

**NORTHERN IRELAND ELECTRICITY plc**

**Single Electricity Market  
Proposed Conditions of System  
Operator Licences**

**Response to NIAER's Consultation  
of 9 January 2007**

30 January 2007.





## **NIE RESPONSE TO CONSULTATION**

### **I Introduction**

1. NIAER published a consultation on the Proposed Conditions of System Operator Licences on 9 January 2007. This document sets out NIE's response in relation to the Proposed Conditions for the System Licence in the North.
2. The points follow the order of the proposed Conditions and we also raise some issues on the Consultation Paper itself.

### **II Independence of the TSO Business (Condition 12)**

3. **Specific Duties:** The term "[distribution]" is included in paragraph 2(e) of the condition, in two places. We do not believe it is correct to include distribution in the list of businesses which cannot share directors with the TSO Business. We also consider that there is no basis for restricting the transfer of staff from the TSO to a distribution function. Since both the TSO and TO (which includes distribution) licence holders are "networks" companies with no commercial interests in generation or supply, no potential unfair commercial advantage can accrue from sharing directors or transferring staff. The strictures set out in paragraph 2(e) are therefore inappropriate. In addition, paragraph 2(e) is at odds with the definition of "Associated Business" (paragraph 14) which (correctly) excludes the Distribution Licensee from the businesses which can be an Associated Business.
4. **Definition of "Associated Business":** The term "[the Distribution Licensee]" should have the square brackets removed.

### **III Compliance with Supply Competition Code (Condition 16)**

5. **Point on Note:** The note at the end of the condition indicates that the SCC may be discontinued. We believe that it would be sensible to retain that document, albeit some of the issues which it covers may change to reflect the changes introduced by SEM.

#### **IV Transmission Interface Arrangements (Condition 19)**

6. **General:** The provisions within this condition may need to develop as the TIA itself is developed.

#### **V Operation of the Transmission System and System Security and Planning Standards (Condition 20)**

7. **TO responsibility for planning aspects of standards:** As the note at the end acknowledges, the TO will primarily be responsible for the planning aspects of the standards document. As the TO licence is developed, there will be a need to see whether this condition should change to reflect the split in responsibilities.

#### **VI Consultation Paper**

8. **Transition Issues:** Reference is made in paragraphs 1.1 and 2.1 to subsequent consultation on transition related issues which will need to be included in the licence. We would welcome the opportunity to input into that consultation, and how the licence provisions will interact with any transition scheme or arrangement.
9. **Use of all-island transmission system:** The consultation paper notes that it is envisaged that the SO will confer "local" users the right to use the all-island transmission system in aggregate. We have raised a number of issues with NIAER and are continuing the discussion with N IAER in another forum.

#### **VII Other points**

10. **Payment security policy:** We would expect to see a provision included within one of the licence conditions for the licensee to have in place a payment security policy (approved by the Authority) describing the licensee's security cover and debt recovery procedures in respect of charges for transmission use of system and system support services.
11. **Moyle Collection Agency Agreement:** Condition 36, paragraph 10 refers to the 'CAIRt' term. Our assumption is that (in line with the new arrangements for contracting for transmission use of system) SONI will take on responsibility for the Collection Agency Agreement and the drafting should be more explicit in making reference to the obligations under that Agreement.