

Decision on Modifications to Moyle
Interconnector Transmission Licence,
necessitated by the implementation of
the Integrated Single Electricity Market
(I-SEM)

Decision Paper
23 March 2018



About the Utility Regulator

The Utility Regulator 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

In order to give effect to the Integrated Single Electricity Market (I-SEM), as contained in decisions of the SEM Committee, the Utility Regulator (UR) published a consultation on proposed licence modifications to the Moyle Interconnector Transmission Licence. These licence modifications formed part of a broader framework of regulatory changes required to implement the I-SEM.

The modifications were consulted on and related to a range of conditions contained within the Moyle Interconnector Transmission Licence. This Decision Paper follows on from the consultation and, with all representations having been given due consideration, the UR has determined that a small number of additional modifications will be included. These comprise the removal of the definition of Financial Transmission Rights (with the broader definition of Long Term Transmission Rights remaining); an amended definition of the Harmonised Allocation Rules to remove the reference to Article 52 of the FCA Regulation; and an explicit reference to the GB Capacity Market as a revenue stream.

The licence will now be updated accordingly to reflect the modifications and published on the Utility Regulator's website.

Audience

This Decision Paper will be of interest to the Moyle Interconnector Transmission Licence holder as well as Transmission System Operators (TSOs), Market Participants and other industry and statutory bodies. A similar licence modification process has been conducted by the Commission for Regulation of Utilities (CRU) in parallel for EirGrid Interconnector Designated Activity Company, the operator of the East West Interconnector.

Consumer impact

These modifications are necessitated by the implementation of the Integrated Single Electricity Market (I-SEM). Through the integration of the all-island electricity market with the European electricity markets, I-SEM is expected to deliver increased levels of competition which should help put a downward pressure on prices as well as encourage greater levels of security of supply and transparency.

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Executive Summary

The Single Electricity Market (SEM) for the island of Ireland went live on 1 November 2007 and comprises a centralised and mandatory all-island wholesale pool market through which generators and suppliers can trade electricity.

The European Union (EU) is building an internal market for electricity and gas which is underpinned by the implementation of the EU Target Model (arising from the EU's Third Energy Package). In order to ensure alignment with both the Target Model and the EU legislative requirements which take precedence over existing domestic legislation, the SEM Committee (SEMC) is committed to implementing the Integrated Single Electricity Market (I-SEM) on the island of Ireland.

To give effect to the I-SEM, on the 15 December 2017 the Utility Regulator (UR) and the Commission for Regulation of Utilities (CRU) published statutory consultations in each respective jurisdiction¹ regarding a number of proposed licence modifications to the Moyle Interconnector Transmission Licence (UR) and the Electricity Interconnector Operator Licence granted to EirGrid Interconnector Designated Activity Company (EIDAC) (CRU). The proposed modifications reflect the new market arrangements which are due to go-live on 23 May 2018. In line with Article 14 of the Electricity (Northern Ireland) Order 1992 (as amended), the Utility Regulator consulted on the proposed modifications to the Moyle Interconnector Transmission Licence.

¹ <https://www.uregni.gov.uk/consultations/i-sem-statutory-consultation-proposed-modifications-moyle-interconnector-transmission>
https://www.cru.ie/document_group/notice-of-proposed-modifications-to-the-interconnector-licence-under-the-electricity-regulation-act-1999/

The statutory notice set out the proposed modifications which included:

- New (and modified) definitions required for I-SEM;
- Requirements to comply with new legislation;
- Changes to licence conditions relating to Moyle's revenue streams to reflect new sources of potential income and ensure that these are captured within the scope of the relevant licence conditions;
- Amendments to the prohibited activities licence condition to provide a mechanism for Moyle to obtain written consent from the Authority for certain trading activity;
- An obligation on the licensee to sign up to and comply with the Capacity Market Code insofar as applicable to it; and
- Amendment to the dispute resolution process to reflect the fact that disputes will be subject to the provisions of the Harmonised Allocation Rules.

Following completion of this consultation exercise, the UR have given careful consideration to the one response received to the statutory consultation and have taken into account the representation made in terms of this Decision Paper.

1. Introduction

1.1 Background

The Single Electricity Market (SEM) for the island of Ireland went live on 1 November 2007 and consists of a centralised and mandatory all-island wholesale pool market through which generators and suppliers trade electricity. The all-island SEM is jointly regulated by the Commission for Regulation of Utilities (CRU) in Ireland and the Utility Regulator (UR) in Northern Ireland.

In January 2007, the publishing of a report from a European Commission inquiry into competition in electricity and gas markets found that insufficient or unavailable cross-border transmission capacity, along with different market designs, were hampering integration between EU Member States' markets. In response, the EU introduced a series of energy reforms.

Underpinned by the implementation of the EU Target Model arising from the EU's Third Energy Package, the reforms created a new legal framework to promote cross-border trade through the establishment of a number of legally binding network codes and guidelines. These not only promoted the creation of liquid markets and the efficient use of cross-border transmission capacity but also the integration of Member States' gas and electricity markets.

With EU legislative requirements taking legal precedence over existing domestic legislation, in order to ensure alignment with the EU Target Model the SEMC, the decision making authority for all Single Electricity Market (SEM) matters, committed to implementing what has been commonly referred to as the Integrated Single Electricity Market or "I-SEM" on the island of Ireland. The implementation of I-SEM requires the existing legal and regulatory framework, as well as industry processes, to be modified.

The I-SEM will more fully facilitate coupling with the electricity markets in the rest of Europe and will update and, in some respects replace, the current SEM arrangements. It will introduce:

- Day-Ahead and Intra-Day trading through designated Nominated Electricity Market Operators (NEMOs) in each jurisdiction;
- a new Balancing Market through which the TSOs will accept bids and offers from participants to move away from their traded position in order to

- balance generation and demand on a minute by minute basis;
- a new Capacity Remuneration Mechanism which will include the introduction of a new Capacity Market Code; and
- necessary changes to the Grid Codes and other impacted SEM regulatory arrangements.

Driven by the EU Target Model, on 17 September 2014 the SEMC published its decision on the High Level Design for the I-SEM (SEM-14-085a). Since then, the I-SEM project entered a 'design and implementation' phase. In order to ensure effective implementation, amendments to existing legislation and modifications to licences, codes and possibly other rules, are required in Ireland and Northern Ireland. Such modifications continue to be progressed by the RAs and SEMC (supported by industry).

On 23 February 2016, the SEMC published an 'Information Note on the I-SEM Regulatory Framework' (SEM-16-007) with the aim of the paper being to:

- provide clarity on the overarching regulatory framework comprising legislation, licence changes and market rules which will implement the market design referred to as I-SEM;
- provide insight on the provisional timeline and proposed consultation process regarding licence changes and the introduction of revised (and new) market rules; and
- provide initial thinking on NEMO regulation and enforcement.

