matters referred to in sub-paragraph (d) of the definition of the revised SEM arrangements, and drafts of any legal documents by which such matters are to be achieved.

12. If the Licensee is aware (or should reasonably be aware) of any matter or circumstance which it considers will (or which the Licensee should reasonably consider likely to) hinder or frustrate the giving of full and timely effect to the revised SEM arrangements, the Licensee shall promptly inform the Authority of such matter or circumstance.

Further requirements

13. Without prejudice to the generality of the foregoing provisions, the Licensee shall:
 - (a) take all reasonable steps, and do all such reasonable things, as are (in each case) within its power and necessary or expedient in order to secure the co-ordinated and effective commencement and implementation of, and operations under the Single Electricity Market Trading and Settlement Code in light of its modification or amendment (or intended modification or amendment) under or by virtue of the revised SEM arrangements (including the development, testing, trialling and start-up of the systems, processes and procedures employed in such implementation and employed by authorised electricity operators and others in connection with such operations); and
 - (b) carry out a review of the regulatory documents in order to identify any changes which may in the Licensee's opinion be necessary or expedient in light of the revised SEM arrangements (the "identified changes") and provide a report (by such date as the Authority may direct) on the outcome of that review and on the action which the Licensee proposes to give effect to the identified changes.
 - (c) with the Republic of Ireland Transmission System Operator Licence holder
develop the changes to the Grid Codes necessitated by the changes to
the
SEM trading arrangements and propose such changes to the Regulatory Authorities no later than three months before Go-Live.

Coming into Effect and Cessation of Effect

14. The provisions of this Condition (other than those of this paragraph and of paragraphs 15 and 16 which shall come into immediate effect) shall come into effect on such day, and subject to such transitional arrangements, as the Authority may by direction appoint. Different days may be so appointed for different provisions and for different purposes.
15. This Condition shall cease to have effect on 30 June 2018, without prejudice to the continuing enforceability of any right or obligation (including any requirement to comply with a direction of the Authority issued prior to that date) which may have accrued or otherwise fallen due for performance prior to that date.

Definitions

16. In this Condition, unless the context otherwise requires:

"core industry documents" means those documents relating to the revised SEM arrangements which may from time to time be designated, by direction of the Authority, as such for the purposes of this Condition;

"regulatory documents" means those codes, agreements and other documents which the Licensee is required to prepare, be party to or have in effect (or with which the Licensee is required to comply) under or by virtue of this Licence or the Order, including without prejudice to the generality, the Grid Code and the System Operator Agreement; and

"revised SEM arrangements" means:

- (a) any modifications made (or which the Authority has formally indicated are likely

to be made) to the Licence, or to the licences of any authorised electricity operator, for the purpose (in each case) of implementing the high level design set out in the document entitled, "Integrated Single Electricity Market (I-SEM): SEM Committee Decision on High Level Design", with reference SEM-14-085a and published on 17 September 2014;

- (b) the conditions of the Northern Ireland Market Operator Licence and the Licence;
- (c) the terms imposed in any exemption granted pursuant to Article 9 of the Order that reflect a modification referred to in sub-paragraph (a); and
- (d) the matters that the Licensee knows (or should reasonably know) are envisaged by the modifications and conditions referred to in sub-paragraphs (a) and (b) (including, without limitation, the establishment, amendment or termination of, or the transfer of rights and obligations under, core industry documents);

including, without prejudice to the generality, any of the provisions or matters described above by which the Licensee is bound (or intended to be bound).

SONI Transmission System Operator Licence, GRID CODE

Condition 16. Grid Code

Establishment of the Grid Code

1. The Licensee shall prepare and at all times have in force, and shall (subject to paragraph 12) implement and comply with, a Grid Code:
 - (a) covering all material technical aspects relating to connections to and the operation and use of the total system or (insofar as relevant to the operation and use of the total system) the operation of electric lines and electrical plant within Northern Ireland connected to the total system or any other system in Northern Ireland for the transmission or distribution of electricity and (without prejudice to the foregoing) making express provision as to the matters referred to in paragraph 6; and
 - (b) which is, in respect of the transmission system, designed so as to:
 - (i) permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the transmission of electricity in Northern Ireland as part of efficient, co-ordinated and economical systems for the transmission of electricity on the Island of Ireland;
 - (ii) facilitate the transmission system being made available to persons authorised to supply or generate electricity in Northern Ireland, on terms which neither prevent nor restrict competition in the supply or generation of electricity on the Island of Ireland; and
 - (iii) subject to sub-paragraphs (i) and (ii), promote the security and efficiency of the electricity generation, transmission and distribution system in Northern Ireland as a whole.
 - (c) which is, in respect of the distribution system, designed so as to:
 - (i) permit the development, maintenance and operation of an efficient, co-ordinated and economical system for the distribution of electricity; and

- (ii) neither prevent nor restrict competition in the generation and supply of electricity in Northern Ireland, or, to the extent that the Grid Code, in respect of the distribution system, may have such effect, on the Island of Ireland.

Reviews of the Code

2. The Grid Code in force at the date on which this Condition becomes effective shall be the document approved as such by the Authority. Subsequently, the Licensee shall (in consultation with electricity undertakings and the Republic of Ireland System Operator, to the extent such persons are liable to be materially affected thereby) periodically review (including upon the request of the Authority) the Grid Code and its implementation. Following any such review, the Licensee, shall send to the Authority:
 - (a) a report on the outcome of such review;
 - (b) any proposed revisions to the Grid Code from time to time as the Licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives referred to in paragraphs 1(b) and (c); and
 - (c) any written representations or objections from any electricity undertakings or the Republic of Ireland System Operator (including any proposals by such persons for revisions to the Grid Code not accepted by the Licensee in the course of the review) arising during the consultation process and subsequently maintained.

