Appendix 12

Moyle Interconnector Transmission Licence (extract)

**Condition 8: Payment of fees**

1. The licensee shall, at the times stated hereunder, pay to the Authority fees of the amount specified in or determined under the following paragraphs of this Condition.

2. In respect of the relevant year ending on 31st March 2004, the licensee shall pay to the Authority a fee of such amount as the Authority shall determine in relation to this licence for such relevant year. Any fee so determined shall be paid by the licensee to the Authority within one month of the Authority giving notice to the licensee of its amount.

3. In respect of the year beginning on 1 April in 2004 and in each subsequent year, the licensee shall pay to the Authority a fee which is the aggregate of the following amounts:

   (a) an amount equal to the proportion which the Authority shall determine in relation to this licence of the amount estimated by the Authority, according to a method which has previously been disclosed in writing to the licensee, as likely to be its costs during the year in question in relation to the exercise of its functions relating to electricity conferred on, or assigned or transferred to, it by or under any legislation (“electricity functions”);

   (b) an amount which is a proportion as determined by the Authority of the amount estimated by the Authority (in consultation with the Competition Commission) as having been incurred in the calendar year immediately preceding the 1 April in question by the Competition Commission in connection with references made to it under Article 15 of the Order with respect to this licence; and

   (be) the difference (being a positive or negative amount), if any, between:
(i) the amount of the fee paid by the licensee in respect of the year immediately preceding the 1 April in question in relation to this licence less any refund paid to the licensee in respect of that year under paragraph 4 below; and

(ii) the amount which that fee would have been in respect of that year had the amount comprised therein under sub-paragraph (a) above (or, where that year commenced on 1 April 2003 had the amount comprised therein which was attributable to the matters referred to in that sub-paragraph, as determined by the Authority according to a method disclosed in writing to the licensee) been calculated by reference to the total costs of the Authority in connection with its electricity functions— and the proportion thereof actually attributable to this licence, such total costs being apportioned as determined by the Authority according to a method previously disclosed in writing to the licensee;

and the fee shall be paid by the licensee to the Authority within one month of the Authority giving notice to the licensee of its amount if that notice is given within 6 months of the beginning of the year in respect of which the fee is payable.

4. In respect of the year beginning on 1 April 2004 and for each subsequent year, the Authority may pay the licensee an amount (“the refund”) calculated in accordance with the method previously disclosed in writing to the licensee and by reference to the difference between:

(a) the proportion of the licence fee for that year paid by the licensee which is attributable to the Authority’s estimates in accordance with paragraph 3(a) above; and

(b) the Authority’s reasonable revised estimate of those costs;

provided that any such refund shall be paid to the licensee on or before 31 March in the year to which the licence fee relates.