Additional primary I-SEM arrangements are provided for in:

- legislation (the Single Electricity Market Act 2007 in Ireland and the Single Electricity Market (Northern Ireland) Order 2007 in Northern Ireland);
- licences for generators, suppliers, Transmission System Operators (TSOs), Distribution System Operators (DSOs), Market Operators (MOs) and Interconnectors in Ireland and Northern Ireland;
- a suite of arrangements (set out primarily in the Trading and Settlement Code, Bidding Codes of Practice, Grid Codes, Metering Codes and the Capacity Market Code);
- Access Rules and Charging Methodologies for both the Moyle and East West (EWIC) Interconnectors; and
- decision papers published by the SEM Committee and the RAs which include:

- I-SEM High Level Design Decision (SEM-14-085);
- High Level Design for the I-SEM (SEM-14-085a);
- I-SEM Energy Trading Arrangements Markets Decision Paper (SEM-15-065);
- I-SEM Roles and Responsibilities Decision Paper (SEM-15-077);
- Financial Transmission Rights (FTRs) Policy Decision Paper (SEM-15-100); and
- I-SEM Capacity Remuneration Mechanism – Capacity Market Code (SEM-17-033).
- This list is not exhaustive. Further papers and information can be found www.semcommittee.com, www.uregni.gov.uk and www.cru.ie.

A key objective of the new I-SEM arrangements is the optimisation of cross-border assets such as interconnectors, of which there are presently two within the all-island market. These are the Moyle interconnector (which is owned and managed by Moyle Interconnector Limited (MIL) and links the electricity grids of Northern Ireland and Scotland), and the East West Interconnector (EWIC) (which is owned and managed by EirGrid Interconnector Designated Activity Company (EIDAC) and links the electricity grids of Ireland and Wales). Both interconnectors are 500MW High Voltage Direct Current (HVDC) links.

With the adoption of the European Target Model, a suite of European Network Codes have come into force. These have included the Capacity Allocation and Congestion Management (CACM) Regulation and the Forward Capacity Allocation (FCA) Regulation. The CACM Regulation establishes the rules for operating the pan-European day ahead and intraday markets while the FCA Regulation establishes the rules for calculating and buying interconnector transmission rights in forward markets.

In order to ensure the effective implementation of I-SEM, amendments to existing legislation and modifications to licences, codes and possibly other rules, are required in Ireland and Northern Ireland.

In line with Article 14 of the Electricity (Northern Ireland) Order 1992 (as amended), the UR published, on the 15 December 2017, a statutory consultation on proposed modifications to the Moyle Interconnector Transmission Licence.²

² <https://www.uregni.gov.uk/consultations/i-sem-statutory-consultation-proposed-modifications-moyle-interconnector-transmission>

The UR have given careful consideration to the one response received during the consultation and have taken into account the representation made in terms of decisions made in this Paper.

1.2 Purpose and Structure of Paper

This Decision Paper outlines the UR decision (acting through SEMC) on necessary licence modifications required for the implementation of I-SEM. Although the Paper relates to the SEMC/UR's decisions on the Moyle Interconnector Transmission Licence only, the UR and CRU have both had visibility of responses received in either jurisdiction.

The Paper is structured as follows:

- Chapter 1 (Introduction) outlines the background to the proposed modifications, the consultation process and the purpose and structure of this document;
- Chapter 2 (Decision on Moyle Interconnector Transmission Licence modification required for I-SEM implementation) sets out a summary of the response received and the UR's decision;
- Chapter 3 (Next Steps) outlines the process that will now be followed to implement and make effective the required changes.
- Annex 1 (Moyle Interconnector Transmission Licence Modifications Proposed) provides information on the modifications to the Moyle licence to reflect the implementation of I-SEM.

2. Decision on Moyle Interconnector Transmission Licence modification required for I-SEM implementation

2.1 Summary of Responses

After consideration of any new arguments or evidence provided by respondents during the consultation, the UR have determined that, in addition to those modifications consulted upon, there will be a number of additional relatively minor modifications to the licence. These are:

- Condition 1: Interpretation and construction
 - The deletion of the definition of “financial transmission rights” (or “FTRs”);
 - The insertion of a definition for “GB Electricity Capacity Regulations”;
 - An amendment to the definition of “Harmonised Allocation Rules” to remove the reference to Article 52 of the FCA Regulation; and
 - The repositioning of the definition of “I-SEM Go Live” and the definition of “Harmonised Allocation Rules” to ensure their alphabetical arrangement.

- Condition 13: The Licensee’s regulated revenue entitlement
 - An explicit reference to the GB Capacity Market as a potential source of revenue has been added (using the new defined term noted above).

The section below sets out a synopsis of the proposed licence modifications, the response received and the UR’s decisions on each of the proposed alterations.

2.1.1 Table of Contents

(a) Summary of Proposed Modifications

It was proposed to amend a typographical error in the word “Priority” in the

reference to Condition 9C and to amend the names of Condition 17 and Condition 19 to reflect the modifications being proposed.

(b) Summary of Responses

The respondent did not object to the proposed modification.

(c) UR's Decision

The UR's decision is to amend the typographical error in the word "Priority" in the reference to Condition 9C and to amend the names of Condition 17 and Condition 19 to reflect the modifications being proposed.

2.1.2 Condition 1: Interpretation and construction

(a) Summary of Proposed Modifications

It was proposed to modify this condition to include new definitions ("Capacity Market Code", "Electricity Market Regulation"; "Financial Transmission Rights (or "FTRs)", "Forward Capacity Allocation Regulation (or "FCA Regulation)", "GB Electricity Capacity Regulations", "I-SEM Go Live", "Harmonised Allocation Rules", "Long term transmission rights", "Network Codes" and "SEM Committee"); and to modify some existing definitions ("Relevant access arrangements" and "Use of Moyle interconnector").

Paragraph 8 was to be modified to include references to "I-SEM Go Live" and a typographical error in the definition of "subsidiary" corrected.

(b) Summary of Responses

The respondent did not object to the proposed modification.

(c) UR's Decision

The UR's decision is to modify this condition to include new definitions ("Capacity Market Code", "Electricity Market Regulation"; "Forward Capacity Allocation Regulation (or "FCA Regulation)", "I-SEM Go Live", "Harmonised Allocation Rules", "Long term transmission rights", "Network Codes" and "SEM Committee"); and modify some existing definitions ("Relevant access arrangements" and "Use of Moyle interconnector").

As the definition of "Long term transmission rights" incorporates "financial transmission rights", the proposed definition of "financial transmission rights" has been deleted and will not now be added to the licence. This deletion has no further impact on the licence.

The definition of the “Harmonised Allocation Rules” has been amended to remove the reference to Article 52 of the FCA Regulation. This aligns the definition with the official title of the Rules.

The definition of “I-SEM Go Live” and the definition of “Harmonised Allocation Rules” have been repositioned to ensure definitions are displayed alphabetically.

A typographical error will also be corrected (“Means” in the definition of “Electricity Market Regulation” will be amended to “means”).

Paragraph 8 will be modified to include references to “I-SEM Go Live” and a typographical error in the definition of “subsidiary” corrected.

2.1.3 Condition 2: Maximisation of Capacity Receipts etc.

(a) Summary of Proposed Modifications

It was proposed to modify this condition to ensure that Moyle’s obligation to perform its functions in such a manner as it considers best designed to maximise its revenues also applies to new revenue sources, including those received under the I-SEM arrangements as well as existing revenue sources (other than through its Collection Agency Income Requirement).

(b) Summary of Responses

The respondent did not object to the proposed modification.

(c) UR’s Decision

The UR’s decision is to modify this condition as proposed.