Revision of the Code

3. Revisions to the Grid Code proposed by the Licensee and sent to the Authority pursuant to paragraph 2 shall require the Authority's approval before they may be made.
4. Having regard to any written representations or objections referred to in subparagraph 2(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 Grid Code in such manner as may be specified in the directions, and the Licensee shall forthwith comply with any such directions.

5. The Authority shall be entitled, in order to implement the requisite arrangements referred to in condition 60 of the NIE Energy Supply Licence, to issue directions to the Licensee requiring the Licensee to revise the Grid Code in such manner and with effect from such date as may be specified in the directions, and the Licensee shall comply with any such directions, provided that such revisions shall not affect the rights or obligations of any party to:
- (a) a power purchase agreement that is not a cancellable generating unit agreement; or
 - (b) a cancellable generating unit agreement that has not, at the relevant time, been the subject of a cancellation direction, under that agreement, beyond what may reasonably be regarded as de minimis in relation to that party.

Content of the Code

6. The Grid Code shall include:
- (a) connection conditions specifying the technical, design and operational criteria to be complied with in respect of any connection or proposed connection at an entry or exit point on the total system;
 - (b) a set of operating codes specifying conditions and procedures under or in accordance with which the Licensee shall operate the total system, and under or in accordance with which other persons shall operate their plant and/or systems for the distribution of electricity in relation to the total system (including procedures and conditions relating to outages of generation sets and associated power station equipment), insofar as is necessary to protect the security and quality of supply and to ensure the proper and safe operation of the total system under both normal and abnormal operating conditions or in order to give effect to paragraph 2 of Condition 22;
 - (c) a planning code specifying the requirements for the supply of information by persons connected (or seeking connection) at an entry point or an exit point on the total system, or in respect of the applications envisaged by Condition 27, (in each case) in order for the

planning and development of the total system to be undertaken, and specifying the technical and design criteria and procedures to be applied in the planning and development of the total system and to be complied with by other persons connected or seeking connection at an entry point or an exit point on the total system in the planning and development of their own plant and systems;

- (d) a set of scheduling and dispatch codes specifying conditions and procedures for the scheduling and dispatch of generation sets connected at an entry point or exit point on the total system which are either:
 - (i) required to be subject to central dispatch instructions under the terms of any exemption granted under Article 9 of the Order or any licence granted under Article 10 of the Order; or
 - (ii) are agreed by the operator of that generation set to be subject to central dispatch; and which may include provisions relating to the management of emissions.
- (e) a metering code setting out requirements and procedures for metering.

Copies of the Code

7. The Licensee shall ensure that a copy of the Grid Code is given or sent to the Authority and the Department and is published on the Licensee's website.
8. The Licensee shall (subject to paragraph 9) ensure that a copy of the Grid Code is given or sent to any person requesting it.
9. The Licensee may make a charge for any copy of the Grid Code given or sent pursuant to paragraph 8 of an amount 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.

Non-Discrimination

10. In preparing, implementing and complying with the Grid Code the Licensee shall not:

- (a) unduly discriminate against or unduly prefer any person or class or classes of persons in favour of or as against any other person or class or classes of persons; or
 - (b) restrict or prevent competition in generation or supply on the Island of Ireland.
11. The Licensee shall keep and maintain such records concerning its implementation of and compliance with the Grid Code as are in accordance with such guidelines as the Authority shall from time to time have given to the Licensee and are, in the opinion of the Authority, sufficient to enable the Authority to assess whether the Licensee is performing the obligation imposed upon it under paragraph 10 concerning these matters and the Licensee shall furnish to the Authority such records (or such of these as the Authority may require) in such manner and at such times as the Authority may require.

Derogations

12. The Authority may from time to time (following consultation with the Licensee) issue directions relieving the Licensee of its obligations to implement or comply with, or to enforce against any other person any provision of, the Grid Code in respect of such parts of the transmission system and/or the distribution system to such extent as may be specified in the directions.

Long Form Distribution Code

13. Until such time as the Authority has approved, and the Transmission Owner has implemented, a Distribution Code designed so as to achieve the objectives referred to in paragraph 1(c) without substantial cross reference to the provisions of the Grid Code, the Licensee shall, to the extent that any provision of the Grid Code is designed so as to achieve the objectives referred to in paragraph 1(c):
- (a) only propose revisions to the relevant parts of such provisions with the agreement of the Transmission Owner; and
 - (b) undertake any consultations undertaken in accordance with paragraph 2 that relate to the relevant parts of such provisions in cooperation with the Transmission Owner.

14. Once a Distribution Code, as described in paragraph 13, is approved and implemented, as described in paragraph 13, this Condition shall automatically be modified by the deletion of paragraph 1(c) and (subject to any contrary direction by the Authority) by the replacement of all references to "total system" with "transmission system. The Licensee shall, as soon as reasonably practicable following any such modification, undertake a review of the Grid Code in accordance with paragraph 2.

Definitions

15. In this Condition, unless the context otherwise requires:

"cancellable generating unit agreement" shall have the meaning given to that term in the NIE Energy Supply Licence.

"power purchase agreement" shall have the meaning given to that term in the NIE Energy Supply Licence.