2.1.4 Condition 9A: Availability of Resources and Undertaking from Ultimate Controller

(a) Summary of Proposed Modifications

As the licensee will be subject to additional EU legal requirements, it was proposed to modify this condition to ensure that the obligation on Moyle to ensure it had sufficient resources to comply with prescribed legal obligations also includes reference to these new EU legal obligations.

(b) Summary of Responses

The respondent did not object to the proposed modification.

(c) UR's Decision

The UR's decision is to modify this condition to ensure that the obligation on Moyle to have sufficient resources to comply with prescribed legal obligations also includes reference to new EU legal obligations.

2.1.5 Condition 12: Operation and Maintenance Standards, Availability and Quality of Service

(a) Summary of Proposed Modifications

It was proposed to modify this condition to expand the scope of the agreements that the TSO can enter into on Moyle's behalf to include other third parties that may be applicable under I-SEM – for example, transparency platforms and capacity platforms.

(b) Summary of Responses

The respondent did not object to the proposed modification.

(c) UR's Decision

The UR's decision is to modify this condition to expand the scope of the agreements that the TSO can enter into on Moyle's behalf to include other third parties that may be applicable under I-SEM.

2.1.6 Condition 13: The Licensee's regulated revenue entitlement

(a) Summary of Proposed Modifications

It was proposed to modify this condition to ensure that the scope of the licensee's regulated revenue entitlement includes revenue earned from additional potential sources. In particular, paragraph C was proposed to include revenues earned under the Capacity Market Code.

(b) Summary of Responses

The respondent was of the opinion that as the insertion of the Capacity Market Code text recognised that revenues derived under this Code did not fall under the definition of "use of the Moyle Interconnector", the condition should be amended further to recognise that there is also a capacity market

operating in GB from which Moyle may derive revenue.

They also suggested the addition of a further phrase “*from such other sources as the Authority may approve from time to time*” to the same paragraph, maintaining that this would avoid the need for future licence changes should other sources of revenue emerge as electricity markets evolve.

(c) UR’s Decision

The UR’s decision is to modify this condition to ensure that the scope of the licensee’s regulated revenue entitlement includes revenue earned from additional potential sources. In particular, paragraph C will include revenues earned under the Capacity Market Code.

In terms of referencing the revenue that the licensee may earn from the GB Capacity Market, the UR has inserted the following text “*under the terms of the GB Electricity Capacity Regulations*” under Condition 13 (1)(d). As noted above, the UR has inserted a definition for “*GB Electricity Capacity Regulations*” calling out to the appropriate GB legal instrument. This is consistent with the terms of Condition 2 which places the Licensee under an obligation to maximise its revenues.

The UR is not minded to widen the scope of potential revenue sources with the ‘catch all’ wording proposed by the licensee. Instead, as and when new potential revenue sources become available with the development of electricity markets, the list of acceptable, named potential revenue streams will be kept under review and updated accordingly.

2.1.7 Condition 14: Prohibited Activities

(a) Summary of Proposed Modifications

It was proposed to modify this condition to permit the licensee to buy/sell electricity (which would otherwise be a prohibited activity under the licence condition) provided it obtains written permission from the Authority. This mechanism was considered necessary under revised I-SEM trading arrangements, for example, where a physical trip of the interconnector left the licensee with an imbalance position in the I-SEM Balancing Market.

(b) Summary of Responses

The respondent did not object to the proposed amendment.

However, they believed that the text of paragraph 6 (*“The licensee shall not enter into any swap, option, derivative or other financially settled transaction without the written consent of the Authority”*), should be amended as they deemed it impractical for the licensee to seek consent every time there was a need to engage in hedging their exchange rate risk. The proposed that the following text be used:

“Other than as part of the Interconnector Business, the licensee shall not enter into any swap, option, derivative or other financially settled transaction without the written consent of the Authority”

(c) UR’s Decision

The UR’s decision is to modify this condition as proposed, i.e. to permit the licensee to buy/sell electricity provided it obtains written permission from the Authority.

In terms of the respondent’s proposed modification to paragraph 6, while the UR do not intend amending the current text, neither are the UR of the opinion that the licensee would be required to request permission on every occasion they seek to undertake currency hedging. The UR agrees with the licensee that this would be inefficient and impractical.

Rather, it is proposed that the scope of any consent that may be granted by the UR (following a written request from the licensee) would be framed appropriately to avoid the need for repeated requests.

2.1.8 Condition 17: Requirements to give third party access pursuant to relevant access arrangements

(a) Summary of Proposed Modifications

It was proposed to amend the name of this licence condition to reflect the scope of the revised access arrangements for I-SEM.

It was also proposed to modify this condition so that the licensee is not obliged to enter into any agreement with any party for use of the interconnector if they have not undertaken to be bound by the terms of the

relevant Codes. Currently, Moyle is not permitted to allow use of the interconnector in such circumstances.

This proposed amendment also included reference to the Capacity Market Code as well as the Trading and Settlement Code.

(b) Summary of Responses

The respondent did not object to the proposed modification.

(c) UR's Decision

The UR's decision is to modify this condition so that the licensee is not obliged to enter into any agreement with any party for use of the interconnector if they have not undertaken to be bound by the terms of the relevant Codes.

This condition will also be updated to include reference to the Capacity Market Code as well as the Trading and Settlement Code.

2.1.9 Condition 18: Functions of the Authority

(a) Summary of Proposed Modifications

With a new dispute resolution process (contained within the Harmonised Access Rules (HAR)) coming into force at I-SEM Go Live, it was proposed that this condition was modified to make the existing dispute resolution process subject to the new HAR provisions, for those disputes which fall within the scope of the HAR.

(b) Summary of Responses

The respondent did not object to the proposed modification.

(c) UR's Decision

The UR's decision is to modify the condition to make the existing dispute resolution process subject to the new HAR provisions for those disputes which fall within the scope of the HAR.

2.1.10 Condition 19: SEM Trading and Settlement Code and GB Balancing and Settlement Code

(a) Summary of Proposed Modifications

It was proposed that the condition would be modified to place an obligation on the licensee to sign up to and comply with the Capacity Market Code, insofar as it is applicable to it in its capacity as the owner of the Moyle interconnector.

(b) Summary of Responses

The respondent viewed the Capacity Market as a positive opportunity but believed that the rationale for making accession to the Code obligatory was unclear. In their opinion, it should be a commercial decision for the relevant market participant.

(c) UR's Decision

The UR's decision is to modify the condition to place an obligation on the licensee to sign up to and comply with the Capacity Market Code insofar as it is applicable to it in its capacity as the owner of the Moyle interconnector. This aligns with the SEM Committee's determination that it is mandatory for generators (including interconnectors) to participate in the Capacity Remuneration Mechanism (SEM-15-103)³.

2.2 Decision

The Utility Regulator, acting through its SEMC, directs that new licence conditions as set out in Annex 1 should be made in the Moyle Interconnector Transmission Licence. Annex 1 shows a mark-up of the modifications for ease of reading.

³ https://www.semcommittee.com/sites/semcommittee.com/files/media-files/SEM-15-103%20CRM%20Decision%201_0.pdf

3. Next Steps

In line with the statutory modification process, the licence modifications described above (and shown in the Annex) will come into effect no earlier than 19 May 2018 (56 days after publication of this decision) (subject to the requirements contained therein for particular provisions to be brought into effect on later date(s) as may be specified by direction of the UR).

Annex 1: Moyle Interconnector Transmission Licence Modifications

Condition	Modifications		
Table of Contents	<p>Condition 9C: Priority Priority Dispatch of Renewable Generation</p> <p>Condition 17: Requirement to give third party access pursuant to establish relevant access arrangements</p> <p>Condition 19: SEM Trading and Settlement Code, Capacity Market Code and GB Balancing and Settlement Code</p>		
Condition 1 (Interpretation and construction)	<p>1. Unless the contrary intention appears:</p> <p style="padding-left: 40px;">(a) words and expressions used in the Licence Document shall be construed as if they were in an enactment and the Interpretation Act (Northern Ireland) 1954 applied to them; and</p> <p style="padding-left: 40px;">(b) references to an enactment shall include subordinate legislation and in both cases any statutory modification or re-enactment thereof after the date when the licence granted by this Licence Document comes into force.</p> <p>2. Any word or expression defined for the purposes of any provision of Part II of the Order or of the Energy Order or of the SEM Order shall, unless the contrary intention appears, have the same meaning when used in the Licence Document.</p> <p>3. In the Licence Document, unless otherwise specified or the context otherwise requires:</p> <table border="1" data-bbox="550 1736 1474 1897" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; padding: 5px;">“affiliate”</td> <td style="padding: 5px;">in relation to the licensee or any subsidiary of a holding company of the licensee, means any holding company of</td> </tr> </table>	“affiliate”	in relation to the licensee or any subsidiary of a holding company of the licensee, means any holding company of
“affiliate”	in relation to the licensee or any subsidiary of a holding company of the licensee, means any holding company of		

			the licensee or any subsidiary of the licensee or any subsidiary of a holding company of the licensee, in each case within the meaning of section 1159 of the Companies Act 2006;
		“Auditors”	means the licensee's auditors for the time being holding office in accordance with the requirements of the Companies (Northern Ireland) Order 1986;
		“authorised”	in relation to any business or activity means authorised by licence granted under Article 10 or exemption granted under Article 9 of the Order;
		“authorised electricity operator”	means any person (other than the licensee) who holds a licence granted pursuant to Article 10 of the Order or whose activities are exempt pursuant to Article 9 of the Order, and any person (other than the licensee) transferring electricity to or from Northern Ireland across an interconnector or who has made application for use of interconnectors which has not been refused;
		“Authority”	means the Northern Ireland Authority for Utility Regulation;
		<u>“Capacity Market</u>	<u>has the meaning given to that term in the</u>

		<u>Code</u>	<u>transmission system operator licence:</u>
		“Competent Authority”	means the Department, the Authority and any local or national agency, authority, department, inspectorate, minister, ministry, official or public or statutory person (whether autonomous or not) of, or of the government of, the United Kingdom or the European Community;
		“Conditions”	means the Conditions in Part II;
		“Department”	means the Department of Enterprise Trade and Investment or any successor and (where the context requires) any predecessor;
		“designated”	in relation to any agreement, arrangement, code, notice, proposal therefor or other document, means designated by or on behalf of the Department by means of initialling or descriptive reference whether for the purposes of any of the Conditions or otherwise, but so that an agreement, arrangement, code, notice, proposal therefor or other document so designated may at the discretion of the Department cease to be designated if amended or modified in any material respect;
		“Directive”	means Directive 2009/72EC of the European Parliament and of the Council

			of 13 July 2009 concerning common rules for the internal market in electricity;
		“Directive Regulations”	means the Electricity Order 1992 (Amendment) Regulations (Northern Ireland) 2005 and/or the Electricity Regulations (Northern Ireland) 2007;
		“Effective Date”	means the date on which the direction described in paragraph 2 of Part II Condition 13 is issued by the Authority;
		<u>“Electricity Market Regulation”</u>	<u>means Regulation (EC) 714/2009 of the European Parliament and of the Council of 13 July 2009 on condition for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No. 1228/2003;</u>
		“Energy Order”	means the Energy (Northern Ireland) Order 2003;
		“enforcement matter”	means any matter in respect of which any functions of the Authority under Article 42 of the Energy Order are or may be exercisable;
		“financial year”	bears the meaning ascribed to it in paragraph 1 of Condition 3 of Part II;
		<u>“Forward Capacity Allocation Regulation”</u> <u>(or “FCA Regulation”)</u>	<u>means Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation;</u>

		<u>"GB Electricity Capacity Regulations"</u>	<u>means the Electricity Capacity Regulations 2014.</u>
		"Grid Code"	means the code of that name prepared and approved in accordance with the transmission system operator licence;
		<u>"Harmonised Allocation Rules"</u>	<u>means the harmonised allocation rules for long term transmission rights on an EU level (prepared in accordance with Article 51 of the FCA Regulation) in force at that time including the approved regional annexes for the Borders Great Britain - Ireland and Great Britain - Northern Ireland":</u>
		"holding company"	means a holding company within the meaning of section 1159 of the Companies Act 2006;
		<u>"I-SEM Go Live"</u>	<u>means and shall occur at the time at which changes which are to be made to the Single Electricity Market for the island of Ireland (being the changes known as the Integrated Single Electricity Market ("I-SEM") arrangements) go live, as determined by the SEM Committee;</u>
		"Interconnector Business"	means the business of the licensee as holder of this licence in making available for use the Moyle Interconnector and all activities and matters incidental thereto (including the financing of the Moyle Interconnector);

		<p>“Interconnector Services”</p>	<p>means any services which are being, or (as the context requires) are to be, provided to the licensee which fall within any of the following categories, namely:</p> <p>(a) the carrying out of works of maintenance on the Moyle Interconnector (including by way of the refurbishment of any component or the provision of any replacement components);</p> <p>(b) the carrying out of any survey or inspection works on the Moyle Interconnector;</p> <p>(c) the carrying out of any repair or reinstatement works in the aftermath of the occurrence of any damage to or destruction of the Moyle Interconnector or any part of it;</p> <p>(d) the effecting or maintenance of insurances;</p> <p>management, consultancy or other services in relation to any of the matters described in (a), (b), (c) or (d) above;</p>
		<p>“land”</p>	<p>includes any right, easement or other interest in land and any wayleave;</p>
		<p>“lease”</p>	<p>includes an underlease and a sub-</p>

			underlease;
		“this licence”	means the licence granted by this Licence Document;
		“Licence Document”	means this document (comprising Parts I and II and Schedules 1 and 2);
		<u>"long term transmission rights"</u>	<u>has the meaning given to that term in the FCA Regulation;</u>
		“modification”	includes any addition, omission, amendment and substitution, and cognate expressions shall be construed accordingly;
		“Moyle Interconnector”	means the electrical interconnector between Scotland and Northern Ireland which is owned by the licensee and which comprises the converter stations at Ballycronan More, Co. Antrim, Northern Ireland and Auchencrosh, Ayrshire, Scotland and the undersea and underground electric lines which interconnect such converter stations, together with its connections to the transmission system in Northern Ireland and the transmission system in Scotland;
		<u>“Network Codes”</u>	<u>means i) any network codes established under Article 6 of the Electricity Market Regulation, and ii) guidelines adopted under Article 18 of the Electricity Market Regulation;</u>

		<p>“NIE”</p>	<p>means Northern Ireland Electricity Limited, an incorporated company registered in Northern Ireland under number NI026041;</p>
		<p>“NIE Energy Supply Licence”</p>	<p>means the licence granted under Article 10(1)(c) of the Order to Northern Ireland Electricity plc on 31 March 1992, and transferred to NIE Energy Limited (a body corporate registered in Northern Ireland under company number NI27394) on 1 November 2007 pursuant to a statutory scheme;</p>
		<p>“Northern Ireland Fuel Security Code”</p>	<p>means the document of that title designated as such by the Department as from time to time amended in accordance with its provisions, dealing with the co-operation of licence holders in strategic contingency planning in respect of fuel stocks, the modification of the merit order and certain other systems and procedures under the Grid Code during periods when the Department has given and there is in force one or more directions under Article 37(4) of the</p>

			Order, the entitlement of the licensee and authorised electricity operators to and the collection of certain payments in anticipation of, during and after the expiry of any such periods, and connected matters;
		“Northern Ireland Market Operator Licence”	means the licence granted, under Article 10(1)(d) of the Order, to SONI on 3 July 2007;
		“notice”	means (unless otherwise specified) notice given either in writing or by electronic data transfer;
		“Order”	means the Electricity (Northern Ireland) Order 1992;
		“permitted purpose”	<p>means the purpose of all or any of the following:</p> <p>(a) the Interconnector Business;</p> <p>(b) without prejudice to the generality of paragraph (a), any payment or transaction lawfully made or undertaken by the licensee in relation to the disposal of or relinquishment of operational control over any relevant asset in accordance with Part II Condition 9; and</p> <p>(c) without prejudice to the generality of paragraph (a), any payment</p>

			or transaction lawfully made or undertaken by the licensee for a purpose within sub-paragraphs (i) to (vi) of paragraph 5(b) of Part II Condition 9;
		“related undertaking”	in relation to any person means any undertaking in which that person has a participating interest within the meaning of section 421A of the Financial Services and Markets Act 2000;
		“relevant access arrangements”	means arrangements approved by the Authority for the entering into by the licensee with other persons of agreements to transport across the Moyle Interconnector electricity to be provided by or on behalf of such persons (which arrangements may, without limitation, include provision for the granting of rights to use the Moyle Interconnector by way of the transmission system operator inviting competitive bids, on behalf of Moyle, through an auction or other process); <u>the relevant access arrangements approved by the Authority pursuant to Condition 17 and in force at that time;</u>
		“relevant year”	means :- (a) the period commencing on the later of 1st April 2003 and the Effective Date and ending on 31st

			March 2004; and a financial year commencing on or after 1st April 2004;
		<u>"SEM Committee"</u>	<u>has the meaning given in The Electricity (Single Wholesale Market) (Northern Ireland) Order 2007;</u>
		"SEM Go-Live"	means the time and date designated as such by the Authority (with the consent of the Department) for the purpose of licences granted under the Order, being the commencement date for a number of matters including the Single Electricity Market;
		"SEM Order"	means the Electricity (Single Wholesale Market) (Northern Ireland) Order 2007;
		"Single Electricity Market"	means the single wholesale electricity market for the Island of Ireland, implemented in Northern Ireland pursuant to Section 23 of the Northern Ireland (Miscellaneous Provisions) Act 2006;
		"Single Electricity Market Trading and Settlement Code"	has the meaning given to that expression in the Northern Ireland Market Operator Licence;
		"SONI"	means SONI Limited, an incorporated company registered in Northern Ireland under Number NI38715;

		“subsidiary”	means a subsidiary within the meaning of section 1159 of the Companies Act 2006;
		“transmission owner licence”	means the licence held by Northern Ireland Electricity Limited which has effect under Article 10(1)(b) of the Order,(to participate in the transmission of electricity) pursuant to Regulation 90(1)(a) of the Internal Markets Regulations;
		“transmission system”	means the transmission system in Northern Ireland (but excluding the Moyle Interconnector);
		“transmission system operator”	means the person authorised, from time to time, under the transmission system operator licence in its capacity as the holder of that licence;
		“transmission system operator licence”	means the licence granted, under Article 10(1)(b) of the Order, to SONI on 3 July 2007;
		“ultimate controller”	means: <ul style="list-style-type: none"> (a) any holding company of the licensee, which is not itself a subsidiary of another company; and/or (b) any person who (whether alone or

			<p>with a person or persons connected with him) is in a position to control, or to exercise influence over, the policy of the Licensee, or any holding company of the Licensee, by virtue of:</p> <p>(i) rights under contractual arrangement to which he is a party or of which he is a beneficiary;</p> <p>(ii) rights of ownership (including rights attached to or deriving from securities or rights under a trust) which are held by him or of which he is a beneficiary,</p> <p>but shall exclude any director or employee of a corporate body in his capacity as such and any minister, ministry, department, agency, authority, official or statutory person;</p> <p>and a person shall be considered to be connected with another person if he is a party to any arrangement regarding the exercise of any such right as are described in paragraph (b) above;</p>
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		<p>“undertaking”</p>	<p>bears the meaning ascribed to it by section 1161 of the Companies Act 2006;</p>
		<p>“use of Moyle Interconnector”</p>	<p>means use of the Moyle Interconnector for the transfer of electricity and / or in accordance with the relevant access arrangements (as appropriate); and</p>
		<p>“year”</p>	<p>means a period of 12 months commencing on 1st January.</p>
	<p>4.</p>	<p>Unless otherwise specified:</p> <p>(a) any reference to a numbered Part or Schedule is a reference to the Part or Schedule bearing that number herein;</p> <p>(b) any reference to a numbered Condition or to a numbered Schedule is respectively a reference to the Condition or the Schedule bearing that number in the Part in which the reference occurs;</p> <p>(c) any reference to a numbered paragraph is a reference to the paragraph bearing that number in the Part, Condition or Schedule in which the reference occurs; and</p> <p>(d) (without prejudice to any provision which restricts such variation, supplement or replacement) any reference to any agreement, licence (other than this licence), code or other instrument shall include a reference to such agreement, licence, code or other instrument as varied, supplemented or replaced from time to time.</p>	
	<p>5.</p>	<p>The heading or title of any Part, Condition, Schedule or paragraph shall not affect the construction hereof.</p>	
	<p>6.</p>	<p>Where any obligation of the licensee is expressed to require</p>	

	<p>performance within a specified time limit that obligation shall continue to be binding and enforceable after that time limit if the licensee fails to perform that obligation within that time limit (but without prejudice to all rights and remedies available against the licensee by reason of the licensee's failure to perform within the time limit).</p> <p>7. The provisions of section 24 of the Interpretation Act (Northern Ireland) 1954 shall apply for the purposes of the delivery or service of any document, direction or notice to be delivered or served pursuant to this Licence Document, and directions issued by the Authority pursuant to this Licence Document shall be delivered or served as aforesaid.</p> <p>8.</p> <ul style="list-style-type: none">(a) Each relevant legal instrument shall, if the condition under which it was issued is modified at SEM Go-Live or I-SEM Go Live, continue to have effect under any corresponding provision as modified, as if it had been made under that corresponding provision.(b) For the purposes of paragraphs 8(a) and 8(c) a “relevant legal instrument” means any direction, consent, approval, determination, designation or other instrument issued by the Authority or the Department, prior to SEM Go-Live or I-SEM Go Live, in accordance with a condition of this licence..(c) For the purposes of paragraph 8(a), a “corresponding provision” shall be any provision which, following its modification at SEM Go-Live or I-SEM Go Live, has (notwithstanding that it has been renumbered, moved, deleted and replaced, or otherwise amended in any way) substantially the same purpose and effect as the provision under which a relevant legal instrument was issued.
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<p>Condition 2 (Maximisation of Capacity Receipts etc.)</p>	<p><u>1.</u> The licensee shall perform its functions with respect to the Moyle Interconnector in such manner as it considers is best designed to secure the objectives of:-</p> <ul style="list-style-type: none"> (a) maximising the revenues payable pursuant to agreements for use of the Moyle Interconnector which are entered into pursuant to relevant access arrangements<u>which are earned by it from all sources other than the Collection Agency Income Requirement (as defined in Condition 13);</u> (b) maintaining the capacity and functionality of the Moyle Interconnector; and (c) optimising the efficiency, reliability, availability and operational life of the Moyle Interconnector. <p><u>Transition</u></p> <p><u>2. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of the decision of the Authority dated 23 March 2018 shall come into (or, as the case may be, continue to have) effect on (or, as the case may be, until) 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.</u></p>
<p>Condition 9A (Availability of Resources and Undertaking from Ultimate Controller)</p>	<p><u>Availability of Resources</u></p> <p><u>1</u> The licensee shall at all times act in a manner calculated to secure that it has sufficient resources to enable it to:</p> <ul style="list-style-type: none"> (a) carry on the Interconnector Business; and (b) comply with its obligations under the Order, the Energy Order, the

SEM Order, [Network Codes, the Harmonised Allocation Rules, any other law \(or code or guidance\) which is binding on the licensee in relation to the carrying on of the Interconnector Business](#) and this licence.

2 The Licensee shall submit a certificate addressed to the Authority, approved by a resolution of the Board of Directors of the Licensee and signed by a director of the Licensee pursuant to that resolution. Such certificate shall be submitted no later than 14 April 2014 and thereafter on 14 April of each subsequent year. Each certificate shall be in one of the following forms:

- (a) “After making enquiries, the directors of the Licensee have a reasonable expectation that the Licensee will have available to it sufficient resources to enable the Licensee to carry on the Interconnector Business and comply with its obligations under the Order, the Energy Order, the SEM Order and the Licence for a period of 12 months from the date of this certificate”
- (b) “After making enquiries, the directors of the Licensee have a reasonable expectation, subject to the Terms of this certificate, that the Licensee will have available to it sufficient resources to enable the Licensee to carry on the Interconnector Business and comply with its obligations under the Order, the Energy Order, the SEM Order and the Licence for a period of 12 months from the date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the Licensee to do so.”
- (c) “In the opinion of the directors of the Licensee, the Licensee will not have available to it sufficient resources to enable the Licensee to carry on the Interconnector Business and comply with its its obligations under the Order, the Energy Order, the SEM Order and the Licence for a period of 12 months from the date of this

certificate.”

3 The Licensee shall submit to the Authority together with the certificate referred to in paragraph 2 of this condition a statement of the main factors which the directors of the Licensee have taken into account in giving that certificate.

4 The Licensee shall inform the Authority in writing immediately if the directors of the Licensee become aware of any circumstances which cause them no longer to have the reasonable expectation expressed in the then most recent certificate given under paragraph 2.

5 The Licensee shall use all reasonable endeavours to obtain and submit to the Authority with each certificate provided for in paragraph 2 a report prepared by the Auditors and addressed to the Authority stating whether or not the Auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit work.

Undertaking from ultimate controller

6 The Licensee shall procure from each company or other person which the Licensee knows or reasonably should know is at any time an ultimate controller of the Licensee a legally enforceable undertaking in favour of the Licensee in a form specified by the Authority that the ultimate controller will refrain from any action, and will procure that every subsidiary of the ultimate controller (other than the Licensee and its subsidiaries) will refrain from any action, which would then be likely to cause the Licensee to be in breach of the certification ground on which it is, in accordance with Article 3 of the Electricity Regulation, certified by the Authority as a transmission system operator.

7 The undertaking referred to in paragraph 6 shall be obtained within 7 days after the date when this Condition 9A first become effective, or after the person in question becomes an ultimate controller (as the case may

	<p>be) and shall remain in force for as long as the Licensee remains the holder of this Licence and the giver of the undertaking remains an ultimate controller of the Licensee.</p> <p><u>8</u> The Licensee shall:</p> <p>(a) deliver to the Authority evidence (including a copy of each such undertaking) that the Licensee has complied with the obligation to procure undertakings pursuant to paragraph 6;</p> <p>(b) inform the Authority immediately in writing if the directors of the Licensee become aware that the undertaking has ceased to be legally enforceable or that its terms have been breached; and</p> <p>(c) comply with any direction from the Authority to enforce any such undertaking.</p> <p><u>Transition</u></p> <p><u>9</u> <u>The provisions of this Condition inserted by virtue of the decision of the Authority dated 23 March 2018 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.</u></p>
<p>Condition 12 (Operation and Maintenance Standards, Availability and Quality of Service)</p>	<p>1. The licensee shall:-</p> <p>(f) through an agreement with the transmission system operator in terms approved by the Authority entered into on or before the Effective Date, make arrangements for the transmission system operator to operate the Moyle Interconnector in conjunction with its operation of the transmission system and for the transmission system operator to make arrangements for the entering into by the licensee of agreements for use of the</p>

	<p>Moyle Interconnector with third parties, <u>including associated activities such as transparency publications and interfacing with relevant capacity allocation and transparency platforms;</u> and</p> <p>(g) maintain the Moyle Interconnector,</p> <p>in each case, in accordance with such standard of operation and maintenance as the licensee may, after consultation with the transmission system operator and with the approval of the Authority, adopt from time to time.</p> <p>2. The licensee shall not make or agree to any amendment or variation (excluding an amendment or variation which is of a formal, technical or administrative nature) to the agreement referred to in paragraph 1(a) without the consent of the Authority.</p> <p>3. Revisions to the standard referred to in paragraph 1 proposed by the licensee shall require to be approved by the Authority.</p> <p>4. The Authority may issue directions requiring the licensee to revise the standard referred to in paragraph 1 in such manner as may be specified in the directions, and the licensee shall forthwith comply with any such directions.</p> <p>5. The licensee shall give or send a copy of the standard referred to in paragraph 1 to the Authority.</p> <p>6. The licensee shall (subject to paragraph 7) give or send a copy of such standard to any person requesting the same.</p> <p>7. The licensee may make a charge for any copy given or sent pursuant to paragraph 6 of an amount reflecting the licensee's reasonable costs 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</p>
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	<p>Authority.</p> <p>8. The licensee shall within three months after the date of grant of this licence and thereafter whenever requested to do so by the Authority, draw up and submit to the Authority for the Authority's approval a statement setting out criteria by which the performance of the licensee in maintaining the availability of the Moyle Interconnector and the quality of service which it provides may be measured.</p> <p>9. 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 8.</p> <p><u>Transition</u></p> <p><u>10. The provisions of this Condition inserted by virtue of the decision of the Authority dated 23 March 2018 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.</u></p>
<p>Condition 13 (The Licensee's regulated revenue entitlement)</p>	<p>1 The licensee shall be entitled to derive revenues from the following sources, namely:</p> <p>(a) from NIE under the Existing Interconnector Agreement in respect of the period ending on the date of termination of the same;</p> <p>(b) from persons who from time to time are parties to agreements with the licensee for use of the Moyle Interconnector in accordance with Conditions 15 to 18 (inclusive) of Part II; and</p> <p>(c) <u>under the terms of the Capacity Market Code;</u></p> <p>(d) <u>under the terms of the GB Electricity Capacity Regulations; and</u></p> <p>(e) (e) from recoveries of the Collection Agency Income Requirement</p>

	<p>made by the Collection Agent through its transmission or transmission and distribution charges under the arrangements described in the agreement referred to in paragraph 4.</p>
2	<p>The maximum amount of the revenues which the licensee is entitled to recover from the sources described in paragraph 1 in any relevant year shall be the allowed recovery for such relevant year, as specified in a direction issued by the Authority to the licensee for the purposes of this paragraph 2.</p>
3	<p>A direction issued pursuant to paragraph 2 shall not be capable of being revoked or modified without the prior written consent of the licensee.</p>
4	<p>The licensee shall on the Effective Date enter into an agreement with the Collection Agent in terms approved by the Authority which makes provision for the Collection Agent to collect the Collection Agency Income Requirement, as part of its transmission or transmission and distribution charges, and to account to the licensee for the revenues so collected.</p>
5	<p>The licensee shall not make or agree to any amendment or variation (excluding an amendment or variation which is of a formal, technical or administrative nature) to the agreement referred to in paragraph 4 without the consent of the Authority.</p>
6	<p>The licensee shall perform any obligation imposed on it by the direction described in paragraph 2.</p>
7	<p>As used in this Condition:-</p> <p>(a) “Collection Agent” means, in respect of the period to SEM Go-Live, NIE; and, in respect of the period from SEM Go-Live, SONI; or (in each case) such other person as is from time to time authorised, pursuant to its licence, to receive revenues derived from the use of the transmission system in</p>

	<p>Northern Ireland;</p> <p>(b) “Existing Interconnector Agreement” means an Agreement dated 27th March 2002 between the licensee and NIE by which, amongst other things, the licensee grants rights to use the capacity of the Moyle Interconnector to NIE;</p> <p>(c) “Collection Agency Income Requirement” means, in respect of any relevant year, the amount which the Collection Agent is (or, where there is more than one Collection Agent in that relevant year, the aggregate of the amounts that the Collection Agents are) entitled to recover as part of its (or their) transmission or transmission and distribution charges in such relevant year through the term “CAIR_t” in the revenue restriction conditions of its licence (or their licences).</p> <p><u>Transition</u></p> <p><u>8. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of the decision of the Authority dated 23 March 2018 shall come into (or, as the case may be, continue to have) effect on (or, as the case may be, until) 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.</u></p>
<p>Condition 14 (Prohibited Activities)</p>	<p>1 <u>Subject to paragraph 2,</u> the licensee shall not conduct any business or carry on any activity other than the Interconnector Business without the written consent of the Authority.</p> <p>2 The licensee shall not on its own account purchase or otherwise acquire electricity (including by means of entry into an electricity purchase</p>

	<p>contract) for the purpose of sale or other disposition to third parties in Northern Ireland unless such purchase or other acquisition or sale or other disposition is made as part of the Interconnector Business <u>without the written consent of the Authority.</u></p> <p>3 The licensee shall not hold or acquire any interest in any generation sets (whether or not located in Northern Ireland) and shall not hold an accountable interest in any generation sets (whether or not located in Northern Ireland), unless such generation sets are required for the purposes of carrying on the Interconnector Business.</p> <p>4 The licensee shall not hold or carry on the Interconnector Business through any affiliate or related undertaking of the licensee without the written consent of the Authority.</p> <p>5 The licensee shall not hold or acquire shares or any other interest in any other person without the written consent of the Authority.</p> <p>6 The licensee shall not enter into any swap, option, derivative or other financially settled transaction without the written consent of the Authority.</p> <p>7 The licensee shall procure that the Interconnector Business does not give any cross-subsidy to, or receive any cross-subsidy from, any other business of the licensee or of an affiliate or related undertaking of the licensee.</p> <p>8 In this Condition:</p> <p style="padding-left: 40px;">“accountable interest” has the meaning ascribed to it in the NIE Energy Supply Licence.</p> <p><u>Transition</u></p> <p><u>9</u> <u>The provisions of this Condition inserted (or, as the case may be, removed) by virtue of the decision of the Authority dated 23 March</u></p>
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	<p><u>2018 shall come into (or, as the case may be, continue to have) effect on (or, as the case may be, until) 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.</u></p>
<p>Condition 17 (Requirements to give third-party access- <u>establish</u> relevant access arrangements)</p>	<p>1 The licensee shall:-</p> <p>(a) (to the extent, if any, to which it has not done so prior to the date of granting of this licence) establish relevant access arrangements in relation to the Moyle Interconnector, not later than 90 days after such date or such other date as shall be agreed in writing between the licensee and the Authority; and</p> <p>(b) (subject to paragraph 2) give effect to and operate the relevant access arrangements which are in force from time to time.</p> <p>2 The licensee shall not be obliged pursuant to this Condition to offer to enter into or to enter into an agreement for use of the Moyle Interconnector with any person:-</p> <p>(a) if to do so would be likely to involve the licensee:-</p> <p>(i) in breach of its duties under Article 12 of the Order:</p> <p>(ii) in breach of the Electricity Supply Regulations (Northern Ireland) 1991 as amended by the Electricity Supply (Amendment) Regulations (Northern Ireland) 1993 or of any regulations made under Article 32 of the Order or of any other enactment relating to safety or standards applicable to the Moyle Interconnector; or</p> <p>(iii) in breach of any of the Conditions; or</p> <p>(b) (and shall not enter into such an agreement with any person) if</p>

	<p>the person making the application does not undertake to be bound by the terms of:-</p> <ul style="list-style-type: none"> (i) such parts of the Grid Code and to such extent as the Authority shall from time to time specify in directions issued by the Authority to the licensee for the purposes of this Condition; (ii) the Single Electricity Market Trading and Settlement Code <u>and the Capacity Market Code (insofar as applicable)</u>; (iii) the terms of any code of general application or agreement made between the licensee and any co-operator of the Moyle Interconnector governing the operation and maintenance of the Moyle Interconnector approved for the time being by the Authority; and (iv) a transmission use of system agreement with the transmission system operator; or <p>(c) where, on the application of the licensee or any other person, the Authority in its discretion shall determine that (having regard to the part of the capacity of the Moyle Interconnector already contracted by the licensee to third parties, including the 125 MW contracted to the Power Procurement Business as referred to in paragraph 4(a) of Condition 16 and capacity contracted prior to the date of grant of this licence pursuant to any auction process) the capacity of the Moyle Interconnector is insufficient to accommodate the requirements of that other person.</p> <p>3 The licensee shall (in consultation with authorised electricity operators liable to be materially affected thereby and any relevant co-operator)</p>
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	<p>periodically review (including upon the request of the Authority) the relevant access arrangements which are in force from time to time. Following any such review, the licensee shall send to the Authority:-</p> <ul style="list-style-type: none"> (a) a report on the outcome of such review; and (b) any proposed revisions to the relevant access arrangements which the licensee (having regard to the outcome of such review) reasonably thinks fit; and (c) any written representations or objections from authorised electricity operators or co-operators (including any proposals by any such person for revisions to the relevant access arrangements not accepted by the licensee in the course of such review) arising during the consultation process and subsequently maintained. <p>4 Revisions to the relevant access arrangements proposed by the licensee and sent to the Authority pursuant to paragraph 3 shall require to be approved by the Authority.</p> <p>5 Following such consultation (if any) as the Authority may consider appropriate, the Authority may issue directions requiring the licensee to revise the relevant access arrangements in such manner as may be specified in the directions, and the licensee shall forthwith comply with any such directions. In making such directions, the Authority shall have regard to any review undertaken by the licensee under paragraph 3 and any written representations or objections as are referred to in paragraph 3(c).</p> <p>6 The licensee shall give or send a copy of the relevant access arrangements from time to time in force to the Authority.</p> <p>7 The licensee shall (subject to paragraph 8) give or send a copy of the relevant access arrangements from time to time in force to any person</p>
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	<p>requesting the same.</p> <p>8 The licensee may make a charge for any copy given or sent pursuant to paragraph 7 of an amount which will not exceed any amount specified for the time being for the purposes of this Condition in directions issued by the Authority.</p> <p>9 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 appropriate paragraphs of the Electricity (Applications for Licences and Extensions of Licences) (No. 2) Regulations (Northern Ireland) 2007 or such provisions to like effect contained in any further regulations then in force made pursuant to Articles 10(3) and 64 of the Order.</p> <p><u>Transition</u></p> <p><u>10. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of the decision of the Authority dated 23 March 2018 shall come into (or, as the case may be, continue to have) effect on (or, as the case may be, until) 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.</u></p>
<p>Condition 18 (Functions of the Authority)</p>	<p>1. <u>Subject to paragraph 4,</u> upon the application of any person wishing to question the terms of an agreement for use of the Moyle Interconnector offered by or to be entered into by the licensee pursuant to any relevant access arrangements <u>(as set out in Condition 17)</u> applicable to the Moyle Interconnector or required to be offered under the terms of any agreement previously entered into for use of the Moyle Interconnector by the person or persons entitled to use thereunder, or upon the application of the licensee,</p>

the Authority may, pursuant to Article 11(3)(c) of the Order, settle any terms of the agreement in dispute between the licensee and that person or between such persons (as the case may be) in such manner as appears to the Authority to be reasonable having (insofar as relevant) regard in particular to the following considerations:-

- (a) that such person should pay to the licensee charges determined in accordance with the procedure for the setting of such charges embodied in the relevant access arrangements applicable to the Moyle Interconnector;
- (b) that the obligations of the licensee under the agreement should not be in conflict with the provisions of any related document for the time being approved by the Authority;
- (c) that the performance by the licensee of its obligations under the agreement should not cause it to be in breach of those provisions referred to in sub-paragraphs (a) or (b) of paragraph 2 of Condition 17; and
- (d) that the terms and conditions of the agreement so settled by the Authority and of any other agreements entered into by the licensee for the use of the Moyle Interconnector pursuant to relevant access arrangements should be, so far as circumstances allow, in as similar a form as practicable.

2. Insofar as any person who has received an offer such as is referred to in paragraph 1 wishes to proceed on the basis of the agreement as settled by the Authority, the licensee shall forthwith enter into and implement such agreement in accordance with its terms.

3. If either party to an agreement entered into pursuant to relevant access arrangements proposes to vary the contractual terms of such agreement in any manner provided for under such agreement, the Authority may, at the request of the licensee or other party to such agreement, settle any dispute

	<p>relating to such variation in such manner as appears to the Authority to be reasonable.</p> <p><u>4. The right of:</u></p> <p>a) <u>any person wishing to question the terms of an agreement for use of the Moyle interconnector offered by or to be entered into by the licensee (as set out in Condition 17) and who wishes to dispute any of the matters referred to in paragraphs (1) and (3); and</u></p> <p>b) <u>the Authority to settle the terms of the agreement in dispute between the licensee and that person or persons as the case may be.</u></p> <p><u>shall be subject to any requirement under the Harmonised Allocation Rules prescribed under the FCA Regulation that any such dispute be settled in accordance with a dispute resolution procedure under the Harmonised Allocation Rules.</u></p> <p><u>Transition</u></p> <p><u>5. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of the decision of the Authority dated 23 March 2018 shall come into (or, as the case may be, continue to have) effect on (or, as the case may be, until) 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.</u></p>
<p>Condition 19 (SEM Trading and Settlement Code, Capacity Market Code and GB</p>	<p><u>SEM Trading and Settlement Code</u></p> <p>1 The licensee shall accede to the Single Electricity Market Trading and Settlement Code, register the Moyle Interconnector pursuant to the Single Electricity Market Trading and Settlement Code, and comply with the Single Electricity Market Trading and Settlement Code insofar as applicable to it in its capacity as the owner of the Moyle Interconnector.</p>

Balancing and Settlement Code)	<p><u>Capacity Market Code</u></p> <p>2 <u>The licensee shall accede to the Capacity Market Code and comply with the Capacity Market Code insofar as it is applicable to it in its capacity as the owner of the Moyle Interconnector.</u></p> <p>Moyle Interconnector Operation and Agency Agreement</p> <p>3 4 Paragraphs 34, 45 and 56 shall only apply in respect of the period to the time at which the Moyle Interconnector Operation and Agency Agreement terminates or expires in accordance with its terms.</p> <p>4 5 The licensee shall appoint SONI to act as and perform the functions of the Interconnector Administrator and the Interconnector Error Administrator (as such expressions are defined in the GB Balancing and Settlement Code) in respect of the Moyle Interconnector under and in accordance with the GB Balancing and Settlement Code.</p> <p>5 6 The licensee shall nominate SONI to act as and perform the functions of the Interconnector Administrator (as such expression is defined in the Single Electricity Market Trading and Settlement Code) in respect of the Moyle Interconnector under and in accordance with the Single Electricity Market Trading and Settlement Code.</p> <p>6 7 The licensee shall, to the extent registration is required under the Single Electricity Market Trading and Settlement Code, nominate SONI to register the “Interconnector Error Unit” (as such expression is defined in the Single Electricity Market Trading and Settlement Code) relating to the Moyle Interconnector in accordance with the Single Electricity Market Trading and Settlement Code.</p> <p><u>Definitions</u></p> <p><u>7</u> 8 In this Condition, unless the context otherwise requires:</p> <p>“GB Balancing and Settlement Code” means the balancing and</p>
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settlement code established by the transmission system operator for Great Britain.

“Moyle Interconnector Operation and Agency Agreement” means the agreement of that name between the Licensee and SONI, as amended and restated on 28 June 2006, which, amongst other things, makes provision for the Moyle Interconnector to be operated by SONI.

Transition

8. The provisions of this Condition inserted (or, as the case may be, removed) by virtue of the decision of the Authority dated 23 March 2018 shall come into (or, as the case may be, continue to have) effect on (or, as the case may be, until) 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.